



# Investor Fact Sheet – Third Quarter 2013



## PHILIP MORRIS INTERNATIONAL

### Profile

- Philip Morris International Inc. (PMI) is a U.S. corporation with headquarters in New York
- Our center of operations is in Lausanne, Switzerland
- PMI is the leading international tobacco company
- Our brands are sold in more than 180 markets
- We own 7 of the top 15 international cigarette brands in the world
- We held an estimated 16.3% share of the total international cigarette market outside the U.S., or 28.8% excluding the People's Republic of China and the U.S. in 2012

### Highlights

- **On October 17, 2013:**  
PMI Reported 2013 Third-Quarter Results.
  - Reported diluted earnings per share of \$1.44, up 9.1% versus \$1.32 in 2012. Reported diluted earnings per share, excluding currency, up 15.9% to \$1.53.
  - Adjusted diluted earnings per share of \$1.44, up 4.3%, versus \$1.38 in 2012. Excluding currency, adjusted diluted earnings per share were up 10.9% to \$1.53.
  - During the quarter, PMI increased its quarterly dividend by 10.6% to an annualized rate of \$3.76 per common share.
  - During the quarter, repurchased 16.7 million shares of its common stock for \$1.5 billion. PMI has a share repurchase target for 2013 of \$6.0 billion.
- The previously announced sale by Grupo Carso, S.A.B. de C.V. to PMI of its 20% interest in PMI's Mexican tobacco business was completed on September 30, 2013, with the approval of the Mexican antitrust authority, for \$703 million. The transaction, which resulted in PMI owning 100% of its Mexican business, is projected to be marginally accretive to PMI's earnings per share as of the fourth quarter of 2013.
- On September 30, 2013, PMI announced its entry into a definitive agreement to acquire 49% of the shares of United Arab Emirates-based Arab Investors-TA (FZC) ("AITA") for \$625 million. Through its acquisition of 49% of the shares of AITA, PMI will secure an almost 25% economic interest in the Société des Tabacs Algéro-Emiratie, a joint venture which is 51% owned by AITA and 49% by the Algerian state-owned Société Nationale des Tabacs et Allumettes SpA. This equity investment in AITA will provide PMI with enhanced earnings from Algeria and is projected to be accretive to PMI's earnings per share as of 2014.
- A reconciliation of Non-GAAP Measures is included at the end of this investor fact sheet.

Additional information is available at [www.pmi.com/investors](http://www.pmi.com/investors)

### Shareholder Information



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

■ **Investor Relations:**

New York: 917-663-2233

Lausanne: 41(0)58-242-4666

■ **Shareholder Publications:**

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

■ **Shareholder Response Center:**

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

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## Consolidated Financial Review

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Quarters Ended September 30,		
	2013	2012	% Change
Net revenues	\$20,629	\$19,592	5.3 %
Cost of sales	2,618	2,584	1.3 %
Excise taxes on products	12,702	11,672	8.8 %
Gross profit	5,309	5,336	(0.5)%
Operating income	3,593	3,623	(0.8)%
Earnings before income taxes	3,354	3,412	(1.7)%
Provision for income taxes	952	1,088	(12.5)%
Net earnings	2,402	2,324	3.4 %
Net earnings attributable to noncontrolling interests	62	97	(36.1)%
Net earnings attributable to PMI	2,340	2,227	5.1 %
Basic earnings per share	1.44	1.32	9.1 %
Diluted earnings per share	1.44	1.32	9.1 %

■ Results by Business Segment	For the Quarters Ended September 30,			
	2013	2012	% Change	Excluding Currency
<b>European Union</b>				
Net revenues	\$7,487 <sup>(1)</sup>	\$6,904	8.4 %	2.8 %
Net revenues, excluding excise taxes on products	2,281	2,125	7.3 %	1.8 %
Operating companies income <sup>(2)</sup>	1,207	1,085	11.2 %	5.4 %
<b>Eastern Europe, Middle East &amp; Africa (EEMA)</b>				
Net revenues	5,546 <sup>(1)</sup>	5,125	8.2 %	9.4 %
Net revenues, excluding excise taxes on products	2,285	2,207	3.5 %	3.9 %
Operating companies income <sup>(2)</sup>	1,088	1,047	3.9 %	7.0 %
<b>Asia</b>				
Net revenues	5,144 <sup>(1)</sup>	5,174	(0.6)%	5.4 %
Net revenues, excluding excise taxes on products	2,543	2,761	(7.9)%	(0.8)%
Operating companies income <sup>(2)</sup>	1,097	1,297	(15.4)%	(1.7)%
<b>Latin America &amp; Canada</b>				
Net revenues	2,452 <sup>(1)</sup>	2,389	2.6 %	7.8 %
Net revenues, excluding excise taxes on products	818	827	(1.1)%	2.9 %
Operating companies income <sup>(2)</sup>	267	267	— %	4.9 %



■ Balance Sheet Highlights and Ratios	September 30, 2013	December 31, 2012
Inventories	\$ 8,026	\$ 8,949
Property, plant and equipment, net	6,583	6,645
Total assets	36,795	37,670
Total debt	26,800	22,839
Total liabilities	42,703	39,523
Total stockholders' deficit	(7,191)	(3,154)
Total debt to EBITDA	1.86 <sup>(3)</sup>	1.55 <sup>(3)</sup>
Net debt to EBITDA	1.62 <sup>(3)</sup>	1.35 <sup>(3)</sup>

■ Cash Flow Statement Highlights	For the Nine Months Ended September 30,	
	2013	2012
Net cash provided by operating activities	\$ 7,815	\$ 7,771
Capital expenditures	821	719
Long-term debt proceeds	5,205	5,516
Long-term debt repaid	2,738	2,237
Repurchases of common stock	4,516	4,557
Dividends paid	4,202	3,973

(1) 2013 Currency increased (decreased) net revenues as follows: European Union \$387, EEMA \$(62), Asia \$(310), Latin America & Canada \$(124); totaling \$(109).

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

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

## Reconciliation of Non-GAAP Measures

### Reconciliation of Operating Companies Income to Operating Income

For the Quarters Ended September 30, (in millions) (unaudited)	2013	2012	% Change
<b>Operating companies income</b>	\$3,659	\$3,696	(1.0)%
Amortization of intangibles	(23)	(24)	
General corporate expenses	(43)	(49)	
<b>Operating income</b>	\$3,593	\$3,623	(0.8)%

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

For the Quarters Ended September 30, (unaudited)	2013	2012	% Change
<b>Reported Diluted EPS</b>	\$ 1.44	\$1.32	9.1 %
Adjustments:			
Asset impairment and exit costs	—	0.01	
Tax items	—	0.05	
<b>Adjusted Diluted EPS</b>	\$ 1.44	\$1.38	4.3 %
Less:			
Currency impact	(0.09)		
<b>Adjusted Diluted EPS, excluding Currency</b>	\$ 1.53	\$1.38	10.9 %

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

For the Quarters Ended September 30, (unaudited)	2013	2012	% Change
<b>Reported Diluted EPS</b>	\$ 1.44	\$1.32	9.1 %
Less:			
Currency impact	(0.09)		
<b>Reported Diluted EPS, excluding Currency</b>	\$ 1.53	\$1.32	15.9 %

### Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended September 30,

(in millions) (unaudited)									% Change in Reported Net Revenues excluding Excise Taxes				
2013							2012						
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions	Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported excluding Currency	Reported excluding Currency & Acquisitions		
\$ 7,487	\$ 5,206	\$2,281	\$ 118	\$2,163	\$—	\$2,163	European Union	\$ 6,904	\$ 4,779	\$2,125	7.3 %	1.8 %	1.8 %
5,546	3,261	2,285	(9)	2,294	—	2,294	EEMA	5,125	2,918	2,207	3.5 %	3.9 %	3.9 %
5,144	2,601	2,543	(196)	2,739	—	2,739	Asia	5,174	2,413	2,761	(7.9)%	(0.8)%	(0.8)%
2,452	1,634	818	(33)	851	—	851	Latin America & Canada	2,389	1,562	827	(1.1)%	2.9 %	2.9 %
\$20,629	\$12,702	\$7,927	\$(120)	\$8,047	\$—	\$8,047	PMI Total	\$19,592	\$11,672	\$7,920	0.1 %	1.6 %	1.6 %

2013							2012		% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$1,207	\$ 63	\$1,144	\$—	\$1,144	\$—	\$1,144	European Union	\$1,085	11.2 %	5.4 %	5.4 %
1,088	(32)	1,120	—	1,120	—	1,120	EEMA	1,047	3.9 %	7.0 %	7.0 %
1,097	(178)	1,275	—	1,275	—	1,275	Asia	1,297	(15.4)%	(1.7)%	(1.7)%
267	(13)	280	—	280	—	280	Latin America & Canada	267	— %	4.9 %	4.9 %
\$3,659	\$(160)	\$3,819	\$—	\$3,819	\$—	\$3,819	PMI Total	\$3,696	(1.0)%	3.3 %	3.3 %

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

(in millions, except ratios) (unaudited)

	For the Year Ended September 30, 2013			For the Year Ended December 31, 2012
	October – December 2012	January – September 2013	12 months rolling	
Earnings before income taxes	\$2,990	\$ 9,591	\$12,581	\$12,987
Interest expense, net	226	721	947	859
Depreciation and amortization	233	659	892	898
<b>EBITDA</b>	\$3,449	\$10,971	\$14,420	\$14,744
			September 30, 2013	December 31, 2012
Short-term borrowings			\$ 3,668	\$ 2,419
Current portion of long-term debt			1,255	2,781
Long-term debt			21,877	17,639
<b>Total Debt</b>			\$26,800	\$22,839
Less: Cash and cash equivalents			3,382	2,983
<b>Net Debt</b>			\$23,418	\$19,856
Ratios				
<b>Total Debt to EBITDA</b>			1.86	1.55
<b>Net Debt to EBITDA</b>			1.62	1.35