



PHILIP MORRIS
INTERNATIONAL

2012
INVESTOR DAY

**Investor Day – Brand Portfolio and Commercial
Approach
Lausanne, June 21, 2012**

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PMI Brand Portfolio

International

Local Heritage

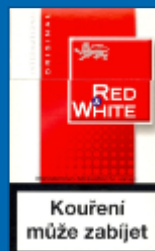
Premium
& Above



Mid-Price



Low-Price



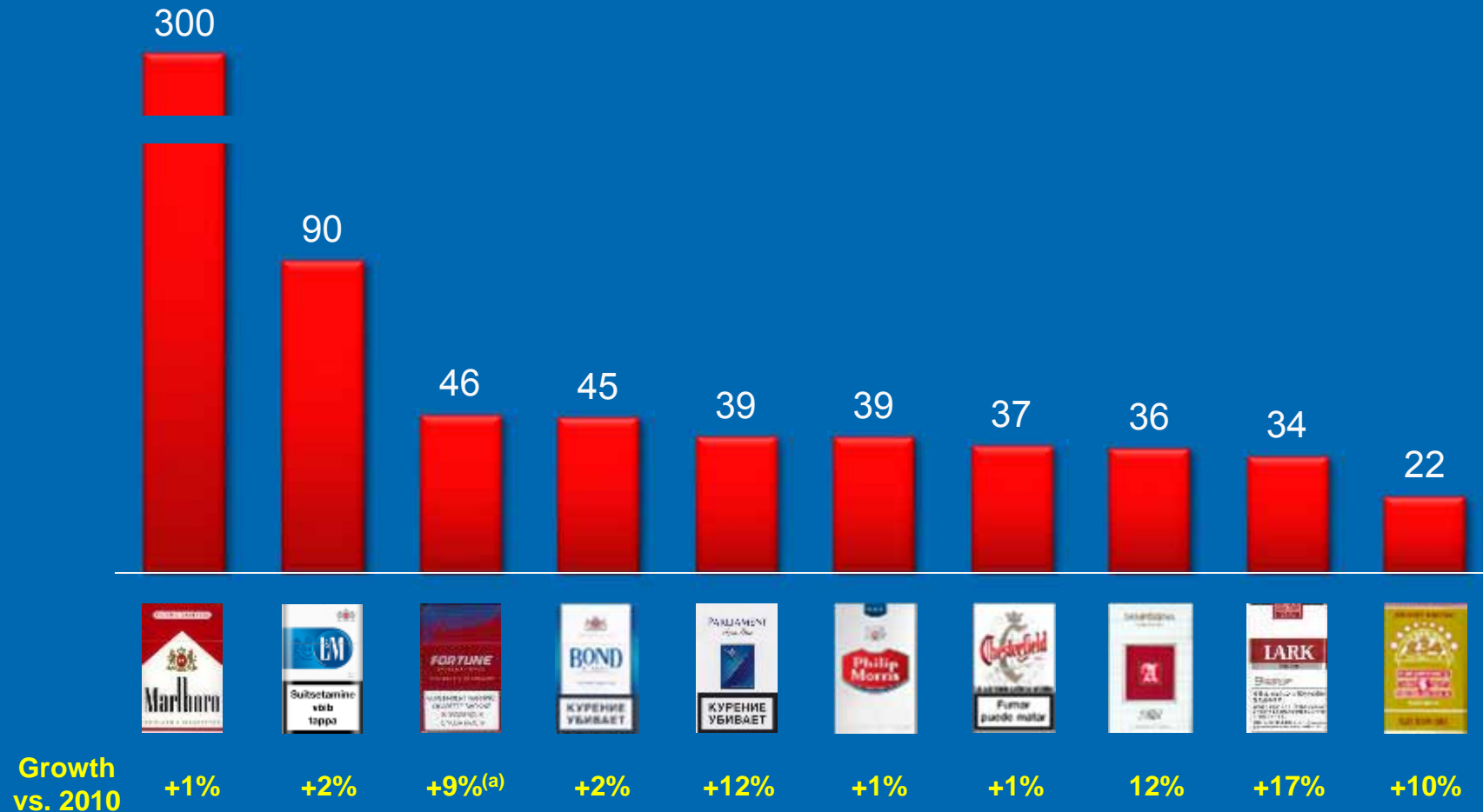
Note: Pack designs are for illustrative purposes only



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PMI Top-10 Cigarette Brands (2011)

(units billion)



(a) Based on full-year 2010 *Fortune* volume
Source: PMI Financials



Key Product Trends

- Lighter and smoother-tasting products
- Slimmer diameters
- Refreshing / less lingering taste
- Smart buys
- Ability to vary the nature and taste intensity of the smoking experience on demand

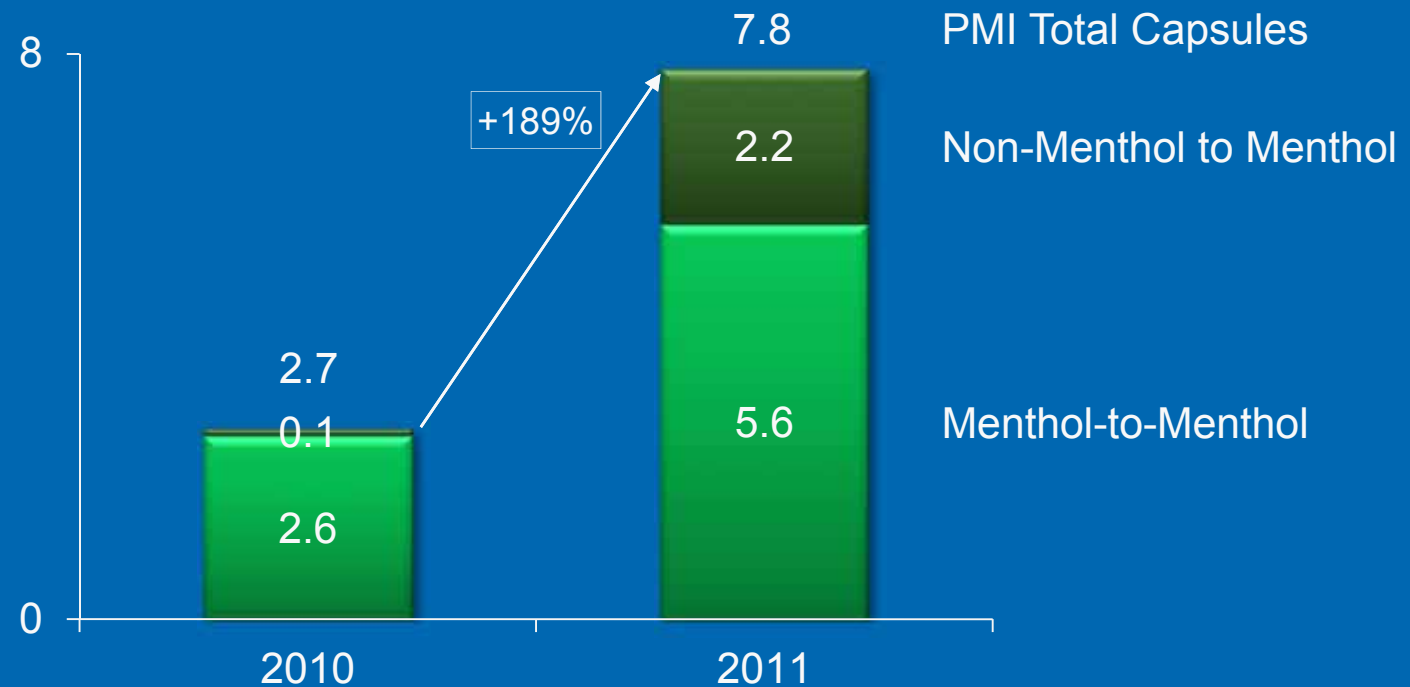


Industry product innovation
significantly accelerated



PMI Capsules

(units billion)



- Capsules present in 53 markets (2011)
- Capsules deployed to 19 brands (2011)
- PMI Total Capsules Share 2011: 49%^(a)

(a) Excluding China, the USA and duty free
Source: PMI Financials and PMI estimates



Key Segment Evolution^(a)

	Segment Share of Market		PMI Share of Segment
	2007	2011	2011
Low Tar	38.9%	41.4%	32.2%
Slims	4.8%	9.5%	27.9%
Menthol	5.5%	6.0%	50.9%
PMI SoM	25.0%	28.1%	

Note: Excluding China and the USA
Source: PMI estimates



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Key PMI Portfolio Priorities

- Strengthen the equity of our brands to maximize the retention of our existing adult smoker base
- Increase our share in all growing segments
- Address key competitive brands areas of strength

New Commercial Approach: Innovation in our Consumer Engagement



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- Expand touch-point universe
- Identify consumer profile by shop and time of the day
- Use new tools to profile adult smokers based on their sphere of interests
- Maximize effectiveness of consumer engagement activities



New Commercial Approach: Innovation in our Trade Engagement



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- Identify retailer profile based on multidimensional segmentation
- Engage retailers to deliver product messages
- Activate more than one brand at the point of sale



Multiple Tablet Applications





Smoking kills



Marlboro: Summary

- Brand performed extremely well in difficult economic environment:
 - Volume reached 300 billion units in 2011
 - Larger than BAT's four global drive brands combined and larger than JTI's top four global brands combined
 - Share of market increased by 0.1pp in 2011 to 9.2%^(a)
 - Share of premium segment up 0.4pp vs. PY^(a)
- New brand architecture rolled out worldwide:
 - In total 497 launches and revamps over the last three years
 - *Marlboro* new products accounted for 51% of PMI global brand introductions in 2010 and 2011

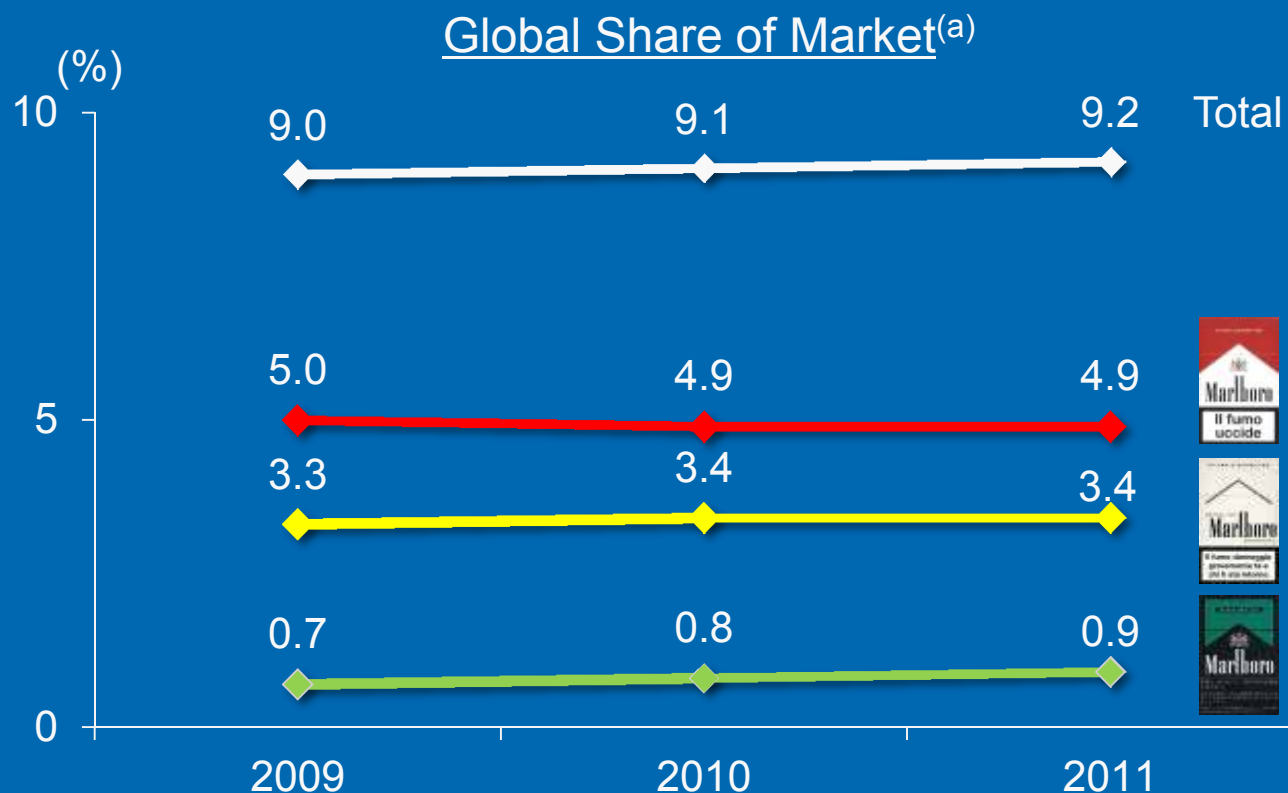
(a) Excluding China

Source: PMI Financials and PMI estimates



Marlboro: Summary

- Share of market for *Marlboro* Gold and Fresh is up
- *Marlboro* Flavor market share is stable in a declining full-flavor segment



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



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Marlboro: Strategies

- Develop a new global image campaign
- Capitalize on the new brand architecture
- Leverage innovation and line extensions in opportunity markets



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Brand Promise

Marlboro offers the best, most enjoyable smoking experiences in a charismatic, engaging, fresh and innovative way



“Superior tobacco taste satisfaction”



“Progressiveness in smooth taste”



“Refreshing taste sensations”



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Be Marlboro: The New Global Campaign

- Modern interpretation of the timeless brand values:
 - Freedom, authenticity, confidence and leadership
- In sync with emerging global societal trends
- A new *Marlboro* voice, with a strong point of view

Be Marlboro: Germany



Be Marlboro: Germany



Be Marlboro: Germany



Be Marlboro: Germany



Be Marlboro: Germany



Be Marlboro: Germany





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**Investor Day – Brand Portfolio and Commercial
Approach**

Cinema Commercial

(Approximately 1:10 min video – please stand by)

Be Marlboro: Germany



MAYBE
WILL NEVER
BE HER OWN
BOSS

BE 

Rauchen kann tödlich sein.

Die Menge an Teer, Nikotin und Kohlenmonoxid, die Sie inhalieren, variiert, je nachdem, wie Sie Ihre Zigarette rauchen.

Rauchen kann tödlich sein. Der Rauch einer Zigarette dieser Marke enthält 10 mg Teer, 0,8 mg Nikotin und 10 mg Kohlenmonoxid. (Durchschnittswerte nach ISO)

Be Marlboro: Germany



Die Menge an Teer, Nikotin und Kohlenmonoxid, die Sie inhalieren, variiert, je nachdem, wie Sie Ihre Zigarette rauchen.

BE 

Rauchen kann tödlich sein

Rauchen kann tödlich sein. Der Rauch einer Zigarette dieser Marke enthält 10 mg Teer, 0,8 mg Nikotin und 10 mg Kohlenmonoxid. (Durchschnittswerte nach ISO)

Be Marlboro: Germany

**MAYBE
NEVER
FOUND
A WAY**

BE 



Die Menge an Teer, Nikotin und Kohlenmonoxid, die Sie inhalieren, variiert, je nachdem, wie Sie Ihre Zigarette rauchen.

Rauchen kann tödlich sein. Der Rauch einer Zigarette dieser Marke enthält 10 mg Teer, 0,8 mg Nikotin und 10 mg Kohlenmonoxid. (Durchschnittswerte nach ISO)

Be Marlboro: Germany



**NO
MORE
MAYBE**

BE 



Die Menge an Teer, Nikotin und Kohlenmonoxid, die Sie inhalieren, variiert, je nachdem, wie Sie Ihre Zigarette rauchen.

Rauchen kann tödlich sein. Der Rauch einer Zigarette dieser Marke enthält 10 mg Teer, 0,8 mg Nikotin und 10 mg Kohlenmonoxid. (Durchschnittswerte nach ISO)

Be Marlboro

**MAYBE
NEVER
REACHED
THE TOP**

BE 



Smoking kills

Note: Visual execution is for illustrative purposes only

Be Marlboro

**MAYBE
WOULDN'T
TAKE A
CHANCE**

BE >




Smoking kills

Note: Visual execution is for illustrative purposes only

Be Marlboro

**MAYBE
NEVER
LIGHTS UP
THE NIGHT**

BE > 
Forschung sagt Ihnen
und dem Menschen in
Ihrer Umgebung

Smoking kills

Note: Visual execution is for illustrative purposes only



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Cinema Commercial

(Approximately 1:30 min video – please stand by)



Be Marlboro: Germany Early Results

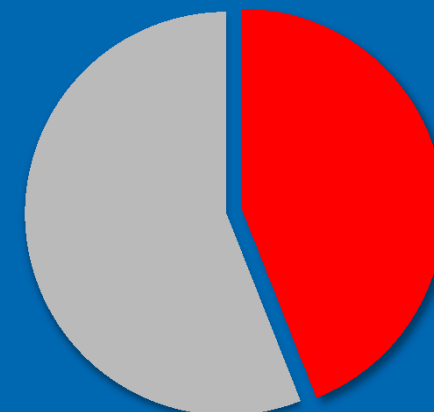
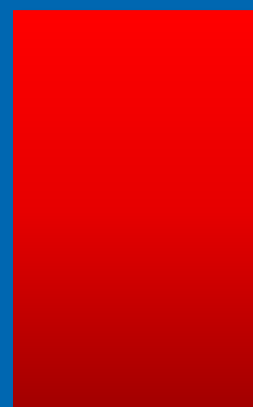
- “Don’t be a Maybe” is the key message & well understood
- 1 out of 2 LA (min. 18) – 39 years old smokers have already seen the “Maybe” visuals
- 1 out of 2 adult smokers talked about the campaign

Welt Kompact (March 27, 2012)



57%

56% talked about it ...



Prompted
“Have you already
seen this bill board?”



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Be Marlboro: Campaign Summary

- The new campaign is working
- A flexible platform that can be tailored to different environments
- “*Be Marlboro*” will be deployed in 40 markets during 2012



Be Marlboro is our new global campaign

Marlboro Flavor: “Superior Tobacco Taste Satisfaction”



Smoking kills



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Marlboro Flavor

- Achieved 158 billion units in 2011
- *Marlboro Flavor* alone is the largest cigarette brand in the world
- 98% of global volume transitioned to new brand architecture throughout Q1, 2012
- Continuously upgrade our product quality in line with changing adult smoker preferences
- Deploy focused innovation



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Innovation in Flavor: *Marlboro Premium Black*

- An above premium price *Marlboro* proposition
- Elegant pack designed by *Pininfarina*
- Use of superior tobacco grades
- Featuring the “*Profresh Seal*”



Note: Visual execution is for illustrative purposes only



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Marlboro Filter / Flavor Plus

- Delivers tobacco taste in a low-tar cigarette thanks to innovative filter technology
- Achieved 5.1 billion units in 48 markets in 2011:
 - > 0.5% Share of Market in a total of 27 markets
 - > 1% Share of Market in 13 markets





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Marlboro Pocket Pack

- A shorter *Marlboro* Red in a convenient pack size
- Allows us to offer *Marlboro* quality at a more affordable price
- Currently available in 12 EU markets

Spain (October 2008)



NUEVO
Marlboro
POCKET PACK **2,50€**

Fumar perjudica gravemente su salud
y la de los que están a su alrededor.

Greece (July 2010)



NEW
POCKET
PACK

3,00

Το Υπουργείο Υγείας προειδοώνει:
ΤΟ ΚΑΠΝΙΣΜΑ ΒΛΑΠΤΕΙ ΣΟΒΑΡΑ ΤΗΝ ΥΓΕΙΑ

3,00€
New Pocket Pack Soft.

Feels good before
it tastes great.

Το Υπουργείο Υγείας προειδοώνει:
ΤΟ ΚΑΠΝΙΣΜΑ ΒΛΑΠΤΕΙ ΣΟΒΑΡΑ ΤΗΝ ΥΓΕΙΑ



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Marlboro Beyond

- Innovative offer with a capsule in the filter enabling smokers to change from regular taste to a fresh taste
- Pack design featuring new “sideways” roofline
- Launched in Q3, 2011. Available in 7 markets within the EU Region
- Already reached 0.5% share of market or higher in 4 markets



Marlboro Gold: “Progressiveness in smooth taste”

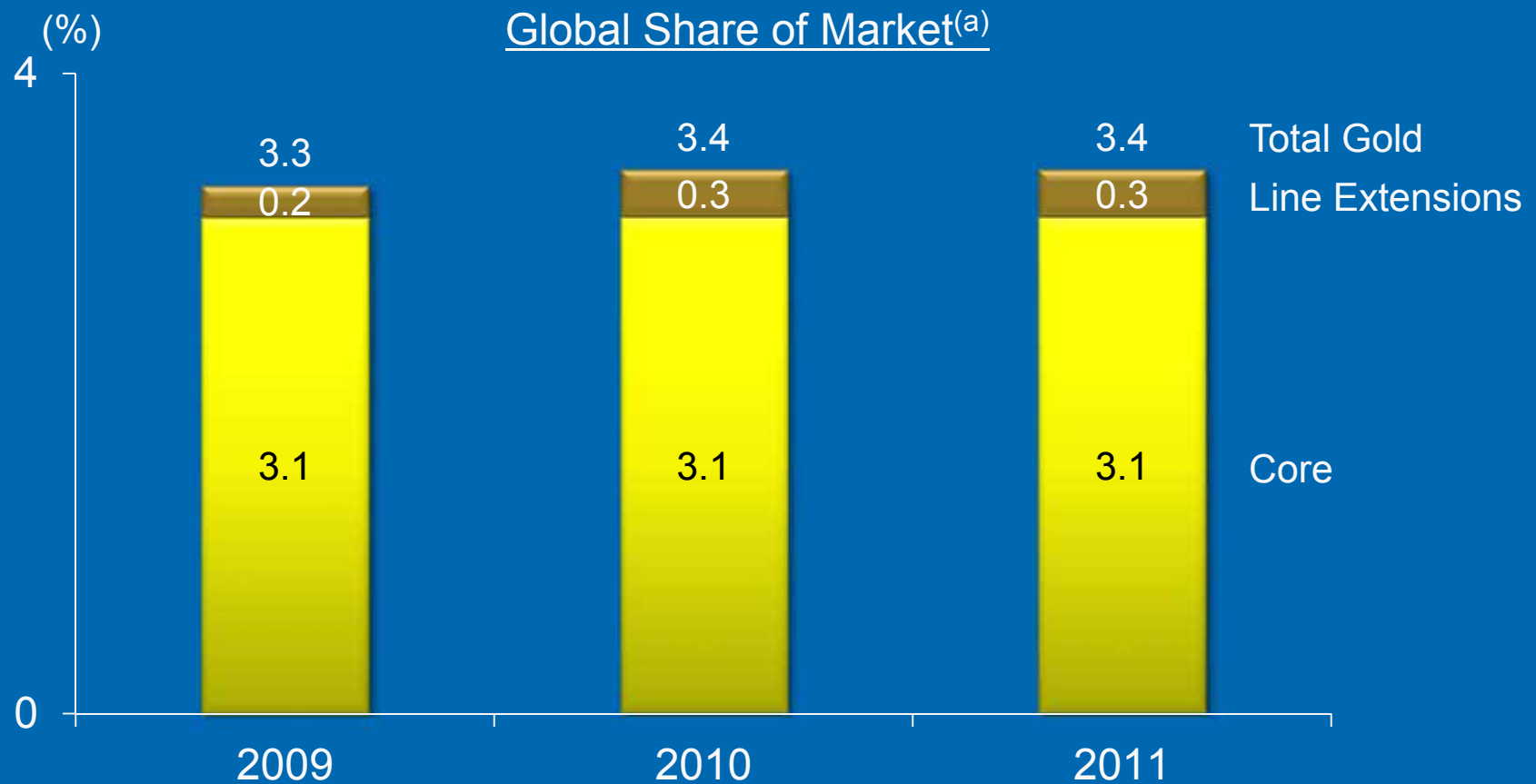


Note: Visual execution is for illustrative purposes only



Marlboro Gold: Market Share

- Achieved 113 billion units in 2011, up 1.4% vs. 2010



(a) Excluding China and the USA
Source: PMI Financials and PMI estimates



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Marlboro Gold Touch / Fine Touch

- Modern and innovative slimmer *Marlboro* offer
- Achieved a total volume of 5.0 billion units in 48 markets in 2011
- 0.5% share of market or higher in 26 markets
- Strong performance amongst LA (min.18) - 24 smokers

[GOLD] TOUCH
NOVA MARLBORO DIMENZIJA
stila formata ukusa

TOUCH 7 mg*

*Maksimalne minimalne vrednosti. Kočinska nikotina koja udišete zavisi od načina na koji pušite cigarete.

FINE TOUCH 4 mg*

Пушење убија. Дувански дим штети људима у Вашој околини.

feel it. MARLBORO GOLD | TOUCH | now

Пушенето вреди сериозно на Вас и на другите околу Вас

NOW
refined,
progressive,
unique smoking experience.

MARLBORO GOLD | TOUCH | now
MARLBORO GOLD | FINE TOUCH | now

Пушенето убија

Пушенето убија

Пушенето вреди сериозно на Вас и на другите околу Вас



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Marlboro ClearTaste Russia

- Innovative line of *Marlboro* products just launched in Russia
- *Marlboro*'s response to Russian adult smokers taste preferences
- Unique four-chamber filter with activated carbon and cellulose beads for smoother taste sensations

НОВЫЙ
ЧИСТЫЙ ВКУС
MARLBORO CLEAR TASTE™

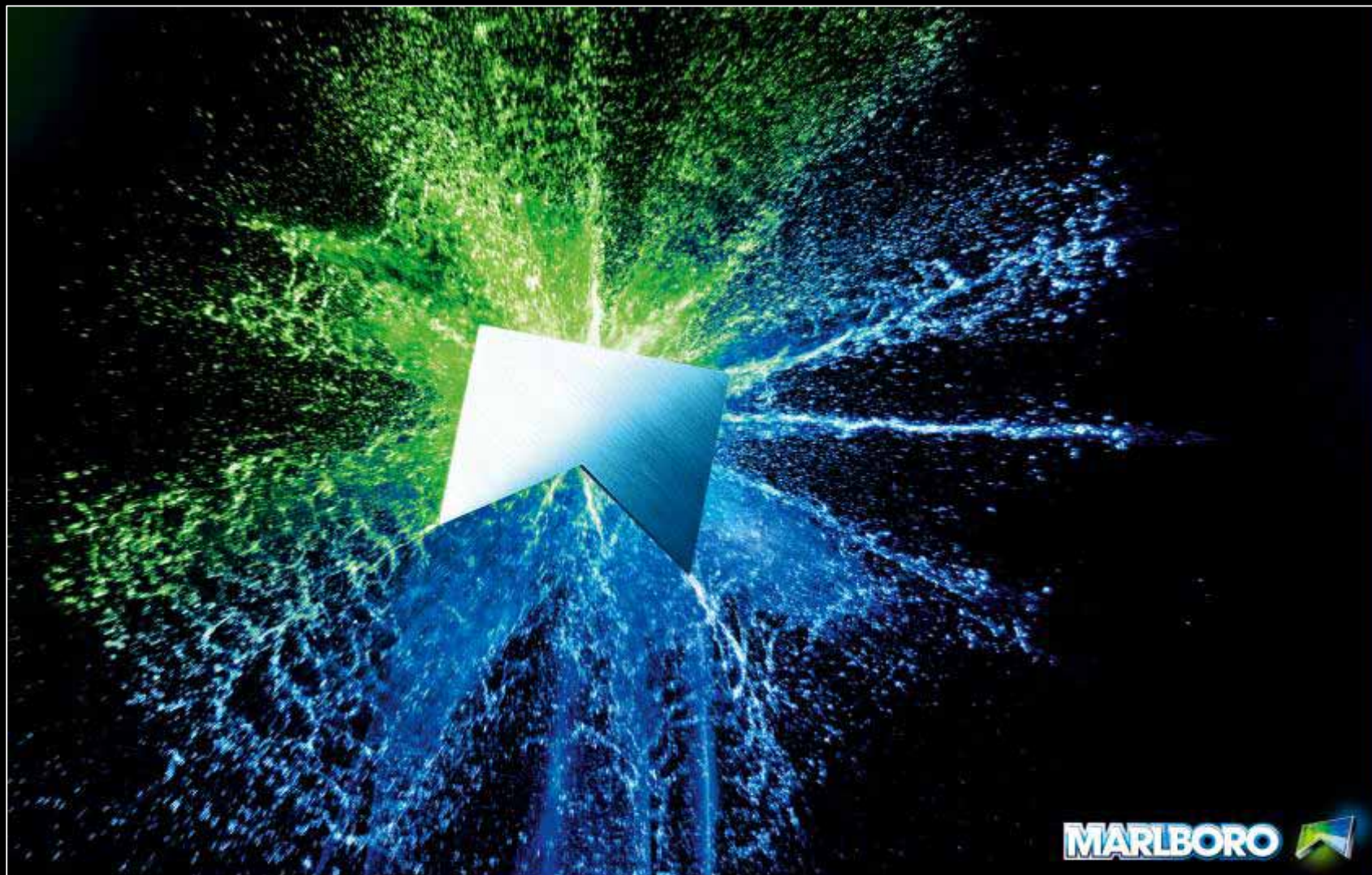
4 New
6 New
4 New
6 New
4 New
6 New

КУРЕНИЕ УБИВАЕТ
КУРЕНИЕ УБИВАЕТ
КУРЕНИЕ УБИВАЕТ
КУРЕНИЕ УБИВАЕТ
КУРЕНИЕ УБИВАЕТ

Действительное количество смолы и никотина, потребляемое Вами, будет зависеть от того, как Вы курите сигарету.

КУРЕНИЕ УБИВАЕТ

Marlboro Fresh: “Refreshing taste sensations”



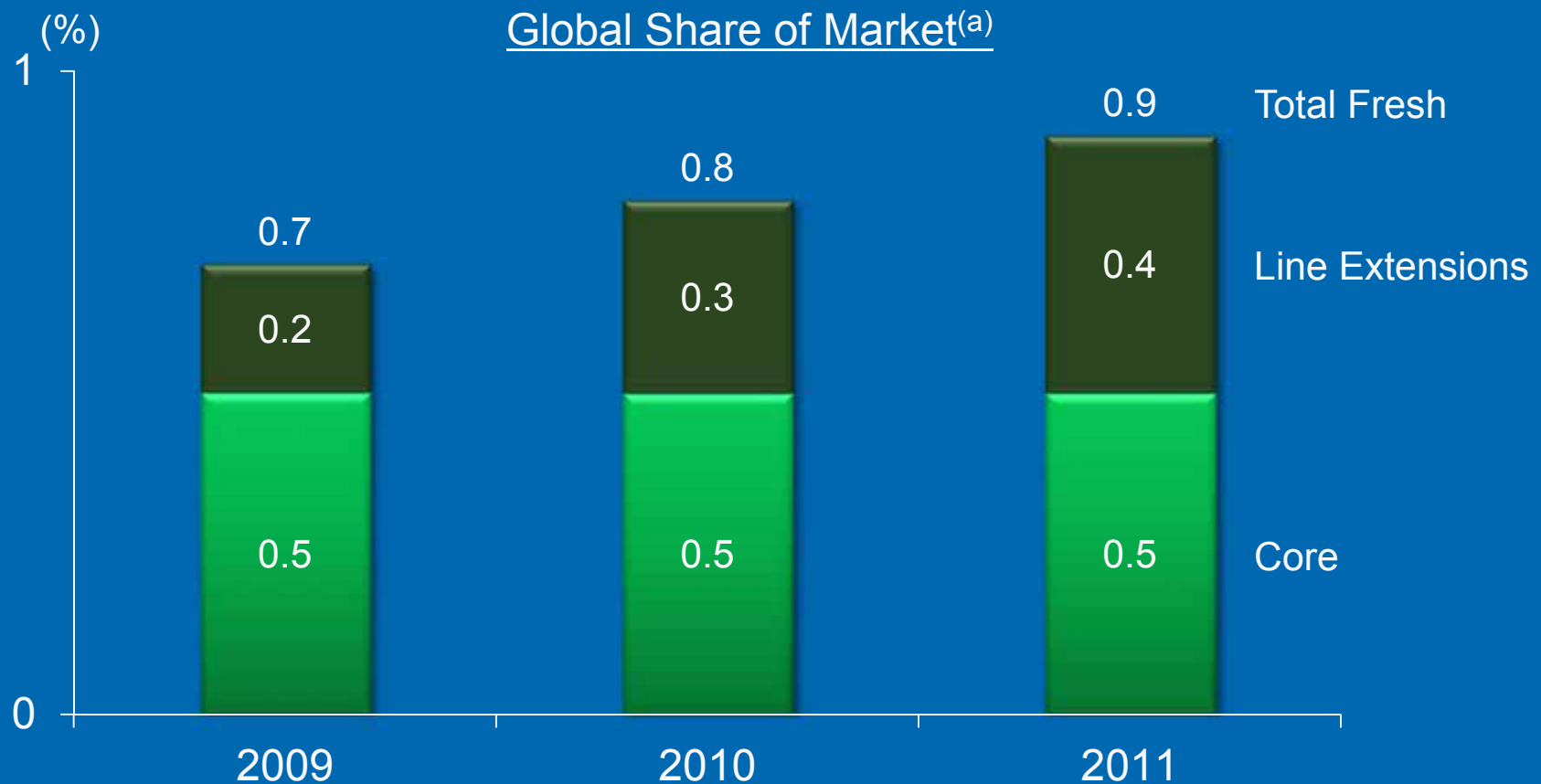
Smoking kills

Note: Visual execution is for illustrative purposes only



Marlboro Fresh: Market Share

- Achieved 29 billion units in 2011, up 15.8% vs. 2010
- 56 Fresh new products and line extensions in 2011



(a) Excluding China and the USA
Source: PMI Financials and PMI estimates



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Marlboro Black Menthol

- Paved the way for high-cooling taste sensation products
- The first black *Marlboro* packaging
- Achieved 6.3 billion units in 2011 across 16 markets
- Already reached 0.5% share of market or higher in 5 markets





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Marlboro Ice Blast

- *Marlboro Ice Blast* delivers high cooling taste thanks to the Iceball capsule in the filter
- Achieved 4.7 billion units in 2011 across 21 markets
- Reached 0.5% share of market or higher in 7 markets
- Positive “halo” effect on the brand’s image
- No impact on *Marlboro Black Menthol* performance



Source: PMI Financials and PMI estimates



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Marlboro: Conclusion

- Impressive performance in difficult economic times
- *Be Marlboro* campaign is the tool to strengthen the image of the brand
- New architecture is one of the most successful brand management initiatives
- Unprecedented level of product innovation

Parliament



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Parliament: Summary

- Built around its unique *recessed filter* technology
- Undisputed above premium quality, prestige and status
- Achieved 39 billion units in 2011 (+ 12% vs. 2010)
- High profitability
- New communication campaign redefining luxury
- Innovative consumer engagement

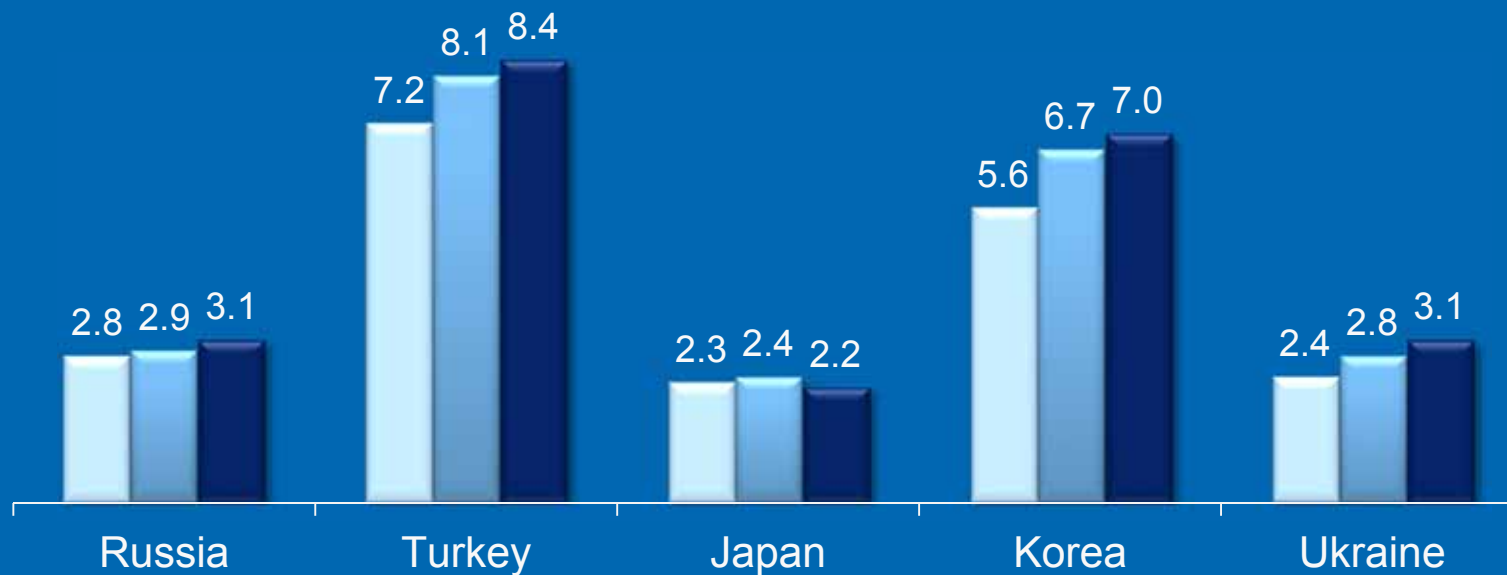


Parliament: Global Brand Performance

- EEMA and Asia represent 97% of the global volume

Key Markets Share of Market Development (%)

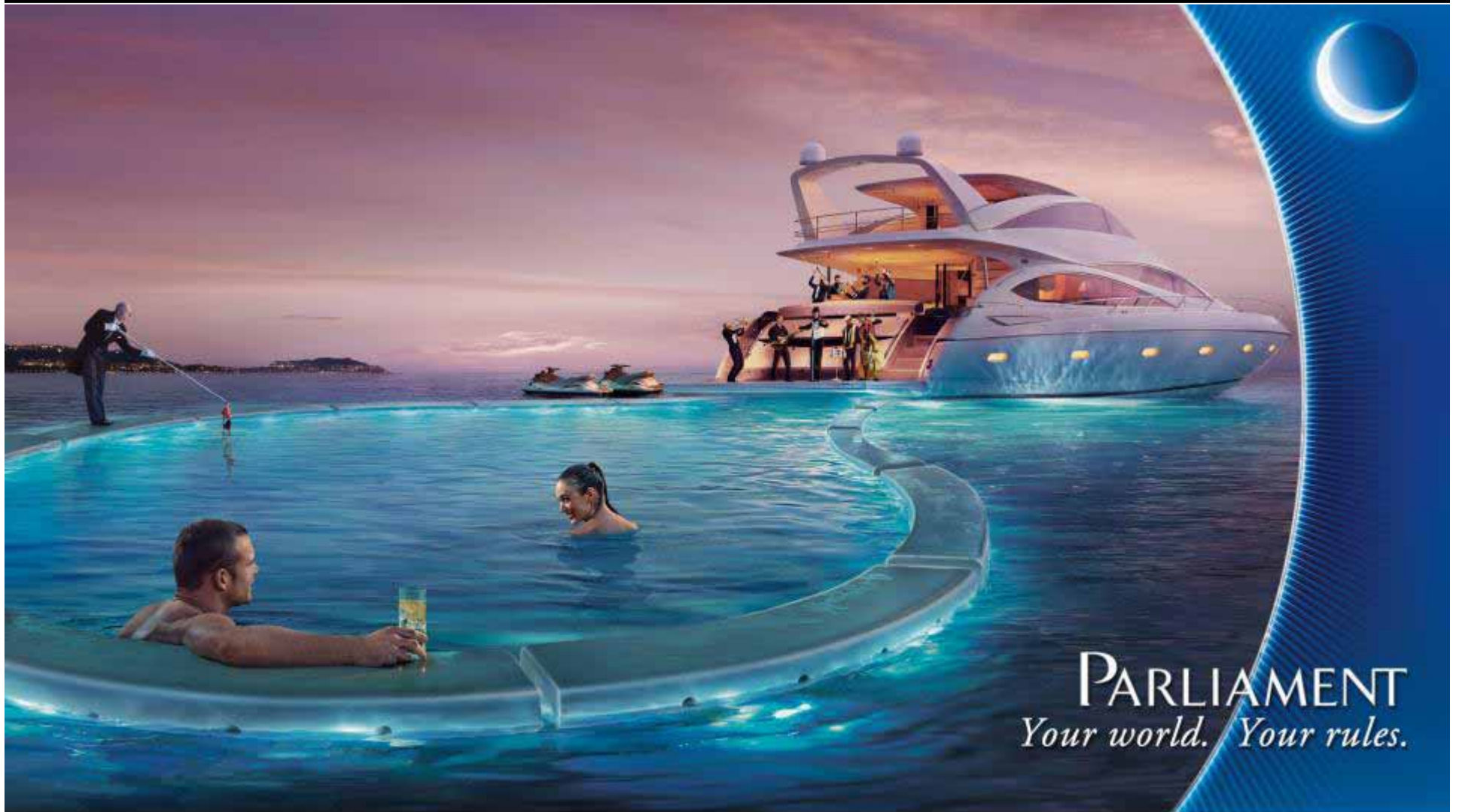
■ 2010 ■ 2011 ■ Q1, 2012





Smoking kills

Note: Visual execution is for illustrative purposes only



Smoking kills

Note: Visual execution is for illustrative purposes only



Smoking kills

Note: Visual execution is for illustrative purposes only



Smoking kills

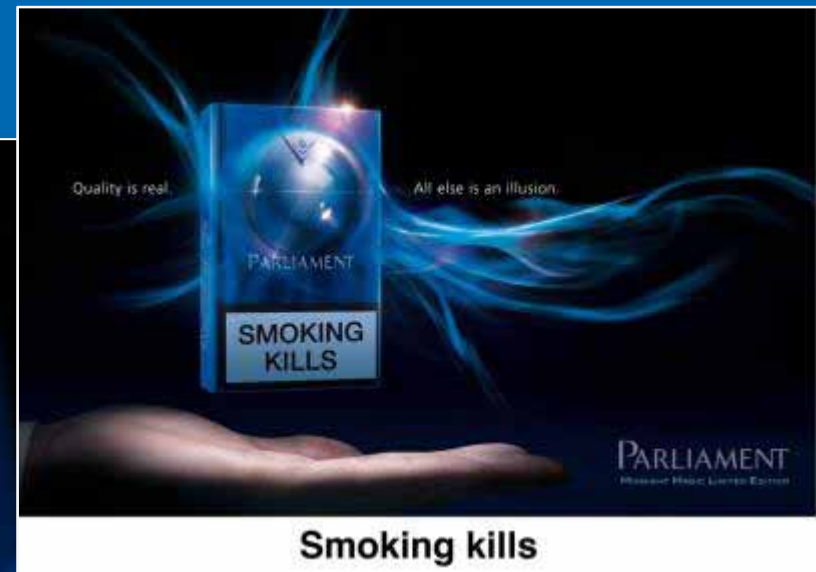
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Parliament: *Midnight Magic* Platform

- A unique pack design together with a series of inspiring and premium events



Note: Visual execution is for illustrative purposes only



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L&M: Core Line and Innovative Slim Formats



L&M Core Line



L&M Loft



L&M Libra



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L&M: Summary

- Third largest brand in the world, growing in EU, EEMA and LA Regions; stable in Asia
- Achieved 90 billion units in 2011 (+2% vs. 2010)
- Mainly present in EEMA and EU Regions
- Good value for money, friendly image, international
- New image communication platform
- Introducing relevant innovation and premium experiences in mid/low price segments

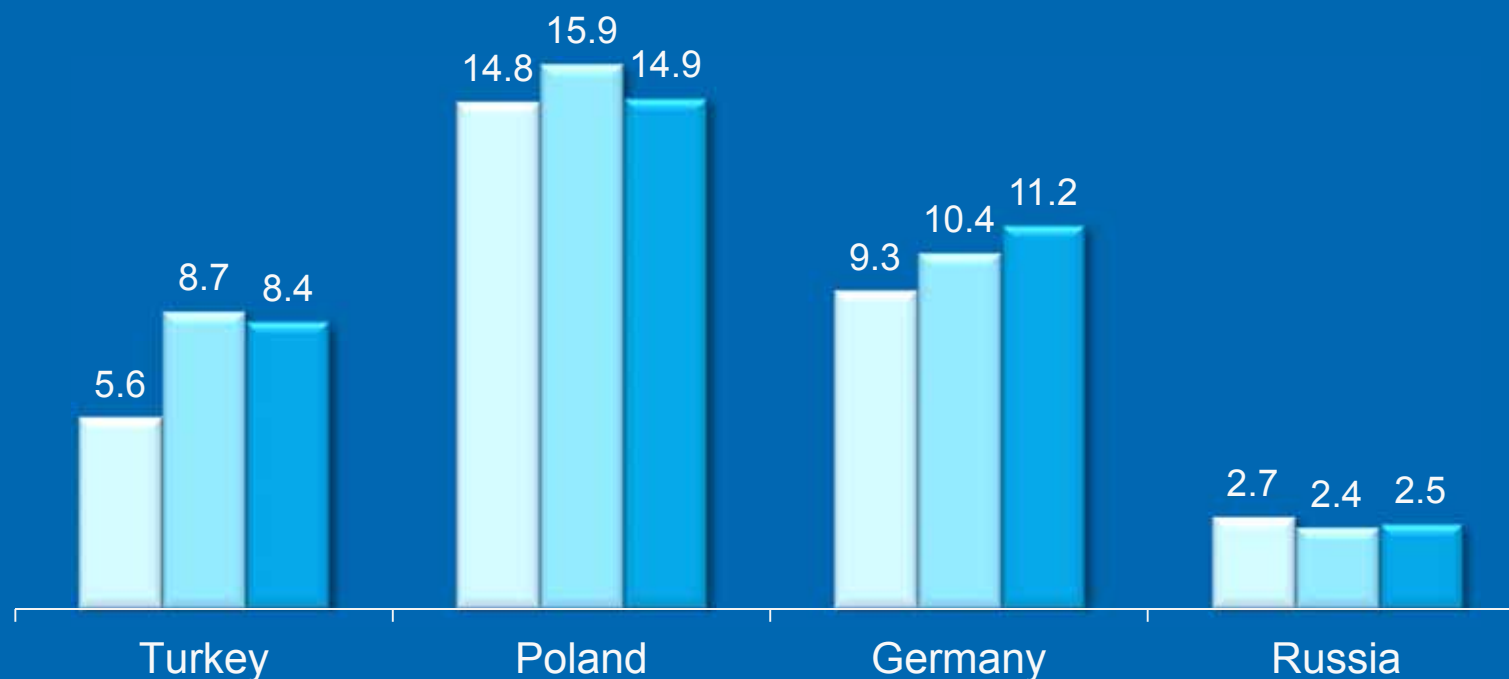


L&M: Global Brand Performance

- Number 2 brand in the EU after *Marlboro*
- Showing signs of recovery in Russia

Key Markets Share of Market Development (%)

■ 2010 ■ 2011 ■ Q1, 2012



L&M: New Communication Platform



**ON
AVERAGE**

**MEN LAUGH ONLY
THREE TIMES A DAY.**

**DEFY
AVERAGE**

**Kouřeni
může zabít**

Smoking kills

Note: Visual execution is for illustrative purposes only

L&M: New Communication Platform

**ON
AVERAGE**
MEN DON'T LIKE
CONFINED SPACES.

**DEFY
AVERAGE**

Smoking kills

Kouřeni může zabít

47-502

TAXI

The advertisement features a romantic couple embracing in the open door of a car at night. The scene is lit with warm, golden light, creating a soft, intimate atmosphere. In the foreground, a pack of L&M cigarettes is shown, with the brand name and a warning in Czech. The text 'ON AVERAGE' is prominently displayed in large, outlined letters, followed by the slogan 'MEN DON'T LIKE CONFINED SPACES.' and 'DEFY AVERAGE'. At the bottom, the stark message 'Smoking kills' is written in a bold, black font. A taxi sign is visible on a car in the background, adding to the urban setting.

Note: Visual execution is for illustrative purposes only

L&M: New Communication Platform

**ON
AVERAGE**

MOST WOMEN SPEND
THEIR VACATION ON
A BEACH TOWEL.

**DEFY
AVERAGE**

Kouření
může zabíjet

Smoking kills

Note: Visual execution is for illustrative purposes only

L&M: New Communication Platform

**ON
AVERAGE**

**THE GPS LADY
DOESN'T WHISPER
SWEET NOTHINGS.**

**DEFY
AVERAGE**

**Kouřeni
může zabít**

Smoking kills

The advertisement features a man and a woman in a car, with the man wearing sunglasses. A pack of L&M cigarettes is shown in the bottom left corner. The text is arranged in a clean, modern layout with a mix of bold and regular fonts.

Note: Visual execution is for illustrative purposes only



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L&M: Product Innovation



L&M Forward
Regular to Fresh Capsules



L&M U-Spin
Adjust the taste intensity



L&M Extra Menthol
Cool filter thread

Chesterfield



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Chesterfield: Summary

- Achieved 37 billion units in 2011
- Mainly present in EEMA and EU
- Significant expansion of geographic footprint
- Built around heritage, prestige and uniqueness
- A new global campaign ready to be deployed



LET'S GO ~~HOME~~ FOR MORE

HAPPY HOUR
5-7



THINK
CHESTERFIELD

КУРЕНИЕ
УБИВАЕТ

Smoking kills

Note: Visual execution is for illustrative purposes only



INVENT
~~**FOLLOW**~~
THE WAY



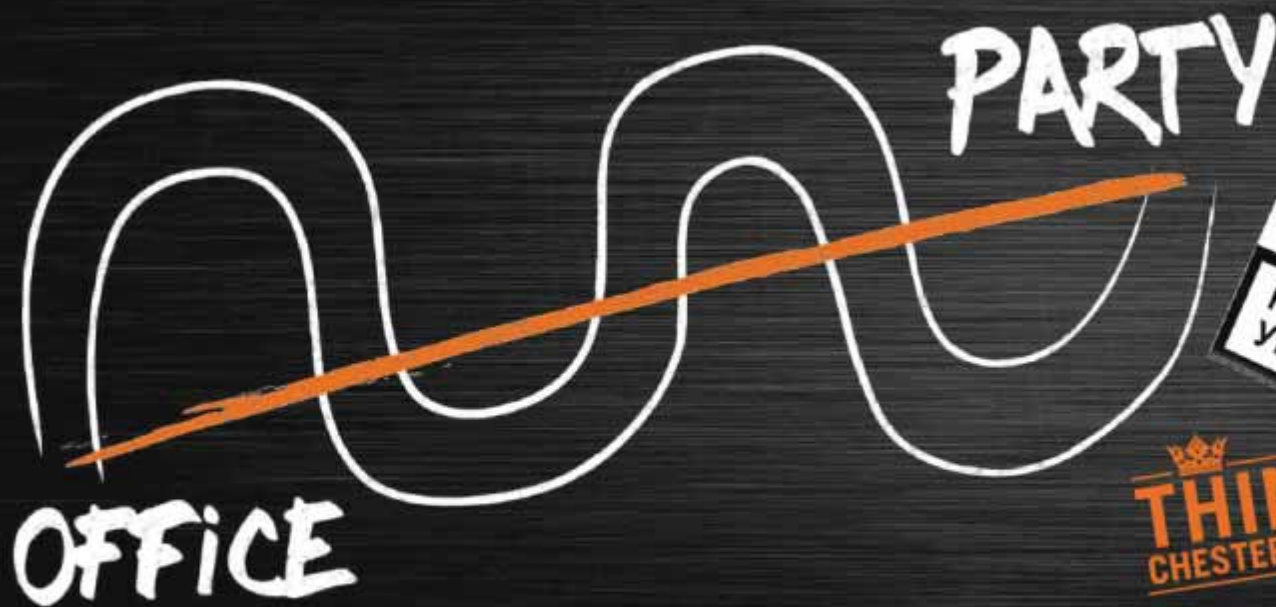
THINK
CHESTERFIELD

Smoking kills

Note: Visual execution is for illustrative purposes only

OFFICE

PARTY



THINK
CHESTERFIELD



Smoking kills



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Chesterfield: Building Relevant Innovation

Ukraine: Super Slims 100s





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Chesterfield: Building Relevant Innovation

Russia: Super Slims King Size in sliding-lid format

**ХАРАКТЕР
НЕ СПРЯЧЕШЬ**
CHESTERFIELD SLIDER SLIMS

ВЗГЛЯНИ
ИНАЧЕ

New

**КУРЕНИЕ
УБИВАЕТ**

**КУРЕНИЕ
УБИВАЕТ**

*CHESTERFIELD В ВЫПУСКАЕМОМ СЛУЧАЕ, НОВЫЙ



Smoking kills



Smoking kills



Smoking kills



Smoking kills



Conclusions

- Strong brand portfolio
- New and relevant communication platforms for all our global brands
- Successfully deployed an unprecedented level of product innovation across our portfolio
- New commercial approach to optimize our infrastructure and implement our brand initiatives with excellence



Accelerated organic growth



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Questions & Answers



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Reconciliations of non-GAAP measures included in this presentation to the most comparable GAAP measures are provided on our website at: www.pmi.com/2012InvestorDay/RecSlides