



PHILIP MORRIS INTERNATIONAL:
DELIVERING A SMOKE-FREE FUTURE

FACTS AND FIGURES

For over a decade, PMI has leveraged technology and science to develop, assess, and commercialize less harmful alternatives to cigarettes. We are disrupting our business to achieve a bold vision—to replace cigarettes with science-based smoke-free products as soon as possible—and shifting our resources and fundamentally changing both our purpose and our operations. And we are making tremendous progress toward a smoke-free future.

PMI is also actively working to expand our purpose and evolve into a broader lifestyle, consumer wellness and healthcare company, extending our value proposition and innovative capability to commercialize products that go beyond tobacco and nicotine.

WHY TOBACCO HARM REDUCTION MAKES SENSE



Current fiscal and regulatory measures are not accelerating cessation.



Scientifically substantiated products can switch consumers out of cigarettes much faster than restrictive measures only.



Differentiated regulatory frameworks are a must.



Positive public health outcomes can be significantly accelerated.



Interest of 1 billion people who smoke should be at the center of the discussion.



We must stop debating *whether* RRP should be made available, but *how fast and how best to help* the men and women who would otherwise continue smoking.

SIX YEARS OF PROGRESS ON OUR SMOKE-FREE TRANSFORMATION

While cigarette sales today remain the largest part of PMI's business in most countries, this is changing rapidly.



In 2021, smoke-free products represented 29 percent of our total net revenues and over 13 percent of total shipment volume, up from 2.7 percent and 0.9 percent respectively in 2016.¹

As end of Q3 2022, smoke-free net revenues made up around 30% of our year-to-date pro forma total, putting us on track to reach our ambition of over 50% by 2025.



SMOKE-FREE PRODUCTS REPRESENTED AROUND 30 PERCENT OF OUR TOTAL NET REVENUES



As of September 30, our smoke-free products are available in 70 markets—of which 28 are in low and middle-income markets. PMI expects IQOS to be in 100 markets by 2025.²



SMOKE-FREE PRODUCTS ARE AVAILABLE IN 70 MARKETS



Our ambition is for smoke-free products to account for more than 50 percent of total net revenues by 2025.³ And we believe that with the right regulatory frameworks, dialogue and support from civil society, cigarette sales can end within 10 to 15 years in many countries.



BIGGEST POSITIVE IMPACT ON HARM REDUCTION



As of September 30, we estimate there were approximately 19.5 million IQOS users, 69 percent of them, or 13.5 million adult smokers, have switched to IQOS and stopped smoking, with the balance in various stages of conversion.⁴



19.5 MILLION
TOTAL IQOS USERS



On July 7, 2020, the U.S. Food and Drug Administration (FDA) issued decisions on modified risk tobacco product (MRTP) applications for IQOS and three HeatSticks variants (the IQOS tobacco heating system) submitted by PMI in December 2016. In doing so, the agency found that the issuance of exposure modification orders with reduced exposure claims would be **“appropriate to promote the public health and is expected to benefit the health of the population as a whole.”**

SUBSTANTIAL INVESTMENTS AND ADVANCED INTERNAL TRANSFORMATION



Since 2008, we have invested more than USD 9 billion in the development, scientific substantiation, manufacturing, commercialization, and continuous innovation of smoke-free products,⁵ with USD 120 million invested in the construction of PMI’s R&D facility, the Cube, in Neuchâtel, Switzerland.



INVESTED MORE THAN USD 9 BILLION



In 2021, **73% of our commercial efforts** and **99% of our R&D expenditures** were dedicated to our smoke-free products.⁶



73% OF OUR
COMMERCIAL EFFORTS

99% OF OUR
R&D EXPENDITURES



We employ over **980 R&D positions**, including scientists, engineers, technicians, and support staff, to continuously innovate and enhance our smoke-free portfolio, and with a network of research and technology partners in over 30 locations worldwide.



980 R&D
POSITIONS



Smoke-free research has been published in more than **425 peer-reviewed publications** and book chapters.



425 PEER-REVIEWED
PUBLICATIONS



More than 50 independent studies, including by leading government research centers, health authorities, and others confirm important elements of our research.

¹ PMI financial estimates, third-quarter 2022 results and PMI’s 2019 Integrated Report. ² PMI financial estimates, third-quarter 2022 results.

³ PMI 2021 Investor Day press release. ⁴ This total excludes Russia and Ukraine, which had an estimated 4.8 million users as of December 31, 2021.

⁵ PMI 2022 CAGNY presentation. ⁶ PMI 2022 CAGNY presentation.

