Remarks by Drago Azinovic
President, Eastern Europe, Middle East & Africa Region & PMI Duty Free
Philip Morris International Inc.

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(SLIDE 1.)

Thank you, Nick and good afternoon, Ladies and Gentlemen.

(SLIDE 2.)

I will begin my presentation with an overview of the Region and our strong historical performance. I will guide you through the strategic vision underpinning our target of currency-neutral low double-digit annual adjusted OCI growth excluding RRPs, over the mid to long-term. I will provide perspective on our cigarette brand portfolio, as well as our performance in key markets. I will also detail our plans to develop our presence in untapped markets. Finally, I will highlight our plans to successfully launch Reduced-Risk Products and some exciting early results from markets where they are already present. After my concluding remarks, I will be happy to take your questions.

(SLIDE 3.)

Let me start with an overview of the Region.

The EEMA Region is geographically immense, stretching across 13 time zones and representing 45% of the world's land mass. The cigarette industry is considerable, accounting for approximately 1.1 trillion units in 2015.

Our cigarette volume last year was 279 billion units, making us the leading cigarette company in the Region, with an estimated market share of 25.4%. Our strong premium portfolio drives our over-indexed share of the Regional industry net revenue pool of approximately 31%.

We employ over 11,000 engaged and experienced people in our EEMA markets and our global Duty Free business.

Our adjusted OCI reached $3.4 billion in 2015, representing 31% of PMI's global adjusted OCI.

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The EEMA Region enjoys very strong fundamentals.

The total population is expected to expand at around 2% annually over the next ten years. GDP is forecast to grow at a compound annual rate of 2.9% over the next three years, accelerating to 7.6% from 2018 to 2025 behind an assumed recovery in the oil price. This growth is anticipated to provide a solid basis for future profitability expansion.

That said, our Region has not been spared by the global economic crisis and still faces certain instability stemming from geopolitical developments and our exposure to oil-dependent economies.

(SLIDE 5.)

While cigarette industry volume has declined at a compound annual rate of 2.9% over the past three years, we have outperformed this trend through market share growth, meaning that our shipment volume decline has been tempered to a more reasonable compound annual rate of 1.6%.

Share growth and diligent pricing have enabled net revenues to grow at a currency-neutral compound annual rate of 8.1%. On the same basis, through a disciplined approach to cost, we have accelerated adjusted OCI growth to 12.4%.

(SLIDE 6.)

Turning now to our Regional objectives and strategies, we are confident in our ability to continue to be a growth engine for PMI. This growth will be built on three strategic pillars.

First, we plan to grow our cigarette business by executing judicious pricing in an environment of economic recovery and reasonable affordability. We plan to deploy focused innovation and will leverage our superior brand portfolio, coupled with digital trade and adult consumer activation, to continue our market share growth momentum.

Second, we will seek to develop our presence in untapped markets by entering whitespaces and enhancing our footprint in markets where we are under-represented.

Third, we aim to successfully launch Reduced-Risk Products, taking advantage of our attractive Regional characteristics.

All of these will be underpinned by business and portfolio streamlining to reallocate resources towards our attractive growth opportunities.

Over the mid to long-term we are targeting annual currency-neutral low double-digit adjusted OCI growth, excluding RRPs.

(SLIDE 7.)

Let me start by showing you why we have full confidence in our ability to deliver against our financial growth target.

First, we aim to continue to strengthen our position as the clear market share leader in the Region, a position that we have held since 2009. We have expanded the gap to our second-placed challenger from 1.7 share points in the second quarter of 2012, to 2.4 share points in the second quarter of this year.

We gained 1.0 share point between 2012 and 2015, reaching a peak of 25.4% in 2015, while gaining market share in seven of our top-ten OCI markets.

These gains softened in the first quarter of this year, mainly due to general macroeconomic and geopolitical instability in North Africa. We are taking steps to address these issues, and have seen market share already start to recover in the second quarter.

(SLIDE 8.)

Second, we aim to maintain our strong positioning in price and key growth segments.

In price segments, we command an over-indexed share of the premium price segment, with 37% of our volume in premium versus 11% for our competitors. We intend to protect this strong presence, while also increasing share of market in the growing low-price segment.

We will also continue to focus our innovation on key growth segments, where we mostly command more than our fair share.

(SLIDE 9.)

Third, we will continue to execute judicious pricing.

Historically, our average annual pricing variance has been around 9% of our prior year's net revenues. 2014 reflects higher than average pricing mainly driven by the previously disclosed impact of the new business structure in Egypt.

Going forward, we will continue to follow our pricing strategy, taking into consideration both price-gap and price-point management as well as a balance between volume impact, adult consumer affordability and margin enhancement.

(SLIDE 10.)

We are confident in our ability to continue our pricing strategy given reasonable cigarette affordability across the Region.

The chart on this slide illustrates the relative price of a pack of *Marlboro* compared to a *Big Mac* in PMI's top OCI markets. Among these, our top EEMA markets are below PMI's average, indicating that *Marlboro* is relatively more affordable and therefore has room to grow.

(SLIDE 11.)

Last but not least, we still have significant volume upside potential.

PMI has a strong footprint in the majority of EEMA markets, but is under-indexed in markets representing a combined industry volume of 240 billion units, and is not present in markets representing a further 134 billion units. We therefore have a significant opportunity to grow volume through organic expansion as well as market entry.

Furthermore, Reduced-Risk Products represent a sizeable opportunity for us to further expand our Regional volume footprint, especially through the roll-out of *iQOS*.

(SLIDE 12.)

Let me now take you through our exciting plans to continue to grow our cigarette business.

We will maintain focus on our five international brands: *Marlboro*, *Parliament*, *L&M*, *Chesterfield* and *Bond Street*. Together, these brands represent 78% of our Regional volume, while three of them are top five international brands in the Region.

We have concrete plans to grow these brands, while driving portfolio and production efficiencies through SKU rationalization and by morphing legacy brands into our international brand portfolio. This will allow us to further grow the contribution of international brands to our Regional volume.

(SLIDE 13.)

I will start with *Marlboro*, the only truly global brand in our industry. We increased market share from 6.0% in 2012 to 6.5% in 2015, despite a recessionary environment. This growth tailed off in the first half of 2016, mainly due to macroeconomic and geopolitical developments in North Africa. In Algeria in particular, *Marlboro* also faced a lower-than-anticipated adult smoker acceptance of the new firm filter of the 2.0 Architecture for the Round Taste variant. Absent these issues in North Africa, *Marlboro* share would have been flat for the first half of this year versus 2015.

One of the pillars of our growth will be the innovative *Neuland* digital adult consumer engagement platform that was discussed by Werner earlier today.

(SLIDE 14.)

We are leveraging innovation to deliver *Marlboro*'s growth.

To ensure that we capture up-traders into the *Marlboro* brand family, we have launched *Marlboro* Touch, which is a price-banded slimmer diameter offering.

We have seen significant growth behind our slim *Marlboro* Touch variants in Turkey, which have grown to 2.2% in June of this year. We are rolling out *Marlboro* Touch in select markets and expect this positive momentum to continue.

We are also launching novel capsule and double capsule products across the Region. In the UAE, we launched *Marlboro* Double Ice, a double menthol capsule offering, at the start of 2015. It has shown good traction, growing to a 1.2% share of market in June of this year. We leveraged this momentum to also launch *Marlboro* Double Mix in early 2016, which has also shown promising early growth.

(SLIDE 15.)

Parliament will continue its position as our most premium and aspirational brand, offering modern and progressive luxury.

It has demonstrated impressive resilience in a recessionary environment, gaining 0.5 share points since 2012 to reach a market share of 3.1% June year-to-date. This growth has been fueled by share gains across our top markets, as seen on the slide. Worth noting is Kazakhstan, which faced rapid down-trading, but where we maintained flat share of market by growing share of the premium segment by an impressive 13.7 share points over the same period.

As you saw this morning, we have concrete plans to accelerate the growth of *Parliament* by expanding the brand's appeal to female adult smokers and through impactful, gender-balanced communication.

(SLIDE 16.)

Despite pressures in the mid-price segment, *L&M* is, and will continue to be, a Regional success story. Since 2012, we have grown market share by 1.3 share points to 5.1% June year-to-date. This has been fueled by significant gains in markets such as Egypt, where it gained almost 9 share points, and in Ukraine, where it gained over 3 share points.

A large proportion of our growth in Ukraine has been delivered by our *L&M* Loft product, which you can see on the right side of this slide. This is a slimmer diameter offering, featuring a *Recessed Filter*, fine cut tobacco and less smoke smell. It was launched in May of 2014 and has grown consistently, reaching a market share of 4.3% in June this year.

We aim to continue to develop *L&M* as the progressive below-premium leader of the future.

(SLIDE 17.)

On *Bond Street*, our international low-price brand, we are deploying a unified architecture and focusing our innovation on progressive slim offerings. The brand has achieved 4% share of market in the Region, with 1.8 share points coming from our growing slim portfolio.

We plan for *Bond Street* to grow its presence in the expanding low-price segment by further improving its modernity and premiumness as well as by using it as a destination for legacy brand morphs.

(SLIDE 18.)

Let me now briefly focus on our performance in key markets.

Russia is our largest volume market, representing annual cigarette industry volume of nearly 300 billion units. For the past few years, we have witnessed a rapid erosion in cigarette industry volume, mainly reflecting the unstable economic situation coupled with the impact of retail price increases across the industry. However, we are starting to see this subside; the decline of the total market for the first six months of this year was just 5.3%, compared to 9.3% for the full year 2014. While we expect a tempering of this improvement in the second half, we are revising our forecast to a volume decline of around 6% this year.

(SLIDE 19.)

Despite declining cigarette industry volumes, we have achieved strong market share growth, gaining 2.0 share points from 2012 to 2015. This growth started to tail-off at the beginning of the year with a loss of 0.6 percentage points between the first half of 2015 and the first half of this year.

(SLIDE 20.)

Let me give you some perspective on the dynamics in the market. Despite significant retail price increases across the industry in times of economic uncertainty, the premium segment has remained remarkably resilient. Our superior portfolio in this attractive segment has allowed us to gain significant segment share. We have also been able to maintain segment leadership and gain 4 segment share points from 2012 to 2015 within the growing low-price segment, thanks to the strength of *Bond Street* and *Next*. However, this growth started to reverse at the beginning of the year due to the slow penetration of competitors' price increases. In addition, after the announcement in April 2016 of the ban on the production of big packs, effective July 2016, many competitors started to launch limited pack editions at a discount equivalent to the per-stick price of big packs.

We are currently addressing this temporary situation, which we expect to last until year end, and are already starting to see stabilization in our sequential share performance.

Going forward, we are confident in our ability to continue to deliver double-digit currency-neutral OCI growth through diligent pricing coupled with share competitiveness coming from streamlining our portfolio, digitizing adult consumer and trade interaction, and executing with excellence our focused innovation plans.

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After many years of strong market share and ex-currency adjusted OCI growth in North Africa, the region has been under pressure for the past 12 months due to general macroeconomic and geopolitical instability.

In Algeria specifically, *Marlboro*'s share of market has been under pressure driven by a combination of factors, including steep price increases in an overall recessionary environment and lower-than-anticipated adult smoker acceptance of the new firm filter of the 2.0 Architecture for *Marlboro* Round Taste.

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We are implementing concrete plans to return *Marlboro* to share growth in Algeria by addressing adult smoker preferences and re-instilling passion into the brand. Specifically, we will focus on three key initiatives.

First, an adjustment to the filter of *Marlboro* Round Taste to better address adult smoker preferences.

Second, the REDZ adult consumer engagement platform, which leverages *Marlboro*'s iconic racing heritage through a combination of events, switch-selling mechanics and product staging. This has been our most impactful platform ever launched in Algeria.

Third, a robust plan to redesign the route-to-market approach that is expected to double our weighted coverage for trade and adult consumer activities by optimizing current staffing and enlisting a third-party field force.

We have full confidence that the combination of these three initiatives should return *Marlboro* back to share growth.

(SLIDE 23.)

Morocco is an exciting success story in North Africa.

In 2015, we adopted a new route-to-market approach in partnership with a local distributor, and entered into the large below-premium segment with *Next*.

In 2016, we executed the smooth take-back of our business from Imperial Brands. We also launched *Chesterfield* in May, thereby expanding our offering in the below-premium segment. This allowed us to reach an all-time high market share of 24.8%.

The take-back has enabled us to build the foundation for future growth through the establishment of strong commercial capabilities and the development of a brand portfolio across key price points.

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In Turkey, following a cigarette industry volume decline in 2013, the market has expanded in recent years. The market grew by 9.0% in 2015 and by 8.4% in the first half of 2016, driven by favorable demographics, immigration and a significant reduction in illicit trade.

On top of these total industry gains, we have returned Turkey to steady market share growth. In June 2016, we reached 44.6%, our highest share since May 2014, driven by strong results from across our focused and innovative portfolio.

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Our growth momentum has been led by the key role that we are playing in growing the premium segment.

The segment itself has increased in size over the past few years, now representing 23.0% of the market, up 3.2 share points since the first half of 2013. Around two-thirds of this growth has come from *Parliament* and the remaining third from *Marlboro*.

Going forward, we aim to continue this growth by leveraging our focused portfolio and by balancing premium innovation with modern, progressive offerings in the low-price segment.

(SLIDE 26.)

Our business in Saudi Arabia is enjoying significant market share gains. We have grown market share each year since 2012, reaching 50.7% June year-to-date. These gains have been led by the strong performance of *Marlboro*, with a market share of 27.4%, up by 6.6 share points versus 2012.

Going forward, we are aiming to deliver strong currency-neutral OCI growth thanks to favorable industry dynamics and the positive momentum of our brands. In addition, we will further develop our mid and low-price segment offerings to address the possibility of down-trading.

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Let me now turn to our second strategic pillar: developing untapped markets by entering whitespaces and enhancing our presence in under-represented markets.

Our approach will have two legs. First, we will explore opportunities to enter large and attractive markets where we are not present. Whitespaces today represent a significant opportunity of 134 billion units and include large markets such as Iran, Belarus, Azerbaijan and the Democratic Republic of Congo. Taking our average Regional share of this untapped volume would add around 33 billion units to our Regional volume.

Second, we aim to enhance our presence and improve our business model in markets such as Nigeria, Tunisia and Angola. In doing so, we target to equip ourselves for future growth by developing our portfolios and enhancing our route-to-market capabilities.

At Investor Day two years ago, we mentioned that we were working to enhance our operating structure to grow in Sub-Saharan Africa. To this end, in May of last year, we established the Pan-Africa Entrepreneurs investment vehicle, which combines the strength of our brands with the local knowledge of our business partners. This structure is already bearing fruit after only a year of operation.

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One of the success stories is Ivory Coast, where we reached a market share of 21.7% in August this year after many years of stagnant share performance of around 5%. This success has been enabled by a number of factors. For example, in close collaboration with our business partner, we have expanded from city to national distribution, with *Marlboro* Gold's numeric distribution at retail increasing from 59% in 2015 to 91% this year. We have also successfully launched *L&M* in the mid-price segment. Additionally, a government tax restructuring has created a more level playing field.

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Our successful entry into Tanzania has been another accomplishment for our Pan-Africa Entrepreneurs investment vehicle. Here, we entered a market dominated by a highly entrenched competitor with a market share of around 90%.

We are currently focusing on the capital, Dar-es-Salaam, where we have gained significant traction. By combining our brand strength with the commercial capabilities of our local distributors, we have reached around 80% weighted distribution with retailers. This has enabled market share gains, reaching over 6% in Dar in June of this year.

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EEMA also presents attractive prospects for our third strategic pillar: the roll-out of Reduced-Risk Products, driven by the strong macroeconomic fundamentals that I highlighted earlier.

To address the range of different adult smoker needs, we will leverage a combination of the four RRP platforms that Mirek discussed this morning.

By the end of 2017, we plan to have launched RRPs in key cities in over ten markets that today collectively represent 75% of our Regional cigarette volume. We will manage this process by transforming our business to allow for a fast, sustainable and efficient scale-up of RRPs.

(SLIDE 31.)

We launched *iQOS* and two *HeatSticks* variants early this year in Moscow and Kiev, leveraging the premium equity of *Parliament*, along with the iconic *Recessed Filter* for *HeatSticks*.

We have experienced some strong early sales momentum in both Moscow and Kiev. On the back of these solid results, we are currently expanding the launch in Russia to St. Petersburg. We are working to test concepts and to learn ahead of our upcoming national expansion in both markets. At the bottom of the slide, you can see images of the numerous touchpoints that we are trialing.

In Duty Free, we have also activated *iQOS* and *HeatSticks* in the Osaka and Zurich airports, leveraging the *Marlboro* brand. We are using the premium brand space of the Duty Free channel to enhance adult smoker perception as well as for adult consumer engagement and guided trial. We will continue to expand *iQOS* within the Duty Free channel to complement our market expansions.

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To conclude, we expect the EEMA Region to remain a growth engine for PMI.

Our Regional strategy is built on three pillars.

First, we plan to execute judicious pricing in an environment of economic recovery and reasonable affordability. We also plan to deploy focused innovation, such as capsules and progressive slim formats, and leverage our superior brand portfolio to continue to grow market share.

Second, we will seek to develop our presence in untapped markets, replicating the success stories of Tanzania and Ivory Coast. We also aim to enhance our presence and improve our business model in markets where we are under-represented.

Third, we aim to successfully launch Reduced-Risk Products, building on our early momentum in Moscow, Kiev and Duty Free.

These strategies will be underpinned by business and portfolio streamlining which we will use to reallocate resources towards our attractive growth opportunities.

Over the mid to long-term, we are targeting low double-digit annual currency-neutral adjusted OCI growth, excluding RRPs,

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Thank you for your interest in our Regional business. I will now be happy to take your questions.