



# 2022 Second-Quarter Results

July 21, 2022

## Introduction

- 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, and additional heated tobacco unit market data are at the end of today's webcast slides, which are posted on our website
- Unless otherwise stated, all references to *IQOS* are to our *IQOS* heat-not-burn products, and all references to smoke-free products refer to RRP
- Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions and disposals
- Figures and comparisons presented on a pro forma basis entirely exclude PMI's operations in Russia and Ukraine
- Starting in the second quarter of 2022, and on a comparative basis, PMI will exclude amortization and impairment of acquired intangibles from its adjusted results

# Forward-Looking and Cautionary Statements

- This presentation and related discussion contains statements relating to future status or circumstances, including statements regarding the success of the acquisition, future performance, growth and other trend projections and other benefits of the acquisition, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements may generally, but not always, be identified by the use of words such as "anticipates", "intends", "expects", "believes", or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Philip Morris International Inc. (PMI). Any such forward-looking statements speak only as of the date on which they are made and PMI has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for in accordance with applicable laws and regulations
- 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 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 COVID-19 on our 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 produce and commercialize reduced-risk 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; or if it is unable to attract and retain the best global talent, including women or diverse candidates. Future results are also subject to the lower predictability of our reduced risk product category's performance
- In addition, important factors that could cause actual results to differ materially from those indicated by forward-looking statements include risks and uncertainties related to: the possibility that expected benefits related to recent or pending acquisitions, including the proposed transaction with Swedish Match AB (Swedish Match), may not materialize as expected; the proposed transaction not being timely completed, if completed at all; regulatory approvals required for the transaction not being timely obtained, if obtained at all, or being obtained subject to conditions; prior to the completion of the transaction, Swedish Match AB's business experiencing disruptions due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with employees, customers, licensees, other business partners or governmental entities; difficulty retaining key employees; the outcome of any legal proceedings related to the proposed transaction; and the parties being unable to successfully implement integration strategies or to achieve expected synergies and operating efficiencies within the expected time-frames or at all
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-Q for the quarter ended March 31, 2022 and the Form 10-K for the year ended December 31, 2021. 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 we may make from time to time, except in the normal course of its public disclosure obligations
- Important information for U.S. Swedish Match shareholders: The offer described in this presentation is made for the issued and outstanding shares of Swedish Match, a company incorporated under Swedish law, and is subject to Swedish disclosure and procedural requirements, which may be different from those of the United States. The offer is made in the United States pursuant to Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended, and Regulation 14E thereunder, to the extent applicable, and otherwise in compliance with the disclosure and procedural requirements of Swedish law, including with respect to withdrawal rights, the offer timetable, notices of extensions, announcements of results, settlement procedures (including as regards to the time when payment of the consideration is rendered) and waivers of conditions, which may be different from requirements or customary practices in relation to U.S. domestic tender offers. Swedish Match's financial statements, including any included in any documents relating to the offer, have been or will be prepared in accordance with IFRS and may not be comparable to the financial statements or financial information of companies in the United States or other companies whose financial statements are prepared in accordance with U.S. GAAP. To the extent permissible under applicable law or regulations, PMI and its affiliates or its brokers and its brokers' affiliates (acting as agents for PMI or its affiliates, as applicable) may from time to time and during the pendency of the offer, directly or indirectly purchase or arrange to purchase shares of Swedish Match outside the United States, or any securities that are convertible into, exchangeable for or exercisable for such shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, and information about such purchases will be disclosed by means of a press release or other means reasonably calculated to inform shareholders of Swedish Match domiciled in the U.S. ("U.S. Holders") of such information, to the extent required by applicable laws and regulations. The receipt of cash pursuant to the offer by a U.S. Holder may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder is urged to consult an independent professional adviser regarding the tax consequences of accepting the offer
- Use of Non-GAAP Financial Measures: In addition to the financial measures prepared in accordance with U.S. GAAP, PMI uses certain non-GAAP financial measures. Non-GAAP measures used in this presentation should neither be considered in isolation nor as a substitute for the financial measures prepared in accordance with U.S. GAAP. For a reconciliation of non-GAAP measures to the most directly comparable U.S. GAAP measures, see the relevant appendices to this presentation
- The press release announcing the offer for Swedish Match, including the terms and conditions for the offer, was released on May 11, 2022, and the offer document regarding the offer for Swedish Match shareholders was released on June 28, 2022 and both are available on [www.smokefree-offer.com](http://www.smokefree-offer.com)

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# Strong Underlying Momentum and 2022 Outlook

- Continued focus on supporting our employees impacted by the war in Ukraine
- Excellent Q2 IQOS performance with >1.1 million pro forma user growth, continued strong progress on ILUMA
- Growing volumes, market share and net revenues in combustibles
- Raising full-year pro forma organic growth outlook
- Expect second consecutive year of positive volumes; now a growth company in volume, net revenue and profit terms
- Expect to deliver around \$6.00 in total adjusted diluted EPS
- Value-creating offer for Swedish Match



Source: PMI Financials or estimates

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## Q2, 2022: Better Than Expected Performance

	Total PMI	Pro Forma
<b>Shipment Volume</b> <small>(vs. PY)</small>	<b>+1.1%</b>	<b>+3.0%</b>
<b>Net Revenues</b> <small>(Organic variance vs. PY)</small>	<b>+5.3%</b>	<b>+6.2%</b>
<b>Net Revenue per Unit<sup>(a)</sup></b> <small>(Organic variance vs. PY)</small>	<b>+4.1%</b>	<b>+3.0%</b>
<b>OI Margin</b> <small>(Organic variance vs. PY)</small>	<b>(150)bps</b>	<b>(190)bps</b>
<b>Adj. Diluted EPS</b> <small>(Currency neutral variance vs. PY)</small>	<b>+3.8%</b>	<b>+5.6%</b>
<b>Adj. Diluted EPS</b>	<b>\$1.48</b>	<b>\$1.32</b>

(a) Reflects total PMI adjusted net revenues divided by total PMI cigarette and HTU shipment volume  
 Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions  
 Source: PMI Financials or estimates

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## H1, 2022: Strong Performance

	Total PMI	Pro Forma
<b>Shipment Volume</b> <small>(vs. PY)</small>	<b>+2.2%</b>	<b>+4.0%</b>
<b>Net Revenues</b> <small>(Organic variance vs. PY)</small>	<b>+7.1%</b>	<b>+8.1%</b>
<b>Net Revenue per Unit<sup>(a)</sup></b> <small>(Organic variance vs. PY)</small>	<b>+4.7%</b>	<b>+4.0%</b>
<b>OI Margin</b> <small>(Organic variance vs. PY)</small>	<b>(90)bps</b>	<b>(110)bps</b>
<b>Adj. Diluted EPS</b> <small>(Currency neutral variance vs. PY)</small>	<b>+9.2%</b>	<b>+10.4%</b>
<b>Adj. Diluted EPS</b>	<b>\$3.06</b>	<b>\$2.79</b>

(a) Reflects total PMI adjusted net revenues divided by total PMI cigarette and HTU shipment volume  
 Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions  
 Source: PMI Financials or estimates

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## Raising Full-Year Pro Forma Growth Outlook

	FY 2022 Pro Forma Outlook	
	Previous April 21	Updated
Shipment Volume Growth	0-1%	1.5-2.5%
Net Revenue Growth <sup>(a)</sup>	4.5-6.5%	6-8%
Adj. OI Margin Expansion <sup>(a)</sup>	0-100bps	0-50bps
Adj. Diluted EPS Growth <sup>(b)</sup>	9-11%	10-12%
Adj. Diluted EPS	\$5.35-\$5.46	\$5.23-\$5.34
HTU Shipment Volume (in billion units)	88-92	90-92

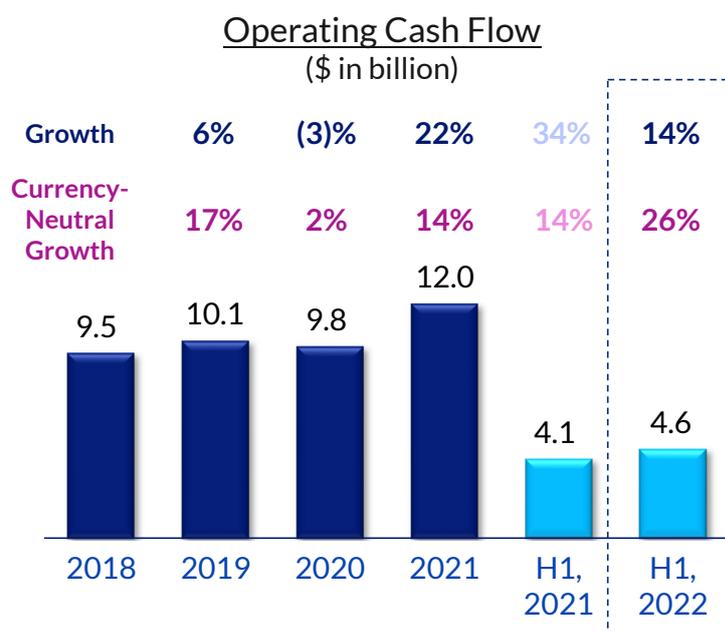
**\$5.90-\$6.05**  
Adjusted Diluted EPS  
FY 2022 Total PMI<sup>(c)</sup>

(a) On an organic basis  
(b) Currency neutral variance. FY 2021 pro forma adjusted diluted EPS was \$5.53  
(c) Assumes FY 2022 contribution from Russia and Ukraine  
Source: PMI Financials or estimates

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## Exceptional Cash Flow Generation Supports Growth & Dividends

- Strong H1 operating cash flow growth, now expect ~\$10.5bn for full-year:
  - Underlying growth compared to exceptional 2021
- Strong balance sheet and deleveraging ability
- Reinvesting in innovation and growth
- Unwavering commitment to progressive dividend



Note: Operating cash flow is defined as net cash provided by operating activities  
Source: PMI Financials or estimates

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## Continued Positive Trends Expected in Q3, Strong Q4

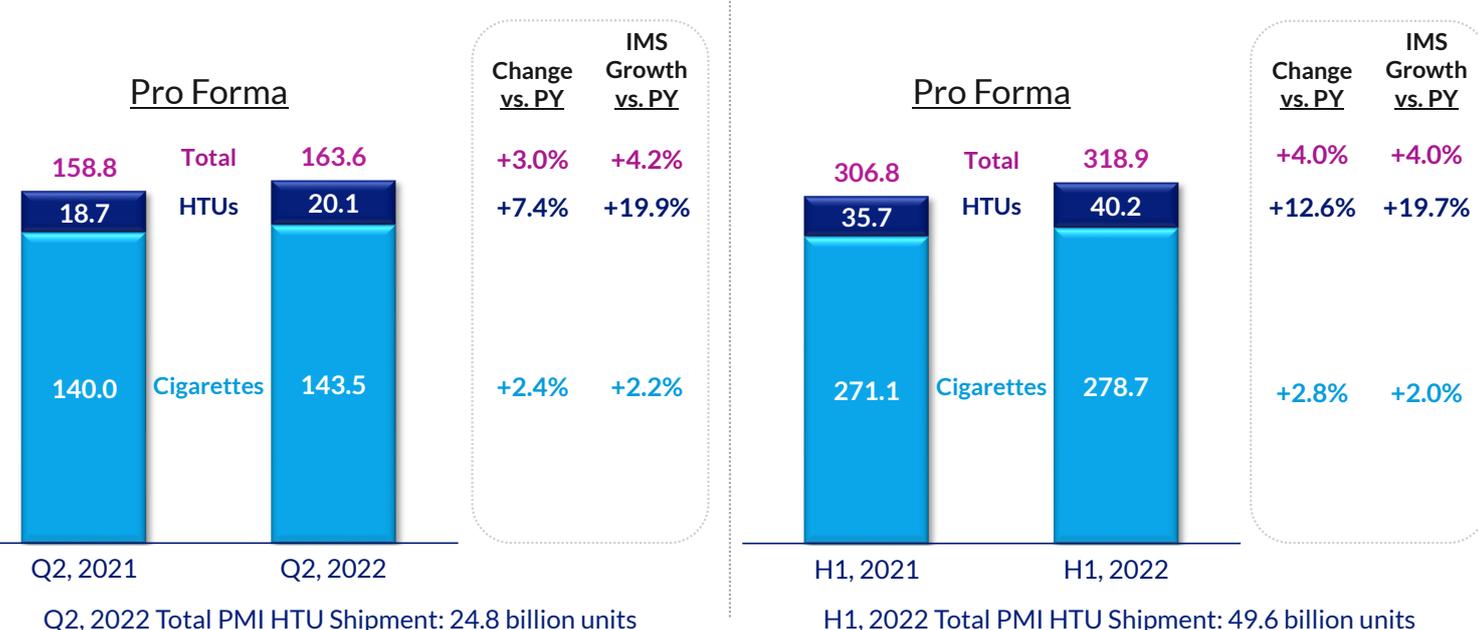
- Q3 key pro forma assumptions:
  - Mid-single digit organic top line growth
  - Continued strong underlying IQOS growth, tougher cigarette volume comparison
  - Lower gross margin headwind, step-up in year-over-year commercial investments
  - Pro forma adjusted diluted EPS of \$1.23-\$1.28
- Q4-weighted recovery in:
  - HTU shipment phasing as production constraints ease
  - Adjusted OI margin expansion

Source: PMI Financials or estimates

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## Strong HTU IMS Growth, Combustible Recovery Continues

(billion units)

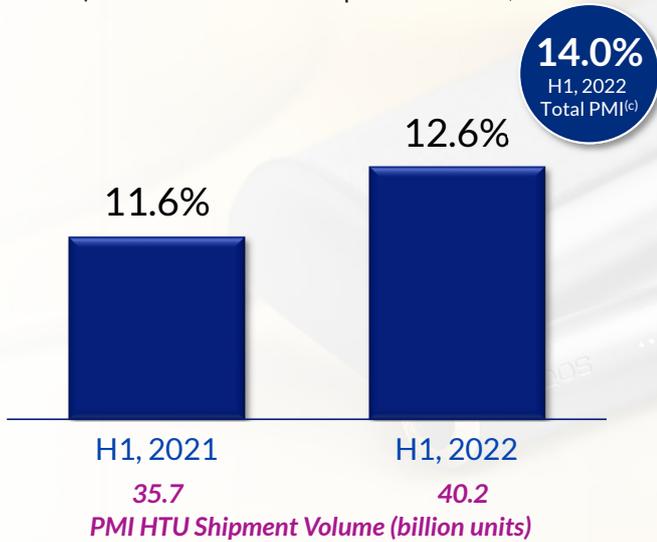


Note: Total might not foot due to rounding  
Source: PMI Financials or estimates

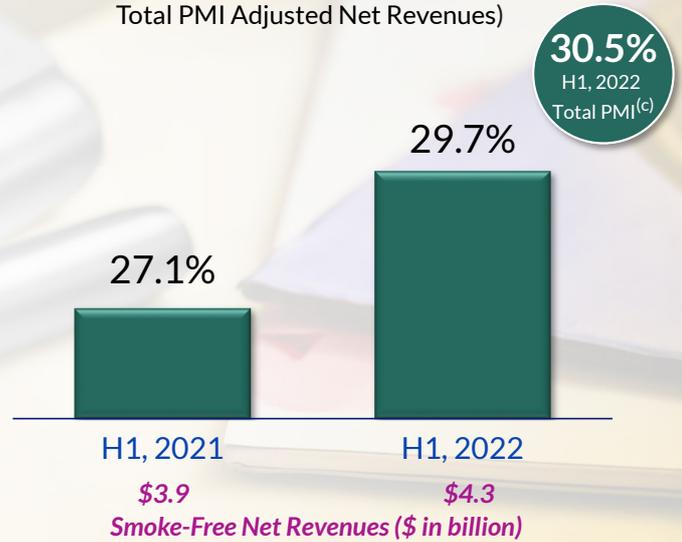
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# IQOS Powerful Driver in Smoke-Free Transformation

**Pro Forma HTU Volume Contribution<sup>(a)</sup>**  
(As a % of PMI Total Shipment Volume)



**Pro Forma Smoke-Free Net Revenues<sup>(b)</sup>**  
(Smoke-Free Net Revenues as a % of Total PMI Adjusted Net Revenues)



(a) Total volume includes HTUs and cigarettes

(b) Smoke-free net revenues include RRP net revenues and net revenues from the Wellness and Healthcare segment

(c) Includes contribution from Russia and Ukraine

Source: PMI Financials or estimates

# Volume Growth & Twin Engines Powering Organic Net Revenues

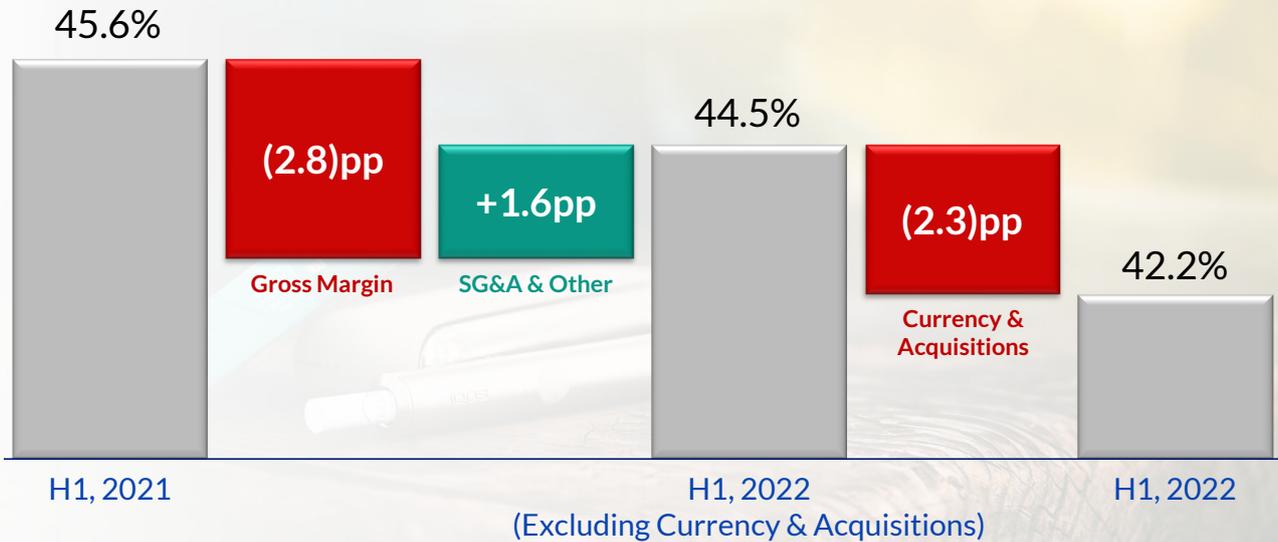
Pro Forma



Source: PMI Financials or estimates

# Investments and Temporary Headwinds Impacting OI Margin

## Pro Forma Adjusted OI Margin

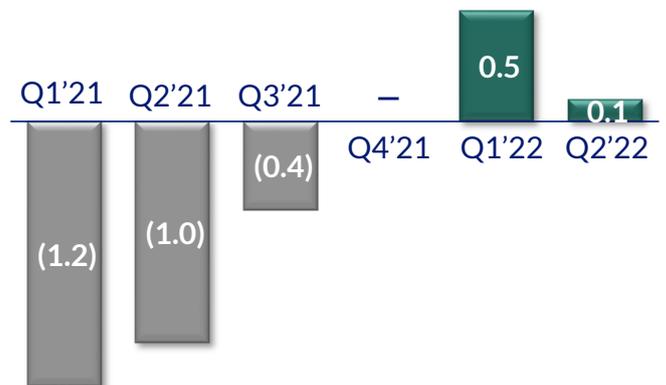


Note: Sum of the drivers does not foot due to rounding  
Source: PMI Financials or estimates

# Robust Combustible Performance

- Continued shipment recovery notably driven by Indonesia, Poland, Turkey and Duty Free
- Stronger Q2 pricing supporting robust pro forma organic net revenue growth
- Positive H1 segment share despite impact of IQOS cannibalization
- Continue to target stable share of the category to maximize switching to smoke-free products

## Pro Forma Share of Cigarette Category (Change vs. PY in pp)



Note: Excludes Russia, Ukraine, China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume and includes cigarillos in Japan  
Source: PMI Financials or estimates

# Marlboro: Growing Share & Volumes, 50 Years at Number One

**+7%**  
Volume Growth  
H1, 2022 vs. PY

## Pro Forma Marlboro Share of Market<sup>(a)</sup>



HEALTH WARNING TO BE PLACED HERE

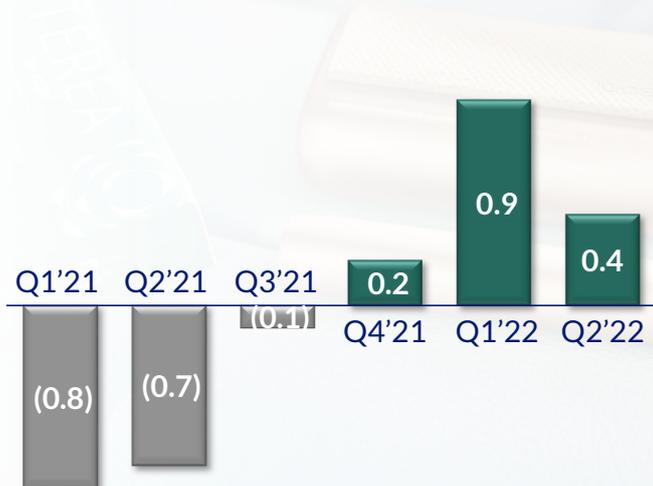
(a) Rolling 12-month share

Note: Excluding Russia, Ukraine, China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume

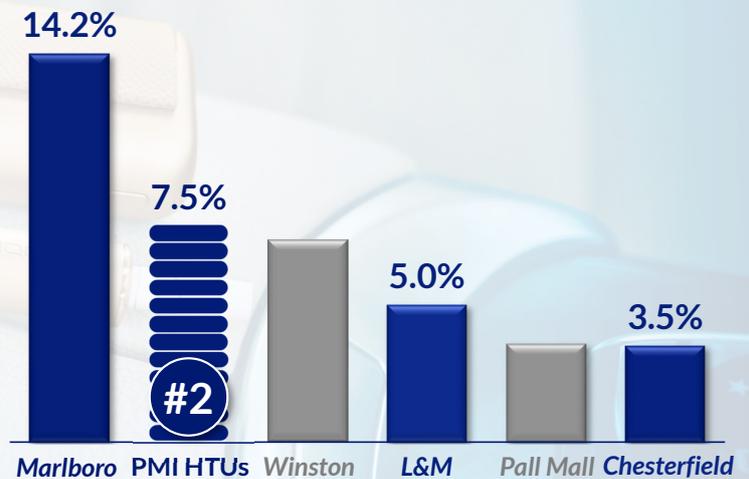
Source: PMI Financials or estimates

# Positive Total Market Share Momentum

## Pro Forma International Share<sup>(a)</sup> (Change vs. PY in pp)



## Q2'22 International Nicotine Brand Share in IQOS Markets<sup>(b)</sup>



(a) Reflects sales volume as a percentage of the total industry sales volume for cigarettes and HTUs. Excluding Russia, Ukraine, China and the U.S.

(b) Reflects markets where IQOS HTUs are available in key cities or nationwide at June 30, 2022. All 'brands' except 'PMI HTUs' include cigarettes only. Excludes Russia and Ukraine

Source: PMI Financials or estimates

# Reaccelerating IQOS User Growth

(in millions)

## Pro Forma Total IQOS Users<sup>(a)</sup>

>1.1mio  
vs. Q1'22

Estimated users who have switched to IQOS and stopped smoking<sup>(a)</sup>

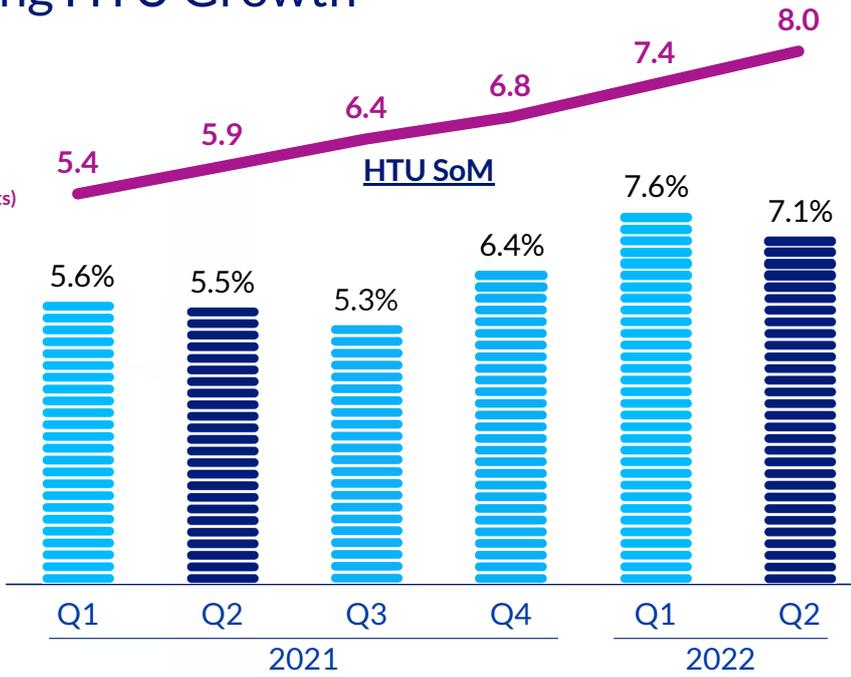


(a) See Glossary for definition

Source: PMI Financials or estimates, IQOS user panels and PMI Market Research

# EU Region: Strong Underlying HTU Growth

IMS<sup>(a)</sup>  
(in billion units)



(a) Based on a four-quarter moving average

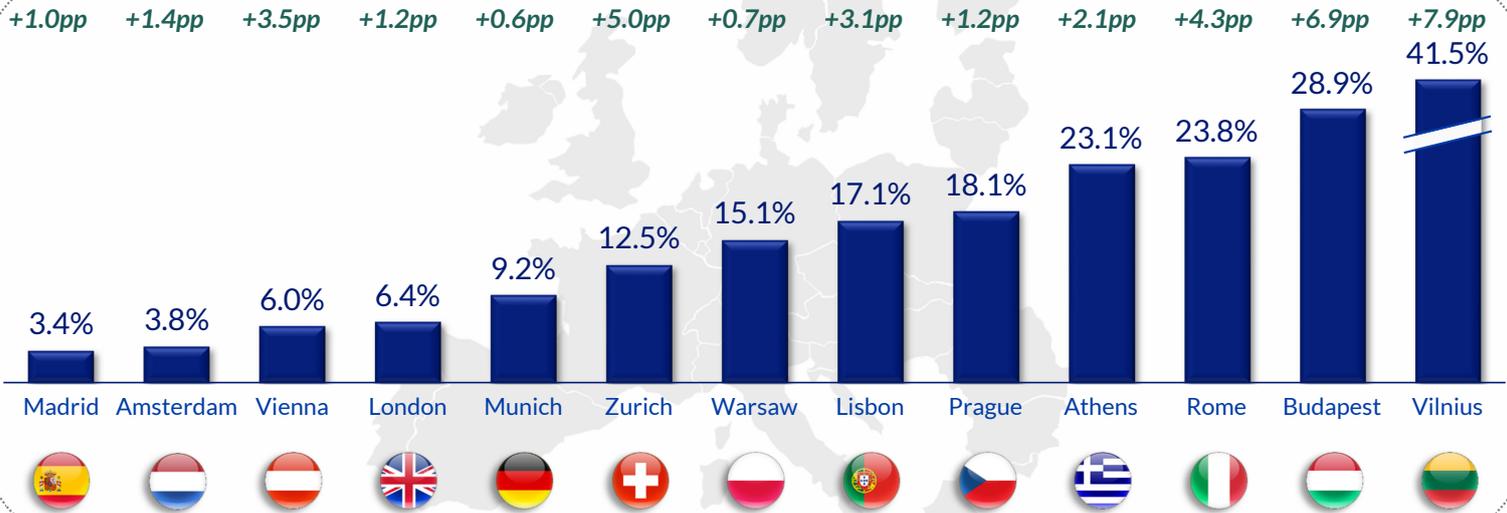
Note: Market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs

Source: PMI Financials or estimates

# Accelerating Key City Share in Europe

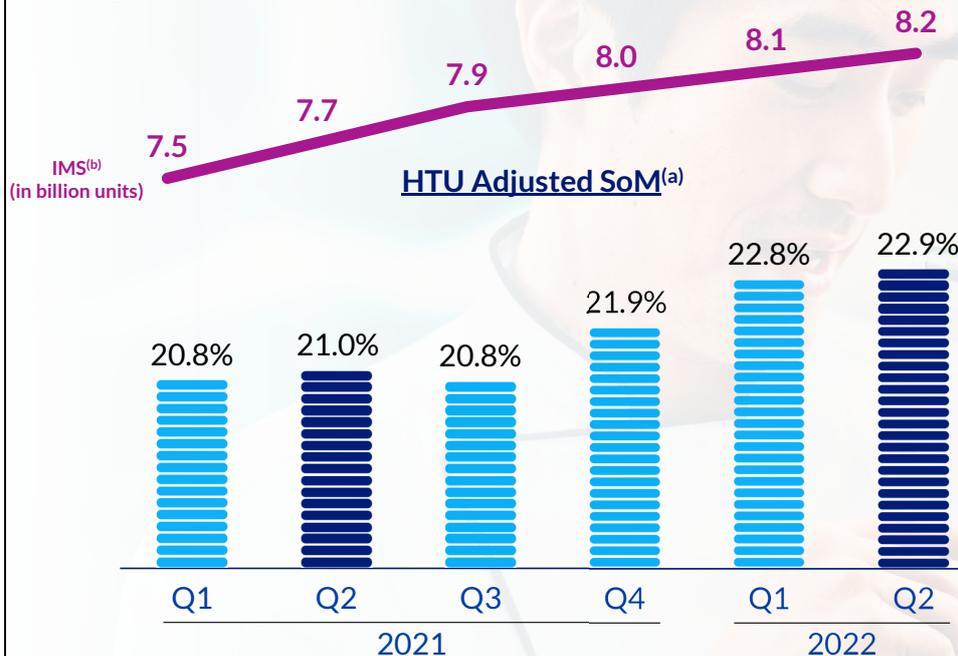
## PMI HTU Offtake Share (Q2, 2022)

Change vs. PY



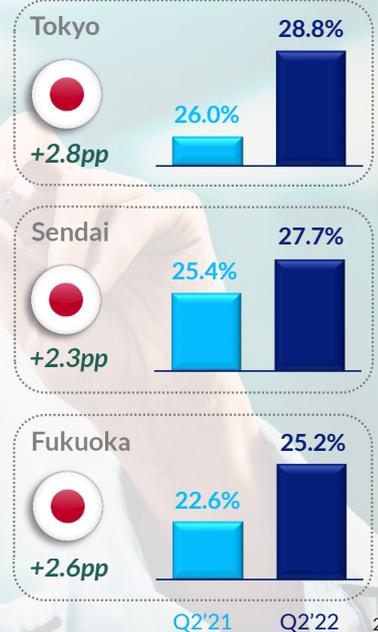
Note: Athens represents Attica Region  
Source: PMI Financials or estimates

# Japan: Continued IQOS HTU Growth



## PMI HTU Offtake Shares

Change vs. PY



(a) Adjusted market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes, HTUs and cigarillos and excluding the impact of estimated trade inventory movements

(b) Based on a four-quarter moving average

Source: PMI Financials or estimates

# Low and Middle-Income Markets: Promising IQOS Growth



(a) Based on a four-quarter moving average

Note: 28 Low and Middle-Income markets where PMI commercialized IQOS at December 31, 2021, excluding Duty Free, Russia and Ukraine. Low and Middle-Income markets defined using World Bank classification at December 31, 2021 where available. Palestine is included as a Low and Middle-Income market. Market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs

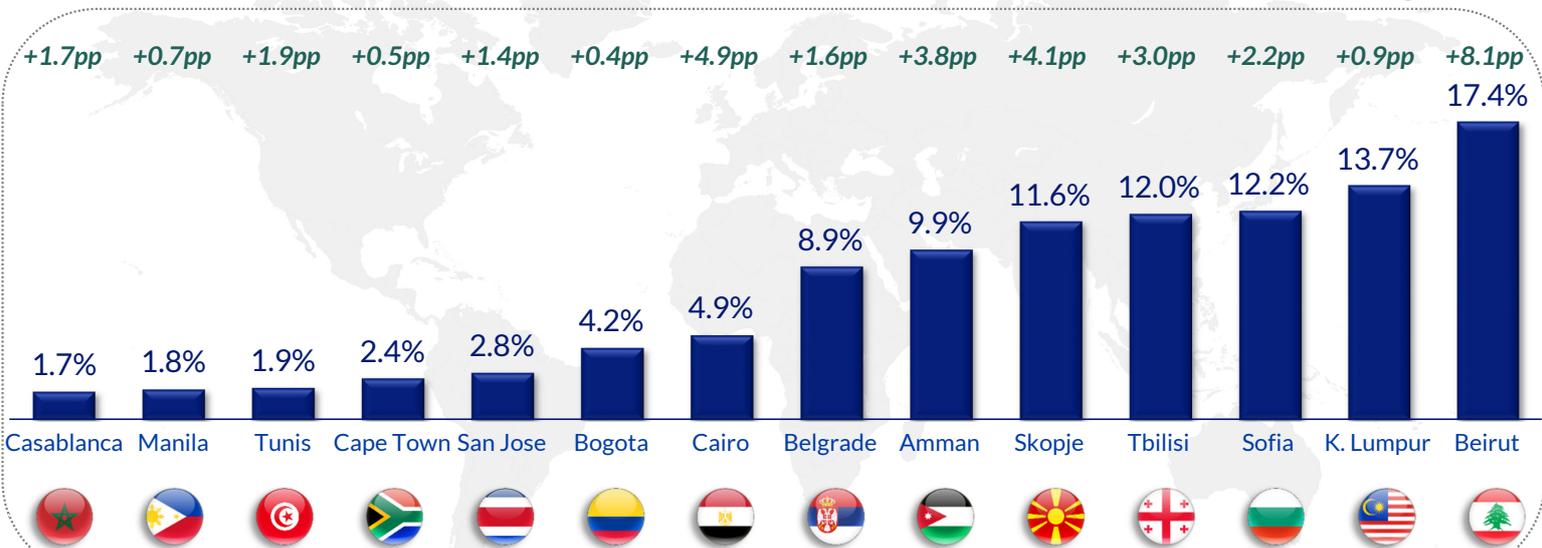
Source: PMI Financials or estimates

# Promising Acceleration in Low and Middle-Income Markets

(PMI HTU offtake share in Key Cities)

## PMI HTU Offtake Shares (Q2, 2022)

Change vs. PY



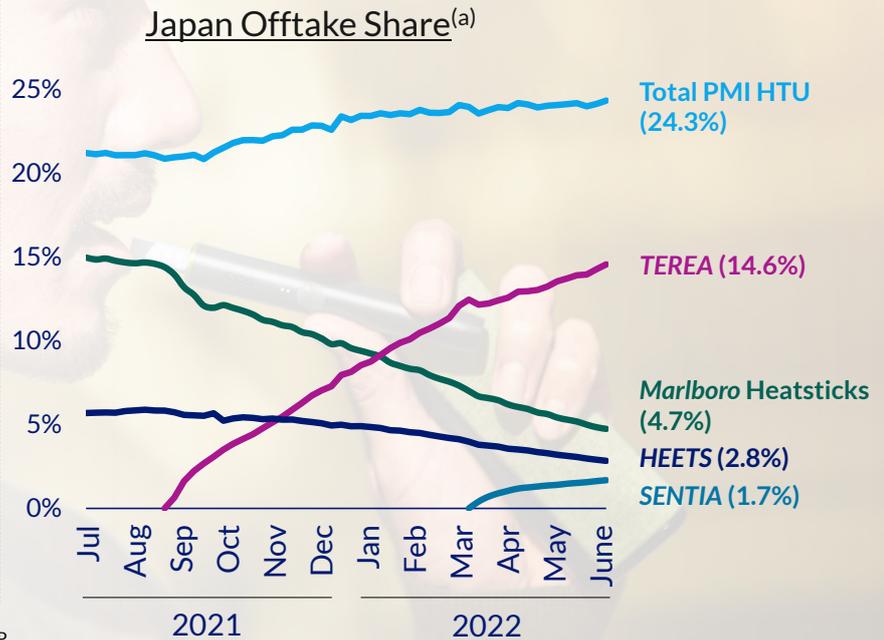
Note: K. Lumpur stands for Kuala Lumpur. Amman represents West Amman, Cairo represents Urban Cairo, K. Lumpur represents Greater Kuala Lumpur, Manila represents Metro Manila, and Tunis represents Greater Tunis

Source: PMI Financials or estimates

# Continued Success: IQOS ILUMA in Japan



- Strong acquisition and conversion
- TERA now 2<sup>nd</sup> largest tobacco brand
- SENTIA surpassing HEETS share in launched prefectures
- Record exit HTU offtake share

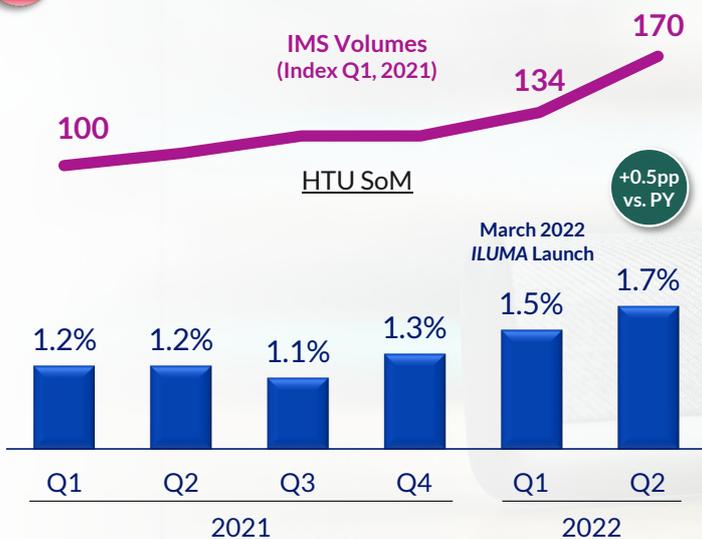


(a) Based on 3 C-Store Chains offtake. Base includes cigarettes, cigarillos and RRP  
 Note: New users are former Legal Age Smokers or Legal Age Nicotine Users  
 Source: PMI Financials or estimates

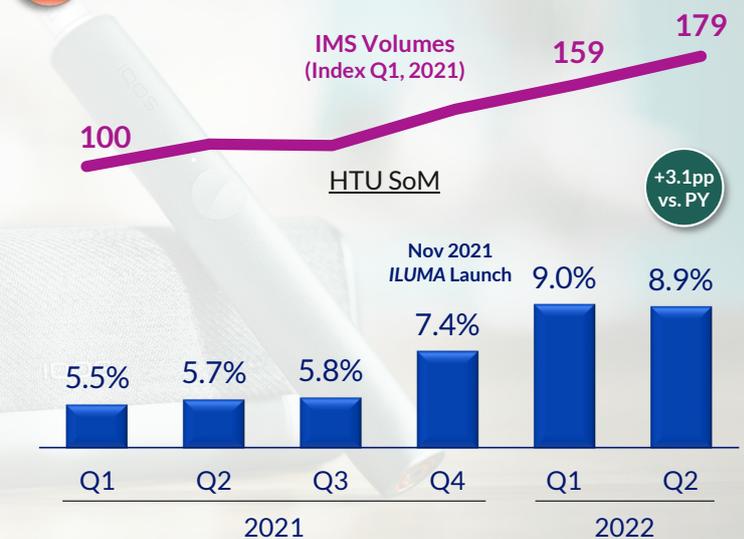
# Superb Start for IQOS ILUMA in Spain & Switzerland



## SPAIN



## SWITZERLAND



Note: Market share for HTUs is defined as the total sales volume for PMI HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs. HTU SoM difference vs. previous year might not foot due to rounding  
 Source: PMI Financials or estimates

## Expanding Smoke-Free Product Portfolio: Innovation at the Core

- *ILUMA* launched in Greece, further market launches planned in Q4
- New heat-not-burn offering targeting emerging markets; planned pilot launches in Q4
- E-vapor innovation:
  - *VEEV* now present in 10 markets
  - *VEEBA* disposable device launched in Canada



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## Swedish Match: Major Acceleration in Smoke-Free Journey

- Aligned vision of a smoke-free future would create a global smoke-free champion with strong strategic and cultural fit
- Comprehensive global RRP portfolio with leading heated tobacco and oral nicotine brands, including accelerated international opportunity for *ZYN*
- Entering the attractive U.S. market with a leading nicotine pouch franchise and substantial platform would unlock significant long-term opportunity across smoke-free categories
- Transaction expected to close in Q4

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# Sustainability: Transforming for Good

- Published first ESG KPI Protocol



## Tackle Climate Change

- Science Based Targets<sup>(a)</sup> validation of net-zero and 90% GHG emission absolute reduction scope 1+2+3 by 2040
- 2025 target of SBTs for 15% of PMI suppliers by spend<sup>(b)</sup>
- 13 factories now carbon-neutral vs. 5 in 2021

(a) The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi defines and promotes best practice in science-based target setting and independently assesses companies' targets  
 (b) Philip Morris International commits that 15% of its suppliers by spend covering purchased goods and services will have science-based targets by 2025

# Strengthening Fundamentals Driving Growth

- Strong first half, growing volumes & accelerating pro forma growth
- Excellent results from *ILUMA*
- Robust combustible performance supporting our smoke-free transformation
- Rich pipeline of innovative products to further expand our smoke-free portfolio
- Expect to deliver around \$6.00 in total adjusted diluted EPS
- Now expect to comfortably exceed minimum 2021-23 growth targets on pro forma basis, on track to become a majority smoke-free company
- Committed to progressive dividend policy





PHILIP MORRIS  
INTERNATIONAL

Delivering a Smoke-Free Future

# 2022 Second-Quarter Results

## Questions & Answers

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Or go to: [www.pmi.com/irapp](http://www.pmi.com/irapp)

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Delivering a Smoke-Free Future

# 2022 Second-Quarter Results

## July 21, 2022

# Glossary of Key Terms and Definitions, Appendix, and Reconciliation of Non-GAAP Measures

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## Glossary: General Terms

- "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
- 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")
- Comparisons are made to the same prior-year period unless otherwise stated
- References to total industry, total market, PMI shipment volume and PMI market share performance reflect cigarettes and heated tobacco units, unless otherwise stated
- As of the first quarter of 2022, total industry volume, PMI in-market sales volume and PMI market share for the following geographies include the cigarillo category in Japan: the total international market, East Asia & Australia Region, and Japanese domestic market
- References to total international market, defined as worldwide cigarette and heated tobacco unit volume excluding the U.S., total industry, total market and market shares are PMI estimates for tax-paid products based on the latest available data from a number of internal and external sources and may, in defined instances, exclude the People's Republic of China and/or PMI's duty free business
- 2021 and 2022 estimates for total industry volume and market share in certain geographies reflect limitations on the availability and accuracy of industry data during pandemic-related restrictions
- "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
- "Combustible products" is the term PMI uses to refer to cigarettes and OTP, combined
- In-market sales, or "IMS," is defined as sales to the retail channel, depending on the market and distribution model
- "Total shipment volume" is defined as the combined total of cigarette shipment volume and heated tobacco unit shipment volume
- In the third quarter of 2021, PMI acquired Fertin Pharma A/S, Vectura Group plc. and OtiTopic, Inc. On March 31, 2022, PMI launched a new Wellness and Healthcare business consolidating these entities, Vectura Fertin Pharma. The operating results of this new business are reported in the Wellness and Healthcare segment. The business operations of PMI's Wellness and Healthcare segment are managed and evaluated separately from the geographical segments
- "RBH" refers to PMI's Canadian subsidiary, Rothmans, Benson & Hedges Inc.
- The Companies' Creditors Arrangement Act (CCAA) is a Canadian federal law that permits a Canadian business to restructure its affairs while carrying on its<sup>32</sup> business in the ordinary course

## Glossary: General Terms (cont.)

- "EU" is defined as the European Union Region
- "EE" is defined as the Eastern Europe Region
- "ME&A" is defined as the Middle East & Africa Region and includes PMI's duty free business
- "S&SA" is defined as the South & Southeast Asia Region
- "EA&A" is defined as the East Asia & Australia Region
- "AMCS" is defined as the Americas Region. It refers to the former Latin America & Canada segment, which was renamed as the Americas segment as of the third quarter of 2021. References to "Americas" may, in defined instances, exclude the U.S.
- Following the deconsolidation of PMI's Canadian subsidiary, Rothmans, Benson & Hedges, Inc. (RBH), PMI will continue to report the volume of brands sold by RBH for which other PMI subsidiaries are the trademark owner. These include *HEETS*, *Next*, *Philip Morris* and *Rooftop*
- From time to time, PMI's shipment volumes are subject to the impact of distributor inventory movements, and estimated total industry/market volumes are subject to the impact of inventory movements in various trade channels that include estimated trade inventory movements of PMI's competitors arising from markets specific factors that significantly distort reported volume disclosures. Such factors may include changes to the manufacturing supply chain, shipment methods, consumer demand, timing of excise tax increases or other influences that may affect the timing of sales to customers. In such instances, in addition to reviewing PMI shipment volumes and certain estimated total industry/market volumes on a reported basis, management reviews these measures on an adjusted basis that excludes the impact of distributor and/or estimated trade inventory movements. Management also believes that disclosing PMI shipment volumes and estimated total industry/market volumes in such circumstances on a basis that excludes the impact of distributor and/or estimated trade inventory movements, such as on an IMS basis, improves the comparability of performance and trends for these measures over different reporting periods
- "ESG" stands for environmental, social, and governance
- "Illicit trade" refers to domestic non-tax paid products
- "SoM" stands for share of market

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## Glossary: Financial Terms

- Net revenues related to combustible products refer to the operating revenues generated from the sale of these products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes. PMI recognizes revenue when control is transferred to the customer, typically either upon shipment or delivery of goods
- Net revenues related to RRP's represent the sale of heated tobacco units, heat-not-burn devices and related accessories, and other nicotine-containing products, primarily e-vapor and oral nicotine products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes. PMI recognizes revenue when control is transferred to the customer, typically either upon shipment or delivery of goods
- Net revenues related to Wellness and Healthcare segment primarily consist of operating revenues generated from the sale of inhaled therapeutics and oral and intra-oral delivery systems that are included in the operating results of PMI's new Wellness and Healthcare business, Vectura Fertin Pharma
- Adjusted net revenues exclude the impact related to the Saudi Arabia customs assessments
- "COGS" stands for Cost Of Goods Sold
- "SG&A" stands for selling, general & administrative
- "Adjusted Operating Income Margin" is calculated as adjusted operating income, divided by adjusted net revenues
- "Net debt" is defined as total debt, less cash and cash equivalents
- Growth rates presented on an organic basis reflect adjusted results, excluding currency, acquisitions and disposals
- Management reviews net revenues, operating income, operating income margin, 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. Additionally, starting in 2022 and on a comparative basis, for these measures other than net revenues and operating cash flow, PMI will include adjustments to add back amortization expense on acquisition related intangible assets that are recorded as part of purchase accounting and contribute to PMI's revenue generation, as well as impairment of intangible assets, if any. Currency-neutral and organic growth rates reflect the way management views underlying performance for these measures. PMI believes that such measures provide useful insight into underlying business trends and results. 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
- The company believes that operating income / EPS adjusted for the amortization and impairment of acquired intangibles better reflects the underlying performance of the business and provides a better comparison to past operating performance. This partly reflects the non-cash nature of amortization expense. In addition, amortization of intangibles is driven by the purchase price allocated to a specific asset and is varied across acquisitions because of unique facts and circumstances, timing and terms of acquisition which result in amortization charges that could be inconsistent in size as compared to the revenues generated by those assets
- "Fair value adjustment for equity security investments" reflects the adjustment resulting from share price movements in passive investments for publicly traded entities that are not controlled or influenced by PMI. Under U.S. GAAP, such adjustments are required, since January 1, 2018, to be reflected directly in the income statement

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## Glossary: Reduced-Risk Products

- Reduced-risk products ("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 continuing smoking. PMI has a range of RRP in various stages of development, scientific assessment and commercialization. PMI's RRP are smoke-free products that contain and/or generate far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke
- "Aerosol" refers to a gaseous suspension of fine solid particles and/or liquid droplets
- "Combustion" is the process of burning a substance in oxygen, producing heat and often light
- "Smoke" is a visible suspension of solid particles, liquid droplets and gases in air, emitted when a material burns
- "Heated tobacco units," or "HTUs," is the term PMI uses to refer to heated tobacco consumables, which include the company's *HEETS*, *HEETS Creations*, *HEETS Dimensions*, *HEETS Marlboro* and *HEETS FROM MARLBORO* (defined collectively as *HEETS*), *Marlboro Dimensions*, *Marlboro HeatSticks*, *Parliament HeatSticks*, *SENTIA* and *TEREA*, as well as the KT&G-licensed brands, *Fiit* and *Miix* (outside of South Korea)
- Unless otherwise stated, all references to IQOS are to PMI's Platform 1 IQOS devices and heated tobacco consumables
- IQOS heat-not-burn devices are precisely controlled heating devices into which a specially designed and proprietary tobacco units are inserted and heated to generate an aerosol
- "PMI heat-not-burn products" include licensed KT&G heat-not-burn products
- "PMI HTUs" include licensed KT&G HTUs
- HTU "offtake volume" represents the estimated retail offtake of HTUs based on a selection of sales channels that vary by market, but notably include retail points of sale and e-commerce platforms
- HTU "offtake share" represents the estimated retail offtake volume of HTUs divided by the sum of estimated total offtake volume for cigarettes and HTUs
- Market share for HTUs is defined as the total sales volume for HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs

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## Glossary: Reduced-Risk Products (cont.)

- "Total IQOS users" is defined as the estimated number of Legal Age (minimum 18 years) users of PMI heat-not-burn products, for which PMI HTUs represented at least a portion of their daily tobacco consumption over the past seven days

The estimated number of adults who have "switched to IQOS and stopped smoking" reflects:

- for markets where there are no heat-not-burn products other than PMI heat-not-burn products: daily individual consumption of PMI HTUs represents the totality of their daily tobacco consumption in the past seven days
- for markets where PMI heat-not-burn products are among other heat-not-burn products: daily individual consumption of HTUs represents the totality of their daily tobacco consumption in the past seven days, of which at least 70% is PMI HTUs.

Note: The above IQOS user metrics reflect PMI estimates, which are based on consumer claims and sample-based statistical assessments with an average margin of error of +/-5% at a 95% Confidence Interval in key volume markets. The accuracy and reliability of IQOS user metrics may vary based on individual market maturity and availability of information

As of December 2020, PMI heat-not-burn products and HTUs include licensed KT&G heat-not-burn products and HTUs, respectively

- "FDA" stands for the U.S. Food & Drug Administration
- "MRTP" stands for Modified Risk Tobacco Product, the term used by the U.S. FDA to refer to RRP
- "MRTP application" stands for Modified Risk Tobacco Product application under section 911 of the FD&C Act
- "PMTA" stands for Premarket Tobacco Application under section 910 of the FD&C Act
- "Acquisition" refers to our efforts to switch LAS from smoking cigarettes to RRP or to switch LAU from competing smoke-free products to PMI's RRP
- "Retention" refers to our efforts to deter LAU from going back to smoking cigarettes or from choosing a competing smoke-free product instead of a PMI RRP

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## Approximate Impact of Currency on 2022 EPS Guidance

	FY 2022
Japanese Yen	30%
Euro	30%
Others	40%
Pro forma Currency Impact	\$(0.86)
Total PMI Currency Impact	\$(0.69)

Source: PMI Financials or estimates

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## EU Region: HTU SoM Performance in Select Markets

	Q2, 2022	Growth vs. PY		Q2, 2022	Growth vs. PY		Q2, 2022	Growth vs. PY
Croatia	6.9%	+0.9pp	Italy	14.4%	+3.2pp	Romania	5.4%	+1.4pp
Czech Republic	11.6	+1.5	Latvia	10.8	(0.2)	Slovak Republic	13.9	+2.0
Germany	2.5	(0.2)	Lithuania	30.6	+7.7	Slovenia	10.7	+3.7
Greece	15.3	+1.4	Poland	7.5	+1.2	Switzerland	8.9	+3.1
Hungary	23.7	+6.3	Portugal	14.9	+3.1	UK	2.7	+0.6

Note: Select markets where HTU share is  $\geq$  1%. Sales volume of PMI HTUs as a percentage of the total industry sales volume for cigarettes and HTUs  
Source: PMI Financials or estimates

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Russia and Ukraine, excluding Currency  
(Unaudited)

	Quarters Ended June 30,			Variance excluding Currency
	2022	2021	Currency	
<b>Adjusted Diluted EPS <sup>(a)</sup></b>	<b>\$ 1.48</b>	<b>\$ 1.58</b>	<b>\$ (0.16)</b>	<b>3.8%</b>
Net Earnings attributable to Russia and Ukraine	0.16	0.15	0.03	
<b>Pro Forma Adjusted Diluted EPS</b>	<b>\$ 1.32</b>	<b>\$ 1.43</b>	<b>\$ (0.19)</b>	<b>5.6%</b>

(a) For the calculation of Adjusted Diluted EPS, see slide 40

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## 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
					<b>2022</b>	<b>2021</b>	<b>% Change</b>		
\$ 1,189	\$ (127)	\$ 1,316	\$ 4	\$ 1,313	<b>Reduced-Risk Products</b>				
313	3	310	-	310	European Union	\$ 987	20.5%	33.4%	33.0%
73	(4)	77	-	77	Eastern Europe	340	(8.0)%	(8.9)%	(8.9)%
5	-	5	-	5	Middle East & Africa	33	+100%	+100%	+100%
678	(70)	748	-	748	South & Southeast Asia	1	+100%	+100%	+100%
9	-	9	-	9	East Asia & Australia	903	(24.9)%	(17.1)%	(17.1)%
\$ 2,267	\$ (199)	\$ 2,466	\$ 4	\$ 2,462	Americas	12	(24.4)%	(22.9)%	(22.9)%
					<b>Total RRP</b> s	<b>\$ 2,276</b>	<b>(0.4)%</b>	<b>8.3%</b>	<b>8.2%</b>
					<b>2022</b>	<b>2021</b>	<b>% Change</b>		
\$ 76	\$ -	\$ 76	\$ 76	\$ -	<b>Wellness and Healthcare</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
					<b>2022</b>	<b>2021</b>	<b>% Change</b>		
\$ 3,143	\$ (327)	\$ 3,470	\$ 3	\$ 3,467	<b>PMI</b>	<b>\$ 3,149</b>	<b>(0.2)%</b>	<b>10.2%</b>	<b>10.1%</b>
898	18	880	-	880	European Union	895	0.3%	(1.7)%	(1.7)%
1,006	(45)	1,051	-	1,051	Eastern Europe	560 <sup>(a)</sup>	79.6%	87.7%	87.7%
1,034	(39)	1,073	-	1,073	Middle East & Africa	1,046	(1.1)%	2.6%	2.6%
1,206	(112)	1,318	-	1,318	South & Southeast Asia	1,514	(20.3)%	(12.9)%	(12.9)%
469	4	465	-	465	East Asia & Australia	430	9.1%	8.1%	8.1%
76	-	76	76	-	Americas	-	-	-	-
\$ 7,832	\$ (501)	\$ 8,333	\$ 79	\$ 8,254	Wellness and Healthcare	-	-	-	-
					<b>Total PMI</b>	<b>\$ 7,594</b>	<b>3.1%</b>	<b>9.7%</b>	<b>8.7%</b>

(a) Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessments

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

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### Reconciliation of Net Revenues to Adjusted Net Revenues, excluding Currency and Acquisitions (\$ in millions) / (Unaudited)

Net Revenues	Special Items	Adjusted Net Revenues	Currency	Adjusted Net Revenues excluding Currency	Acquisitions	Adjusted Net Revenues excluding Currency & Acquisitions		Net Revenues	Special Items	Adjusted Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions	
							Quarters Ended June 30,							
2022								2021			% Change			
\$ 3,143	\$ -	\$ 3,143	\$ (327)	\$ 3,470	\$ 3	\$ 3,467	European Union	\$ 3,149	\$ -	\$ 3,149	(0.2)%	10.2%	10.1%	
898	-	898	18	880	-	880	Eastern Europe	895	-	895	0.3%	(1.7)%	(1.7)%	
1,006	-	1,006	(45)	1,051	-	1,051	Middle East & Africa	560	(246) <sup>(a)</sup>	806	24.8%	30.4%	30.4%	
1,034	-	1,034	(39)	1,073	-	1,073	South & Southeast Asia	1,046	-	1,046	(1.1)%	2.6%	2.6%	
1,206	-	1,206	(112)	1,318	-	1,318	East Asia & Australia	1,514	-	1,514	(20.3)%	(12.9)%	(12.9)%	
469	-	469	4	465	-	465	Americas	430	-	430	9.1%	8.1%	8.1%	
76	-	76	-	76	76	-	Wellness and Healthcare	-	-	-	-	-	-	
<b>\$ 7,832</b>	<b>\$ -</b>	<b>\$ 7,832</b>	<b>\$ (501)</b>	<b>\$ 8,333</b>	<b>\$ 79</b>	<b>\$ 8,254</b>	<b>Total PMI</b>	<b>\$ 7,594</b>	<b>\$ (246)</b>	<b>\$ 7,840</b>	<b>(0.1)%</b>	<b>6.3%</b>	<b>5.3%</b>	

(a) Represents the Saudi Arabia customs assessments

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## 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 and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
							Quarters Ended June 30,						
2022								2021			% Change		
\$ 1,519	\$ (32)	\$ 1,551	\$ (245)	\$ 1,796	\$ -	\$ 1,796	European Union	\$ 1,641	\$ (44)	\$ 1,685	(8.0)%	6.6%	6.6%
291	(86)	377	56	321	-	321	Eastern Europe	314	(8)	322	17.1%	(0.3)%	(0.3)%
498	(8)	506	(4)	510	-	510	Middle East & Africa	16	(256)	272	86.0%	87.5%	87.5%
306	(10)	316	(22)	338	-	338	South & Southeast Asia	331	(14)	345	(8.4)%	(2.0)%	(2.0)%
346	(10)	356	(88)	444	-	444	East Asia & Australia	715	(15)	730	(51.2)%	(39.2)%	(39.2)%
130	(4)	134	4	130	-	130	Americas	112	(7)	119	12.6%	9.2%	9.2%
(34)	(18)	(16)	-	(16)	(6)	(10)	Wellness and Healthcare	-	-	-	-	-	-
<b>\$ 3,056</b>	<b>\$ (168)</b>	<b>\$ 3,224</b>	<b>\$ (299)</b>	<b>\$ 3,523</b>	<b>\$ (6)</b>	<b>\$ 3,529</b>	<b>Total PMI</b>	<b>\$ 3,129</b>	<b>\$ (344)</b>	<b>\$ 3,473</b>	<b>(7.2)%</b>	<b>1.4%</b>	<b>1.6%</b>

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## 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 (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (a)	Adjusted Net Revenues excluding Currency (b)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (a)	Adjusted Net Revenues excluding Currency & Acquisitions (b)	Adjusted Operating Income Margin excluding Currency & Acquisitions	Adjusted Operating Income (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions
<b>2022</b>														
\$ 1,551	\$ 3,143	49.3%	\$ 1,796	\$ 3,470	51.8%	1,796	\$ 3,467	51.8%	<b>Quarters Ended June 30,</b>					
377	898	42.0%	321	880	36.5%	321	880	36.5%	European Union	\$ 1,685	\$ 3,149	53.5%	(4.2)	(1.7)
506	1,006	50.3%	510	1,051	48.5%	510	1,051	48.5%	Eastern Europe	322	895	36.0%	6.0	0.5
316	1,034	30.6%	338	1,073	31.5%	338	1,073	31.5%	Middle East & Africa	272	806	33.7%	16.6	14.8
356	1,206	29.5%	444	1,318	33.7%	444	1,318	33.7%	South & Southeast Asia	345	1,046	33.0%	(2.4)	(1.5)
134	469	28.6%	130	465	28.0%	130	465	28.0%	East Asia & Australia	730	1,514	48.2%	(18.7)	(14.5)
(16)	76	(21.1)%	(16)	76	(21.1)%	(10)	-	-	Americas	119	430	27.7%	0.9	0.3
\$ 3,224	\$ 7,832	41.2%	\$ 3,523	\$ 8,333	42.3%	\$ 3,529	\$ 8,254	42.8%	Wellness and Healthcare	-	-	-	-	-
									<b>Total PMI</b>	<b>\$ 3,473</b>	<b>\$ 7,840</b>	<b>44.3%</b>	<b>(3.1)</b>	<b>(2.0)</b>
<b>% Points Change</b>														

(a) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 44  
(b) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 43

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### PMI & EE Region - Adjustments for the Impact of Russia and Ukraine, excluding Currency and Acquisitions (\$ in millions) / (Unaudited)

	Quarters Ended June 30,				
	2022	2021	Currency	Acquisitions	Variance excluding Currency & Acquisitions
<b>PMI</b>					
Adjusted Net Revenues (a)	\$ 7,832	\$ 7,840	\$(501)	\$ 79	5.3%
Net Revenues attributable to Russia and Ukraine	614	612	33	-	
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 7,218</b>	<b>\$ 7,228</b>	<b>\$(534)</b>	<b>\$ 79</b>	<b>6.2%</b>
Adjusted Operating Income (b)	\$ 3,224	\$ 3,473	\$(299)	\$(6)	1.6%
Operating Income attributable to Russia and Ukraine	313	257	50	-	
<b>Pro Forma Adjusted Operating Income</b>	<b>\$ 2,911</b>	<b>\$ 3,216</b>	<b>\$(349)</b>	<b>\$(6)</b>	<b>1.6%</b>
Adjusted Operating Income Margin	41.2%	44.3%	(1.1)pp	(0.5)pp	(1.5)pp
Adjusted OI margin attributable to Russia and Ukraine	0.9pp	(0.2)pp	-	-	
<b>Pro Forma Adjusted Operating Income Margin</b>	<b>40.3%</b>	<b>44.5%</b>	<b>(1.8)pp</b>	<b>(0.5)pp</b>	<b>(1.9)pp</b>
<b>Eastern Europe</b>					
Adjusted Net Revenues (a)	\$ 898	\$ 895	\$ 18	\$ -	(1.7)%
Net Revenues attributable to Russia and Ukraine	614	612	33	-	
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 284</b>	<b>\$ 283</b>	<b>\$(15)</b>	<b>\$ -</b>	<b>5.7%</b>
Adjusted Operating Income (b)	\$ 377	\$ 322	\$ 56	\$ -	(0.3)%
Operating Income attributable to Russia and Ukraine	313	257	50	-	
Corporate expenses apportioned to Russia and Ukraine	(71)	(58)	2	-	
<b>Pro Forma Adjusted Operating Income</b>	<b>\$ 135</b>	<b>\$ 123</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>6.3%</b>
Adjusted Operating Income Margin	42.0%	36.0%	5.5pp	-	0.5pp
Adjusted OI margin attributable to Russia and Ukraine (c)	(5.5)pp	(7.5)pp	-	-	
<b>Pro Forma Adjusted Operating Income Margin</b>	<b>47.5%</b>	<b>43.5%</b>	<b>3.8pp</b>	<b>-</b>	<b>0.2pp</b>

(a) For the calculation of Adjusted Net Revenues, see slide 43  
(b) For the calculation of Adjusted Operating Income, see slide 44  
(c) Includes also impact of corporate expenses apportioned to Russia and Ukraine  
Note: Sum might not foot to Total due to rounding, which could impact variance %

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments for the Impact of Russia and Ukraine  
(\$ in millions) / (Unaudited)

	Quarters Ended June 30,				
	2022	2021	Currency	Acqui- sitions	Variance excluding Currency & Acqui- sitions
<b>Combustible Products</b>					
Adjusted Net Revenues	\$ 5,489	\$ 5,564	\$ (302)	\$ (1)	4.1%
Net Revenues attributable to Russia and Ukraine	368	337	25	-	
Pro Forma Adjusted Net Revenues	\$ 5,121	\$ 5,227	\$ (328)	\$ (1)	4.2%
<b>Reduced-Risk Products</b>					
Adjusted Net Revenues	\$ 2,267	\$ 2,276	\$ (199)	\$ 4	8.2%
Net Revenues attributable to Russia and Ukraine	246	275	8	-	
Pro Forma Adjusted Net Revenues	\$ 2,021	\$ 2,001	\$ (206)	\$ 4	11.1%
<b>Wellness and Healthcare</b>					
Adjusted Net Revenues	\$ 76	\$ -	\$ -	\$ 76	-
Net Revenues attributable to Russia and Ukraine	-	-	-	-	
Pro Forma Adjusted Net Revenues	\$ 76	\$ -	\$ -	\$ 76	-
<b>PMI</b>					
Adjusted Net Revenues <sup>(a)</sup>	\$ 7,832	\$ 7,840	\$ (501)	\$ 79	5.3%
Net Revenues attributable to Russia and Ukraine	614	612	33	-	
Pro Forma Adjusted Net Revenues	\$ 7,218	\$ 7,228	\$ (534)	\$ 79	6.2%

(a) For the calculation of Adjusted Net Revenues, see slide 43

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

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## 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, excluding Currency  
(Unaudited)

	Six Months Ended June 30,			Year Ended 2021
	2022	2021	% Change	
Reported Diluted EPS	\$ 2.93	\$ 2.93	-	
Less: Currency	(0.39)			
Reported Diluted EPS, excluding Currency	\$ 3.32	\$ 2.93	13.3%	
<b>Six Months Ended June 30,</b>				
	2022	2021	% Change	Year Ended 2021
Reported Diluted EPS	\$ 2.93	\$ 2.93	-	\$ 5.83
Asset impairment and exit costs	-	0.07		0.12
Amortization of intangibles	0.04	0.02		0.05
Saudi Arabia customs assessments	-	0.14		0.14
Equity investee ownership dilution	-	-		(0.04)
Asset acquisition cost	-	-		0.03
Costs associated with Swedish Match AB offer	0.02	-		-
Charges related to the war in Ukraine	0.07	-		-
Fair value adjustment for equity security investments	0.03	-		-
Tax items	(0.03)	-		-
Adjusted Diluted EPS	\$ 3.06	\$ 3.16	(3.2)%	\$ 6.13
Less: Currency	(0.39)			
Adjusted Diluted EPS, excluding Currency	\$ 3.45	\$ 3.16	9.2%	

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Russia and Ukraine, excluding Currency  
(Unaudited)

	Six Months Ended June 30,			Variance excluding Currency
	2022	2021	Currency	
<b>Adjusted Diluted EPS <sup>(a)</sup></b>	<b>\$ 3.06</b>	<b>\$ 3.16</b>	<b>\$ (0.39)</b>	<b>9.2%</b>
Net Earnings attributable to Russia and Ukraine	0.27	0.28	-	
<b>Pro Forma Adjusted Diluted EPS</b>	<b>\$ 2.79</b>	<b>\$ 2.88</b>	<b>\$ (0.39)</b>	<b>10.4%</b>

(a) For the calculation of Adjusted Diluted EPS, see slide 48

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## 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	Six Months Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
					2022	2021	% Change		
					<b>Reduced-Risk Products</b>				
\$ 2,392	\$ (209)	\$ 2,601	\$ 7	\$ 2,593	European Union	\$ 1,945	22.9%	33.7%	33.3%
582	(23)	605	-	605	Eastern Europe	644	(9.6)%	(6.1)%	(6.1)%
135	(5)	140	-	140	Middle East & Africa	54	+100%	+100%	+100%
10	-	10	-	10	South & Southeast Asia	3	+100%	+100%	+100%
1,481	(137)	1,618	-	1,618	East Asia & Australia	1,727	(14.2)%	(6.3)%	(6.3)%
17	(1)	17	-	17	Americas	24	(29.8)%	(27.7)%	(27.7)%
<b>\$ 4,617</b>	<b>\$ (374)</b>	<b>\$ 4,991</b>	<b>\$ 7</b>	<b>\$ 4,983</b>	<b>Total RRP</b> s	<b>\$ 4,398</b>	<b>5.0%</b>	<b>13.5%</b>	<b>13.3%</b>
					2022	2021	% Change		
					<b>Wellness and Healthcare</b>				
<b>\$ 142</b>	<b>\$ -</b>	<b>\$ 142</b>	<b>\$ 142</b>	<b>\$ -</b>	<b>Wellness and Healthcare</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
					2022	2021	% Change		
					<b>PMI</b>				
\$ 6,155	\$ (533)	\$ 6,688	\$ 7	\$ 6,681	European Union	\$ 6,058	1.6%	10.4%	10.3%
1,624	(54)	1,678	-	1,678	Eastern Europe	1,691	(4.0)%	(0.8)%	(0.8)%
1,997	(194)	2,191	-	2,191	Middle East & Africa	1,361 <sup>(a)</sup>	46.7%	61.0%	61.0%
2,157	(83)	2,240	-	2,240	South & Southeast Asia	2,219	(2.8)%	0.9%	0.9%
2,610	(218)	2,828	-	2,828	East Asia & Australia	2,986	(12.6)%	(5.3)%	(5.3)%
893	(9)	902	-	902	Americas	864	3.4%	4.4%	4.4%
142	-	142	142	-	Wellness and Healthcare	-	-	-	-
<b>\$ 15,578</b>	<b>\$ (1,091)</b>	<b>\$ 16,669</b>	<b>\$ 149</b>	<b>\$ 16,520</b>	<b>Total PMI</b>	<b>\$ 15,179</b>	<b>2.6%</b>	<b>9.8%</b>	<b>8.8%</b>

(a) Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessments

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

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### Reconciliation of Net Revenues to Adjusted Net Revenues, excluding Currency and Acquisitions (\$ in millions) / (Unaudited)

Net Revenues	Special Items	Adjusted Net Revenues	Currency	Adjusted Net Revenues excluding Currency	Acquisitions	Adjusted Net Revenues excluding Currency & Acquisitions		Net Revenues	Special Items	Adjusted Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2022							Six Months Ended June 30,	2021			% Change		
\$ 6,155	\$ -	\$ 6,155	\$ (533)	\$ 6,688	\$ 7	\$ 6,681	European Union	\$ 6,058	\$ -	\$ 6,058	1.6%	10.4%	10.3%
1,624	-	1,624	(54)	1,678	-	1,678	Eastern Europe	1,691	-	1,691	(4.0)%	(0.8)%	(0.8)%
1,997	-	1,997	(194)	2,191	-	2,191	Middle East & Africa	1,361	(246) <sup>(a)</sup>	1,607	24.3%	36.3%	36.3%
2,157	-	2,157	(83)	2,240	-	2,240	South & Southeast Asia	2,219	-	2,219	(2.8)%	0.9%	0.9%
2,610	-	2,610	(218)	2,828	-	2,828	East Asia & Australia	2,986	-	2,986	(12.6)%	(5.3)%	(5.3)%
893	-	893	(9)	902	-	902	Americas	864	-	864	3.4%	4.4%	4.4%
142	-	142	-	142	142	-	Wellness and Healthcare	-	-	-	-	-	-
<b>\$ 15,578</b>	<b>\$ -</b>	<b>\$ 15,578</b>	<b>\$ (1,091)</b>	<b>\$ 16,669</b>	<b>\$ 149</b>	<b>\$ 16,520</b>	<b>Total PMI</b>	<b>\$ 15,179</b>	<b>\$ (246)</b>	<b>\$ 15,425</b>	<b>1.0%</b>	<b>8.1%</b>	<b>7.1%</b>

(a) Represents the Saudi Arabia customs assessments

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## 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 and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
2022							Six Months Ended June 30,	2021			% Change		
\$ 3,046	\$ (41)	\$ 3,087	\$ (390)	\$ 3,477	\$ (2)	\$ 3,479	European Union	\$ 3,131	\$ (62)	\$ 3,193	(3.3)%	8.9%	8.9%
435	(129)	564	(4)	568	-	568	Eastern Europe	575	(10)	585	(3.6)%	(2.9)%	(2.9)%
1,019	(10)	1,029	(119)	1,148	-	1,148	Middle East & Africa	351	(260)	611	68.4%	87.9%	87.9%
751	(14)	765	(47)	812	-	812	South & Southeast Asia	860	(21)	881	(13.2)%	(7.8)%	(7.8)%
917	(11)	928	(156)	1,084	-	1,084	East Asia & Australia	1,410	(47)	1,457	(36.3)%	(25.6)%	(25.6)%
251	(6)	257	2	255	-	255	Americas	246	(10)	256	0.4%	(0.4)%	(0.4)%
(65)	(37)	(28)	-	(28)	(11)	(17)	Wellness and Healthcare	-	-	-	-	-	-
<b>\$ 6,354</b>	<b>\$ (248)</b>	<b>\$ 6,602</b>	<b>\$ (714)</b>	<b>\$ 7,316</b>	<b>\$ (13)</b>	<b>\$ 7,329</b>	<b>Total PMI</b>	<b>\$ 6,573</b>	<b>\$ (410)</b>	<b>\$ 6,983</b>	<b>(5.5)%</b>	<b>4.8%</b>	<b>5.0%</b>

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## 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 (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (a)	Adjusted Net Revenues excluding Currency (b)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (a)	Adjusted Net Revenues excluding Currency & Acquisitions (b)	Adjusted Operating Income Margin excluding Currency & Acquisitions		Adjusted Operating Income (a)	Adjusted Net Revenues (b)	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions	
									Six Months Ended June 30,				% Points Change		
2022									2021						
\$ 3,087	\$ 6,155	50.2%	\$ 3,477	\$ 6,688	52.0%	3,479	\$ 6,681	52.1%	European Union	\$ 3,193	\$ 6,058	52.7%	(2.5)	(0.7)	(0.6)
564	1,624	34.7%	568	1,678	33.8%	568	1,678	33.8%	Eastern Europe	585	1,691	34.6%	0.1	(0.8)	(0.8)
1,029	1,997	51.5%	1,148	2,191	52.4%	1,148	2,191	52.4%	Middle East & Africa	611	1,607	38.0%	13.5	14.4	14.4
765	2,157	35.5%	812	2,240	36.3%	812	2,240	36.3%	South & Southeast Asia	881	2,219	39.7%	(4.2)	(3.4)	(3.4)
928	2,610	35.6%	1,084	2,828	38.3%	1,084	2,828	38.3%	East Asia & Australia	1,457	2,986	48.8%	(13.2)	(10.5)	(10.5)
257	893	28.8%	255	902	28.3%	255	902	28.3%	Americas	256	864	29.6%	(0.8)	(1.3)	(1.3)
(28)	142	(19.7)%	(28)	142	(19.7)%	(17)	-	-	Wellness and Healthcare	-	-	-	-	-	-
<b>\$ 6,602</b>	<b>\$ 15,578</b>	<b>42.4%</b>	<b>\$ 7,316</b>	<b>\$ 16,669</b>	<b>43.9%</b>	<b>\$ 7,329</b>	<b>\$ 16,520</b>	<b>44.4%</b>	<b>Total PMI</b>	<b>\$ 6,983</b>	<b>\$ 15,425</b>	<b>45.3%</b>	<b>(2.9)</b>	<b>(1.4)</b>	<b>(0.9)</b>

(a) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 52

(b) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 51

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### PMI & EE Region - Adjustments for the Impact of Russia and Ukraine, excluding Currency and Acquisitions (\$ in millions) / (Unaudited)

	Six Months Ended June 30,				Variance excluding Currency & Acquisitions
	2022	2021	Currency	Acquisitions	
<b>PMI</b>					
Adjusted Net Revenues (a)	\$ 15,578	\$ 15,425	\$ (1,091)	\$ 149	7.1%
Net Revenues attributable to Russia and Ukraine	1,088	1,173	(30)	-	
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 14,490</b>	<b>\$ 14,252</b>	<b>\$ (1,061)</b>	<b>\$ 149</b>	<b>8.1%</b>
Adjusted Operating Income (b)	\$ 6,602	\$ 6,983	\$ (714)	\$ (13)	5.0%
Operating Income attributable to Russia and Ukraine	494	484	12	-	
<b>Pro Forma Adjusted Operating Income</b>	<b>\$ 6,108</b>	<b>\$ 6,499</b>	<b>\$ (726)</b>	<b>\$ (13)</b>	<b>5.4%</b>
Adjusted Operating Income Margin	42.4%	45.3%	(1.5)pp	(0.5)pp	(0.9)pp
Adjusted OI margin attributable to Russia and Ukraine	0.2pp	(0.3)pp	-	-	
<b>Pro Forma Adjusted Operating Income Margin</b>	<b>42.2%</b>	<b>45.6%</b>	<b>(1.7)pp</b>	<b>(0.6)pp</b>	<b>(1.1)pp</b>
<b>Eastern Europe</b>					
Adjusted Net Revenues (a)	\$ 1,624	\$ 1,691	\$ (54)	\$ -	(0.8)%
Net Revenues attributable to Russia and Ukraine	1,088	1,173	(30)	-	
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 536</b>	<b>\$ 518</b>	<b>\$ (24)</b>	<b>\$ -</b>	<b>8.1%</b>
Adjusted Operating Income (b)	\$ 564	\$ 585	\$ (4)	\$ -	(2.9)%
Operating Income attributable to Russia and Ukraine	494	484	12	-	
Corporate expenses apportioned to Russia and Ukraine	(132)	(108)	4	-	
<b>Pro Forma Adjusted Operating Income</b>	<b>\$ 202</b>	<b>\$ 209</b>	<b>\$ (20)</b>	<b>\$ -</b>	<b>6.2%</b>
Adjusted Operating Income Margin	34.7%	34.6%	0.9pp	-	(0.8)pp
Adjusted OI margin attributable to Russia and Ukraine (c)	(3.0)pp	(5.7)pp	-	-	
<b>Pro Forma Adjusted Operating Income Margin</b>	<b>37.7%</b>	<b>40.3%</b>	<b>(1.9)pp</b>	<b>-</b>	<b>(0.7)pp</b>

(a) For the calculation of Adjusted Net Revenues, see slide 51

(b) For the calculation of Adjusted Operating Income, see Schedule 52

(c) Includes also impact of corporate expenses apportioned to Russia and Ukraine

Note: Sum might not foot to Total due to rounding, which could impact variance %

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments for the Impact of Russia and Ukraine  
(\$ in millions) / (Unaudited)

	Six Months Ended June 30,					Year Ended December 31,
	2022	2021	Currency	Acquisitions	Variance excluding Currency & Acqui- sitions	2021
<b>Combustible Products</b>						
Adjusted Net Revenues	\$ 10,819	\$ 11,027	\$ (717)	\$ -	4.6%	\$ 22,436
Net Revenues attributable to Russia and Ukraine	637	645	(15)	-		1,399
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 10,182</b>	<b>\$ 10,383</b>	<b>\$ (702)</b>	<b>\$ -</b>	<b>4.8%</b>	<b>\$ 21,037</b>
<b>Reduced-Risk Products</b>						
Adjusted Net Revenues	\$ 4,617	\$ 4,398	\$ (374)	\$ 7	13.3%	\$ 9,115
Net Revenues attributable to Russia and Ukraine	451	528	(15)	-		\$ 1,072
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 4,166</b>	<b>\$ 3,869</b>	<b>\$ (359)</b>	<b>\$ 7</b>	<b>16.8%</b>	<b>\$ 8,042</b>
<b>Wellness and Healthcare</b>						
Adjusted Net Revenues	\$ 142	\$ -	\$ -	\$ 142	-	\$ 101
Net Revenues attributable to Russia and Ukraine	-	-	-	-		-
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 142</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 142</b>	<b>-</b>	<b>\$ 101</b>
<b>PMI</b>						
Adjusted Net Revenues <sup>(a)</sup>	\$ 15,578	\$ 15,425	\$ (1,091)	\$ 149	7.1%	\$ 31,651
Net Revenues attributable to Russia and Ukraine	1,088	1,173	(30)	-		2,471
<b>Pro Forma Adjusted Net Revenues</b>	<b>\$ 14,490</b>	<b>\$ 14,252</b>	<b>\$ (1,061)</b>	<b>\$ 149</b>	<b>8.1%</b>	<b>\$ 29,180</b>

(a) For the calculation of Adjusted Net Revenues, see slide 51

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

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Pro Forma Adjusted Diluted EPS  
(Unaudited)

	Quarter Ended March 31,	Quarter Ended June 30,	Six Months Ended June 30,	Quarter Ended September 30,	Nine Months Ended September 30,	Quarter Ended December 31,	Year Ended December 31,	Quarter Ended March 31,
	2021	2021	2021	2021	2021	2021	2021	2022
	2021	2021	2021	2021	2021	2021	2021	2022
<b>Reported Diluted EPS</b>	<b>\$ 1.55</b>	<b>\$ 1.39</b>	<b>\$ 2.93</b>	<b>\$ 1.55</b>	<b>\$ 4.48</b>	<b>\$ 1.34</b>	<b>\$ 5.83</b>	<b>\$ 1.50</b>
Asset impairment and exit costs	0.02	0.04	0.07	0.02	0.09	0.02	0.12	-
Asset acquisition cost	-	-	-	0.03	0.03	-	0.03	-
Equity investee ownership dilution	-	-	-	(0.02)	(0.02)	(0.01)	(0.04)	-
Saudi Arabia customs assessments	-	0.14	0.14	-	0.14	-	0.14	-
Charges related to the war in Ukraine	-	-	-	-	-	-	-	0.03
Fair value adjustment for equity security investments	-	-	-	-	-	-	-	0.03
Amortization of intangibles	0.01	0.01	0.02	0.01	0.03	0.02	0.05	0.02
<b>Adjusted Diluted EPS</b>	<b>\$ 1.58</b>	<b>\$ 1.58</b>	<b>\$ 3.16</b>	<b>\$ 1.59</b>	<b>\$ 4.75</b>	<b>\$ 1.37</b>	<b>\$ 6.13</b>	<b>\$ 1.58</b>
Net Earnings attributable to Russia & Ukraine	0.13	0.15	0.28	0.15	0.43	0.17	0.60	0.10
<b>Pro Forma Adjusted Diluted EPS</b>	<b>\$ 1.45</b>	<b>\$ 1.43</b>	<b>\$ 2.88</b>	<b>\$ 1.44</b>	<b>\$ 4.32</b>	<b>\$ 1.20</b>	<b>\$ 5.53</b>	<b>\$ 1.48</b>
Weighted-average shares for diluted EPS	1,560	1,560	1,560	1,560	1,560	1,557	1,559	1,552

Note: EPS is computed independently for each of the periods presented. Accordingly, the sum of the quarterly EPS amounts may not agree to the total for the year

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## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

### Reconciliation of Reported Operating Income to Adjusted Operating Income (Unaudited)

	Quarter Ended March 31, 2021	Quarter Ended June 30, 2021	Six Months Ended June 30, 2021	Quarter Ended September 30, 2021	Nine Months Ended September 30, 2021	Quarter Ended December 31, 2021	Year Ended December 31, 2021	Quarter Ended March 31, 2022
<b>PMI</b>								
<b>Operating Income</b>	\$ 3,444	\$ 3,129	\$ 6,573	\$ 3,455	\$ 10,028	\$ 2,947	\$ 12,975	\$ 3,298
Asset impairment and exit costs	(48)	(79)	(127)	(43)	(170)	(46)	(216)	-
Asset acquisition cost	-	-	-	(51)	(51)	-	(51)	-
Saudi Arabia customs assessments	-	(246)	(246)	-	(246)	-	(246)	-
Amortization of intangibles	(18)	(19)	(37)	(18)	(55)	(41)	(96)	(38)
Charges related to the war in Ukraine	-	-	-	-	-	-	-	(42)
<b>Adjusted Operating Income</b>	<b>\$ 3,510</b>	<b>\$ 3,473</b>	<b>\$ 6,983</b>	<b>\$ 3,567</b>	<b>\$ 10,550</b>	<b>\$ 3,034</b>	<b>\$ 13,584</b>	<b>\$ 3,378</b>

Note: Sum of Regions might not foot to Total PMI due to rounding. "-" indicates amounts between -\$0.5 million and +\$0.5 million

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## 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)

	Years Ended December 31,		
	2021	2020	% Change
<b>Net cash provided by operating activities (a)</b>	<b>\$ 11,967</b>	<b>\$ 9,812</b>	<b>22.0%</b>
Currency	799		
<b>Net cash provided by operating activities, excluding currency</b>	<b>\$ 11,168</b>	<b>\$ 9,812</b>	<b>13.8%</b>
	Years Ended December 31,		
	2020	2019	% Change
<b>Net cash provided by operating activities (a)</b>	<b>\$ 9,812</b>	<b>\$ 10,090</b>	<b>(2.8)%</b>
Currency	(524)		
<b>Net cash provided by operating activities, excluding currency</b>	<b>\$ 10,336</b>	<b>\$ 10,090</b>	<b>2.4%</b>
	Years Ended December 31,		
	2019	2018	% Change
<b>Net cash provided by operating activities (a)</b>	<b>\$ 10,090</b>	<b>\$ 9,478</b>	<b>6.5%</b>
Currency	(972)		
<b>Net cash provided by operating activities, excluding currency</b>	<b>\$ 11,062</b>	<b>\$ 9,478</b>	<b>16.7%</b>

	Six Months Ended June 30,		
	2022	2021	% Change
<b>Net cash provided by operating activities (a)</b>	<b>\$ 4,642</b>	<b>\$ 4,065</b>	<b>14.2%</b>
Currency	(487)		
<b>Net cash provided by operating activities, excluding currency</b>	<b>\$ 5,129</b>	<b>\$ 4,065</b>	<b>26.2%</b>
	Six Months Ended June 30,		
	2021	2020	% Change
<b>Net cash provided by operating activities (a)</b>	<b>\$ 4,065</b>	<b>\$ 3,036</b>	<b>33.9%</b>
Currency	619		
<b>Net cash provided by operating activities, excluding currency</b>	<b>\$ 3,446</b>	<b>\$ 3,036</b>	<b>13.5%</b>

(a) Operating cash flow

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PHILIP MORRIS  
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Delivering a Smoke-Free Future

# 2022 Second-Quarter Results

July 21, 2022

