



PHILIP MORRIS
INTERNATIONAL

2023

INVESTOR DAY

Championing a Smoke-Free World

Emmanuel Babeau
Chief Financial Officer

September 28, 2023

Forward-Looking and Cautionary Statements

- This presentation contains projections of future results and goals and other forward-looking statements, including statements regarding business and regulatory plans, expectations, opportunities, ambitions, targets, and strategies. These forward-looking statements and anticipated results reflect the current views and assumptions of management and are inherently subject to significant 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: excise tax increases and discriminatory tax structures; increasing marketing and regulatory restrictions that could reduce our competitiveness, eliminate our ability to communicate with adult consumers, or ban certain of our products in certain markets or countries; health concerns relating to the use of tobacco and other nicotine-containing products and exposure to environmental tobacco smoke; litigation related to tobacco use and intellectual property; intense competition; the effects of global and individual country economic, regulatory and political developments, natural disasters and conflicts; the impact and consequences of Russia's invasion of Ukraine; changes in adult smoker behavior; the impact of COVID-19 on PMI's business; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations, and limitations on the ability to repatriate funds; adverse changes in applicable corporate tax laws; adverse changes in the cost, availability, and quality of tobacco and other agricultural products and raw materials, as well as components and materials for our electronic devices; and the integrity of its information systems and effectiveness of its data privacy policies. PMI's future profitability may also be adversely affected should it be unsuccessful in its attempts to produce and commercialize reduced-risk products or if regulation or taxation do not differentiate between such products and cigarettes; 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; if it is unable to attract and retain the best global talent, including women or diverse candidates; or if it is unable to successfully integrate and realize the expected benefits from recent transactions and acquisitions. Future results are also subject to the lower predictability of our reduced-risk product category's performance
- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including PMI's Annual Report on Form 10-K for the fourth quarter and year ended December 31, 2022 and Quarterly Report on Form 10-Q for the second quarter ended June 30, 2023. 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

Glossary and Key Terms and Definitions

- A glossary of terms, including the definition for smoke-free products as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures for non-GAAP financial measures cited in this presentation are available on our [Investor Relations website](#)
- Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions and disposals. As such, figures and comparisons presented on an organic basis exclude Swedish Match up until November 11, 2023

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Delivering on the Immense Smoke-Free Opportunity

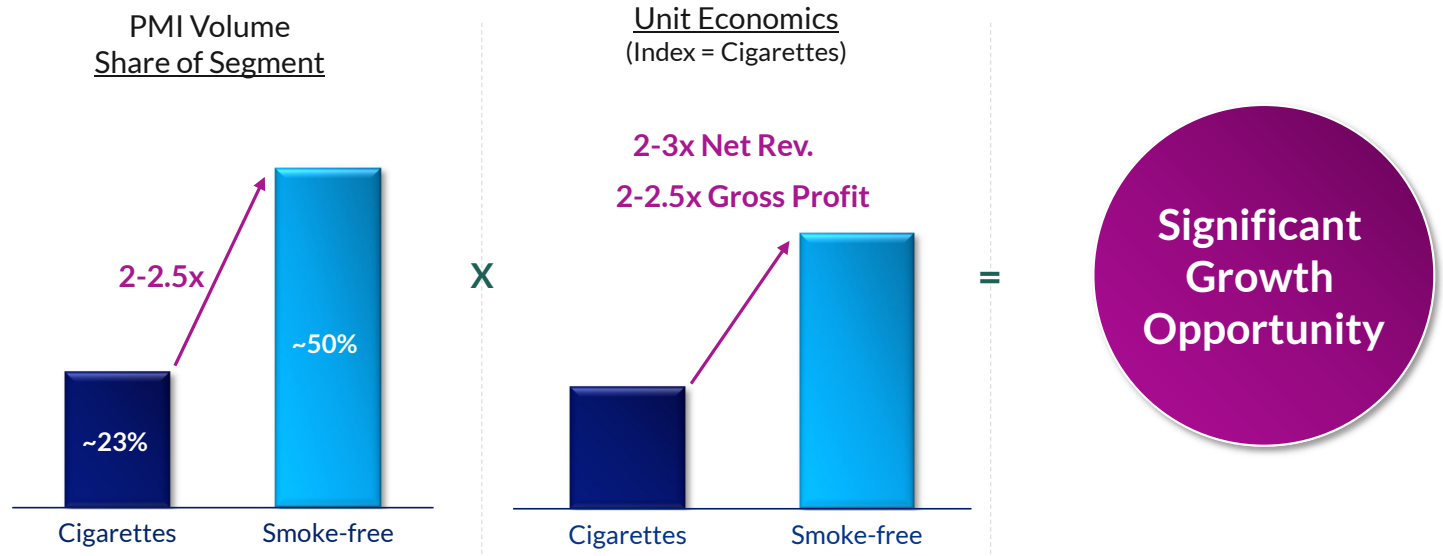
- Excellent fundamentals across our business
- IQOS & ZYN highly profitable & growing fast
- Strong delivery on key 2021-23 targets despite headwinds
- Accelerated top-line and strong profit growth to continue over 2024-26
- Expect U.S. to be accretive to volumes, top- and bottom-line growth, incl. investment years
- Delivering superior, sustainable growth while investing & rewarding shareholders
- Ambition to reach >2/3 smoke-free net revenues by 2030



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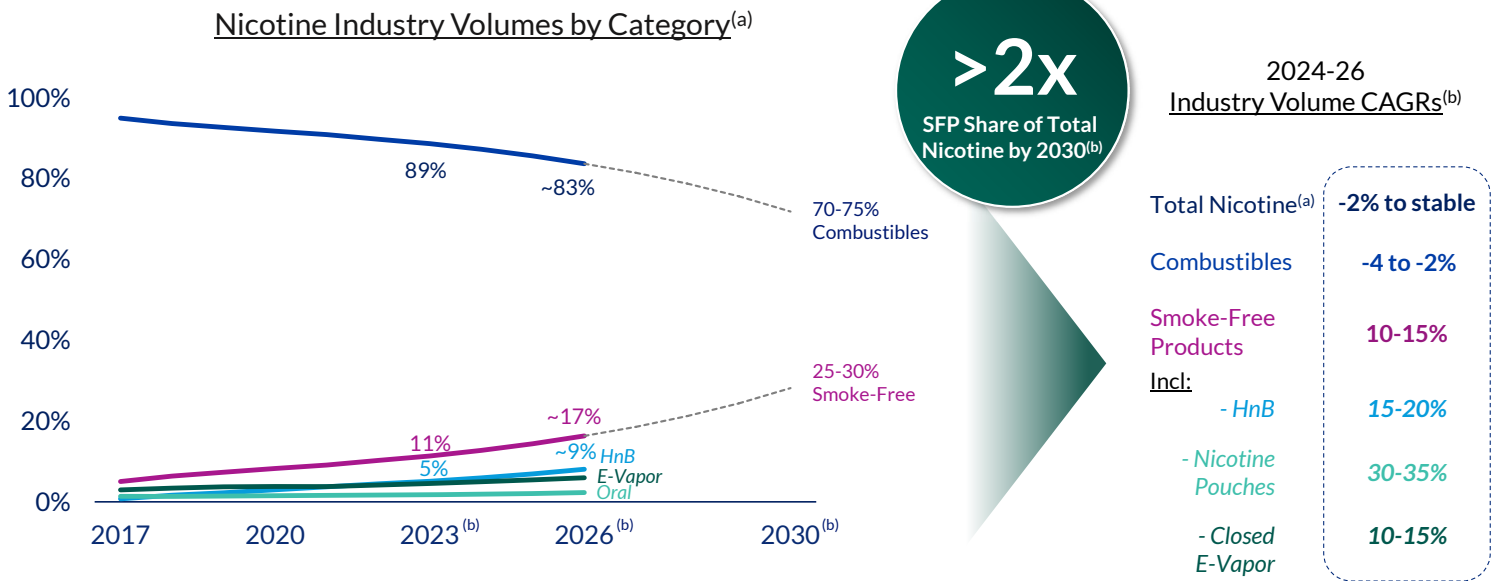
Smoke-Free World Presents Unprecedented Growth Opportunity

What Would Happen if the World Was Smoke-Free Tomorrow?



Note: Global, incl. U.S., excl. China. Smoke-free represents Heat-not-Burn, oral smoke-free products and e-vapor (excluding open tanks) at estimated pro forma 2022 unit economics
Source: PMI Financials or estimates

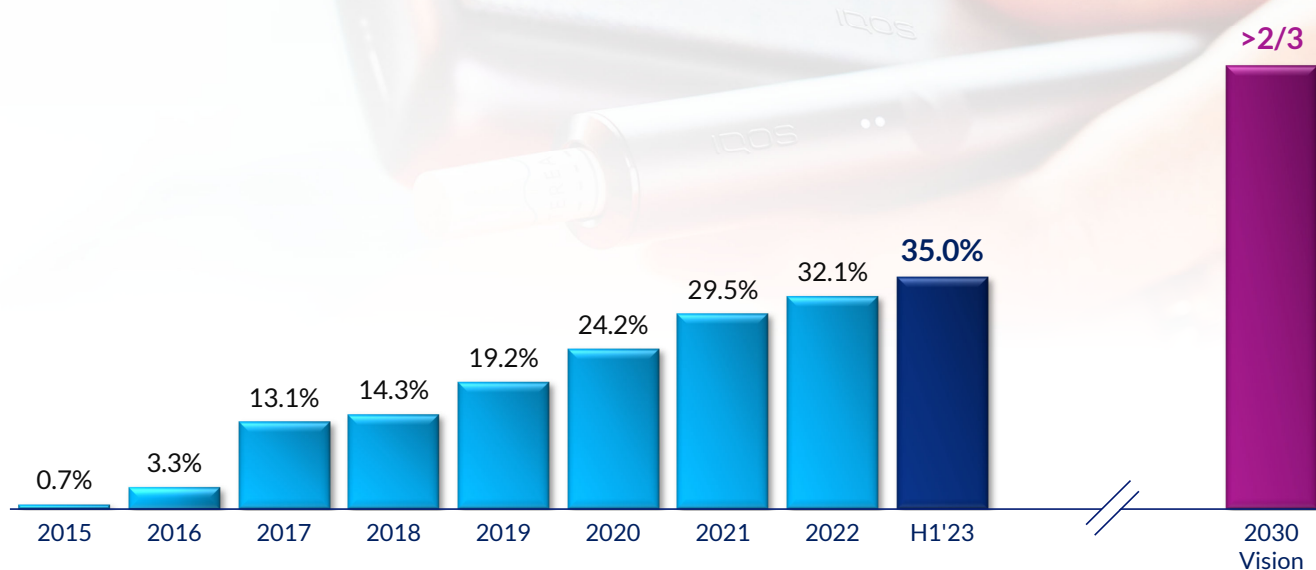
Structural SFP Growth As Industry Transforms



(a) Includes combustible tobacco products, heat not burn, vapor (including open tanks) and oral in stick equivalent units
(b) Estimates reflect continuation of current trends
Note: Excluding China and includes U.S.
Source: PMI Financials or estimates

Becoming Substantially Smoke-Free By Net Revenues

Smoke-Free Net Revenues^(a)
(% of Total PMI Adj. Net Revenues)



(a) Smoke-free net revenues include SFP net revenues and net revenues from the Wellness and Healthcare segment
Source: PMI Financials or estimates

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Strong Delivery on 2021-23 Key Financial Targets Despite Headwinds

	2021-23 Targets	2021-23 Expected Performance ^(a)
Shipment Volume CAGR ^(b)	Broadly stable	~1.5%
Net Revenue Organic CAGR	>5%	~7.5%
Adjusted Diluted EPS CAGR (Excl. currency)	>9%	~11.5%
Operating Cash Flow ^(c) (in \$bn)	~\$35	~\$34.5-35.5

(a) Incorporates 2023 forecast provided in press release today, September 28, 2023








(b) Reflects total shipment volume for cigarettes and HTUs

(c) At prevailing exchange rates when target provided in Feb. 2021

Note: Growth rates presented on an organic basis reflect currency-neutral adjusted results, excluding acquisitions
Source: PMI Financials or estimates

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Strong Non-Financial Performance Also Delivered

		Selected Performance Indicators	2021	2022	2025 Aspiration		
PRODUCT IMPACT		Maximize benefits of SFPs	% of low- and middle-income ^(a) markets where smoke-free products are available for sale	42%	42%	>50%	
			Reduce post-consumer waste	% of shipment volume covered by markets with youth access prevention programs in indirect retail channels ^(b)	91%	91%	> 90%
OPERATIONAL IMPACT			% of shipment volumes covered by markets with anti-littering programs for cigarettes	n/a	68%	≥80%	
			Foster an empowered and inclusive workplace	% of PMI employees who have access to structured lifelong learning offers	n/a	80%	70%
			Improve quality of life of people in our supply chain	% of contracted tobacco farmers making a living income	n/a	73%	100%
			Tackle climate change	Net carbon emissions scope 1+2 in thousands of metric tons ^{(a)(c)}	392	328	0
			Absolute scope 3 FLAG GHG emissions reduction vs. 2019 baseline (In line with science-based targets) ^(a)	(30%)	(24%)	(18%)	

(a) Including Swedish Match; (b) Total shipment volume includes cigarettes, OTPs, and smoke-free product consumables; (c) Emissions from PMI-operated IQOS stores are partially excluded from scope 1+2 emissions, as de minimis. In 2022, a portion of PMI's retail stores (representing approx. 10% of total retail surface area) have been included in the scope 1+2 emissions
 Note: Data exclude Swedish Match unless otherwise indicated

Sustainability at the Core of Our Transformation

- Driving shareholder returns is dependent on delivering on transformation
- Product transformation at the core of sustainable growth and becoming a more sustainable company
- Increasingly direct link to our executive compensation

Performance Share Unit Metrics



Integrating Smoke-Free Transformation into Financing Strategy

- Responds to our most material sustainability topic – product health impact
- Business transformation-linked financing instrument issued in September 2021
- Strong support from finance community for our performance-linked financing

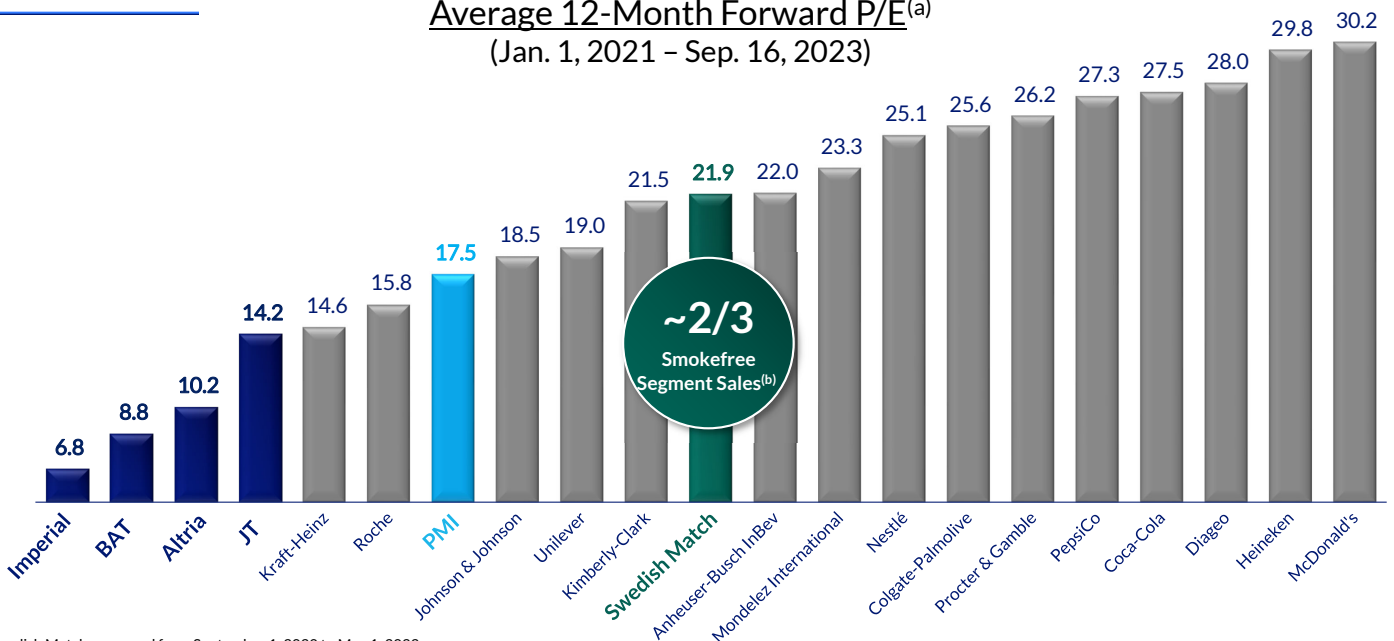
Revolving Credit Facility

USD **2.5bn**



Value Drivers: Smoke-Free Success & Perceived Sustainability of Growth

Average 12-Month Forward P/E^(a)
(Jan. 1, 2021 – Sep. 16, 2023)

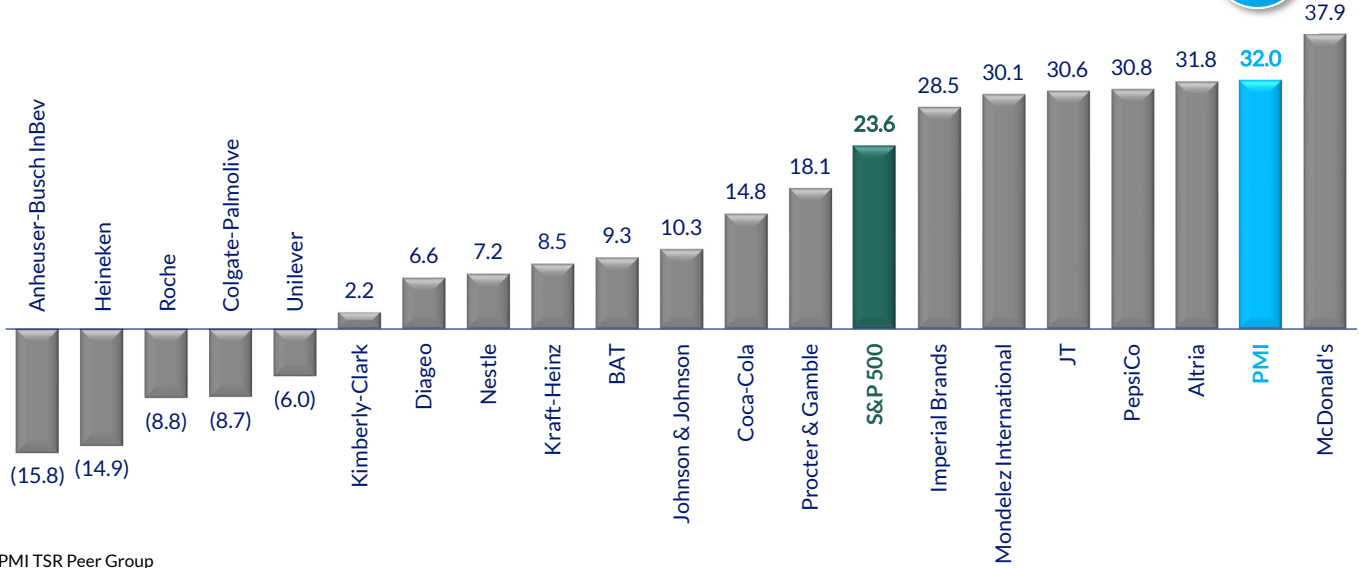


(a) Swedish Match measured from September 1, 2020 to May 1, 2022
(b) Based on Swedish Match's reported 2021 Smokefree segment sales published on February 16, 2022
Note: PMI TSR Peer Group
Source: Bloomberg

Robust TSR, Despite Currency and Valuation

USD TSR in %
(Jan. 1, 2021 – Sep. 16, 2023)

PMI
#2



Note: PMI TSR Peer Group
Source: Bloomberg

Accelerated Top-Line, Strong Profit Growth Targeted for '24-26

Positive
Total Shipment
Volume CAGR^(a)

6-8%
Net Revenue
Organic CAGR

8-10%
Adjusted OI
Organic CAGR

9-11%
Adjusted Diluted EPS
Currency-Neutral CAGR^(b)

Volume growth company, further enhanced by ZYN
Excellent OI growth driving margin expansion
Strong bottom-line performance from continued business momentum

(a) Reflects cigarettes, HTUs and oral smoke-free products (excluding U.S. Chew)

(b) At current corporate income tax rates

Note: Growth rates presented on an organic basis reflect currency-neutral underlying results, excluding acquisitions
Source: PMI Financials or estimates

Smoke-Free Transformation Driving Growth

Smoke-Free Products Growth Engine

- Strong top-line growth driven by rapidly increasing volumes & user base
- Investments in innovation and expansion to support growth
- Supporting OI growth through favorable mix, manufacturing productivities & efficiencies

Resilient Combustible Leadership Supports Smoke-Free Success

- Top-line growth with lower volumes more than offset by pricing
- Supporting OI growth through strong pricing, manufacturing productivities & efficiencies

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Attractive SFP Volume Growth Supported by Investments

(\$/000, 2022)	Intl. Cigarettes Average	Intl. IQOS (Incl. devices) ^(a) Average	Mid-Term Opportunity	Current Ratio vs Cig.	Nordics NPs Average
Net Revenue	~35	~85		~2.5x	~100
COGS	~12	~30	~25	~2.5x	~40
Gross Profit	~23	~55		~2.5x	~60
Commercial/ R&D Costs	~3	~25	<20	~7x	~30
Product Contribution	~20	~30	40+	~1.5x >2x	~30

IQOS & nicotine pouches already compare favorably to highly-optimized cigarette business, with scale opportunities over time

(a) IQOS financials, including devices, allocated to HTU on per '000 basis
 Note: 1 can of Nordics nicotine pouches (NPs) contains on average 21 pouches
 Source: PMI Financials or estimates

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U.S.: Attractive & Substantial Growth Opportunity

(\$/000, 2022)	Intl. Cigarettes Average	Intl. IQOS (Incl. devices) ^(a) Average	U.S. ZYN	Ratio vs Intl. Cig.	U.S. IQOS (Incl. devices) (Illustrative ^{(a)(b)})	Ratio vs Intl. Cig.
Net Revenue	~35	~85	~190	~5.5x	~150 <i>Assumes Premium U.S. CCNR</i>	~4x
COGS	~12	~30	~40	~3x	~30 <i>Assumes IQOS Intl. Avg</i>	~2.5x
Gross Profit	~23	~55	~150	~6.5x	~120	~5x
Commercial/ R&D Costs	~3	~25	~35	~12x	~40-50 <i>At scale (higher in launch phase)</i>	~13-16x
Product Contribution	~20	~30	~115	~6x	~70-80	~3-4x

Highly attractive economics vs. PMI international business

U.S. ZYN similar economics to U.S. Moist Snuff

(a) IQOS financials, including devices, allocated to HTU on per '000 basis

(b) Illustratively, assuming same estimated net revenue per thousand (net of MSA related payments) as U.S. cigarettes, same COGS as international IQOS, and estimated level of commercial costs once at moderate national scale

Note: 1 can of U.S. ZYN contains 15 pouches

Source: PMI Financials or estimates

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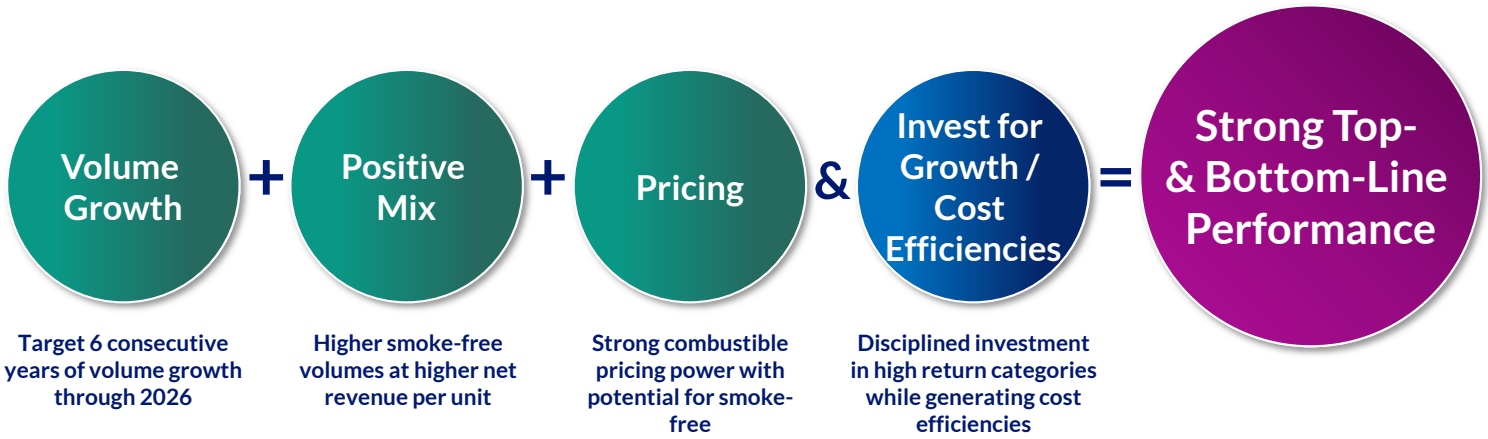
Formidable U.S. Growth Engine Adding IQOS to ZYN



- Swedish Match U.S. business already significant and growing fast:
 - On track for >\$2bn net revenues and close to \$1bn OI in 2024
 - IQOS will further enhance growth engine
- Plan to invest behind both IQOS and ZYN:
 - Ongoing investment supporting ZYN
 - IQOS scale-up timing dependent on ILUMA
- Expect strong double-digit volume, net revenue and OI growth throughout 2024-26, incl. peak incremental investment years

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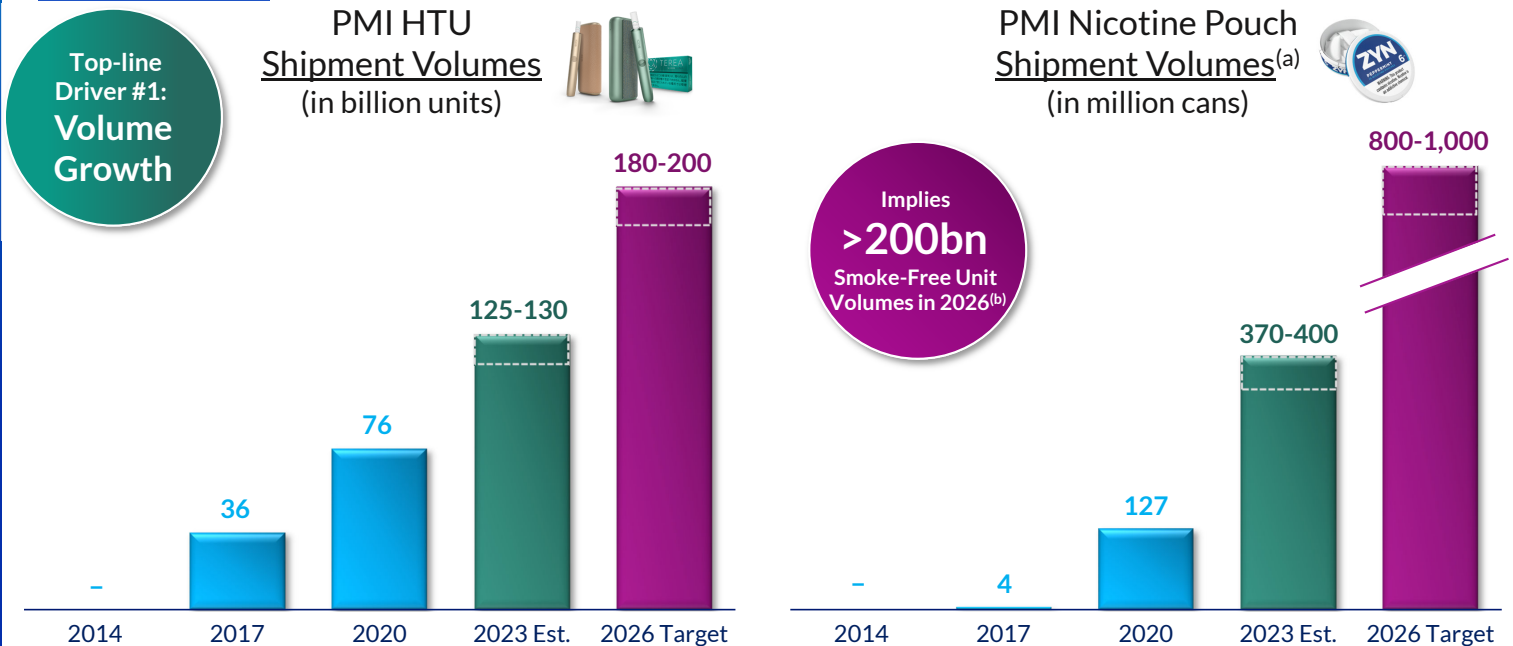
Strong Overall Financial Model for Sustainable Growth



Delivering sustainable growth while investing and rewarding shareholders

Source: PMI Financials or estimates

Targeting Strong Smoke-Free Volume Progression



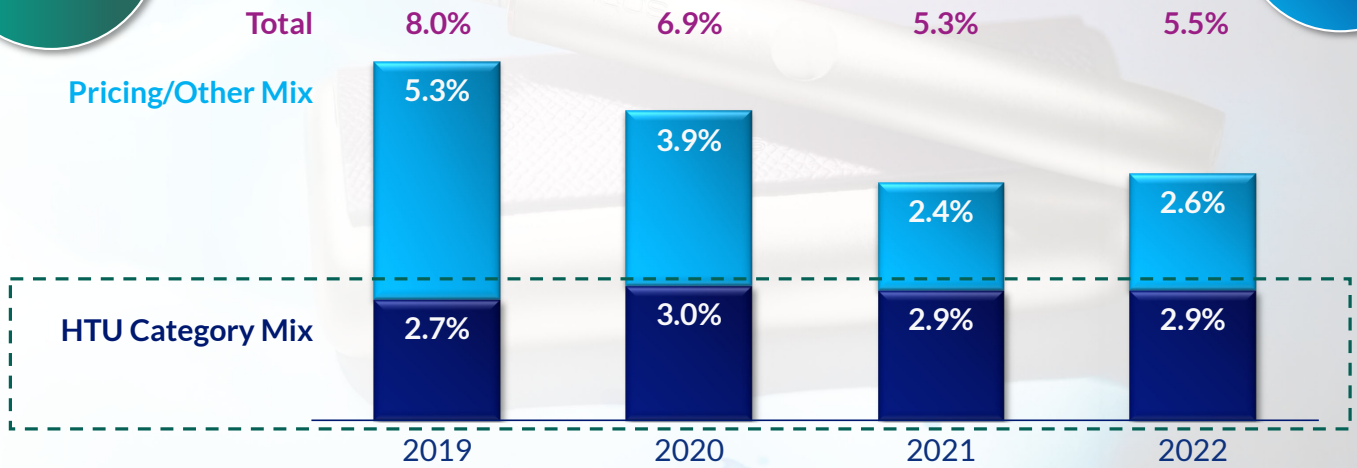
(a) Pro forma, includes Swedish Match and PMI
 (b) Includes HTUs, nicotine pouches, snus and moist snuff. One pouch measured as one unit
 Source: PMI Financials or estimates

Positive HTU Mix Consistently Generating Top-Line Growth

Top-line Driver #2: Positive Mix

ZYN
~50bps
Positive Mix
H1'23^(b)

Price/Mix (Net Revenue per Unit)^(a)
(Organic Variance vs. PY)



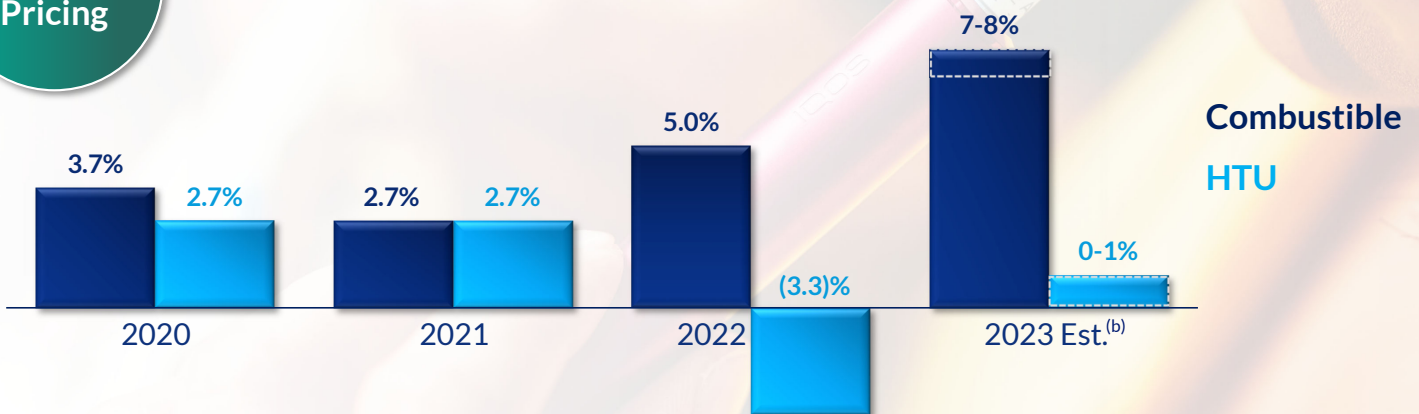
(a) Reflects total PMI net revenues divided by total PMI cigarette and HTU shipment volume
(b) Product mix, ex-currency, impact on a pro forma total PMI basis

Note: Category mix is calculated at market group level considering market group specific volume contribution and net revenue rates which are then added up to reach total PMI impact. Growth rates presented on an organic basis reflect currency-neutral adjusted results and "like-for-like" comparisons, where applicable
Source: PMI Financials or estimates

Pricing Power Provides Third Engine of Growth

Top-line Driver #3: Pricing

Pricing Variance^(a)
(Change vs. PY)



Target Robust Pricing Across Portfolio (2024-26)

(a) Pricing variance is based on adjusted net revenues per each category respectively

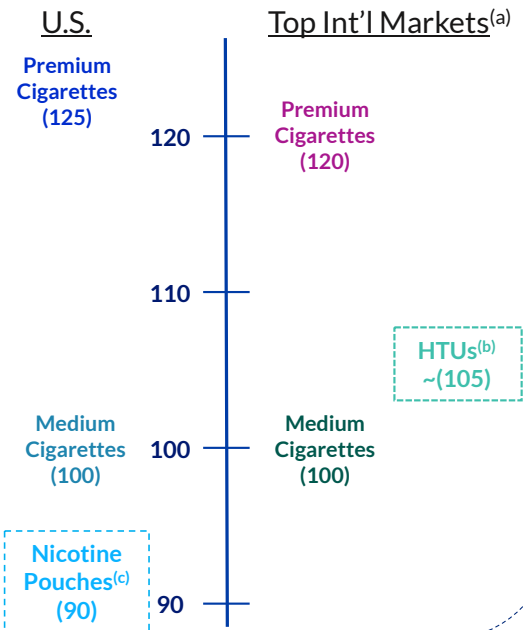
(b) The 2023 estimate excludes a potential favorable ruling in the Germany excise tax surcharge case

Source: PMI Financials or estimates

Smoke-Free: Price Position & Segmentation Provides Flexibility

- Lower price to incentivize smokers to switch
- Clear focus on volume growth, however untapped pricing power on SFPs exists
- HTUs & U.S. nicotine pouches are typically priced closer to mid-price cigarettes despite premium brand position
- Good price productivity on both categories

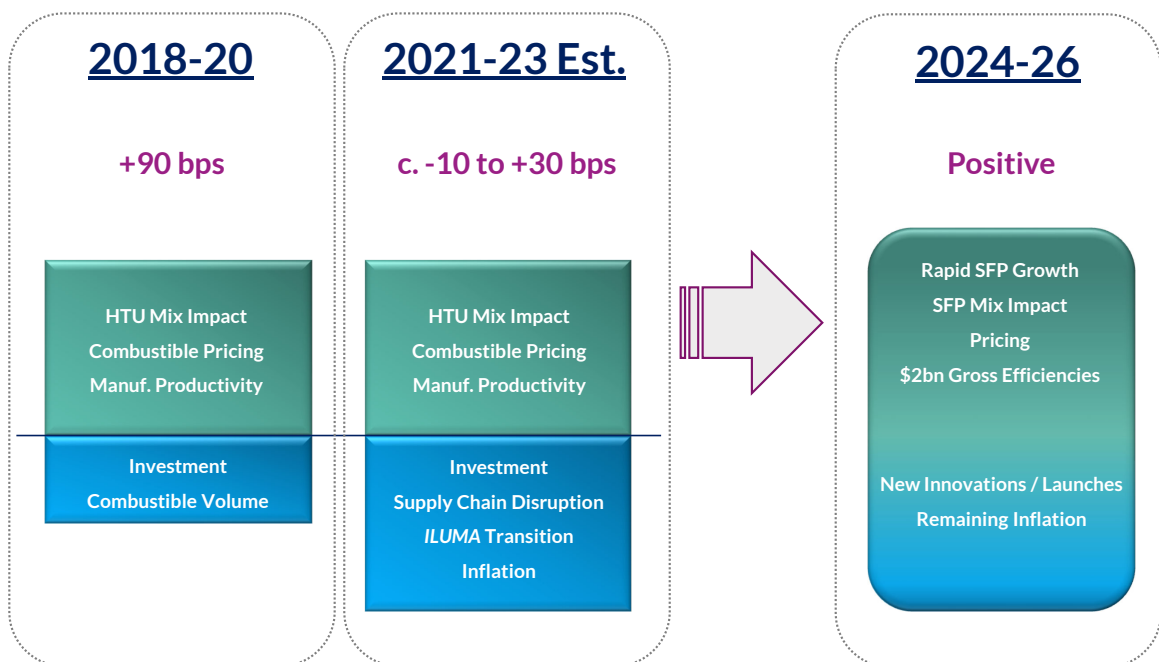
H1'23 Price Position (Index 100 = Medium Cigarettes)



(a) Top markets representing >90% of HTU volumes
 (b) Represents volume-weighted average price of HTUs relative to cigarettes
 (c) Represents average price of ZYN in stick equivalent units relative to cigarettes in U.S.
 Source: PMI Financials or estimates

2024-26: Target Enhanced Margins & Strong OI Growth

OI Margin Avg. Annual Organic Increase



Note: Represents organic OI margin change. Growth rates presented on an organic basis reflect currency-neutral adjusted results and "like-for-like" comparisons, where applicable.
 Chart is not to scale
 Source: PMI Financials or estimates

Positive Gross Margin Outlook

- Strong top-line driven by volume growth and positive mix from *IQOS* & *ZYN*
- Pricing power to offset inflation
- Optimizing *ILUMA* supply chain as scale grows
- Target further \$1bn in 2024-26 gross manufacturing & supply chain efficiencies:
 - Productivities across SFPs and combustibles
 - Minimizing airfreight shipments

Source: PMI Financials or estimates

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SG&A: Investing for Growth & Supporting Margins

- Investing for growth:
 - *IQOS* and *ZYN* brand equity and innovation
 - U.S. opportunity, behind *IQOS* and *ZYN*
 - New market and category expansion incl. oral nicotine
 - Further digital capabilities
- Target further \$1bn gross SG&A efficiencies 2024-26:
 - Reducing cost per user through scale and optimized commercial engine
 - Digitalization and leaner processes, judicious cost management
- Operating leverage of 'fixed' investments as scale grows
- Continue to target SG&A growth below strong top-line progression

Invest
for Growth
& Drive
Efficiencies

Source: PMI Financials or estimates

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Expect Excellent Net Profit Growth

8-10%

Adjusted OI
Organic 2024-26 CAGR

9-11%

Adjusted Diluted EPS
Currency-Neutral 2024-26 CAGR^(a)

- Accelerated top-line outlook: volumes, mix & pricing
- Investing for growth while generating efficiencies
- Best-in-class organic OI and currency-neutral EPS growth

Transformation driving a more sustainable & fast-growing business

(a) At current corporate income tax rates and excluding share buy-backs

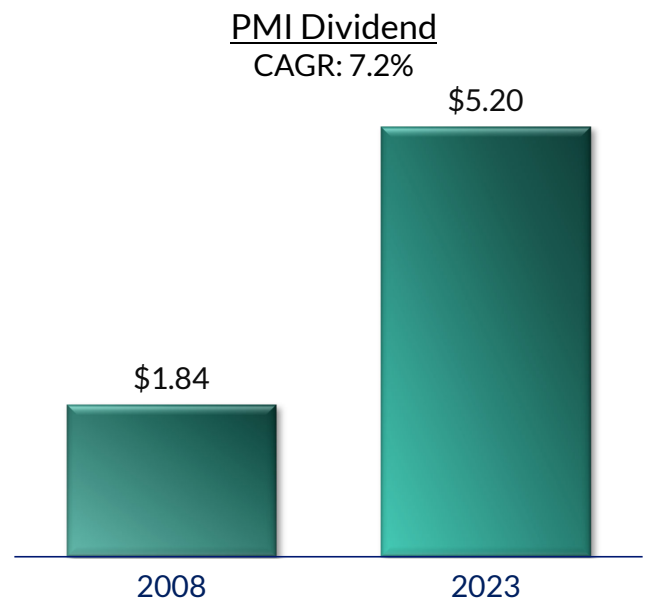
Note: Growth rates presented on an organic basis reflect currency-neutral underlying results, excluding acquisitions

Source: PMI Financials or estimates

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Strong Financial Performance & Rewards to Shareholders

- Unwavering commitment to progressive dividend policy
- Sixteen years of dividend growth
- Total increase of ~183% since 2008
- Target dividend pay-out ratio of 75% over time



Note: Dividends for 2008 and 2023 are annualized rates. The 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared June 18, 2008. The 2023 annualized rate is based on a quarterly dividend of \$1.30 per common share, declared September 13, 2023

Source: PMI Financials or estimates

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Highly Cash Generative With Focus on Rapid Deleveraging Capital Allocation Priorities

Operating Cash Flow

- Expect robust 2024-26 Operating Cash Flow of \$36-39bn, at prevailing exchange rates

Organic Growth

- Reinvest in innovation and growth of smoke-free portfolio:
 - Expect 2024-26 capital expenditures of \$3.5-3.7 billion with ~75% in SFP

Dividends

- Steadfast commitment to progressive dividend policy

Deleveraging

- Target ~2.0x net debt to adjusted EBITDA by end of 2026 to enhance agility:
 - As expected, 2023 leverage to be broadly in line with 2022

Share Buy-Backs

- Could be considered once confirmed fully on-track for 2026 leverage target, subject to Board approval

Source: PMI Financials or estimates

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2030 Vision: Substantially Smoke-Free by Net Revenues



Smoke-Free % of Net Revenue	Estimated Number of Markets
50-75%	~20
>75%	~40

Achieving 2/3 Smoke-Free Includes:

- Continued IQOS growth in key geographies
- Further progress in early stage IQOS markets
- Continued strong U.S. ZYN performance
- Excise tax developments consistent with recent trends

Can Further Accelerate With:

- Further adoption of THR-focused regulatory and fiscal policies
- Access to more new markets for SFPs
- Accelerated U.S. innovation incl. rapid ILUMA authorization

Source: PMI Financials or estimates

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Smoke-Free Products Driving Sustainable Growth & Strong Returns to Shareholders

- Global smoke-free champion with unrivalled duo: IQOS and ZYN
- On track for strong 2023 performance
- Exciting growth outlook in 2024–26 and beyond
- Formidable financial model from transformation
- Aiming to be substantially smoke-free by 2030

*Steadfast commitment
to rewarding shareholders*



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