

**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): October 17, 2013

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 October 17, 2013, Philip Morris International Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2013 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 October 17, 2013 (furnished pursuant to Item 2.02)

99.2 Conference Call Script dated October 17, 2013 (furnished pursuant to Item 2.02)

99.3 Webcast Slides dated October 17, 2013 (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: October 17, 2013

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Philip Morris International Inc. Press Release dated October 17, 2013 (furnished pursuant to Item 2.02) |
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| 99.3 | Webcast Slides dated October 17, 2013 (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 2013 THIRD-QUARTER RESULTS;
REVISES 2013 FULL-YEAR REPORTED DILUTED EPS FORECAST TO A RANGE OF \$5.35 TO \$5.40

Third-Quarter 2013

- Reported diluted earnings per share of \$1.44, up by \$0.12 or 9.1% versus \$1.32 in 2012
 - Excluding unfavorable currency of \$0.09, reported diluted earnings per share up by \$0.21 or 15.9% versus \$1.32 in 2012 as detailed in the attached Schedule 13
- Adjusted diluted earnings per share of \$1.44, up by \$0.06 or 4.3% versus \$1.38 in 2012
 - Excluding unfavorable currency of \$0.09, adjusted diluted earnings per share up by \$0.15 or 10.9% versus \$1.38 in 2012 as detailed in the attached Schedule 12
- Cigarette shipment volume of 223.1 billion units, down by 5.7%
 - Cigarette shipment volume decrease of 4.1%, excluding the Philippines
- Reported net revenues, excluding excise taxes, of \$7.9 billion, up by 0.1%
 - Excluding unfavorable currency, reported net revenues, excluding excise taxes, up by 1.6%
- Reported operating companies income of \$3.7 billion, down by 1.0%
 - Excluding unfavorable currency, reported operating companies income up by 3.3%
- Adjusted operating companies income of \$3.7 billion, down by 1.9%
 - Excluding unfavorable currency, adjusted operating companies income up by 2.4%
- Reported operating income of \$3.6 billion, down by 0.8%
- Increased its regular quarterly dividend by 10.6% to an annualized rate of \$3.76 per common share
- Repurchased 16.7 million shares of the company's common stock for \$1.5 billion

Nine Months Year-to-Date 2013

- Reported diluted earnings per share of \$4.02, up by \$0.10 or 2.6% versus \$3.92 in 2012
 - Excluding unfavorable currency of \$0.23, reported diluted earnings per share up by \$0.33 or 8.4% versus \$3.92 in 2012 as detailed in the attached Schedule 17
 - Adjusted diluted earnings per share of \$4.03, up by \$0.04 or 1.0% versus \$3.99 in 2012
 - Excluding unfavorable currency of \$0.23, adjusted diluted earnings per share up by \$0.27 or 6.8% versus \$3.99 in 2012 as detailed in the attached Schedule 16
 - Cigarette shipment volume of 657.0 billion units, down by 5.3%
 - Cigarette shipment volume decrease of 3.0%, excluding the Philippines
 - Reported net revenues, excluding excise taxes, of \$23.4 billion, down by 0.3%
 - Excluding unfavorable currency, reported net revenues, excluding excise taxes, up by 1.7%
-

- Reported operating companies income of \$10.5 billion, down by 2.9%
 - Excluding unfavorable currency, reported operating companies income up by 1.0%
- Adjusted operating companies income, reflecting the items detailed in the attached Schedule 15, of \$10.5 billion, down by 3.3%
 - Excluding unfavorable currency, adjusted operating companies income up by 0.6%
- Reported operating income of \$10.3 billion, down by 3.0%
- Repurchased 50.1 million shares of the company's common stock for \$4.5 billion

Full-Year 2013

- PMI revises its 2013 full-year reported diluted earnings per share forecast to be in a range of \$ 5.35 to \$5.40, versus \$5.17 in 2012
 - This forecast includes the unfavorable special tax item of \$0.01 per share associated with the enactment of the American Taxpayer Relief Act of 2012 reported in the first quarter of 2013, an anticipated 2013 fourth-quarter charge, related to a previously announced organizational restructuring, of approximately \$0.03 per share, and reflects a cautious outlook regarding certain markets
 - Excluding an unfavorable currency impact, at prevailing exchange rates, of approximately \$ 0.33 for the full-year 2013, and the aforementioned tax item and restructuring charge, reported diluted earnings per share are projected to increase by approximately 10% versus adjusted diluted earnings per share of \$5.22 in 2012 as detailed in the attached Schedule 20

NEW YORK, October 17, 2013 - Philip Morris International Inc. (NYSE / Euronext Paris: PM) today announced its 2013 third-quarter results.

“Our strong EPS and cash flow performance this quarter primarily reflected robust pricing. Our share momentum, particularly in the EU, partially offset weaker industry volumes,” said André Calantzopoulos, Chief Executive Officer.

“While the evolution of the macro-economic environment and tax-paid cigarette industry volume remain a challenge, our business fundamentals are solid and we continue to anticipate a strong final quarter.”

“Our confidence in these fundamentals was further reflected in our announcement during the quarter of an increase in our regular quarterly dividend of 10.6%. Since the spin-off, we have increased the dividend every year by an accumulated 104.3% to reach an annualized rate of \$3.76 per common share.”

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 October 17, 2013. Access is available at www.pmi.com/webcasts.

Dividends and Share Repurchase Program

During the quarter, PMI declared a regular quarterly dividend of \$0.94, representing an annualized rate of \$3.76 per common share, and spent \$1.5 billion to repurchase 16.7 million shares, as shown in the table below.

Current \$18 Billion, Three-Year Program

| | <u>Value</u> <u>(\$ Mio.)</u> | <u>Shares</u> <u>000</u> |
|----------------------------|--|---|
| August - December 2012 | \$ 2,853 | 32,206 |
| January - March 2013 | 1,500 | 16,685 |
| April - June 2013 | 1,545 | 16,665 |
| July - September 2013 | 1,455 | 16,717 |
| Total Under Program | \$ 7,353 | 82,273 |

Since May 2008, when PMI began its first share repurchase program, the company has spent an aggregate of \$32.4 billion to repurchase 539.0 million shares at an average price of \$60.02 per share, or 25.6% of the shares outstanding at the time of the spin-off in March 2008.

Acquisitions and Agreements

The previously announced sale by Grupo Carso, S.A.B. de C. V. to PMI of its 20% interest in PMI's Mexican tobacco business was completed on September 30, 2013, with the approval of the Mexican antitrust authority, for \$703 million. The transaction, which resulted in PMI owning 100% of its Mexican business, is projected to be marginally accretive to PMI's earnings per share as of the fourth quarter of 2013.

On September 30, 2013, PMI announced its entry into a definitive agreement to acquire 49% of the shares of United Arab Emirates-based Arab Investors-TA (FZC) ("AITA") for \$625 million. Through its acquisition of 49% of the shares of AITA, PMI will secure an almost 25% economic interest in the Société des Tabacs Algéro-Emiratie, a joint venture which is 51% owned by AITA and 49% by the Algerian state-owned Société Nationale des Tabacs et Allumettes SpA. This equity investment in AITA will provide PMI with enhanced earnings from Algeria and is projected to be accretive to PMI's earnings per share as of 2014.

2013 Full-Year Forecast

PMI revises its 2013 full-year reported diluted earnings per share forecast to be in a range of \$ 5.35 to \$5.40, versus \$5.17 in 2012. This forecast includes the unfavorable special tax item of \$0.01 per share associated with the enactment of the American Taxpayer Relief Act of 2012 reported in the first quarter of 2013, an anticipated 2013 fourth-quarter charge, related to a previously announced organizational restructuring, of approximately \$0.03 per share, and reflects a cautious outlook regarding certain markets.

Excluding an unfavorable currency impact, at prevailing exchange rates, of approximately \$ 0.33 for the full-year 2013, and the aforementioned tax item and restructuring charge, reported diluted earnings per share are projected to increase by approximately 10% versus adjusted diluted earnings per share of \$5.22 in 2012 as detailed in the attached Schedule 20.

This forecast includes a one-year gross productivity and cost savings target for 2013 of approximately \$300 million and a share repurchase target for 2013 of \$6.0 billion.

This forecast excludes the impact of any potential future acquisitions, unanticipated asset impairment and exit cost charges, future changes in currency exchange rates and any unusual events.

The factors described in the Forward-Looking and Cautionary Statements section of this release represent continuing risks to these projections.

2013 THIRD-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 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. 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 before general corporate expenses and the amortization of intangibles. PMI's management evaluates business segment performance and allocates resources based on OCI. 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), earnings before interest, taxes, depreciation, and amortization, or "EBITDA," 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 considered neither 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 release.

NET REVENUES

| | <u>PMI Net Revenues (\$ Millions)</u> | | | | <u>Nine Months Year-to-Date</u> | | | |
|---|---------------------------------------|-----------------|---------------|------------------------|---------------------------------|------------------|---------------|------------------------|
| | <u>Third-Quarter</u> | | | <u>Excl. Curr.</u> | | | | <u>Excl. Curr.</u> |
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | | <u>2013</u> | <u>2012</u> | <u>Change</u> | |
| European Union | \$ 2,281 | \$ 2,125 | 7.3 % | 1.8 % | \$ 6,457 | \$ 6,463 | (0.1)% | (1.9)% |
| Eastern Europe, Middle East & Africa | 2,285 | 2,207 | 3.5 % | 3.9 % | 6,509 | 6,193 | 5.1 % | 5.9 % |
| Asia | 2,543 | 2,761 | (7.9)% | (0.8)% | 8,025 | 8,393 | (4.4)% | 1.1 % |
| Latin America & Canada | 818 | 827 | (1.1)% | 2.9 % | 2,437 | 2,439 | (0.1)% | 3.2 % |
| Total PMI | \$ 7,927 | \$ 7,920 | 0.1 % | 1.6 % | \$ 23,428 | \$ 23,488 | (0.3)% | 1.7 % |

Net revenues of \$7.9 billion were up by 0.1%, including unfavorable currency of \$120 million. Excluding currency, net revenues increased by 1.6%, driven by favorable pricing of \$488 million across all Regions, partially offset by unfavorable volume/mix of \$361 million.

OPERATING COMPANIES INCOME

| | <u>PMI Operating Companies Income (\$ Millions)</u> | | | | <u>Nine Months Year-to-Date</u> | | | |
|---|---|-----------------|---------------|------------------------|---------------------------------|------------------|---------------|------------------------|
| | <u>Third-Quarter</u> | | | <u>Excl. Curr.</u> | | | | <u>Excl. Curr.</u> |
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | | <u>2013</u> | <u>2012</u> | <u>Change</u> | |
| European Union | \$ 1,207 | \$ 1,085 | 11.2 % | 5.4 % | \$ 3,227 | \$ 3,232 | (0.2)% | (1.8)% |
| Eastern Europe, Middle East & Africa | 1,088 | 1,047 | 3.9 % | 7.0 % | 2,968 | 2,805 | 5.8 % | 8.1 % |
| Asia | 1,097 | 1,297 | (15.4)% | (1.7)% | 3,567 | 4,068 | (12.3)% | (2.7)% |
| Latin America & Canada | 267 | 267 | — % | 4.9 % | 776 | 753 | 3.1 % | 6.4 % |
| Total PMI | \$ 3,659 | \$ 3,696 | (1.0)% | 3.3 % | \$ 10,538 | \$ 10,858 | (2.9)% | 1.0 % |

Reported operating companies income of \$3.7 billion was down by 1.0%, including unfavorable currency of \$160 million. Excluding currency, operating companies income increased by 3.3%, reflecting favorable pricing, partly offset by unfavorable volume/mix of \$289 million, primarily in the Philippines and Russia.

Adjusted operating companies income decreased by 1.9% as shown in the table below and detailed in Schedule 11. Adjusted operating companies income, excluding unfavorable currency, increased by 2.4%.

PMI Operating Companies Income (\$ Millions)

| | <u>Third-Quarter</u> | | | <u>Nine Months Year-to-Date</u> | | |
|-------------------------------|----------------------|-----------------|----------------|---------------------------------|------------------|----------------|
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | <u>2013</u> | <u>2012</u> | <u>Change</u> |
| Reported OCI | \$ 3,659 | \$ 3,696 | (1.0)% | \$ 10,538 | \$ 10,858 | (2.9)% |
| Asset impairment & exit costs | — | (34) | | (8) | (50) | |
| Adjusted OCI | \$ 3,659 | \$ 3,730 | (1.9) % | \$ 10,546 | \$ 10,908 | (3.3) % |
| Adjusted OCI Margin* | 46.2% | 47.1% | (0.9) p.p. | 45.0% | 46.4% | (1.4) p.p. |

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

Adjusted operating companies income margin, excluding unfavorable currency, increased by 0.4 points to 47.5%, as detailed in Schedule 11.

SHIPMENT VOLUME & MARKET SHARE

PMI Cigarette Shipment Volume (Million Units)

| | <u>Third-Quarter</u> | | | <u>Nine Months Year-to-Date</u> | | |
|---|----------------------|----------------|----------------|---------------------------------|----------------|----------------|
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | <u>2013</u> | <u>2012</u> | <u>Change</u> |
| European Union | 48,969 | 51,629 | (5.2)% | 140,659 | 151,222 | (7.0)% |
| Eastern Europe, Middle East & Africa | 76,902 | 81,388 | (5.5)% | 220,034 | 226,472 | (2.8)% |
| Asia | 73,296 | 79,507 | (7.8)% | 226,503 | 244,009 | (7.2)% |
| Latin America & Canada | 23,957 | 24,007 | (0.2)% | 69,774 | 72,214 | (3.4)% |
| Total PMI | 223,124 | 236,531 | (5.7) % | 656,970 | 693,917 | (5.3) % |

2013 Third-Quarter

PMI's cigarette shipment volume of 223.1 billion units decreased by 5.7%, or 13.4 billion units, due principally to a total industry volume decline. The decrease in PMI's cigarette shipment volume mainly reflected: in the EU, the unfavorable impact of excise tax-driven price increases, the weak economic and employment environment, the share growth of the other tobacco products (OTP) category, and the prevalence of non-duty paid products; in EEMA, the impact of price increases in Russia in the first and third quarters of 2013, an increase in illicit trade and a weak economy; and, in Asia, the unfavorable impact of the disruptive January 2013 excise tax increase in the Philippines, and lower share and the reversal of trade inventory movements in Pakistan following the excise tax increase in the second quarter of 2013, partly offset by Indonesia. Excluding the Philippines, PMI's cigarette shipment volume decreased by 4.1%. On a nine months year-to-date basis, PMI's cigarette shipment volume decreased by 3.0%, excluding the Philippines.

Total cigarette shipments of *Marlboro* of 75.2 billion units decreased by 2.5%, due primarily to declines in: the EU, notably France and Spain, partly offset by Italy; EEMA, primarily Russia and Ukraine, partly offset by North Africa; Asia, predominantly the Philippines, partly offset by Japan reflecting the launch of *Marlboro Clear Taste* in September;

and Latin America & Canada, mainly Mexico. Excluding the Philippines, total cigarette shipments of *Marlboro* decreased by 0.3%.

Total cigarette shipments of *L&M* of 24.1 billion units decreased by 2.1%, driven notably by Algeria, Egypt and Turkey, partly offset by Germany and Thailand. Total cigarette shipments of *Bond Street* of 11.9 billion units decreased by 7.2%, due predominantly to Russia and Ukraine. Total cigarette shipments of *Philip Morris* of 8.8 billion units decreased by 6.6%, due primarily to Italy and the Philippines, partly offset by Argentina. Total cigarette shipments of *Parliament* of 11.8 billion units increased by 0.4%, driven mainly by Turkey, partly offset by Japan. Total cigarette shipments of *Chesterfield* of 9.2 billion units decreased by 1.9%, due primarily to Russia and Ukraine, partly offset by Germany and Turkey. Total cigarette shipments of *Lark* of 7.2 billion units decreased by 11.9%, due predominantly to Japan and Turkey.

Total shipment volume of OTP, in cigarette equivalent units, decreased by 1.7%, due mainly to a decline in Southern Africa, partly offset by growth in the EU, notably in Italy. Total shipment volume for cigarettes and OTP, in cigarette equivalent units, decreased by 5.5%.

PMI's market share increased in a number of key markets, including Algeria, Argentina, Austria, Belgium, Brazil, Canada, Egypt, France, Greece, Indonesia, Italy, Kazakhstan, Korea, the Netherlands, Poland, Portugal, Saudi Arabia, Spain, Thailand, Turkey, Ukraine and the United Kingdom.

EUROPEAN UNION REGION (EU)

2013 Third-Quarter

Net revenues of \$2.3 billion increased by 7.3%. Excluding favorable currency of \$118 million, net revenues increased by 1.8%, reflecting favorable pricing of \$125 million, notably in Germany, France and Spain, partly offset by unfavorable volume/mix of \$87 million, largely reflecting a lower total market, notably in France, Italy, Poland and Spain.

Operating companies income of \$1.2 billion increased by 11.2%, including favorable currency of \$63 million. Excluding currency, operating companies income increased by 5.4%, mainly driven by favorable pricing, partly offset by unfavorable volume/mix of \$68 million.

Adjusted operating companies income increased by 11.2%, as shown in the table below and detailed on Schedule 11. Adjusted operating companies income, excluding favorable currency, increased by 5.4%.

EU Operating Companies Income (\$ Millions)

| | <u>Third-Quarter</u> | | | <u>Nine Months Year-to-Date</u> | | |
|-------------------------------|----------------------|-----------------|---------------|---------------------------------|-----------------|---------------|
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | <u>2013</u> | <u>2012</u> | <u>Change</u> |
| Reported OCI | \$ 1,207 | \$ 1,085 | 11.2% | \$ 3,227 | \$ 3,232 | (0.2)% |
| Asset impairment & exit costs | — | — | | — | — | |
| Adjusted OCI | \$ 1,207 | \$ 1,085 | 11.2% | \$ 3,227 | \$ 3,232 | (0.2)% |
| Adjusted OCI Margin* | 52.9% | 51.1% | 1.8 p.p. | 50.0% | 50.0% | — p.p. |

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

Adjusted operating companies income margin, excluding favorable currency, increased by 1.8 points to 52.9%, as detailed in Schedule 11.

The total cigarette market in the EU of 130.5 billion units decreased by 5.4%, representing a more modest rate of decline compared to the 10.6% and 8.0% decrease in the first and second quarters of 2013, respectively. On a September year-to-date basis, the total cigarette market in the EU decreased by 7.9%. The decrease in the third quarter was due primarily to the impact of tax-driven price increases, the unfavorable economic and employment environment and the prevalence of non-duty paid products. The total OTP market in the EU of 42.3 billion cigarette equivalent units increased by 0.7%, reflecting a larger total fine cut market, up by 0.3% to 37.0 billion cigarette equivalent units.

Although PMI's cigarette shipment volume of 49.0 billion units decreased by 5.2%, due principally to a lower total market across the Region, PMI's market share increased by 0.2 points to 38.3%. On a September year-to-date basis, PMI's market share increased by 0.6 points to 38.6%. While shipment volume of *Marlboro* of 24.2 billion units in the quarter decreased by 3.0%, mainly due to a lower total market, market share increased by 0.1 point to 18.8%. On a September year-to-date basis, market share of *Marlboro* increased by 0.5 points to 19.0%. Shipment volume of *L&M* in the quarter increased by 1.3% to 9.0 billion units and market share increased by 0.4 points to 6.9%. Shipment volume of *Chesterfield* of 5.0 billion units increased by 5.7% and market share increased by 0.1 point to 4.0%, driven by gains, notably in Austria, the Czech Republic, Portugal and the UK, partly offset by Germany. Although shipment volume of *Philip Morris* of 2.5 billion units decreased by 13.1%, market share increased by 0.2 points to 1.9%, with gains notably in France and Italy.

PMI's shipments of OTP of 5.3 billion cigarette equivalent units increased by 6.0%, driven by higher share. PMI's OTP total market share was 12.8%, up by 1.0 point, driven by gains in the fine cut category, notably in France, up by 1.9 points to 26.4%, Italy, up by 14.0 points to 40.3%, Poland, up by 3.1 points to 21.0%, Portugal, up by 13.4 points to 30.7%, and Spain, up by 2.3 points to 14.2%.

EU Key Market Commentaries

In France, the total cigarette market of 12.2 billion units decreased by 10.8%, mainly reflecting the unfavorable impact of price increases in the fourth quarter of 2012 and July 2013, an increase in the prevalence of non-duty paid products, growth of the fine cut category, and a weak economy. Although PMI's shipments of 4.8 billion units decreased by 6.8%, market share increased by 1.1 points to 40.0%, mainly driven by the resilience of premium *Philip Morris*, up by 0.7 points to 8.9%, reinforced by the *Philip Morris* Green variants which were introduced in February 2013, and the growth of *Chesterfield*, up by 0.1 point to 3.4%. Market share of *Marlboro* and *L&M* increased by 0.1 point each to 24.6% and 2.6%, respectively. The total industry fine cut category of 3.5 billion cigarette equivalent units increased by 0.7%. PMI's market share of the category increased by 1.9 points to 26.4%.

In Germany, the total cigarette market of 21.9 billion units increased by 0.8%, mainly reflecting the favorable impact of competitors' trade inventory movements. The underlying total market is estimated to have declined by 2.7%, largely due to the impact of price increases in the second quarter of 2013. PMI's shipments of 7.6 billion units decreased by 1.4%. Market share decreased by 0.7 points to 34.5%, mainly due to *Marlboro* and *Chesterfield*, down by 0.5 and 0.6 points to 20.5% and 1.7%, respectively, partly offset by *L&M*, up by 0.5 points to 10.7%. While PMI's market share was down in the quarter, it was up by 0.2 points to 36.0% on a September year-to-date basis, driven by *Marlboro*, up by 0.8 points to 22.0%. The total industry fine cut category of 10.9 billion cigarette equivalent units was flat. PMI's market share of the category was down by 0.3 points to 13.7%.

In Italy, the total cigarette market of 20.1 billion units decreased by 4.1%, reflecting an unfavorable economic and employment environment and the prevalence of illicit trade and substitute products. Although PMI's shipments

of 10.2 billion units decreased by 5.4%, market share increased by 0.1 point to 53.3%, with *Marlboro* up by 0.3 points to 26.2%. Market share of *Philip Morris* increased by 1.3 points to 2.5%, benefiting from the 2012 launch of *Philip Morris Selection* in the low-price segment, partially offset by *Chesterfield*, down by 0.1 point to 3.5%, and *Diana* in the low-price segment, down by 1.1 points to 11.1%, impacted by the growth of the super-low price segment and the availability of non-duty paid products. The total industry fine cut category of 1.5 billion cigarette equivalent units decreased by 1.9%, reflecting the 2012 excise tax-driven reduction of the price gap differential with cigarettes. PMI's market share of the category increased by 14.0 points to 40.3%, driven by *Marlboro Red* and *Gold* fine cut.

In Poland, the total cigarette market of 12.7 billion units decreased by 8.3%, mainly reflecting the unfavorable impact of price increases in the first quarter of 2013, and the availability of non-duty paid OTP products. Although PMI's shipments of 4.7 billion units decreased by 7.4%, PMI's market share increased by 0.3 points to 37.4%, driven by *Marlboro*, up by 0.3 points to 11.9% and by *L&M* and *Chesterfield*, up by 2.3 and 0.3 points to 18.8% and 2.2%, respectively. While the total industry fine cut category of 0.8 billion cigarette equivalent units decreased by 6.5%, reflecting the prevalence of non-duty paid OTP products, PMI's market share of the category increased by 3.1 points to 21.0%.

In Spain, the total cigarette market of 13.2 billion units decreased by 11.3%, mainly due to the impact of price increases in 2012 and the first and third quarters of 2013, the unfavorable economic and employment environment and illicit trade. Although PMI's shipments of 3.8 billion units decreased by 13.5%, PMI's market share increased by 0.1 point to 31.1%, driven by higher share of *Marlboro*, up by 0.5 points to 15.3%. Market share of *Chesterfield* was flat at 8.9%, and share of *Philip Morris* and *L&M* was down by 0.1 point and 0.2 points to 0.8% and 6.0%, respectively. The total industry fine cut category of 2.7 billion cigarette equivalent units decreased by 5.5%, due to tax-driven price increases in the first and third quarters. PMI's market share of the category increased by 2.3 points to 14.2%.

EASTERN EUROPE, MIDDLE EAST & AFRICA REGION (EEMA)

2013 Third-Quarter

Net revenues of \$2.3 billion increased by 3.5%. Excluding unfavorable currency of \$9 million, net revenues increased by 3.9%, driven by favorable pricing of \$201 million, principally in Kazakhstan, Russia, Turkey and Ukraine, partly offset by unfavorable volume/mix of \$114 million, mainly due to lower volume in Russia.

Operating companies income of \$1.1 billion increased by 3.9%. Excluding unfavorable currency of \$32 million, operating companies income increased by 7.0%, due primarily to higher pricing, partly offset by unfavorable volume/mix of \$91 million.

Adjusted operating companies income increased by 3.9%, as shown in the table below and detailed on Schedule 11. Adjusted operating companies income, excluding unfavorable currency, increased by 7.0%.

EEMA Operating Companies Income (\$ Millions)

| | <u>Third-Quarter</u> | | | <u>Nine Months Year-to-Date</u> | | |
|-------------------------------|----------------------|-----------------|---------------|---------------------------------|-----------------|---------------|
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | <u>2013</u> | <u>2012</u> | <u>Change</u> |
| Reported OCI | \$ 1,088 | \$ 1,047 | 3.9% | \$ 2,968 | \$ 2,805 | 5.8% |
| Asset impairment & exit costs | — | — | | — | — | |
| Adjusted OCI | \$ 1,088 | \$ 1,047 | 3.9% | \$ 2,968 | \$ 2,805 | 5.8% |
| Adjusted OCI Margin* | 47.6% | 47.4% | 0.2 p.p. | 45.6% | 45.3% | 0.3 p.p. |

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

Adjusted operating companies income margin, excluding unfavorable currency, increased by 1.4 points to 48.8%, as detailed on Schedule 11.

PMI's cigarette shipment volume of 76.9 billion units decreased by 5.5%, mainly due to the Middle East, Russia and Serbia, partly offset by North Africa.

PMI's cigarette shipment volume of premium brands decreased by 1.1%, due principally to *Marlboro*, down by 2.4% to 22.2 billion units, partly offset by *Parliament*, up by 4.3% to 8.9 billion units.

EEMA Key Market Commentaries

In Russia, PMI's shipment volume of 23.0 billion units decreased by 10.1%, mainly due to the unfavorable impact of tax-driven price increases, illicit trade and a weak economy. Shipment volume of PMI's premium portfolio decreased by 8.1%, mainly due to *Marlboro* and *Parliament*, down by 16.7% and 4.1%, respectively. In the mid-price segment, shipment volume decreased by 15.3%, mainly due to *Chesterfield*, down by 20.7%. In the low-price segment, shipment volume decreased by 8.4%, mainly due to *Bond Street*, *Optima* and *Apollo Soyuz*, down by 7.7%, 14.6% and 22.5%, respectively. While PMI's August quarter-to-date market share of 26.1%, as measured by Nielsen, was down by 0.4 points, it was stable compared to the first two quarters of 2013. Market share of *Parliament* increased by 0.3 points to 3.4%, *Marlboro* decreased by 0.2 points to 1.7%, *L&M* increased by 0.4 points to 3.0%, *Chesterfield* decreased by 0.4 points to 3.0%, *Bond Street* decreased by 0.2 points to 6.3%, and *Next* increased by 0.4 points to 3.3%.

In Turkey, the total cigarette market of 24.8 billion units decreased by an estimated 5%, primarily reflecting the renewed growth of illicit trade. PMI's shipment volume of 12.6 billion units decreased by 2.4%. PMI's August quarter-to-date market share, as measured by Nielsen, increased by 0.1 point to 46.1%, mainly driven by premium *Parliament* and mid-price *Muratti*, up by 1.1 and 0.3 points to 10.2% and 6.9%, respectively, partly offset by *Marlboro*, down by 0.2 points to 9.1%, and low-price *L&M*, down by 1.1 points to 7.4%.

In Ukraine, the total cigarette market of 20.1 billion units decreased by an estimated 14%, mainly reflecting the impact of tax-driven price increases in the first quarter of 2013 and an increase in illicit trade. Although PMI's shipment volume of 6.9 billion units decreased by 5.9%, PMI's August quarter-to-date market share, as measured by Nielsen, increased by 0.6 points to 33.1%, mainly due to growth from PMI's low-price segment brands of *Bond Street*, *Optima* and *President*. Share for premium *Parliament* increased by 0.2 points to 3.4%. Share of *Marlboro* decreased by 0.2 points to 5.5%.

ASIA REGION

2013 Third-Quarter

Net revenues of \$2.5 billion decreased by 7.9%, including unfavorable currency of \$196 million. Excluding currency, net revenues decreased by 0.8%, due to unfavorable volume/mix of \$144 million, primarily in the Philippines, partially offset by favorable pricing of \$122 million, principally in Australia and Indonesia.

Operating companies income of \$1.1 billion decreased by 15.4%, including unfavorable currency of \$178 million. Excluding currency, operating companies income decreased by 1.7%, due primarily to unfavorable volume/mix of \$106 million, and higher manufacturing costs, principally in Indonesia driven mainly by higher clove prices, partly offset by favorable pricing.

Adjusted operating companies income decreased by 17.0% as shown in the table below and detailed on Schedule 11. Adjusted operating companies income, excluding unfavorable currency, decreased by 3.5%.

Asia Operating Companies Income (\$ Millions)

| | <u>Third-Quarter</u> | | | <u>Nine Months Year-to-Date</u> | | |
|-------------------------------|----------------------|-----------------|-----------------|---------------------------------|-----------------|-----------------|
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | <u>2013</u> | <u>2012</u> | <u>Change</u> |
| Reported OCI | \$ 1,097 | \$ 1,297 | (15.4)% | \$ 3,567 | \$ 4,068 | (12.3)% |
| Asset impairment & exit costs | — | (24) | | (8) | (24) | |
| Adjusted OCI | \$ 1,097 | \$ 1,321 | (17.0) % | \$ 3,575 | \$ 4,092 | (12.6) % |
| Adjusted OCI Margin* | 43.1% | 47.8% | (4.7) p.p. | 44.5% | 48.8% | (4.3) p.p. |

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

Adjusted operating companies income margin, excluding unfavorable currency, decreased by 1.3 points to 46.5%, as detailed on Schedule 11, primarily reflecting the impact of unfavorable volume/mix, mainly in the Philippines, and higher costs.

PMI's cigarette shipment volume of 73.3 billion units decreased by 7.8%, due primarily to the lower total market in the Philippines, and lower share and the reversal of trade inventory movements in Pakistan following the excise tax increase in the second quarter of 2013, partly offset by share growth in Indonesia. Excluding the Philippines, PMI's cigarette shipment volume decreased by 2.8%.

Shipment volume of *Marlboro* of 19.5 billion units decreased by 1.6%. Excluding the Philippines, shipment volume of *Marlboro* increased by 9.6%, primarily reflecting the launch of *Marlboro Clear Taste* in Japan as well as market share growth in Indonesia and Vietnam.

Asia Key Market Commentaries

In Indonesia, the total cigarette market of 74.1 billion units increased by 0.3%. PMI's shipment volume in the quarter of 27.1 billion units increased by 1.6%. PMI's market share increased by 0.4 points to 36.6%, driven notably by machine-made, Low Tar Low Nicotine (LTLN) *Sampoerna A* in the premium segment, up by 0.6 points to 14.8%, and machine-made, LTLN mid-price *U Mild*, up by 0.9 points to 4.3%. Market share of the hand-rolled, full-flavor *Dji Sam Soe* in the premium segment decreased by 1.4 points to 6.7%, mainly due to a retail price change ahead of competition. *Marlboro's* market share increased by 0.5 points to 5.4% and its share of the "white" cigarettes segment, representing 7.0% of the total cigarette market, increased by 5.7 points to 77.8%.

In Japan, the total cigarette market of 50.0 billion units decreased by 1.2%. PMI's shipment volume of 13.5 billion units decreased by 2.0%, principally due to a lower total market and share. PMI's market share decreased by 1.0 point to 26.5%, reflecting the impact of PMI's principal competitor's brand launches and significant promotional activities since the start of 2013. Although *Marlboro's* market share decreased by 0.3 points to 12.2% in the quarter, it was essentially stable compared to the first and second quarters, reflecting the brand's overall resilience which was supported by the launch of *Marlboro Clear Taste* in September. Share of *Lark* and *Philip Morris* in the quarter decreased by 0.3 and 0.2 points to 7.9% and 2.1%, respectively. Share of *Virginia S.* was flat at 2.0%.

In Korea, the total cigarette market of 23.6 billion units decreased by 2.7%. Although PMI's shipment volume of 4.6 billion units decreased slightly by 0.6%, market share increased by 0.4 points to 19.4%, reflecting the second

sequential quarter of share growth. Market share of *Marlboro* and *Parliament* in the quarter increased by 0.2 and 0.5 points to 7.7% and 6.9%, respectively. Market share of *Virginia S.* decreased by 0.1 point to 4.3%.

In the Philippines, the total industry cigarette volume of 23.0 billion units was estimated to have decreased by 6.7%, reflecting a partial, but insufficient, improvement in declared tax-paid volume by PMI's main local competitor as well as government tax enforcement. PMI's shipment volume of 17.8 billion units decreased by 20.7%, primarily reflecting the unfavorable impact of the disruptive excise tax increase in January 2013 and the prevalence of non-duty paid domestic product. PMI's market share in the quarter decreased by 13.6 points to 77.2%, primarily due to down-trading to competitors' brands. *Marlboro's* market share decreased by 5.9 points to 15.3%. Share of low-price *Fortune* decreased by 22.6 points to 27.5%, partly offset by gains from PMI's other local low-price brands.

LATIN AMERICA & CANADA REGION

2013 Third-Quarter

Net revenues of \$818 million decreased by 1.1%, including unfavorable currency of \$33 million. Excluding currency, net revenues increased by 2.9%, driven by favorable pricing of \$40 million, principally in Argentina, Canada and Mexico, partially offset by unfavorable volume/mix of \$16 million.

Operating companies income of \$267 million was flat, including unfavorable currency of \$13 million. Excluding currency, operating companies income increased by 4.9%, primarily driven by favorable pricing, partially offset by unfavorable volume/mix of \$24 million.

Adjusted operating companies income decreased by 3.6% as shown in the table below and detailed on Schedule 11. Adjusted operating companies income, excluding unfavorable currency, increased by 1.1%.

Latin America & Canada Operating Companies Income (\$ Millions)

| | <u>Third-Quarter</u> | | | <u>Nine Months Year-to-Date</u> | | |
|-------------------------------|----------------------|---------------|----------------|---------------------------------|---------------|----------------|
| | <u>2013</u> | <u>2012</u> | <u>Change</u> | <u>2013</u> | <u>2012</u> | <u>Change</u> |
| Reported OCI | \$ 267 | \$ 267 | — % | \$ 776 | \$ 753 | 3.1 % |
| Asset impairment & exit costs | — | (10) | | — | (26) | |
| Adjusted OCI | \$ 267 | \$ 277 | (3.6) % | \$ 776 | \$ 779 | (0.4) % |
| Adjusted OCI Margin* | 32.6% | 33.5% | (0.9) p.p. | 31.8% | 31.9% | (0.1) p.p. |

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

Adjusted operating companies income margin, excluding unfavorable currency, decreased by 0.6 points to 32.9%, as detailed on Schedule 11.

PMI's cigarette shipment volume of 24.0 billion units decreased by 0.2%, principally due to a lower total market and share in Mexico. Shipment volume of *Marlboro* of 9.2 billion units decreased by 3.0%, mainly reflecting a lower total market and share in Mexico, partly offset by higher share in Brazil and Colombia.

Latin America & Canada Key Market Commentaries

In Argentina, the total cigarette market of 10.3 billion units increased by 1.1%. PMI's cigarette shipment volume of 7.9 billion units increased by 2.1%. PMI's market share increased by 1.0 point to 76.0%, driven by mid-price *Philip Morris*, up by 2.4 points to 42.2%, reflecting the positive impact of its capsule variants, partly offset by low-price *Next*,

down by 0.7 points to 2.4%. Share of *Marlboro* decreased by 0.3 points to 23.7%.

In Canada, the total cigarette market of 7.7 billion units decreased by 2.4%. PMI's cigarette shipment volume of 2.9 billion units increased by 0.1% and market share increased by 1.5 points to 38.4%, with premium brands *Benson & Hedges* and *Belmont* up by 0.2 points each to 2.5% and 2.8%, respectively. Market share of low-price brand *Next* was up by 2.1 points to 10.5%, partly offset by mid-price *Number 7* and low-price *Accord*, down by 0.3 points each to 4.2% and 2.9%, respectively. Market share of mid-price *Canadian Classics* was up by 0.5 points to 10.6%.

In Mexico, the total cigarette market of 8.4 billion units decreased by 0.9%. PMI's cigarette shipment volume of 6.0 billion units decreased by 2.5%. PMI's market share decreased by 1.2 points to 72.4%, due mainly to: unfavorable segment mix following the impact of price increases in January 2013; and a competitor's launch of brands in a 15s per pack format, at price parity with 14s, in the low price segment. While market share of *Marlboro* and *Benson & Hedges* decreased by 3.1 and 0.6 share points to 50.5% and 5.5%, respectively, PMI's share of the premium price segment increased by 1.1 points to 90.9%. Market share of low-price *Delicados*, the second best-selling brand in the market, increased by 1.2 points to 11.7%, and PMI's other local low-price brands increased by a combined 1.3 points to 4.5%.

Philip Morris International Inc. Profile

Philip Morris International Inc. (PMI) is the leading international tobacco company, with seven of the world's top 15 international brands, including *Marlboro*, the number one cigarette brand worldwide. PMI's products are sold in more than 180 markets. In 2012, the company held an estimated 16.3% share of the total international cigarette market outside of the U.S., or 28.8% excluding the People's Republic of China and the U.S. For more information, see www.pmi.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 products with the potential to reduce the risk of smoking-related diseases; 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-Q for the quarter ended June 30, 2013. 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.

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PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Condensed Statements of Earnings
For the Quarters Ended September 30,
(\$ in millions, except per share data)
(Unaudited)

| | 2013 | 2012 | % Change |
|---|------------------|------------------|----------------|
| Net revenues | \$ 20,629 | \$ 19,592 | 5.3 % |
| Cost of sales | 2,618 | 2,584 | 1.3 % |
| Excise taxes on products (1) | 12,702 | 11,672 | 8.8 % |
| Gross profit | 5,309 | 5,336 | (0.5)% |
| Marketing, administration and research costs | 1,650 | 1,606 | |
| Asset impairment and exit costs | — | 34 | |
| Operating companies income | 3,659 | 3,696 | (1.0) % |
| Amortization of intangibles | 23 | 24 | |
| General corporate expenses | 43 | 49 | |
| Operating income | 3,593 | 3,623 | (0.8) % |
| Interest expense, net | 239 | 211 | |
| Earnings before income taxes | 3,354 | 3,412 | (1.7)% |
| Provision for income taxes | 952 | 1,088 | (12.5)% |
| Net earnings | 2,402 | 2,324 | 3.4 % |
| Net earnings attributable to noncontrolling interests | 62 | 97 | |
| Net earnings attributable to PMI | \$ 2,340 | \$ 2,227 | 5.1 % |
| Per share data:(2) | | | |
| Basic earnings per share | \$ 1.44 | \$ 1.32 | 9.1 % |
| Diluted earnings per share | \$ 1.44 | \$ 1.32 | 9.1 % |

(1) The segment detail of excise taxes on products sold for the quarters ended September 30, 2013 and 2012 is shown on Schedule 2.

(2) Net earnings and weighted-average shares used in the basic and diluted earnings per share computations for the quarters ended September 30, 2013 and 2012 are shown on Schedule 4, Footnote 1.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
For the Quarters Ended September 30,
(\$ in millions)
(Unaudited)

| | Net Revenues excluding Excise Taxes | | | | |
|--|-------------------------------------|--------------|--------------|------------------------------|--------------|
| | European Union | EEMA | Asia | Latin America & Canada | Total |
| 2013 Net Revenues (1) | \$ 7,487 | \$ 5,546 | \$ 5,144 | \$ 2,452 | \$ 20,629 |
| Excise Taxes on Products | (5,206) | (3,261) | (2,601) | (1,634) | (12,702) |
| Net Revenues excluding Excise Taxes | 2,281 | 2,285 | 2,543 | 818 | 7,927 |
| 2012 Net Revenues | \$ 6,904 | \$ 5,125 | \$ 5,174 | \$ 2,389 | \$ 19,592 |
| Excise Taxes on Products | (4,779) | (2,918) | (2,413) | (1,562) | (11,672) |
| Net Revenues excluding Excise Taxes | 2,125 | 2,207 | 2,761 | 827 | 7,920 |
| Variance Currency | 118 | (9) | (196) | (33) | (120) |
| Acquisitions | — | — | — | — | — |
| Operations | 38 | 87 | (22) | 24 | 127 |
| Variance Total | 156 | 78 | (218) | (9) | 7 |
| Variance Total (%) | 7.3% | 3.5% | (7.9)% | (1.1)% | 0.1% |
| Variance excluding Currency | 38 | 87 | (22) | 24 | 127 |
| Variance excluding Currency (%) | 1.8% | 3.9% | (0.8)% | 2.9 % | 1.6% |
| Variance excluding Currency & Acquisitions | 38 | 87 | (22) | 24 | 127 |
| Variance excluding Currency & Acquisitions (%) | 1.8% | 3.9% | (0.8)% | 2.9 % | 1.6% |

(1) 2013 Currency increased (decreased) net revenues as follows:

| | |
|------------------------|-----------------|
| European Union | \$ 387 |
| EEMA | (62) |
| Asia | (310) |
| Latin America & Canada | (124) |
| | <u>\$ (109)</u> |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
For the Quarters Ended September 30,
(\$ in millions)
(Unaudited)

Operating Companies Income

| | European Union | EEMA | Asia | Latin America & Canada | Total |
|----------|-------------------|----------|----------|---------------------------|----------|
| 2013 | \$ 1,207 | \$ 1,088 | \$ 1,097 | \$ 267 | \$ 3,659 |
| 2012 | 1,085 | 1,047 | 1,297 | 267 | 3,696 |
| % Change | 11.2% | 3.9% | (15.4)% | —% | (1.0)% |

Reconciliation:

| | | | | | |
|---|-----------------|-----------------|-----------------|---------------|-----------------|
| For the quarter ended September 30, 2012 | \$ 1,085 | \$ 1,047 | \$ 1,297 | \$ 267 | \$ 3,696 |
| 2012 Asset impairment and exit costs | — | — | 24 | 10 | 34 |
| 2013 Asset impairment and exit costs | — | — | — | — | — |
| Acquired businesses | — | — | — | — | — |
| Currency | 63 | (32) | (178) | (13) | (160) |
| Operations | 59 | 73 | (46) | 3 | 89 |
| For the quarter ended September 30, 2013 | \$ 1,207 | \$ 1,088 | \$ 1,097 | \$ 267 | \$ 3,659 |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Diluted Earnings Per Share
For the Quarters Ended September 30,
(\$ in millions, except per share data)
(Unaudited)

| | Diluted E.P.S. |
|---|-------------------------------|
| 2013 Diluted Earnings Per Share | \$ 1.44 ⁽¹⁾ |
| 2012 Diluted Earnings Per Share | \$ 1.32 ⁽¹⁾ |
| Change | \$ 0.12 |
| % Change | 9.1% |
| Reconciliation: | |
| 2012 Diluted Earnings Per Share | \$ 1.32 ⁽¹⁾ |
| Special Items: | |
| 2012 Asset impairment and exit costs | 0.01 |
| 2012 Tax items | 0.05 |
| 2013 Asset impairment and exit costs | — |
| 2013 Tax items | — |
| Currency | (0.09) |
| Interest | (0.01) |
| Change in tax rate | 0.03 |
| Impact of lower shares outstanding and share-based payments | 0.05 |
| Operations | 0.08 |
| 2013 Diluted Earnings Per Share | \$ 1.44 ⁽¹⁾ |

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

| | Q3 2013 | Q3 2012 |
|---|--------------------|--------------------|
| Net earnings attributable to PMI | \$ 2,340 | \$ 2,227 |
| Less distributed and undistributed earnings attributable to share-based payment awards | 12 | 12 |
| Net earnings for basic and diluted EPS | \$ 2,328 | \$ 2,215 |
| Weighted-average shares for basic and diluted EPS | 1,614 | 1,683 |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Condensed Statements of Earnings
For the Nine Months Ended September 30,
(\$ in millions, except per share data)
(Unaudited)

| | 2013 | 2012 | % Change |
|---|------------------|------------------|----------------|
| Net revenues | \$ 59,639 | \$ 57,651 | 3.4 % |
| Cost of sales | 7,808 | 7,692 | 1.5 % |
| Excise taxes on products (1) | 36,211 | 34,163 | 6.0 % |
| Gross profit | 15,620 | 15,796 | (1.1)% |
| Marketing, administration and research costs | 5,074 | 4,888 | |
| Asset impairment and exit costs | 8 | 50 | |
| Operating companies income | 10,538 | 10,858 | (2.9) % |
| Amortization of intangibles | 71 | 73 | |
| General corporate expenses | 155 | 155 | |
| Operating income | 10,312 | 10,630 | (3.0) % |
| Interest expense, net | 721 | 633 | |
| Earnings before income taxes | 9,591 | 9,997 | (4.1)% |
| Provision for income taxes | 2,777 | 3,034 | (8.5)% |
| Net earnings | 6,814 | 6,963 | (2.1)% |
| Net earnings attributable to noncontrolling interests | 225 | 258 | |
| Net earnings attributable to PMI | \$ 6,589 | \$ 6,705 | (1.7) % |
| Per share data:(2) | | | |
| Basic earnings per share | \$ 4.02 | \$ 3.92 | 2.6 % |
| Diluted earnings per share | \$ 4.02 | \$ 3.92 | 2.6 % |

(1) The segment detail of excise taxes on products sold for the nine months ended September 30, 2013 and 2012 is shown on Schedule 6.

(2) Net earnings and weighted-average shares used in the basic and diluted earnings per share computations for the nine months ended September 30, 2013 and 2012 are shown on Schedule 8, Footnote 1.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
For the Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

| | | Net Revenues excluding Excise Taxes | | | | |
|-----------------|--|-------------------------------------|--------------|--------------|------------------------------|---------------|
| | | European Union | EEMA | Asia | Latin America & Canada | Total |
| 2013 | Net Revenues (1) | \$ 21,255 | \$ 15,346 | \$ 15,776 | \$ 7,262 | \$ 59,639 |
| | Excise Taxes on Products | (14,798) | (8,837) | (7,751) | (4,825) | (36,211) |
| | Net Revenues excluding Excise Taxes | 6,457 | 6,509 | 8,025 | 2,437 | 23,428 |
| 2012 | Net Revenues | \$ 20,654 | \$ 14,256 | \$ 15,668 | \$ 7,073 | \$ 57,651 |
| | Excise Taxes on Products | (14,191) | (8,063) | (7,275) | (4,634) | (34,163) |
| | Net Revenues excluding Excise Taxes | 6,463 | 6,193 | 8,393 | 2,439 | 23,488 |
| Variance | Currency | 120 | (48) | (458) | (80) | (466) |
| | Acquisitions | — | — | — | — | — |
| | Operations | (126) | 364 | 90 | 78 | 406 |
| | Variance Total | (6) | 316 | (368) | (2) | (60) |
| | Variance Total (%) | (0.1)% | 5.1% | (4.4)% | (0.1)% | (0.3)% |
| | Variance excluding Currency | (126) | 364 | 90 | 78 | 406 |
| | Variance excluding Currency (%) | (1.9)% | 5.9% | 1.1 % | 3.2 % | 1.7 % |
| | Variance excluding Currency & Acquisitions | (126) | 364 | 90 | 78 | 406 |
| | Variance excluding Currency & Acquisitions (%) | (1.9)% | 5.9% | 1.1 % | 3.2 % | 1.7 % |

(1) 2013 Currency increased (decreased) net revenues as follows:

| | |
|------------------------|-----------------|
| European Union | \$ 403 |
| EEMA | (118) |
| Asia | (666) |
| Latin America & Canada | (313) |
| | <u>\$ (694)</u> |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Selected Financial Data by Business Segment
For the Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

Operating Companies Income

| | European Union | EEMA | Asia | Latin America & Canada | Total |
|----------|-------------------|----------|----------|------------------------------|-----------|
| 2013 | \$ 3,227 | \$ 2,968 | \$ 3,567 | \$ 776 | \$ 10,538 |
| 2012 | 3,232 | 2,805 | 4,068 | 753 | 10,858 |
| % Change | (0.2)% | 5.8% | (12.3)% | 3.1% | (2.9)% |

Reconciliation:

**For the nine months ended September 30,
2012**

| | | | | | |
|--|----------|----------|----------|--------|-----------|
| | \$ 3,232 | \$ 2,805 | \$ 4,068 | \$ 753 | \$ 10,858 |
|--|----------|----------|----------|--------|-----------|

| | | | | | |
|--------------------------------------|---|---|-----|----|-----|
| 2012 Asset impairment and exit costs | — | — | 24 | 26 | 50 |
| 2013 Asset impairment and exit costs | — | — | (8) | — | (8) |

| | | | | | |
|---------------------|------|------|-------|------|-------|
| Acquired businesses | — | — | — | — | — |
| Currency | 53 | (63) | (393) | (25) | (428) |
| Operations | (58) | 226 | (124) | 22 | 66 |

**For the nine months ended September 30,
2013**

| | | | | | |
|--|----------|----------|----------|--------|-----------|
| | \$ 3,227 | \$ 2,968 | \$ 3,567 | \$ 776 | \$ 10,538 |
|--|----------|----------|----------|--------|-----------|

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Diluted Earnings Per Share
For the Nine Months Ended September 30,
(\$ in millions, except per share data)
(Unaudited)

| | <u>Diluted E.P.S.</u> |
|---|-------------------------------|
| 2013 Diluted Earnings Per Share | \$ 4.02 ⁽¹⁾ |
| 2012 Diluted Earnings Per Share | \$ 3.92 ⁽¹⁾ |
| Change | \$ 0.10 |
| % Change | 2.6% |
| Reconciliation: | |
| 2012 Diluted Earnings Per Share | \$ 3.92 ⁽¹⁾ |
| Special Items: | |
| 2012 Asset impairment and exit costs | 0.02 |
| 2012 Tax items | 0.05 |
| 2013 Asset impairment and exit costs | — |
| 2013 Tax items | (0.01) |
| Currency | (0.23) |
| Interest | (0.04) |
| Change in tax rate | 0.04 |
| Impact of lower shares outstanding and share-based payments | 0.16 |
| Operations | 0.11 |
| 2013 Diluted Earnings Per Share | \$ 4.02 ⁽¹⁾ |

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

| | <u>YTD September 2013</u> | <u>YTD September 2012</u> |
|---|-------------------------------|-------------------------------|
| Net earnings attributable to PMI | \$ 6,589 | \$ 6,705 |
| Less distributed and undistributed earnings attributable to share-based payment awards | 35 | 36 |
| Net earnings for basic and diluted EPS | <u>\$ 6,554</u> | <u>\$ 6,669</u> |
| Weighted-average shares for basic and diluted EPS | <u>1,630</u> | <u>1,701</u> |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries

Condensed Balance Sheets

(\$ in millions, except ratios)

(Unaudited)

| | <u>September 30, 2013</u> | <u>December 31, 2012</u> |
|---|-------------------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,382 | \$ 2,983 |
| All other current assets | 12,634 | 13,607 |
| Property, plant and equipment, net | 6,583 | 6,645 |
| Goodwill | 9,177 | 9,900 |
| Other intangible assets, net | 3,290 | 3,619 |
| Investments in unconsolidated subsidiaries | 665 | 24 |
| Other assets | 1,064 | 892 |
| Total assets | \$ 36,795 | \$ 37,670 |
| Liabilities and Stockholders' (Deficit) Equity | | |
| Short-term borrowings | \$ 3,668 | \$ 2,419 |
| Current portion of long-term debt | 1,255 | 2,781 |
| All other current liabilities | 11,095 | 11,816 |
| Long-term debt | 21,877 | 17,639 |
| Deferred income taxes | 1,807 | 1,875 |
| Other long-term liabilities | 3,001 | 2,993 |
| Total liabilities | 42,703 | 39,523 |
| Redeemable noncontrolling interest | 1,283 | 1,301 |
| Total PMI stockholders' deficit | (7,429) | (3,476) |
| Noncontrolling interests | 238 | 322 |
| Total stockholders' deficit | (7,191) | (3,154) |
| Total liabilities and stockholders' (deficit) equity | \$ 36,795 | \$ 37,670 |
| Total debt | \$ 26,800 | \$ 22,839 |
| Total debt to EBITDA | 1.86 ⁽¹⁾ | 1.55 ⁽¹⁾ |
| Net debt to EBITDA | 1.62 ⁽¹⁾ | 1.35 ⁽¹⁾ |

(1) For the calculation of Total Debt to EBITDA and Net Debt to EBITDA ratios, refer to Schedule 18.

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended September 30,
(\$ in millions)
(Unaudited)

| 2013 | | | | | | | 2012 | | | % Change in Reported Net Revenues excluding Excise Taxes | | | |
|-----------------------|-------------------|--|-----------------|---|-------------------|---|------------------------|-------------------|--|--|-----------------------------|--|--------------|
| Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Less Currency | Reported Net Revenues excluding Excise Taxes & Currency | Less Acquisitions | Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions | |
| \$ 7,487 | \$ 5,206 | \$ 2,281 | \$ 118 | \$ 2,163 | \$ — | \$ 2,163 | European Union | \$ 6,904 | \$ 4,779 | \$ 2,125 | 7.3 % | 1.8 % | 1.8 % |
| 5,546 | 3,261 | 2,285 | (9) | 2,294 | — | 2,294 | EEMA | 5,125 | 2,918 | 2,207 | 3.5 % | 3.9 % | 3.9 % |
| 5,144 | 2,601 | 2,543 | (196) | 2,739 | — | 2,739 | Asia | 5,174 | 2,413 | 2,761 | (7.9)% | (0.8)% | (0.8)% |
| 2,452 | 1,634 | 818 | (33) | 851 | — | 851 | Latin America & Canada | 2,389 | 1,562 | 827 | (1.1)% | 2.9 % | 2.9 % |
| \$ 20,629 | \$12,702 | \$ 7,927 | \$ (120) | \$ 8,047 | \$ — | \$ 8,047 | PMI Total | \$ 19,592 | \$11,672 | \$ 7,920 | 0.1 % | 1.6 % | 1.6 % |

| 2013 | | | | | | 2012 | | | % 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 | | | |
| \$ 1,207 | \$ 63 | \$ 1,144 | \$ — | \$ 1,144 | European Union | \$ 1,085 | 11.2 % | 5.4 % | 5.4 % | | |
| 1,088 | (32) | 1,120 | — | 1,120 | EEMA | 1,047 | 3.9 % | 7.0 % | 7.0 % | | |
| 1,097 | (178) | 1,275 | — | 1,275 | Asia | 1,297 | (15.4)% | (1.7)% | (1.7)% | | |
| 267 | (13) | 280 | — | 280 | Latin America & Canada | 267 | — % | 4.9 % | 4.9 % | | |
| \$ 3,659 | \$ (160) | \$ 3,819 | \$ — | \$ 3,819 | PMI Total | \$ 3,696 | (1.0)% | 3.3 % | 3.3 % | | |

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 September 30,
(\$ in millions)
(Unaudited)

| 2013 | | | | | | | 2012 | | | % 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 excluding Currency | Adjusted excluding Currency & Acquisitions | | |
| \$ 1,207 | \$ — | \$ 1,207 | \$ 63 | \$ 1,144 | \$ — | \$ 1,144 | European Union | \$ 1,085 | \$ — | \$ 1,085 | 11.2 % | 5.4 % | 5.4 % |
| 1,088 | — | 1,088 | (32) | 1,120 | — | 1,120 | EEMA | 1,047 | — | 1,047 | 3.9 % | 7.0 % | 7.0 % |
| 1,097 | — | 1,097 | (178) | 1,275 | — | 1,275 | Asia | 1,297 | (24) | 1,321 | (17.0)% | (3.5)% | (3.5)% |
| 267 | — | 267 | (13) | 280 | — | 280 | Latin America & Canada | 267 | (10) | 277 | (3.6)% | 1.1 % | 1.1 % |
| \$ 3,659 | \$ — | \$ 3,659 | \$ (160) | \$ 3,819 | \$ — | \$ 3,819 | PMI Total | \$ 3,696 | \$ (34) | \$ 3,730 | (1.9)% | 2.4 % | 2.4 % |

| 2013 | | | | | | | 2012 | | | % 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 | |
| \$ 1,144 | \$ 2,163 | 52.9% | \$ 1,144 | \$ 2,163 | 52.9% | European Union | \$ 1,085 | \$ 2,125 | 51.1% | 1.8 | 1.8 |
| 1,120 | 2,294 | 48.8% | 1,120 | 2,294 | 48.8% | EEMA | 1,047 | 2,207 | 47.4% | 1.4 | 1.4 |
| 1,275 | 2,739 | 46.5% | 1,275 | 2,739 | 46.5% | Asia | 1,321 | 2,761 | 47.8% | (1.3) | (1.3) |
| 280 | 851 | 32.9% | 280 | 851 | 32.9% | Latin America & Canada | 277 | 827 | 33.5% | (0.6) | (0.6) |
| \$ 3,819 | \$ 8,047 | 47.5% | \$ 3,819 | \$ 8,047 | 47.5% | PMI Total | \$ 3,730 | \$ 7,920 | 47.1% | 0.4 | 0.4 |

(1) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to Schedule 10.

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 September 30,
 (Unaudited)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 1.44 | \$ 1.32 | 9.1% |
| Adjustments: | | | |
| Asset impairment and exit costs | — | 0.01 | |
| Tax items | — | 0.05 | |
| Adjusted Diluted EPS | \$ 1.44 | \$ 1.38 | 4.3% |
| Less: | | | |
| Currency impact | (0.09) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 1.53 | \$ 1.38 | 10.9% |

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 September 30,
 (Unaudited)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|-----------------------|-----------------------|-----------------|
| Reported Diluted EPS | \$ 1.44 | \$ 1.32 | 9.1% |
| Less: | | | |
| Currency impact | <u>(0.09)</u> | <u> </u> | |
| Reported Diluted EPS, excluding Currency | <u>\$ 1.53</u> | <u>\$ 1.32</u> | 15.9% |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Adjustments for the Impact of Currency and Acquisitions
For the Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

| 2013 | | | | | | | 2012 | | | % 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 | |
| \$ 21,255 | \$14,798 | \$ 6,457 | \$ 120 | \$ 6,337 | \$ — | \$ 6,337 | European Union | \$ 20,654 | \$14,191 | \$ 6,463 | (0.1)% | (1.9)% | (1.9)% |
| 15,346 | 8,837 | 6,509 | (48) | 6,557 | — | 6,557 | EEMA | 14,256 | 8,063 | 6,193 | 5.1 % | 5.9 % | 5.9 % |
| 15,776 | 7,751 | 8,025 | (458) | 8,483 | — | 8,483 | Asia | 15,668 | 7,275 | 8,393 | (4.4)% | 1.1 % | 1.1 % |
| 7,262 | 4,825 | 2,437 | (80) | 2,517 | — | 2,517 | Latin America & Canada | 7,073 | 4,634 | 2,439 | (0.1)% | 3.2 % | 3.2 % |
| \$ 59,639 | \$36,211 | \$ 23,428 | \$ (466) | \$ 23,894 | \$ — | \$ 23,894 | PMI Total | \$ 57,651 | \$ 34,163 | \$ 23,488 | (0.3)% | 1.7 % | 1.7 % |

| 2013 | | | | | | | 2012 | | | % Change in Reported Operating Companies Income | | |
|-------------------------------------|--|-----------------|--|-------------------|---|------------------------|-------------------------------------|--|-------------------------------------|---|-----------------------------|--|
| Reported Operating Companies Income | | Less Currency | Reported Operating Companies Income excluding Currency | Less Acquisitions | Reported Operating Companies Income excluding Currency & Acquisitions | | Reported Operating Companies Income | | Reported Operating Companies Income | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions |
| \$ 3,227 | | \$ 53 | \$ 3,174 | \$ — | \$ 3,174 | European Union | \$ 3,232 | | \$ 3,232 | (0.2)% | (1.8)% | (1.8)% |
| 2,968 | | (63) | 3,031 | — | 3,031 | EEMA | 2,805 | | 2,805 | 5.8 % | 8.1 % | 8.1 % |
| 3,567 | | (393) | 3,960 | — | 3,960 | Asia | 4,068 | | 4,068 | (12.3)% | (2.7)% | (2.7)% |
| 776 | | (25) | 801 | — | 801 | Latin America & Canada | 753 | | 753 | 3.1 % | 6.4 % | 6.4 % |
| \$ 10,538 | | \$ (428) | \$ 10,966 | \$ — | \$ 10,966 | PMI Total | \$ 10,858 | | \$ 10,858 | (2.9)% | 1.0 % | 1.0 % |

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 Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

| 2013 | | | | | | | 2012 | | | % 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 | |
| \$ 3,227 | \$ — | \$ 3,227 | \$ 53 | \$ 3,174 | \$ — | \$ 3,174 | European Union | \$ 3,232 | \$ — | \$ 3,232 | (0.2)% | (1.8)% | (1.8)% |
| 2,968 | — | 2,968 | (63) | 3,031 | — | 3,031 | EEMA | 2,805 | — | 2,805 | 5.8% | 8.1% | 8.1% |
| 3,567 | (8) | 3,575 | (393) | 3,968 | — | 3,968 | Asia | 4,068 | (24) | 4,092 | (12.6)% | (3.0)% | (3.0)% |
| 776 | — | 776 | (25) | 801 | — | 801 | Latin America & Canada | 753 | (26) | 779 | (0.4)% | 2.8% | 2.8% |
| \$ 10,538 | \$ (8) | \$ 10,546 | \$ (428) | \$ 10,974 | \$ — | \$ 10,974 | PMI Total | \$ 10,858 | \$ (50) | \$ 10,908 | (3.3)% | 0.6% | 0.6% |

| 2013 | | | | | | | 2012 | | | % 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 | |
| \$ 3,174 | \$ 6,337 | 50.1% | \$ 3,174 | \$ 6,337 | 50.1% | European Union | \$ 3,232 | \$ 6,463 | 50.0% | 0.1 | 0.1 |
| 3,031 | 6,557 | 46.2% | 3,031 | 6,557 | 46.2% | EEMA | 2,805 | 6,193 | 45.3% | 0.9 | 0.9 |
| 3,968 | 8,483 | 46.8% | 3,968 | 8,483 | 46.8% | Asia | 4,092 | 8,393 | 48.8% | (2.0) | (2.0) |
| 801 | 2,517 | 31.8% | 801 | 2,517 | 31.8% | Latin America & Canada | 779 | 2,439 | 31.9% | (0.1) | (0.1) |
| \$ 10,974 | \$ 23,894 | 45.9% | \$ 10,974 | \$ 23,894 | 45.9% | PMI Total | \$ 10,908 | \$ 23,488 | 46.4% | (0.5) | (0.5) |

(1) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to Schedule 14.

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 Nine Months Ended September 30,
 (Unaudited)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 4.02 | \$ 3.92 | 2.6% |
| Adjustments: | | | |
| Asset impairment and exit costs | — | 0.02 | |
| Tax items | 0.01 | 0.05 | |
| Adjusted Diluted EPS | \$ 4.03 | \$ 3.99 | 1.0% |
| Less: | | | |
| Currency impact | (0.23) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 4.26 | \$ 3.99 | 6.8% |

PHILIP MORRIS INTERNATIONAL INC.
 and Subsidiaries
 Reconciliation of Non-GAAP Measures
 Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Nine Months Ended September 30,
 (Unaudited)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|-----------------------|-----------------------|-----------------|
| Reported Diluted EPS | \$ 4.02 | \$ 3.92 | 2.6% |
| Less: | | | |
| Currency impact | <u>(0.23)</u> | | |
| Reported Diluted EPS, excluding Currency | <u>\$ 4.25</u> | <u>\$ 3.92</u> | 8.4% |

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios
(\$ in millions, except ratios)
(Unaudited)

| | For the Year Ended September 30, 2013 | | | For the Year Ended December 31, 2012 | |
|-------------------------------|---|-----------------------------|----------------------|--|---------------|
| | October ~ December 2012 | January ~ September 2013 | 12 months rolling | | |
| Earnings before income taxes | \$ 2,990 | \$ 9,591 | \$ 12,581 | \$ | 12,987 |
| Interest expense, net | 226 | 721 | 947 | | 859 |
| Depreciation and amortization | 233 | 659 | 892 | | 898 |
| EBITDA | \$ 3,449 | \$ 10,971 | \$ 14,420 | \$ | 14,744 |

| | September 30, 2013 | December 31, 2012 |
|-----------------------------------|-----------------------|----------------------|
| Short-term borrowings | \$ 3,668 | \$ 2,419 |
| Current portion of long-term debt | 1,255 | 2,781 |
| Long-term debt | 21,877 | 17,639 |
| Total Debt | \$ 26,800 | \$ 22,839 |
| Less: Cash and cash equivalents | 3,382 | 2,983 |
| Net Debt | \$ 23,418 | \$ 19,856 |

Ratios

| | | |
|-----------------------------|-------------|-------------|
| Total Debt to EBITDA | 1.86 | 1.55 |
| Net Debt to EBITDA | 1.62 | 1.35 |

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 and Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

| | For the Quarters Ended September 30, | | | For the Nine Months Ended September 30, | | |
|---|---|----------|----------|--|----------|----------|
| | 2013 | 2012 | % Change | 2013 | 2012 | % Change |
| Net cash provided by operating activities(a) | \$ 3,315 | \$ 2,393 | 38.5% | \$ 7,815 | \$ 7,771 | 0.6 % |
| Less: | | | | | | |
| Capital expenditures | 301 | 243 | | 821 | 719 | |
| Free cash flow | \$ 3,014 | \$ 2,150 | 40.2% | \$ 6,994 | \$ 7,052 | (0.8) % |
| Less: | | | | | | |
| Currency impact | (114) | | | (135) | | |
| Free cash flow, excluding currency | \$ 3,128 | \$ 2,150 | 45.5% | \$ 7,129 | \$ 7,052 | 1.1 % |

| | For the Quarters Ended September 30, | | | For the Nine Months Ended September 30, | | |
|--|---|----------|----------|--|----------|----------|
| | 2013 | 2012 | % Change | 2013 | 2012 | % Change |
| Net cash provided by operating activities(a) | \$ 3,315 | \$ 2,393 | 38.5% | \$ 7,815 | \$ 7,771 | 0.6 % |
| Less: | | | | | | |
| Currency impact | (116) | | | (150) | | |
| Net cash provided by operating activities, excluding currency | \$ 3,431 | \$ 2,393 | 43.4% | \$ 7,965 | \$ 7,771 | 2.5 % |

(a) 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>2012</u> |
|---------------------------------|-----------------------|
| Reported Diluted EPS | \$ 5.17 |
| Adjustments: | |
| Asset impairment and exit costs | 0.03 |
| Tax items | <u>0.02</u> |
| Adjusted Diluted EPS | <u>\$ 5.22</u> |

Philip Morris International Inc.
2013 Third-Quarter Results Conference Call
October 17, 2013

NICK ROLLI

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a press release containing detailed information on our 2013 third-quarter results. You may access the release on our web site at www.pmi.com.

(SLIDE 2.)

During our call, we will be talking about results for the third quarter of 2013 and comparing them to the same period in 2012, unless otherwise stated. References to volumes are to PMI shipments. Industry volume and market shares are the latest data available from a number of internal and external sources. Organic volume refers to volume excluding acquisitions. Net revenues exclude excise taxes. Operating Companies Income, or "OCI", is defined as operating income before general corporate expenses and the amortization of intangibles.

You will find data tables showing adjustments to net revenues and OCI, for currency, acquisitions, asset impairment, exit and other costs, free cash flow calculations, and adjustments to earnings per share, or "EPS", as well as reconciliations to U.S. GAAP measures, at the end of this presentation, which is also posted on our web site.

(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, Chief Financial Officer.

Jacek.

JACEK OLCZAK

(SLIDE 4.)

Thank you Nick, and welcome ladies and gentlemen.

As anticipated, we achieved improved financial results in the third quarter compared to the first half of the year, despite the persistent severe macro-economic challenges and their extraordinary impact on industry volume. Adjusted diluted EPS, excluding currency, increased by 10.9% in the quarter.

(SLIDE 5.)

A key driver of our performance has been the strength of our brand portfolio, despite its strong premium skew in a weak economy. We have strong market share momentum in the majority of our main markets with the key exception of Japan and the Philippines, where the issues are known. In the quarter, our market share increased in the EU, EEMA and Latin America & Canada Regions, while the international share of *Marlboro*, excluding China and the Philippines, increased to 9.3%. Our quarterly share in Asia was impacted by the timing of our shipments in Pakistan, as well as the share losses in the Philippines. On a year-to-date September basis, our international share, excluding China and the Philippines, is stable at 26.7%.

(SLIDE 6.)

The second key driver has been pricing. During the third quarter, we achieved a pricing variance of \$488 million, bringing our total pricing variance for 2013 to over \$1.5 billion. This compares favorably to the \$1.3 billion achieved during the same period in 2012 and significantly more than offset the \$900 million in unfavorable volume/mix.

In addition to the substantial amount of pricing taken at the beginning of the year, we have increased prices in a number of markets since May. These include Argentina, Australia, France, Germany, Indonesia, Kazakhstan, Russia, Spain and Ukraine.

Strong pricing, coupled with the timing of certain cost items, enabled us to increase our adjusted OCI margin ex-currency between the first half and the third quarter of this year from 45.2% to 47.5% behind a strong expansion in the EU, EEMA and Latin America & Canada Regions.

(SLIDE 7.)

We anticipate a strong fourth quarter. The adjustment to our reported diluted 2013 EPS guidance today reflects the impact of changes in exchange rates, an estimated fourth quarter charge for restructuring and a cautious outlook regarding certain markets.

In July, we forecast a reported diluted EPS guidance for 2013 of \$5.43 to \$5.53. Today's guidance includes an additional two cents in unfavorable currency at prevailing exchange rates for a total of 33 cents per share for the full-year. It also includes approximately three cents per share for a fourth-quarter charge related to the restructuring program that we announced at the end of last month, and the one cent charge related to the American Taxpayer Relief Act of 2012, which we reported in the first quarter of 2013.

Our reported diluted EPS guidance for 2013 is now \$5.35 to \$5.40. Excluding currency and the aforementioned charges, this represents a growth rate of approximately 10%, compared to our adjusted diluted EPS of \$5.22 in 2012.

(SLIDE 8.)

Let me now review a number of our key geographies, starting with the EU Region.

While unemployment continued to rise throughout 2012 in the 28 EU Member States, it has remained stable this year at an average rate of 10.9%. However, unemployment has continued to increase notably in France and Italy.

Despite the continued weak macro-economic environment, the rate of decline in cigarette industry volume has gradually moderated through the year. After a decline of 10.6% and 8.0%, respectively, in the first and second quarters, cigarette industry volume in the EU Region declined by 5.4% in the third quarter, helped by the reduction in the excise tax differential between cigarettes and fine cut in several Southern European countries and stabilization in the prevalence of illicit trade, albeit at a high level.

For the full year, we are still expecting total cigarette industry volume to be down between 7% and 8%, while fine cut industry volume should be up slightly. Going forward, we expect market declines to remain above historical levels until European governments successfully tackle the issues of unemployment and illicit trade, and consumer sentiment and purchasing power improve.

(SLIDE 9.)

Our business fundamentals remain strong across the EU Region. We have gained share so far this year in all of the six largest cigarette markets in the Region, namely France, Germany, Italy, Poland, Spain and the UK. In addition, we have successfully leveraged our cigarette brands in the fine cut category, gaining 1.0 share point year-to-date September on a Regional basis to reach 14.4%.

While our OCI, excluding currency, remained below last year's level through September, it increased by 5.4% in the third quarter and we expect an improvement in profitability in the fourth quarter.

(SLIDE 10.)

Our four key brands, *Marlboro*, *L&M*, *Chesterfield* and *Philip Morris*, continue to perform well. They all gained

cigarette market share in the EU Region in the third quarter. During the quarter, the share of *Marlboro* was higher notably in Belgium, France, Greece, Italy, the Netherlands, Poland and Spain, a remarkable result in view of the economy, while *L&M* was the fastest-growing brand in the Region as a whole in terms of market share.

(SLIDE 11.)

I will complete my overview of the EU Region with an update on the status of the Tobacco Products Directive, or “TPD”.

The European Parliament debated the proposal last week and accepted several amendments. The Parliament notably agreed to a 65% health warning rather than the proposed 75%; that flavored cigarettes, including menthol variants, should be prohibited after a transition period of five years following the transposition of the TPD; that slim cigarettes should continue to be allowed; and that e-cigarettes would not be treated as medical devices but rather be more strictly regulated under the TPD with higher nicotine thresholds than originally foreseen.

(SLIDE 12.)

We welcome these marginal improvements, but regret that the European Parliament voted to ban an entire segment of the legal market, despite the inevitable increase in illicit trade that this will fuel. They have failed to provide a comprehensive framework for reduced harm products and have continued to include oversized health warnings without any apparent concern for property rights that the EU Charter protects and restrictions on pack formats. Finally, the proposal still contains an unworkable and discriminatory anti-illicit trade solution, which adds complexity to the legitimate supply chain without addressing the core problem.

(SLIDE 13.)

The next step is for the European Parliament, the Council of Ministers and the European Commission to reach a final consensus. While the timing remains uncertain, the TPD is expected to be adopted before the end of this year or during the first quarter of 2014. There will then be a period of 18-24 months for the Directive to be transposed into national legislation at the Member State level, so that it may become effective across the EU by the end of 2015.

(SLIDE 14.)

Let me now turn to the two key EEMA markets, starting with Russia.

We implemented an additional price increase of four Rubles per pack during the June-July period on most of our brands, thus enhancing unit margins. Due to the higher prices, a deteriorating economic environment and the implementation in June of workplace smoking restrictions, there was an acceleration in the rate of cigarette industry volume decline in the third quarter to an estimated 9%, mainly impacting the super-low segment. For the full-year, we expect industry volume to be down by about 7% to 8%.

Our market share performance continues to be resilient, in spite of competitors again lagging our price increases this year. Our August year-to-date market share was 26.1%, down by 0.1 share point, with *Parliament* in particular performing very well in the above premium price segment. Despite the lower volume, our strong pricing enabled us to increase our profitability ex-currency at a double-digit rate in the third quarter.

In September, the Russian Duma approved the excise tax rates on cigarettes for the period 2014 through 2016. In line with expectations, the ad-valorem rate will increase from 8.0% to 8.5% next January, while the specific excise tax will increase from 550 to 800 Rubles per thousand cigarettes. The pass-on for *Marlboro* would be around eight Rubles per pack, or approximately 11%. The increase in the specific excise tax is 45% in 2014, while the increases in 2015 and 2016 are slated to be 20-25%.

(SLIDE 15.)

In Turkey, cigarette industry volume declined by an estimated 5% in the third quarter. Illicit trade declined only marginally from the second quarter. For the full year, we are forecasting an industry volume decline of around 7% to 8%.

Our business fundamentals remain strong with sequential volume improvements. Our market share was up by 0.1 point in the quarter through August to 46.1%, with further gains from premium *Parliament* and mid-price *Muratti*. Both

Lark and *L&M* suffered some share erosion at the 6.50 Lira per pack price, due to the rapid emergence of a 6 Lira and below per pack segment. This was partly offset by our successful launch of *Chesterfield* at 6 Lira. The brand achieved a 1.2% market share in August, just three months after its introduction.

(SLIDE 16.)

Finally Asia, where I will start with the Philippines.

Tax-paid industry volume in the third quarter declined at a rate of 6.7% to 23.0 billion units, in line with the second-quarter trend and a significant improvement over the first-quarter decline rate of nearly 40%. However, Nielsen consumer off-take, adult smoking incidence and adult daily consumption data indicate that cigarette consumption is essentially stable, while down-trading has been significant.

The difference can be explained by the huge under-declaration by our main local competitor. While it increased its tax-declared volume from an average of 500 million units per month in the first quarter to 1.1 billion units in the second quarter and 1.4 billion units in August, we estimate that this represented less than half of the volume it sold during this period. The retail price of its main brand, *Mighty*, has remained at 1 Peso per cigarette. This is an economically unsustainable level when paying full taxes. We continue to work with the Bureau of Internal Revenue, the Bureau of Customs and other government authorities to address this issue.

During the third quarter, we started to reduce our pricing support behind *Fortune* and especially our lowest-priced brands. As a result, our monthly volume declined and our share of the tax-paid market dropped from 82.5% in the second quarter to 77.2% in the third quarter. We will continue to tactically balance the volume and profitability equation but, until the authorities address the issue decisively, the Philippines will remain a significant challenge.

(SLIDE 17.)

Let me now turn to Japan, where cigarette industry volume was down by just over 1% in the third quarter and remains on track to decline by about 2% for the full year.

We have two key objectives in Japan: to reinforce our leadership in the growing menthol segment and to improve our performance in the larger non-menthol segment. To address the latter, we launched a new smoother-tasting *Marlboro Clear* in three variants in September, to widen the appeal of the brand to mainstream non-menthol adult smokers and improve *Marlboro's* relatively small 6.2% share of this segment, which still accounted for 73.7% of the total market year-to-date September.

Our market share decreased by 1.0 point in the third quarter to 26.5%, reflecting the impact of competitors' launches in the second quarter on *Marlboro's* menthol segment share and continued out-switching from the more traditional *Lark* and *Philip Morris* non-menthol variants. *Marlboro's* market share of 12.2% was, however, in line with the previous quarter, helped by the launch of *Marlboro Clear*. This new initiative and our pipeline of consumer-relevant innovative offers should enable us to gradually stabilize our market share in Japan. Our optimism is backed by the gradual reduction in the quarter-to-quarter share decline during the year and positive preliminary adult consumer off-take data for September.

Earlier this month, the Japanese government confirmed its intention to raise the consumption tax from 5% to 8% next April. The pass-on for *Marlboro* would be about 14 Yen per pack, but keep in mind that any price increase in Japan requires approval from the Ministry of Finance.

(SLIDE 18.)

Let me now turn to Indonesia, where the economic slowdown and the increase in the cost of basic foods and fuel impacted the cigarette industry, which grew by just 0.3% during the third quarter. As a result, we are now expecting full-year industry volume growth to be about 2%. The pressure on consumer purchasing power has been most acute among the lower-income strata, resulting in a 7.6% quarterly decline in cigarette volume in the low-price segment, while the premium and mid-price segments, where PMI is strongest, grew by 3.5% and 1.4%, respectively.

This development, along with the growing adult consumer preference for machine-made kreteks, has enabled us to continue to grow share. *Sampoerna A* and *U Mild* gained 0.6 points and 0.9 points, respectively, in the quarter. In addition, *Marlboro* has strong momentum: it gained 0.5 points to reach a quarterly share of 5.4%. Meanwhile, *Dji Sam*

Soe has lost share since it became the first major brand to move above the 1,000 Rupiah per stick price point, ahead of competitive brands.

We have continued to increase prices on a regular basis and have now fully offset the impact of the January excise tax increase as well as higher clove costs.

Effective October 1, the government enacted an amended regulation that addresses the loophole whereby large manufacturers could spread their production volume across sister companies and benefit from lower excise tax rates. This will affect around 2% of our volume, while the impact will be much more significant for several of our competitors. We await the government's decision as to whether the regular annual excise tax increase will be eliminated in 2014 - or at least moderated - to take into account the anticipated imposition of a new regional tax of 10%.

(SLIDE 19.)

Let me also say a few words about the exciting business development projects that we have recently completed.

The purchase of the remaining 20% interest in our Mexican affiliate for \$703 million closed in the third quarter. This is a profitable 34 billion unit cigarette market, in which we achieved a 72.8% market share through September this year. *Marlboro* had a 51.7% share over the same period, one of the highest in the world. The acquisition is projected to be marginally accretive as of the fourth quarter this year.

The second deal that closed during the third quarter was the acquisition of a 49% stake in Arab Investors-TA for \$625 million. Algeria is a profitable 30 billion unit cigarette market, in which we achieved an estimated 40% share this year through September, driven by *Marlboro*. This investment significantly enhances our prospects in this important North African market. The agreement also opens the door to additional business opportunities in certain other North African and Middle Eastern markets, such as Egypt. The acquisition is projected to be accretive as of 2014.

(SLIDE 20.)

Our free cash flow was up by 45.5%, excluding currency, in the third quarter due mainly to a reduction in working capital and higher net earnings.

In September this year, our Board approved a 10.6% increase in our quarterly dividend, which now stands at \$3.76 per share on an annualized basis. It has more than doubled since the \$1.84 rate at the time of the spin. Our target dividend payout ratio remains 65%. This reflects our strong confidence in our business fundamentals and future prospects. Our dividend yield is currently around 4.4%.

We spent a further \$1.5 billion on share repurchases in the third quarter and expect a similar level of expenditures in the fourth quarter. By year-end, we will have spent about half of the \$18 billion three-year program that was authorized by the Board in August 2012. Since the spin through this September, we have repurchased 539 million shares, representing approximately 26% of our shares outstanding at that time, at an average price of \$60.02 per share. During this time, we have been able to sustain our very solid balance sheet and remain committed to maintaining our single A credit rating.

(SLIDE 21.)

In conclusion, our business fundamentals are solid and our commitment to reward our shareholders remains steadfast.

Despite persistently difficult macro-economic conditions, our third-quarter results were in line with our expectations and we anticipate a strong fourth quarter. We have updated our guidance to reflect prevailing exchange rates and the fourth-quarter restructuring charge, as well as a cautious outlook regarding certain markets. Our 2013 reported diluted EPS guidance is \$5.35 to \$5.40, and represents a full-year growth rate of approximately 10%, excluding currency and charges, compared to our 2012 adjusted diluted EPS of \$5.22.

(SLIDE 22.)

Thank you. I will now be happy to answer your questions.

(SLIDE 23.)

NICK ROLLI

That concludes our call. If you have any follow-up questions, please contact the investor relations team here in Switzerland. Thank you for joining us.



PHILIP MORRIS INTERNATIONAL

2013 Third-Quarter Results

October 17, 2013



Introduction

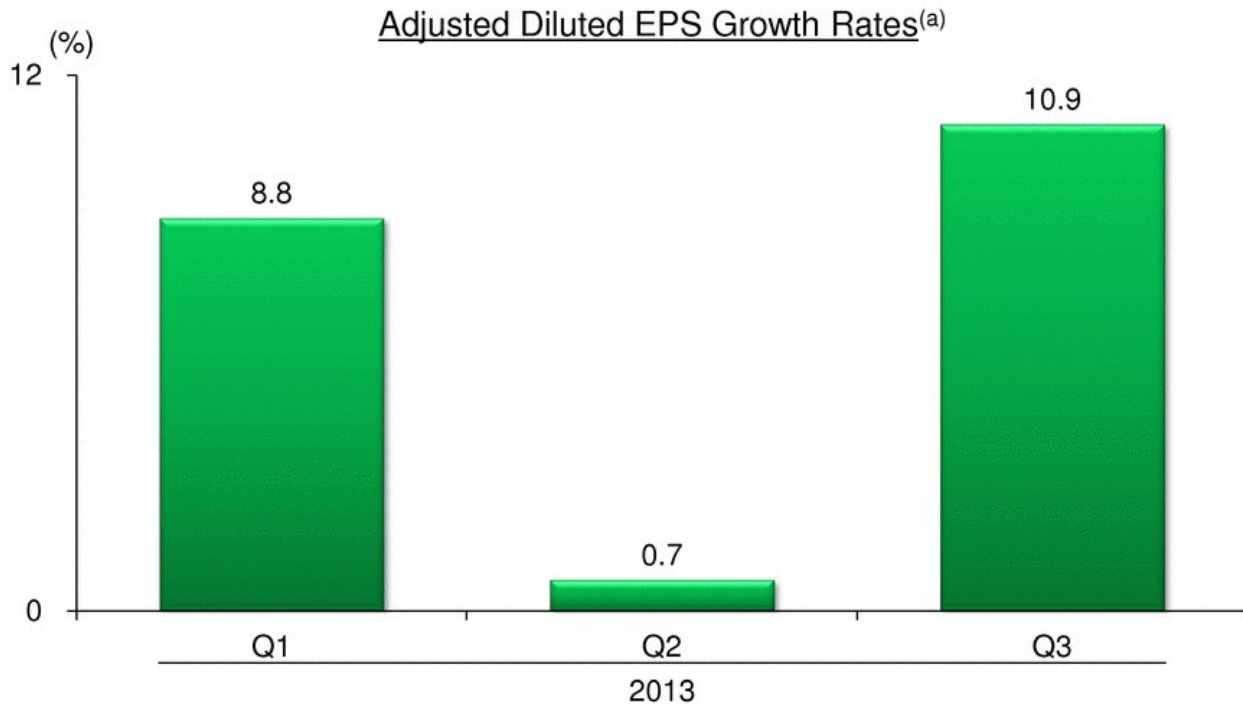
- Unless otherwise stated, we will be talking about results for the third quarter of 2013 and comparing them to the same period in 2012
- References to PMI volumes refer to PMI shipments
- Industry volume and market shares are the latest data available from a number of internal and external sources
- Organic volume refers to volume excluding acquisitions
- Net revenues exclude excise taxes
- Operating Companies Income, or “OCI”, is defined as operating income before general corporate expenses and the amortization of intangibles. OCI growth rates are on an adjusted basis, which excludes asset impairment, exit and other costs
- Data tables showing adjustments to net revenues and OCI for currency, 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 web site



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 products with the potential to reduce the risk of smoking-related diseases; 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-Q for the quarter ended June 30, 2013. 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

Q3, 2013: Improved Adjusted Diluted EPS Growth Rate

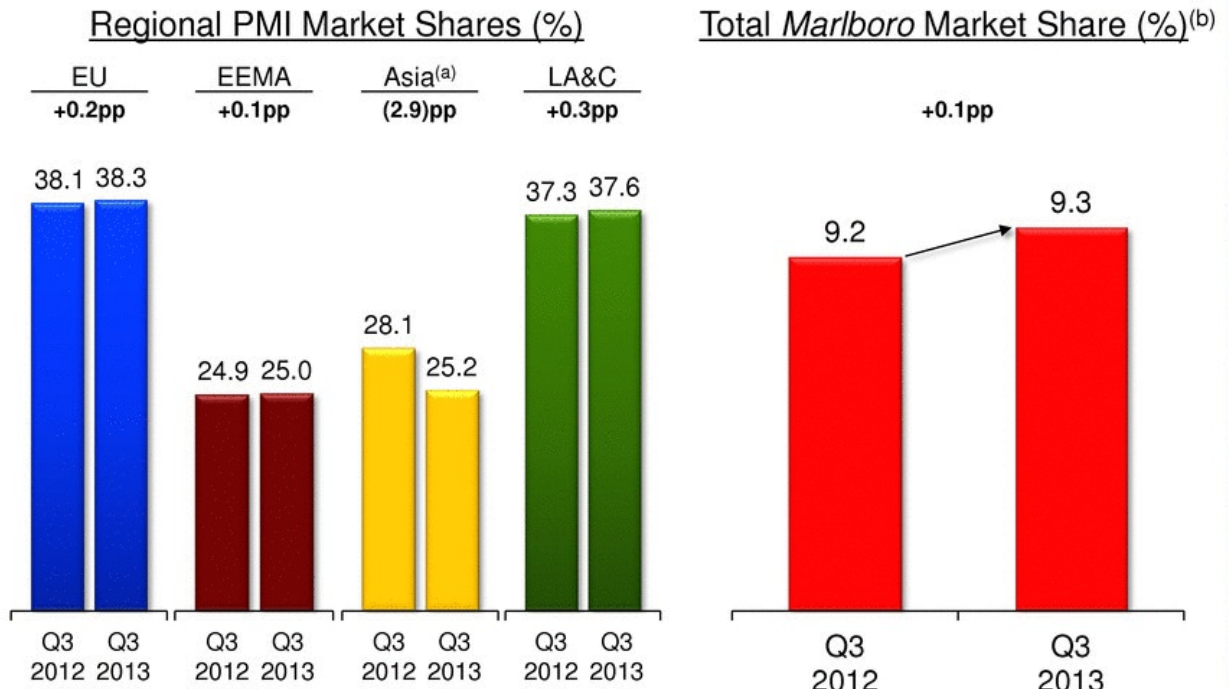


(a) Excluding currency
Source: PMI Financials

Q3, 2013: Continued Market Share Growth Momentum Outside of Asia

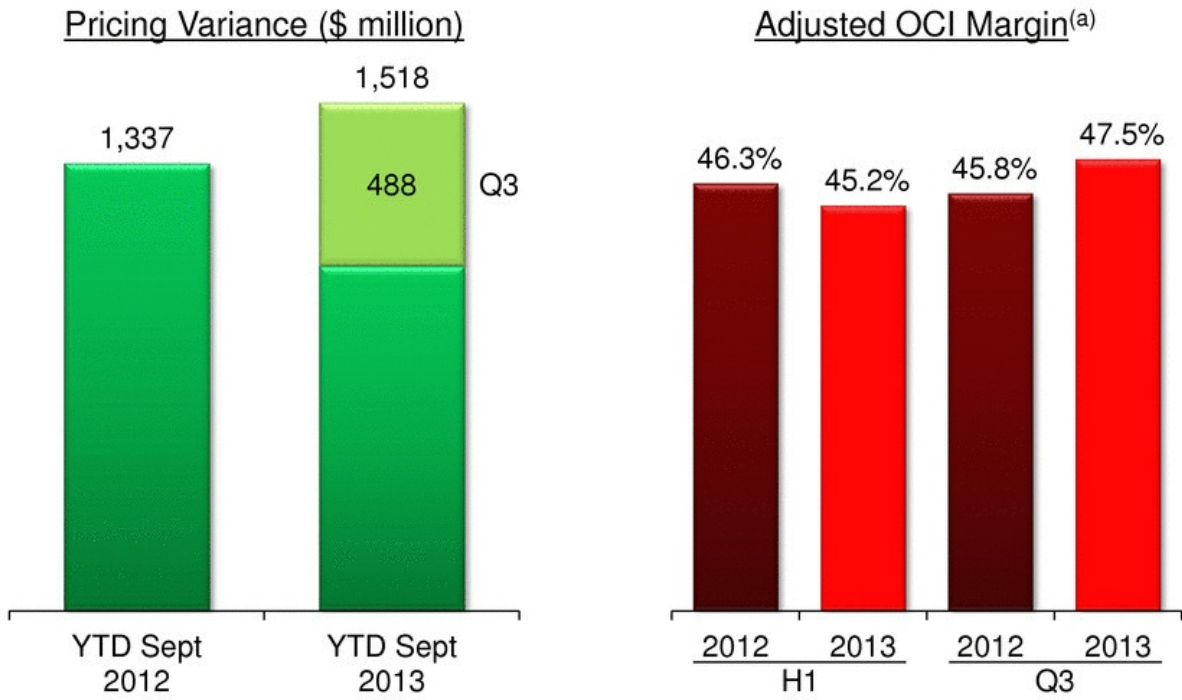


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(a) Excluding China
 (b) Excluding China, the Philippines and the USA
 Source: PMI estimates

Q3, 2013: Strong Pricing and Improved Margins



(a) Excluding currency
Source: PMI Financials

2013 EPS Guidance



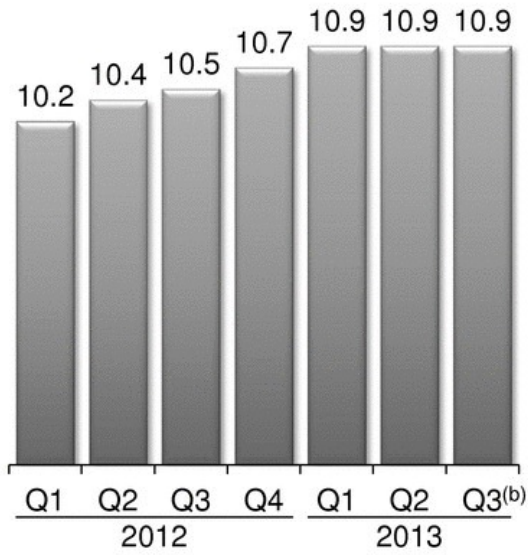
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- Anticipate a strong fourth quarter
- July reported diluted EPS guidance for 2013 was \$5.43 to \$5.53
- Today's guidance includes:
 - Two additional cents in unfavorable currency, at prevailing exchange rates, bringing the full-year impact to 33 cents
 - Approximately three cents for a fourth-quarter charge related to our previously announced restructuring program
 - One cent charge related to the American Taxpayer Relief Act, reported in Q1, 2013
 - A cautious outlook regarding certain markets
- Today's reported diluted EPS guidance for 2013 is \$5.35 to \$5.40, compared to \$5.17 in 2012
- Excluding currency and charges, our guidance represents a growth rate of approximately 10%, compared to the adjusted diluted EPS of \$5.22 in 2012

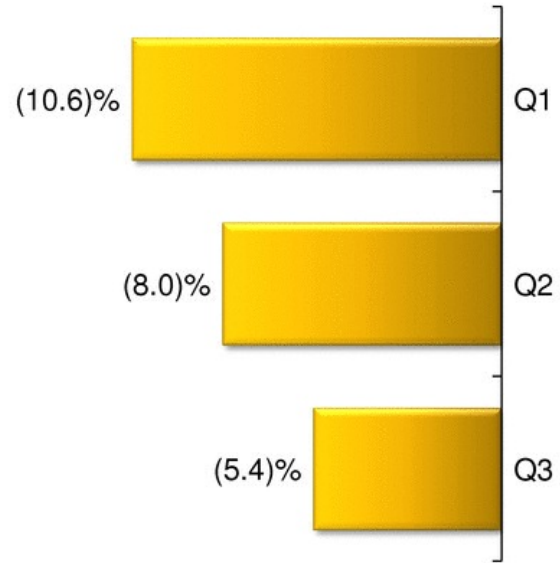
EU Region: Moderating Cigarette Industry Volume Decline



EU Unemployment (%)^(a)



Total Cigarette Industry Volume Decline (2013 vs. PY)



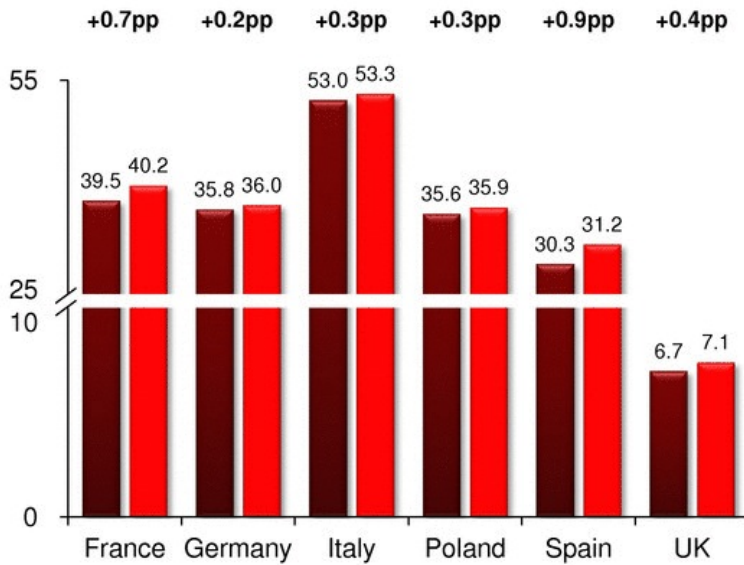
(a) Seasonally adjusted
(b) July – August
Source: Eurostat and PMI estimates



EU Region: Strong Share Momentum

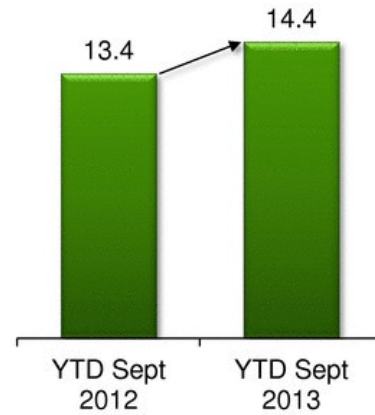
PMI Cigarette Shares (%)

■ YTD Sept, 2012 ■ YTD Sept, 2013



PMI Fine Cut Share (%)

+1.0pp

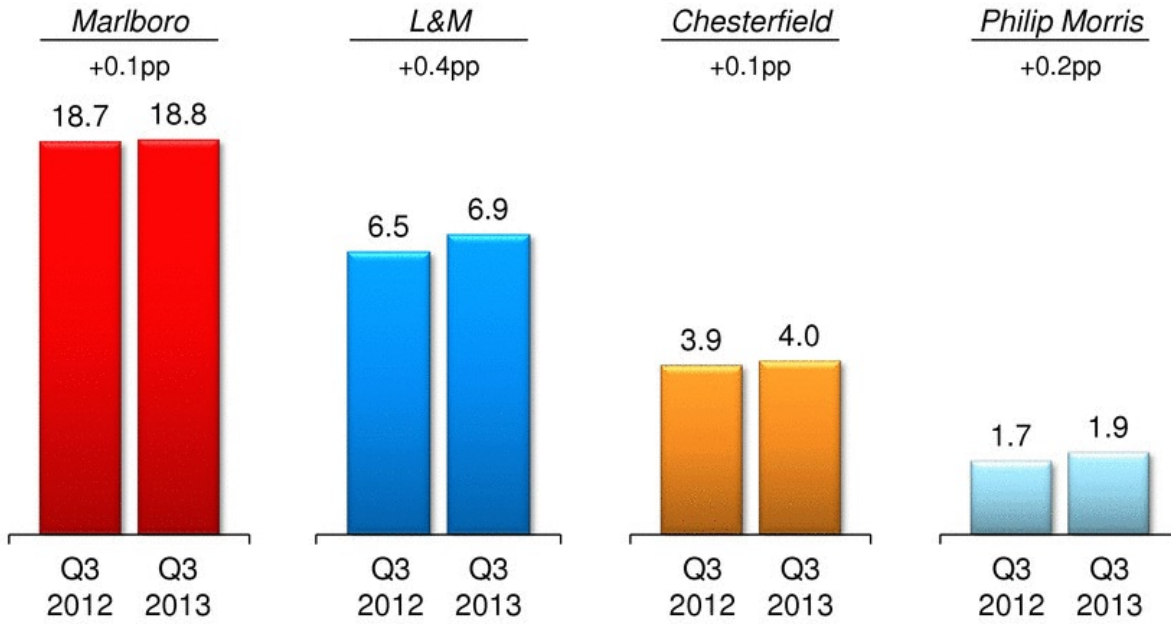


Note: Fine cut includes Make Your Own (MYO), MYO volume tobacco and Roll Your Own (RYO)
Source: PMI estimates

EU Region: Strong Share Momentum



EU Region Cigarette Shares (%)



Source: PMI estimates

EU Region: Tobacco Products Directive ("TPD")



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- European Parliament Plenary Session amended the proposal as follows:
 - 65% health warning (vs. 75% proposed)
 - Flavored cigarettes, such as menthol, banned after a transition period of 5+ years
 - Slim cigarettes permitted
 - E-cigarettes to be regulated under TPD

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- PMI welcomes these marginal improvements, but regrets the vote to ban an entire segment of the legal market, the failure to provide a comprehensive framework for reduced harm products, the continued inclusion of oversized health warnings, restrictions on pack formats, and an unworkable and discriminatory anti-illicit trade solution

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 - Slim cigarettes permitted
 - E-cigarettes to be regulated under TPD
- PMI welcomes these marginal improvements, but regrets the vote to ban an entire segment of the legal market, the failure to provide a comprehensive framework for reduced harm products, the continued inclusion of oversized health warnings, restrictions on pack formats, and an unworkable and discriminatory anti-illicit trade solution
- Final text of TPD still has to be agreed between the European Parliament, the European Council of Ministers and the European Commission. Adoption is expected before year-end or in Q1, 2014
- Transposition into national legislation 18-24 months thereafter



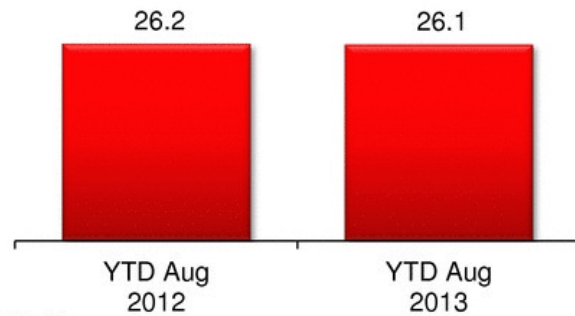
Russia: Lower Volume but Higher Profitability

- PMI increased its prices by RUB 4/pack in June/July on most brands
- Cigarette industry volume declined by an estimated 9% in Q3, 2013. Full-year decline expected to be about 7-8%
- *Parliament* performing very well in the above premium segment
- Profitability ex-currency increased at a double-digit rate in Q3, 2013

Excise Tax Structure (2013-2016)

| | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------|------|-------|-------|-------|
| Ad Valorem Excise Tax (% of MRSP) | 8.0% | 8.5% | 9.0% | 9.5% |
| Specific Excise Tax (RUB/000) | 550 | 800 | 960 | 1,200 |
| Minimum Excise Tax (RUB/000) | 730 | 1,040 | 1,250 | 1,600 |
| VAT (Nominal) | 18% | 18% | 18% | 18% |

PMI Market Share (%)

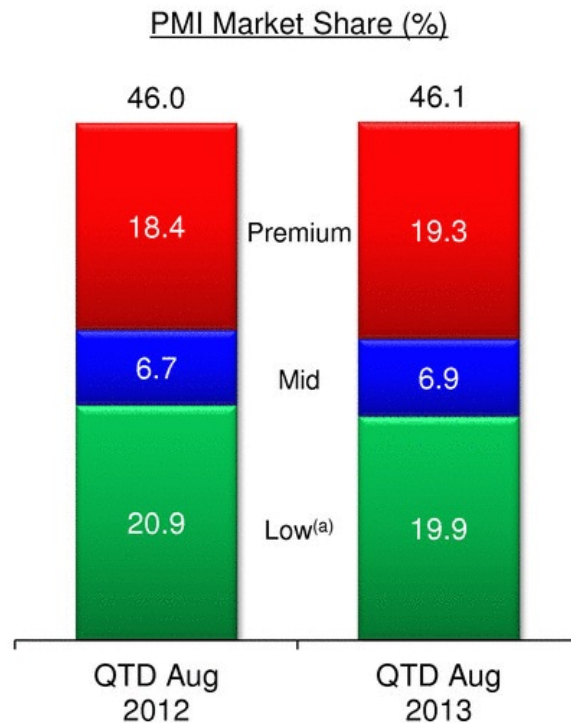


Note: MRSP stands for Maximum Retail Selling Price. VAT stands for Value Added Tax
Source: PMI estimates, PMI forecasts, PMI Financials and Nielsen



Turkey: Strong PMI Fundamentals

- Cigarette industry volume declined by an estimated 5% in Q3, 2013
- Our full-year forecast is for an industry volume decline of around 7-8%
- Strong performance of *Parliament* in premium and *Muratti* in mid-price segment
- Successful launch of *Chesterfield*: 1.2% market share in August 2013



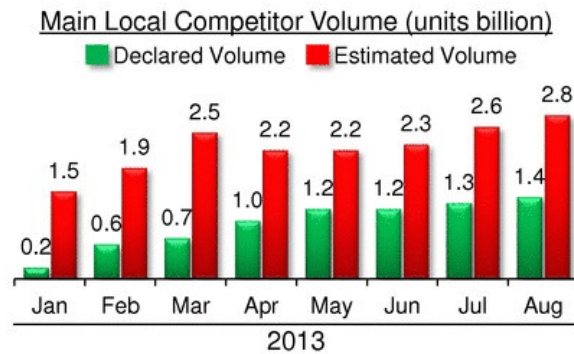
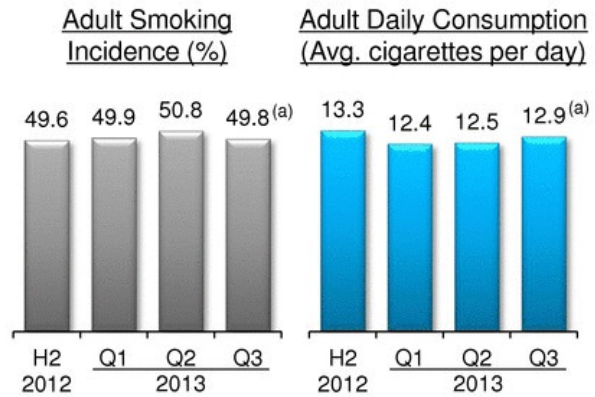
(a) Includes super-low
Source: PMI estimates, PMI forecasts and Nielsen

Philippines: Under-Declaration by Main Local Competitor Remains the Key Issue



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- Tax-paid industry volume in Q3, 2013, declined by 6.7%
- Adult cigarette consumption essentially stable
- Volume declared by our main local competitor for excise tax and VAT purposes has increased, but we estimate it represents less than half actual sales
- Mighty brand still retails at an economically unsustainable level of 1 Peso per cigarette
- We continue to balance the volume and profitability equation but, until the authorities address the issue decisively, the Philippines will remain a significant challenge



(a) QTD August
 Note: The term adult refers to Legal Age (minimum 18) – 64 year old smokers
 Source: PMI estimates, PMI Market Research, Nielsen and the Philippines Bureau of Internal Revenue

Japan: Moderate Industry Volume Decline but Market Share under Pressure

- Cigarette industry volume down by 1.2% in Q3, 2013. On track to decline by about 2% for the full year
- Two key objectives:
 - Reinforce our leadership in the growing menthol segment
 - Improve our performance in the larger non-menthol segment
- *Marlboro Clear* launched in September
- Consumption tax to increase from 5% to 8% next April

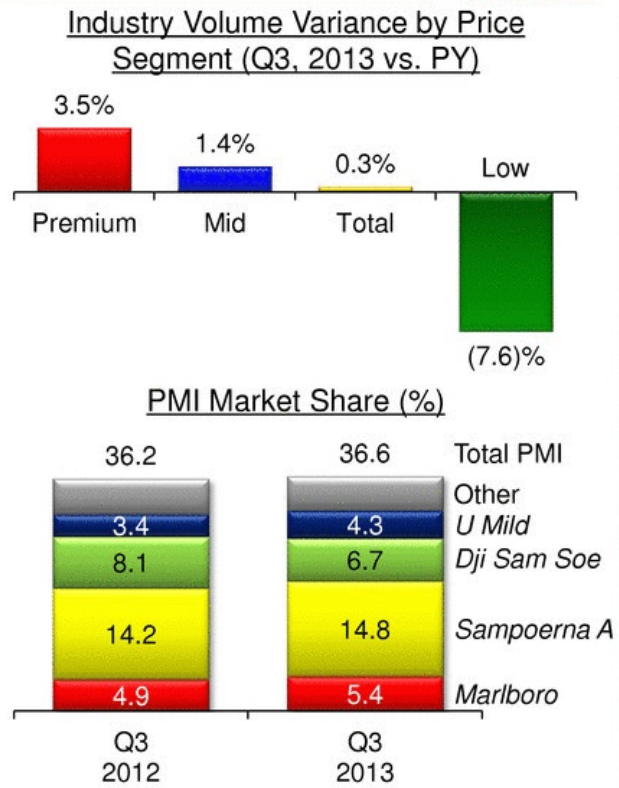


Source: Tobacco Institute of Japan and PMI forecasts

Indonesia: Slower Industry Volume Growth but PMI Gaining Share



- Economic slowdown and increased cost of basic foods and fuel
- Cigarette industry volume up by 0.3% in Q3, 2013. Forecast for full-year growth of about 2%
- Growing adult consumer preference for machine-made kreteks
- Regular price increases have now fully offset January excise tax increase and higher clove costs
- Loophole closed whereby large manufacturers could spread their production volume across sister companies and benefit from lower excise tax rates



Source: PMI estimates and PMI forecasts



Business Development: Mexico and Algeria

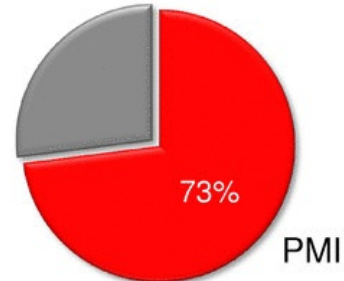
Mexico

- Purchase of remaining 20% interest closed in September for \$703 million
- Marginally accretive as of the fourth quarter this year

Algeria

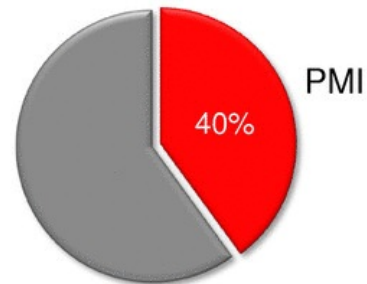
- Purchase of 49% stake in Arab Investors-TA closed in September for \$625 million
- Expected to be accretive as of 2014

Mexico Market Share^(a)



12mm Sept, 2013 Volume: 34 billion units

Algeria Market Share^(a)



12mm Sept, 2013 Volume: 30 billion units

(a) YTD September
Source: PMI estimates



Strong Focus on Shareholder Returns

- Free cash flow up strongly in the quarter
- Dividend increased by 10.6% in September to an annualized rate of \$3.76 per share; more than double the rate at the time of the spin
- Target dividend payout ratio remains 65%
- Our dividend yield is currently around 4.4%
- \$1.5 billion spent in Q3, 2013, on share repurchases
- Since the spin through September 2013, we have repurchased 539 million shares, representing 25.6% of the shares outstanding at the time
- Very solid balance sheet and commitment to single A credit rating

Note: Free cash flow is defined as net cash provided by operating activities less capital expenditures
Source: PMI Financials

Conclusion: Remain Confident That We Will Deliver Solid Financial Results in 2013



- Solid business fundamentals
- Steadfast commitment to reward our shareholders
- Persistent difficult macro-economic conditions
- Third-quarter results in line with expectations
- Strong fourth quarter anticipated
- Our reported diluted EPS guidance for 2013 is \$5.35 to \$5.40 at prevailing exchange rates
- Our guidance represents a growth rate of approximately 10%, excluding currency and charges, compared to our 2012 adjusted diluted EPS of \$5.22



PHILIP MORRIS INTERNATIONAL

2013 Third-Quarter Results

Questions & Answers



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>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 1.28 | \$ 1.25 | 2.4% |
| Adjustments: | | | |
| Asset impairment and exit costs | - | - | |
| Tax items | 0.01 | - | |
| Adjusted Diluted EPS | \$ 1.29 | \$ 1.25 | 3.2% |
| Less: | | | |
| Currency impact | (0.07) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 1.36 | \$ 1.25 | 8.8% |

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 June 30,
(Unaudited)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 1.30 | \$ 1.36 | (4.4)% |
| Adjustments: | | | |
| Asset impairment and exit costs | - | - | |
| Tax items | - | - | |
| Adjusted Diluted EPS | \$ 1.30 | \$ 1.36 | (4.4)% |
| Less: | | | |
| Currency impact | (0.07) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 1.37 | \$ 1.36 | 0.7% |

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 September 30,
(Unaudited)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 1.44 | \$ 1.32 | 9.1% |
| Adjustments: | | | |
| Asset impairment and exit costs | - | 0.01 | |
| Tax items | - | 0.05 | |
| Adjusted Diluted EPS | \$ 1.44 | \$ 1.38 | 4.3% |
| Less: | | | |
| Currency impact | (0.09) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 1.53 | \$ 1.38 | 10.9% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Calculation of Adjusted Operating Companies Income Margins, excluding Currency
(\$ in millions)
(Unaudited)

For the Six Months Ended June 30, 2012

| | Reported Operating Companies Income | Less Asset Impairment & Exit Costs | Adjusted Operating Companies Income | Less Currency | Adjusted Operating Companies Income excluding Currency | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Less Currency | Reported Net Revenues excluding Excise Taxes & Currency | Adjusted Operating Companies Income Margin excluding Currency |
|------------------------|-------------------------------------|------------------------------------|-------------------------------------|-----------------|--|-----------------------|-------------------|--|-----------------|---|---|
| European Union | \$ 2,147 | \$ - | \$ 2,147 | \$ (155) | \$ 2,302 | \$ 13,750 | \$ 9,412 | \$ 4,338 | \$ (249) | \$ 4,587 | 50.2% |
| EEMA | 1,758 | - | 1,758 | (124) | 1,882 | 9,131 | 5,145 | 3,986 | (200) | 4,186 | 45.0% |
| Asia | 2,771 | - | 2,771 | 56 | 2,715 | 10,494 | 4,862 | 5,632 | 45 | 5,587 | 48.6% |
| Latin America & Canada | 486 | (16) | 502 | (42) | 544 | 4,684 | 3,072 | 1,612 | (90) | 1,702 | 32.0% |
| PMI Total | \$ 7,162 | \$ (16) | \$ 7,178 | \$ (265) | \$ 7,443 | \$ 38,059 | \$ 22,491 | \$ 15,568 | \$ (494) | \$ 16,062 | 46.3% |

For the Six Months Ended June 30, 2013

| | Reported Operating Companies Income | Less Asset Impairment & Exit Costs | Adjusted Operating Companies Income | Less Currency | Adjusted Operating Companies Income excluding Currency | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Less Currency | Reported Net Revenues excluding Excise Taxes & Currency | Adjusted Operating Companies Income Margin excluding Currency |
|------------------------|-------------------------------------|------------------------------------|-------------------------------------|-----------------|--|-----------------------|-------------------|--|-----------------|---|---|
| European Union | \$ 2,020 | \$ - | \$ 2,020 | \$ (10) | \$ 2,030 | \$ 13,768 | \$ 9,592 | \$ 4,176 | \$ 2 | \$ 4,174 | 48.6% |
| EEMA | 1,880 | - | 1,880 | (31) | 1,911 | 9,800 | 5,576 | 4,224 | (39) | 4,263 | 44.8% |
| Asia | 2,470 | (8) | 2,478 | (215) | 2,693 | 10,632 | 5,150 | 5,482 | (262) | 5,744 | 46.9% |
| Latin America & Canada | 509 | - | 509 | (12) | 521 | 4,810 | 3,191 | 1,619 | (47) | 1,666 | 31.3% |
| PMI Total | \$ 6,879 | \$ (8) | \$ 6,887 | \$ (268) | \$ 7,155 | \$ 39,010 | \$ 23,509 | \$ 15,501 | \$ (346) | \$ 15,847 | 45.2% |

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



Calculation of Adjusted Operating Companies Income Margins, excluding Currency
(\$ in millions)
(Unaudited)

For the Quarters Ended September 30, 2012

| | Reported Operating Companies Income | Less Asset Impairment & Exit Costs | Adjusted Operating Companies Income | Less Currency | Adjusted Operating Companies Income excluding Currency | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Less Currency | Reported Net Revenues excluding Excise Taxes & Currency | Adjusted Operating Companies Income Margin excluding Currency |
|------------------------|-------------------------------------|------------------------------------|-------------------------------------|-----------------|--|-----------------------|-------------------|--|-----------------|---|---|
| European Union | \$ 1,085 | \$ - | \$ 1,085 | \$ (151) | \$ 1,236 | \$ 6,904 | \$ 4,779 | \$ 2,125 | \$ (334) | \$ 2,459 | 50.3% |
| EEMA | 1,047 | - | 1,047 | (59) | 1,106 | 5,125 | 2,918 | 2,207 | (211) | 2,418 | 45.7% |
| Asia | 1,297 | (24) | 1,321 | (9) | 1,330 | 5,174 | 2,413 | 2,761 | (104) | 2,865 | 46.4% |
| Latin America & Canada | 267 | (10) | 277 | (17) | 294 | 2,389 | 1,562 | 827 | (82) | 909 | 32.3% |
| PMI Total | \$ 3,696 | \$ (34) | \$ 3,730 | \$ (236) | \$ 3,966 | \$ 19,592 | \$ 11,672 | \$ 7,920 | \$ (731) | \$ 8,651 | 45.8% |

For the Quarters Ended September 30, 2013

| | Reported Operating Companies Income | Less Asset Impairment & Exit Costs | Adjusted Operating Companies Income | Less Currency | Adjusted Operating Companies Income excluding Currency | Reported Net Revenues | Less Excise Taxes | Reported Net Revenues excluding Excise Taxes | Less Currency | Reported Net Revenues excluding Excise Taxes & Currency | Adjusted Operating Companies Income Margin excluding Currency |
|------------------------|-------------------------------------|------------------------------------|-------------------------------------|-----------------|--|-----------------------|-------------------|--|-----------------|---|---|
| European Union | \$ 1,207 | \$ - | \$ 1,207 | \$ 63 | \$ 1,144 | \$ 7,487 | \$ 5,206 | \$ 2,281 | \$ 118 | \$ 2,163 | 52.9% |
| EEMA | 1,088 | - | 1,088 | (32) | 1,120 | 5,546 | 3,261 | 2,285 | (9) | 2,294 | 48.8% |
| Asia | 1,097 | - | 1,097 | (178) | 1,275 | 5,144 | 2,601 | 2,543 | (196) | 2,739 | 46.5% |
| Latin America & Canada | 267 | - | 267 | (13) | 280 | 2,452 | 1,634 | 818 | (33) | 851 | 32.9% |
| PMI Total | \$ 3,659 | \$ - | \$ 3,659 | \$ (160) | \$ 3,819 | \$ 20,629 | \$ 12,702 | \$ 7,927 | \$ (120) | \$ 8,047 | 47.5% |

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>2012</u> |
|---------------------------------|-----------------------|
| Reported Diluted EPS | \$ 5.17 |
| Adjustments: | |
| Asset impairment and exit costs | 0.03 |
| Tax items | <u>0.02</u> |
| Adjusted Diluted EPS | <u>\$ 5.22</u> |

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 September 30,
(\$ in millions)
(Unaudited)

| 2013 | | | | | | | 2012 | | | % 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 | |
| \$ 1,207 | \$ - | \$ 1,207 | \$ 63 | \$ 1,144 | \$ - | \$ 1,144 | European Union | \$ 1,085 | \$ - | \$ 1,085 | 11.2% | 5.4% | 5.4% |
| 1,088 | - | 1,088 | (32) | 1,120 | - | 1,120 | EEMA | 1,047 | - | 1,047 | 3.9% | 7.0% | 7.0% |
| 1,097 | - | 1,097 | (178) | 1,275 | - | 1,275 | Asia | 1,297 | (24) | 1,321 | (17.0)% | (3.5)% | (3.5)% |
| 267 | - | 267 | (13) | 280 | - | 280 | Latin America & Canada | 267 | (10) | 277 | (3.6)% | 1.1% | 1.1% |
| \$ 3,659 | \$ - | \$ 3,659 | \$ (160) | \$ 3,819 | \$ - | \$ 3,819 | PMI Total | \$ 3,696 | \$ (34) | \$ 3,730 | (1.9)% | 2.4% | 2.4% |

| 2013 | | | | | | 2012 | | | % 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 | 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 | |
| \$ 1,144 | \$ 2,163 | 52.9% | \$ 1,144 | \$ 2,163 | 52.9% | European Union | \$ 1,085 | \$ 2,125 | 51.1% | 1.8 | 1.8 |
| 1,120 | 2,294 | 48.8% | 1,120 | 2,294 | 48.8% | EEMA | 1,047 | 2,207 | 47.4% | 1.4 | 1.4 |
| 1,275 | 2,739 | 46.5% | 1,275 | 2,739 | 46.5% | Asia | 1,321 | 2,761 | 47.8% | (1.3) | (1.3) |
| 280 | 851 | 32.9% | 280 | 851 | 32.9% | Latin America & Canada | 277 | 827 | 33.5% | (0.6) | (0.6) |
| \$ 3,819 | \$ 8,047 | 47.5% | \$ 3,819 | \$ 8,047 | 47.5% | PMI Total | \$ 3,730 | \$ 7,920 | 47.1% | 0.4 | 0.4 |

(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



Adjustments for the Impact of Currency and Acquisitions
For the Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

| 2013 | | | | | | | 2012 | | | | | | | % 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 | | | | |
| \$ 21,255 | \$ 14,798 | \$ 6,457 | \$ 120 | \$ 6,337 | \$ - | \$ 6,337 | \$ 20,654 | \$ 14,191 | \$ 6,463 | (0.1)% | (1.9)% | (1.9)% | | | | |
| 15,346 | 8,637 | 6,509 | (48) | 6,557 | - | 6,557 | 14,256 | 8,063 | 6,193 | 5.1% | 5.9% | 5.9% | | | | |
| 15,776 | 7,751 | 8,025 | (458) | 8,483 | - | 8,483 | 15,668 | 7,275 | 8,393 | (4.4)% | 1.1% | 1.1% | | | | |
| 7,262 | 4,825 | 2,437 | (80) | 2,517 | - | 2,517 | 7,073 | 4,634 | 2,439 | (0.1)% | 3.2% | 3.2% | | | | |
| \$ 59,639 | \$ 36,211 | \$ 23,428 | \$ (466) | \$ 23,894 | \$ - | \$ 23,894 | \$ 57,651 | \$ 34,163 | \$ 23,488 | (0.3)% | 1.7% | 1.7% | | | | |

| 2013 | | | | | | | 2012 | | | | | | | % 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 | Less Currency | Reported Operating Companies Income excluding Currency | Less Acquisitions | Reported Operating Companies Income excluding Currency & Acquisitions | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions | | | | |
| \$ 3,227 | \$ 53 | \$ 3,174 | \$ - | \$ 3,174 | \$ 3,232 | \$ 53 | \$ 3,179 | \$ - | \$ 3,179 | (0.2)% | (1.8)% | (1.8)% | | | | |
| 2,968 | (63) | 3,031 | - | 3,031 | 2,805 | (63) | 2,968 | - | 2,968 | 5.8% | 8.1% | 8.1% | | | | |
| 3,567 | (393) | 3,960 | - | 3,960 | 4,068 | (393) | 3,960 | - | 3,960 | (12.3)% | (2.7)% | (2.7)% | | | | |
| 776 | (25) | 801 | - | 801 | 753 | (25) | 801 | - | 801 | 3.1% | 6.4% | 6.4% | | | | |
| \$ 10,538 | \$ (428) | \$ 10,966 | \$ - | \$ 10,966 | \$ 10,858 | \$ (428) | \$ 10,966 | \$ - | \$ 10,966 | (2.9)% | 1.0% | 1.0% | | | | |

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 Nine Months Ended September 30,
 (\$ in millions)
 (Unaudited)

| 2013 | | | | | | | 2012 | | | | | | | % 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 | | | | |
| \$ 3,227 | \$ - | \$ 3,227 | \$ 53 | \$ 3,174 | \$ - | \$ 3,174 | \$ 3,232 | \$ - | \$ 3,232 | (0.2)% | (1.8)% | (1.8)% | | | | |
| 2,968 | - | 2,968 | (63) | 3,031 | - | 3,031 | 2,805 | - | 2,805 | 5.8% | 8.1% | 8.1% | | | | |
| 3,567 | (8) | 3,575 | (393) | 3,968 | - | 3,968 | 4,068 | (24) | 4,092 | (12.6)% | (3.0)% | (3.0)% | | | | |
| 776 | - | 776 | (25) | 801 | - | 801 | 753 | (26) | 779 | (0.4)% | 2.8% | 2.8% | | | | |
| \$ 10,538 | \$ (8) | \$ 10,546 | \$ (428) | \$ 10,974 | \$ - | \$ 10,974 | \$ 10,858 | \$ (50) | \$ 10,908 | (3.3)% | 0.6% | 0.6% | | | | |

| 2013 | | | | | | 2012 | | | | | | % 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 | 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 | | | |
| \$ 3,174 | \$ 6,337 | 50.1% | \$ 3,174 | \$ 6,337 | 50.1% | \$ 3,232 | \$ 6,463 | 50.0% | 0.1 | 0.1 | | | |
| 3,031 | 6,557 | 46.2% | 3,031 | 6,557 | 46.2% | 2,805 | 6,193 | 45.3% | 0.9 | 0.9 | | | |
| 3,968 | 8,483 | 46.8% | 3,968 | 8,483 | 46.8% | 4,092 | 8,393 | 48.8% | (2.0) | (2.0) | | | |
| 801 | 2,517 | 31.8% | 801 | 2,517 | 31.8% | 779 | 2,439 | 31.9% | (0.1) | (0.1) | | | |
| \$ 10,974 | \$ 23,894 | 45.9% | \$ 10,974 | \$ 23,894 | 45.9% | \$ 10,908 | \$ 23,488 | 46.4% | (0.5) | (0.5) | | | |

(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 Nine Months Ended September 30,
(Unaudited)

| | <u>2013</u> | <u>2012</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 4.02 | \$ 3.92 | 2.6% |
| Adjustments: | | | |
| Asset impairment and exit costs | - | 0.02 | |
| Tax items | 0.01 | 0.05 | |
| Adjusted Diluted EPS | \$ 4.03 | \$ 3.99 | 1.0% |
| Less: | | | |
| Currency impact | (0.23) | | |
| Adjusted Diluted EPS, excluding Currency | \$ 4.26 | \$ 3.99 | 6.8% |

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
For the Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

| | For the Quarters Ended September 30, | | | % Change | For the Nine Months Ended September 30, | | | % Change |
|--|---|----------|--|----------|--|----------|--|----------|
| | 2013 | 2012 | | | 2013 | 2012 | | |
| Net cash provided by operating activities^(a) | \$ 3,315 | \$ 2,393 | | 38.5% | \$ 7,815 | \$ 7,771 | | 0.6% |
| Less: | | | | | | | | |
| Capital expenditures | 301 | 243 | | | 821 | 719 | | |
| Free cash flow | \$ 3,014 | \$ 2,150 | | 40.2% | \$ 6,994 | \$ 7,052 | | (0.8)% |
| Less: | | | | | | | | |
| Currency impact | (114) | | | | (135) | | | |
| Free cash flow, excluding currency | \$ 3,128 | \$ 2,150 | | 45.5% | \$ 7,129 | \$ 7,052 | | 1.1% |

(a) Operating Cash Flow



PHILIP MORRIS INTERNATIONAL

2013 Third-Quarter Results

October 17, 2013



