



PHILIP MORRIS INTERNATIONAL

PROFILE

- Philip Morris International Inc. (PMI) is a U.S. corporation with headquarters in New York
- Our center of operations is in Lausanne, Switzerland
- PMI is the leading international tobacco company
- Our brands are sold in more than 180 markets
- We own 7 of the top 15 international cigarette brands in the world
- We held an estimated 15.7% share of the total international cigarette market outside the U.S., or 28.3% excluding the People's Republic of China and the U.S. in 2013

HIGHLIGHTS

■ On July 17, 2014:

PMI Reported 2014 Second-Quarter Results:

- Reported diluted earnings per share of \$1.17, down by \$0.13 or 10.0% versus \$1.30 in 2013. Excluding unfavorable currency of \$0.15, reported diluted earnings per share up by \$0.02 or 1.5% versus \$1.30 in 2013.
- Adjusted diluted earnings per share of \$1.41, up by \$0.11 or 8.5% versus \$1.30 in 2013. Excluding unfavorable currency of \$0.15, adjusted diluted earnings per share up by \$0.26 or 20.0% versus \$1.30 in 2013.
- Cigarette shipment volume of 222.8 billion units, down by 2.7%.
- During the quarter, PMI repurchased 11.6 million shares of the company's common stock for \$1.0 billion.

- In June 2014, the company acquired 100% of Nicocigs Limited ("Nicocigs"), a leading U.K.-based e-vapor company whose principal brand is *Nicolites*. The acquisition is complementary to PMI's previously announced agreement for the license and distribution of Altria Group, Inc.'s e-vapor products. In addition, it provides PMI with immediate access to, and a significant presence in, the growing e-vapor category in the U.K. market. Nicocigs was founded in 2008 and is headquartered in Birmingham, U.K.
- 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

SHAREHOLDER INFORMATION



■ Philip Morris International Inc. is listed on the New York Stock Exchange under the ticker symbol “PM”.

■ **Investor Relations:**

New York: 917-663-2233

Lausanne: 41(0)58-242-4666

■ **Shareholder Publications:**

For our filings with the Securities and Exchange Commission and other publications and reports, please visit: www.pmi.com/investors

■ **Shareholder Response Center:**

Computershare Trust Company, N.A., our transfer agent, will answer questions about your accounts, certificates, dividends or the Direct Stock Purchase and Dividend Reinvestment Plan.

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CONSOLIDATED FINANCIAL REVIEW

(in millions of dollars, except per share data)

■ Selected Financial Highlights	For the Quarters Ended June 30,		
	2014	2013 ⁽¹⁾	% Change
Net revenues	\$21,051	\$20,483	2.8 %
Cost of sales	2,696	2,701	(0.2)%
Excise taxes on products ⁽²⁾	13,254	12,566	5.5 %
Gross profit	5,101	5,216	(2.2)%
Operating income	2,874	3,337	(13.9)%
Earnings before income taxes	2,620	3,091	(15.2)%
Provision for income taxes	752	892	(15.7)%
Equity (income)/loss in unconsolidated subsidiaries, net	(27)	5	
Net earnings	1,895	2,194	(13.6)%
Net earnings attributable to noncontrolling interests	44	70	(37.1)%
Net earnings attributable to PMI	1,851	2,124	(12.9)%
Basic earnings per share	1.17	1.30	(10.0)%
Diluted earnings per share	1.17	1.30	(10.0)%

■ Results by Business Segment	For the Quarters Ended June 30,			
	2014	2013	% Change	Excluding Currency
European Union				
Net revenues	\$7,829 ⁽⁴⁾	\$7,245	8.1 %	2.4 %
Net revenues, excluding excise taxes on products	2,393	2,206	8.5 %	2.7 %
Operating companies income ⁽³⁾	711	1,082	(34.3)%	(41.8)%
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	5,674 ⁽⁴⁾	5,377	5.5 %	17.0 %
Net revenues, excluding excise taxes on products	2,283	2,181	4.7 %	13.7 %
Operating companies income ⁽³⁾	1,087	945	15.0 %	28.8 %
Asia				
Net revenues	5,097 ⁽⁴⁾	5,381	(5.3)%	5.5 %
Net revenues, excluding excise taxes on products	2,311	2,692	(14.2)%	(3.6)%
Operating companies income ⁽³⁾	900	1,128	(20.2)%	(4.2)%
Latin America & Canada				
Net revenues	2,451 ⁽⁴⁾	2,480	(1.2)%	16.5 %
Net revenues, excluding excise taxes on products	810	838	(3.3)%	11.2 %
Operating companies income ⁽³⁾	265	255	3.9 %	27.1 %

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

(2) The segment detail of excise taxes on products sold for the quarters ended June 30, 2014 and 2013 is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(3) 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.

(4) 2014 Currency increased (decreased) net revenues as follows: European Union \$409, EEMA \$(617), Asia \$(578), Latin America & Canada \$(438); totaling \$(1,224).

CONSOLIDATED FINANCIAL REVIEW (CONTINUED)

(in millions of dollars, except per share data)



■ Balance Sheet Highlights and Ratios

	June 30, 2014	December 31, 2013
Cash and cash equivalents	\$ 1,541	\$ 2,154
Receivables	4,081	3,853
Inventories	8,271	9,846
Property, plant and equipment, net	6,648	6,755
Goodwill	9,085	8,893
Other intangible assets, net	3,209	3,193
Investments in unconsolidated subsidiaries	1,508	1,536
Total assets	36,325	38,168
Total debt	29,509	27,678
Total liabilities	44,172	44,442
Total stockholders' deficit	(7,847)	(6,274)
Total debt to EBITDA	2.06 ⁽⁵⁾	1.88 ⁽⁵⁾
Net debt to EBITDA	1.96 ⁽⁵⁾	1.74 ⁽⁵⁾

■ Cash Flow Statement Highlights

	For the Six Months Ended June 30,	
	2014	2013
Net cash provided by operating activities	\$ 3,420	\$ 4,500
Capital expenditures	508	520
Long-term debt proceeds	3,632	5,205
Long-term debt repaid	1,240	2,738
Repurchases of common stock	2,281	3,028
Dividends paid	2,993	2,815

(5) For the calculation of Total Debt to EBITDA and Net Debt to 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 June 30, (in millions) (unaudited)	2014	2013	% Change
Operating income	\$2,874	\$3,337	(13.9)%
Excluding:			
Amortization of intangibles	22	24	
General corporate expenses (included in marketing, administration and research costs)	40	54	
Plus:			
Equity (income)/loss in unconsolidated subsidiaries, net	(27)	5	
Operating companies income	\$2,963	\$3,410	(13.1)%

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

For the Quarters Ended June 30, (unaudited)	2014	2013	% Change
Reported Diluted EPS	\$ 1.17	\$1.30	(10.0)%
Adjustments:			
Asset impairment and exit costs	0.24	—	
Tax items	—	—	
Adjusted Diluted EPS	\$ 1.41	\$1.30	8.5 %
Less:			
Currency impact	(0.15)		
Adjusted Diluted EPS, excluding Currency	\$ 1.56	\$1.30	20.0 %

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

For the Quarters Ended June 30, (unaudited)	2014	2013	% Change
Reported Diluted EPS	\$ 1.17	\$1.30	(10.0)%
Less:			
Currency impact	(0.15)		
Reported Diluted EPS, excluding Currency	\$ 1.32	\$1.30	1.5 %

■ Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended June 30,

(in millions) (unaudited)							2014			2013			% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions	Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions			
\$ 7,829	\$ 5,436	\$2,393	\$ 128	\$2,265	\$—	\$2,265	European Union	\$ 7,245	\$ 5,039	\$2,206	8.5 %	2.7 %	2.7 %		
5,674	3,391	2,283	(196)	2,479	—	2,479	EEMA	5,377	3,196	2,181	4.7 %	13.7 %	13.7 %		
5,097	2,786	2,311	(285)	2,596	—	2,596	Asia	5,381	2,689	2,692	(14.2)%	(3.6)%	(3.6)%		
2,451	1,641	810	(122)	932	—	932	Latin America & Canada	2,480	1,642	838	(3.3)%	11.2 %	11.2 %		
\$21,051	\$13,254	\$7,797	\$(475)	\$8,272	\$—	\$8,272	PMI Total	\$20,483	\$12,566	\$7,917	(1.5)%	4.5 %	4.5 %		

(in millions) (unaudited)							2014			2013			% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions				
\$ 711	\$ 81	\$ 630	\$—	\$ 630	European Union	\$1,082	(34.3)%	(41.8)%	(41.8)%						
1,087	(130)	1,217	—	1,217	EEMA	945	15.0 %	28.8 %	28.8 %						
900	(181)	1,081	—	1,081	Asia	1,128	(20.2)%	(4.2) %	(4.2) %						
265	(59)	324	—	324	Latin America & Canada	255	3.9 %	27.1 %	27.1 %						
\$2,963	\$(289)	\$3,252	\$—	\$3,252	PMI Total	\$3,410	(13.1)%	(4.6)%	(4.6)%						

RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

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

(in millions, except ratios) (unaudited)

	For the Year Ended June 30, 2014			For the Year Ended December 31, 2013
	July – December 2013	January – June 2014	12 months rolling	
Earnings before income taxes	\$6,296	\$5,303	\$11,599	\$12,542
Interest expense, net	491	522	1,013	973
Depreciation and amortization	441	427	868	882
Extraordinary, unusual or non-recurring expenses, net ⁽¹⁾	301	512	813	309
EBITDA	\$7,529	\$6,764	\$14,293	\$14,706
			June 30, 2014	December 31, 2013
Short-term borrowings			\$ 1,941	\$ 2,400
Current portion of long-term debt			407	1,255
Long-term debt			27,161	24,023
Total Debt			\$29,509	\$27,678
Less: Cash and cash equivalents			1,541	2,154
Net Debt			\$27,968	\$25,524
Ratios				
Total Debt to EBITDA			2.06	1.88
Net Debt to EBITDA			1.96	1.74

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