

Investor Fact Sheet 2016 Third-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 October 18, 2016, PMI Reported 2016 Third-Quarter Results:

- Reported diluted earnings per share of \$1.25, flat versus 2015. Excluding unfavorable currency of \$0.04, reported diluted earnings per share up by \$0.04 or 3.2% versus \$1.25 in 2015.
- Adjusted diluted earnings per share of \$1.25, up by \$0.01 or 0.8% versus \$1.24 in 2015. Excluding unfavorable currency of \$0.04, adjusted diluted earnings per share up by \$0.05 or 4.0% versus \$1.24 in 2015.
- Cigarette shipment volume of 207.1 billion units, down by 5.4%.

- During the quarter, PMI increased its regular quarterly dividend by 2.0% from \$1.02 to \$1.04, representing an annualized rate of \$4.16 per common share. Since its spin-off in March 2008, PMI has increased its regular quarterly dividend by 126.1% from the initial annualized rate of \$1.84 per common share. PMI did not make any share repurchases in the first nine months 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 September 30,		
	2016	2015	% Change
Net revenues	\$19,935	\$19,422	2.6 %
Cost of sales	2,432	2,383	2.1 %
Excise taxes on products ⁽¹⁾	12,953	12,495	3.7 %
Gross profit	4,550	4,544	0.1 %
Operating income ⁽²⁾	2,977	2,959	0.6 %
Earnings before income taxes	2,757	2,712	1.7 %
Provision for income taxes	764	748	2.1 %
Equity (income)/loss in unconsolidated subsidiaries, net	(35)	(20)	75.0 %
Net earnings	2,028	1,984	2.2 %
Net earnings attributable to noncontrolling interests	90	42	100+%
Net earnings attributable to PMI	1,938	1,942	(0.2)%
Basic earnings per share	1.25	1.25	—%
Diluted earnings per share	1.25	1.25	—%

■ Results by Business Segment	For the Quarters Ended September 30,			
	2016	2015	% Change	Excluding Currency
European Union				
Net revenues	\$7,387 ⁽³⁾	\$7,018	5.3 %	6.1 %
Net revenues, excluding excise taxes on products	2,200	2,123	3.6 %	3.9 %
Operating companies income ⁽²⁾	1,120	1,045	7.2 %	4.4 %
Eastern Europe, Middle East & Africa (EEMA)				
Net revenues	5,122 ⁽³⁾	5,107	0.3 %	8.9 %
Net revenues, excluding excise taxes on products	1,936	2,016	(4.0)%	3.0 %
Operating companies income ⁽²⁾	962	1,002	(4.0)%	8.7 %
Asia				
Net revenues	5,113 ⁽³⁾	4,880	4.8 %	3.7 %
Net revenues, excluding excise taxes on products	2,136	1,984	7.7 %	4.7 %
Operating companies income ⁽²⁾	761	690	10.3 %	2.0 %
Latin America & Canada				
Net revenues	2,313 ⁽³⁾	2,417	(4.3)%	19.9 %
Net revenues, excluding excise taxes on products	710	804	(11.7)%	1.7 %
Operating companies income ⁽²⁾	224	294	(23.8)%	(5.8)%

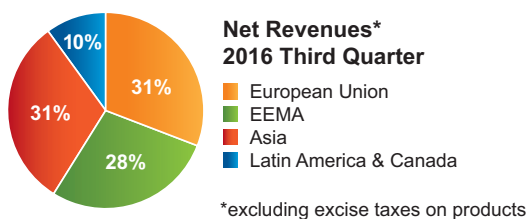
(1) The segment detail of excise taxes on products sold for the quarters ended September 30, 2016 and 2015 is shown in the Reconciliation of Non-GAAP Measures included at the end of this investor fact sheet.

(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 increased (decreased) net revenues as follows: European Union \$(59), EEMA \$(441), Asia \$51, Latin America & Canada \$(584); totaling \$(1,033).

Consolidated Financial Review (CONTINUED)

(in millions of dollars, except per share data)



	September 30,	December 31,
	2016	2015
■ Balance Sheet Highlights and Ratios		
Cash and cash equivalents	\$ 4,884	\$ 3,417
Receivables	3,100	2,778
Inventories	7,486	8,473
Property, plant and equipment, net	6,133	5,721
Goodwill	7,646	7,415
Other intangible assets, net	2,578	2,623
Investments in unconsolidated subsidiaries	986	890
Total assets	35,577	33,956
Total debt	30,087	28,480
Total liabilities	45,894	45,432
Total stockholders' deficit	(10,317)	(11,476)
Total debt to Adjusted EBITDA	2.76 ⁽⁴⁾	2.49 ⁽⁴⁾
Net debt to Adjusted EBITDA	2.31 ⁽⁴⁾	2.19 ⁽⁴⁾

	For the Nine Months Ended September 30,	
	2016	2015
■ Cash Flow Statement Highlights		
Net cash provided by operating activities	\$ 5,928	\$ 5,993
Capital expenditures	(734)	(636)
Long-term debt proceeds	3,536	1,539
Long-term debt repaid	(2,072)	(1,228)
Dividends paid	(4,759)	(4,665)

(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 September 30, (\$ in millions) (Unaudited)	2016	2015	% Change
Operating Income	\$2,977	\$2,959	0.6 %
Excluding:			
Amortization of intangibles	19	19	
General corporate expenses (included in marketing, administration and research costs)	36	33	
Plus:			
Equity(income)/loss in unconsolidated subsidiaries, net	(35)	(20)	
Operating Companies Income	\$3,067	\$3,031	1.2 %

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

For the Quarters Ended September 30, (Unaudited)	2016	2015	% Change
Reported Diluted EPS	\$1.25	\$1.25	—%
Adjustments:			
Asset impairment and exit costs	—	—	
Tax items	—	(0.01)	
Adjusted Diluted EPS	\$1.25	\$1.24	(0.8)%
Less:			
Currency impact	(0.04)		
Adjusted Diluted EPS, excluding Currency	\$1.29	\$1.24	4.0 %

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

For the Quarters Ended September 30, (Unaudited)	2016	2015	% Change
Reported Diluted EPS	\$1.25	\$1.25	—%
Less:			
Currency impact	(0.04)		
Reported Diluted EPS, excluding Currency	\$1.29	\$1.25	3.2 %

■ Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended September 30,

(\$ in millions) (Unaudited)		2016		2015		% Change in Net Revenues excluding Excise Taxes					
Net Revenues	Less Excise Taxes	Net Revenues excluding Excise Taxes	Less Currency	Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Net Revenues	Less Excise Taxes	Net Revenues excluding Excise Taxes	Total	Excluding Currency	Excluding Currency & Acquisitions
\$ 7,387	\$ 5,187	\$ 2,200	\$ (6)	\$ 2,206	\$ —	\$ 7,018	\$ 4,895	\$ 2,123	3.6 %	3.9%	3.9%
5,122	3,186	1,936	(141)	2,077	—	5,107	3,091	2,016	(4.0)%	3.0%	3.0%
5,113	2,977	2,136	59	2,077	—	4,880	2,896	1,984	(7.7)%	4.7%	4.7%
2,313	1,603	710	(108)	818	—	2,417	1,613	804	(11.7)%	1.7%	1.7%
\$19,935	\$12,953	\$ 6,982	\$ (196)	\$ 7,178	\$ —	\$ 7,178	\$ 12,495	\$ 6,927	0.8 %	3.6%	3.6%

		2016		2015		% Change in Operating Companies Income		
Operating Companies Income	Less Currency	Operating Companies Income excluding Currency	Less Acquisitions	Operating Companies Income excluding Currency & Acquisitions	Operating Companies Income	Total	Excluding Currency	Excluding Currency & Acquisitions
\$ 1,120	\$ 29	\$ 1,091	\$ —	\$ 1,091	\$ 1,045	7.2 %	4.4 %	4.4 %
962	(127)	1,089	—	1,089	1,002	(4.0)%	8.7 %	8.7 %
761	57	704	—	704	690	10.3 %	2.0 %	2.0 %
224	(53)	277	—	277	294	(23.8)%	(5.8)%	(5.8)%
\$ 3,067	\$ (94)	\$ 3,161	\$ —	\$ 3,161	\$ 3,031	1.2 %	4.3 %	4.3%

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 September 30, 2016			For the Year Ended December 31, 2015
	October - December 2015	January - September 2016	12 months rolling	
Net Earnings	\$ 1,298	\$ 5,475	\$ 6,773	\$ 7,032
Equity (income)/loss in unconsolidated subsidiaries, net	(36)	(72)	(108)	(105)
Provision for Income Taxes	412	2,110	2,522	2,688
Interest expense, net	227	690	917	1,008
Depreciation and amortization	193	548	741	754
Extraordinary, unusual or non-recurring expenses, net ⁽¹⁾	68	—	68	68
Adjusted EBITDA	\$ 2,162	\$ 8,751	\$ 10,913	\$ 11,445
			September 30, 2016	December 31, 2015
Short-term borrowings			\$ 710	\$ 825
Current portion of long-term debt			2,417	2,405
Long-term debt			26,960	25,250
Total Debt			\$ 30,087	\$ 28,480
Less: Cash and cash equivalents			4,884	3,417
Net Debt			\$ 25,203	\$ 25,063
Ratios				
Total Debt to Adjusted EBITDA			2.76	2.49
Net Debt to Adjusted EBITDA			2.31	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

■ **Shareholder Response Center:**

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Computershare Trust Company, N.A.

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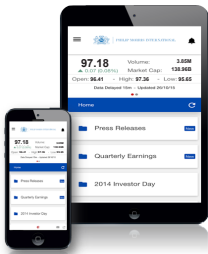
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