



PHILIP MORRIS
INTERNATIONAL

Investor Information

July 2021

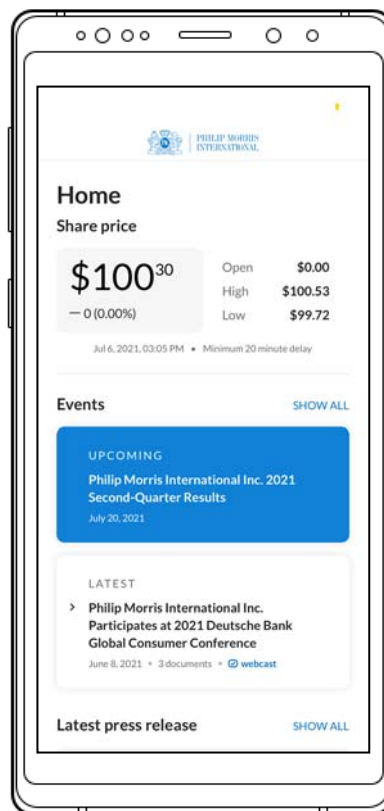
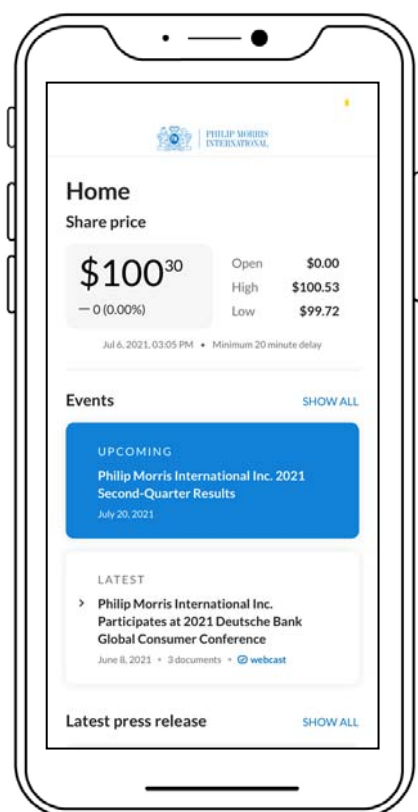


This Investor Information posting includes summaries of information set forth in PMI's quarterly report Form 10-Q for the six months ended and the quarter ended June 30, 2021, annual report on Form 10-K for the year ended December 31, 2020, as well as press releases and presentations referenced in this document, and such summaries are qualified by reference to such documents, which are available at <https://www.pmi.com/investor-relations>

Web Site: www.pmi.com

New PMI Investor Relations Mobile Application:

The PMI Investor Relations Mobile Application, which is powered by *theIRApp*, provides users with simple, comprehensive and up-to-date access to all the company's previously disclosed investor relations materials such as: press releases, SEC filings, investor materials, and live and archived audio webcasts of earnings calls and investor presentations



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Reference Materials

You will find all our latest public disclosures and other investor information for Philip Morris International on the [IR website](#) including:

- [Earnings Results](#) (Latest Earnings Q2, 2021, published July 20)
- [Virtual Investor Day](#) (February 10, 2021)
- [Sustainability Webcast](#) (June 2, 2021)
- [Sustainability Resources](#)

Forward-Looking and Cautionary Statements

- This presentation and related discussion contains projections of future results and other forward-looking statements. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. In the event that risks or uncertainties materialize, or underlying assumptions prove inaccurate, actual results could vary materially from those contained in such forward-looking statements. Pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, PMI is identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products; health concerns relating to the use of tobacco and other nicotine containing products and exposure to environmental tobacco smoke; litigation related to tobacco use and intellectual property; intense competition; the effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; changes in adult smoker behavior; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize reduced risk products or if regulation or taxation do not differentiate between such products and cigarettes; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; or if it is unable to attract and retain the best global talent. Future results are also subject to the lower predictability of our reduced-risk product category's performance
- In addition, PMI's business risks also include risks and uncertainties related to PMI's potential acquisitions of Fertin Pharma A/S ("Fertin") and Vectura Group plc ("Vectura"), including, amongst other things: (1) the inability to consummate these acquisitions in a timely manner; (2) the inability to complete these acquisitions due to the failure to satisfy certain conditions to complete the acquisitions, including any required regulatory or stockholder approvals, as applicable; (3) the failure of these acquisitions to close for any other reason; (4) the possibility that the integration of the operations of Fertin and Vectura with those of PMI may be more difficult and/or take longer than anticipated, and may not accelerate PMI's desired entry into additional smoke-free and beyond nicotine platforms as quickly as anticipated; (5) the possibility that the respective integrations of Fertin and Vectura into PMI may be more costly than anticipated and may have unanticipated adverse results relating to Fertin, Vectura or PMI's existing businesses; (6) the inability to gain access to differentiated proprietary technology and pharmaceutical development expertise as anticipated by these acquisitions; (7) risks associated with third-party contracts containing consent and/or other provisions that may be triggered by the proposed acquisitions; (8) negative effects of the announcement or the consummation of the acquisitions on the market price of PMI's common stock; and (9) the ability of PMI to retain and hire key personnel of Fertin and Vectura
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-Q for the six months ended and the quarter ended June 30, 2021. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that we may make from time to time, except in the normal course of its public disclosure obligations

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Forward-Looking and Cautionary Statements (COVID-19)

- The COVID-19 pandemic has created significant societal and economic disruption, and resulted in closures of stores, factories and offices, and restrictions on manufacturing, distribution and travel, all of which will adversely impact our business, results of operations, cash flows and financial position during the continuation of the pandemic. Our business continuity plans and other safeguards may not be effective to mitigate the impact of the pandemic
- Currently, significant risks include our diminished ability to convert adult smokers to our RRP, significant volume declines in our duty-free business and certain other key markets, disruptions or delays in our manufacturing and supply chain, increased currency volatility, and delays in certain cost saving, transformation and restructuring initiatives. Our business could also be adversely impacted if key personnel or a significant number of employees or business partners become unavailable due to the COVID-19 outbreak. The significant adverse impact of COVID-19 on the economic or political conditions in markets in which we operate could result in changes to the preferences of our adult consumers and lower demand for our products, particularly for our mid-price or premium-price brands. Continuation of the pandemic could disrupt our access to the credit markets or increase our borrowing costs. Governments may temporarily be unable to focus on the development of science-based regulatory frameworks for the development and commercialization of RRP or on the enforcement or implementation of regulations that are significant to our business. In addition, messaging about the potential negative impacts of the use of our products on COVID-19 risks may lead to increasingly restrictive regulatory measures on the sale and use of our products, negatively impact demand for our products, the willingness of adult consumers to switch to our RRP and our efforts to advocate for the development of science-based regulatory frameworks for the development and commercialization of RRP
- The impact of these risks also depends on factors beyond our knowledge or control, including the duration and severity of the pandemic, its recurrence in our key markets, actions taken to contain its spread and to mitigate its public health effects, and the ultimate economic consequences thereof

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Strong Q2 and H1 Performance

- Excellent Q2, 2021 growth from IQOS:
 - RRP's nearly 30% of PMI adjusted net revenues
 - Broad-based 30% HTU shipment volume growth to 24.4bn
 - Continued adult smoker acquisition to surpass 20m users
- Organic growth of combustible net revenues versus weak prior year quarter
- Strong margin expansion in Q2 and H1
- On track for strong full year performance, share buyback confirmed
- IQOS ILUMA launch next month in Japan
- Investing in Modern Oral and Beyond Nicotine capabilities (Fertin & Vectura)

Source: PMI Financials or estimates



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Q2, 2021: Excellent Organic Growth

(Organic variance on adjusted metrics vs. PY)

Net Revenues

+11.6%

Net Revenue per Unit^(a)

+5.1%

OI Margin

+270bps

Diluted EPS

+17.8%

(a) Reflects total adjusted PMI net revenues divided by total PMI cigarette and HTU shipment volume
Source: PMI Financials or estimates

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H1, 2021: Excellent Organic Growth

(Organic variance on adjusted metrics vs. PY)

Net Revenues

+7.1%

Net Revenue per Unit^(a)

+5.9%

OI Margin

+440^{bps}

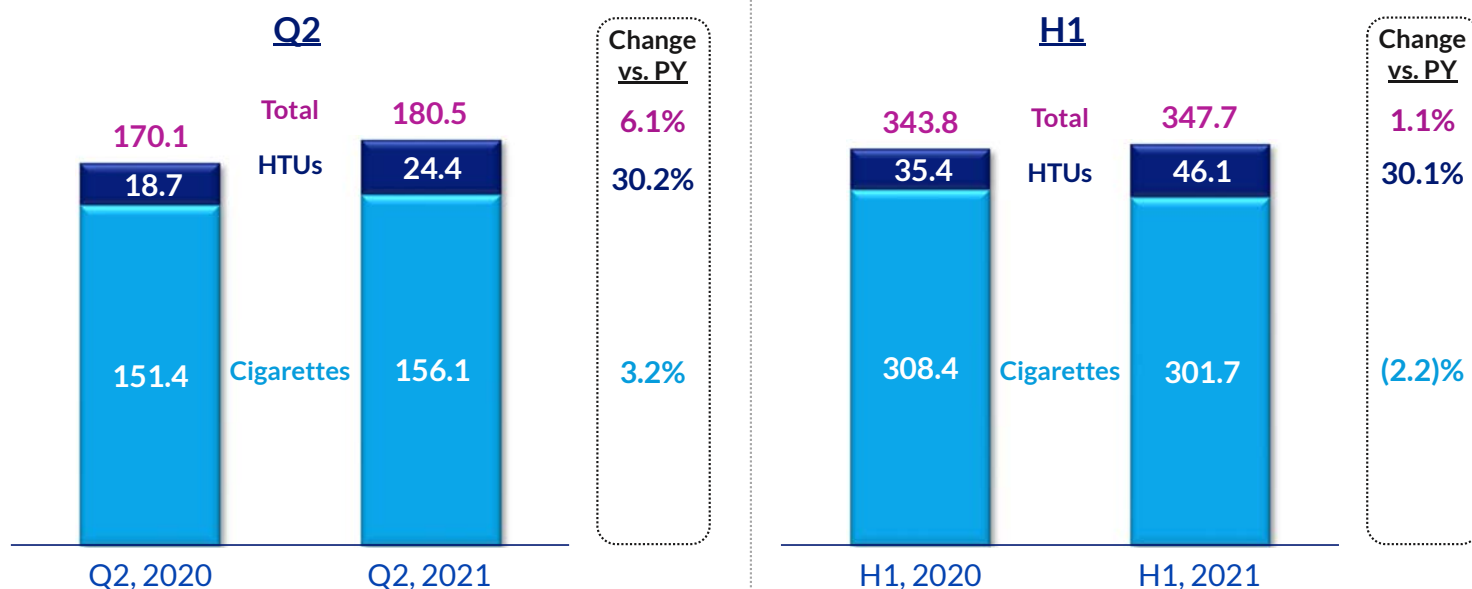
Diluted EPS

+19.6%

(a) Reflects total adjusted PMI net revenues divided by total PMI cigarette and HTU shipment volume
Source: PMI Financials or estimates

Strong Volume Growth of HTUs, Improved Combustibles

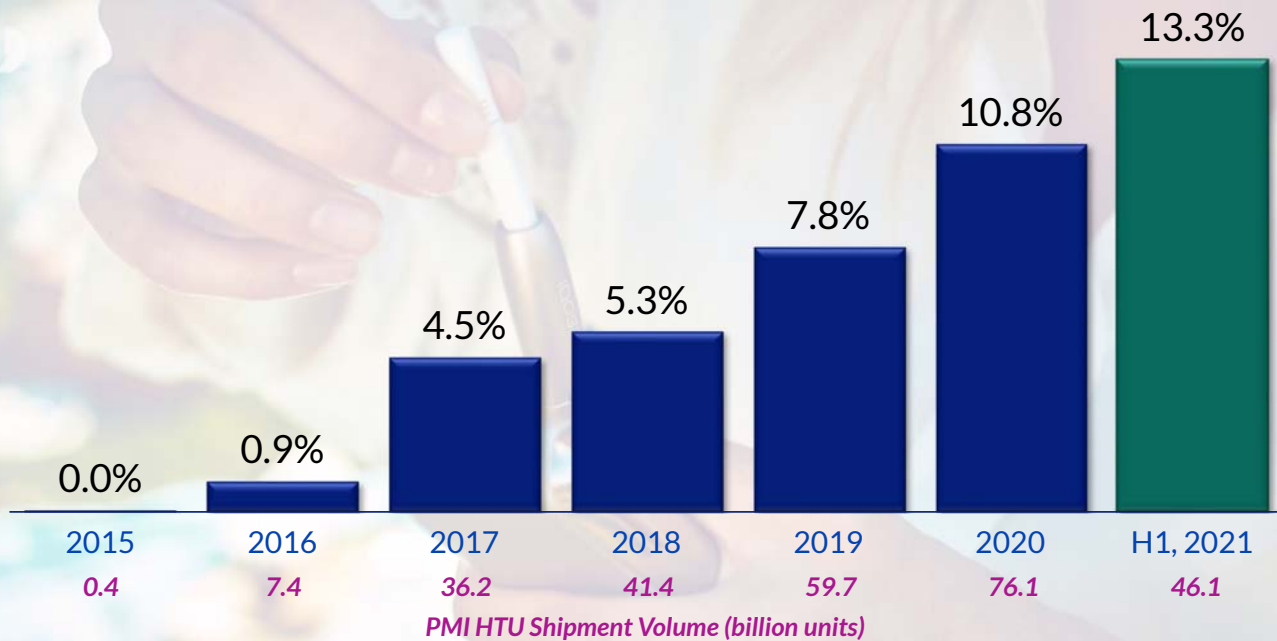
Total PMI Shipment Volume (billion units)



Source: PMI Financials or estimates

HTUs Over 13% of Total Volume

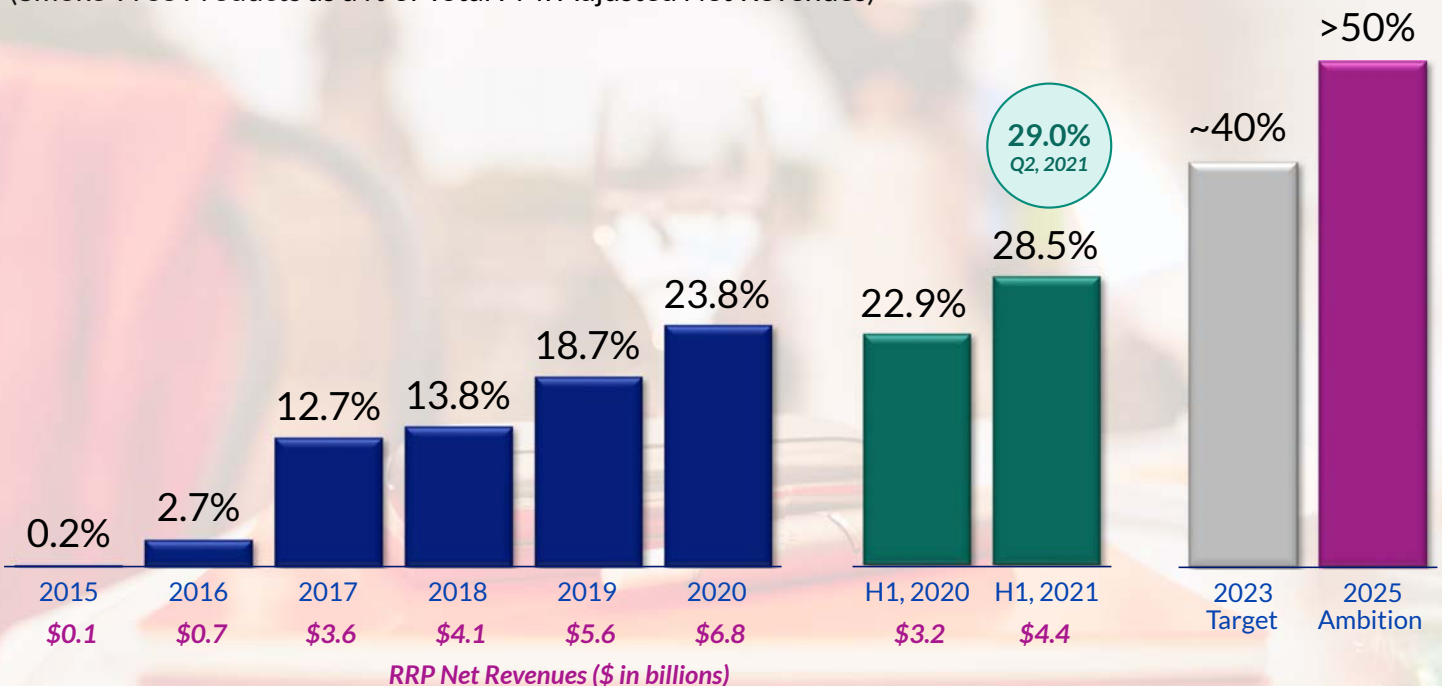
(as a % of PMI Total Shipment Volume)



Note: Total volume includes HTUs and cigarettes
Source: PMI Financials or estimates

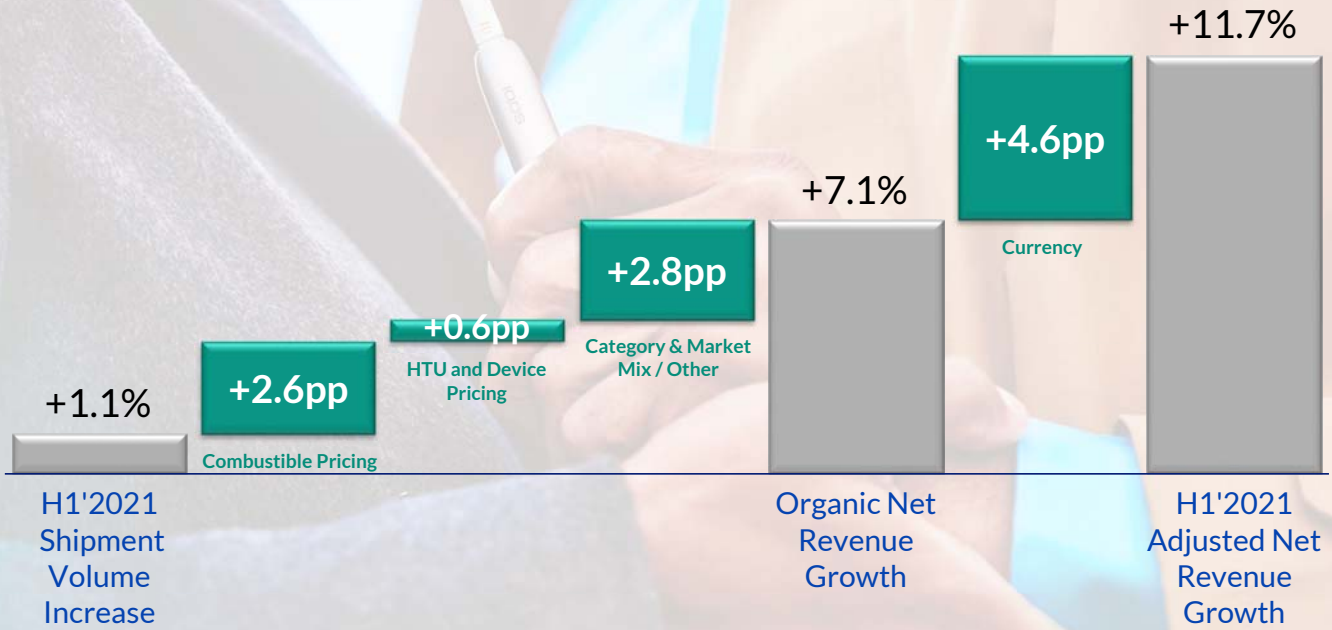
Approaching 30% of Revenues from Smoke-Free Products

(Smoke-Free Products as a % of Total PMI Adjusted Net Revenues)



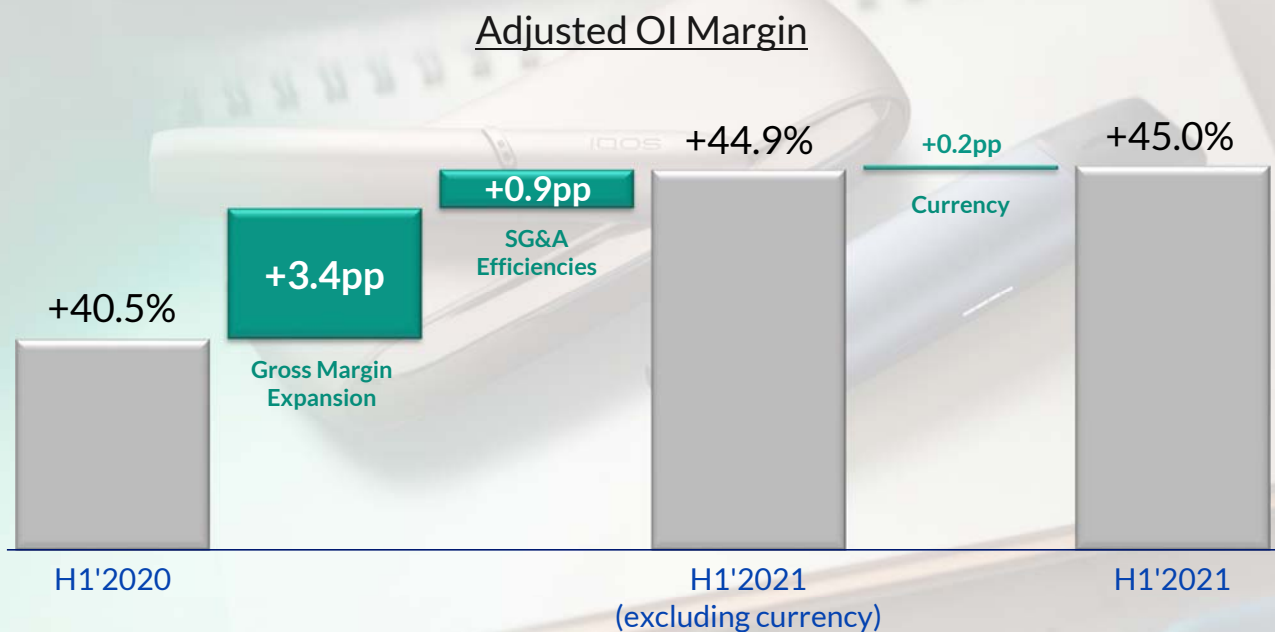
Source: PMI Financials or estimates

Twin Engines Powering Organic Net Revenue Growth



Source: PMI Financials or estimates

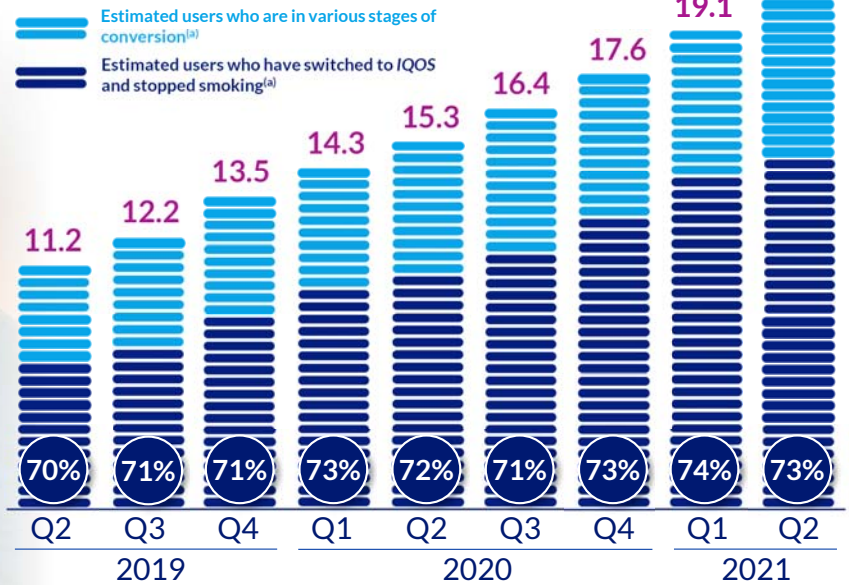
Multiple Levers Driving OI Margin Expansion



Note: Sum of the drivers does not foot due to rounding
Source: PMI Financials or estimates

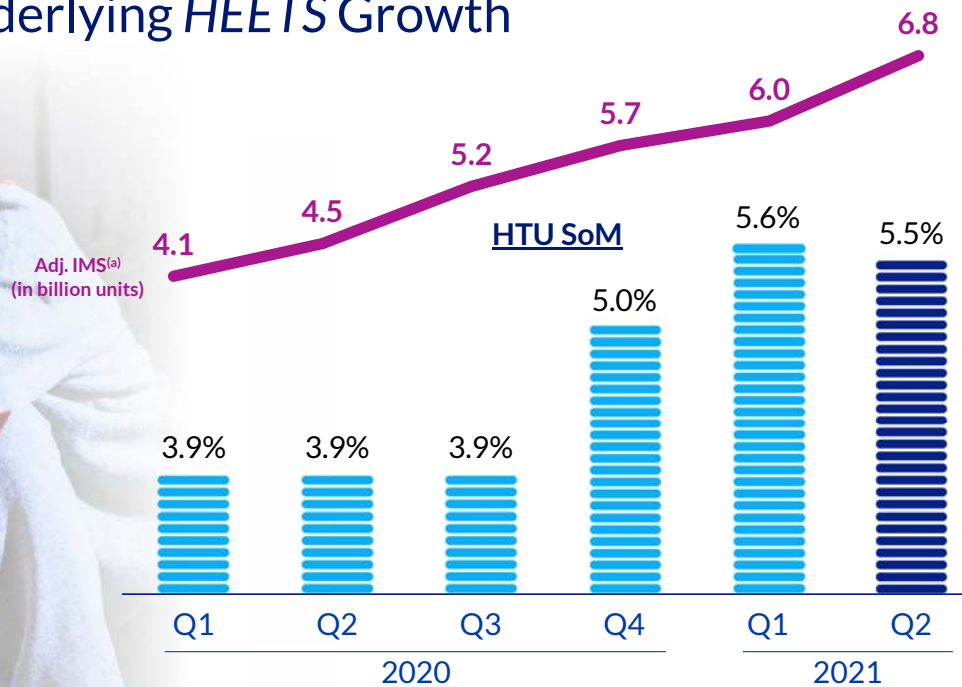
Key Milestone Reached: 20 Million IQOS Users

Total IQOS Users^(a)



(a) See Glossary for definition
Source: PMI Financials or estimates, IQOS user panels and PMI Market Research

EU Region: Strong Underlying HEETS Growth



(a) Excluding the estimated impact of trade inventory movements
Note: Market share for HTUs is defined as the total sales volume for HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs
Source: PMI Financials or estimates

EU Region: *HEETS* SoM Performance in Select Markets

	Q2, 2021	Growth vs. PY		Q2, 2021	Growth vs. PY		Q2, 2021	Growth vs. PY
Croatia	6.0%	+1.4pp	Italy	11.2%	+3.5pp	Romania	4.3%	+1.7pp
Czech Republic	10.1	+0.5	Latvia	11.0	+0.5	Slovak Republic	11.7	+3.0
Germany	2.7	+0.7	Lithuania	22.8	+3.7	Slovenia	7.0	+2.3
Greece	13.9	+2.6	Poland	6.3	+1.9	Switzerland	5.7	+1.7
Hungary	17.6	+8.9	Portugal	11.8	+3.8	UK	2.1	+0.9

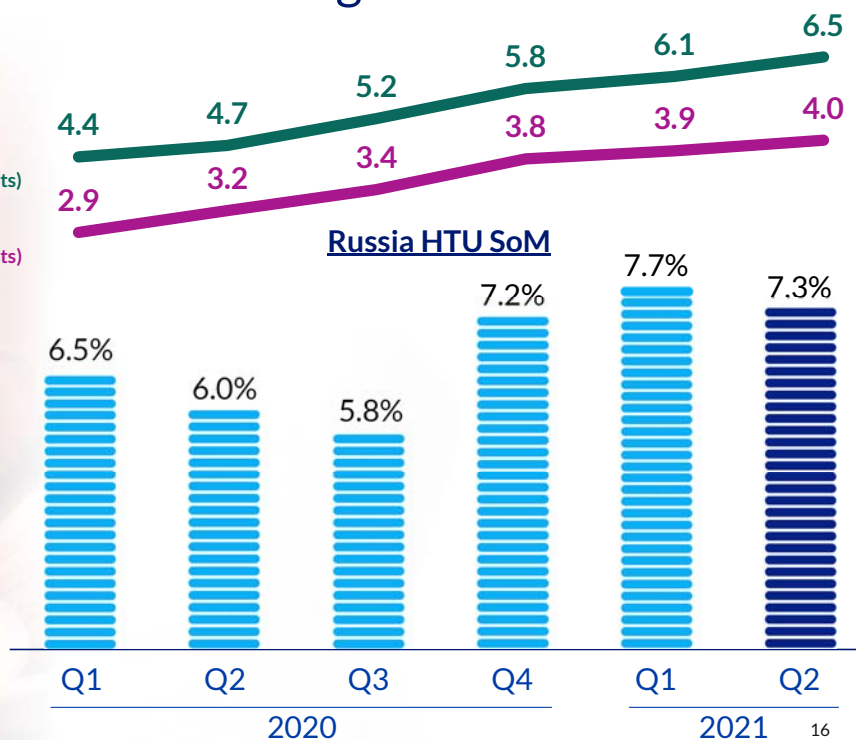
Note: Select markets where *HEETS* share is $\geq 1\%$. Sales volume of PMI HTUs as a percentage of the total industry sales volume for cigarettes and HTUs
Source: PMI Financials or estimates

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Russia & Eastern Europe: Continued Strong PMI HTU Growth

EE Region
Adj. IMS^(a)
(in billion units)

Russia
Adj. IMS^(a)
(in billion units)



(a) Excluding the estimated impact of trade inventory movements
Note: Market share for HTUs is defined as the total sales volume for HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs
Source: PMI Financials or estimates

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Japan: Continued IQOS HTU Growth



(a) Adjusted market share for HTUs is defined as the total sales volume for HTUs as a percentage of the total estimated sales volume for cigarettes, HTUs and cigarillos and excluding the impact of estimated trade inventory movements
 (b) Excluding the impact of estimated trade inventory movements and including the cigarillo category
 Source: PMI Financials or estimates

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PMI Financial Results by Region (H1, 2021)

(\$ in billions)

	Adj. Net Revenues ^(a)			Adjusted OI		
	H1, 2021	% Change vs. PY		H1, 2021	% Change vs. PY	
		Total	Ex-Currency		Total	Ex-Currency
European Union	6.1	20.9 %	10.5 %	3.2	34.4 %	20.2 %
Eastern Europe	1.7	7.6 %	11.5 %	0.6	57.0 %	65.6 %
Middle East & Africa	1.6	1.7 %	4.2 %	0.6	7.1 %	15.0 %
South & Southeast Asia	2.2	3.7 %	(0.8) %	0.9	(2.9) %	(6.5) %
East Asia & Australia	3.0	11.1 %	7.1 %	1.5	24.7 %	23.2 %
Latin America & Canada	0.9	5.9 %	3.7 %	0.3	13.1 %	9.5 %
Total PMI	15.4	11.7 %	7.1 %	6.9	24.2 %	18.6 %

(a) Adjusted net revenues exclude the impact related to the Saudi Arabia customs assessments (\$246 millions)

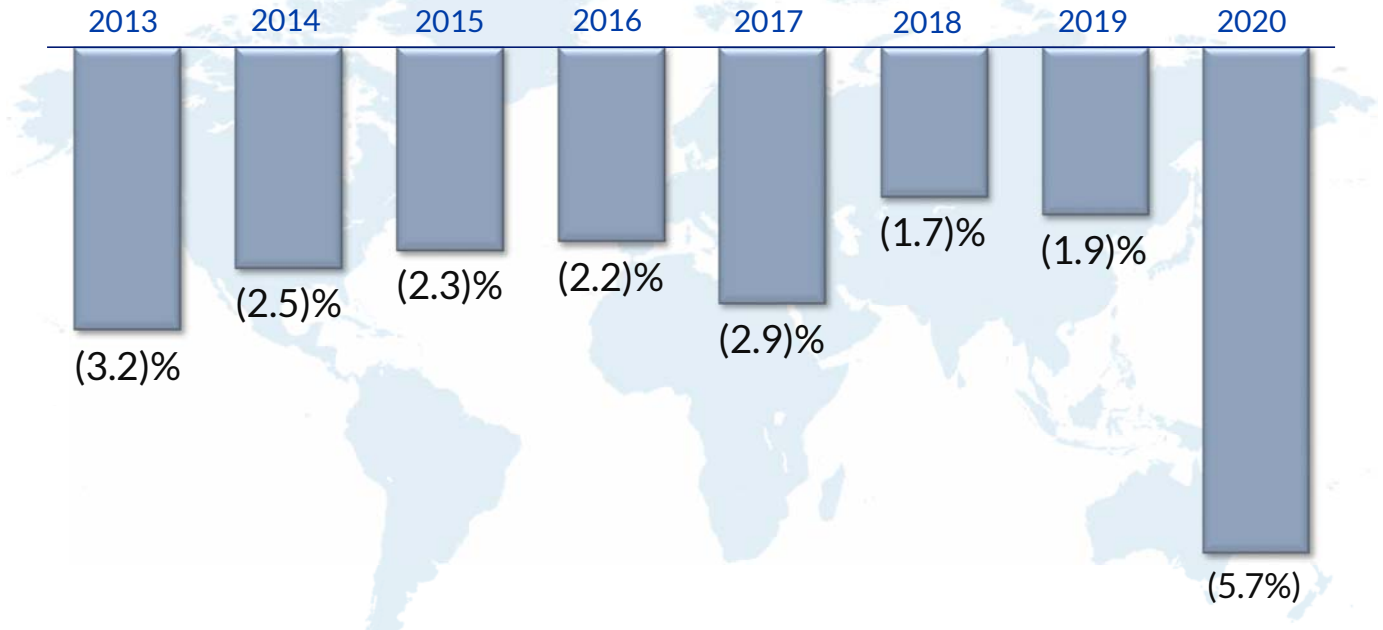
Note: Net Revenues for Latin America & Canada include revenues from shipments of Platform 1 devices, heated tobacco units and accessories to Altria Group, Inc., for sale under license in the U.S. Sum of the drivers does not foot due to rounding

Source: PMI Financials or estimates

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Total Industry Volume Trend (2013-2020)

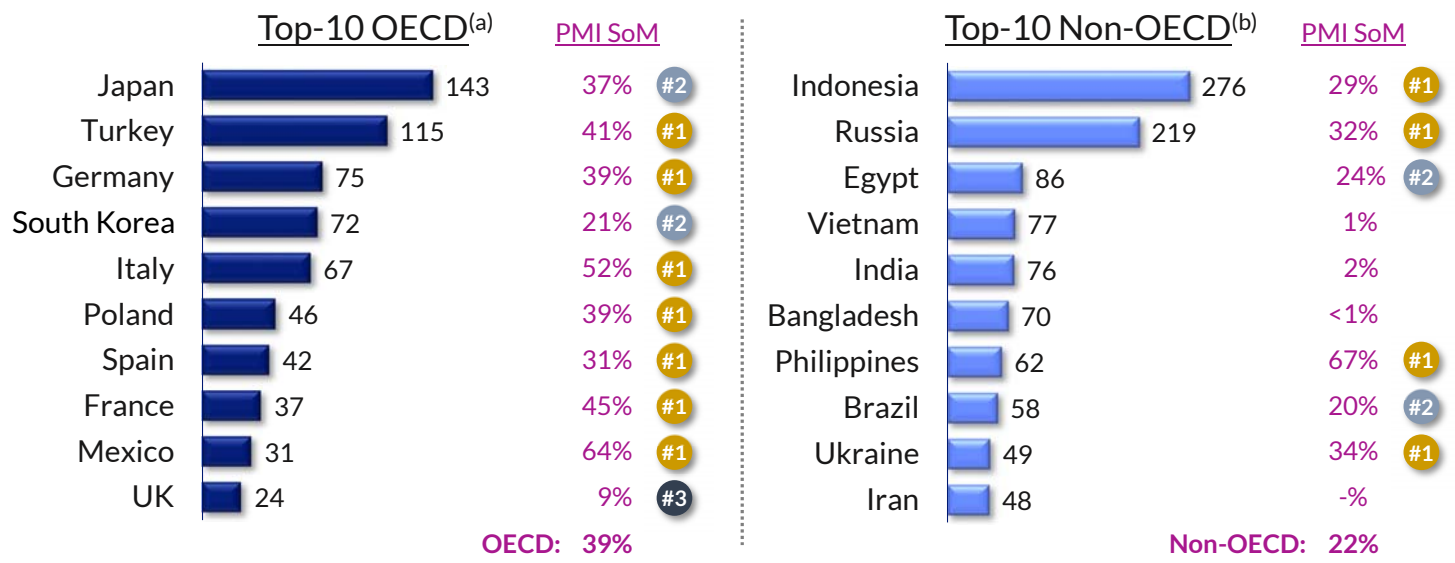
(% Change vs. PY)



Note: Excluding China and the U.S. Reflects cigarettes and HTUs
Source: PMI Financials or estimates

Top Industry Volume Markets (2020)

(billion units)



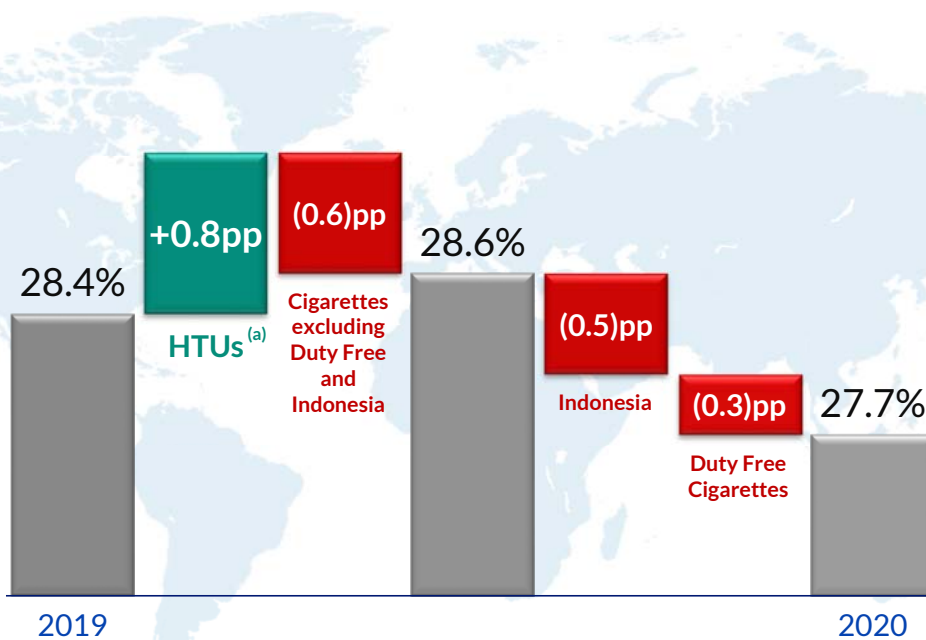
(a) Top-10 markets ranked by 2020 total industry volume, excluding the U.S. Based on OECD member list as per year-end 2020

(b) Top-10 markets ranked by 2020 total industry volume, excluding China and Duty Free

Note: As per our 2020 10-K filing, we do not sell products in Iran, North Korea and Syria. Reflects cigarettes and HTUs (where applicable)

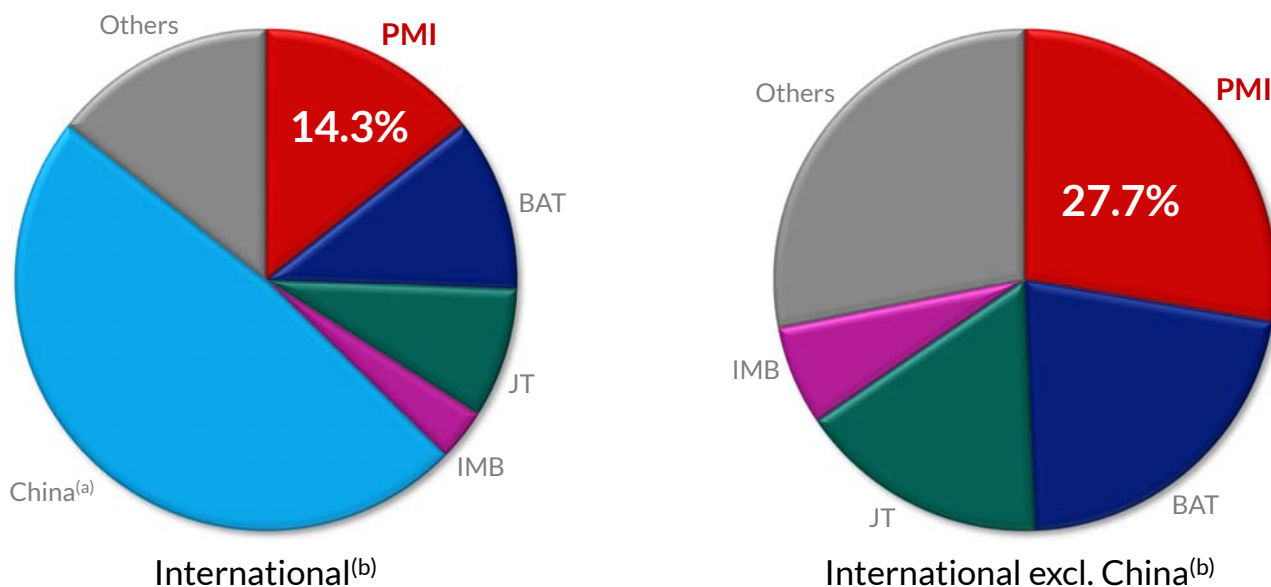
Source: PMI Financials or estimates

PMI Total International Market Volume Share



(a) HTUs include a (0.1)pp impact of Duty Free HTUs
 Note: Excluding China and the U.S. Current view (reflecting the deconsolidation of RBH, PMI's total market share has been restated for previous periods). Sales volume of PMI cigarettes and HTUs as a percentage of the total industry sales volume for cigarettes and HTUs. Sum of the drivers does not foot due to rounding
 Source: PMI Financials or estimates

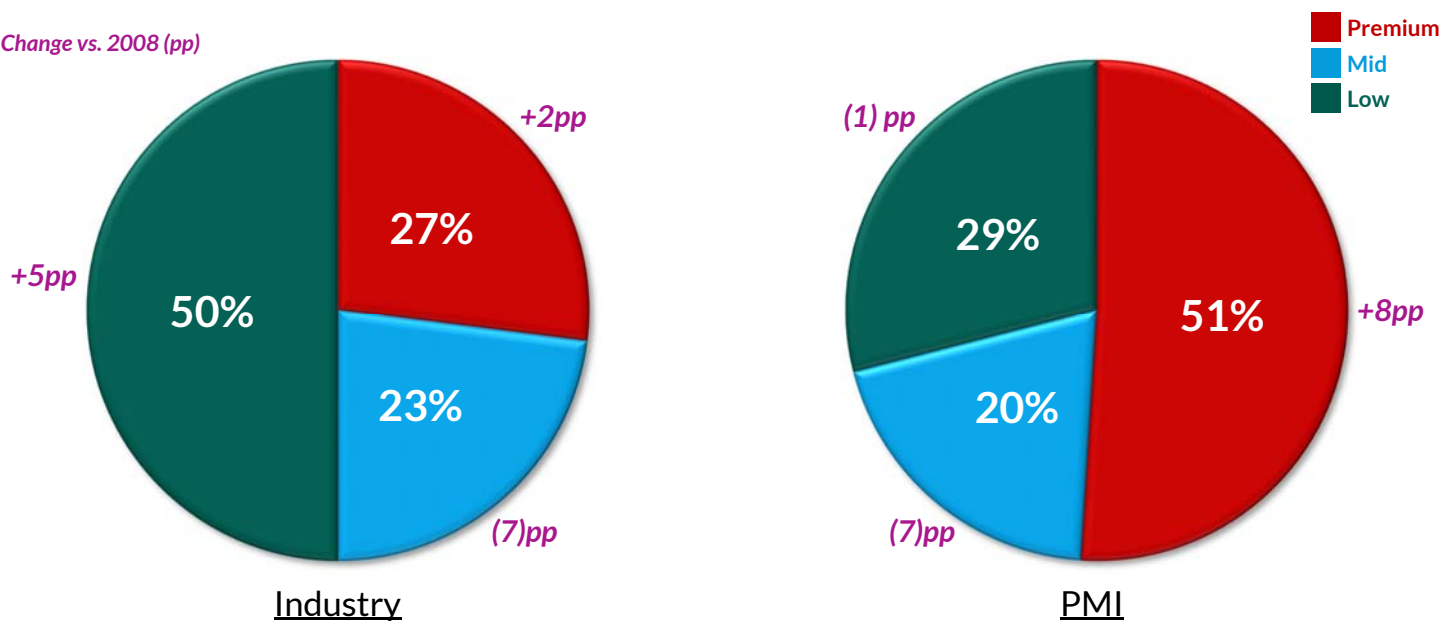
PMI Total Market Share Leadership (2020)



(a) Excluding CNTC license production of *Marlboro* and *Parliament* cigarettes (2.4 billion units in 2020)
 (b) Excluding the U.S.
 Note: Reflects cigarettes and HTUs; PMI total market shares adjusted for the deconsolidation of RBH, effective March 22, 2019
 Source: PMI Financials or estimates

PMI Total Volume Price Segmentation vs. Industry (2020)

Change vs. 2008 (pp)



Note: Reflects cigarettes and HTUs. Excluding China and the U.S. Premium includes above-premium. Low includes super-low and undefined
Source: PMI Financials or estimates

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PMI Total Market Share: Select Markets

	Full-Year			H1		
	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Argentina	61.0%	70.0%	(9.0) pp	56.0%	64.0%	(8.0) pp
Australia	29.9	27.5	2.4	31.8	29.4	2.4
France	44.9	45.0	(0.1)	43.6	44.7	(1.1)
Germany	39.0	38.0	1.0	39.8	40.4	(0.6)
Indonesia	28.8	32.3	(3.5)	28.0	29.3	(1.3)
Italy	52.2	51.8	0.4	52.9	52.0	0.9
Japan	37.1	34.5	2.6	38.7	36.6	2.1
South Korea	20.7	22.6	(1.9)	20.0	21.4	(1.4)

Note: PMI total market shares reflect cigarettes and HTUs (where applicable)
Source: PMI Financials or estimates (PMI Q2 2021 Results, July 20, 2021)

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PMI Total Market Share: Select Markets (cont.)

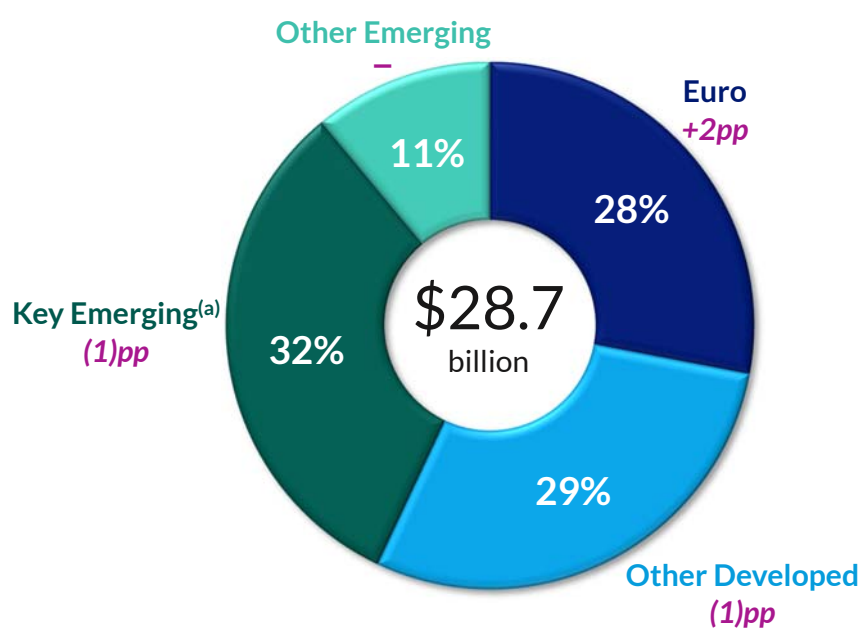
	Full-Year			H1		
	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Mexico	63.7%	67.1%	(3.4) pp	61.4%	61.6%	(0.2) pp
Philippines	67.2	70.5	(3.3)	62.2	69.3	(7.1)
Poland	39.0	41.2	(2.2)	37.1	39.7	(2.6)
Russia	32.3	30.1	2.2	31.3	32.6	(1.3)
Saudi Arabia	39.0	43.0	(4.0)	41.8	39.4	2.4
Spain	31.4	31.3	0.1	31.1	31.1	—
Turkey	41.3	43.4	(2.1)	43.9	40.1	3.8

Note: PMI total market shares reflect cigarettes and HTUs (where applicable)
Source: PMI Financials or estimates (PMI Q2 2021 Results, July 20, 2021)

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PMI Net Revenues by Currency (2020)

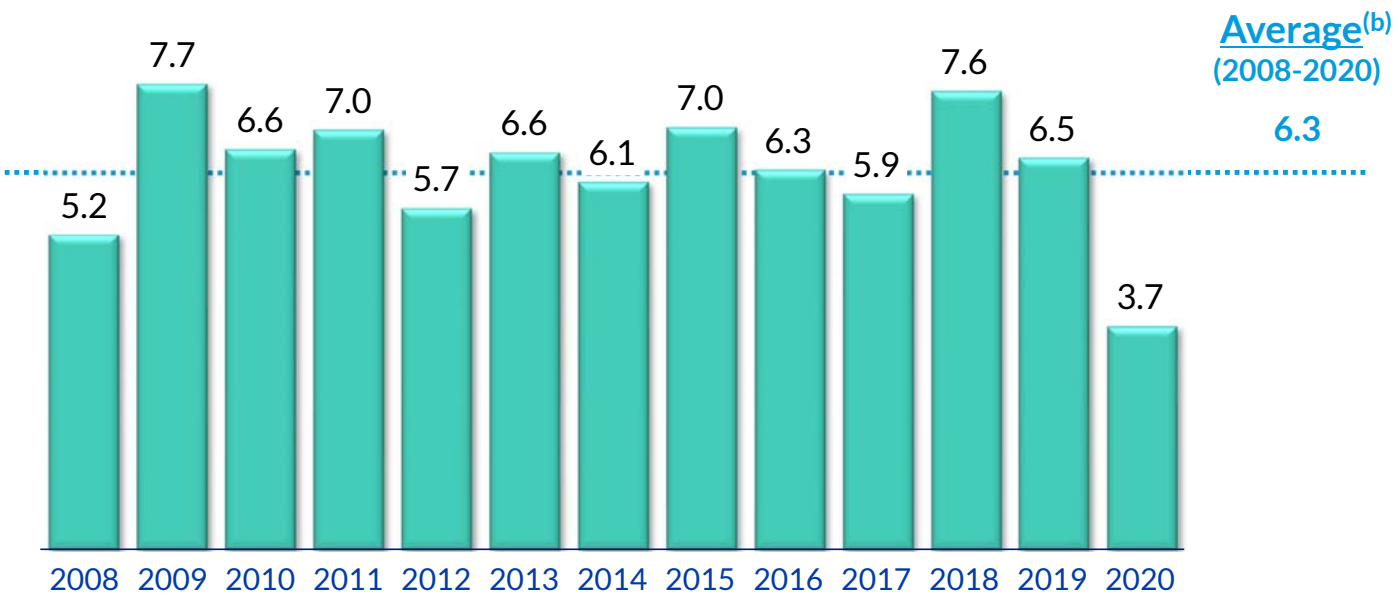
Change vs. 2019 (pp)



(a) Includes Egyptian Pound, Indonesian Rupiah, Mexican Peso, Philippine Peso, Polish Zloty, Russian Ruble, Turkish Lira and Ukraine Hryvnia
Note: List of emerging markets based on Dow Jones Global Total Stock Market Index
Source: PMI Financials or estimates

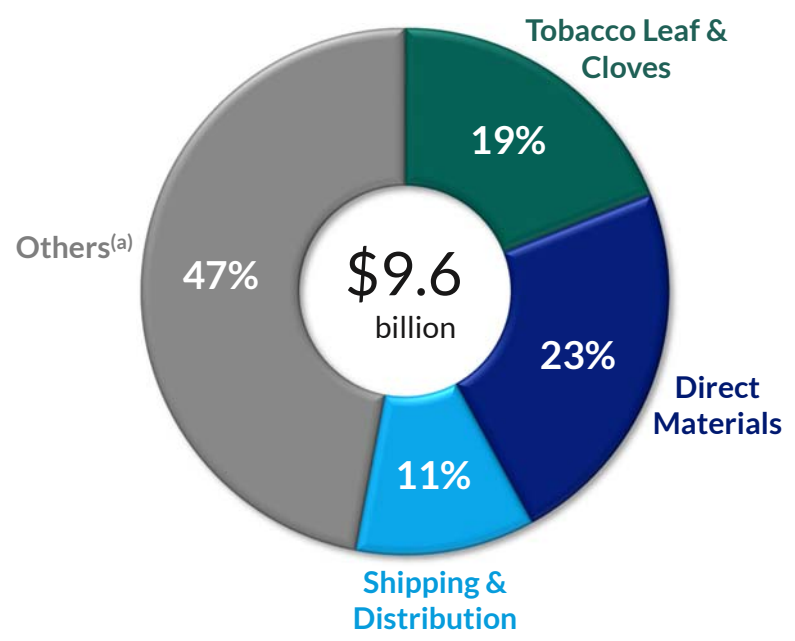
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Combustible Tobacco Pricing^(a) (%)



(a) Reflects combustible tobacco pricing as a % of PY combustible tobacco net revenues on an organic basis
 (b) Average combustible tobacco pricing variance (2008-2020) over average base combustible product net revenues (2007-2019)
 Source: PMI Financials or estimates

PMI Cost of Goods Sold (2020)



(a) Conversion, fixed manufacturing expenses and other costs
 Source: PMI Financials or estimates

PMI Costs by Currency (2020)

	Total (\$ billion)	Currency (%)				
		USD	EUR	CHF	IDR	Other
Tobacco ^(a)	1.8	25	51	–	17	9
Direct Materials	2.2	40	52	1	1	6
Other COGS ^(b)	5.6	31	23	7	12	27
Marketing, Overhead & Other Costs above OI	7.4	14	21	21	3	41
Total Adjusted Costs^{(c)(d)}	17.0	24	29	11	7	29

(a) Including cloves

(b) Other manufacturing related costs and shipping and distribution

(c) Total costs above reported OI of \$17.0 billion = reported cost of sales of \$9.6 billion + reported marketing, administration and research costs of \$7.4 billion + \$0.1 billion amortization of intangibles. Does not tie due to rounding

(d) 2020 excludes asset impairment and exit costs (\$149 million) offset by a Brazil indirect tax credit \$119 million totaling \$30 million (refer to slide 131)

Source: PMI Financials or estimates

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PMI Adjusted OI Margins

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	% Organic Change 2020 vs. PY
European Union	48.0%	44.4%	44.1%	43.9%	48.2%	4.6
Eastern Europe	35.8	32.7	30.9	28.1	26.2	4.4
Middle East & Africa	44.1	47.2	39.5	41.7	33.8	(6.6)
South & Southeast Asia	33.5	34.3	37.5	42.9	39.4	(3.7)
East Asia & Australia	39.5	40.9	33.2	36.0	44.7	8.6
Latin America & Canada	33.0	33.9	37.5	33.0	26.7	0.4 ^(a)
Total PMI	40.9	40.3	38.4	39.5	40.8	2.4 ^(a)

(a) On an organic basis; adjusted for the deconsolidation of RBH, effective March 22, 2019; see slides 129 and 130 for more information

Source: PMI Financials or estimates

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Growth Targets for 2021-23

	2021-23
Net Revenue Organic Growth CAGR	>5%
OI Margin Average Annual Organic Increase	≥150bp
Adjusted Diluted EPS Organic CAGR	>9%
Annual HTU Shipment Volumes (in billion) ^(a)	140-160
Smoke-free % of Net Revenue ^(a)	~40%
Gross Cost Efficiencies	~\$2bn

- Ambition to be a majority smoke-free company by 2025 with smoke-free products >50% of net revenue

(a) By 2023

Note: Growth rates presented on an organic basis. Does not include share repurchases and assumes constant effective tax rate



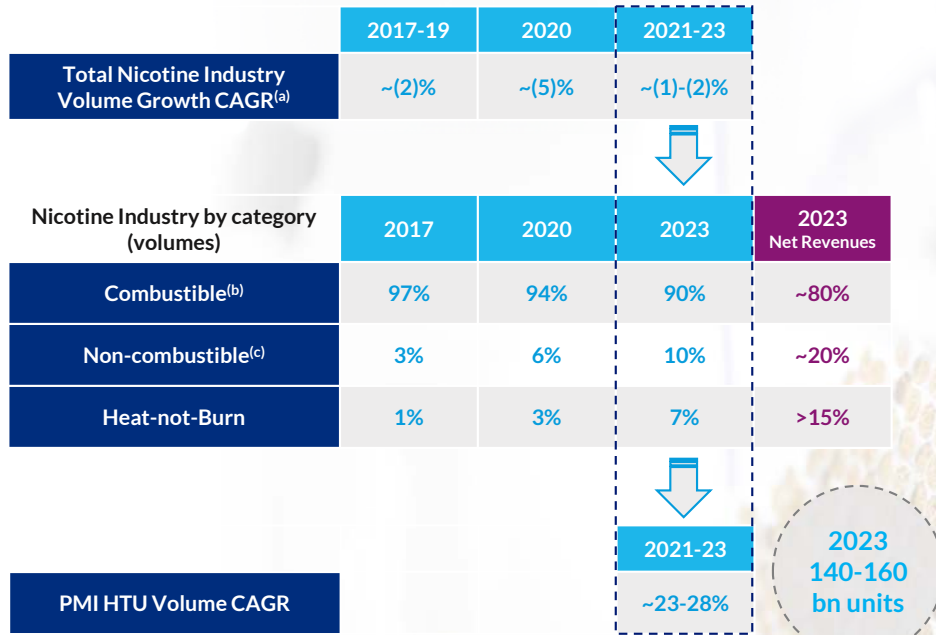
High-Quality IQOS Portfolio Driving Growth

- Leadership in growing smoke-free category propels strong volume growth and share gains
- Strong positive price/mix impact from higher net revenue per unit
- Higher organic gross margin rates, further enhanced by manufacturing & supply chain productivities
- Increasing return on RRP investments in infrastructure and other fixed costs
- Decreasing variable cost per user
- Excellent and profitable organic revenue growth



Source: PMI Financials or estimates

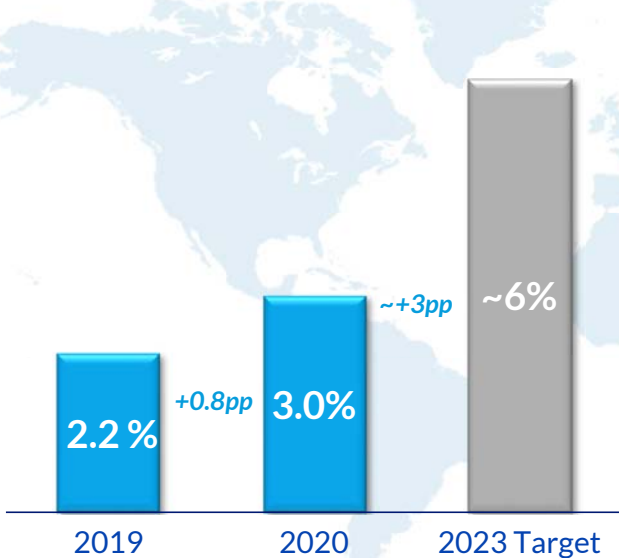
Driving Revenue Growth: Volume and Share



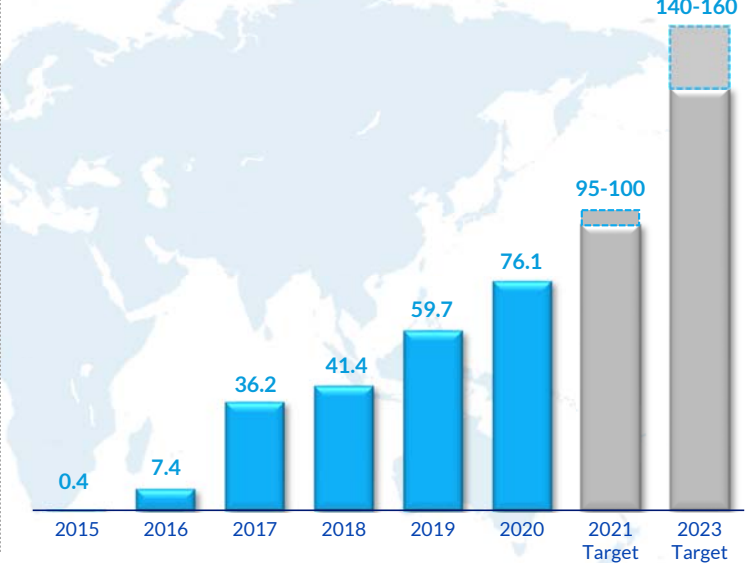
(a) Includes cigarettes, other tobacco products, heat not burn, e-vapor and nicotine pouches in equivalent units. Assumption for cigarettes and HTUs only is also a decline of around 1-2%.
 (b) Includes cigarettes and other tobacco products in equivalent units
 (c) Includes heat-not-burn, e-vapor and nicotine pouches in equivalent units
 Source: PMI Financials or estimates. Industry excludes China and the U.S. Other tobacco products include fine cut tobacco, cigarillos and cigars

Target Strong HTU Volume and Share Growth

PMI HTU International Share^(a)



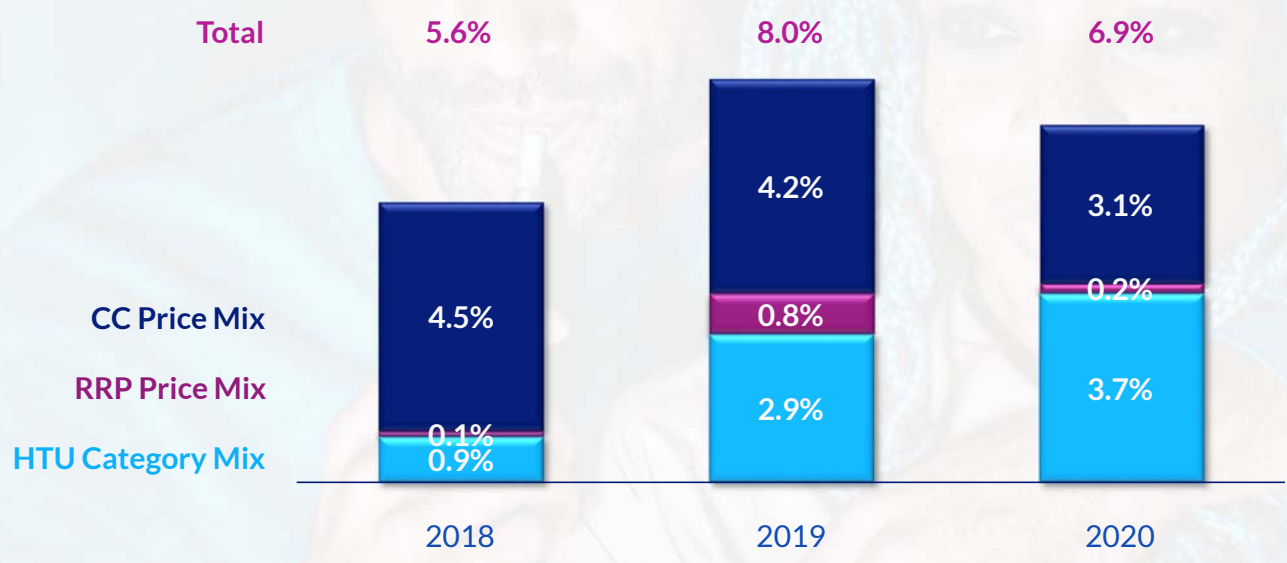
PMI Total HTU Shipment Volumes (in billion)



(a) Excluding China and the U.S.
 Source: PMI Financials or estimates

Net Revenue Per Unit Growth Increasingly Driven by IQOS Volumes

Price/mix (Net Revenue per Unit)^(a)
(Organic variance vs. PY)



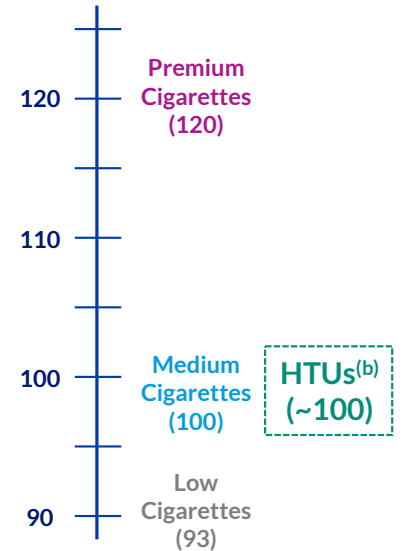
(a) Reflects total PMI net revenues divided by total PMI cigarette and HTU shipment volume
Note: Sum of the drivers does not fit due to rounding
Source: PMI Financials or estimates

HTU Price Position & Segmentation Provides Flexibility

- HEETS mainline are often priced close to mid-price cigarettes reflecting lower excise
- Price segmentation makes portfolio pricing more manageable



2020 Average Price Position in IQOS Markets^(a)
(Index 100 = Medium)

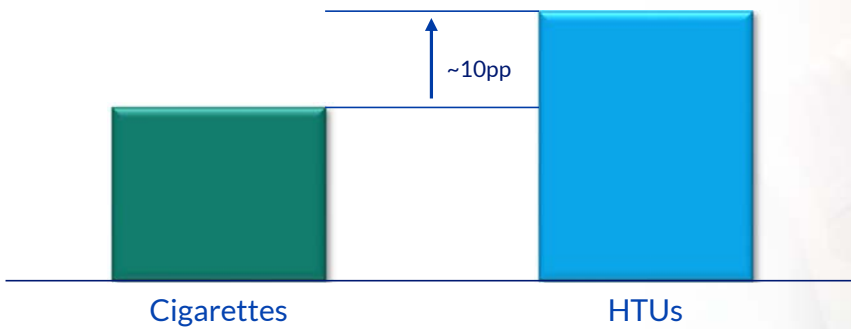


(a) Excluding the U.S.
(b) Represents average price of HTUs relative to cigarettes
Source: PMI Financials or estimates

Gross Margins Are ~10pp Higher on HTUs

- Positive mix on revenue further boosted by higher gross margins
- Further upside from manufacturing & supply chain productivity
- Accelerated organic growth in gross profit

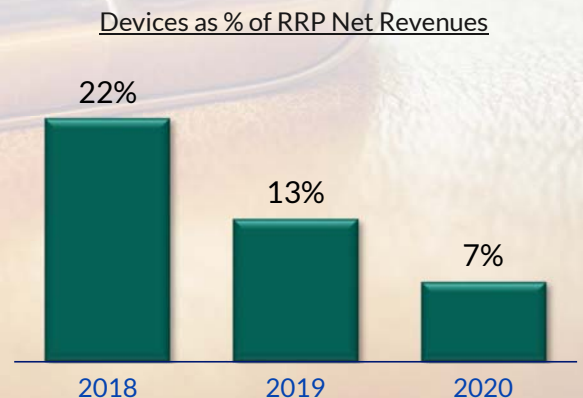
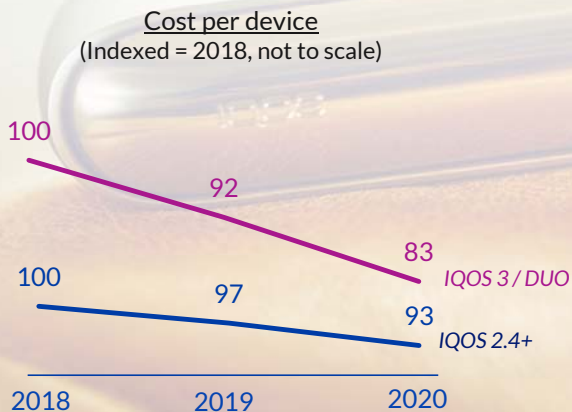
2020 % Gross Margin



Source: PMI Financials or estimates

Target Break-Even to Positive Device Gross Margins Over Time

- Driving costs down over device lifecycles
- Dilution of device margins a small investment in acquisition
- Devices now a smaller part of RRP revenues



Source: PMI Financials or estimates

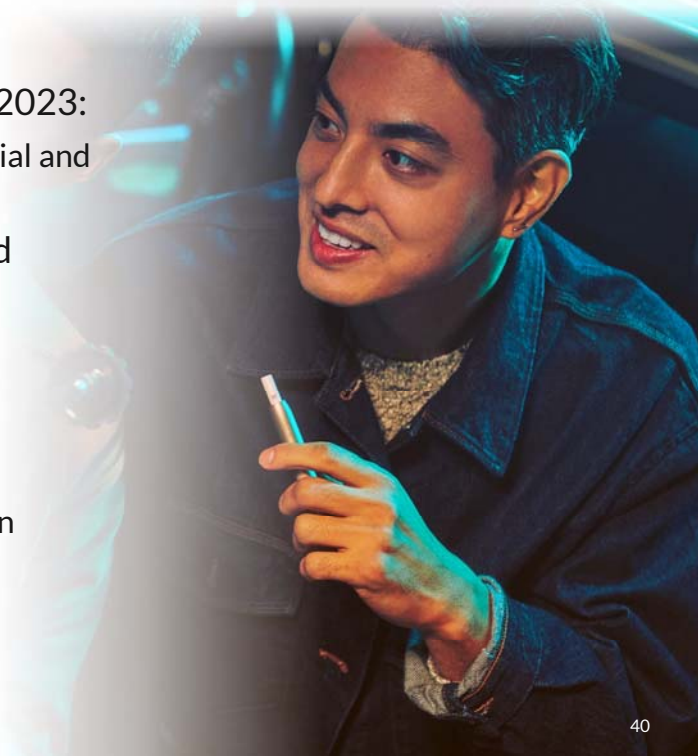
Target ~\$1 Billion in Gross Manufacturing Productivities Over 2021-23

- Productivities across RRP and combustibles
- Focus on performance, efficiency and quality
- More than offsetting inflation, manufacturing investments and impact of lower combustible volumes



Growing Organic Revenues Faster Than SG&A to Fuel Reinvestment

- Target Gross SG&A Efficiencies of ~\$1bn by 2023:
 - Expect a broadly even split between Commercial and G&A savings
- Increased commercial efficiency via scale and digitalization
- Offset inflation of 2.5-3%
- Invest for Growth:
 - Innovation and R&D
 - Consumer programs for acquisition & retention
 - New launches
 - Further digital capabilities for G&A



Route to \$1Bn Gross SG&A Savings for IQOS Reinvestment

	FY 2020	2021-23 Targeted Savings
Commercial, R&D	~\$(4)bn	~\$0.5bn
CC	~1/3	
RRP (incl. R&D)	~2/3	
<i>Of which fixed</i>	~70%	
<i>Of which variable</i>	~30%	
G&A, Other	~\$(3.4)bn	~\$0.5bn
Total SG&A	\$(7.4)bn	~\$1.0bn

Source: PMI Financials or estimates

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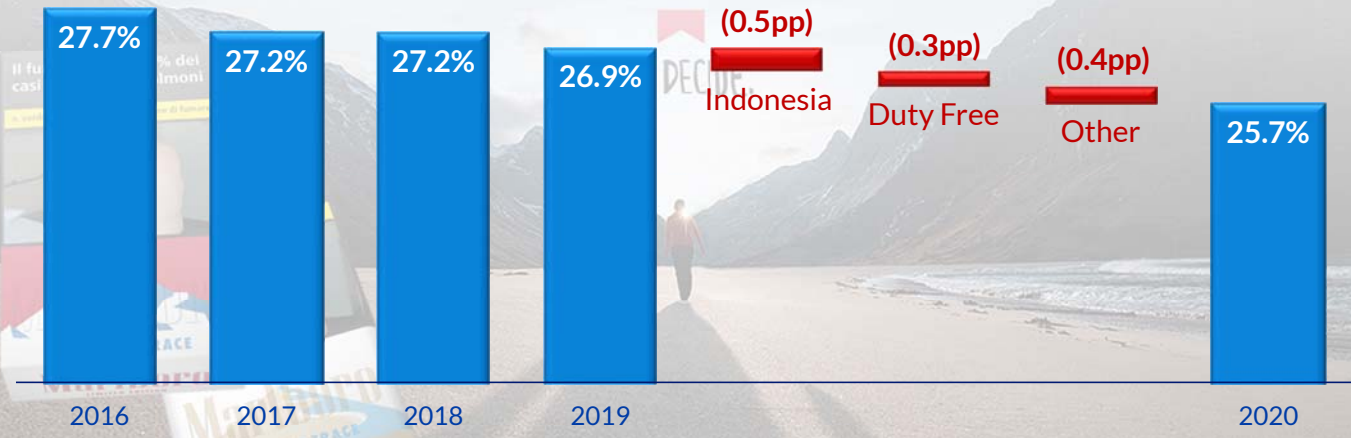
Remaining Competitive and Maintaining Leadership in Combustibles: Key Pillar of Smoke-Free Strategy

- Leading combustible portfolio
- Infrastructure and expertise (manufacturing, regulatory, commercial)
- Responsible stewardship: market leader driving the obsolescence of the category
- Target at least stable combustible share net of cannibalization
- Selectively investing to continue leadership
- Driving returns from pricing, digital efficiency and productivity

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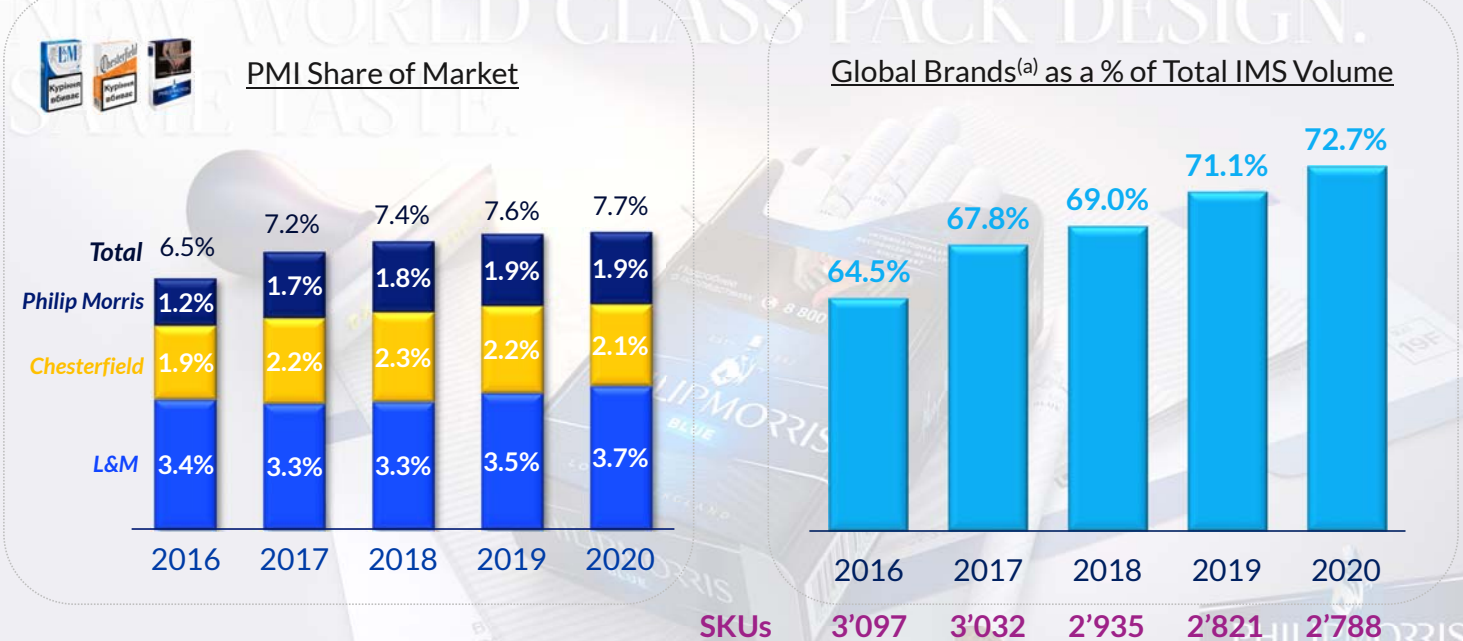
Combustible Share Performance

- Modest underlying decline despite IQOS cannibalization and market mix impacts
- Impacted by pandemic effects in 2020, notable challenges in Indonesia
- Target stable/growing share of combustibles net of cannibalization



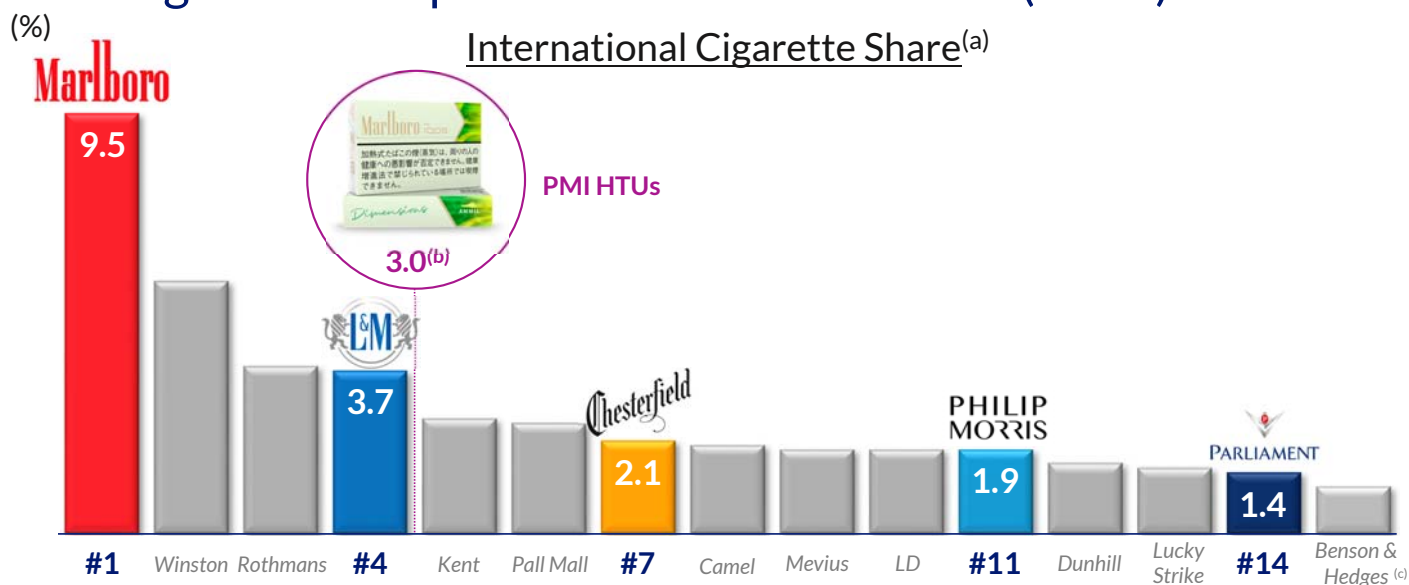
Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume
 Source: PMI Financials or estimates

Strong Global Brands in Downtrading Environment



(a) Global Brands include Marlboro, Parliament, L&M, Chesterfield and Philip Morris (includes Philip Morris/Dubliis)
 Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume
 Source: PMI Financials or estimates

PMI Cigarettes: Top-15 International Brands (2020)



PMI Owns Five of the World's Top-15 International Cigarette Brands

(a) Sales volume of cigarette brand as a percentage of the total industry sales volume for cigarettes

(b) Sales volume of PMI HTUs as a percentage of the total industry sales volume for cigarettes and HTUs

(c) Reflects Benson & Hedges IMS volume of 28.4bio, deducted by 1.5bio which is sold by PMI, mainly in Argentina and Mexico, and 0.2bio which is sold by RBH Inc. in Canada

Note: Excluding China and the U.S. Philip Morris includes Philip Morris/Dubliis

Source: PMI Financials or estimates

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Global Excise Tax Environment

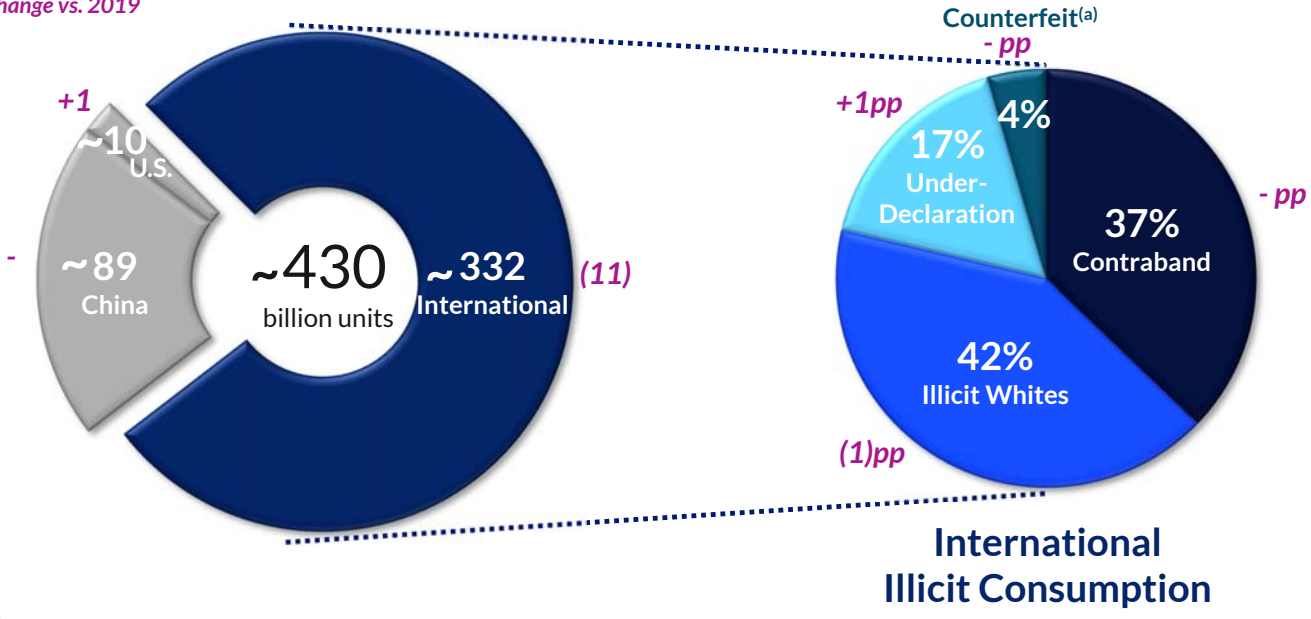
- In general, governments recognize that revenue predictability and collection efficiency can be enhanced by regular and reasonable increases, high proportion of specific elements in excise tax structures, multi-year programs and income or inflation indexation:
 - Over the last 10 years the large majority of our key markets have shifted their structure towards a higher dependence on specific taxes – while lowering ad valorem rates
- 2021 excise tax outlook is mostly rational so far
- EU excise tax:
 - Reasonable current EU framework, providing governments with structural flexibility between specific, ad valorem and minimum excise / tax tools
 - Process for EU Tobacco Excise Directive Revision^(a):
 - EU Commission's Evaluation Report (February 10, 2020) covering combustible products, novel tobacco products and e-cigarettes
 - EU Council Conclusions (June 2, 2020) requesting the EU Commission to prepare the necessary impact assessment plus legislative proposal, expected to be finalized by the end of 2021 or early 2022
- Taxes on smoke-free products different from cigarettes in most geographies, with much higher weight for specific elements

(a) Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco

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Cigarettes: Illicit Trade Overview (2020)

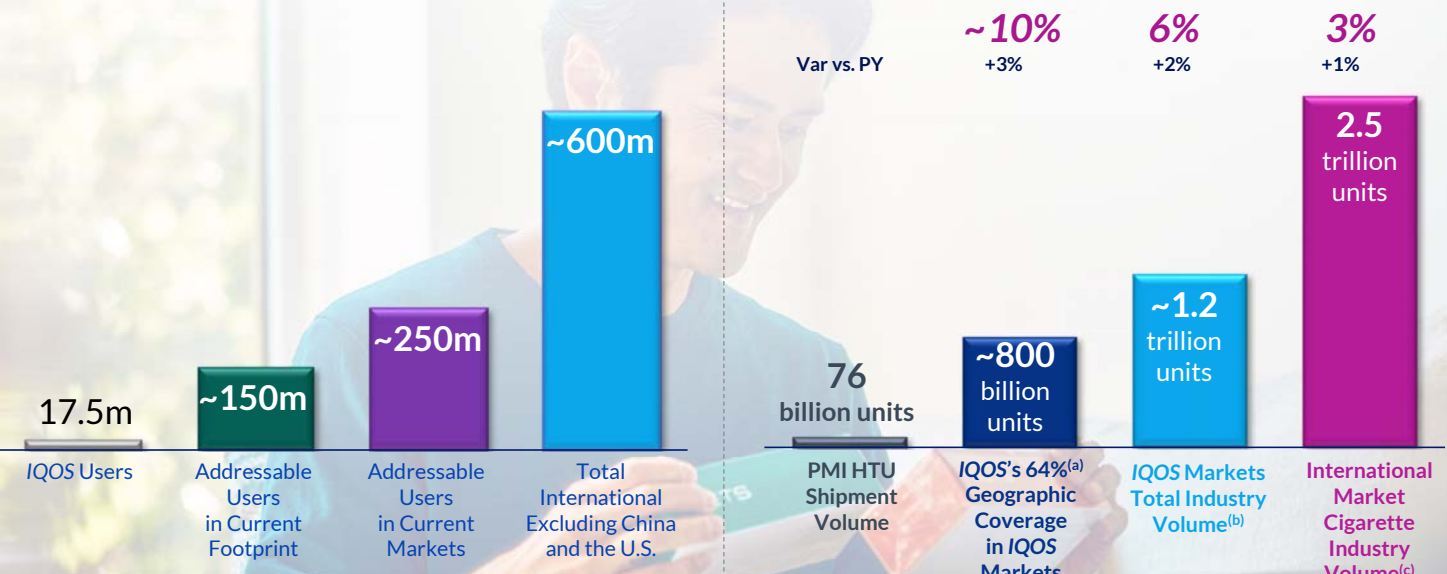
Change vs. 2019



(a) Estimate for PMI worldwide and BAT, JT and IMB for selected markets
 Note: change vs. 2019 does not tie due to rounding
 Source: PMI Financials or estimates

The Opportunity for IQOS Remains Vast

Legal Age Nicotine Consumers (2020)

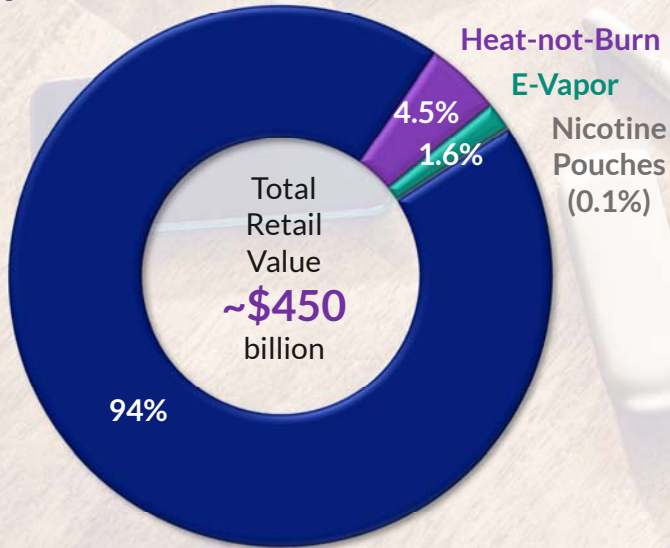


(a) Weighted average, excluding China and the U.S.
 (b) Excluding the U.S.
 (c) Excluding China and the U.S.
 Note: Total volume reflects cigarettes and HTUs
 Source: PMI Financials or estimates (2020)

The Nicotine Industry in 2020

Retail Value

Cigarettes and OTP^(a)



Over the next 5 years we expect retail value CAGRs of approximately:

- 4% for the total industry
- 25%+ for heat-not-burn
- 10-15% for e-vapor

(a) Other Tobacco Products (OTP) includes cigars, cigarillos, pipe tobacco and fine cut
Source: PMI Financials or estimates. International excl. China and the U.S.

Substantial Investment in Best-in-Class Capabilities

(in \$ billion)

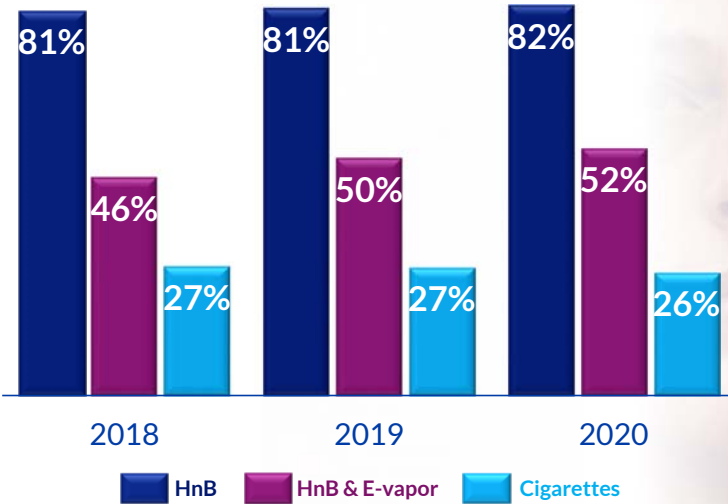
Cumulative RRP Investments



Note: Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Does not include commercial deployment costs

Clear Leadership of the Biggest Smoke-Free Category

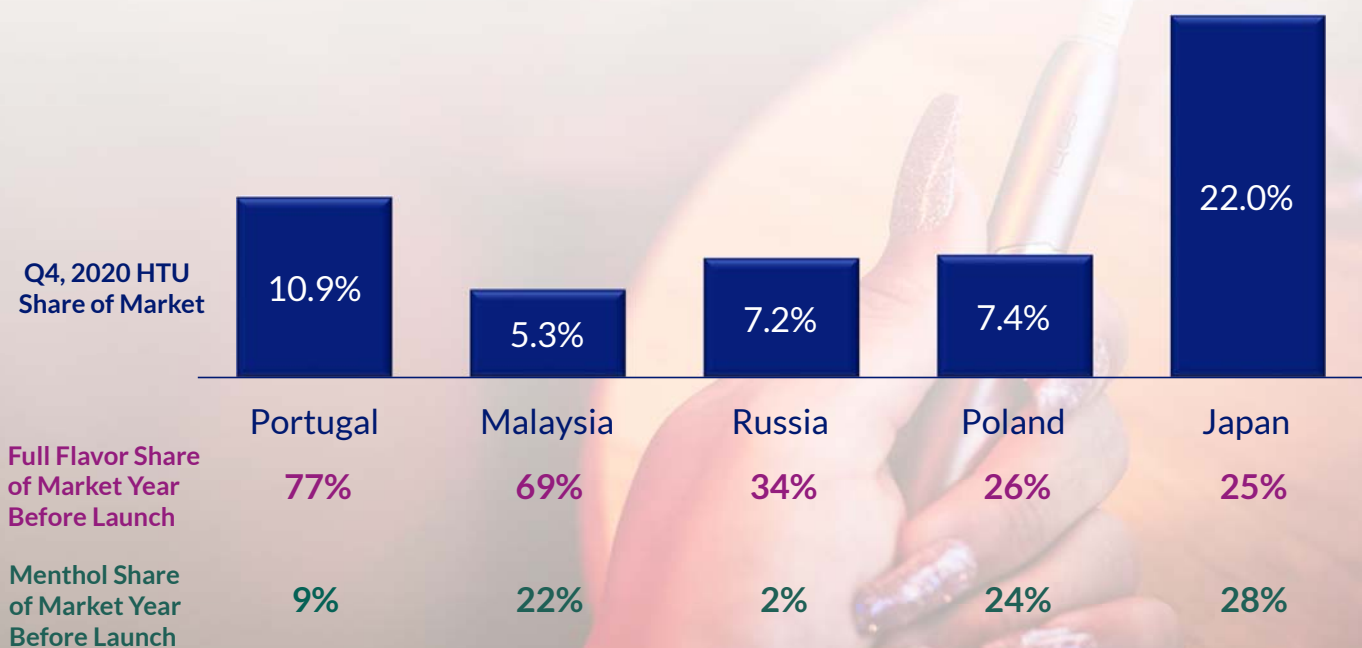
PMI Category Share



International volume share excl. China and the U.S.
Source: PMI Financials or estimates

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IQOS Successful Across Market Archetypes

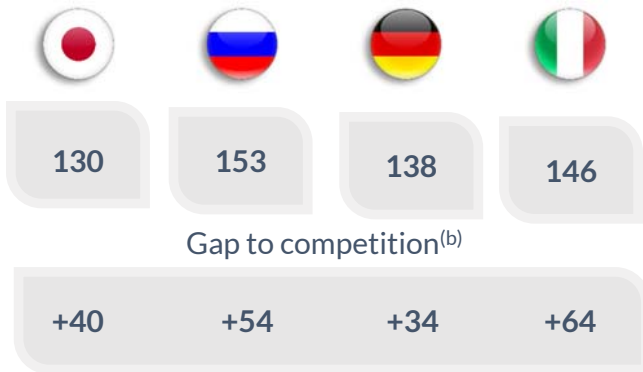


Source: PMI Financials or estimates

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IQOS: One Brand Across Smoke-Free Products

Brand Equity Score^(a)



- IQOS is the leading smoke-free brand
- Taking IQOS to the next level:
 - From functional benefits to category understanding, brand appeal, points of difference, emotional connection
- No brand fragmentation, strong brand identity, hard to build

(a) Meaningful difference index: meaningful refers to the capacity of brands to drive affinity among Legal Age Smokers (LAS) and address their needs; difference refers to the ability of brands to generate perceptions of uniqueness and trendsetting among LAS. Meaningful difference is reported as a combined index score, where 100 represents the category average

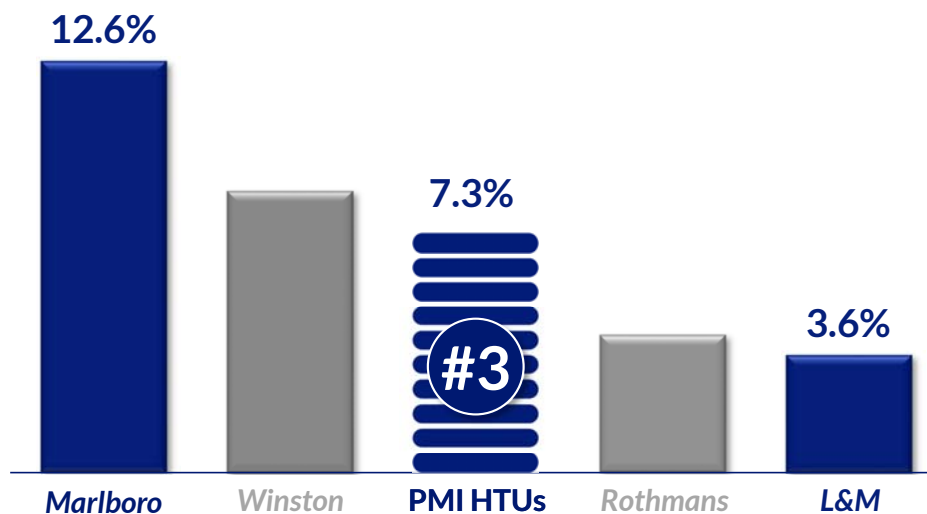
(b) Represents index point gap to closest competitor

Source: PMI Market Research, Brand Equity Study

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Third-Largest 'Brand' in IQOS Markets

Share in IQOS Markets (Q2, 2021)^(a)



(a) Reflects 65 markets where IQOS is available in key cities or nationwide at June 30, 2021. Excludes the U.S.

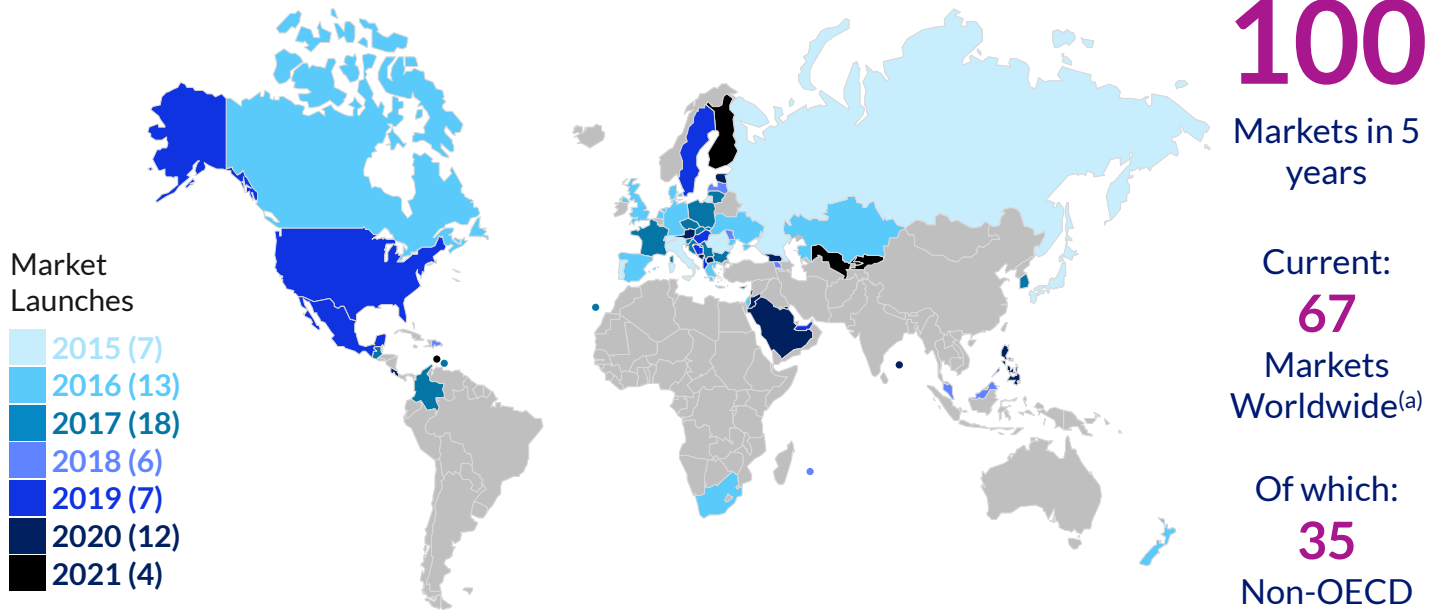
Note: All 'brands' except 'PMI HTUs' include cigarettes only

Reflects sales volume as a percentage of the total industry sales volume for cigarettes and HTUs

Source: PMI Financials or estimates

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On Track to Reach 100 Markets by 2025

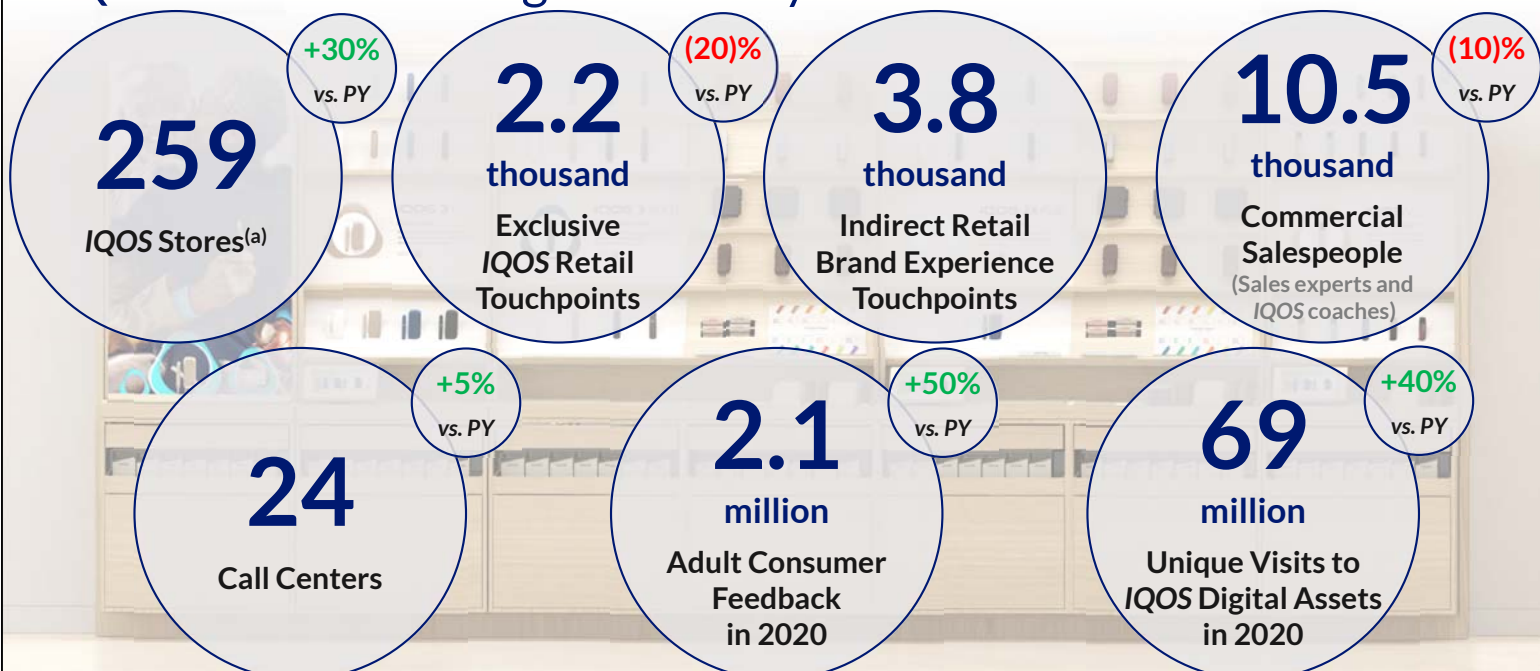


(a) Status at June 30, 2021

Note: Reflects markets where PMI smoke-free products are available in key cities or nationwide. Includes e-vapor launch in Finland. Reflects date of initial geographic expansion beyond pilot launch city. The number of markets includes International Duty Free. Following recent international sanctions, IQOS is no longer available for sale in Belarus

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IQOS: Unmatched Digital and Physical Infrastructure



(a) Includes: Flagship stores, small, large and temporary boutiques
Note: Status at December 31, 2020
Source: PMI Financials or estimates

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Platform 1: Introducing *IQOS ILUMA* Intuitive Product for Acquisition and Retention

- Major new launch in second half of 2021
 - Next generation of *IQOS*
 - *IQOS ILUMA*: Pleasure simplified
 - New internal heating technology
 - Based on Smartcore™ induction
 - Same great taste
 - Premium design and customization for enhanced lifestyle appeal, advanced features
 - 3 device designs covering 3 price points
 - New broad range of consumables
- Addresses consumer feedback on *IQOS* blade heating product
 - Robust and reliable, superior satisfaction
 - Simple and Intuitive:
 - No maintenance and simple use
 - Self-activation
 - Less explanation needed, positive for:
 - Time and cost of acquisition
 - After-care and retention
 - Supports easier switching, higher conversion for legal-age smokers



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Launching *IQOS ILUMA* in August (Q2, 2021 Update)

- *IQOS ILUMA* launching in Japan next month
- Multiple device formats, new HTU consumables
- Further markets to come through H2, 2021 and next year
- Cost of devices and consumables begins at higher level; expect to improve over time as scale increases



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Heat-not-Burn: *LIL* and *LIL HYBRID*

- Broadening our portfolio to accelerate user acquisition and grow the category, expand target audience of adult smokers:
 - High conversion, driving new users in-switching from cigarettes
- IQOS introduction drives awareness and credibility
- PMI commercial engine drives take-up and retention
- *LIL SOLID*: simple, intuitive, cost-effective, reliable
- *LIL HYBRID*: addresses need for vapor-type experience

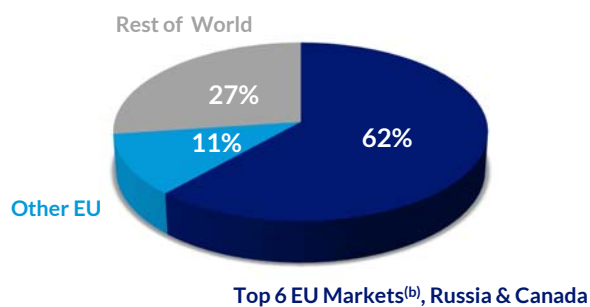


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E-Vapor: The Right Time For The Right Product

- Category is growing and consolidating...
 - Expected annual growth in users 7-10% over next 5y, albeit concentrated in specific geographies
 - Different consumer experience and occasions to Heat-not-Burn
- ...but returns remain low for existing business models:
 - Low conversion to the category
 - Low loyalty within category
 - High number of devices per user driving up acquisition and retention cost

International E-Vapor Category (2020)^(a)



(a) Volume in estimated stick equivalents

(b) Top 6 EU Markets includes: France, the U.K., Germany, Italy, Spain and Poland
Source: PMI Financials or estimates

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Positive Early Progress in IQOS VEEV Markets

- Signs of increased uptake, and positive consumer feedback relative to competitive products
- Premium product with superior experience to existing offers
- Leveraging IQOS infrastructure with bespoke route-to-market approach
- Targeting all of our electronic smoke-free devices to be equipped with age verification technology by 2023
- Expansion of consumable offering



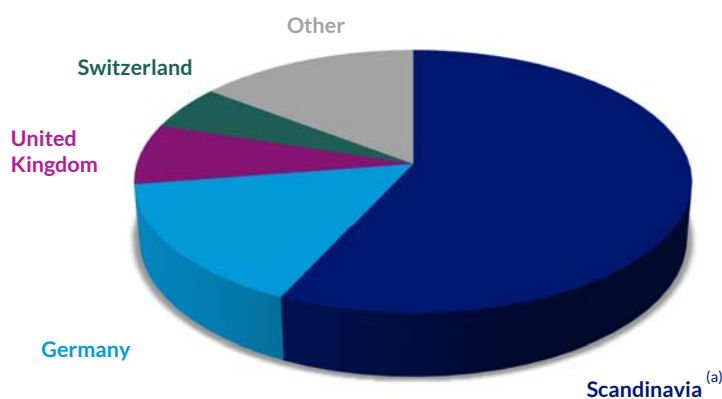
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Portfolio Expansion: Nicotine Pouches

- Small & concentrated, but growing category with potential to advance harm reduction:
 - Still very early in category development
 - Convenience, discretion, flexibility and satisfaction
 - Attractive economics
 - Evolving regulatory landscape



International Nicotine Pouch Category (2020)



Estimated category size <5 billion stick equivalents

(a) Scandinavia includes: Sweden, Norway and Denmark
Source: PMI Financials or estimates

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Building Our Modern Oral Platform

- Small but fast-growing smoke-free category for nicotine pouches
- Recent acquisitions provide strong capabilities:
 - AG Snus (completed): Branded products, technology & manufacturing expertise
 - Fertin Pharma (proposed): Oral delivery know-how, development, technology
- Increased commercial activity planned in coming quarters



Portfolio Expansion: P2/P3

P2: Electronic-Free Heated Tobacco Product^(a)

- Closest to cigarette ritual and experience
- New consumer test in 2021



P3: Electronic-free Nicotine Product^(b)

- Simplicity, convenience from a novel and complex technology
- Aim to commercialize within 3 years



(a) Platform 2 uses a pressed carbon heat source which, when ignited, generates a nicotine-containing aerosol by heating tobacco
 (b) Platform 3 provides an aerosol of nicotine salt

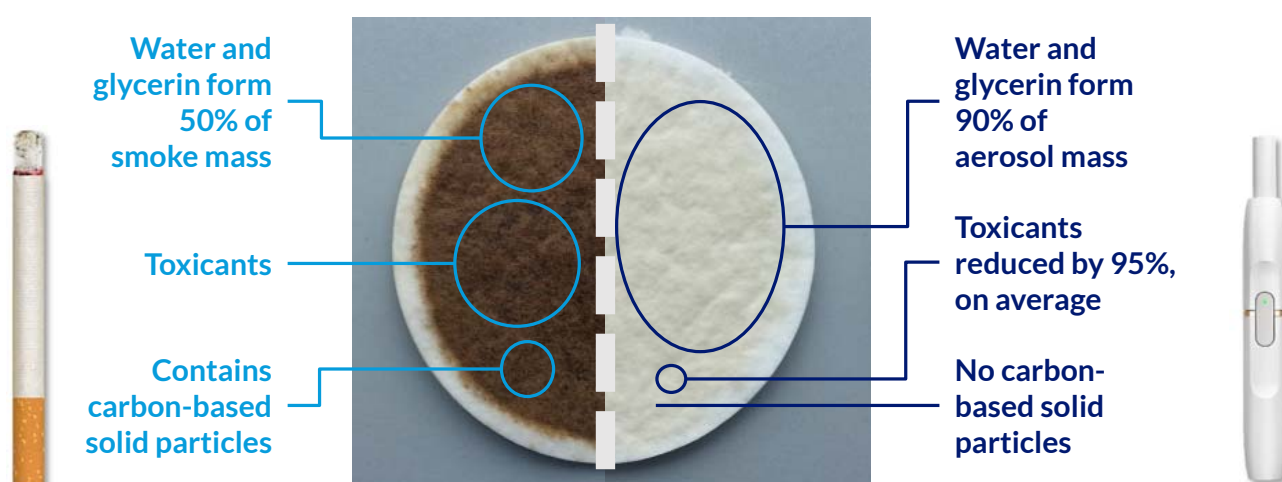
Integrity of Our Scientific Assessment

- Adhere to internationally recognized standards including Good Laboratory Practices and Good Clinical Practices
- Actively share our methods and study results, making them available for public review
- Our systems toxicology methods and results are subjected to an even higher level of scientific scrutiny through the sbvIMPROVER methodology:
 - Reviews of our IQOS studies were submitted to the FDA as part of our MRTP applications
- Continue to make the raw data from our non-clinical and clinical RRP studies available to the public through INTERVALS.science
- Welcome independent studies of our RRPs. Encourage others to undertake serious non-clinical and clinical studies with IQOS
- Believe our consumers deserve our unwavering commitment to help them fully understand the benefits of switching to RRPs

We believe our scientific research capabilities are on par with the best in the life science industries

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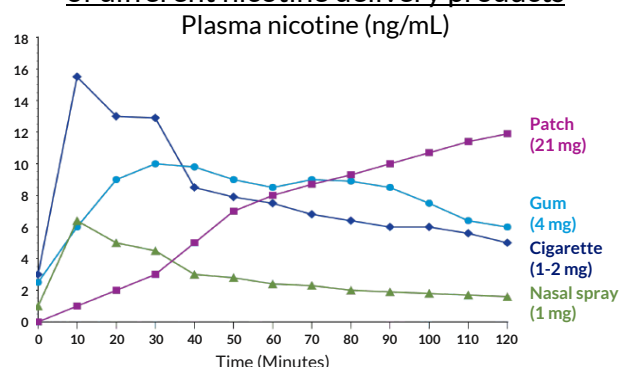
Why Heat Tobacco Rather than Burn it?



Smoke and aerosol were collected on a Cambridge filter pad using Health Canada Intense smoking regime

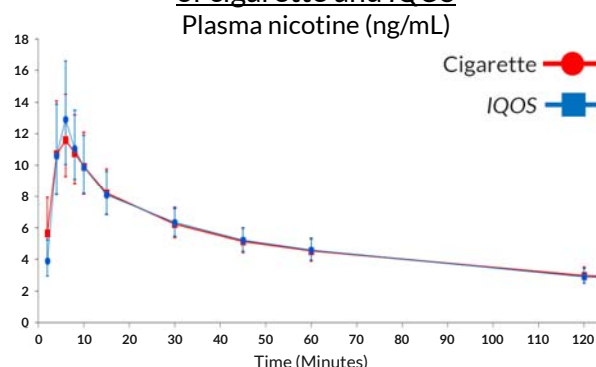
IQOS: Nicotine Pharmacokinetic Profile

Levels of nicotine in the blood following use of different nicotine delivery products



Note: The amount of nicotine in each product is shown in parentheses. The pattern produced by the nicotine lozenge and nicotine inhaler resemble that of nicotine gum. mg = milligram; mL = milliliter; ng = nanogram.
Source: Modified from Garrett et al. 2001

Levels of nicotine in the blood following use of cigarette and IQOS



Note: These data alone do not represent a claim of reduced exposure or reduced risk.
Source: PMI Research & Development (PMI Investor Day, June 26, 2014)

- The amount and rate of nicotine absorbed by the body is influenced by the route of absorption
- No notable difference in the nicotine absorption between cigarette and IQOS

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IQOS: Independent Verification on PMI Science (Select Governmental Reports)



China National Tobacco Quality Supervision and Test Centre (China, 2019): "THS 2.2 delivered fewer harmful constituents than the conventional cigarette 3R4F."



Federal Institute for Risk Assessment (BfR) (Germany, 2018): "The herein confirmed reductions of relevant toxicants by about 80-99% are substantial."



Food and Drug Administration (FDA) (U.S., 2018): "The independent testing performed by STL [FDA's Southeast Tobacco Laboratory] confirmed the lower levels of selected [harmful and potentially harmful compounds] HPHCs in the aerosol from the HeatSticks compared to mainstream cigarette smoke."



Public Health England (UK, 2018): "Compared with cigarette smoke, heated tobacco products are likely to expose users and bystanders to lower levels of particulate matter and harmful and potentially harmful compounds. The extent of the reduction found varies between studies."



UK Committee of Toxicology (UK, 2017) "[I]t is likely that there is a reduction in risk, though not to zero, to health for smokers who switch completely to heat-not-burn tobacco products."



National Institute for Public Health and the Environment (RIVM) (the Netherlands, 2018): "The use of heatsticks with the IQOS is harmful to health, but probably less harmful than smoking tobacco cigarettes."

Note: To date, several governmental agencies have published their scientific findings that analyze the harm-reduction potential of certain RRP's versus continuing smoking, including the above select examples. Refer to Form 10-Q for the six months and quarter ended June 30, 2020, for additional information

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Recent Positive Regulatory and Fiscal Developments Recognizing Harm Reduction Potential of RRP



- **Philippines:** House of Representatives passed House Bill 9007 - "The Non-Combustible Nicotine Delivery Systems Regulation Act." The Bill provides a broad differentiated regulatory framework for RRP, including rules on public place use, product labeling, consumer communications and government jurisdiction



- **Pakistan:** Government instituted a fully specific, differentiated excise duty rate for HTPs^(a)



- **Mexico:** Ban on the import and export of Electronic Nicotine Delivery Systems no longer applies to tobacco heating devices

We continue to support regulatory and fiscal frameworks which recognize the substantial risk reduction potential of non-combusted alternatives compared with combusted tobacco

(a) PMI HTUs are not currently available for sale in Pakistan

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Sustainability at PMI

- **Defined Corporate Purpose:** Statement of Purpose issued by Board of Directors
- **Rigorous Materiality:** Establish sustainability priorities
- **2025 Roadmap with KPIs**
- **Annual Integrated reporting**



Note: The terms "materiality", "material" and similar terms, when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission
Source: 2019 Integrated Report

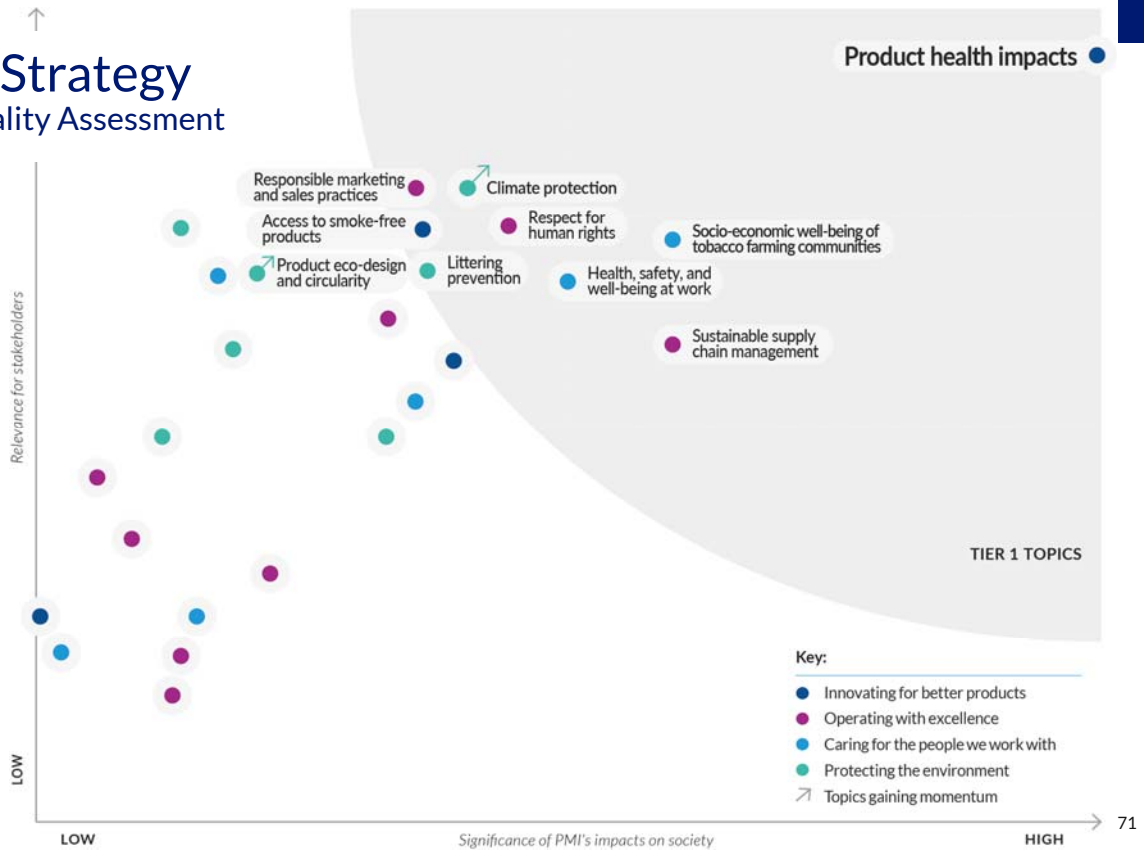
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Defining Our Strategy

Sustainability Materiality Assessment



Note: The terms "materiality", "material" and similar terms, when used in the context of economic, environmental, and social topics, are defined in the referenced sustainability standards, and are not meant to correspond to the concept of materiality under the U.S. securities laws and/or disclosures required by the U.S. Securities and Exchange Commission
 Source: Integrated Report 2020
 Source: ESG Webcast (June 2, 2021)



Statement of Purpose: Transformation North Star

Adopted by the Board of Directors and published in 2020 proxy statement

Delivering a Smoke-Free Future

Leading an industry transformation

“

PMI believes that with the right regulatory encouragement and support from civil society, cigarette sales can end within 10 to 15 years in many countries.

“

The Company is actively accelerating the decline of cigarette smoking beyond what can be achieved by traditional tobacco control measures alone.

“

The Company understands the need to continue to build legitimacy and trust by being honest, respectful, fair and transparent, and by aligning actions with words across all areas of its business.

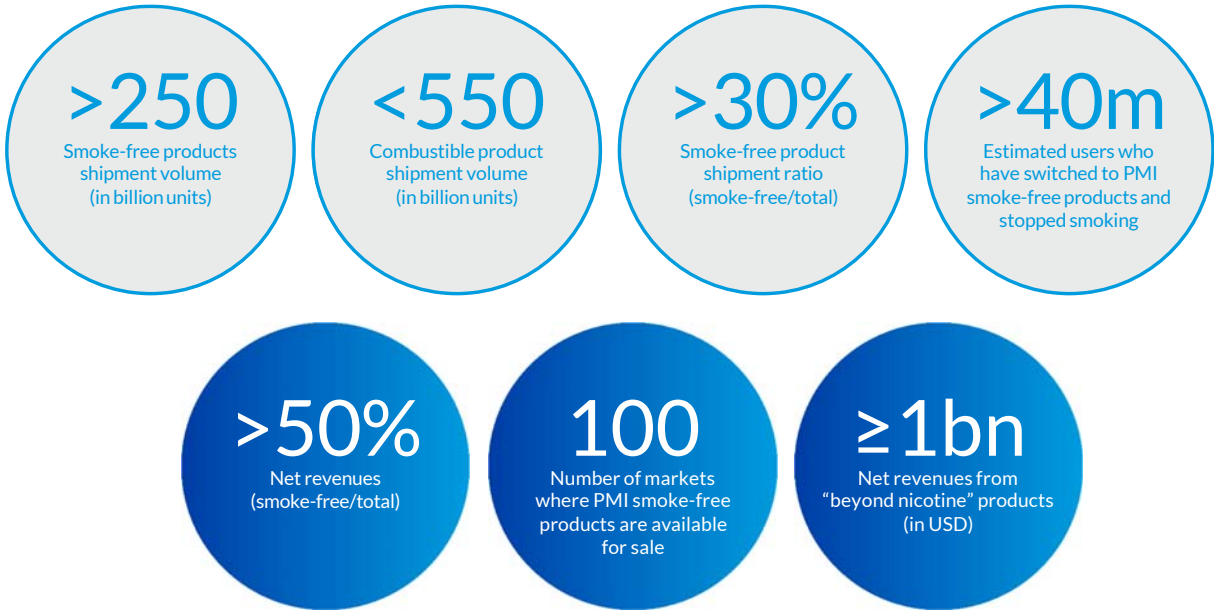
“

PMI's key stakeholder constituencies, which are fundamental to both the achieving of its purpose and to the pace of its progress, will be affected in different ways by PMI's transformation.

– Excerpts from PMI's Statement of Purpose



Driving Towards Ambitious 2025 Aspirational Goals



Note: Aspirational goals do not constitute financial projections
Source: ESG Webcast (June 2, 2021)

Integrating Financial & Non-Financial Performance



Source: ESG Webcast (June 2, 2021)

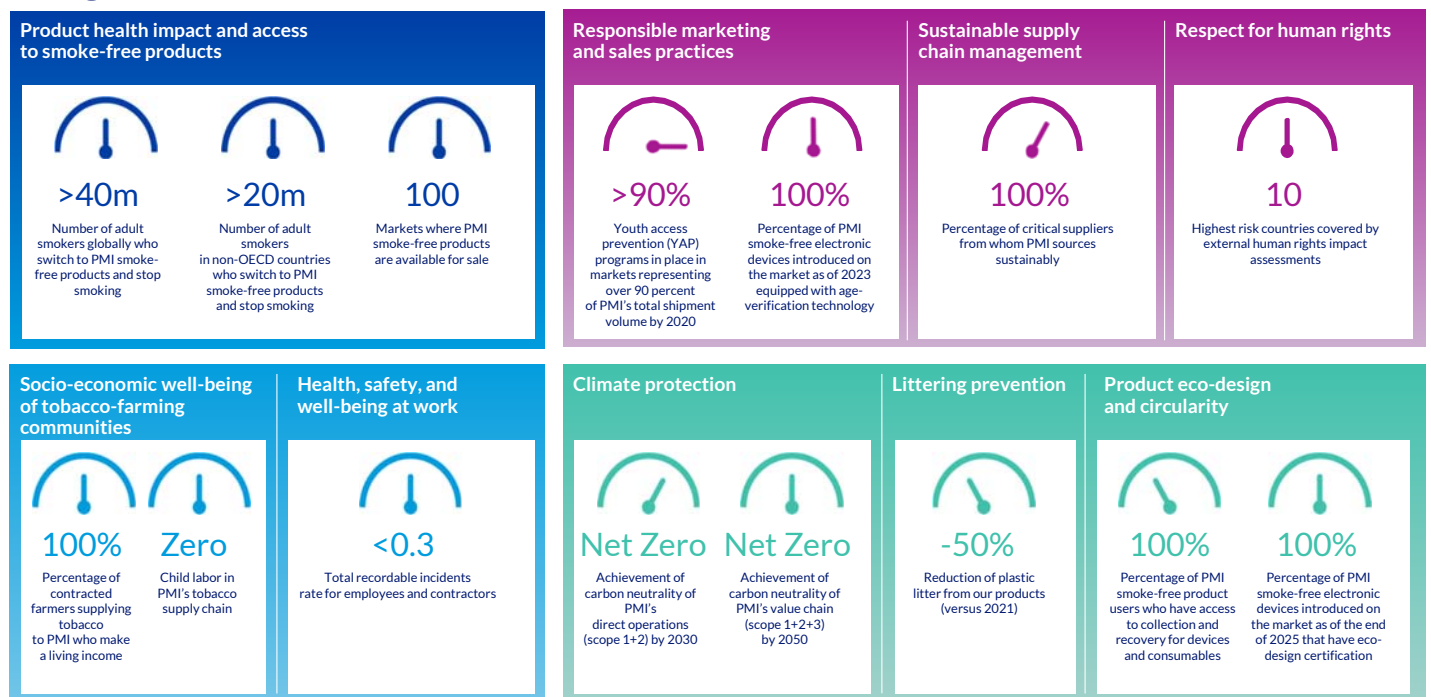
Business Transformation Metrics

Shifting Our Resources to Deliver a Smoke-Free Future

	2015	2016	2017	2018	2019	2020
R&D expenditure (smoke-free/total)	70%	72%	74%	92%	98%	99%
Commercial expenditure (Marketing) (smoke-free/total)	8%	15%	39%	60%	71%	76%
Net revenues (smoke-free/total)	0.2%	2.7%	12.7%	13.8%	18.7%	23.8%
Smoke-free product shipment ratio^(a) (smoke-free/total)	0.1%	0.9%	4.4%	5.1%	7.6%	10.4%
Estimated users who have stopped smoking and switched to IQOS^(b) (in millions)	-	1.5	4.7	6.6	9.7	12.7
Proportion of markets where PMI smoke-free products are available, which are outside the OECD	-	32%	41%	44%	45% ^(c)	52% ^(c)
Number of markets where net revenues from smoke-free products exceed 50% of total net revenues	-	-	1	3	4	6

(a) The smoke-free product shipment ratio is computed based on millions of units. Smoke-free products include heated tobacco units and e-cigarettes. Total products include smoke-free products, cigarettes and other combustible products
 (b) See Glossary for definition
 (c) Following recent international sanctions, IQOS is no longer available for sale in Belarus from Q3, 2021
 Note: List of OECD group members as of December 2020
 Source: PMI Financials or estimates, IQOS user panels and PMI Market Research

Progress on Our 2025 Roadmap



ESG: Transforming for a Sustainable Future (Q2, 2021 Update)

Engaging with Investors & Other Stakeholders

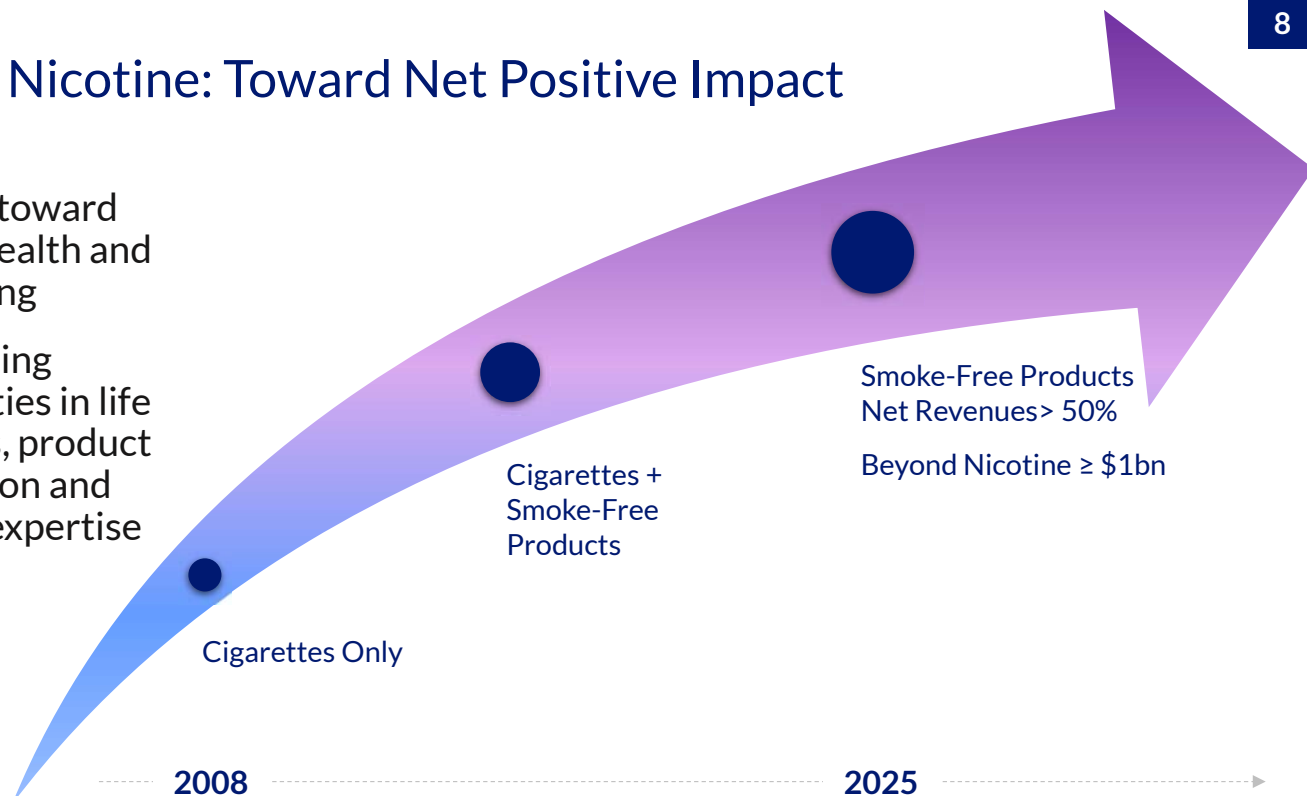
- 2020 Integrated Report published May 18:
 - Comprehensive disclosure of how we create sustainable value, progressing towards our purpose and targets
- Sustainability webcast held June 2:
 - Fundamental alignment of our transformation, financial performance and ESG priorities
 - New real-world data on IHD admissions in Japan
 - Expect to meet 2030 carbon-neutral target (Scope 1&2) by 2025
- Other notable Q2 developments:
 - 2nd factory certified carbon-neutral
 - Supporting taskforce on nature-related financial disclosures
 - Eco-design principles published



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Beyond Nicotine: Toward Net Positive Impact

- Moving toward better health and well-being
- Leveraging capabilities in life sciences, product innovation and clinical expertise

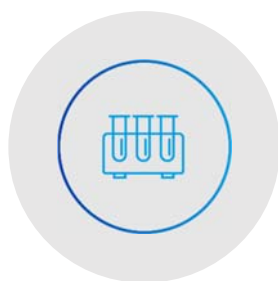


Note: PMI Aspirations. Aspirational goals do not constitute financial projections

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Beyond Nicotine: How & What

Growth opportunities that go beyond nicotine



Leveraging our scientific and engineering knowledge around inhalation and aerosol delivery



Making use of our scientific assessment capabilities to support product testing



Repurposing our technology on devices to serve therapeutic purposes, able to deliver other substances, beyond nicotine



Repurposing the tobacco plant to serve other community needs that go beyond nicotine extraction

Strategic Rationale For Fertin and Vectura Deals

- Large addressable market for Beyond Nicotine focus areas of around \$65bn by 2025
- Putting a comprehensive portfolio of development capabilities in place—covering innovative inhaled and oral product formulations
- Adding 250+ scientists, technology, infrastructure
- Accelerating progress on key sustainability priorities:
 - Broadening the reach and access of our smoke-free alternatives to adult smokers around the world to accelerate the end of smoking
 - Building a strong beyond nicotine business towards initial milestone goal of \$1 billion in net revenues by 2025, with products that deliver net positive impact on society



Capital Allocation

- Continued strong operating cash flow generation expected: around \$35 billion over next 3 years at constant currency:
 - Annual Capital expenditures around \$0.8 billion
- Main priority is reinvestment in growth of smoke-free products:
 - Continue driving the growth of IQOS
 - Investing in Modern Oral and Beyond Nicotine capabilities (e.g., Fertin & Vectura)
- Maintain progressive dividend policy while targeting long-term payout ratio of around 75% of adjusted diluted EPS
- Share repurchase program authorized:
 - Targeting \$5 to \$7 billion over 3 years

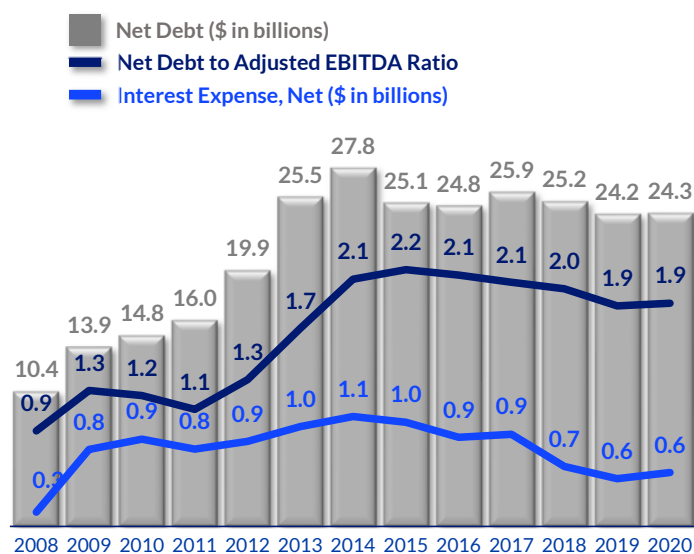
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Solid Capital Structure

- Remain fully committed to our single A rating
- Long-term credit ratings and outlook:
 - Moody's: A2 (stable)
 - Standard & Poor's: A (stable)
 - Fitch: A (stable)
- Short-term credit ratings—P-1 / A-1 / F1^(a):
 - Access to tier 1 commercial paper market
- Strong liquidity profile backed by \$7.25 billion stand-by revolving credit facilities
- Stable capital structure with relative weighting towards longer maturity and fixed-rate instruments
- Optimized capital structure and net interest expense following U.S. Tax Cuts and Jobs Act

(a) Reflects ratings for Moody's, Standard & Poor's and Fitch, respectively
Source: PMI Financials or estimates (as of June 30, 2021)

Net Debt, Leverage and Interest Expense Evolution



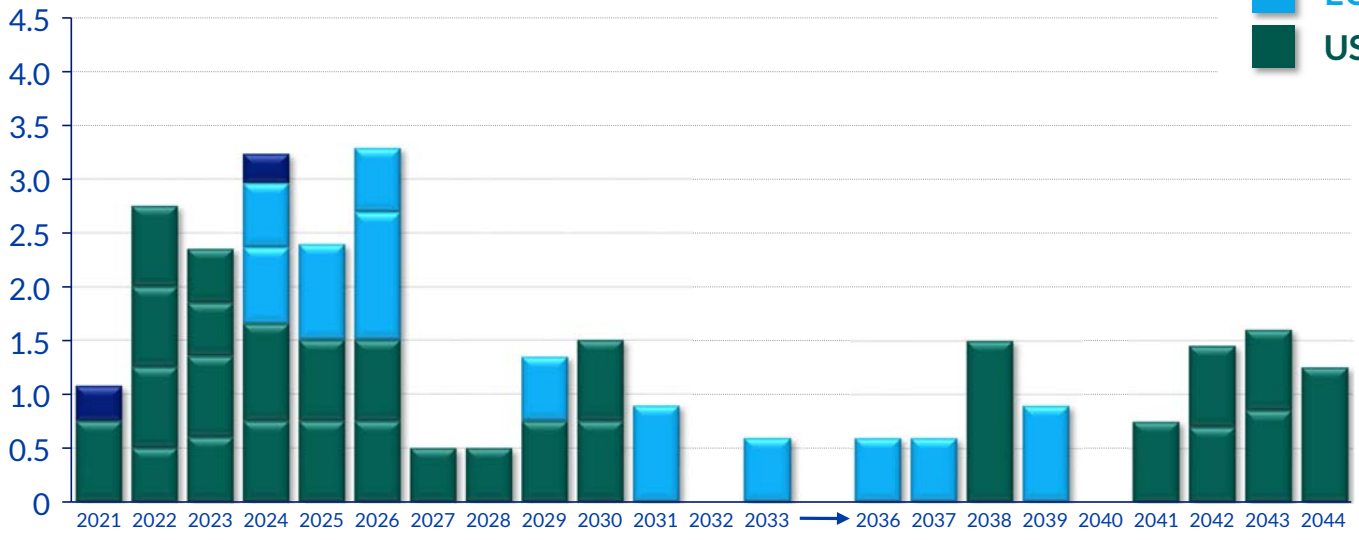
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Well-Laddered Bond Portfolio

(\$ in billions)

Bond Maturity Profile as of June 30, 2021

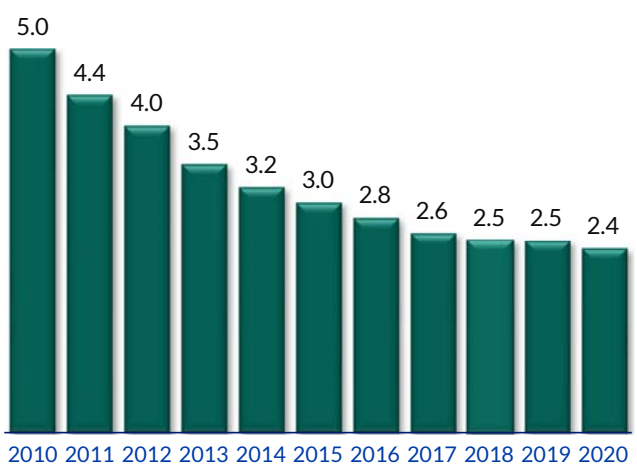
- CHF
- EUR
- USD



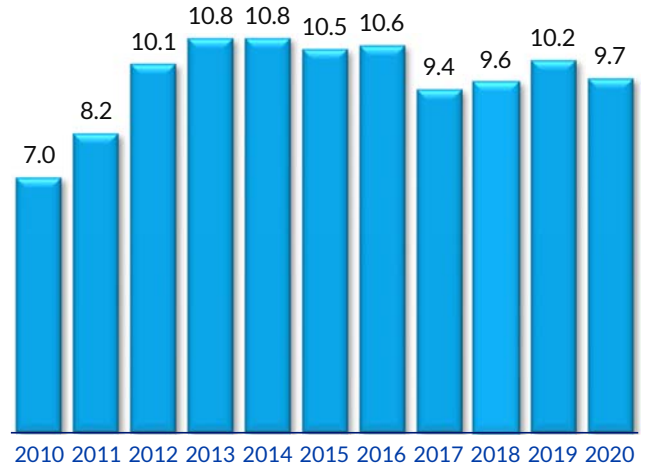
Source: PMI Financials or estimates

Debt Financing at Attractive Terms

Weighted-Average All-in Financing Cost of Total Debt (%)



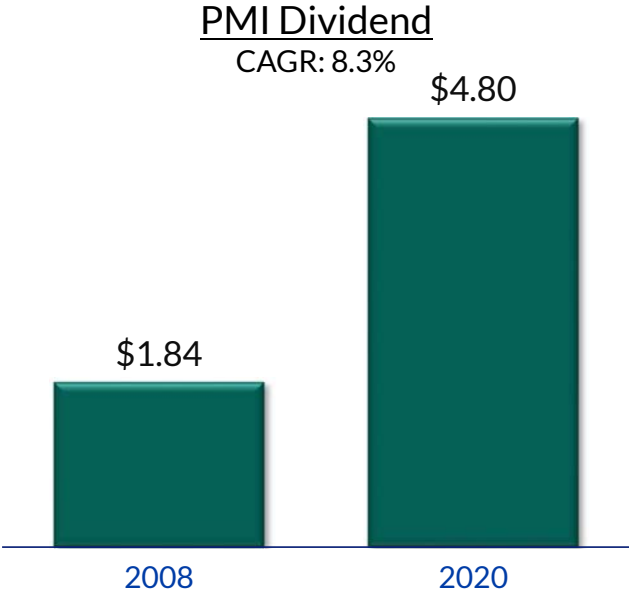
Weighted-Average Time to Maturity of Total Long-Term Debt (years)^(a)



(a) Weighted-average time to maturity of total long-term debt excludes the current portion of the bond portfolio and reflects the weighted-average at the respective year-end
Source: PMI Financials or estimates

Rewarding Our Shareholders: Attractive Dividend

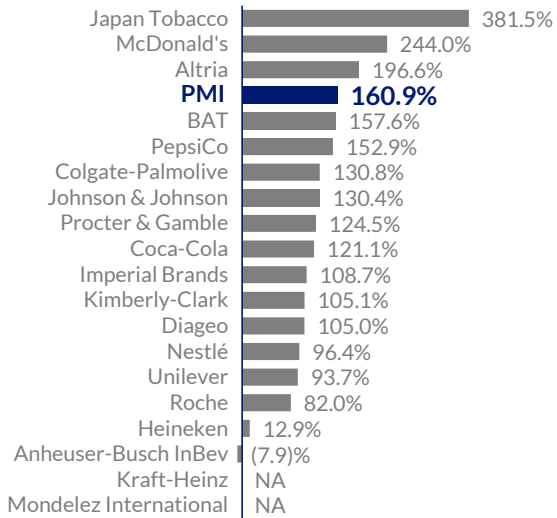
- Dividends are the primary use of our operating cash flow^(a) after capital expenditures
- Increased dividend by 2.6% in September 2020:
 - Thirteenth consecutive year with a dividend increase
 - Total increase of approximately 161% since 2008



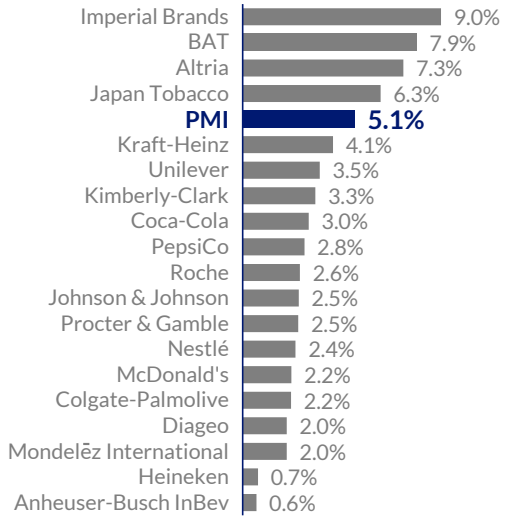
(a) Net cash provided by operating activities
 Note: Dividends for 2008 and 2020 are annualized rates. The 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared June 18, 2008. The 2020 annualized rate is based on a quarterly dividend of \$1.20 per common share, declared September 9, 2020
 Source: PMI Financials or estimates

Rewarding Our Shareholders: Attractive Dividend

Dividend Growth: Peer Group
(2008 - July 20, 2021)



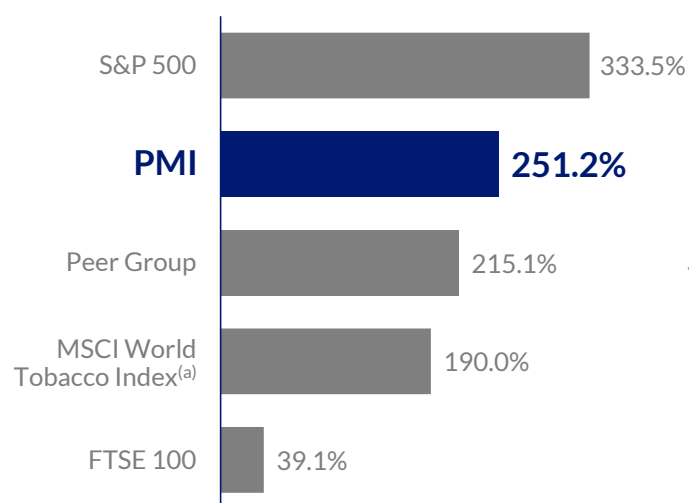
Trailing Dividend Yield: Peer Group
(July 20, 2021)



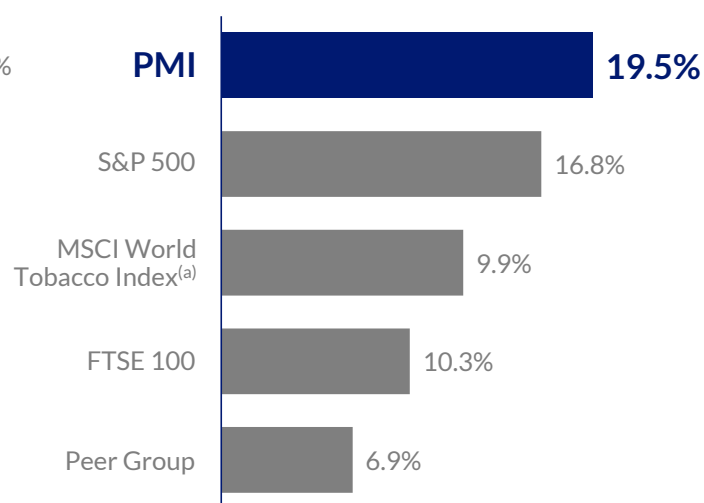
Note: PMI reflects absolute growth in annualized announced dividends from time of first PMI dividend of \$0.46 in June 2008 through July 20, 2021. Companies in the Peer Group reflect absolute growth from FY 2008 dividends or Q2, 2008 annualized dividend through current last twelve months dividends or current last quarter annualized dividend as appropriate. Dividend yield represents the trailing annualized dividend on July 20, 2021, over the closing share price on that date. The current annualized dividend rate for PMI is \$4.80. The closing share price for PMI was \$94.93 on July 20, 2021. NA stands for not available
 Source: FactSet

Rewarding Our Shareholders: Total Return

Spin (March 28, 2008) – July 20, 2021



January 1, 2021 – July 20, 2021



(a) Includes PMI, Altria, BAT, Imperial Brands, Japan Tobacco and Swedish Match

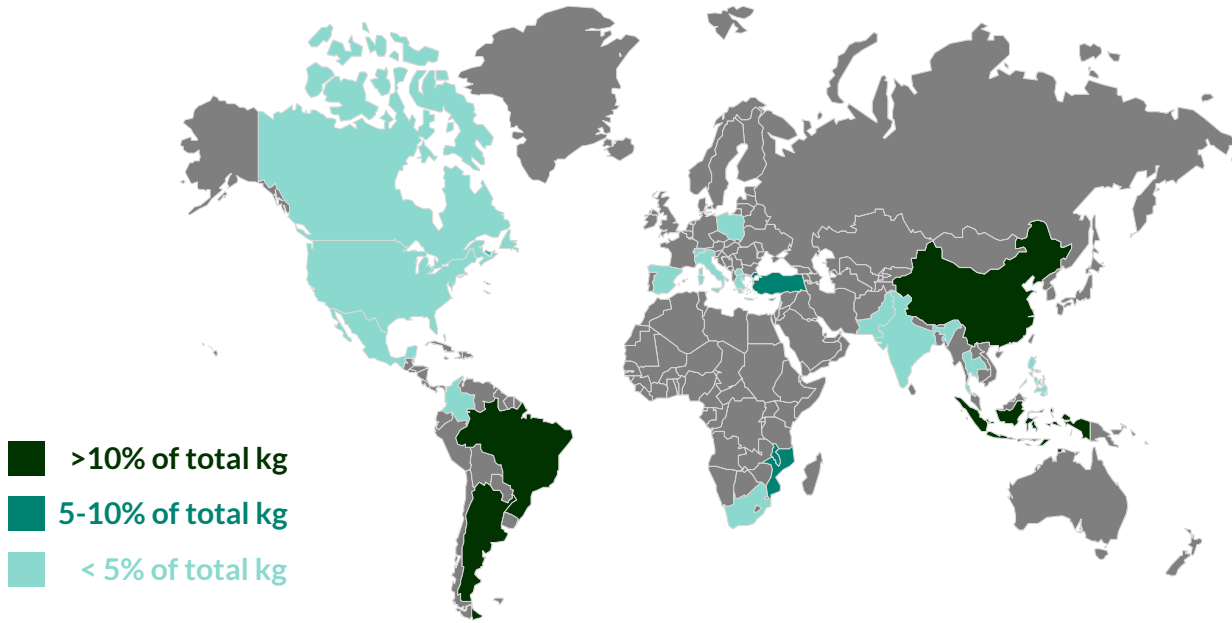
Note: TSR in USD. The MSCI World Tobacco Index and the company peer group represent the market weighted-average return of the index/group. PMI total shareholder return pro forma for additional \$0.46 per share dividend paid in April 2008 impacts the period March 28, 2008 – July 20, 2021. Exchange rates are as of March 28, 2008, January 1, 2021 and July 20, 2021. The company peer group is defined in the Glossary

Source: FactSet, Bloomberg, and MSCI World Tobacco Index

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Appendix, Glossary of Key Terms and Definitions, and Reconciliation of Non-GAAP Measures

PMI Tobacco Leaf Purchases by Geography (2020)



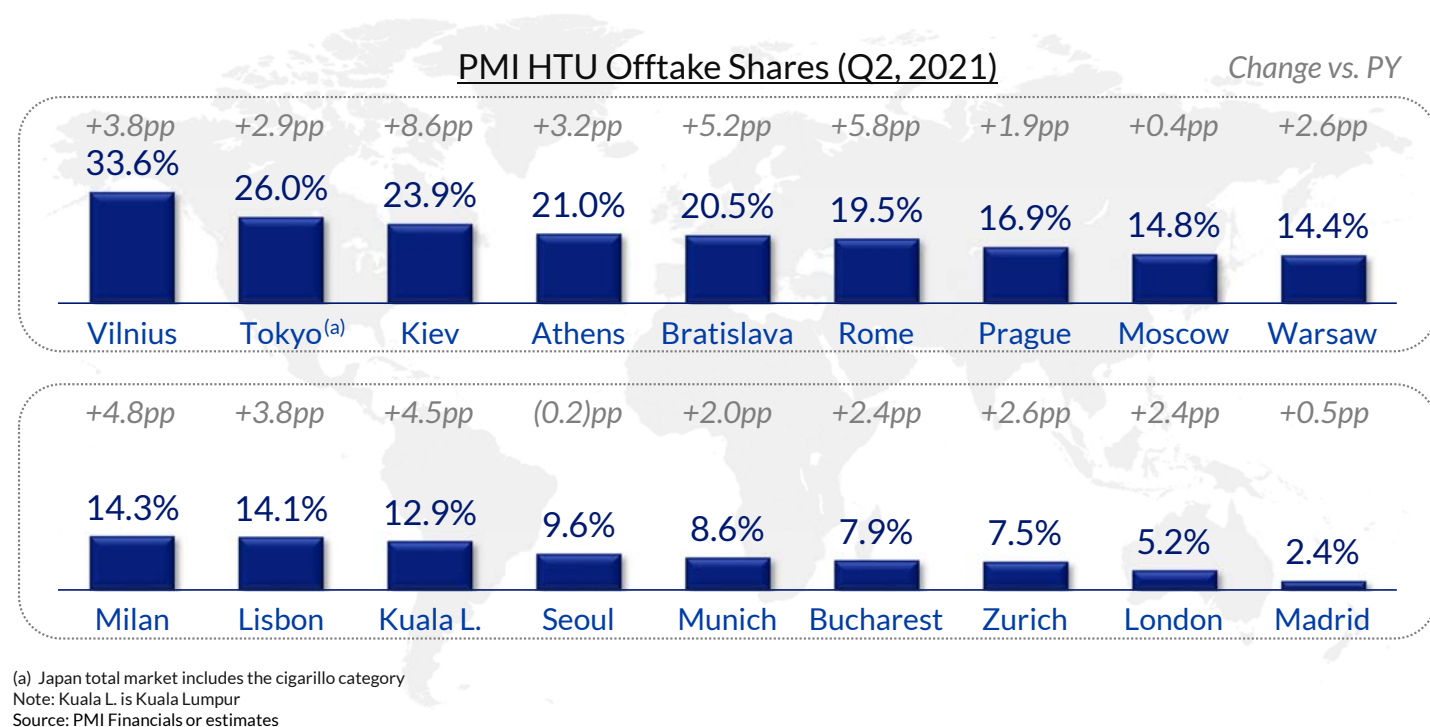
Source: PMI Operations

PMI Manufacturing Footprint (2020)



(a) Includes facilities in Greece, Italy, Korea, Poland, Romania, Russia and Switzerland that are fully or partially dedicated to the production of HTUs or other nicotine-containing products
 Source: PMI Operations and Form 10-K for the year ended December 31, 2020 (p. 12)

Key Cities Provide Excellent Base for Growth



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Cigarette Excise Tax Structures: Select Markets

(July 1, 2021)

Argentina			Australia		Germany	
	%					
	Nominal	RSP ^(f)				
Social Assistance Fund (SAF) ^(a)	7.00	7.00	Tobacco Excise Tax (AUD/Kg)	1,576.57	Ad Valorem Excise Tax	21.69%
Special Tobacco Fund (STF) ^(b)	7.35	8.99	Tobacco Excise Tax (AUD/000) ^(a)	1,103.60	Specific Excise Tax (EUR/000)	98.20
Excise Tax ^(c)	70.00	54.59	VAT (Nominal)	10%	Minimum Total Tax (EUR/000) ^(a)	214.55
VAT ^(d)	21.00	4.91			VAT (Nominal)	19.0%
Turnover Tax ^(e)	3.52	0.58				
Tax Burden		76.07				
			France		Italy	
			Ad Valorem Excise Tax	55.00%	Ad Valorem Excise Tax	51.24%
			Specific Excise Tax (EUR/000)	63.50	Specific Excise Tax (EUR/000)	22.09
			Minimum Excise Tax (EUR/000)	336.00	Minimum Total Tax (EUR/000) ^(a)	193.22
			VAT (Nominal)	20.0%	VAT (Nominal)	22.0%

(a) 7% x RSP
 (b) [7.35% x (RSP - SAF - VAT)] + ARS 4,788 (as of July 2021)
 (c) 70% x (RSP - SAF - VAT - STF). Minimum excise tax: ARS 97.79 (June 2021 - August 2021)
 (d) (NEFP + Wholesaler & Retailer margin) x 21%
 (e) NEFP x 3.52%
 (f) Based on Philip Morris soft pack (ARS 190.00)
 Note: NEFP is net ex-factory price

(a) Minimum Total Tax (MTT) also includes the VAT

(a) Minimum Total Tax also includes the VAT

Note: 20 cigarettes per pack

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Cigarette Excise Tax Structures: Select Markets (cont.)

(July 1, 2021)

Japan		Mexico		Saudi Arabia	
National – Tobacco Tax (JPY/pack)	126.04	Ad Valorem Excise Tax ^(a)	160%	Ad Valorem Excise Tax (% of RSP) ^(a)	50.0%
National – Special Tobacco Tax (JPY/pack)	16.40	Specific Excise Tax (MXN/000)	510.80	VAT (Nominal)	15.0%
Local Excise Tax (JPY/pack)	<u>142.44</u>	VAT (Nominal)	16%	Minimum Reference Price (SAR/pack)	8.00
Total (JPY/pack)	284.88	(a) Ad valorem excise tax is 160% of manufacturer / wholesale price to retail excluding taxes (VAT and Excise)		(a) % of RSP before VAT, effective excise tax is 43.50% of RSP including VAT	
VAT (Nominal)	10%	Philippines		Spain	
		Specific Excise Tax (PHP/pack) ^(a)	50.00	Ad Valorem Excise Tax	51.00%
		(a) January 1, 2022 (PHP 55.00); January 1, 2023 (PHP 60.00); January 1, 2024 onwards (+5% / year)		Specific Excise Tax (EUR/000)	24.70
		Poland		Minimum Excise Tax (EUR/000)	131.50
		Ad Valorem Excise Tax	32.05%	VAT (Nominal)	21.0%
		Specific Excise Tax (PLN/000)	228.10	Turkey	
		Minimum Excise Tax (PLN/000)	467.73	Ad Valorem Excise Tax (% of RSP)	63.0%
		VAT (Nominal)	23.0%	Specific Excise Tax (TRY/000)	24.255
				Minimum Excise Tax (TRY/000)	488.30
				VAT (Nominal)	18.0%

Note: 20 cigarettes per pack

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Excise Tax Structure: Russia

(July 1, 2021)

<u>Cigarettes</u>	<u>2019</u> ^(a)	<u>2020</u> ^(a)	<u>2021</u> ^(a)
Ad Valorem Excise Tax (% of MRSP)	14.5%	14.5%	16.0%
Specific Excise Tax (RUB/000)	1,890	1,966	2,359
Minimum Excise Tax (RUB/000)	2,568	2,671	3,205
<u>Heated Tobacco Products</u>			
Specific Excise Tax (RUB/kg)	5,808	6,040	7,248
Electronic Nicotine Delivery Systems; Tobacco Heating Devices (RUB/device)		50	60

(a) Effective as of January 1 for both cigarettes and heated tobacco products
Note: Tax plan subject to revision annually. VAT currently at 20% (effective since January 1, 2019)

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Excise Tax Structure: Indonesia

(July 1, 2021)

Cigarette Type	Volume Tier	Price Tier	Total Excise + Regional Tax (IDR/stick)	
			Current	Previous ^(a)
Machine-Made Kretek (SKM)	Volume Tier 1 (> 3 billion units)	1	951.5	814.0
	Volume Tier 2 (≤ 3 billion units)	1	588.5	517.0
		2	577.5	500.5
Whites (SPM)	Volume Tier 1 (> 3 billion units)	1	1,028.5	869.0
	Volume Tier 2 (≤ 3 billion units)	1	621.5	533.5
		2	610.5	517.0
Hand-Rolled Kretek (SKT)	Volume Tier 1 (> 2 billion units)	1	467.5	467.5
		2	363.0	363.0
	Volume Tier 2 (> 500 million units–2 billion units)	1	220.0	220.0
		Volume Tier 3 (≤ 500 million units)	1	121.0

(a) Previous to February 1, 2021

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Excise Tax Structure: Japan

(July 1, 2021)

Cigarettes

- Excise tax increases of JPY 20/pack in October 2018, 2020 and 2021:
 - No increase in October 2019, due to nominal VAT increase from 8% to 10%

Heated Tobacco Products (HTPs)

- "Heated tobacco" category:
 - Dedicated excise tax category for heated tobacco products (previously: pipe tobacco category)
 - Taxable base for the specific excise tax is weight of heated tobacco
 - For products using liquid to create an aerosol, the liquid portion is considered as tobacco for tax purposes
- Heated tobacco excise tax is being phased in over a five-year period (2018-2022), with the third year reflecting 40% of the previous system (pipe tobacco category) and 60% of the new system (heated tobacco category). See next slide for details

HTP Excise Tax Structure

	Pipe Tobacco Category	Heated Tobacco Category
RSP (JPY/pack)	550	550
VAT (Nominal)	10%	10%
RSP Net of VAT (JPY/pack)	500	500
Effective Specific Rate (JPY/kg)	14,244	17,805 ^(a)
Tax Base	Full product weight (14.9 g/pack) ^(b)	Heated tobacco weight (5.4 g/pack) ^(c)
Specific Yield (JPY/000)	10,612	4,807
Effective Ad Valorem Rate	n/a	30%
Tax Base	n/a	RSP net of VAT
Ad Valorem Yield (JPY/000)	n/a	7,500
Total Excise Tax Yield (JPY/000)	10,612	12,307
	40%	60%
Heated Tobacco Category: Indicative Excise Tax Payable as of October 1, 2020 (JPY/000)		11,629

(a) Reflects effective specific rate for the third year of five-year-phase-in period

(b) Reflects indicative "total weight" for Marlboro Menthol HeatSticks

(c) Reflects indicative "heated tobacco weight" for Marlboro Menthol HeatSticks

Note: 20 cigarettes/heated tobacco units per pack

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Multi-Year Tobacco Tax Plan: Japan

(July 1, 2021)

	<u>Previous</u>	<u>Oct 1, 2018 – Sept 30, 2019</u>	<u>Oct 1, 2019 – Sept 30, 2020</u>	<u>Oct 1, 2020 – Sept 30, 2021</u>	<u>Oct 1, 2021 – Sept 30, 2022</u>	<u>Oct 1, 2022 and Onwards</u>
VAT (Nominal)	8%	8%	10%	10%	10%	10%
Excise Tax: Cigarettes (JPY/000)	12,244	13,244	13,244	14,244	15,244	15,244
Excise Tax: Pipe Tobacco (JPY/kg) ^(a)	12,244	13,244	13,244	14,244	15,244	15,244
Excise Tax: New HTP Category						
-Effective Specific Rate (JPY/kg) ^(b)	-	16,555	16,555	17,805	19,055	19,055
-Effective Ad Valorem Rate ^{(c)(d)}	-	30%	30%	30%	30%	30%
HTP Phase-in Period						
-Portion of New HTP System	-	20%	40%	60%	80%	100%
-Portion of Previous System	-	80%	60%	40%	20%	0%

(a) Previously, HTPs were taxed based on pipe tobacco excise tax rate

(b) Taxable base is weight of heated tobacco

(c) Taxable base is RSP net of VAT

(d) Effective ad valorem rate is calculated as the excise tax incidence based on announced average RSP

Note: Based on current law

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IQOS: Retail Selling Prices

(July 1, 2021)

Market	Currency	IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
ALBANIA	ALL	4,500	-	-	7,500	320	340
ANDORRA	EUR	59	59	-	79	3.55	3.65
ARMENIA	AMD	15,500	17,000	-	39,000	750	850
ARUBA	AWG	-	-	-	135	13.99	15.25
AUSTRIA	EUR	49	49	-	79	5.00	5.80
BOSNIA & HERZ.	BAM	75	-	-	115	5.60	6.00
BULGARIA	BGN	70	90	-	115	5.50	5.70
CANADA ^(b)	CAD	-	23	-	34	8.47	15.29
CANARY ISLANDS	EUR	49	49	-	69	3.00	4.00
COLOMBIA	COP	200,000	250,000	-	315,000	7,500	8,300

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) RSPs are for the Province of Ontario. HTU RSP is per 20 sticks equivalent based on individual 160s selling unit. HTUs are sold in cartons of 8 packs of 20 units, and 5 packs of 10 units, for CAD 67.79 and CAD 27.11. Cigarette RSP for pack of 20 cigarettes equivalent (RBH brand: Belmont 25s)

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Bosnia & Herz. is Bosnia & Herzegovina

Source: PMI affiliates

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IQOS: Retail Selling Prices (cont.)

(July 1, 2021)

Market	Currency	RSP ^(a)					
		IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
COSTA RICA	CRC	-	-	-	50,000	2,200	2,300
CROATIA	HRK	250	320	-	450	28.00	34.00
CURACAO	ANG	60	-	-	150	11.50	13.25
CYPRUS	EUR	39	49	-	59	4.00	4.90
CZECH REPUBLIC	CZK	1,290	1,290	-	1,790	110	134
DENMARK	DKK	399	-	-	499	44.00	54.00
DOMINICAN REP.	DOP	2,000	-	-	5,000	250	270
ESTONIA	EUR	49	49	-	69	4.40	4.95
FRANCE	EUR	49	49	-	69	7.50	10.50
GEORGIA	GEL	120	249	-	199	6.70	6.70
GERMANY	EUR	49	49	-	79	6.00	7.20

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Dominican Rep. is the Dominican Republic

Source: PMI affiliates

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IQOS: Retail Selling Prices (cont.)

(July 1, 2021)

Market	Currency	RSP ^(a)					
		IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
GREECE	EUR	39	39	-	59	4.00	4.60
GUATEMALA	GTQ	275	-	-	575	22.00	25.00
HUNGARY	HUF	19,990	20,990	-	24,990	1,499	1,760
ISRAEL	ILS	-	199	-	290	30.00	32.00
ITALY	EUR	49	59	-	79	4.80	6.00
JAPAN ^(b)	JPY	-	4,980	-	6,980	500/550	570
JORDAN	JOD	-	-	-	70	2.00	2.40
KAZAKHSTAN	KZT	13,500	21,500	-	27,500	590 ^(c)	610 ^(c)
SOUTH KOREA	KRW	-	110,000	-	130,000	4,500	4,500
KUWAIT	KWD	-	-	-	40	1.00	0.87
KYRGYZSTAN	KGS	-	-	-	5,700	100	106
LATVIA	EUR	49	49	-	69	4.00	4.00

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) HTU RSPs: JPY 500/pack for HEETS; JPY 550/pack for Marlboro HeatSticks

(c) As of July 2, 2021

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack

Source: PMI affiliates

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IQOS: Retail Selling Prices (cont.)

(July 1, 2021)

Market	Currency	RSP ^(a)					
		IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
LEBANON	LBP	-	-	-	690,000	15,250 ^(b)	22,000 ^(b)
LITHUANIA	EUR	49	49	-	69	3.80	4.35
MALAYSIA	MYR	149	249	-	299	14.00	17.40
MALDIVES	MVR	-	1,250	-	1,700	85.00	95.00
MEXICO ^(c)	MXN	1,199	1,599	-	1,899	63.00	66.00
MOLDOVA	MDL	599	-	-	1,049	39.00	41.00
MONACO	EUR	49	49	-	69	7.50	10.50
MONTENEGRO	EUR	40	-	-	60	2.80	3.40
NETHERLANDS	EUR	49	-	-	59	6.00	8.20
NEW ZEALAND ^(d)	NZD	89	99	-	139	20.00	37.40

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) As of July 7, 2021

(c) HTU RSP is for direct channels only. The HTU RSP for indirect channels is MXN 66.00

(d) On e-commerce, HTUs are sold at a bundle offer of NZD 169 for 10 packs

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack

Source: PMI affiliates

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IQOS: Retail Selling Prices (cont.)

(July 1, 2021)

Market	Currency	RSP ^(a)					
		IQOS Kit				Pack	
		<u>2.4 Plus</u>	<u>3 Multi</u>	<u>3</u>	<u>3 DUO</u>	<u>HTUs</u>	<u>Marlboro Cigarettes</u>
N. MACEDONIA	MKD	2,400	-	-	3,700	150	150
PALESTINE	ILS	-	-	-	340	22.00	25.00
PHILIPPINES	PHP	2,990	2,990 ^(b)	-	3,990 ^(b)	120	140
POLAND	PLN	200	250	-	300	15.00	17.99
PORTUGAL	EUR	29	49	-	55	4.50	5.30
REUNION	EUR	60	89	-	99	9.50	11.70
ROMANIA	RON	149	-	-	249	17.00	21.50
RUSSIA ^(c)	RUB	2,990	-	-	4,990	160	195
SAUDI ARABIA	SAR	-	-	-	350	25.00	28.00
SERBIA	RSD	3,500	-	-	7,000	320	380

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) Price update effective July 6, 2021

(c) HTU RSPs: RUB 150/pack for HEETS; RUB 170/pack for HEETS Creations

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. N. Macedonia is North Macedonia

Source: PMI affiliates

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IQOS: Retail Selling Prices (cont.)

(July 1, 2021)

Market	Currency	IQOS Kit				Pack	
		2.4 Plus	3 Multi	3	3 DUO	HTUs	Marlboro Cigarettes
SLOVAK REP.	EUR	49	49	-	69	3.90	4.50
SLOVENIA	EUR	39	49	-	59	3.80	4.40
SOUTH AFRICA	ZAR	970	1,400	-	1,550	42.00	51.00
SPAIN	EUR	49	49	-	69	4.85	5.00
SWEDEN	SEK	-	849	-	999	50.00	69.00
SWITZERLAND	CHF	-	69	-	99	8.00	9.00
TURKISH CYPRUS	TRY	399	549	-	629	18.00	18.00
UKRAINE ^(b)	UAH	899	-	-	1,599	63.00	67.00
UZBEKISTAN	UZS	-	-	-	715,000	14,000	12,500 ^(c)
UAE	AED	-	-	-	500	20.00	22.00
UK	GBP	39	49	-	79	5.00	11.90

(a) Either a RSP, a recommended RSP or a maximum RSP, where applicable

(b) Effective recommended RSPs for HTUs and effective maximum RSP for Marlboro cigarette packs (both reflecting the price to adult smokers including 5% sales tax)

(c) MLB Touch reference price

Note: Excludes the U.S. and International Duty Free. Unless otherwise stated, 20 cigarettes / HTUs per pack. Slovak Rep. is the Slovak Republic. UAE is the United Arab Emirates

Source: PMI affiliates

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RSPs for IQOS VEEV and LIL SOLID/HYBRID

(July 1, 2021)

IQOS VEEV

- New Zealand:
 - Kit: NZD 49.00
 - Flavor Pod: NZD 9.90
- Czech Republic:
 - Kit: CZK 599
 - Flavor Pod: CZK 85
- Finland:
 - Kit: EUR 35
 - Flavor Pod: EUR 4/pod
- Italy:
 - Kit: EUR 25
 - Flavor Pod: EUR 4.50



Market	Currency	LIL SOLID	Fiit
ARMENIA	AMD	15,500	650
KAZAKHSTAN	KZT	10,500	530
KYRGYZSTAN	KGS	2,000	90
RUSSIA	RUB	1,790	140
SERBIA	RSD	2,340	300
UKRAINE	UAH	599	60
UZBEKISTAN	UZS	250,000	12,000

LIL HYBRID

- Japan:
 - Kit: JPY 6,980
 - HTU pack: JPY 500
 - Cartridge: JPY 60



Note: Unless otherwise stated, 20 HTUs per pack. Listed prices for Russia and Ukraine

Source: PMI affiliates

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PMI Cigarettes: RSPs in Select Markets

(July 1, 2021)

		Above Premium	Premium	Mid-Price	Low-Price
Argentina ^(a)	ARS	<i>Parliament</i> 255	<i>Marlboro</i> 230	<i>Philip Morris</i> 190	<i>Chesterfield</i> 165
Australia ^(b)	AUD		<i>Marlboro</i> 37.68	<i>Peter Jackson</i> 35.83	<i>Bond Street</i> 32.30
France	EUR		<i>Marlboro</i> 10.50	<i>Philip Morris</i> 10.00 (PM Blue line @ 10.00)	<i>Chesterfield / L&M</i> 10.00
Germany	EUR	<i>Eve</i> 7.50	<i>Marlboro</i> 7.20		<i>Chesterfield / L&M</i> 6.80
Indonesia ^(c)	IDR		<i>Sampoerna A Mild</i> 24,932	<i>U Mild</i> 22,363	<i>DSS Magnum Mild</i> 20,818
Italy	EUR		<i>Marlboro</i> 6.00		<i>Chesterfield</i> 5.00
Japan ^(d)	JPY	<i>Parliament</i> 580	<i>Marlboro</i> 570	<i>Lark</i> 500	<i>Lark Smart Plus</i> 430
South Korea	KRW		<i>Marlboro</i> 4,500		

(a) RSPs for *Philip Morris* and *Chesterfield* are for the soft pack (best-selling variant)

(b) Recommended RSP. Actual RSP may differ. Price for pack of 20 cigarettes equivalent (*Marlboro* 25s; *Peter Jackson* 30s and *Bond Street* 40s)

(c) Based on Nielsen June 2021 estimates. Reflects average observed retail selling prices. 16 cigarettes per pack. SKM low tar category segment

(d) RSPs for *Parliament* 100's, *Marlboro* regular, *Lark* regular and *Lark Smart Plus* 19s

Note: 20 cigarettes per pack unless otherwise stated. Low includes super-low. DSS is *Dji Sam Soe*

Source: PMI affiliates and Nielsen

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PMI Cigarettes: RSPs in Select Markets (cont.)

(July 1, 2021)

		Above Premium	Premium	Mid-Price	Low-Price
Mexico	MXN		<i>Marlboro</i> 66.00		<i>Chesterfield</i> 53.00
Philippines ^(a)	PHP		<i>Marlboro</i> 140.00	<i>Fortune</i> 120.00	
Poland	PLN		<i>Marlboro</i> 17.99	<i>L&M</i> 16.50	<i>Chesterfield</i> 13.99
Russia ^(b)	RUB	<i>Parliament</i> 219	<i>Marlboro</i> 195	<i>Marlboro Crafted</i> 179	<i>Bond Street Compact</i> ^(c) 147
Saudi Arabia	SAR		<i>Marlboro</i> 28.00	<i>L&M</i> 22.00	<i>Chesterfield</i> 18.00
Spain	EUR		<i>Marlboro</i> 5.00	<i>Chesterfield</i> 4.70	<i>L&M</i> 4.45
Turkey	TRY	<i>Parliament</i> 18.50	<i>Marlboro</i> 18.00	<i>Muratti</i> 16.00	<i>L&M</i> 14.50

(a) RSPs now reflect an equivalent price per cigarette, based on a per stick retail basis

(b) Maximum RSPs for mainline variants

(c) *Bond Street*'s best-selling variant

Note: 20 cigarettes per pack unless otherwise stated. Low includes super-low

Source: PMI affiliates

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Glossary: General Terms

- "PMI" refers to Philip Morris International Inc. and its subsidiaries
- Until March 28, 2008, PMI was a wholly owned subsidiary of Altria Group, Inc. ("Altria"). Since that time the company has been independent and is listed on the New York Stock Exchange (ticker symbol "PM")
- Trademarks are italicized
- Comparisons are made to the same prior-year period unless otherwise stated
- Unless otherwise stated, references to total industry, total market, PMI shipment volume and PMI market share performance reflect cigarettes and heated tobacco units
- References to total international market, defined as worldwide cigarette and heated tobacco unit volume excluding the U.S., total industry, total market and market shares are PMI estimates for tax-paid products based on the latest available data from a number of internal and external sources and may, in defined instances, exclude the People's Republic of China and/or PMI's duty free business. In addition, to reflect the deconsolidation of PMI's Canadian subsidiary, Rothmans, Benson & Hedges, Inc. (RBH), effective March 22, 2019, PMI's total market share has been restated for previous periods
- 2020 and 2021 estimates for total industry volume and market share in certain geographies reflect limitations on the availability and accuracy of industry data during pandemic-related restrictions
- "OTP" is defined as "other tobacco products," primarily roll-your-own and make-your-own cigarettes, pipe tobacco, cigars and cigarillos, and does not include reduced-risk products
- "Combustible products" is the term PMI uses to refer to cigarettes and OTP, combined
- In-market sales, or "IMS," is defined as sales to the retail channel, depending on the market and distribution model
- "Total shipment volume" is defined as the combined total of cigarette shipment volume and heated tobacco unit shipment volume
- "RBH" refers to PMI's Canadian subsidiary, Rothmans, Benson & Hedges Inc.
- The Companies' Creditors Arrangement Act (CCAA) is a Canadian federal law that permits a Canadian business to restructure its affairs while carrying on its business in the ordinary course

Glossary: General Terms (cont.)

- "EU" is defined as the European Union Region
- "EE" is defined as the Eastern Europe Region
- "ME&A" is defined as the Middle East & Africa Region and includes PMI's duty free business
- "S&SA" is defined as the South & Southeast Asia Region
- "EA&A" is defined as the East Asia & Australia Region
- "LA&C" is defined as the Latin America & Canada Region. In July 2021, the Latin America & Canada operating segment was renamed as the Americas operating segment
- Following the deconsolidation of PMI's Canadian subsidiary, Rothmans, Benson & Hedges, Inc. (RBH), PMI will continue to report the volume of brands sold by RBH for which other PMI subsidiaries are the trademark owner. These include *HEETS*, *Next*, *Philip Morris* and *Rooftop*
- From time to time, PMI's shipment volumes are subject to the impact of distributor inventory movements, and estimated total industry/market volumes are subject to the impact of inventory movements in various trade channels that include estimated trade inventory movements of PMI's competitors arising from market-specific factors that significantly distort reported volume disclosures. Such factors may include changes to the manufacturing supply chain, shipment methods, consumer demand, timing of excise tax increases or other influences that may affect the timing of sales to customers. In such instances, in addition to reviewing PMI shipment volumes and certain estimated total industry/market volumes on a reported basis, management reviews these measures on an adjusted basis that excludes the impact of distributor and/or estimated trade inventory movements. Management also believes that disclosing PMI shipment volumes and estimated total industry/market volumes in such circumstances on a basis that excludes the impact of distributor and/or estimated trade inventory movements, such as on an IMS basis, improves the comparability of performance and trends for these measures over different reporting periods
- "ESG" stands for environmental, social, and governance
- "Illicit trade" refers to domestic non-tax paid products
- "OECD" is defined as Organisation for Economic Co-operation and Development
- "SoM" stands for share of market

Glossary: Financial Terms

- Net revenues related to combustible products refer to the operating revenues generated from the sale of these products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes. PMI recognizes revenue when control is transferred to the customer, typically either upon shipment or delivery of goods
- Net revenues related to RRP's represent the sale of heated tobacco units, heat-not-burn devices and related accessories, and other nicotine-containing products, primarily e-vapor products, including shipping and handling charges billed to customers, net of sales and promotion incentives, and excise taxes. PMI recognizes revenue when control is transferred to the customer, typically either upon shipment or delivery of goods
- Adjusted net revenues exclude the impact related to the Saudi Arabia customs assessments
- "SG&A" stands for selling, general & administrative
- "Adjusted Operating Income (OI) Margin" is calculated as adjusted OI, divided by adjusted net revenues
- "Net debt" is defined as total debt, less cash and cash equivalents
- Growth rates presented on an organic basis for consolidated financial results reflect currency-neutral underlying results and "like-for-like" comparisons, where applicable
- Management reviews net revenues, OI, OI margins, operating cash flow and earnings per share, or "EPS," on an adjusted basis, which may exclude the impact of currency and other items such as acquisitions, asset impairment and exit costs, tax items and other special items. Organic growth rates reflect the way management views underlying performance for these measures. PMI believes that such measures, including pro forma measures, will provide useful insight into underlying business trends and results, and will provide a more meaningful performance comparison for the period during which RBH remains under CCAA protection. For PMI's 2018 pro forma adjusted diluted EPS by quarter and year-to-date, see Schedule 3 in PMI's third-quarter 2019 earnings release
- "Fair value adjustment for equity security investments" reflects the adjustment resulting from share price movements in passive investments for publicly traded entities that are not controlled or influenced by PMI. Under U.S. GAAP, such adjustments are required, since January 1, 2018, to be reflected directly in the income statement

Glossary: Reduced-Risk Products

- "Reduced-risk products," or "RRPs," is the term PMI uses to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continuing smoking. PMI has a range of RRP's in various stages of development, scientific assessment and commercialization. PMI RRP's are smoke-free products that produce an aerosol that contains far lower quantities of harmful and potentially harmful constituents than found in cigarette smoke
- "Aerosol" refers to a gaseous suspension of fine solid particles and/or liquid droplets
- "Combustion" is the process of burning a substance in oxygen, producing heat and often light
- "Smoke" is a visible suspension of solid particles, liquid droplets and gases in air, emitted when a material burns
- "Heated tobacco units," or "HTUs," is the term PMI uses to refer to heated tobacco consumables, which for PMI include the company's *HEETS*, *HEETS Creations*, *HEETS Dimensions*, *HEETS Marlboro* and *HEETS FROM MARLBORO* (defined collectively as *HEETS*), *Marlboro Dimensions*, *Marlboro HeatSticks* and *Parliament HeatSticks*, as well as the KT&G-licensed brand, *Fiit* and *Miix* (outside of Korea)
- The *IQOS* heat-not-burn device is a precisely controlled heating device into which a specially designed and proprietary tobacco unit is inserted and heated to generate an aerosol
- "PMI heat-not-burn products" include licensed KT&G heat-not-burn products
- "PMI HTUs" include licensed KT&G HTUs
- HTU "offtake volume" represents the estimated retail offtake of HTUs based on a selection of sales channels that vary by market, but notably include retail points of sale and e-commerce platforms
- HTU "offtake share" represents the estimated retail offtake volume of HTUs divided by the sum of estimated total offtake volume for cigarettes and HTUs
- Market share for HTUs is defined as the total sales volume for HTUs as a percentage of the total estimated sales volume for cigarettes and HTUs
- "Total *IQOS* users" is defined as the estimated number of Legal Age (minimum 18 years) users of PMI heat-not-burn products for which PMI HTUs represented at least 5% of their daily tobacco consumption over the past seven days. Note: as of December 2020, PMI heat-not-burn products and HTUs include licensed KT&G heat-not-burn products and HTUs, respectively

Glossary: Reduced-Risk Products (cont.)

- The estimated number of adults who have "switched to IQOS and stopped smoking" reflects:
 - for markets where there are no heat-not-burn products other than PMI heat-not-burn products: daily individual consumption of PMI HTUs represents the totality of their daily tobacco consumption in the past seven days
 - for markets where PMI heat-not-burn products are among other heat-not-burn products: daily individual consumption of HTUs represents the totality of their daily tobacco consumption in the past seven days, of which at least 70% is PMI HTUs

Note: as of December 2020, PMI heat-not-burn products and HTUs include licensed KT&G heat-not-burn products and HTUs, respectively

- "FDA" stands for the U.S. Food & Drug Administration
- "MRTP" stands for Modified Risk Tobacco Product, the term used by the U.S. FDA to refer to RRP
- "MRTP application" stands for Modified Risk Tobacco Product application under section 911 of the FD&C Act
- "PMTA" stands for Premarket Tobacco Application under section 910 of the FD&C Act
- "Acquisition" refers to our efforts to switch LAS from smoking cigarettes to RRP or to switch LAU from competing smoke-free products to PMI's RRP
- "Retention" refers to our efforts to deter LAU from going back to smoking cigarettes or from choosing a competing smoke-free product instead of a PMI RRP

Glossary: Reduced-Risk Products (cont.)

- "3R4F" is a reference cigarette for laboratory testing provided by the University of Kentucky. It is used for non-clinical investigations by tobacco manufacturers, contract and government laboratories, and academic institutions
- An "ambulatory study" is a study carried out under real world (actual use) conditions as opposed to a confined setting in a clinic
- A "biomarker" is used as a measure of how well the body responds to a treatment for a disease or condition. Biomarkers can be classified into biomarkers of exposure and clinical risk markers
- "Biomarkers of exposure" indicates exposure to a potentially hazardous substance
- "Clinical risk markers" represents a measurable biochemical, physiological, behavioral, or other alteration within an organism that, depending upon the magnitude, can be recognized as associated with an established or possible health impairment or disease
- "HPHCs" stands for harmful or potentially harmful constituents which have been identified as likely causes of tobacco related diseases
- "FDA" stands for the U.S. Food & Drug Administration
- "MRTP" stands for Modified Risk Tobacco Product, the term used by the U.S. FDA to refer to RRP
- "MRTP application" stands for Modified Risk Tobacco Product application under section 911 of the FD&C Act
- "PMTA" stands for Premarket Tobacco Application under section 910 of the FD&C Act
- "TPSAC" stands for the Tobacco Product Scientific Advisory Committee
- PMI presentation to TPSAC on MRTP applications for IQOS (January 24, 2018): <https://www.pmiscience.com/news/pmi-presents-our-modified-risk-tobacco-product-application-iqos-tobacco-products-scientific>
- FDA press release on PMTA applications for IQOS (April 30, 2019): <https://www.fda.gov/news-events/press-announcements/fda-permits-sale-iqos-tobacco-heating-system-through-premarket-tobacco-product-application-pathway>

Glossary: IQOS in the United States

- On April 30, 2019, the U.S. Food and Drug Administration (FDA) announced that the marketing of a version of PMI's Platform 1 product, namely, IQOS 2.4, together with its heated tobacco units (the term PMI uses to refer to heated tobacco consumables), is appropriate for the protection of public health and authorized it for sale in the U.S. The FDA's decision followed its comprehensive assessment of PMI's premarket tobacco product applications (PMTAs) submitted to the Agency in 2017
- In the third quarter of 2019, PMI brought IQOS 2.4 and three variants of its heated tobacco units to the U.S. through its license with Altria Group, Inc., whose subsidiary, Philip Morris USA Inc., is responsible for marketing the product and complying with the provisions set forth in the FDA's marketing orders
- On July 7, 2020, the FDA authorized the marketing of a version of PMI's Platform 1 product, namely, IQOS 2.4, together with its heated tobacco units, as a Modified Risk Tobacco Product (MRTP). In doing so, the agency found that an IQOS exposure modification order is appropriate to promote the public health. The decision followed a review of the extensive scientific evidence package PMI submitted to the FDA in December 2016 to support its MRTP applications
- On December 7, 2020, the FDA confirmed that the marketing of a version of PMI's Platform 1 product, namely, IQOS 3, is appropriate for the protection of public health and authorized it for sale in the U.S. The FDA's decision followed an assessment of a PMI's PMTA filed with the agency in March 2020
- Shipment volume of heated tobacco units to the U.S. is included in the heated tobacco unit shipment volume of the Latin America & Canada segment. Revenues from shipments of Platform 1 devices, heated tobacco units and accessories to Altria Group, Inc. for sale under license in the U.S. are included in Net Revenues of the Latin America & Canada segment

PMI: Peer Group

- Altria
- Anheuser-Busch InBev
- BAT
- Coca-Cola
- Colgate-Palmolive
- Diageo
- Heineken
- Imperial Brands^(a)
- Japan Tobacco
- Johnson & Johnson
- Kimberly-Clark
- Kraft-Heinz
- McDonald's
- Mondelēz International
- Nestlé
- PepsiCo
- Procter & Gamble
- Roche
- Unilever

(a) Formerly Imperial Tobacco
Source: Form 10-K for the year ended December 31, 2020 (p. 14)

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency,
and Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS, excluding Currency
(Unaudited)

	Quarters Ended June 30,		
	2021	2020	% Change
Reported Diluted EPS	\$ 1.39	\$ 1.25	11.2%
Less: Currency	0.05		
Reported Diluted EPS, excluding Currency	\$ 1.34	\$ 1.25	7.2%

	Quarters Ended June 30,			Year Ended
	2021	2020	% Change	2020
Reported Diluted EPS	\$ 1.39	\$ 1.25	11.2%	\$ 5.16
Saudi Arabia customs assessments	0.14	-		-
Asset impairment and exit costs	0.04	0.04		0.08
Fair value adjustment for equity security investments	-	-		0.04
Tax items	-	-		(0.06)
Brazil indirect tax credit	-	-		(0.05)
Adjusted Diluted EPS	\$ 1.57	\$ 1.29	21.7%	\$ 5.17
Less: Currency	0.05			
Adjusted Diluted EPS, excluding Currency	\$ 1.52	\$ 1.29	17.8%	

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions
(\$ in millions) / (Unaudited)

Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excluding Currency & Acquisitions	Quarters Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
					2021	2020	% Change		
					Reduced-Risk Products				
\$ 987	\$ 90	\$ 896	\$ -	\$ 896	European Union	\$ 530	86.2%	69.1%	69.1%
340	6	334	-	334	Eastern Europe	261	30.5%	28.3%	28.3%
33	1	32	-	32	Middle East & Africa	8	+100%	+100%	+100%
1	-	1	-	1	South & Southeast Asia	-	-	-	-
903	11	891	-	891	East Asia & Australia	802	12.6%	11.2%	11.2%
12	-	12	-	12	Latin America & Canada	5	+100%	+100%	+100%
\$ 2,276	\$ 108	\$ 2,167	\$ -	\$ 2,167	Total RRP's	\$ 1,606	41.7%	35.0%	35.0%
					2021	2020	% Change		
					PMI				
\$ 3,149	\$ 288	\$ 2,861	\$ -	\$ 2,861	European Union	\$ 2,475	27.2%	15.6%	15.6%
895	14	881	-	881	Eastern Europe	783	14.3%	12.5%	12.5%
560 ⁽¹⁾	(16)	576	-	576	Middle East & Africa	704	(20.5)%	(18.2)%	(18.2)%
1,046	68	978	-	978	South & Southeast Asia	889	17.7%	10.0%	10.0%
1,514	37	1,477	-	1,477	East Asia & Australia	1,432	5.7%	3.1%	3.1%
430	29	401	-	401	Latin America & Canada	368	16.8%	9.0%	9.0%
\$ 7,594	\$ 420	\$ 7,174	\$ -	\$ 7,174	Total PMI	\$ 6,651	14.2%	7.9%	7.9%

(1) Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessments

Note: Sum of product categories or Regions might not foot to Total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Net Revenues to Adjusted Net Revenues, excluding Currency and Acquisitions
(\$ in millions) / (Unaudited)

Net Revenues	Special Items	Adjusted Net Revenues	Currency	Adjusted Net Revenues excluding Currency	Acquisitions	Adjusted Net Revenues excluding Currency & Acquisitions		Net Revenues	Special Items	Adjusted Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2021							Quarters Ended June 30,	2020			% Change		
\$ 3,149	\$ -	\$ 3,149	\$ 288	\$ 2,861	\$ -	\$ 2,861	European Union	\$ 2,475	\$ -	\$ 2,475	27.2%	15.6%	15.6%
895	-	895	14	881	-	881	Eastern Europe	783	-	783	14.3%	12.5%	12.5%
560	(246) ⁽¹⁾	806	(16)	822	-	822	Middle East & Africa	704	-	704	14.5%	16.8%	16.8%
1,046	-	1,046	68	978	-	978	South & Southeast Asia	889	-	889	17.7%	10.0%	10.0%
1,514	-	1,514	37	1,477	-	1,477	East Asia & Australia	1,432	-	1,432	5.7%	3.1%	3.1%
430	-	430	29	401	-	401	Latin America & Canada	368	-	368	16.8%	9.0%	9.0%
\$ 7,594	\$ (246)	\$ 7,840	\$ 420	\$ 7,420	\$ -	\$ 7,420	Total PMI	\$ 6,651	\$ -	\$ 6,651	17.9%	11.6%	11.6%

(1) Represents the Saudi Arabia customs assessments

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions
(\$ in millions) / (Unaudited)

Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions		Operating Income	Asset Impairment & Exit Costs	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions
2021							Quarters Ended June 30,	2020			% Change		
\$ 1,641	\$ (35) ⁽¹⁾	\$ 1,676	\$ 178	\$ 1,498	\$ -	\$ 1,498	European Union	\$ 1,178	\$ (27)	\$ 1,205	39.1%	24.3%	24.3%
314	(7) ⁽¹⁾	321	(39)	360	-	360	Eastern Europe	266	(7)	273	17.6%	31.9%	31.9%
16	(254) ⁽²⁾	270	(32)	302	-	302	Middle East & Africa	237	(9)	246	9.8%	22.8%	22.8%
331	(10) ⁽¹⁾	341	19	322	-	322	South & Southeast Asia	289	(11)	300	13.7%	7.3%	7.3%
715	(15) ⁽¹⁾	730	(1)	731	-	731	East Asia & Australia	669	(13)	682	7.0%	7.2%	7.2%
112	(4) ⁽¹⁾	116	2	114	-	114	Latin America & Canada	92	(4)	96	20.8%	18.8%	18.8%
\$ 3,129	\$ (325)	\$ 3,454	\$ 127	\$ 3,327	\$ -	\$ 3,327	Total PMI	\$ 2,731	\$ (71)	\$ 2,802	23.3%	18.7%	18.7%

(1) Represents asset impairment and exit costs

(2) Includes the Saudi Arabia customs assessments (\$246 million) and asset impairment and exit costs (\$8 million)

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted Operating Income Margin, excluding Currency and Acquisitions (\$ in millions) / (Unaudited)

Adjusted Operating Income (1)	Adjusted Net Revenues (2)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (1)	Adjusted Net Revenues excluding Currency (2)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (a)	Adjusted Net Revenues excluding Currency & Acquisitions (b)	Adjusted Operating Income Margin excluding Currency & Acquisitions	Quarters Ended June 30,	Adjusted Operating Income (1)	Adjusted Net Revenues (2)	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions	
									2021	2020			% Points Change		
\$ 1,676	\$ 3,149	53.2%	\$ 1,498	\$ 2,861	52.4%	\$ 1,498	\$ 2,861	52.4%	European Union	\$ 1,205	\$ 2,475	48.7%	4.5	3.7	3.7
321	895	35.9%	360	881	40.9%	360	881	40.9%	Eastern Europe	273	783	34.9%	1.0	6.0	6.0
270	806	33.5%	302	822	36.7%	302	822	36.7%	Middle East & Africa	246	704	34.9%	(1.4)	1.8	1.8
341	1,046	32.6%	322	978	32.9%	322	978	32.9%	South & Southeast Asia	300	889	33.7%	(1.1)	(0.8)	(0.8)
730	1,514	48.2%	731	1,477	49.5%	731	1,477	49.5%	East Asia & Australia	682	1,432	47.6%	0.6	1.9	1.9
116	430	27.0%	114	401	28.4%	114	401	28.4%	Latin America & Canada	96	368	26.1%	0.9	2.3	2.3
\$ 3,454	\$ 7,840	44.1%	\$ 3,327	\$ 7,420	44.8%	\$ 3,327	\$ 7,420	44.8%	Total PMI	\$ 2,802	\$ 6,651	42.1%	2.0	2.7	2.7

(1) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 118

(2) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 117

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency, and Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS, excluding Currency (Unaudited)

	Six Months Ended June 30,			Year Ended 2020
	2021	2020	% Change	
Reported Diluted EPS	\$ 2.93	\$ 2.42	21.1%	
Less: Currency	0.15			
Reported Diluted EPS, excluding Currency	\$ 2.78	\$ 2.42	14.9%	
	Six Months Ended June 30,			Year Ended 2020
	2021	2020	% Change	
Reported Diluted EPS	\$ 2.93	\$ 2.42	21.1%	\$ 5.16
Saudi Arabia customs assessments	0.14	-		-
Asset impairment and exit costs	0.07	0.04		0.08
Fair value adjustment for equity security investments	-	0.04		0.04
Tax items	-	-		(0.06)
Brazil indirect tax credit	-	-		(0.05)
Adjusted Diluted EPS	\$ 3.14	\$ 2.50	25.6%	\$ 5.17
Less: Currency	0.15			
Adjusted Diluted EPS, excluding Currency	\$ 2.99	\$ 2.50	19.6%	

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Net Revenues by Product Category and Adjustments of Net Revenues for the Impact of Currency and Acquisitions
(\$ in millions) / (Unaudited)

Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excluding Currency & Acquisitions	Six Months Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2021					Reduced-Risk Products	2020	% Change		
\$ 1,945	\$ 166	\$ 1,780	\$ -	\$ 1,780	European Union	\$ 1,155	68.5%	54.1%	54.1%
644	(39)	683	-	683	Eastern Europe	526	22.6%	29.9%	29.9%
54	1	53	-	53	Middle East & Africa	52	4.0%	2.6%	2.6%
3	-	3	-	3	South & Southeast Asia	-	-	-	-
1,727	48	1,679	-	1,679	East Asia & Australia	1,415	22.0%	18.7%	18.7%
24	-	24	-	24	Latin America & Canada	13	79.5%	77.0%	77.0%
\$ 4,398	\$ 176	\$ 4,222	\$ -	\$ 4,222	Total RRP s	\$ 3,161	39.1%	33.6%	33.6%
2021					PMI	2020	% Change		
\$ 6,058	\$ 523	\$ 5,535	\$ -	\$ 5,535	European Union	\$ 5,010	20.9%	10.5%	10.5%
1,691	(61)	1,752	-	1,752	Eastern Europe	1,571	7.6%	11.5%	11.5%
1,361 ⁽¹⁾	(39)	1,400	-	1,400	Middle East & Africa	1,580	(13.9)%	(11.4)%	(11.4)%
2,219	96	2,123	-	2,123	South & Southeast Asia	2,140	3.7%	(0.8)%	(0.8)%
2,986	108	2,878	-	2,878	East Asia & Australia	2,687	11.1%	7.1%	7.1%
864	18	846	-	846	Latin America & Canada	816	5.9%	3.7%	3.7%
\$ 15,179	\$ 645	\$ 14,534	\$ -	\$ 14,534	Total PMI	\$ 13,804	10.0%	5.3%	5.3%

(1) Includes a reduction in net revenues of \$246 million related to the Saudi Arabia customs assessments

Note: Sum of product categories or Regions might not foot to Total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Reconciliation of Net Revenues to Adjusted Net Revenues, excluding Currency and Acquisitions
(\$ in millions) / (Unaudited)

Net Revenues	Special Items	Adjusted Net Revenues	Currency	Adjusted Net Revenues excluding Currency	Acquisitions	Adjusted Net Revenues excluding Currency & Acquisitions	Six Months Ended June 30,	Net Revenues	Special Items	Adjusted Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2021							2020	% Change					
\$ 6,058	\$ -	\$ 6,058	\$ 523	\$ 5,535	\$ -	\$ 5,535	European Union	\$ 5,010	\$ -	\$ 5,010	20.9%	10.5%	10.5%
1,691	-	1,691	(61)	1,752	-	1,752	Eastern Europe	1,571	-	1,571	7.6%	11.5%	11.5%
1,361	(246) ⁽¹⁾	1,607	(39)	1,646	-	1,646	Middle East & Africa	1,580	-	1,580	1.7%	4.2%	4.2%
2,219	-	2,219	96	2,123	-	2,123	South & Southeast Asia	2,140	-	2,140	3.7%	(0.8)%	(0.8)%
2,986	-	2,986	108	2,878	-	2,878	East Asia & Australia	2,687	-	2,687	11.1%	7.1%	7.1%
864	-	864	18	846	-	846	Latin America & Canada	816	-	816	5.9%	3.7%	3.7%
\$ 15,179	\$ (246)	\$ 15,425	\$ 645	\$ 14,780	\$ -	\$ 14,780	Total PMI	\$ 13,804	\$ -	\$ 13,804	11.7%	7.1%	7.1%

(1) Represents the Saudi Arabia customs assessments

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions
(\$ in millions) / (Unaudited)

Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acquisitions	Adjusted Operating Income excluding Currency & Acquisitions	Operating Income	Asset Impairment & Exit Costs	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acquisitions	
2021													
Six Months Ended June 30,													
2020													
% Change													
\$ 3,131	\$ (44) ⁽¹⁾	\$ 3,175	\$ 334	\$ 2,841	\$ -	\$ 2,841	European Union	\$ 2,336	\$ (27)	\$ 2,363	34.4%	20.2%	20.2%
575	(9) ⁽¹⁾	584	(32)	616	-	616	Eastern Europe	365	(7)	372	57.0%	65.6%	65.6%
351	(256) ⁽²⁾	607	(45)	652	-	652	Middle East & Africa	558	(9)	567	7.1%	15.0%	15.0%
860	(13) ⁽¹⁾	873	32	841	-	841	South & Southeast Asia	888	(11)	899	(2.9)%	(6.5)%	(6.5)%
1,410	(46) ⁽¹⁾	1,456	17	1,439	-	1,439	East Asia & Australia	1,155	(13)	1,168	24.7%	23.2%	23.2%
246	(5) ⁽¹⁾	251	8	243	-	243	Latin America & Canada	218	(4)	222	13.1%	9.5%	9.5%
\$ 6,573	\$ (373)	\$ 6,946	\$ 314	\$ 6,632	\$ -	\$ 6,632	Total PMI	\$ 5,520	\$ (71)	\$ 5,591	24.2%	18.6%	18.6%

(1) Represents asset impairment and exit costs

(2) Includes the Saudi Arabia customs assessments (\$246 million) and asset impairment and exit costs (\$10 million)

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Adjusted Operating Income Margin, excluding Currency and Acquisitions
(\$ in millions) / (Unaudited)

Adjusted Operating Income (1)	Adjusted Net Revenues (2)	Adjusted Operating Income Margin	Adjusted Operating Income excluding Currency (1)	Adjusted Net Revenues excluding Currency (2)	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income excluding Currency & Acquisitions (1)	Adjusted Net Revenues excluding Currency & Acquisitions (2)	Adjusted Operating Income Margin excluding Currency & Acquisitions	Adjusted Operating Income (1)	Adjusted Net Revenues (2)	Adjusted Operating Income Margin	Adjusted Operating Income Margin	Adjusted Operating Income Margin excluding Currency	Adjusted Operating Income Margin excluding Currency & Acquisitions	
2021															
Six Months Ended June 30,															
2020															
% Points Change															
\$ 3,175	\$ 6,058	52.4%	\$ 2,841	\$ 5,535	51.3%	\$ 2,841	\$ 5,535	51.3%	European Union	\$ 2,363	\$ 5,010	47.2%	5.2	4.1	4.1
584	1,691	34.5%	616	1,752	35.2%	616	1,752	35.2%	Eastern Europe	372	1,571	23.7%	10.8	11.5	11.5
607	1,607	37.8%	652	1,646	39.6%	652	1,646	39.6%	Middle East & Africa	567	1,580	35.9%	1.9	3.7	3.7
873	2,219	39.3%	841	2,123	39.6%	841	2,123	39.6%	South & Southeast Asia	899	2,140	42.0%	(2.7)	(2.4)	(2.4)
1,456	2,986	48.8%	1,439	2,878	50.0%	1,439	2,878	50.0%	East Asia & Australia	1,168	2,687	43.5%	5.3	6.5	6.5
251	864	29.1%	243	846	28.7%	243	846	28.7%	Latin America & Canada	222	816	27.2%	1.9	1.5	1.5
\$ 6,946	\$ 15,425	45.0%	\$ 6,632	\$ 14,780	44.9%	\$ 6,632	\$ 14,780	44.9%	Total PMI	\$ 5,591	\$ 13,804	40.5%	4.5	4.4	4.4

(1) For the calculation of Adjusted Operating Income and Adjusted Operating Income excluding currency and acquisitions refer to slide 123

(2) For the calculation of Adjusted Net Revenues excluding currency and acquisitions refer to slide 122

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Net Revenues by Product Category
(\$ in millions) / (Unaudited)

Years Ended December 31,	Net Revenues					
	2020	2019	2018	2017	2016	2015
Reduced-Risk Products						
European Union	\$ 2,649	\$ 1,724	\$ 865	\$ 269	\$ 57	\$ 29
Eastern Europe	1,128	844	324	55	6	-
Middle East & Africa	57	321	382	94	4	-
South & Southeast Asia	1	-	-	-	-	-
East Asia & Australia	2,961	2,671	2,506	3,218	666	35
Latin America & Canada	31	27	19	4	1	-
Total RRPs	\$ 6,827	\$ 5,587	\$ 4,096	\$ 3,640	\$ 733	\$ 64
PMI						
European Union	\$ 10,702	\$ 9,817	\$ 9,298	\$ 8,318	\$ 8,162	\$ 8,068
Eastern Europe	3,378	3,282	2,921	2,711	2,484	2,735
Middle East & Africa	3,088	4,042	4,114	3,988	4,516	4,629
South & Southeast Asia	4,396	5,094	4,656	4,417	4,396	4,288
East Asia & Australia	5,429	5,364	5,580	6,373	4,285	3,915
Latin America & Canada	1,701	2,206	3,056	2,941	2,842	3,159
Total PMI	\$ 28,694	\$ 29,805	\$ 29,625	\$ 28,748	\$ 26,685	\$ 26,794

Note: Sum of Regions might not foot to Total PMI due to roundings. "-" indicates amounts between -\$0.5 million and +\$0.5 million

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries Reconciliation of Non-GAAP Measures

Calculation of Adjusted Operating Income Margins
(\$ in millions) / (Rounded)

	Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Net Revenues	Adjusted Operating Income Margin		Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Net Revenues	Adjusted Operating Income Margin
Year Ended December 31, 2017						Year Ended December 31, 2020					
European Union	\$ 3,691	\$ -	\$ 3,691	\$ 8,318	44.4%	European Union	\$ 5,098	\$ (57)	\$ 5,155	\$ 10,702	48.2%
Eastern Europe	887	-	887	2,711	32.7%	Eastern Europe	871	(15)	886	3,378	26.2%
Middle East & Africa	1,884	-	1,884	3,988	47.2%	Middle East & Africa	1,026	(19)	1,045	3,088	33.8%
South & Southeast Asia	1,514	-	1,514	4,417	34.3%	South & Southeast Asia	1,709	(23)	1,732	4,396	39.4%
East Asia & Australia	2,608	-	2,608	6,373	40.9%	East Asia & Australia	2,400	(26)	2,426	5,429	44.7%
Latin America & Canada	997	-	997	2,941	33.9%	Latin America & Canada	564	110	454	1,701	26.7%
Total PMI	\$ 11,581	\$ -	\$ 11,581	\$ 28,748	40.3%	Total PMI	\$ 11,668	\$ (30)	\$ 11,698	\$ 28,694	40.8%
Year Ended December 31, 2016						Year Ended December 31, 2019					
European Union	\$ 3,920	\$ -	\$ 3,920	\$ 8,162	48.0%	European Union	\$ 3,970	\$ (342)	\$ 4,312	\$ 9,817	43.9%
Eastern Europe	890	-	890	2,484	35.8%	Eastern Europe	547	(374)	921	3,282	28.1%
Middle East & Africa	1,990	-	1,990	4,516	44.1%	Middle East & Africa	1,684	-	1,684	4,042	41.7%
South & Southeast Asia	1,474	-	1,474	4,396	33.5%	South & Southeast Asia	2,163	(20)	2,183	5,094	42.9%
East Asia & Australia	1,691	-	1,691	4,285	39.5%	East Asia & Australia	1,932	-	1,932	5,364	36.0%
Latin America & Canada	938	-	938	2,842	33.0%	Latin America & Canada	235	(493)	728	2,206	33.0%
Total PMI	\$ 10,903	\$ -	\$ 10,903	\$ 26,685	40.9%	Total PMI	\$ 10,531	\$ (1,229)	\$ 11,760	\$ 29,805	39.5%
Year Ended December 31, 2015						Year Ended December 31, 2018					
European Union	\$ 3,530	\$ (68)	\$ 3,598	\$ 8,068	44.6%	European Union	\$ 4,105	\$ -	\$ 4,105	\$ 9,298	44.1%
Eastern Europe	1,073	-	1,073	2,735	39.2%	Eastern Europe	902	-	902	2,921	30.9%
Middle East & Africa	2,205	-	2,205	4,629	47.6%	Middle East & Africa	1,627	-	1,627	4,114	39.5%
South & Southeast Asia	1,186	-	1,186	4,288	27.7%	South & Southeast Asia	1,747	-	1,747	4,656	37.5%
East Asia & Australia	1,666	-	1,666	3,915	42.6%	East Asia & Australia	1,851	-	1,851	5,580	33.2%
Latin America & Canada	1,085	-	1,085	3,159	34.3%	Latin America & Canada	1,145	-	1,145	3,056	37.5%
Total PMI	\$ 10,745	\$ (68)	\$ 10,813	\$ 26,794	40.4%	Total PMI	\$ 11,377	\$ -	\$ 11,377	\$ 29,265	38.4%

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios
(\$ in millions, except ratios) / (Unaudited)

	Years Ended December 31,												
	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019	2020
Net Earnings	\$ 7,150	\$ 6,552	\$ 7,498	\$ 8,879	\$ 9,154	\$ 8,850	\$ 7,658	\$ 7,032	\$ 7,250	\$ 6,341	\$ 8,286	\$ 7,728	\$ 8,592
Equity (income)/loss in unconsolidated subsidiaries, net	-	6	8	10	17	22	(105)	(105)	(94)	(59)	(60)	(149)	(16)
Provision for income taxes	2,787	2,691	2,826	3,653	3,833	3,670	3,097	2,688	2,768	4,307	2,445	2,293	2,377
Interest expense, net	311	797	876	800	859	973	1,052	1,008	891	914	665	570	618
Depreciation and amortization	842	853	932	993	898	882	889	754	743	875	989	964	981
Asset impairment, exit costs and other	208	164	47	109	83	309	535	68	-	-	-	1,229 ⁽²⁾	30
Adjusted EBITDA	\$ 11,298	\$ 11,063	\$ 12,187	\$ 14,444	\$ 14,844	\$ 14,706	\$ 13,126	\$ 11,445	\$ 11,558	\$ 12,378	\$ 12,325	\$ 12,635	\$ 12,582
	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019	2020
Short-term borrowings	\$ 375	\$ 1,662	\$ 1,747	\$ 1,511	\$ 2,419	\$ 2,400	\$ 1,208	\$ 825	\$ 643	\$ 499	\$ 730	\$ 338	\$ 244
Current portion of long-term debt	209	82	1,385	2,206	2,781	1,255	1,318	2,405	2,573	2,506	4,054	4,051	3,124
Long-term debt	11,377	13,672	13,370	14,828	17,639	24,023	26,929	25,250	25,851	31,334	26,975	26,656	28,168
Total Debt	\$ 11,961	\$ 15,416	\$ 16,502	\$ 18,545	\$ 22,839	\$ 27,678	\$ 29,455	\$ 28,480	\$ 29,067	\$ 34,339	\$ 31,759	\$ 31,045	\$ 31,536
Cash and cash equivalents	1,531	1,540	1,703	2,550	2,983	2,154	1,682	3,417	4,239	8,447	6,593	6,861	7,280
Net Debt	\$ 10,430	\$ 13,876	\$ 14,799	\$ 15,995	\$ 19,856	\$ 25,524	\$ 27,773	\$ 25,063	\$ 24,828	\$ 25,892	\$ 25,166	\$ 24,184	\$ 24,256
Ratios:													
Total Debt to Adjusted EBITDA	1.06	1.39	1.35	1.28	1.54	1.88	2.24	2.49	2.51	2.77	2.58	2.46	2.51
Net Debt to Adjusted EBITDA	0.92	1.25	1.21	1.11	1.34	1.74	2.12	2.19	2.15	2.09	2.04	1.91	1.93

(1) Certain amounts have been reclassified to conform with the year 2013 presentation due to the separate disclosure of equity (income)/loss in unconsolidated subsidiaries, net

(2) Includes the Canadian tobacco litigation-related expense (\$194 million), the loss on deconsolidation of RBH (\$239 million) and the Russia excise and VAT audit charge (\$374 million)

Note: In 2008, we included Equity Loss from RBH Legal Settlement (\$124 million) and in 2009 we included the Colombian Investment and Cooperation Agreement charge (\$135 million)

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency,
and Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS, excluding Currency
(Unaudited)

	Years Ended December 31,		
	2020	2019	% Change
Reported Diluted EPS	\$ 5.16	\$ 4.61	11.9%
Less: Currency	(0.32)		
Reported Diluted EPS, excluding Currency	\$ 5.48	\$ 4.61	18.9%
	Years Ended December 31,		
	2020	2019	% Change
Reported Diluted EPS	\$ 5.16	\$ 4.61	11.9%
Asset impairment and exit costs	0.08	0.23	
Canadian tobacco litigation-related expense	-	0.09	
Loss on deconsolidation of RBH	-	0.12	
Russia excise and VAT audit charge	-	0.20	
Brazil indirect tax credit	(0.05)	-	
Fair value adjustment for equity security investments	0.04	(0.02)	
Tax items	(0.06)	(0.04)	
Adjusted Diluted EPS	\$ 5.17	\$ 5.19	(0.4)%
Less: Currency	(0.32)		
Adjusted Diluted EPS, excluding Currency	\$ 5.49	\$ 5.19	5.8%

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Adjustments for the Impact of RBH, excluding Currency
(\$ in millions, except per share data) / (Unaudited)

	Years Ended December 31,		
	2020	2019	% Change
Net Revenues	\$ 28,694	\$ 29,805	(3.7)%
Net Revenues attributable to RBH		(181) ⁽¹⁾	
Net Revenues	\$ 28,694	\$ 29,624 ⁽²⁾	(3.1)%
Less: Currency	(470)		
Net Revenues, ex. currency	\$ 29,164	\$ 29,624 ⁽²⁾	(1.6)%
Adjusted Operating Income ⁽³⁾	\$ 11,698	\$ 11,760	(0.5)%
Operating Income attributable to RBH		(126) ⁽¹⁾	
Adjusted Operating Income	\$ 11,698	\$ 11,634 ⁽²⁾	0.6%
Less: Currency	(474)		
Adjusted Operating Income, ex. currency	\$ 12,172	\$ 11,634 ⁽²⁾	4.6%
Adjusted OI Margin	40.8%	39.5%	1.3
Adjusted OI Margin attributable to RBH		(0.2) ⁽¹⁾	
Adjusted OI Margin	40.8%	39.3% ⁽²⁾	1.5
Less: Currency	(0.9)		
Adjusted OI Margin, ex. currency	41.7%	39.3% ⁽²⁾	2.4
Adjusted Diluted EPS ⁽⁴⁾	\$ 5.17	\$ 5.19	(0.4)%
Net Earnings attributable to RBH		(0.06) ⁽¹⁾	
Adjusted Diluted EPS	\$ 5.17	\$ 5.13 ⁽²⁾	0.8%
Less: Currency	(0.32)		
Adjusted Diluted EPS, ex. currency	\$ 5.49	\$ 5.13 ⁽²⁾	7.0%

(1) Represents the impact attributable to RBH from January 1, 2019 through March 21, 2019

(2) Pro forma

(3) For the calculation of Adjusted Operating Income refer to slide 131

(4) For the calculation refer to slide 128

Note: Financials attributable to RBH include Duty Free sales in Canada

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Adjustments for the Impact of RBH, excluding Currency
(\$ in millions) / (Unaudited)

Latin America & Canada	Years Ended December 31,		
	2020	2019	% Change
Net Revenues	\$ 1,701	\$ 2,206	(22.9)%
Net Revenues attributable to RBH		(179) ⁽¹⁾	
Net Revenues	\$ 1,701	\$ 2,027 ⁽²⁾	(16.1)%
Less: Currency	(165)		
Net Revenues, ex. currency	\$ 1,866	\$ 2,027 ⁽²⁾	(7.9)%
Operating Income	\$ 564	\$ 235	+100%
Less:			
Asset impairment and exit costs	(9)	(60)	
Canadian tobacco litigation-related expense	-	(194)	
Loss on deconsolidation of RBH	-	(239)	
Brazil indirect tax credit	119	-	
Adjusted Operating Income	\$ 454	\$ 728	(37.6)%
Operating Income attributable to RBH		(125) ⁽¹⁾	
Adjusted Operating Income	\$ 454	\$ 603 ⁽²⁾	(24.7)%
Less: Currency	(108)		
Adjusted Operating Income, ex. currency	\$ 562	\$ 603 ⁽²⁾	(6.8)%
Adjusted OI Margin	26.7%	33.0%	(6.3)
Adjusted OI Margin attributable to RBH		(3.3) ⁽¹⁾	
Adjusted OI Margin	26.7%	29.7% ⁽²⁾	(3.0)
Less: Currency	(3.4)		
Adjusted OI Margin, ex. currency	30.1%	29.7% ⁽²⁾	0.4

(1) Represents the impact attributable to RBH from January 1, 2019 through March 21, 2019

(2) Pro forma

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PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Income to Adjusted Operating Income, excluding Currency and Acquisitions
(\$ in millions) / (Unaudited)

Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Currency	Adjusted Operating Income excluding Currency	Acqui- sitions	Adjusted Operating Income excluding Currency & Acqui- sitions	Operating Income	Asset Impairment & Exit Costs and Others	Adjusted Operating Income	Total	Excluding Currency	Excluding Currency & Acqui- sitions			
2020							Years Ended December 31,			2019			% Change		
\$ 5,098	\$ (57) ⁽¹⁾	\$ 5,155	\$ (24)	\$ 5,179	\$ -	\$ 5,179	European Union	\$ 3,970	\$ (342) ⁽¹⁾	\$ 4,312	19.6%	20.1%	20.1%		
871	(15) ⁽¹⁾	886	(299)	1,185	-	1,185	Eastern Europe	547	(374) ⁽³⁾	921	(3.8)%	28.7%	28.7%		
1,026	(19) ⁽¹⁾	1,045	(65)	1,110	-	1,110	Middle East & Africa	1,684	-	1,684	(37.9)%	(34.1)%	(34.1)%		
1,709	(23) ⁽¹⁾	1,732	2	1,730	-	1,730	South & Southeast Asia	2,163	(20) ⁽¹⁾	2,183	(20.7)%	(20.8)%	(20.8)%		
2,400	(26) ⁽¹⁾	2,426	21	2,405	-	2,405	East Asia & Australia	1,932	-	1,932	25.6%	24.5%	24.5%		
564	110 ⁽²⁾	454	(110)	564	-	564	Latin America & Canada	235	(493) ⁽⁴⁾	728	(37.6)%	(22.5)%	(22.5)%		
\$ 11,668	\$ (30)	\$ 11,698	\$ (475)	\$ 12,173	\$ -	\$ 12,173	Total PMI	\$ 10,531	\$ (1,229)	\$ 11,760	(0.5)%	3.5%	3.5%		

(1) Represents asset impairment and exit costs

(2) Includes the Brazil indirect tax credit \$119 million and asset impairment and exit costs (\$9 million)

(3) Represents the Russia excise and VAT audit charge

(4) Includes asset impairment and exit costs (\$60 million), the Canadian tobacco litigation-related expense (\$194 million) and the loss on deconsolidation of RBH (\$239 million)