

Philip Morris International Inc.  
Form 10-Q  
May 01, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 001-33708  
Philip Morris International Inc.

(Exact name of registrant as specified in its charter)

Virginia 13-3435103  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

120 Park Avenue 10017  
New York, New York  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (917) 663-2000

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At April 29, 2015, there were 1,549,145,097 shares outstanding of the registrant's common stock, no par value per share.

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In this report, "PMI," "we," "us" and "our" refer to Philip Morris International Inc. and its subsidiaries.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

## Philip Morris International Inc. and Subsidiaries

## Condensed Consolidated Balance Sheets

(in millions of dollars)

(Unaudited)

|  | March 31,<br>2015 | December 31,<br>2014 |
|--|-------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |
| Cash and cash equivalents                                      | \$1,524           | \$1,682              |
| Receivables (less allowances of \$48 in 2015 and \$50 in 2014) | 3,741             | 4,004                |
| Inventories:   |                   |                      |
| Leaf tobacco   | 3,098             | 3,135                |
| Other raw materials  | 1,636             | 1,696                |
| Finished product   | 2,818             | 3,761                |
|  | 7,552             | 8,592                |
| Deferred income taxes  | 457               | 533                  |
| Other current assets   | 1,001             | 673                  |
| Total current assets   | 14,275            | 15,484               |
| Property, plant and equipment, at cost                         | 12,085            | 12,759               |
| Less: accumulated depreciation                                 | 6,388             | 6,688                |
|  | 5,697             | 6,071                |
| Goodwill (Note 5)  | 7,920             | 8,388                |
| Other intangible assets, net (Note 5)                          | 2,855             | 2,985                |
| Investments in unconsolidated subsidiaries (Note 15)           | 1,064             | 1,083                |
| Other assets   | 1,444             | 1,176                |
| <b>TOTAL ASSETS</b>  | <b>\$33,255</b>   | <b>\$35,187</b>      |

See notes to condensed consolidated financial statements.

Continued

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Philip Morris International Inc. and Subsidiaries  
 Condensed Consolidated Balance Sheets (Continued)  
 (in millions of dollars, except share data)  
 (Unaudited)

|  | March 31,<br>2015 | December 31,<br>2014 |   |
|--|-------------------|----------------------|---|
| <b>LIABILITIES</b>   |                   |                      |   |
| Short-term borrowings (Note 11)  | \$3,384           | \$1,208              |   |
| Current portion of long-term debt (Note 11)  | 1,629             | 1,318                |   |
| Accounts payable   | 1,038             | 1,242                |   |
| Accrued liabilities:   |                   |                      |   |
| Marketing and selling  | 437               | 549                  |   |
| Taxes, except income taxes   | 3,945             | 5,490                |   |
| Employment costs   | 848               | 1,135                |   |
| Dividends payable  | 1,559             | 1,559                |   |
| Other  | 1,482             | 1,375                |   |
| Income taxes   | 493               | 1,078                |   |
| Deferred income taxes  | 165               | 158                  |   |
| Total current liabilities  | 14,980            | 15,112               |   |
|  | 25,572            | 26,929               |   |
| Long-term debt (Note 11)   |                   |                      |   |
| Deferred income taxes  | 1,975             | 1,549                |   |
| Employment costs   | 2,097             | 2,202                |   |
| Other liabilities  | 877               | 598                  |   |
| Total liabilities  | 45,501            | 46,390               |   |
| Contingencies (Note 9)   |                   |                      |   |
| <b>STOCKHOLDERS' (DEFICIT) EQUITY</b>  |                   |                      |   |
| Common stock, no par value<br>(2,109,316,331 shares issued in 2015 and 2014)                           | —                 | —                    |   |
| Additional paid-in capital   | 613               | 710                  |   |
| Earnings reinvested in the business  | 29,489            | 29,249               |   |
| Accumulated other comprehensive losses   | (8,090)           | (6,826)              | ) |
|  | 22,012            | 23,133               |   |
| Less: cost of repurchased stock<br>(560,220,461 and 562,416,635 shares in 2015 and 2014, respectively) | 35,628            | 35,762               |   |
| Total PMI stockholders' deficit  | (13,616)          | (12,629)             | ) |
| Noncontrolling interests   | 1,370             | 1,426                |   |
| Total stockholders' deficit  | (12,246)          | (11,203)             | ) |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>  | <b>\$33,255</b>   | <b>\$35,187</b>      |   |

See notes to condensed consolidated financial statements.



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Philip Morris International Inc. and Subsidiaries  
Condensed Consolidated Statements of Earnings  
(in millions of dollars, except per share data)  
(Unaudited)

|               | For the Three Months Ended<br>March 31, |          |
|---------------|---|----------|
|               | 2015                                    | 2014     |
| Net revenues  | \$17,352                                | \$17,779 |
| Cost of sales | 2,229                                   |          |