



PHILIP MORRIS  
INTERNATIONAL

# Investor Information

April 2021

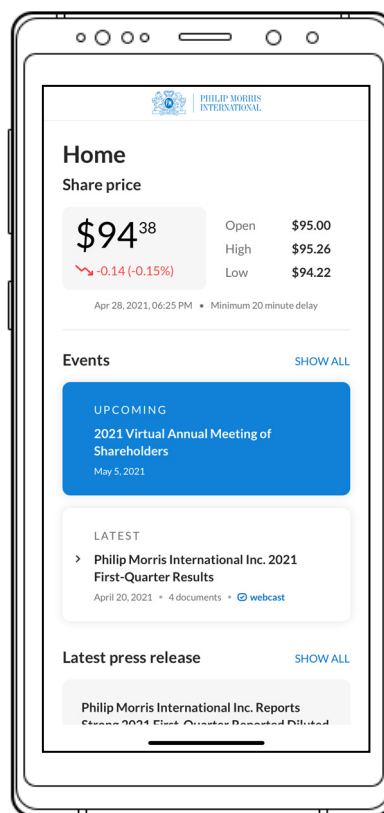
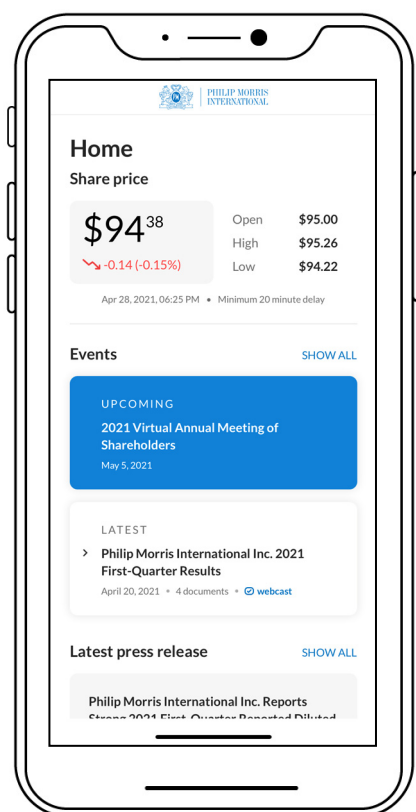


This Investor Information posting includes summaries of information set forth in PMI's quarterly report Form 10-Q for the quarter ended March 31, 2020, annual report on Form 10-K for the year ended December 31, 2020, as well as press releases and presentations referenced in this document, and such summaries are qualified by reference to such documents, which are available at <https://www.pmi.com/investor-relations>

Web Site: [www.pmi.com](http://www.pmi.com)

### New PMI Investor Relations Mobile Application:

The PMI Investor Relations Mobile Application, which is powered by *theIRApp*, provides users with simple, comprehensive and up-to-date access to all the company's previously disclosed investor relations materials such as: press releases, SEC filings, investor materials, and live and archived audio webcasts of earnings calls and investor presentations



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## Reference Materials

You will find all our latest public disclosures and other investor information for Philip Morris International on the [IR website](#) including:

- [Virtual Investor Day](#)
- [Earnings Results](#)
- [Sustainability Resources](#)



## Forward-Looking and Cautionary Statements

- This presentation and related discussion contain projections of future results and other forward-looking statements. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products; 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; changes in adult smoker behavior; 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 our information systems and effectiveness of our data privacy policies. PMI's future profitability may also be adversely affected should we 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 we are 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. Future results are also subject to the lower predictability of our reduced-risk product category's performance
- 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, 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

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## Forward-Looking and Cautionary Statements (COVID-19)

- The COVID-19 pandemic has created significant societal and economic disruption, and resulted in closures of stores, factories and offices, and restrictions on manufacturing, distribution and travel, all of which will adversely impact our business, results of operations, cash flows and financial position during the continuation of the pandemic. Our business continuity plans and other safeguards may not be effective to mitigate the impact of the pandemic
- Currently, significant risks include our diminished ability to convert adult smokers to our RRP, significant volume declines in our duty-free business and certain other key markets, disruptions or delays in our manufacturing and supply chain, increased currency volatility, and delays in certain cost saving, transformation and restructuring initiatives. Our business could also be adversely impacted if key personnel or a significant number of employees or business partners become unavailable due to the COVID-19 outbreak. The significant adverse impact of COVID-19 on the economic or political conditions in markets in which we operate could result in changes to the preferences of our adult consumers and lower demand for our products, particularly for our mid-price or premium-price brands. Continuation of the pandemic could disrupt our access to the credit markets or increase our borrowing costs. Governments may temporarily be unable to focus on the development of science-based regulatory frameworks for the development and commercialization of RRP or on the enforcement or implementation of regulations that are significant to our business. In addition, messaging about the potential negative impacts of the use of our products on COVID-19 risks may lead to increasingly restrictive regulatory measures on the sale and use of our products, negatively impact demand for our products, the willingness of adult consumers to switch to our RRP and our efforts to advocate for the development of science-based regulatory frameworks for the development and commercialization of RRP
- The impact of these risks also depends on factors beyond our knowledge or control, including the duration and severity of the pandemic, its recurrence in our key markets, actions taken to contain its spread and to mitigate its public health effects, and the ultimate economic consequences thereof

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## Q1, 2021: Record Quarterly EPS Performance Despite Pandemic

- Better-than-expected Q1, 2021 growth driven by IQOS:
  - All-time high adjusted diluted EPS of \$1.57
  - IQOS now 28% of our net revenues
  - Strong user acquisition to reach a total of 19.1m
  - Broad-based HTU volume growth
  - 12 markets >10% HTU share
- Strong margin expansion
- Raising organic growth outlook and HTU shipment target



Source: PMI Financials or estimates

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## Q1, 2021: Excellent Growth

(Organic variance vs. PY)

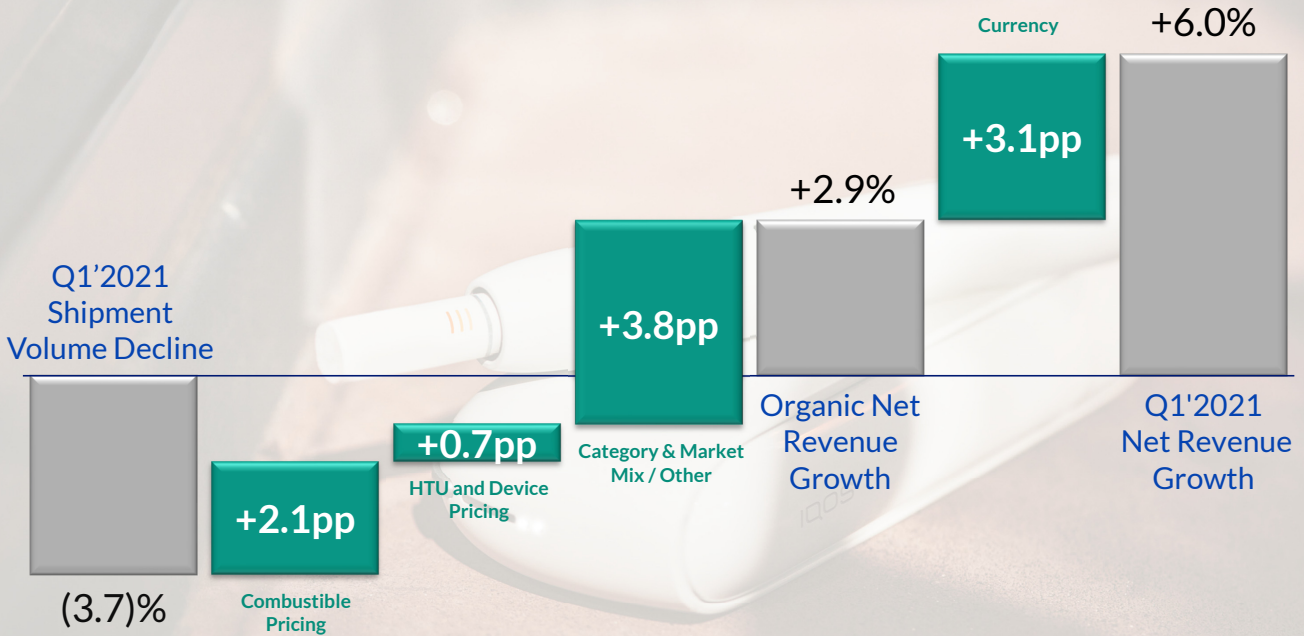
<b>Net Revenues</b>	<b>+2.9%</b>
<b>Net Revenue per Unit<sup>(a)</sup></b>	<b>+6.9%</b>
<b>Adjusted OI Margin</b>	<b>+590bps</b>
<b>Adjusted Diluted EPS</b>	<b>+21.5%</b>

(a) Reflects total PMI net revenues divided by total PMI cigarette and HTU shipment volume  
Source: PMI Financials or estimates

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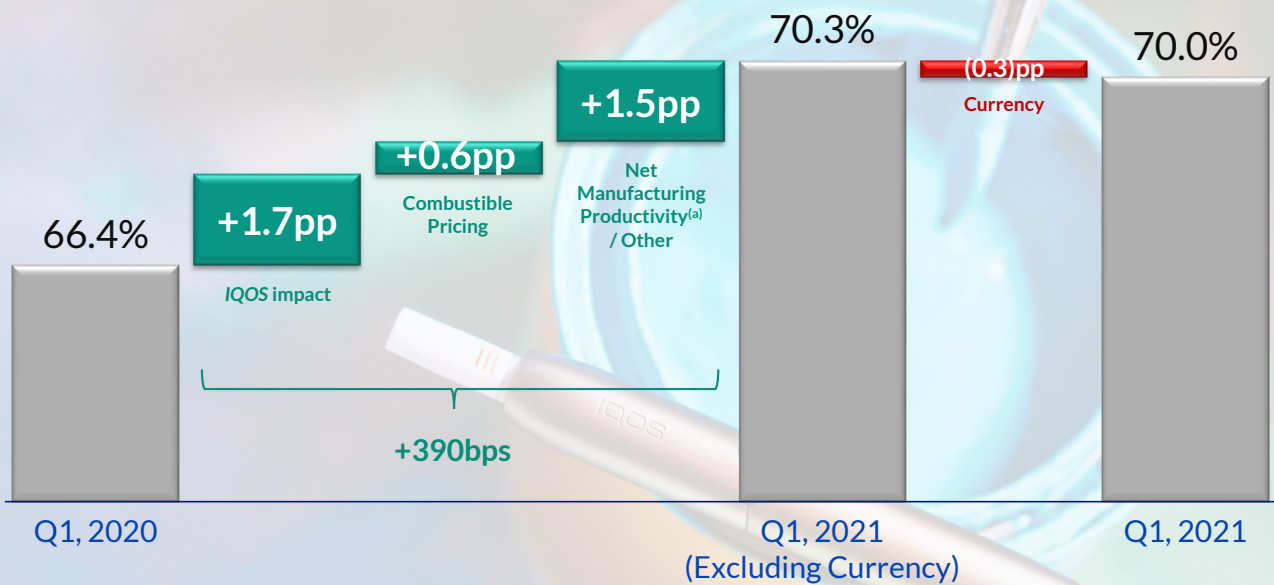


# Q1, 2021: Twin Engines Powering Organic Net Revenue Growth



Source: PMI Financials or estimates

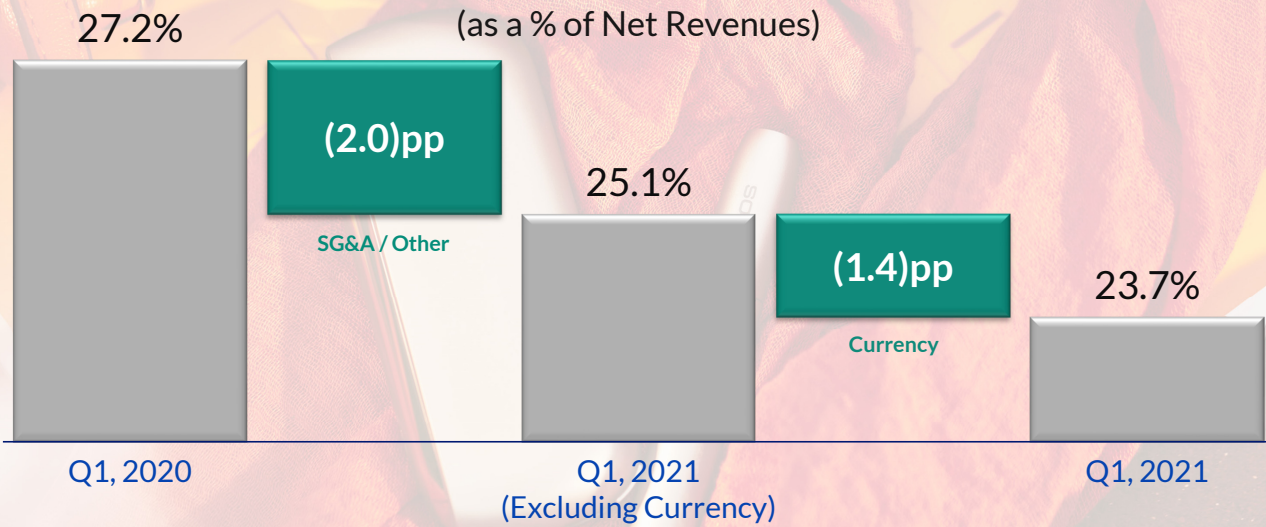
# Q1, 2021: Multiple Levers Driving Higher Gross Margin



(a) Includes productivity savings in manufacturing, procurement and supply chain operations  
 Sum of the drivers does not foot due to rounding  
 Source: PMI Financials or estimates

# Q1, 2021: SG&A Cost Efficiencies Fueling Organic Margin Expansion

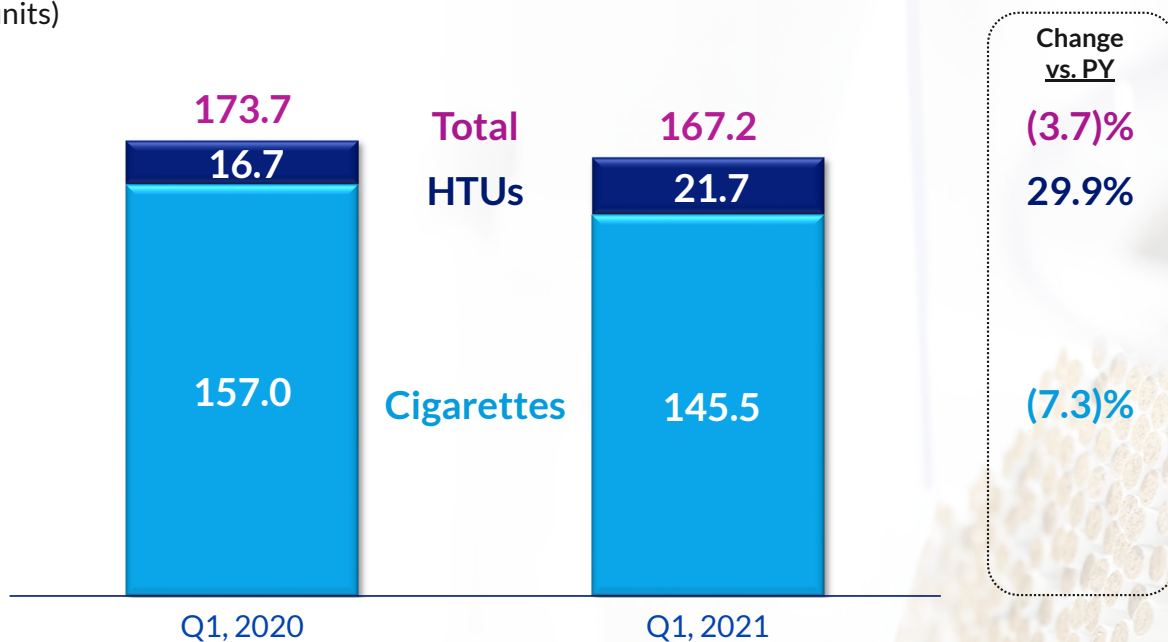
Marketing, Admin. & Research Costs  
(as a % of Net Revenues)



Note: Variances are vs. prior year as a percentage of net revenues. Sum of the drivers does not foot due to rounding  
 2021: Excludes asset impairment and exit costs of \$48 million  
 Source: PMI Financials or estimates

# Q1, 2021: Total PMI Shipment Volume: Strong Growth of HTUs

(billion units)

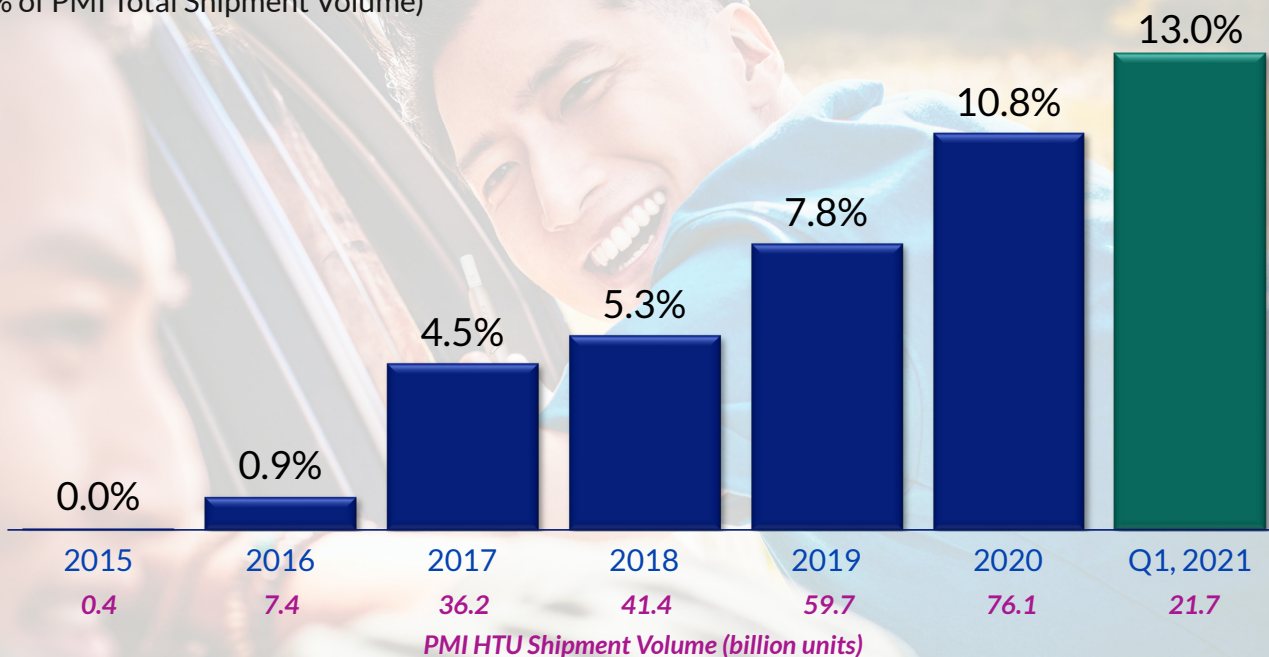


Source: PMI Financials or estimates



# Q1, 2021: HTUs Now Comprise 13% of Total Volume

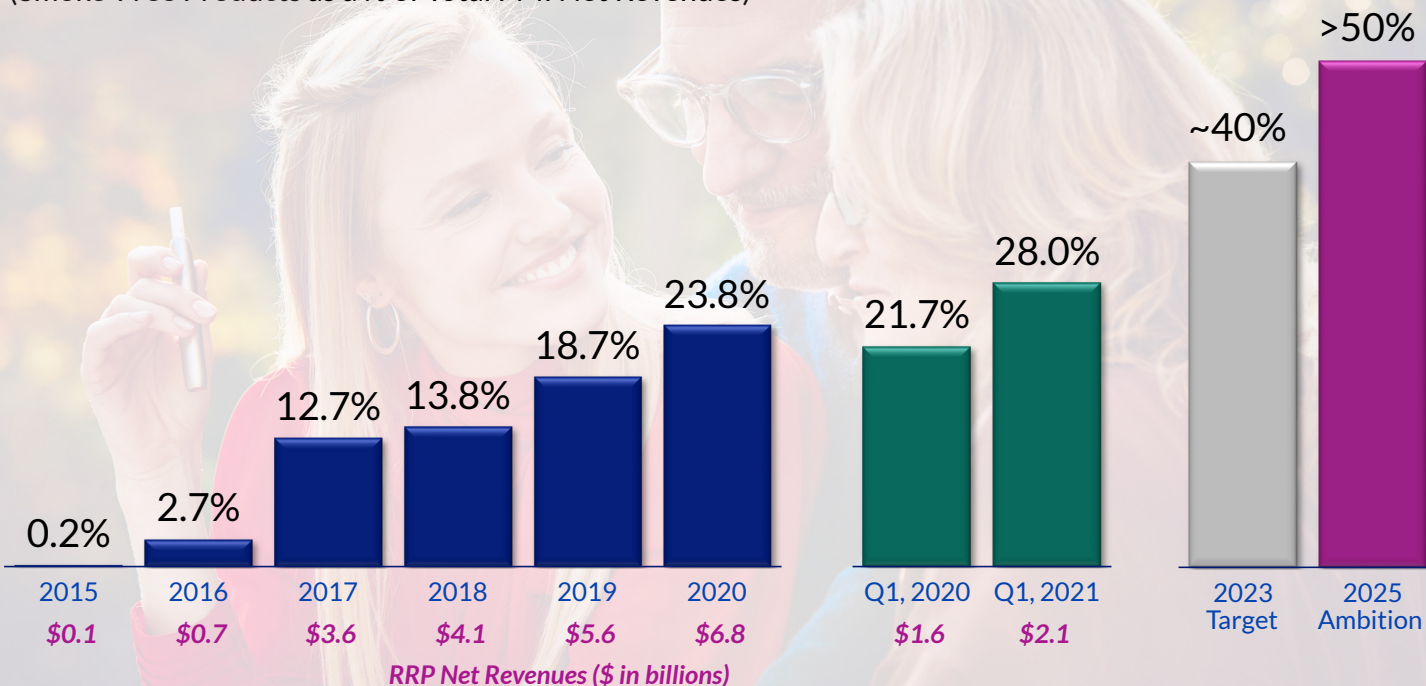
(as a % of PMI Total Shipment Volume)



Note: Total volume includes HTUs and cigarettes  
Source: PMI Financials or estimates

# On Track For 2025 Majority Smoke-Free Ambition

(Smoke-Free Products as a % of Total PMI Net Revenues)



Source: PMI Financials or estimates

# PMI Financial Results by Region (Full-Year 2020)

(\$ in billions)

	Net Revenues			Adjusted OI		
	2020	% Change vs. PY		2020	% Change vs. PY	
		Total	Ex-Currency		Total	Ex-Currency
European Union	10.7	9.0 %	8.8 %	5.2	19.6 %	20.1 %
Eastern Europe	3.4	2.9 %	10.9 %	0.9	(3.8) %	28.7 %
Middle East & Africa	3.1	(23.6) %	(21.7) %	1.0	(37.9) %	(34.1) %
South & Southeast Asia	4.4	(13.7) %	(13.3) %	1.7	(20.7) %	(20.8) %
East Asia & Australia	5.4	1.2 %	0.6 %	2.4	25.6 %	24.5 %
Latin America & Canada	1.7	(22.9) %	(7.9) % <sup>(a)</sup>	0.5	(37.6) %	(6.8) % <sup>(a)</sup>
<b>Total PMI</b>	<b>28.7</b>	<b>(3.7) %</b>	<b>(1.6) %<sup>(a)</sup></b>	<b>11.7</b>	<b>(0.5) %</b>	<b>4.6 %<sup>(a)</sup></b>

(a) On an organic basis; adjusted for the deconsolidation of RBH, effective March 22, 2019

Note: Net Revenues for Latin America & Canada include revenues from shipments of Platform 1 devices, heated tobacco units and accessories to Altria Group, Inc., for sale under license in the U.S.

Source: PMI Financials or estimates

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# PMI Adjusted OI Margins

	2016	2017	2018	2019	2020	% Change vs. PY Excl. currency
European Union	48.0%	44.4%	44.1%	43.9%	48.2%	4.6
Eastern Europe	35.8	32.7	30.9	28.1	26.2	4.4
Middle East & Africa	44.1	47.2	39.5	41.7	33.8	(6.6)
South & Southeast Asia	33.5	34.3	37.5	42.9	39.4	(3.7)
East Asia & Australia	39.5	40.9	33.2	36.0	44.7	8.6
Latin America & Canada	33.0	33.9	26.1	33.0	26.7	0.4 <sup>(a)</sup>
<b>Total PMI</b>	<b>40.9</b>	<b>40.3</b>	<b>37.5</b>	<b>39.5</b>	<b>40.8</b>	<b>2.4<sup>(a)</sup></b>

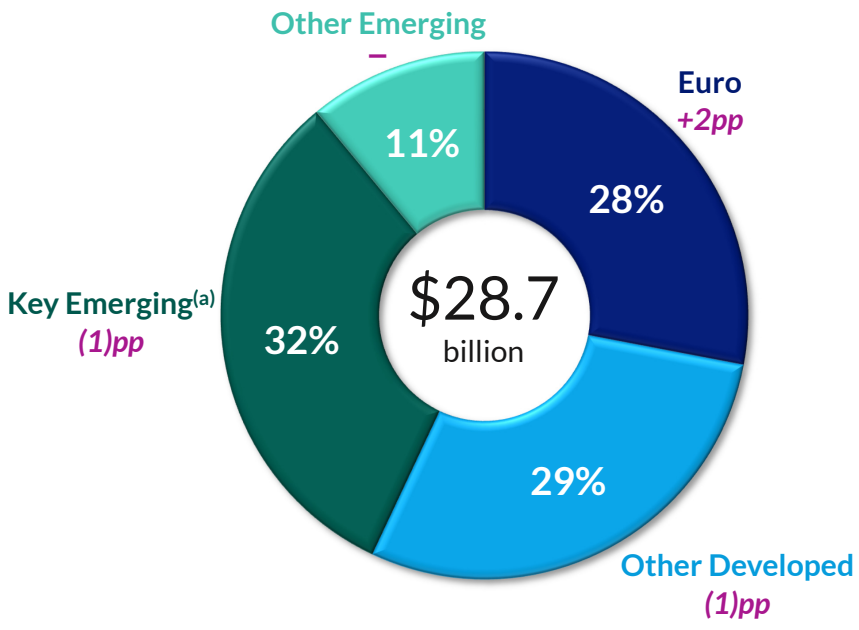
(a) On an organic basis; adjusted for the deconsolidation of RBH, effective March 22, 2019; see slides 126 and 127 for more information  
Source: PMI Financials or estimates

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# PMI Net Revenues by Currency (2020)

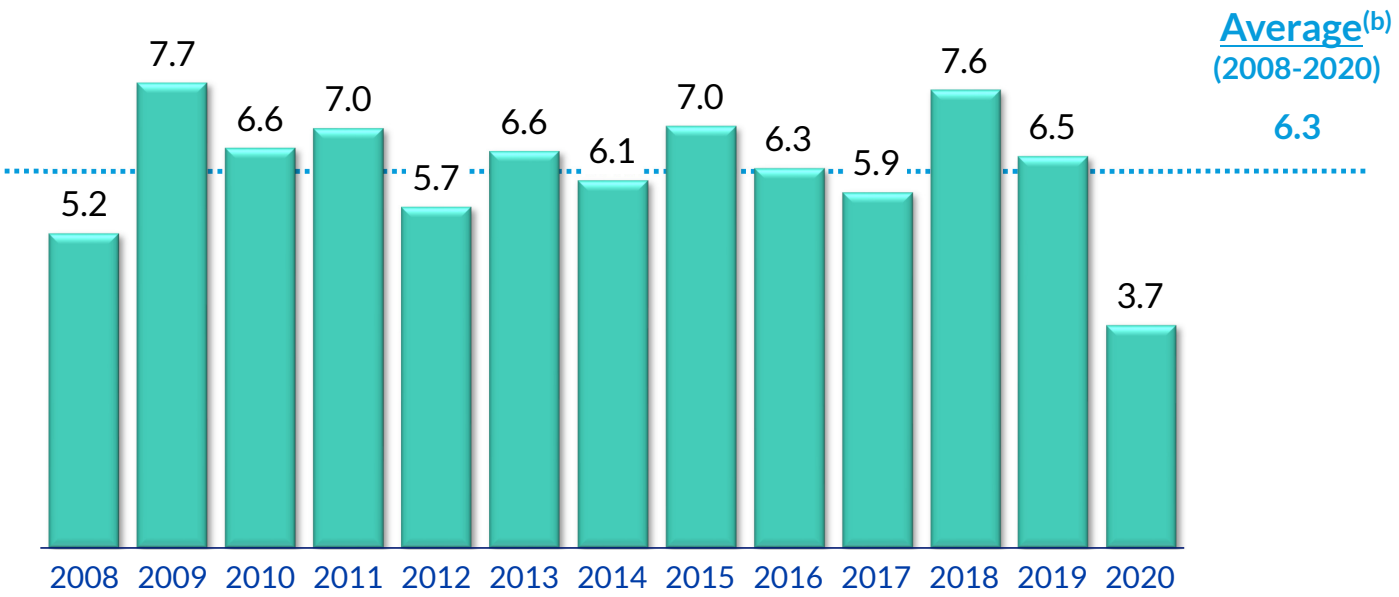
Change vs. 2019 (pp)



(a) Includes Egyptian Pound, Indonesian Rupiah, Mexican Peso, Philippine Peso, Polish Zloty, Russian Ruble, Turkish Lira and Ukraine Hryvnia  
 Note: List of emerging markets based on Dow Jones Global Total Stock Market Index  
 Source: PMI Financials or estimates

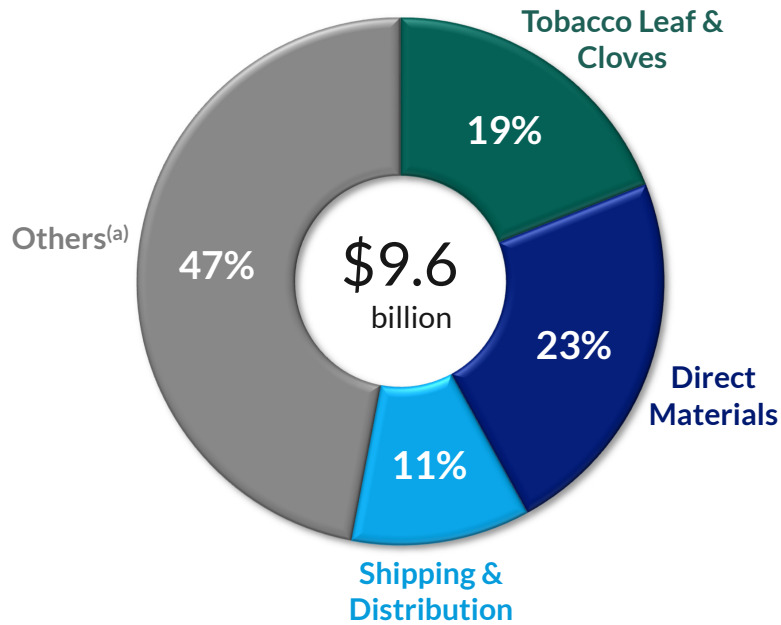
# Combustible Tobacco Pricing<sup>(a)</sup>

(%)



(a) Reflects combustible tobacco pricing as a % of PY combustible tobacco net revenues on an organic basis  
 (b) Average combustible tobacco pricing variance (2008-2020) over average base combustible product net revenues (2007-2019)  
 Source: PMI Financials or estimates

# PMI Cost of Goods Sold (2020)



(a) Conversion, fixed manufacturing expenses and other costs  
Source: PMI Financials or estimates

# PMI Costs by Currency (2020)

	Total (\$ billion)	Currency (%)				
		USD	EUR	CHF	IDR	Other
Tobacco <sup>(a)</sup>	1.8	25	51	–	17	9
Direct Materials	2.2	40	52	1	1	6
Other COGS <sup>(b)</sup>	5.6	31	23	7	12	27
Marketing, Overhead & Other Costs above OI	7.4	14	21	21	3	41
<b>Total Adjusted Costs<sup>(c)(d)</sup></b>	<b>17.0</b>	<b>24</b>	<b>29</b>	<b>11</b>	<b>7</b>	<b>29</b>

(a) Including cloves

(b) Other manufacturing related costs and shipping and distribution

(c) Total costs above reported OI of \$17.0 billion = reported cost of sales of \$9.6 billion + reported marketing, administration and research costs of \$7.4 billion + \$0.1 billion amortization of intangibles. Does not tie due to rounding

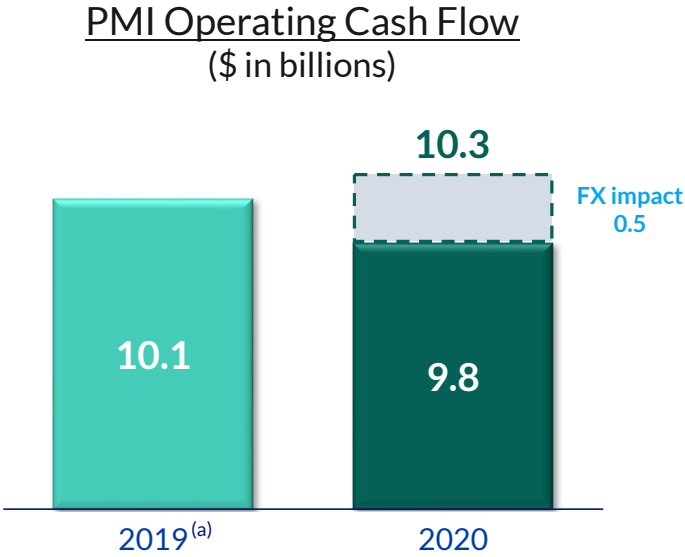
(d) 2020 excludes asset impairment and exit costs (\$149 million) offset by a Brazil indirect tax credit \$119 million totaling \$30 million (refer to slide 128)

Source: PMI Financials or estimates



# Delivered \$10 Billion of Operating Cash Flow in 2020

- Better than expected cash generation
- Operating cash flow +3.5% on a like-for-like, ex-currency basis
- Capital expenditures of \$0.6 billion, benefiting from performance improvements and timing of investments
- Raised quarterly dividend to an annualized rate of \$4.80 per share



(a) Includes operating cash flow of \$102 million attributable to RBH from January 1, 2019 to March 21, 2019 (refer to slide 129)  
 Note: Operating cash flow is defined as net cash provided by operating activities  
 Source: PMI Financials or estimates

# Growth Targets for 2021-23

	2021-23
Net Revenue Organic Growth CAGR	>5%
OI Margin Average Annual Organic Increase	≥150bp
Adjusted Diluted EPS Organic CAGR	>9%
Annual HTU Shipment Volumes (in billion) <sup>(a)</sup>	140-160
Smoke-free % of Net Revenue <sup>(a)</sup>	~40%
Gross Cost Efficiencies	~\$2bn

- Ambition to be a majority smoke-free company by 2025 with smoke-free products >50% of net revenue

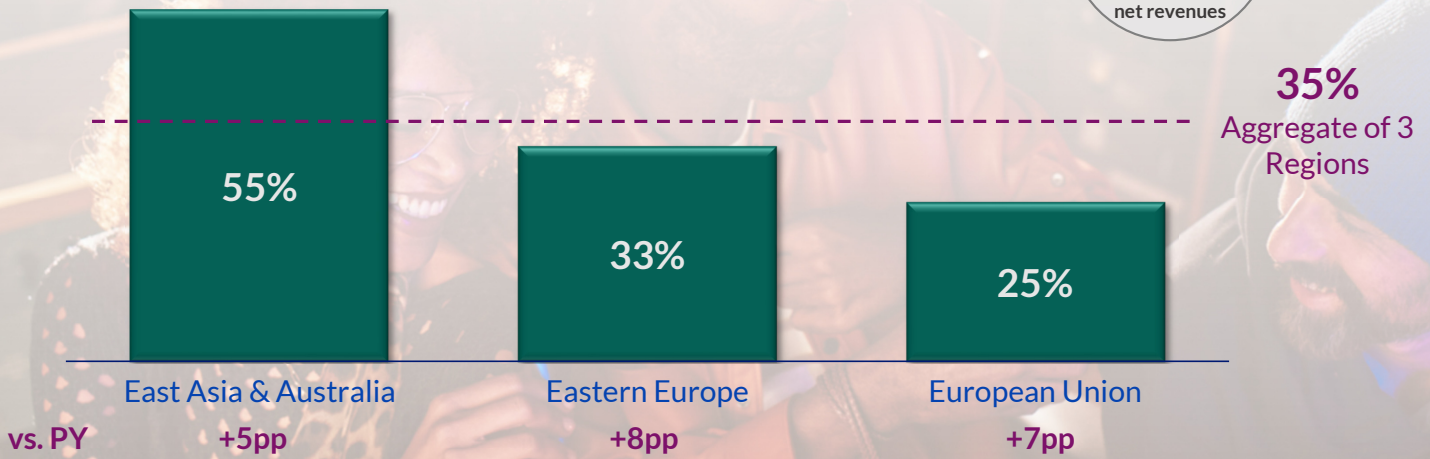


(a) By 2023  
 Note: Growth rates presented on an organic basis. Does not include share repurchases and assumes constant effective tax rate

## IQOS Already at 35% of Net Revenues in Regions Where Meaningfully Present

(as a % of Total PMI Net Revenues in 2020)

**6**  
markets  
where smoke-free  
products >50%  
net revenues



Source: PMI Financials or estimates

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## High-Quality IQOS Portfolio Driving Growth

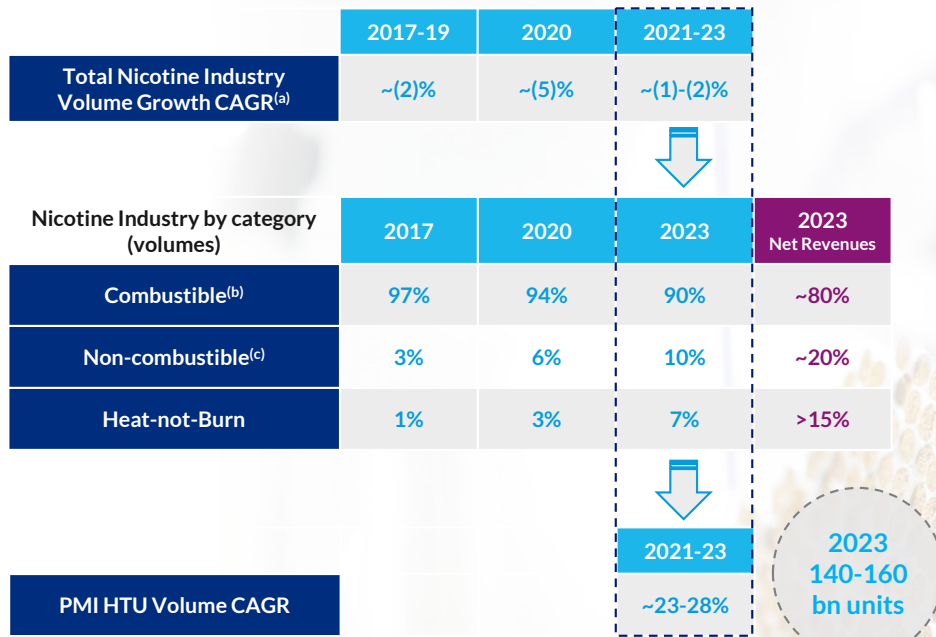
- Leadership in growing smoke-free category propels strong volume growth and share gains
- Strong positive price/mix impact from higher net revenue per unit
- Higher organic gross margin rates, further enhanced by manufacturing & supply chain productivities
- Increasing return on RRP investments in infrastructure and other fixed costs
- Decreasing variable cost per user
- Excellent and profitable organic revenue growth

Source: PMI Financials or estimates

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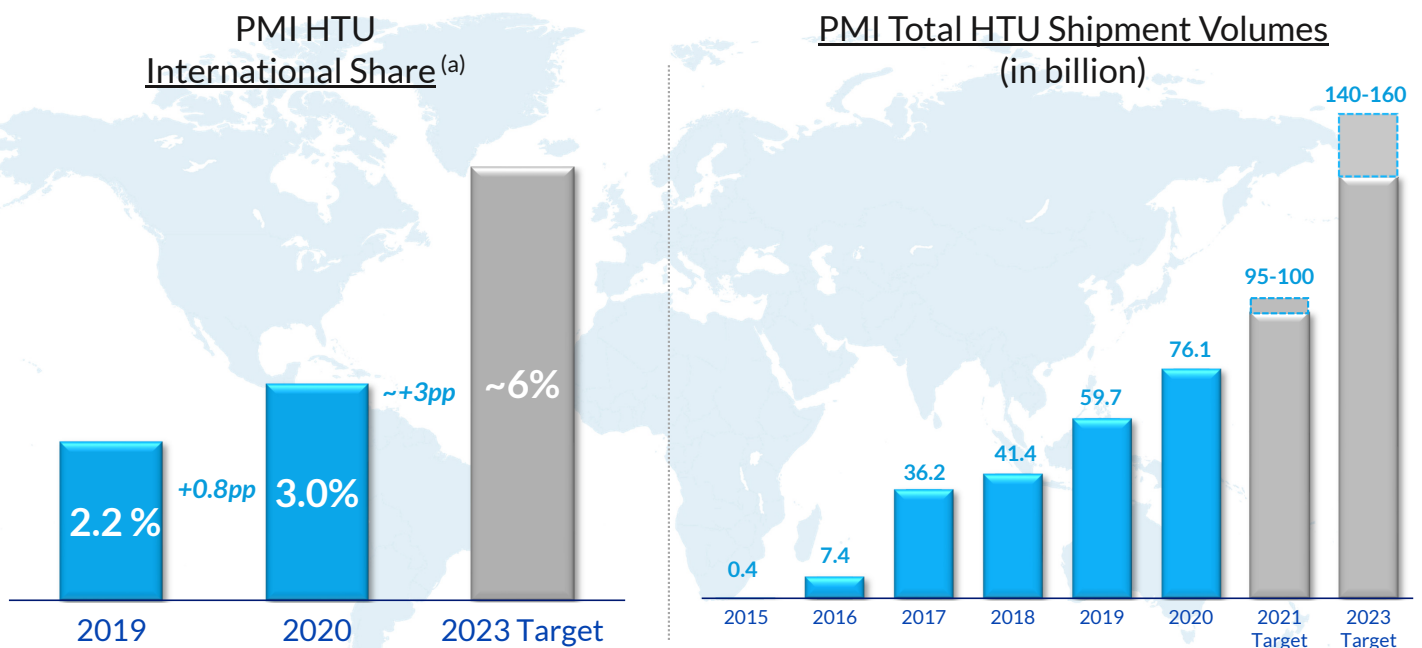


# Driving Revenue Growth: Volume and Share



(a) Includes cigarettes, other tobacco products, heat not burn, e-vapor and nicotine pouches in equivalent units. Assumption for cigarettes and HTUs only is also a decline of around 1-2%.  
 (b) Includes cigarettes and other tobacco products in equivalent units  
 (c) Includes heat-not-burn, e-vapor and nicotine pouches in equivalent units  
 Source: PMI Financials or estimates. Industry excludes China and the U.S. Other tobacco products include fine cut tobacco, cigarillos and cigars

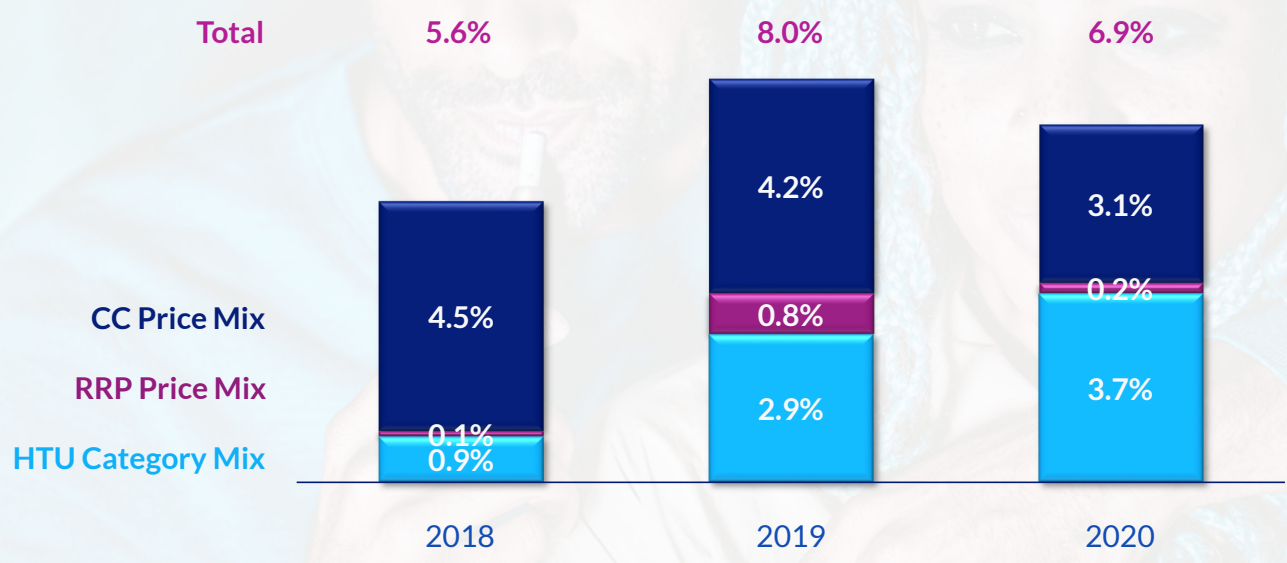
# Target Strong HTU Volume and Share Growth



(a) Excluding China and the U.S.  
 Source: PMI Financials or estimates

# Net Revenue Per Unit Growth Increasingly Driven by IQOS Volumes

Price/mix (Net Revenue per Unit)<sup>(a)</sup>  
(Organic variance vs. PY)



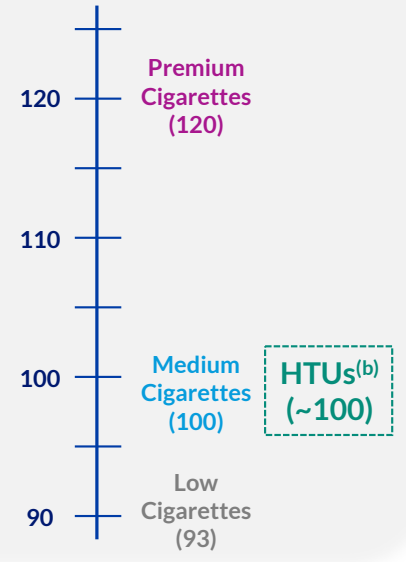
(a) Reflects total PMI net revenues divided by total PMI cigarette and HTU shipment volume  
Note: Sum of the drivers does not fit due to rounding  
Source: PMI Financials or estimates

# HTU Price Position & Segmentation Provides Flexibility

- HEETS mainline are often priced close to mid-price cigarettes reflecting lower excise
- Price segmentation makes portfolio pricing more manageable



2020 Average Price Position in IQOS Markets<sup>(a)</sup>  
(Index 100 = Medium)

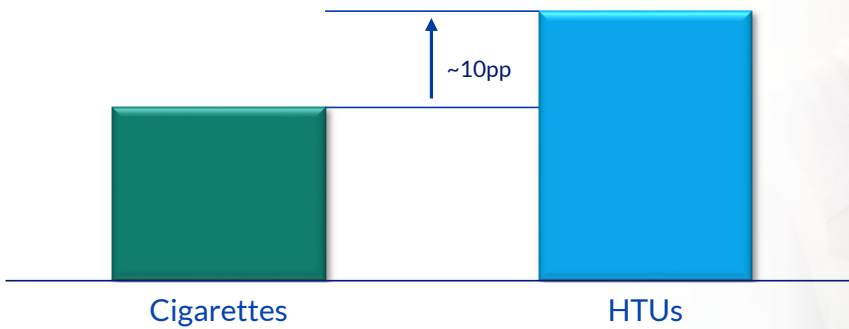


(a) Excluding the U.S.  
(b) Represents average price of HTUs relative to cigarettes  
Source: PMI Financials or estimates

# Gross Margins Are ~10pp Higher on HTUs

- Positive mix on revenue further boosted by higher gross margins
- Further upside from manufacturing & supply chain productivity
- Accelerated organic growth in gross profit

2020 % Gross Margin

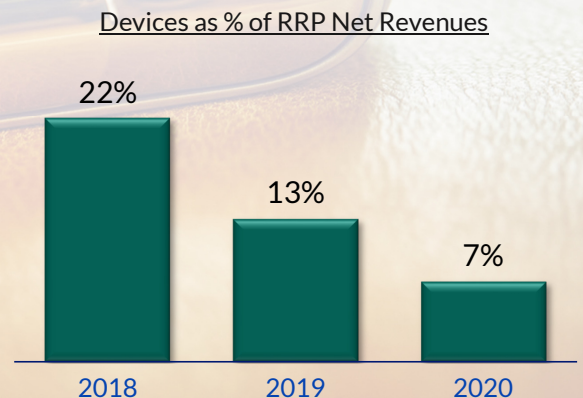
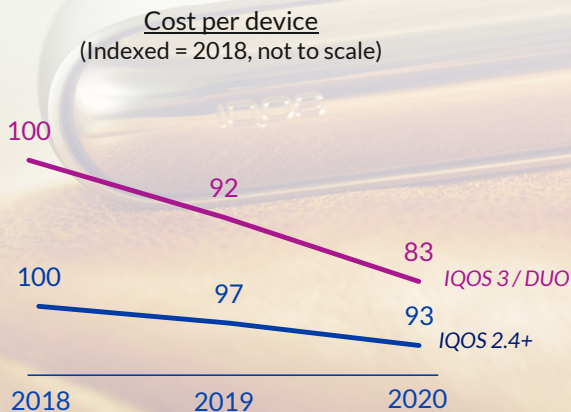


Source: PMI Financials or estimates



# Target Break-Even to Positive Device Gross Margins Over Time

- Driving costs down over device lifecycles
- Dilution of device margins a small investment in acquisition
- Devices now a smaller part of RRP revenues



Source: PMI Financials or estimates



## Target ~\$1 Billion in Gross Manufacturing Productivities Over 2021-23

- Productivities across RRP and combustibles
- Focus on performance, efficiency and quality
- More than offsetting inflation, manufacturing investments and impact of lower combustible volumes



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## Growing Organic Revenues Faster Than SG&A to Fuel Reinvestment

- Target Gross SG&A Efficiencies of ~\$1bn by 2023:
  - Expect a broadly even split between Commercial and G&A savings
- Increased commercial efficiency via scale and digitalization
- Offset inflation of 2.5-3%
- Invest for Growth:
  - Innovation and R&D
  - Consumer programs for acquisition & retention
  - New launches
  - Further digital capabilities for G&A



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## Route to \$1Bn Gross SG&A Savings for IQOS Reinvestment

	FY 2020	2021-23 Targeted Savings
Commercial, R&D	~\$(4)bn	~\$0.5bn
CC	~1/3	
RRP (incl. R&D)	~2/3	
<i>Of which fixed</i>	~70%	
<i>Of which variable</i>	~30%	
G&A, Other	~\$(3.4)bn	~\$0.5bn
Total SG&A	\$(7.4)bn	~\$1.0bn

Source: PMI Financials or estimates

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## Commercial Efficiency Allowing Scalability at Lower Cost

- Target ~\$0.5 billion in gross savings from commercial costs
- Efficiency on commercial and R&D costs through improved ways of working and digitalization
- Big initial investments in innovation, product platforms and commercial infrastructure allows costs to grow at lower pace than net revenues
- 2023 variable cost per user reduction target of 30% (vs. 2020)



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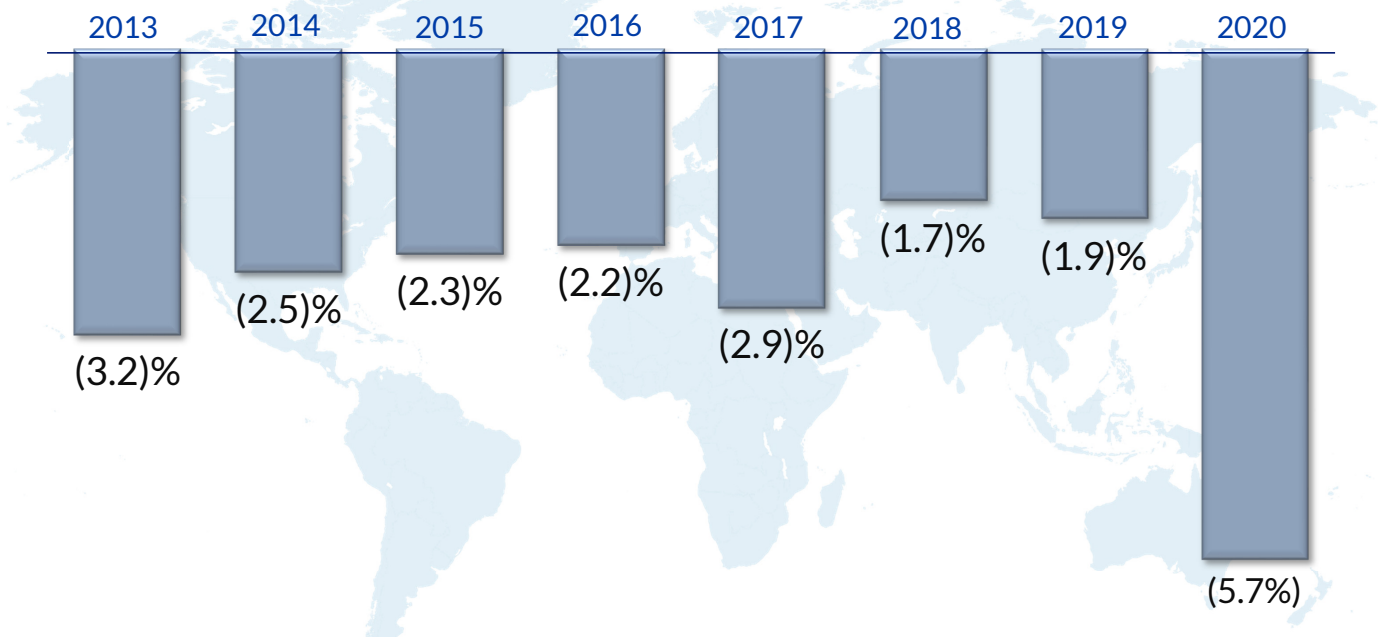
# G&A: Gross Savings of ~\$0.5 Billion

- Efficiency levers:
  - Simplification
  - Digitalization
  - Standardization
  - Shared service centers
  - Project-based working
- Offset inflation, including IT costs
- Support reinvestment and margin expansion



# Total Industry Volume Trend (2013-2020)

(% Change vs. PY)

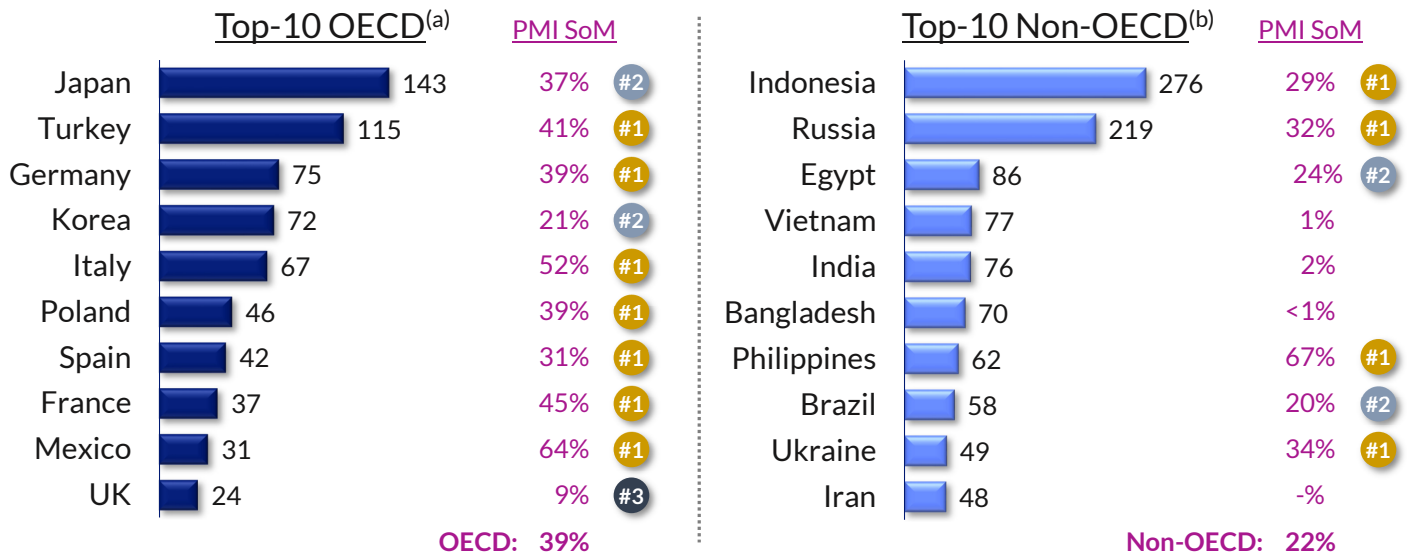


Note: Excluding China and the U.S. Reflects cigarettes and HTUs  
Source: PMI Financials or estimates



# Top Industry Volume Markets (2020)

(billion units)



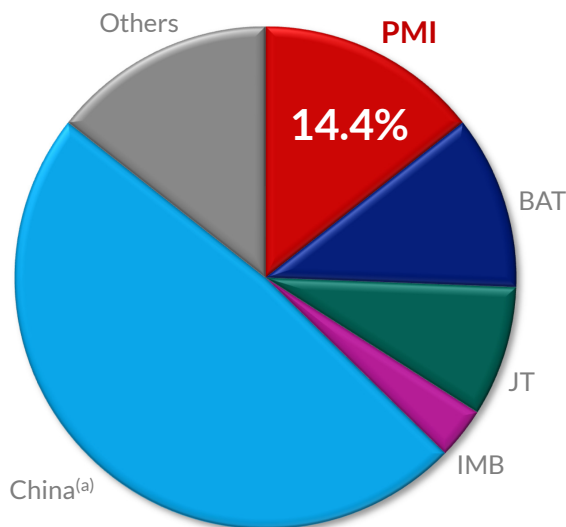
(a) Top-10 markets ranked by 2020 total industry volume, excluding the U.S. Based on OECD member list as per year-end 2020

(b) Top-10 markets ranked by 2020 total industry volume, excluding China and Duty Free

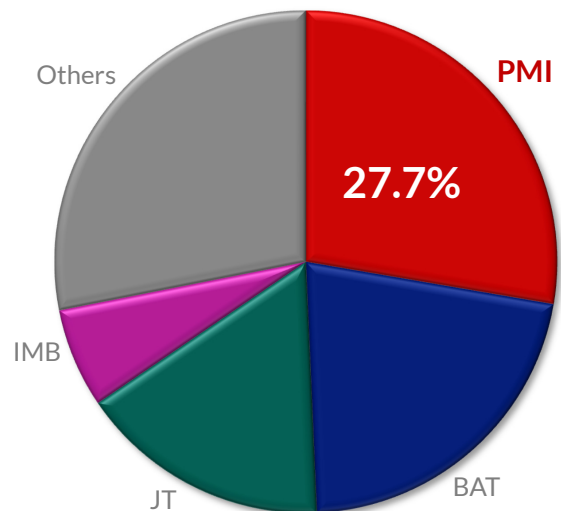
Note: As per our 2020 10-K filing, we do not sell products in Iran, North Korea and Syria. Reflects cigarettes and HTUs (where applicable)

Source: PMI Financials or estimates

# PMI Total Market Share Leadership (2020)



**International<sup>(b)</sup>**



**International excl. China<sup>(b)</sup>**

(a) Excluding CNTC license production of *Marlboro* and *Parliament* cigarettes (2.4 billion units in 2020)

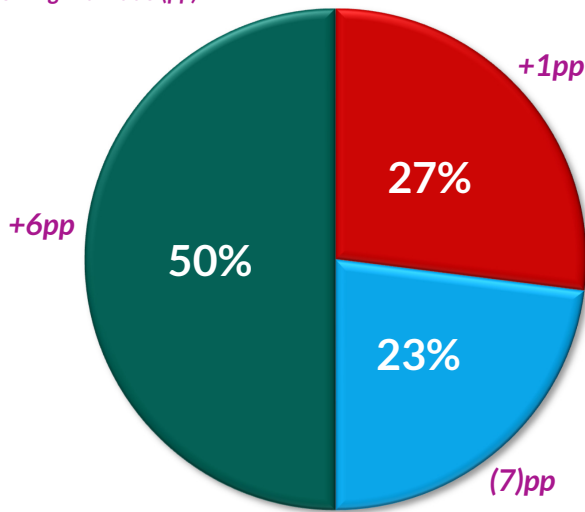
(b) Excluding the U.S.

Note: Reflects cigarettes and HTUs; PMI total market shares adjusted for the deconsolidation of RBH, effective March 22, 2019

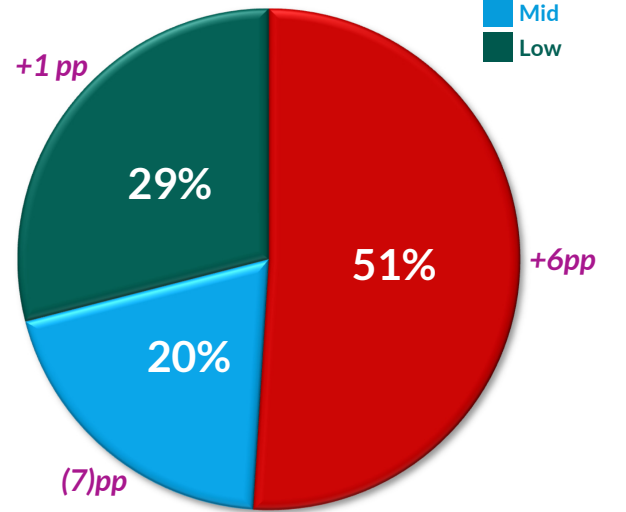
Source: PMI Financials or estimates (PMI FY 2020 Results, February 4, 2021)

## PMI Total Volume Price Segmentation vs. Industry (2020)

Change vs. 2008 (pp)



Industry



PMI

Note: Reflects cigarettes and HTUs. Excluding China and the U.S. Premium includes above-premium. Low includes super-low and undefined  
Source: PMI Financials or estimates

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## PMI Total Market Share: Select Markets

	Full-Year			Q1		
	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Argentina	61.0%	70.0%	(9.0) pp	57.6%	65.9%	(8.3) pp
Australia	29.9	27.5	2.4	32.7	28.0	4.7
France	44.9	45.0	(0.1)	43.6	44.5	(0.9)
Germany	39.0	38.0	1.0	40.9	42.2	(1.3)
Indonesia	28.8	32.2	(3.4)	28.1	30.3	(2.2)
Italy	52.2	51.8	0.4	52.8	51.9	0.9
Japan	37.1	34.5	2.6	39.2	36.3	2.9
Korea	20.7	22.6	(1.9)	20.1	21.8	(1.7)

Note: PMI total market shares reflect cigarettes and HTUs (where applicable)  
Source: PMI Financials or estimates (PMI Q4 2020 Results, February 4, 2021. PMI Q1 2021 Results, April 20, 2021)

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## PMI Total Market Share: Select Markets (cont.)

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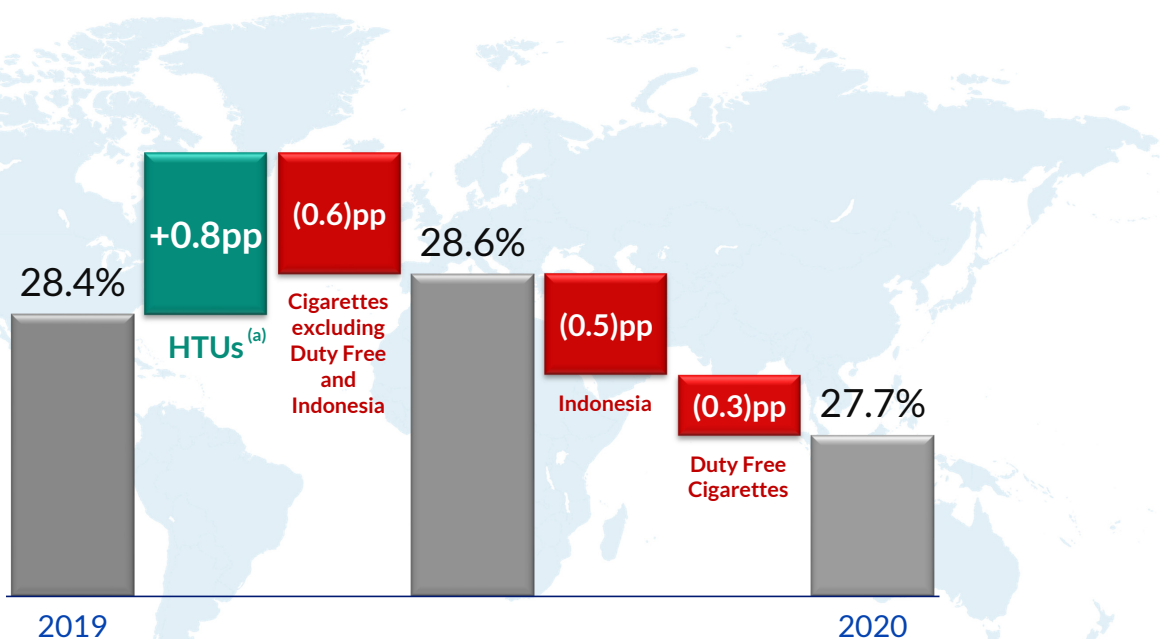
	Full-Year			Q1		
	2020	2019	Variance	2021	2020	Variance
Mexico	63.7%	67.1%	(3.4) pp	59.6%	61.0%	(1.4) pp
Philippines	67.2	70.5	(3.3)	62.4	70.1	(7.7)
Poland	39.0	41.2	(2.2)	36.7	40.0	(3.3)
Russia	32.3	30.1	2.2	31.3	32.3	(1.0)
Saudi Arabia	39.0	43.0	(4.0)	42.1	40.6	1.5
Spain	31.4	31.3	0.1	31.2	30.9	0.3
Turkey	41.3	43.4	(2.1)	43.4	38.9	4.5

Note: PMI total market shares reflect cigarettes and HTUs (where applicable)  
 Source: PMI Financials or estimates (PMI Q4 2020 Results, February 4, 2021. PMI Q1 2021 Results, April 20, 2021)

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## PMI Total International Market Volume Share

3



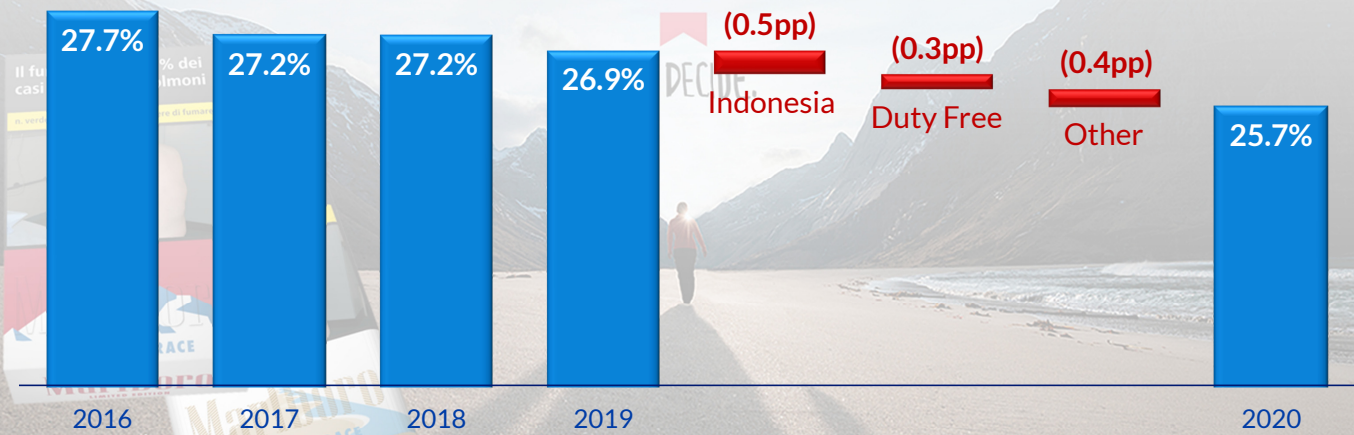
(a) HTUs include a (0.1)pp impact of Duty Free HTUs  
 Note: Excluding China and the U.S. Current view (reflecting the deconsolidation of RBH, PMI's total market share has been restated for previous periods). Sales volume of PMI cigarettes and HTUs as a percentage of the total industry sales volume for cigarettes and HTUs. Sum of the drivers does not foot due to rounding  
 Source: PMI Financials or estimates

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# Combustible Share Performance

- Modest underlying decline despite IQOS cannibalization and market mix impacts
- Impacted by pandemic effects in 2020, notable challenges in Indonesia
- Target stable/growing share of combustibles net of cannibalization



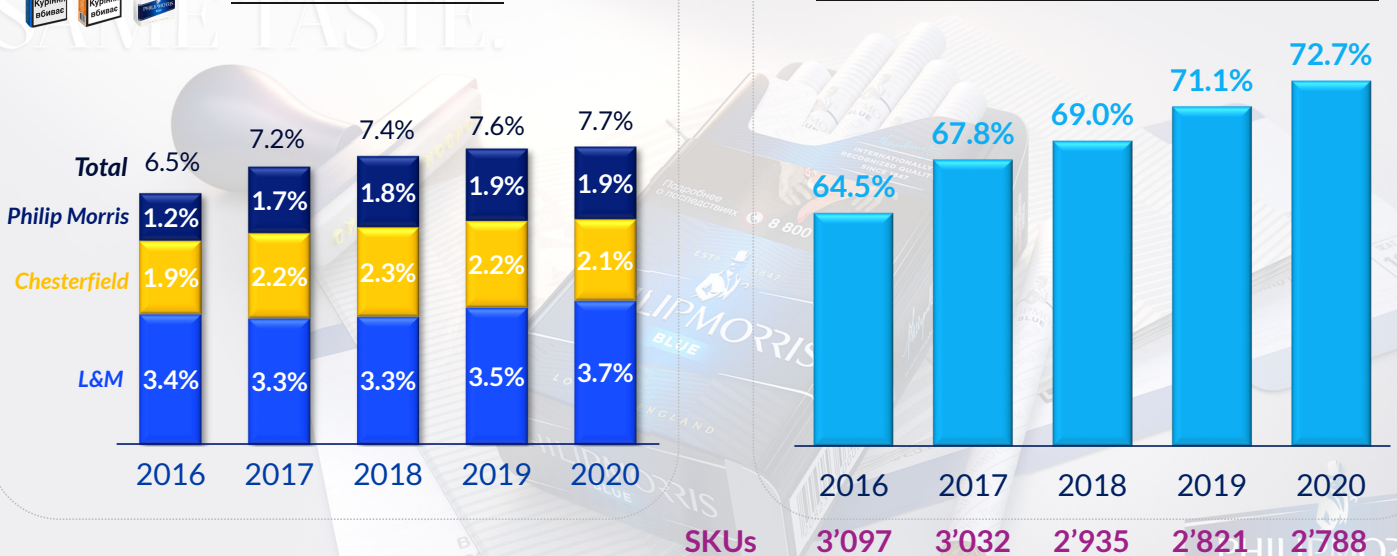
Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume  
 Source: PMI Financials or estimates

# Strong Global Brands in Downtrading Environment



PMI Share of Market

Global Brands<sup>(a)</sup> as a % of Total IMS Volume

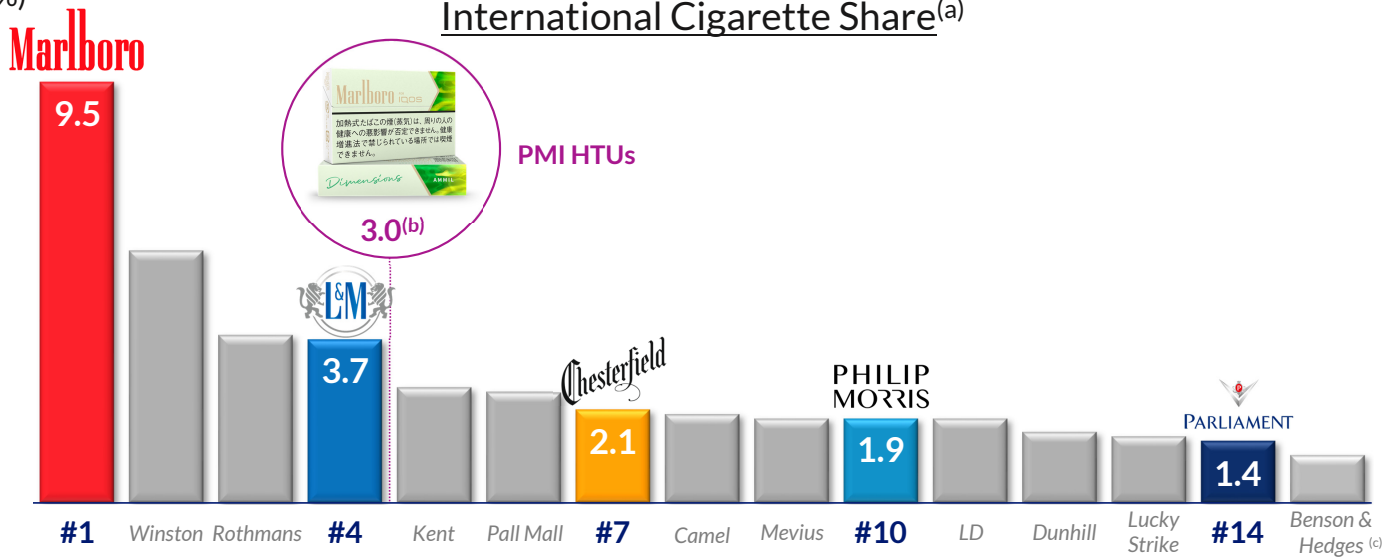


(a) Global Brands include Marlboro, Parliament, L&M, Chesterfield and Philip Morris (includes Philip Morris/Dubliis)  
 Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume  
 Source: PMI Financials or estimates

# PMI Cigarettes: Top-15 International Brands (2020)

(%)

International Cigarette Share<sup>(a)</sup>



## PMI Owns Five of the World's Top-15 International Cigarette Brands

(a) Sales volume of cigarette brand as a percentage of the total industry sales volume for cigarettes

(b) Sales volume of PMI HTUs as a percentage of the total industry sales volume for cigarettes and HTUs

(c) Reflects Benson & Hedges IMS volume of 28.4bio, deducted by 1.5bio which is sold by PMI, mainly in Argentina and Mexico, and 0.2bio which is sold by RBH Inc. in Canada

Note: Excluding China and the U.S. Philip Morris includes Philip Morris/Dubliis

Source: PMI Financials or estimates

# Global Excise Tax Environment

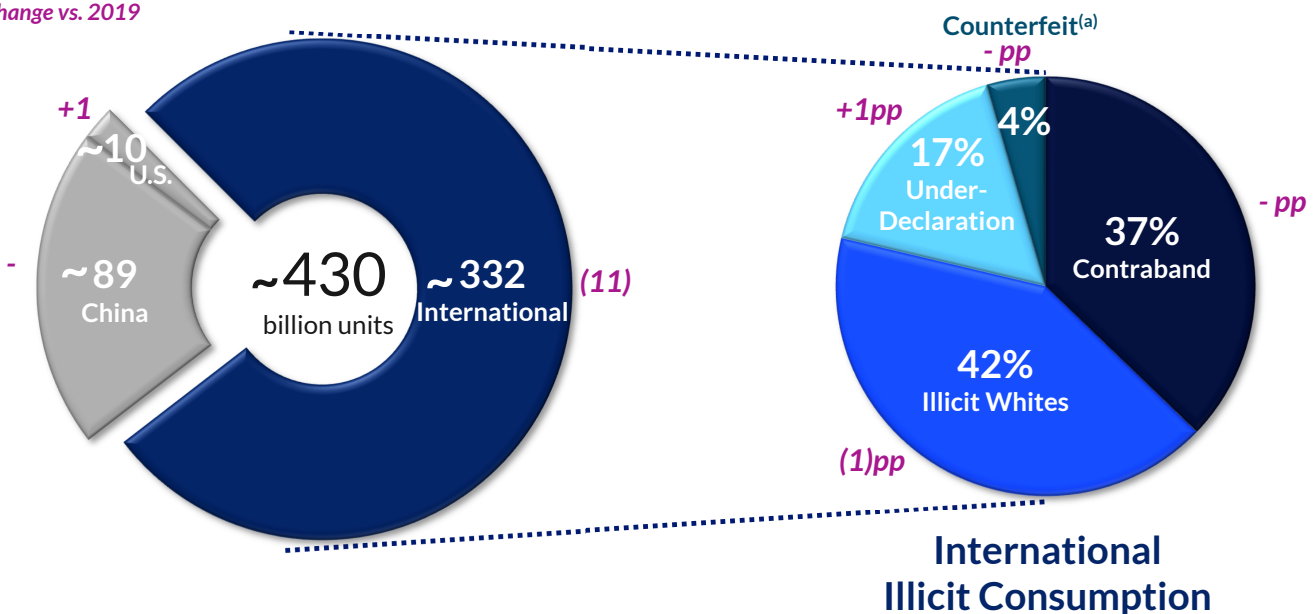
- In general, governments recognize that revenue predictability and collection efficiency can be enhanced by regular and reasonable increases, high proportion of specific elements in excise tax structures, multi-year programs and income or inflation indexation:
  - Over the last 10 years the large majority of our key markets have shifted their structure towards a higher dependence on specific taxes – while lowering ad valorem rates
- 2021 excise outlook is mostly rational so far
- EU tobacco excise tax:
  - Reasonable current EU framework, providing governments with structural flexibility between specific, ad valorem and minimum excise / tax tools
  - Process for EU Tobacco Excise Directive Revision:
    - EU Commission's Evaluation Report (February 10, 2020) covering combustible products, novel tobacco products and e-cigarettes
    - EU Council Conclusions (June 2, 2020) requesting the EU Commission to prepare the necessary impact assessment plus legislative proposal, expected to be finalized by the end of 2021 or early 2022
- Taxes on smoke-free products different from cigarettes in most geographies, with much higher weight for specific elements

# Remaining Competitive and Maintaining Leadership in Combustibles: Key Pillar of Smoke-Free Strategy

- Leading combustible portfolio
- Infrastructure and expertise (manufacturing, regulatory, commercial)
- Responsible stewardship: market leader driving the obsolescence of the category
- Target at least stable combustible share net of cannibalization
- Selectively investing to continue leadership
- Driving returns from pricing, digital efficiency and productivity

## Cigarettes: Illicit Trade Overview (2020)

Change vs. 2019

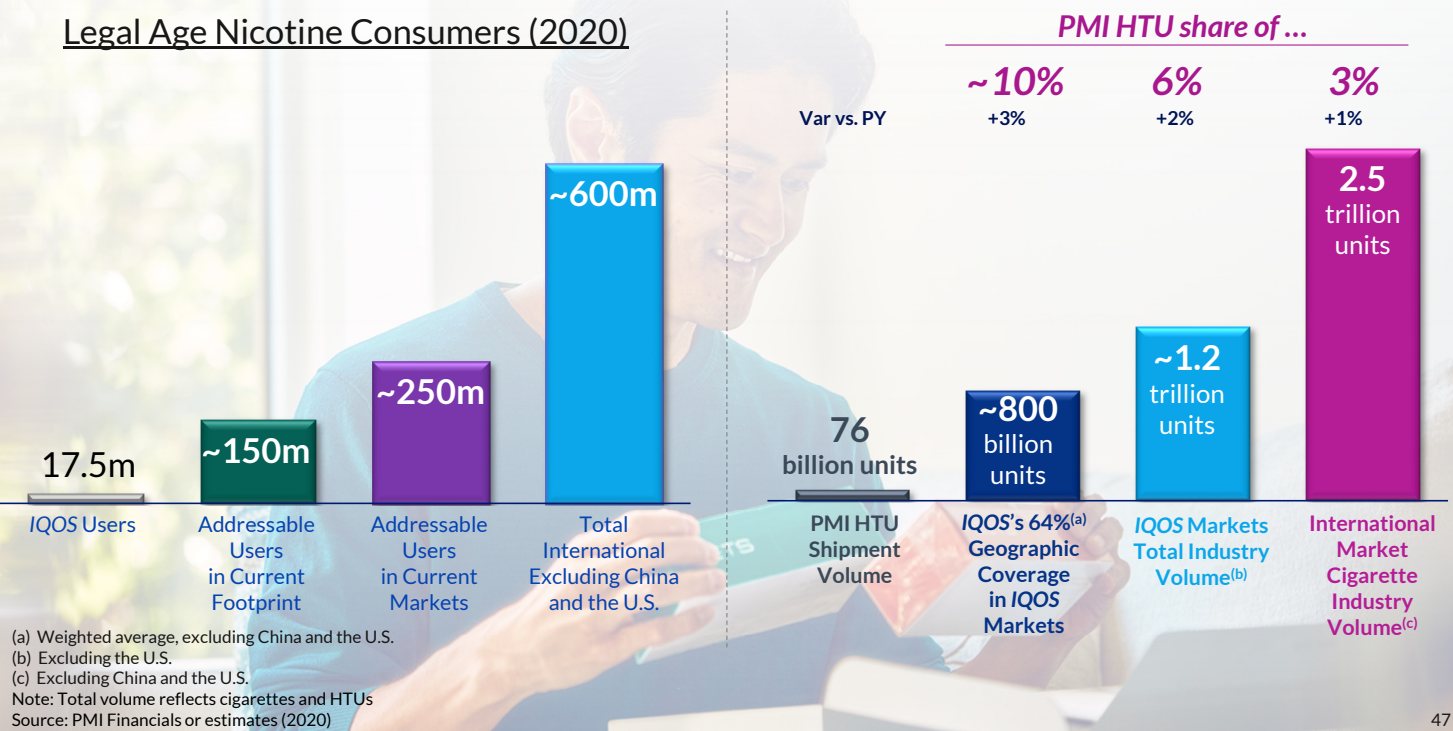


(a) Estimate for PMI worldwide and BAT, JT and IMB for selected markets  
 Note: change vs. 2019 does not tie due to rounding  
 Source: PMI Financials or estimates



# The Opportunity for IQOS Remains Vast

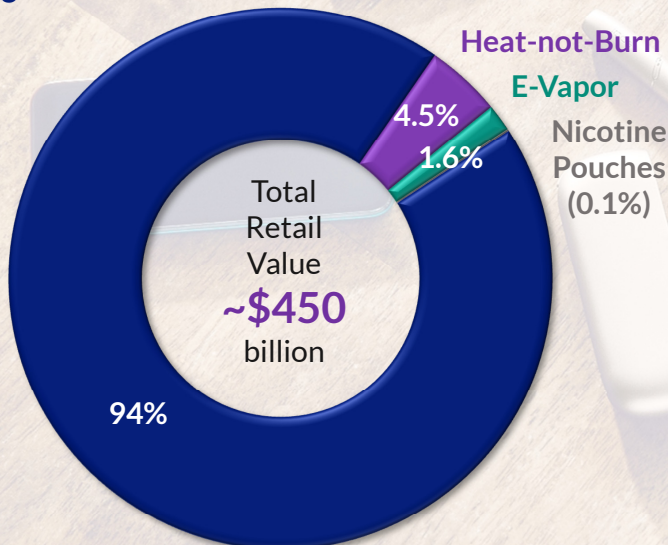
## Legal Age Nicotine Consumers (2020)



# The Nicotine Industry in 2020

## Retail Value

### Cigarettes and OTP<sup>(a)</sup>



Over the next 5 years we expect retail value CAGRs of approximately:

- 4% for the total industry
- 25%+ for heat-not-burn
- 10-15% for e-vapor

(a) Other Tobacco Products (OTP) includes cigars, cigarillos, pipe tobacco and fine cut  
 Source: PMI Financials or estimates. International excl. China and the U.S.

## Substantial Investment in Best-in-Class Capabilities

(in \$ billion)

### Cumulative RRP Investments

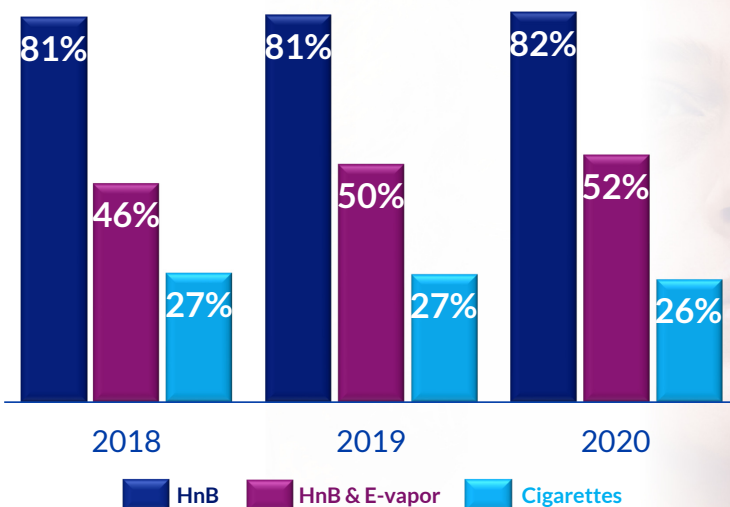


Note: Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Does not include commercial deployment costs

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## Clear Leadership of the Biggest Smoke-Free Category

### PMI Category Share

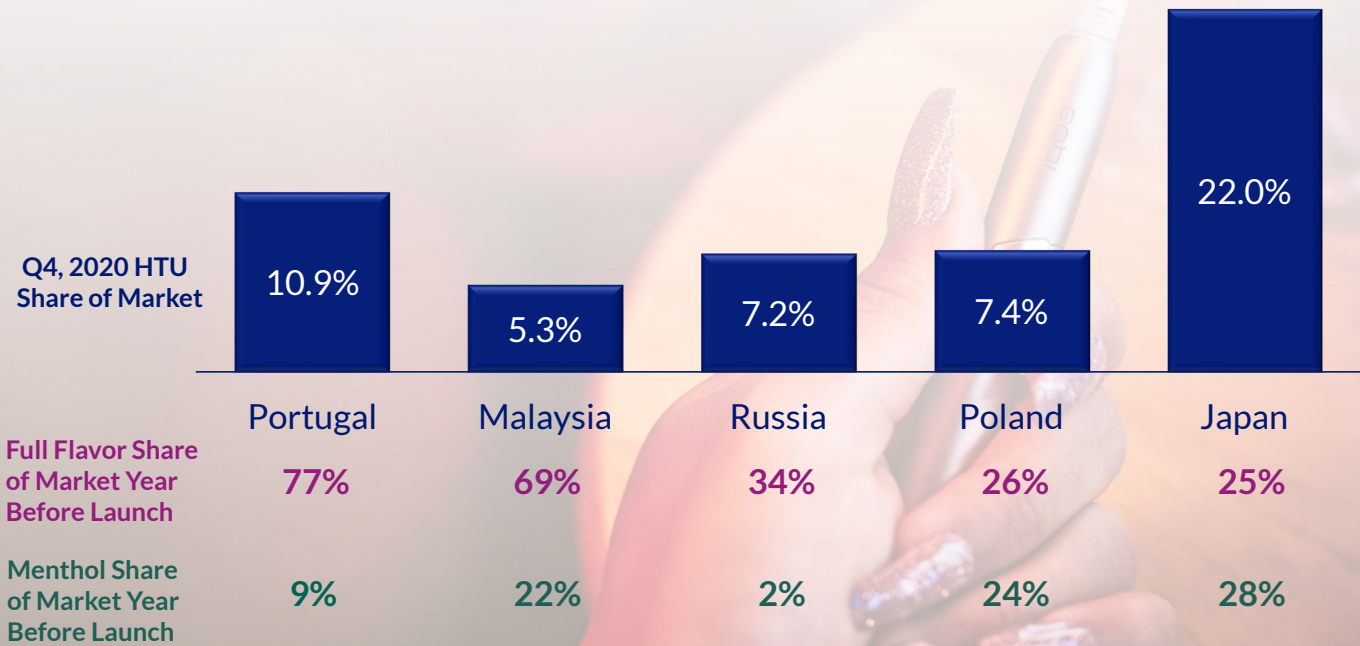


International volume share excl. China and the U.S.  
Source: PMI Financials or estimates

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## IQOS Successful Across Market Archetypes



Source: PMI Financials or estimates

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## IQOS: One Brand Across Smoke-Free Products

### Brand Equity Score<sup>(a)</sup>



- IQOS is the leading smoke-free brand
- Taking IQOS to the next level:
  - From functional benefits to category understanding, brand appeal, points of difference, emotional connection
- No brand fragmentation, strong brand identity, hard to build

(a) Meaningful difference index: meaningful refers to the capacity of brands to drive affinity among Legal Age Smokers (LAS) and address their needs; difference refers to the ability of brands to generate perceptions of uniqueness and trendsetting among LAS. Meaningful difference is reported as a combined index score, where 100 represents the category average

(b) Represents index point gap to closest competitor

Source: PMI Market Research, Brand Equity Study

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# Multi-Category Portfolio Addressing Range of Consumer Preferences



Rooted Ritual

Evolving Ritual

New Rituals & Moments

Familiarity, Authenticity

Convenience, No-frills

Novelty, Design, Customization

Taste Exploration, Beyond Tobacco

Versatility, Flexibility

Prestige  
Premium  
Affordable



5

# Expanded Reach Via Differentiated Portfolio of Consumables



Rooted Ritual

Evolving Ritual

New Rituals & Moments

Familiarity, Authenticity

Convenience, No-frills

Novelty, Design, Customization

Taste Exploration, Beyond Tobacco

Versatility, Flexibility

Prestige  
Premium  
Affordable



RICH TOBACCO TASTES



HYBRID TASTES



NEW TASTE DIMENSIONS



ESTABLISHED TASTES



VAPING TASTES



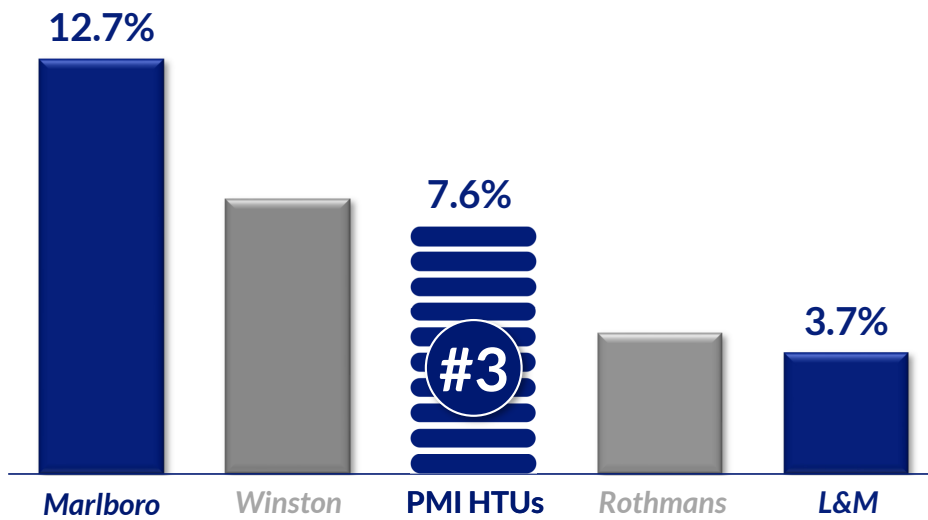
ENHANCED, INDULGENT TASTES

New to the World, Beyond Tobacco Offers

5

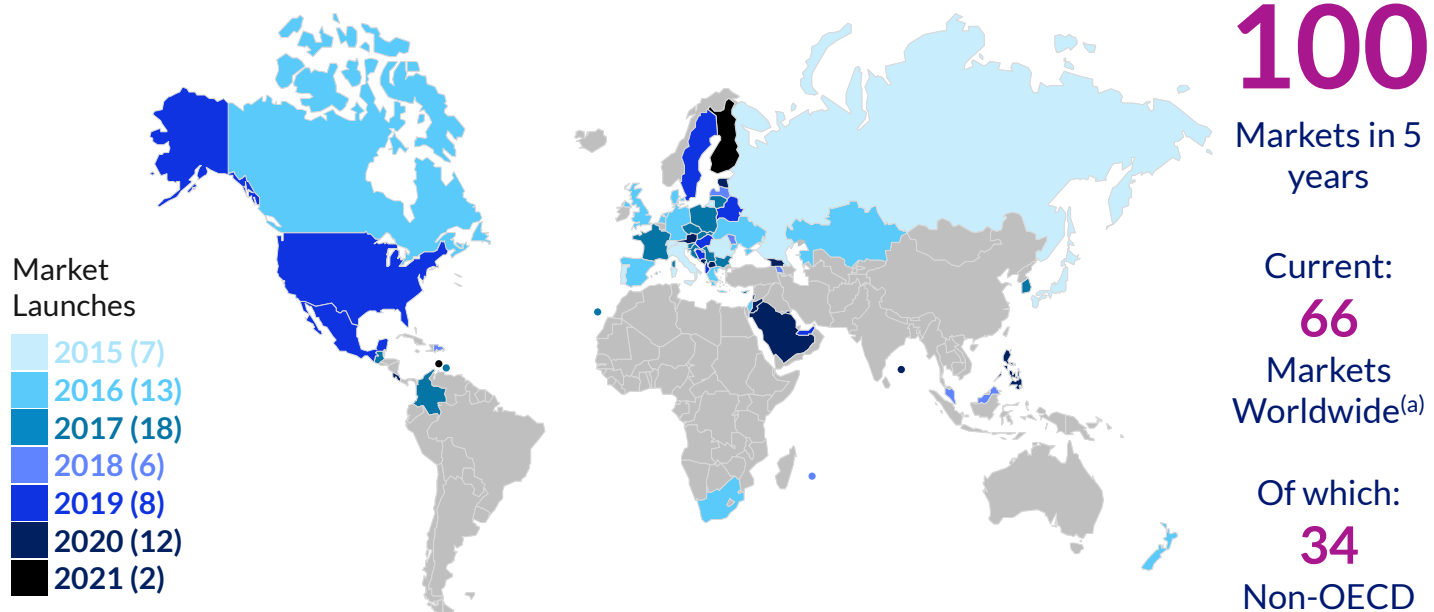
# Third-Largest 'Brand' in IQOS Markets

Share in IQOS Markets (Q1, 2021)<sup>(a)</sup>



(a) Reflects 64 markets where IQOS is available in key cities or nationwide at March 31, 2021. Excludes the U.S.  
 Note: All 'brands' except 'PMI HTUs' include cigarettes only  
 Reflects sales volume as a percentage of the total industry sales volume for cigarettes and HTUs  
 Source: PMI Financials or estimates

# On Track to Reach 100 Markets by 2025



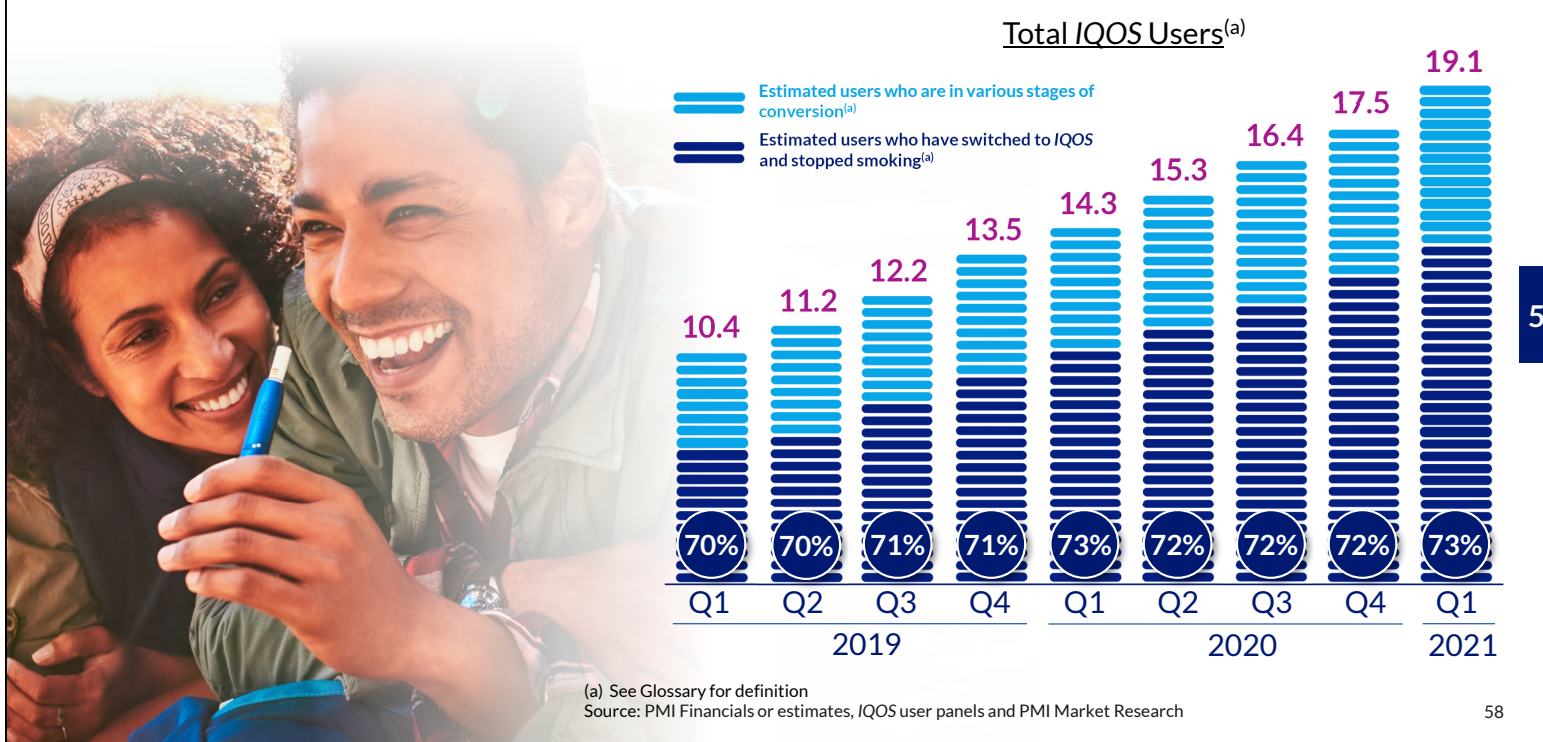
(a) Status at March 31, 2021  
 Note: Reflects markets where PMI smoke-free products (IQOS and IQOS VEEV) are available in key cities or nationwide. Now includes e-vapor launch in Finland. Reflects date of initial geographic expansion beyond pilot launch city. The number of markets includes International Duty Free. While IQOS is currently available for sale in Mexico, the country has banned the importation of e-cigarettes and devices that heat tobacco

# IQOS: Unmatched Digital and Physical Infrastructure



(a) Includes: Flagship stores, small, large and temporary boutiques  
 Note: Status at December 31, 2020  
 Source: PMI Financials or estimates

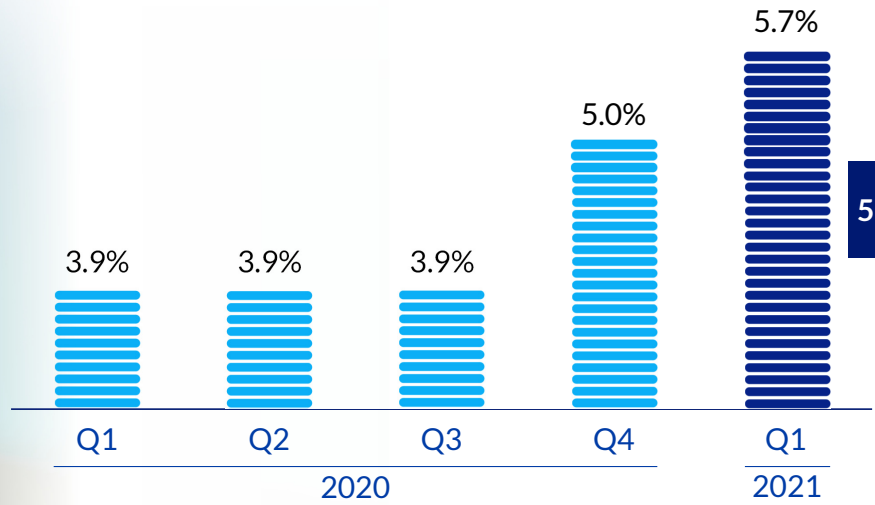
# 19 Million IQOS Users, With Strong Conversion



(a) See Glossary for definition  
 Source: PMI Financials or estimates, IQOS user panels and PMI Market Research



## EU Region: Continued *HEETS* Share Growth



Note: 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  
Source: PMI Financials or estimates

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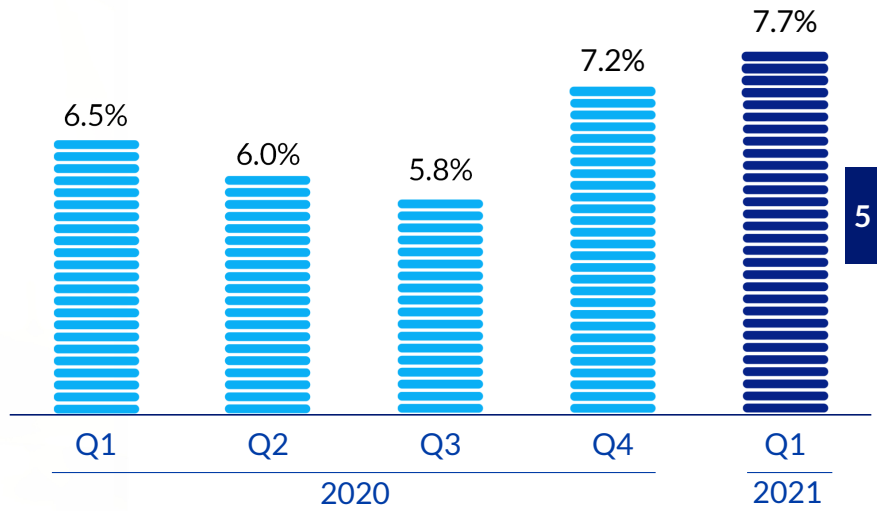
## EU Region: *HEETS* SoM Performance in Select Markets

	Q1, 2021	Growth vs. PY		Q1, 2021	Growth vs. PY		Q1, 2021	Growth vs. PY
Croatia	6.1%	+1.9pp	Italy	11.3%	+3.9pp	Romania	4.4%	+1.6pp
Czech Republic	13.8	+4.4	Latvia	9.3	(1.6)	Slovak Republic	12.5	+3.2
Germany	3.6	+1.2	Lithuania	24.0	+3.5	Slovenia	7.1	+2.1
Greece	15.1	+3.6	Poland	5.4	+1.1	Switzerland	5.5	+1.9
Hungary	17.0	+9.6	Portugal	12.2	+4.4	UK	2.0	+1.2

Note: Share progression in Latvia reflects impact of retailer inventory movements. Select markets where *HEETS* 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

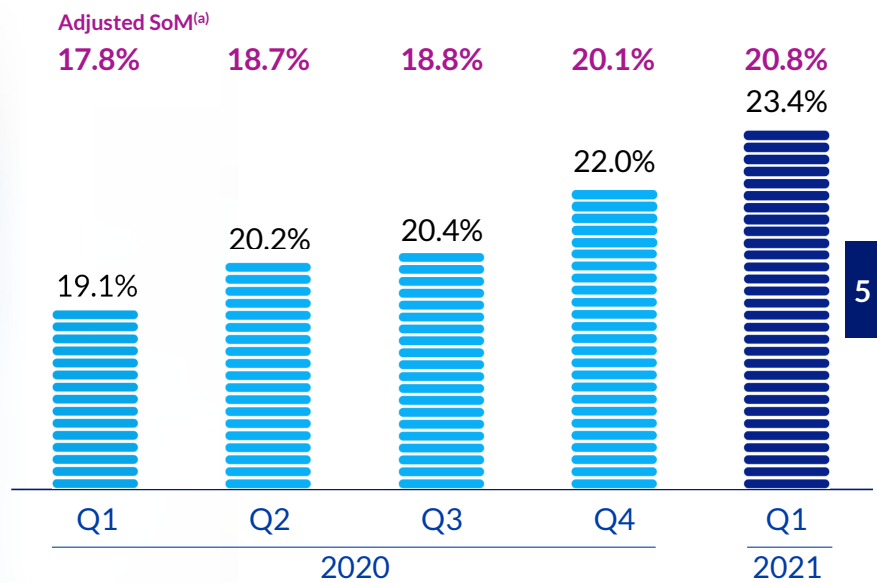
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## Russia: Continued Strong PMI HTU Share Growth



Note: 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  
Source: PMI Financials or estimates

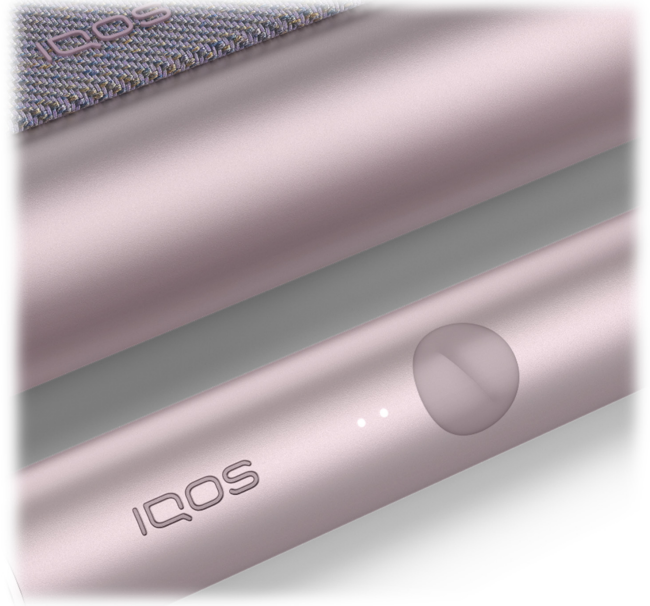
## Japan: Continuing PMI HTU Share Growth



(a) Excluding the impact of estimated trade inventory movements, and including the cigarillo category  
Note: 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  
Source: PMI Financials or estimates

## Platform 1: Introducing *IQOS ILUMA*

- Major new launch in second half of 2021
- Next generation of *IQOS*
- *IQOS ILUMA*: Pleasure simplified
- New internal heating technology
  - Based on Smartcore™ induction
- Same great taste



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## *IQOS ILUMA*: Intuitive Product for Acquisition and Retention

- Addresses consumer feedback on *IQOS* blade heating product
- Robust and reliable, superior satisfaction
- Simple and Intuitive:
  - No maintenance and simple use
  - Self-activation
- Less explanation needed, positive for:
  - Time and cost of acquisition
  - After-care and retention
- Supports easier switching, higher conversion for legal-age smokers



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## IQOS ILUMA: Premium & Ground-Breaking

- Premium design and customization for enhanced lifestyle appeal, advanced features
- 3 device designs covering 3 price points
- New broad range of consumables



5

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## Heat-not-Burn: LIL and LIL HYBRID

- Broadening our portfolio to accelerate user acquisition and grow the category, expand target audience of adult smokers:
  - High conversion, driving new users in-switching from cigarettes
- IQOS introduction drives awareness and credibility
- PMI commercial engine drives take-up and retention
- LIL SOLID: simple, intuitive, cost-effective, reliable
- LIL HYBRID: addresses need for vapor-type experience
- HTU unit margins significantly above combustible products at the same price



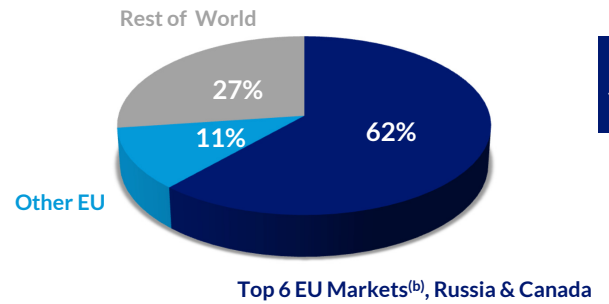
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66

# E-Vapor: The Right Time For The Right Product

- Category is growing and consolidating...
  - Expected annual growth in users 7-10% over next 5y, albeit concentrated in specific geographies
  - Different consumer experience and occasions to Heat-not-Burn
- ...but returns remain low for existing business models:
  - Low conversion to the category
  - Low loyalty within category
  - High number of devices per user driving up acquisition and retention cost

## International E-Vapor Category (2020)<sup>(a)</sup>



(a) Volume in estimated stick equivalents

(b) Top 6 EU Markets includes: France, the U.K., Germany, Italy, Spain and Poland

Source: PMI Financials or estimates

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## Rolling Out IQOS VEEV

- IQOS VEEV launched in Italy, Finland in Q1 2021
- Leveraging IQOS commercial infrastructure
- Premium-positioned devices and cartridges
- Testing age verification technology
- Targeting all of our electronic smoke-free devices to be equipped with age verification technology by 2023



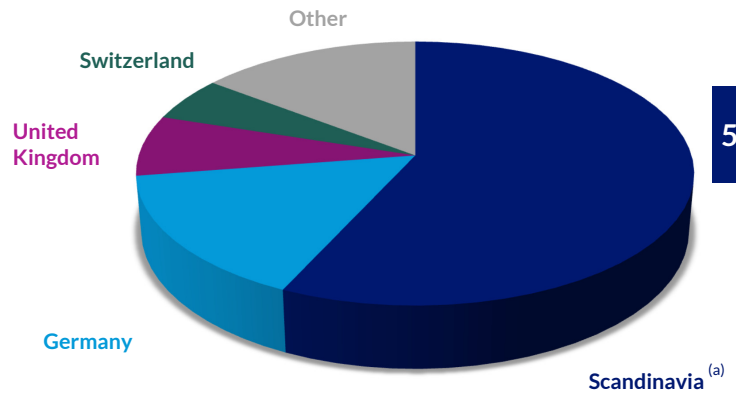
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# Portfolio Expansion: Nicotine Pouches



- Small & concentrated, but growing category with potential to advance harm reduction:
  - Still very early in category development
  - Convenience, discretion, flexibility and satisfaction
  - Attractive economics
  - Evolving regulatory landscape
- Plan to enter category later this year

International Nicotine Pouch Category (2020)



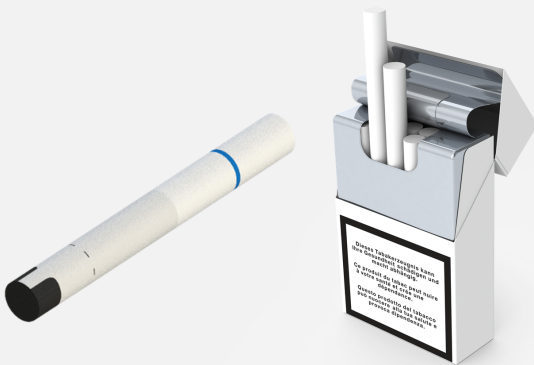
Estimated category size <5 billion stick equivalents

(a) Scandinavia includes: Sweden, Norway and Denmark  
Source: PMI Financials or estimates

# Portfolio Expansion: P2/P3

## P2: Electronic-Free Heated Tobacco Product<sup>(a)</sup>

- Closest to cigarette ritual and experience
- New consumer test in 2021



## P3: Electronic-free Nicotine Product<sup>(b)</sup>

- Simplicity, convenience from a novel and complex technology
- Aim to commercialize within 3 years



(a) Platform 2 uses a pressed carbon heat source which, when ignited, generates a nicotine-containing aerosol by heating tobacco  
(b) Platform 3 provides an aerosol of nicotine salt



# Integrity of Our Scientific Assessment

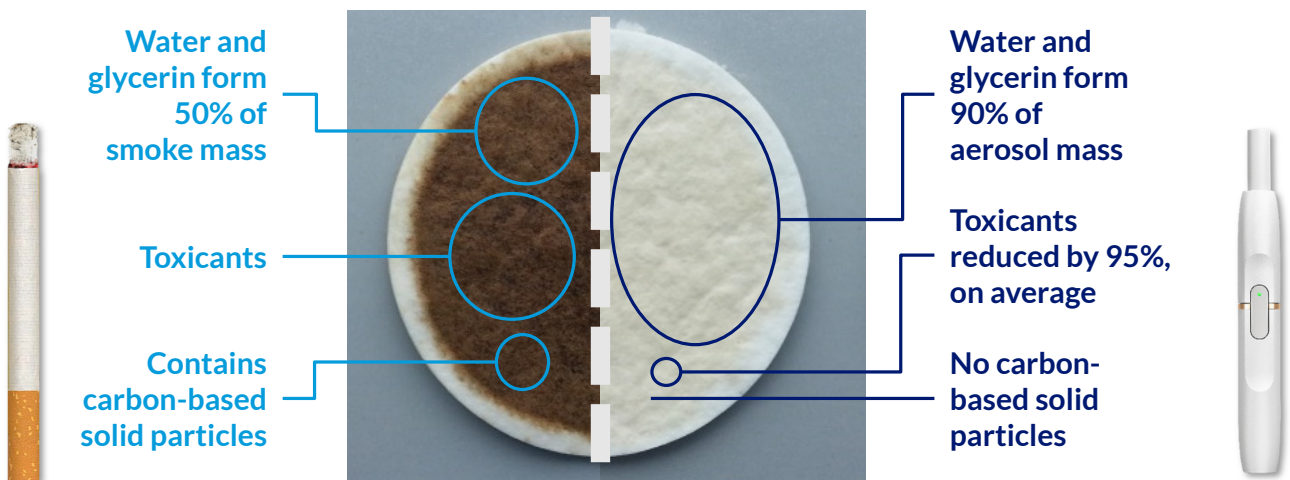
- Adhere to internationally recognized standards including Good Laboratory Practices and Good Clinical Practices
- Actively share our methods and study results, making them available for public review
- Our systems toxicology methods and results are subjected to an even higher level of scientific scrutiny through the sbvIMPROVER methodology:
  - Reviews of our IQOS studies were submitted to the FDA as part of our MRTP applications
- Continue to make the raw data from our non-clinical and clinical RRP studies available to the public through INTERVALS.science
- Welcome independent studies of our RRPs. Encourage others to undertake serious non-clinical and clinical studies with IQOS
- Believe our consumers deserve our unwavering commitment to help them fully understand the benefits of switching to RRPs

**We believe our scientific research capabilities are on par with the best in the life science industries**

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# Why Heat Tobacco Rather than Burn it?



Smoke and aerosol were collected on a Cambridge filter pad using Health Canada Intense smoking regime

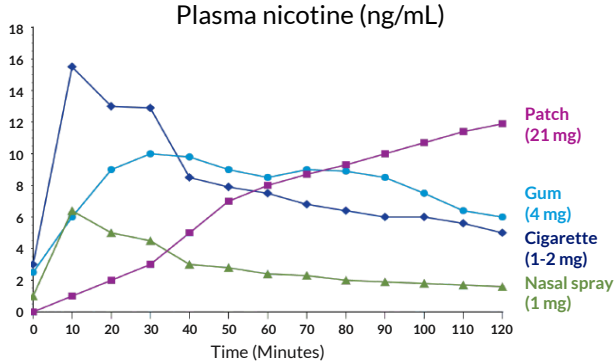
Source: PMI Research & Development

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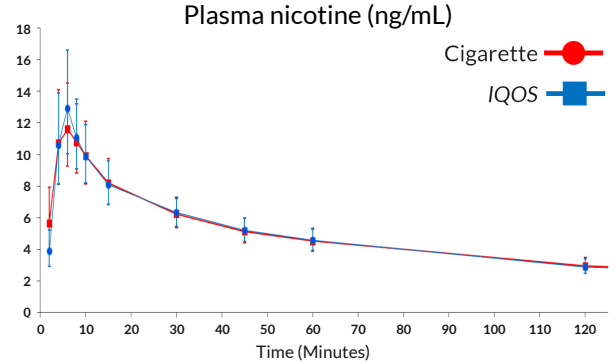
# IQOS: Nicotine Pharmacokinetic Profile

## Levels of nicotine in the blood following use of different nicotine delivery products



Note: The amount of nicotine in each product is shown in parentheses. The pattern produced by the nicotine lozenge and nicotine inhaler resemble that of nicotine gum. mg = milligram; mL = milliliter; ng = nanogram.  
Source: Modified from Garrett et al. 2001

## Levels of nicotine in the blood following use of cigarette and IQOS



Note: These data alone do not represent a claim of reduced exposure or reduced risk.  
Source: PMI Research & Development (PMI Investor Day, June 26, 2014)

- The amount and rate of nicotine absorbed by the body is influenced by the route of absorption
- No notable difference in the nicotine absorption between cigarette and IQOS

# IQOS: Independent Verification on PMI Science (Select Governmental Reports)



**China National Tobacco Quality Supervision and Test Centre (China, 2019):** "THS 2.2 delivered fewer harmful constituents than the conventional cigarette 3R4F."



**Federal Institute for Risk Assessment (BfR) (Germany, 2018):** "The herein confirmed reductions of relevant toxicants by about 80-99% are substantial."



**Food and Drug Administration (FDA) (U.S., 2018):** "The independent testing performed by STL [FDA's Southeast Tobacco Laboratory] confirmed the lower levels of selected [harmful and potentially harmful compounds] HPHCs in the aerosol from the HeatSticks compared to mainstream cigarette smoke."



**Public Health England (UK, 2018):** "Compared with cigarette smoke, heated tobacco products are likely to expose users and bystanders to lower levels of particulate matter and harmful and potentially harmful compounds. The extent of the reduction found varies between studies."



**UK Committee of Toxicology (UK, 2017)** "[I]t is likely that there is a reduction in risk, though not to zero, to health for smokers who switch completely to heat-not-burn tobacco products."



**National Institute for Public Health and the Environment (RIVM) (the Netherlands, 2018):** "The use of heatsticks with the IQOS is harmful to health, but probably less harmful than smoking tobacco cigarettes."

Note: To date, several governmental agencies have published their scientific findings that analyze the harm-reduction potential of certain RRP's versus continuing smoking, including the above select examples. Refer to 10-Q for the quarter ended March 31, 2021, for additional information

## Q1, 2021: Positive Regulatory Developments Recognizing Harm Reduction Potential of RRP



- **Uruguay:** Presidential decree reversed ban on the importation of heated tobacco products, recognizing that alternatives to cigarettes now exist with a different risk profile which can play a role in reducing the impact of smoking in the country



- **Lithuania:** Government Resolution to Approve the National Agenda on Drugs, tobacco and alcohol control, consumption prevention and harm reduction action plan



- **UK:** All-party parliamentary group of MPs publish report calling for the WHO to return to the founding principle of the FCTC which includes harm reduction



- **New Zealand:** Policy in consultation paper recognizes the role of innovative products in harm reduction, while at the same time ensuring strict controls to prevent youth access

**We continue to support regulatory and fiscal frameworks which recognize the substantial risk reduction potential of non-combusted alternatives compared with combusted tobacco**

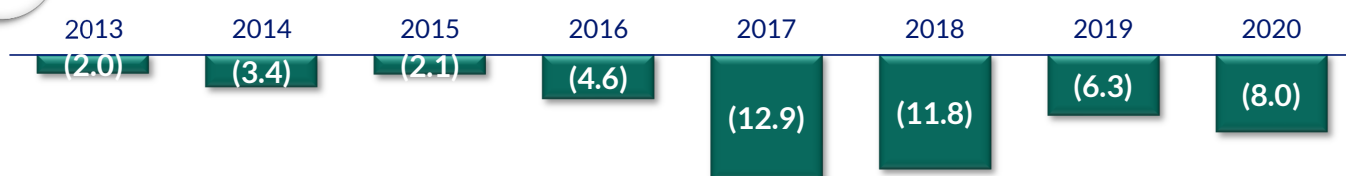
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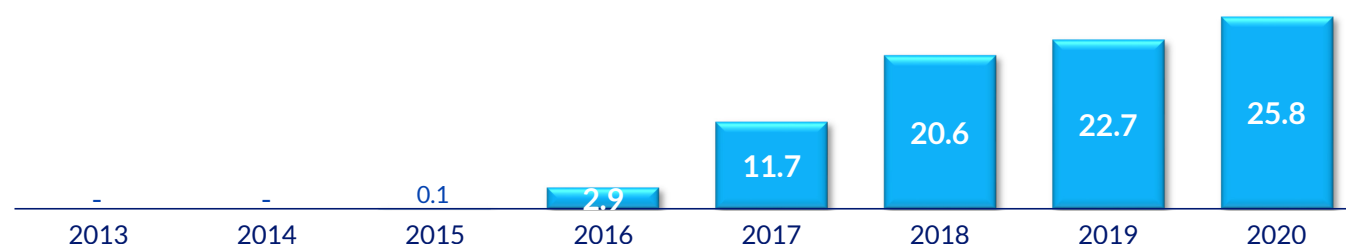
## Acceleration in Decline of Combustible Category in Japan



Combustible Industry Change (in %)



Heat-not-Burn Category Share of Total Market (in %)



Note: Combustible Industry includes cigarettes and cigarillos. Total market includes cigarettes, cigarillos and HTU  
Source: PMI Financials or estimates

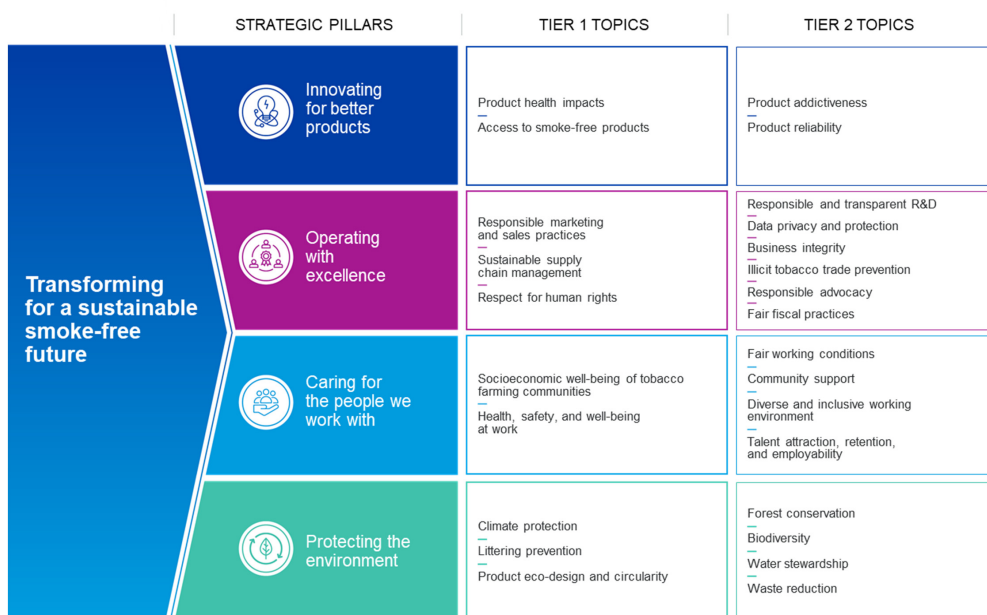
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# Sustainability at PMI

- **Defined Corporate Purpose:**  
Statement of Purpose issued by Board of Directors
- **Rigorous Materiality:**  
Establish sustainability priorities
- **2025 Roadmap with KPIs**
- **Annual Integrated reporting**



Note: The terms "materiality", "material" and similar terms, when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission  
Source: 2019 Integrated Report

## First Strategic Pillar: Innovating For Better Products

- (1) Developing better / **LESS HARMFUL ALTERNATIVES** to cigarettes
- (2) Broaden **ACCESS** for adult smokers to smoke-free products that are scientifically substantiated
- (3) Purposefully working to **PHASE OUT CIGARETTES**
- (4) Developing products that go **BEYOND NICOTINE**



# Route to Accelerating Change & Driving Impact

Stakeholder & Investor Engagement

Corporate Purpose

Business Transformation

Performance Reporting

Social Impact & Shareholder Returns

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## Our Performance – Major Sustainability Milestones in 2020

### (P) Product

- 12.7 million legal-age smokers switched to IQOS and stopped smoking
- Pioneering role in Tobacco harm reduction
- Outperformed on DJSI<sup>(a)</sup>, leading on technology and innovation

### (E) Environment

- CDP Supplier Engagement Leaderboard
- CDP Triple-A rated
- Validation of new science-based targets with the 1.5°C scenario (SBTi<sup>(b)</sup>)
- Well on track to achieving carbon neutrality (scope 1+2) by 2030

### (S) Social

- DJSI<sup>(a)</sup> leading on human rights
- More than 30% of our management is female
- Included in Bloomberg Gender Equality Index<sup>(c)</sup>
- Equal pay certified

### (G) Governance

- Statement of Purpose, issued by BoD
- Issued first Integrated Report
- Reporting considers GRI, SASB, and TCFD disclosure standards
- Executive compensation linked to ESG performance
- Sustainability moves under Finance, reporting to CFO
- Appointment of Chief Diversity Officer, reporting to CEO

7

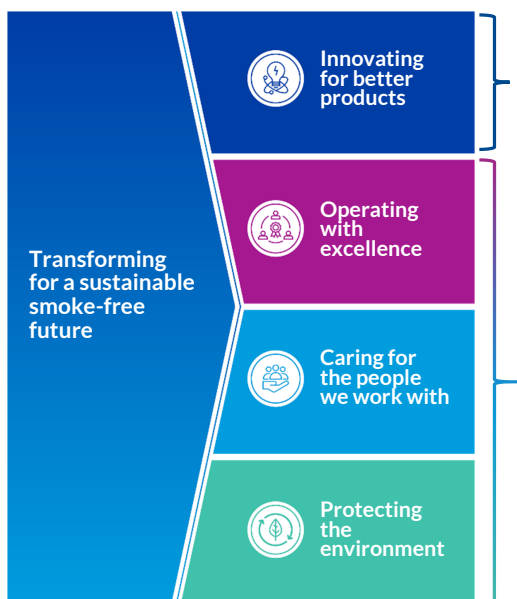
(a) Dow Jones Sustainability Index

(b) Science Based Targets initiative, 1.5°C scenario refers to setting net-zero carbon emissions targets in line with global average temperatures to 1.5°C above pre-industrial levels

(c) The Bloomberg Gender-Equality Index (GEI) tracks the performance of public companies committed to disclosing their efforts to support gender equality through policy development, representation and transparency

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# Transforming for a Sustainable Future (Q1, 2021 Update)



New 2025 transformation targets:



Further recognition of best-in-class ESG performance:

- Named to **CDP Supplier Engagement Leaderboard** following Triple-A rating
- Included in **Bloomberg Gender Equality Index**
- **Equal pay globally certified**: equal pay for equal work
- Updated our **Zero Deforestation Manifesto** — strengthening our ambitious commitment to conserving forests across our entire value chain

Upcoming Events:

2020 Integrated Report to be released on May 18, 2021

Sustainability Webcast in early June

Source: 2021 Virtual Investor Day and Q1 2021 Earnings Release

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## Business Transformation Metrics

Shifting Our Resources to Deliver a Smoke-Free Future

	2015	2016	2017	2018	2019	2020
<b>R&amp;D expenditure (smoke-free/total)</b>	<b>70%</b>	<b>72%</b>	<b>74%</b>	<b>92%</b>	<b>98%</b>	<b>99%</b>
Commercial expenditure (Marketing) (smoke-free/total)	8%	15%	39%	60%	71%	76%
<b>Net revenues (smoke-free/total)</b>	<b>0.2%</b>	<b>2.7%</b>	<b>12.7%</b>	<b>13.8%</b>	<b>18.7%</b>	<b>23.8%</b>
<b>Smoke-free product shipment ratio<sup>(a)</sup> (smoke-free/total)</b>	<b>0.1%</b>	<b>0.9%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>7.6%</b>	<b>10.4%</b>
Estimated users who have stopped smoking and switched to IQOS <sup>(b)</sup> (in millions)	n/a	1.5	4.7	6.6	9.7	12.7
Proportion of markets where PMI smoke-free products are available, which are outside the OECD	n/a	32%	41%	44%	45%	52%
Number of markets where net revenues from smoke-free products exceed 50% of total net revenues	n/a	0	1	3	4	6

(a) The smoke-free product shipment ratio is computed based on millions of units. Smoke-free products include heated tobacco units and e-cigarettes. Total products include smoke-free products, cigarettes and other combustible products

(b) See Glossary for definition

Note: List of OECD group members as of December 2020

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

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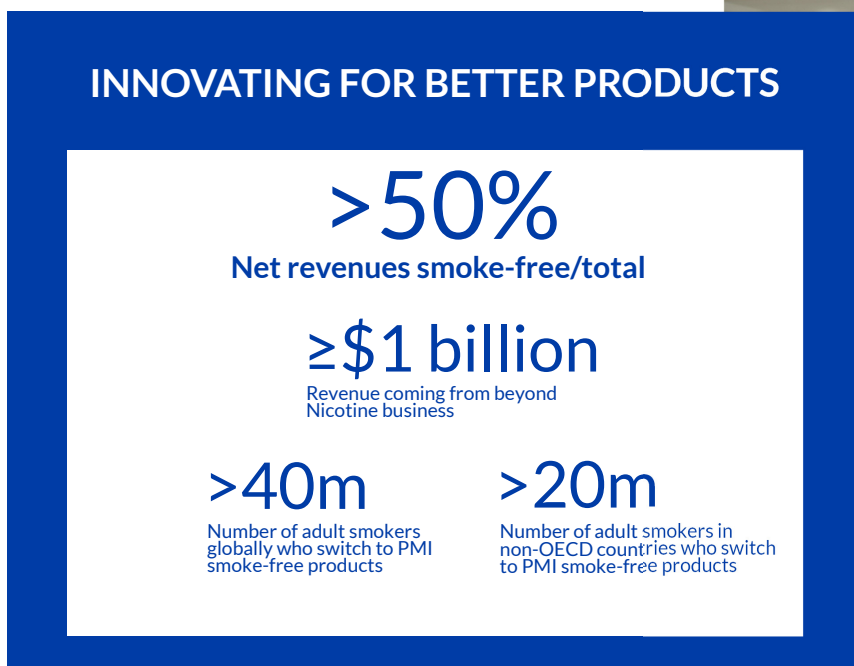


# Select 2025 Aspirational Goals: Environment & Social



Note: Summary qualified in its entirety by reference to the "PMI 2019 Integrated Report". Aspirational targets do not constitute financial projections  
 Source: PMI Financials or estimates, IQOS user panels and PMI Market Research. See Glossary for definition

# Select 2025 Aspirational Goals: Product



Note: Aspirational targets do not constitute financial projections

## Capital Allocation

- Continued strong operating cash flow generation expected: around \$35 billion over next 3 years at constant currency:
  - Annual Capital expenditures around \$0.8 billion
- Main priority is reinvestment in growth of smoke-free products:
  - Continue driving the growth of IQOS
  - Possibility of bolt-on acquisitions in ‘Beyond Nicotine’ space
- Maintain progressive dividend policy while targeting long-term payout ratio of around 75% of adjusted diluted EPS
- On track to resume share repurchases in the second half of the year, subject to Board approval

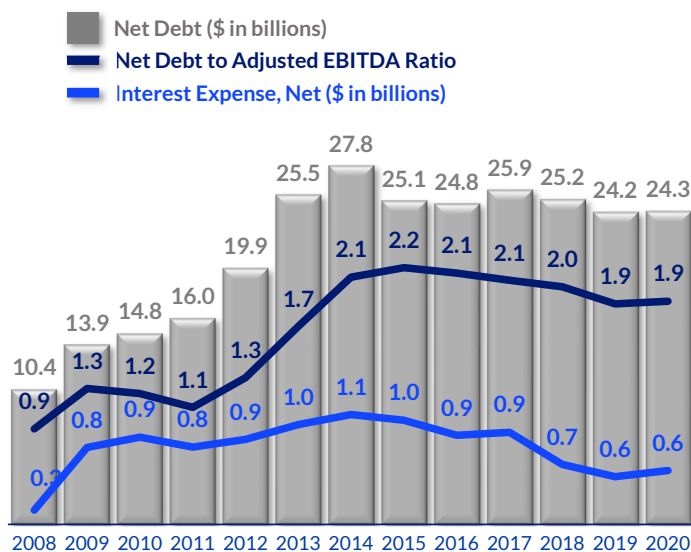
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## Solid Capital Structure

- Remain fully committed to our single A rating
- Long-term credit ratings and outlook:
  - Moody’s: A2 (stable)
  - Standard & Poor’s: A (stable)
  - Fitch: A (stable)
- Short-term credit ratings—P-1 / A-1 / F1<sup>(a)</sup>:
  - Access to tier 1 commercial paper market
- Strong liquidity profile backed by \$7.25 billion stand-by revolving credit facilities
- Stable capital structure with relative weighting towards longer maturity and fixed-rate instruments
- Optimized capital structure and net interest expense following U.S. Tax Cuts and Jobs Act

### Net Debt, Leverage and Interest Expense Evolution



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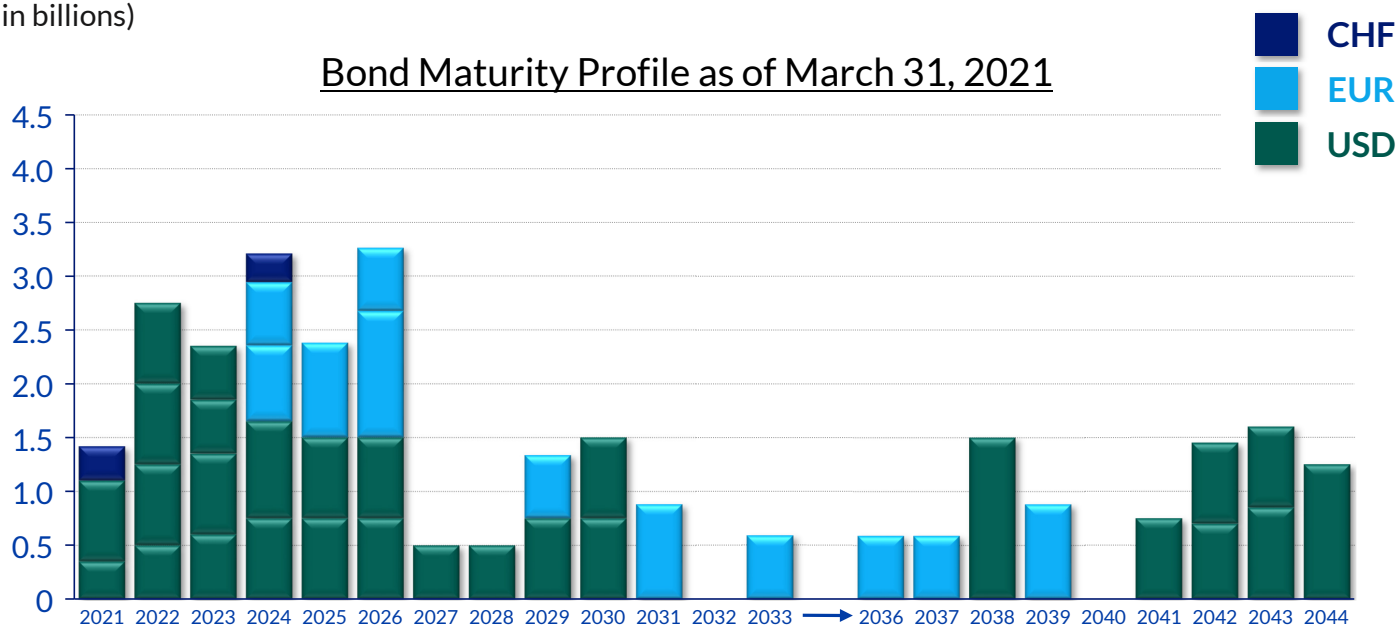
(a) Reflects ratings for Moody’s, Standard & Poor’s and Fitch, respectively  
Source: PMI Financials or estimates (as of March 31, 2021)

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# Well-Laddered Bond Portfolio

(\$ in billions)

Bond Maturity Profile as of March 31, 2021

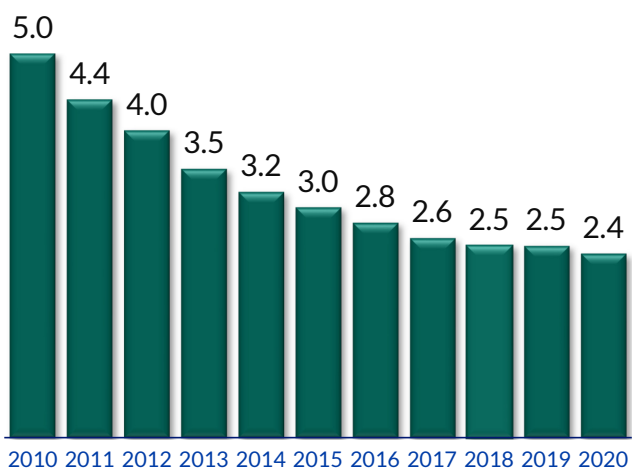


Source: PMI Financials or estimates

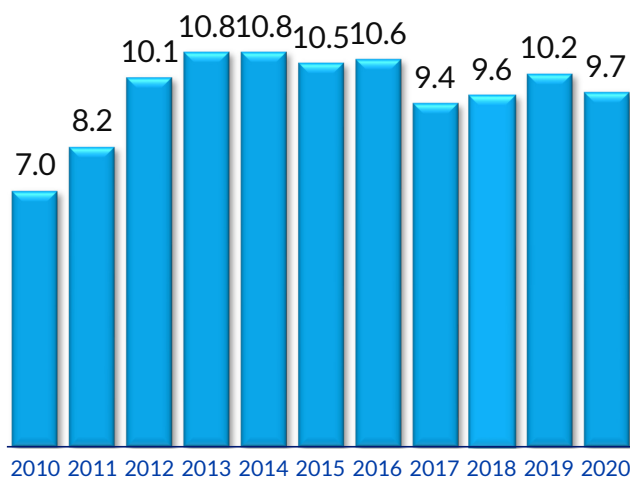
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# Debt Financing at Attractive Terms

Weighted-Average All-in Financing Cost of Total Debt (%)



Weighted-Average Time to Maturity of Total Long-Term Debt (years)<sup>(a)</sup>



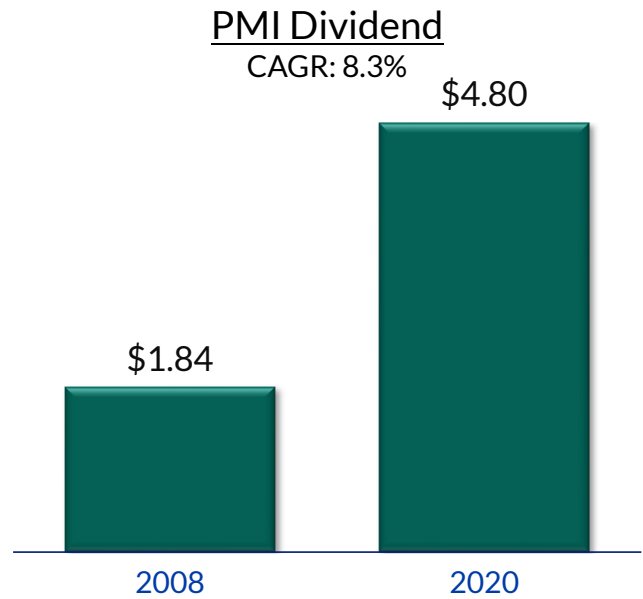
(a) Weighted-average time to maturity of total long-term debt excludes the current portion of the bond portfolio and reflects the weighted-average at the respective year-end  
Source: PMI Financials or estimates

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# Rewarding Our Shareholders: Attractive Dividend

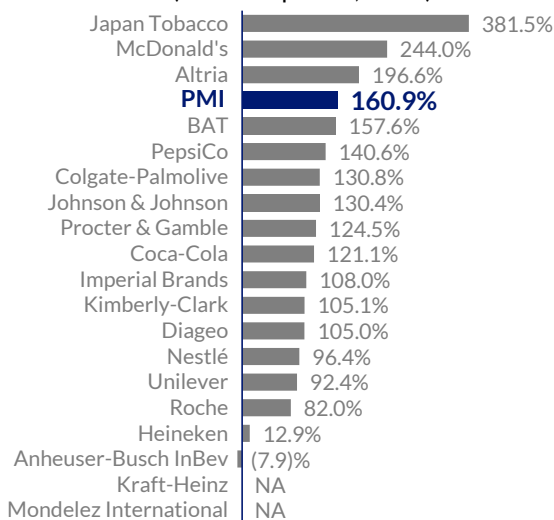
- Dividends are the primary use of our operating cash flow<sup>(a)</sup> after capital expenditures
- Increased dividend by 2.6% in September 2020:
  - Thirteenth consecutive year with a dividend increase
  - Total increase of approximately 161% since 2008



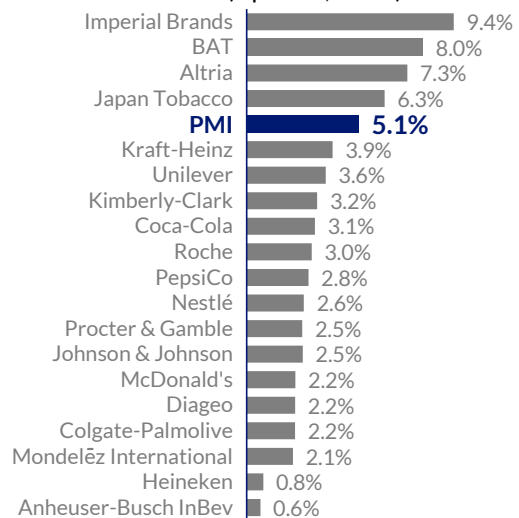
(a) Net cash provided by operating activities  
 Note: Dividends for 2008 and 2020 are annualized rates. The 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared June 18, 2008. The 2020 annualized rate is based on a quarterly dividend of \$1.20 per common share, declared September 9, 2020  
 Source: PMI Financials or estimates

# Rewarding Our Shareholders: Attractive Dividend

## Dividend Growth: Peer Group (2008 – April 20, 2021)



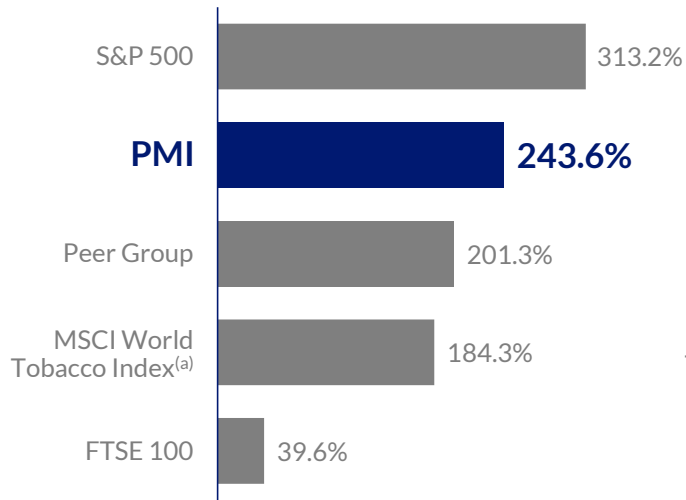
## Trailing Dividend Yield: Peer Group (April 20, 2021)



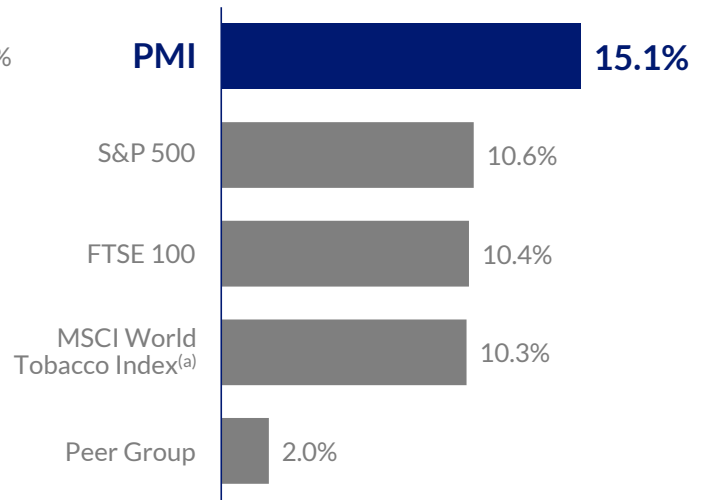
Note: PMI reflects absolute growth in annualized announced dividends from time of first PMI dividend of \$0.46 in June 2008 through April 20, 2021. Companies in the Peer Group reflect absolute growth from FY 2008 dividends or Q2, 2008 annualized dividend through current last twelve months dividends or current last quarter annualized dividend as appropriate. Dividend yield represents the trailing annualized dividend on April 20, 2021, over the closing share price on that date. The current annualized dividend rate for PMI is \$4.80. The closing share price for PMI was \$94.00 on April 20, 2021. NA stands for not available  
 Source: FactSet

# Rewarding Our Shareholders: Total Return

Spin (March 28, 2008) – April 20, 2021



January 1, 2021 – April 20, 2021



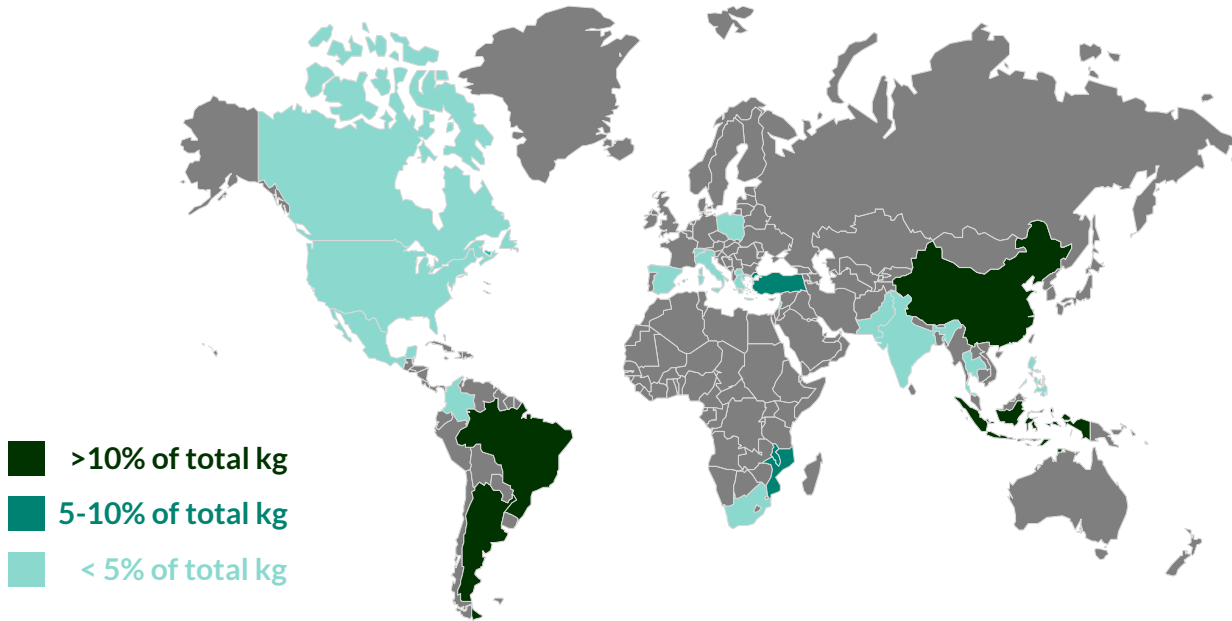
(a) Includes PMI, Altria, BAT, Imperial Brands, Japan Tobacco and Swedish Match

Note: TSR in USD. The MSCI World Tobacco Index and the company peer group represent the market weighted-average return of the index/group. PMI total shareholder return pro forma for additional \$0.46 per share dividend paid in April 2008 impacts the period March 28, 2008 – April 20, 2021. Exchange rates are as of March 28, 2008, January 1, 2021 and April 20, 2021. The company peer group is defined in the Glossary

Source: FactSet, Bloomberg, and MSCI World Tobacco Index

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

## PMI Tobacco Leaf Purchases by Geography (2020)

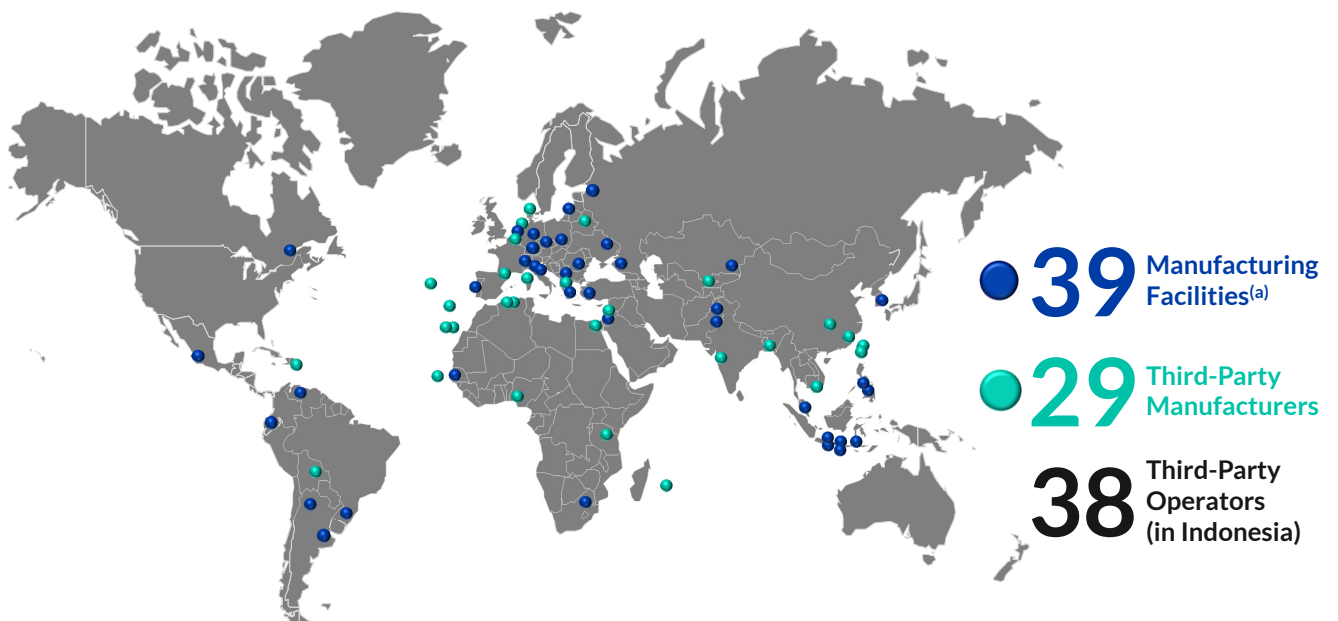


Source: PMI Operations

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## PMI Manufacturing Footprint (2020)



(a) Includes facilities in Greece, Italy, Korea, Poland, Romania, Russia and Switzerland that are fully or partially dedicated to the production of HTUs or other nicotine-containing products  
Source: PMI Operations and Form 10-K for the year ended December 31, 2020 (p. 12)

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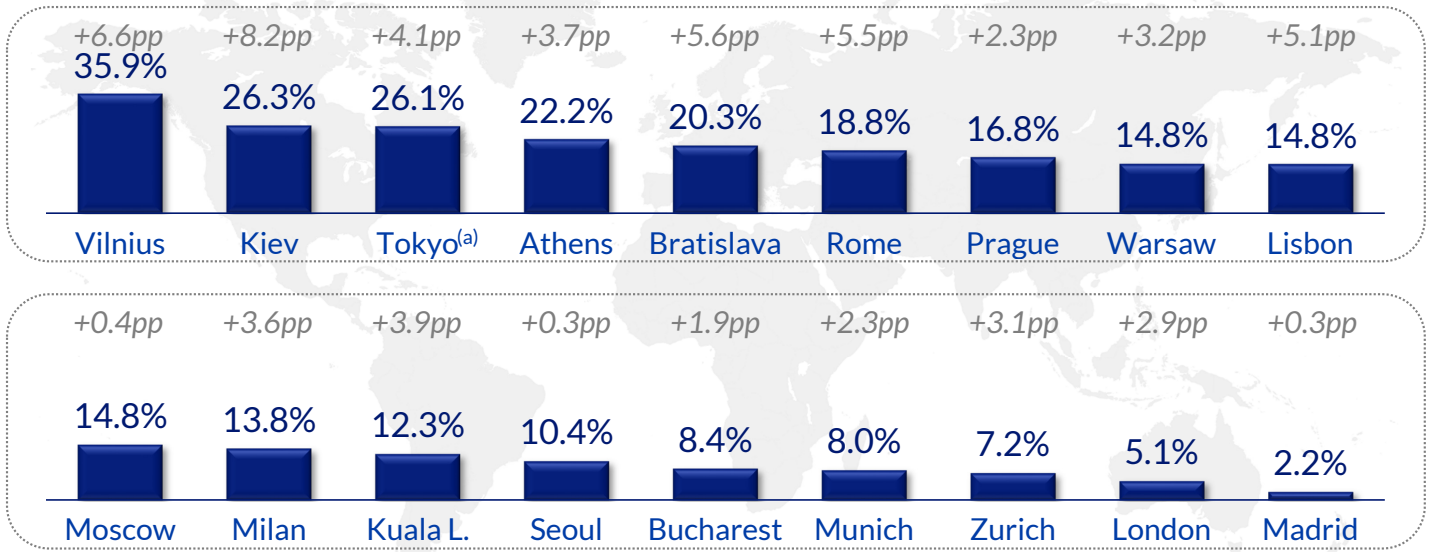
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# Key Cities Provide Excellent Base for Growth

## PMI HTU Offtake Shares (Q1, 2021)

Change vs. PY



(a) Japan total market includes the cigarillo category  
 Note: Kuala L. is Kuala Lumpur  
 Source: PMI Financials or estimates

# Cigarette Excise Tax Structures: Select Markets

(April 1, 2021)

	Argentina	
	%	
	Nominal	RSP <sup>(f)</sup>
Social Assistance Fund (SAF) <sup>(a)</sup>	7.00	7.00
Special Tobacco Fund (STF) <sup>(b)</sup>	7.35	8.69
Excise Tax <sup>(c)</sup>	70.00	54.81
VAT <sup>(d)</sup>	21.00	4.93
Turnover Tax <sup>(e)</sup>	3.52	0.58
Tax Burden		76.01

(a) 7% x RSP  
 (b) [7.35% x (RSP - SAF - VAT)] + ARS 3.9161 (as of January 2021)  
 (c) 70% x [RSP - SAF - VAT - STF]. Minimum excise tax: ARS 86.58 (March 2020 - May 2021)  
 (d) (NEFP + Wholesaler & Retailer margin) x 21%  
 (e) NEFP x 3.52%  
 (f) Based on Philip Morris soft pack (ARS 177.00)  
 Note: NEFP is net ex-factory price

Australia	
Tobacco Excise Tax (AUD/Kg)	1,576.57
Tobacco Excise Tax (AUD/000) <sup>(a)</sup>	1,103.60
VAT (Nominal)	10%

(a) If not exceeding 0.8g per cigarette

Germany	
Ad Valorem Excise Tax	21.69%
Specific Excise Tax (EUR/000)	98.20
Minimum Total Tax (EUR/000) <sup>(a)</sup>	214.55
VAT (Nominal)	19.0%

(a) Minimum Total Tax (MTT) also includes the VAT

France	
Ad Valorem Excise Tax	55.0%
Specific Excise Tax (EUR/000)	63.50
Minimum Excise Tax (EUR/000)	336.00
VAT (Nominal)	20.0%

Italy	
Ad Valorem Excise Tax	51.24%
Specific Excise Tax (EUR/000)	22.09
Minimum Total Tax (EUR/000) <sup>(a)</sup>	193.22
VAT (Nominal)	22.0%

(a) Minimum Total Tax also includes the VAT

Note: 20 cigarettes per pack

## Cigarette Excise Tax Structures: Select Markets (cont.)

(April 1, 2021)

Japan		Mexico		Saudi Arabia	
National – Tobacco Tax (JPY/pack)	126.04	Ad Valorem Excise Tax <sup>(a)</sup>	160%	Ad Valorem Excise Tax (% of RSP) <sup>(a)</sup>	50.0%
National – Special Tobacco Tax (JPY/pack)	16.40	Specific Excise Tax (MXN/000)	510.80	VAT (Nominal)	15.0%
Local Excise Tax (JPY/pack)	<u>142.44</u>	VAT (Nominal)	16%	Minimum Reference Price (SAR/pack)	8.00
<b>Total (JPY/pack)</b>	<b>284.88</b>	(a) Ad valorem excise tax is 160% of manufacturer / wholesale price to retail excluding taxes (VAT and Excise)		(a) % of RSP before VAT, effective excise tax is 43.50% of RSP including VAT	
VAT (Nominal)	10%	Philippines		Spain	
		Specific Excise Tax (PHP/pack) <sup>(a)</sup>	50.00	Ad Valorem Excise Tax	51.0%
		(a) January 1, 2022 (PHP 55.00); January 1, 2023 (PHP 60.00); January 1, 2024 onwards (+5% / year)		Specific Excise Tax (EUR/000)	24.70
		Poland		Minimum Excise Tax (EUR/000)	131.50
		Ad Valorem Excise Tax	32.05%	VAT (Nominal)	21.0%
		Specific Excise Tax (PLN/000)	228.10	Turkey	
		Minimum Excise Tax (PLN/000)	467.73	Ad Valorem Excise Tax (% of RSP)	63.0%
		VAT (Nominal)	23.0%	Specific Excise Tax (TRY/000)	24.255
		Korea		Minimum Ad Valorem Yield (TRY/000)	488.30
Tobacco Consumption Tax (KRW/pack)	1,007			VAT (Nominal)	18.0%
Public Health Tax (KRW/pack)	841				
Education Tax (KRW/pack)	443				
Green Fund Tax (KRW/pack)	25				
Individual Consumption Tax (KRW/pack)	594				
Farmer's Subsidy Tax (KRW/pack)	5				
<b>Total (KRW/pack)</b>	<b>2,915</b>				
VAT (Nominal)	10%				

Note: 20 cigarettes per pack

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## Excise Tax Structure: Russia

(April 1, 2021)

<u>Cigarettes</u>	<u>2019<sup>(a)</sup></u>	<u>2020<sup>(a)</sup></u>	<u>2021<sup>(a)</sup></u>
Ad Valorem Excise Tax (% of MRSP)	14.5%	14.5%	16.0%
Specific Excise Tax (RUB/000)	1,890	1,966	2,359
Minimum Excise Tax (RUB/000)	2,568	2,671	3,205
<u>Heated Tobacco Products</u>			
Specific Excise Tax (RUB/kg)	5,808	6,040	7,248
Electronic Nicotine Delivery Systems; Tobacco Heating Devices (RUB/device)		50	60

(a) Effective as of January 1 for both cigarettes and heated tobacco products  
Note: Tax plan subject to revision annually. VAT currently at 20% (effective since January 1, 2019)

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# Excise Tax Structure: Indonesia

(April 1, 2021)

Cigarette Type	Volume Tier	Price Tier	Total Excise + Regional Tax (IDR/stick)	
		Tier	Current	Previous <sup>(a)</sup>
Machine-Made Kretek (SKM)	Volume Tier 1 (> 3 billion units)	1	951.5	814.0
	Volume Tier 2 (≤ 3 billion units)	1	588.5	517.0
		2	577.5	500.5
Whites (SPM)	Volume Tier 1 (> 3 billion units)	1	1,028.5	869.0
	Volume Tier 2 (≤ 3 billion units)	1	621.5	533.5
		2	610.5	517.0
Hand-Rolled Kretek (SKT)	Volume Tier 1 (> 2 billion units)	1	467.5	467.5
		2	363.0	363.0
	Volume Tier 2 (> 500 million units–2 billion units)	1	220.0	220.0
		1	121.0	121.0

(a) Previous to February 1, 2021

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# Excise Tax Structure: Japan

(April 1, 2021)

## Cigarettes

- Excise tax increases of JPY 20/pack in October 2018, 2020 and 2021:
  - No increase in October 2019, due to nominal VAT increase from 8% to 10%

## Heated Tobacco Products (HTPs)

- "Heated tobacco" category:
  - Dedicated excise tax category for heated tobacco products (previously: pipe tobacco category)
  - Taxable base for the specific excise tax is weight of heated tobacco
  - For products using liquid to create an aerosol, the liquid portion is considered as tobacco for tax purposes
- Heated tobacco excise tax is being phased in over a five-year period (2018-2022), with the third year reflecting 40% of the previous system (pipe tobacco category) and 60% of the new system (heated tobacco category). See next slide for details

## HTP Excise Tax Structure

	Pipe Tobacco Category	Heated Tobacco Category
RSP (JPY/pack)	550	550
VAT (Nominal)	10%	10%
RSP Net of VAT (JPY/pack)	500	500
Effective Specific Rate (JPY/kg)	14,244	17,805 <sup>(a)</sup>
Tax Base	Full product weight (14.9 g/pack) <sup>(b)</sup>	Heated tobacco weight (5.4 g/pack) <sup>(c)</sup>
Specific Yield (JPY/000)	10,612	4,807
Effective Ad Valorem Rate	n/a	30%
Tax Base	n/a	RSP net of VAT
Ad Valorem Yield (JPY/000)	n/a	7,500
Total Excise Tax Yield (JPY/000)	10,612	12,307
	40%	60%
<b>Heated Tobacco Category: Indicative Excise Tax Payable as of October 1, 2020 (JPY/000)</b>		<b>11,629</b>

(a) Reflects effective specific rate for the third year of five-year-phase-in period

(b) Reflects indicative "total weight" for Marlboro Menthol HeatSticks

(c) Reflects indicative "heated tobacco weight" for Marlboro Menthol HeatSticks

Note: 20 cigarettes/heated tobacco units per pack

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# Multi-Year Tobacco Tax Plan: Japan

(April 1, 2021)

	<u>Previous</u>	<u>Oct 1, 2018 – Sept 30, 2019</u>	<u>Oct 1, 2019 – Sept 30, 2020</u>	<u>Oct 1, 2020 – Sept 30, 2021</u>	<u>Oct 1, 2021 – Sept 30, 2022</u>	<u>Oct 1, 2022 and Onwards</u>
VAT (Nominal)	8%	8%	10%	10%	10%	10%
Excise Tax: Cigarettes (JPY/000)	12,244	13,244	13,244	14,244	15,244	15,244
Excise Tax: Pipe Tobacco (JPY/kg) <sup>(a)</sup>	12,244	13,244	13,244	14,244	15,244	15,244
<b>Excise Tax: New HTP Category</b>						
-Effective Specific Rate (JPY/kg) <sup>(b)</sup>	-	16,555	16,555	17,805	19,055	19,055
-Effective Ad Valorem Rate <sup>(c)(d)</sup>	-	30%	30%	30%	30%	30%
<b>HTP Phase-in Period</b>						
-Portion of New HTP System	-	20%	40%	60%	80%	100%
-Portion of Previous System	-	80%	60%	40%	20%	0%

(a) Previously, HTPs were taxed based on pipe tobacco excise tax rate

(b) Taxable base is weight of heated tobacco

(c) Taxable base is RSP net of VAT

(d) Effective ad valorem rate is calculated as the excise tax incidence based on announced average RSP

Note: Based on current law

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# IQOS: Retail Selling Prices

(April 1, 2021)

Market	Currency	IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
ALBANIA	ALL	4,500	-	-	7,500	320	340
ANDORRA	EUR	59	59	-	79	3.55	3.65
ARMENIA	AMD	15,500	17,000	-	33,000	700	850
ARUBA	AWG	-	-	-	134.99	13.99	15.25
AUSTRIA	EUR	49	49	-	79	5.00	5.80
BELARUS	BYN	85	-	-	169	3.90	3.60
BOSNIA & HERZ.	BAM	75	-	-	115	5.60	6.00
BULGARIA	BGN	70	90	-	115	5.50	5.70
CANADA <sup>(b)</sup>	CAD	70	98	-	110	8.01	14.66
CANARY ISLANDS	EUR	49	49	-	69	3.00	3.90
COLOMBIA	COP	200,000	250,000	-	315,000	7,500	8,300

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) RSPs are for the Province of Ontario. As of May 1, 2020, IQOS kits are now only sold in a bundle with HTUs. Kit RSPs represent the most popular bundle RSP for one kit and one carton of HTUs (160 units). HTU RSP represents the weighted average price between the different selling options. HTUs are sold in cartons of 8 packs of 20 units, and 5 packs of 10 units, for CAD 65.53 and CAD 25.53, respectively, as well as in a bundle of two cartons of 160 units for CAD 108.46. Cigarette RSP for pack of 20 cigarettes equivalent (RBH brand: Belmont 25s)

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Bosnia & Herz. is Bosnia & Herzegovina

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(April 1, 2021)

Market	Currency	RSP <sup>(a)</sup>					
		IQOS Kit				Pack	
		2.4 Plus	3 Multi	3	3 DUO	HTUs	Marlboro Cigarettes
COSTA RICA	CRC	-	-	-	50,000	2,200	2,300
CROATIA	HRK	250	320	-	450	28.00	34.00
CURACAO	ANG	60	-	-	135	11.50	13.25
CYPRUS	EUR	39	49	-	69	4.00	4.90
CZECH REPUBLIC	CZK	1,290	1,290	-	1,790	114	128
DENMARK	DKK	399	-	-	499	44.00	54.00
DOMINICAN REP.	DOP	2,000	3,500	-	5,000	250	270
ESTONIA	EUR	49	49	-	69	4.40	4.95
FRANCE	EUR	49	49	-	69	7.50	10.50
GEORGIA	GEL	149	249	-	249	6.70	6.70
GERMANY	EUR	49	49	-	89	6.00	7.20

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Dominican Rep. is the Dominican Republic

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(April 1, 2021)

Market	Currency	RSP <sup>(a)</sup>					
		IQOS Kit				Pack	
		2.4 Plus	3 Multi	3	3 DUO	HTUs	Marlboro Cigarettes
GREECE	EUR	39	39 <sup>(b)</sup>	-	69	4.00	4.60
GUATEMALA	GTQ	275	550	-	575	22.00	25.00
HUNGARY	HUF	19,990	20,990	-	31,990	1,440	1,660
ISRAEL	ILS	-	199	-	290	30.00	32.00
ITALY	EUR	49	59	-	79	4.80	6.00
JAPAN <sup>(c)</sup>	JPY	-	4,980	5,980	6,980	500/550	570
JORDAN	JOD	-	-	-	70	2.00	2.40
KAZAKHSTAN	KZT	14,990	22,990	-	28,990	560	580
KOREA	KRW	-	110,000	-	130,000	4,500	4,500
KUWAIT	KWD	-	-	-	40	1.00	0.87
LATVIA	EUR	49	49	-	69	4.00	3.90

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) As of April 12, 2021

(c) HTU RSPs: JPY 500/pack for HEETS; JPY 550/pack for Marlboro HeatSticks

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(April 1, 2021)

Market	Currency	IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
LEBANON	LBP	-	-	-	590,000	9,250	14,750
LITHUANIA	EUR	49	49	-	69	3.70	4.15
MALAYSIA	MYR	149	249	-	299	14.00	17.40
MALDIVES	MVR	-	1,250	-	1,700	85	95
MEXICO <sup>(b)</sup>	MXN	1,199	1,599	-	1,899	60.00	66.00
MOLDOVA	MDL	599	1,299	-	1,299	38.0	40.0
MONACO	EUR	49	49	-	69	7.50	10.50
MONTENEGRO	EUR	40	60	-	60	2.80	3.40
NETHERLANDS	EUR	49	-	-	59	6.00	8.20
NEW ZEALAND <sup>(c)</sup>	NZD	89	99	-	139	20.00	37.40

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) HTU RSP is for direct channels only. The HTU RSP for indirect channels is MXN 63.00

(c) On e-commerce, HTUs are sold at a bundle offer of NZD 169 for 10 packs

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(April 1, 2021)

Market	Currency	IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
N. MACEDONIA	MKD	2,400	-	-	3,700	150	150
PALESTINE	ILS	-	-	-	340	22.00	25.00
PHILIPPINES	PHP	2,990	3,990	-	4,990	120	140
POLAND	PLN	200	250	-	300	14.00	17.99
PORTUGAL	EUR	29	49	-	55	4.50	5.20
REUNION	EUR	60	89	-	99	9.00 <sup>(b)</sup>	11.70
ROMANIA	RON	149	235	-	299	17.00	21.50
RUSSIA <sup>(c)</sup>	RUB	2,990	-	-	4,990	150	195
SAUDI ARABIA	SAR	-	-	-	350	25.00	28.00
SERBIA	RSD	3,000	-	-	7,000	320	380

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) HEETS RSP increase to 9.5 EUR/pack as of April 12, 2021

(c) HTU RSPs: RUB 150/pack for HEETS; RUB 170/pack for HEETS Creations

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. N. Macedonia is North Macedonia

Source: PMI affiliates

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## IQOS: Retail Selling Prices (cont.)

(April 1, 2021)

Market	Currency	IQOS Kit				Pack	
		2.4 Plus	3 Multi	3	3 DUO	HTUs	Marlboro Cigarettes
SLOVAK REP.	EUR	49	49	-	69	3.90	4.50
SLOVENIA	EUR	39	49	-	59	3.80	4.40
SOUTH AFRICA	ZAR	970	1,400	-	1,550	42.0	51.0
SPAIN	EUR	49	49	-	69	4.85	5.00
SWEDEN	SEK	-	849	-	999	50.00	69.00
SWITZERLAND	CHF	-	69	-	109	8.00	9.00
TURKISH CYPRUS	TRY	399	549	-	629	18.00	18.00
UKRAINE <sup>(b)</sup>	UAH	899	1,599	-	1,599	60.00	63.00
UAE	AED	-	-	-	500	20.00	22.00
UK	GBP	39	49	-	79	5.00	11.90

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) Effective recommended RSPs for HTUs and effective maximum RSP for Marlboro cigarette packs (both reflecting the price to adult smokers including 5% sales tax)

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Slovak Rep. is the Slovak Republic. UAE is the United Arab Emirates

Source: PMI affiliates

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## RSPs for IQOS VEEV and LIL SOLID/HYBRID

(April 1, 2021)

### IQOS VEEV

- New Zealand:
  - Kit: NZD 49.00
  - Flavor Pod: NZD 9.90
- Czech Republic:
  - Kit: CZK 599
  - Flavor Pod: CZK 85
- Finland:
  - Kit: EUR 35
  - Flavor Pod: EUR 4/pod and EUR 8/pack
- Italy:
  - Kit: EUR 25
  - Flavor Pod: EUR 4.50



### LIL SOLID

- Russia:
  - Kit: RUB 1,790
  - HTU pack: RUB 130
- Ukraine:
  - Kit: UAH 599
  - HTU pack: UAH 55



### LIL HYBRID

- Japan:
  - Kit: JPY 6,980
  - HTU pack: JPY 500
  - Cartridge: JPY 60



Note: Unless otherwise stated, 20 HTUs per pack. Listed prices for Russia and Ukraine  
Source: PMI affiliates

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## PMI Cigarettes: RSPs in Select Markets

(April 1, 2021)

		Above Premium	Premium	Mid-Price	Low-Price
Argentina <sup>(a)</sup>	ARS	<i>Parliament</i> 235	<i>Marlboro</i> 213	<i>Philip Morris</i> 177	<i>Chesterfield</i> 153
Australia <sup>(b)</sup>	AUD		<i>Marlboro</i> 37.68	<i>Peter Jackson</i> 35.83	<i>Bond Street</i> 32.30
France	EUR		<i>Marlboro</i> 10.50	<i>Philip Morris</i> 10.20	<i>Chesterfield / L&amp;M</i> 10.00
Germany	EUR	<i>Eve</i> 7.50	<i>Marlboro</i> 7.20		<i>Chesterfield / L&amp;M</i> 6.80
Indonesia <sup>(c)</sup>	IDR		<i>Sampoerna A Mild</i> 24,778	<i>U Mild</i> 22,250	<i>DSS Magnum Mild</i> 20,390
Italy	EUR		<i>Marlboro</i> 6.00		<i>Chesterfield / L&amp;M</i> 5.00
Japan <sup>(d)</sup>	JPY	<i>Parliament</i> 580	<i>Marlboro</i> 570	<i>Lark</i> 500	<i>Lark Smart Plus</i> 430
Korea	KRW		<i>Marlboro</i> 4,500		

(a) RSPs for *Philip Morris* and *Chesterfield* are for the soft pack (best-selling variant)

(b) Recommended RSP. Actual RSP may differ. Price for pack of 20 cigarettes equivalent (*Marlboro* 25s; *Peter Jackson* 30s and *Bond Street* 40s)

(c) Based on Nielsen March 2021 estimates. Reflects average observed retail selling prices. 16 cigarettes per pack. SKM low tar category segment

(d) RSPs for *Parliament* 100's, *Marlboro* regular, *Lark* regular and *Lark Smart Plus* 19s

Note: 20 cigarettes per pack unless otherwise stated. Low includes super-low. DSS is *Dji Sam Soe*

Source: PMI affiliates and Nielsen

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## PMI Cigarettes: RSPs in Select Markets (cont.)

(April 1, 2021)

		Above Premium	Premium	Mid-Price	Low-Price
Mexico	MXN		<i>Marlboro</i> 66.00		<i>Chesterfield</i> 53.00
Philippines <sup>(a)</sup>	PHP		<i>Marlboro</i> 140.00	<i>Fortune</i> 120.00	
Poland <sup>(b)</sup>	PLN		<i>Marlboro</i> 17.99	<i>L&amp;M</i> 16.50	<i>Chesterfield</i> 13.99
Russia <sup>(c)</sup>	RUB	<i>Parliament</i> 219	<i>Marlboro</i> 195	<i>Marlboro Crafted</i> 179	<i>Bond Street Compact</i> <sup>(d)</sup> 137
Saudi Arabia	SAR		<i>Marlboro</i> 28.00	<i>L&amp;M</i> 22.00	<i>Chesterfield</i> 18.00
Spain	EUR		<i>Marlboro</i> 5.00	<i>Chesterfield</i> 4.70	<i>L&amp;M</i> 4.45
Turkey	TRY	<i>Parliament</i> 18.50	<i>Marlboro</i> 18.00	<i>Muratti</i> 16.00	<i>L&amp;M</i> <sup>(e)</sup> 14.00

(a) RSPs now reflect an equivalent price per cigarette, based on a per stick retail basis

(b) RSP for *Chesterfield* is the prevailing discounted price. *Chesterfield*'s actual list price is PLN 15.30/pack

(c) Maximum RSPs for mainline variants

(d) *Bond Street*'s best-selling variant

(e) RSP increase to 14.50 TRY/pack as of April 7, 2021

Note: 20 cigarettes per pack unless otherwise stated. Low includes super-low

Source: PMI affiliates

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## Glossary: General Terms

- "PMI" refers to Philip Morris International Inc. and its subsidiaries
- 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")
- Trademarks are italicized
- Comparisons are made to the same prior-year period unless otherwise stated
- Unless otherwise stated, references to total industry, total market, PMI shipment volume and PMI market share performance reflect cigarettes and heated tobacco units
- 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. In addition, to reflect the deconsolidation of PMI's Canadian subsidiary, Rothmans, Benson & Hedges, Inc. (RBH), effective March 22, 2019, PMI's total market share has been restated for previous periods
- 2020 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
- "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 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
- "LA&C" is defined as the Latin America & Canada Region
- 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 market-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
- "OECD" is defined as Organisation for Economic Co-operation and Development
- "SoM" stands for share of market

## 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 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
- "SG&A" stands for selling, general & administrative
- "Adjusted Operating Income (OI) Margin" is calculated as adjusted OI, divided by net revenues
- "Net debt" is defined as total debt, less cash and cash equivalents
- Growth rates presented on an organic basis for consolidated financial results reflect currency-neutral underlying results and "like-for-like" comparisons, where applicable
- Management reviews net revenues, OI, OI margins, 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. Organic growth rates reflect the way management views underlying performance for these measures. PMI believes that such measures, including pro forma measures, will provide useful insight into underlying business trends and results, and will provide a more meaningful performance comparison for the period during which RBH remains under CCAA protection. For PMI's 2018 pro forma adjusted diluted EPS by quarter and year-to-date, see Schedule 3 in PMI's third-quarter 2019 earnings release
- "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

## Glossary: Reduced-Risk Products

- "Reduced-risk products," or "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's in various stages of development, scientific assessment and commercialization. PMI RRP's are smoke-free products that produce an aerosol that contains 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 for PMI include the company's *HEETS*, *HEETS Creations*, *HEETS Dimensions*, *HEETS Marlboro* and *HEETS FROM MARLBORO* (defined collectively as *HEETS*), *Marlboro Dimensions*, *Marlboro HeatSticks* and *Parliament HeatSticks*, as well as the KT&G-licensed brand, *Fiit* and *Miix* (outside of Korea)
- The *IQOS* heat-not-burn device is a precisely controlled heating device into which a specially designed and proprietary tobacco unit is 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
- "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 5% of their daily tobacco consumption over the past seven days. Note: as of December 2020, PMI heat-not-burn products and HTUs include licensed KT&G heat-not-burn products and HTUs, respectively

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

- 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: 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

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

- "3R4F" is a reference cigarette for laboratory testing provided by the University of Kentucky. It is used for non-clinical investigations by tobacco manufacturers, contract and government laboratories, and academic institutions
- An "ambulatory study" is a study carried out under real world (actual use) conditions as opposed to a confined setting in a clinic
- A "biomarker" is used as a measure of how well the body responds to a treatment for a disease or condition. Biomarkers can be classified into biomarkers of exposure and clinical risk markers
- "Biomarkers of exposure" indicates exposure to a potentially hazardous substance
- "Clinical risk markers" represents a measurable biochemical, physiological, behavioral, or other alteration within an organism that, depending upon the magnitude, can be recognized as associated with an established or possible health impairment or disease
- "HPHCs" stands for harmful or potentially harmful constituents which have been identified as likely causes of tobacco related diseases
- "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
- "TPSAC" stands for the Tobacco Product Scientific Advisory Committee
- PMI presentation to TPSAC on MRTP applications for IQOS (January 24, 2018): <https://www.pmiscience.com/news/pmi-presents-our-modified-risk-tobacco-product-application-iqos-tobacco-products-scientific>
- FDA press release on PMTA applications for IQOS (April 30, 2019): <https://www.fda.gov/news-events/press-announcements/fda-permits-sale-iqos-tobacco-heating-system-through-premarket-tobacco-product-application-pathway>



## Glossary: IQOS in the United States

- On April 30, 2019, the U.S. Food and Drug Administration (FDA) announced that the marketing of a version of PMI's Platform 1 product, namely, IQOS 2.4, together with its heated tobacco units (the term PMI uses to refer to heated tobacco consumables), is appropriate for the protection of public health and authorized it for sale in the U.S. The FDA's decision followed its comprehensive assessment of PMI's premarket tobacco product applications (PMTAs) submitted to the Agency in 2017
- In the third quarter of 2019, PMI brought IQOS 2.4 and three variants of its heated tobacco units to the U.S. through its license with Altria Group, Inc., whose subsidiary, Philip Morris USA Inc., is responsible for marketing the product and complying with the provisions set forth in the FDA's marketing orders
- On July 7, 2020, the FDA authorized the marketing of a version of PMI's Platform 1 product, namely, IQOS 2.4, together with its heated tobacco units, as a Modified Risk Tobacco Product (MRTP). In doing so, the agency found that an IQOS exposure modification order is appropriate to promote the public health. The decision followed a review of the extensive scientific evidence package PMI submitted to the FDA in December 2016 to support its MRTP applications
- On December 7, 2020, the FDA confirmed that the marketing of a version of PMI's Platform 1 product, namely, IQOS 3, is appropriate for the protection of public health and authorized it for sale in the U.S. The FDA's decision followed an assessment of a PMI's PMTA filed with the agency in March 2020
- Shipment volume of heated tobacco units to the U.S. is included in the heated tobacco unit shipment volume of the Latin America & Canada segment. Revenues from shipments of Platform 1 devices, heated tobacco units and accessories to Altria Group, Inc. for sale under license in the U.S. are included in Net Revenues of the Latin America & Canada segment

## PMI: Peer Group

- Altria
- Anheuser-Busch InBev
- BAT
- Coca-Cola
- Colgate-Palmolive
- Diageo
- Heineken
- Imperial Brands<sup>(a)</sup>
- Japan Tobacco
- Johnson & Johnson
- Kimberly-Clark
- Kraft-Heinz
- McDonald's
- Mondelēz International
- Nestlé
- PepsiCo
- Procter & Gamble
- Roche
- Unilever

(a) Formerly Imperial Tobacco  
Source: Form 10-K for the year ended December 31, 2020 (p. 14)

## 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 March 31,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
<b>2021</b>					<b>Reduced-Risk Products</b>	<b>2020</b>	<b>% Change</b>		
\$ 959	\$ 75	\$ 883	\$ -	\$ 883	European Union	\$ 624	53.5%	41.4%	41.4%
304	(44)	349	-	349	Eastern Europe	265	14.7%	31.4%	31.4%
21	-	21	-	21	Middle East & Africa	44	(51.5)%	(52.0)%	(52.0)%
2	-	1	-	1	South & Southeast Asia	-	-	-	-
824	36	788	-	788	East Asia & Australia	613	34.4%	28.5%	28.5%
12	-	12	-	12	Latin America & Canada	8	49.3%	51.2%	51.2%
<b>\$ 2,122</b>	<b>\$ 67</b>	<b>\$ 2,054</b>	<b>\$ -</b>	<b>\$ 2,054</b>	<b>Total RRP</b> s	<b>\$ 1,555</b>	<b>36.5%</b>	<b>32.1%</b>	<b>32.1%</b>
<b>2021</b>					<b>PMI</b>	<b>2020</b>	<b>% Change</b>		
\$ 2,909	\$ 235	\$ 2,674	\$ -	\$ 2,674	European Union	\$ 2,535	14.8%	5.5%	5.5%
796	(75)	871	-	871	Eastern Europe	788	1.0%	10.5%	10.5%
801	(23)	824	-	824	Middle East & Africa	876	(8.6)%	(5.9)%	(5.9)%
1,173	28	1,145	-	1,145	South & Southeast Asia	1,251	(6.2)%	(8.5)%	(8.5)%
1,472	71	1,401	-	1,401	East Asia & Australia	1,255	17.3%	11.6%	11.6%
434	(11)	445	-	445	Latin America & Canada	448	(3.1)%	(0.7)%	(0.7)%
<b>\$ 7,585</b>	<b>\$ 225</b>	<b>\$ 7,360</b>	<b>\$ -</b>	<b>\$ 7,360</b>	<b>Total PMI</b>	<b>\$ 7,153</b>	<b>6.0%</b>	<b>2.9%</b>	<b>2.9%</b>

Note: Sum of Regions might not foot to Total PMI due to roundings. "-" 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 Income to Adjusted Operating Income, excluding Currency and Acquisitions  
(\$ in millions) / (Unaudited)

Operating Income	Asset Impairment & Exit Costs	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions	Quarters Ended March 31,	Operating Income	Asset Impairment & Exit Costs	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
<b>2021</b>							<b>2020</b>	<b>% Change</b>					
\$ 1,490	\$ (9)	\$ 1,499	\$ 156	\$ 1,343	\$ -	\$ 1,343	European Union	\$ 1,158	\$ -	\$ 1,158	29.4%	16.0%	16.0%
261	(2)	263	7	256	-	256	Eastern Europe	99	-	99	+100%	+100%	+100%
335	(2)	337	(13)	350	-	350	Middle East & Africa	321	-	321	5.0%	9.0%	9.0%
529	(3)	532	13	519	-	519	South & Southeast Asia	599	-	599	(11.2)%	(13.4)%	(13.4)%
695	(31)	726	18	708	-	708	East Asia & Australia	486	-	486	49.4%	45.7%	45.7%
134	(1)	135	6	129	-	129	Latin America & Canada	126	-	126	7.1%	2.4%	2.4%
<b>\$ 3,444</b>	<b>\$ (48)</b>	<b>\$ 3,492</b>	<b>\$ 187</b>	<b>\$ 3,305</b>	<b>\$ -</b>	<b>\$ 3,305</b>	<b>Total PMI</b>	<b>\$ 2,789</b>	<b>\$ -</b>	<b>\$ 2,789</b>	<b>25.2%</b>	<b>18.5%</b>	<b>18.5%</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 (1)	Net Revenues	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (1)	Net Revenues excluding Currency (2)	Adjusted Operating Income excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (1)	Net Revenues excluding Currency & Acquisitions (2)	Adjusted Operating Income excluding Currency & Acquisitions	Adjusted Operating Income (1)	Net Revenues	Adjusted Operating Income Margin	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions	
									Quarters Ended March 31,			% Points Change			
2021									2020						
\$ 1,499	\$ 2,909	51.5%	\$ 1,343	\$ 2,674	50.2%	\$ 1,343	\$ 2,674	50.2%	European Union	\$ 1,158	\$ 2,535	45.7%	5.8	4.5	4.5
263	796	33.0%	256	871	29.4%	256	871	29.4%	Eastern Europe	99	788	12.6%	20.4	16.8	16.8
337	801	42.1%	350	824	42.5%	350	824	42.5%	Middle East & Africa	321	876	36.6%	5.5	5.9	5.9
532	1,173	45.4%	519	1,145	45.3%	519	1,145	45.3%	South & Southeast Asia	599	1,251	47.9%	(2.5)	(2.6)	(2.6)
726	1,472	49.3%	708	1,401	50.5%	708	1,401	50.5%	East Asia & Australia	486	1,255	38.7%	10.6	11.8	11.8
135	434	31.1%	129	445	29.0%	129	445	29.0%	Latin America & Canada	126	448	28.1%	3.0	0.9	0.9
<b>\$ 3,492</b>	<b>\$ 7,585</b>	<b>46.0%</b>	<b>\$ 3,305</b>	<b>\$ 7,360</b>	<b>44.9%</b>	<b>\$ 3,305</b>	<b>\$ 7,360</b>	<b>44.9%</b>	<b>Total PMI</b>	<b>\$ 2,789</b>	<b>\$ 7,153</b>	<b>39.0%</b>	<b>7.0</b>	<b>5.9</b>	<b>5.9</b>

(1) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 120

(2) For the calculation of Net Revenues excluding currency and acquisitions refer to slide 119

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

Net Revenues by Product Category  
(\$ in millions) / (Unaudited)

Years Ended December 31,	Net Revenues					
	2020	2019	2018	2017	2016	2015
<b>Reduced-Risk Products</b>						
European Union	\$ 2,649	\$ 1,724	\$ 865	\$ 269	\$ 57	\$ 29
Eastern Europe	1,128	844	324	55	6	-
Middle East & Africa	57	321	382	94	4	-
South & Southeast Asia	1	-	-	-	-	-
East Asia & Australia	2,961	2,671	2,506	3,218	666	35
Latin America & Canada	31	27	19	4	1	-
<b>Total RRP</b> s	<b>\$ 6,827</b>	<b>\$ 5,587</b>	<b>\$ 4,096</b>	<b>\$ 3,640</b>	<b>\$ 733</b>	<b>\$ 64</b>
<b>PMI</b>						
European Union	\$ 10,702	\$ 9,817	\$ 9,298	\$ 8,318	\$ 8,162	\$ 8,068
Eastern Europe	3,378	3,282	2,921	2,711	2,484	2,735
Middle East & Africa	3,088	4,042	4,114	3,988	4,516	4,629
South & Southeast Asia	4,396	5,094	4,656	4,417	4,396	4,288
East Asia & Australia	5,429	5,364	5,580	6,373	4,285	3,915
Latin America & Canada	1,701	2,206	3,056	2,941	2,842	3,159
<b>Total PMI</b>	<b>\$ 28,694</b>	<b>\$ 29,805</b>	<b>\$ 29,625</b>	<b>\$ 28,748</b>	<b>\$ 26,685</b>	<b>\$ 26,794</b>

Note: Sum of Regions might not foot to Total PMI due to roundings. "-" 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

### Calculation of Adjusted Operating Income Margins (\$ in millions) / (Rounded)

	Operating Income	Asset Impairment & Exit Costs	Adjusted Operating Income	Net Revenues	Adjusted Operating Income Margin
Year Ended December 31, 2018					
European Union	\$ 4,105	\$ -	\$ 4,105	\$ 9,298	44.1%
Eastern Europe	902	-	902	2,921	30.9%
Middle East & Africa	1,627	-	1,627	4,114	39.5%
South & Southeast Asia	1,747	-	1,747	4,656	37.5%
East Asia & Australia	1,851	-	1,851	5,580	33.2%
Latin America & Canada	1,145	-	1,145	3,056	37.5%
<b>Total PMI</b>	<b>\$ 11,377</b>	<b>\$ -</b>	<b>\$ 11,377</b>	<b>\$ 29,265</b>	<b>38.4%</b>
Year Ended December 31, 2017					
European Union	\$ 3,691	\$ -	\$ 3,691	\$ 8,318	44.4%
Eastern Europe	887	-	887	2,711	32.7%
Middle East & Africa	1,884	-	1,884	3,988	47.2%
South & Southeast Asia	1,514	-	1,514	4,417	34.3%
East Asia & Australia	2,608	-	2,608	6,373	40.9%
Latin America & Canada	997	-	997	2,941	33.9%
<b>Total PMI</b>	<b>\$ 11,581</b>	<b>\$ -</b>	<b>\$ 11,581</b>	<b>\$ 28,748</b>	<b>40.3%</b>
Year Ended December 31, 2016					
European Union	\$ 3,920	\$ -	\$ 3,920	\$ 8,162	48.0%
Eastern Europe	890	-	890	2,484	35.8%
Middle East & Africa	1,990	-	1,990	4,516	44.1%
South & Southeast Asia	1,474	-	1,474	4,396	33.5%
East Asia & Australia	1,691	-	1,691	4,285	39.5%
Latin America & Canada	938	-	938	2,842	33.0%
<b>Total PMI</b>	<b>\$ 10,903</b>	<b>\$ -</b>	<b>\$ 10,903</b>	<b>\$ 26,685</b>	<b>40.9%</b>
Year Ended December 31, 2015					
European Union	\$ 3,530	\$ (68)	\$ 3,598	\$ 8,068	44.6%
Eastern Europe	1,073	-	1,073	2,735	39.2%
Middle East & Africa	2,205	-	2,205	4,629	47.6%
South & Southeast Asia	1,186	-	1,186	4,288	27.7%
East Asia & Australia	1,666	-	1,666	3,915	42.6%
Latin America & Canada	1,085	-	1,085	3,159	34.3%
<b>Total PMI</b>	<b>\$ 10,745</b>	<b>\$ (68)</b>	<b>\$ 10,813</b>	<b>\$ 26,794</b>	<b>40.4%</b>

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

### Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios (\$ in millions, except ratios) / (Unaudited)

	Years Ended December 31,												
	2008 <sup>(1)</sup>	2009 <sup>(1)</sup>	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>	2012 <sup>(1)</sup>	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net Earnings</b>	\$ 7,150	\$ 6,552	\$ 7,498	\$ 8,879	\$ 9,154	\$ 8,850	\$ 7,658	\$ 7,032	\$ 7,250	\$ 6,341	\$ 8,286	\$ 7,728	\$ 8,592
Equity (income)/loss in unconsolidated subsidiaries, net	-	6	8	10	17	22	(105)	(105)	(94)	(59)	(60)	(149)	(16)
Provision for income taxes	2,787	2,691	2,826	3,653	3,833	3,670	3,097	2,688	2,768	4,307	2,445	2,293	2,377
Interest expense, net	311	797	876	800	859	973	1,052	1,008	891	914	665	570	618
Depreciation and amortization	842	853	932	993	898	882	889	754	743	875	989	964	981
Asset impairment, exit costs and other	208	164	47	109	83	309	535	68	-	-	-	1,229 <sup>(2)</sup>	30
<b>Adjusted EBITDA</b>	<b>\$ 11,298</b>	<b>\$ 11,063</b>	<b>\$ 12,187</b>	<b>\$ 14,444</b>	<b>\$ 14,844</b>	<b>\$ 14,706</b>	<b>\$ 13,126</b>	<b>\$ 11,445</b>	<b>\$ 11,558</b>	<b>\$ 12,378</b>	<b>\$ 12,325</b>	<b>\$ 12,635</b>	<b>\$ 12,582</b>
<b>Short-term borrowings</b>	<b>\$ 375</b>	<b>\$ 1,662</b>	<b>\$ 1,747</b>	<b>\$ 1,511</b>	<b>\$ 2,419</b>	<b>\$ 2,400</b>	<b>\$ 1,208</b>	<b>\$ 825</b>	<b>\$ 643</b>	<b>\$ 499</b>	<b>\$ 730</b>	<b>\$ 338</b>	<b>\$ 244</b>
Current portion of long-term debt	209	82	1,385	2,206	2,781	1,255	1,318	2,405	2,573	2,506	4,054	4,051	3,124
Long-term debt	11,377	13,672	13,370	14,828	17,639	24,023	26,929	25,250	25,851	31,334	26,975	26,656	28,168
<b>Total Debt</b>	<b>\$ 11,961</b>	<b>\$ 15,416</b>	<b>\$ 16,502</b>	<b>\$ 18,545</b>	<b>\$ 22,839</b>	<b>\$ 27,678</b>	<b>\$ 29,455</b>	<b>\$ 28,480</b>	<b>\$ 29,067</b>	<b>\$ 34,339</b>	<b>\$ 31,759</b>	<b>\$ 31,045</b>	<b>\$ 31,536</b>
Cash and cash equivalents	1,531	1,540	1,703	2,550	2,983	2,154	1,682	3,417	4,239	8,447	6,593	6,861	7,280
<b>Net Debt</b>	<b>\$ 10,430</b>	<b>\$ 13,876</b>	<b>\$ 14,799</b>	<b>\$ 15,995</b>	<b>\$ 19,856</b>	<b>\$ 25,524</b>	<b>\$ 27,773</b>	<b>\$ 25,063</b>	<b>\$ 24,828</b>	<b>\$ 25,892</b>	<b>\$ 25,166</b>	<b>\$ 24,184</b>	<b>\$ 24,256</b>
<b>Ratios:</b>													
<b>Total Debt to Adjusted EBITDA</b>	<b>1.06</b>	<b>1.39</b>	<b>1.35</b>	<b>1.28</b>	<b>1.54</b>	<b>1.88</b>	<b>2.24</b>	<b>2.49</b>	<b>2.51</b>	<b>2.77</b>	<b>2.58</b>	<b>2.46</b>	<b>2.51</b>
<b>Net Debt to Adjusted EBITDA</b>	<b>0.92</b>	<b>1.25</b>	<b>1.21</b>	<b>1.11</b>	<b>1.34</b>	<b>1.74</b>	<b>2.12</b>	<b>2.19</b>	<b>2.15</b>	<b>2.09</b>	<b>2.04</b>	<b>1.91</b>	<b>1.93</b>

(1) Certain amounts have been reclassified to conform with the year 2013 presentation due to the separate disclosure of equity (income)/loss in unconsolidated subsidiaries, net

(2) Includes the Canadian tobacco litigation-related expense (\$194 million), the loss on deconsolidation of RBH (\$239 million) and the Russia excise and VAT audit charge (\$374 million)

Note: In 2008, we included Equity Loss from RBH Legal Settlement (\$124 million) and in 2009 we included the Colombian Investment and Cooperation Agreement charge (\$135 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)

	Years Ended December 31,		
	2020	2019	% Change
<b>Reported Diluted EPS</b>	<b>\$ 5.16</b>	<b>\$ 4.61</b>	<b>11.9%</b>
Less: Currency	(0.32)		
<b>Reported Diluted EPS, excluding Currency</b>	<b>\$ 5.48</b>	<b>\$ 4.61</b>	<b>18.9%</b>

	Years Ended December 31,		
	2020	2019	% Change
<b>Reported Diluted EPS</b>	<b>\$ 5.16</b>	<b>\$ 4.61</b>	<b>11.9%</b>
Asset impairment and exit costs	0.08	0.23	
Canadian tobacco litigation-related expense	-	0.09	
Loss on deconsolidation of RBH	-	0.12	
Russia excise and VAT audit charge	-	0.20	
Brazil indirect tax credit	(0.05)	-	
Fair value adjustment for equity security investments	0.04	(0.02)	
Tax items	(0.06)	(0.04)	
<b>Adjusted Diluted EPS</b>	<b>\$ 5.17</b>	<b>\$ 5.19</b>	<b>(0.4)%</b>
Less: Currency	(0.32)		
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 5.49</b>	<b>\$ 5.19</b>	<b>5.8%</b>

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

Adjustments for the Impact of RBH, excluding Currency  
(\$ in millions, except per share data) / (Unaudited)

	Years Ended December 31,		
	2020	2019	% Change
<b>Net Revenues</b>	<b>\$ 28,694</b>	<b>\$ 29,805</b>	<b>(3.7)%</b>
Net Revenues attributable to RBH		(181) <sup>(1)</sup>	
<b>Net Revenues</b>	<b>\$ 28,694</b>	<b>\$ 29,624</b> <sup>(2)</sup>	<b>(3.1)%</b>
Less: Currency	(470)		
<b>Net Revenues, ex. currency</b>	<b>\$ 29,164</b>	<b>\$ 29,624</b> <sup>(2)</sup>	<b>(1.6)%</b>
<b>Adjusted Operating Income</b> <sup>(3)</sup>	<b>\$ 11,698</b>	<b>\$ 11,760</b>	<b>(0.5)%</b>
Operating Income attributable to RBH		(126) <sup>(1)</sup>	
<b>Adjusted Operating Income</b>	<b>\$ 11,698</b>	<b>\$ 11,634</b> <sup>(2)</sup>	<b>0.6%</b>
Less: Currency	(474)		
<b>Adjusted Operating Income, ex. currency</b>	<b>\$ 12,172</b>	<b>\$ 11,634</b> <sup>(2)</sup>	<b>4.6%</b>
<b>Adjusted OI Margin</b>	<b>40.8%</b>	<b>39.5%</b>	<b>1.3</b>
Adjusted OI Margin attributable to RBH		(0.2) <sup>(1)</sup>	
<b>Adjusted OI Margin</b>	<b>40.8%</b>	<b>39.3%</b> <sup>(2)</sup>	<b>1.5</b>
Less: Currency	(0.9)		
<b>Adjusted OI Margin, ex. currency</b>	<b>41.7%</b>	<b>39.3%</b> <sup>(2)</sup>	<b>2.4</b>
<b>Adjusted Diluted EPS</b> <sup>(4)</sup>	<b>\$ 5.17</b>	<b>\$ 5.19</b>	<b>(0.4)%</b>
Net Earnings attributable to RBH		(0.06) <sup>(1)</sup>	
<b>Adjusted Diluted EPS</b>	<b>\$ 5.17</b>	<b>\$ 5.13</b> <sup>(2)</sup>	<b>0.8%</b>
Less: Currency	(0.32)		
<b>Adjusted Diluted EPS, ex. currency</b>	<b>\$ 5.49</b>	<b>\$ 5.13</b> <sup>(2)</sup>	<b>7.0%</b>

(1) Represents the impact attributable to RBH from January 1, 2019 through March 21, 2019

(2) Pro forma

(3) For the calculation of Adjusted Operating Income refer to slide 128

(4) For the calculation refer to slide 125

Note: Financials attributable to RBH include Duty Free sales in Canada

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

Adjustments for the Impact of RBH, excluding Currency  
(\$ in millions) / (Unaudited)

Latin America & Canada	Years Ended December 31,		
	2020	2019	% Change
<b>Net Revenues</b>	<b>\$ 1,701</b>	<b>\$ 2,206</b>	<b>(22.9)%</b>
Net Revenues attributable to RBH		(179) <sup>(1)</sup>	
<b>Net Revenues</b>	<b>\$ 1,701</b>	<b>\$ 2,027</b> <sup>(2)</sup>	<b>(16.1)%</b>
Less: Currency	(165)		
<b>Net Revenues, ex. currency</b>	<b>\$ 1,866</b>	<b>\$ 2,027</b> <sup>(2)</sup>	<b>(7.9)%</b>
<b>Operating Income</b>	<b>\$ 564</b>	<b>\$ 235</b>	<b>+100%</b>
Less:			
Asset impairment and exit costs	(9)	(60)	
Canadian tobacco litigation-related expense	-	(194)	
Loss on deconsolidation of RBH	-	(239)	
Brazil indirect tax credit	119	-	
<b>Adjusted Operating Income</b>	<b>\$ 454</b>	<b>\$ 728</b>	<b>(37.6)%</b>
Operating Income attributable to RBH		(125) <sup>(1)</sup>	
<b>Adjusted Operating Income</b>	<b>\$ 454</b>	<b>\$ 603</b> <sup>(2)</sup>	<b>(24.7)%</b>
Less: Currency	(108)		
<b>Adjusted Operating Income, ex. currency</b>	<b>\$ 562</b>	<b>\$ 603</b> <sup>(2)</sup>	<b>(6.8)%</b>
<b>Adjusted OI Margin</b>	<b>26.7%</b>	<b>33.0%</b>	<b>(6.3)</b>
Adjusted OI Margin attributable to RBH		(3.3) <sup>(1)</sup>	
<b>Adjusted OI Margin</b>	<b>26.7%</b>	<b>29.7%</b> <sup>(2)</sup>	<b>(3.0)</b>
Less: Currency	(3.4)		
<b>Adjusted OI Margin, ex. currency</b>	<b>30.1%</b>	<b>29.7%</b> <sup>(2)</sup>	<b>0.4</b>

(1) Represents the impact attributable to RBH from January 1, 2019 through March 21, 2019

(2) Pro forma

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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	Years Ended December 31,	Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions	% Change
\$ 5,098	\$(57) <sup>(1)</sup>	\$ 5,155	\$(24)	\$ 5,179	\$ -	\$ 5,179	European Union	\$ 3,970	\$(342) <sup>(1)</sup>	\$ 4,312	19.6%	20.1%	20.1%	
871	(15) <sup>(1)</sup>	886	(299)	1,185	-	1,185	Eastern Europe	547	(374) <sup>(3)</sup>	921	(3.8)%	28.7%	28.7%	
1,026	(19) <sup>(1)</sup>	1,045	(65)	1,110	-	1,110	Middle East & Africa	1,684	-	1,684	(37.9)%	(34.1)%	(34.1)%	
1,709	(23) <sup>(1)</sup>	1,732	2	1,730	-	1,730	South & Southeast Asia	2,163	(20) <sup>(1)</sup>	2,183	(20.7)%	(20.8)%	(20.8)%	
2,400	(26) <sup>(1)</sup>	2,426	21	2,405	-	2,405	East Asia & Australia	1,932	-	1,932	25.6%	24.5%	24.5%	
564	110 <sup>(2)</sup>	454	(110)	564	-	564	Latin America & Canada	235	(493) <sup>(4)</sup>	728	(37.6)%	(22.5)%	(22.5)%	
<b>\$ 11,668</b>	<b>\$(30)</b>	<b>\$ 11,698</b>	<b>\$(475)</b>	<b>\$ 12,173</b>	<b>\$ -</b>	<b>\$ 12,173</b>	<b>Total PMI</b>	<b>\$ 10,531</b>	<b>\$(1,229)</b>	<b>\$ 11,760</b>	<b>(0.5)%</b>	<b>3.5%</b>	<b>3.5%</b>	

(1) Represents asset impairment and exit costs

(2) Includes the Brazil indirect tax credit \$119 million and asset impairment and exit costs (\$9 million)

(3) Represents the Russia excise and VAT audit charge

(4) Includes asset impairment and exit costs (\$60 million), the Canadian tobacco litigation-related expense (\$194 million) and the loss on deconsolidation of RBH (\$239 million)

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

Adjustments for the Impact of RBH, excluding Currency  
(\$ in millions) / (Unaudited)

	Years Ended December 31,		
	2020	2019	% Change
Net cash provided by operating activities <sup>(1)</sup>	9,812	\$ 10,090	(2.8)%
Net cash provided by operating activities attributable to RBH <sup>(2)</sup>		(102)	
<b>Net cash provided by operating activities <sup>(1)</sup></b>	<b>\$ 9,812</b>	<b>\$ 9,988 <sup>(3)</sup></b>	<b>(1.8)%</b>
Less: Currency	(524)		
<b>Net cash provided by operating activities, excluding currency</b>	<b>\$ 10,336</b>	<b>\$ 9,988 <sup>(3)</sup></b>	<b>3.5% <sup>(4)</sup></b>

(1) Operating cash flow

(2) Represents the impact of operating activities attributable to RBH from January 1, 2019 to March 21, 2019

(3) Pro forma

(4) Excluding currency, like-for-like