EXHIBIT 63

COWEN

Tobacco

PHILIP MORRIS INTERNATIONAL

EQUITY RESEARCH

August 30, 2022

Price: $96.24 (08/29/2022)
Price Target: $115.00

OUTPERFORM (1)

ESG SCORE: 59/100

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Key Data

Symbol	NYSE: PM
52-Week Range:	$111.90 - $85.94
Market Cap:	$149.2B
Net Debt (MM):	$23,009.0
Cash/Share:	$7.49
Dil. Shares Out (MM):	1,552.0
Enterprise Value (MM):	$174,157.5
BV/Share:	$(5.83)
Dividend:	$5.00
Yield:	5.20%

FY (Dec)	2021E	2022E	2023E
EPS			
Q1	$1.45A	$1.48A	$1.34
Q2	$1.43A	$1.32A	$1.39
Q3	$1.44A	$1.28	$1.44
Q4	$1.20A	$1.25	$1.36
Year	$5.53A	$5.32	$5.54
P/E	17.4x	18.1x	17.4x

Note: 2021 EPS has been restated to exclude Russia / Ukraine. All 2022 / 2023 EPS figures / estimates are pro forma (ex Russia / Ukraine).

Consensus EPS	$6.08	$5.61	$5.96

Consensus source: FactSet

Revenue (MM)			
Year	$29,180.0A	$28,931.0	$29,978.0

COMPANY UPDATE

IQOS IN AMERICA: WHAT IT COULD MEAN FOR PM?

THE COWEN INSIGHT

We expect that iQos will be reintroduced in 2023 (with MO), but PM will ultimately consolidate iQos when the SWMA acquisition closes (PM's agreement with MO expires April 2024). Global benchmarking work (clinical and real world) suggests that a U.S. ramp will take time, but that the product could be quickly margin accretive (20-30 bps) given strong U.S. cigarette margins.

Herein, we offer a deep dive on the U.S. opportunity for iQos, leveraging the eight years of global data available for iQos (currently in 66 countries, but not currently the U.S.), as well as clinical trial data for iQos internationally (including the U.S.).

Conclusion: We believe that iQos could ultimately be nicely margin accretive to PM. Even before iQos scales, we forecast 20-30 bps of margin accretion to PM from iQos, given high profit per stick generated in the U.S., relative to international markets. That said, it will take time to drive adoption and scale the business.

1. The Transition. iQos was in the market (mostly during COVID) and was pulled in November 2021. PM expects to have iQos commercially available in the U.S. in 1H23 (with domestic manufacturing). We assume that in 2023/2024 like before, MO will be responsible for the retail sales (paying PM manufacturing and licensing fees).

2. Medium-Term. PM and MO's 5-year agreement expires April 2024; MO says they've hit key market share KPI's, PM says they have not. We expect that once PM closes the SWMA acquisition, they will work to end the relationship with MO, and vertically integrate iQos. Our base case scenario assumes that iQos can reach a 1.2% share by 2024 (and a 6% share by 2027). In turn, we think that will drive accelerating CC volume declines. While iQos has yet to achieve scale in the U.S., PM has commercialized the offering in 66 markets, with the heat-not-burn category generating an estimated $26 bn in retail sales in 2021. Clinical data suggests that iQos' ramp in the U.S. will likely look like the European experience (in particular, Italy).

3. Long-Term. MO generates the highest margins per stick among the global tobacco peers, reflecting the best-in-class profitability of the U.S. cigarette market. After several years of investment, iQos has been margin accretive to PM last 3 years (driving triple digit margin expansion). While start up costs have generally been significant, PM should be able to leverage the SWMA infrastructure and sales force. And, given high starting margins for U.S. cigarettes, we believe the sale of iQos consumables can be 20-30 bps accretive to PM on a PF basis (incl. SWMA and ex. RUS / UKR) in 2024, assuming MO-like levels of profitability per stick. *Please contact your Cowen salesperson for our HTU volume and EBIT margin accretion scenario modeling.*

AT A GLANCE

Our Investment Thesis

We have an Outperform rating on PM, given the company's growth in reduced risk tobacco products (iQos) has started to accelerate outside of its traditional core markets in Japan and Korea, with the EU providing substantial share gains in recent quarters. With most of the investments needed to scale iQos in the rearview, carrying more attractive unit economics than traditional cigarettes, PM's margins should benefit from mix in addition to its $1 bn cost savings program.

Forthcoming Catalysts

- Quarterly Earnings
- iQos expansion

Base Case Assumptions

- Solid price/mix contribution
- FY22 pro forma iQos volumes of 90 to 92 bn units
- 10%-12% pro forma local currency EPS growth
- Maintains dividend with modest growth

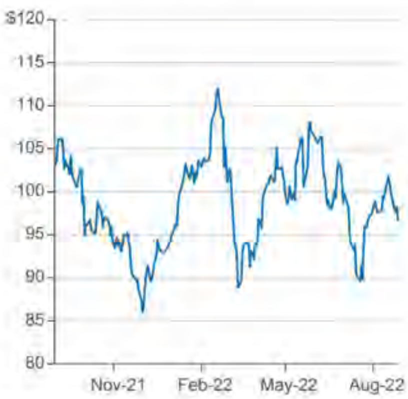
Upside Scenario

- Better-than-expected industry volume improvement
- Notable market share gains
- Better-than-expected pricing
- Better-than-expected iQos volumes and revenues
- Margin expansion above expectations

Downside Scenario

- Challenging global volumes and consumer headwinds
- Need for further reinvestment spending, weighing on price realization
- Notable down-trading in key countries
- Dividend cut

Price Performance



Source: Bloomberg

Company Description

Philip Morris International (PM) is the market leader in international tobacco, with a ~27% share of the international cigarette market excluding the United States and the People's Republic of China. PM's products are sold in more than 180 markets led by the Marlboro brand, the world's top selling international cigarette. PM's other international brands include L&M, Bond Street, Parliament, Philip Morris, Chesterfield and Lark. In addition to the international brand, PM owns a number of local cigarette brands playing an important role in their portfolio. PM is a Virginia holding company incorporated in 1987. Prior to its spinoff in March 2008, the company was a wholly owned subsidiary of Altria Group.

Analyst Top Picks

	Ticker	Price (08/29/2022)	Price Target	Rating
Constellation Brands	STZ	$250.61	$275.00	Outperform
Philip Morris International	PM	$96.24	$115.00	Outperform
Green Thumb Industries	GTBIF	$13.69	$20.00	Outperform

IQOS IN AMERICA: WHAT IT COULD MEAN FOR PM?

iQos was briefly available in the U.S. (mid-2019 through November 2021), but IP litigation with BATS forced the product off the market. At ~$26 bn in global revenues (in 2021), the heat-not-burn category is significant at 5.5% of sales. **Yet, today, it does not exist in the U.S., despite a 66-market presence.** And with iQos generating ~$9 bn internationally, PM retains an FDA-approved first-mover advantage in the U.S. that could drive meaningful upside.

The product draws its lineage from a joint effort from 25+ years ago. But, PM has not been happy with MO's execution; in turn, BATS' IP dispute created a catalyst. In the next 12-24 months, we expect:

1) PM and BATS to settle on device imports and

2) PM to operationalize heatstick production in the U.S.

3) MO and PM to part ways on iQos and

4) PM + SWMA's $16 bn deal to close (with an amended share approval threshold – which should happen in the next 3-4 months)

It seems clear to us that PM intends to take control of iQos in the U.S., in particular with the complimentary acquisition of SWMA, likely through arbitration. We see this as highly attainable, and potentially meaningful. ***Importantly, our PM estimates have never contemplated iQos in the U.S. (we included costs to MO).*** Given the transformative nature of SWMA, PM's U.S. iQos approach becomes all the more interesting.

Figure 1 Our Scenarios Suggests 10-30 bps of EBIT Margin Accretion by 2024 at MO Profit Levels

PM U.S. iQos Summary Estimates					
	2024E				
	HTU Share	HTU Volumes (in bn)	CC Volume Declines	EBIT Margin Accretion (vs Cowen est in bps)*	EBIT Margin Accretion (vs PF est)*
Bull	1.8%	3.3	-6.4%	30	28
Base	1.2%	2.2	-5.7%	20	19
Bear	0.6%	1.1	-5.3%	10	9

**Assumes MO Smokeable profit per stick*
CC = conventional cigarette

Source: Cowen and Company

Herein, we offer:

1. A review of iQos' history and early track-record in the U.S. (PM's 2015/2016 clinical trials, and MO's commercial launch),

2. Analysis of the potential industry impact from a successful re-launch of iQos by PM and

3. Analysis of the path to revenue and profit accretion for PM from iQos in the U.S.

iQos in the U.S.: A History

The predicate for iQos was first available in the U.S. in the late 1990's, as a product dubbed "Accord Lighter Kit." Like comparing the early cell phones of that time to an iPhone today, the technology has improved dramatically. And, while the new offering is a far cry from its predicate, the technology originated when PM and MO were a combined company. According to historical industry documents published by UCSF (here), Accord was developed around 1996, and was supported by ~$45 mm in capex (~0.1% of sales at the time), and ~$400 mm in opex through 2003 (with the product ultimately having been launched in 1998, and pulled from the market in 2006).

To date PM has spent over $9 bn in capital, and generated ~$30 bn in revenues. On its way to a 50% of sales from RRPs aspiration by 2025.

Figure 2 iQos Predicate was in the U.S. in the 1990's

Source: Company Documents

The timing of this launch was far from coincidental. Two things were happening at the time: 1) RAI had introduced a disposable heat-not-burn, Eclipse (featured below, and much discussed in *Barbarians at the Gate,* and 2) large scale litigation risk was looming as Attorney's Generals were coordinating a large-scale lawsuit. That litigation was ultimately settled with the Master Settlement Agreement (MSA) in 1998 with 46 State AG's (4 AGs had already reached their own settlements). As a reminder, the MSA established payments into perpetuity for all signatories (in 2022, MO, with a ~49% share of cigarettes expects to pay an annual payment of ~$4.4 bn). ***Given the real concern around the financial viability of U.S. cigarette suppliers at the time of the settlement, this predicate iQos technology was included, which has notable tax implications as iQos Heatsticks are classified as a cigarette in the U.S., where PM is afforded a lower tax consideration for these products internationally).***

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