

Investor Fact Sheet 2015 Third-Quarter Report



PHILIP MORRIS INTERNATIONAL

Contents

■ <u>Highlights</u>	2
■ <u>Consolidated Financial Review</u>	3
■ <u>Reconciliation of Non-GAAP Measures</u>	5
■ <u>Shareholder Information</u>	7

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 6 of the top 15 international cigarette brands in the world
- We held an estimated 15.5% share of the total international cigarette market outside the U.S., or 28.5% excluding the People's Republic of China and the U.S. in 2014

Highlights

■ On October 15, 2015, PMI Reported 2015 Third-Quarter Results:

- Reported diluted earnings per share of \$1.25, down by \$0.13 or 9.4% versus \$1.38 in 2014. Excluding unfavorable currency of \$0.37, reported diluted earnings per share up by \$0.24 or 17.4% versus \$1.38 in 2014.
- Adjusted diluted earnings per share of \$1.24, down by \$0.15 or 10.8% versus \$1.39 in 2014. Excluding unfavorable currency of \$0.37, adjusted diluted earnings per share up by \$0.22 or 15.8% versus \$1.39 in 2014.
- Cigarette shipment volume of 218.9 billion units, down by 1.5% excluding acquisitions.
- During the quarter, PMI increased its regular quarterly dividend by 2.0% from \$1.00 to \$1.02, representing an annualized rate of \$4.08 per common share. Since its spin-off in March 2008, PMI has increased its regular quarterly dividend by 121.7% from the initial annualized rate of \$1.84 per common share. PMI did not make any share repurchases in the first nine months of 2015.

■ Sampoerna Rights Issue:

- On October 9, 2015, PT HM Sampoerna Tbk. (Sampoerna) (IDX: HMSP), an affiliate of Philip Morris International Inc. (PMI) in Indonesia, announced the approval by shareholders of Sampoerna's plan for a Rights Issue at an Exercise Price of IDR 77,000 per share.

The purpose of the Rights Issue is to comply with the Indonesian Stock Exchange's requirement for all publicly listed companies to have at least 7.5% of their paid-up capital publicly owned by no later than January 30, 2016. Through the Rights Issue, Sampoerna is offering 269,723,076 new shares, of which 264,209,711, in the form of rights to subscribe to new shares, will be sold by PT Philip Morris Indonesia (PMID) to institutional investors. To date, PMI has held a 98.18% interest of Sampoerna's shares through PMID.

The total net proceeds to Sampoerna from the Rights Issue amount to approximately IDR 20,495.3 billion (approximately \$1.5 billion) at prevailing exchange rates on the closing date of October 26, 2015. After completion of the transaction, PMID will own 92.5% of the issued and outstanding shares of Sampoerna and 7.5% will be publicly owned.

- 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

Consolidated Financial Review

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Quarters Ended September 30,		
	2015	2014	% Change
Net revenues	\$19,422	\$21,335	(9.0)%
Cost of sales	2,383	2,734	(12.8)%
Excise taxes on products ⁽¹⁾	12,495	13,479	(7.3)%
Gross profit	4,544	5,122	(11.3)%
Operating income ⁽²⁾	2,959	3,345	(11.5)%
Earnings before income taxes	2,712	3,078	(11.9)%
Provision for income taxes	748	918	(18.5)%
Equity (income)/loss in unconsolidated subsidiaries, net	(20)	(38)	
Net earnings	1,984	2,198	(9.7) %
Net earnings attributable to noncontrolling interests	42	43	(2.3)%
Net earnings attributable to PMI	1,942	2,155	(9.9)%
Basic earnings per share	1.25	1.38	(9.4)%
Diluted earnings per share	1.25	1.38	(9.4)%

■ Results by Business Segment	For the Quarters Ended September 30,			
	2015	2014	% Change	Excluding Currency
European Union				
Net revenues	\$6,633 ⁽³⁾	\$7,777	(14.7)%	3.2 %
Net revenues, excluding excise taxes on products	2,041	2,357	(13.4)%	4.5 %
Operating companies income ⁽²⁾	1,014	1,186	(14.5)%	5.9 %
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	5,492 ⁽³⁾	6,111	(10.1)%	15.8 %
Net revenues, excluding excise taxes on products	2,098	2,434	(13.8)%	9.0 %
Operating companies income ⁽²⁾	1,033	1,204	(14.2)%	12.3 %
Asia				
Net revenues	4,880 ⁽³⁾	4,943	(1.3)%	11.3 %
Net revenues, excluding excise taxes on products	1,984	2,232	(11.1)%	0.9 %
Operating companies income ⁽²⁾	690	799	(13.6)%	1.6 %
Latin America & Canada				
Net revenues	2,417 ⁽³⁾	2,504	(3.5)%	14.4 %
Net revenues, excluding excise taxes on products	804	833	(3.5)%	13.9 %
Operating companies income ⁽²⁾	294	267	10.1 %	29.6 %

(1) The segment detail of excise taxes on products sold for the quarters ended September 30, 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 \$(1,389), EEMA \$(1,587), Asia \$(622), Latin America & Canada \$(447); totaling \$(4,045).

Consolidated Financial Review (CONTINUED)

(in millions of dollars, except per share data)



■ Balance Sheet Highlights and Ratios	September 30,	December 31,
	2015	2014
Cash and cash equivalents	\$ 2,393	\$ 1,682
Receivables	3,322	4,004
Inventories	7,207	8,592
Property, plant and equipment, net	5,600	6,071
Goodwill	7,404	8,388
Other intangible assets, net	2,621	2,985
Investments in unconsolidated subsidiaries	919	1,083
Total assets	32,011	35,187
Total debt	28,907	29,455
Total liabilities	44,237	46,390
Total stockholders' deficit	(12,226)	(11,203)
Total debt to Adjusted EBITDA	2.39 ⁽⁴⁾	2.24 ⁽⁴⁾
Net debt to Adjusted EBITDA	2.20 ⁽⁴⁾	2.12 ⁽⁴⁾

■ Cash Flow Statement Highlights	For the Nine Months Ended September 30,	
	2015	2014
Net cash provided by operating activities	\$ 5,993	\$ 6,385
Capital expenditures	(636)	(804)
Long-term debt proceeds	1,539	3,632
Long-term debt repaid	(1,228)	(1,240)
Repurchases of common stock	(48)	(3,050)
Dividends paid	(4,665)	(4,471)

(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 Quarters Ended September 30, (\$ in millions) (Unaudited)	2015	2014	% Change
Operating Income	\$2,959	\$3,345	(11.5)%
Excluding:			
Amortization of intangibles	19	23	
General corporate expenses (included in marketing, administration and research costs)	33	50	
Plus:			
Equity(income)/loss in unconsolidated subsidiaries, net	(20)	(38)	
Operating Companies Income	\$3,031	\$3,456	(12.3)%

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

For the Quarters Ended September 30, (Unaudited)	2015	2014	% Change
Reported Diluted EPS	\$1.25	\$1.38	(9.4)%
Adjustments:			
Asset impairment and exit costs	—	0.01	
Tax items	(0.01)	—	
Adjusted Diluted EPS	\$1.24	\$1.39	(10.8)%
Less:			
Currency impact	(0.37)		
Adjusted Diluted EPS, excluding Currency	\$1.61	\$1.39	15.8%

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

For the Quarters Ended September 30, (Unaudited)	2015	2014	% Change
Reported Diluted EPS	\$1.25	\$1.38	(9.4)%
Less:			
Currency Impact	(0.37)		
Reported Diluted EPS, excluding Currency	\$1.62	\$1.38	17.4%

■ Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended September 30,

(\$ in millions) (Unaudited)		2015		2014		% Change in Reported Net Revenues excluding Excise Taxes							
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 excluding Excise Taxes	Reported Net Revenues excluding Currency & Acquisitions					
\$ 6,633	\$ 4,592	\$ 2,041	\$ (422)	\$ 2,463	\$ —	\$ 2,463	European Union	\$ 7,777	\$ 5,420	\$ 2,357	(13.4)%	4.5%	4.5%
5,492	3,394	2,098	(555)	2,653	—	2,653	EEMA	6,111	3,677	2,434	(13.8)%	9.0%	9.0%
4,880	2,896	1,984	(268)	2,252	—	2,252	Asia	4,943	2,711	2,232	(11.1)%	0.9%	0.9%
2,417	1,613	804	(145)	949	—	949	Latin America & Canada	2,504	1,671	833	(3.5)%	13.9%	13.9%
\$19,422	\$12,495	\$ 6,927	\$ (1,390)	\$ 8,317	\$ —	\$ 8,317	PMI Total	\$21,335	\$13,479	\$ 7,856	(11.8)%	5.9%	5.9%

(\$ in millions) (Unaudited)		2015		2014		% 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	Reported Net Revenues excluding Currency & Acquisitions	Reported Net Revenues excluding Currency & Acquisitions			
\$ 1,014	\$ (242)	\$ 1,256	\$ —	\$ 1,256	\$ —	\$ 1,186	European Union	\$ 1,186	(14.5)%	5.9%	5.9%
1,033	(319)	1,352	—	1,352	—	1,204	EEMA	1,204	(14.2)%	12.3%	12.3%
690	(122)	812	—	812	—	799	Asia	799	(13.6)%	1.6%	1.6%
294	(52)	346	—	346	—	267	Latin America & Canada	267	10.1%	29.6%	29.6%
\$ 3,031	\$ (735)	\$ 3,766	\$ —	\$ 3,766	\$ —	\$ 3,456	PMI Total	\$ 3,456	(12.3)%	9.0%	9.0%

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 September 30, 2015			For the Year Ended December 31, 2014
	October - December 2014	January - September 2015	12 months rolling	
Earnings before income taxes	\$ 2,269	\$ 7,941	\$ 10,210	\$ 10,650
Interest expense, net	263	781	1,044	1,052
Depreciation and amortization	229	561	790	889
Extraordinary, unusual or non-recurring expenses, net ⁽¹⁾	32	—	32	535
Adjusted EBITDA	\$ 2,793	\$ 9,283	\$ 12,076	\$ 13,126
			September 30, 2015	December 31, 2014
Short-term borrowings			\$ 1,007	\$ 1,208
Current portion of long-term debt			2,100	1,318
Long-term debt			25,800	26,929
Total Debt			\$ 28,907	\$ 29,455
Less: Cash and cash equivalents			2,393	1,682
Net Debt			\$ 26,514	\$ 27,773
Ratios				
Total Debt to Adjusted EBITDA			2.39	2.24
Net Debt to Adjusted EBITDA			2.20	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

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■ **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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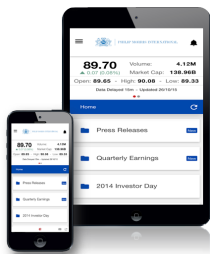
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