

**Philip Morris International Inc.
2026 First-Quarter Conference Call
April 22, 2026**

JAMES BUSHNELL

(SLIDE 1.)

Welcome. Thank you for joining us. Earlier today, we issued a press release containing detailed information on our 2026 first-quarter 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 April 22, 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 Emmanuel Babeau, Group Chief Financial Officer.

Over to you, Emmanuel.

EMMANUEL BABEAU

(SLIDE 4.)

Thank you, James, and welcome everyone.

We delivered a strong start to the year, with outstanding growth from our international smoke-free business and very robust pricing driving impressive progress, despite a particularly strong prior-year comparison for both the U.S. and combustibles. Organic top-line and OI growth exceeded our expectations, driving +10% adjusted OI growth and +16% adjusted diluted EPS growth to reach \$1.96.

International smoke-free delivered a striking performance with double-digit volume growth, mid-teens organic top-line progression and high-teens organic gross profit growth, or almost +30% in dollar terms. This was led by *IQOS*, with close to +11% adjusted IMS growth, alongside further multicategory accretion from *ZYN* and *VEEV*, which reached the estimated joint number one closed pods position in Europe based on Nielsen offtake data.

The financial performance of our combustible business was robust, delivering results in line with our mid-term model, with low single-digit organic top-line growth and low-to-mid single digit organic gross profit growth. This was especially remarkable considering cigarette volume declines were at the more negative end of our expectations, following a prior year period of volume growth due to a number of temporary factors. This reflects the enduring pricing power of our portfolio led by *Marlboro*, alongside efficient cost management.

In the U.S., *ZYN* offtake volumes grew by +10% despite an uneven competitive landscape. As anticipated, segment financial performance was challenging due to the specific combination of impacts this quarter, including increased investments and the comparison to Q1, 2025 which had close to no price promotions and a significant *ZYN* inventory rebuild as we exited supply constraints. As we flagged last quarter there was also a channel inventory overhang at the end of 2025, which largely normalized in Q1 and thus impacted shipments. We continue to invest for future growth and expect U.S. performance to progressively improve over the course of 2026, as we prepare to launch *ZYN* innovations and comparisons normalize, notably in the second half.

Overall, while the global economic outlook is uncertain, our strong financial performance in Q1 underscores our momentum and gives us confidence in delivering another year of best-in-class growth.

(SLIDE 5.)

Let's discuss our Q1 results in more detail, starting with the headline financials.

We delivered over \$10 billion in net revenues, representing a +9% increase in reported terms and +2.7% organically, surpassing our expectations for a broadly flat delivery. The strong performance of *IQOS* and our multicategory portfolio more than offset the Q1-specific combination of U.S. and combustible headwinds I just mentioned.

Adjusted gross profit grew by +10% to \$6.9 billion, reflecting +3.8% organic growth and +70 basis points of organic gross margin expansion. We achieved this through strong pricing, operating leverage and the continued benefits of smoke-free mix, partly offset by the anticipated U.S. impact.

Driven by the same factors, and partly offset by increased growth reinvestments, adjusted operating income also exceeded our forecast, growing +10% to \$4.2 billion, with close to +1% organic growth.

Adjusted diluted EPS grew by an impressive +16% to \$1.96, including an 18 cent currency tailwind supported by positive Q1 transactional impacts in addition to the generally weaker USD. Our effective tax rate was also slightly better than expected, and more favorable in this quarter compared to the forecast full year rate.

(SLIDE 6.)

Our international business delivered an outstanding quarter, with both gross profit and OCI growing by around +10% organically, and around +16% in dollar terms. This was achieved even as we invested strongly behind our smoke-free portfolio.

The excellent organic performance of smoke-free was the clear stand-out, with +11.9% volume growth, +15.8% net revenue growth and +19.4% gross profit growth driving gross margin expansion of 210 basis points to 70.0%. This was primarily driven by the continued broad-based momentum of *IQOS*, in addition to increasing contributions from *ZYN* and *VEEV*.

Looking at PMI as a whole, our global smoke-free business delivered very solid organic net revenue growth of +5.3% and organic gross profit growth of +3.9%, despite the dynamics in the U.S. We continue to expect strong global smoke-free growth for the full year, supported by high single-digit volume progression and normalizing U.S. comparisons.

In international combustibles, while volumes declined by 5.1%, organic net revenues grew by +1.0% and gross profit increased by +3.9%, with strong pricing and effective cost management outweighing volume/mix headwinds. Gross margins expanded organically by 190 basis points, underscoring the resilience of this business.

(SLIDE 7.)

Turning now to volumes, where total shipments declined by 1.9% as compared to our broadly stable forecast for the full year.

Smoke-free shipments increased by a very good +9.1% versus prior year, in line with our full-year target of high-single digit growth. This was primarily driven by +11% growth in HTUs to 41.3 billion units, including a modest net phasing benefit of around 0.5 billion units across several markets. In addition, the stellar +95% growth of e-vapor largely offset a decline in oral smoke-free volumes of 16%, notably reflecting the U.S. shipment and inventory headwinds previously discussed, and timing dynamics in the Nordics. Total SFP IMS volumes increased by +11%.

Cigarette volumes declined at the high end of our expectations and above the international industry decline of 2.3%. This reflects a number of dynamics, including the lapping of exceptional +1.1% volume growth in Q1 2025, which included inventory replenishment in a few markets such as Indonesia, Russia, Italy and Spain. In addition, a challenging economic environment has contributed to higher levels of illicit consumption in certain markets, while excise increases in a few countries, most notably Mexico in January, drove a significant industry decline. Looking ahead, we expect volume declines to moderate over the coming quarters, and we continue to forecast a cigarette volume decline of around 3% for the full year. This includes a negative industry impact in India following the introduction of new excise rates in Q1.

(SLIDE 8.)

Looking at our Q1 top-line drivers, strong pricing and the positive mix impact from international smoke-free more than offset the negative volume and mix dynamics from the U.S. and combustibles.

Pricing was the largest contributor, adding +5.0 points. This was driven by another strong quarter of combustible pricing at +8.5%, with international smoke-free pricing of +2.9% led by IQOS offsetting the impact of more regular promotional activity in the U.S., compared to the very low levels of Q1 2025.

International smoke-free mix also made a substantial positive contribution of +2.7 points. This was partly offset by a 1.8 point impact from the U.S., reflecting the abnormal combination of factors outlined.

Currency added a further +6.4 points, resulting in reported net revenue growth of +9.1% for the quarter.

Overall, the composition of Q1 growth closely mirrors the structural drivers of pricing power and smoke-free mix delivered consistently over recent years, underscoring the sustainability and consistency of our growth model.

(SLIDE 9.)

Moving now to adjusted operating income margins, which expanded by +40 basis points to reach over 41%. This notably includes a positive currency impact which enabled us to increase margins despite additional reinvestment in future growth, as well as unfavorable timing and comparison effects.

Gross margin expansion contributed +70 basis points, driven by the factors mentioned earlier, with only a small impact from disruption and cost increases related to the conflict in the Middle East.

With regards to SG&A, as planned, we continued to invest in commercial programs, scale and innovation, both internationally and in the U.S. While Q2 is likely to see further strong year-over-year investment, we expect this to moderate in H2, and for SG&A progression to be organically at or below the level of net revenue growth for the year.

Currency provided a meaningful tailwind of +110 basis points, supported by a favorable comparison to transactional losses in the prior year.

Overall, while this quarter had the slowest expected organic growth of the year, we continue to invest in our smoke-free portfolio, supported by efficient back-office and manufacturing cost management, including approximately \$150 million of gross cost efficiencies realized in Q1. We remain on track for full-year organic margin expansion in 2026.

(SLIDE 10.)

Turning now to our worldwide smoke-free business, we delivered IMS volume growth of around +11% in Q1, approximately 3 percentage points above the industry SFP growth rate in markets and categories where PMI is present. This reflects our ability to

capture over 70% of industry growth in these markets, as compared to our share of around 60%, driven by the strength and scale of our multicategory portfolio.

We remain focused on expanding this strength with 3 geographies adding another category to reach 55 multicategory markets, and 2 new markets for SFPs in total to reach 108. This includes the launches of ZYN in Portugal and Kenya, and VEEV in Egypt.

(SLIDE 11.)

Within smoke-free international, IQOS delivered another strong quarter, with adjusted in-market sales growth of +10.9%.

This reflects very good and broad-based momentum across markets and regions, including Europe and Japan. Adjusted IMS volumes outside these two geographies grew by +19%, including dynamic growth in Korea, Malaysia, Indonesia, GCC, Mexico and remarkable early results in Taiwan. At this stage following its launch in Q4'25, Taiwan is the most successful major IQOS launch market to date with a national exit offtake share of almost 6% in March. This represents around 70% of industry heat-not-burn volumes and a near doubling of our combined Taiwanese cigarette and HTU market share in the last 6 months. Global Travel Retail also continued to post double-digit HTU growth, with only a limited impact from the Middle East.

Q1 adjusted IMS included a consumer pantry-loading benefit of approximately 0.5 billion sticks in Japan ahead of the April 1st excise-driven price increase. Even excluding this temporary effect, growth remained strong at +9.4%.

Importantly, IQOS profitability continues to expand as we invest consistently behind the brand, driven by a growing contribution from pricing, continued scale benefits, and productivity improvements across both consumables and device costs.

Innovation remains a key enabler of legal-age nicotine consumer acceptance and retention, broadening choice across taste profiles and price points. During the quarter, we continued to innovate on our flagship TEREА consumables, in addition to excellent traction from the expansion of mainstream-priced DELIA and tobacco-free variant LEVIA.

We also continue to make progress on the rollout of our alternative heat-not-burn technology, BONDS by IQOS. Following promising results from initial key city launches in Italy, we commenced a national rollout during the quarter. A significant proportion of consumers are entrenched traditional cigarette consumers, fully aligned with our mission to provide better alternatives which appeal to all cohorts of adult smokers.

(SLIDE 12.)

The strength of *IQOS* continues to be illustrated by sustained offtake share gains across key cities, which act as a lead indicator for national success. This includes impressive Q1 milestones such as Tokyo surpassing 40% share for the first time, Global Travel Retail at over 20%, Munich exceeding 16% and Madrid over 10%.

Coming back to Taiwan, a particular highlight was Taipei where *IQOS* share reached over 7% in its second quarter post launch and exited in March at close to 8%.

You will find additional market and SFP volume data in the appendix to these slides.

(SLIDE 13.)

While *IQOS* is the core engine of our international smoke-free business, *ZYN* and *VEEV* strengthen and complete our multcategory strategy, with excellent momentum and significant global opportunity.

ZYN continued to deliver rapid growth. Modern oral shipment volumes increased by +7% on a comparable basis, or +42% excluding the more mature Nordics markets. On this latter scope where the greatest opportunity lies, we estimate offtake volumes grew by well over 50%, gaining share in a dynamic category. This notably includes strong results in markets such as the UK, Pakistan, Poland, and Mexico. Volumes declined in the Nordics, primarily due to timing dynamics.

We continue to expand our portfolio to better meet the needs of legal-age smokers looking to switch by offering a broad spectrum of adult-appropriate flavors and strengths. This included the rollout of our lowest strength offering, *ZYN X-Low* 1.5mg across the large majority of our 58 international *ZYN* markets, driving a significant improvement in first-experience nicotine pouch acceptance among adult nicotine consumers.

In e-vapor, *VEEV* continued its remarkable momentum in the quarter, reinforcing its position as the fastest-growing international closed-pod vape brand among major players. I am pleased to share *VEEV* became the joint number one closed pod brand in Europe in Q4'25 as estimated by Nielsen offtake data across 19 markets, surpassing long-established players. Quarterly shipments exceeded 1 billion equivalent units for the first time and IMS volumes almost doubled, driven by impressive growth in Italy, Romania, Germany, the UK, France, Spain and Indonesia.

With an expanding footprint across 49 markets, *VEEV*'s rapid volume growth and improving positive margin profile demonstrate its growing value within our multicategory portfolio.

(SLIDE 14.)

This is especially clear in Europe, where *VEEV* was an important contributor in delivering +12% shipment volume growth for *IQOS*, *ZYN* & *VEEV* in the quarter, more than offsetting the *ZYN* dynamics in the Nordics I covered earlier, with +31% *ZYN* growth elsewhere.

IQOS adjusted IMS volumes increased by +5.4%, with a very good performance across the region despite ongoing disruptions in Ukraine and the initial impact from the implementation of the EU characterizing flavor ban in Poland. Excluding markets where the ban took effect since January 2025 such as Poland and Hungary, adjusted IMS volumes grew by around +8%, as the brand's powerful momentum continues.

Double-digit growth continued in Italy, after annualizing the flavor ban which came into effect in mid-2024. Other notable markets delivering strong growth include Spain, Germany, Greece, Romania, Serbia, Bulgaria and the Netherlands. We expect further good growth from *IQOS* in Europe in the remainder of the year.

(SLIDE 15.)

In Japan, the heat-not-burn category continued to grow strongly, reaching around 53% of total industry offtake volumes in Q1. *IQOS* adjusted IMS volumes grew +10.4%, or around +6% excluding consumer pantry loading. This robust level of growth demonstrates the ongoing momentum behind the brand, which delivered an impressive increase in adjusted market share to reach a record 34.9%. While competitive intensity in the category remains high, *IQOS* retains close to 70% of industry heat-not-burn volumes, reflecting the strength of the combined proposition of product, brand and commercial reach.

In shipment terms, Japan HTUs increased only slightly compared to the prior year period which included a timing benefit of around 1 billion units. As we mentioned last quarter, volatility between shipments and adjusted IMS is possible over the year due to the excise changes in April and October. Indeed, we expect Q2 adjusted IMS growth to reflect the reversal of consumer pantry-loading and the price increases which took effect on April 1st. While too early to comment on the initial consumer reaction, we remain confident in the growth of *IQOS* and the wider category in Japan over the coming years.

(SLIDE 16.)

Moving to the U.S., ZYN continues to lead the nicotine pouch category, delivering offtake growth of +10% in Q1, as estimated by Nielsen. This performance comes despite a competitive landscape where our portfolio does not yet address all of the most dynamic strength and flavor segments.

While offtake volumes increased, Q1 shipments declined to 155 million cans, reflecting the inventory dynamics explained last quarter - which I will now briefly recap. With around 40 million cans of inventory rebuild in Q1'25, the underlying shipment base linked to consumer offtake was around 160 million cans. Therefore, the underlying volumes for this quarter were around 10% higher at approximately 175 million cans.

As flagged at our full-year results in February, we estimated around 25 million cans of surplus inventory in the downstream supply chain at the end of 2025. As anticipated, this was largely normalized in the first quarter of 2026, resulting in lower shipment volumes compared to consumer offtake. While some quarterly shipment volatility is to be expected in any market, our base expectation is that ZYN shipments should broadly track offtake growth in future quarters against the estimated underlying 2025 bases provided in February of approximately 180 million cans in Q2, 205 million cans in Q3 and 200 million cans in Q4.

More important than inventory movements, however, is the trajectory of offtake growth for both ZYN and the category. To that end, alongside brand-building and commercial execution, we are sharply focused on innovating and we are preparing our manufacturing and commercial operations for new product launches in the coming months. This includes further investment in our U.S. manufacturing footprint, with our Aurora facility progressively increasing initial operations.

(SLIDE 17.)

This brings me to our key areas of focus to drive growth and value from the leadership of this promising category.

First, we continue to invest in the ZYN brand, and in the long-term growth of our U.S. business. This includes marketing, distribution and commercial activations as well as regular promotional activities, which were unusually low in H1'25.

Second, we continue to navigate a complex and dynamic regulatory environment which impacts timely innovation and the switching of legal-age smokers to better alternatives. It is clear from the science that nicotine pouches are a much better choice for those legal-age consumers who would otherwise smoke. We also note the recently

published data from the National Youth Tobacco Survey showing that underage use of the category remains stable or slightly declining at low levels below 2%, despite the strong growth of the category.

The authorization of *ZYN ULTRA* via the FDA's nicotine pouch pilot program remains a priority. Our application remains under active scientific review, and we have a continued dialogue with the FDA as part of this process. The FDA's intent for the pilot program is to increase efficiency and streamline the review process, and while it has taken longer than targeted, the science supporting our application is robust and we are optimistic that we will be able to launch this product to consumers in the coming months.

In addition, we have made a number of *ZYN* submissions to the FDA that are at various stages of the regulatory process and we are preparing to bring further innovations to market, also in the coming months.

With regards to *IQOS*, we are pleased that the FDA has now reauthorized the previous version as a Modified Risk Tobacco Product. We continue to engage with the FDA with respect to the authorization of *IQOS ILUMA*, to enable American smokers to access the world's biggest and most successful smoke-free product in achieving full switching away from cigarettes.

Overall, we look forward with confidence to the future growth of our U.S. business.

(SLIDE 18.)

Finally moving to combustibles, which once again demonstrated the resilience of our net revenue and gross profit growth model despite significant Q1-specific volume headwinds which we expect to substantially ease in the balance of the year. Very strong pricing of +8.5% was the key driver, with notable contributions from Turkey, Indonesia and Mexico. While we expect some moderation notably in the second half of the year due to timing and comparison effects, we now forecast a full-year variance of more than 6%.

International combustible gross profit grew by +3.9% organically and +9.8% in dollar terms despite strong performance in the prior year, placing us nicely on track for another year of robust delivery.

Our cigarette category share declined 0.6 points to 24.8%. A strong performance in Egypt was offset by market mix and declines in Indonesia and Russia, largely reflecting pricing dynamics, as well as the ongoing share recovery in Turkey. *Marlboro* once

again underscored the strength of its premium brand equity, reaching a record first-quarter share of 10.7%, an increase of +0.4 points year-on-year.

Our objective remains to maintain broadly stable category share over time, with a clear focus on maximizing value through top and bottom-line growth while actively supporting the continued growth of smoke-free products.

(SLIDE 19.)

This brings me to our outlook for 2026.

The Middle East conflict had a small impact on our business in the first quarter, which affected shipments to Global Travel Retail and certain markets in the region for both combustibles and HTUs. While we have observed increased energy prices and some disruption in energy supply in a number of markets, this has not at this stage translated into a discernible shift in consumer behavior. The situation remains uncertain in both duration and potential impact, and it is difficult to assess the broader implications for the consumer or the global cost environment. We have factored in some increases in transport, energy and other input costs, and we will continue to closely monitor developments to assess the mid-to-long term impact across the main variables.

Acknowledging this uncertainty and following a good start to the year in Q1, we are reconfirming the currency-neutral growth outlook we provided in February.

We continue to expect broadly stable shipment volumes, organic net revenue growth of +5% to +7%, organic operating income growth of +7% to +9% and currency-neutral adjusted diluted EPS growth of +7.5% to +9.5%. While exchange rates are volatile at present, we now forecast a currency tailwind of 25 cents at prevailing rates. This results in an updated adjusted diluted EPS forecast of \$8.36 to \$8.51, or +10.9% to +12.9% growth in dollar terms.

For the second quarter, we expect continued strong performance from our international business and a sequential improvement in growth, with HTU shipment volumes of 40 to 42 billion, slower HTU adjusted IMS growth due to the short-term impact of excise-driven pricing in Japan, and a low-single digit cigarette shipment volume decline. We expect mid-single digit organic net revenue growth and solid operating income progression, despite another quarter of strong commercial investments. We forecast adjusted diluted EPS of \$2.02 to \$2.07 cents, including a higher effective tax rate and a favorable currency variance of 2 cents at prevailing rates.

(SLIDE 20.)

This quarter also coincides with the publication of our Value Report 2025, which provides a comprehensive financial and non-financial overview of our strategy, governance, and priorities for sustainable long-term value creation.

Following the completion of our 2025 Roadmap, we highlight the progress made over the past five years across our most material sustainability priorities. Key achievements include the continued expansion of our smoke-free business, further strengthening underage access prevention in indirect retail, carbon neutrality in our direct operations, eliminating systemic child labor from our tobacco supply chain, and advancing effective anti-littering initiatives.

We also introduce our Value Plan 2030+, a focused, business-driven framework across six priorities: consumers, circularity, our workforce, workers in our value chain, climate, and nature. As outlined in the report, our approach to sustainable value is fully integrated with our business strategy, supporting the growth of our smoke-free transformation and reinforcing long-term resilience, competitiveness, and value creation. I would encourage those interested in how we are executing our transformation to review the report.

(SLIDE 21.)

I will conclude today's presentation with a few key takeaways. Our strong and resilient first quarter performance reflects the structural growth fundamentals of our business model.

Our results continue to be underpinned by three powerful drivers: strong pricing, favorable mix from the ongoing shift to smoke-free products, and volume growth led by *IQOS*, *ZYN* and *VEEV*. While we continue to invest in future growth, these drivers are profit-accretive and, together with pricing power and cost management, reinforce our confidence in our mid-term growth targets.

While the operating environment remains complex, marked by macro-economic uncertainty, we believe we are well positioned to navigate external headwinds. Our smoke-free transformation continues to gain momentum, supported by remarkable cash generation and a strong balance sheet.

Finally, we remain firmly committed to our progressive dividend policy and to returning value to shareholders as our transformation delivers sustainable, long-term growth.

We look ahead to the remainder of 2026 with confidence.

(SLIDE 22.)

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

JAMES BUSHNELL

(SLIDE 23.)

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