



# Investor Fact Sheet – First 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 April 18, 2013:**  
PMI Reported 2013 First-Quarter Results:
    - Reported diluted earnings per share of \$1.28, up 2.4% versus \$1.25 in 2012. Reported diluted earnings per share, excluding currency, up 8.0% to \$1.35.
    - Adjusted diluted earnings per share of \$1.29, up 3.2%, versus \$1.25 in 2012. Excluding currency, adjusted diluted earnings per share were up 8.8% to \$1.36.
  - During the quarter, repurchased 16.7 million shares of its common stock for \$1.5 billion.
  - 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 March 31,		
	2013	2012	% Change
Net revenues	\$18,527	\$18,022	2.8%
Cost of sales	2,489	2,442	1.9%
Excise taxes on products	10,943	10,574	3.5%
Gross profit	5,095	5,006	1.8%
Operating income	3,387	3,403	(0.5)%
Earnings before income taxes	3,151	3,190	(1.2)%
Provision for income taxes	933	958	(2.6)%
Net earnings	2,218	2,232	(0.6)%
Net earnings attributable to noncontrolling interests	93	71	31.0%
Net earnings attributable to PMI	2,125	2,161	(1.7)%
Basic earnings per share	1.28	1.25	2.4%
Diluted earnings per share	1.28	1.25	2.4%

■ Results by Business Segment	For the Quarters Ended March 31,			
	2013	2012	% Change	Excluding Currency
<b>European Union</b>				
Net revenues	\$6,523 <sup>(1)</sup>	\$6,470	0.8%	(0.8)%
Net revenues, excluding excise taxes on products	1,970	2,053	(4.0)%	(5.4)%
Operating companies income <sup>(2)</sup>	938	1,030	(8.9)%	(7.8)%
<b>Eastern Europe, Middle East &amp; Africa (EEMA)</b>				
Net revenues	4,423 <sup>(1)</sup>	4,069	8.7%	7.7%
Net revenues, excluding excise taxes on products	2,043	1,835	11.3%	10.8%
Operating companies income <sup>(2)</sup>	935	810	15.4%	15.8%
<b>Asia</b>				
Net revenues	5,251 <sup>(1)</sup>	5,177	1.4%	4.6%
Net revenues, excluding excise taxes on products	2,790	2,777	0.5%	4.8%
Operating companies income <sup>(2)</sup>	1,342	1,407	(4.6)%	2.7%
<b>Latin America &amp; Canada</b>				
Net revenues	2,330 <sup>(1)</sup>	2,306	1.0%	4.8%
Net revenues, excluding excise taxes on products	781	783	(0.3)%	2.2%
Operating companies income <sup>(2)</sup>	254	237	7.2%	8.9%



■ Balance Sheet Highlights and Ratios	March 31,	December 31,
	2013	2012
Inventories	\$ 7,976	\$ 8,949
Property, plant and equipment, net	6,473	6,645
Total assets	\$37,418	37,670
Total debt	25,598	22,839
Total liabilities	40,150	39,523
Total stockholders' deficit	(4,055)	(3,154)
Total debt to EBITDA	1.74 <sup>(3)</sup>	1.55 <sup>(3)</sup>
Net debt to EBITDA	1.47 <sup>(3)</sup>	1.35 <sup>(3)</sup>

■ Cash Flow Statement Highlights	For the Quarters Ended March 31,	
	2013	2012
Net cash provided by operating activities	\$ 1,363	\$ 1,898
Capital expenditures	240	227
Long-term debt proceeds	4,569	1,220
Long-term debt repaid	739	1,667
Repurchases of common stock	1,453	1,427
Dividends paid	1,414	1,338

(1) 2013 Currency increased (decreased) net revenues as follows: European Union \$103, EEMA \$39, Asia \$(162), Latin America & Canada \$(86); totaling \$(106).

(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 March 31, (in millions) (unaudited)	2013	2012	% Change
<b>Operating companies income</b>	\$3,469	\$3,484	(0.4)%
Amortization of intangibles	(24)	(24)	
General corporate expenses	(58)	(57)	
<b>Operating income</b>	\$3,387	\$3,403	(0.5)%

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

For the Quarters Ended March 31, (unaudited)	2013	2012	% Change
<b>Reported Diluted EPS</b>	\$ 1.28	\$1.25	2.4%
Adjustments:			
Asset impairment and exit costs	—	—	
Tax items	0.01	—	
<b>Adjusted Diluted EPS</b>	\$ 1.29	\$1.25	3.2%
Less:			
Currency impact	(0.07)		
<b>Adjusted Diluted EPS, excluding Currency</b>	\$ 1.36	\$1.25	8.8%

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

For the Quarters Ended March 31, (unaudited)	2013	2012	% Change
<b>Reported Diluted EPS</b>	\$ 1.28	\$1.25	2.4%
Less:			
Currency impact	(0.07)		
<b>Reported Diluted EPS, excluding Currency</b>	\$ 1.35	\$1.25	8.0%

### Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended March 31,

(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	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$ 6,523	\$ 4,553	\$1,970	\$ 27	\$1,943	\$—	\$1,943	European Union	\$ 6,470	\$ 4,417	\$2,053	(4.0)%	(5.4)%	(5.4)%
4,423	2,380	2,043	10	2,033	—	2,033	EEMA	4,069	2,234	1,835	11.3%	10.8%	10.8%
5,251	2,461	2,790	(121)	2,911	—	2,911	Asia	5,177	2,400	2,777	0.5%	4.8%	4.8%
2,330	1,549	781	(19)	800	—	800	Latin America & Canada	2,306	1,523	783	(0.3)%	2.2%	2.2%
\$18,527	\$10,943	\$7,584	\$(103)	\$7,687	\$—	\$7,687	PMI Total	\$18,022	\$10,574	\$7,448	1.8%	3.2%	3.2%

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	
\$ 938	\$(12)	\$ 950	\$—	\$ 950	\$—	\$ 950	European Union	\$1,030	(8.9)%	(7.8)%	(7.8)%
935	(3)	938	—	938	—	938	EEMA	810	15.4%	15.8%	15.8%
1,342	(103)	1,445	—	1,445	—	1,445	Asia	1,407	(4.6)%	2.7%	2.7%
254	(4)	258	—	258	—	258	Latin America & Canada	237	7.2%	8.9%	8.9%
\$3,469	\$(122)	\$3,591	\$—	\$3,591	\$—	\$3,591	PMI Total	\$3,484	(0.4)%	3.1%	3.1%

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

(in millions, except ratios) (unaudited)

	For the Year Ended March 31, 2013			For the Year Ended December 31, 2012
	April – December 2012	January – March 2013	12 months rolling	
Earnings before income taxes	\$ 9,797	\$3,151	\$12,948	\$12,987
Interest expense, net	646	236	882	859
Depreciation and amortization	671	222	893	898
<b>EBITDA</b>	\$11,114	\$3,609	\$14,723	\$14,744
			March 31, 2013	December 31, 2012
Short-term borrowings			\$ 1,539	\$ 2,419
Current portion of long-term debt			3,263	2,781
Long-term debt			20,796	17,639
<b>Total Debt</b>			\$25,598	\$22,839
Less: Cash and cash equivalents			3,981	2,983
<b>Net Debt</b>			\$21,617	\$19,856
Ratios				
<b>Total Debt to EBITDA</b>			1.74	1.55
<b>Net Debt to EBITDA</b>			1.47	1.35