

Investor Fact Sheet 2015 Full-Year Report



PHILIP MORRIS INTERNATIONAL

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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 world's leading international tobacco company
- Our products are sold in more than 180 markets
- We own 6 of the top 15 international cigarette brands in the world
- We held an estimated 15.6% share of the total international cigarette market outside the U.S., or 28.7% excluding the People's Republic of China and the U.S. in 2015
- PMI is engaged in the development and commercialization of Reduced-Risk Products ("RRPs"). RRP is the term PMI uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. Through multidisciplinary capabilities in product development, state-of-the-art facilities, and industry-leading scientific substantiation, PMI aims to provide an RRP portfolio that meets a broad spectrum of adult smoker preferences and rigorous regulatory requirements. For more information, see www.pmi.com and www.pmiscience.com.

Highlights

■ On February 4, 2016, PMI Reported 2015

Full-Year Results:

- Reported diluted earnings per share of \$4.42, down by \$0.34 or 7.1% versus \$4.76 in 2014. Excluding unfavorable currency of \$1.20, reported diluted earnings per share up by \$0.86 or 18.1% versus \$4.76 in 2014.
- Adjusted diluted earnings per share of \$4.42, down by \$0.60 or 12.0% versus \$5.02 in 2014. Excluding unfavorable currency of \$1.20, adjusted diluted earnings per share up by \$0.60 or 12.0% versus \$5.02 in 2014.
- Cigarette shipment volume of 847.3 billion units, down by 1.0% excluding acquisitions.
- During 2015, PMI increased its regular quarterly dividend by 2.0% to an annualized rate of \$4.08 per common share.
- 2015 marked an important milestone for our Reduced-Risk Products⁽¹⁾ portfolio, with the geographic expansion of iQOS in Japan and Italy; city launches in Portugal, Romania, Russia and Switzerland; increased investments in preparation for further launches in 2016; and significant progress on our risk assessment and evidence package.
- 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

(1) Reduced-Risk Products (RRPs) is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes.

Consolidated Financial Review

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Years Ended December 31,		
	2015	2014	% Change
Net revenues	\$73,908	\$80,106	(7.7)%
Cost of sales	9,365	10,436	(10.3)%
Excise taxes on products ⁽¹⁾	47,114	50,339	(6.4)%
Gross profit	17,429	19,331	(9.8)%
Operating income ⁽²⁾	10,623	11,702	(9.2)%
Earnings before income taxes	9,615	10,650	(9.7)%
Provision for income taxes	2,688	3,097	(13.2)%
Equity (income)/loss in unconsolidated subsidiaries, net	(105)	(105)	—
Net earnings	7,032	7,658	(8.2)%
Net earnings attributable to noncontrolling interests	159	165	(3.6)%
Net earnings attributable to PMI	6,873	7,493	(8.3)%
Basic earnings per share	4.42	4.76	(7.1)%
Diluted earnings per share	4.42	4.76	(7.1)%

■ Results by Business Segment	For the Years Ended December 31,			
	2015	2014	% Change	Excluding Currency
European Union				
Net revenues	\$26,563 ⁽³⁾	\$30,517	(13.0)%	3.4 %
Net revenues, excluding excise taxes on products	8,068	9,147	(11.8)%	4.6 %
Operating companies income ⁽²⁾	3,576	3,815	(6.3)%	16.2 %
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	18,328 ⁽³⁾	20,469	(10.5)%	13.8 %
Net revenues, excluding excise taxes on products	7,364	8,614	(14.5)%	6.8 %
Operating companies income ⁽²⁾	3,425	4,033	(15.1)%	8.2 %
Asia				
Net revenues	19,469 ⁽³⁾	19,255	1.1 %	11.3 %
Net revenues, excluding excise taxes on products	8,203	8,728	(6.0)%	4.0 %
Operating companies income ⁽²⁾	2,886	3,187	(9.4)%	2.7 %
Latin America & Canada				
Net revenues	9,548 ⁽³⁾	9,865	(3.2)%	12.9 %
Net revenues, excluding excise taxes on products	3,159	3,278	(3.6)%	11.8 %
Operating companies income ⁽²⁾	1,085	1,030	5.3 %	25.7 %

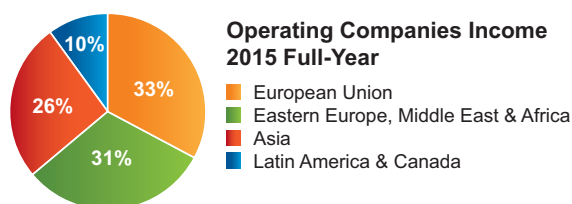
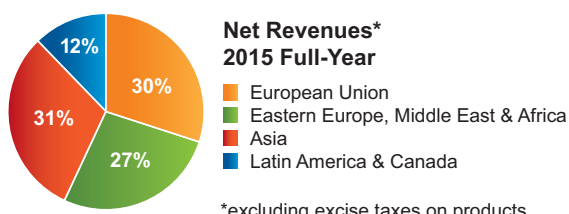
(1) The segment detail of excise taxes on products sold for the years ended 2015 and 2014 is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

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

(3) 2015 Currency decreased net revenues as follows: European Union \$(4,980), EEMA \$(4,958), Asia \$(1,971), Latin America & Canada \$(1,588); totaling \$(13,497).

Consolidated Financial Review (CONTINUED)

(in millions of dollars, except per share data)



■ Balance Sheet Highlights and Ratios

	As of December 31,	
	2015	2014
Cash and cash equivalents	\$ 3,417	\$ 1,682
Receivables	2,778	4,004
Inventories	8,473	8,592
Property, plant and equipment, net	5,721	6,071
Goodwill	7,415	8,388
Other intangible assets, net	2,623	2,985
Investments in unconsolidated subsidiaries	890	1,083
Total assets	33,956	35,187
Total debt	28,480	29,455
Total liabilities	45,432	46,390
Total stockholders' deficit	(11,476)	(11,203)
Total debt to Adjusted EBITDA	2.49 ⁽⁴⁾	2.24 ⁽⁴⁾
Net debt to Adjusted EBITDA	2.19 ⁽⁴⁾	2.12 ⁽⁴⁾

■ Cash Flow Statement Highlights

	For the Years Ended December 31,	
	2015	2014
Net cash provided by operating activities	\$ 7,865	\$ 7,739
Capital expenditures	(960)	(1,153)
Long-term debt proceeds	1,539	5,591
Long-term debt repaid	(1,229)	(1,240)
Repurchases of common stock	(48)	(3,833)
Dividends paid	(6,250)	(6,035)

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

Reconciliation of Non-GAAP Measures

■ Reconciliation of Operating Income to Operating Companies Income

For the Years Ended December 31, (\$ in millions) (Unaudited)	2015	2014	% Change
Operating Income	\$10,623	\$11,702	(9.2)%
Excluding:			
Amortization of intangibles	82	93	
General corporate expenses (included in marketing, administration and research costs)	162	165	
Plus:			
Equity(income)/loss in unconsolidated subsidiaries, net	(105)	(105)	
Operating Companies Income	\$10,972	\$12,065	(9.1)%

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

For the Years Ended December 31, (Unaudited)	2015	2014	% Change
Reported Diluted EPS	\$4.42	\$4.76	(7.1)%
Adjustments:			
Asset impairment and exit costs	0.03	0.26	
Tax items	(0.03)	—	
Adjusted Diluted EPS	\$4.42	\$5.02	(12.0)%
Less:			
Currency impact	(1.20)		
Adjusted Diluted EPS, excluding Currency	\$5.62	\$5.02	12.0%

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

For the Years Ended December 31, (Unaudited)	2015	2014	% Change
Reported Diluted EPS	\$4.42	\$4.76	(7.1)%
Less:			
Currency Impact	(1.20)		
Reported Diluted EPS, excluding Currency	\$5.62	\$4.76	18.1%

■ Adjustments for the Impact of Currency and Acquisitions

For the Years Ended December 31,

(\$ in millions) (Unaudited)								% Change in Reported Net Revenues excluding Excise Taxes					
2015				2014				2015		2014		2014	
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	
\$ 26,563	\$ 18,495	\$ 8,068	\$ (1,503)	\$ 9,571	\$ 11	\$ 9,560	\$ 30,517	\$ 21,370	\$ 9,147	(11.8)%	4.6%	4.5%	
18,328	10,964	7,364	(1,835)	9,199	1	9,198	20,469	11,855	8,614	(14.5)%	6.8%	6.8%	
19,469	11,266	8,203	(875)	9,078	—	9,078	19,255	10,527	8,728	(6.0)%	4.0%	4.0%	
9,548	6,389	3,159	(505)	3,664	4	3,660	9,865	6,587	3,278	(3.6)%	11.8%	11.7%	
\$ 73,908	\$ 47,114	\$ 26,794	\$ (4,718)	\$ 31,512	\$ 16	\$ 31,496	\$ 80,106	\$ 50,339	\$ 29,767	(10.0)%	5.9%	5.8%	

2015								% Change in Reported Operating Companies Income				
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions				
\$ 3,576	\$ (857)	\$ 4,433	\$ (2)	\$ 4,435	\$ 3,815	(6.3)%	16.2%	16.3%				
3,425	(938)	4,363	(1)	4,364	4,033	(15.1)%	8.2%	8.2%				
2,886	(388)	3,274	—	3,274	3,187	(9.4)%	2.7%	2.7%				
1,085	(210)	1,295	3	1,292	1,030	5.3%	25.7%	25.4%				
\$ 10,972	\$ (2,393)	\$ 13,365	\$ —	\$ 13,365	\$ 12,065	(9.1)%	10.8%	10.8%				

Reconciliation of Non-GAAP Measures (CONTINUED)

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

(in millions, except ratios) (unaudited)	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Earnings before income taxes	\$ 9,615	\$ 10,650
Interest expense, net	1,008	1,052
Depreciation and amortization	754	889
Extraordinary, unusual or non-recurring expenses, net ⁽¹⁾	68	535
Adjusted EBITDA	\$ 11,445	\$ 13,126
	December 31, 2015	December 31, 2014
Short-term borrowings	\$ 825	\$ 1,208
Current portion of long-term debt	2,405	1,318
Long-term debt	25,250	26,929
Total Debt	\$ 28,480	\$ 29,455
Less: Cash and cash equivalents	3,417	1,682
Net Debt	\$ 25,063	\$ 27,773
Ratios		
Total Debt to Adjusted EBITDA	2.49	2.24
Net Debt to Adjusted EBITDA	2.19	2.12

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

Shareholder Information



■ Philip Morris International Inc. is listed on the New York Stock Exchange and NYSE Euronext/Paris (ticker symbol “PM”). The company is also listed on the SIX Swiss Exchange (ticker symbol “PMI”).

■ **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 or you may download PMI’s free Investor Relations Mobile Application at www.pmi.com/irapp

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P.O. Box 43078

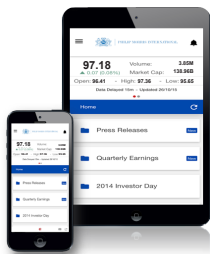
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