

Item 8. Financial Statements and Supplementary Data.

Consolidated Statements of Earnings

(in millions of dollars, except per share data)

| for the years ended December 31, | 2018 | 2017 | 2016 |
|---|-----------|-----------|-----------|
| Revenues including excise taxes | \$ 79,823 | \$ 78,098 | \$ 74,953 |
| Excise taxes on products | 50,198 | 49,350 | 48,268 |
| Net revenues (Notes 2 & 21) | 29,625 | 28,748 | 26,685 |
| Cost of sales | 10,758 | 10,432 | 9,391 |
| Gross profit | 18,867 | 18,316 | 17,294 |
| Marketing, administration and research costs | 7,408 | 6,647 | 6,317 |
| Amortization of intangibles | 82 | 88 | 74 |
| Operating income | 11,377 | 11,581 | 10,903 |
| Interest expense, net (Note 14) | 665 | 914 | 891 |
| Pension and other employee benefit costs (Note 13) | 41 | 78 | 88 |
| Earnings before income taxes | 10,671 | 10,589 | 9,924 |
| Provision for income taxes (Note 11) | 2,445 | 4,307 | 2,768 |
| Equity investments and securities (income)/loss, net | (60) | (59) | (94) |
| Net earnings | 8,286 | 6,341 | 7,250 |
| Net earnings attributable to noncontrolling interests | 375 | 306 | 283 |
| Net earnings attributable to PMI | \$ 7,911 | \$ 6,035 | \$ 6,967 |
| Per share data (Note 10): | | | |
| Basic earnings per share | \$ 5.08 | \$ 3.88 | \$ 4.48 |
| Diluted earnings per share | \$ 5.08 | \$ 3.88 | \$ 4.48 |

See notes to consolidated financial statements.