

2021 INVESTOR DAY

Delivering a Smoke-Free Future

The Next Growth Phase

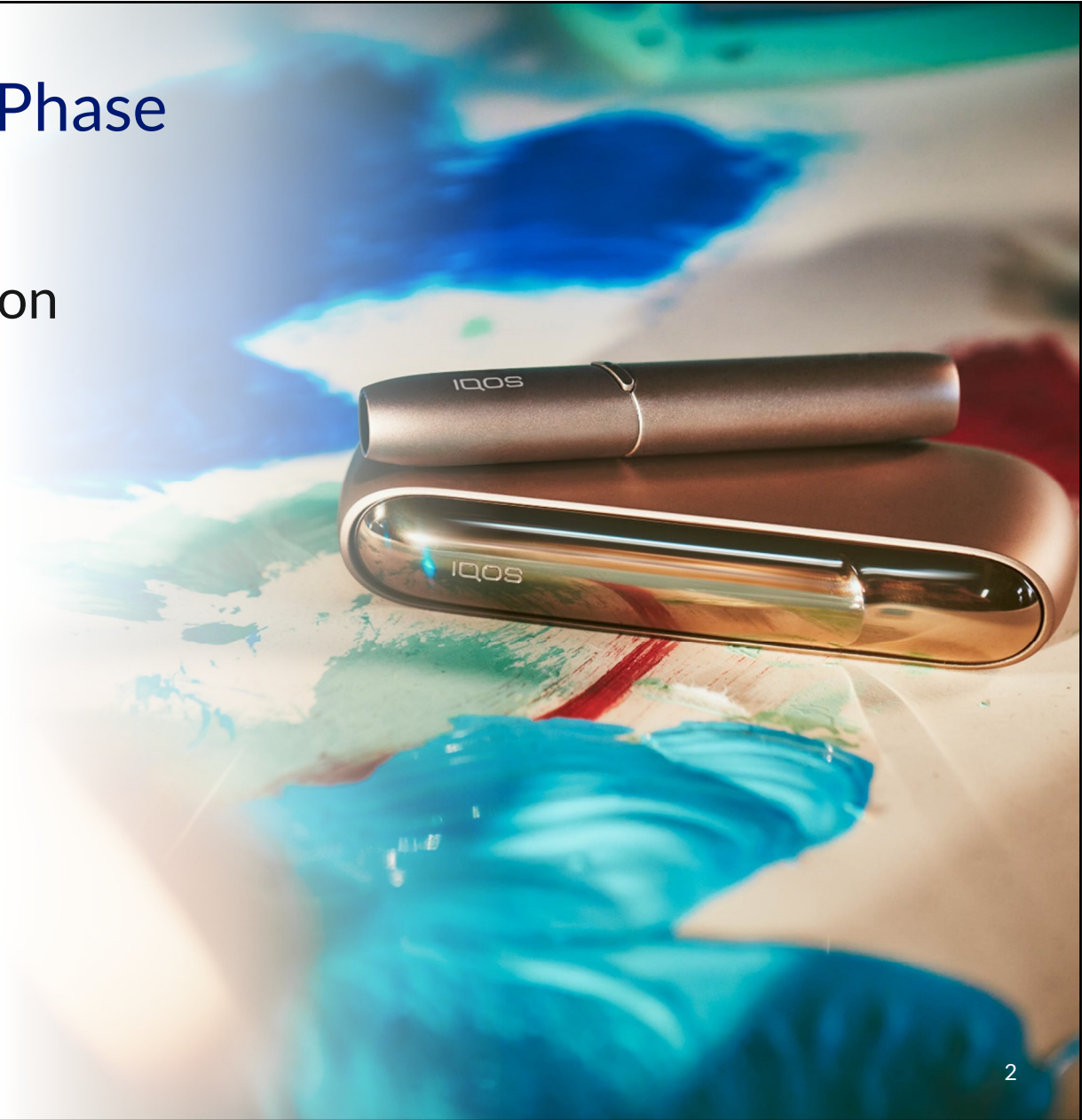
Jacek Olczak, Chief Operating Officer
Philip Morris International

February 10, 2021



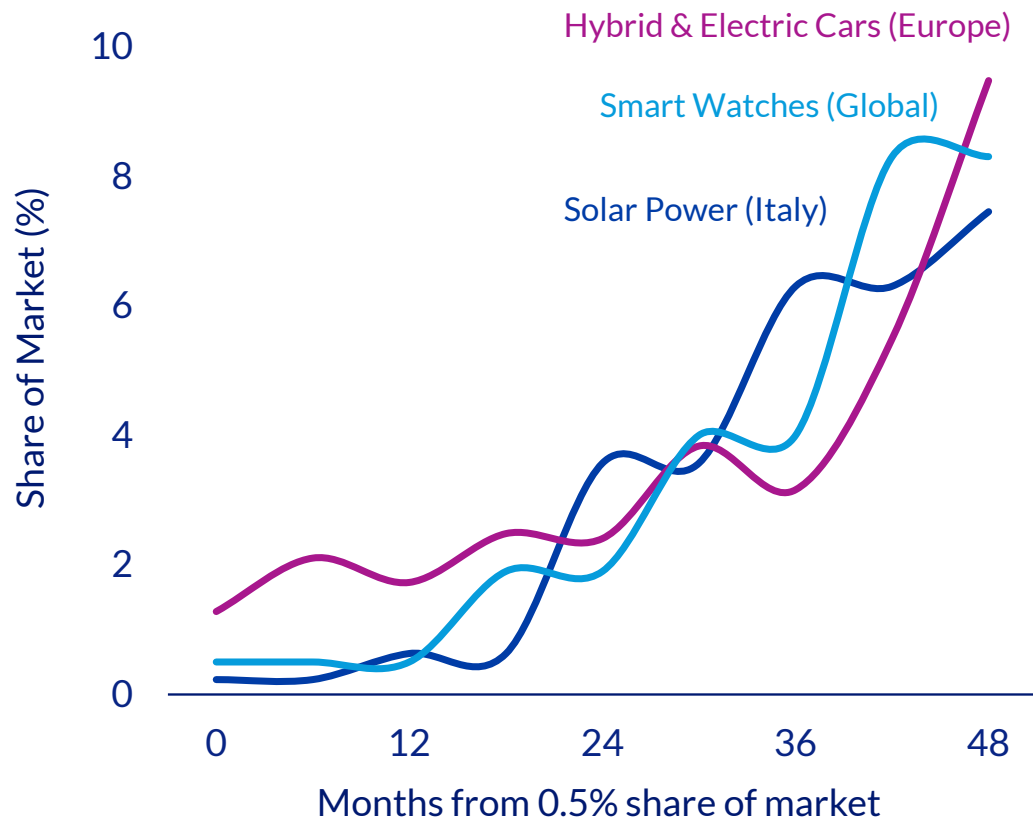
Delivering The Next Growth Phase

- Leading Industry Transformation
- IQOS Performance
- Consumer at the Core
- Commercial Model
- The Next Stage of Growth
- Combustibles Performance



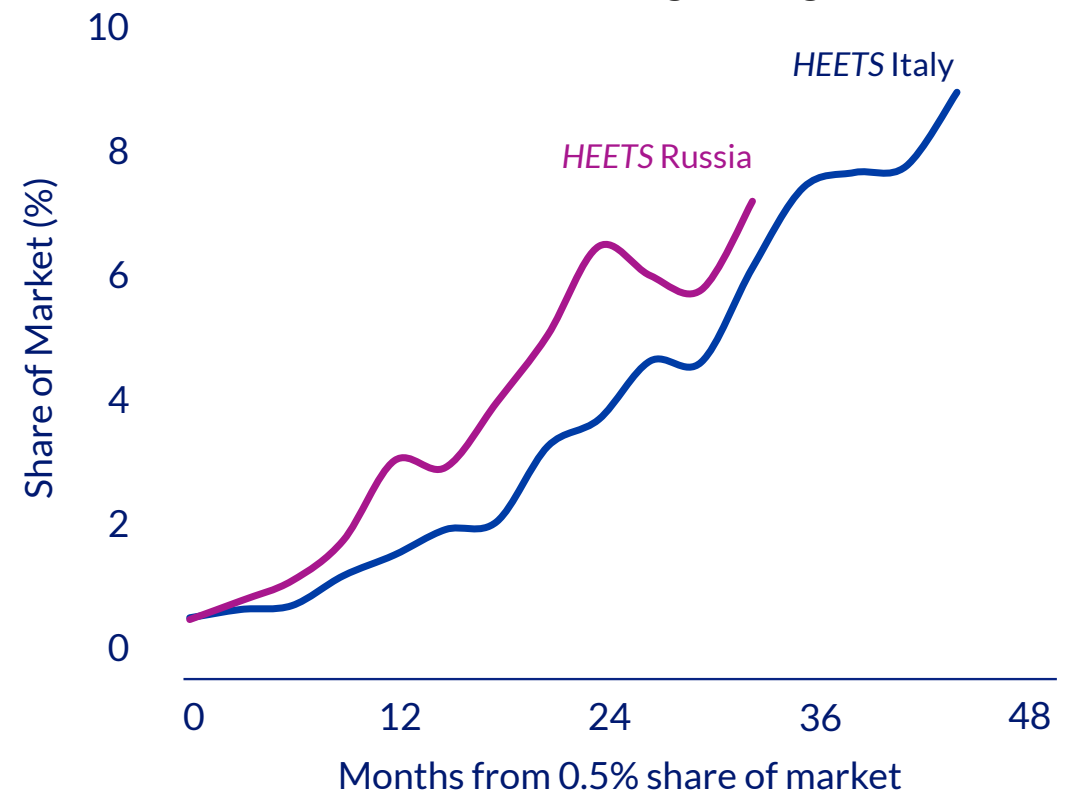
IQOS: Rapid Adoption of New Technologies

Other Technologies



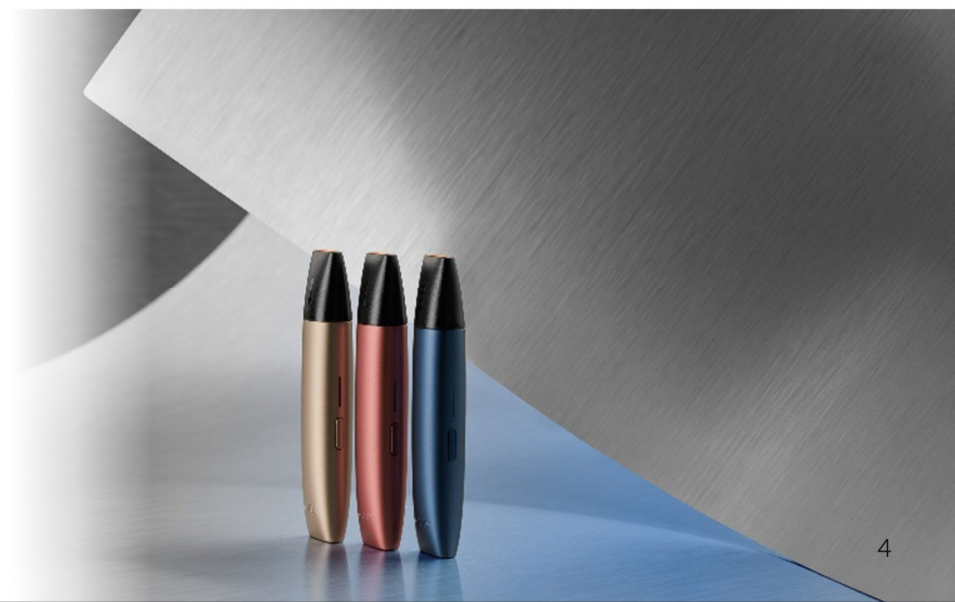
IQOS HEETS

(3-month moving average)

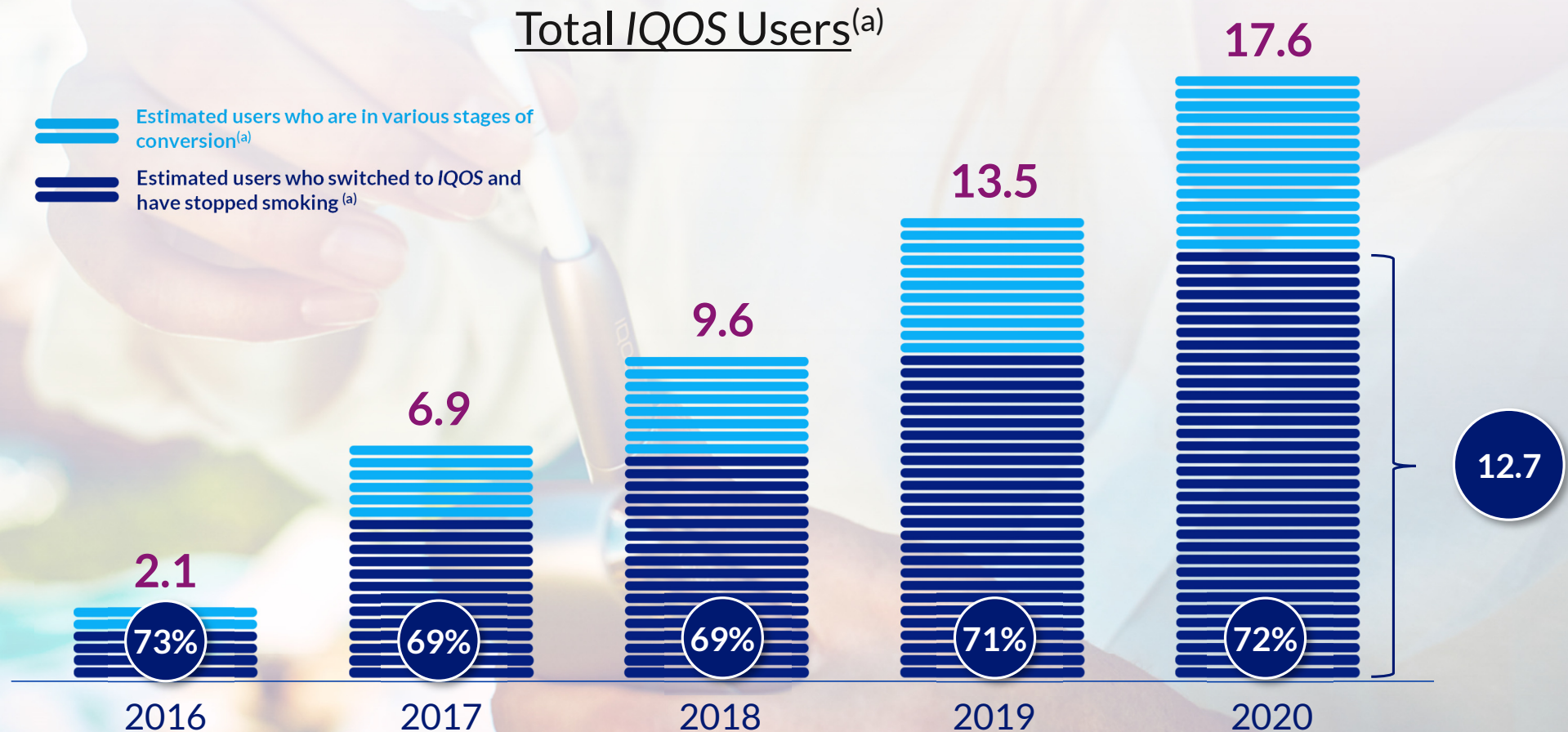


Undisputed Leader of Industry Transformation

- Biggest positive impact on harm reduction
- Segment leader, strongest brand, first mover advantage
- Highest investments
- Most advanced internal transformation
- Rigor around scientific validation / standards
- Leading responsible and sustainable marketing practices



Almost 13 Million Users Switched to IQOS and Stopped Smoking

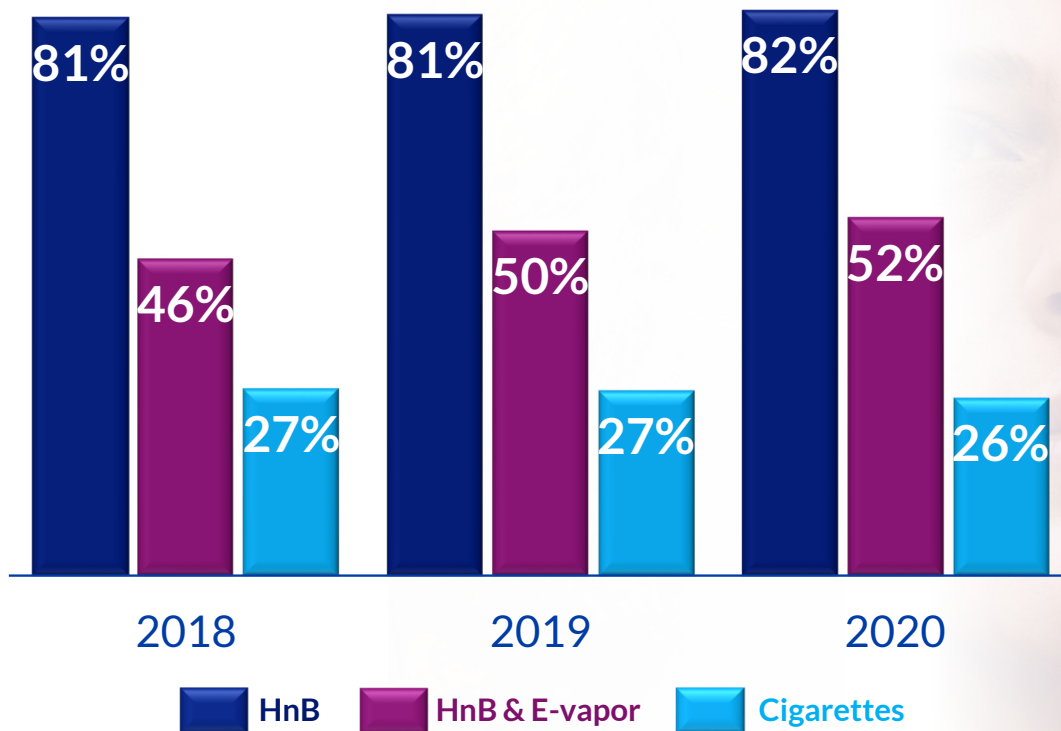


(a) In millions. See Glossary for definition

Source: PMI Financials or estimates, IQOS user panels and PMI Market Research

Clear Leadership of the Biggest Smoke-Free Category

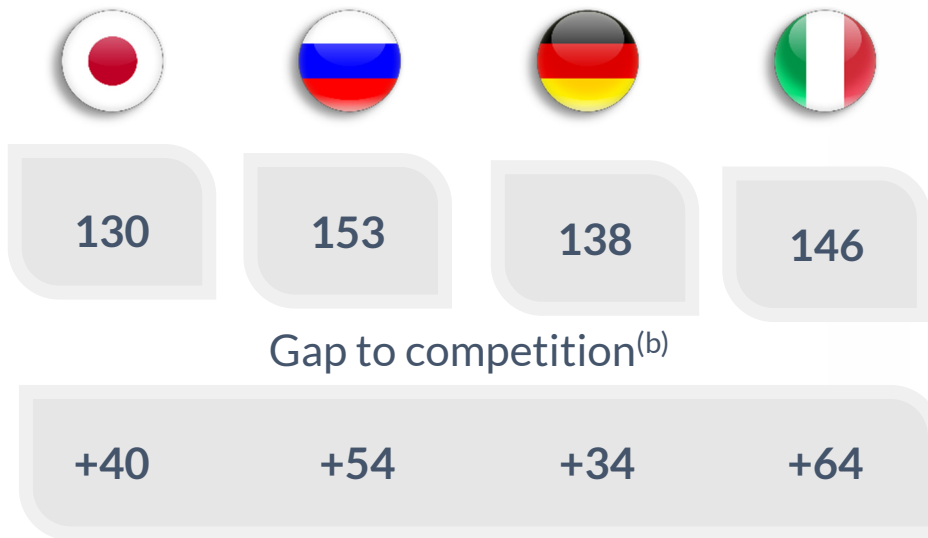
PMI Category Share



International volume share excl. China and the U.S.
Source: PMI Financials or estimates

IQOS Brand Equity is Strong

Brand Equity Score^(a)

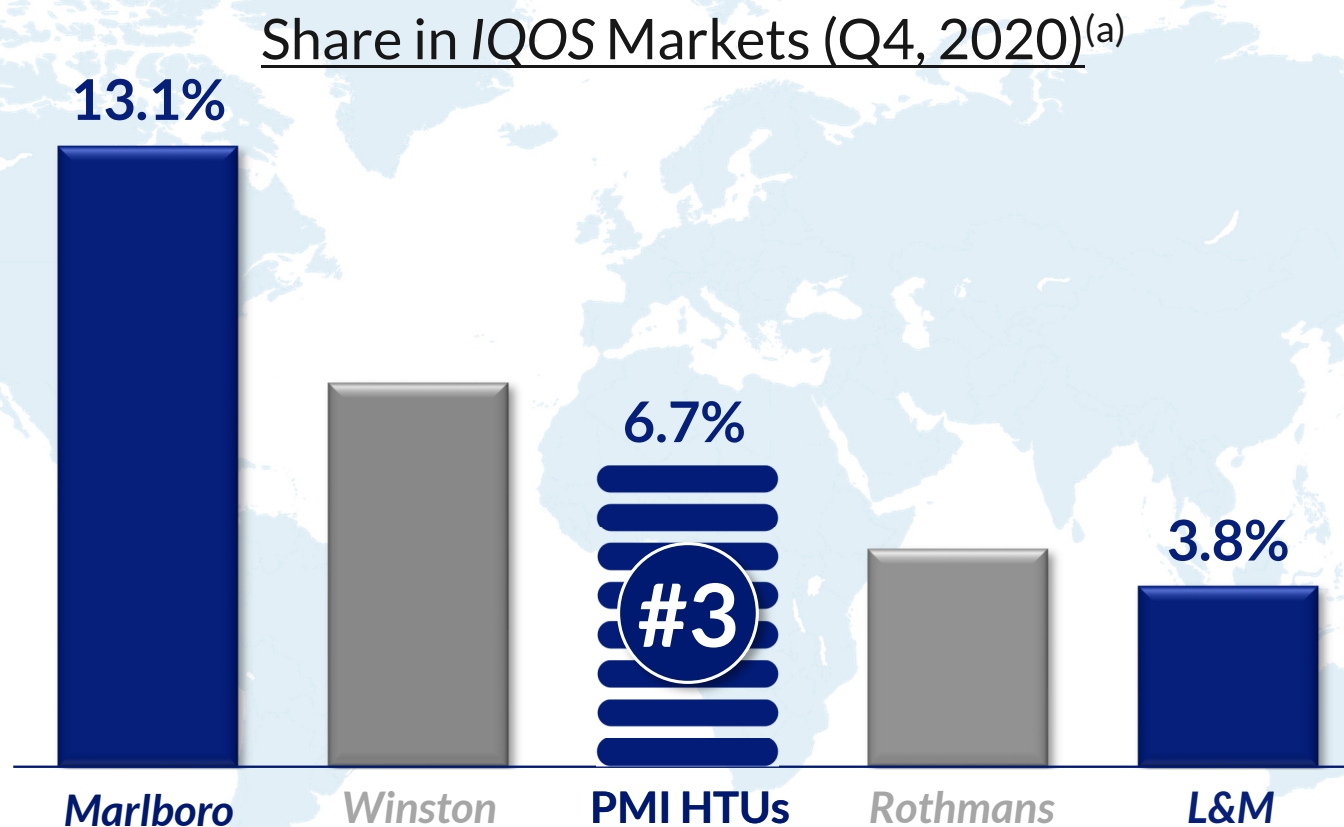


(a) Meaningful difference index: meaningful refers to the capacity of brands to drive affinity among Legal Age Smokers (LAS) and address their needs; difference refers to the ability of brands to generate perceptions of uniqueness and trendsetting among LAS. Meaningful difference is reported as a combined index score, where 100 represents the category average

(b) Represents index point gap to closest competitor



Third-Largest 'Brand' in IQOS Markets



(a) Reflects 63 markets where IQOS is available in key cities or nationwide at December 31, 2020. Excludes the U.S.

Note: All 'brands' except 'PMI HTUs' include cigarettes only.

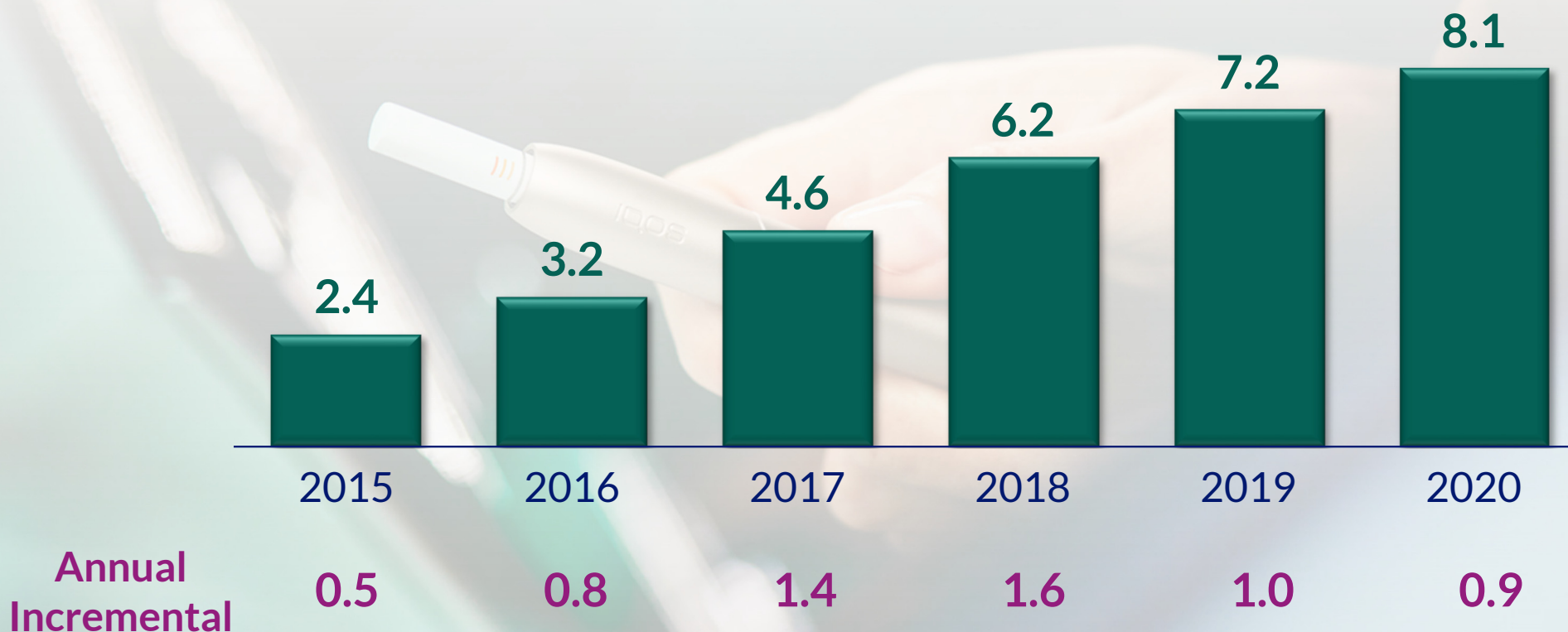
Reflects sales volume as a percentage of the total industry sales volume for cigarettes and HTUs

Source: PMI Financials or estimates

Substantial Investment in Best-in-Class Capabilities

(in \$ billion)

Cumulative RRP Investments



Note: Investments reflect research, product and commercial development, production capacity, scientific substantiation, and studies on adult smoker understanding. Does not include commercial deployment costs.

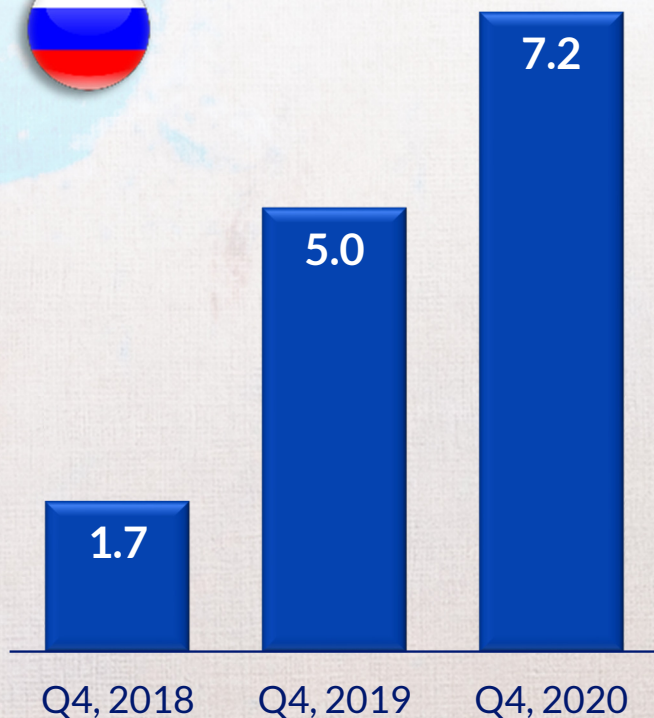
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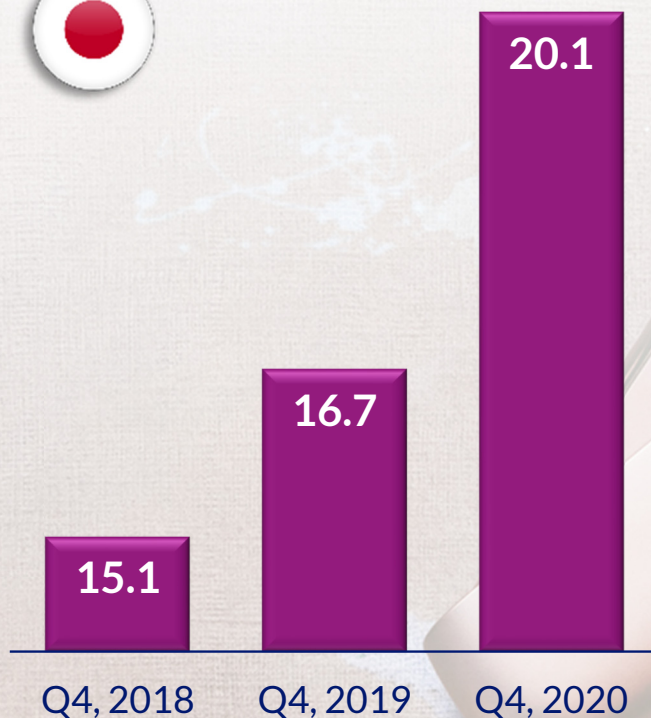


Strong Market Share Growth in Key Geographies

HTU Share of Market in Russia (%)



HTU Share of Market in Japan (%)^(a)



HTU Share of Market in EU (%)

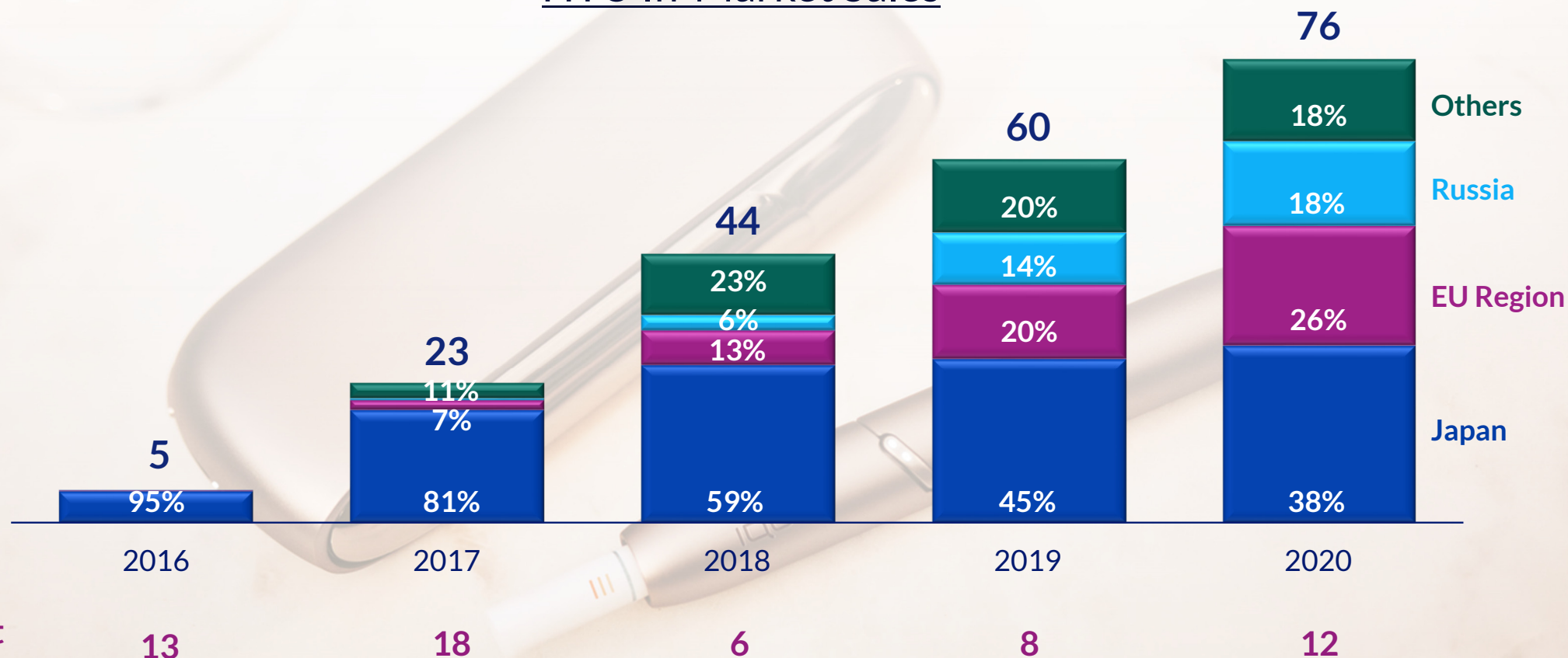


(a) Including the cigarillo category
Source: PMI Financials or estimates

Broadening Geographic Sources of IQOS Growth

(in billion units)

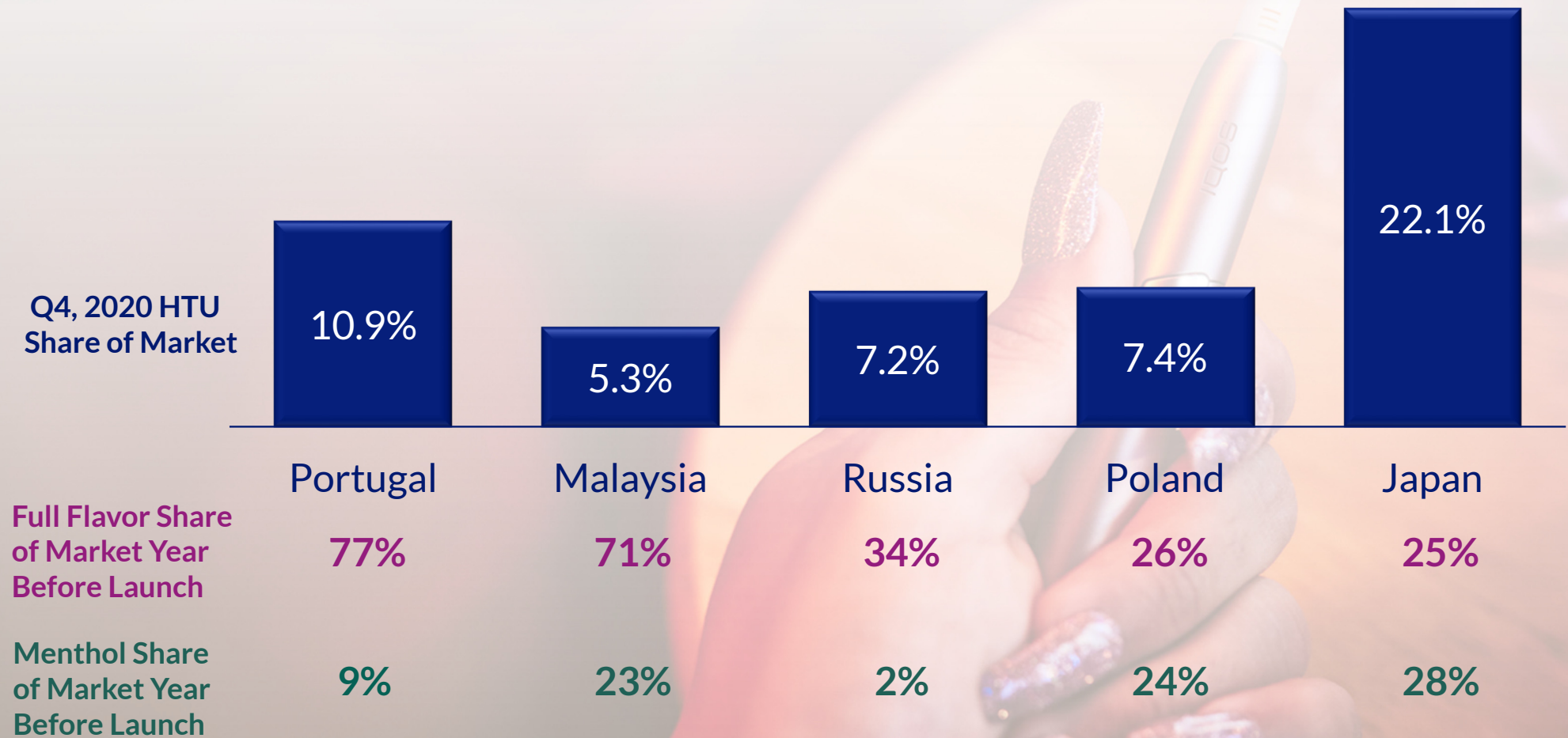
HTU In-Market Sales



Market
Launches

Note: Does not sum up to 100% due to rounding
Source: PMI Financials or estimates

IQOS Successful Across Market Archetypes

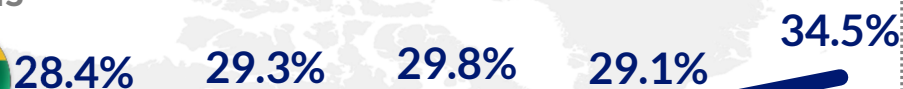


Source: PMI Financials or estimates

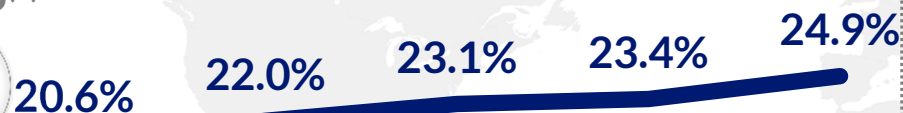
Strong Double-Digit Shares in Many Key Cities

(PMI HTU offtake share)

Vilnius



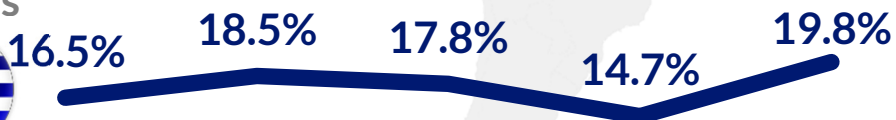
Tokyo^(a)



Kiev



Athens



Prague



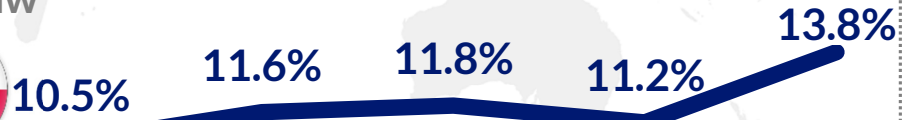
Rome



Moscow



Warsaw



Q4'19 Q1'20 Q2'20 Q3'20 Q4'20

(a) Japan total market includes the cigarillo category

Source: PMI Financials or estimates

Accelerating Key City Shares in Western Europe

(PMI HTU offtake share)

London



Zurich



Madrid



Lisbon



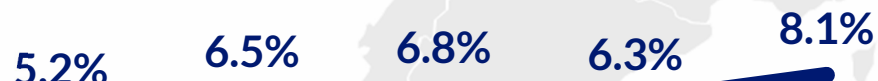
Milan



Munich



Torino



Stuttgart



Q4'19 Q1'20 Q2'20 Q3'20 Q4'20

Q4'19 Q1'20 Q2'20 Q3'20 Q4'20

Source: PMI Financials or estimates

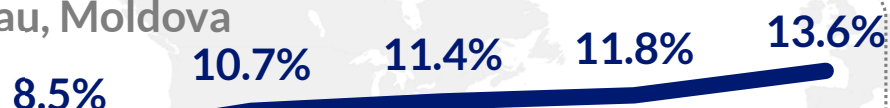
Growing City Shares in Emerging Markets

(PMI HTU offtake share)

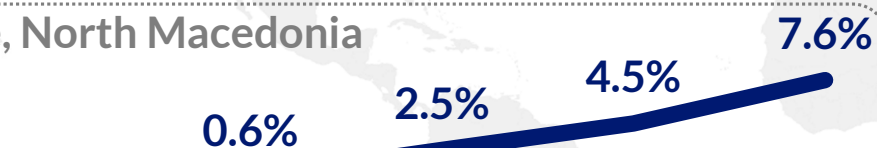
Kuala Lumpur



Chisinau, Moldova



Skopje, North Macedonia



Almaty, Kazakhstan^(a)



Guatemala City



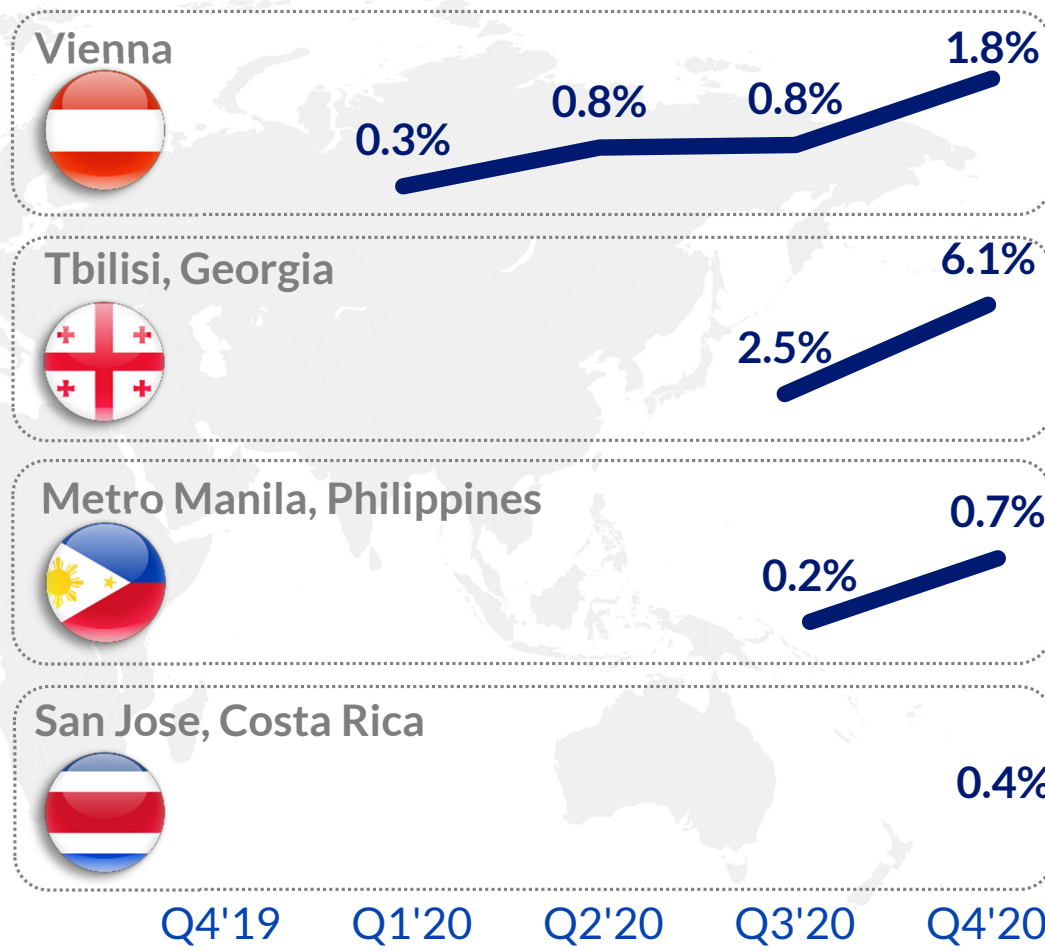
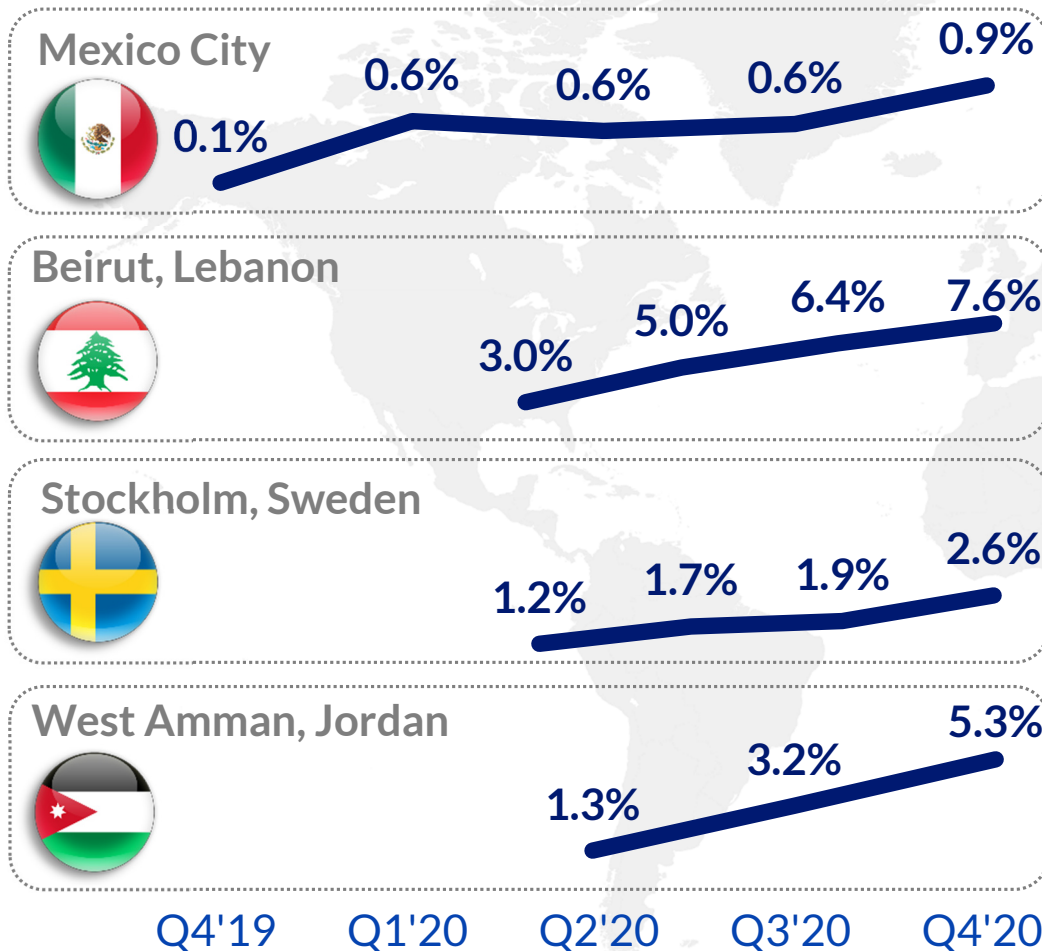
Cape Town



(a) Estimated underlying offtake share
Source: PMI Financials or estimates

Excellent Progress in Recent Launch Cities

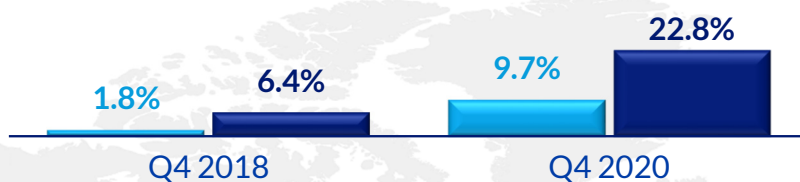
(PMI HTU offtake share)



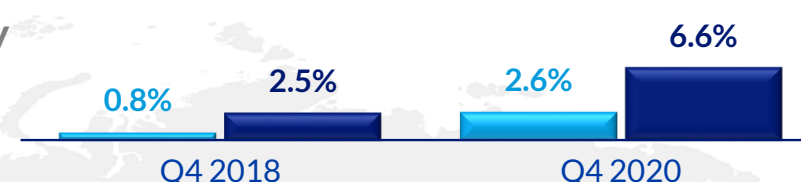
Source: PMI Financials or estimates

National Shares in Q4'20 Above Key City Shares in Q4'18

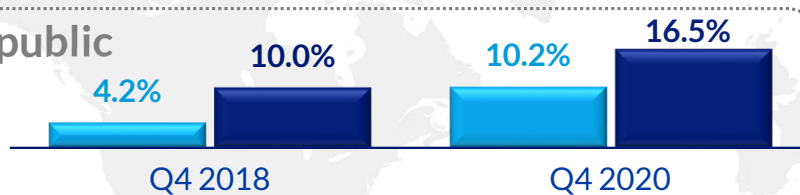
Ukraine



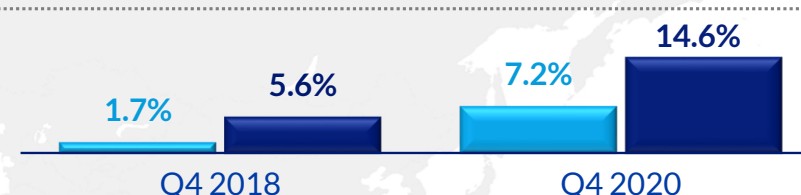
Germany



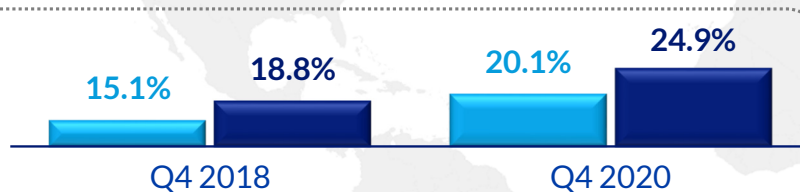
Czech Republic



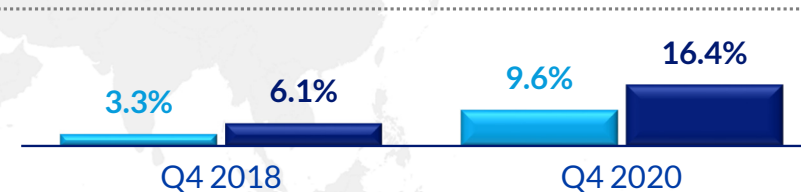
Russia



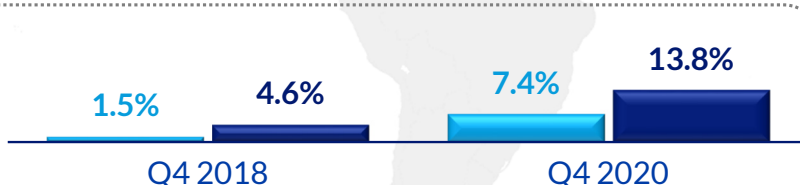
Japan^(a)



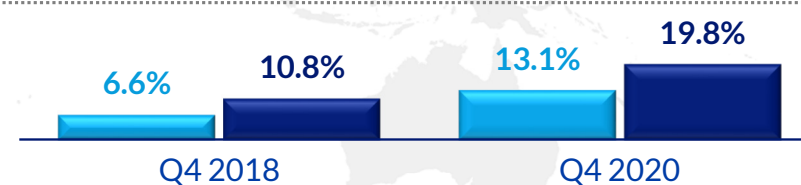
Italy



Poland



Greece



PMI HTU National IMS Share



PMI HTU Key City Offtake Share

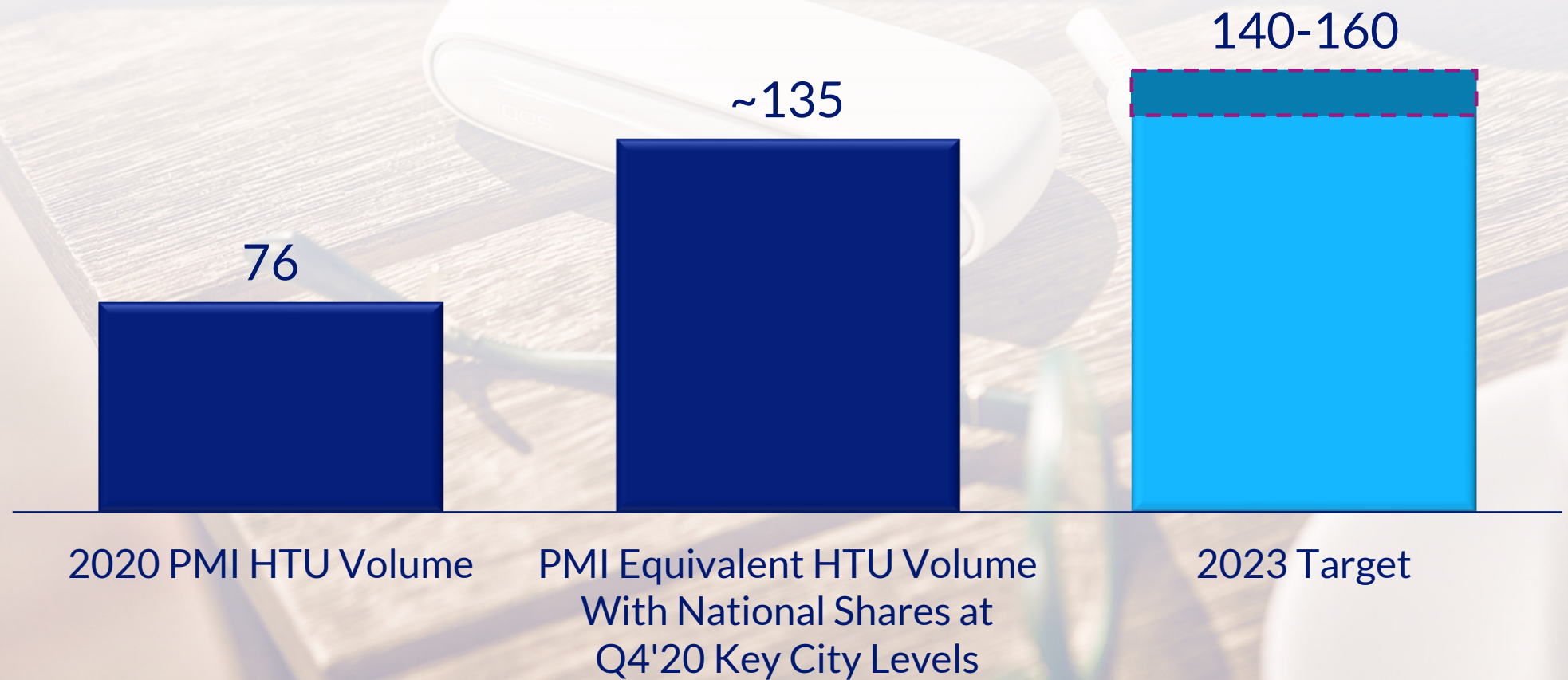
(a) Including cigarillos industry

Note: Key Cities selected are respectively: Kiev, Prague, Tokyo, Warsaw, Munich, Moscow, Rome and Athens

Source: PMI Financials or estimates

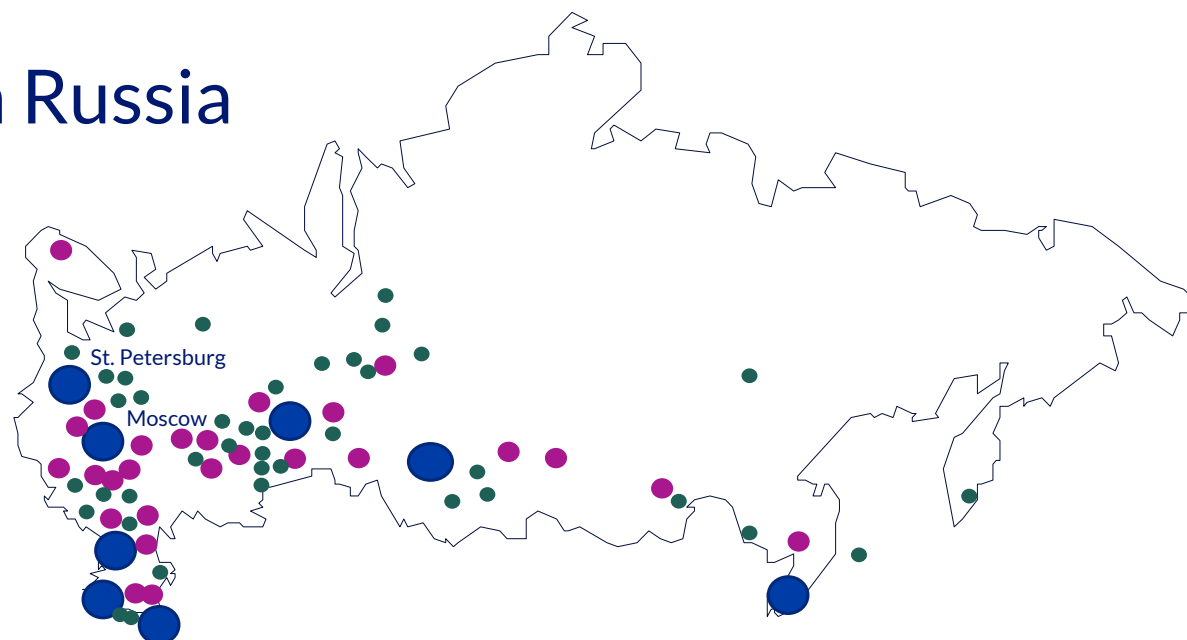
Growth Path to 2023 HTU Target

(in billion units)



Successful IQOS Expansion in Russia

	Wave 1	Wave 2	Wave 3
Number of Cities	8	27	40
2017 IQOS Users (in millions)	0.1		
2018 IQOS Users (in millions)	0.6	0.1	
2019 IQOS Users (in millions)	1.3	0.6	0.3
2020 IQOS Users (in millions)	1.7	0.9	0.5
Total Legal Age Smokers (in millions)	7.4	5.8	4.2



- Total of 75 cities in 2020
- Total of 3.6 million LAUs in 2020^(a)
- Approximately 50% direct coverage
- Ongoing expansion to indirect channels

(a) Including 0.5 million outside expansion area

(b) Estimated total LAS in Russia is 37m

Note: Wave 2 includes Kaliningrad not shown on map

Source: PMI Financials or estimates

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Consumer at the Core: IQOS Consumer Journey Drives Development and Commercialization



2.1 million
NPS^(a) surveys
from over
1.6 million
unique
consumers

180,000
call backs

Over **600**
improvement
initiatives

(a) Net Promoter Score (NPS) = Promoters less Detractors
Source: PMI estimates, 2020

Innovation Pipeline Responding to Consumer Feedback



IQOS 2.4+

- Faster charging
- Bluetooth connectivity



IQOS 3

***IQOS 3
Multi***

- Faster charging, Sequential heating
- More intuitive

Conversion rate
+6pp
vs. IQOS 2.4+

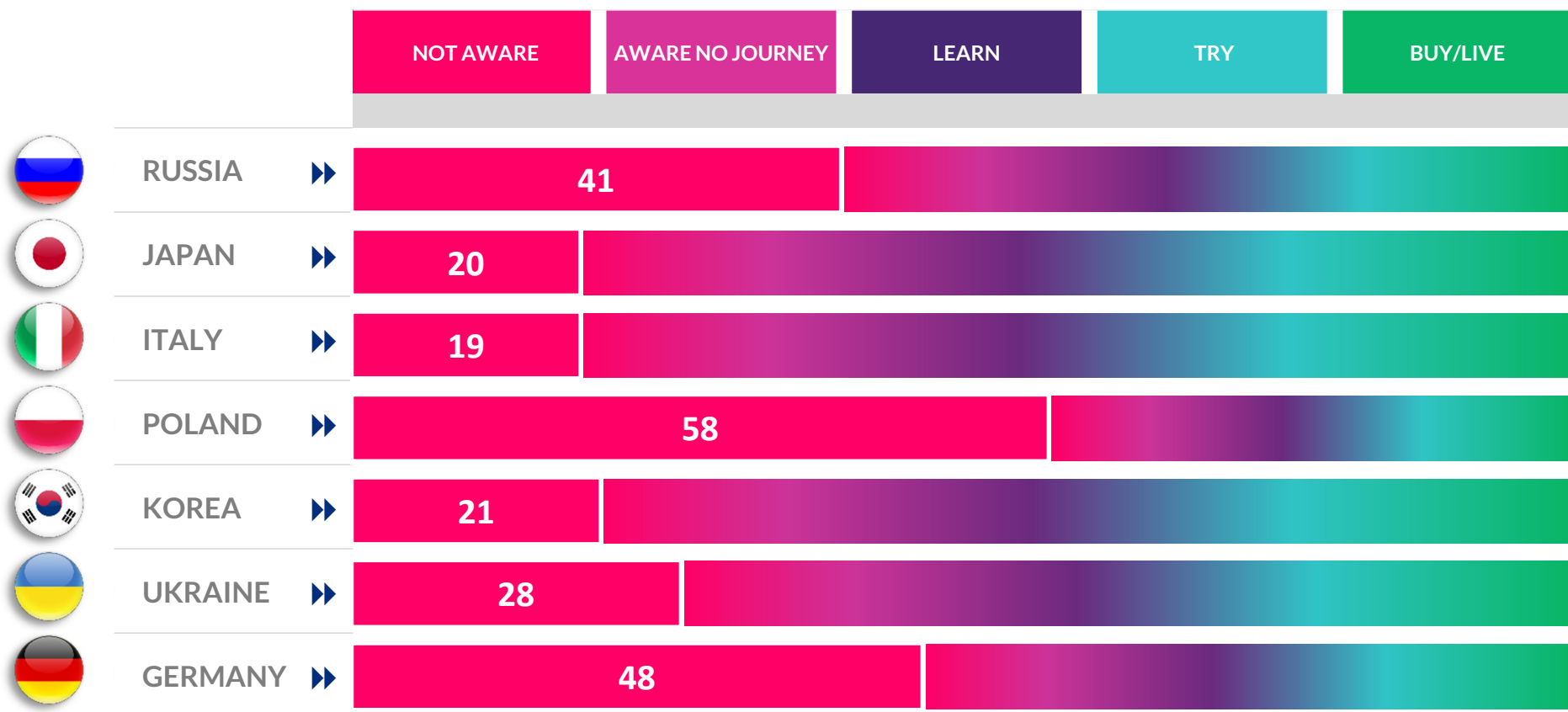


***IQOS 3
DUO***

- Faster charging
- Two consecutive uses without recharging the holder

Conversion rate
+5pp
vs. IQOS 3/3 Multi

Major Growth Opportunity Remains in Key Markets



Note: Percentage of Legal Age Smokers in PMI Research panel not aware of IQOS
 Source: Consumer Journey Tracker Oct'20

Misperceptions on Main Causes of Smoking Harm

Legal-Age Smokers
(spontaneous number of mentions)

Nicotine 67%

Tar 52%

Burning 1%

Legal-Age Smokers
(selection from list)^(a)

Tar 30%

Nicotine 27%

Burning 4%

IQOS Users
(selection from list)^(a)

Tar 38%

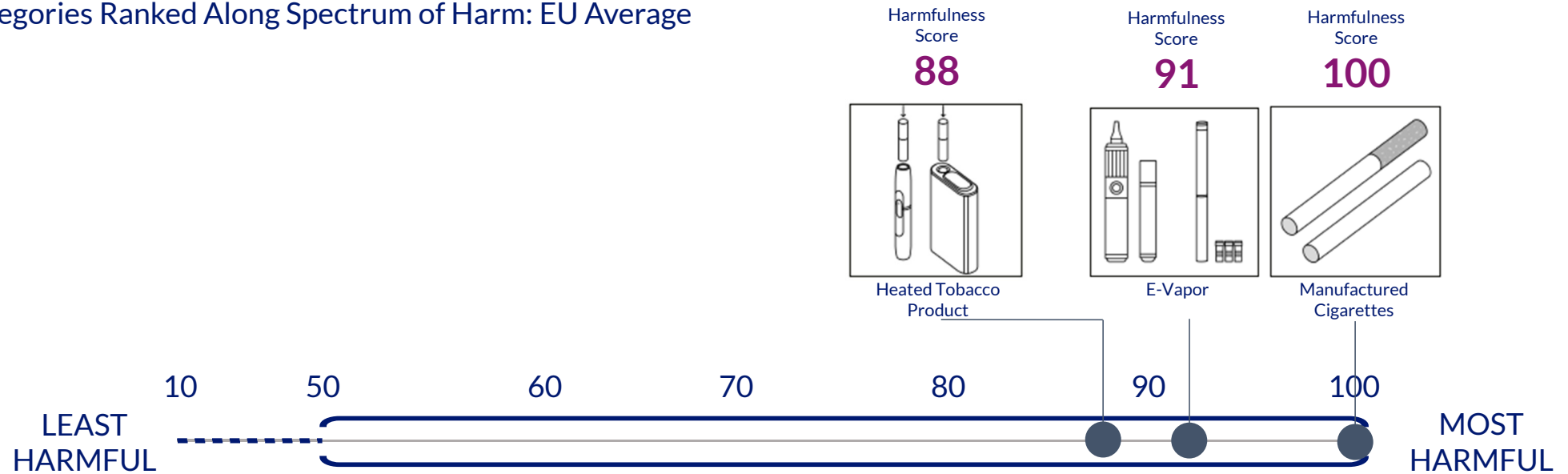
Nicotine 12%

Burning 10%

(a) 9 options provided: tar, nicotine, quantity of smoking, carbon monoxide, additives, burning, tobacco, smoke and flavors
Note: PMI Market Research, average results for Japan, Germany and the U.K.

Misperceptions of Relative Risk Profile

Categories Ranked Along Spectrum of Harm: EU Average

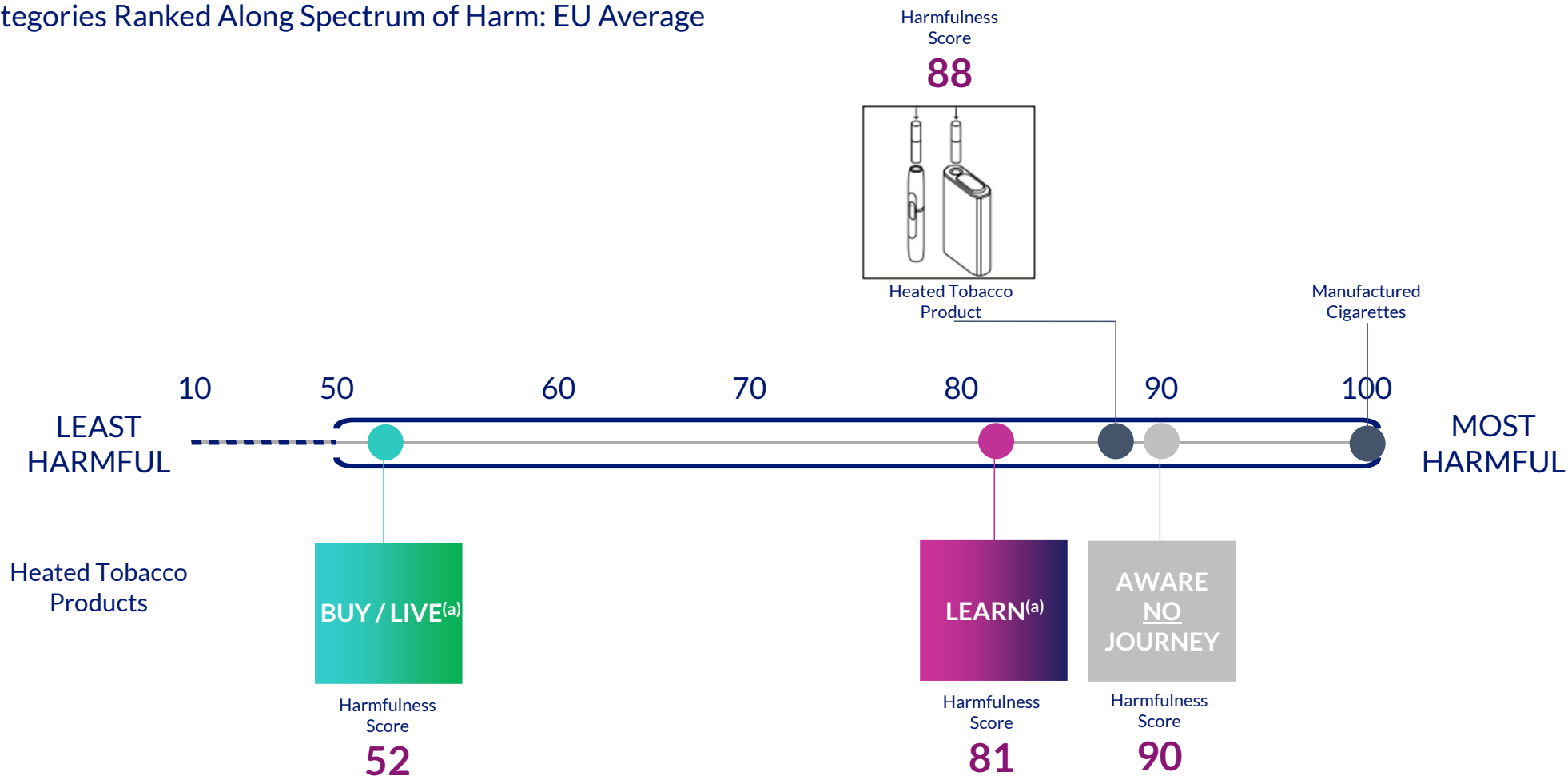


Note: Harmfulness score indexed to perceived harm of manufactured cigarettes at 100

Source: PMI Market Research, EU Region

Misperceptions of Relative Risk Profile

Categories Ranked Along Spectrum of Harm: EU Average



(a) Exclude markets with insufficient sample sizes

Note: Harmfulness score indexed to perceived harm of manufactured cigarettes at 100

Source: PMI Market Research, EU Region



**Better
not burnt.**



**Same goes
for tobacco.**

**IQOS heats tobacco
instead of burning it,
so it doesn't produce
fire, ash or smoke.**

This makes IQOS a better choice
compared to continued smoking.

IMPORTANT INFORMATION: IQOS is not risk-free,
it delivers nicotine which is addictive.



This product is not risk-free. It contains nicotine, which is addictive. Only for use by adults who would otherwise continue to smoke or use nicotine products.



Flying pigs.
Impossible.

Cigarette-like
satisfaction
without smoke.
Possible.



**IQOS heats tobacco
instead of burning it,
so it doesn't produce
fire, ash or smoke.**

Studies* show that the satisfaction of those
who switch completely to IQOS is comparable
to those who continue to smoke cigarettes.

*Source: 3-month clinical studies conducted in US and Japan with
160 adult smokers, each under real conditions (ambulatory).



This product is not risk-free. It contains nicotine, which is addictive. Only for use by adults who would otherwise continue to smoke or use nicotine products.

Flying elephants.
Impossible.

Cigarette-like
satisfaction
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Growing Recognition of Tobacco Harm Reduction



COMERCIALIZACIÓN

FDA autorizó a IQOS como producto de tabaco de riesgo modificado

IQOS es el primer y único producto electrónico de nicotina que se le otorgan órdenes de comercialización a través del proceso MRTP de la FDA.

Country: Africa | Generation: Development | Status: In Progress | Area: Africa

Africa: Alternatives to Conventional Tobacco: The Unwavering Stance of Scientists and Experts



Cigarette smoking

Pulse by Maeil Business News Korea

Blz | Bio&Tech | Market | Economy | Seoul | Asia | K-wave

WKF: Tobacco companies must use science to reduce harms of smoking



WallAfrica

2020

US ruling a boost to smoke-free alternatives

Louella Desiderio (The Philippine Star) - July 12, 2020 - 12:00am

MANILA, Philippines — The move of the US Food and Drug Administration (FDA) to allow the marketing of electrically heated tobacco product IQOS as a modified risk tobacco product (MRTP) to reduce exposure to harmful substances showed how smoke-free alternatives to cigarettes could be regulated differently from cigarette products to promote public health, Philip Morris International (PMI) said.



Sociedad

El 97% de los españoles recomendaría dejar de fumar



LE TEMPS

TABAC | ABONNÉ

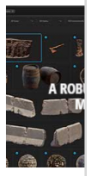
Philip Morris gagne une bataille aux Etats-Unis

L'administration américaine autorise le géant du tabac à communiquer sur les risques réduits de ses cigarettes traditionnelles. Les milieux d'« danger » pour les jeunes

HOME / MONEY

Philip Morris Malaysia welcomes US agency's decision on marketing IQOS system as historic milestone

Thursday, 09 Jul 2020 09:48 PM MYT
BY JERRY CHOONG



Following FDA's decision, PMI repeats need for differentiated policies

Bloomberg

Philip Morris Wants Governments To Help Convert Smokers (Radio)

February 12, 2020 — 11:38 AM EST

Dr. Moira Gilchrist PhD, Vice President at Philip Morris International, on providing the world's 1.1 billion adult smokers with less harmful smoking products. Hosted by Lisa Abramowicz and Paul Sweeney.

Running time 07:34

ode

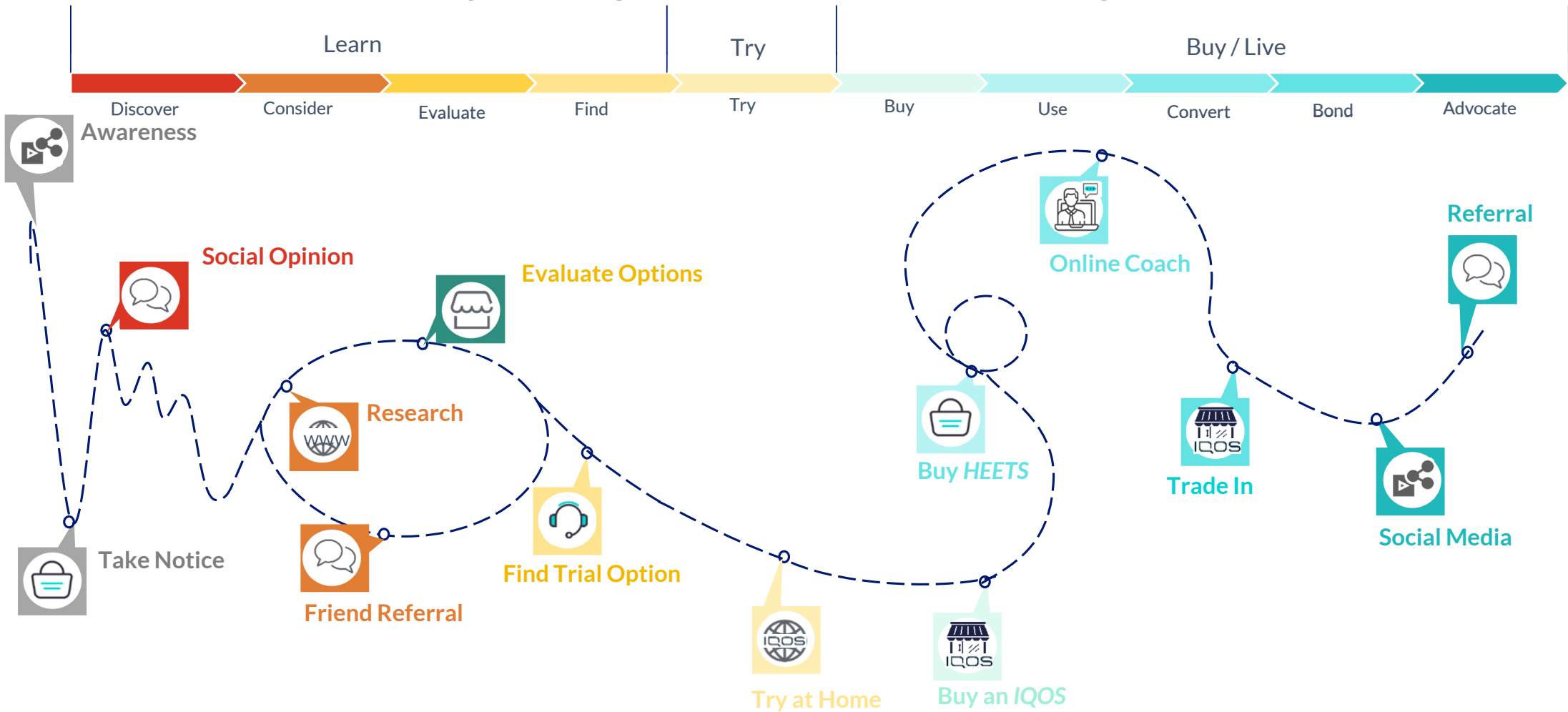


Delivering The Next Growth Phase

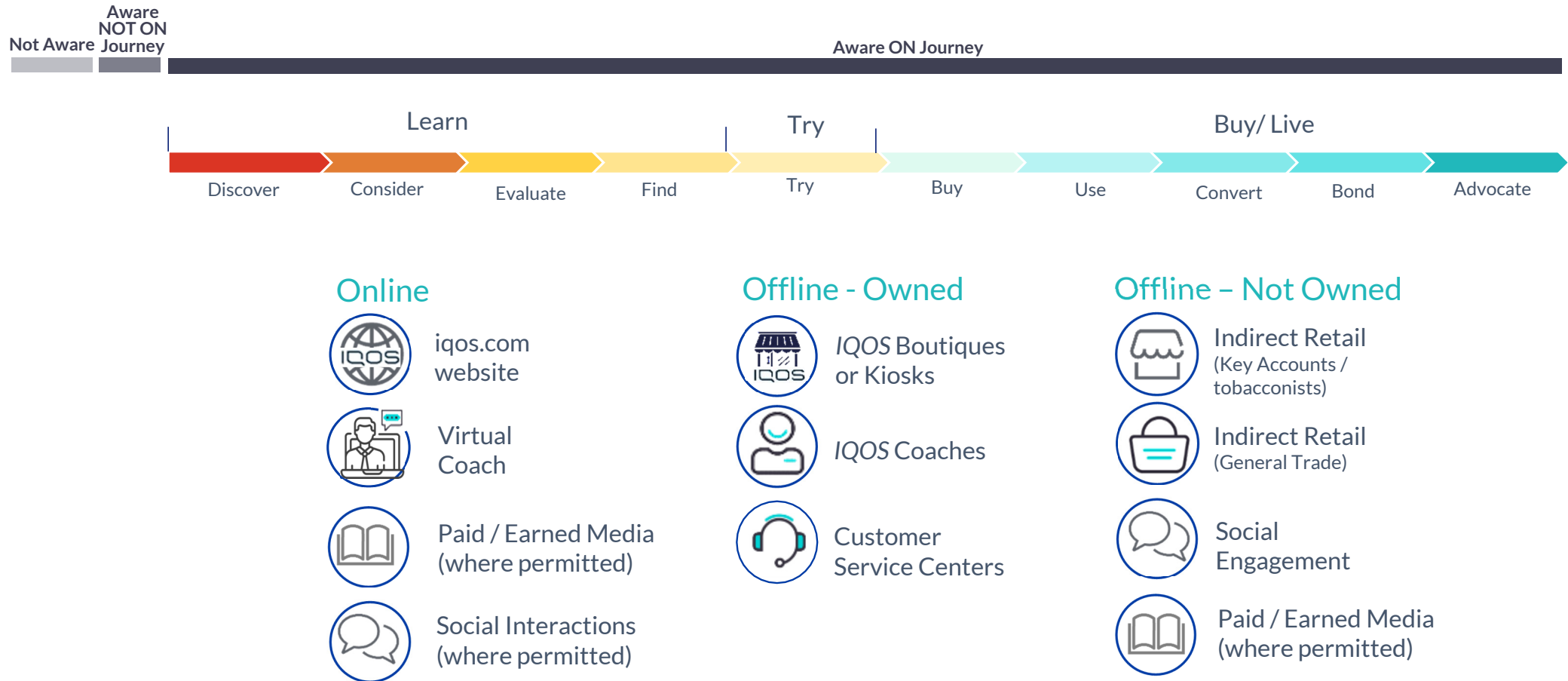
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Consumer Journey: Unique Combination of Episodes & Channels

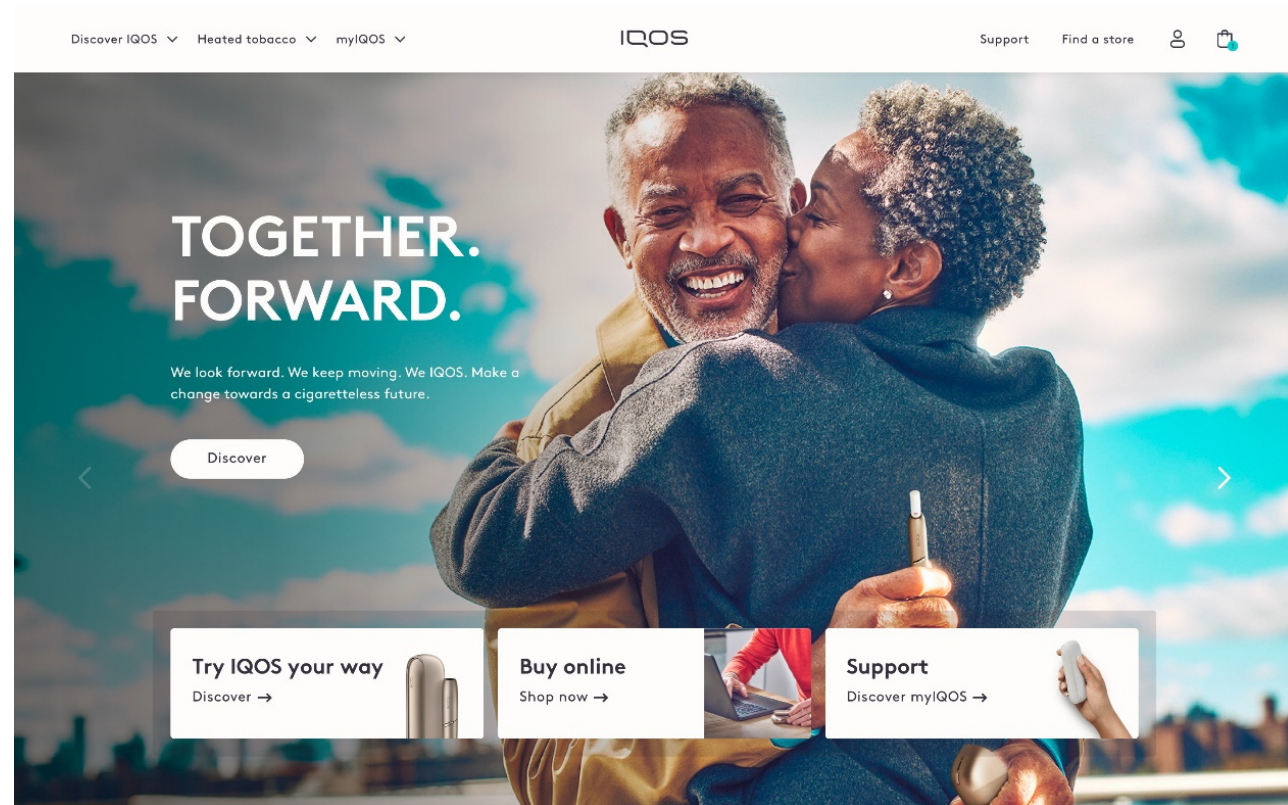


Consumer Journey: Unique Combination of Episodes & Channels



Digital Transformation Win-Win: Driving Growth & Efficiency

- Multi-channel to omnichannel
- One consolidated IQOS digital platform across markets:
 - Consistent brand experience & communication
- IQOS.com as our number one flagship store
- ‘Digital-first’ consumer journey



Unmatched Digital and Physical Infrastructure

259

IQOS Stores^(a)

+30%

vs. PY

2.2

thousand

Exclusive
IQOS Retail
Touchpoints

(20)%

vs. PY

3.8

thousand

Indirect Retail
Brand Experience
Touchpoints

10.5

thousand

Commercial
Salespeople
(Sales experts and
IQOS coaches)

(10)%

vs. PY

24

Call Centers

+5%

vs. PY

2.1

million

Adult Consumer
Feedback
in 2020

+50%

vs. PY

69

million

Unique Visits to
IQOS Digital Assets
in 2020

+40%

vs. PY

(a) Includes: Flagship stores, small, large and temporary boutiques

Note: Status at December 31, 2020

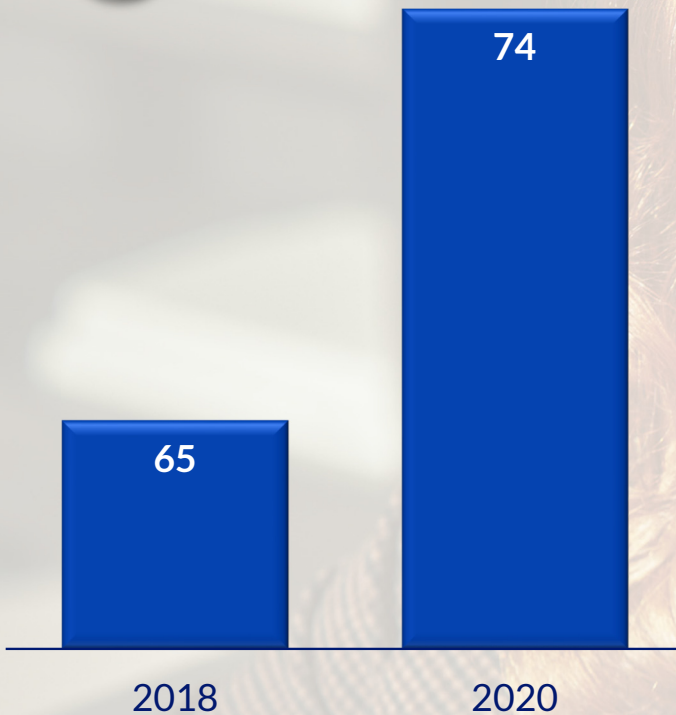
Source: PMI Financials or estimates

Shift to 'Organic' User Acquisition as Momentum Grows

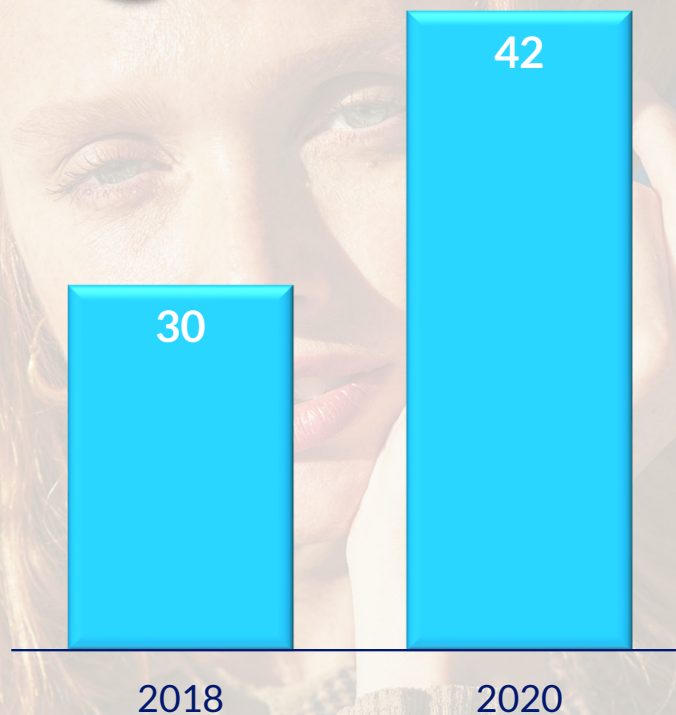
(in %)



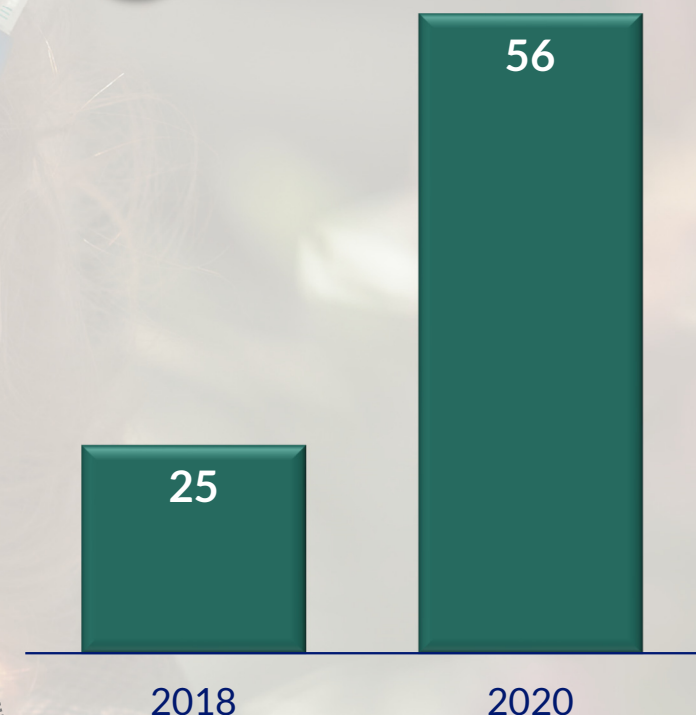
Italy



Portugal



Russia



Note: Organic sales are defined as those coming from demand-driven purchase decisions; unprompted by our commercial programs

Source: PMI Financials or estimates

Digitalization and Scale Increasing Commercial Efficiency

Acquisition

Cost per user (indexed to Acquisition 2018)



100

64

28



100

75

47



100

57

48



100

72

50

2018

2019

2020

Retention

Cost per user (indexed to Acquisition 2018)

5

6

7

57

46

35

62

44

38

59

45

29

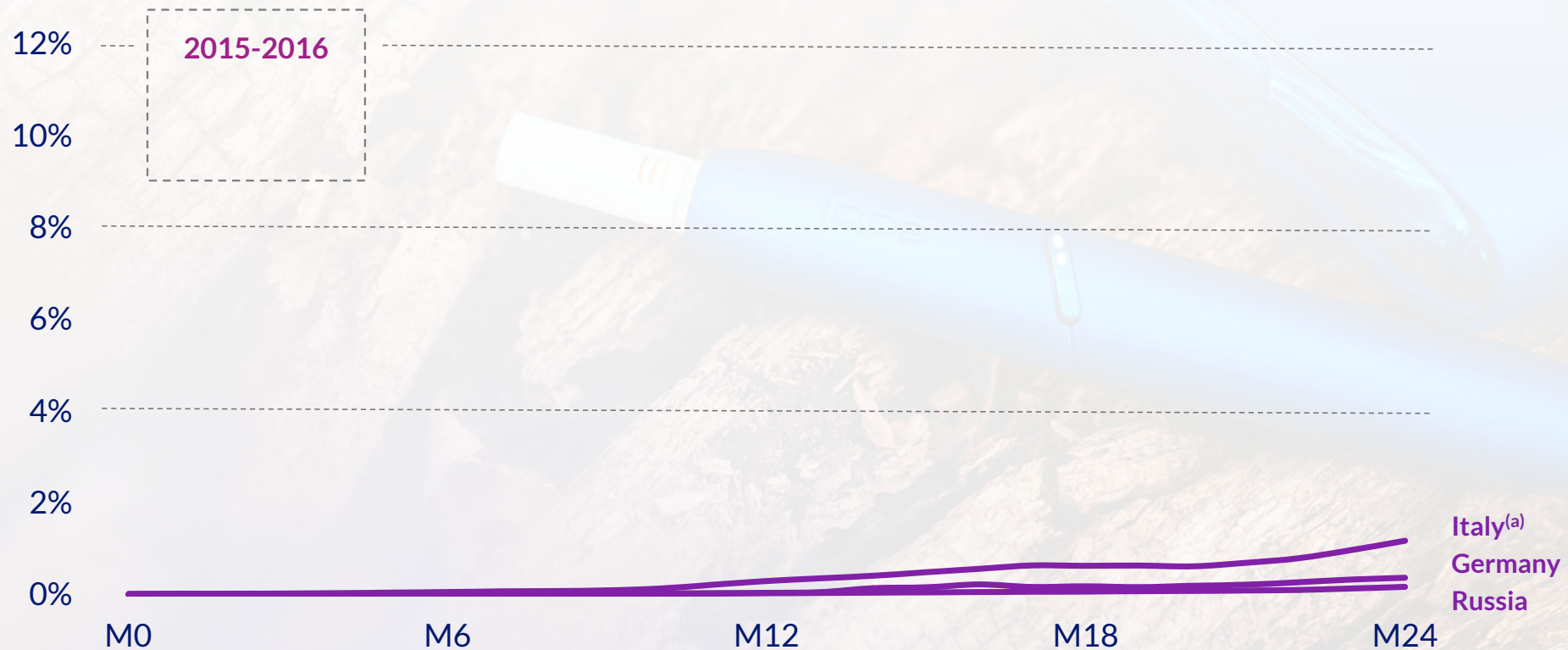
2018

2019

2020

Execution Learnings Drive Faster Results

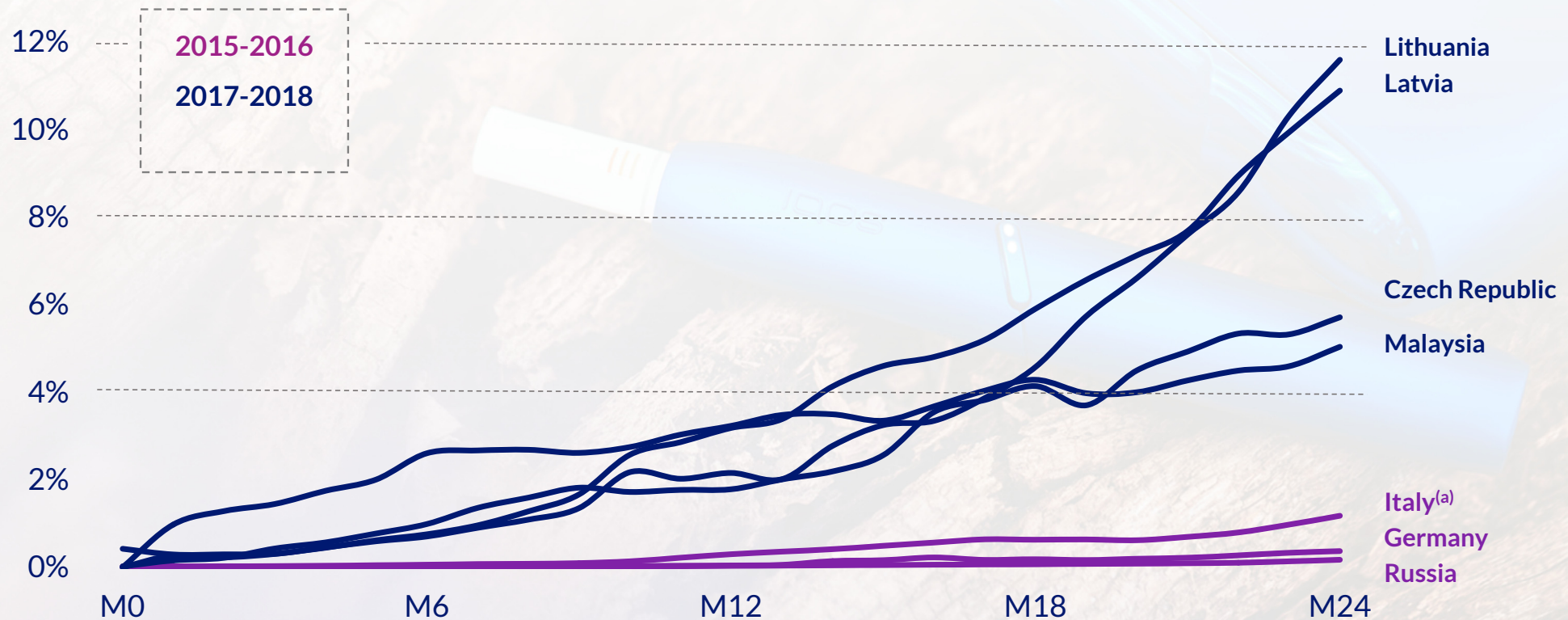
PMI HTU SoM Performance Since Initial Commercial Launch (3-month moving average)



(a) Reflects date of initial geographic expansion beyond pilot launch city
Source: PMI Financials or estimates

Execution Learnings Drive Faster Results

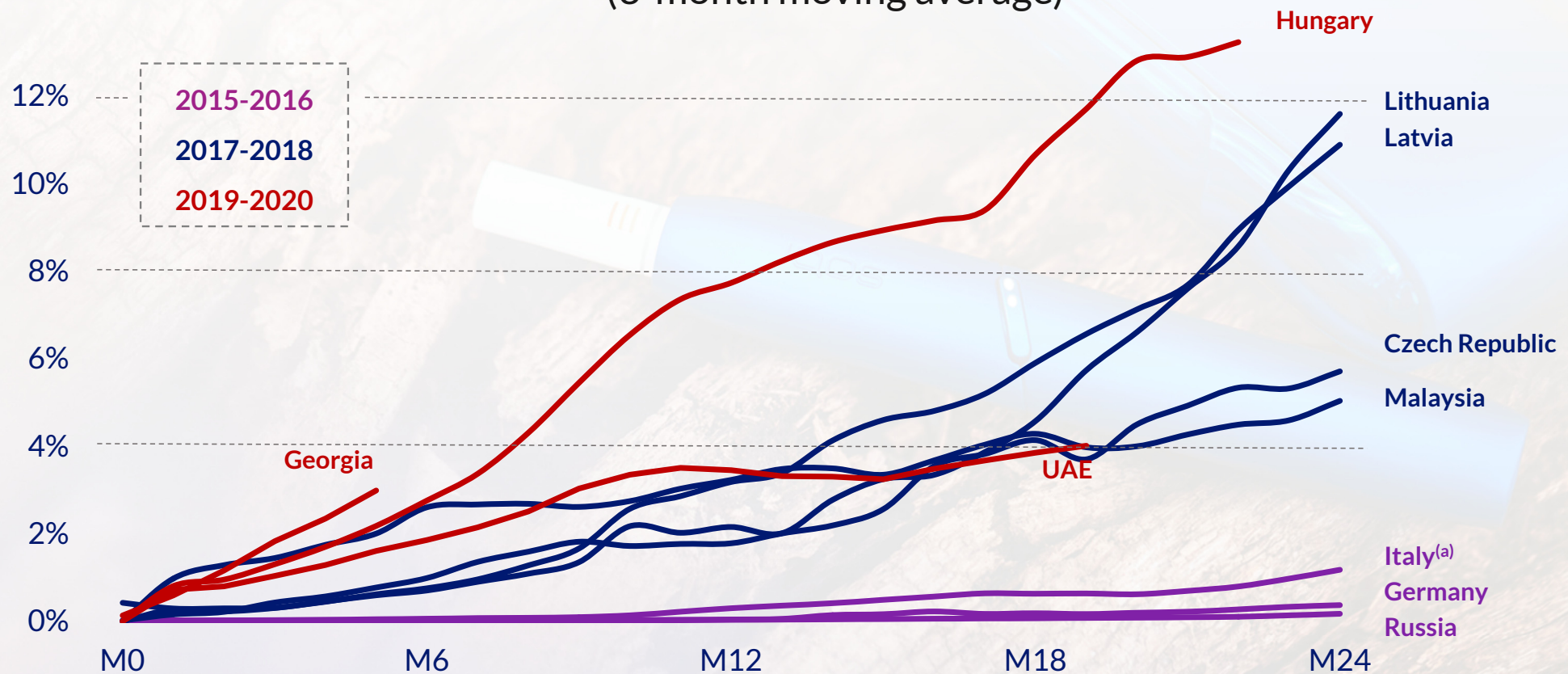
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Execution Learnings Drive Faster Results

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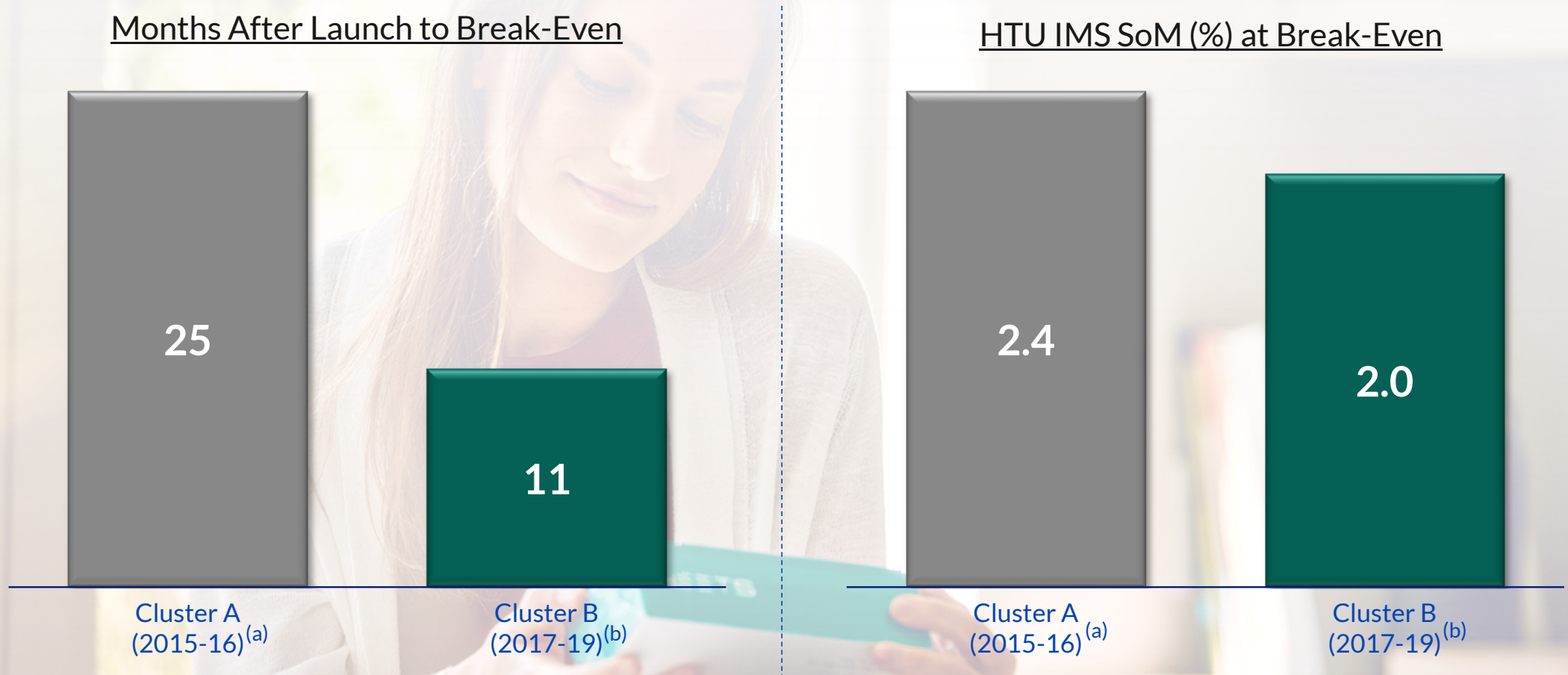


(a) Reflects date of initial geographic expansion beyond pilot launch city
Source: PMI Financials or estimates

IQOS Break-Even Faster in Recent Launch Markets

Months After Launch to Break-Even

HTU IMS SoM (%) at Break-Even



(a) Japan, Italy, Greece, Ukraine, Russia and Kazakhstan

(b) Poland, the Czech Republic, Hungary, the Slovak Republic, Korea and South Eastern Europe

Source: PMI Financials or estimates. Break-even at Product contribution level, where product contribution represents gross profit less related commercial expenditure

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IQOS: One Brand Across Smoke-Free Products

- IQOS is the leading smoke-free brand
- Taking *IQOS* to the next level:
 - From functional benefits to category understanding, brand appeal, points of difference, emotional connection
- No brand fragmentation, strong brand identity, hard to build





IQOS Brand Video

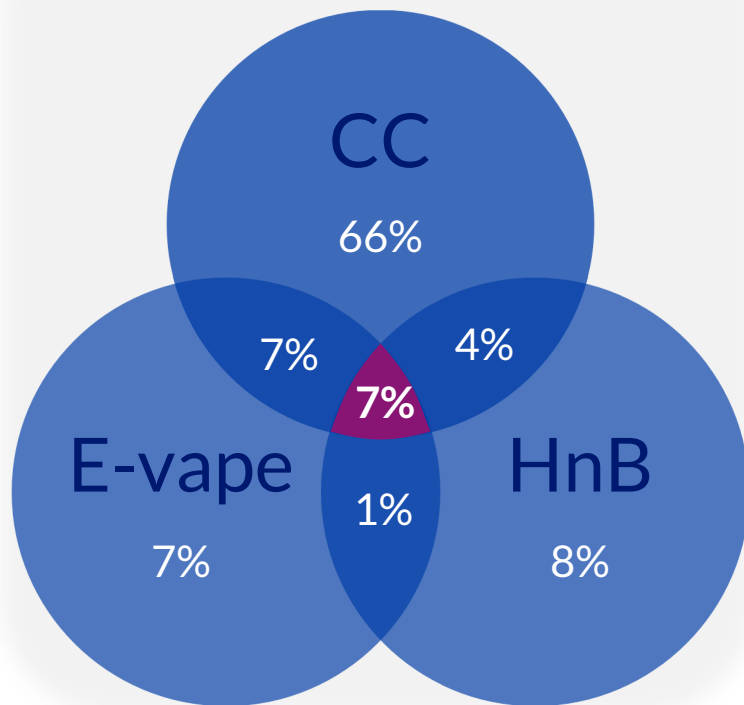
IQOS Portfolio Expansion

- Untapped consumer occasions, adult smoker segments and geographies:
 - Driving awareness among legal-age smokers as a key enabler
- Broadening and enriching the category
- User acquisition and volume growth
- Premiumization, pricing and segmentation



Poly-Use: Multi-Category Opportunity for IQOS

2019 nicotine product use^(a)



“Transforming rapidly to a multi-category company”

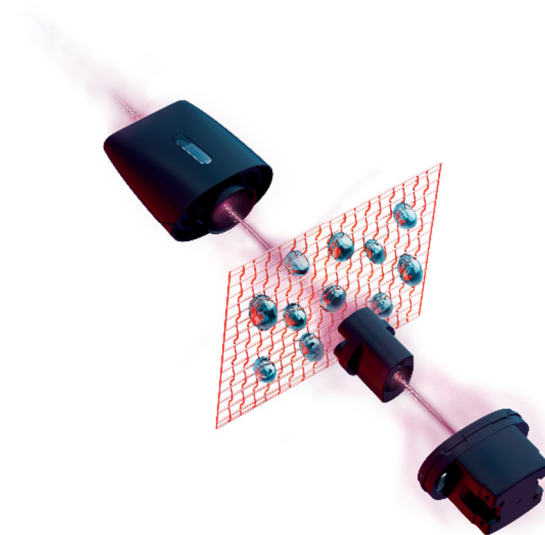
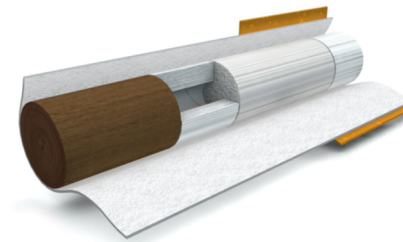
PMI Investor Day, September 2016

Significant dual and poly-usage
of nicotine products

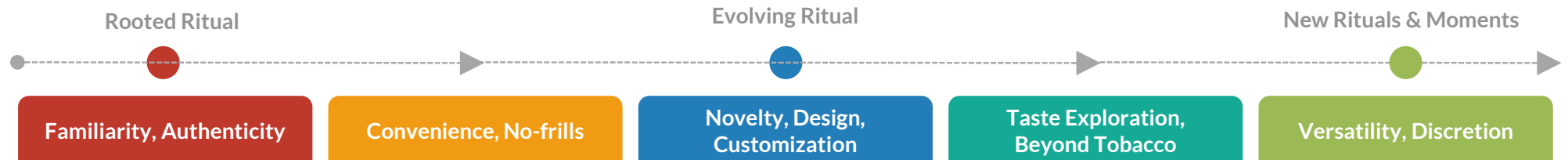
(a) PMI Market Research in the U.K., Germany, Japan and Russia, Q3 2019
Source: PMI Financials or estimates

RRP Portfolio Expansion – Innovation & Technology

- Technological prowess begets winning products:
 - Early and sustained investment
 - Strong R&D capabilities
- Technology expansion: blade internal heating, pin and induction technologies, e-vapor and pouches:
 - Further pipeline of future innovations
- Consumable technologies and innovation:
 - Different experiences, tastes (P1 and P4)
- Innovation drives higher conversion and enables faster expansion at lower incremental cost



Multi-Category Portfolio Addressing Range of Consumer Preferences



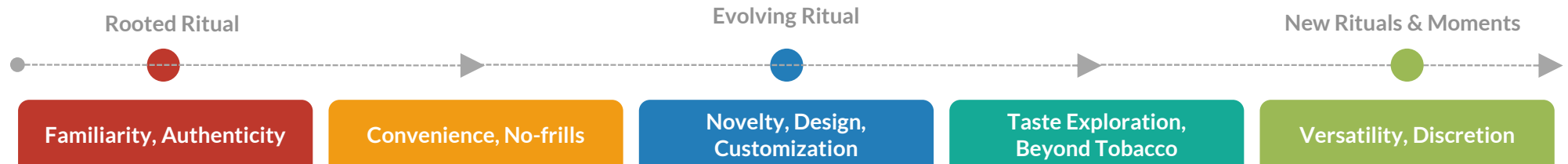
Prestige

Premium

Affordable



Expanded Reach Via Differentiated Portfolio of Consumables



ENHANCED, INDULGENT TASTES



RICH TOBACCO TASTES



HYBRID TASTES



NEW TASTE DIMENSIONS



New to the
World, Beyond
Tobacco Offers

ESTABLISHED TASTES

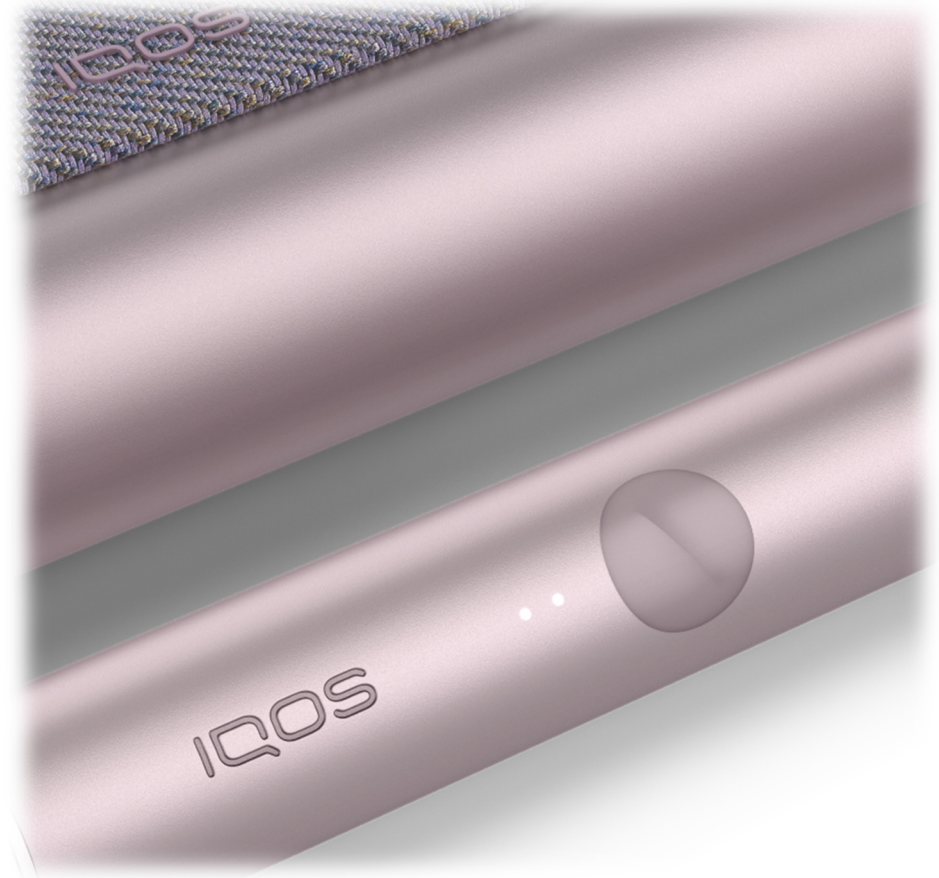


VAPING TASTES



Platform 1: Introducing *IQOS ILUMA*

- Major new launch in second half of 2021
- Next generation of *IQOS*
- *IQOS ILUMA*: Pleasure simplified
- New internal heating technology
 - Based on Smartcore™ induction
- Same great taste



IQOS ILUMA: Intuitive Product for Acquisition and Retention

- Addresses consumer feedback on IQOS blade heating product
- Robust and reliable, superior satisfaction
- Simple and Intuitive:
 - No maintenance and simple use
 - Self-activation
- Less explanation needed, positive for:
 - Time and cost of acquisition
 - After-care and retention
- Supports easier switching, higher conversion for legal-age smokers



IQOS ILUMA: Premium & Ground-Breaking

- Premium design and customization for enhanced lifestyle appeal, advanced features
- 3 device designs covering 3 price points
- New broad range of consumables



Heat-not-Burn: *LIL* and *LIL HYBRID*

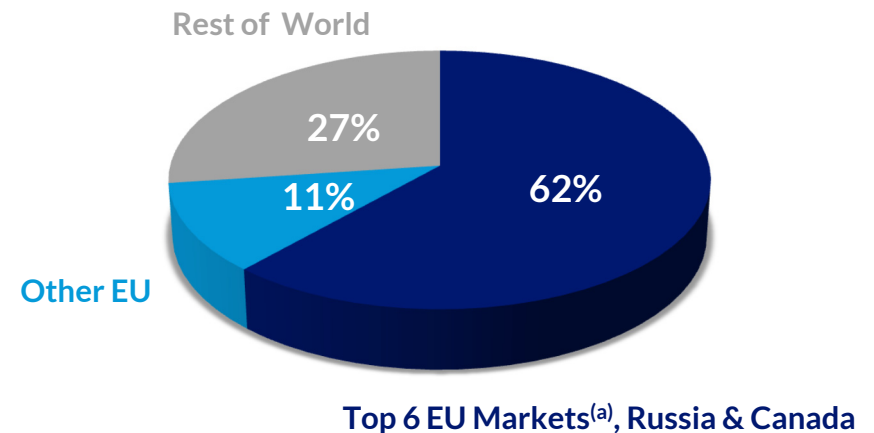
- Broadening our portfolio to accelerate user acquisition and grow the category, expand target audience of adult smokers:
 - High conversion, driving new users in-switching from cigarettes
- IQOS introduction drives awareness and credibility
- PMI commercial engine drives take-up and retention
- *LIL SOLID*: simple, intuitive, cost-effective, reliable
- *LIL HYBRID*: addresses need for vapor-type experience
- HTU unit margins more than 2x combustible products at the same price



E-Vapor: The Right Time For The Right Product

- Category is growing and consolidating...
 - Expected annual growth in users 7-10% over next 5y, albeit concentrated in specific geographies
 - Different consumer experience and occasions to Heat-not-Burn
- ...but returns remain low for existing business models:
 - Low conversion to the category
 - Low loyalty within category
 - High number of devices per user driving up acquisition and retention cost

International E-Vapor Category (2020)

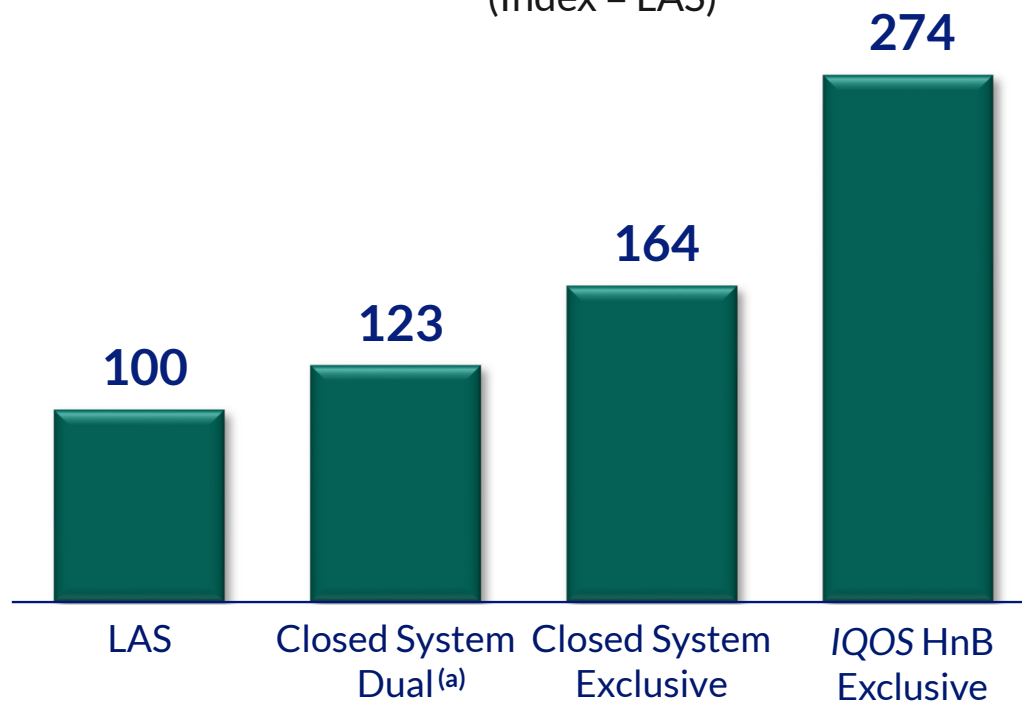


(a) Top 6 EU Markets includes: France, the U.K., Germany, Italy, Spain and Poland
Source: PMI Financials or estimates

Full Conversion and Investment Drives Returns

EU illustration, where *IQOS HEETS* are at current accessible price points

European Union Estimated Yearly Gross Margin per
User Consumables Only
(Index = LAS)



(a) "Dual" reflects dual usage of closed system dual e-vapor and cigarettes

Note: Reflects index of dollar gross margin. Average numbers for 5 key markets: Germany, Poland, Italy, France, UK

Source: PMI Financials or estimates





IQOS VEEV
Video
Vaping Made Right

IQOS VEEV: Vaping Made Right

- Power of *IQOS* brand
- Premium product with superior experience to existing offers
- Leveraging *IQOS* infrastructure with bespoke route-to-market approach
- Potential accelerator of conversion to *IQOS* franchise for RRP poly-users, dual users with cigarettes
- Plan to launch in 20+ markets this year
- Youth access prevention key to sustainable category

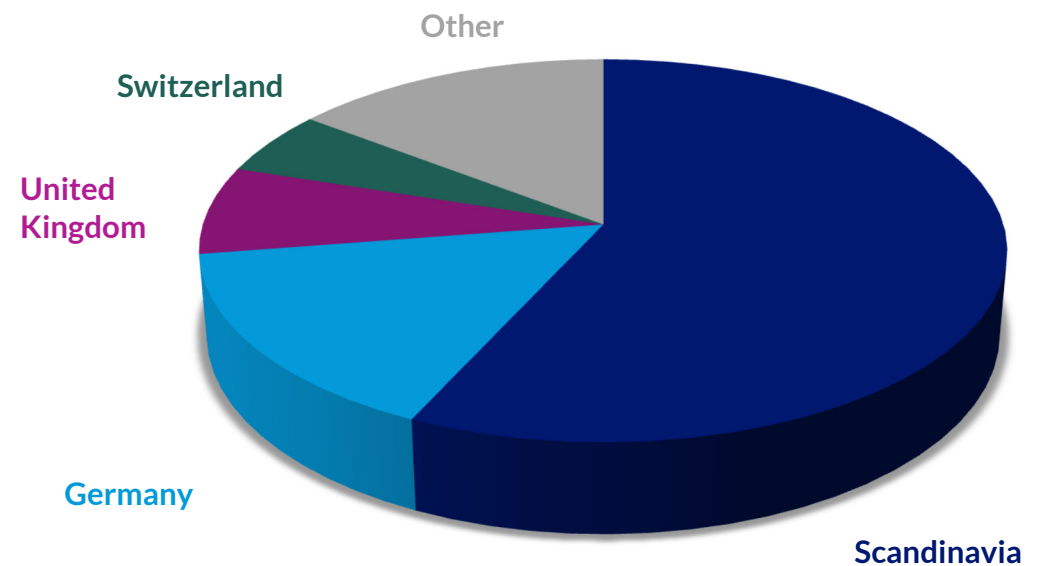


Portfolio Expansion: Nicotine Pouches

- Small & concentrated, but growing category with potential to advance harm reduction:
 - Still very early in category development
 - Convenience, discretion, flexibility and satisfaction
 - Attractive economics
 - Evolving regulatory landscape
- Plan to enter category later this year



International Nicotine Pouch Category (2020)



Estimated category size <5 billion stick equivalents

(a) Scandinavia includes: Sweden, Norway and Denmark
Source: PMI Financials or estimates

Portfolio Expansion: P2/P3

P2: Heated Tobacco Product

- Closest to cigarette ritual and experience
- New consumer test in 2021

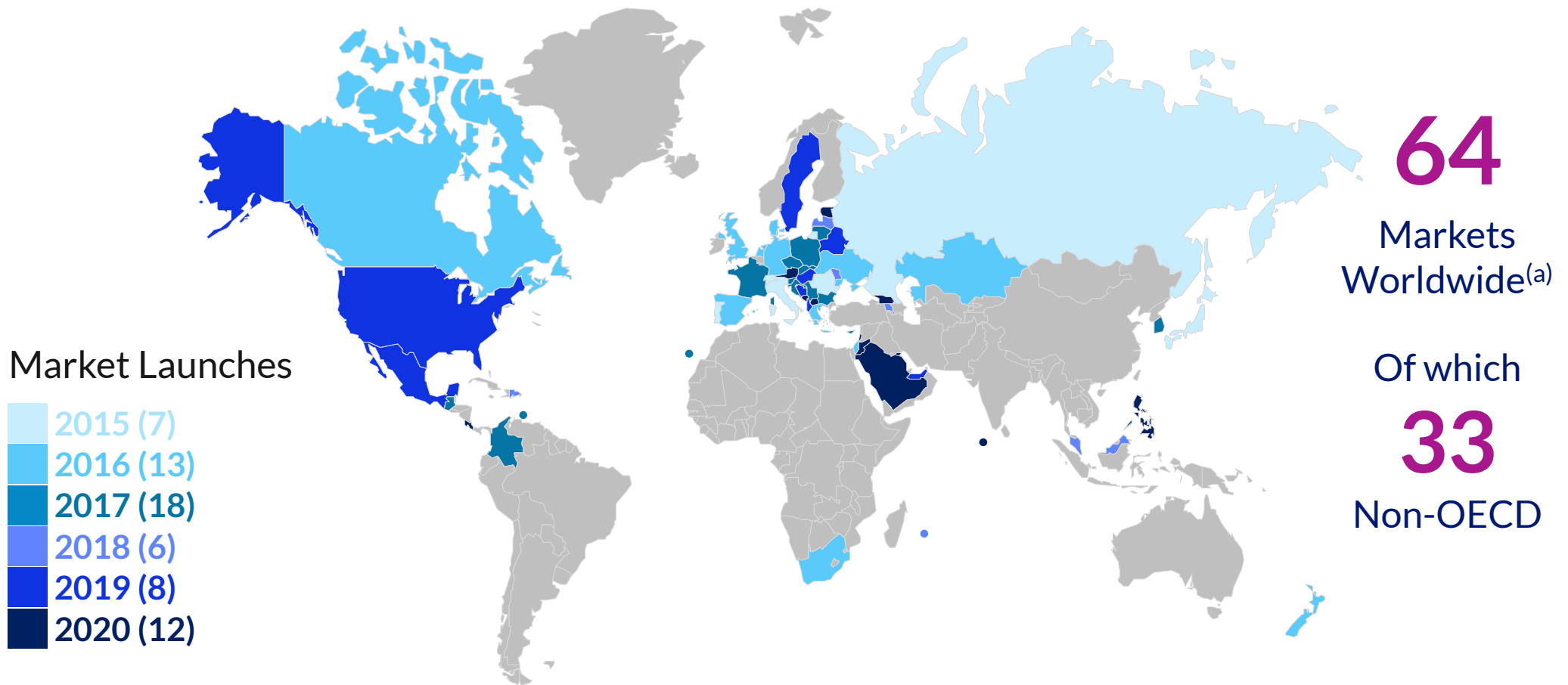


P3: Electronic-free Nicotine Product

- Hygiene, simplicity, convenience from a novel and complex technology
- Aim to commercialize within 3 years



IQOS Geographic Expansion



(a) Status at December 31, 2020

Note: Reflects markets where IQOS is available in key cities or nationwide. Reflects date of initial geographic expansion beyond pilot launch city. The number of markets includes International Duty Free. While IQOS is currently available for sale in Mexico, the country recently banned the importation of e-cigarettes and devices that heat tobacco

Source: PMI Q4 2020 Results, February 4, 2021

IQOS Geographic Expansion



(a) Status at December 31, 2020

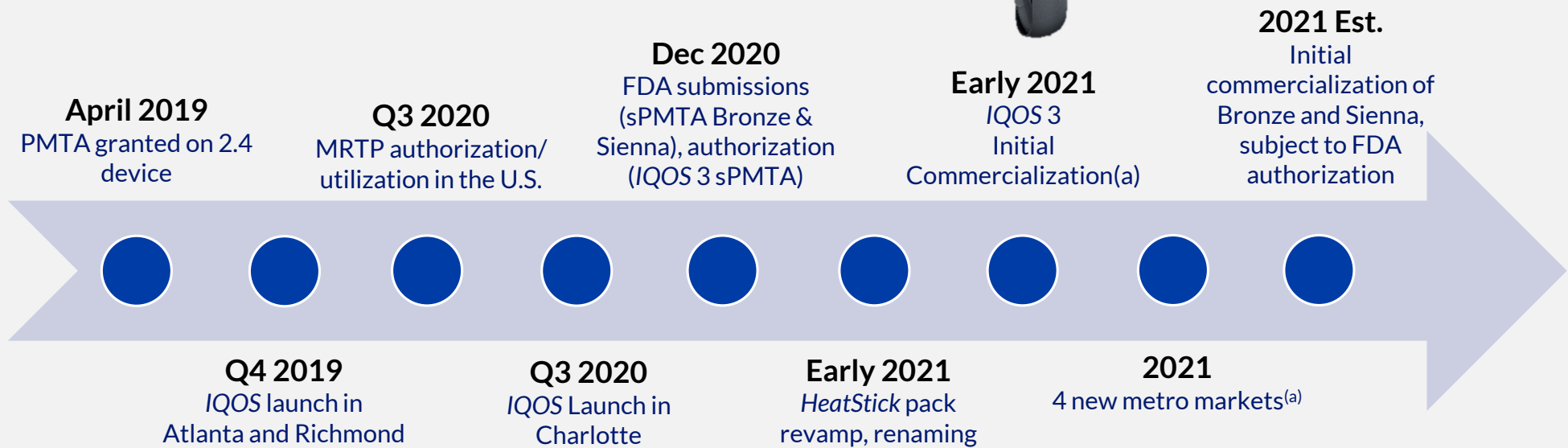
Note: Reflects markets where IQOS is available in key cities or nationwide. Reflects date of initial geographic expansion beyond pilot launch city. The number of markets includes International Duty Free. While IQOS is currently available for sale in Mexico, the country recently banned the importation of e-cigarettes and devices that heat tobacco

Source: PMI Q4 2020 Results, February 4, 2021

IQOS in the U.S.: Large Opportunity

- U.S. adult smokers display a high interest in smoke-free alternatives
- Taste and satisfaction preferences addressed by *IQOS*:
 - Full-flavor market with large menthol segment
- Rational and robust regulatory environment for building awareness:
 - Clear and rigorous science-based evaluation
 - Ability to communicate with adult smokers for RRP significantly more helpful than the vast majority of international markets

IQOS in the U.S.: Key Developments



(a) Altria Q4 2020 Earnings results

Delivering The Next Growth Phase

- Leading Industry Transformation
- *IQOS* Performance
- Consumer at the Core
- Commercial Model
- The Next Stage of Growth
- **Combustibles Performance**



Combustible Market Declines Reflect Growth of RRPs

Cigarette Industry^(a) % Change

Vs. Previous Year

CAGR
Estimates

2016 2017 2018 2019 2020 2019-23

(2.4)% (3.6)% (2.8)% (2.6)% (6.7)% (3-4)%

Cigarette Industry^(a) % Change in IQOS^(b) Markets

Vs. Previous Year

2016 2017 2018 2019 2020

(2.0)% (5.7)% (6.5)% (4.8)% (9.1)%

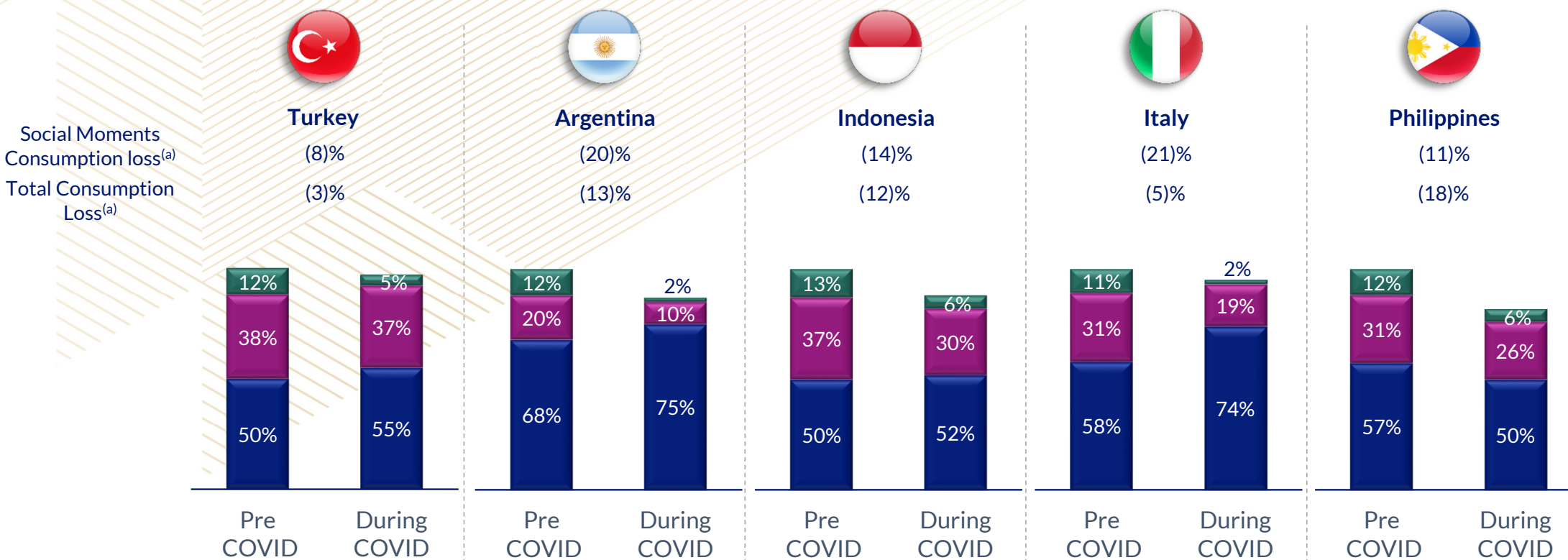
(a) Excluding China and the U.S.

(b) Markets where IQOS was present in Q1 2018

Source: PMI Financials or estimates

Cigarette Consumption Driven by Reduction of Social Smoking Moments During Height of COVID Restrictions

■ SOLO
■ SOCIAL - EVERYDAY
■ SOCIAL - SPECIAL



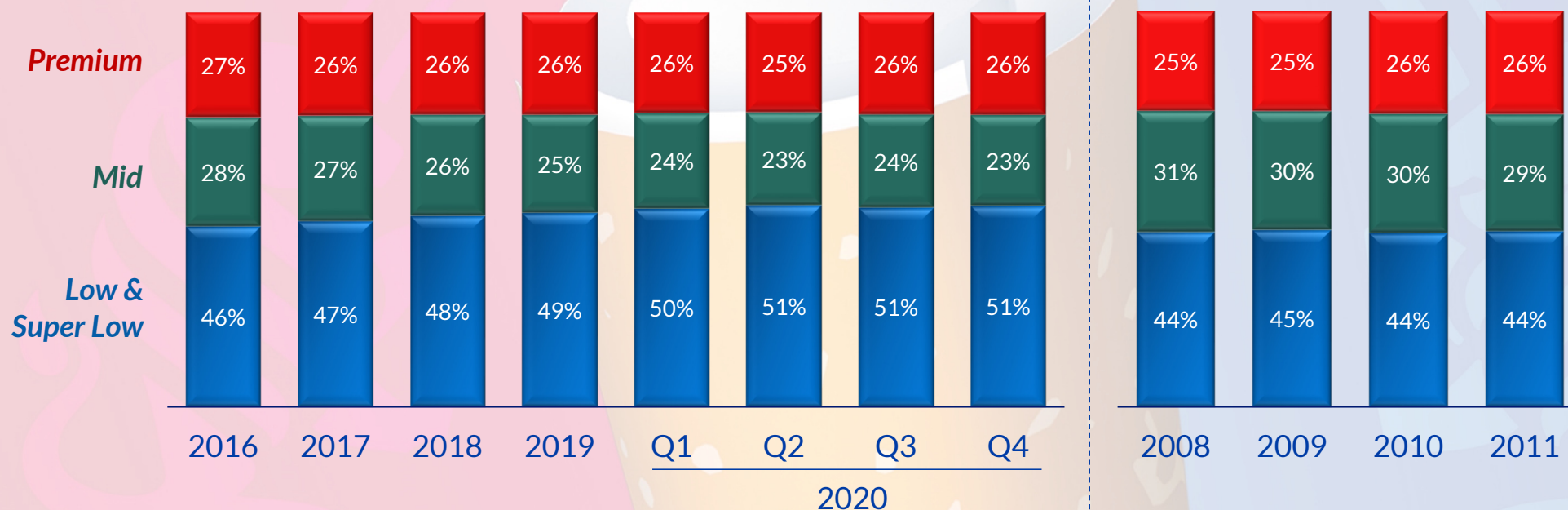
(a) Consumption Loss is the volume loss due to the drop in the average daily consumption (ADC) of LAS

Note: Pre-COVID represents estimated daily consumption in Q1, 2020 for Italy, Indonesia, Turkey and the Philippines, 2019 in Argentina

Source: Smoking Moments Quantitative Research April-May 2020, Kantar

Majority of Downtrading From Mid to Low & Super-Low

Cigarette Industry Price Tiers (%)

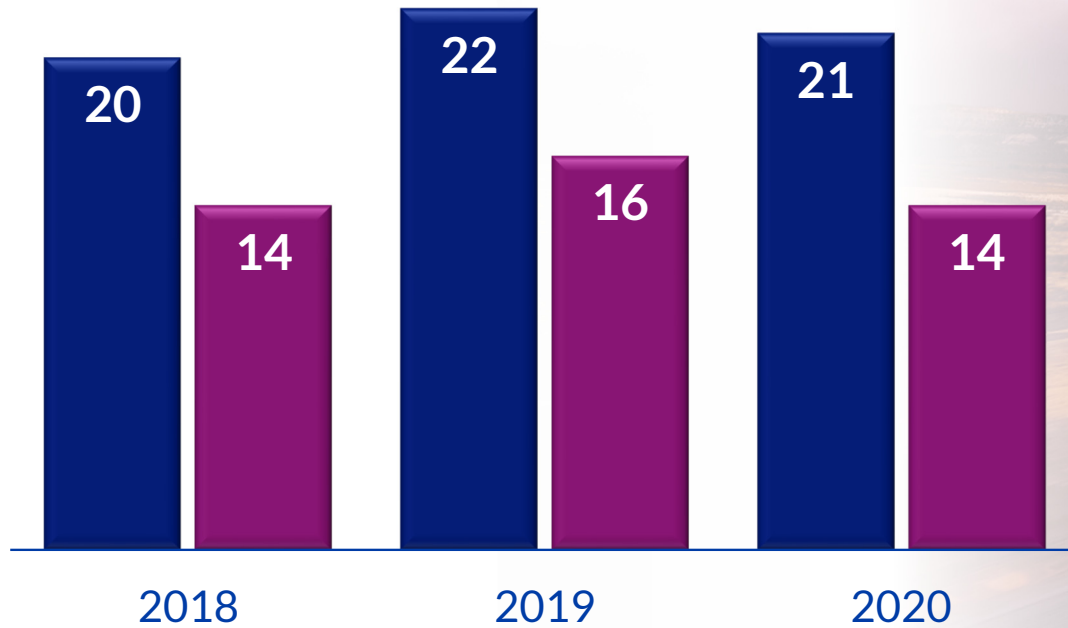


PMI CC SoM	27.7%	27.2%	27.2%	26.9%	25.7%	27.2%	27.5%	27.9%	28.2%
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Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume. Sum of the total does not sum to 100% due to rounding
 Source: PMI Financials or estimates

Total PMI Market Share

- # of Top 30 RRP Markets Where Total PMI Share is Growing or Stable
- # of Top 30 CC Markets Where Share of CC over CC is Growing or Stable

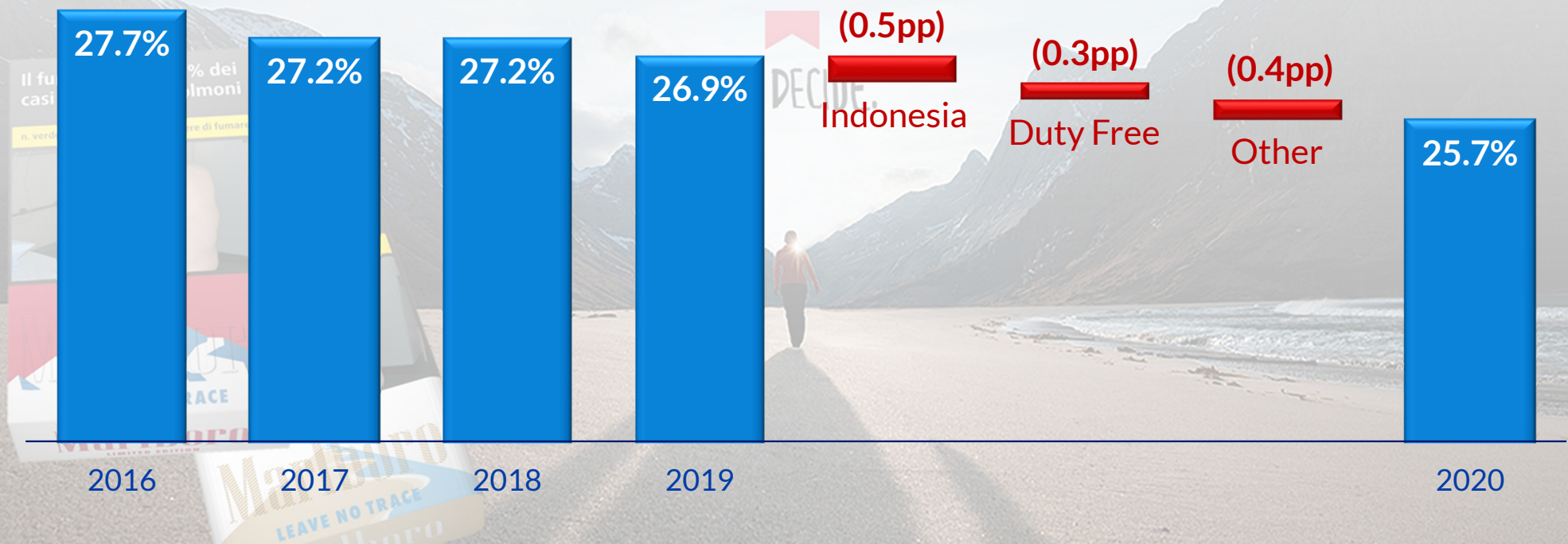


Source: PMI Financials or estimates. Excluding China and the U.S.



Combustible Share Performance

- Modest underlying decline despite IQOS cannibalization and market mix impacts
- Impacted by pandemic effects in 2020, notable challenges in Indonesia
- Target stable/growing share of combustibles over next 3 years



Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume
Source: PMI Financials or estimates

Strong Marlboro Brand Equity Endures

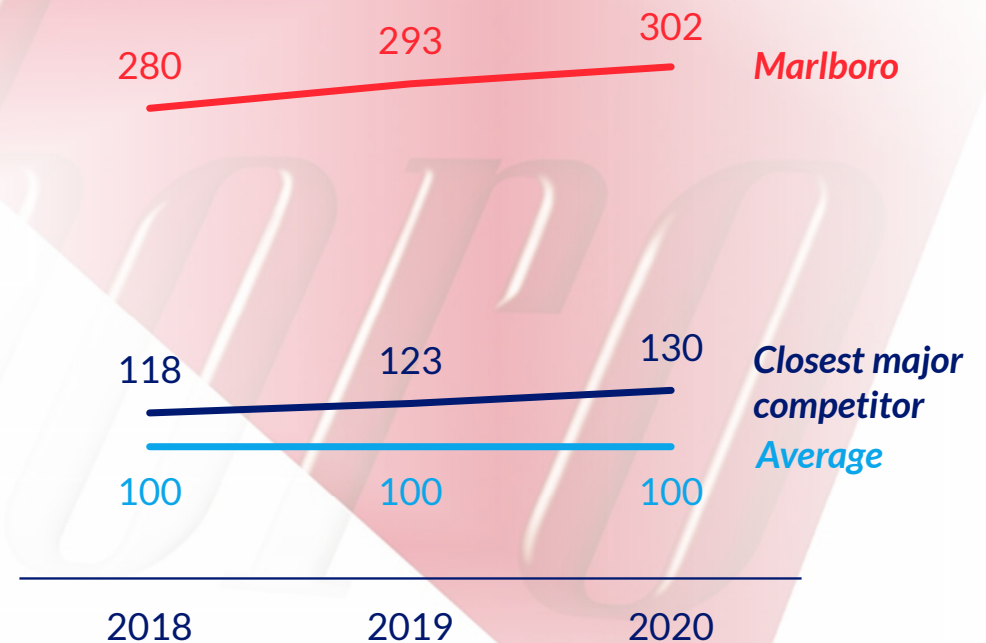
Temporary Headwind From Reduced Social Consumption Occasions in 2020, Evidence of Recovery as Restrictions Ease



2020 Marlboro Share of Market



Marlboro brand power 3x market average



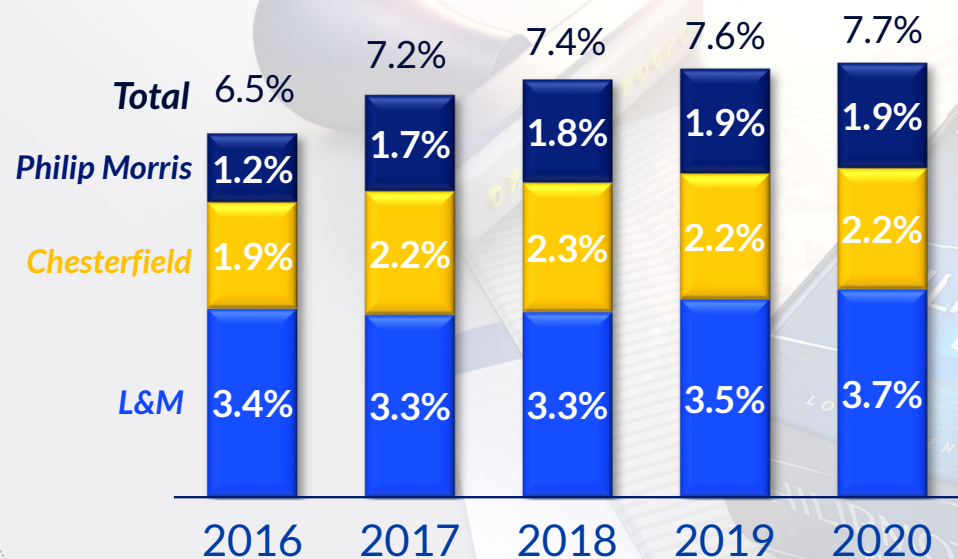
Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume

Source: PMI Financials or estimates. Kantar, PMI Market Research, 17 markets. Brand Power measures the proportion of Legal Age Smokers who are predisposed to a given brand vs. other brands.

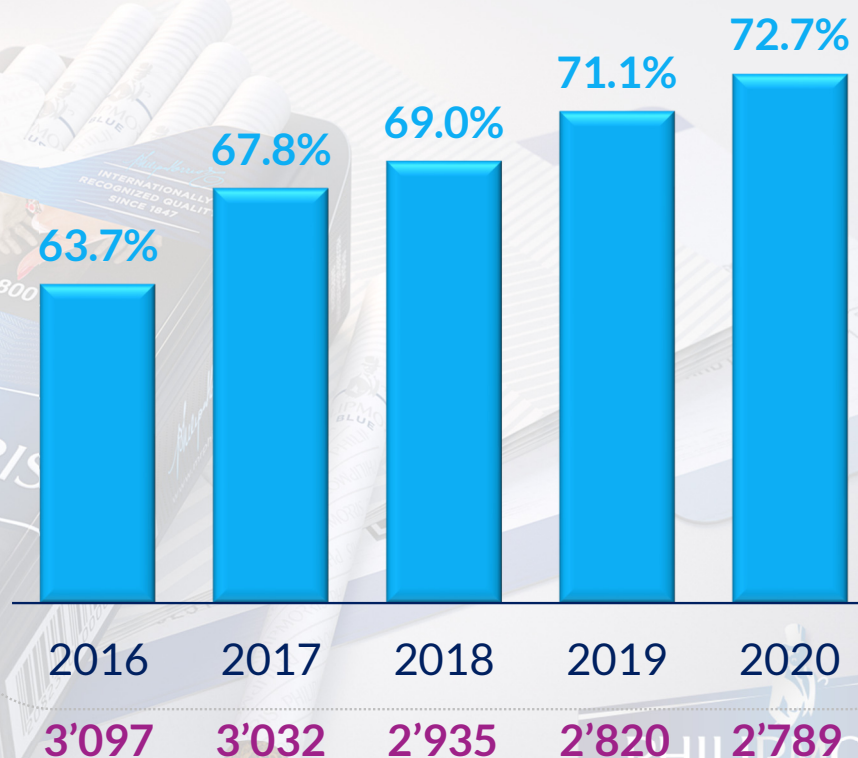
Strong Global Brands in Downtrading Environment



PMI Share of Market



Global Brands^(a) as a % of Total IMS Volume



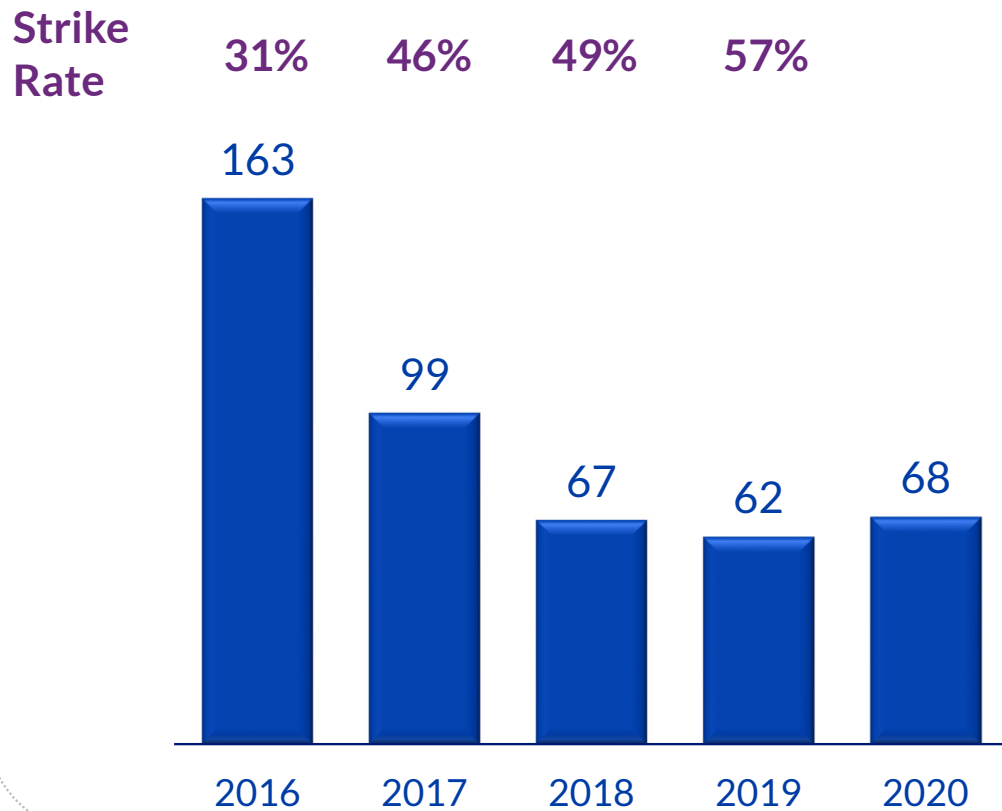
SKUs

3'097 3'032 2'935 2'820 2'789

(a) Global Brands include Marlboro, Parliament, L&M, Chesterfield and Philip Morris (includes Philip Morris/Dubliiss)
 Note: Excluding China and the U.S. Reflects sales volume of PMI cigarettes as a percentage of cigarette industry sales volume
 Source: PMI Financials or estimates

New Product Launches and Brand Equity Building

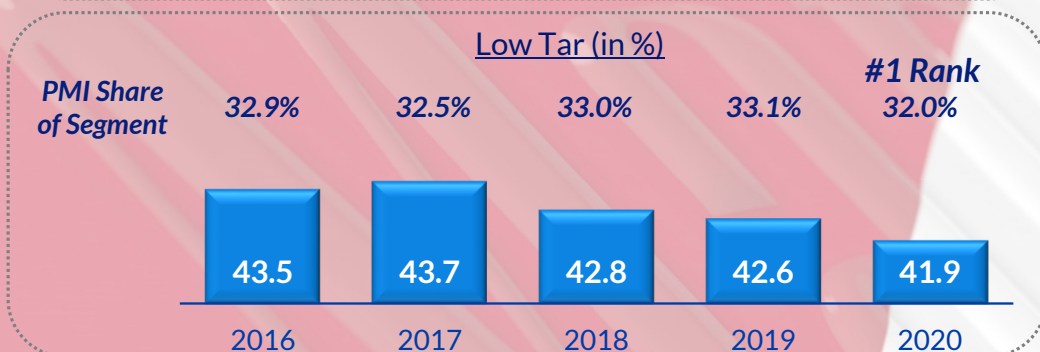
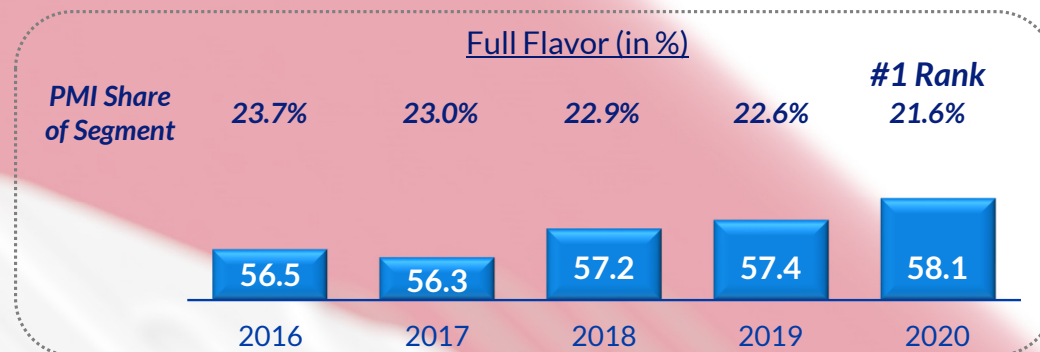
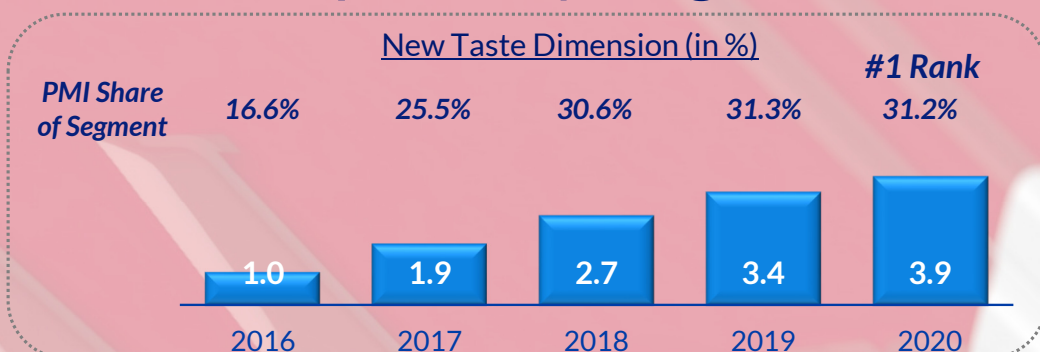
Number of New Product Launches



Source: PMI estimates. Strike rate is 0.7% share of market within 12 months of launch



Leadership in Key Segments



Slims is excluding Indonesia
Source: PMI Financials or estimates

Leveraging Leadership in Combustibles to Continue Supporting Smoke-Free Expansion and Sustainability Efforts

- Anti-littering initiatives:
 - *Our world is not an ashtray*
- Excellence in digital execution with trade:
 - Productivity and effectiveness of operation
 - Trade advocacy to convert smokers to *IQOS*
- Leveraging the reach of our brands:
 - Scanpack deployed in 30 markets for support & bridging to *IQOS*
 - Engaged ~850k LAS in 2020



Source: Internal new product launch tracking, internal SKU data, PMI Financials or estimates

Remaining Competitive and Maintaining Leadership in Combustibles: Key Pillar of Smoke-Free Strategy

- Leading combustible portfolio
- Infrastructure and expertise (manufacturing, regulatory, commercial)
- Responsible stewardship: market leader driving the obsolescence of the category
- Target at least stable combustible share net of cannibalization
- Selectively investing to continue leadership
- Driving returns from pricing, digital efficiency and productivity

The Next Growth Phase

- We continue as the undisputed leader of the industry transformation
- IQOS is a compelling proposition across markets
- We have an exciting innovation pipeline across smoke-free categories
- Our business is built on the consumer at the core
- Unparalleled capability in profitably deploying RRP platform at scale
- Combustibles continues to play an important role in fueling and enabling our smoke-free strategy
- We will work relentlessly to achieve our vision



2021 INVESTOR DAY

Delivering a Smoke-Free Future

The Next Growth Phase

Break

10:55 – 11:05 ET

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