

Investor Fact Sheet 2016 First-Quarter Report



PHILIP MORRIS INTERNATIONAL

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Profile

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

Highlights

■ On April 19, 2016, PMI Reported 2016

First-Quarter Results:

- Reported diluted earnings per share of \$0.98, down by \$0.18 or 15.5% versus \$1.16 in 2015. Excluding unfavorable currency of \$0.19, reported diluted earnings per share up by \$0.01 or 0.9% versus \$1.16 in 2015.
- Adjusted diluted earnings per share of \$0.98, down by \$0.18 or 15.5% versus \$1.16 in 2015. Excluding unfavorable currency of \$0.19, adjusted diluted earnings per share up by \$0.01 or 0.9% versus \$1.16 in 2015.
- Cigarette shipment volume of 196.0 billion units, down by 1.4% excluding acquisitions.

- During the quarter, PMI declared a regular quarterly dividend of \$1.02, representing an annualized rate of \$4.08 per common share. Since the spin-off in March 2008, PMI has increased the regular quarterly dividend by 121.7% from the initial annualized rate of \$1.84. PMI did not make any share repurchases in the first quarter of 2016.

- A reconciliation of Non-GAAP Measures is included at the end of this investor fact sheet.

Additional information is available at www.pmi.com/investors

Consolidated Financial Review

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Quarters Ended March 31,		
	2016	2015	% Change
Net revenues	\$16,788	\$17,352	(3.3)%
Cost of sales	2,096	2,229	(6.0)%
Excise taxes on products ⁽¹⁾	10,705	10,736	(0.3)%
Gross profit	3,987	4,387	(9.1)%
Operating income ⁽²⁾	2,473	2,871	(13.9)%
Earnings before income taxes	2,226	2,596	(14.3)%
Provision for income taxes	630	785	(19.7)%
Equity (income)/loss in unconsolidated subsidiaries, net	(9)	(23)	(60.9)%
Net earnings	1,605	1,834	(12.5)%
Net earnings attributable to noncontrolling interests	75	39	92.3 %
Net earnings attributable to PMI	1,530	1,795	(14.8)%
Basic earnings per share	0.98	1.16	(15.5)%
Diluted earnings per share	0.98	1.16	(15.5)%

■ Results by Business Segment	For the Quarters Ended March 31,			
	2016	2015	% Change	Excluding Currency
European Union				
Net revenues	\$6,143 ⁽³⁾	\$6,222	(1.3)%	6.9 %
Net revenues, excluding excise taxes on products	1,863	1,951	(4.5)%	3.4 %
Operating companies income ⁽²⁾	906	927	(2.3)%	3.6 %
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	3,997 ⁽³⁾	4,147	(3.6)%	12.5 %
Net revenues, excluding excise taxes on products	1,602	1,784	(10.2)%	1.2 %
Operating companies income ⁽²⁾	633	866	(26.9)%	(6.5)%
Asia				
Net revenues	4,689 ⁽³⁾	4,764	(1.6)%	6.8 %
Net revenues, excluding excise taxes on products	1,968	2,155	(8.7)%	(1.7)%
Operating companies income ⁽²⁾	778	934	(16.7)%	(10.0)%
Latin America & Canada				
Net revenues	1,959 ⁽³⁾	2,219	(11.7)%	17.2 %
Net revenues, excluding excise taxes on products	650	726	(10.5)%	14.7 %
Operating companies income ⁽²⁾	229	230	(0.4)%	38.3 %

(1) The segment detail of excise taxes on products sold for the quarters ended March 31, 2016 and 2015 is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

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

(3) 2016 Currency decreased net revenues as follows: European Union \$(506), EEMA \$(668), Asia \$(400), Latin America & Canada \$(641); totaling \$(2,215).

Consolidated Financial Review (CONTINUED)

(in millions of dollars, except per share data)



■ Balance Sheet Highlights and Ratios

	March 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 2,944	\$ 3,417
Receivables	2,989	2,778
Inventories	8,699	8,473
Property, plant and equipment, net	5,865	5,721
Goodwill	7,683	7,415
Other intangible assets, net	2,664	2,623
Investments in unconsolidated subsidiaries	942	890
Total assets	34,621	33,956
Total debt	29,793	28,480
Total liabilities	45,515	45,432
Total stockholders' deficit	(10,894)	(11,476)
Total debt to Adjusted EBITDA	2.70 ⁽⁴⁾	2.49 ⁽⁴⁾
Net debt to Adjusted EBITDA	2.43 ⁽⁴⁾	2.19 ⁽⁴⁾

■ Cash Flow Statement Highlights

	For the Quarters Ended March 31,	
	2016	2015
Net cash provided by (used in) operating activities	\$ 462	\$ (375)
Capital expenditures	(226)	(203)
Long-term debt proceeds	1,978	302
Long-term debt repaid	(827)	(399)
Dividends paid	(1,585)	(1,555)

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

Reconciliation of Non-GAAP Measures

■ Reconciliation of Operating Income to Operating Companies Income

For the Quarters Ended March 31, (\$ in millions) (Unaudited)	2016	2015	% Change
Operating Income	\$2,473	\$2,871	(13.9)%
Excluding:			
Amortization of intangibles	18	22	
General corporate expenses (included in marketing, administration and research costs)	46	41	
Plus:			
Equity(income)/loss in unconsolidated subsidiaries, net	(9)	(23)	
Operating Companies Income	\$2,546	\$2,957	(13.9)%

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

For the Quarters Ended March 31, (Unaudited)	2016	2015	% Change
Reported Diluted EPS	\$0.98	\$1.16	(15.5)%
Adjustments:			
Asset impairment and exit costs	—	—	
Tax items	—	—	
Adjusted Diluted EPS	\$0.98	\$1.16	(15.5)%
Less:			
Currency impact	(0.19)		
Adjusted Diluted EPS, excluding Currency	\$1.17	\$1.16	0.9%

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

For the Quarters Ended March 31, (Unaudited)	2016	2015	% Change
Reported Diluted EPS	\$0.98	\$1.16	(15.5)%
Less:			
Currency Impact	(0.19)		
Reported Diluted EPS, excluding Currency	\$1.17	\$1.16	0.9%

■ Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended March 31,

(\$ in millions) (Unaudited)											% Change in Reported Net Revenues excluding Excise Taxes		
2016								2015					
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 6,143	\$ 4,280	\$ 1,863	\$ (155)	\$ 2,018	\$ —	\$ 2,018	European Union	\$ 6,222	\$ 4,271	\$ 1,951	(4.5)%	3.4%	3.4%
3,997	2,395	1,602	(203)	1,805	—	1,805	EEMA	4,147	2,363	1,784	(10.2)%	1.2%	1.2%
4,689	2,721	1,968	(150)	2,118	—	2,118	Asia	4,764	2,609	2,155	(8.7)%	(1.7)%	(1.7)%
1,959	1,309	650	(183)	833	—	833	Latin America & Canada	2,219	1,493	726	(10.5)%	14.7%	14.7%
\$16,788	\$10,705	\$ 6,083	\$ (691)	\$ 6,774	\$ —	\$ 6,774	PMI Total	\$17,352	\$10,736	\$ 6,616	(8.1)%	2.4%	2.4%

2016								2015			% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency		Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions		Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions			
\$ 906	\$ (54)		\$ 960	\$ —	\$ 960	European Union	\$ 927	(2.3)%	3.6%	3.6%			
633	(177)		810	—	810	EEMA	866	(26.9)%	(6.5)%	(6.5)%			
778	(63)		841	—	841	Asia	934	(16.7)%	(10.0)%	(10.0)%			
229	(89)		318	—	318	Latin America & Canada	230	(0.4)%	38.3%	38.3%			
\$ 2,546	\$ (383)		\$ 2,929	\$ —	\$ 2,929	PMI Total	\$ 2,957	(13.9)%	(0.9)%	(0.9)%			

Reconciliation of Non-GAAP Measures (CONTINUED)

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

(\$ in millions, except ratios) (Unaudited)	For the Year Ended March 31, 2016			For the Year Ended December 31, 2015
	April - December 2015	January - March 2016	12 months rolling	
Earnings before income taxes	\$ 7,019	\$ 2,226	\$ 9,245	\$ 9,615
Interest expense, net	733	247	980	1,008
Depreciation and amortization	562	175	737	754
Extraordinary, unusual or non-recurring expenses, net ⁽¹⁾	68	—	68	68
Adjusted EBITDA	\$ 8,382	\$ 2,648	\$ 11,030	\$ 11,445
			March 31, 2016	December 31, 2015
Short-term borrowings			\$ 673	\$ 825
Current portion of long-term debt			2,437	2,405
Long-term debt			26,683	25,250
Total Debt			\$ 29,793	\$ 28,480
Less: Cash and cash equivalents			2,944	3,417
Net Debt			\$ 26,849	\$ 25,063
Ratios				
Total Debt to Adjusted EBITDA			2.70	2.49
Net Debt to Adjusted EBITDA			2.43	2.19

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

Shareholder Information



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

■ **Investor Relations:**

New York: 917-663-2233

Lausanne: 41(0)58-242-4666

■ **Shareholder Publications:**

For our filings with the Securities and Exchange Commission and other publications and reports,

please visit: www.pmi.com/investors or you may download PMI’s free Investor Relations Mobile Application at www.pmi.com/irapp

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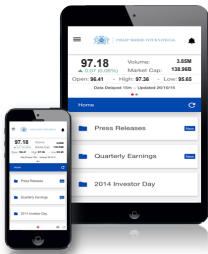
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