



PHILIP MORRIS INTERNATIONAL

Investor Fact Sheet Full-Year 2010

Profile

- On March 28, 2008 Altria Group, Inc. completed the spin-off of Philip Morris International Inc. (PMI)
- PMI is an independent 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 approximately 180 countries
- We own 7 of the top 15 brands in the world
- We held an estimated 16.0% share of the total international cigarette market outside the U.S., or 27.6% excluding the People's Republic of China and the U.S.

Highlights

- **On February 10, 2011:**
PMI Reported 2010 Full-Year Results.
 - Reported diluted earnings per share of \$3.92, versus \$3.24 in 2009. Reported diluted earnings per share excluding currency of \$3.80, up 17.3%.
 - Adjusted diluted earnings per share of \$3.87 versus \$3.29 in 2009. Adjusted diluted earnings per share excluding currency of \$3.75, up 14.0%.
 - Completed its 2008–2010 gross cumulative productivity and cost savings program, realizing gross savings of \$1.5 billion.
 - Completed, ahead of schedule, its 2010–2012 working capital improvement initiative of \$750 million to \$1 billion.
 - Free cash flow, defined as net cash provided by operating activities less capital expenditures, up by 21.7% to \$8.7 billion in 2010.
- **In February 2010,** PMI announced the creation of a new company in the Philippines resulting from the unification of the business operations of Fortune Tobacco Corporation and Philip Morris Philippines Manufacturing Inc.
- **In June 2010,** PMI announced a tobacco leaf sourcing initiative in Brazil.
- **During 2010,** PMI repurchased 97.1 million shares of its common stock for \$5.0 billion.
- **During 2010,** PMI increased its regular quarterly dividend by 10.3% to an annualized rate of \$2.56 per share.
- **Effective January 1, 2011,** PMI established a new business structure with Vietnam National Tobacco Corporation (Vinataba) in Vietnam.
 - A Reconciliation of Non-GAAP Measures is included at the end of this 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: +1-917-663-2233
Lausanne: +41(0)58-242-4666
- **Shareholder Publications:**
For filings with the Securities and Exchange Commission, 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.

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Consolidated Financial Review

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Years Ended December 31,		
	2010	2009	% Change
Net revenues	\$67,713	\$62,080	9.1%
Cost of sales	9,713	9,022	7.7%
Excise taxes on products	40,505	37,045	9.3%
Gross profit	17,495	16,013	9.3%
Operating income	11,200	10,040	11.6%
Earnings before income taxes	10,324	9,243	11.7%
Provision for income taxes	2,826	2,691	5.0%
Net earnings	7,498	6,552	14.4%
Net earnings attributable to noncontrolling interests	239	210	13.8%
Net earnings attributable to PMI	7,259	6,342	14.5%
Basic earnings per share	3.93	3.25	20.9%
Diluted earnings per share	3.92	3.24	21.0%

■ Results by Business Segment	For the Years Ended December 31,			
	2010	2009	% Change	Excluding Currency
European Union				
Net revenues	\$28,050 ⁽¹⁾	\$28,550	(1.8)%	—
Net revenues, excluding excise taxes on products	8,811	9,041	(2.5)%	(0.6)%
Operating companies income ⁽²⁾	4,311	4,506	(4.3)%	(0.1)%
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	15,928 ⁽¹⁾	13,865	14.9%	13.5%
Net revenues, excluding excise taxes on products	7,409	6,795	9.0%	7.9%
Operating companies income ⁽²⁾	3,152	2,663	18.4%	14.3%
Asia				
Net revenues	15,235 ⁽¹⁾	12,413	22.7%	11.3%
Net revenues, excluding excise taxes on products	7,935	6,528	21.6%	12.2%
Operating companies income ⁽²⁾	3,049	2,436	25.2%	11.1%
Latin America & Canada				
Net revenues	8,500 ⁽¹⁾	7,252	17.2%	11.2%
Net revenues, excluding excise taxes on products	3,053	2,671	14.3%	7.6%
Operating companies income ⁽²⁾	953	666	43.1%	30.3%



■ Balance Sheet Highlights and Ratios	As of December 31,	
	2010	2009
Inventories	\$ 8,317	\$ 9,207
Property, plant and equipment, net	6,499	6,390
Total assets	35,050	34,552
Total debt	16,502	15,416
Total liabilities	29,929	28,407
Total stockholders' equity	3,933	6,145
Total debt to EBITDA	1.36 to 1 ⁽³⁾	1.42 to 1 ⁽³⁾
Net debt to EBITDA	1.22 to 1 ⁽³⁾	1.27 to 1 ⁽³⁾

■ Cash Flow Statement Highlights	For the Years Ended December 31,	
	2010	2009
Net cash provided by operating activities	\$ 9,437	\$ 7,884
Capital expenditures	713	715
Long-term debt proceeds	1,130	2,987
Repurchases of common stock	5,030	5,625
Dividends paid to public stockholders	4,423	4,327

(1) 2010 Currency increased (decreased) net revenues as follows: European Union \$(488), EEMA \$193, Asia \$1,415, Latin America & Canada \$437; totaling \$1,557.

(2) PMI's management reviews operating companies income, which is defined as operating income before corporate expenses and amortization of intangibles, to evaluate segment performance and allocate resources. For a reconciliation of operating companies income to operating income, see Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(3) 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.

Historical Information*

	2010		2009	
	Including the PRC	Excluding the PRC	Including the PRC	Excluding the PRC
■ Estimated International Cigarette Market				
	(billions of cigarettes)		(billions of cigarettes)	
European Union	579	579	607	607
EEMA ^(a)	1,164	1,164	1,213	1,213
Asia	3,546	1,178	3,465	1,177
Latin America and Canada	291	291	289	289
Total ^{(b)(c)}	5,633	3,266	5,628	3,339

(a) Excluding international duty free.

(b) Including total industry international duty free volume of 53.8 billion units for 2009 and 54.3 billion units for 2010.

(c) May not foot due to rounding.

	2010		2009	
	Including the PRC	Excluding the PRC	Including the PRC	Excluding the PRC
■ Estimated PMI Market Share by Region				
European Union	38.6%	38.6%	38.8%	38.8%
EEMA ^(a)	23.1	23.1	23.1	23.1
Asia	8.1	24.1	6.5	19.1
Latin America and Canada	36.1	36.1	35.8	35.8
Total ^(b)	16.0%	27.6%	15.4%	25.9%

(a) Excluding international duty free.

(b) Including estimated 37.6% and 37.5% share of the international duty free market for 2009 and 2010, respectively.

	2010	2009	% pts increase
Total			
OECD Markets ^(b)	35.0%	34.6%	0.4
Non-OECD	23.5	20.8	2.7
Price Segments			
Premium ^(c)	52.2%	51.8	0.4
Non-Premium	19.3	17.1	2.2

(a) Excluding the PRC and international duty free.

(b) The 33 member countries of the Organization for Economic Co-operation and Development (excluding the United States) are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

(c) Including above premium.

	2010			2009		
	Volume		Market Share	Volume		Market Share
	Billions of cigarettes	%		Billions of cigarettes	%	
■ Marlboro Shipment Volume and Estimated Market Shares						
European Union	104.7	35.2%	18.1%	111.1	36.8%	18.4%
EEMA	79.4	26.7	5.7 ^(a)	80.6	26.7	5.6 ^(a)
Asia	71.9	24.2	6.1 ^(b)	69.8	23.1	5.8 ^(b)
Latin America and Canada	41.3	13.9	14.2	40.5	13.4	13.9
Total ^(c)	297.4	100.0%	9.1% ^(b)	302.0	100.0%	9.0% ^(b)

(a) Excluding international duty free.

(b) Excluding the PRC.

(c) May not foot due to rounding.

*All estimates exclude the United States.

Reconciliation of Non-GAAP Measures

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

For the Years Ended December 31, (Unaudited)	2010	2009	% Change
Reported Diluted EPS	\$3.92	\$3.24	21.0%
Less:			
Currency Impact	0.12		
Reported Diluted EPS, excluding Currency	\$3.80	\$3.24	17.3%

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

For the Years Ended December 31, (Unaudited)	2010	2009	% Change
Reported Diluted EPS	\$ 3.92	\$3.24	21.0%
Adjustments:			
Colombian investment and cooperation agreement charge	—	0.04	
Tax items	(0.07)	—	
Asset impairment and exit costs	0.02	0.01	
Adjusted Diluted EPS	\$ 3.87	\$3.29	17.6%
Less:			
Currency Impact	0.12		
Adjusted Diluted EPS, excluding Currency	\$ 3.75	\$3.29	14.0%

■ Reconciliation of Operating Companies Income to Operating Income

For the Years Ended December 31, (in millions) (Unaudited)	2010	2009	% Change
Operating companies income	\$11,465	\$10,271	11.6%
Amortization of intangibles	(88)	(74)	
General corporate expenses	(177)	(157)	
Operating income	\$11,200	\$10,040	11.6%

■ Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

For the Years Ended December 31, (in millions) (Unaudited)	2010	2009	% Change
Net cash provided by operating activities^(a)	\$9,437	\$7,884	19.7%
Less:			
Capital expenditures	713	715	
Free cash flow	\$8,724	\$7,169	21.7%

(a) Operating cash flow.

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

(in millions, except ratios) (Unaudited)

	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009
Earnings before income taxes	\$10,324	\$ 9,243
Interest expense, net	876	797
Depreciation and amortization	932	853
EBITDA	\$12,132	\$10,893
	December 31, 2010	December 31, 2009
Short-term borrowings	\$ 1,747	\$ 1,662
Current portion of long-term debt	1,385	82
Long-term debt	13,370	13,672
Total Debt	\$16,502	\$15,416
Less: Cash and cash equivalents	1,703	1,540
Net Debt	\$14,799	\$13,876
Ratios		
Total Debt to EBITDA	1.36	1.42
Net Debt to EBITDA	1.22	1.27