

**Philip Morris International Inc.
2025 Fourth-Quarter Conference Call
February 6, 2026**

JAMES BUSHNELL

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a press release containing detailed information on our 2025 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, 2026, 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, Group CEO PMI, and Emmanuel Babeau, Group Chief Financial Officer.

Over to you, Jacek.

JACEK OLCZAK

(SLIDE 4.)

Thank you, James, and welcome everyone.

2025 was another outstanding year for PMI. The shift of adult smokers to better alternatives is a lasting, structural movement - one that we continue to lead and from which we are generating strong, sustained growth. Our leading global position in smoke-free products enabled us to deliver a fifth consecutive year of positive volumes, with rapid top-line progress and significant margin expansion.

We grew our SFP volumes by an excellent +12.8%, with the increasing profitability of the portfolio reflected in organic smoke-free gross profit growth of +18.7%. *IQOS* remains the core driver, with both shipments and adjusted IMS growing around +11%. This includes an impressive acceleration in the fourth quarter, with a return to strong double-digit growth in Italy and a very promising start in Taiwan just two examples of broad growth across geographies.

This performance also reflects the success of our multicategory strategy, with both *ZYN* ex-Nordics and *VEEV* more than doubling shipment volumes in international markets. Our strong brand offering, which includes high-quality science-backed products in all 3 SFP categories, allows us to better serve consumers and enhance our financial performance.

While the nicotine pouch category remains nascent in most geographies, *ZYN* gained significant international share as we expanded the product portfolio and market reach. In the more established e-vapor category, *VEEV* is the fastest growing brand of any major player in international closed pods and holds the number one position in 8 markets, with a substantial increase in gross profit.

Although our performance continues to be fueled by the international business, which generated the vast majority of total PMI organic net revenue growth, led by SFPs, we have a substantial opportunity in the U.S. where *ZYN* grew shipments by +37% despite supply constraints in H1, a significant price premium and competitive portfolio gaps. Our *Aspeya* wellness business also grew organic net revenues strongly.

Combustibles delivered robust top and bottom-line performance, notwithstanding a more normalized industry volume decline and supply chain issues in Turkey. We accomplished this through strong pricing, portfolio resilience, and disciplined execution, with *Marlboro* reaching a historic high share. Managing this business

responsibly enables us to invest boldly in better alternatives and sustain our smoke-free momentum.

Together, these factors enabled us to deliver +15% adjusted diluted EPS growth in dollar terms, the strongest growth since 2011 excluding the pandemic-recovery year of 2021. This reflects currency-neutral growth of +14%, well above our expectations at the start of the year, and the second year of mid-teens progress.

Indeed, we have successfully achieved our 3-year CAGR targets for organic OI and currency-neutral EPS in 2 years. With another strong performance expected in 2026, despite some transitory headwinds, we are today renewing these growth targets for the next 3 years, further validating our best-in-class growth profile within Consumer Packaged Goods.

Importantly, this is accompanied by strong and increasing cash generation, and we target a leverage ratio of close to 2.0x by the end of 2026, at prevailing exchange rates. With our dividend payout now close to our objective of around 75% of adjusted diluted EPS, this provides capacity for strong returns to shareholders.

(SLIDE 5.)

Before I turn it over to Emmanuel, I would like to highlight the achievement of several important milestones as we entered the second decade of our smoke-free journey.

Our total net revenues reached over \$40 billion in 2025, with 41.5%, or close to \$17 billion, generated by our smoke-free business. Even more impressive is the smoke-free gross profit contribution, which has essentially doubled in five years to 43% of total PMI. Our adjusted operating margin also returned to above 40% this year, as our transformation expands profitability.

Our business is increasingly smoke-free, with 27 markets exceeding the 50% net revenue milestone including South Korea, Poland, Italy, Romania, and of course the U.S, which is also one of 8 markets exceeding 75%. In Q4 2025, the Europe Region also surpassed 50%, making 3 of our 4 regional segments majority smoke-free. We continued to scale our global smoke-free presence, reaching 106 markets - 52 of which have already deployed a multicategory strategy, a critical accelerator of consumer adoption and long-term growth.

As adult nicotine consumers search for better alternatives to smoking, we continue to lead the broader industry's transformation. A prime example is Japan where the heat-not-burn category crossed the 50% total industry threshold in December, driven by the undiminished strength of IQOS. Across our 106 smoke-free markets, our double-digit

adjusted IMS volume growth continues to outpace the industry, demonstrating the collective strength of our leading brands.

While we are proud of what we have accomplished so far, our focus remains sharply on the future, with an exciting pipeline of initiatives and innovations over the next 3 years. This is supported by increasing digitalization and our new organizational model.

With that, I will hand over to Emmanuel to discuss our results and outlook in more detail.

EMMANUEL BABEAU

(SLIDE 6.)

Thank you, Jacek. I will begin with the headline financials for the year, which were indeed impressive. Organic top-line and OI growth were in line with our forecast ranges set at the start of 2025, and currency-neutral adjusted diluted EPS growth exceeded those expectations by 1.7 points.

Positive shipment volumes, strong smoke-free category mix and pricing drove organic top-line growth of +6.5%, or +7.9% excluding the technical Indonesia impact, positioning us at the high-end of our +6% to 8% mid-term CAGR target.

We delivered another year of double-digit organic operating income growth at +10.6%, above our mid-term target range and reflecting +140 basis points of organic margin expansion. In dollar terms, adjusted OI grew by +11.8% to \$16.4 billion.

Excellent currency-neutral adjusted diluted EPS growth of +14.2% was ahead of our expectations. This was driven by strong underlying business performance, notably in international multicategory and in combustibles, coupled with a more favorable effective tax rate and lower net financing costs. In dollar terms, adjusted diluted EPS of \$7.54 was at the high-end of our last guidance range, despite a lower-than-expected currency tailwind of 4 cents due to non-recurring transactional losses in Q4, largely related to the Russian Ruble and Swiss Franc.

Robust cash generation enabled us to deliver operating cashflow of \$12.2 billion, matching the record delivery of 2024.

(SLIDE 7.)

Now, looking at Q4 specifically. While growth rates were below the overall year, partly due to the shipment and phasing factors outlined last quarter, underlying performance was ahead of our expectations. This enabled us to deliver almost +10% in adjusted diluted EPS growth to \$1.70, or +9% excluding a 1 cent currency tailwind.

(SLIDE 8.)

I will now cover our 2025 performance in more detail, starting with volumes. As Jacek mentioned, we delivered our fifth consecutive year of positive volumes with total shipment growth of +1.4%. This was driven by the continued dynamism of our smoke-free business, which generated more than 100 billion incremental units over the past five years, combined with a very resilient cigarette performance. In 2025, smoke-free shipments grew +12.8%, or +20 billion units, to 179 billion, more than offsetting the 1.5% decline in cigarette shipments.

All smoke-free categories grew strongly, with *IQOS* HTU shipment growth of +11.0% to 155 billion units, *VEEV* +102% to 3.3 billion equivalent units and Oral SFPs +18.5% to 20.7 billion units. Notably, this includes +37% growth from U.S. *ZYN* to 11.9 billion pouches, making up close to 7% of total SFP volumes.

As expected, adjusted IMS growth for *IQOS* HTUs accelerated in Q4 to +12%, while shipment volumes were impacted by the dynamics flagged last quarter and grew by +7.5%. Notwithstanding this impact, total Q4 SFP volumes increased by a healthy +8.5%.

The full-year cigarette volume decline of 1.5% was slightly better than our expectation of around 2%, with our category share performance in the second half proving resilient in several markets including Egypt and India. The total international cigarette industry excluding China declined by an estimated 1.1%, with continued divergence between markets where smoke-free products are available which declined by around 3%, and markets where smoke-free products are not permitted or still at low levels of penetration, which were broadly flat.

(SLIDE 9.)

The composition of our 2025 top-line performance was extremely consistent with the 5-year average of each key component, demonstrating the sustainability of these dynamic drivers.

Continued volume growth is the first pillar of our growth model. The second is pricing, which contributed +4.1 points. The 2025 impact reflects +7.6% pricing from combustibles and low single-digit pricing on *IQOS*, partly offset by the H2 normalization of U.S. *ZYN* promotional activities.

The third pillar of growth is smoke-free mix, which contributed +3.5 points in 2025. Combustible geographic mix & other factors had an unfavorable impact of 1.1 points, whereas currency and scope effects added +0.8 points.

(SLIDE 10.)

Breaking down our full-year performance by category, both smoke-free and combustibles contributed to our strong net revenue and gross profit delivery, with gross margins expanding organically by +220 basis points to over 67%.

Smoke-free net revenues grew organically by +14.1%, while gross profit advanced by +18.7%. As a result, adjusted gross margins increased by +270 basis points to reach +69.5%, further widening the gap to combustibles to 4 points for the year. *IQOS* was again the primary driver of this performance, combining global top-line momentum with increasing scale and cost efficiencies. *VEEV*'s improving profitability also contributed positively, and while the normalization of U.S. *ZYN* commercial activities in H2 had a dilutive year-over-year impact, its gross margins remain best-in-class, above the average of our *IQOS* business, including in Q4. As mentioned last quarter, we expect this to be an enduring positive mix driver.

Combustibles performed well in 2025, with low-single digit top-line growth and low to mid-single digit gross profit growth a proxy of what we expect this business to deliver over time. Strong pricing more than offset volume declines and unfavorable mix, with disciplined cost management supporting gross margin expansion of +160 basis points to reach +65.5%.

(SLIDE 11.)

Moving to operating margins, we delivered full-year organic expansion of +140 basis points, and +160 basis points in dollar terms, to reach an adjusted OI margin of 40.4%.

We achieved this in a year of strong investments in commercial, marketing and brand-building behind our smoke-free portfolio, including international multicategory deployment and U.S. *ZYN*. We also continue to invest in expanding our U.S. capabilities to capture the substantial growth opportunity ahead.

This performance was supported by a relentless focus on both COGS and back-office efficiencies, enabling meaningful margin expansion even as we continue to invest for growth. We have delivered around \$1.5 billion in gross cost savings since 2024, placing us firmly on track to achieve our \$2 billion objective for the 2024-26 period.

(SLIDE 12.)

Focusing now on our smoke-free business, where all categories have an important role to play. Our global presence continues to grow, with PMI smoke-free products now available in 106 markets. This includes the recent launches of ZYN in Argentina and IQOS in Taiwan. We increased the number of markets with all 3 categories to 26, compared with 9 markets 2 years ago.

We continue to outpace the smoke-free market. Measured in the categories where we are present across these 106 markets, we delivered over +12% estimated IMS volume growth for the year, compared to over 9% for the industry. We estimate our volume share of SFPs on this basis is around 60%, and our 2025 share of category growth is over 70%. With our portfolio of leading premium brands, our share of smoke-free in value terms is notably higher than 60%.

As we expanded our portfolio and geographic reach, the number of legal-age consumers of our smoke-free products reached an estimated 43.5 million as of December 31st, an increase of around 10 million users in two years, with broad-based growth across categories.

(SLIDE 13.)

IQOS adjusted IMS growth accelerated to an outstanding +12% in the fourth quarter, reflecting strong momentum across the globe, and a presence now in 79 markets. All regions contributed, as illustrated by exceptional performances in key cities such as Mexico City, Manila, Riyadh, Rome, London, Madrid and Munich. You can find further key city and European share data in the appendix to these slides.

This enabled us to achieve full-year growth of +10.5%, within our target range. Annual adjusted IMS again increased by around 15 billion units, despite the continued headwind of the EU characterizing flavor ban and a step-up in competitive intensity. Our global share of the heat-not-burn category remains impressively resilient at approximately 76%. This is supported by brand engagement initiatives and continuous innovation across devices and consumables, including the continued introduction of *ILUMA i* to reach a total of 55 markets.

Importantly, *IQOS* profitability continues to increase significantly, driven by pricing, scale, and productivity improvements on consumables and device costs. This is illustrated by a substantial increase in product contribution over time.

(SLIDE 14.)

Turning to nicotine pouches, *ZYN* is the global number one brand with a 2025 PMI category share of around 40% in pouch terms. The U.S. represents approximately two-thirds of the category today, while international markets – though still relatively small – are growing rapidly. We made excellent progress this year, expanding *ZYN*'s presence by +19 markets to 56 and delivering +36% shipment growth to 13.6 billion pouches, or 880 million cans, achieving our 2026 target one year early. U.S. shipments grew +37%, while international volumes grew +31%, or +112% excluding the more mature Nordics markets, where Q4 performance was impacted by a demanding shipment comparison.

We are focused on the future growth of the category, broadening our portfolio to address the needs of legal-age smokers looking to switch. This includes new strength and flavor variants including *ZYN X-Low* 1.5mg, which was successfully rolled out to around two-thirds of *ZYN* markets, driving a significant improvement in first-experience acceptance among adult nicotine consumers.

While we are in the early stages of developing the category, which makes up only a low-single digit share of total nicotine in most markets, it's very encouraging to see *ZYN*'s share of international pouches excluding the Nordics rise by around +60% in 2025 to reach 16%, following the launches and relaunches of the past 1 to 2 years.

(SLIDE 15.)

In e-vapor, *VEEV* is the fastest growing international vape brand of any major player within closed pods. The pod segment is growing rapidly as disposables decline, and *VEEV* is gaining significant volume share in a fragmented landscape, sourcing primarily from legal-age consumers of other vaping products and adult smokers. As covered earlier, shipments doubled for the year with a meaningful improvement in profitability. *VEEV* is now present in 47 markets and grew notably well in Italy, Romania, Greece, the UK, Germany and Indonesia.

(SLIDE 16.)

Reviewing SFPs now by geography - starting with Europe, where, as Jacek mentioned, SFPs now represent more than 50% of regional net revenues. Total *IQOS*, *ZYN* and *VEEV* volumes grew by an impressive +13% for the year, with significant

further growth potential given the overall penetration of SFPs remains low compared to Japan or the U.S.

IQOS delivered another strong quarter, with an acceleration in adjusted IMS growth to +10.3%. This was led by an exceptional performance in Italy, where we successfully navigated the impact of the flavor ban, supported by recent innovation. With an acceleration through the quarters of 2025 to deliver double-digit IMS growth for the year, quarterly market share passed 20% for the first time. Other notable call-outs with strong double-digit growth include Bulgaria, Germany, Greece, Spain and Romania.

ZYN pouch shipment volumes grew +9% for the year, and while the Nordics make up close to 60% of regional volumes, shipments more than doubled elsewhere, with good progress in the UK, Poland, Italy and Austria.

As noted earlier, excellent *VEEV* momentum continued with shipment growth of +110%.

(SLIDE 17.)

In Japan, we reached an impressive milestone in December, as the heat-not-burn category surpassed 50% of total industry offtake volumes, driven by the continued strength of *IQOS*. The path to 50% has not been linear and following two years of very strong expansion in 2023 and 2024, category growth moderated in 2025. The adjusted IMS growth of *IQOS* HTUs has reflected this trend, with a healthy +7.0% in 2025 representing very robust absolute growth.

In Q4, the Japanese nicotine industry and heat-not-burn category grew slightly below the full-year trend, with some impact from inflationary pressures on consumer purchasing power. Nonetheless, *IQOS* HTU adjusted IMS grew +5.8%, while Q4 adjusted share grew +2.0 points year-on-year to 32.6%.

While competitive intensity increased markedly this year, *IQOS* category share was broadly stable with most movement occurring among other players. We are encouraged by early signs that the increase in category activity is generating higher interest amongst more traditional adult smokers, a positive indicator for category growth.

Looking forward, the upcoming excise tax increases on heat-not-burn in April and October make 2026 an atypical year. As discussed at the Morgan Stanley conference in December, the level of pass-on makes this a headwind for the category, representing about JPY 50 to 100 per pack, which translates to 10% to 20% of current retail prices, with the greatest impact for products at lower price points. As announced

recently, we have submitted an application to increase our prices in April. We anticipate these price increases will impact category growth and volumes for 2026, despite the fact that heat-not-burn consumers have demonstrated higher price resilience than cigarette smokers in the past. Shipment volatility in 2026 is also possible, driven by IMS trends around the April and October excise increases.

Importantly, we do not expect the underlying category growth trend to change, and we target substantial further growth from *IQOS* in Japan in the years to come. We are also pleased to report *ZYN*'s successful pilot launch in Tokyo.

(SLIDE 18.)

Outside of the U.S., Japan and Europe, all 3 of our smoke-free categories are delivering strong, broad-based growth, with full-year shipments up +17%.

This includes *IQOS*'s strong start in Taiwan during Q4, where we exited the year with around 4% offtake share, and rapid progress in markets such as South Korea, Malaysia and the Philippines. *ZYN* momentum was notably strong in Pakistan and Mexico. In e-vapor, *VEEV* achieved excellent results, particularly in Asia.

Our Global Travel Retail business further supports all 3 brands, and continued to deliver impressive multicategory performance, serving as a powerful platform to showcase our portfolio.

(SLIDE 19.)

Turning now to the U.S., which made up around 7% of our global net revenues and around 8% of our adjusted operating income in 2025. Nicotine pouches remain the fastest growing U.S. segment, representing a high single-digit percentage of total nicotine industry volumes. Despite supply constraints, commercial normalization and portfolio gaps, *ZYN* continued to lead the category in 2025 with its premium offer, capturing around 50% of category growth, 61.5% can volume share and a value share of over 67%.

ZYN offtake volumes also grew strongly by +25% for the year, as estimated by Nielsen. Shipments grew by +37%, or 213 million cans, to 794 million. The gap between shipments and offtake reflects a net channel inventory rebuild, and we estimate the underlying 2025 shipment base, corresponding to consumer offtake, was around 740 to 750 million cans.

This was notably concentrated in the first quarter of 2025, and we estimate the underlying shipment base by quarter for 2025 was around 160 million cans in Q1, 180

million in Q2, 205 million in Q3 and 200 million in Q4. Indeed, Q4 saw a lower-than-expected destocking of about 5 million cans, as we deployed promotions, limited time-offers and announced a January list price increase of 10 cents per can in December.

Looking ahead to 2026, we expect ZYN shipment volumes to broadly reflect offtake growth from this underlying base, before any further channel inventory movements. We estimate there remain around 25 million cans of surplus inventory in the downstream supply chain, which we assume will normalize in due course, most likely in the first quarter.

(SLIDE 20.)

The level of offtake growth for ZYN in 2026 will be influenced by three key factors, in which we are investing. The most critical over the mid-to-long term is ZYN's brand equity, as we strengthen marketing in a responsible manner, enhance point-of-sale visibility and deepen the connection with our legal-age consumers.

Accessing all segments of the U.S. nicotine pouch category will require us to navigate a dynamic and uncertain regulatory environment. We have developed and are preparing to launch innovations to address a broad spectrum of consumer preferences. We have a number of pending ZYN submissions before the FDA, including ZYN *ULTRA*, which is included in FDA's pilot program. ZYN *ULTRA* offers higher strengths and an expanded range of adult-oriented flavors. We are taking steps to prepare for the launch of ZYN *ULTRA* as soon as possible, pending FDA action. We also believe IQOS *ILUMA*'s strong application and demonstrated track record converting smokers to a better alternative warrants expeditious FDA action.

We also continue to optimize ZYN's premium price position. Despite elevated promotional intensity across the category, ZYN remains the leading premium brand by a clear margin, fully aligned with our strategy for sustainable, long-term growth. We have a comprehensive commercial program planned for 2026, and as a reminder, commercial activities including promotions were unusually low in the first half of 2025. As I mentioned before, we continue to expect ZYN to deliver best-in-class gross margins within PMI, above the average of IQOS. We are very excited about the significant growth potential of the brand over the coming years, which fully justifies the above-mentioned investments.

(SLIDE 21.)

One example of our enhanced brand building efforts is the recently announced global partnership between ZYN and *Scuderia Ferrari HP*, which reignites our long-standing heritage in Formula 1, with smoke-free products now at the forefront. Formula 1's

overwhelmingly adult audience provides a high-impact platform to engage consumers responsibly and reinforce ZYN's premium equity.

(SLIDE 22.)

Finally moving to combustibles, which delivered another robust year of pricing of +7.6%, including +6.8% in Q4, and very good gross profit growth. Our full-year cigarette share declined by 0.2 points to 25.3%, mainly due to Turkey, and was otherwise stable including record highs for *Marlboro* both for the full year and in Q4, where its share reached 11.0% of the international category excluding China.

For 2026, we forecast a combustible pricing variance of around +6%, reflecting continued dynamic performance.

With that, I will now hand it back to Jacek.

JACEK OLCZAK

(SLIDE 23.)

Thank you, Emmanuel. This brings me to our outlook for 2026, where we expect another year of strong and profitable growth despite several transitory headwinds.

Starting with volumes, we expect continued strong underlying momentum in our smoke-free business for all 3 categories. Both shipments and adjusted IMS volumes are projected to grow in the high-single digits after factoring in the headwinds from Japan excise taxes and U.S. ZYN inventory comparisons described earlier. For combustibles, we forecast a cigarette decline of around 3%, with weaker industry volumes in India and Mexico following recent excise tax increases and our ongoing recovery in Turkey likely to impact comparisons in the first half. Altogether this results in a broadly stable outlook for total shipment growth, subject to the usual variability in shipment timing and trade inventory movements, as compared to a forecast total industry decline of around 2% for cigarettes and HTUs.

We expect another strong year overall for pricing led by combustibles, notwithstanding the impact of U.S. H1 comparisons, and for continued positive smoke-free mix. Taking all these elements into account, we forecast 2026 organic net revenue growth of +5% to +7%.

We expect the same factors, in addition to operating leverage and ongoing cost efficiencies, to drive further robust margin expansion, with projected organic operating

income growth of +7% to +9%. This includes continued strong investment behind our smoke-free portfolio.

We are forecasting currency-neutral adjusted diluted EPS growth of +7.5% to +9.5%, factoring in broadly stable net finance costs, and an effective corporate tax rate approximately in line with 2025 at around 21.5%. Including an estimated 27 cent currency benefit at prevailing exchange rates, this translates to +11.1% to +13.1% growth to a range of \$8.38 to \$8.53, which would mark another year of double-digit EPS growth in dollar terms.

We expect a significant acceleration in operating cashflow growth to around \$13.5 billion, at prevailing exchange rates and subject to year-end working capital requirements. This strong cash generation is expected to support further meaningful deleveraging in 2026, which I will come back to shortly.

On a quarterly basis, we expect Q1 to be the softest quarter of the year, reflecting demanding year-on-year comparisons and investment phasing. We expect Q1 combustible volumes to decline by up to 5% as we lap a prior year quarter of volume growth whilst having the highest expected impact of the dynamics in Turkey, India and Mexico I mentioned for the full-year.

SFP shipments will also be impacted by the U.S. ZYN shipment dynamics explained by Emmanuel, and a strong HTU comparator. With low levels of commercial activity on ZYN in the prior year impacting the net revenue per can comparison, and a higher quarter of investment globally behind our SFPs due to phasing, we anticipate broadly flat year-on-year Q1 organic net revenue and operating income. We forecast high-single digit adjusted diluted EPS growth to \$1.80 to \$1.85, including a 14 cent currency tailwind at prevailing rates, supported by a favorable comparison to transactional currency impacts in the prior year.

(SLIDE 24.)

As I mentioned earlier, we have delivered our three-year CAGR targets on operating income and EPS in just two years. Combining our 2026 forecast with the strong results of 2024 and 2025, we expect to meet or exceed all of our 2024-26 CAGR targets presented at our 2023 investor day.

This is especially the case for operating income and EPS growth, despite our algorithm assuming a more favorable corporate tax rate. In addition, our expected adjusted EPS CAGR in dollar terms represents a strong double-digit delivery.

(SLIDE 25.)

This brings me to the 2026-28 outlook, where we are renewing our medium-term growth targets for the next three years. We continue to target positive total shipment volumes, with the growth of smoke-free products more than offsetting cigarette volume declines.

While our 2026 forecast ranges are marginally lower due to the specific factors we explained, for the 3-year period to 2028 we continue to target compound annual growth rates of +6% to +8% in organic net revenues, +8% to +10% in organic operating income as margins expand, and +9% to +11% in adjusted diluted EPS at constant currency.

These renewed targets reflect our confidence in sustaining this strong pace of top and bottom-line growth over time. They also reaffirm our best-in-class growth profile within the large-cap Consumer Packaged Goods sector.

We target SFP shipment and adjusted IMS volume growth of high single-digit to low-teens. Our multicategory strategy in international markets will continue to be the dominant driver of SFP growth, further amplified by the substantial opportunity in the U.S. As we progress through the period, we expect this to be bolstered by new market openings and an active innovation pipeline. The U.S. launch of *IQOS ILUMA* is included in these targets, including initial commercial investments, with the precise cadence subject to the timing of launch.

Meanwhile, the resilience of our combustible portfolio provides a critical backbone, providing the infrastructure, financial firepower and consumer connection to accelerate smoke-free growth.

We look forward to sharing more with you on this at the CAGNY conference on February 18th.

(SLIDE 26.)

We remain a highly cash-generative business, underpinned by the strength of our brands, and reinforced by disciplined management of costs and cash. This gives us the financial capacity to invest strongly behind our smoke-free business, maintain superior shareholder returns, and optimize our balance sheet.

Over the next 3 years we target aggregate operating cashflow of around \$45 billion at prevailing exchange rates. We anticipate capital expenditures of approximately \$1.3

to \$1.5 billion per annum on average, with the potential for lower amounts beyond 2026, and the lion's share of investment again focused on smoke-free.

Alongside superior business results, we are committed to delivering superior shareholder value. Having essentially reached our target dividend payout ratio of around 75% of adjusted diluted EPS, we have the capacity to pursue dividend growth closer to the level of earnings growth - as demonstrated by the +8.9% increase announced in September last year.

Strong cashflow and EBITDA growth enables deleveraging. We closed 2025 with an adjusted leverage ratio of 2.5x, reflecting solid progress despite the unfavorable impact of year-end currency movements on our net debt. We expect further improvement in 2026, targeting close to 2.0x by year-end at prevailing exchange rates, providing increased flexibility for capital allocation.

(SLIDE 27.)

In summary, our full-year performance underscores the strength and momentum of our global smoke-free business, supported by investment in our premium brands and the continued resilience of combustibles.

Despite a complex operating environment – shaped by economic uncertainty, geopolitical tensions, and evolving regulations, we continued to make significant progress towards our vision of a smoke-free future.

As we deliver consistent, best-in-class growth, we are reinvesting in our leading brands, innovation and the critical capabilities which support long-term performance.

This allows us to generate significant value for our shareholders, including the largest dividend increase in over a decade. We look forward with confidence to 2026 and beyond.

(SLIDE 28.)

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

JAMES BUSHNELL

(SLIDE 29.)

Thank you again for joining us. If you have any follow-up questions, please contact the Investor Relations team.