



PHILIP MORRIS
INTERNATIONAL

2018
INVESTOR DAY

Designing a Smoke-Free Future

Investor Day

Lausanne, September 27, 2018

Reconciliation of Non-GAAP Measures



PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS, excluding Currency
(Unaudited)

	Years Ended December 31, 2017
Reported Diluted EPS	\$3.88
Asset impairment and exit costs	-
Tax items	0.84
Adjusted Diluted EPS	\$4.72



PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Adjustments of Net Revenues for the Impact of Currency and Acquisitions
(\$ in millions) / (Unaudited)

Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excluding Currency & Acquisitions	Six Months Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2017					PMI	2016	% Change		
\$ 3,850	\$ (147)	\$ 3,997	\$ -	\$ 3,997	European Union	\$ 4,018	(4.2)%	(0.5)%	(0.5)%
1,213	130	1,083	-	1,083	Eastern Europe	1,107	9.6%	(2.2)%	(2.2)%
1,939	(291)	2,230	-	2,230	Middle East & Africa	2,159	(10.2)%	3.3%	3.3%
2,077	(7)	2,084	-	2,084	South & Southeast Asia	2,187	(5.0)%	(4.7)%	(4.7)%
2,548	42	2,506	-	2,506	East Asia & Australia	1,914	33.1%	30.9%	30.9%
1,354	(42)	1,396	-	1,396	Latin America & Canada	1,347	0.5%	3.6%	3.6%
\$ 12,981	\$ (315)	\$ 13,296	\$ -	\$ 13,296	Total PMI	\$ 12,732	2.0%	4.4%	4.4%



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Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excluding Currency & Acquisitions	Six Months Ended June 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2018					PMI	2017	% Change		
\$ 4,491	\$ 523	\$ 3,968	\$ -	\$ 3,968	European Union	\$ 3,850	16.6%	3.1%	3.1%
1,327	20	1,307	-	1,307	Eastern Europe	1,213	9.4%	7.7%	7.7%
1,983	14	1,969	-	1,969	Middle East & Africa	1,939	2.3%	1.5%	1.5%
2,237	(49)	2,286	-	2,286	South & Southeast Asia	2,077	7.7%	10.1%	10.1%
3,069	93	2,976	-	2,976	East Asia & Australia	2,548	20.4%	16.8%	16.8%
1,515	(37)	1,552	-	1,552	Latin America & Canada	1,354	11.9%	14.6%	14.6%
\$ 14,622	\$ 564	\$ 14,058	\$ -	\$ 14,058	Total PMI	\$ 12,981	12.6%	8.3%	8.3%



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Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excluding Currency & Acquisitions	Quarters Ended September 30,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2017					PMI	2016	% Change		
\$ 2,204	\$ 53	\$ 2,151	\$ -	\$ 2,151	European Union	\$ 2,200	0.2%	(2.2)%	(2.2)%
705	46	659	-	659	Eastern Europe	687	2.6%	(4.1)%	(4.1)%
1,078	(153)	1,231	-	1,231	Middle East & Africa	1,249	(13.7)%	(1.4)%	(1.4)%
1,129	(19)	1,148	-	1,148	South & Southeast Asia	1,015	11.2%	13.1%	13.1%
1,601	(49)	1,650	-	1,650	East Asia & Australia	1,121	42.8%	47.2%	47.2%
756	(14)	770	-	770	Latin America & Canada	710	6.5%	8.5%	8.5%
\$ 7,473	\$ (136)	\$ 7,609	\$ -	\$ 7,609	Total PMI	\$ 6,982	7.0%	9.0%	9.0%



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(\$ in millions) / (Unaudited)

Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excluding Currency & Acquisitions	Quarters Ended December 31,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2017					PMI	2016	% Change		
\$ 2,264	\$ 139	\$ 2,125	\$ -	\$ 2,125	European Union	\$ 1,944	16.5%	9.3%	9.3%
793	53	740	-	740	Eastern Europe	690	14.9%	7.2%	7.2%
971	(76)	1,047	-	1,047	Middle East & Africa	1,108	(12.4)%	(5.5)%	(5.5)%
1,211	(37)	1,248	-	1,248	South & Southeast Asia	1,194	1.4%	4.5%	4.5%
2,224	(67)	2,291	-	2,291	East Asia & Australia	1,250	77.9%	83.3%	83.3%
831	2	829	-	829	Latin America & Canada	785	5.9%	5.6%	5.6%
\$ 8,294	\$ 14	\$ 8,280	\$ -	\$ 8,280	Total PMI	\$ 6,971	19.0%	18.8%	18.8%



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Net Revenues	Currency	Net Revenues excluding Currency	Acquisitions	Net Revenues excluding Currency & Acquisitions	Years Ended December 31,	Net Revenues	Total	Excluding Currency	Excluding Currency & Acquisitions
2017					PMI	2016	% Change		
\$ 8,318	\$ 45	\$ 8,273	\$ -	\$ 8,273	European Union	\$ 8,162	1.9%	1.4%	1.4%
2,711	229	2,482	-	2,482	Eastern Europe	2,484	9.1%	(0.1)%	(0.1)%
3,988	(520)	4,508	-	4,508	Middle East & Africa	4,516	(11.7)%	(0.2)%	(0.2)%
4,417	(63)	4,480	-	4,480	South & Southeast Asia	4,396	0.5%	1.9%	1.9%
6,373	(74)	6,447	-	6,447	East Asia & Australia	4,285	48.7%	50.5%	50.5%
2,941	(54)	2,995	-	2,995	Latin America & Canada	2,842	3.5%	5.4%	5.4%
\$ 28,748	\$ (437)	\$ 29,185	\$ -	\$ 29,185	Total PMI	\$ 26,685	7.7%	9.4%	9.4%



PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios
(\$ in millions, except ratios) / (Unaudited)

	Year Ended									
	Dec 31, 2008 ^(a)	Dec 31, 2009 ^(a)	Dec 31, 2010 ^(a)	Dec 31, 2011 ^(a)	Dec 31, 2012 ^(a)	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017
Net Earnings	\$ 7,150	\$ 6,552	\$ 7,498	\$ 8,879	\$ 9,154	\$ 8,850	\$ 7,658	\$ 7,032	\$ 7,250	\$ 6,341
Equity (income)/loss in unconsolidated subsidiaries, net	-	6	8	10	17	22	(105)	(105)	(94)	(59)
Provision for income taxes	2,787	2,691	2,826	3,653	3,833	3,670	3,097	2,688	2,768	4,307
Interest expense, net	311	797	876	800	859	973	1,052	1,008	891	914
Depreciation and amortization	842	853	932	993	898	882	889	754	743	875
Asset impairment, exit costs and other	208	164	47	109	83	309	535	68	-	-
Adjusted EBITDA	\$ 11,298	\$ 11,063	\$ 12,187	\$ 14,444	\$ 14,844	\$ 14,706	\$ 13,126	\$ 11,445	\$ 11,558	\$ 12,378
	Dec 31, 2008 ^(a)	Dec 31, 2009 ^(a)	Dec 31, 2010 ^(a)	Dec 31, 2011 ^(a)	Dec 31, 2012 ^(a)	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017
Short-term borrowings	\$ 375	\$ 1,662	\$ 1,747	\$ 1,511	\$ 2,419	\$ 2,400	\$ 1,208	\$ 825	\$ 643	\$ 499
Current portion of long-term debt	209	82	1,385	2,206	2,781	1,255	1,318	2,405	2,573	2,506
Long-term debt	11,377	13,672	13,370	14,828	17,639	24,023	26,929	25,250	25,851	31,334
Total Debt	\$ 11,961	\$ 15,416	\$ 16,502	\$ 18,545	\$ 22,839	\$ 27,678	\$ 29,455	\$ 28,480	\$ 29,067	\$ 34,339
Less: Cash and cash equivalents	1,531	1,540	1,703	2,550	2,983	2,154	1,682	3,417	4,239	8,447
Net Debt	\$ 10,430	\$ 13,876	\$ 14,799	\$ 15,995	\$ 19,856	\$ 25,524	\$ 27,773	\$ 25,063	\$ 24,828	\$ 25,892
Ratios:										
Total Debt to Adjusted EBITDA	1.06	1.39	1.35	1.28	1.54	1.88	2.24	2.49	2.51	2.77
Net Debt to Adjusted EBITDA	0.92	1.25	1.21	1.11	1.34	1.74	2.12	2.19	2.15	2.09

(a) Certain amounts have been reclassified to conform with the year 2013 presentation due to the separate disclosure of equity (income)/loss in unconsolidated subsidiaries, net
Note: In 2008, we included Equity Loss from RBH Legal Settlement (\$124 million) and in 2009 we included the Colombian Investment and Cooperation Agreement charge of \$135 million



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Calculation of Total Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA Ratios
(\$ in millions, except ratios) / (Unaudited)

	Year Ended June 30, 2018		
	July ~ December 2017	January ~ June 2018	12 months rolling
Net Earnings	\$ 2,841	\$ 3,942	\$ 6,783
Equity (income)/loss in unconsolidated subsidiaries, net	(14)	(28)	(42)
Provision for income taxes	3,077	1,203	4,280
Interest expense, net	482	395	877
Depreciation and amortization	468	488	956
Asset impairment and exit costs	-	-	-
Adjusted EBITDA	\$ 6,854	\$ 6,000	\$ 12,854
			June 30, 2018
Short-term borrowings			\$ 592
Current portion of long-term debt			3,025
Long-term debt			28,048
Total Debt			\$ 31,665
Cash and cash equivalents			6,587
Net Debt			\$ 25,078
Ratios:			
Total Debt to Adjusted EBITDA			2.46
Net Debt to Adjusted EBITDA			1.95