

Altria's Fourth-Quarter 2019 Earnings Conference Call

January 30, 2020

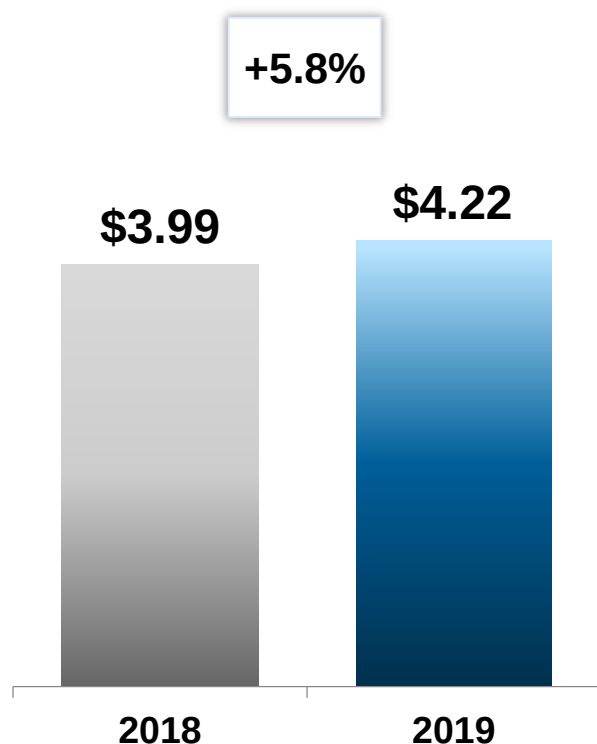
Safe Harbor Statement

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 in Altria’s publicly-filed reports, including its Annual Report on Form 10-K for the year ended December 31, 2018, its Quarterly Reports on Form 10-Q for the periods ended March 31, 2019 and September 30, 2019, and under “Forward-looking and Cautionary Statements” in today’s earnings release.

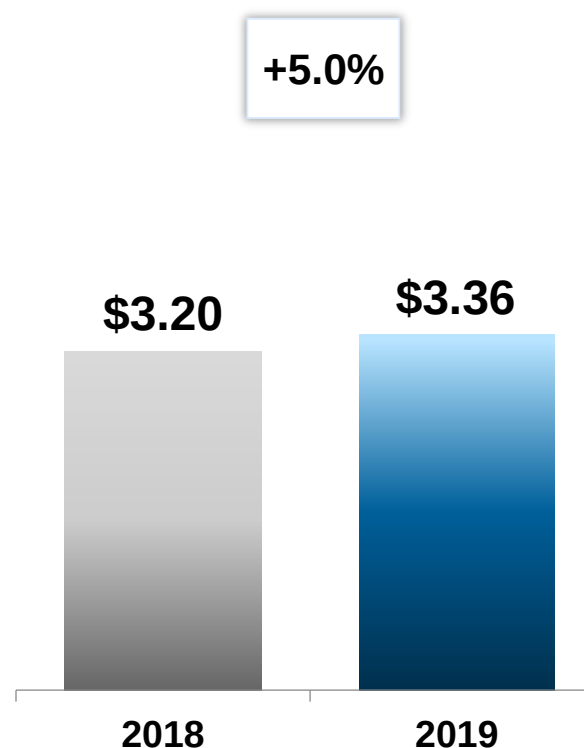
Reconciliations of non-GAAP financial measures included in this presentation to the most comparable GAAP measures are available on Altria’s website at altria.com.

2019 Adjusted Diluted EPS* & Dividends Per Share

Adjusted Diluted EPS



Dividends Per Share



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



Note: reported annualized dividend per share based on latest declared dividend

Maximizing Profitability in Core Tobacco

In 2019, the Smokeable and Smokeless Segments each:

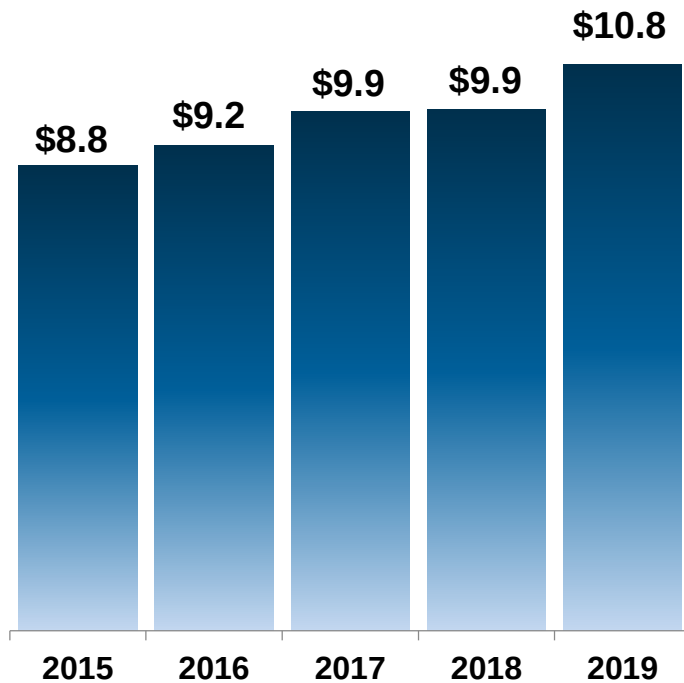
- Delivered high single digit adjusted OCI
- Expanded adjusted OCI margins
- Maintained strength on leading premium brands



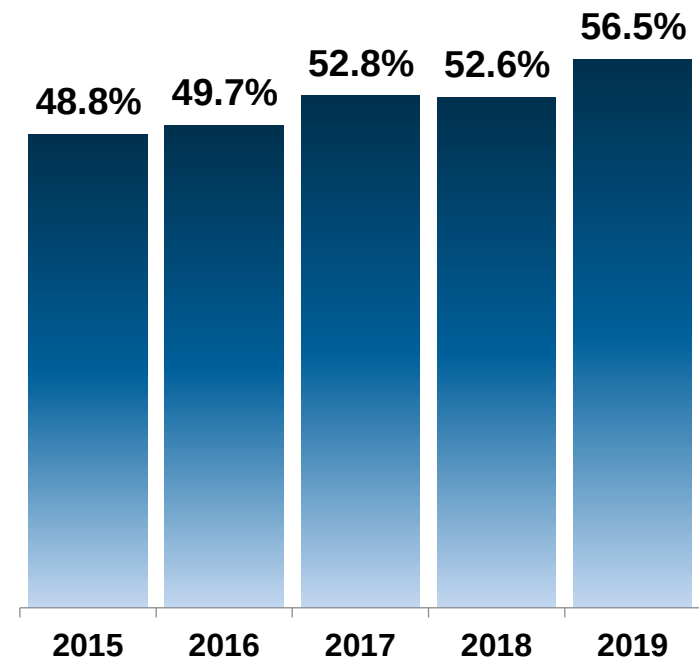
Core Tobacco Adjusted OCI* & OCI Margin* Growth

Smokeable & Smokeless Product Segments

Adjusted OCI (\$ in billions)



Adjusted OCI Margins



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



2019 Strong Results

- Exceeded our \$575 million cost reduction target
- Made significant progress advancing and building our noncombustible business platform
- Successfully advocated for Tobacco 21



JUUL Investment Update

- We've reached an agreement with JUUL to continue providing regulatory affairs services, including supporting JUUL's efforts to prepare and submit its PMTA filings by May 2020 but we will discontinue all other services by the end of March 2020.
- We are committed to helping JUUL achieve this critical PMTA milestone.
- JUUL will create a new, more independent board structure after we receive antitrust clearance from the FTC.



All-third party trademarks remain the property of their respective owners.



2019 National Move to 21

January
Altria Launches
National Campaign

July
Half of U.S. Population governed
by Tobacco 21 state laws

December
Congress enacts federal
legislation

Move to 21

Reducing risk.
Expanding choice.
Altria.



IQOS

100+ Trained IQOS Professionals



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IQOS 3.0



***IQOS 2.4 Device
(currently authorized)***

***IQOS 3.0 Device
(planned submission)***



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on! Oral Nicotine Pouches

- Expect to submit PMTAs by May
- Expect to begin manufacturing in Richmond this quarter
- Launching enhanced packaging this quarter
- Currently sold nationally in 15,000 stores, including 3 of the top 5 chains



Accounting Methodology for Investment in JUUL

- Upon antitrust clearance, Altria expects to account for its equity investment in JUUL using the fair value option.
- Altria's income statement will include any cash dividends received from the investment and quarterly changes in the fair value of the investment.

Revised 2020-2022 Growth Objective

- We don't currently expect to receive equity earnings contributions from JUUL over the next three years.
- We revise our compounded annual adjusted diluted EPS* growth objective to 4% to 7% for the years 2020 through 2022.

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



2020 Guidance

We expect to deliver full-year 2020 adjusted diluted EPS* of \$4.39 to \$4.51. This range represents a growth rate of 4% to 7% from a 2019 adjusted diluted base of \$4.22.

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



Altria's Enhanced Business Platform

Combustible Tobacco Portfolio



Marlboro
Leading cigarette brand



Black & Mild
Leading tipped cigar brand



Cigarette Portfolio
Highly profitable niche brands

Noncombustible Tobacco Brands & Investments



Copenhagen
Leading MST brand



IQOS
Global heated tobacco leader (U.S. license)



JUUL
Leading e-vapor brand (strategic investment)



on!
Oral nicotine pouches (tobacco-derived nicotine)

Complementary Assets



Top 10 domestic wine producer



~10% investment
global beer industry leader



Emerging global cannabinoid company (strategic investment)

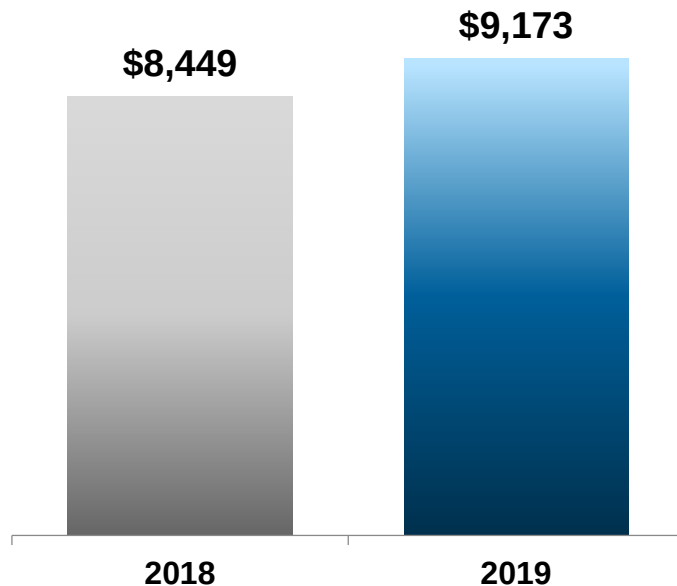
All-third party trademarks remain the property of their respective owners.

Smokeable Products Segment

Adjusted OCI & OCI Margins* (\$ in millions)

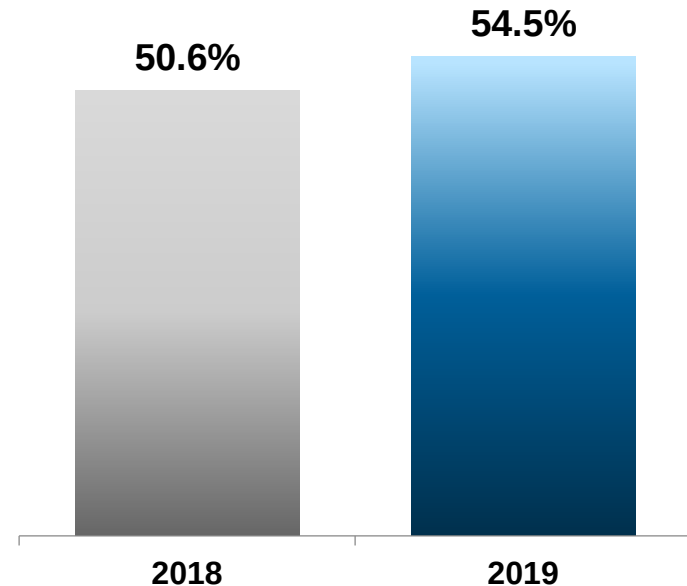
Adjusted OCI

+8.6%



Adjusted OCI Margins

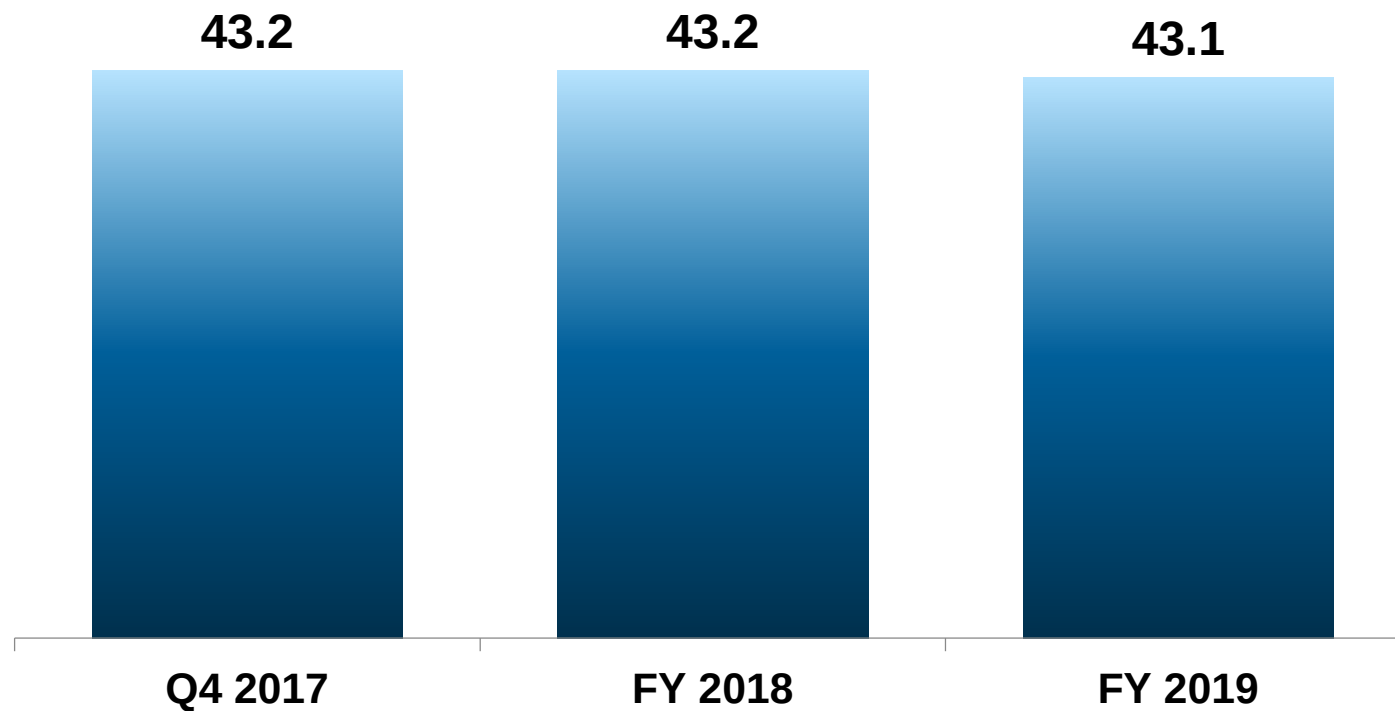
+3.9pp



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Smokeable Products Segment

Marlboro Retail Share

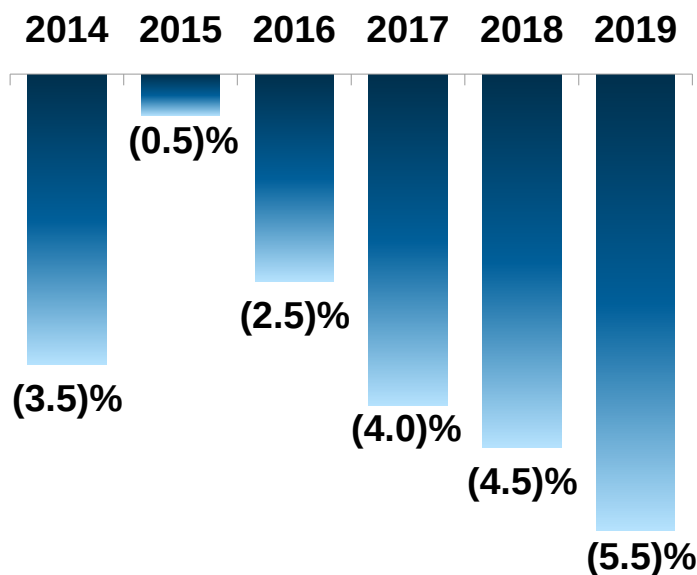


Source: IRI/MSAi InfoScan Cigarette 2019 – Blended, as of 12/29/19

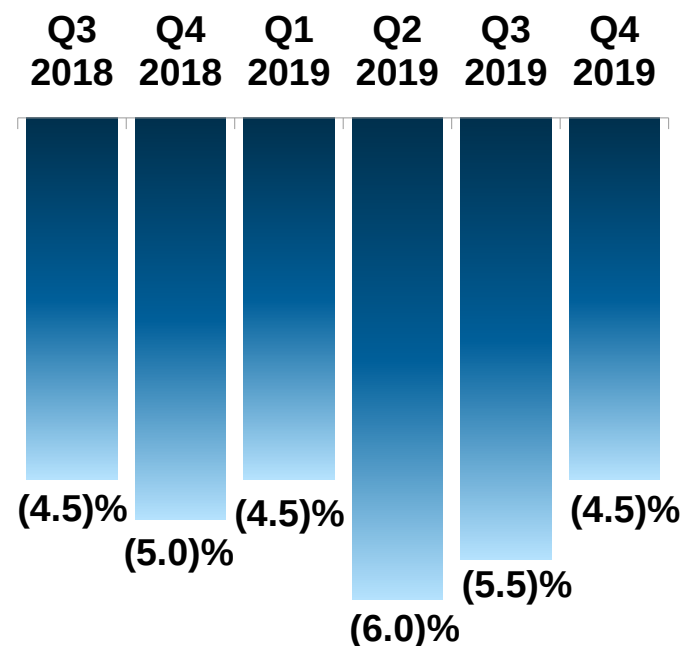


Cigarette Industry Decline Rate Estimates

Annual Estimates



Quarterly Estimates

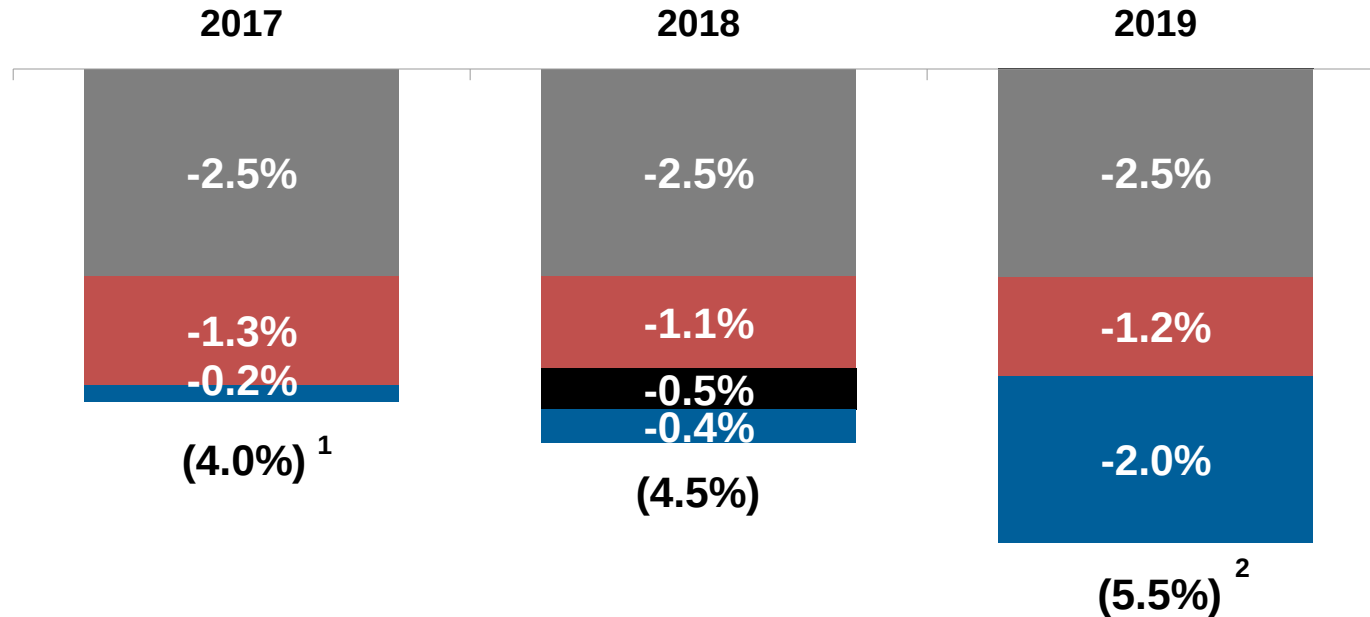


Source: ALCS CMI estimates – rounded to nearest 0.5%

Note: Estimates are subject to revision due to wholesaler resubmission of inventory data



Cigarette Industry Volume Decomposition Estimates



- Secular Decline³
- Cigarette Price Elasticity
- Macroeconomic & Other Factors
- Additional Cross Category Movement

Our 2020 U.S. cigarette industry volume decline rate estimate is 4% to 6%.



Source: ALCS CMI estimates

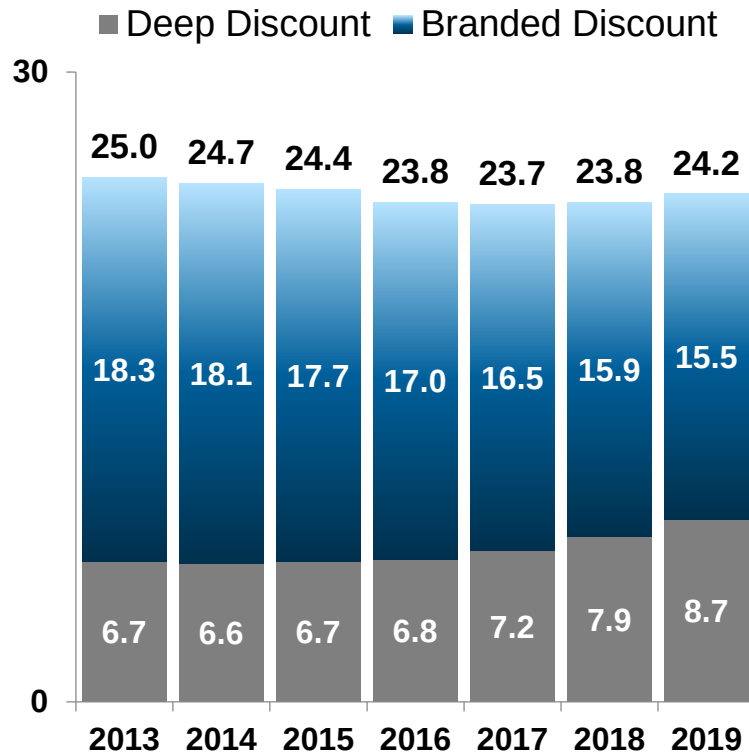
¹ Macroeconomic & Other Factors had little to no impact to the cigarette industry volume decline rate for 2017

² Macroeconomic & Other Factors were a 0.2% tailwind to the cigarette industry volume decline rate for 2019

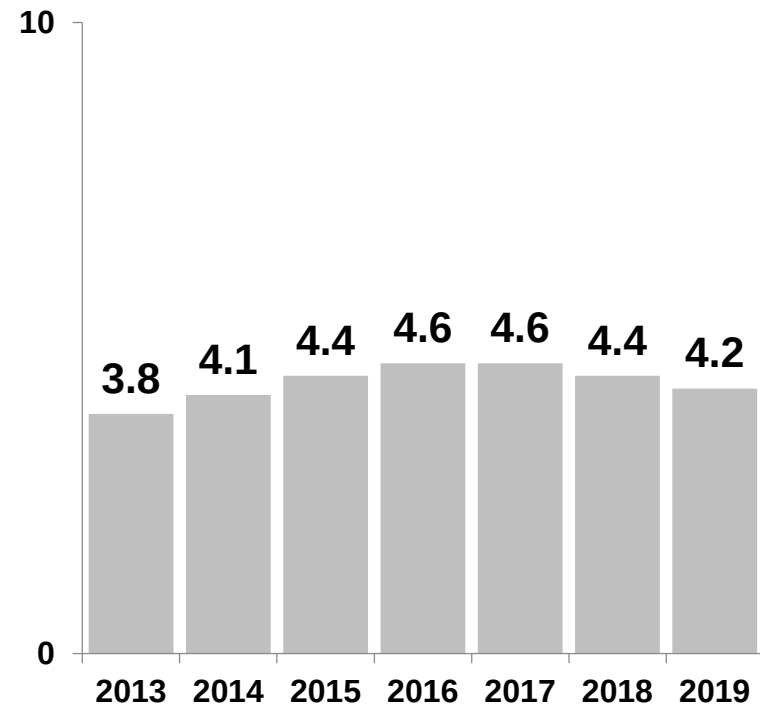
³ Includes approximately 1% historical movement across tobacco categories

Discount Category Retail Share Dynamics

Discount Category (%)



PM USA Discount (%)



Source: IRI/MSAi InfoScan Cigarette 2019 – Blended, as of 12/29/19

Black & Mild Strength

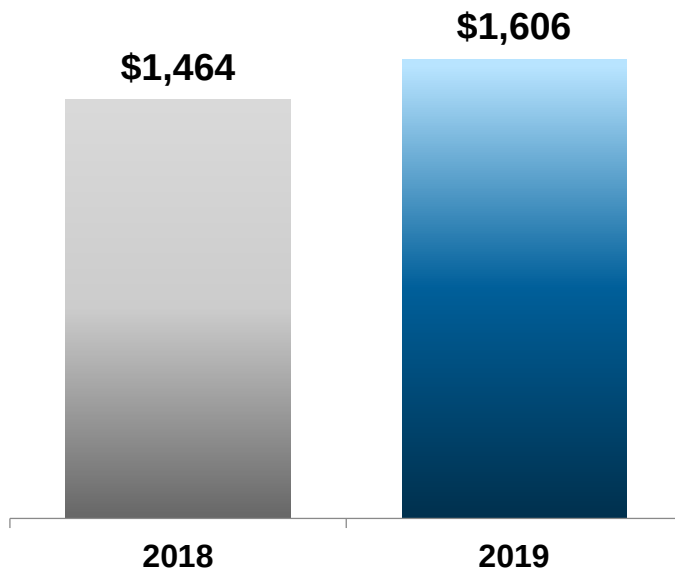


Smokeless Products Segment

Adjusted OCI & OCI Margins* (\$ in millions)

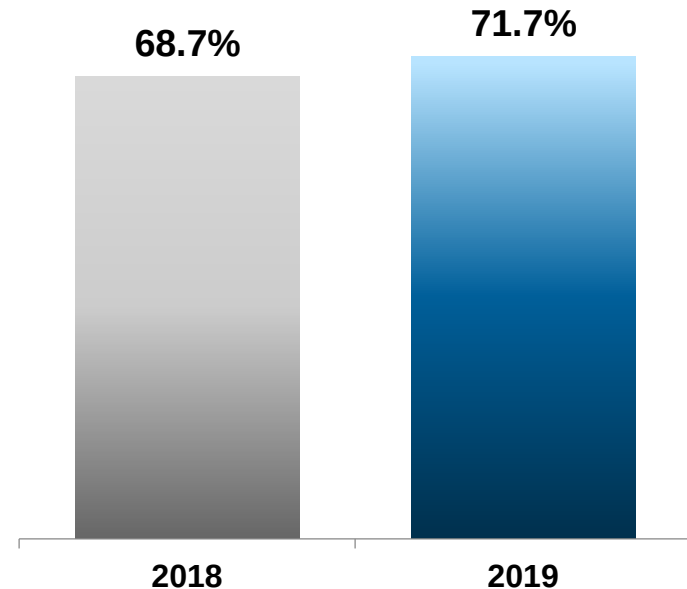
Adjusted OCI

+9.7%



Adjusted OCI Margins

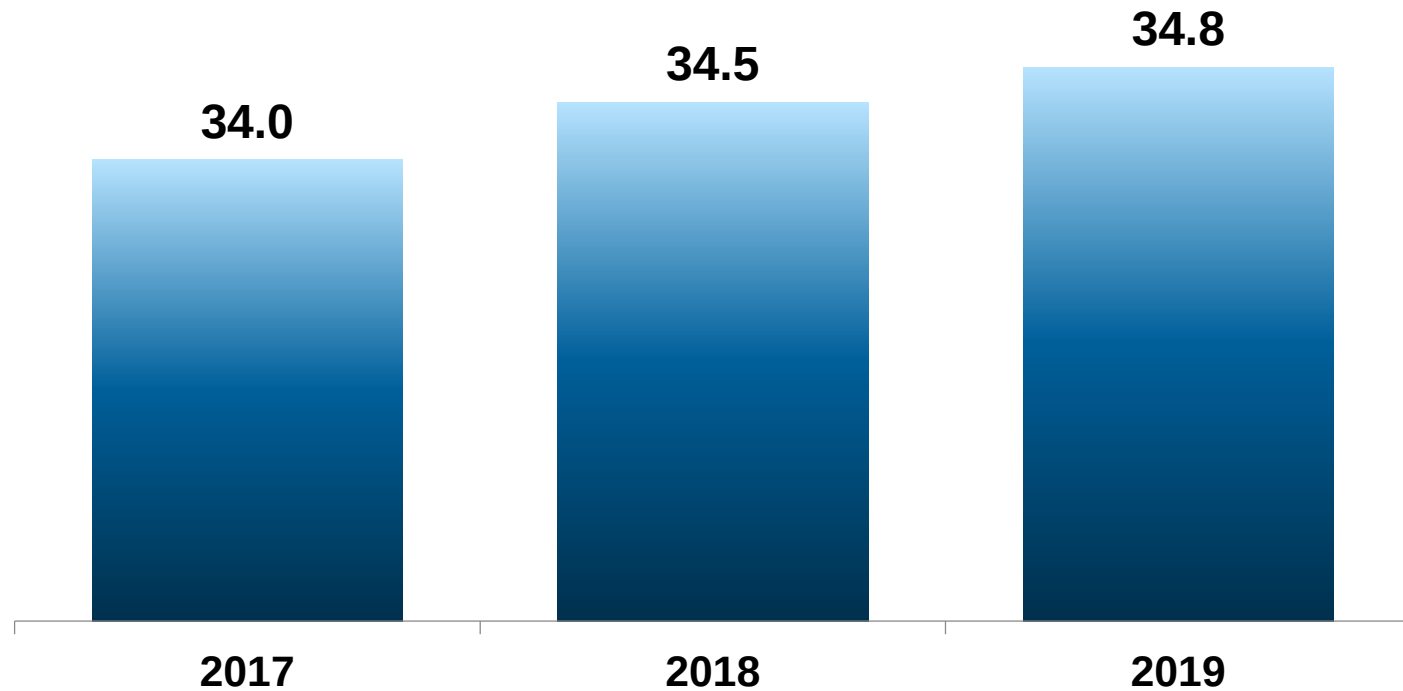
+3.0pp



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Smokeless Products Segment

Copenhagen Retail Share

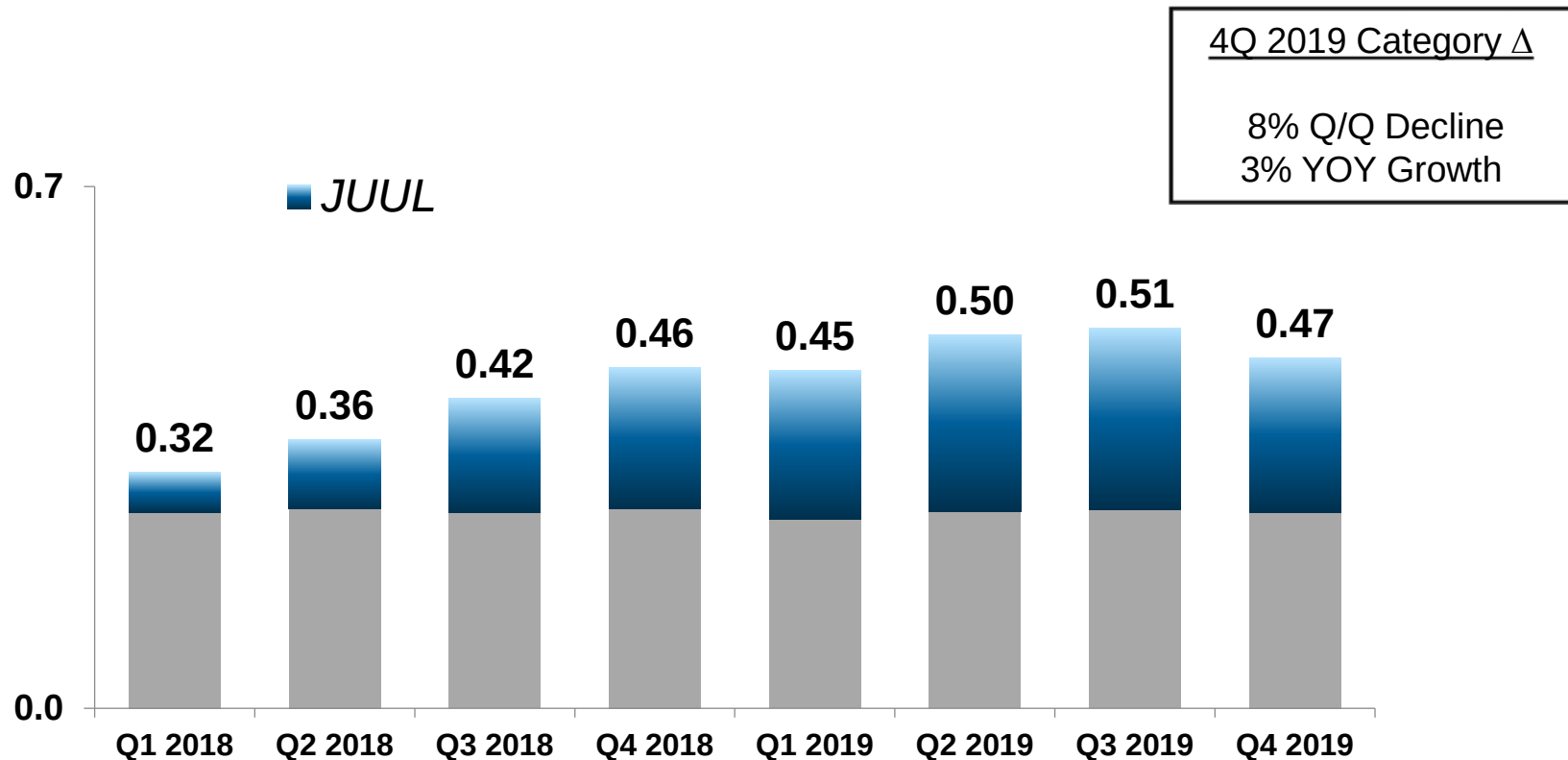


Source: IRI/MSAi InfoScan 2019 – Blended, as of 12/29/19

E-Vapor Category Growth

Estimated Equivalized Volume (in billions of units)

Quarterly Estimates



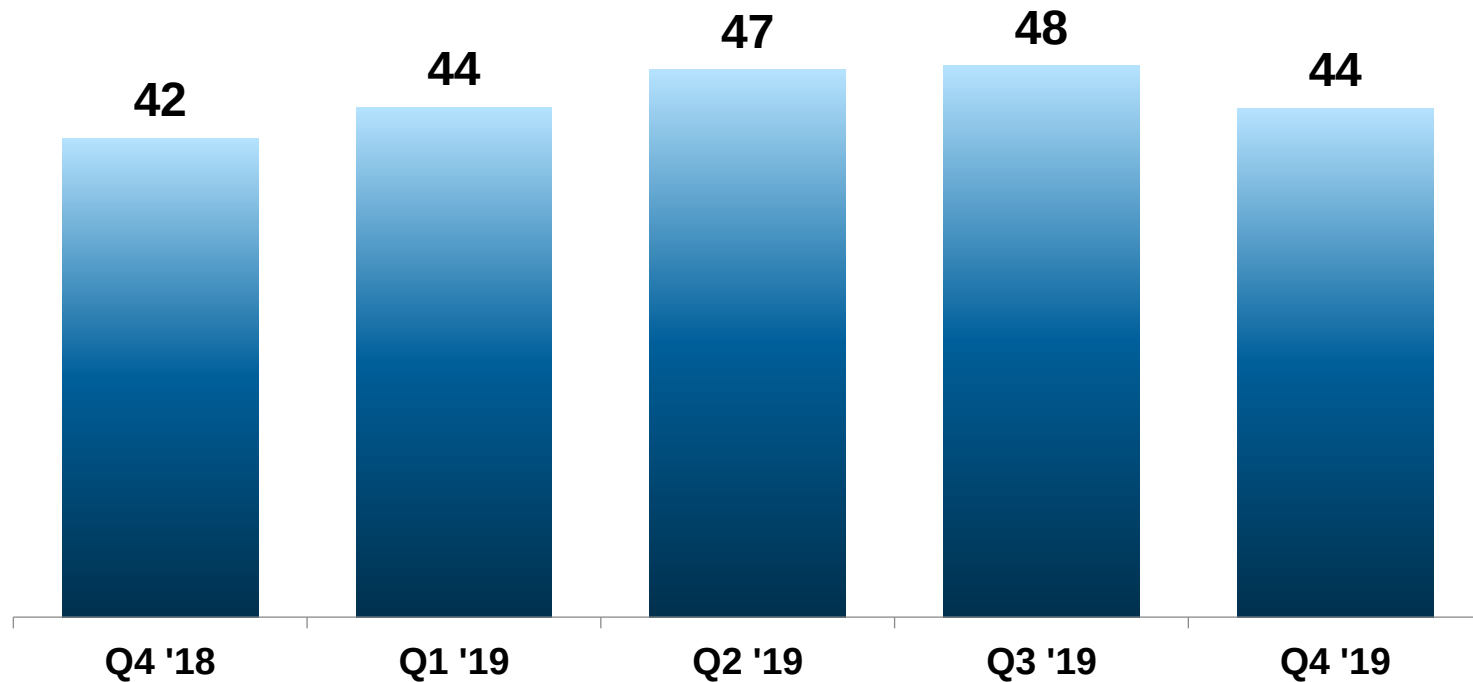
JUUL's estimated market share of the E-vapor Category is ~44% in Q4 2019

Source: ALCS CMI estimates

Note: (i) Share based on volume equivalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid) Estimated category volume and share are subject to revisions based on the latest available data (ii) percentages may not foot due to rounding

JUUL Performance

Estimated Equivalized Volume Share of Category



Source: ALCS CMI estimates

Note: Share based on volume equivalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid) Estimated category volume and share are subject to revisions based on the latest available data



JUUL Q4 2019 Impairment

- We've recorded an additional \$4.1 billion impairment to our JUUL investment, primarily driven by the increased number of legal cases pending against JUUL and the expectation that the number of legal cases against JUUL will continue to increase.
 - Since October 31, 2019, lawsuits in which JUUL is a named defendant increased by more than 80%.
- The current value of our JUUL investment is \$4.2 billion.

Strategic Cannabis Investment



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Complementary Alcohol Assets



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Capital Allocation

- We repurchased \$500 million in shares in the fourth quarter.
- We have \$500 million remaining in the current authorized repurchase program, which we expect to complete by the end of 2020.
- Current annualized dividend is \$3.36 per share; represents 6.8% yield*.

*As of January 27, 2020



Altria