

# Altria Group's rating gets a boost from S&P Global Ratings

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## Altria Group's rating gets a boost from S&P Global Ratings

Inc.'s credit rating to 'BBB+' from 'BBB' due to the company's strong credit metrics, profitability, and cash flow. The short-term rating of 'A-2' was also affirmed, with the outlook remaining stable.

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products, and a solid commitment to its financial policy. Altria is also making strides in enhancing its next-generation smokeless product pipeline, which includes refining its e-vapor strategy and introducing an upgraded nicotine

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in its 2028 Enterprise Goals, largely due to the ongoing influx of illicit-flavored disposable e-vapor products, primarily imported from China.

Despite industry challenges, S&P Global Ratings expects Altria to maintain solid credit metrics over the next few years. The stable outlook is based on the anticipation that Altria will sustain its industry-leading operating profit margin and leverage in the low-2x area, despite declines in combustible cigarette and moist smokeless tobacco volumes. This is expected to enable the company to generate strong free operating cash flow (FOCF) and continue its efforts to develop a competitive next-generation smokeless product portfolio.

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S&P Global Ratings also anticipates that Altria's credit metrics will remain well below the potential downgrade trigger over the next two years. This is primarily due to the company's strong brand pricing power and its commitment to financial policies. The forecast assumes that the S&P Global Ratings-adjusted EBITDA margin percentage will remain very high (62.0%-62.5%, compared with 60% in 2024) despite a continued 10%-12% decline in smokeable products' volume, leading to lower net revenues.

Altria's commitment to financial policies is also reflected in its target of a company-defined debt-to-consolidated EBITDA ratio of approximately 2.0x. As of March 31, 2025, the actual ratio stood at 2.1x, compared to 2.0x S&P Global Ratings-adjusted leverage.

The removal of NJOY ACE from the market has been a setback for Altria's efforts to develop a competitive next-generation smokeless product portfolio. Despite this, Altria is expected to continue working on bringing a competitive