FitchRatings

RATING ACTION COMMENTARY

Fitch Upgrades Altria to 'BBB+'; Outlook Stable; Removes UCO

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Fitch Ratings - Toronto - 13 Feb 2026: Fitch Ratings has upgraded Altria Group, Inc.'s Long-Term Issuer Default Rating (IDR) to 'BBB+' from 'BBB' and Short-Term IDR to 'F1' from 'F2'. Additionally, Fitch has removed Altria's ratings from Under Criteria Observation (UCO). The Rating Outlook is Stable.

Fitch previously placed Altria's ratings on UCO following the publication of its "Corporate Rating Criteria" on Jan. 9, 2026. The upgrade reflects Fitch's view that Altria's leading U.S. cigarette market position, conservative leverage profile, and ability to generate consistently strong profitability and cash flows, despite ongoing cigarette secular headwinds and U.S. market regulatory challenges, support a 'BBB+' rating profile.

Fitch expects Altria to maintain a consistent capital allocation framework that balances shareholders returns, reflecting mid-single-digit dividend growth and share repurchases in the $1 billion range annually, while sustaining EBITDA leverage around 2x.

KEY RATING DRIVERS

Strong Financial Profile Amid Market Challenges: Altria has a proven track record of offsetting long-term secular volume declines with consistent pricing power. U.S. tobacco volumes of combustible, oral tobacco and e-vapor, excluding illicit usage, have declined in the low single digits annually over the last several years, with cigarette category declines in the high single digits. Despite this, Altria has been able to achieve strong price realization, supporting a relatively stable top line profile of around $20 billion annually.

The company generated Fitch-adjusted EBITDA of $12.5 billion with EBITDA margins near 62% in 2025, up from $11.9 billion and around 58.5% in 2024, and markedly higher than pre-2019 levels of below $10 billion and 50%, respectively. This reflects benefits of pricing, mix, cost management and operating efficiencies. This has translated into robust