

**Philip Morris International Inc.
2024 Fourth-Quarter Conference Call
February 6, 2025**

JAMES BUSHNELL

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a press release containing detailed information on our 2024 fourth-quarter and full-year results. The press release is available on our website at www.pmi.com.

(SLIDE 2.)

A glossary of terms, including the definition for smoke-free products as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures for non-GAAP financial measures cited in this presentation are available in Exhibit 99.2 to the company's Form 8-K dated February 6, 2025, and on our [Investor Relations website](#).

(SLIDE 3.)

Today's remarks contain forward-looking statements and projections of future results. I direct your attention to the Forward-Looking and Cautionary Statements disclosure in today's presentation and press release for a review of the various factors that could cause actual results to differ materially from projections or forward-looking statements.

I'm joined today by Jacek Olczak, Chief Executive Officer, and Emmanuel Babeau, Chief Financial Officer.

Over to you, Jacek.

JACEK OLCZAK

(SLIDE 4.)

Thank you, James, and welcome everyone.

We delivered an outstanding performance in 2024, with all key elements of the business contributing strongly to deliver best-in-class organic top and bottom-line growth. This resulted in significant acceleration in adjusted diluted EPS growth in both currency-neutral and dollar terms, as we mitigated substantial currency headwinds.

Our business outperformed the industry and consumer packaged goods overall, with growth across all categories to deliver our fourth consecutive year of positive volumes.

IQOS continued its strong underlying momentum, with continued excellent growth in Japan, robust progress in Europe despite the EU characterizing flavor ban, and further strong growth in other global markets. Importantly, the growth of *IQOS* is increasingly profitable as the benefits of scale and pricing more than offset continued substantial growth investments, including brand-building activities and innovations on devices and consumables.

ZYN once again delivered strong growth in the U.S., as 2023's demand acceleration continued in 2024. This resulted in short-term supply challenges which we have progressively addressed throughout the year, working towards our goal of matching existing user demand. As we unlock further capacity, we will be in a position to explore the full potential of this dynamic category. Outside the U.S., shipments grew by +75% as we increased our global presence in nicotine pouches to 37 markets.

In e-vapor, *VEEV* is progressively contributing to growth with encouraging volume momentum in closed pods and a strengthening market position, with a premium offer.

Our combustible business performed well on all metrics. We delivered double-digit gross profit growth in Q4 and around +7% organically for the year, led by strong pricing, resilient volumes in certain markets, and the ongoing benefits of our cost actions.

Overall, our strong performance across all categories and regions drove meaningful operating leverage, notably in our smoke-free business, alongside cost efficiency initiatives across the entire value chain. This enabled us to deliver operating cash flow and adjusted diluted EPS above our expectations at the start of the year, despite ongoing currency and input cost headwinds. Our transformation journey and growth

drivers have excellent momentum, and we are confident in our ability to deliver sustainable growth and returns in 2025 and beyond.

(SLIDE 5.)

We achieved several key milestones in our smoke-free journey over the past year, including the 10 year anniversaries of *IQOS* and *ZYN*. Our smoke-free business is large, profitable and growing fast. Our total smoke-free net revenues reached almost \$15 billion in 2024. Combined with a strong combustibles performance, our company also surpassed \$10 billion in adjusted net earnings for the first time.

Our smoke-free business reached 40% of total PMI net revenues in the fourth quarter, and around 42% of adjusted gross profit, as our transformation becomes increasingly profitable. In our top five markets by operating income, around 60% of net revenues were smoke-free.

We have deployed our smoke-free multi-category strategy across almost half of the 95 markets with smoke-free products and we close the year with over 38.5 million estimated adult users across heat-not-burn, oral and e-vapor.

Our oral smoke-free business surpassed 1 billion cans, including 644 million cans of nicotine pouches. The *ZYN* brand continues to resonate with adult nicotine consumers across the U.S., where it is the number one smoke-free brand and fourth biggest nicotine brand, and internationally. We are also very pleased that the robust science and responsible marketing practices behind *ZYN* were recognized by the FDA through the recent marketing authorizations of all currently commercialized U.S. *ZYN* variants, making *ZYN* the first and only authorized nicotine pouch brand in the United States.

We remain at the forefront of the effort to increase understanding of smoke-free products and advance Tobacco Harm Reduction among consumers and regulators. We are encouraged by the increasing number of governments adopting tobacco harm reduction policies to incentivize switching to reduced risk nicotine products instead of continuing to smoke, which is sound public health policy. A number of markets are also moving favorably with regard to robust regulation of nicotine pouches and e-vapor. Regretfully there is also resistance in many places, often driven by ideology not facts and science, and therefore a considerable amount of work remains.

While reaching important milestones is pleasing, after 10 years we are still in the early stages of industry transformation. With our strong brands, and our innovative and commercial capabilities, we have many years of opportunities and growth ahead. I look forward to sharing more with you at the upcoming CAGNY conference on February 19th.

I will now hand over to Emmanuel to discuss our results and outlook in more detail.

EMMANUEL BABEAU

(SLIDE 6.)

Thank you, Jacek.

I will start with the headline financials for the year.

As Jacek said, this was a truly outstanding year of growth across our business as the rapid progress of *IQOS* and U.S. *ZYN* was complemented by emerging growth contributions from *VEEV* and *ZYN* internationally and a much-improved combustible performance.

We delivered in line or above our last-communicated expectations across key metrics. Organic net revenue growth of +9.8%, adjusted IMS and shipments of HTUs, and combustible pricing of +8.7% were strong. Excellent total shipment volume growth of +2.9%, including *ZYN* and combustible volumes, performed at the top end of our expectations. Coupled with accelerated cost efficiencies, this led to better-than-expected +14.9% organic operating income growth and +15.6% currency-neutral adjusted diluted EPS growth.

Our clear focus on delivering performance in dollar terms was reflected in the +9.3% growth in adjusted diluted EPS. As a result, we achieved record operating cashflow of \$12.2 billion, which was significantly above both our initial and most recent forecast, supported by excellent profit delivery and favorable working capital. Combined with strong adjusted EBITDA, this allowed us to significantly improve our leverage ratio, which I'll come back to later.

(SLIDE 7.)

We closed the year strongly in Q4, with organic net revenue growth of +7.3% despite the impact of timing and comparison effects, most notably related to Red Sea disruption, the EU Characterizing flavor ban for HTUs, and pre-launch *ILUMA i* device shipments. This was driven by total volume growth of +2.3%, alongside positive smoke-free mix and robust pricing.

Combined with operating leverage and manufacturing efficiencies, we delivered close to +12% organic OI growth and +10% currency-neutral adjusted diluted EPS growth.

In dollar terms, adjusted OI increased +15% and adjusted diluted EPS grew +14% to \$1.55. This includes a positive currency impact of 6 cents, which reflects an unfavorable transactional impact in the prior year in Argentina as well as the move to hyperinflationary accounting in Egypt, which also had a negative impact on our organic growth of around 1 point on net revenues, and 2 points on OI.

The non-cash impairment of our RBH equity investment had no impact on our adjusted financials. In future we may benefit from RBH dividend income, but we do not include any impact in our 2025 forecast at this time.

(SLIDE 8.)

Let's take a step back and consider 2024 in the context of the last few years. Our organic top-line delivery has been consistently strong since the pandemic and further accelerated this year, as both smoke-free products and combustibles stepped up their trajectory.

Clearly, 2024 was also a stand-out year for adjusted diluted EPS growth. The profitability of our smoke-free business accelerated, due to the operating leverage of IQOS' increasing scale, favorable unit economics, pricing, efficiencies and the impressive accretion from ZYN's rapid growth at superior U.S. margins.

We also benefitted from a notably robust combustible performance, which provides important structural support for our transformation journey.

(SLIDE 9.)

These dynamics are further demonstrated by the organic top-line and gross profit growth of both categories in the year.

Our smoke-free business accelerated to +17% net revenue growth and +23% gross profit growth, reaching close to \$10 billion in gross profit. This drove an impressive +330 basis points of organic gross margin expansion, fueled by the factors I just mentioned.

On the combustibles side, net revenues and gross profit grew organically by +6% and +7% respectively, leading to +60 basis points of organic gross margin expansion. Our combustibles business is once again contributing positively, with pricing and cost efficiencies more than compensating for the third year of significant input cost headwinds, which we expect to ease in 2025.

I would also note that adjusted gross margins for smoke-free products were +490 basis points higher than combustibles in Q4 and +270 basis points higher for the year overall at 66.6%. While we continue to target gross margin expansion in combustibles, we expect this gap to grow over time as we continue to drive profitable growth from smoke-free products while investing in new markets, brand-building and innovation.

(SLIDE 10.)

Taking a closer look at our volume performance, we delivered our fourth consecutive year of shipment growth, up +2.3% in the fourth quarter, and close to 3% for the full year. Including our *VEEV* e-vapor business in equivalent units, this growth was +2.4% and +3% respectively. Our total 2024 smoke-free volume growth including *VEEV* was +13.5% or 19 billion unit equivalents, an acceleration compared to 2023.

For *IQOS*, we delivered HTU adjusted IMS growth of close to +13%, and shipment volumes of 139.7 billion, both broadly in line with our expectations. Adjusted IMS growth accelerated in H2 to close to +14%, essentially in line with our target of +14 to 15%. This includes dynamic growth of close to +11% in Europe, with strong momentum across the large majority of markets.

As I touched on earlier, Q4 HTU shipment growth includes the impact of additional shipments in the prior year to prepare for the EU characterizing flavor ban, and the phasing effect of additional shipments to Japan in H1 notably due to Red Sea disruption.

Our oral smoke-free business grew 2024 shipment volumes by +24.6%, including *ZYN*'s U.S. growth of +51% to 581 million cans. Snus and Moist snuff volumes were stable.

Cigarette shipments grew by +0.6%, approximately in line with the estimated growth of the international industry. The growth of the cigarette market can be largely attributed to growth in markets where smoke-free products are not permitted such as Turkey, Brazil and India. Excluding such markets, we observe a low single-digit decline, consistent with historic trends.

(SLIDE 11.)

Our strong full-year top-line growth of almost +10% was again achieved through a combination of volume growth, pricing and the positive mix impact of the shift to smoke-free products. Pricing contributed +6.2%, reflecting almost +9% combustible pricing and +2% for smoke-free products.

Smoke-free also drove a positive mix impact of +1.9%, due to the higher net revenue per unit of both *IQOS* HTUs and *ZYN*. Oral smoke-free products contributed +2.2% to overall group top-line growth for the year, demonstrating *ZYN*'s role as a meaningful accelerator to our performance.

As in prior years, geographic mix was negative primarily due to combustibles, but to a lesser degree given robust net revenue growth in Europe.

(SLIDE 12.)

Moving down to adjusted operating margins, we delivered full-year organic expansion of +180 basis points, and +100 basis points in dollar terms, comfortably achieving our objective of expansion on both bases. This reflects a strong Q4 with OI margins expanding organically by +140 basis points, as gross margin expansion outweighed SG&A investments.

Full-year gross margins increased organically by +160 basis points, and by +120 basis points in dollar terms.

SG&A drove +20 basis points of margin expansion, enabled by cost efficiency actions, despite significant reinvestment and commercial support behind our smoke-free business and U.S. capabilities, especially in H2.

We delivered over \$750 million in gross cost efficiencies for the year, with COGS productivities across smoke-free and combustibles, and continued back-office savings. This places us well on track for our '24-26 target of \$2 billion.

(SLIDE 13.)

Focusing on our smoke-free business, we grew our estimated user base by over five million people in 2024, to reach approximately 38.6 million legal-age users as of December 31st. This includes an estimated 32.2 million *IQOS* users, 5.7 million Oral users and 1.0 million *VEEV* users.

I'm pleased to report robust *IQOS* user growth of +3.4 million versus prior year and +1.5 million during H2. This growth is broad-based and consistent with recent years, despite limited new market openings and the EU characterizing flavor ban.

Oral added +1.5 million users year-on-year driven by *ZYN*'s continued strong traction with legal-age nicotine consumers in the U.S., despite supply constraints.

(SLIDE 14.)

Zooming in now on *IQOS*. Strong user momentum is reflected in adjusted IMS volumes with 2024 growth of over 15 billion units, in line with the prior year despite the impact of the EU flavor ban. This growth is also in line with the five-year average, and more than 1 billion units above when excluding contributions from markets launched in the current or preceding year.

Importantly, following the roll-out of *IQOS ILUMA* and with the increasing scale of the business, the profitability of *IQOS* is growing strongly. We illustrate this here with the indexed product contribution over time at constant exchange rates. As we've explained before, the upfront costs of a business-to-consumer operation results in declining infrastructure cost per user over time as the user count grows in a market. This is a dynamic we expect to continue in future.

(SLIDE 15.)

Turning to *IQOS* in Europe. As expected, HTU adjusted IMS growth accelerated strongly in H2 to almost +11%, following H1 progression of around 8%. This resulted in robust +9.4% growth overall for the year, despite the significant disruption of the characterizing flavor ban.

This double-digit adjusted IMS growth in H2 was driven by strong progress in a large number of markets, including growth of around 20% or more in markets such as Bulgaria, Greece, Germany, Romania and Spain, while growth was less dynamic in Poland, Czech Republic and Italy. Recovery in Italy is ongoing following the disruption of the flavor ban, although at a slightly slower pace than expected in Q4.

The continued momentum in the region drove Q4 adjusted share growth of +0.9 points year-on-year to 10.6%, with adjusted IMS volumes reaching 13.5 billion units on a four-quarter moving average. Q4 shipment volumes increased by +6% against a prior year comparison which included additional volumes related to the implementation of the flavor ban, notably in Italy.

The flavor ban is now active in all but 6 EU markets, with a generally consistent pattern of short-term disruption followed by a return to the pre-ban growth trajectory. Following an impact of around 2 billion units in 2024, we expect a 2025 impact of around 1 billion on both shipments and IMS including annualization effects, with the most prominent effect in the first quarter. We also continue to roll out the *ILUMA i* device and new consumable variants such as *DELIA* and *LEVIA* to more markets, providing an increasing choice of taste profiles and price points to adult smokers.

(SLIDE 16.)

Looking at our key city offtake shares in Europe, we reached a number of important milestones, with Budapest achieving over 40% share, Rome over 30%, and London approaching 10%, with Madrid not far behind.

(SLIDE 17.)

Japan delivered outstanding results yet again, with HTU adjusted IMS growth of close to +13% in both the quarter and the full-year to reach an adjusted Q4 share of 30.6%, +3.1 points higher year-on-year. This was supported by continuous share growth of *TEREA* and *SENTIA*, as well as the positive traction of the *IQOS ILUMA i* device as we reached over 9.5 million adult users.

(SLIDE 18.)

Offtake share in Tokyo for the overall heat-not-burn category reached 52.8% in December, with the addition of Shizuoka and Hamamatsu to make 10 cities and 5 prefectures exceeding the 50% share threshold. On a national offtake basis, 47% of the total industry is now smoke-free.

(SLIDE 19.)

Outside of Europe and Japan, adjusted IMS growth continued to grow strongly in Q4. Promising growth in a number of markets is illustrated by key city shares in Saudi Arabia, Indonesia and Mexico. Continuous innovation is a key driver of this growth, with *TEREA* clove variants and capsules in Indonesia driving an uplift in the quarter, and some good initial results from the trial of *BONDS*, our lower-tier offering.

IQOS continues to perform well in Cairo, though offtake share performance was impacted by the dynamics of the combustible market where competitor supply normalized, and a very strong prior year quarter following the launch of *IQOS ILUMA*.

Our Duty Free HTU offtake share increased nicely, as we start to harness the strength of our multicategory portfolio to drive sales of *IQOS*, *ZYN* and *VEEV* together.

(SLIDE 20.)

Turning now to the U.S., where our *IQOS 3* 'Be The First' campaign in Austin is progressing well and we expect to commence direct sales of devices and HTUs in Austin around the end of Q1. We are seeing high interest from consumers, with over 4,000 adult smokers on our waitlist. As we learn from these initial consumer

engagements, we are planning the rollout of pilots to other cities. As in Austin, our focus will be on selective adult consumer engagement and building awareness through category and brand education in legal-age smoker communities. We do not assume any significant volumes from U.S. *IQOS* before the at-scale launch of *IQOS ILUMA*, and we continue to hope for an FDA authorization in H2, 2025.

(SLIDE 21.)

Switching categories now to *ZYN*, where continued strong demand supported Q4 U.S. shipment volume growth of +42% year-on-year to 165 million cans. Despite ongoing production limitations, this reflects an acceleration to a near-record sequential increase of +16 million cans vs. Q3. On a full year basis, shipment volumes grew by +196 million cans versus 2023, highlighting both the magnitude of growth and the tremendous efforts made to maximize our production capacity.

ZYN's category share incrementally improved through the second half, reaching 65.9% in Q4, as our progress in increasing production further supported the growth of the category.

(SLIDE 22.)

Indeed, category growth slowed significantly during the summer peak of our supply constraints, as shown on this chart. As the situation started to gradually improve, *ZYN* was again leading and outpacing the category.

I am pleased to share that underlying demand for *ZYN* from adult consumers continued to grow in Q4, and was higher than previously assumed. We continue to experience some out-of-stocks at retail, and while production capacity continues to increase, we now target full normalization sometime in the second half of 2025.

We continue to target around 900 million cans of capacity for the full year from our Kentucky facility, and as supply continues to improve, we will look to further expand growth beyond our existing consumer base to other legal-age nicotine users. Our greenfield site in Colorado is due to come online in early 2026, and we believe we are well positioned to capture *ZYN*'s potential over the coming years.

Responsible regulation of the industry is fundamental to supporting sustainable future growth for this dynamic category. We are therefore encouraged by the recent FDA authorization for the marketing and sale of all *ZYN* nicotine pouches currently marketed in the U.S., following extensive scientific review by the Agency. As mentioned, this makes *ZYN* the first and only authorized nicotine pouch in the market. Among several considerations were the substantially lower amounts of harmful

constituents versus cigarettes and other smokeless tobacco products, as well as current low youth usage levels. The FDA's authorization marks an important step in the protection of public health by recognizing the role that ZYN can play in providing better alternatives to cigarettes and other traditional tobacco products for legal-age adults.

We remain committed to driving industry standards in under-21 prevention, with policies and initiatives designed to help prevent youth access. Further, combatting trade in illicit tobacco and nicotine products remains a core priority, and we dedicate a significant level of resources to support these efforts.

(SLIDE 23.)

ZYN also has an exciting future outside of the U.S. While still in its very early stages, international nicotine pouch shipments grew by 27 million cans, or +75%, and we already see strong volume momentum in key international markets such as Pakistan, South Africa, Mexico, the UK and Global Duty-Free. We launched nicotine pouches in 6 new markets during the quarter to reach a total of 37 worldwide, including Italy, Romania and Thailand.

(SLIDE 24.)

Within e-vapor, we continue to see strong consumer traction behind *VEEV ONE*. The brand holds a top 3 closed pod position in 13 European markets, and held the number one position in five, including Italy. *VEEV* plays an important role within our multicategory strategy, as an increasingly trusted choice for smoke-free category poly-users and a source of incremental growth with improving economics.

(SLIDE 25.)

Our primary focus for the combustible business is to maximize value over time while supporting the growth of the smoke-free business. Pricing and cost efficiencies are the key levers to drive performance, while maintaining our category leadership.

We delivered another robust volume quarter, with growth of +1.1%. All regions contributed to strong Q4 organic net revenue growth of +6.2%, with gross profit increasing by +10.8%.

Full-year pricing of +8.7% includes strong contributions from Germany, Egypt and Turkey. We expect organic 2025 combustible pricing to normalize to +5 to +6%, partly reflecting Egypt's move to hyperinflationary accounting in Q4, 2024.

Category share was flat in Q4, with positive contributions from Turkey and India offset by declines in Egypt and in Indonesia, with continued growth in the below tier-one segment. On a full year basis we grew category share +0.1 points, reaching all-time highs for both *Marlboro* and our global brands overall.

(SLIDE 26.)

This brings me to the outlook for 2025, where we expect another year of strong growth from all categories, driving top and bottom-line delivery.

We anticipate a fifth consecutive year of positive volumes, with growth of up to +2%, notably driven by another year of strong growth in smoke-free products at around +12 to +14%.

For *IQOS*, we expect a continuation of strong momentum, with the absolute growth in HTU adjusted IMS volumes expected to be at a similar level to 2024, translating into +10 to +12% growth. We expect shipment growth to be broadly in line with this double-digit trajectory, subject to the usual inherent volatility of shipment timing and trade inventory movements.

We expect ongoing strong growth dynamics within the U.S. nicotine pouch category. Despite the supply constraints I mentioned before, we forecast a U.S. ZYN volume shipment range of 780-820 million cans for the year, supported by capacity expansion. This represents another year of substantial acceleration in volumes, with an expected increase of approximately 200 to 240 million cans compared to the 196 million can increase in 2024.

This supports a total PMI forecast of +6% to +8% organic net revenue growth. This includes a headwind of over 100 basis points due to hyperinflationary accounting in Egypt and the technical impact of implementing a new commercial model in the Indonesia below tier-one segment. The change in Indonesia has no effect on OI.

Moving down the P&L, we expect ongoing smoke-free mix effects, operating leverage and cost efficiencies to drive double-digit adjusted OI growth of +10.5 to +12.5%. This includes strong gross profit growth, with both gross and adjusted operating margins forecast to expand in both organic and adjusted dollar terms, at prevailing exchange rates. We expect SG&A costs to increase broadly in line with net revenues on an organic basis, as we invest behind our smoke-free products.

We forecast currency-neutral adjusted diluted EPS growth of +10.5% to +12.5%. This factors in essentially stable net interest expense, and an increase in our effective

corporate tax rate to approximately 22.5 to 23.5% due to tax increases in line with OECD pillar two global minimum tax, and the mix of international earnings.

In dollar terms we forecast growth of +7% to +9% to a range of \$7.04 to \$7.17. This includes an unfavorable forecast currency impact of 22 cents at prevailing exchange rates, primarily driven by the broad strength of the dollar, mitigated by our hedging activities.

For the first quarter of 2025, we expect a strong start to the year with net revenue and OI growth broadly in line with our full year objectives, despite the leap year comparison. We forecast HTU adjusted IMS growth of around +10%, which factors in the larger annualization impact from the EU flavor ban in the quarter, with a progressive improvement through the year. We forecast shipment volumes of 35 to 36 billion for HTUs and 170 to 180 million cans for U.S. ZYN. We project Q1 adjusted diluted EPS of \$1.58 to \$1.63, including a negative currency variance of 4 cents at prevailing rates, and an effective corporate tax rate 2 to 3 points higher than the prior-year quarter.

(SLIDE 27.)

With our 2024 delivery and 2025 outlook, we are well positioned to meet or exceed all metrics of the 2024-26 CAGR targets presented at our 2023 investor day. This is especially true at the level of OI growth as well as for EPS delivery, where our algorithm assumed constant 2023 corporate tax rates.

This level of top and bottom-line growth reflects a best-in-class growth profile within the context of large-cap Consumer Packaged Goods. Importantly, we are also well on track to deliver high-single-digit adjusted diluted EPS growth in dollar terms across the 2024-2026 period, at prevailing exchange rates.

(SLIDE 28.)

Indeed, we measure our cashflows in dollars and after a record delivery in 2024 we expect to deliver operating cashflow of around \$11 billion for 2025. This is broadly in line with 2024, once accounting for two non-recurring payments with a total impact of around \$1 billion. While we continue to appeal the German tax surcharge case we have decided to make a \$0.8 billion payment this year, and we also anticipate a final transition tax payment related to the U.S. Tax Cuts and Jobs Act. We anticipate capital expenditures of around \$1.5 billion, with a large portion of this related to ZYN, as we prioritize reinvestment behind our smoke-free portfolio.

Our strong 2024 cash flow and EBITDA growth, combined with a favorable impact from our Euro balance sheet hedging, allowed us to reduce our net debt to adjusted EBITDA ratio by 0.5x to 2.66, ahead of our expectations and representing a dramatic acceleration of our deleveraging. We expect further progress in 2025, placing us on track for our target ratio of around 2.0x by the end of 2026.

I will now turn it back to Jacek for concluding remarks.

JACEK OLCZAK

(SLIDE 29.)

Thank you, Emmanuel.

In summary, 2024 was a remarkable year for PMI. Our financial results epitomize the strength of our strategy and the success of our transformation, with underlying momentum across categories bolstered by our proactive measures on pricing and cost efficiencies.

I remain confident in our position as the global smoke-free champion, as we continue to execute on our multicategory strategy with leading premium brands *IQOS*, *ZYN* and *VEEV*.

Our key strategic priorities for 2025 are clear, as we continue to support the expansion and development of our smoke-free business both in the U.S. and internationally. We expect continued strong momentum in 2025, and we remain confident in our ability to deliver or exceed our 2024-26 growth targets, as we progress towards our ambition of becoming substantially smoke-free by 2030.

Finally and importantly, our strong growth outlook and highly cash generative business enables us to continue reinvesting in our smoke-free transformation, while returning cash to shareholders. In September, we increased our annual dividend for the 17th consecutive year in line with our long-term commitment.

(SLIDE 30.)

Thank you. Emmanuel and I are now happy to answer your questions.

JAMES BUSHNELL

(SLIDE 31.)

Before closing our call, I would like to remind you that we will be presenting at the CAGNY conference on February 19th, and we hope you will be able join either in-person or virtually. Thank you again for joining us. If you have any follow-up questions, please contact the Investor Relations team.