

Virtual Annual Meeting of Shareholders

Philip Morris International Inc.

May 6, 2020

(SLIDE 1.)

Good morning, ladies and gentlemen, and welcome to Philip Morris International's 2020 Annual Meeting of Shareholders. The meeting is now called to order.

I am Louis Camilleri, Chairman of the Board.

I would like to extend my warmest welcome to shareholders and employees who have joined us for our first virtual-only meeting. I hope everyone listening today, and their families, are safe and well during this unprecedented time.

It is my privilege to welcome our Board of Directors to today's webcast.

Also on the webcast are André Calantzopoulos, our Chief Executive Officer, and Jerry Whitson, our Deputy General Counsel and Corporate Secretary.

In addition, Chad Mueller of PricewaterhouseCoopers SA, our auditors, is on the webcast.

It is our intention to proceed in accordance with the Agenda and the rules for the meeting as outlined on the Virtual Shareholder Meeting Webpage.

(SLIDE 2.)

Our remarks today contain forward-looking statements and, accordingly, I direct your attention to the Forward-Looking and Cautionary Statements section of today's presentation. A glossary of terms, including the definition for reduced-risk products, or "RRPs," as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures, are at the end of today's webcast slides, which are posted on our website.

(SLIDE 3.)

Please note we now also include additional Forward-Looking and Cautionary Statements related to COVID-19.

(SLIDE 4.)

The Secretary will now present certain formal documents. Jerry.

Thank you, Mr. Chairman.

I present to the meeting, together with Affidavits of Mailing, a copy of the Notice of Meeting, form of Proxy, Proxy Statement and Annual Report, including financial statements for the fiscal year ended December 31, 2019.

The holders of record of common stock at the close of business on March 13, 2020, are entitled to vote at this meeting. I am informed that more than 87% percent of Philip Morris International Inc.'s common stock is represented here today and, therefore, a quorum is present for the transaction of business.

Thank you, Jerry.

Will you please file the documents with the records of the meeting.

I appoint as Inspector of Election, Linda Piscadlo from American Election Services, LLC.

The Inspector is instructed to execute the oath, and to take custody of all proxies, and of the certified list of holders of common stock as of the close of business on March 13, 2020.

A list of shareholders as of the record date is available for inspection by shareholders using the registered shareholder list link found on the webcast page.

The Inspector will certify the vote on each of the matters to be presented to the meeting. Individual proxies and ballots are kept confidential, with exceptions outlined in the Proxy Statement.

(SLIDE 5.)

The three business items set forth in the notice of meeting will be put before the meeting at this time, and I hereby declare the polls for voting at our 2020 Annual Meeting of Shareholders open.

Any shareholder who has not voted or wishes to change their vote, may do so by clicking on the voting button on the virtual annual meeting webpage and following the instructions there.

Shareholders who have sent in proxies or voted by telephone or Internet and do not want to change their vote, do not need to take any further action.

Shareholders of record who have accessed the annual meeting may ask questions by calling the number posted on the virtual annual meeting webpage.

If you would like to ask a question or make a comment, you will be required to provide your 16-digit control number to the operator. Only shareholders of record with a valid control number will be allowed to make a comment.

At this stage of the meeting, questions and comments should relate only to each item of business as it is presented. A general question and comment session will follow the business portion of the meeting.

(SLIDE 6.)

Before I place the Director names in nomination, I would like to say a few words about two members of your Board of Directors who have decided not to stand for re-election and will retire from the Board: Mr. Massimo Ferragamo, a director since 2016, and Mr. Stephen M. Wolf, who has been on the Board since we became a public company.

They have both been exemplary directors, providing invaluable service and years of dedicated commitment to our company. We thank them for the many contributions they have made to Philip Morris International.

(SLIDE 7.)

The first order of business is the election of ten directors.

The individuals on this slide have been nominated for election as director, each to hold office until the next Annual Meeting of Shareholders and until his or her successor shall have been duly chosen.

In accordance with the Company's by-laws, no other nominations may be made at this time.

Are there any questions?

Thank you.

(SLIDE 8.)

We will now move to the second item on the agenda, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2020 Annual Meeting of Shareholders.

Are there any questions?

Thank you.

(SLIDE 9.)

The third and final item is the ratification of the selection of PricewaterhouseCoopers as independent auditors of the Company for the fiscal year ending December 31, 2020.

Are there any questions?

Thank you.

(SLIDE 10.)

That concludes the matters to be voted on as outlined in the notice of the Annual Meeting.

In accordance with our by-laws, I hereby declare the polls for voting at our 2020 Annual Meeting of Shareholders closed.

We have received a preliminary report from the Inspector of Election.

Will the Secretary please read the report.

Mr. Chairman, the Inspector of Election has completed the preliminary count of the vote, which I have now received. The preliminary voting results are as follows:

Each of the nominees for director has been elected.

The executive compensation has been approved on an advisory basis.

The selection of PricewaterhouseCoopers as independent auditors has been ratified.

Mr. Chairman, that concludes the report.

Thank you, Jerry.

I would now ask you to file with the records of the meeting, the Oath of the Inspector of Election, the Final Report of the Inspector of Election and the proxies. Final voting results will be included in a Form 8-K that we will file with the SEC in the next few days.

That concludes the formal business, and I now declare the business portion of the meeting adjourned.

Before we move to the question and comment session, I would like to ask André to comment on how Philip Morris International is addressing the COVID-19 pandemic and to provide some highlights on our recent business performance.

(SLIDE 11.)

Thank you Louis.

PMI's response to the COVID-19 crisis includes practical, financial and personal contributions.

Our main focus is on the health and wellbeing of our employees, their families and the communities in which we operate.

We have implemented stringent policies and measures to minimize risks for those who continue to work in our facilities and offices, and to provide guidance and support for all our people. We recently announced a new set of guiding principles to reassure employees of the company's commitment to job security throughout the global pandemic period.

The strength and spirit shown in these challenging times by the people that make up our organization is a real inspiration to me and the PMI management team, and I'd like to again thank them for their outstanding endeavors.

(SLIDE 12.)

We also join the global and local efforts to combat the pandemic. Across 62 markets, we have donated over \$30 million; supporting hospitals, crisis centers, trade partners, and at-risk populations. Supplementing this is the work of our people across the globe -- supporting their communities with resources, skills, compassion, and time.

We are using our expertise to source difficult-to-find equipment, including ventilators in Greece, Slovakia, Hungary and the Czech Republic. Our affiliate in Brazil has lent its research equipment to a university lab. We are donating personal protective equipment to hospitals in Italy, and providing protective counter screens to tobacconists in Spain.

(SLIDE 13.)

We've produced thousands of liters of hand sanitizer in our facilities in Switzerland, Poland, the Netherlands, Indonesia and Brazil. We are also providing protective gear to those who need it most. In Portugal, employees used 3D printers to create face shields for health workers.

(SLIDE 14.)

Our people have undertaken countless volunteer activities. In Mexico, volunteers delivered food baskets and critical information to families of migrant workers. Employees in Europe provided hundreds of computer tablets to retirement homes, helping residents stay connected with their families. In Israel, colleagues are supporting the elderly with food, medicine, and phone calls. In the Philippines, they're delivering food to those who have lost their incomes.

It is with pride that I share this work with you today.

(SLIDE 15.)

In the next few slides I will recap some of the highlights from our full year 2019 and first quarter 2020 results communications, including the impact of COVID-19 on our business. More detail is available on our Investor Relations website at pmi.com.

We started the current year with a very strong first quarter, with minimal disruption to business performance and continued structural growth momentum.

We have activated contingency plans where required to ensure sufficient inventories and consumer access to our products. Moreover, our continued ability to generate cash, allied to a healthy balance sheet and liquidity position, will allow us to continue investing in our business, retire maturing debt and pay dividends.

There are certain likely impacts on our near-term operating environment from pandemic-linked restrictions, with the main expected effects being on Duty-Free sales, IQOS user acquisition and Indonesia pricing enforcement.

We are confident the strong momentum on IQOS user acquisition shown in recent quarters will start to resume as restrictions ease. In the meantime, our digital and commercial capabilities allow us to serve our existing adult consumers, maximize the conversion of adult smokers, and tailor our investments as required.

There is also considerable uncertainty around the magnitude of the current situation's economic consequences, and the speed and shape of the recovery; including the impacts on disposable incomes and unemployment. However, as in previous times of economic and social turbulence, we expect to show resilient performance through these challenges.

(SLIDE 16.)

I turn now to our recent business results. An excellent performance in 2019 was followed by further impressive progress in the first quarter of 2020, with strong like-for-like ex-currency growth partly benefitting from distributor and trade inventory movements related to the COVID-19 pandemic. We expect this latter effect to reverse in the second quarter.

Heated tobacco unit shipment volume grew by over 40% in both full-year 2019 and in the first quarter of 2020, reflecting continued broad-based share gains.

Currency-neutral like-for-like net revenues grew by 6.4% in 2019 and 10.0% in Q1, 2020 reflecting this progress in RRPs and strong combustible tobacco pricing. In conjunction with substantial increases in our adjusted currency-neutral like-for-like operating income margin, this drove strong growth in adjusted diluted EPS on the same basis.

(SLIDE 17.)

Let me now summarize the three main areas of expected impact from temporary COVID-19 related changes to our operating environment, in addition to the effect of currency movements.

The first, and likely longest in duration, is on Duty-Free sales, due to severely curtailed global travel. Due to its premium skew, we assume that only a portion of lower Duty-Free

volume will be recovered by our own brand portfolio in local markets, usually at lower margins.

The second impact is on the rate of *IQOS* user acquisition. Lockdown measures and other restrictions hamper our ability to engage adult smokers. Based on recent trends, we expect our rate of user acquisition to be on average around 50% lower than previously anticipated, for as long as widespread restrictions continue. Variations by country also make the mix difficult to project. To be clear, we believe this is delayed rather than lost growth and we expect the strong underlying momentum witnessed in recent quarters to pick up as restrictions ease. Importantly, we do not expect customer retention or conversion rates to be significantly affected.

The last main area of impact is in Indonesia. As explained in previous investor communications, 2020 was already a year of catch-up on excise tax and pricing. A positive structural element of the new excise tax was a larger percentage increase at the mid-to-low segment of the market, with a new minimum retail selling price due to come into effect on April 1. However, due to COVID-19 restrictions, enforcement of the new minimum price is now delayed until June. The prolonging of unfavorable price gaps is an added headwind for the risk of downtrading, the timing of price increases and for our market share.

(SLIDE 18.)

While the effects of pandemic-related measures on our operating environment, such as travel restrictions, are tangible, there is greater uncertainty as to the impact on consumer purchasing behavior during the crisis.

In developed markets, like the EU Region or Japan, which tend to have strong social support programs, we have so far observed only a limited impact.

In certain developing markets, the high prevalence of daily wage workers, lower resources for social support and thus greater fragility of incomes create more vulnerability. We observe some initial signs of downtrading and reduced daily consumption in some countries. The most significant for us are Indonesia and the Philippines. We have to assume these trends will temporarily continue while pandemic-driven restrictions last.

(SLIDE 19.)

Our own manufacturing and distribution operations continue to function well despite current challenges. This is made possible by the incredible efforts of our supply chain and market teams, who have implemented a number of contingency measures with regard to production and customer supply. On average, inventories of our products remain healthy, with over two months for heated tobacco units, over three months on *IQOS* devices and over one and a half months for cigarettes, including distributors.

All our HTU factories are currently operating with sufficient capacity. Around 20% of our cigarette production capacity is currently affected by temporary shutdowns. In the Philippines, where we have observed some increased demand for our products in recent weeks driven by competitor out-of-stocks, our factory is currently subject to quarantine-related restrictions. If the restrictions continue until the end of May, we could reach out-of-stocks on some SKUs, mainly in local brands. Aside from this, we do not currently see any major operating income market as being at risk. Elsewhere, in light of a factory lockdown, we are currently experiencing an out-of-stock situation in Argentina.

(SLIDE 20.)

Our financial position remains robust, with a number of key metrics shown on this slide. We continue to have ample liquidity sources through the ongoing cash generation of our business, cash on hand and access to commercial paper. At the end of April we further increased our mid-term financial flexibility with a 3 tranche bond offering for a total of USD 2.25 billion, with record low coupons for both the 3 and 10 year offering. Our revolving credit facility remains undrawn. Our balance sheet also remains strong.

Importantly, we expect that strong cash flows will exceed cash requirements, including the funding of dividends, to which we remain fully committed.

(SLIDE 21.)

The transformation of our business continues apace. RRP net revenues reached \$5.6 billion in 2019 and \$1.6 billion in the first quarter of 2020, the latter representing almost 22% of total net revenues.

(SLIDE 22.)

Turning now to RRP performance, we estimate that there were 14.6 million total *IQOS* users as of March 31, representing the addition of more than 4 million adult users since the same time last year.

We further estimate that 73% of this total -- or 10.6 million *IQOS* users -- have stopped smoking and switched to *IQOS*, with the balance in various stages of conversion.

As in 2019, this reflects widespread user growth across all key *IQOS* geographies, including Japan, Russia and the EU.

(SLIDE 23.)

The overall share performance of *IQOS* HTUs continues to see excellent progress. Indeed, in international markets where *IQOS* has been commercialized, *IQOS* HTUs were again the third-largest tobacco 'brand' in the first quarter with 6.6% share, increasing from 5.5% in Q4, 2019. This was achieved despite not having full national distribution in a number of markets.

(SLIDE 24.)

Turning now to progress in key geographies, first-quarter share for *HEETS* reached 3.9% of total industry volume in the EU region and 6.5% in Russia. In both cases this reflects strong user growth on both a sequential and year-over-year basis.

In Japan, reported share increased significantly. On an adjusted total tobacco view including cigarillos and excluding estimated trade inventory movements, the share for our HTU brands increased by 1.1 points versus the prior year quarter, and by 0.6 points sequentially, to 17.7%.

(SLIDE 25.)

In summary, the continued strong underlying momentum in our business, especially the impressive growth of RRP, is again evident in our 2019 and first quarter 2020 results.

The world has clearly now changed, with considerable uncertainty as to the development and duration of the pandemic and its economic and social consequences, including those which impact our operating environment and our consumers.

Our business has historically proven remarkably resilient, and we believe we can deliver a solid performance under the current challenging circumstances.

Importantly, we remain confident in our structural mid-term growth prospects and, when these headwinds have passed, expect to resume growth consistent with our 2019-2021 compound annual ex-currency growth targets.

Crucially, our organization, liquidity and balance sheet are strong. We will continue to protect and support our employees, serve our consumers and reward our shareholders, which clearly includes our strong commitment to our dividend. We are convinced that we will emerge stronger from this crisis.

Finally, I encourage all our shareholders and other stakeholders to read the Statement of Purpose adopted by PMI's Board of Directors and published in our proxy statement. Clarity of purpose is essential for internal alignment of any company. PMI's Statement of Purpose reaffirms our commitment to deliver a smoke-free future for the benefit of people who smoke, and all other stakeholders.

Thank you. I will now hand back to Louis.

Thank you very much, André.

(SLIDE 26.)

This webcast is now open for questions and comments.

For full transparency, during this session, which is being publicly webcast, our shareholders will be able to ask questions live, on a first-come, first-served basis.

As I mentioned earlier, in order to ask a question, you will be required to provide your 16-digit control number to the operator. Only shareholders of record with a valid control number will be allowed to ask questions.

In order to provide an opportunity for everyone who wishes to speak, each shareholder will be limited to two minutes.

Shareholders may speak a second time only after all others who wish to speak have had their turn. When speaking, shareholders must direct questions and comments to the Chairman and confine their remarks to matters that relate directly to the business of the meeting.

We reserve the right to reject redundant questions or questions that we deem inappropriate. The meeting is not to be used as a forum to discuss personal grievances, business disputes or to present general political, social or economic views that are not directly related to the business of the meeting.

A full replay of the meeting will be available on our website at www.pmi.com for approximately one year from the date of meeting.

We have allowed up to one hour for questions.

Are there any questions or comments?

That concludes our question and comment period.

Thank you all very much for joining us on our first virtual Annual Meeting of Shareholders. Stay safe and healthy.