

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 19, 2016

Philip Morris International Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-33708
(Commission File Number)

13-3435103
(I.R.S. Employer
Identification No.)

120 Park Avenue, New York, New York
(Address of principal executive offices)

10017-5592
(Zip Code)

Registrant's telephone number, including area code: (917) 663-2000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On April 19, 2016, Philip Morris International Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2016 and held a live audio webcast to discuss such results. In connection with this webcast, the Company is furnishing to the Securities and Exchange Commission the following documents attached as exhibits to this Current Report on Form 8-K and incorporated herein by reference to this Item 2.02: the earnings release attached as Exhibit 99.1 hereto, the conference call script attached as Exhibit 99.2 hereto and the webcast slides attached as Exhibit 99.3 hereto.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1, 99.2 and 99.3, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in Item 2.02 of this Current Report on Form 8-K shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such filing or document.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits**

99.1 Philip Morris International Inc. Press Release dated April 19, 2016 (furnished pursuant to Item 2.02)

99.2 Conference Call Script dated April 19, 2016 (furnished pursuant to Item 2.02)

99.3 Webcast Slides dated April 19, 2016 (furnished pursuant to Item 2.02)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILIP MORRIS INTERNATIONAL INC.

By: /s/ JERRY WHITSON
Name: Jerry Whitson
Title: Deputy General Counsel
and Corporate Secretary

DATE: April 19, 2016

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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99.3	Webcast Slides dated April 19, 2016 (furnished pursuant to Item 2.02)



PHILIP MORRIS INTERNATIONAL

PRESS RELEASE

Investor Relations:

New York: +1 (917) 663 2233

Lausanne: +41 (0)58 242 4666

Media:

Lausanne: +41 (0)58 242 4500

**PHILIP MORRIS INTERNATIONAL INC. (PMI) REPORTS 2016 FIRST-QUARTER RESULTS;
INCREASES, FOR CURRENCY ONLY, 2016 FULL-YEAR REPORTED DILUTED EPS FORECAST TO A RANGE OF \$4.40 TO \$4.50,
REFLECTING CURRENCY-NEUTRAL GROWTH OF APPROXIMATELY
10% TO 12% VS. 2015 ADJUSTED DILUTED EPS OF \$4.42**

2016 First-Quarter

- 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 as detailed in the attached Schedule 9
- 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 as detailed in the attached Schedule 8
- Cigarette shipment volume of 196.0 billion units, down by 1.4% excluding acquisitions
- Reported net revenues, excluding excise taxes, of \$6.1 billion, down by 8.1%
 - Excluding unfavorable currency of \$691 million and the impact of acquisitions, reported net revenues, excluding excise taxes, up by 2.4% as detailed in the attached Schedule 6
- Reported operating companies income of \$2.5 billion, down by 13.9%
 - Excluding unfavorable currency of \$383 million and the impact of acquisitions, reported operating companies income down by 0.9% as detailed in the attached Schedule 6
- Adjusted operating companies income, reflecting the items detailed in the attached Schedule 7, of \$2.5 billion, down by 13.9%
 - Excluding unfavorable currency and the impact of acquisitions, adjusted operating companies income down by 0.9% as detailed in the attached Schedule 7
- Reported operating income of \$2.5 billion, down by 13.9%

2016 Full-Year Forecast

- PMI increases its 2016 full-year reported diluted earnings per share forecast to be in a range of \$4.40 to \$4.50, at prevailing exchange rates, versus \$4.42 in 2015. Excluding an unfavorable currency impact, at prevailing exchange rates, of approximately \$0.45 for the full-year 2016, the reported diluted earnings per share range represents a projected increase of approximately 10% to 12% versus adjusted diluted earnings per share of \$4.42 in 2015 as detailed in the attached Schedule 12
 - This forecast does not include any share repurchases in 2016
 - Estimates 2016 international cigarette volume, excluding the People's Republic of China and the U.S., to decline by approximately 2.0% to 2.5%, in line with the estimated decline of 2.4% in 2015
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- This forecast excludes the impact of any future acquisitions, unanticipated asset impairment and exit cost charges, future changes in currency exchange rates, and any unusual events. Factors described in the Forward-Looking and Cautionary Statements section of this release represent continuing risks to these projections

NEW YORK, April 19, 2016 – Philip Morris International Inc. (NYSE / Euronext Paris: PM) today announced its 2016 first-quarter results.

"In line with our expectations, our first-quarter financial results reflected a tough comparison with the exceptionally strong first quarter of last year," said André Calantzopoulos, Chief Executive Officer.

"Today we raised our full-year guidance as a result of moderating currency headwinds, which continues to represent a currency-neutral adjusted diluted EPS growth rate of approximately 10% to 12% versus 2015. We expect the growth to be skewed towards the second half of this year, and the fourth quarter in particular."

"Our confidence is guided by moderating industry volume declines and robust pricing, underpinned by our superior cigarette brand portfolio, led by our flagship brand, *Marlboro*. We are also excited by the progress, best represented by our impressive *HeatStick* share momentum in Japan, of our Reduced-Risk Product, *iQOS*."

Conference Call

A conference call, hosted by Jacek Olczak, Chief Financial Officer, with members of the investor community and news media, will be webcast at 9:00 a.m., Eastern Time, on April 19, 2016. Access is at www.pmi.com/webcasts. The audio webcast may also be accessed on iOS or Android devices by downloading PMI's free Investor Relations Mobile Application at www.pmi.com/irapp.

Dividends and Share Repurchase Program

During the quarter, PMI declared a regular quarterly dividend of \$1.02, representing an annualized rate of \$4.08 per common share. PMI did not make any share repurchases in the first quarter of 2016.

2016 FIRST-QUARTER CONSOLIDATED RESULTS

*In this press release, "PMI" refers to Philip Morris International Inc. and its subsidiaries. References to total international cigarette market, defined as worldwide cigarette volume excluding the United States, total cigarette market, total market and market shares are PMI tax-paid estimates 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. "Offtake share" for Marlboro HeatSticks in Japan represents select C-Store sales volume for HeatSticks as a percentage of the total estimated retail sales volume for cigarettes and HeatSticks. "North Africa" is defined as Algeria, Egypt, Libya, Morocco and Tunisia. "OTP" is defined as other tobacco products. "EEMA" is defined as Eastern Europe, Middle East and Africa and includes PMI's international duty free business. In the fourth quarter of 2015, to further align with the Member State composition of the European Union, PMI transferred the management of its operations in Bulgaria, Croatia, Romania and Slovenia from its Eastern Europe, Middle East & Africa segment to its European Union segment, resulting in the reclassification of current and prior year amounts between the two segments. The reclassification was not material to the respective segments' results. The term "net revenues" refers to operating revenues from the sale of our products, excluding excise taxes and net of sales and promotion incentives. Operating companies income, or "OCI," is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income)/loss in unconsolidated subsidiaries, net. PMI's management evaluates business segment performance and allocates resources based on OCI. "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation and amortization, excluding asset impairment and exit costs, discrete tax items and unusual items. Management also reviews OCI, OCI margins 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, discrete tax items and unusual items), as well as **free cash flow**, defined as net cash provided by operating activities less capital expenditures, and net debt. PMI believes it is appropriate to disclose these measures as they improve comparability and help investors analyze business performance and trends. Non-GAAP measures used in this release should be neither considered in isolation nor*

as a substitute for the financial measures prepared in accordance with U.S. GAAP. Comparisons are to the same prior-year period unless otherwise stated. For a reconciliation of non-GAAP measures to corresponding GAAP measures, see the relevant schedules provided with this press release. "**Reduced-Risk Products**" ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. PMI's RRP's are in various stages of development and commercialization, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking cigarettes. Before making any such claims, we will rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and authorization, as is the case in the United States today. Trademarks and service marks in this press release that are the registered property of, or licensed by, the subsidiaries of PMI, are italicized.

NET REVENUES

<u>PMI Net Revenues</u> (in millions)	<u>First-Quarter</u>			
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Excl. Curr.</u>
European Union	\$ 1,863	\$ 1,951	(4.5)%	3.4 %
EEMA	1,602	1,784	(10.2)%	1.2 %
Asia	1,968	2,155	(8.7)%	(1.7)%
Latin America & Canada	650	726	(10.5)%	14.7 %
Total PMI	\$ 6,083	\$ 6,616	(8.1)%	2.4 %

Net revenues of \$6.1 billion declined by 8.1%. Excluding unfavorable currency of \$691 million and the impact of acquisitions, net revenues increased by 2.4%, driven by favorable pricing of \$272 million from across all Regions, despite an unfavorable comparison with the first quarter of 2015 related to the gain in Korea. The favorable pricing was partly offset by unfavorable volume/mix of \$114 million, mainly due to EEMA and Asia, partly offset by Latin America & Canada.

OPERATING COMPANIES INCOME

<u>PMI OCI</u> (in millions)	<u>First-Quarter</u>			
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Excl. Curr.</u>
European Union	\$ 906	\$ 927	(2.3)%	3.6 %
EEMA	633	866	(26.9)%	(6.5)%
Asia	778	934	(16.7)%	(10.0)%
Latin America & Canada	229	230	(0.4)%	38.3 %
Total PMI	\$ 2,546	\$ 2,957	(13.9)%	(0.9)%

Reported operating companies income of \$2.5 billion was down by 13.9%. Excluding unfavorable currency of \$383 million and the impact of acquisitions, operating companies income decreased by 0.9%, reflecting: an unfavorable comparison to the first quarter of 2015 related to the gain in Korea; unfavorable volume/mix of \$183 million, primarily in EEMA and Asia, partly offset by Latin America & Canada; and higher costs, notably in support of Reduced-Risk Products. The unfavorable volume/mix and higher costs were partly offset by favorable pricing.

Adjusted operating companies income and margin are shown in the table below and detailed in Schedule 7. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, decreased by 0.9%. Adjusted operating companies income margin, excluding currency and the impact of acquisitions,

decreased by 1.5 points to 43.2%, reflecting the factors mentioned above.

PMI OCI (in millions)	First-Quarter			Excl. Curr.
	2016	2015	Change	
Reported OCI	\$ 2,546	\$ 2,957	(13.9)%	(0.9)%
Asset impairment & exit costs	—	—		
Adjusted OCI	\$ 2,546	\$ 2,957	(13.9)%	(0.9)%
Adjusted OCI Margin*	41.9%	44.7%	(2.8)	(1.5)

*Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

SHIPMENT VOLUME & MARKET SHARE

PMI cigarette shipment volume by Region and brand are shown in the tables below.

PMI Cigarette Shipment Volume by Region (million units)	First-Quarter		
	2016	2015	Change
European Union	45,993	44,810	2.6 %
EEMA	63,126	62,632	0.8 %
Asia	65,222	70,125	(7.0)%
Latin America & Canada	21,700	21,190	2.4 %
Total PMI	196,041	198,757	(1.4)%

PMI Cigarette Shipment Volume by Brand (million units)	First-Quarter		
	2016	2015	Change
Marlboro	67,985	67,247	1.1 %
L&M	23,690	22,678	4.5 %
Parliament	10,137	9,570	5.9 %
Bond Street	9,721	9,180	5.9 %
Chesterfield	10,176	9,540	6.7 %
Philip Morris	9,209	7,762	18.6 %
Lark	6,501	6,444	0.9 %
Others	58,622	66,336	(11.6)%
Total PMI	196,041	198,757	(1.4)%

PMI's total cigarette shipment volume decreased 1.4%, or by 1.7% excluding favorable net estimated inventory movements, reflecting declines in Asia, principally Indonesia, Pakistan and the Philippines, partly offset by Korea. The decrease was partly offset by growth in: the EU, driven notably by France, Italy, Poland and Spain, partly offset by the United Kingdom; EEMA, driven by Egypt and Tunisia in North Africa, Turkey and Ukraine, partly offset by Algeria and Russia; and Latin America & Canada, driven mainly by Mexico, partly offset by Argentina. The decrease was further offset by the favorable estimated impact of the leap year.

Cigarette shipment volume of *Marlboro* increased, reflecting growth in: the EU, notably Germany, Italy and Spain, partly offset by the United Kingdom; Asia, driven by Korea and the Philippines, partly offset by Indonesia and Vietnam; and Latin America & Canada, driven by Mexico, partly offset by Argentina. The growth was partly offset by declines in EEMA, mainly due to North Africa, partly offset by Saudi Arabia and Turkey.

Cigarette shipment volume of *L&M* increased, driven by: the EU, notably Poland and Portugal, partly offset by Germany; and EEMA, notably Egypt and Ukraine, partly offset by Russia and Saudi Arabia. The growth was partly offset by Asia, mainly Thailand.

Cigarette shipment volume of *Parliament* increased, driven mainly by Korea and Turkey. Cigarette shipment volume of *Bond Street* increased, driven mainly by Ukraine, partly offset by Russia. Cigarette shipment volume of *Chesterfield* increased, mainly driven by the morphing of *Red & White* in the Czech Republic, and Italy, partly offset by Russia. Cigarette shipment volume of *Philip Morris* increased, mainly driven by Italy, benefiting from the morphing of *Diana*, partly offset by Argentina. Cigarette shipment volume of *Lark* increased, principally driven by Turkey, partly offset by Japan.

Total shipment volume of OTP, in cigarette equivalent units, increased by 2.8%. Total shipment volume for cigarettes and OTP, in cigarette equivalent units, decreased by 1.2% excluding acquisitions.

PMI's cigarette market share increased in a number of key markets, including Australia, Belgium, Canada, Egypt, France, Germany, Kuwait, the Netherlands, Mexico, the Philippines, Poland, Saudi Arabia, Spain, Switzerland, Turkey and the United Kingdom.

EUROPEAN UNION REGION (EU)

2016 First-Quarter

Reported net revenues of \$1.9 billion decreased by 4.5%. Excluding unfavorable currency of \$155 million and the impact of acquisitions, net revenues increased by 3.4%, driven by favorable pricing of \$73 million, notably in Germany, partly offset by unfavorable volume/mix of \$6 million.

Reported operating companies income of \$906 million decreased by 2.3%. Excluding unfavorable currency of \$54 million and the impact of acquisitions, operating companies income increased by 3.6%, mainly driven by favorable pricing and lower manufacturing costs, partly offset by unfavorable volume/mix of \$12 million and higher costs related to: the timing of marketing support behind PMI's cigarette brand portfolio, notably *Marlboro* in Germany; investments behind the commercialization of Reduced-Risk Products; and the implementation of the EU Tobacco Products Directive.

Adjusted operating companies income and margin are shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding unfavorable currency and acquisitions, increased by 3.6%. Adjusted operating companies income margin, excluding currency and the impact of acquisitions, increased by 0.1 point to 47.6%, reflecting the above-mentioned factors.

<u>EU OCI</u> (in millions)	<u>First-Quarter</u>			<u>Excl. Curr.</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>	
Reported OCI	\$ 906	\$ 927	(2.3)%	3.6%
Asset impairment & exit costs	—	—		
Adjusted OCI	\$ 906	\$ 927	(2.3)%	3.6%
Adjusted OCI Margin*	48.6%	47.5%	1.1	0.1

*Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

EU Total Market, PMI Shipment & Market Share Commentaries

The estimated total cigarette market in the EU of 114.9 billion units increased by 0.6%, primarily reflecting improved macroeconomics, a lower prevalence of illicit trade and e-vapor products and, in certain geographies, the estimated favorable impact of immigration. The net impact of inventory movements in the quarter was immaterial.

The estimated total OTP market in the EU of 38.4 billion cigarette equivalent units increased by 1.4%, reflecting a larger total fine cut market, up by 1.2% to 33.5 billion cigarette equivalent units.

As shown in the tables below, PMI's cigarette shipment volume of 46.0 billion units increased by 2.6%, driven notably by France, Italy, Poland and Spain, partly offset by the United Kingdom, or by 2.1% excluding estimated favorable distributor inventory movements, mainly in Spain. PMI's cigarette market share increased by 0.6 points to 38.7%, with gains notably in France, Germany, Poland and Spain, partly offset by Italy and Portugal.

PMI's shipments of OTP of 5.6 billion cigarette equivalent units increased by 0.4%. PMI's total OTP market share decreased by 0.2 points to 14.1%.

<u>EU Cigarette Shipment Volume by Brand</u> (in millions)	<u>First-Quarter</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Marlboro	22,700	21,904	3.6 %
L&M	8,188	7,833	4.5 %
Chesterfield	7,148	6,506	9.9 %
Philip Morris	4,054	2,424	67.2 %
Others	3,903	6,143	(36.5)%
Total EU	45,993	44,810	2.6 %

<u>EU Cigarette Market Shares by Brand</u>	<u>First-Quarter</u>		
	<u>2016</u>	<u>2015</u>	<u>Change p.p.</u>
Marlboro	19.1%	18.7%	0.4
L&M	7.0%	6.8%	0.2
Chesterfield	6.0%	5.8%	0.2
Philip Morris	3.3%	3.1%	0.2
Others	3.3%	3.7%	(0.4)
Total EU	38.7%	38.1%	0.6

EU Key Market Commentaries

In **France**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>France Key Market Data</u>	<u>First-Quarter</u>		<u>Change % / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	10.7	10.6	1.0%
PMI Shipments (million units)	4,778	4,578	4.4%
PMI Cigarette Market Share			
<i>Marlboro</i>	26.1%	25.4%	0.7
<i>Philip Morris</i>	10.1%	9.6%	0.5
<i>Chesterfield</i>	3.1%	3.3%	(0.2)
Others	2.8%	2.9%	(0.1)
Total	42.1%	41.2%	0.9

The estimated total cigarette market increased by 1.0%. Excluding the favorable net impact of estimated trade inventory movements, the total market increased by 0.5%, partly reflecting a lower prevalence of illicit trade and e-vapor products. The increase in PMI's cigarette shipment volume mainly reflected the higher total cigarette market and market share growth, driven by *Marlboro*, benefiting from the positive performance of *Marlboro* 25s, launched in March 2015, as well as the launch of *Philip Morris* 25s and 100s in January 2016. The estimated total industry fine cut category of 3.5 billion cigarette equivalent units increased by 5.4%. PMI's market share of the category increased by 0.3 points to 25.4%.

In **Germany**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Germany Key Market Data</u>	<u>First-Quarter</u>		<u>Change % / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	17.8	18.2	(1.7)%
PMI Shipments (million units)	6,767	6,745	0.3 %
PMI Cigarette Market Share			
<i>Marlboro</i>	22.9%	21.8%	1.1
<i>L&M</i>	11.8%	12.1%	(0.3)
<i>Chesterfield</i>	1.6%	1.7%	(0.1)
Others	1.6%	1.5%	0.1
Total	37.9%	37.1%	0.8

The estimated total cigarette market decreased by 1.7%. Excluding the unfavorable net impact of estimated trade inventory movements, the total market was essentially flat, principally reflecting a lower prevalence of illicit trade. The increase in PMI's cigarette shipment volume mainly reflected higher market share, driven by *Marlboro*, principally reflecting the positive impact of the new Architecture 2.0 and marketing support, partly offset by *L&M*

resulting from its moving off the round €5.00/pack price point in mid-2015. The estimated total industry fine cut category of 9.5 billion cigarette equivalent units decreased by 0.1%. PMI's market share of the category increased by 0.2 points to 12.7%.

In **Italy**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Italy Key Market Data</u>	<u>First-Quarter</u>		<u>Change % / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	17.1	16.5	3.9%
PMI Shipments (million units)	9,846	9,650	2.0%
PMI Cigarette Market Share			
<i>Marlboro</i>	24.4%	24.8%	(0.4)
<i>Chesterfield</i>	11.6%	10.5%	1.1
<i>Philip Morris</i>	9.0%	9.6%	(0.6)
Others	8.5%	9.2%	(0.7)
Total	53.5%	54.1%	(0.6)

The estimated total cigarette industry increased by 3.9%. Excluding the unfavorable net impact of estimated trade inventory movements, the total market increased by 4.6%, partly reflecting a lower prevalence of illicit trade and e-vapor products, as well as the estimated favorable impact of immigration. Although PMI's cigarette shipments increased by 2.0%, market share decreased, due notably to *Marlboro*, largely reflecting its price increase in the first quarter of 2015 to €5.20 per pack from its round retail price point of €5.00 per pack, and low-price *Philip Morris*, impacted by the growth of the super-low price segment, partly offset by super-low price *Chesterfield*. The estimated total industry fine cut category of 1.5 billion cigarette equivalent units increased by 5.2%. PMI's market share of the category decreased by 1.9 points to 39.6%.

In **Poland**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Poland Key Market Data</u>	<u>First-Quarter</u>		<u>Change % / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	10.1	9.8	3.1%
PMI Shipments (million units)	4,145	3,757	10.4%
PMI Cigarette Market Share			
<i>Marlboro</i>	11.2%	10.6%	0.6
<i>L&M</i>	18.5%	17.6%	0.9
<i>Chesterfield</i>	8.6%	8.0%	0.6
Others	2.9%	2.3%	0.6
Total	41.2%	38.5%	2.7

The estimated total cigarette market increased by 3.1%, or by 5.6% excluding the unfavorable net impact of estimated trade inventory movements, driven primarily by a lower prevalence of e-vapor products and non-duty paid products. The increase in PMI's cigarette shipment volume reflected the higher total market and higher market share, driven by *Marlboro*, reflecting the positive impact of the new Architecture 2.0, *L&M*, reflecting the positive impact of brand support, and *Chesterfield*, benefiting from its 100s and super-slimes variants. The estimated total industry fine cut category of 1.1 billion cigarette equivalent units increased by 3.8%. PMI's market share of the category decreased by 8.2 points to 25.4%, mainly due to increased price competition at the bottom of the market.

In **Spain**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Spain Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	10.3	10.5	(1.3)%
PMI Shipments (million units)	4,022	3,567	12.7 %
PMI Cigarette Market Share			
<i>Marlboro</i>	17.7%	16.1%	1.6
<i>Chesterfield</i>	9.0%	9.4%	(0.4)
<i>L&M</i>	5.6%	6.0%	(0.4)
Others	1.9%	1.2%	0.7
Total	34.2%	32.7%	1.5

The estimated total cigarette market decreased by 1.3%, mainly due to unfavorable estimated trade inventory movements. Excluding these inventory movements, the estimated total cigarette market declined by 0.5%. Excluding the net impact of favorable inventory movements, PMI's cigarette shipment volume increased by 3.1%, driven by higher market share reflecting the strong performance of *Marlboro*, benefiting from a round price point in the vending channel, the new Architecture 2.0, and an improving economy. The estimated total industry fine cut category of 2.1 billion cigarette equivalent units decreased by 3.9%. PMI's market share of the fine cut category decreased by 1.3 points to 13.1%.

EASTERN EUROPE, MIDDLE EAST & AFRICA REGION (EEMA)

2016 First-Quarter

Reported net revenues of \$1.6 billion decreased by 10.2%. Excluding unfavorable currency of \$203 million and the impact of acquisitions, net revenues increased by 1.2%, reflecting favorable pricing of \$111 million, driven principally by Russia and Turkey, partly offset by an unfavorable comparison in Ukraine. The favorable pricing was partly offset by unfavorable volume/mix of \$90 million, notably due to Algeria, primarily reflecting the impact of excise tax-driven price increases, and the impact of price increases in Russia; partly offset by Egypt, Saudi Arabia and Tunisia.

Reported operating companies income of \$633 million decreased by 26.9%. Excluding unfavorable currency of \$177 million and the impact of acquisitions, operating companies income decreased by 6.5%, principally reflecting unfavorable volume/mix of \$106 million, mainly due to the markets mentioned above, and the timing of

marketing and sales investments, including those behind the commercialization of *iQOS*. The unfavorable volume/mix and higher costs were partly offset by favorable pricing, despite the unfavorable comparison in Ukraine.

Adjusted operating companies income and margin are shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, decreased by 6.5%. Adjusted operating companies income margin, excluding currency and the impact of acquisitions, decreased by 3.6 points to 44.9%, reflecting the above-mentioned factors.

<u>EEMA OCI</u> (in millions)	<u>First-Quarter</u>			<u>Excl.</u> <u>Curr.</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>	
Reported OCI	\$ 633	\$ 866	(26.9)%	(6.5)%
Asset impairment & exit costs	—	—		
Adjusted OCI	\$ 633	\$ 866	(26.9)%	(6.5)%
Adjusted OCI Margin*	39.5%	48.5%	(9.0)	(3.6)

*Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

EEMA PMI Shipment Commentaries

Despite a difficult comparison with the first quarter of 2015 in which PMI's cigarette shipment volume grew by 4.2%, excluding acquisitions, PMI's cigarette shipment volume of 63.1 billion units in the quarter increased by 0.8%, or by 0.4% excluding the favorable net impact of estimated inventory movements, mainly reflecting growth in Egypt and Tunisia in North Africa, Turkey and Ukraine, partly offset by Algeria and Russia. PMI's cigarette shipment volume of premium brands decreased by 2.7%, mainly due to: *Marlboro*, down by 8.7% to 17.5 billion units, mainly due to North Africa, partly offset by Saudi Arabia and Turkey, partly offset by *Parliament*, up by 0.7% to 7.3 billion units, primarily driven by Turkey. PMI's cigarette shipment volume of *L&M* increased by 8.6% to 12.9 billion units, mainly driven by North Africa, principally Egypt, and Ukraine, partly offset by Russia and Saudi Arabia.

EEMA Key Market Commentaries

In **North Africa**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>North Africa Key Market Data</u>	<u>First-Quarter</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u> <u>% / p.p.</u>
Total Cigarette Market (billion units)	34.0	32.4	5.1%
PMI Shipments (million units)	10,230	9,202	11.2%
PMI Cigarette Market Share			
<i>Marlboro</i>	7.4%	14.8%	(7.4)
<i>L&M</i>	14.3%	10.8%	3.5
Others	3.0%	2.0%	1.0
Total	24.7%	27.6%	(2.9)

The estimated total market increased by 5.1%, principally due to Egypt. Excluding net favorable distributor inventory movements, mainly in Morocco and Tunisia, PMI's cigarette shipment volume decreased by 5.7%. PMI's

market share decreased, mainly due to *Marlboro* in Algeria, Egypt and Libya, partly offset by *L&M* in Egypt and *Next* in "Others" in Morocco.

In **Russia**, estimated industry size, PMI cigarette shipment volume and February quarter-to-date market share performance, as measured by Nielsen, are shown in the table below.

<u>Russia Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	57.8	61.5	(6.0)%
PMI Shipments (million units)	17,809	19,008	(6.3)%
PMI Cigarette Market Share			
<i>Marlboro</i>	1.4%	1.4%	—
<i>Parliament</i>	3.9%	4.0%	(0.1)
<i>Bond Street</i>	8.4%	8.0%	0.4
Others	14.1%	14.6%	(0.5)
Total	27.8%	28.0%	(0.2)

The estimated total cigarette market decreased by 6.0%, mainly due to the impact of excise tax-driven retail price increases. Excluding the unfavorable net impact of estimated distributor inventory movements, PMI's cigarette shipment volume declined by 4.8%, mainly reflecting the lower total market, and lower market share due to a decline of mid-price *L&M* and *Chesterfield*, partly offset by super-low *Next/Dubliss* in "Others."

In **Turkey**, estimated industry size, PMI cigarette shipment volume and February quarter-to-date market share performance, as measured by Nielsen, are shown in the table below.

<u>Turkey Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	22.3	20.0	11.7%
PMI Shipments (million units)	10,345	9,271	11.6%
PMI Cigarette Market Share			
<i>Marlboro</i>	10.0%	8.9%	1.1
<i>Parliament</i>	11.5%	11.5%	—
<i>Lark</i>	7.8%	7.3%	0.5
Others	14.6%	15.6%	(1.0)
Total	43.9%	43.3%	0.6

The estimated total cigarette market increased by 11.7%, mainly due to a lower prevalence of illicit trade, as well as the estimated favorable impact of immigration. The increase in PMI's cigarette shipment volume was mainly driven by a higher total market and market share, led by *Marlboro*, partly offset by *L&M* and *Chesterfield* in "Others" reflecting the impact of competitive price repositioning.

In **Ukraine**, estimated industry size, PMI cigarette shipment volume and February quarter-to-date market share performance, as measured by Nielsen, are shown in the table below.

<u>Ukraine Key Market Data</u>	<u>First-Quarter</u>		<u>Change % / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	17.3	14.8	17.3%
PMI Shipments (million units)	5,647	4,608	22.5%
PMI Cigarette Market Share			
<i>Marlboro</i>	3.2%	4.7%	(1.5)
<i>Parliament</i>	2.7%	3.1%	(0.4)
<i>Bond Street</i>	10.2%	8.0%	2.2
Others	13.5%	16.2%	(2.7)
Total	29.6%	32.0%	(2.4)

The estimated total market increased by 17.3%, or by 12.5% excluding the favorable net impact of estimated trade inventory movements, mainly driven by a lower prevalence of illicit trade. The increase in PMI's cigarette shipment volume reflected the higher total cigarette market. The decrease in PMI's market share, as measured by Nielsen, was primarily due to *Marlboro*, reflecting the impact of widened price gaps, and *Chesterfield* and *President* in "Others," mainly resulting from competitive price pressure in the low price segment, partially offset by low price *Bond Street*, and *L&M* in "Others."

ASIA REGION

2016 First-Quarter

Reported net revenues of \$2.0 billion decreased by 8.7%. Excluding unfavorable currency of \$150 million and the impact of acquisitions, net revenues decreased by 1.7%, mainly due to unfavorable volume/mix of \$46 million, principally in: Australia, reflecting a lower total cigarette market and continued, albeit moderating, down-trading, and Indonesia, resulting from a lower total cigarette market and share; partly offset by Korea, reflecting a favorable comparison with the first quarter of 2015, and the Philippines, mainly driven by up-trading to *Marlboro*. Despite an unfavorable pricing variance compared to the first quarter of 2015 related to the gain in Korea, the unfavorable volume/mix was partly offset by favorable pricing of \$9 million, driven principally by Indonesia, the Philippines and Thailand.

Reported operating companies income of \$778 million decreased by 16.7%. Excluding unfavorable currency of \$63 million and the impact of acquisitions, operating companies income decreased by 10.0%, mainly reflecting: the unfavorable pricing comparison in Korea mentioned above; unfavorable volume/mix of \$88 million, notably in Australia and Indonesia, partly offset by Korea and the Philippines; and higher costs, mainly in Indonesia, notably related to cigarette brand support, and Japan, primarily related to the commercialization of *iQOS*. The unfavorable volume/mix and higher costs were partly offset by favorable pricing.

Adjusted operating companies income and margin are shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, decreased

by 10.0%. Adjusted operating companies income margin, excluding unfavorable currency and the impact of acquisitions, decreased by 3.6 points to 39.7%, reflecting the above-mentioned factors.

Asia OCI (in millions)	First-Quarter			Excl. Curr.
	2016	2015	Change	
Reported OCI	\$ 778	\$ 934	(16.7)%	(10.0)%
Asset impairment & exit costs	—	—		
Adjusted OCI	\$ 778	\$ 934	(16.7)%	(10.0)%
Adjusted OCI Margin*	39.5%	43.3%	(3.8)	(3.6)

*Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

Asia PMI Shipment Commentaries

PMI's cigarette shipment volume of 65.2 billion units decreased by 7.0%, mainly due to Indonesia, Pakistan and the Philippines, partly offset by Korea. Net inventory movements in the quarter were immaterial. Cigarette shipment volume of *Marlboro* of 18.9 billion units increased by 5.1%, predominantly driven by Korea and the Philippines, partly offset by Indonesia and Vietnam. Cigarette shipment volume of *Parliament* of 2.4 billion units increased by 28.5%, driven by Korea. Cigarette shipment volume of *Lark* of 4.3 billion units decreased by 5.6%, mainly due to Japan.

Asia Key Market Commentaries

In **Indonesia**, estimated industry size, PMI cigarette shipment volume, market share and segmentation performance are shown in the tables below.

<u>Indonesia Key Market Data</u>	<u>First-Quarter</u>		<u>Change % / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	73.7	78.3	(5.9)%
PMI Shipments (million units)	25,142	27,684	(9.2)%
PMI Cigarette Market Share			
<i>Sampoerna A</i>	14.6%	14.9%	(0.3)
<i>Dji Sam Soe</i>	6.8%	7.0%	(0.2)
<i>U Mild</i>	4.3%	5.0%	(0.7)
Others	8.4%	8.5%	(0.1)
Total	34.1%	35.4%	(1.3)

<u>Indonesia Segmentation Data</u>	<u>First-Quarter</u>		<u>Change p.p.</u>
	<u>2016</u>	<u>2015</u>	
Segment % of Total Market			
<i>Hand-Rolled Kretek (SKT)</i>	18.3%	19.2%	(0.9)
<i>Machine-Made Kretek (SKM)</i>	75.6%	74.6%	1.0
<i>Whites (SPM)</i>	6.1%	6.2%	(0.1)
Total	100.0%	100.0%	—
PMI % Share of Segment			
<i>Hand-Rolled Kretek (SKT)</i>	39.8%	37.7%	2.1
<i>Machine-Made Kretek (SKM)</i>	28.9%	30.9%	(2.0)
<i>Whites (SPM)</i>	81.4%	81.2%	0.2

The estimated total cigarette market decreased by 5.9%, mainly due to a soft economy and the impact of price increases, as well as an unfavorable comparison with the first quarter of 2015 in which the estimated total cigarette market increased by 6.0%. The decrease in PMI's cigarette shipments was principally due to the lower estimated total cigarette market and lower market share, mainly reflecting the soft performance of PMI's SKM portfolio due to competitors' discounted product offerings, partly offset by share gains in the SKT segment.

In **Japan**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Japan Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	43.5	42.5	2.3 %
PMI Shipments (million units)	11,551	11,846	(2.5)%
PMI Cigarette Market Share			
<i>Marlboro</i>	10.6%	11.5%	(0.9)
<i>Parliament</i>	2.4%	2.3%	0.1
<i>Lark</i>	9.3%	9.9%	(0.6)
Others	1.7%	1.9%	(0.2)
Total	24.0%	25.6%	(1.6)

The estimated total cigarette market increased by 2.3%, driven by estimated retail trade inventory movements and adult smoker purchases ahead of the April 2016 price increase of certain brands of PMI's key competitor. Excluding these favorable inventory movements, the estimated total cigarette market was essentially flat, reflecting a favorable comparison with the first quarter of 2015. The decrease in PMI's cigarette shipments in the quarter was due to lower cigarette market share. This decline in PMI's cigarette market share reflected the unfavorable impact of the inventory movements mentioned above, as well as competitors' differentiated menthol taste product offerings. The estimated national market share of *Marlboro HeatSticks* in the quarter was 0.8%.

In **Korea**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Korea Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	17.0	12.1	40.9%
PMI Shipments (million units)	3,543	2,458	44.2%
PMI Cigarette Market Share			
<i>Marlboro</i>	9.4%	9.5%	(0.1)
<i>Parliament</i>	7.5%	6.9%	0.6
<i>Virginia S.</i>	3.4%	3.9%	(0.5)
Others	0.6%	0.6%	—
Total	20.9%	20.9%	—

The estimated total cigarette market increased by 40.9%, mainly driven by a favorable comparison with the first quarter of 2015 that was negatively impacted by the disruptive excise tax increase of 120% and related price increases, as well as the reversal of estimated trade inventory built up in the fourth quarter of 2014 in anticipation of the tax increase. Excluding the impact of these estimated inventory movements, the total cigarette market

increased by approximately 14.4%. The increase in PMI's cigarette shipment volume mainly reflected these same dynamics.

In the **Philippines**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Philippines Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	19.7	22.0	(10.8)%
PMI Shipments (million units)	14,474	15,904	(9.0)%
PMI Cigarette Market Share			
<i>Marlboro</i>	27.5%	18.7%	8.8
<i>Fortune</i>	25.0%	27.8%	(2.8)
<i>Jackpot</i>	9.0%	14.2%	(5.2)
Others	12.1%	11.5%	0.6
Total	73.6%	72.2%	1.4

The estimated total cigarette market decreased by 10.8%, mainly due to the impact of price increases, notably in the fourth quarter of 2015 ahead of the January 2016 excise tax increase. The decline in PMI's cigarette shipment volume reflected the impact of these price increases, particularly on its low and super-low price brands, *Fortune* and *Jackpot*. The increase in PMI's cigarette market share in the quarter was driven by *Marlboro*, benefiting from its narrowed price gap with lower-priced brands.

LATIN AMERICA & CANADA REGION

2016 First-Quarter

Reported net revenues of \$650 million decreased by 10.5%. Excluding unfavorable currency of \$183 million and the impact of acquisitions, net revenues increased by 14.7%, driven by favorable pricing of \$79 million, principally in Argentina and Canada, and favorable volume/mix of \$28 million, mainly driven by Mexico, principally reflecting a higher total cigarette market.

Reported operating companies income of \$229 million decreased by 0.4%. Excluding unfavorable currency of \$89 million and the impact of acquisitions, operating companies income increased by 38.3%, principally reflecting favorable pricing, and favorable volume/mix of \$23 million, mainly driven by Mexico, partly offset by higher inflation-driven costs in Argentina.

Adjusted operating companies income and margin are shown in the table below and detailed on Schedule 7. Adjusted operating companies income, excluding unfavorable currency and the impact of acquisitions, increased by 38.3%. Adjusted operating companies income margin, excluding unfavorable currency and the impact of acquisitions, increased by 6.5 points to 38.2%, principally driven by the above-mentioned factors.

<u>Latin America & Canada OCI</u> (in millions)	<u>First-Quarter</u>			<u>Excl. Curr.</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>	
Reported OCI	\$ 229	\$ 230	(0.4)%	38.3%
Asset impairment & exit costs	—	—		
Adjusted OCI	\$ 229	\$ 230	(0.4)%	38.3%
Adjusted OCI Margin*	35.2%	31.7%	3.5	6.5

*Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes.

Latin America & Canada PMI Shipment & Market Share Commentaries

PMI's cigarette shipment volume of 21.7 billion units increased by 2.4%, mainly driven by Mexico, partly offset by Argentina. Shipment volume of *Marlboro* of 8.9 billion units increased by 8.5% and its Regional market share increased by 1.2 points to an estimated 15.9%, primarily driven by Brazil, up by 0.4 points to 10.0%, Colombia, up by 0.4 points to 9.2%, and Mexico, up by 3.2 points to 48.6%, partly offset by Argentina, down by 0.6 points to 24.1%. Shipment volume of *Philip Morris* of 4.6 billion units decreased by 3.8%, mainly due to Argentina.

Latin America & Canada Key Market Commentaries

In **Argentina**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Argentina Key Market Data</u>	<u>First-Quarter</u>		
	<u>2016</u>	<u>2015</u>	<u>Change % / p.p.</u>
Total Cigarette Market (billion units)	9.7	10.3	(5.5)%
PMI Shipments (million units)	7,526	8,123	(7.4)%
PMI Cigarette Market Share			
<i>Marlboro</i>	24.1%	24.7%	(0.6)
<i>Parliament</i>	2.0%	2.2%	(0.2)
<i>Philip Morris</i>	44.8%	44.7%	0.1
Others	6.5%	7.3%	(0.8)
Total	77.4%	78.9%	(1.5)

The estimated total cigarette market decreased by 5.5%, or by 4.3% excluding the unfavorable net impact of trade inventory movements, mainly due to a soft economic environment and the impact of price increases. The decrease in PMI's shipment volume reflected the impact of the same dynamics as for the total market. PMI's lower cigarette market share primarily reflected the growth in competitors' super-low priced products that was fueled by in-switching from illicit trade. PMI's share of the growing capsule segment, up by 2.2 points to represent 18.0% of the total market, increased by 1.3 points to 73.7%.

In **Canada**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Canada Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	5.5	5.5	(0.4)%
PMI Shipments (million units)	2,184	2,053	6.4 %
PMI Cigarette Market Share			
<i>Belmont</i>	3.8%	3.1%	0.7
<i>Canadian Classics</i>	10.9%	10.5%	0.4
<i>Next</i>	11.8%	10.5%	1.3
Others	13.4%	13.3%	0.1
Total	39.9%	37.4%	2.5

The estimated total cigarette market decreased by 0.4%, or increased by 6.0% excluding the unfavorable impact of estimated competitors' trade inventory movements, mainly driven by improved consumer spending. The increase in PMI's cigarette shipment volume was principally driven by higher cigarette market share, largely benefiting from the aforementioned inventory movements.

In **Mexico**, estimated industry size, PMI cigarette shipment volume and market share performance are shown in the table below.

<u>Mexico Key Market Data</u>	<u>First-Quarter</u>		<u>Change</u> <u>% / p.p.</u>
	<u>2016</u>	<u>2015</u>	
Total Cigarette Market (billion units)	8.7	7.5	15.2%
PMI Shipments (million units)	5,982	4,995	19.7%
PMI Cigarette Market Share			
<i>Marlboro</i>	48.6%	45.4%	3.2
<i>Delicados</i>	10.1%	10.9%	(0.8)
<i>Benson & Hedges</i>	4.3%	4.6%	(0.3)
Others	6.0%	5.4%	0.6
Total	69.0%	66.3%	2.7

The estimated total cigarette market increased by 15.2%, or by 3.2% excluding the favorable net impact of estimated trade inventory movements related to the timing of price increases, primarily reflecting improved market conditions and a lower prevalence of illicit trade. The increase in PMI's cigarette shipment volume and market share benefited from the same dynamics as for the total cigarette market.

About Philip Morris International Inc. (“PMI”)

PMI is the world’s leading international tobacco company, with six of the world’s top 15 international brands and products sold in more than 180 markets. 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.

Forward-Looking and Cautionary Statements

This press release contains projections of future results and other forward-looking statements. Achievement of projected 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: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices; increasing marketing and regulatory restrictions, often with the goal of reducing or preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; the effects of global and individual country economic, regulatory and political developments; 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; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems. PMI’s future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize products that have the potential to reduce individual risk and population harm; 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.

PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-K for the year ended December 31, 2015. 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 it may make from time to time, except in the normal course of its public disclosure obligations.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Condensed Statements of Earnings
For the Quarters Ended March 31,
(\$ in millions, except per share data)
(Unaudited)

	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)%
Marketing, administration and research costs	1,496	1,494	
Asset impairment and exit costs	—	—	
Amortization of intangibles	18	22	
Operating Income (2)	2,473	2,871	(13.9)%
Interest expense, net	247	275	
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)	
Net Earnings	1,605	1,834	(12.5)%
Net Earnings attributable to noncontrolling interests	75	39	
Net Earnings attributable to PMI	\$ 1,530	\$ 1,795	(14.8)%
Per share data (3):			
Basic Earnings Per Share	\$ 0.98	\$ 1.16	(15.5)%
Diluted Earnings Per Share	\$ 0.98	\$ 1.16	(15.5)%

(1) The segment detail of Excise Taxes on products sold for the quarters ended March 31, 2016 and 2015 is shown on Schedule 2.

(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 as follows:

	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 above)	46	41	
Plus: Equity (income)/loss in unconsolidated subsidiaries, net	(9)	(23)	
Operating Companies Income	\$ 2,546	\$ 2,957	(13.9)%

(3) Net Earnings and weighted-average shares used in the basic and diluted earnings per share computations for the quarters ended March 31, 2016 and 2015 are shown on Schedule 4, Footnote 1.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

Net Revenues excluding Excise Taxes

	European Union	EEMA	Asia	Latin America & Canada	Total
2016 Net Revenues (1)	\$ 6,143	\$ 3,997	\$ 4,689	\$ 1,959	\$ 16,788
Excise Taxes on products	(4,280)	(2,395)	(2,721)	(1,309)	(10,705)
Net Revenues excluding Excise Taxes	1,863	1,602	1,968	650	6,083
2015 Net Revenues	\$ 6,222	\$ 4,147	\$ 4,764	\$ 2,219	\$ 17,352
Excise Taxes on products	(4,271)	(2,363)	(2,609)	(1,493)	(10,736)
Net Revenues excluding Excise Taxes	1,951	1,784	2,155	726	6,616
Variance					
Currency	(155)	(203)	(150)	(183)	(691)
Acquisitions	—	—	—	—	—
Operations	67	21	(37)	107	158
Variance Total	(88)	(182)	(187)	(76)	(533)
Variance Total (%)	(4.5)%	(10.2)%	(8.7)%	(10.5)%	(8.1)%
Variance excluding Currency	67	21	(37)	107	158
Variance excluding Currency (%)	3.4 %	1.2 %	(1.7)%	14.7 %	2.4 %
Variance excluding Currency & Acquisitions	67	21	(37)	107	158
Variance excluding Currency & Acquisitions (%)	3.4 %	1.2 %	(1.7)%	14.7 %	2.4 %

(1) 2016 Currency decreased Net Revenues as follows:

European Union	\$ (506)
EEMA	(668)
Asia	(400)
Latin America & Canada	(641)
	<u>\$ (2,215)</u>

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

Operating Companies Income

	European Union	EEMA	Asia	Latin America & Canada	Total
2016	\$ 906	\$ 633	\$ 778	\$ 229	\$ 2,546
2015	927	866	934	230	2,957
% Change	(2.3)%	(26.9)%	(16.7)%	(0.4)%	(13.9)%

Reconciliation:

For the quarter ended March 31, 2015	\$ 927	\$ 866	\$ 934	\$ 230	\$ 2,957
2015 Asset impairment and exit costs	—	—	—	—	—
2016 Asset impairment and exit costs	—	—	—	—	—
Acquired businesses	—	—	—	—	—
Currency	(54)	(177)	(63)	(89)	(383)
Operations	33	(56)	(93)	88	(28)
For the quarter ended March 31, 2016	\$ 906	\$ 633	\$ 778	\$ 229	\$ 2,546

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Diluted Earnings Per Share
For the Quarters Ended March 31,
(\$ in millions, except per share data)
(Unaudited)

	Diluted E.P.S.
2016 Diluted Earnings Per Share	\$ 0.98 ⁽¹⁾
2015 Diluted Earnings Per Share	\$ 1.16 ⁽¹⁾
Change	\$ (0.18)
% Change	(15.5)%
Reconciliation:	
2015 Diluted Earnings Per Share	\$ 1.16 ⁽¹⁾
Special Items:	
2015 Asset impairment and exit costs	—
2015 Tax items	—
2016 Asset impairment and exit costs	—
2016 Tax items	—
Currency	(0.19)
Interest	0.01
Change in tax rate	0.03
Impact of shares outstanding and share-based payments	(0.01)
Operations	(0.02)
2016 Diluted Earnings Per Share	\$ 0.98 ⁽¹⁾

(1) Basic and diluted EPS were calculated using the following (in millions):

	Q1 2016	Q1 2015
Net Earnings attributable to PMI	\$ 1,530	\$ 1,795
Less distributed and undistributed earnings attributable to share-based payment awards	5	7
Net Earnings for basic and diluted EPS	\$ 1,525	\$ 1,788
Weighted-average shares for basic and diluted EPS	1,550	1,548

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Condensed Balance Sheets
(\$ in millions, except ratios)
(Unaudited)

	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 2,944	\$ 3,417
All other current assets	12,984	12,387
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
Other assets	1,539	1,503
Total assets	\$ 34,621	\$ 33,956
Liabilities and Stockholders' (Deficit) Equity		
Short-term borrowings	\$ 673	\$ 825
Current portion of long-term debt	2,437	2,405
All other current liabilities	10,981	12,156
Long-term debt	26,683	25,250
Deferred income taxes	1,378	1,543
Other long-term liabilities	3,363	3,253
Total liabilities	45,515	45,432
Total PMI stockholders' deficit	(12,753)	(13,244)
Noncontrolling interests	1,859	1,768
Total stockholders' deficit	(10,894)	(11,476)
Total liabilities and stockholders' (deficit) equity	\$ 34,621	\$ 33,956
Total debt	\$ 29,793	\$ 28,480
Total debt to Adjusted EBITDA	2.70 ⁽¹⁾	2.49 ⁽¹⁾
Net debt to Adjusted EBITDA	2.43 ⁽¹⁾	2.19 ⁽¹⁾

(1) For the calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA ratios, refer to Schedule 10.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

2016							2015			% 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	Reported	
										excluded	excluded	excluded	
										Currency	Currency	Currency	
\$ 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	Reported	Reported	Reported
							excluded	excluded	excluded	excluded	excluded
							Currency	Currency	Currency	Currency	Currency
\$ 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)%	

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions

For the Quarters Ended March 31,

(\$ in millions)

(Unaudited)

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

2016							2015			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency (1)	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions (1)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes (1)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	
\$ 960	\$ 2,018	47.6%	\$ 960	\$ 2,018	47.6%	European Union	\$ 927	\$ 1,951	47.5%	0.1	0.1
810	1,805	44.9%	810	1,805	44.9%	EEMA	866	1,784	48.5%	(3.6)	(3.6)
841	2,118	39.7%	841	2,118	39.7%	Asia	934	2,155	43.3%	(3.6)	(3.6)
318	833	38.2%	318	833	38.2%	Latin America & Canada	230	726	31.7%	6.5	6.5
\$ 2,929	\$ 6,774	43.2%	\$ 2,929	\$ 6,774	43.2%	PMI Total	\$ 2,957	\$ 6,616	44.7%	(1.5)	(1.5)

(1) For the calculation of Net Revenues excluding Excise Taxes, currency and acquisitions, refer to Schedule 6.

PHILIP MORRIS INTERNATIONAL INC.
 and Subsidiaries
 Reconciliation of Non-GAAP Measures
 Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended March 31,
 (Unaudited)

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
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 %

PHILIP MORRIS INTERNATIONAL INC.
 and Subsidiaries
 Reconciliation of Non-GAAP Measures
 Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Quarters Ended March 31,
 (Unaudited)

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Reported Diluted EPS	\$ 0.98	\$ 1.16	(15.5)%
Less:			
Currency impact	<u>(0.19)</u>		
Reported Diluted EPS, excluding Currency	<u>\$ 1.17</u>	<u>\$ 1.16</u>	0.9 %

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)

	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.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
Reconciliation of Operating Cash Flow to Operating Cash Flow, excluding Currency
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

	For the Quarters Ended March 31,		% Change
	2016	2015	
Net cash provided by operating activities (1)	\$ 462	\$ (375)	+100.0%
Less:			
Capital expenditures	226	203	
Free cash flow	\$ 236	\$ (578)	+100.0%
Less:			
Currency impact	785		
Free cash flow, excluding currency	\$ (549)	\$ (578)	5.0%

	For the Quarters Ended March 31,		% Change
	2016	2015	
Net cash provided by operating activities (1)	\$ 462	\$ (375)	+100.0%
Less:			
Currency impact	751		
Net cash provided by operating activities, excluding currency	\$ (289)	\$ (375)	22.9%

(1) Operating cash flow.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS
For the Year Ended December 31,
(Unaudited)

	<u>2015</u>
Reported Diluted EPS	\$ 4.42
Adjustments:	
Asset impairment and exit costs	0.03
Tax items	<u>(0.03)</u>
Adjusted Diluted EPS	<u>\$ 4.42</u>

**Philip Morris International Inc.
2016 First-Quarter Results Conference Call
April 19, 2016**

NICK ROLLI

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a press release containing detailed information on our 2016 first-quarter results. You may access the release on our website at www.pmi.com or the PMI Investor Relations App.

(SLIDE 2.)

During our call today, we will be talking about results for the first quarter of 2016 and comparing them to the same period in 2015, unless otherwise stated.

A glossary of terms, adjustments and other calculations, as well as reconciliations to U.S. GAAP measures, are at the end of today's webcast slides, which are posted on our website. Reduced-Risk Products, or "RRPs," is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes.

(SLIDE 3.)

Today's remarks contain forward-looking statements and projections of future results. I direct your attention to the Forward-Looking and Cautionary Statements disclosure in today's presentation and press release for a review of the various factors that could cause actual results to differ materially from projections or forward-looking statements.

It's now my pleasure to introduce Jacek Olczak, our Chief Financial Officer.

Jacek.

JACEK OLCZAK

(SLIDE 4.)

Thank you Nick, and welcome ladies and gentlemen.

As announced this morning, we are raising our 2016 reported diluted EPS guidance by 15 cents to a range of \$4.40 to \$4.50, at prevailing exchange rates. The revision is driven solely by currency.

Our guidance therefore now includes 45 cents of unfavorable currency and continues to represent a growth rate, excluding currency, of approximately 10% to 12% compared to our adjusted diluted EPS of \$4.42 in 2015.

We expect our currency-neutral adjusted diluted EPS growth in 2016 to be skewed towards the second half of the year, and the fourth quarter in particular.

(SLIDE 5.)

The 15 cent moderation in the currency impact on our guidance reflects the depreciation of the U.S. Dollar against a number of our key currencies since we last provided guidance in mid-February. As shown on this slide, the Indonesian Rupiah, Japanese Yen and Russian Ruble were the principal drivers of the variance.

(SLIDE 6.)

Let me now review our first-quarter results, which, as expected, were heavily impacted by a difficult comparison versus our exceptionally strong first-quarter results in 2015 that masked otherwise solid performance.

Organic cigarette volume in the quarter declined by 1.4%, due mainly to the Asia Region -- principally Indonesia, Pakistan and the Philippines -- partly offset by the EU and LA&C Regions, as well as the favorable estimated impact of the leap year. As a reminder, our organic cigarette volume grew by 1.4% in the first quarter of 2015.

Our cigarette volume benefited from the strong performance of our international brands, with the top seven, including premium-priced *Marlboro* and above-premium *Parliament*, all growing.

For the full year, we continue to forecast a decline in our organic cigarette volume of 1.0% to 1.5%. This compares favorably to our forecast of a cigarette industry volume decline, excluding China and the U.S., of 2.0% to 2.5%.

(SLIDE 7.)

On a currency-neutral basis, we recorded modest net revenue and adjusted diluted EPS growth in the quarter, while adjusted OCI declined slightly.

As seen on this slide, our financial results faced particularly difficult comparisons in the quarter. The comparisons were challenging across all Regions, even Asia, following the first-quarter 2015 gain in Korea related to inventories built ahead of the January 2015 excise tax increase.

(SLIDE 8.)

We recorded a pricing variance of \$272 million in the first quarter, driven by the EU, EEMA and LA&C Regions. Importantly, our pricing variance was slightly positive in the Asia Region, despite the unfavorable comparison related to the gain in Korea last year.

During the quarter, we announced or implemented price increases in a number of markets, notably Argentina, Germany, Indonesia and Russia, as well as others shown on this slide.

For the full year, we continue to anticipate a pricing variance of around 6% of our 2015 net revenues.

(SLIDE 9.)

Our cigarette market share, excluding China and the U.S., declined slightly in the first quarter, due mainly to the Asia Region, notably Indonesia and Japan, partly offset by the EU and LA&C Regions.

Marlboro's market share was stable, on the same basis, with strong growth in the Asia, EU and LA&C Regions, offset by a decline in the EEMA Region, due largely to North Africa.

(SLIDE 10.)

Let me now discuss our Regional results, beginning with the EU, where first-quarter cigarette industry volume increased by 0.6%. This strong industry performance continues to reflect improving economies, notably in Southern Europe, a decline in illicit trade, less out-switching to the fine cut category and a lower prevalence of e-vapor products. We also attribute some of the growth to the estimated favorable impact of immigration in select geographies.

Our positive momentum continued in the quarter, with Regional cigarette share increasing by 0.6 points to 38.7%. *Marlboro*, *L&M* and *Chesterfield* – the top-three selling industry cigarette brands in the Region – all grew share in the quarter, underscoring the broad strength of our portfolio.

(SLIDE 11.)

We are progressing well with the commercialization of *iQOS* in the EU Region.

In Switzerland, *iQOS* is currently present in six key cities, representing approximately one-third of total cigarette industry volume. During the last week of March, we reached a *HeatStick* offtake share of 0.8% in the launch area -- the highest level since the launch last August. At 1.9%, *HeatStick* offtake share

was even higher in the French-speaking part of the launch area, where we have concentrated the majority of our support thus far.

In Italy, *HeatStick* offtake share has been stable at around 0.2% in the expansion area covering Bologna, Milan, Modena, Rome and Turin. We recently launched the latest version of the *iQOS* device and are re-focusing our marketing approach and touch-points to increase the effectiveness of our engagement. This includes the roll-out of *iQOS* Embassies, which leverage the *iQOS* Flagship Store concept that we have successfully deployed in Japan.

(SLIDE 12.)

Turning to the EEMA Region, we faced particularly difficult comparisons this year following currency-neutral net revenue and adjusted OCI growth of 14.1% and 24.3%, respectively, in the first quarter of 2015.

We also faced challenges in some of our key EEMA markets. In Ukraine, the overall economic and geopolitical uncertainty contributed to a very competitive pricing environment, which began in late 2015 and is now starting to improve. In Algeria, sizable excise tax-driven retail price increases over the past year of approximately 21%, on an industry weighted-average basis, put pressure on *Marlboro* share, though this was partly offset by the strong performance of *L&M*.

We expect better performance in these markets as the year unfolds, and remain confident in the outlook for the Region this year.

(SLIDE 13.)

In Russia, cigarette industry volume declined by 6.0% in the quarter, a resilient performance given the significant retail price increases over the past year of approximately 23% on an industry weighted-average basis. For the full year, we maintain our forecast for a cigarette industry volume decline of around 9%.

Our market share declined by 0.2 points to 27.8% in the February quarter-to-date period, which we attribute mainly to price increases for some of our products that reached adult smokers sooner than competitors' price increases. The downtrading in our portfolio from the medium to lower price segments was consistent with the broader industry trend.

Our strong pricing resulted in another quarter of solid double-digit currency-neutral OCI growth, and we are targeting similar growth for the full year on the same basis.

(SLIDE 14.)

In Turkey, cigarette industry volume grew by 11.7% in the first quarter, as the industry continued to benefit from a significant reduction in illicit trade.

Our February quarter-to-date market share increased by 0.6 points to 43.9%, driven by the continued strength of *Marlboro*, which grew by 1.1 points to 10.0%.

Currency-neutral OCI growth in the quarter was exceptional and benefited from our January price increases, as well as higher cigarette volume driven by the growth in both industry volume and market share.

(SLIDE 15.)

Moving to the Asia Region, our financial results were similarly impacted by a difficult comparison, due principally to the gain in Korea that I mentioned earlier.

Beyond this distortion, there were a number of positive developments in the quarter. Notably, *Marlboro's* Regional cigarette market share and volume increased by 0.5 points and 5.1%, respectively.

In Australia, the super-low price segment is showing signs of stabilization and March price increases for cigarette brands in this segment were above the excise tax pass-on. Importantly, we grew our share in the quarter by 1.1 points to 36.4%, driven by *Bond Street* and *choice*.

In the Philippines, price gaps were stable throughout the quarter and represented a significant narrowing compared to the first quarter of 2015. The narrowed price gaps between *Marlboro* and lower-priced brands continue to support our strong overall share, which increased by 1.4 points to 73.6%.

Let me now cover some specific Asia Region markets in more detail.

(SLIDE 16.)

In Indonesia, cigarette industry volume declined by 5.9% in the first quarter, due mainly to the soft economy and the impact of industry weighted-average price increases of around 11% in the quarter, which exceeded the inflation rate of around 4%. The decline also reflects a difficult comparison versus the first quarter of 2015, in which cigarette industry volume grew by 6.0%.

Our market share declined by 1.3 points to 34.1%, due primarily to share loss in the machine-made kretek segment, reflecting the growth of competitors' "plus-4 cigarette" offers -- value propositions with four extra cigarettes per pack. The decline was partly offset by our favorable performance in the hand-rolled kretek segment, where we solidified our leadership position and grew segment share. We expect our share loss this quarter to be a temporary phenomenon, as we have a number of initiatives in place to restore growth, particularly in the machine-made kretek segment.

For the full year, we forecast a cigarette industry volume decline of 1% to 2%, and are targeting double-digit currency-neutral OCI growth.

(SLIDE 17.)

In Japan, cigarette industry volume increased by 2.3% in the first quarter, driven by estimated retail trade inventory movements and adult smoker purchases ahead of price increases for select competitor brands effective April 1st.

Excluding these favorable inventory movements, we estimate that cigarette industry volume was essentially flat.

Our cigarette market share declined by 1.6 points, due to inventory movements, competitors' offerings in the differentiated menthol taste segment and cannibalization by *HeatSticks*. We continue to invest behind a pipeline of innovations for our cigarette brand portfolio, including the national roll-out of *Parliament Crystal Blast* in March.

As you may be aware, last week we submitted an application to the Ministry of Finance for approval to increase the prices of nearly all *Lark* variants and some *Parliament* variants by 10 Yen per pack effective August 1st. These variants represent approximately 45% of our cigarette volume in Japan.

(SLIDE 18.)

We are very excited by the performance of *iQOS* in Japan. As seen on this chart, weekly *HeatStick* offtake share increased steadily through the end of the first quarter, reaching 2.4% in the Expansion Area and 3.4% in Tokyo during the last week of March. On a quarterly basis, we recorded a *HeatStick* offtake share of 1.8% in the Expansion Area and estimate that this equates to a first-quarter national market share of approximately 0.8%.

The positive *HeatStick* offtake share momentum is a clear indicator that *iQOS* is resonating with Japanese adult smokers. Importantly, we are seeing a steady increase in the proportion of *iQOS* purchasers who have predominantly or fully converted to it, reaching approximately 60% in February.

In addition, I am pleased to confirm that yesterday we commenced the full expansion of *iQOS* nationally.

(SLIDE 19.)

Let me conclude my comments on Regional performance with the LA&C Region, where our cigarette volume increased by 2.4% in the quarter, driven principally by Mexico, partly offset by Argentina. Regional market share increased by 1.1 points to 39.3%, reflecting growth in the majority of our key markets. *Marlboro* had a very strong quarter, with share up by 1.2 points and volume growth of 8.5%.

Our strong net revenue and adjusted OCI growth rates, excluding currency, were driven mainly by pricing in Argentina and Canada.

(SLIDE 20.)

In conclusion, our first-quarter results were in line with our expectations, with year-on-year performance adversely impacted by a difficult comparison with the first quarter of 2015. Nevertheless, the underlying fundamentals of our business continue to be strong.

We are making exciting progress with the commercialization of *iQOS*, which is demonstrated, in particular, by the steady weekly growth in *HeatStick* offtake share in Japan. Importantly, our *iQOS* conversion model is clearly working.

We remain focused on generating strong free cash flow and continue to forecast full-year 2016 free cash flow broadly in line with last year's level.

The outlook for 2016 remains strong. To reflect currency movements, we are raising our 2016 reported diluted EPS guidance, which, on a currency-neutral basis, continues to reflect a growth rate of approximately 10% to 12% versus 2015 adjusted diluted EPS of \$4.42.

(SLIDE 21.)

Thank you. I am now happy to answer your questions.

NICK ROLLI

That concludes our call today. Thank you for joining us. If you have any follow-up questions, please contact the Investor Relations team.

Thank you again and have a nice day.



PHILIP MORRIS INTERNATIONAL

2016 First-Quarter Results

April 19, 2016



Introduction

- Unless otherwise stated, we will be talking about results for the first quarter of 2016 and comparing them to the same period in 2015
- A glossary of terms, data tables showing adjustments to net revenues and OCI for currency and acquisitions, asset impairment, exit and other costs, free cash flow calculations, adjustments to EPS, and reconciliations to U.S. GAAP measures, are at the end of today's webcast slides, which are also posted on our website
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. PMI's RRP's are in various stages of development and commercialization, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking cigarettes. Before making any such claims, we will rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and authorization, as is the case in the U.S. today



Forward-Looking and Cautionary Statements

- This presentation and related discussion contain forward-looking statements. Achievement of projected results is subject to risks, uncertainties and inaccurate assumptions, and PMI is identifying important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by PMI
- PMI's business risks include: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices; increasing marketing and regulatory restrictions, often with the goal of reducing or preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; the effects of global and individual country economic, regulatory and political developments; 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; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize products with the potential to reduce exposure to harmful constituents in smoke, individual risk and population harm; 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
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-K for the year ended December 31, 2015. 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 it may make from time to time, except in the normal course of its public disclosure obligations



Raising 2016 EPS Guidance for Currency Only

- Raising 2016 reported diluted EPS guidance to \$4.40 to \$4.50, at prevailing exchange rates, compared to \$4.42 in 2015; revision driven solely by currency
- Guidance now includes 45 cents of unfavorable currency at prevailing exchange rates (vs. 60 cents previously)
- Excluding currency, our guidance continues to represent a growth rate of approximately 10% to 12% compared to adjusted diluted EPS of \$4.42 in 2015
- Expect 2016 currency-neutral adjusted diluted EPS growth to be skewed towards H2, in particular Q4
- Guidance does not include any share repurchases



Currency Impact on PMI EPS Guidance

(\$ per share)

Currency Variance Impact on PMI EPS Guidance (vs. PY)

	<u>February 2016 Guidance</u>	<u>April 2016 Guidance</u>	<u>April vs. February Guidance</u>
Argentine Peso	(0.08)	(0.07)	0.01
Egyptian Pound	(0.03)	(0.04)	(0.01)
Euro	(0.02)	(0.01)	0.01
Indonesian Rupiah	(0.05)	(0.01)	0.04
Japanese Yen	(0.07)	–	0.07
Mexican Peso	(0.03)	(0.03)	–
Russian Ruble	(0.16)	(0.11)	0.05
Turkish Lira	(0.02)	(0.03)	(0.01)
Other	(0.14)	(0.15)	(0.01)
Total Currency Impact	(0.60)	(0.45)	0.15

Source: PMI Financials or estimates

Q1, 2016: Strong Organic Volume Performance From Our Top-Seven International Cigarette Brands

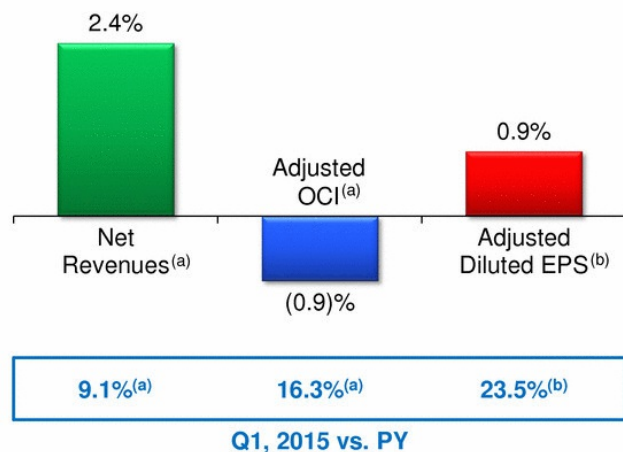
- Difficult comparison vs. exceptionally strong results in Q1, 2015
- Organic cigarette volume down by 1.4%, due mainly to the Asia Region:
 - Indonesia, Pakistan and the Philippines
- Decline partly offset by organic volume growth in the EU and LA&C Regions, and the favorable estimated impact of the leap year
- Strong cigarette volume performance from our international brands:
 - Top seven brands grew volume
 - *Marlboro* and *Parliament* increased by 1.1% and 5.9%, respectively
- Forecast our 2016 organic cigarette volume to decline by 1.0% to 1.5%, and 2016 cigarette industry volume^(a) to decline by 2.0% to 2.5%

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



Q1, 2016: Financial Results Impacted by Difficult Comparisons

Variance (Q1, 2016 vs. PY)



Adjusted OCI Variance vs. PY^(a)

	Q1, 2016	Q1, 2015
EU	3.6 %	12.9 %
EEMA	(6.5)	24.3
Asia	(10.0)	8.0
LA&C	38.3	35.1

(a) Excluding currency and acquisitions
(b) Excluding currency
Source: PMI Financials or estimates



Favorable Pricing Variance in Q1, 2016

- Pricing variance of \$272 million, driven by:
 - EU, EEMA and LA&C Regions
 - Slightly positive variance in the Asia Region, despite unfavorable comparison for Korea
- In Q1, 2016, we announced or implemented price increases in a wide range of markets, notably in Argentina, Australia, Brazil, Canada, Germany, Indonesia, the Netherlands, Poland, Russia, Saudi Arabia and Turkey
- Anticipate 2016 pricing variance to be around 6% of 2015 net revenues



PMI and *Marlboro* Cigarette Market Shares in Q1, 2016

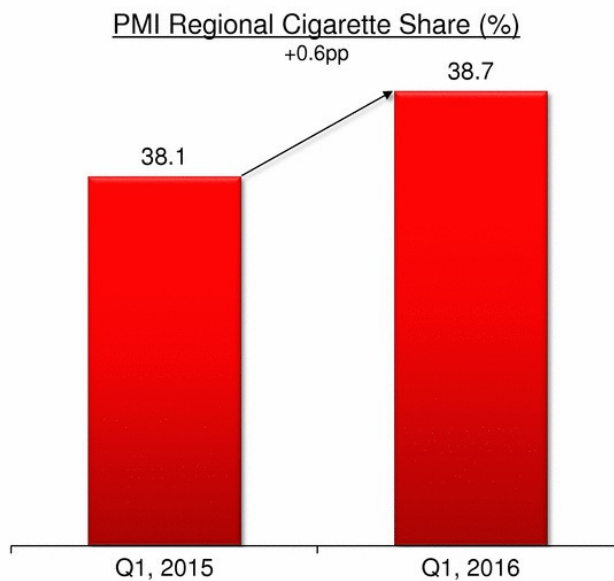
	PMI		<i>Marlboro</i>	
	<u>Q1, 2016</u>	<u>Var. vs. PY</u>	<u>Q1, 2016</u>	<u>Var. vs. PY</u>
EU	38.7%	0.6 pp	19.1%	0.4 pp
EEMA	25.0	(0.1)	6.6	(1.1)
Asia ^(a)	23.8	(1.0)	6.6	0.5
LA&C	39.3	1.1	15.9	1.2
Total PMI^{(a)(b)}	28.0	(0.2)	9.5	—

(a) Excluding China
(b) Also excluding the U.S.
Source: PMI Financials or estimates



EU Region: Strong Performance Continued in Q1, 2016

- Cigarette industry volume up by 0.6%
- Continued cigarette share growth from the top-three selling industry brands in the Region:
 - *Marlboro* (+0.4pp to 19.1%)
 - *L&M* (+0.2pp to 7.0%)
 - *Chesterfield* (+0.2pp to 6.0%)



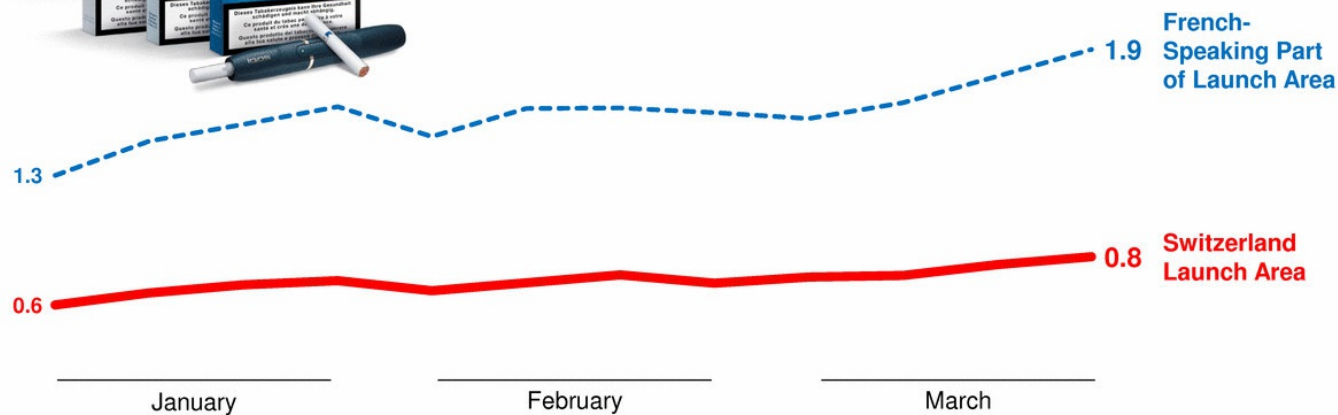


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INTERNATIONAL

EU Region: Commercialization of *iQOS* is Progressing Well



Switzerland: Weekly *HeatStick* Offtake Share (%)
(Q1, 2016)



Note: Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. Offtake share represents *HeatStick* sales volume as a percentage of the total estimated retail sales volume for cigarettes and *HeatSticks* in the six-city launch area (representing approximately one-third of total cigarette industry volume). Switzerland Launch Area: Basel, Bern, Geneva, Lausanne, Neuchâtel and Zurich. French-Speaking Part of Launch Area: Geneva, Lausanne and Neuchâtel
Source: PMI Financials or estimates



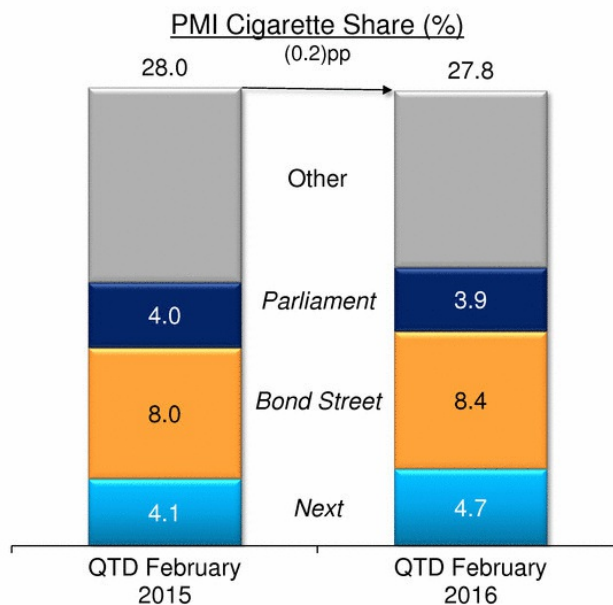
EEMA Region: Confident in the Full-Year 2016 Outlook

- Difficult Q1 comparison vs. exceptionally strong financial results in Q1, 2015
- Ukraine: very competitive pricing environment, though starting to improve
- Algeria: sizable excise tax-driven retail price increases over the past year putting pressure on *Marlboro* share; partly offset by strong performance of *L&M*
- Remain confident in the full-year 2016 outlook



Russia: Resilient Cigarette Industry Volume

- Resilient cigarette industry volume, down by 6.0% in Q1, 2016
- Forecast 2016 cigarette industry volume decline of around 9%
- PMI share impacted mainly by timing of competitor price increases
- Solid double-digit OCI growth in Q1, 2016, ex-currency, driven by strong pricing. Target similar growth for the full year

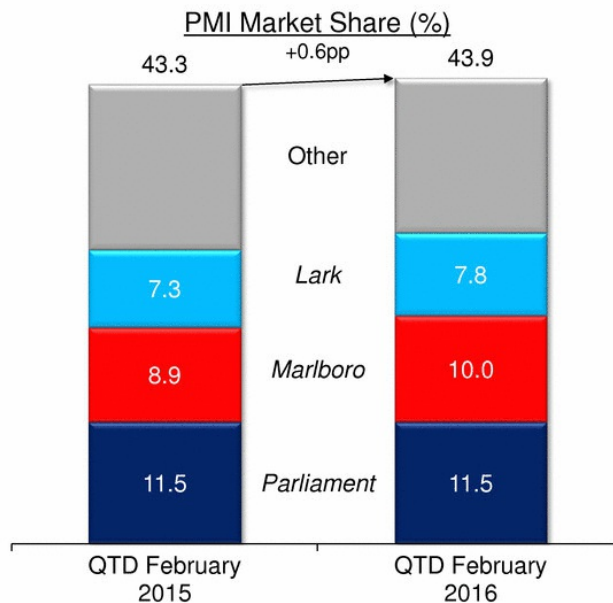


Note: Next market share includes Next by Dubliss
Source: PMI Financials or estimates, and Nielsen



Turkey: Cigarette Industry Growth Supporting Strong Performance

- Cigarette industry volume up by 11.7% in Q1, 2016, driven mainly by a significant reduction in illicit trade
- Share growth driven by *Marlboro*
- Exceptional adjusted OCI growth in Q1, 2016, ex-currency, driven by:
 - January price increases
 - Higher cigarette volume

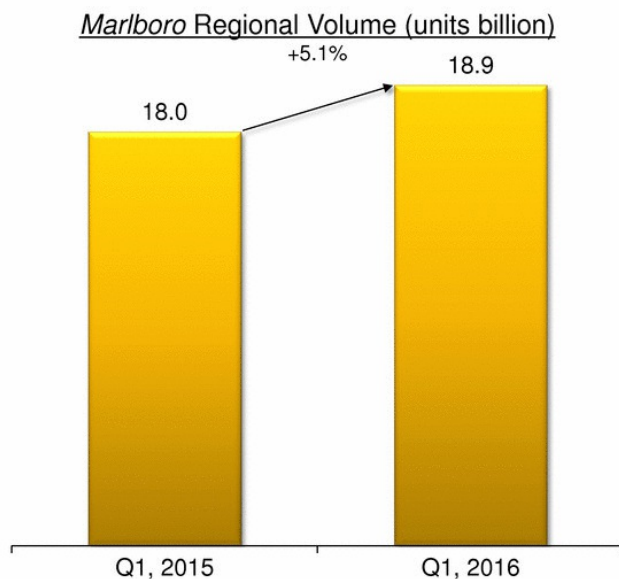


Source: PMI Financials or estimates, and Nielsen



Asia Region: Q1, 2016 Performance Impacted by Korea

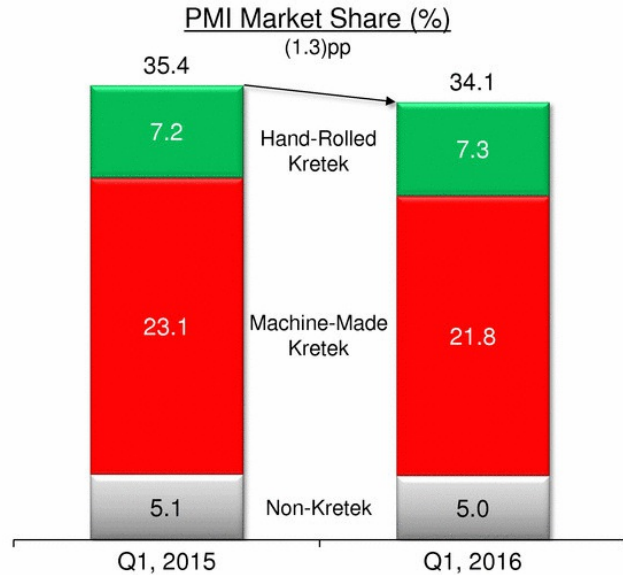
- Financial results impacted by Q1, 2015 gain in Korea
- *Marlboro* share up by 0.5 points^(a)
- Australia:
 - Super-low price segment showing signs of stabilization; recent price increases above excise tax pass-on
 - PMI share grew by 1.1 points to 36.4%, driven by *Bond Street* and *choice*
- Philippines:
 - Narrowed price gaps supporting our share growth of 1.4 points to 73.6%



(a) Excluding China
Source: PMI Financials or estimates, and InfoView Technologies Pty Ltd.

Indonesia: Despite Challenging Quarter, Target Double-Digit OCI Growth, Ex-Currency, for the Full-Year

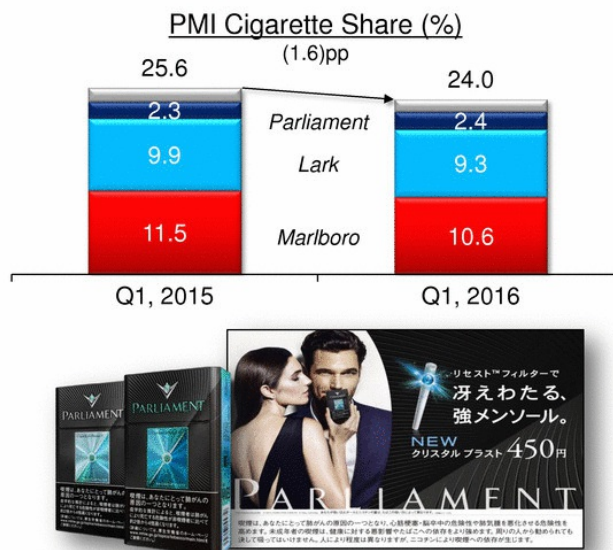
- Cigarette industry volume declined by 5.9% in Q1, 2016
- PMI share under pressure in Q1, 2016:
 - Share loss in the machine-made kretek segment due to the growth of competitors' "plus-4 cigarette" offers
 - Partly offset by our favorable performance in the hand-rolled kretek segment
- Initiatives in place to restore share growth
- Forecast 2016 cigarette industry volume to decline by 1% to 2%
- Target double-digit OCI growth in 2016, ex-currency





Japan: Cigarette Market Share Under Pressure in Q1, 2016

- Cigarette industry volume up by 2.3%, and essentially flat excluding inventory movements^(a)
- PMI cigarette share impacted by:
 - Inventory movements
 - Competitors' offerings in the differentiated menthol taste segment
 - Cannibalization by *HeatSticks*
- National roll-out of *Parliament Crystal Blast* in March
- Submitted application to Ministry of Finance for approval to increase prices for nearly all *Lark* and some *Parliament* variants by JPY 10/pack effective August 1st

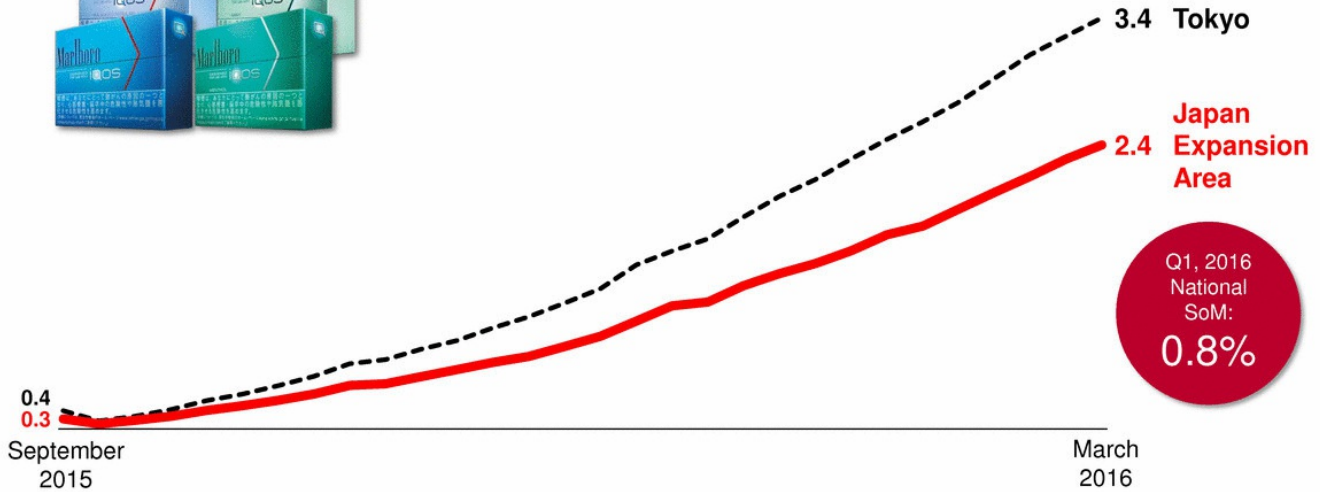


(a) Mainly related to estimated retail trade inventory movements and adult smoker purchases in Q1, 2016, ahead of price increases for select competitor brands effective April 1st
 Note: Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes
 Source: PMI Financials or estimates, and Tobacco Institute of Japan

Japan: HeatStick Offtake Share Growth Continues



Weekly Offtake Share (%)

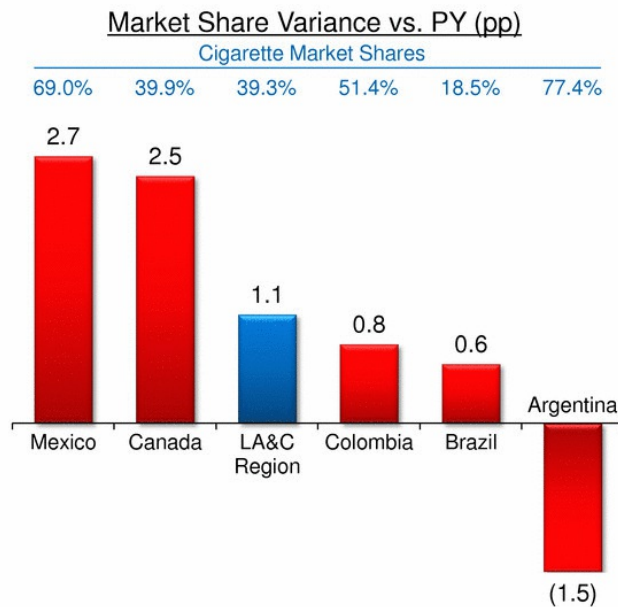


Note: Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. Offtake share represents select C-Store sales volume for HeatSticks as a percentage of the total estimated retail sales volume for cigarettes and HeatSticks. Source: PMI Financials or estimates, and Tobacco Institute of Japan



LA&C Region: Strong Overall Performance in Q1, 2016

- PMI cigarette volume up by 2.4%, driven by Mexico, partially offset by Argentina
- Strong performance of *Marlboro*:
 - Share growth of 1.2 points to 15.9%
 - Volume up by 8.5%
- Impressive growth rates in net revenues and adjusted OCI, ex-currency, driven mainly by pricing in Argentina and Canada



Source: PMI Financials or estimates



Conclusion: Outlook for 2016 Remains Strong

- Q1, 2016 results in line with our expectations, reflecting a difficult comparison
- Underlying business fundamentals continue to be strong
- Exciting progress with *iQOS* commercialization, as demonstrated by the continued *HeatStick* offtake share growth in Japan
- Forecast 2016 free cash flow to be broadly in line with that of 2015
- Raising EPS guidance solely due to an improved currency environment. Ex-currency, our guidance continues to represent a growth rate of approximately 10% to 12% compared to adjusted diluted EPS of \$4.42 in 2015



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2016 First-Quarter Results

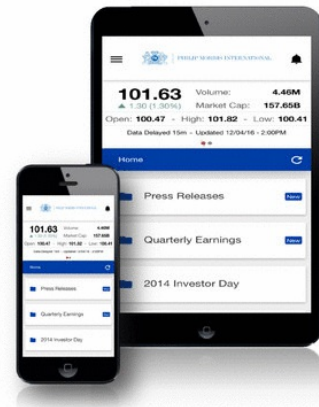
Questions & Answers

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PHILIP MORRIS INTERNATIONAL

Glossary and Reconciliation of Non-GAAP Measures





Glossary: General Terms

- PMI stands for 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")
- Unless otherwise stated, results are compared to those of the same period in the preceding year
- PMI volumes refer to PMI cigarette shipment data, unless otherwise stated
- Organic volume refers to volume excluding acquisitions
- References to total international cigarette market, defined as worldwide cigarette volume excluding the U.S., total cigarette market, total market and market shares are PMI tax-paid estimates based on the latest available data from a number of internal and external sources and may, in defined instances, exclude China and/or PMI's duty free business
- Trademarks are italicized



Glossary: Financial Terms

- Net revenues exclude excise taxes
- Operating Companies Income, or "OCI", is defined as operating income, excluding general corporate expenses and the amortization of intangibles, plus equity (income) or loss in unconsolidated subsidiaries, net
- Adjusted OCI is defined as reported OCI adjusted for asset impairment, exit and other costs
- OCI growth rates are on an adjusted basis
- EPS stands for Earnings per Share
- Free cash flow is defined as net cash provided by operating activities less capital expenditures



Glossary: Industry/Market Terms

- EEMA refers to the Eastern Europe, Middle East & Africa Region and includes our international duty free business
- EU refers to the European Union Region
- LA&C refers to the Latin America & Canada Region
- SoM stands for Share of Market



Glossary: Reduced-Risk Products

- An e-vapor product is an electrical product that generates an aerosol by heating a nicotine or non-nicotine containing liquid, such as electronic cigarettes (or "e-cigarettes")
- *HeatStick* tobacco sticks are novel patented tobacco products specifically designed by PMI for use with PMI's *iQOS* system. The tobacco in the *HeatStick* is heated by our *iQOS* technology to provide adult smokers with real tobacco taste and satisfaction without combustion
- *iQOS* is the new brand name under which PMI has chosen to commercialize its Platform 1 controlled heating device
- "Converted *iQOS* Users" means the estimated number of Legal Age (minimum 18-year-old) *iQOS* users that used *HeatSticks* for 95% or more of their daily tobacco consumption over the past seven days
- "Predominant *iQOS* Users" means the estimated number of Legal Age (minimum 18-year-old) *iQOS* users that used *HeatSticks* for between 70% and 94.9% of their daily tobacco consumption over the past seven days
- Reduced-Risk Products ("RRPs") is the term the company uses to refer to products with the potential to reduce individual risk and population harm in comparison to smoking cigarettes. PMI's RRP's are in various stages of development and commercialization, and we are conducting extensive and rigorous scientific studies to determine whether we can support claims for such products of reduced exposure to harmful and potentially harmful constituents in smoke, and ultimately claims of reduced disease risk, when compared to smoking cigarettes. Before making any such claims, we will rigorously evaluate the full set of data from the relevant scientific studies to determine whether they substantiate reduced exposure or risk. Any such claims may also be subject to government review and authorization, as is the case in the U.S. today

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS
For the Year Ended December 31,
(Unaudited)

	<u>2015</u>
Reported Diluted EPS	\$ 4.42
Adjustments:	
Asset impairment and exit costs	0.03
Tax items	<u>(0.03)</u>
Adjusted Diluted EPS	<u>\$ 4.42</u>

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

2016							2015							% 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				
\$ 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 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)%							

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
 Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Quarters Ended March 31,
 (\$ in millions)
 (Unaudited)

2016							2015							% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions				
\$ 906	\$ -	\$ 906	\$ (54)	\$ 960	\$ -	\$ 960	European Union	\$ 927	\$ -	\$ 927	(2.3)%	3.6%	3.6%			
633	-	633	(177)	810	-	810	EEMA	866	-	866	(26.9)%	(6.5)%	(6.5)%			
778	-	778	(83)	841	-	841	Asia	934	-	934	(16.7)%	(10.0)%	(10.0)%			
229	-	229	(89)	318	-	318	Latin America & Canada	230	-	230	(0.4)%	38.3%	38.3%			
\$ 2,546	\$ -	\$ 2,546	\$ (383)	\$ 2,929	\$ -	\$ 2,929	PMI Total	\$ 2,957	\$ -	\$ 2,957	(13.9)%	(0.9)%	(0.9)%			

2016							2015							% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency ^(a)	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ^(a)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	Adjusted Operating Companies Income	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ^(a)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions				
\$ 960	\$ 2,018	47.6%	\$ 960	\$ 2,018	47.6%	European Union	\$ 927	\$ 1,951	47.5%	0.1	0.1				
810	1,805	44.9%	810	1,805	44.9%	EEMA	866	1,784	48.5%	(3.6)	(3.6)				
841	2,118	39.7%	841	2,118	39.7%	Asia	934	2,155	43.3%	(3.6)	(3.6)				
318	833	38.2%	318	833	38.2%	Latin America & Canada	230	726	31.7%	6.5	6.5				
\$ 2,929	\$ 6,774	43.2%	\$ 2,929	\$ 6,774	43.2%	PMI Total	\$ 2,957	\$ 6,616	44.7%	(1.5)	(1.5)				

(a) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to previous slide

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended March 31,
(Unaudited)

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
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	<u>\$ 1.17</u>	<u>\$ 1.16</u>	0.9%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Quarters Ended March 31,
(Unaudited)

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Reported Diluted EPS	\$ 0.98	\$ 1.16	(15.5)%
Less:			
Currency impact	<u>(0.19)</u>	<u> </u>	
Reported Diluted EPS, excluding Currency	<u>\$ 1.17</u>	<u>\$ 1.16</u>	0.9%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

2015								2014								% 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					
\$ 6,222	\$ 4,271	\$ 1,951	\$ (287)	\$ 2,238	\$ 7	\$ 2,231	European Union	\$ 6,915	\$ 4,839	\$ 2,076	(6.0)%	7.8%	7.5%					
4,147	2,363	1,784	(436)	2,220	-	2,220	EEMA	4,266	2,320	1,946	(8.3)%	14.1%	14.1%					
4,764	2,609	2,155	(128)	2,283	-	2,283	Asia	4,475	2,293	2,182	(1.2)%	4.8%	4.8%					
2,219	1,493	726	(88)	814	1	813	Latin America & Canada	2,123	1,410	713	1.8%	14.2%	14.0%					
\$ 17,352	\$ 10,736	\$ 6,616	\$ (938)	\$ 7,555	\$ 8	\$ 7,547	PMI Total	\$ 17,779	\$ 10,862	\$ 6,917	(4.4)%	9.2%	9.1%					

2015								2014								% 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						
\$ 927		\$ (194)	\$ 1,121	\$ -	\$ 1,121	European Union		\$ 993	(6.6)%	12.9%	12.9%							
866		(268)	1,134	-	1,134	EEMA		912	(5.0)%	24.3%	24.3%							
934		(79)	1,013	-	1,013	Asia		915	2.1%	10.7%	10.7%							
230		(44)	274	1	273	Latin America & Canada		202	13.9%	35.6%	35.1%							
\$ 2,957		\$ (585)	\$ 3,542	\$ 1	\$ 3,541	PMI Total		\$ 3,022	(2.2)%	17.2%	17.2%							

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
 Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Quarters Ended March 31,
 (\$ in millions)
 (Unaudited)

2015							2014							% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions				
\$ 927	\$ -	\$ 927	\$ (194)	\$ 1,121	\$ -	\$ 1,121	European Union	\$ 993	\$ -	\$ 993	(6.6)%	12.9%	12.9%			
866	-	866	(268)	1,134	-	1,134	EEMA	912	-	912	(5.0)%	24.3%	24.3%			
934	-	934	(79)	1,013	-	1,013	Asia	915	(23)	938	(0.4)%	8.0%	8.0%			
230	-	230	(44)	274	1	273	Latin America & Canada	202	-	202	13.9%	35.6%	35.1%			
\$ 2,957	\$ -	\$ 2,957	\$ (585)	\$ 3,542	\$ 1	\$ 3,541	PMI Total	\$ 3,022	\$ (23)	\$ 3,045	(2.9)%	16.3%	16.3%			

2015							2014							% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency ^(a)	Adjusted Operating Companies Income excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ^(a)	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	Adjusted Operating Companies Income	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ^(a)	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions				
\$ 1,121	\$ 2,238	50.1%	\$ 1,121	\$ 2,231	50.2%	European Union	\$ 993	\$ 2,076	47.8%	2.3	2.4				
1,134	2,220	51.1%	1,134	2,220	51.1%	EEMA	912	1,946	46.9%	4.2	4.2				
1,013	2,283	44.4%	1,013	2,283	44.4%	Asia	938	2,182	43.0%	1.4	1.4				
274	814	33.7%	273	813	33.6%	Latin America & Canada	202	713	28.3%	5.4	5.3				
\$ 3,542	\$ 7,555	46.9%	\$ 3,541	\$ 7,547	46.9%	PMI Total	\$ 3,045	\$ 6,917	44.0%	2.9	2.9				

(a) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to previous slide

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended March 31,
(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.16	\$ 1.18	(1.7)%
Adjustments:			
Asset impairment and exit costs	-	0.01	
Tax items	-	-	
Adjusted Diluted EPS	\$ 1.16	\$ 1.19	(2.5)%
Less:			
Currency impact	(0.31)		
Adjusted Diluted EPS, excluding Currency	<u>\$ 1.47</u>	<u>\$ 1.19</u>	23.5%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
 Reconciliation of Operating Cash Flow to Operating Cash Flow, excluding Currency
For the Quarters Ended March 31,
 (\$ in millions)
 (Unaudited)

	For the Quarters Ended		
	March 31,		% Change
	2016	2015	
Net cash provided by operating activities^(a)	\$ 462	\$ (375)	+100.0%
Less:			
Capital expenditures	226	203	
Free cash flow	\$ 236	\$ (578)	+100.0%
Less:			
Currency impact	785		
Free cash flow, excluding currency	\$ (549)	\$ (578)	5.0%

	For the Quarters Ended		
	March 31,		% Change
	2016	2015	
Net cash provided by operating activities^(a)	\$ 462	\$ (375)	+100.0%
Less:			
Currency impact	751		
Net cash provided by operating activities, excluding currency	\$ (289)	\$ (375)	22.9%

(a) Operating Cash Flow



PHILIP MORRIS INTERNATIONAL

2016 First-Quarter Results

April 19, 2016



