



## 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 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 28.6% excluding the People's Republic of China and the U.S. in 2014

### HIGHLIGHTS

- **On February 5, 2015:**  
PMI Reported 2014 Full-Year results:
  - Reported diluted earnings per share of \$4.76, down by 9.5% versus \$5.26 in 2013.
  - Adjusted diluted earnings per share of \$5.02, down by 7.0% versus \$5.40 in 2013. Excluding currency, adjusted diluted earnings per share up by 7.8% to \$5.82.
  - In 2014, cigarette shipment volume of 856.0 billion units decreased 2.8% excluding acquisitions.
- During 2014, PMI increased its regular quarterly dividend by 6.4% to an annualized rate of \$4.00 per common share.
- During 2014, PMI repurchased 45.2 million shares of its common stock for \$3.8 billion.
- During 2014, PMI invested in a number of strategic initiatives, including the pilot launches of its Reduced-Risk Product, *iQOS* and the roll-out of the new *Marlboro* 2.0 architecture, as well as the optimization of our global manufacturing footprint.

*Highlights continued on page 2.*

## HIGHLIGHTS (CONTINUED)

- In 2014, as part of the company's ongoing efforts to enhance the cost efficiency of its global manufacturing operations, PMI:
  - Ceased cigarette production in Australia, incurring an after-tax charge of \$0.01 per share for asset impairment and exit costs;
  - Discontinued cigarette production at its factory located in Bergen op Zoom, the Netherlands. As a result, PMI incurred a full-year pre-tax charge of \$489 million, or an after-tax charge of \$0.24 per share, reflecting \$350 million primarily related to employee separation costs and \$139 million related to asset impairment costs; and
  - Closed a leaf processing facility in Brampton, Canada and adopted, on November 5, 2014, a new leaf-buying model in the United States, effective April 1, 2015, under which the company will transition from directly purchasing

- tobacco through contracts with U.S. growers to purchasing through two suppliers, Alliance One International Inc. and Universal Corporation. As a result of these two leaf initiatives, PMI incurred a combined after-tax charge of \$0.01 per share for asset impairment and exit costs.
- On June 26, 2014, the company announced its acquisition of 100% of Nicocigs Limited ("Nicocigs"), a leading U.K.-based e-vapor company whose principal brand is *Nicolites*. The transaction was not subject to regulatory approval and is not material to PMI's 2014 consolidated financial position, results of operations or cash flow.
  - 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) or you

may download PMI's free Investor Relations Mobile Application at [www.pmi.com/irapp](http://www.pmi.com/irapp)

- **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.

Computershare Trust Company, N.A.

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## CONSOLIDATED FINANCIAL REVIEW

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Years Ended December 31,		
	2014	2013	% Change
Net revenues	\$80,106	\$80,029	0.1 %
Cost of sales	10,436	10,410	0.2 %
Excise taxes on products <sup>(1)</sup>	50,339	48,812	3.1 %
Gross profit	19,331	20,807	(7.1)%
Operating income <sup>(2)</sup>	11,702	13,515	(13.4)%
Earnings before income taxes	10,650	12,542	(15.1)%
Provision for income taxes	3,097	3,670	(15.6)%
Equity (income)/loss in unconsolidated subsidiaries, net	(105)	22	
Net earnings	7,658	8,850	(13.5)%
Net earnings attributable to noncontrolling interests	165	274	(39.8)%
Net earnings attributable to PMI	7,493	8,576	(12.6)%
Basic earnings per share	4.76	5.26	(9.5)%
Diluted earnings per share	4.76	5.26	(9.5)%

■ Results by Business Segment	For the Years Ended December 31,			
	2014	2013	% Change	Excluding Currency
<b>European Union</b>				
Net revenues	\$29,058 <sup>(3)</sup>	\$28,303	2.7%	1.5 %
Net revenues, excluding excise taxes on products	8,839	8,596	2.8%	1.4 %
Operating companies income <sup>(2)</sup>	3,727	4,238	(12.1)%	(12.9)%
<b>Eastern Europe, Middle East &amp; Africa (EEMA)</b>				
Net revenues	21,928 <sup>(3)</sup>	20,695	6.0%	16.7 %
Net revenues, excluding excise taxes on products	8,922	8,766	1.8%	10.5 %
Operating companies income <sup>(2)</sup>	4,121	3,779	9.1%	25.2 %
<b>Asia</b>				
Net revenues	19,255 <sup>(3)</sup>	20,987	(8.3)%	0.8 %
Net revenues, excluding excise taxes on products	8,728	10,501	(16.9)%	(7.2)%
Operating companies income <sup>(2)</sup>	3,187	4,622	(31.0)%	(16.9)%
<b>Latin America &amp; Canada</b>				
Net revenues	9,865 <sup>(3)</sup>	10,044	(1.8)%	13.8 %
Net revenues, excluding excise taxes on products	3,278	3,354	(2.3)%	10.6 %
Operating companies income <sup>(2)</sup>	1,030	1,134	(9.2)%	12.3 %

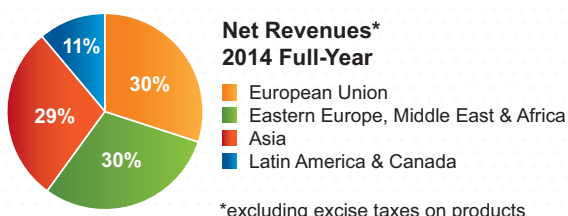
(1) The segment detail of excise taxes on products sold for the years ended 2014 and 2013 is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(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) 2014 Currency increased (decreased) net revenues as follows: European Union \$343, EEMA \$(2,222), Asia \$(1,899), Latin America & Canada \$(1,570); totaling \$(5,348).

## CONSOLIDATED FINANCIAL REVIEW (CONTINUED)

(in millions of dollars, except per share data)



### ■ Balance Sheet Highlights and Ratios

	As of December 31,	
	2014	2013
Cash and cash equivalents	\$ 1,682	\$ 2,154
Receivables	4,004	3,853
Inventories	8,592	9,846
Property, plant and equipment, net	6,071	6,755
Goodwill	8,388	8,893
Other intangible assets, net	2,985	3,193
Investments in unconsolidated subsidiaries	1,083	1,536
Total assets	35,187	38,168
Total debt	29,455	27,678
Total liabilities	46,390	44,442
Total stockholders' deficit	(11,203)	(6,274)
Total debt to Adjusted EBITDA	2.24 <sup>(4)</sup>	1.88 <sup>(4)</sup>
Net debt to Adjusted EBITDA	2.12 <sup>(4)</sup>	1.74 <sup>(4)</sup>

### ■ Cash Flow Statement Highlights

	For the Years Ended December 31,	
	2014	2013
Net cash provided by operating activities	\$ 7,739	\$ 10,135
Capital expenditures	1,153	1,200
Investments in unconsolidated subsidiaries	29	1,418
Long-term debt proceeds	5,591	7,181
Long-term debt repaid	1,240	2,738
Repurchases of common stock	3,833	5,963
Dividends paid	6,035	5,720

(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)	2014	2013	% Change
<b>Operating Income</b>	\$11,702	\$13,515	(13.4)%
Excluding:			
Amortization of intangibles	93	93	
General corporate expenses (included in marketing, administration and research costs)	165	187	
Plus:			
Equity(income)/loss in unconsolidated subsidiaries, net	(105)	22	
<b>Operating Companies Income</b>	\$12,065	\$13,773	(12.4)%

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

For the Years Ended December 31, (unaudited)	2014	2013	% Change
<b>Reported Diluted EPS</b>	\$ 4.76	\$5.26	(9.5)%
Adjustments:			
Asset impairment and exit costs	0.26	0.12	
Tax items	—	0.02	
<b>Adjusted Diluted EPS</b>	\$ 5.02	\$5.40	(7.0)%
Less:			
Currency impact	(0.80)		
<b>Adjusted Diluted EPS, excluding Currency</b>	\$ 5.82	\$5.40	7.8%

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

For the Years Ended December 31, (unaudited)	2014	2013	% Change
<b>Reported Diluted EPS</b>	\$ 4.76	\$5.26	(9.5)%
Less:			
Currency Impact	(0.80)		
<b>Reported Diluted EPS, excluding Currency</b>	\$ 5.56	\$5.26	5.7%

### ■ Adjustments for the Impact of Currency and Acquisitions

For the Years Ended December 31,

(in millions) (unaudited)		2014					2013					% 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	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$29,058	\$20,219	\$ 8,839	\$ 122	\$ 8,717	\$ 11	\$ 8,706	European Union	\$28,303	\$19,707	\$ 8,596	2.8 %	1.4 %	1.3 %
21,928	13,006	8,922	(761)	9,683	1	9,682	EEMA	20,695	11,929	8,766	1.8 %	10.5 %	10.4 %
19,255	10,527	8,728	(1,022)	9,750	—	9,750	Asia	20,987	10,486	10,501	(16.9)%	(7.2)%	(7.2)%
9,865	6,587	3,278	(431)	3,709	1	3,708	Latin America & Canada	10,044	6,690	3,354	(2.3)%	10.6 %	10.6 %
\$80,106	\$50,339	\$29,767	\$(2,092)	\$31,859	\$ 13	\$31,846	PMI Total	\$80,029	\$48,812	\$31,217	(4.6)%	2.1 %	2.0 %

(in millions) (unaudited)		2014					2013					% 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	Less Currency	Reported Operating Companies Income excluding Currency	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$ 3,727	\$ 37	\$ 3,690	\$ (1)	\$ 3,691	\$ (1)	\$ 3,691	European Union	\$ 4,238	(12.1)%	(12.9)%	(12.9)%	(12.9)%	
4,121	(611)	4,732	(8)	4,740	(8)	4,740	EEMA	3,779	9.1 %	25.2 %	25.4 %	25.4 %	
3,187	(656)	3,843	—	3,843	—	3,843	Asia	4,622	(31.0)%	(16.9)%	(16.9)%	(16.9)%	
1,030	(243)	1,273	(1)	1,274	(1)	1,274	Latin America & Canada	1,134	(9.2)%	12.3 %	12.3 %	12.3 %	
\$ 12,065	\$(1,473)	\$13,538	\$(10)	\$13,548	\$(10)	\$13,548	PMI Total	\$13,773	(12.4)%	(1.7)%	(1.6)%	(1.6)%	

## 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, 2014	For the Year Ended December 31, 2013
Earnings before income taxes	\$ 10,650	\$ 12,542
Interest expense, net	1,052	973
Depreciation and amortization	889	882
Extraordinary, unusual or non-recurring expenses, net <sup>(1)</sup>	535	309
<b>Adjusted EBITDA</b>	<b>\$ 13,126</b>	<b>\$ 14,706</b>
	December 31, 2014	December 31, 2013
Short-term borrowings	\$ 1,208	\$ 2,400
Current portion of long-term debt	1,318	1,255
Long-term debt	26,929	24,023
<b>Total Debt</b>	<b>\$ 29,455</b>	<b>\$ 27,678</b>
Less: Cash and cash equivalents	1,682	2,154
<b>Net Debt</b>	<b>\$ 27,773</b>	<b>\$ 25,524</b>
Ratios		
<b>Total Debt to Adjusted EBITDA</b>	<b>2.24</b>	<b>1.88</b>
<b>Net Debt to Adjusted EBITDA</b>	<b>2.12</b>	<b>1.74</b>

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