



PHILIP MORRIS INTERNATIONAL

## PRESS RELEASE

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### **Philip Morris International Inc. Announces Agreement with KT&G to Accelerate the Achievement of a Smoke-Free Future** *by offering adult smokers a broader choice of smoke-free alternatives to cigarettes*

LAUSANNE, January 29, 2020—Philip Morris International Inc. (PMI) (NYSE:PM) today announces a global collaboration agreement with the leading tobacco and nicotine company in South Korea, KT&G, to commercialize KT&G's smoke-free products outside of the country.

“To achieve PMI's vision of a smoke-free future we must grow the smoke-free category worldwide which requires multiple players providing a wide array of better choices for adult smokers. While *IQOS* continues to be the leading product in the smoke-free category, and we plan to broaden our portfolio by launching *IQOS MESH* in the coming months, we believe that increased collaboration will benefit adult smokers by providing greater choice and drive accelerated adoption of smoke-free products worldwide,” said André Calantzopoulos, PMI's Chief Executive Officer.

“Our objective is that all adult smokers who would otherwise continue to smoke switch as soon as possible to better alternatives and abandon cigarettes to the benefit of their health, public health and society at large. Further to our ongoing efforts to develop, assess, and commercialize our pipeline of science-based smoke-free alternatives to cigarettes, we are always open to collaboration with third parties on products that complement our already strong portfolio and that we can further enhance. We are delighted that KT&G has chosen PMI to expand the sales of its smoke-free products outside of South Korea. We look forward to working together to provide adult smokers around the world more options to leave cigarettes behind, by offering a portfolio that provides them an ever-broader range of taste, price, and technology choices.”

The agreement will run for an initial period of three years. The two companies plan for global collaboration with the intention to actively expand to cover many markets, based on commercial success. The agreement allows PMI to distribute current KT&G smoke-free products, and their evolutions, on an exclusive basis, and does not restrict PMI from distributing its own or third-party products. KT&G's smoke-free products include heat-not-burn tobacco systems (e.g., Lil Mini and Lil Plus), hybrid technologies that combine heat-not-burn tobacco and e-vapor technologies (e.g., Lil Hybrid), and e-vapor products (e.g., Lil Vapor).

Products sold under the agreement will be subject to careful assessment to ensure they meet the regulatory requirements in the markets where they are launched, as well as PMI's high standards of quality and scientific substantiation of their harm reduction potential. PMI and KT&G will seek any necessary regulatory approvals that may be required on a market-by-market basis.

“We are excited to enter into this agreement with KT&G,” added Mr. Calantzopoulos. “We are able to bring PMI's resources, knowledge and infrastructure as we launch KT&G's smoke-free products outside South Korea. Products sold under this agreement will give consumers across multiple international markets access to KT&G's smoke free products for the first time; accelerating the achievement of PMI's vision of a smoke-free future

while enabling KT&G to benefit from PMI's technical, scientific and international expertise in helping adult smokers switch to better alternatives.”

PMI will be responsible for the commercialization of smoke-free products supplied under the agreement. The agreement does not pertain to the South Korean market or combustible products. There are no current plans to commercialize KT&G products in the U.S.

**Philip Morris International: Delivering a Smoke-Free Future**

Philip Morris International (PMI) is leading a transformation in the tobacco industry to create a smoke-free future and ultimately replace cigarettes with smoke-free products to the benefit of adults who would otherwise continue to smoke, society, the company and its shareholders. PMI is a leading international tobacco company engaged in the manufacture and sale of cigarettes, as well as smoke-free products and associated electronic devices and accessories, and other nicotine-containing products in markets outside the United States. In addition, PMI ships a version of its *IQOS* Platform 1 device and its consumables authorized by the U.S. Food and Drug Administration to Altria Group, Inc. for sale in the United States under license. PMI is building a future on a new category of smoke-free products that, while not risk-free, are a much better choice than continuing to smoke. Through multidisciplinary capabilities in product development, state-of-the-art facilities and scientific substantiation, PMI aims to ensure that its smoke-free products meet adult consumer preferences and rigorous regulatory requirements. PMI's smoke-free *IQOS* product portfolio includes heat-not-burn and nicotine-containing vapor products. As of September 30, 2019, PMI estimates that approximately 8.8 million adult smokers around the world have already stopped smoking and switched to PMI's heat-not-burn product, available for sale in 51 markets in key cities or nationwide under the *IQOS* brand. For more information, please visit [www.pmi.com](http://www.pmi.com) and [www.pmiscience.com](http://www.pmiscience.com).

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