



PHILIP MORRIS INTERNATIONAL

PROFILE

- Philip Morris International Inc. (PMI) is a U.S. corporation with headquarters in New York
- Our center of operations is in Lausanne, Switzerland
- PMI is the leading international tobacco company
- Our brands are sold in more than 180 markets
- We own 7 of the top 15 international cigarette brands in the world
- We held an estimated 15.7% share of the total international cigarette market outside the U.S., or 28.3% excluding the People's Republic of China and the U.S. in 2013

HIGHLIGHTS

■ **On October 16, 2014:**

PMI Reported 2014 Third-Quarter Results:

- Reported diluted earnings per share of \$1.38, down by \$0.06 or 4.2% versus \$1.44 in 2013. Excluding unfavorable currency of \$0.20, reported diluted earnings per share up by \$0.14 or 9.7% versus \$1.44 in 2013.
- Adjusted diluted earnings per share of \$1.39, down by \$0.05 or 3.5% versus \$1.44 in 2013. Excluding unfavorable currency of \$0.20, adjusted diluted earnings per share up by \$0.15 or 10.4% versus \$1.44 in 2013.
- Cigarette shipment volume of 222.3 billion units, down by 0.4% excluding acquisitions.
- During the quarter, PMI increased its quarterly dividend by 6.4% to an annualized rate of \$4.00 per common share.
- During the quarter, PMI repurchased 8.9 million shares of the company's common stock for \$750 million.
- A reconciliation of Non-GAAP Measures is included at the end of this investor fact sheet.

Additional information is available at
www.pmi.com/investors

SHAREHOLDER INFORMATION



■ Philip Morris International Inc. is listed on the New York Stock Exchange under the ticker symbol “PM”.

■ **Investor Relations:**

New York: 917-663-2233

Lausanne: 41(0)58-242-4666

■ **Shareholder Publications:**

For our filings with the Securities and Exchange Commission and other publications and reports, please visit: www.pmi.com/investors

■ **Shareholder Response Center:**

Computershare Trust Company, N.A., our transfer agent, will answer questions about your accounts, certificates, dividends or the Direct Stock Purchase and Dividend Reinvestment Plan.

Computershare Trust Company, N.A.

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CONSOLIDATED FINANCIAL REVIEW

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Quarters Ended September 30,		
	2014	2013 ⁽¹⁾	% Change
Net revenues	\$21,335	\$20,629	3.4 %
Cost of sales	2,734	2,618	4.4 %
Excise taxes on products ⁽²⁾	13,479	12,702	6.1 %
Gross profit	5,122	5,309	(3.5)%
Operating income	3,345	3,599	(7.1)%
Earnings before income taxes	3,078	3,360	(8.4)%
Provision for income taxes	918	952	(3.6)%
Equity (income)/loss in unconsolidated subsidiaries, net	(38)	6	
Net earnings	2,198	2,402	(8.5)%
Net earnings attributable to noncontrolling interests	43	62	(30.6)%
Net earnings attributable to PMI	2,155	2,340	(7.9)%
Basic earnings per share	1.38	1.44	(4.2)%
Diluted earnings per share	1.38	1.44	(4.2)%

■ Results by Business Segment	For the Quarters Ended September 30,			
	2014	2013	% Change	Excluding Currency
European Union				
Net revenues	\$7,777 ⁽⁴⁾	\$7,487	3.9 %	1.3 %
Net revenues, excluding excise taxes on products	2,357	2,281	3.3 %	0.5 %
Operating companies income ⁽³⁾	1,186	1,207	(1.7)%	(2.4)%
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	6,111 ⁽⁴⁾	5,546	10.2 %	18.3 %
Net revenues, excluding excise taxes on products	2,434	2,285	6.5 %	13.3 %
Operating companies income ⁽³⁾	1,204	1,088	10.7 %	25.2 %
Asia				
Net revenues	4,943 ⁽⁴⁾	5,144	(3.9)%	3.1 %
Net revenues, excluding excise taxes on products	2,232	2,543	(12.2)%	(4.0)%
Operating companies income ⁽³⁾	799	1,097	(27.2)%	(13.7)%
Latin America & Canada				
Net revenues	2,504 ⁽⁴⁾	2,452	2.1 %	16.5 %
Net revenues, excluding excise taxes on products	833	818	1.8 %	13.2 %
Operating companies income ⁽³⁾	267	267	— %	27.3 %

(1) Certain amounts have been reclassified to conform with the current year's presentation due to the separate disclosure of equity (income)/loss in unconsolidated subsidiaries, net.

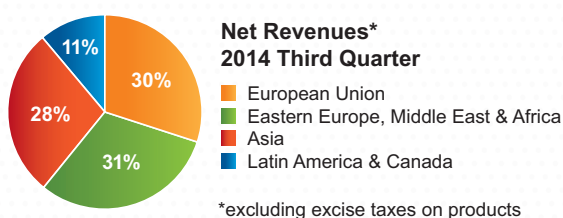
(2) The segment detail of excise taxes on products sold for the quarters ended September 30, 2014 and 2013 is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(3) PMI's management evaluates segment performance and allocates resources based on operating companies income, which PMI defines as operating income, excluding general corporate expenses and amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net. The reconciliation from operating income to operating companies income is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(4) 2014 Currency increased (decreased) net revenues as follows: European Union \$196, EEMA \$(448), Asia \$(359), Latin America & Canada \$(353); totaling \$(964).

CONSOLIDATED FINANCIAL REVIEW (CONTINUED)

(in millions of dollars, except per share data)



■ Balance Sheet Highlights and Ratios

	September 30, 2014	December 31, 2013
Cash and cash equivalents	\$ 2,043	\$ 2,154
Receivables	3,785	3,853
Inventories	7,979	9,846
Property, plant and equipment, net	6,273	6,755
Goodwill	8,707	8,893
Other intangible assets, net	3,134	3,193
Investments in unconsolidated subsidiaries	1,371	1,536
Total assets	35,401	38,168
Total debt	28,843	27,678
Total liabilities	44,078	44,442
Total stockholders' deficit	(8,677)	(6,274)
Total debt to EBITDA	2.05 ⁽⁵⁾	1.88 ⁽⁵⁾
Net debt to EBITDA	1.91 ⁽⁵⁾	1.74 ⁽⁵⁾

■ Cash Flow Statement Highlights

	For the Nine Months Ended September 30,	
	2014	2013
Net cash provided by operating activities	\$ 6,385	\$ 7,815
Capital expenditures	804	821
Long-term debt proceeds	3,632	5,205
Long-term debt repaid	1,240	2,738
Repurchases of common stock	3,050	4,516
Dividends paid	4,471	4,202

(5) For the calculation of Total Debt to EBITDA and Net Debt to EBITDA ratios, refer to Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

RECONCILIATION OF NON-GAAP MEASURES

■ Reconciliation of Operating Income to Operating Companies Income

For the Quarters Ended September 30, (in millions) (unaudited)	2014	2013	% Change
Operating income	\$3,345	\$3,599	(7.1)%
Excluding:			
Amortization of intangibles	23	23	
General corporate expenses (included in marketing, administration and research costs)	50	43	
Plus:			
Equity (income)/loss in unconsolidated subsidiaries, net	(38)	6	
Operating companies income	\$3,456	\$3,659	(5.5)%

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

For the Quarters Ended September 30, (unaudited)	2014	2013	% Change
Reported Diluted EPS	\$ 1.38	\$1.44	(4.2)%
Adjustments:			
Asset impairment and exit costs	0.01	—	
Tax items	—	—	
Adjusted Diluted EPS	\$ 1.39	\$1.44	(3.5)%
Less:			
Currency impact	(0.20)		
Adjusted Diluted EPS, excluding Currency	\$ 1.59	\$1.44	10.4 %

■ Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency

For the Quarters Ended September 30, (unaudited)	2014	2013	% Change
Reported Diluted EPS	\$ 1.38	\$1.44	(4.2)%
Less:			
Currency impact	(0.20)		
Reported Diluted EPS, excluding Currency	\$ 1.58	\$1.44	9.7 %

■ Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended September 30,

(in millions) (unaudited)							2014		2013			% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions	Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions		
\$ 7,777	\$ 5,420	\$2,357	\$ 64	\$2,293	\$ 5	\$2,288	European Union	\$ 7,487	\$ 5,206	\$2,281	3.3 %	0.5 %	0.3 %	
6,111	3,677	2,434	(155)	2,589	—	2,589	EEMA	5,546	3,261	2,285	6.5 %	13.3 %	13.3 %	
4,943	2,711	2,232	(210)	2,442	—	2,442	Asia	5,144	2,601	2,543	(12.2)%	(4.0)%	(4.0)%	
2,504	1,671	833	(93)	926	1	925	Latin America & Canada	2,452	1,634	818	1.8 %	13.2 %	13.1 %	
\$21,335	\$13,479	\$7,856	\$(394)	\$8,250	\$ 6	\$8,244	PMI Total	\$20,629	\$12,702	\$7,927	(0.9)%	4.1 %	4.0 %	

(in millions) (unaudited)							2014		2013			% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions			
\$1,186	\$ 8	\$1,178	\$—	\$1,178	European Union	\$1,207	(1.7)%	(2.4)%	(2.4)%					
1,204	(158)	1,362	—	1,362	EEMA	1,088	10.7 %	25.2 %	25.2 %					
799	(148)	947	—	947	Asia	1,097	(27.2)%	(13.7)%	(13.7)%					
267	(73)	340	—	340	Latin America & Canada	267	— %	27.3 %	27.3 %					
\$3,456	\$(371)	\$3,827	\$—	\$3,827	PMI Total	\$3,659	(5.5)%	4.6 %	4.6 %					

RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

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

(in millions, except ratios) (unaudited)

	For the Year Ended September 30, 2014			For the Year Ended December 31, 2013
	October – December 2013	January – September 2014	12 months rolling	
Earnings before income taxes	\$2,936	\$ 8,381	\$11,317	\$12,542
Interest expense, net	252	789	1,041	973
Depreciation and amortization	223	660	883	882
Extraordinary, unusual or non-recurring expenses, net ⁽¹⁾	301	503	804	309
EBITDA	\$3,712	\$10,333	\$14,045	\$14,706
			September 30, 2014	December 31, 2013
Short-term borrowings			\$ 2,091	\$ 2,400
Current portion of long-term debt			1,357	1,255
Long-term debt			25,395	24,023
Total Debt			\$28,843	\$27,678
Less: Cash and cash equivalents			2,043	2,154
Net Debt			\$26,800	\$25,524
Ratios				
Total Debt to EBITDA			2.05	1.88
Net Debt to EBITDA			1.91	1.74

(1) Asset Impairment and Exit Costs at Operating Income level.