

Designing a Smoke-Free Future

The greatest contribution PMI can make to society is to replace cigarettes with less-harmful alternatives, which is why we are transforming from a cigarette maker to a smoke-free technology leader. Thanks to groundbreaking research, we have developed and are commercializing smoke-free products that are enjoyable for adult smokers and are a much better choice than cigarette smoking. The first of these is our flagship heat-not-burn product, IQOS.



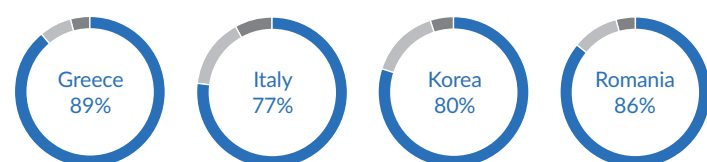
Korea

The impressive performance of IQOS in 2017 was further driven by its launch in Korea in May.

IQOS Highlights in 2017

High Conversion Rates^(a)

■ Converted/Predominant ■ Situational ■ Abandoned



IQOS Available in
Key Cities in
38
Markets

Nearly
5 Million

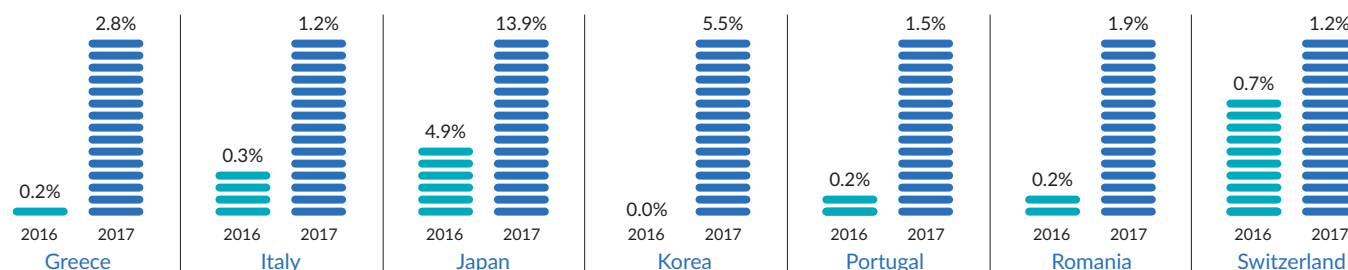
Estimated Adult Consumers Around the World Have Already Stopped Smoking and Made the Change to IQOS^(b)

+36 Billion

Heated Tobacco
Units Shipped



PMI National Heated Tobacco Unit Market Shares - Fourth Quarter 2017 vs. Fourth Quarter 2016



^(a) Estimated number of legal age IQOS users that used our heated tobacco units for the following percentages of their daily tobacco consumption over the past seven days: Converted/Predominant: 70% or more. Situational: Between 5% and less than 70%. Abandoned: Less than 5%.

^(b) Status at the end of January 2018. For markets where IQOS is the only heated tobacco product, daily individual consumption of PMI heated tobacco units represents the totality of their daily tobacco consumption. For markets where IQOS is one among other heated tobacco products, daily individual consumption of heated tobacco units represents the totality of their daily tobacco consumption, of which at least 70% are PMI heated tobacco units.

Note: Product visuals in this report are for illustrative purposes only.