



2024 Second-Quarter Results

July 23, 2024

Introduction

- A glossary of terms as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures for non-GAAP financial measures cited in this presentation are available in Exhibit 99.2 to the company's Form 8-K dated July 23, 2024 and on our [Investor Relations website](#)

Forward-Looking and Cautionary Statements

- This presentation contains projections of future results and goals and other forward-looking statements, including statements regarding expected financial or operational performance; capital allocation plans; investment strategies; market expectations; dividends. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; health concerns relating to the use of tobacco and other nicotine-containing products and exposure to environmental tobacco smoke; litigation related to tobacco and / or nicotine use and intellectual property; intense competition; the effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; the impact and consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; the impact of natural disasters and pandemics on PMI's business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to introduce, commercialize, and grow smoke-free products or if regulation or taxation do not differentiate between such products and cigarettes; 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; if it is unable to attract and retain the best global talent, including women or diverse candidates; or if it is unable to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our smoke-free business' performance
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including PMI's Annual Report on Form 10-K for the fourth quarter and year ended December 31, 2023 and the Form 10-Q for the quarter ended June 30, 2024, which will be filed in the coming days. 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

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Outstanding Q2/H1 Performance Across All Categories

- Record H1 delivery on organic top-line and (ex-pandemic) OI growth
 - Strong IQOS & ZYN underlying performance delivers excellent growth despite supply constraints & EU flavor ban
 - Multi-category momentum with international ZYN & VEEV
 - Combustible gross margin recovery ahead of target
 - Exceptional organic OI growth, strong margin expansion
 - Pro-active steps drive robust EPS growth despite entire forecast^(a) FY 2024 currency headwind occurring in H1
- Raising growth forecasts for very strong 2024, with H2 step-up for IQOS, ZYN & Adj. EPS^(a)



(a) At prevailing exchange rates. Source: PMI Financials or estimates

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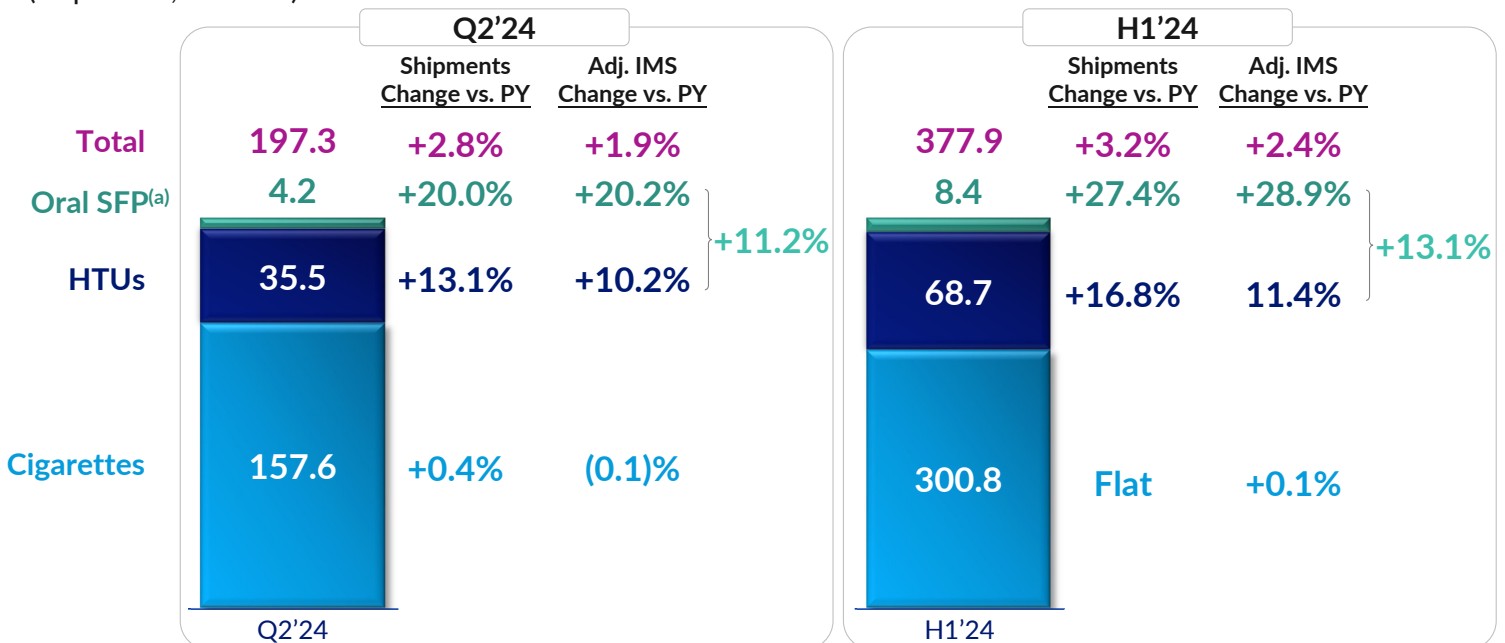
Impressive Results Across All Key Metrics

	Q2'24		H1'24	
	Organic	Adj. incl. Curr. & Acq.	Organic	Adj. incl. Curr. & Acq.
Shipment Volume <i>(Variance vs. PY)</i>	+2.8%		+3.2%	
Net Revenues <i>(Variance vs. PY)</i>	+9.6%	+5.6%	+10.2%	+7.0%
Operating Income <i>(Variance vs. PY)</i>	+12.5%	+3.5%	+17.0%	+7.1%
Adj. Diluted EPS <i>(Variance vs. PY)</i>	+10.6%	(0.6)%	+16.8%	+4.0%

Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions. Shipment volume includes HTUs, cigarettes and oral SFP excluding snuff, snuff leaf and U.S. chew. Source: PMI Financials or estimates

Continued Volume Growth Driven by Smoke-Free Products

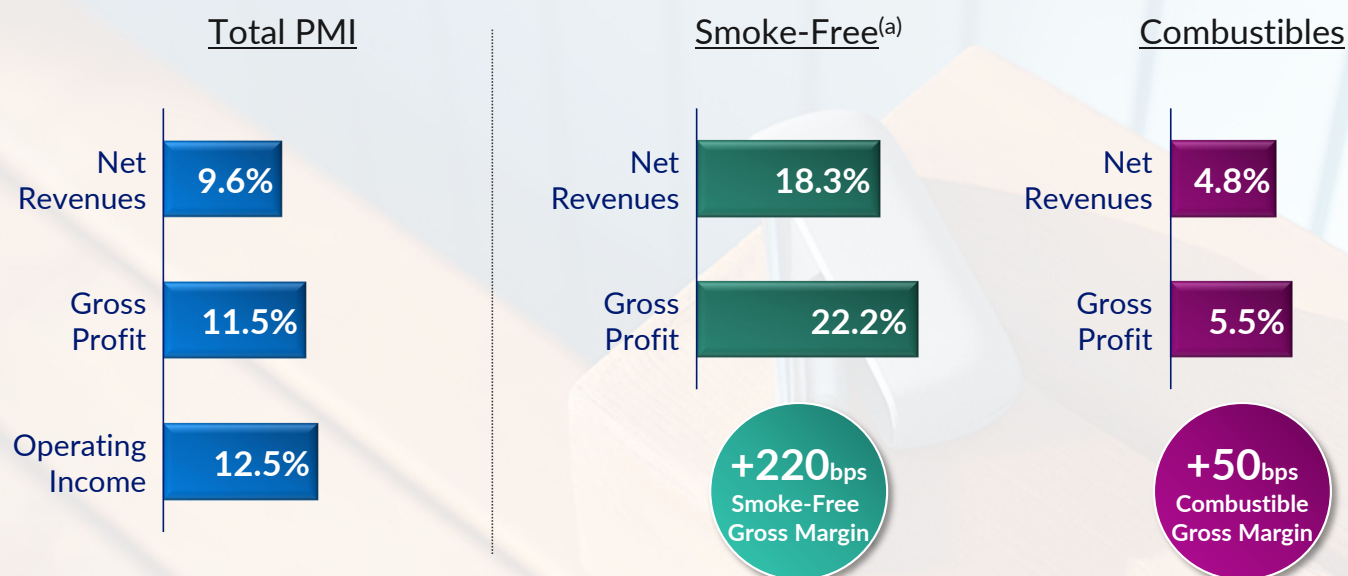
(shipments, bn units)



(a) Volumes shown in pouches or pouch equivalent, excluding snuff, snuff leaf and U.S. chew
 Note: SFP volumes represent HTUs and Oral SFP. Total may not foot due to rounding. Source: PMI Financials or estimates

Accelerated Smoke-Free Growth, Combustible Margin Recovery

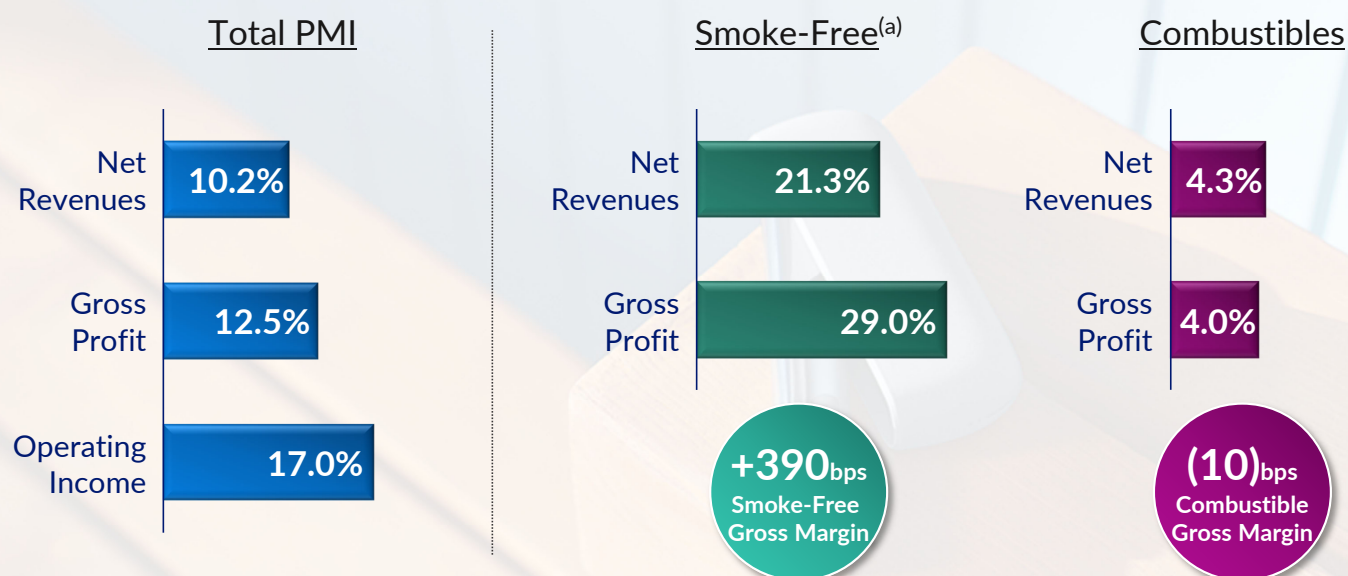
Q2'24 Organic Variance vs. PY



(a) Represents Smoke-Free Business. Note: Organic gross margin growth is calculated based on organic gross profit, divided by organic net revenues. Chart not to scale. Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions. Source: PMI Financials or estimates

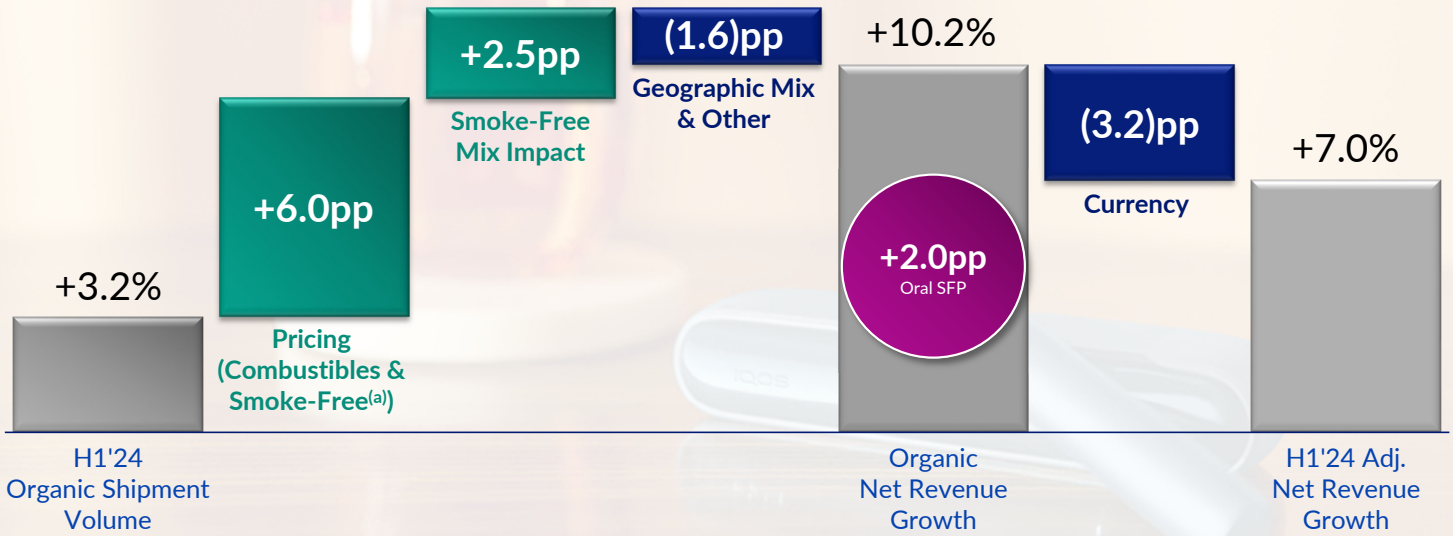
Smoke-Free Acceleration Driving Excellent OI Growth

H1'24 Organic Variance vs. PY



(a) Represents Smoke-Free Business. Note: Organic gross margin growth is calculated based on organic gross profit, divided by organic net revenues. Chart not to scale. Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions. Source: PMI Financials or estimates

Best-in-Class Volumes, Pricing & SFP Mix Driving Growth



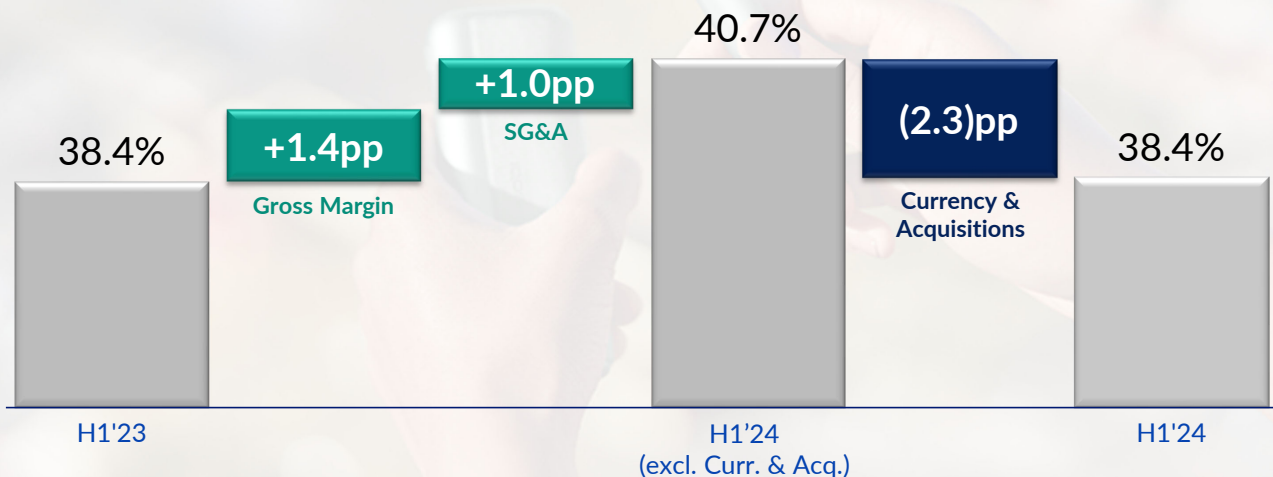
(a) Represents Smoke-Free Business

Note: Smoke-free mix represents the impact of an increased proportion of smoke-free products at higher net-revenue per unit and is calculated at total PMI level, excluding the impact from market mix. Source: PMI Financials or estimates

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OI Margin Expansion Supported by Gross Margin and SG&A

H1'24 Adjusted OI Margin



Note: Sum of the drivers may not add up to total due to rounding. Source: PMI Financials or estimates

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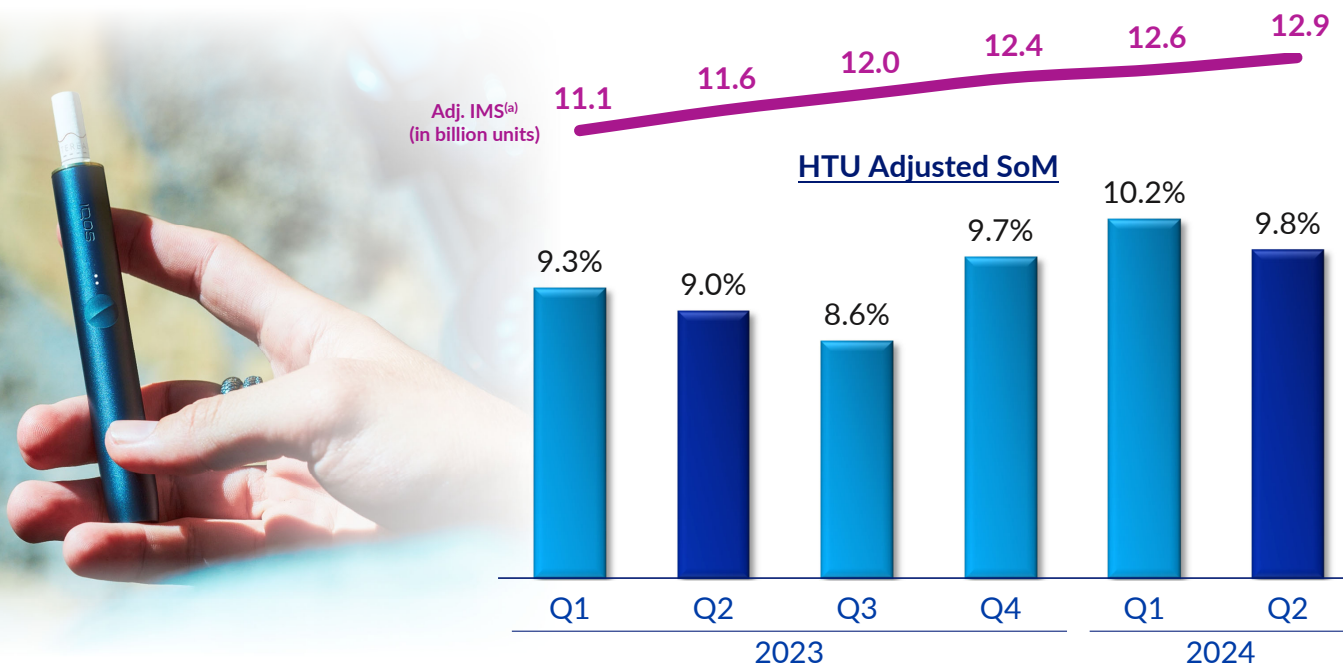
Over 36m Users of PMI Smoke-Free Products

Total Smoke-Free Product Users^(a)
(in millions)



(a) See Glossary for definition. (b) Total Smoke-Free Product Users are net of estimated poly-users across categories
Source: PMI Financials or estimates and PMI Market Research

Europe: Robust Underlying IQOS Growth, Flavor Ban Volatility

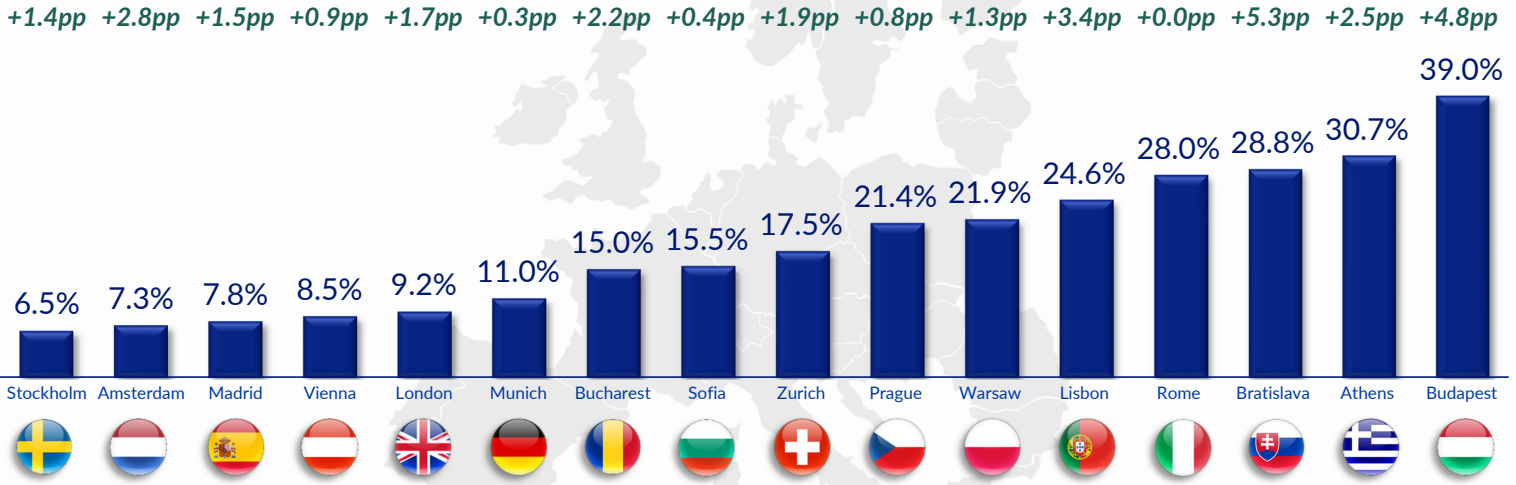


(a) Based on a four-quarter moving average. Source: PMI Financials or estimates

Impressive Progress in European Key Cities

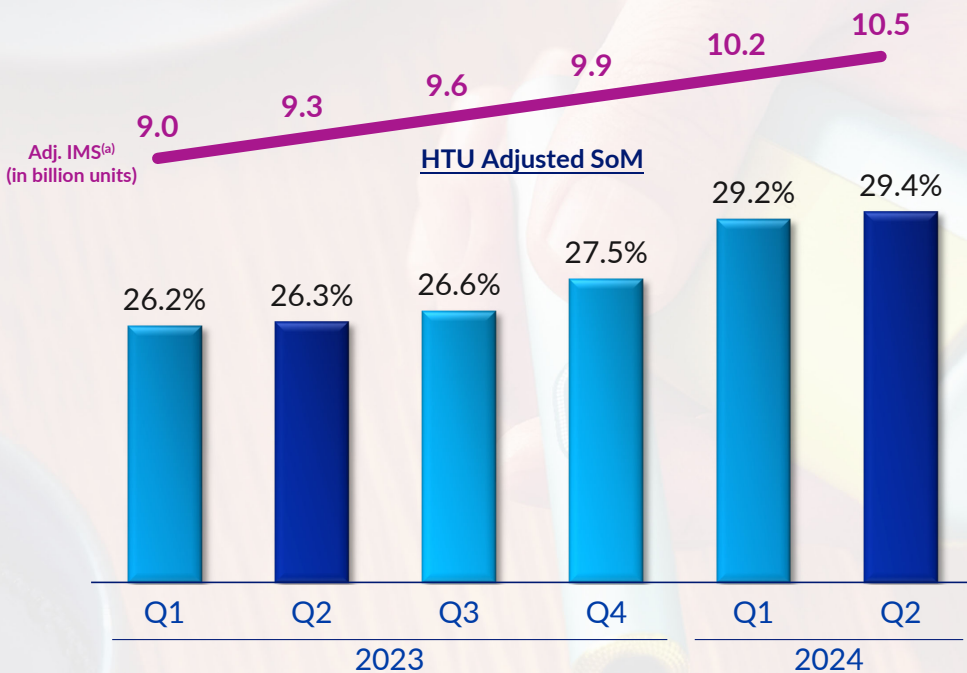
PMI HTU Offtake Share (Q2'24)

Change vs. PY

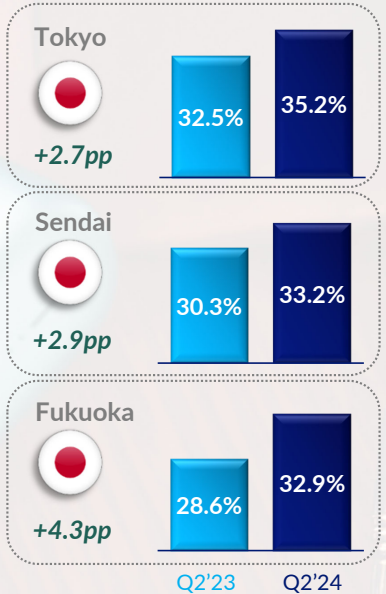


Source: PMI Financials or estimates

Japan: Continued Strong IQOS Performance



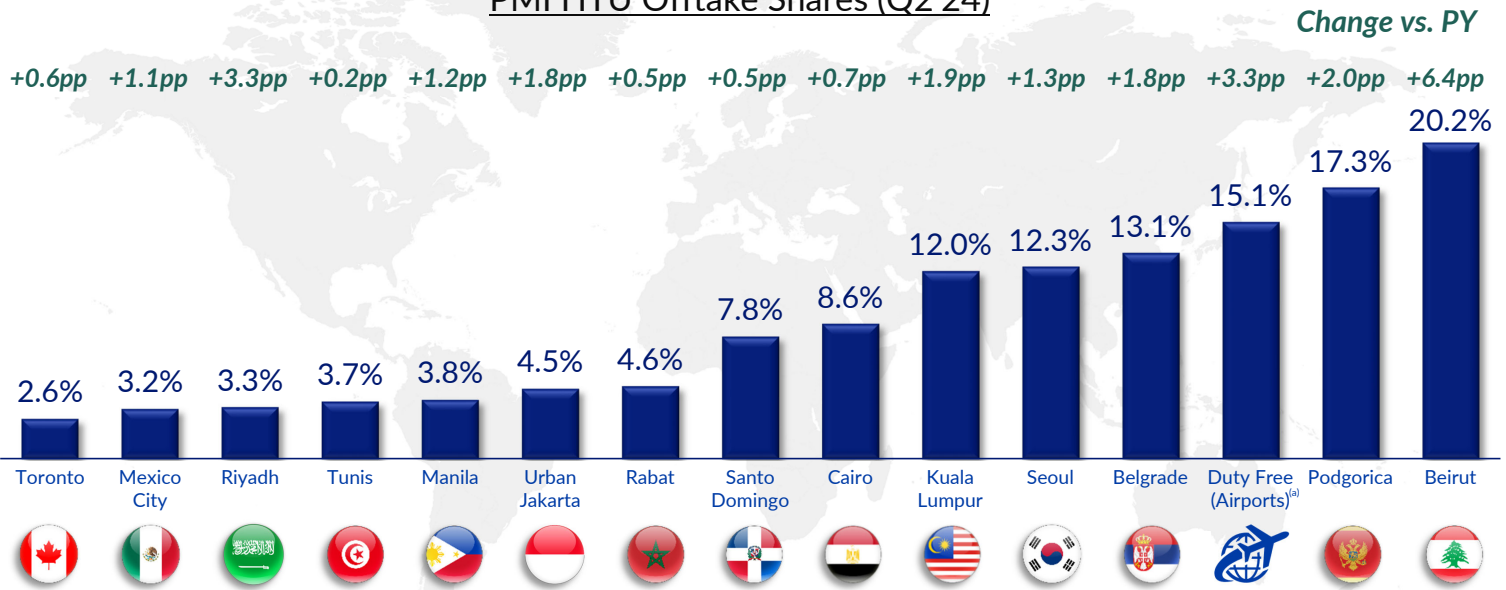
Japan HTU Offtake Share^(b)



(a) Based on a four-quarter moving average. (b) Based on 3 C-Store Chains offtake. Base includes cigarettes, cigarillos and HTUs
Source: PMI Financials or estimates

Promising Key City Growth Across Global Markets

PMI HTU Offtake Shares (Q2'24)



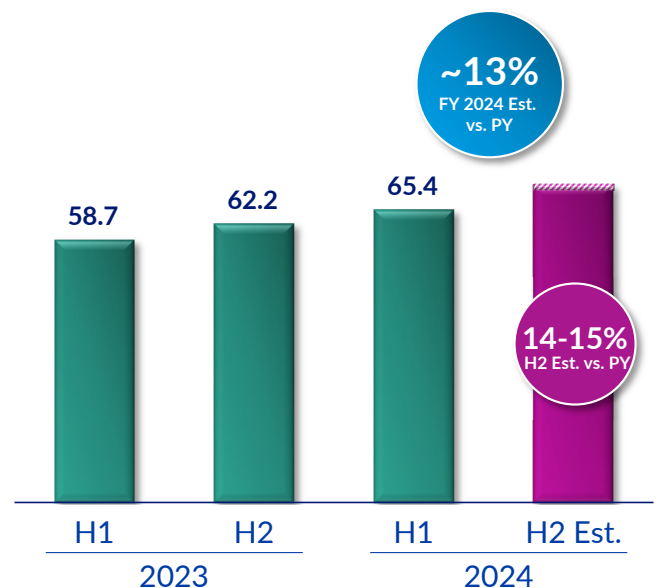
(a) Duty Free includes airports where IQOS is available, offtake share based on Apr-May'24 vs. Apr-May'23.

Note: Urban Jakarta represents West, Central and South Jakarta which include an estimated 1.5 million Legal Age Nicotine Users. Cairo represents Urban Cairo, Manila represents Metro Manila, Tunis represents Greater Tunis. Source: PMI Financials or estimates

Strong IQOS Growth, Despite Transitory Headwinds

HTU Adjusted IMS (billion units)

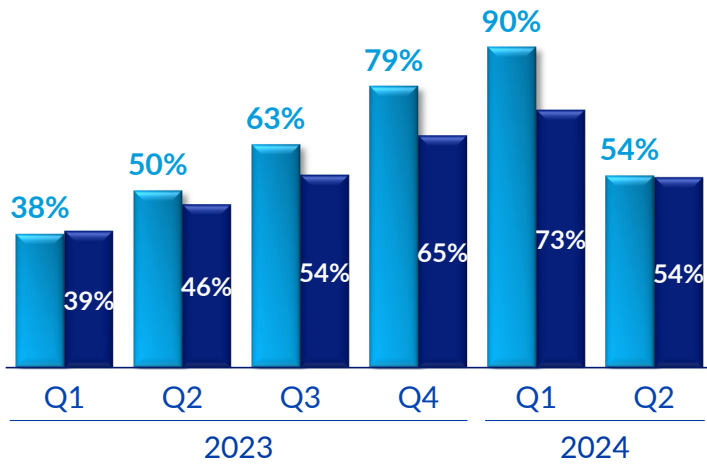
- Strong fundamentals in Japan, Europe and global markets
- H1 Adj. IMS acceleration excl. Europe
- H2 total acceleration expected:
 - Planned commercial activations
 - Continued momentum in Japan
 - Dynamic global markets across regions and duty free
 - Broadening sources of growth in Europe
 - Partial recovery from EU flavor ban



Strong ZYN Momentum, Despite Short-Term Supply Constraints

ZYN and U.S. Nicotine Pouch Category
(Offtake volume change vs. PY, %)

ZYN U.S. Nicotine Pouch Category



ZYN Category Share
(13-week period, %)

Retail Value Share



Volume Share



Source: PMI Financials or estimates, Circana, LLC, Nicotine Pouches, Week ending 6/30/24

Multi-Category Smoke-Free Expansion

- Very good early performance of VEEV ONE in Europe
- ZYN international expansion: promising initial results
- Expanding IQOS HTU portfolio with LEVIA & DELIA; devices with ILUMA i
- Moving forward with U.S. IQOS 3 pilots



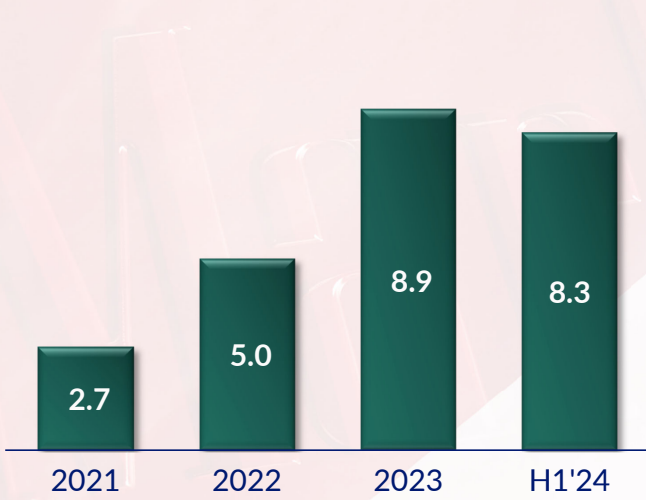
VEEV ONE #1
in 5 European markets
in closed pods segment, within 12 months of launch



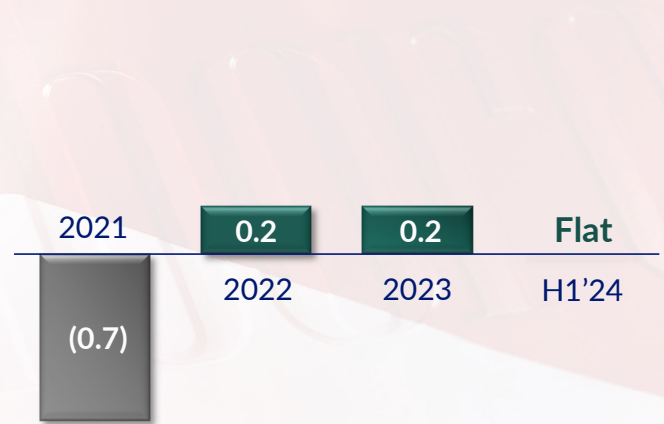
Source: PMI Financials or estimates

Combustibles: Strong Pricing & Stable Share Drives Profitability

Combustible Pricing
(% organic change vs. PY)^(a)



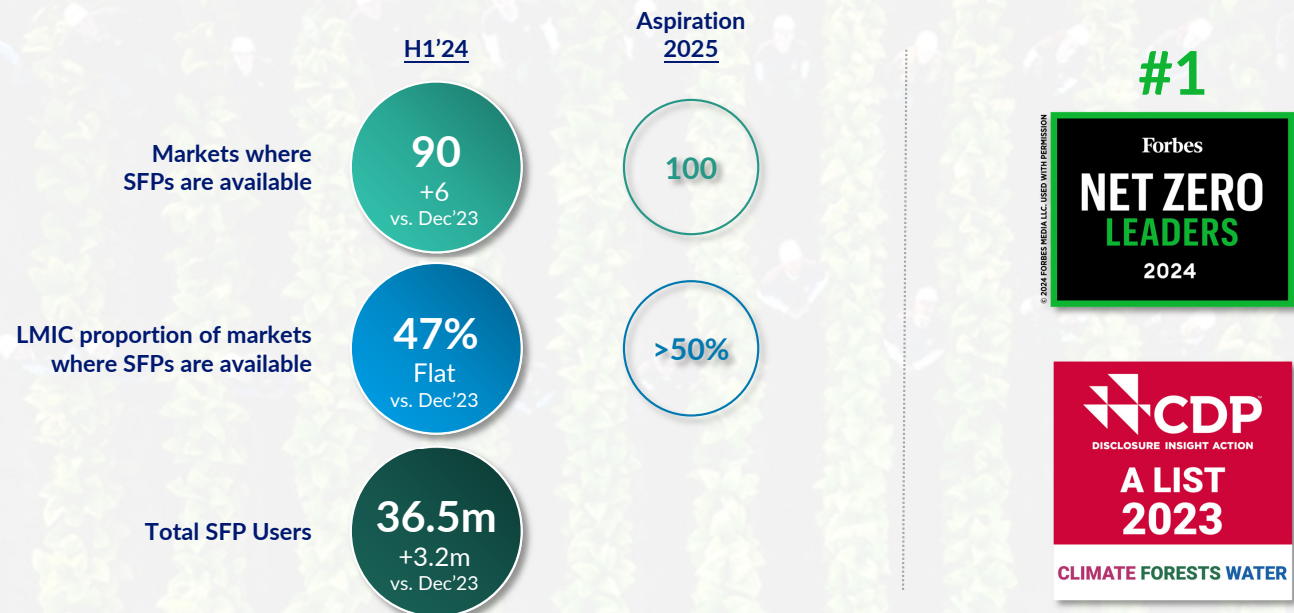
Share of Cigarette Category^(b)
(Change vs. PY in pp)



(a) Pricing variance is based on adjusted net revenues

(b) Excludes China and the U.S. Reflects in-market sales volume of PMI cigarettes as a percentage of cigarette industry sales volume and includes cigarillos in Japan
Source: PMI Financials or estimates

Sustainability: Leading & Transforming Across Key Areas



Note: Low and Middle-Income markets defined using World Bank classification as of July 2023. Source: PMI Financials or estimates

Further Raising 2024 Growth Outlook on Strong Fundamentals

- Very Strong H1 performance
- Continue to target close to \$15bn in '24 smoke-free net revenues
- Raising '24 outlook for total volumes, organic top and bottom-line growth
- Increasing 2024 EPS guidance despite currency headwinds
 - Adj. diluted EPS \$6.33 - \$6.45, incl. unfavorable currency impact of 34c at prevailing exchange rates

	FY 2024 Outlook	
	Previous	Updated
Total Shipment Volumes ^(a)	0-1%	1-2%
Net Revenue Growth ^(b)	7-8.5%	7.5-9%
Adj. OI Growth ^(b)	10-12%	11-13%
Adj. Diluted EPS Growth ^(c)	9-11%	11-13%

(a) Include HTUs, cigarettes and oral SFP in pouches or pouch equivalent, excluding snuff, snuff leaf and U.S. chew. (b) On an organic basis. (c) Currency-neutral variance
Source: PMI Financials or estimates

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Strong Expected H2 and Full Year Cash Generation

- Strong H2 expected on IQOS, ZYN and adj. diluted EPS growth :
 - Q3: record high adj. diluted EPS of \$1.77 - \$1.82 despite step-up in commercial spend, (incl. unfavorable currency impact of 2c at prevailing rates)
- Strong operating cash flow expected
- On track for deleveraging target

	FY 2024 Outlook	
	Previous	Updated
Operating Cash Flow	\$10-11 ^{bn}	~\$11 ^{bn}
Capex	~\$1.2 ^{bn}	~\$1.3-1.4 ^{bn}
Net Financing Costs	\$1.3-1.4 ^{bn}	~\$1.3 ^{bn}

Source: PMI Financials or estimates

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Smoke-Free Transformation Delivering, On Track for Strong '24

- Powerful combination of underlying strength and proactive steps provides best-in-class growth profile
- Further raising '24 growth outlook with accelerated top-line and margin expansion
- Broadening momentum, confident in '24-26 targets^(a)
- Focused on delivering USD performance, mitigating currency headwinds
- Clear capital allocation priorities
 - Reinvestment behind smoke-free transformation
 - Steadfast commitment to progressive dividend policy



(a) 2024-26 CAGR targets of positive total shipment volumes, 6-8% organic net revenue growth, 8-10% organic OI growth, 9-11% currency-neutral adjusted diluted EPS at 2023 corporate tax rates. Source: PMI Financials or estimates

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Championing a Smoke-Free World

2024 Second-Quarter Results

Questions & Answers

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Appendix

Estimated Currency Variance on 2024 EPS

(\$/share)

	Q1'24	Q2'24	Q3'24	Q4'24	FY'24
Total PMI Currency Variance vs. PY^(a)	\$(0.20)	\$(0.18)	\$(0.02)	+\$0.06	\$(0.34)

(a) At prevailing exchange rates
Source: PMI Financials or estimates

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2024: EPS Guidance

(\$/share)

	Full-Year		
	2024 Forecast	2023	Growth
Reported Diluted EPS	\$5.89 - \$6.01	\$5.02	
Adjustments:			
- Asset impairment and exit costs	0.09	0.06	
- Termination of distribution arrangement in the Middle East	-	0.04	
- Impairment of goodwill and other intangibles	0.01	0.44	
- Amortization of Intangibles ^(a)	0.43	0.25	
- Charges related to the war in Ukraine	-	0.03	
- Swedish Match AB acquisition accounting related item	-	0.01	
- Income tax impact associated with Swedish Match AB financing	0.09	(0.11)	
- South Korea indirect tax charge	-	0.11	
- Termination of agreement with Foundation for a Smoke-Free World	-	0.07	
- Fair value adjustment for equity security investments	(0.15)	(0.02)	
- Tax items	(0.03)	0.11	
- Total Adjustments	0.44	0.99	
Adjusted Diluted EPS	\$6.33 - \$6.45	\$6.01	5.3% - 7.3%
- Less: Currency	(0.34)		
Adjusted Diluted EPS, excluding currency	\$6.67 - \$6.79	\$6.01	11.0% - 13.0%

(a) See forecast assumptions in Earnings Release for details
Source: PMI Financials or estimates

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Europe: PMI HTU Adjusted Share of Market

	H1'24	Change vs. PY		H1'24	Change vs. PY		H1'24	Change vs. PY
Austria	8.4%	+1.4pp	Hungary	32.4%	+4.0pp	Romania	8.6%	+0.6pp
Croatia	9.3	+1.3	Italy	17.2	+0.2	Slovak Republic	17.3	+0.9
Czech Republic	15.4	+0.7	Lithuania	28.3	(0.9)	Slovenia	14.9	+2.4
Germany	6.2	+0.8	Poland	9.1	+0.1	Switzerland	12.6	+1.4
Greece	22.1	+2.3	Portugal	22.6	+3.1	United Kingdom	4.4	+1.0

Note: Select markets where HTU share is ≥ 1%; Source: PMI Financials or estimates

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