Philip Morris International Inc. (PM)

Updated July 24th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$194	**5 Year Annual Expected Total Return:**	8.2%	**Market Cap:**	$293 B
Fair Value Price:	$167	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	10/02/26[1]
% Fair Value:	117%	**5 Year Valuation Multiple Estimate:**	-3.0%	**Dividend Payment Date:**	10/20/26
Dividend Yield:	3.0%	**5 Year Price Target**	$256	**Years Of Dividend Growth:**	18
Dividend Risk Score:	D	**Sector:**	Consumer Staples	**Rating:**	Hold

Overview & Current Events

Philip Morris International is a tobacco company that came into being when its parent company Altria (MO) spun off its international operations. Philip Morris sells cigarettes under the Marlboro brand, among others, internationally. Its sister company Altria sells the Marlboro brand (among others) in the U.S. Philip Morris has a $293 billion market cap.

On July 22nd, 2026, Philip Morris posted its Q2 results for the period ending June 30th, 2026. For the second quarter, the company posted net revenues of $11.2 billion, up 10.4% year-over-year (7.6% organically). Adjusted diluted EPS was $2.20, up 15.2% compared to last year. Excluding currency, adjusted EPS grew by 13.6%. Total shipment volumes increased 2.5%, driven by 7.5% growth in smoke-free products and a 1.1% increase in cigarette volumes.

Notably, international smoke-free shipment volumes rose 8.0%, while shipment volumes of HTUs, oral SFPs, and e-vapor products changed +7.6%, -1.2%, and +55.1%, respectively. Pricing and a favorable smoke-free product mix also powered revenue growth. In June, the FDA issued modified-risk tobacco product orders for 20 ZYN products, making ZYN the first nicotine pouch brand authorized to use reduced-risk claims compared to cigarettes.

Management maintained its fiscal 2026 adjusted EPS guidance of $8.11 to $8.26 excluding currency, representing growth of 7.5% to 9.5%. Including a favorable currency impact of $0.15, adjusted EPS is expected to be $8.26 to $8.41, equivalent to growth of 9.5% to 11.5%. We have used the midpoint of this range in our estimates. All past EPS figures are in GAAP.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$4.48	$3.88	$5.08	$4.61	$5.16	$5.83	$5.81	$5.02	$4.52	$7.26	***$8.34***	***$12.82***
DPS	$4.12	$4.22	$4.49	$4.62	$4.74	$4.90	$5.04	$5.14	$5.30	$5.64	***$5.88***	***$6.82***
Shares[2]	1551.0	1553.0	1554.0	1555.0	1558.0	1559.0	1552.0	1553.0	1556.0	1558.0	***1558.0***	***1558.0***

When the spin-off of Philip Morris was announced, the market assumed that Altria, the U.S. business, would be the low-growth company, and that Philip Morris International, the non-U.S. business, would be the high-growth company. It looked like this would come true through 2013, as Philip Morris recorded near double-digit earnings-per-share growth through the first five years of its existence. This changed in the following years, as Philip Morris' profits declined and stagnated. Even during 2019, prior to the pandemic, EPS remained below the peak set in 2013. Currency rates are a major factor for Philip Morris' profitability, as all the company's revenues are generated outside of the U.S.

Philip Morris' weak profit growth between 2018 and 2020 was due to large investments in IQOS/Heatsticks technology. The high costs of developing the device and scaling production impacted short-term profitability, but the company is now seeing strong returns. The global expansion of IQOS, including the ILUMA model, has improved net income and enhanced margin mix. Also, the acquisition of Swedish Match in 2022 has been accretive to EPS, with Zyn nicotine pouches driving exceptional revenue growth and accelerating PMI's transition to smoke-free products. We now anticipate growth of 9% per annum coming off a baseline of $8.34 in EPS moving forward.

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[1] Estimated dates

[2] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.5	23.4	17.3	15.7	15.0	16.4	17.0	18.2	23.0	22.9	***23.3***	***20.0***
Avg. Yld.	4.3%	3.8%	5.1%	5.7%	6.1%	4.9%	5.2%	5.6%	5.1%	3.4%	***3.0%***	***2.7%***

Shares of Philip Morris have historically traded in at a P/E just under 20. At a P/E of 23.3x management's adjusted EPS target today, the stock seems modestly overvalued. This is in line with our fair P/E, which takes into account our outlook for sustained growth. It also considers a discount applied to the stock due to its controversial nature, which has led institutional investors to divert from ownership. This trend may be on a reversal path given the company's renewed growth lately. Still, we remain prudent.

Safety, Quality, Competitive Advantage, & Recession Resiliency

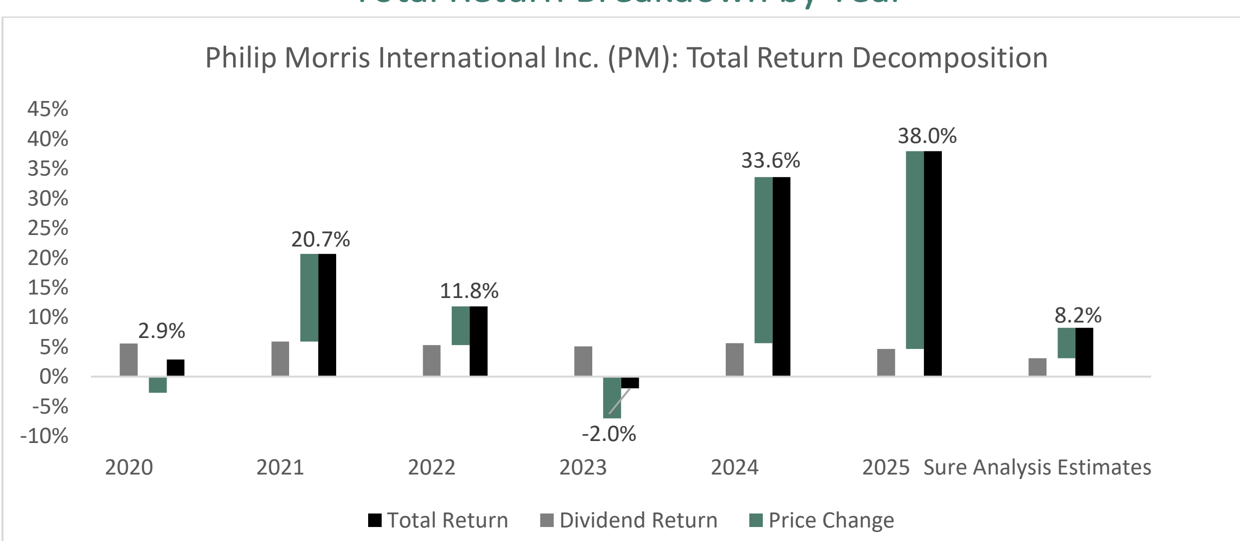
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	92%	109%	88%	100%	92%	84%	87%	102%	117%	78%	***71%***	***53%***

Philip Morris' dividend payout ratio has never been especially low, and the ratio increased further during the last decade. At the peak, Philip Morris has paid out more than 100% of its net profits to its owners. Due to strong cash generation, low capex requirements and the stability of Philip Morris' business model during recessions the dividend remains relatively well-covered. Despite the ongoing war in Ukraine and overall tough trading environment, improved earnings have relaxed the payout ratio lately. In terms of a competitive advantage, Philip Morris has one of the most valuable cigarette brands in the world, Marlboro, and is a leader in the reduced-risk product segment with iQOS. At the same time, the company's massive scale allows for tremendous cost advantages. This means that Philip Morris is generally a low-risk business, with regulation being the exception. Smoking bans can affect the company's results, although Philip Morris is safer in this regard than many other tobacco companies due to its geographic diversification.

Final Thoughts & Recommendation

Philip Morris has sustained solid growth year-to-date. The company once again posted robust growth in sales and EPS, while management's outlook points toward sustained momentum moving forward. The ongoing swift adoption of heated tobacco and new oral offerings should continue to be favorable catalysts to earnings growth. Based on our growth estimates, the 3.0% starting yield, and the possibility of a valuation headwind, the stock's return potential through 2031 comes in at 8.2% per annum. We rate Philip Morris as a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	26685	28748	29625	29805	28690	31400	31760	35170	37880	40540
Gross Profit	17294	18316	18867	19292	19120	21380	20360	22280	24550	27180
Gross Margin	64.8%	63.7%	63.7%	64.7%	66.6%	68.1%	64.1%	63.3%	64.8%	67.0%
SG&A Exp.	6405	6725	7449	8784	7481	8419	8138	10100	11150	12350
D&A Exp.	743	875	989	964	981	998	1189	1398	1787	1996
Operating Profit	10815	11503	11336	10442	11570	12860	12220	12180	13400	16980
Op. Margin	40.5%	40.0%	38.3%	35.0%	40.3%	41.0%	38.5%	34.6%	35.4%	41.9%
Net Profit	6967	6035	7911	7185	8056	9109	9048	7813	7057	11820
Net Margin	26.1%	21.0%	26.7%	24.1%	28.1%	29%	28.5%	22.2%	18.6%	29.2%
Free Cash Flow	6905	7364	8042	9238	9210	11220	9726	7883	10770	10660
Income Tax	2768	4307	2445	2293	2377	2671	2244	2339	3017	2737

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	36851	42968	39801	42875	44820	41290	61680	65300	61780	69188
Cash & Equivalents	4239	8447	6593	6861	7280	4496	3207	3060	4216	4892
Acc. Receivable	3499	3194	2950	3080	2905	3123	3850	3461	3789	4572
Inventories	9017	8806	8804	9235	9591	8720	9886	10770	9453	11480
Goodwill & Int.	9794	10098	9467	7971	7983	9498	26390	26640	27930	28150
Total Liabilities	47751	53198	50540	52474	55450	49500	67990	74750	71650	77210
Accounts Payable	1666	2242	2068	2299	2780	3331	4076	4143	3952	4407
Long-Term Debt	29067	34339	31759	31045	31540	27810	43120	47910	45700	49190
Total Equity	-12.7B	-12.1B	-12.5B	-11.6B	-12.6B	-10110	-8957	-11220	-11750	-9994
LTD/E Ratio	-2.29	-2.84	-2.55	-2.68	-2.51	-2.75	-4.81	-4.37	-3.89	-4.94

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	19.7%	15.1%	19.1%	17.4%	18.4%	21.2%	17.6%	12.3%	11.1%	19.0%
Return on Equity	-53.7%	-48.7%	-64.5%	---	---	---	---	---	---	---
ROIC	39.6%	28.6%	35.1%	33.8%	38.0%	45.0%	32.1%	20.8%	19.0%	30.5%
Shares Out.	1551	1553	1555	1555	1558	1559	1552	1553	1556	1558
Revenue/Share	17.21	18.51	19.05	19.15	18.42	20.14	20.47	22.65	24.34	26.02
FCF/Share	4.45	4.74	5.17	5.94	5.91	7.20	6.27	5.08	6.92	6.85

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.