

Philip Morris International Inc.
Form 10-Q
May 03, 2013
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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, 2013
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 30, 2013, there were 1,635,507,185 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" refers 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, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents	\$3,981	\$2,983
Receivables (less allowances of \$57 in 2013 and \$56 in 2012)	3,591	3,589
Inventories:		
Leaf tobacco	3,441	3,548
Other raw materials	1,624	1,610
Finished product	2,911	3,791
	7,976	8,949
Deferred income taxes	381	450
Other current assets	732	619
Total current assets	16,661	16,590
Property, plant and equipment, at cost	13,568	13,879
Less: accumulated depreciation	7,095	7,234
	6,473	6,645
Goodwill (Note 5)	9,765	9,900
Other intangible assets, net (Note 5)	3,597	3,619
Other assets	922	916
TOTAL ASSETS	\$37,418	\$37,670

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, 2013	December 31, 2012	
LIABILITIES			
Short-term borrowings (Note 12)	\$1,539	\$2,419	
Current portion of long-term debt (Note 12)	3,263	2,781	
Accounts payable	967	1,103	
Accrued liabilities:			
Marketing and selling	472	527	
Taxes, except income taxes	4,306	5,350	
Employment costs	797	896	
Dividends payable	1,405	1,418	
Other	857	952	
Income taxes	783	1,456	
Deferred income taxes	120	114	
Total current liabilities	14,509	17,016	
Long-term debt (Note 12)	20,796	17,639	
Deferred income taxes	1,873	1,875	
Employment costs	2,483	2,574	
Other liabilities	489	419	
Total liabilities	40,150	39,523	
Contingencies (Note 10)			
Redeemable noncontrolling interest (Note 7)	1,323	1,301	
STOCKHOLDERS' (DEFICIT) EQUITY			
Common stock, no par value (2,109,316,331 shares issued in 2013 and 2012)	—	—	
Additional paid-in capital	1,266	1,334	
Earnings reinvested in the business	25,800	25,076	
Accumulated other comprehensive losses	(3,720)	(3,604))
	23,346	22,806	
Less: cost of repurchased stock (470,084,480 and 455,703,347 shares in 2013 and 2012, respectively)	27,660	26,282	
Total PMI stockholders' deficit	(4,314)	(3,476))
Noncontrolling interests	259	322	
Total stockholders' deficit	(4,055)	(3,154))
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	\$37,418	\$37,670	

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 March 31,	
	2013	2012
Net revenues	\$18,527	\$18,022
Cost of sales	2,489	