

Altria's First-Quarter 2020 Earnings Conference Call

April 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, 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.



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We Rise To The Challenge, Together

COVID-19 Update

- We're focusing on the health and welfare of our employees, maintaining business continuity and supporting our communities
- We've implemented remote working for many of our employees and the recommended social distancing protocols
- Our teams are working tirelessly with critical business and trade partners to limit disruptions to our supply chains and distribution systems
- Currently, all our manufacturing facilities are producing products for our adult consumers

We Care For Each Other & Do What's Right

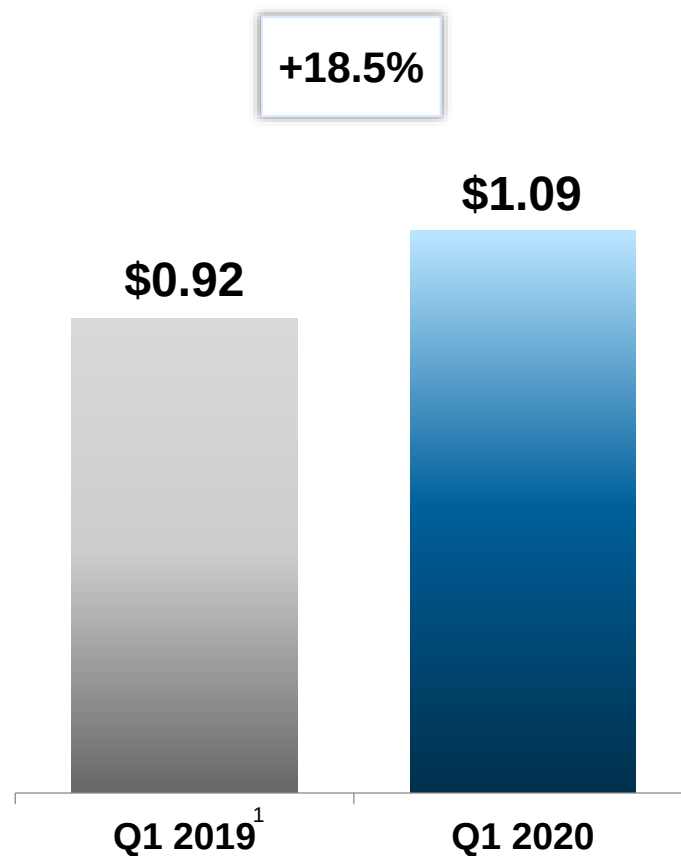
COVID-19 Community Response

- We've committed an initial \$1 million to support COVID-19 relief efforts in the communities where we live and work



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

Q1 2020 Adjusted Diluted Earnings Per Share*



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

¹ Prior period recast for certain ABI-related items. See our press release for more details at altria.com

Our 10-Year Vision: Responsibly Lead The Transition of Adult Smokers to a Noncombustible Future

To achieve our vision, we will...

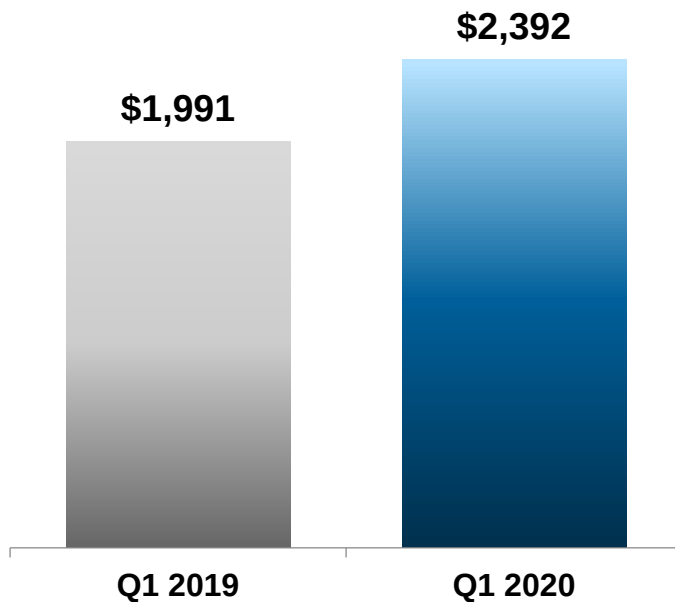
- Lead the industry in operating responsibly and preventing underage use of adult products
- Develop and expand our portfolio of FDA–authorized, noncombustible products and actively convert adult smokers to them
- Maximize the profitability of our combustible products while appropriately balancing investments in *Marlboro* with funding the growth of our noncombustible portfolio
- Seize leadership in the external environment through communications, engagement, science-based policy and regulatory solutions

Smokeable Products Segment

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

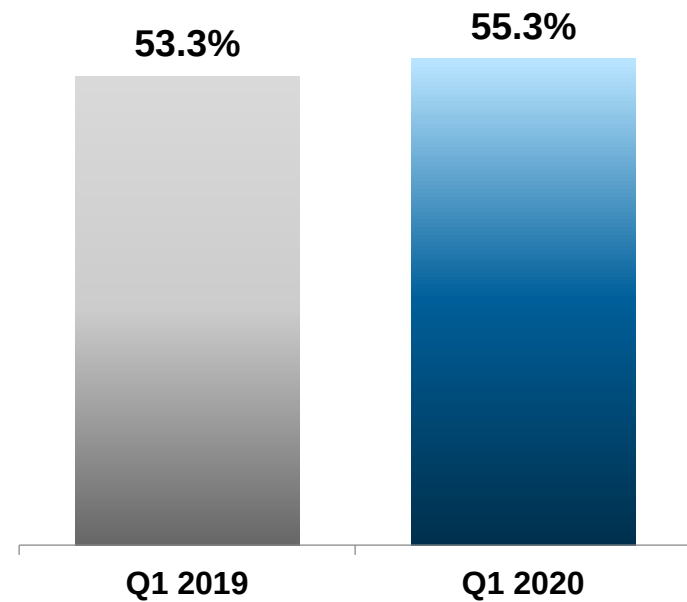
Adjusted OCI

+20.1%



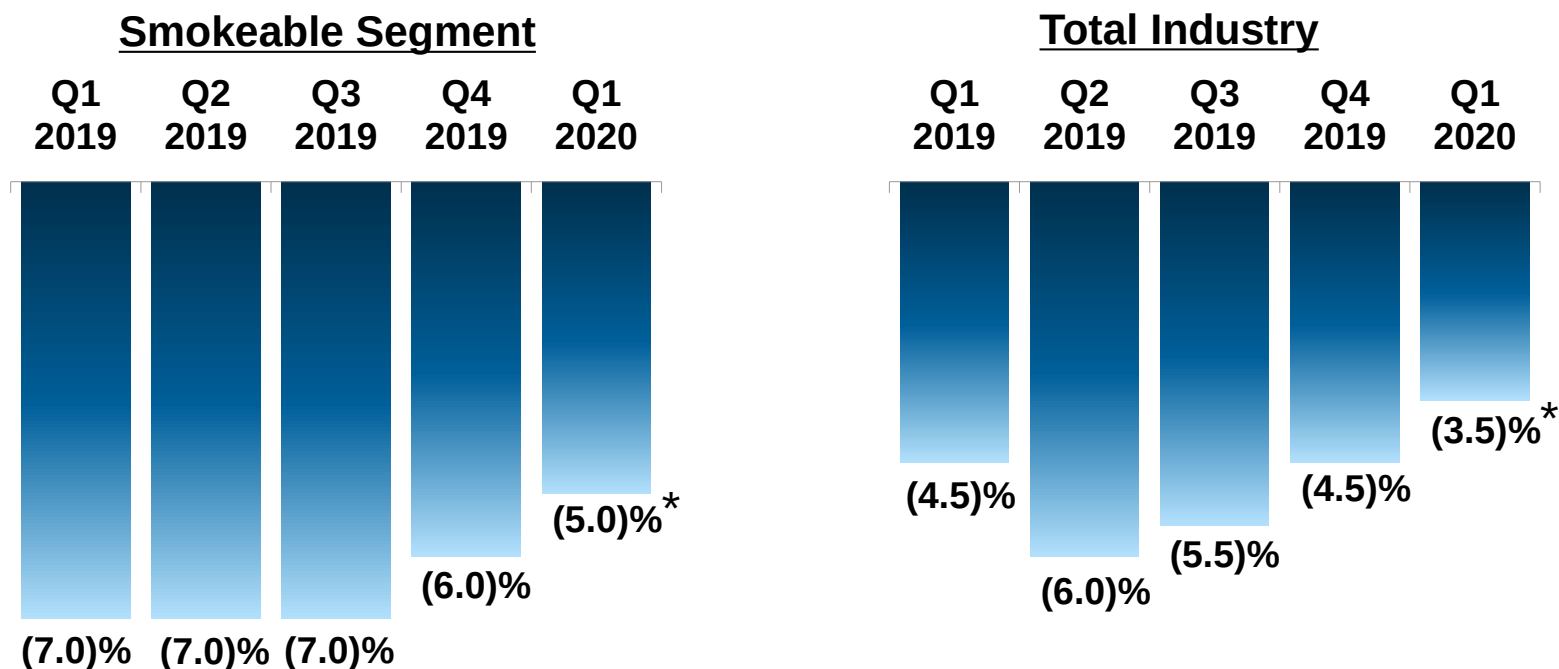
Adjusted OCI Margins

+2.0pp



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

Adjusted Cigarette Decline Rate Estimates



***Q1 2020 includes special adjustment for estimated COVID-19 consumer pantry loading.
Adjusted volume decline estimates without the pantry load adjustment:
Smokeable Segment: (3.5%)
Total Industry: (2.0%)**

Source: ALCS CMI estimates – rounded to nearest 0.5%

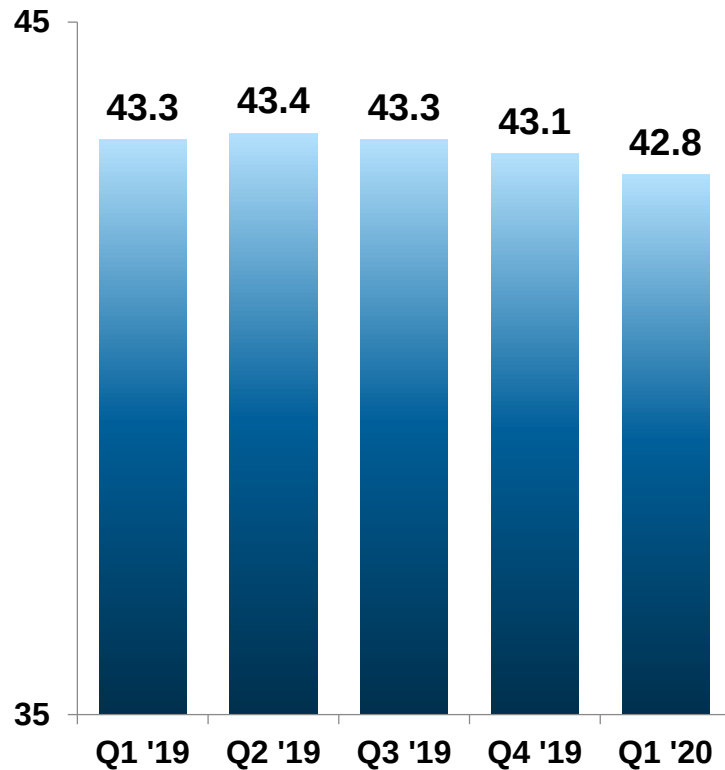
Note: Estimates are subject to revision due to wholesaler resubmission of inventory data



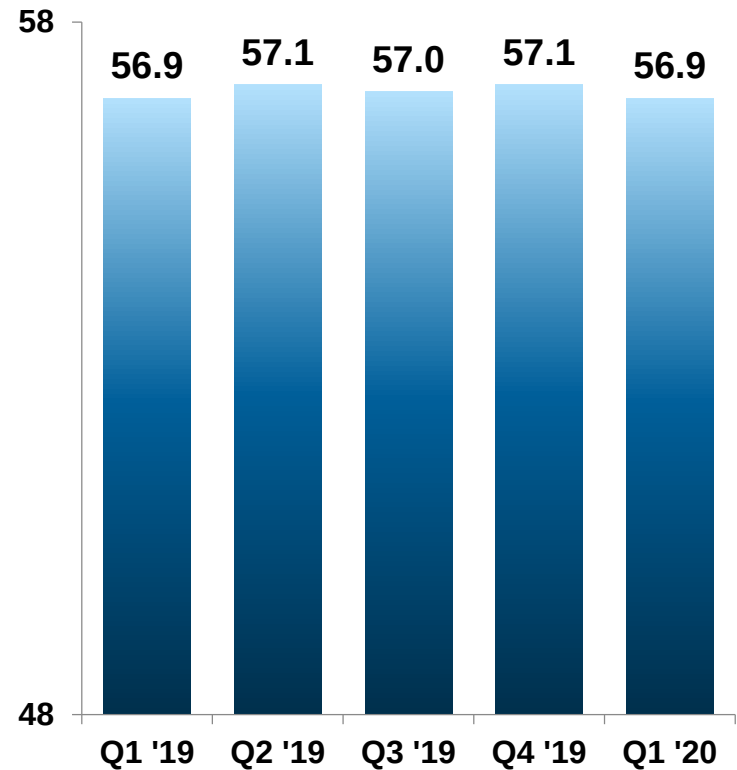
Smokeable Products Segment

Marlboro Retail Share

Marlboro Share of Total Category



Marlboro Share of Premium Segment

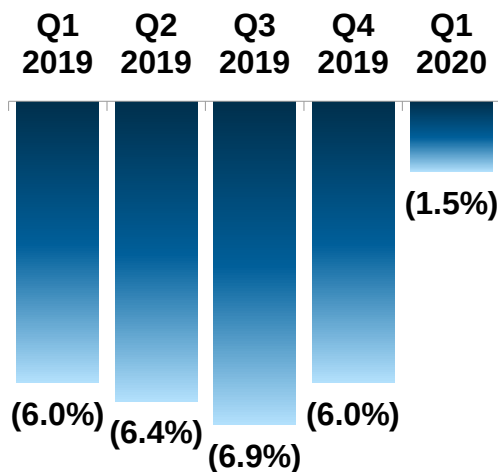


Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 03/29/20

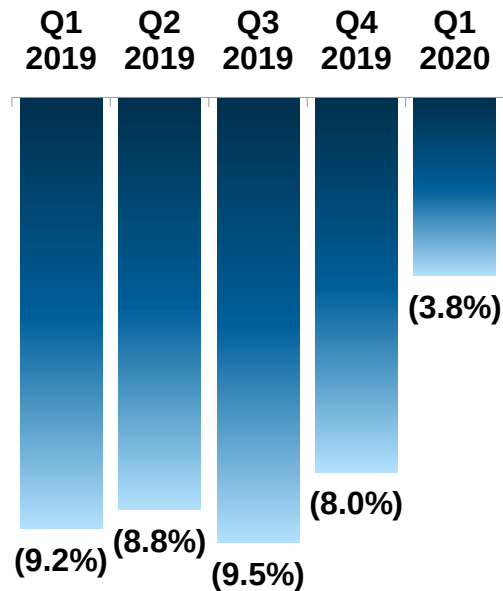
Shipments to Retail Volume (Decline) / Growth Rate

Gross Volumes

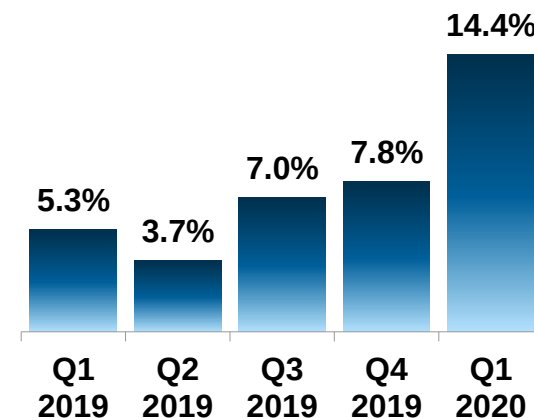
Premium Cigarette Segment



Branded Discount Cigarette Segment



Deep Discount Cigarette Segment



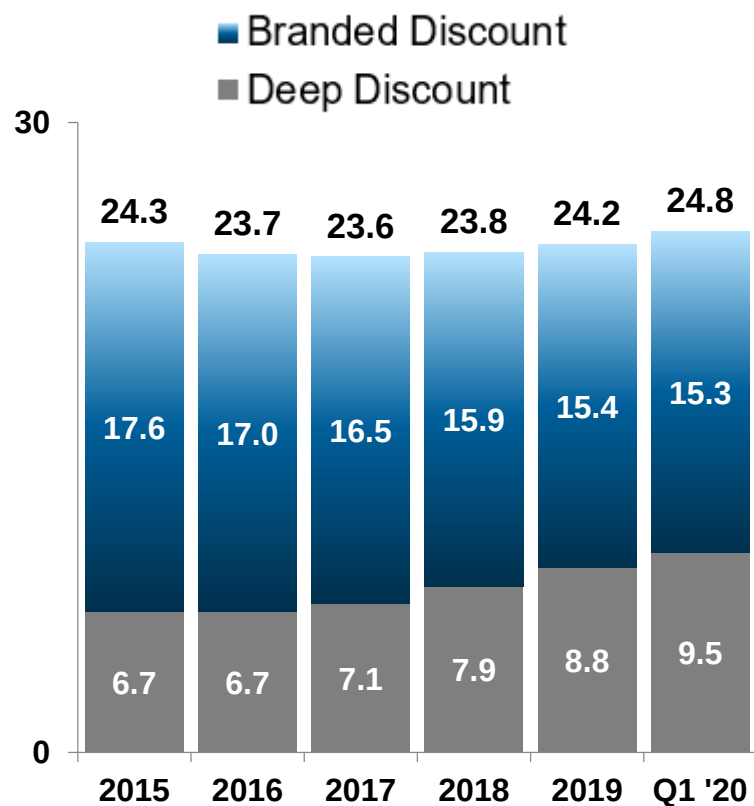
Source: MSAi

Marlboro

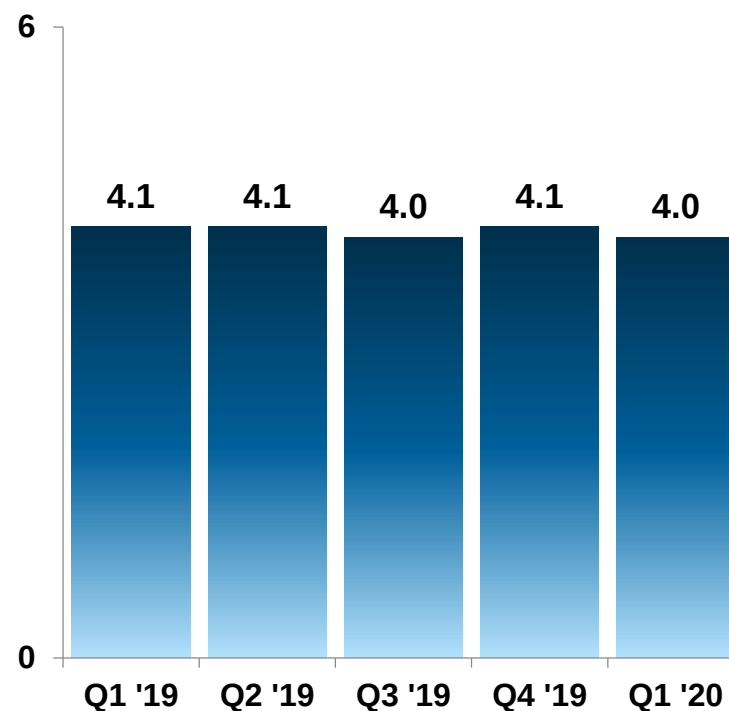


Discount Segment Retail Share Dynamics

Total Discount Segment (%)



PM USA Discount (%)

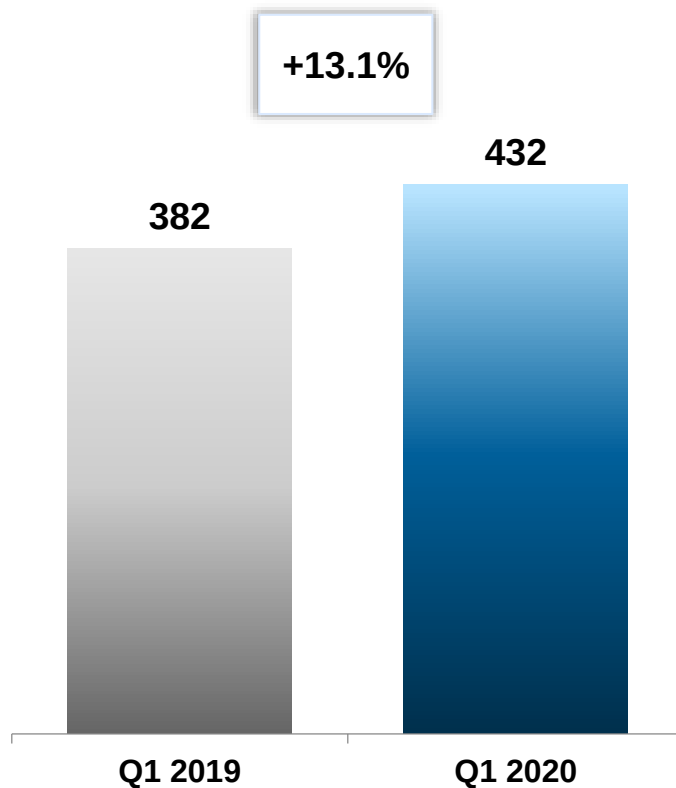


Sources: ALCS CMI Estimates; IRI Unify

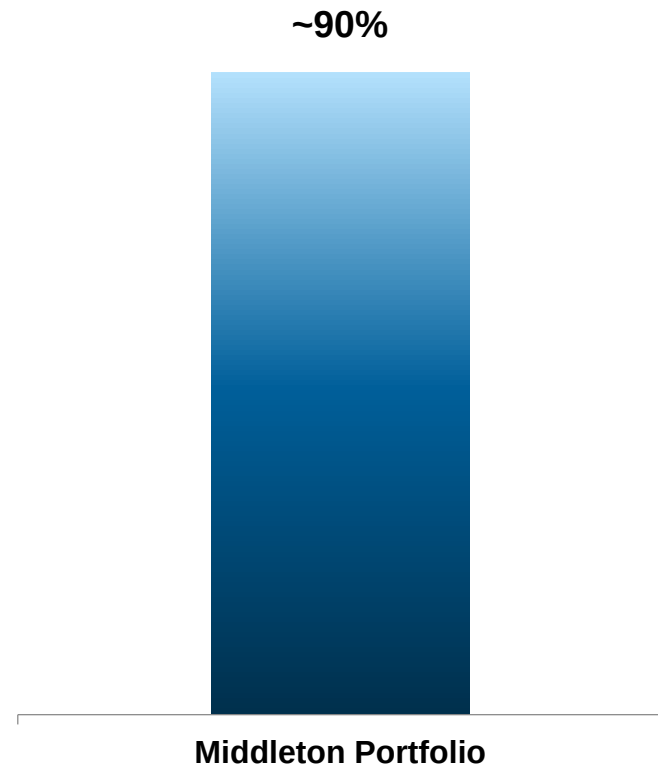
Note: Estimates are subject to revision based on IRI database restatements

John Middleton Cigars

**Shipment Volume
(in millions)**



**% of Volume With
Pre-Market Authorization***



*Middleton expects to submit the remainder of its substantial equivalence applications by the September 9th deadline

Our 10-Year Vision: Responsibly Lead The Transition of Adult Smokers to a Noncombustible Future

To achieve our vision, we will...

- Lead the industry in operating responsibly and preventing underage use of adult products
- Develop and expand our portfolio of FDA–authorized, noncombustible products and actively convert adult smokers to them
- Maximize the profitability of our combustible products while appropriately balancing investments in *Marlboro* with funding the growth of our noncombustible portfolio
- Seize leadership in the external environment through communications, engagement, science-based policy and regulatory solutions

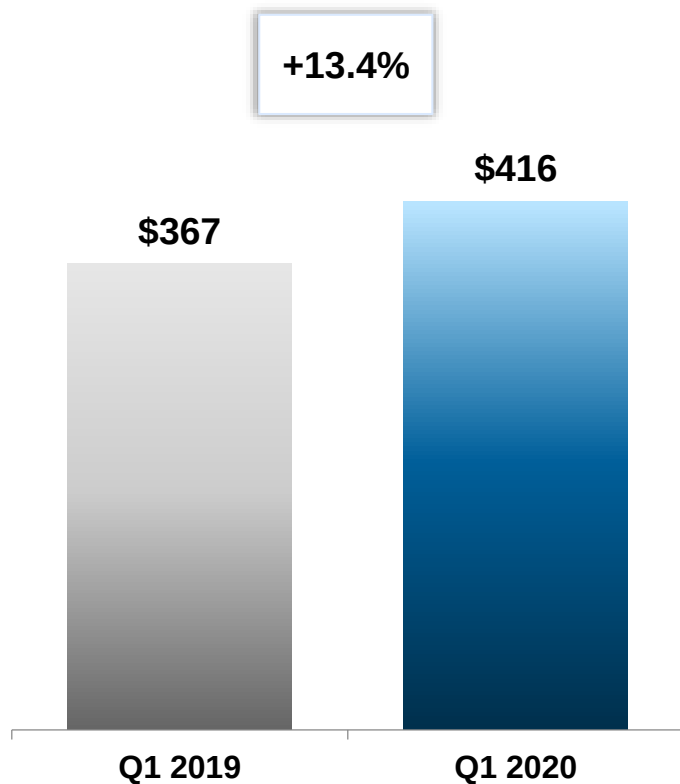
Our Unmatched Oral Tobacco Portfolio



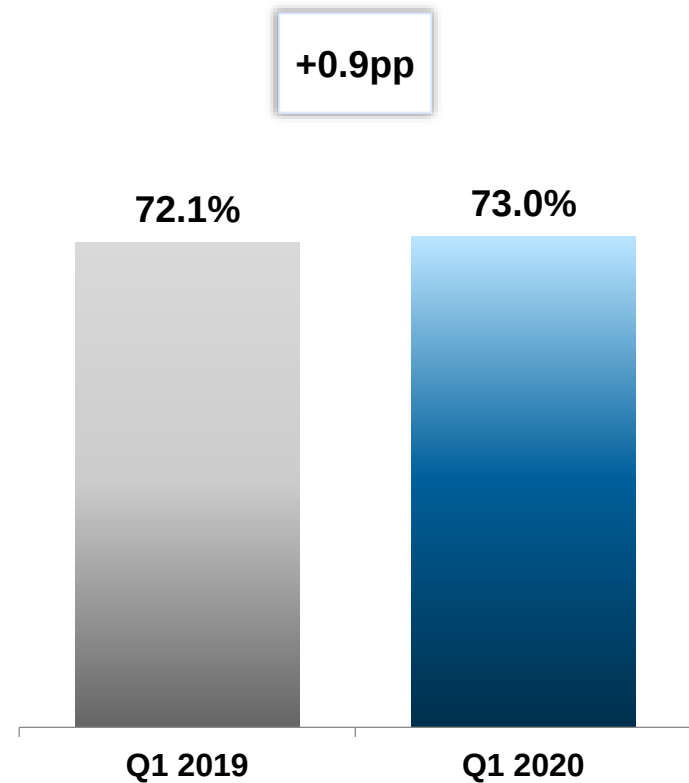
Oral Tobacco Products Segment

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

Adjusted OCI



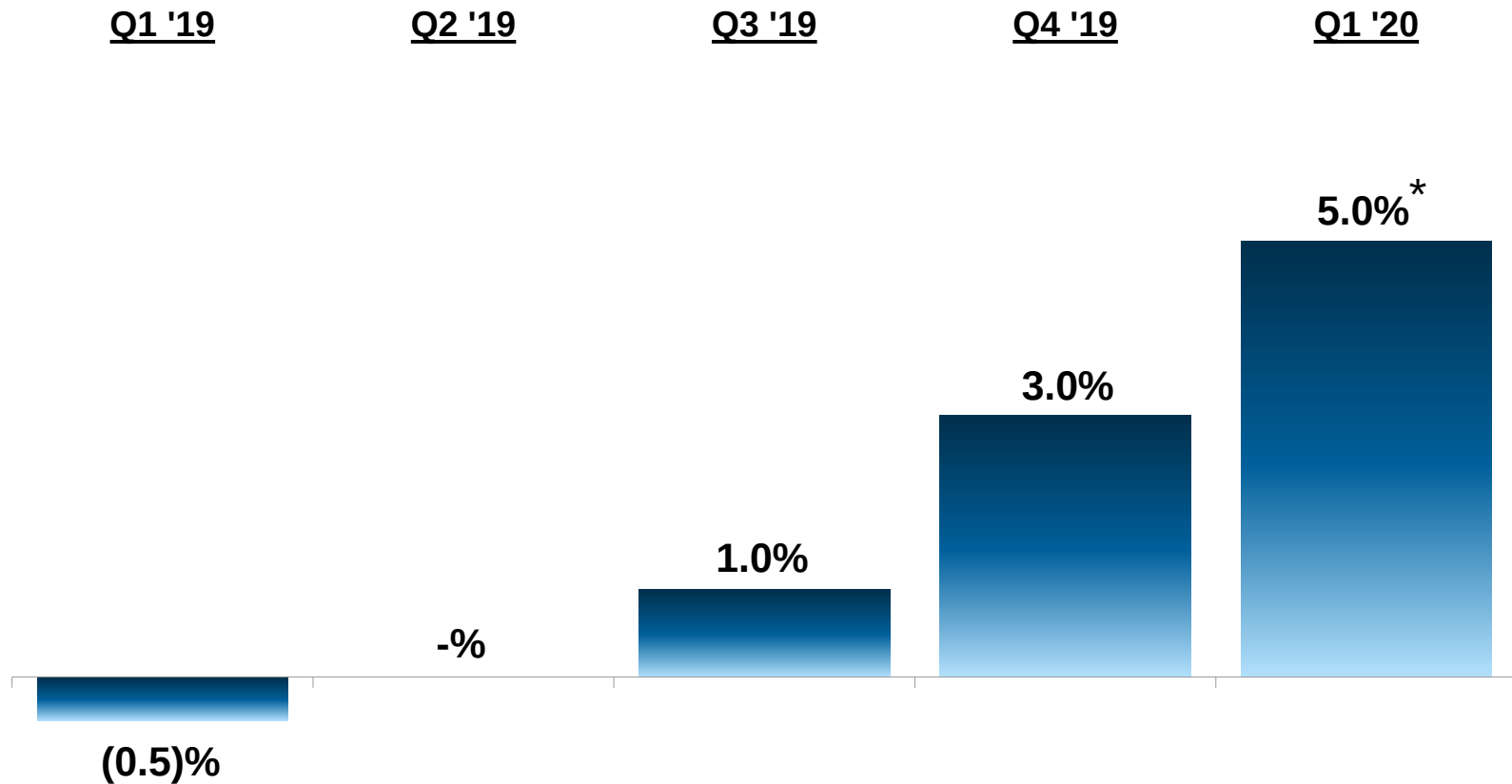
Adjusted OCI Margins



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

Oral Tobacco Industry Volume Growth Estimates

Six Months Ending



***Q1 2020 includes adjustment for estimated retail and consumer pantry loading due to COVID-19. Oral tobacco industry volume growth estimate without the pantry loading adjustment = 6.0%**



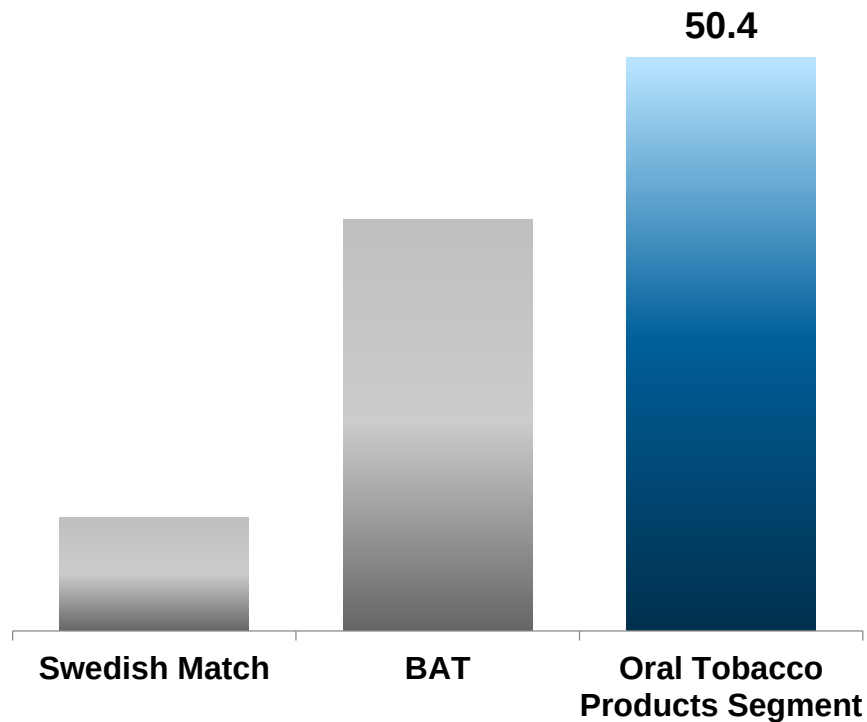
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Source: ALCS CMI estimates - rounded to the nearest 0.5%
Oral Tobacco industry includes MST, snus and oral nicotine pouch products

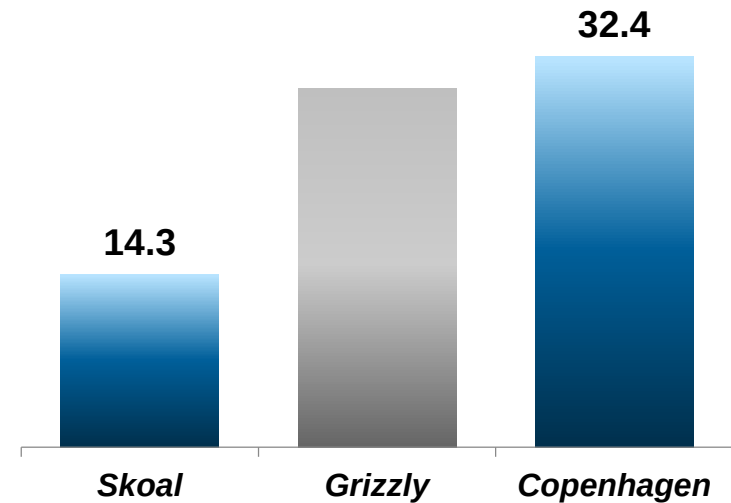
Oral Tobacco Retail Share

First-Quarter 2020

By Company (%)



By Brand (%)



Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 03/29/20

on! Oral Nicotine Pouches

- *on!* was sold in over 28,000 stores at the end of Q1, including the top 5 convenience store chains by oral tobacco volume
- The newly redesigned *on!* cans are now available for purchase and we're enhancing its retail visibility through premium fixture space in most stores

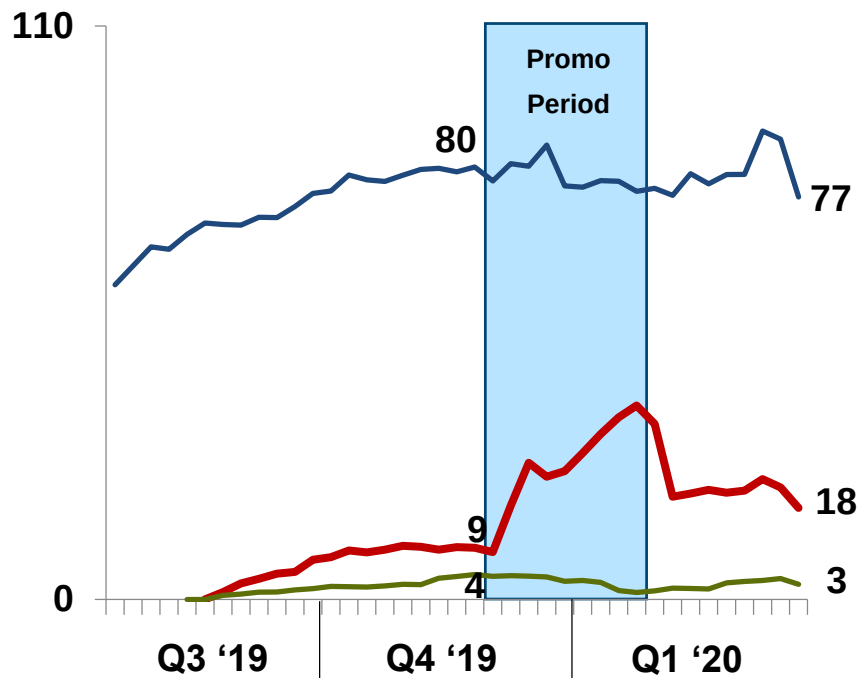


Increasing on! Retail Velocity

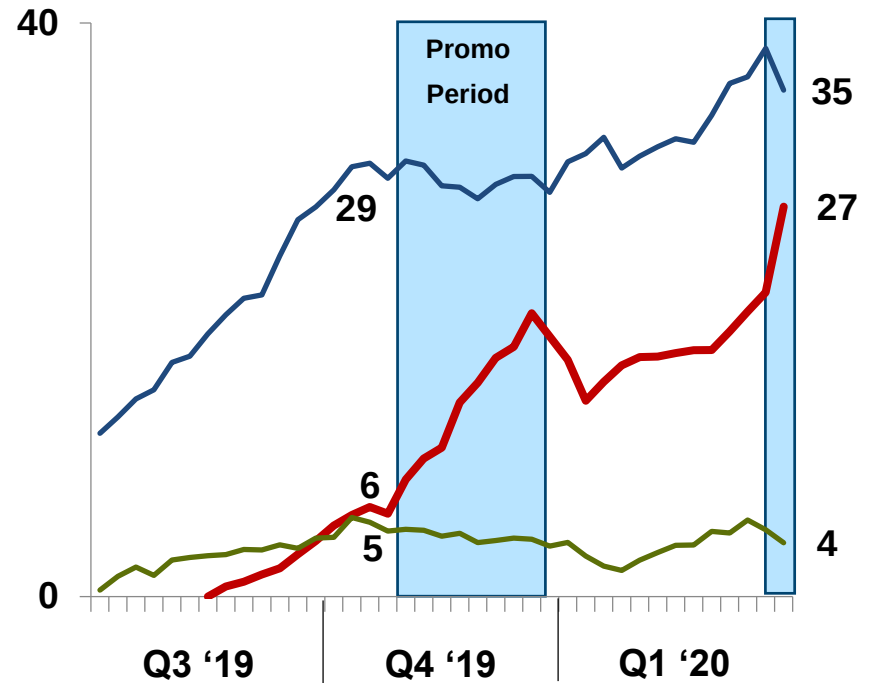
Cans per store per week

—on! —Zyn —Velo

Chain 1 – Colorado



Chain 2 – North Carolina*



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Velocity: average weekly cans sold per store that sold any oral tobacco product
 Sources: IRI Non-Projected data as of week ending 3/29/20 (Chain 1)
 POS Scan data as of week ending 3/29/20 (Chain 2)
 *A second promotional program began the last week of the quarter (3/29)

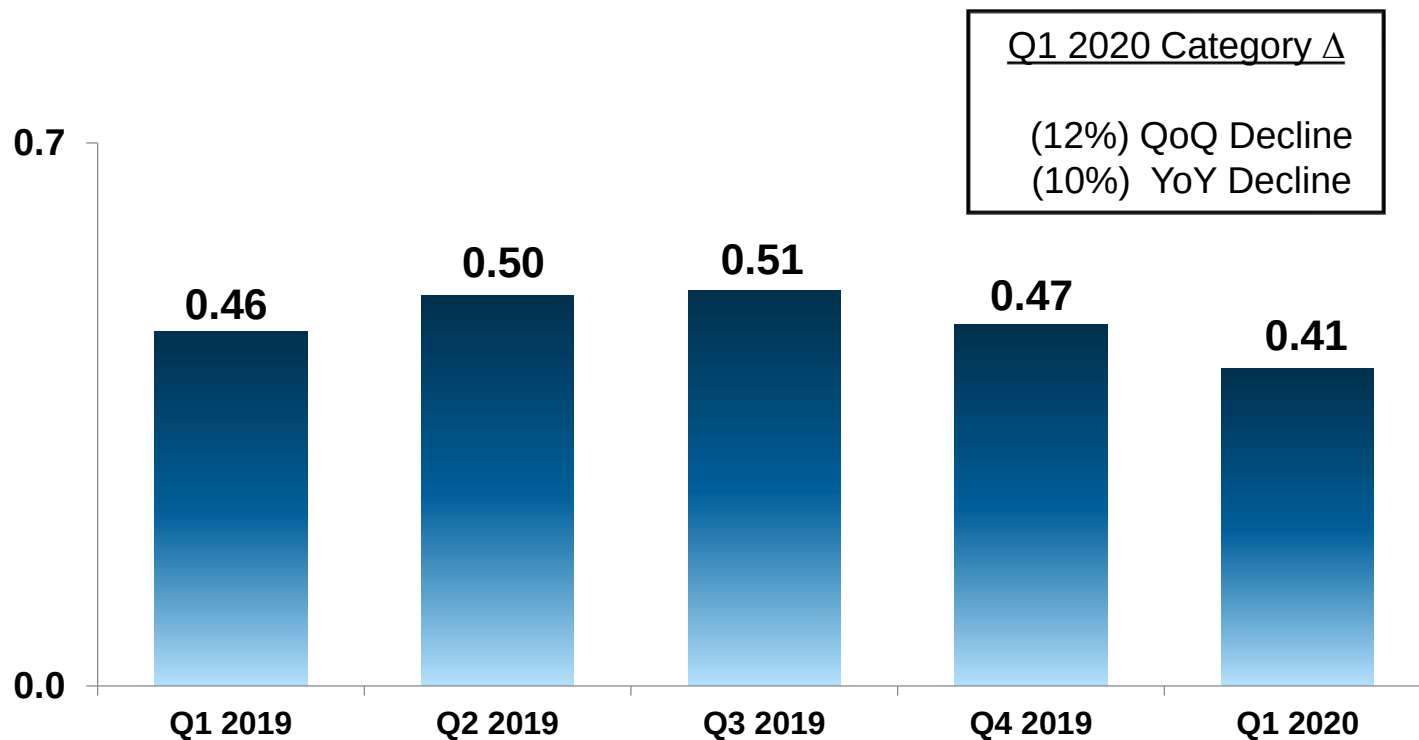
We Expect to Submit Our PMTA for *on!* in May



E-Vapor Category Volume

Estimated Equivalized Volume (in billions of units)

Quarterly Estimates



Source: ALCS CMI estimates

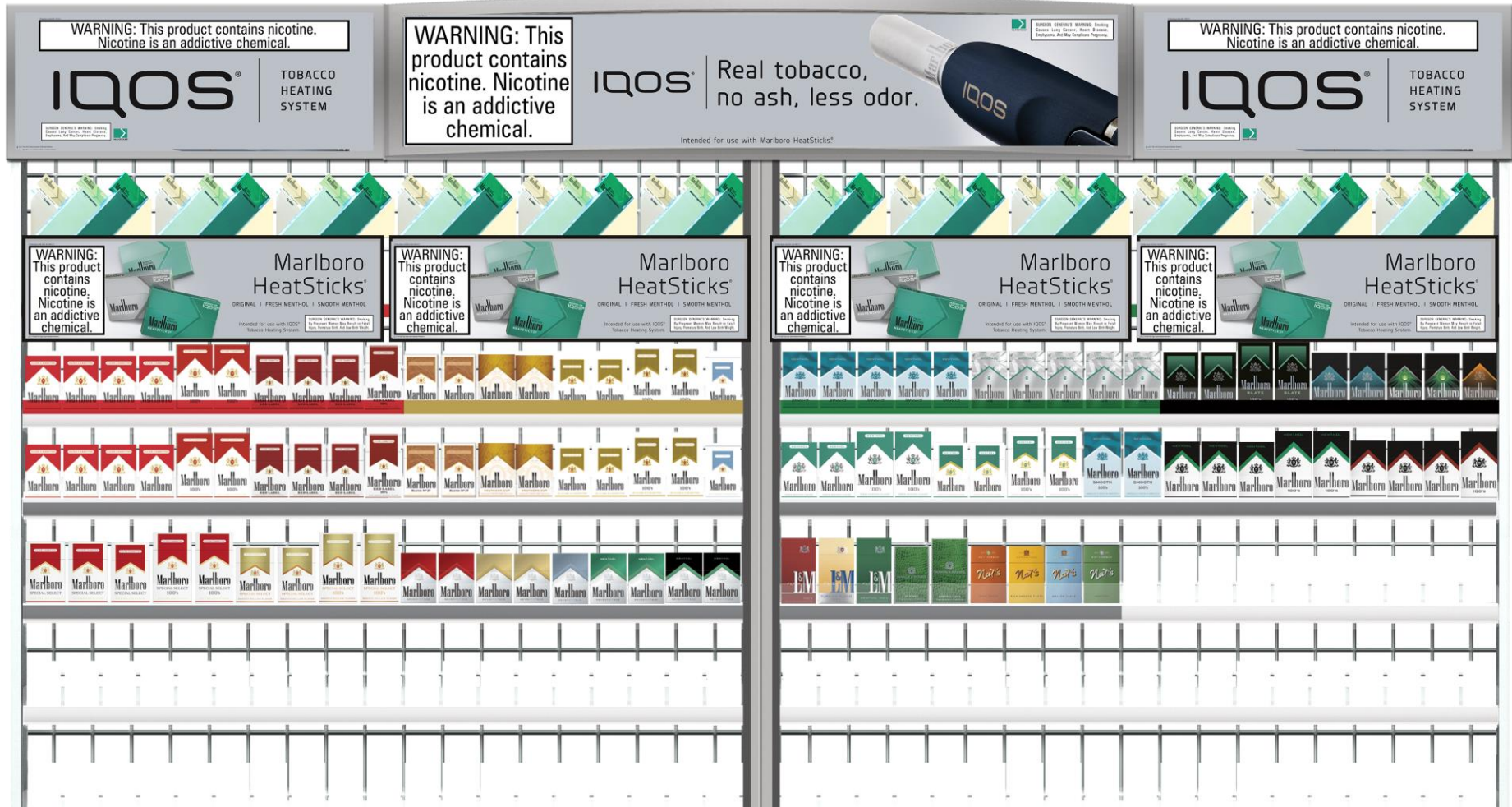
Note: (i) Share based on volume equivalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid) Estimated category volume and share are subject to revisions based on the latest available data (ii) percentages may not foot due to rounding



Minority Investment in JUUL

- The U.S. Federal Trade Commission (FTC) recently announced its decision to file an administrative complaint challenging our minority investment in JUUL
 - The FTC alleges that our minority investment is anti-competitive due to our decision to close the Nu Mark operating company in Q4 2018
- We intend to vigorously defend our investment

IQOS Commercialization Plans



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

IQOS 3 – Supplemental PMTA Submitted By PMI



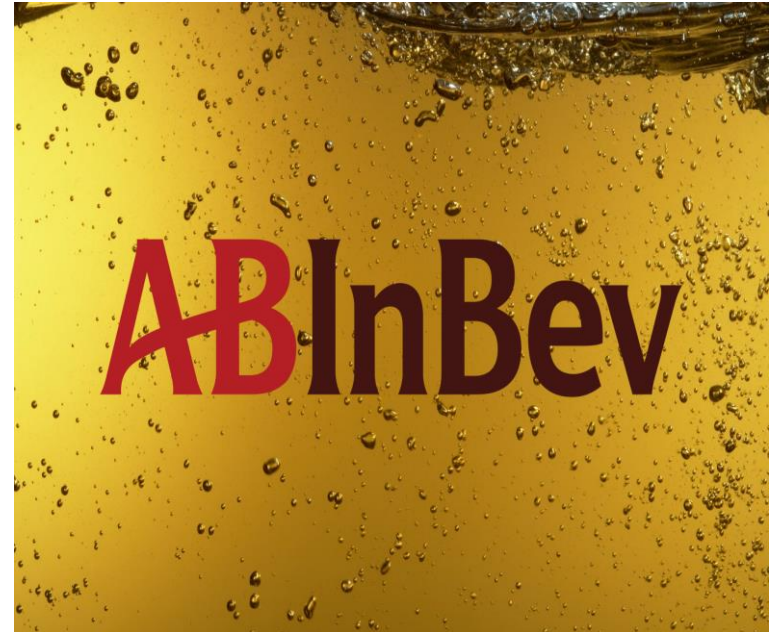
***IQOS 2.4 Device
(currently authorized)***

***IQOS 3 Device
(PMTA submitted)***



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

Adjacent Assets - Alcohol



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

Adjacent Assets - Cannabis



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Liquidity Update

- Our businesses are highly cash generative and convert income to cash at over 90%
- However, due to the uncertain impacts of COVID-19, we believed it was prudent to take the following additional actions to further strengthen our liquidity position and preserve financial flexibility:
 - In March, we fully drew down our \$3 billion revolving credit facility
 - Halted share buybacks in Q1; additionally, the Board rescinded our existing share repurchase program which had a \$500 million balance
 - For the coming quarters, we expect to maintain a higher minimum cash balance

Adjusted Diluted EPS* Guidance & Growth Objective

- Due to the uncertainties related to the impact of the COVID-19 pandemic and economic recovery scenarios, we've withdrawn our full-year 2020 adjusted diluted EPS guidance and, as a result, we've also withdrawn our three-year compounded annual adjusted diluted EPS growth objective
- We considered various factors, including:
 - uncertain contributions from our equity investment in ABI
 - the potential impacts of COVID-19 on the macro-economic environment and adult tobacco consumers
- We're continuing to assess the impact of COVID-19 and expect to reestablish guidance at the appropriate time. Please see our earnings release and 10-Q filing for additional disclosures related to the business impact of COVID-19

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



Cash Returns to Shareholders

- We understand that our dividend is important to shareholders and it remains a top priority for us
- Our objective continues to be a dividend payout ratio target of approximately 80% of adjusted diluted EPS*
- Since we've withdrawn our 2020 adjusted diluted EPS guidance due to the impacts of COVID-19, we wanted to provide investors with greater transparency on how we will approach the dividend this year. For 2020, we expect to recommend a quarterly dividend rate to our Board that reflects, among other things, our strong cash generation and the strength of our balance sheet

Our current annualized dividend rate is \$3.36 per share, which represents a dividend yield of 8.3%¹

¹ As of April 28, 2020

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