Philip Morris International Inc.
2022 Second-Quarter Conference Call
July 21, 2022

JAMES BUSHNELL

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a press release containing detailed information on our 2022 second-quarter results. You may access the release on www.pmi.com.

(SLIDE 2.)

A glossary of terms, including the definition for reduced-risk products, or "RRPs," as well as adjustments, other calculations and reconciliations to the most directly comparable U.S. GAAP measures, and additional heated tobacco unit market data are at the end of today's webcast slides, which are posted on our website. Unless otherwise stated, all references to *IQOS* are to our *IQOS* heat-not-burn products, and all references to smoke-free products are to our RRPs.

Growth rates presented on an organic basis reflect currency-neutral adjusted results excluding acquisitions and disposals.

Consistent with last quarter, figures and comparisons presented on a pro forma basis entirely exclude PMI's operations in Russia and Ukraine.

As mentioned previously, starting in the second quarter of 2022, and on a comparative basis, PMI will exclude amortization and impairment of acquired intangibles from its adjusted results.

(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.

It's now my pleasure to introduce Emmanuel Babeau, Chief Financial Officer. Over to you, Emmanuel.

EMMANUEL BABEAU

(SLIDE 4.)

Thank you James and welcome everyone. Before I begin, I want to reiterate our focus on supporting our employees and their families affected by the war in Ukraine, and above all on the safety of our people. We continue to deploy pledged humanitarian support and additional benefits for our Ukrainian employees.

As previously announced, we intend to exit the Russian market in an orderly manner, as the complexities of continuing to operate in Russia increase, such as supply chain challenges and financial and banking sector restrictions. We continue to actively work on options for doing so, in the context of an increasingly complex and rapidly changing regulatory and operating environment, including the requirement to obtain certain governmental approvals for any transaction.

Turning to our business, we demonstrated strong underlying momentum in the second quarter of 2022 with another quarter of positive volumes supporting better-than-expected top and bottom-line growth.

Most impressive was the continued excellent *IQOS* performance and strong Q2 pro forma user growth of more than 1.1 million, demonstrating further sequential acceleration compared to Q1 as device limitations and COVID restrictions continue to ease. This reflects strong momentum in the EU Region, Japan and developing markets. Q2 RRP pro forma net revenues grew by 11% despite the adverse shipment timing impacts due to supply chain constraints highlighted last quarter, while HTU IMS volumes grew by 20%.

IQOS ILUMA delivered further impressive results in its first three markets of Japan, Switzerland, and Spain. The acceleration in category growth in these diverse geographies highlights the exciting future growth opportunity across the world, including in the latest launch market of Greece.

In combustibles, robust Q2 pro forma volume growth of 2.4% and organic net revenue growth of 4.2% were driven by *Marlboro* share gains, stronger pricing and the continued recovery of the market. Maintaining leadership of the cigarette category allows us to maximize the switching of adult smokers to smoke-free alternatives and accelerate our transformation into a predominantly smoke-free business by 2025.

We expect the strong underlying momentum of our business in H1 to continue, and we are raising our pro forma organic growth outlook for the year. We are now well on track to deliver two consecutive years of volume growth, confirming our status as a growth company in terms of volumes, organic net revenues and margins. Despite a substantial currency headwind in 2022, we expect to deliver full year adjusted diluted EPS of around $6.00, including Russia and Ukraine.

The proposed addition of Swedish Match would further boost our future financial profile. This is a value-creating offer for both sets of shareholders with a compelling strategic and cultural fit, providing an additional opportunity to accelerate our smoke-free future.

(SLIDE 5.)

Turning to the headline numbers, our Q2 volumes grew by 3.0% on a pro forma basis, and by 1.1% in total, including Russia and Ukraine. Pro forma net revenues grew organically by 6.2% and by 5.3% for total PMI, reflecting both the continued strong growth of *IQOS* and the ongoing recovery of the combustible business in many markets against a pandemic-affected comparison. As we anticipated and indicated previously, less unfavorable timing of cigarette shipments also played a role, notably due to replenishment of Duty Free inventories.

Our total organic net revenue per unit grew by 3.0% on a pro forma basis and by 4.1% in total, despite the expected delay of HTU shipments to Japan as we manage through global supply chain disruption. This incorporates combustible pricing of 3.5% on a pro forma basis, or almost 5% excluding Indonesia.

Our Q2 adjusted operating income margin declined organically by 190 basis points on a pro forma basis and by 150 basis points in total. As expected and communicated in our Q1 quarterly results, this reflects four main factors. First, investment to further expand and match the speed of growth in our smoke-free portfolio. This includes the initial higher cost of *ILUMA* devices and HTUs, and the transitory dilutive margin impact of higher device sales as we roll out *ILUMA,* and replenish distribution channels as device constraints ease to support re-accelerating *IQOS* user growth. Second, the impact of supply chain disruption notably due to the war in Ukraine, including around $80 million in additional air freight expenses. Third, inflation of around 4% in our cost of goods driven by the global pandemic recovery and exacerbated by the war, notably for certain direct materials, wages, energy and transportation costs. And last, a challenging prior year margin comparison which included substantial COGS productivity savings.

Despite these atypical margin challenges, our robust top-line growth and ongoing cost efficiencies enabled us to deliver 5.6% growth in pro forma currency-neutral adjusted diluted EPS ahead of expectation to $1.32, and 3.8% growth for total PMI to $1.48 including Russia and Ukraine.

(SLIDE 6.)

Looking at the first-half of the year, our volumes grew by 4.0% on a pro forma basis and by 2.2% for total PMI. Pro forma organic net revenues grew by 8.1% and by 7.1% in total, also driven by strong *IQOS* performance and the recovery of the cigarette category.

We delivered organic net revenue per unit growth of 4.0% on a pro forma basis and 4.7% in total, again reflecting the positive impacts of growing HTU volumes and pricing.

Our H1 adjusted operating income margin contracted organically by 110 basis points on a pro forma basis and 90 basis points in total, driven by the factors mentioned previously. We expect better margin performance in H2, a topic I will revisit shortly.

Currency-neutral adjusted diluted EPS grew by 10.4% to $2.79 on a pro forma basis and 9.2% in total to $3.06; an excellent performance given the circumstances.

(SLIDE 7.)

Reflecting this strong momentum, we are raising our guidance for 2022. With strong *IQOS* growth and robust trends in combustibles, we foresee an acceleration in our currency-neutral growth expectations relative to our previous forecasts.

First, we now expect to grow our total pro forma shipment volumes by 1.5% to 2.5% for 2022, achieving another year of volume growth. For pro forma net revenues, we expect to deliver between 6% and 8% organic growth, as compared to the 4.5% to 6.5% announced previously, despite a greater than anticipated drag from hyperinflationary accounting in Turkey.

With a strong recovery in device volumes, the increasing contribution of *ILUMA* with initially higher unit costs, and ongoing global inflation, we are narrowing our forecast for pro forma adjusted organic OI margin expansion to between 0 and 50 basis points.

We are also raising our growth outlook for pro forma currency-neutral adjusted diluted EPS to between 10% and 12%. This reflects a range of $5.23 to $5.34, including an estimated unfavorable currency impact of 86 cents at prevailing rates, notably due to the Euro and Japanese Yen. We include a slide in the appendix with further detail on this estimated impact. For total PMI, which assumes a full year contribution from Russia and Ukraine, we expect adjusted diluted EPS of $5.90 to $6.05 reflecting similar dynamics to the pro forma basis and including an estimated 69 cents unfavorable currency impact.

Please note our 2022 forecast assumes no contribution from the proposed combination with Swedish Match, which is expected to close in the fourth quarter of this year subject to Swedish Match shareholder acceptance and the necessary regulatory approvals.

The outlook for *IQOS* growth is excellent and we now expect to deliver full-year pro forma HTU shipment volumes of 90 to 92 billion units, representing the upper half of our previous forecast range. With growth momentum very strong, the main constraint for not further raising our HTU volume target is our production capacity, notably for *ILUMA* HTUs due to their outstanding initial success and the cancellation of production in Russia, as we convert existing production lines for induction consumables. We continue to expect excellent HTU growth in the coming quarters with a progressive improvement in *ILUMA*

HTU capacity through the first half of 2023. We are prioritizing *ILUMA* launch markets accordingly with further launches planned in Q4 as communicated previously.

(SLIDE 8.)

A notable further update to our outlook is an increase in our operating cash flow forecast to around $10.5 billion, as compared to around $10 billion previously, despite notable currency headwinds. This includes our accelerated pro forma earnings growth forecast and an assumed full year contribution from Russia and Ukraine.

We delivered robust operating cash flow growth in H1 of 14%, and as shown through the challenges of recent years, the cash generation capacity of our business remains exceptional. While flattered somewhat in 2021 by favorable timing and one-off impacts, our revised full year forecast demonstrates underlying growth against this exceptional year after also accounting for higher inflation-driven working capital requirements and currency. This underlines our ability to maintain a strong balance sheet, pay down debt and invest in the growth of our business.

Our net debt of $23 billion at June 30, 2022 decreased compared to both June and December 2021 despite H1 capital expenditures of $0.5 billion and ongoing dividend payments. Our commitment to our progressive dividend policy is unwavering and we look forward to the additional cash flows the proposed combination with Swedish Match would bring.

We also continue to expect around $1 billion in full year capital expenditures.

(SLIDE 9.)

Moving to the pro forma outlook for the second half, we expect to deliver strong top-line growth, organic adjusted OI margin expansion and a further acceleration in bottom-line growth.

For Q3, we expect mid-single digit organic top-line growth driven by *IQOS*, with around 22 billion in pro forma HTU shipment volumes. While there is a tougher comparison for cigarettes, and a modest negative impact expected from shipment timing, we expect combustible volume trends to remain resilient by historical standards. Net revenue growth will also continue to be impacted in both Q3 and Q4 by the shift to hyperinflationary accounting in Turkey.

While the temporary cost headwinds seen in Q2 are expected to ease somewhat in the third quarter, we expect this to be broadly offset by a step-up in smoke-free commercial and R&D investments as compared to a device-constrained Q3, 2021. This results in an expected Q3 pro forma adjusted diluted EPS range of $1.23 to $1.28, including an estimated adverse currency impact of 24 cents at prevailing rates.

We expect a strong Q4, with the rebound in HTU shipment volumes due to phasing to be most pronounced as HTU capacity constraints improve. The H2 recovery in our pro forma adjusted OI margin is also expected to be Q4-weighted.

(SLIDE 10.)

Turning back to our results, pro forma HTU IMS volumes grew strongly by 20% for both the second quarter and the first half, notably driven by strong performance in the EU Region. As expected, Q2 IMS pro forma growth was significantly ahead of shipment volume growth, reflecting the later timing of shipments I mentioned earlier.

Our total pro forma shipment volumes increased by 3.0% for Q2 and 4.0% for H1. As I touched on earlier, this puts us well on track to deliver total volume growth for the second consecutive year on both a pro forma and total PMI basis.

(SLIDE 11.)

With the impressive performance of *IQOS*, heated tobacco units comprised 12.6% of our pro forma shipment volume in H1, or 14.0% in total, despite the anticipated HTU shipment timing impact in Q2.

Our sales mix is also changing rapidly, as we aim to become a majority smoke-free company by 2025. Smoke-free net revenues made up almost 30% of our pro forma total and exceeded 30% for total PMI in the first half of the year.

IQOS devices accounted for approximately 5% of the $4.2 billion of pro forma H1 RRP net revenues. This reflects higher device volumes at a lower average price than last year, as we expand our device portfolio with *LIL* and *ILUMA ONE* and price-ladder our blade device portfolio in preparation for the launch of premium-positioned *ILUMA*.

The positive momentum of *IQOS* continues and is further accelerating in many geographies, providing a powerful driver of revenue and margin growth.

(SLIDE 12.)

We delivered organic growth of 8.1% in H1 pro forma net revenues on shipment volume growth of 4.0%. This reflects the twin engines driving our top line in addition to volumes. The first is pricing, led by combustibles. The second is the increasing mix of RRPs in our business at higher net revenue per unit, which continues to deliver substantial growth. This is an increasingly powerful driver as our transformation accelerates.

(SLIDE 13.)

Let's now turn to the drivers of our H1 pro forma adjusted OI margin, which contracted organically by 110 basis points. Pro forma gross margins decreased by 280 basis points organically, reflecting the factors I mentioned previously, as we invest in our smoke-free business and manage temporary supply chain disruption and cost inflation.

This margin headwind was partially offset by better pro forma adjusted marketing, administration and research costs, which improved by 160 basis points organically. This was driven by the positive operating leverage of RRP growth and successful cost efficiency programs, where we generated around $420 million in gross cost savings, of which approximately $170 million came from COGS productivities and over $250 million from SG&A. With more than $1.2 billion of savings realized by this halfway point, we are well on track to deliver cost savings of $2 billion for 2021-2023. This allows us to reinvest in top-line growth and mitigate inflationary pressures, while continuing to deliver margin expansion.

We continue to accelerate investment in our commercial programs, digital engine and R&D for long term growth, as well as a number of growth opportunities across categories and geographies. As reflected in our full year outlook, we expect our operating margin trajectory to improve in the second half of the year as temporary headwinds and tough comparisons ease.

(SLIDE 14.)

Focusing now on combustibles, our portfolio again delivered growth in pro forma volume and organic net revenues in Q2.

Our pro forma shipment volume grew by 2.4% against a pandemic-affected comparison, notably driven by Indonesia, Poland, and Turkey. In addition, we saw a continued recovery in international Duty Free outside Asia, as passenger traffic increases.

Pro forma combustible pricing of 3.5% was slightly ahead of our expectations, and while we remain cautious on the economic outlook, the pricing environment has been gradually improving. We expect to deliver a similar level of pricing for the full year.

Our leadership in combustibles helps to maximize switching to smoke-free products, and both the positive Q2 and H1 segment share demonstrate the strength of our portfolio. We continue to target a stable category share over time, despite the impact of *IQOS* cannibalization.

(SLIDE 15.)

This year marks the 50th anniversary of *Marlboro* becoming the world's leading cigarette brand. With the return of social consumption occasions *Marlboro* volumes grew 7% year-over-year in H1, with category share again surpassing 10% on a pro forma 12 month rolling basis.

Of course, our longstanding success in building *Marlboro*'s brand equity is a strength we are now applying to smoke-free products as we make excellent progress with *IQOS* as the undisputed global smoke-free leader.

(SLIDE 16.)

The positive combination of stable share in combustibles and the continued growth of *IQOS* positions us to deliver total market share growth over time. We captured 40 basis points of pro forma share gains in Q2, including gains in Duty Free, Italy, Japan and Turkey.

Moreover, PMI HTUs strengthened their position as the second largest nicotine 'brand' in markets where *IQOS* is present, with a 7.5% share excluding Russia and Ukraine.

(SLIDE 17.)

Moving now to *IQOS* performance, we estimate there were approximately 19.0 million *IQOS* users as of June 30th on a pro forma basis. This reflects very strong growth of over 1.1 million users in Q2, and 2.2 million in H1 -- a record first-half high on this basis. The acceleration of *IQOS* user growth compared to both Q1 and last year was driven by the reactivation of acquisition and retention programs in many markets as device supply constraints receded, as well as the impressive start of *IQOS ILUMA.*

While device supply constraints have eased in recent quarters, this is largely due to the success of our own proactive efforts. The global supply of semiconductors remains tight and we continue to closely monitor and manage the situation.

(SLIDE 18.)

In the EU Region, we are now approaching the milestone of nine million *IQOS* users, reflecting stepped-up commercial activities to drive acquisition and retention, along with the launch of *ILUMA* in Switzerland and Spain.

Our second-quarter HTU share increased by 1.6 points to 7.1% of total cigarette and HTU industry volume. As noted in prior years, sequential share compared to Q1 was affected by the usual seasonality of the combustible market, with the additional element of a strong year-over-year combustible recovery this quarter. Most importantly, IMS volumes continue to exhibit robust sequential growth and we expect this to continue in the second half.

The strong performance includes excellent user and volume growth across the region, with notable contributions from Italy and Poland.

(SLIDE 19.)

To give some further color on our progress in the region, this slide shows a selection of the latest key city offtake shares in Q2. Despite the denominator effects of the combustible category I just mentioned, share results remain very strong. Most impressive is Vilnius, the first city in the world to surpass 40% share, while Athens, Budapest, and Rome are in the mid-to-high 20s.

Elsewhere, we are especially pleased by the results in London, Vienna, and Zurich.

(SLIDE 20.)

In Japan, *IQOS ILUMA* is driving the category and our share of market continues to increase in key cities such as Tokyo. Most importantly, our IMS volume trends remain strong with continued sequential growth. As indicated last quarter, Q2 shipments were lower due to timing factors and should recover in the second half, with a weighting toward Q4.

The adjusted share for our HTU brands increased by 1.9 points to a record 22.9% in Q2, despite seasonality. While we are very pleased with this result, our share performance could have accelerated even further. The combustible category was notably resilient in the quarter and our roll-out of mainline priced *SENTIA* HTUs, for use with *ILUMA*, was slightly slower than initially planned. However, early results were encouraging. *SENTIA* is designed to cater to *HEETS* consumers switching to *ILUMA* and more price-conscious legal-age smokers. We also observed an increase in legal-age users switching from lower-priced competitive heat-not-burn products. We estimate users of competitive offerings to have less average daily consumption due to lower full conversion, which we believe *ILUMA* should improve over time.

The heat-not-burn category now represents around one third of total tobacco in Japan, with *IQOS* increasingly driving this year's growth.

(SLIDE 21.)

In addition to strong progress in developed countries, we continue to see very promising *IQOS* growth in Low and Middle-Income markets.

The pro forma share of our HTU brands in the 28 such markets launched by December 31, 2021 continues to grow and reached 2.9% in Q2, reflecting sustained growth in IMS volumes. Given the large size of these markets, the premium position of the existing *IQOS* portfolio and the relatively early stage of commercialization, this represents outstanding progress.

(SLIDE 22.)

Prime examples of this are Lebanon, where Q2 offtake share in Beirut increased by 8.1 points to 17.4%, and Egypt, where offtake share in Cairo reached around 5% after launching less than one year ago. Other notable successes include the recently launched markets of Morocco and Tunisia, as well as Georgia, Jordan, North Macedonia, and the Philippines, despite pandemic restrictions in Manila.

(SLIDE 23.)

Moving now to *IQOS ILUMA*, which continues to drive increased conversion and retention rates across initial launch markets.

In Japan, *ILUMA* continues to exhibit strong growth, with premium-priced *TEREA* HTUs growing rapidly to become the second largest tobacco brand, reaching an offtake share of 14.6% within 9 months of national launch.

Encouragingly, *SENTIA* offtake exit share has already surpassed the level of *HEETS* in launched prefectures covering around 45% of industry volumes. The expansion of our device portfolio with *ILUMA ONE* in Q1 has also seen robust traction with legal-age smokers. We exited Q2 with a record high offtake share, and continue to see a long runway of growth in Japan for *ILUMA* over the coming quarters.

(SLIDE 24.)

ILUMA and *TEREA* HTUs also continue their superb start in Spain and Switzerland.

We launched *ILUMA* in Spain in March 2022 with very positive initial results, notably in key cities such as Barcelona and Madrid. Sequential IMS volumes grew by 27% in Q2. *TEREA* exited the quarter making up over 50% of HTU sales only 4 months after commercialization and our national HTU share has grown to 1.7%. This is especially encouraging as Spain had been a market where regulatory restrictions had limited the speed of *IQOS* growth.

In Switzerland the demand for *ILUMA* remains very strong. IMS volumes continue to grow sequentially, increasing 13% in the second quarter. A significant proportion of existing users have upgraded to *ILUMA* and the offtake exit volume of *TEREA* now exceeds 70% of our HTU sales.

(SLIDE 25.)

We continue to expand our global smoke-free portfolio through our rich pipeline of innovation.

We launched *ILUMA* in Greece in late June, with further market launches planned for Q4. With regard to our new heat-not-burn device tailored to Low and Middle-Income markets, we continue to plan pilot launches in the fourth quarter, further expanding our portfolio to serve different consumer needs and segment the market.

In e-vapor, *IQOS VEEV* continues to deliver encouraging results, and for example is now the established number two closed-pod brand in Italy with offtake share growing sequentially to around 20%. *VEEV* is a premium proposition, with an average price premium to competitive devices of 20-30%, as we pursue a differentiated and profitable category leadership position over time. In Q2, we expanded into 3 additional geographies, including France, and are now present in 10 markets.

The latest addition to our e-vapor portfolio is the *VEEBA* disposable device. Responsibly marketed disposable e-vapor products can play an important role as a convenient hassle-free entry into the smoke-free category for legal-age smokers. *VEEBA* was recently launched in Canada with 9 varieties.

Our geographic expansion of smoke-free products also continued in Q2, with the launch of *IQOS* in Bahrain.

(SLIDE 26.)

Of course, the biggest potential near-term addition to our smoke-free portfolio is the proposed combination with Swedish Match. This would deliver a major acceleration in our transformation to becoming a smoke-free company.

The visions of our two companies are aligned in working towards a smoke-free future without cigarettes and would create a global smoke-free champion. If completed, we would have a comprehensive global smoke-free portfolio with leadership positions in heat-not-burn, and the fastest growing category of oral nicotine, with potential for accelerated international expansion.

Another compelling rationale for this deal is the large, attractive and growing U.S. smoke-free market. Swedish Match has the leading nicotine pouch franchise, with *ZYN,* and a substantial US operational platform, which would help us unlock the significant opportunity across other smoke-free categories over the coming years.

This would be a strong strategic and cultural fit, offering significant shareholder value creation over the medium and long term.

As stated in the offer document published on June 28th, the waiting period for the transaction under the U.S. antitrust process has expired, meaning that we have satisfied our requirements in the U.S. to proceed with the transaction. We expect the transaction to close in the fourth quarter of this year, subject to Swedish Match shareholder acceptance and the necessary regulatory approvals.

(SLIDE 27.)

Moving to sustainability, I want to first draw your attention to our 2021 Integrated Report published in May, which outlines our new sustainability strategy and ESG performance in detail, as we continue to transform for good.

Included in the Report is our new Sustainability Index comprised of 19 KPIs across our most material sustainability issues. The index is weighted towards product transformation, and now represents 30% of our long-term performance-based equity executive compensation. The definitions, methodology, and scope of each of these KPIs are included in our recently published ESG KPI Protocol, providing further transparency on how we define success and measure ESG performance.

With regard to tackling climate change, I am delighted to report that the Science Based Targets initiative has today validated our 2040 net-zero target. The initiative also revalidated our "near-term" 2030 targets for reducing greenhouse gas emissions, and our new 2025 target for 15% of our suppliers by spend to have their own Science Based Targets by 2025, a very positive development given that Scope 3 remains the most challenging aspect of any company's decarbonization strategy.

To support the achievement of these targets we are accelerating progress to decarbonize our value chain. We have made 8 more factories carbon neutral this year, more than doubling from last year and placing us on track to meet our goal of all factories by 2025.

Finally, product health impact remains one of our most critical ESG priorities. There is a growing body of scientific and real-world evidence of the substantial risk reduction potential of smoke-free products, compared to smoking. We continue to support policy and fiscal frameworks that recognize the positive impact tobacco harm reduction policies can have on public health. Recent examples include a further multi-year tax plan with differentiated treatment for smoke-free products in Romania, and statements from the Belgian Superior Health Council on the role e-vapor products can play in switching adult smokers away from cigarettes.

(SLIDE 28.)

To conclude today's presentation, we have delivered a strong first-half despite some challenging headwinds, placing us well on track to deliver robust volume growth and an accelerated currency-neutral pro forma financial performance in 2022.

We remain excited by the promising results of *IQOS ILUMA*. Increased consumer satisfaction is driving higher retention and conversion, and we look forward to further market launches later this year.

Our combustible business continues to perform well, with pro forma volume and organic net revenue growth. Maintaining our share of market over time, despite the impact of *IQOS* cannibalization, allows us to accelerate further switching of smokers to better alternatives and to invest for long-term growth in the development of innovative wellness and healthcare products, which seek to deliver a net positive impact on society.

We continue to enrich our pipeline of smoke-free innovations, such as *ILUMA* and *VEEBA* to expand and grow across new and existing categories and geographies.

We are raising our pro forma growth guidance for the full-year and expect to deliver around $6.00 in total adjusted diluted EPS including Russia and Ukraine, despite currency headwinds.

Importantly, with an excellent 2021 performance and our strong 2022 outlook we now expect to comfortably exceed our 2021-23 minimum CAGR targets on a pro forma basis of more than 5% in organic net revenue growth, and more than 9% in currency-neutral adjusted diluted EPS growth.

Our ambition to become a majority smoke-free business by net revenues in 2025 also remains fully intact. We are confident in the rapid pace of our transformation.

Finally, we continue to be steadfastly committed to returning cash to shareholders. Our top priorities for capital allocation remain reinvestment in the business and our progressive dividend policy, underpinned by strong cash flow generation.

(SLIDE 29.)

Thank you. We are now happy to answer your questions.

JAMES BUSHNELL

(SLIDE 30.)

That concludes our call today. Thank you again for joining us. If you have any follow-up questions, please contact the Investor Relations team. Thank you again and have a nice day.