

Altria's First-Quarter 2019 Earnings Conference Call

April 25, 2019



Safe Harbor Statement

Statements, including earnings guidance, in this presentation that are not reported financial results or other historical information are “forward-looking statements” within the meaning of Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Altria undertakes no obligation to publicly update or revise any forward-looking statement other than in the normal course of its public disclosure obligations. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under “Risk Factors” in Altria’s Annual Report on Form 10-K for the year ended December 31, 2018 and under “Forward-looking and Cautionary Statements” in today’s earnings release.

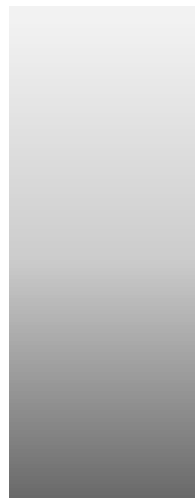
Reconciliations of non-GAAP financial measures included in this presentation to the most comparable GAAP measures are available on Altria’s website at altria.com.

Q1 2019: Adjusted Diluted Earnings Per Share

Adjusted Diluted EPS*

(5.3)%

\$0.95



Q1 2018

\$0.90



Q1 2019

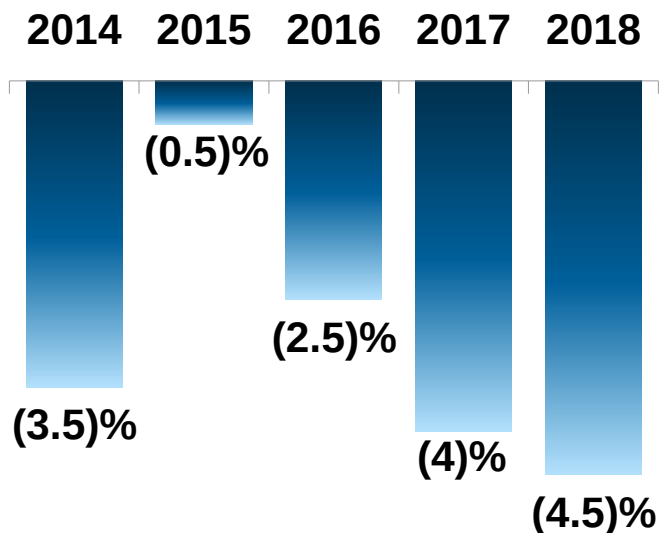
- Q1 2019 adjusted diluted EPS declined in line with our guidance of mid-single digit decline.
- Higher interest expense from debt issued to fund transactions, partially offset by cost reduction program.

* For reconciliations of non-GAAP to GAAP measures visit altria.com.

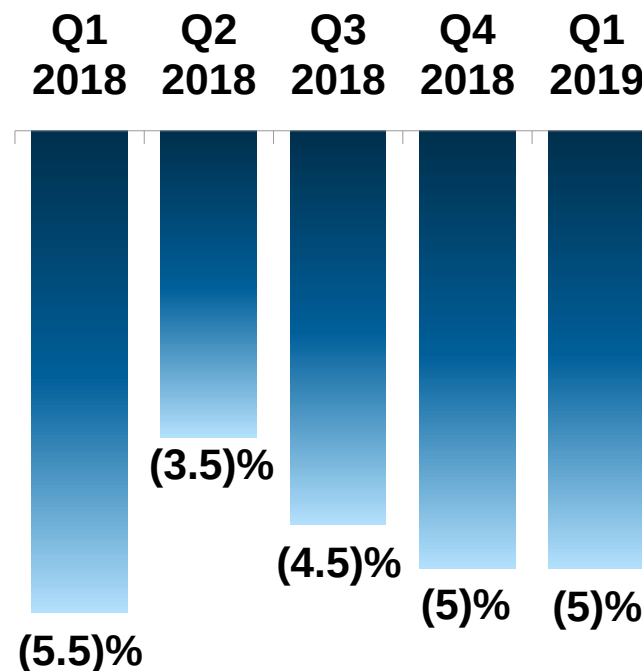


Cigarette Industry Decline Rate Estimates

Annual Estimates

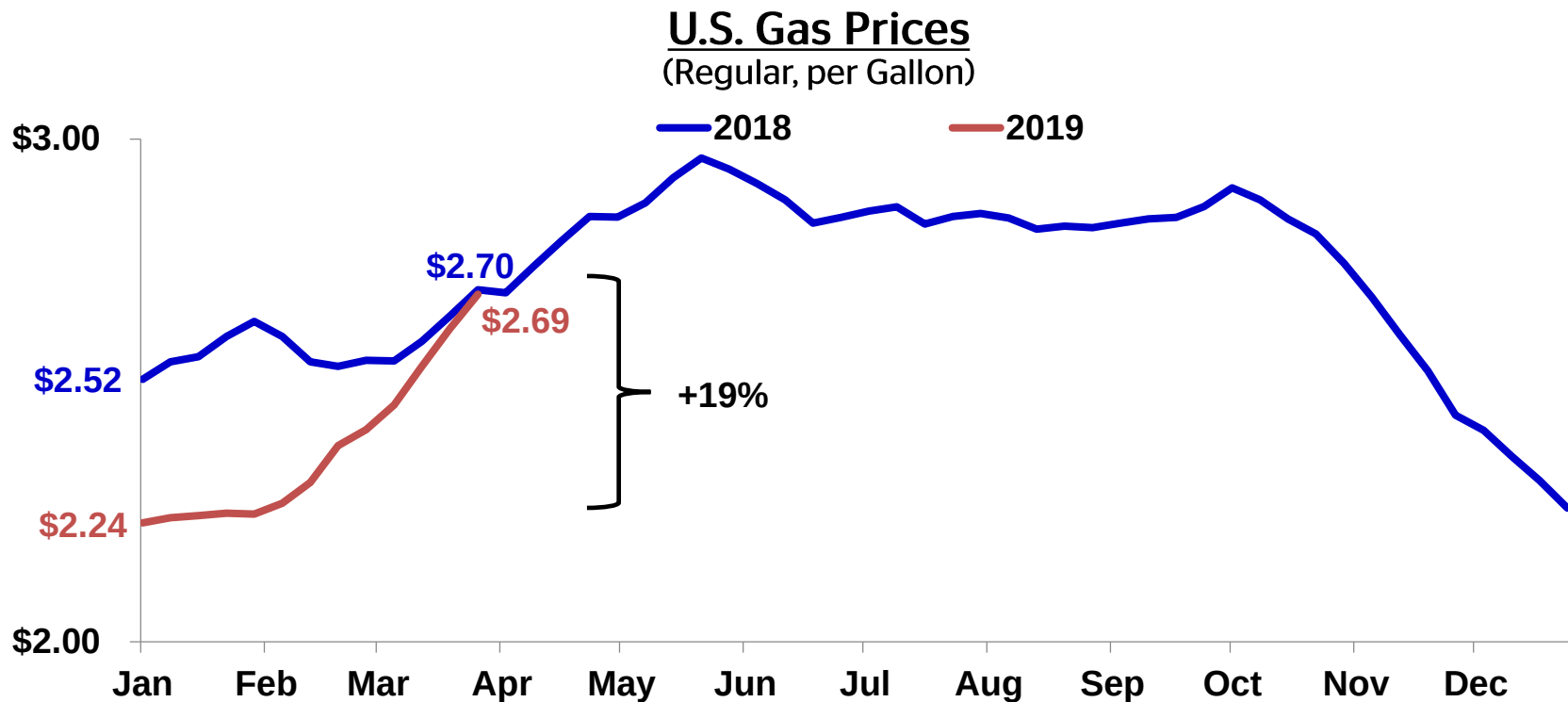


Quarterly Estimates



Source: ALCS CMI estimates – rounded to nearest 0.5%

Gas Prices Rose Rapidly and Significantly in Q1



In light of the Q1 2019 increase in gas prices, we revise our 2019 cigarette category decline rate estimate to -4% to -5%.

Source: U.S. Energy Information Administration

Cigarette Industry Volume Decomposition

	FY 2018	Last 12 Months ending 3/31/19
Secular Decline Rate*	-2.5%	-2.5%
Additional Cross Category Movement (e-vapor & other)	-0.4%	-0.5%
Total Secular Decline Rate	-2.9%	-3.0%
Macroeconomic & Other Factors (including Gas Prices)	-0.5%	-0.3%
Cigarette Price Elasticity	-1.1%	-1.2%
Estimated Industry Decline	-4.5%	-4.5%

For 2019 through 2023, our estimate for average annual U.S. cigarette industry volume declines is -4% to -5%.

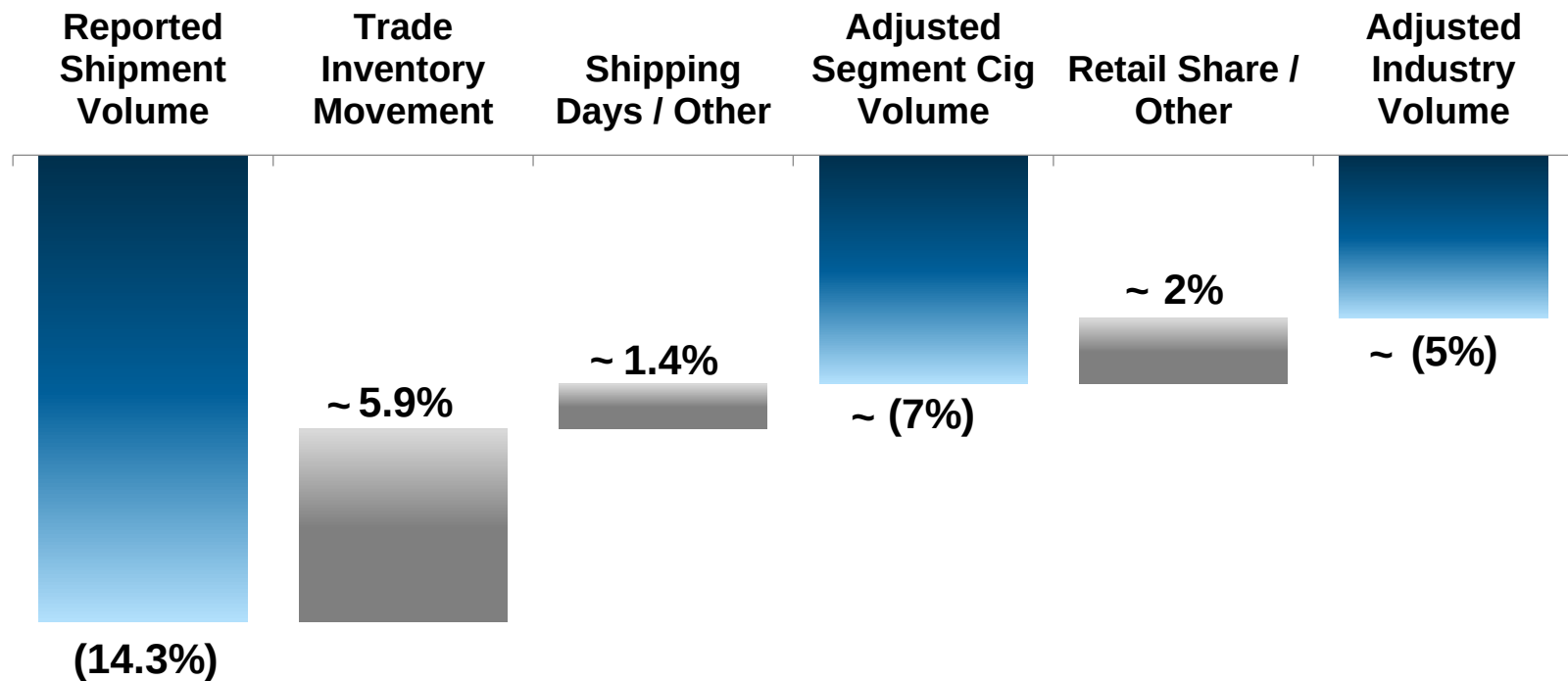
** Includes approximately 1% historical movement across tobacco categories*

Source: ALCS CMI estimates



Q1 2019: Smokeable Products Segment

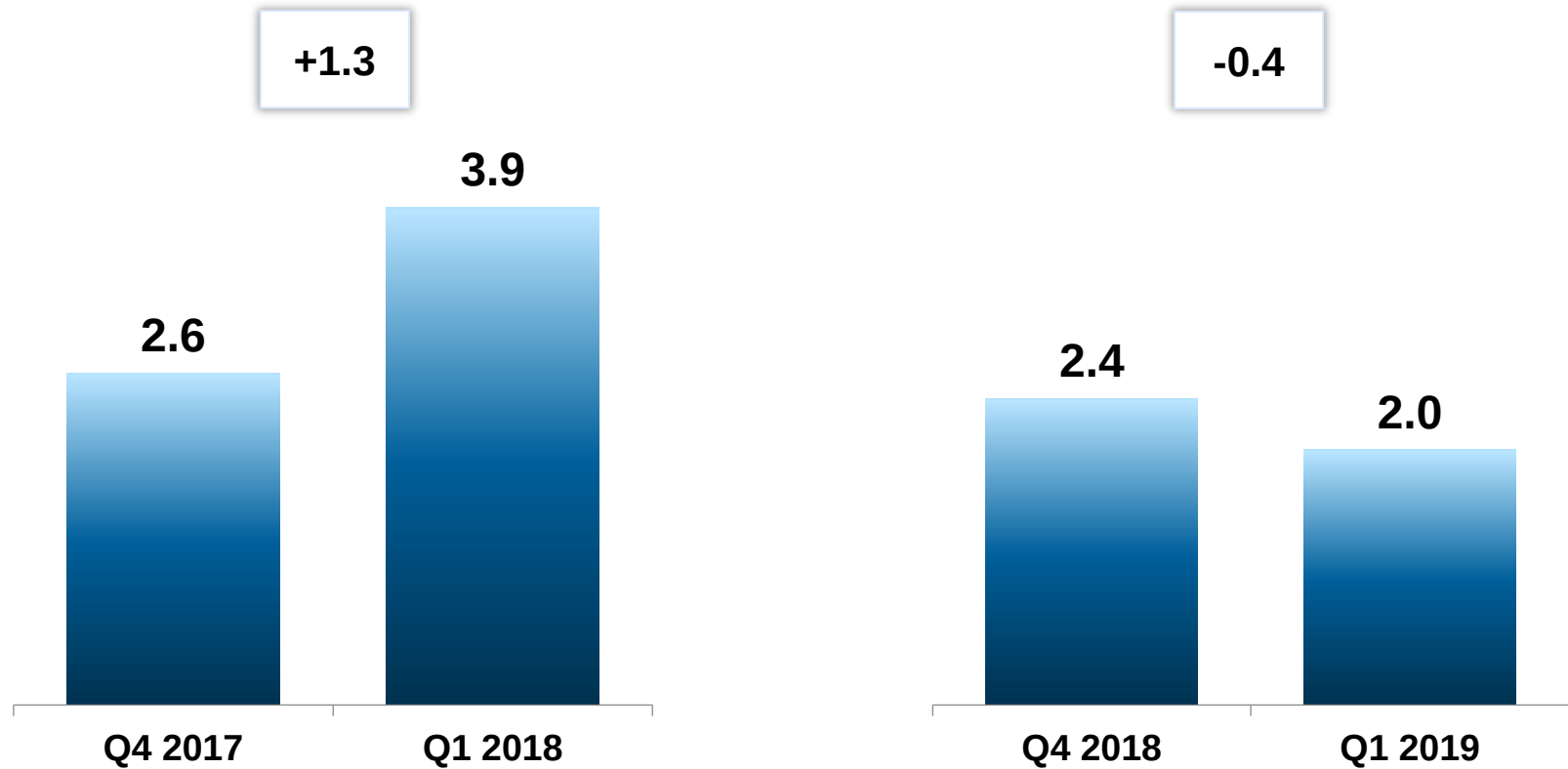
Segment Cigarette Volume Bridged to Industry Volume



Source: ALCS CMI estimates

Q1 2019: Smokeable Products Segment

PM USA Estimated Wholesale Inventories (in billions)

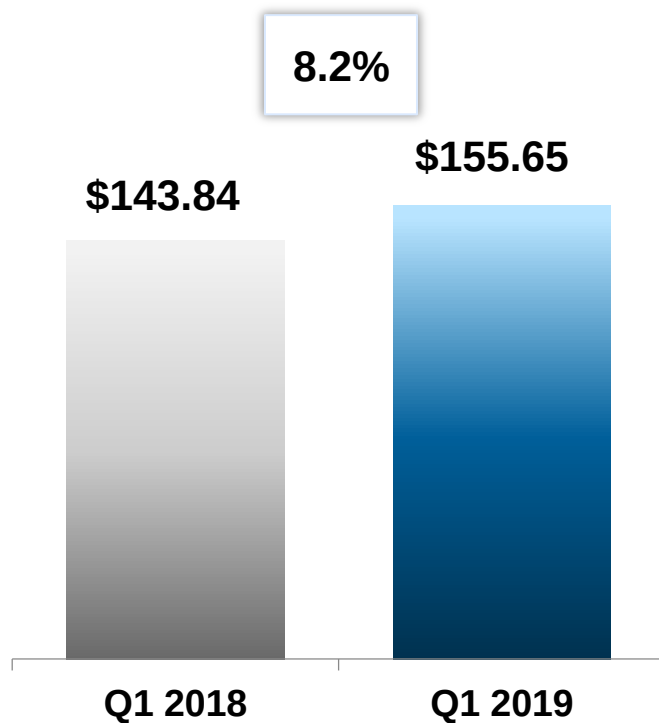


Source: ALCS CMI estimates

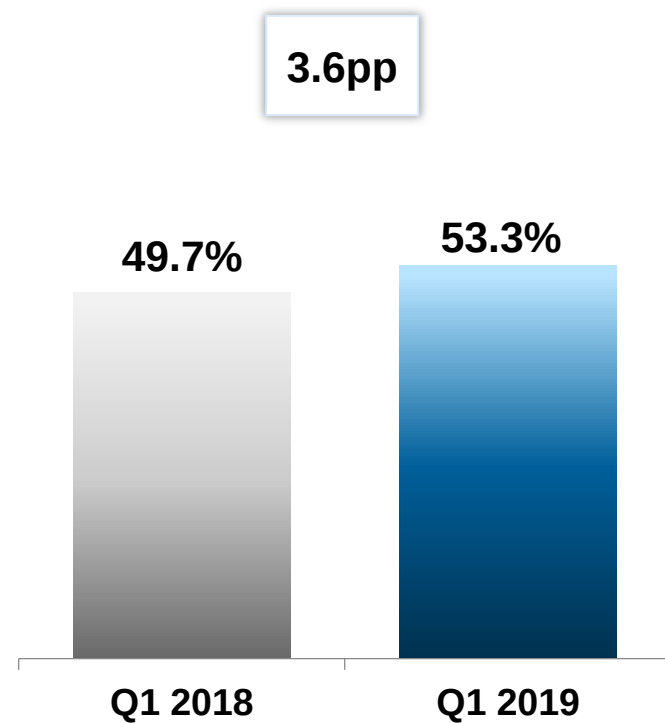
Q1 2019: Smokeable Products Segment

Financials

Net Revenue, Net of FET, Per
Thousand Sticks*



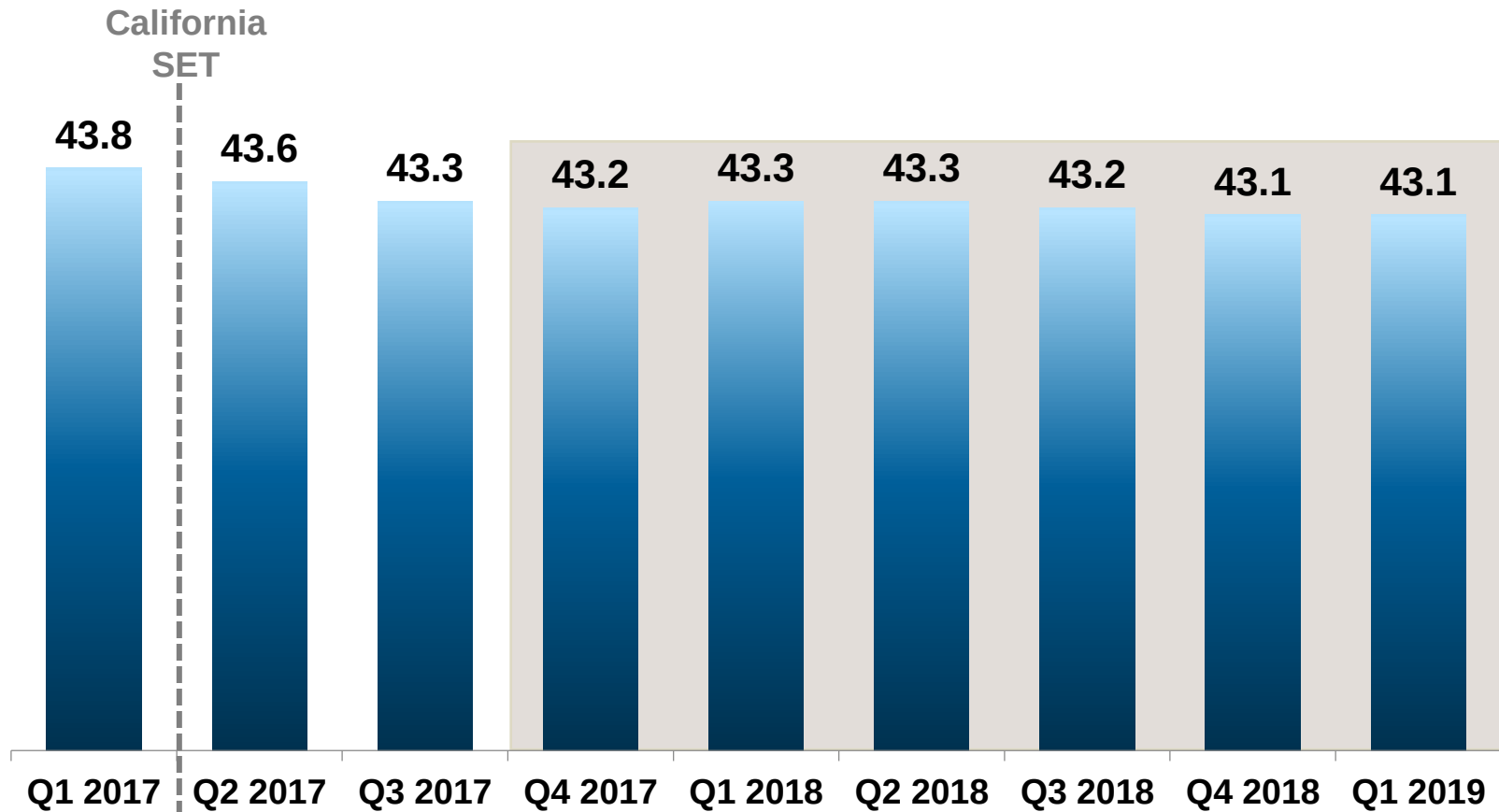
Adjusted OCI Margin*



* For reconciliations of non-GAAP to GAAP measures visit altria.com.

Q1 2019: Smokeable Products Segment

Marlboro Retail Share

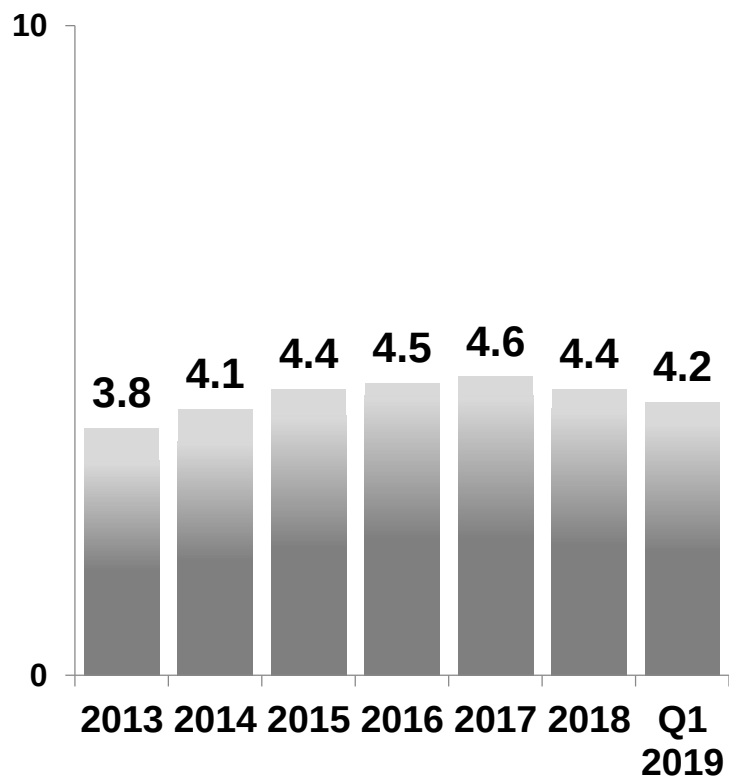


Source: IRI/MSAi InfoScan Cigarette 2019 – Blended, as of 3/31/19

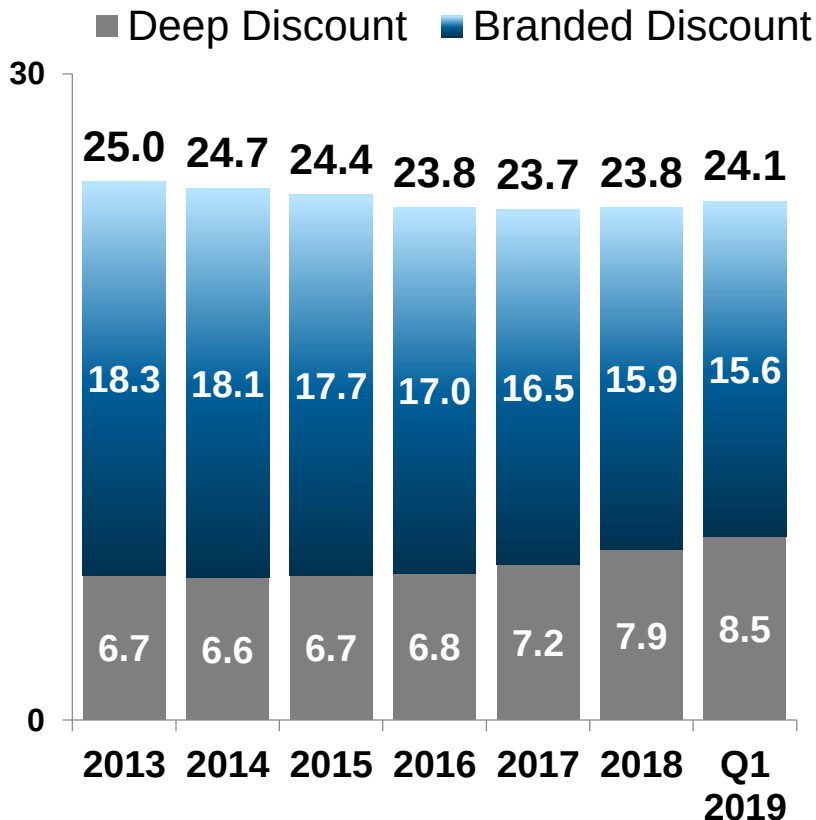


Q1 2019: Discount Category Dynamics

PM USA Discount Trends



Discount Category

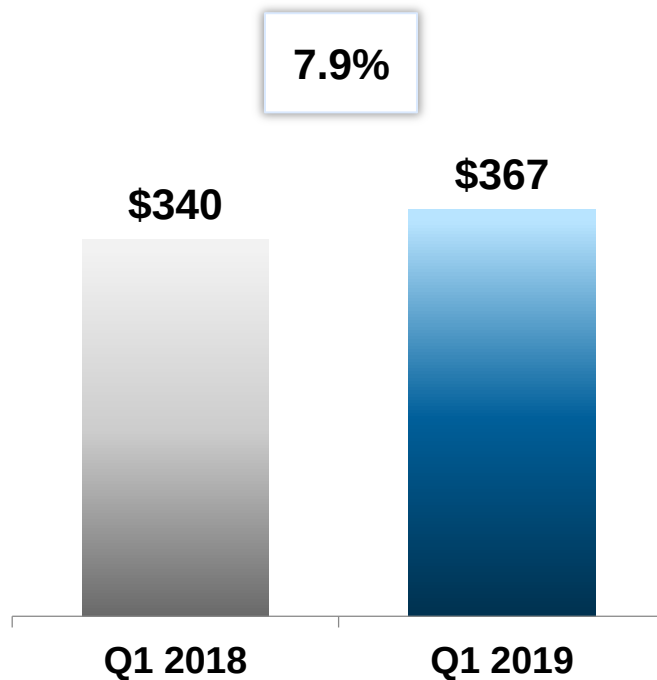


Source: IRI/MSAi InfoScan Cigarette 2019 – Blended, as of 3/31/19

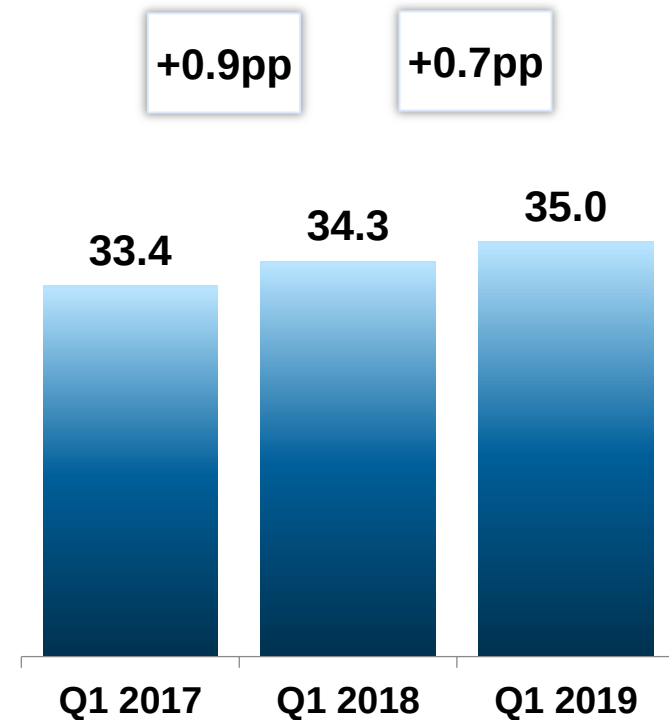


Q1 2019: Smokeless Products Segment

Adjusted OCI*
(\$, millions)



Copenhagen Retail Share



* For reconciliations of non-GAAP to GAAP measures visit altria.com.

Source: IRI InfoScan Smokeless 2019, as of 3/31/2019

IQOS

- We remain very excited about the opportunity to market PMI's IQOS heat-not-burn product in the U.S.
- Recent comments from leadership at the Center for Tobacco Products suggest a decision is forthcoming in 2019.
- We believe the science is compelling and supportive of a market authorization.

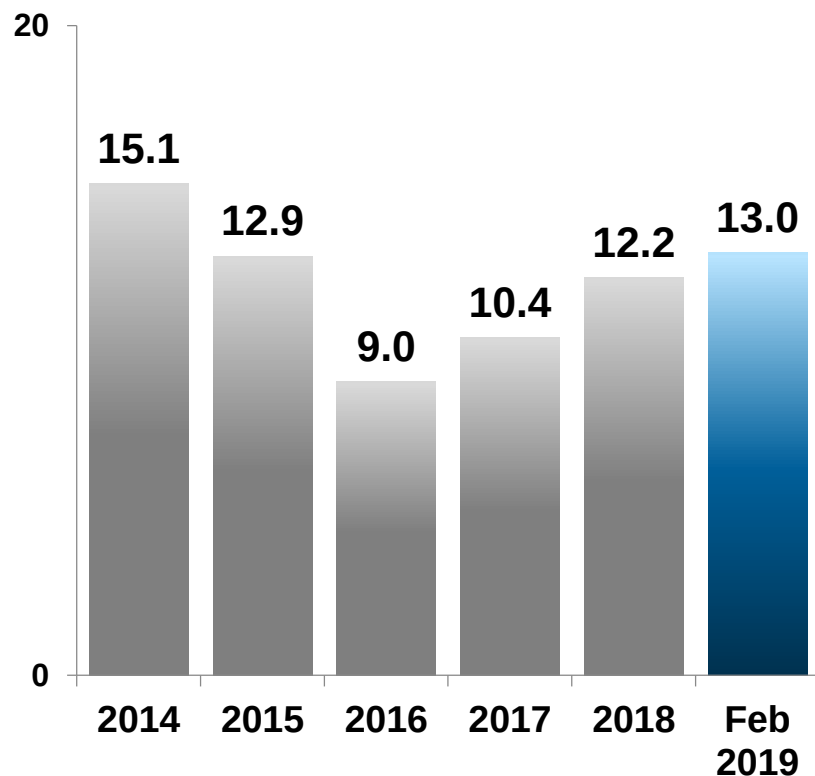


Altria

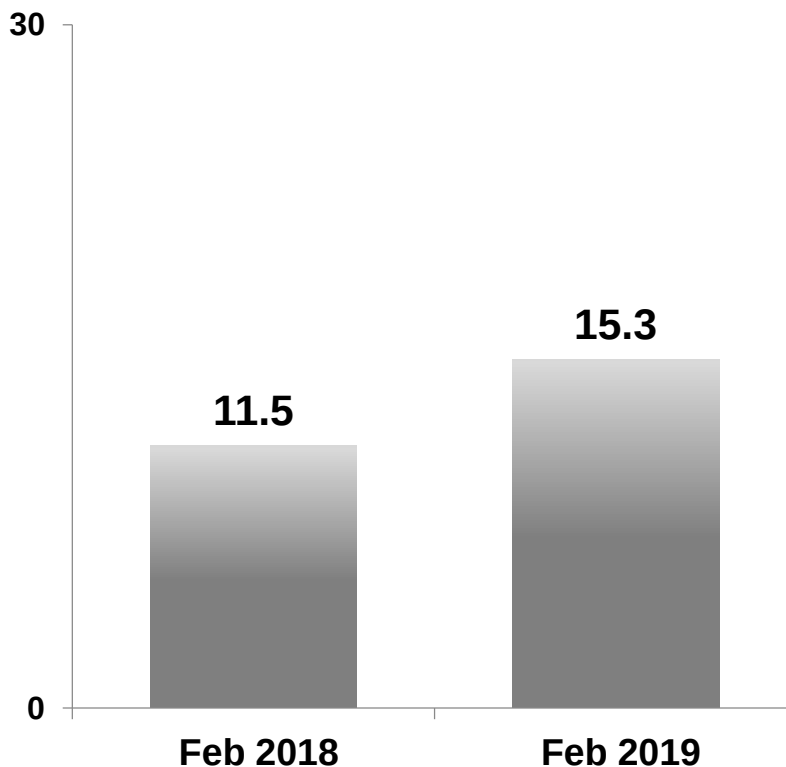
E-Vapor Category Growth

Adult Vapers in Millions

Past 30-Day Usage, 12 Month Moving



Past 30-Day Usage, 3 Month Moving



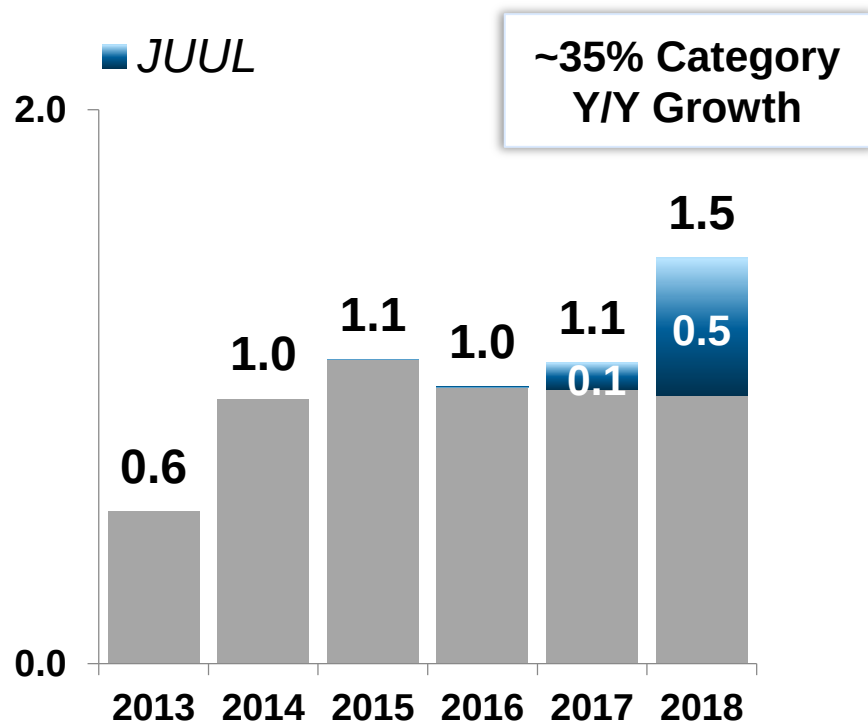
Note: LA+
Source: ATCT Jul 2013 to Feb 2019



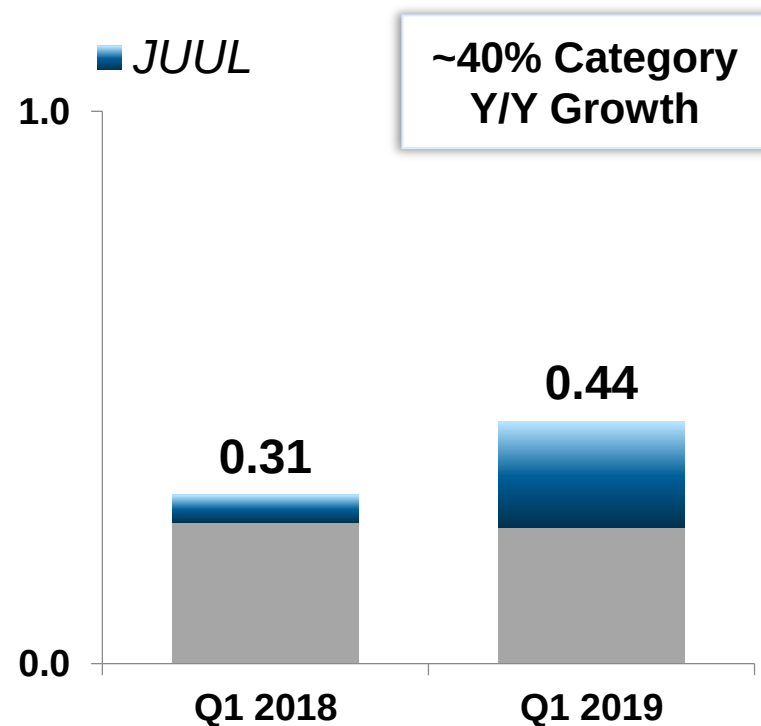
E-Vapor Category Growth

Estimated Equivalized Volume (in billions of EQ units)

Annual Estimates



Quarterly Estimates



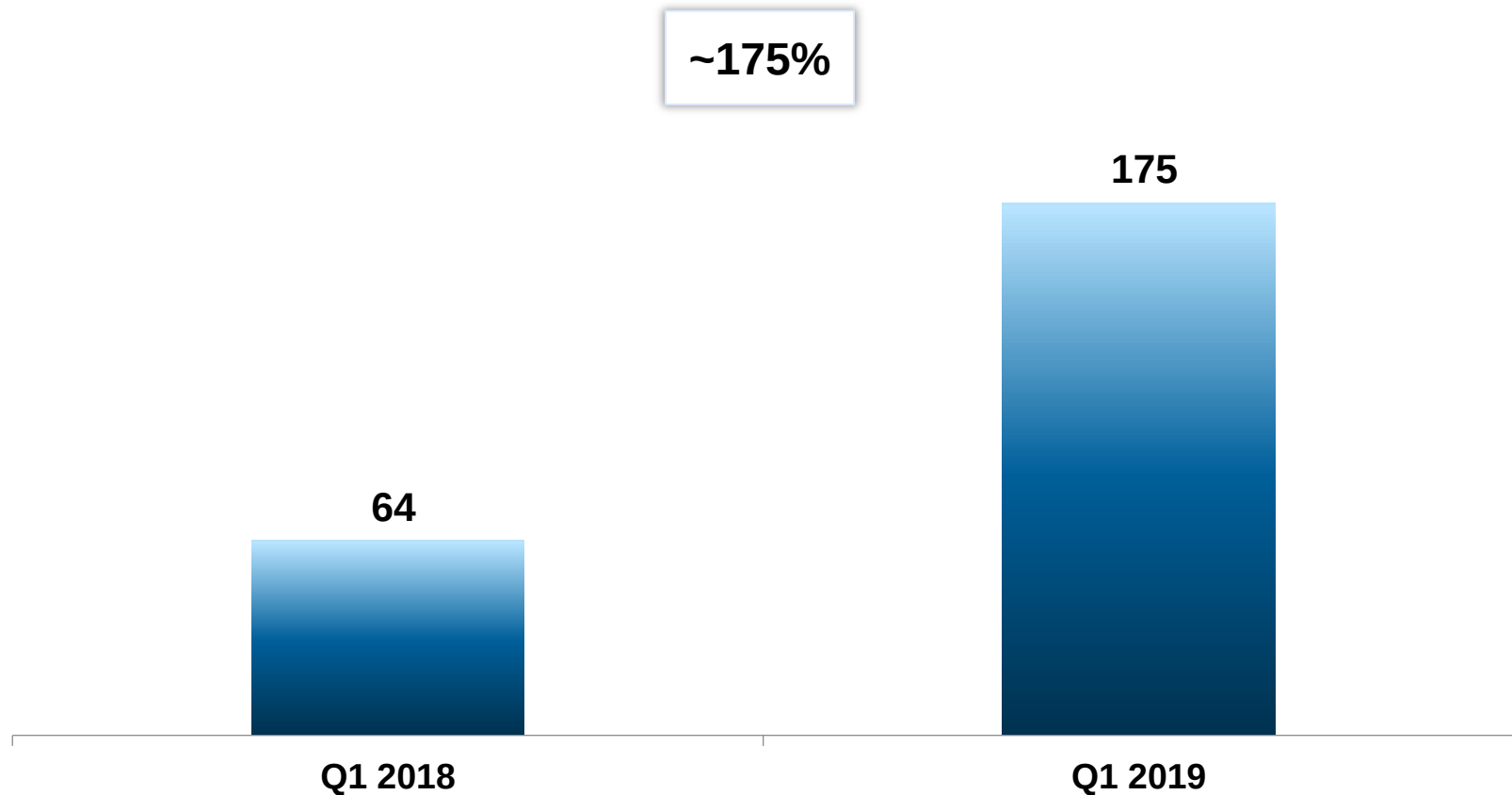
Source: ALCS CMI estimates based on: IRI MOC; STARS; Capstone; & comScore, ATCT.

Note: Volume equivalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid)



Q1 2019: *JUUL* Domestic Shipment Volume

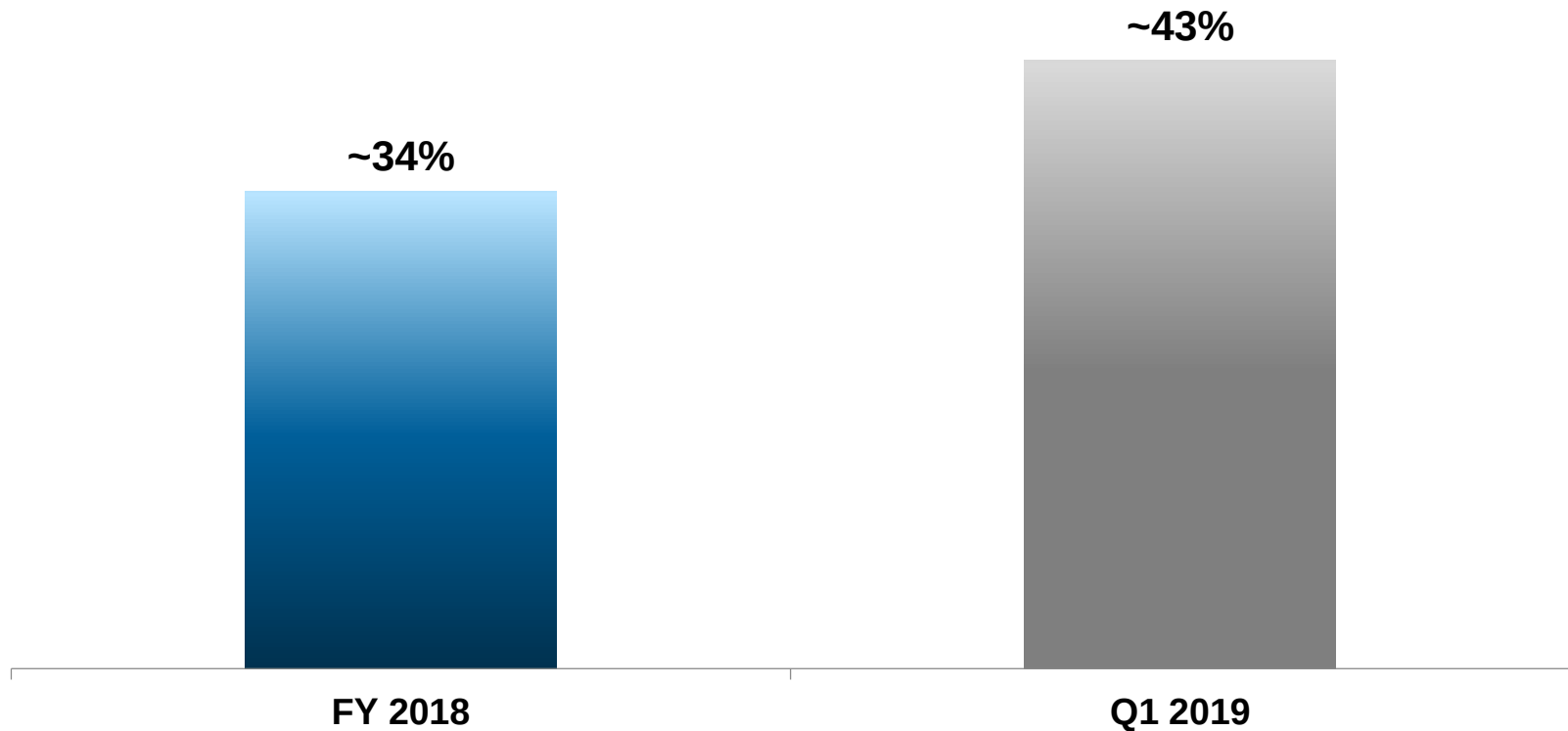
Refill Kit Pods (units in millions)



Source: JUUL Labs, Inc.

Q1 2019: *JUUL* E-Vapor Category Share

Across Open and Closed Systems and All Trade Channels



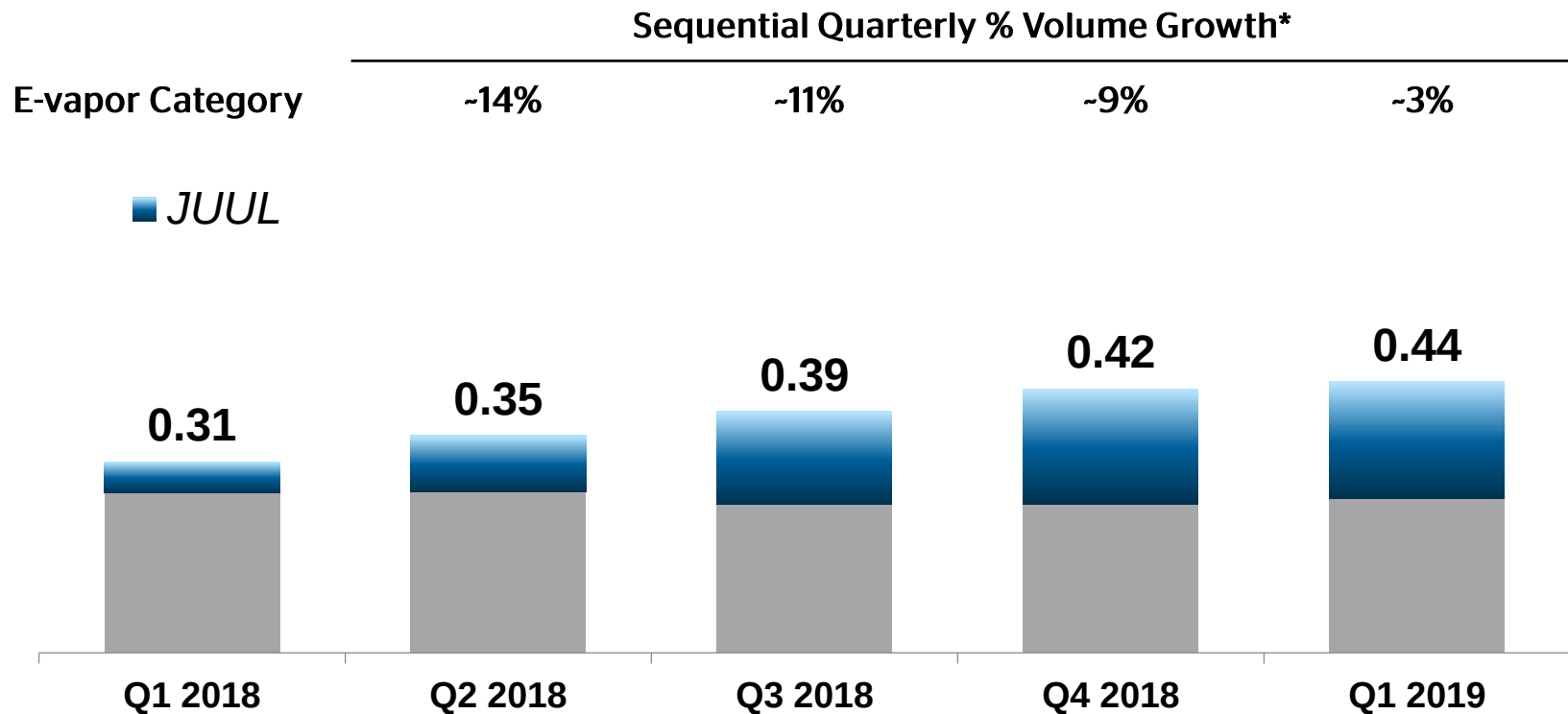
Source: ALCS CMI estimates based on: IRI MOC; STARS; Capstone; & comScore, ATCT.

Note: Volume equalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid)



Q1 2019: E-Vapor Slowed Sequentially Due to Actions to Prevent Youth Access and Appeal

Estimated Equivalized Volume (in billions of EQ units)



Source: ALCS CMI estimates based on: IRI MOC; STARS; Capstone; & comScore, ATCT.

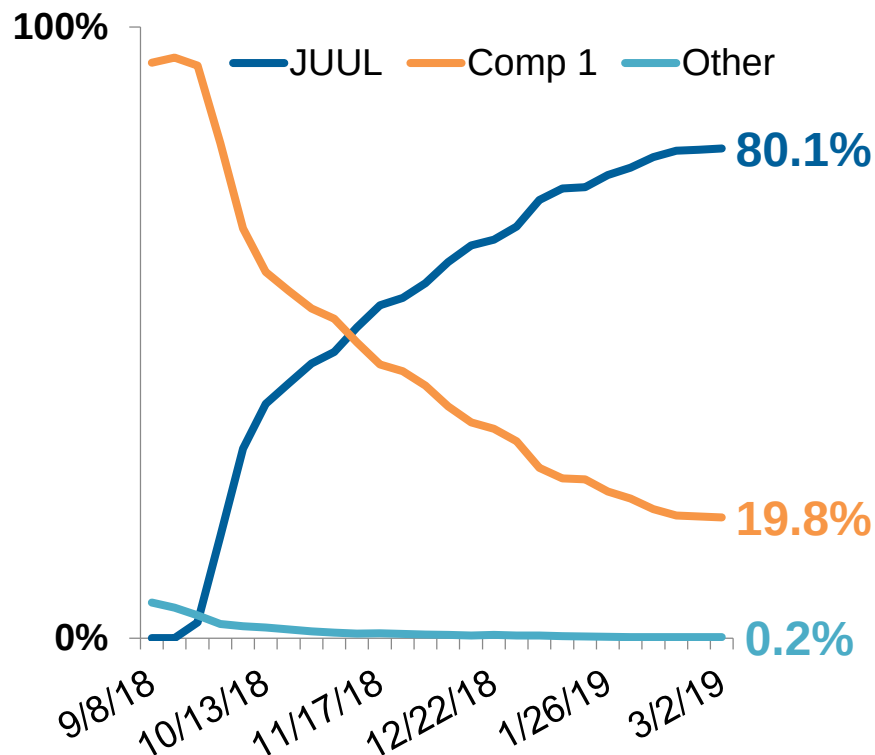
Note: Volume equivalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid)

* Percentages do not foot due to rounding

JUUL's Early International Performance

Canada

Dollar Share of E-Vapor in Stores Selling JUUL



United Kingdom

JUUL increased its leading position in the Sainsbury's chain to a dollar share in excess of 27% by the end of March from 23% in late January.

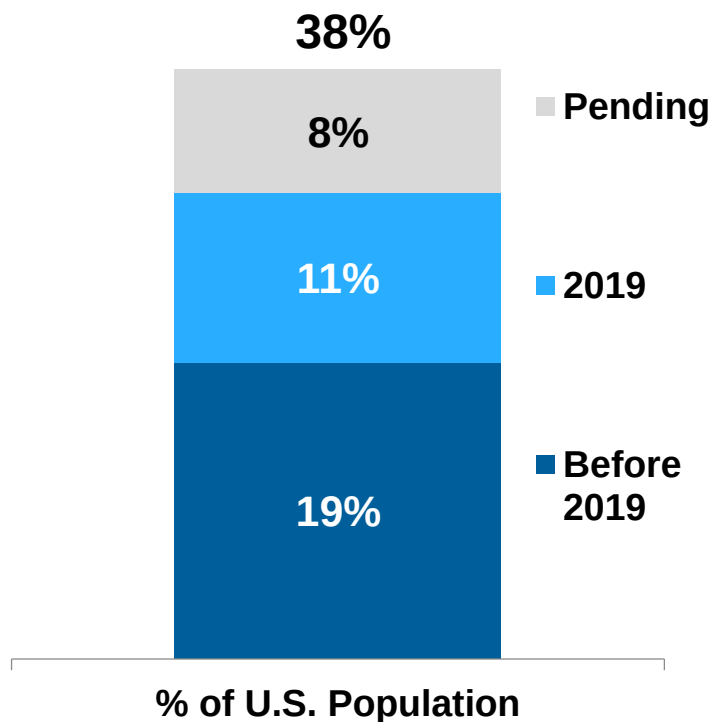
Note: Stores selling represent 15% of e-vapor distribution in Canada.
Numbers do not foot due to rounding
Source: JUUL, Nielsen

Source: JUUL, IRI as of 3.31.19

JUUL's International Expansion

- Recently launched in Spain, now available in 9 countries outside the U.S.
 - Canada, France, Germany, Israel, Italy, Russia, Spain, Switzerland, United Kingdom
- By mid-March, *JUUL* was available in over 8,500 stores throughout France, Germany, Italy & Switzerland
- JUUL plans to test several products in limited international markets this year
 - Includes a next-generation, Bluetooth-enabled device testing a variety of features including user-level access restrictions

Percentage of U.S. Population* with a Legal Age of Purchase 21 Law



Bipartisan legislation is being introduced to raise the legal age to purchase tobacco to 21 at the federal level.

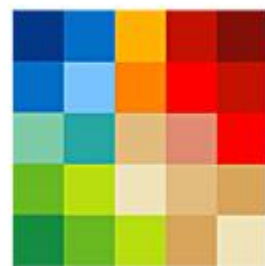
Q1 2019 Summary and Guidance

- Continues to be dynamic time period in the tobacco category
- We believe Altria is positioned best among our peers for long-term growth and leadership across a variety of future scenarios
 - Strong core tobacco businesses
 - U.S. commercialization rights for *IQOS*
 - Investments in JUUL, Cronos and AB InBev
- Our 2019 plans are on-track

We reaffirm our guidance to deliver full-year 2019 adjusted diluted earnings per share of \$4.15 to \$4.27. This range represents a growth rate of 4% to 7% from a 2018 adjusted diluted EPS base of \$3.99*.

* For reconciliations of non-GAAP to GAAP measures visit altria.com.





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