

Altria's Second-Quarter 2020 Earnings Conference Call

July 28, 2020

Safe Harbor Statement

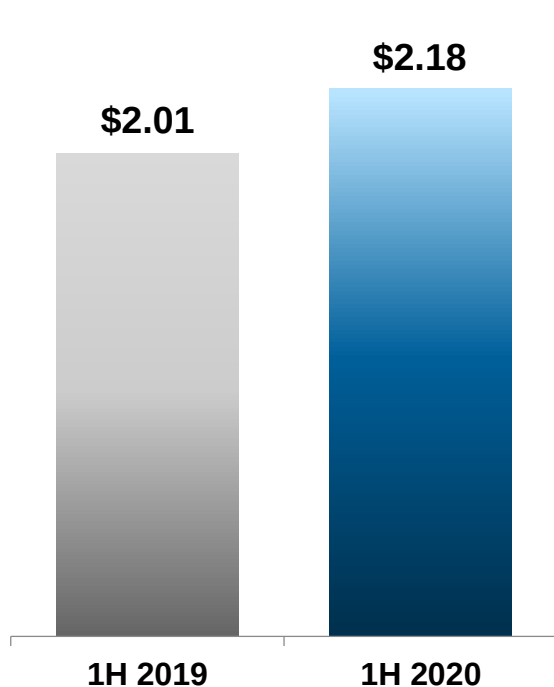
Statements, including earnings guidance, in this presentation that are not reported financial results or other historical information are “forward-looking statements” within the meaning of Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates 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 its Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, 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.

Resilient First-Half 2020 Performance

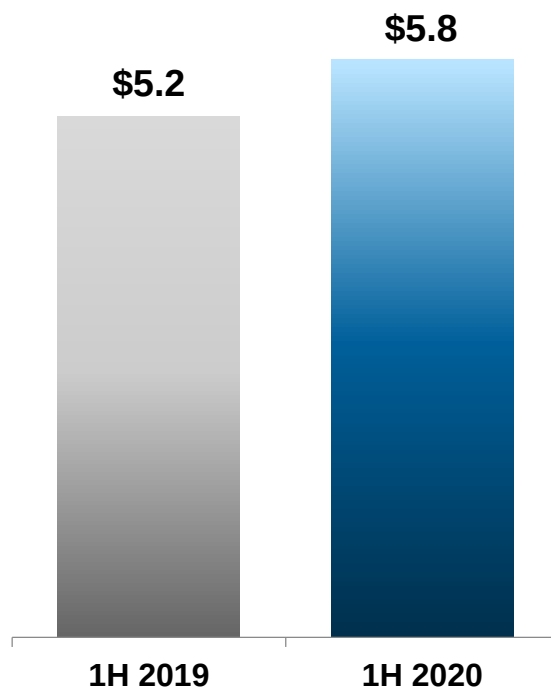
Adjusted Diluted Earnings Per Share*

+8.5%



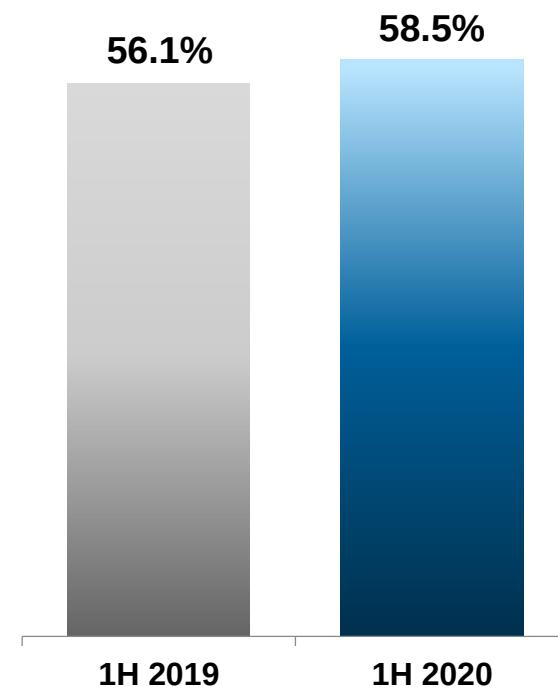
Smokeable & Oral Tobacco Adjusted OCI* (\$ in billions)

+10.9%



Smokeable & Oral Tobacco Adjusted OCI Margins*

+2.4pp



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



JUNETEENTH 2020



Our Initial Steps Include:

- Holding internal courageous conversations that provide a safe platform for our Black colleagues to share their experiences as others seek to listen and understand
- Partnering with UNIFI, our Black employee network, to identify internal opportunities and create action plans
- Supporting the responsible removal of confederate statues in our hometown
- On June 19th, raising the Juneteenth flag at our facilities and declaring the day a company-paid holiday for healing and reflection
- Committing an initial \$5 million to primarily support criminal justice reform and Black-owned business development

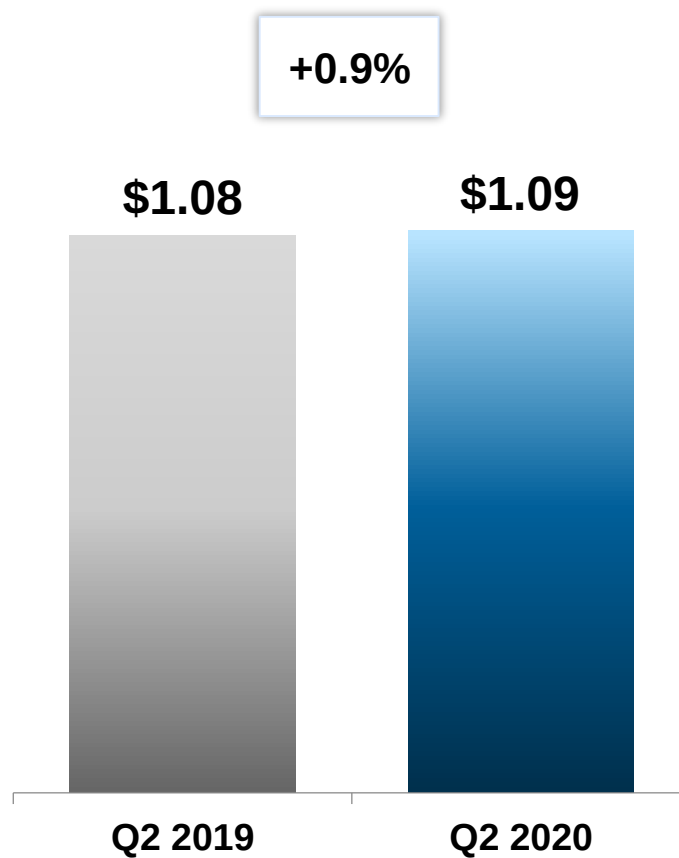
Inclusion and Diversity Aiming Points by 2030:

At the VP and above levels, achieve:

- 50-50 gender parity
- A composition of at least 30% ethnically diverse executives, which was determined using the composition of the U.S. college educated workforce and projections of population demographic changes

Our organization needs to better reflect the diversity of the world around us and all of our employees should feel fully included and empowered to contribute to our success

Q2 2020 Adjusted Diluted Earnings Per Share*



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

Q2 Adult Tobacco Consumer Influences

Discretionary income increases

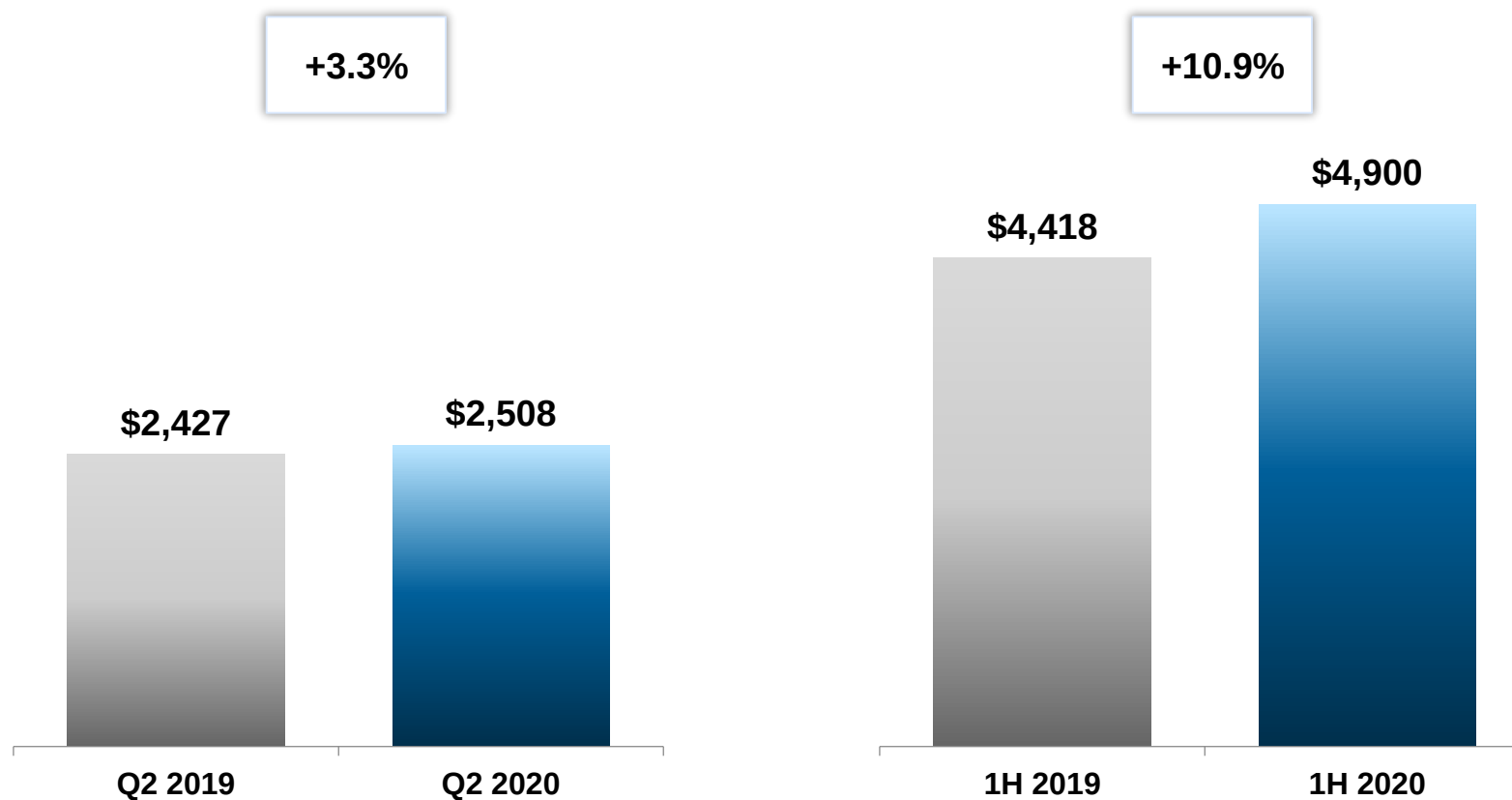
- Enhanced government assistance through stimulus checks and increased unemployment benefits
- Reductions in non-tobacco discretionary purchases (e.g. lower gas, transit, entertainment expenditures)

Routine changes

- Changes in purchasing patterns – fewer trips to the store but higher tobacco expenditures per trip
- Fewer social engagements allowed for more tobacco usage occasions

Smokeable Products Segment

Adjusted OCI* (\$ in millions)

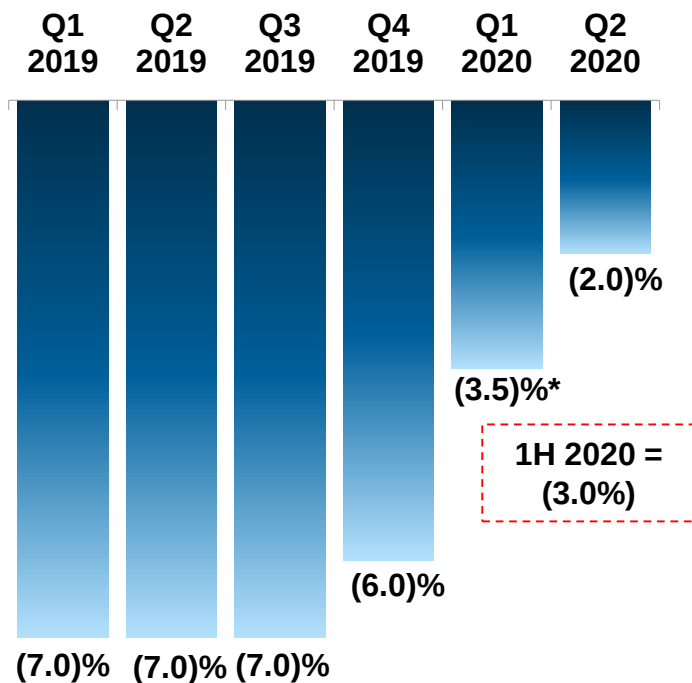


* For reconciliations of non-GAAP to GAAP measures visit altria.com.

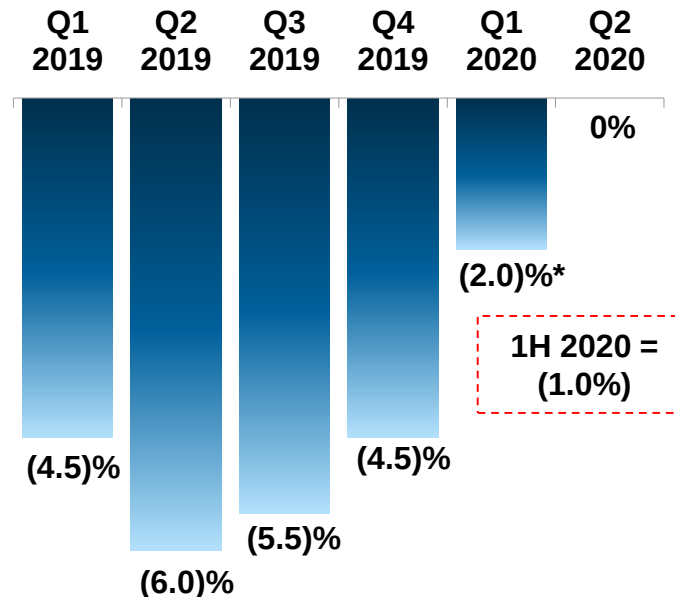


Adjusted Cigarette Decline Rate Estimates

Smokeable Segment



Total Industry



We've revised our estimated 2020 full-year domestic cigarette industry adjusted volume decline rate to a range of (2.0%) to (3.5%) from our previous range of (4.0%) to (6.0%) .



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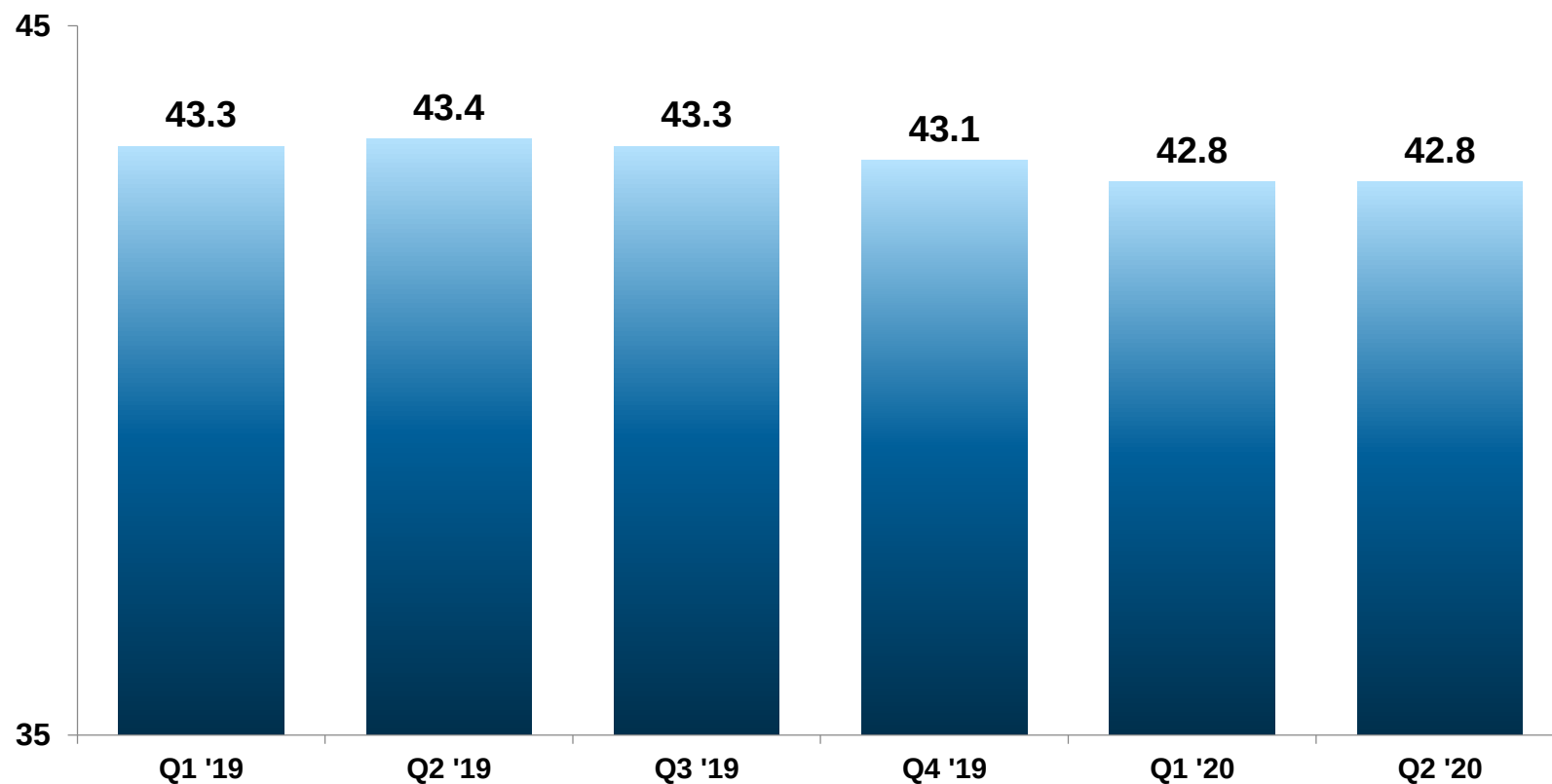
Source: ALCS CMI estimates – rounded to nearest 0.5%

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

*PM USA observed minimal volume payback in the second quarter at the segment and industry level from the estimated consumer pantry load in March due to COVID-19 and does not expect the volume to payback during the remainder of 2020. Therefore, no adjustment was made to reported smokeable segment or domestic industry cigarette volumes for this dynamic.

Smokeable Products Segment

Marlboro Retail Share

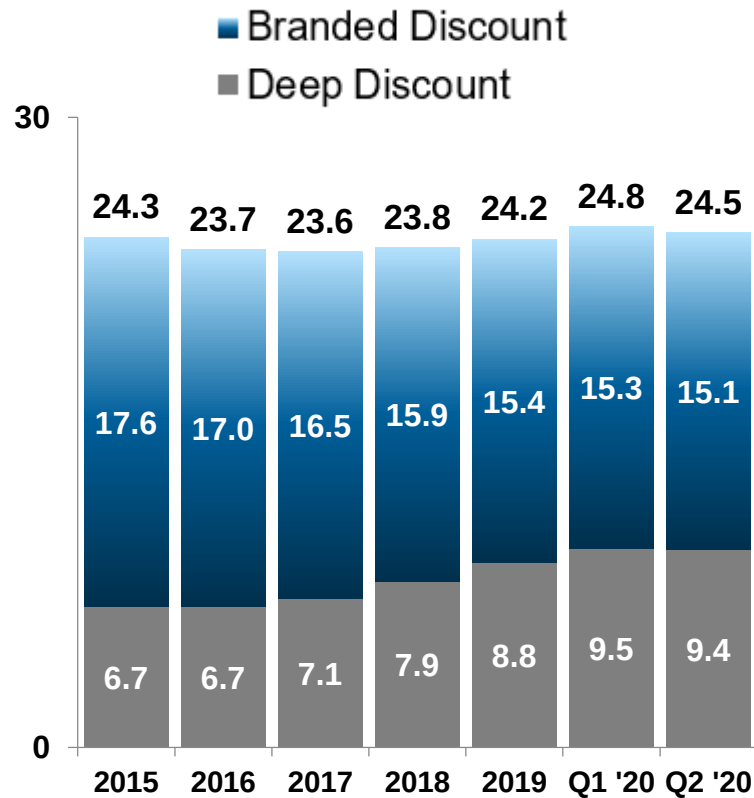


Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 06/28/20

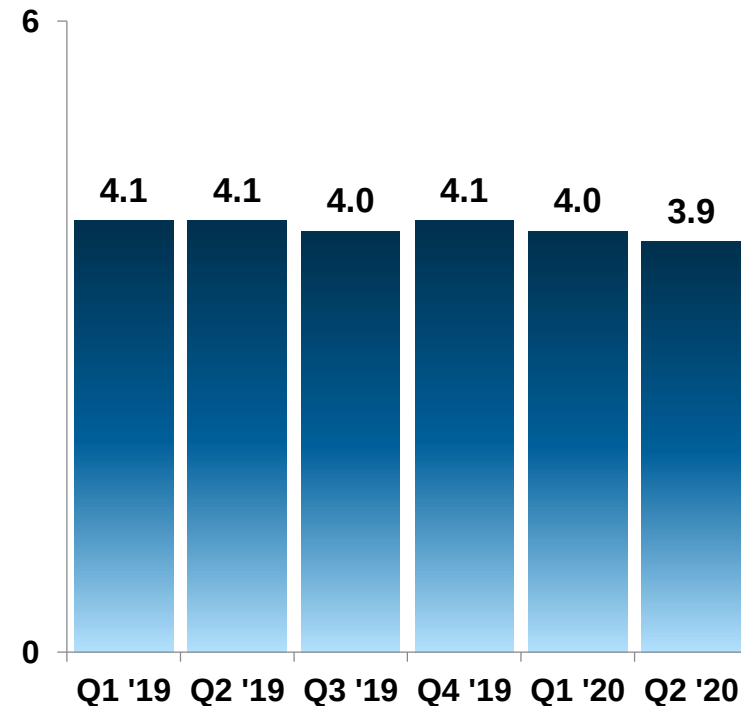


Discount Segment Retail Share Dynamics

Total Discount Segment (%)



PM USA Discount (%)



Sources: ALCS CMI Estimates; IRI Unify

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

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

To achieve our vision, we will...

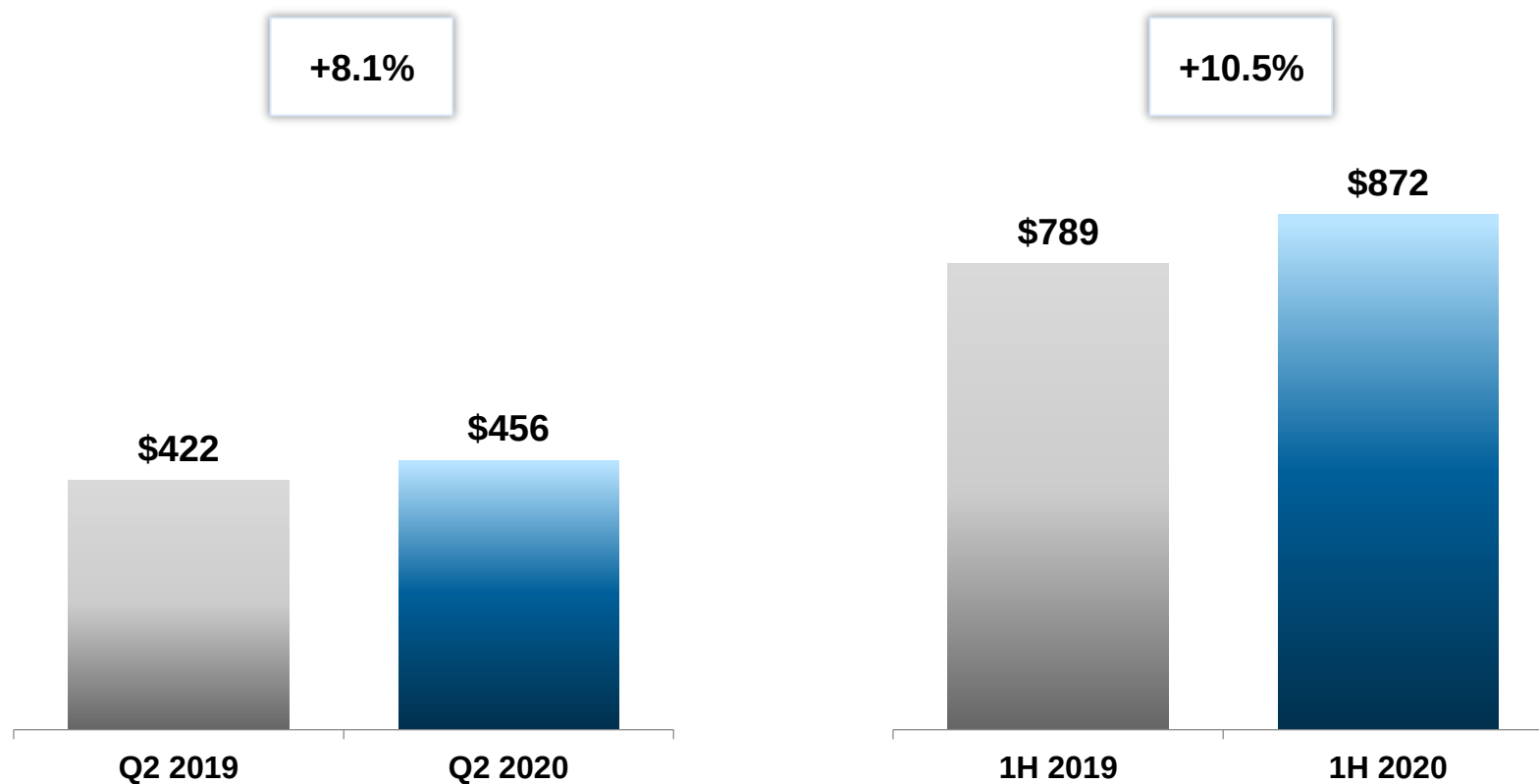
- Lead the industry in operating responsibly and preventing underage use of adult products
- Develop and expand our portfolio of FDA–authorized, noncombustible products and actively convert adult smokers to them
- Maximize the profitability of our combustible products while appropriately balancing investments 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

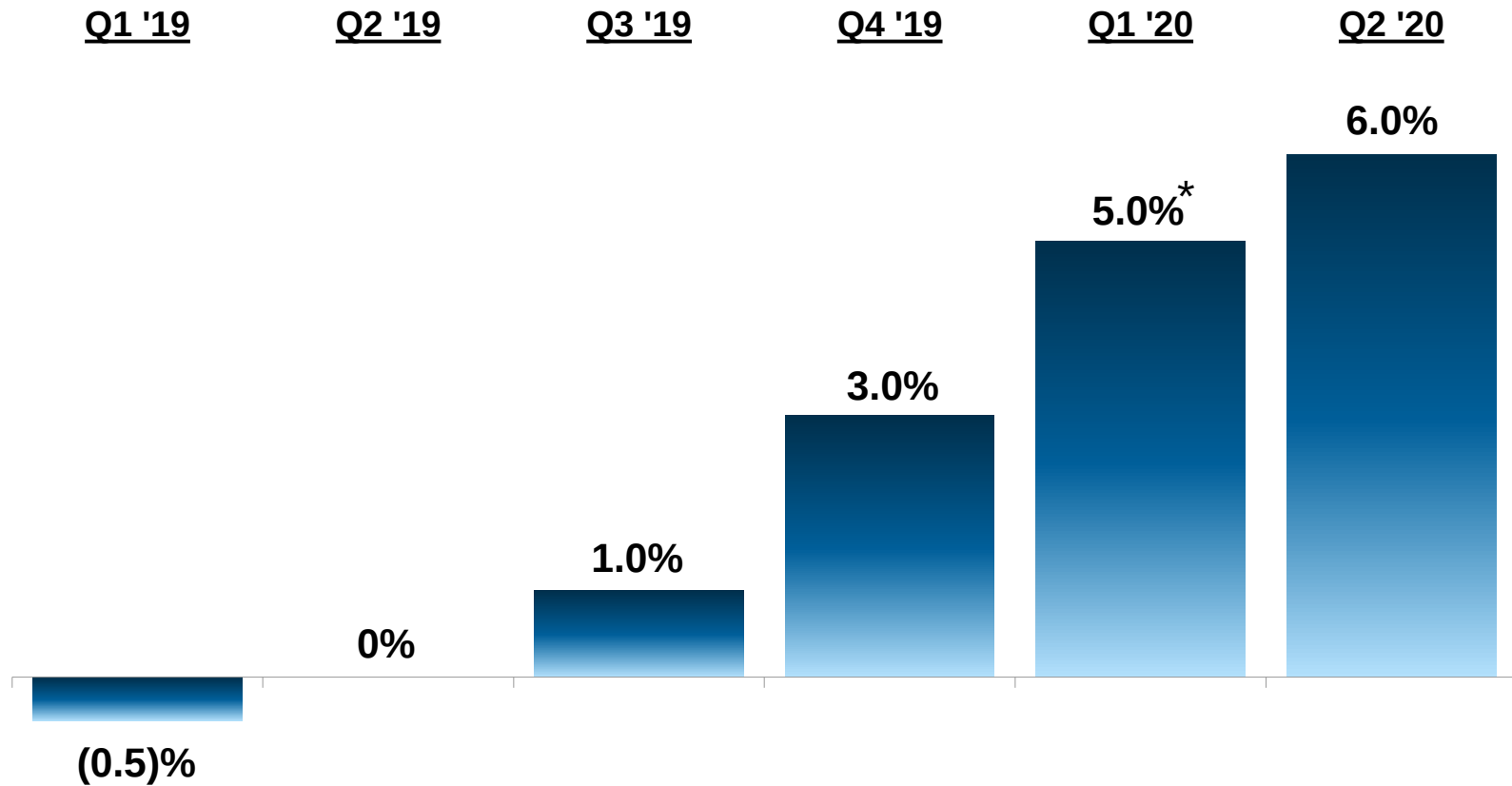
Adjusted OCI* (\$ in millions)



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

Oral Tobacco Industry Volume Growth Estimates

Six Months Ended



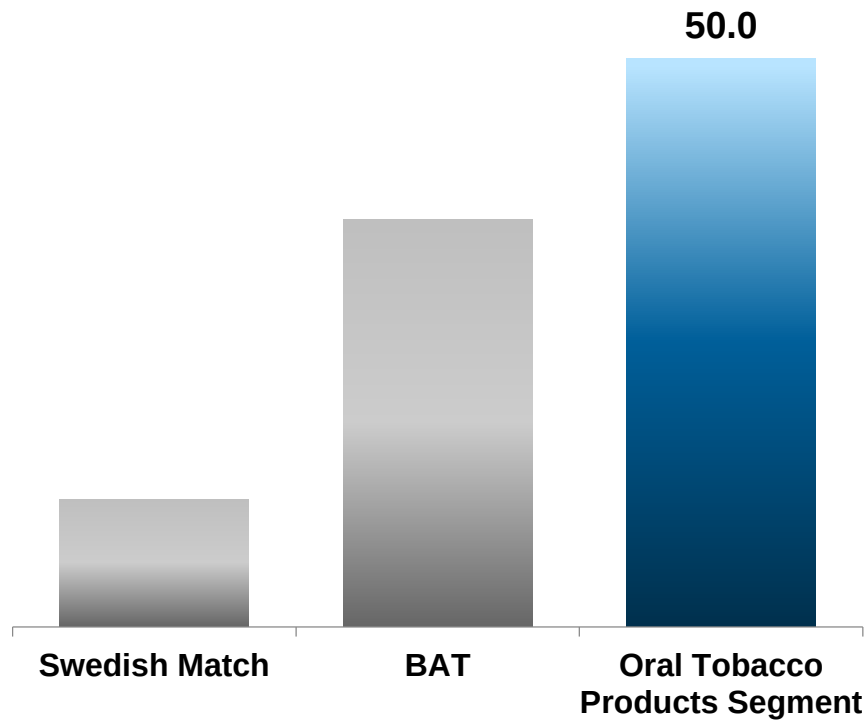
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Source: ALCS CMI estimates - rounded to the nearest 0.5%
Oral Tobacco industry includes MST, snus and oral nicotine pouch products
* Q1 2020 includes an adjustment for estimated retail loading due to COVID-19.

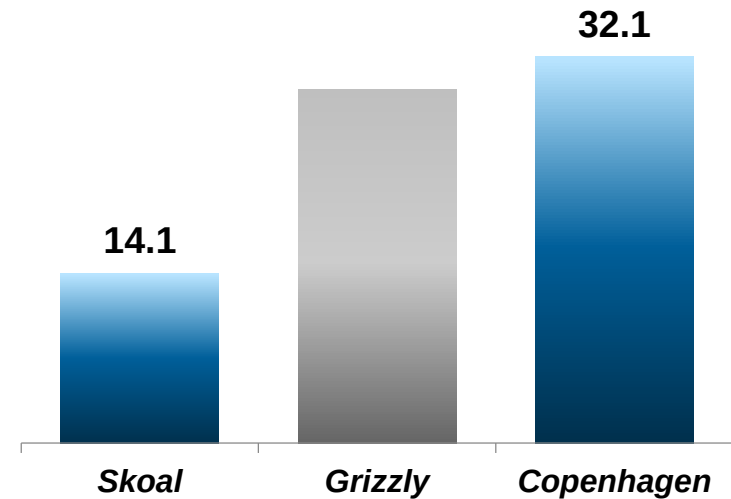
Oral Tobacco Retail Share

Q2 2020

By Company (%)



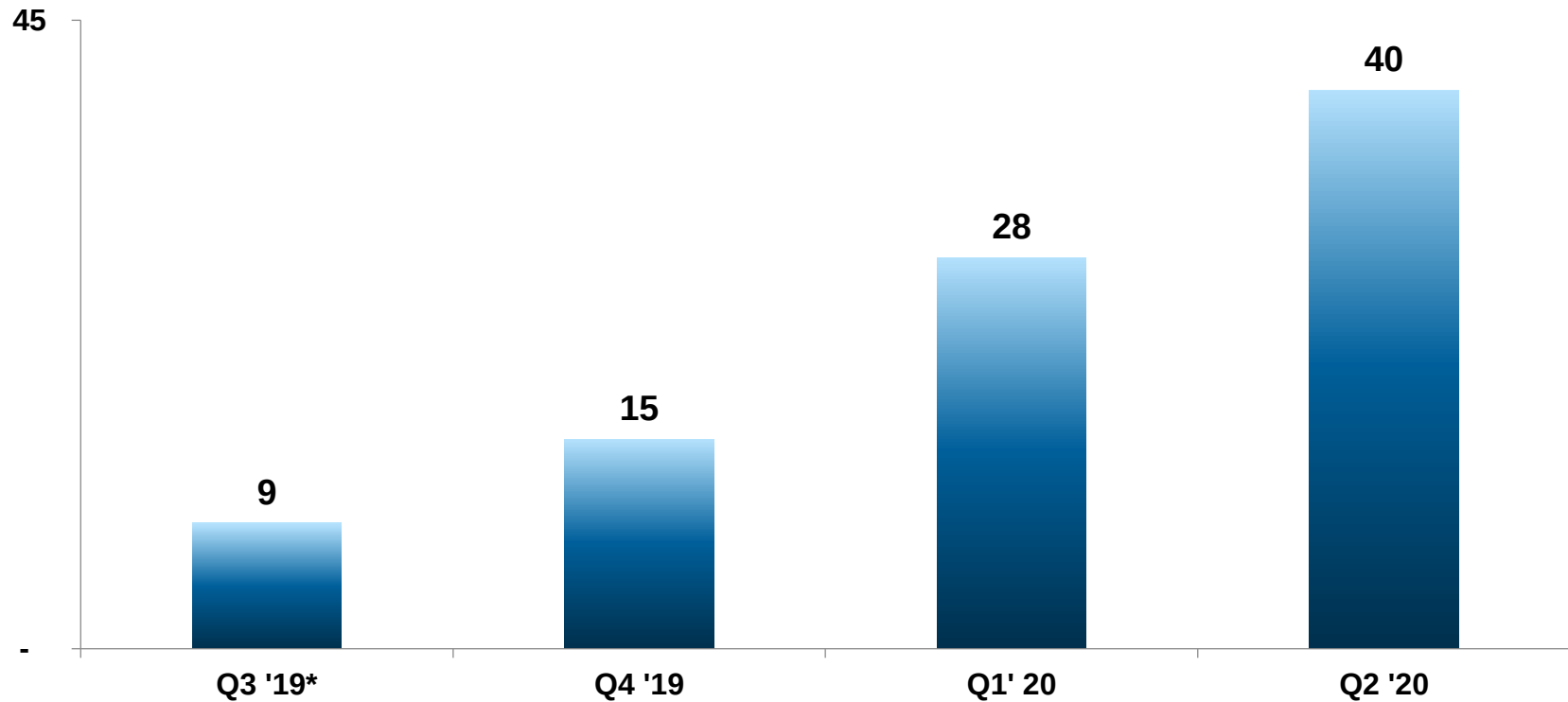
By Brand (%)



Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 06/28/20

Expanding *on!* Store Count

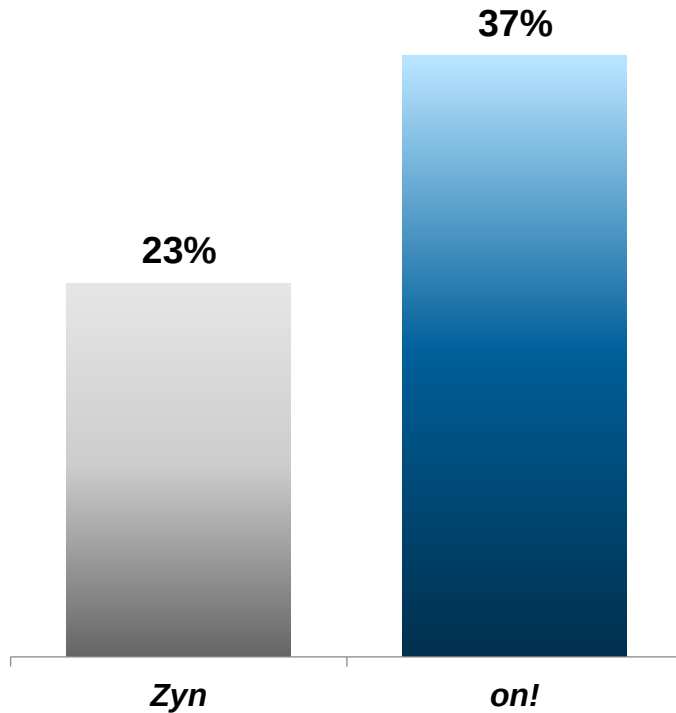
on! Store Count (in thousands)



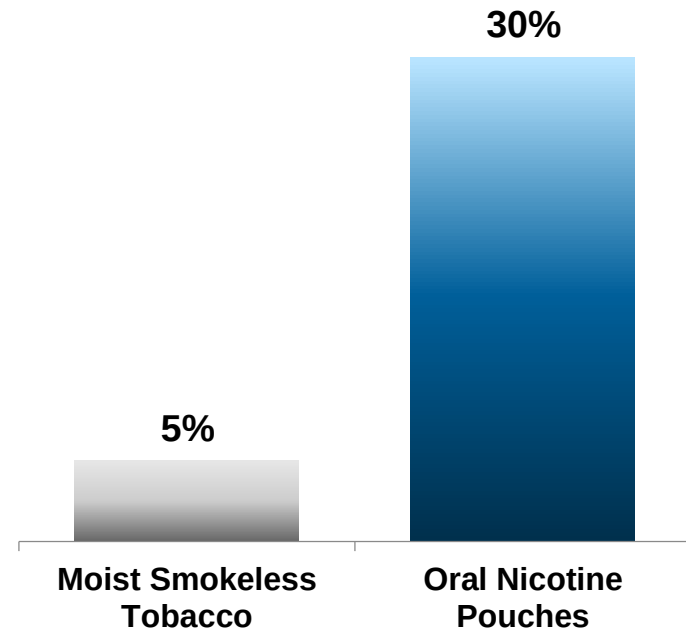
*Transaction closed in August 2019

Encouraging *on!* Adult Tobacco Consumer Profile

**% of Purchases by Exclusive
Adult Cigarette Smokers**



% Adult Female Consumers



Source: POS Scan data December 2018 – May 2020
(Top 5 convenience store chain by oral tobacco volume)

Source: ATCT May 2020

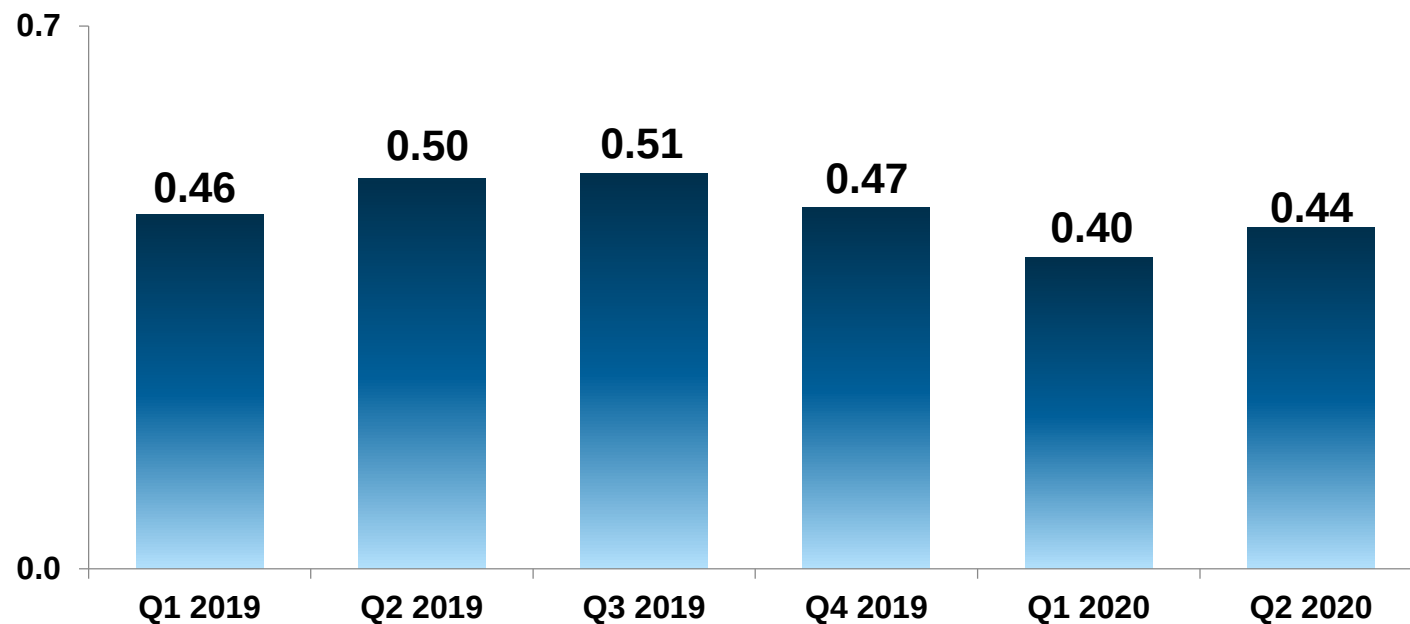
on! PMTA Moved Into FDA Scientific Review



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

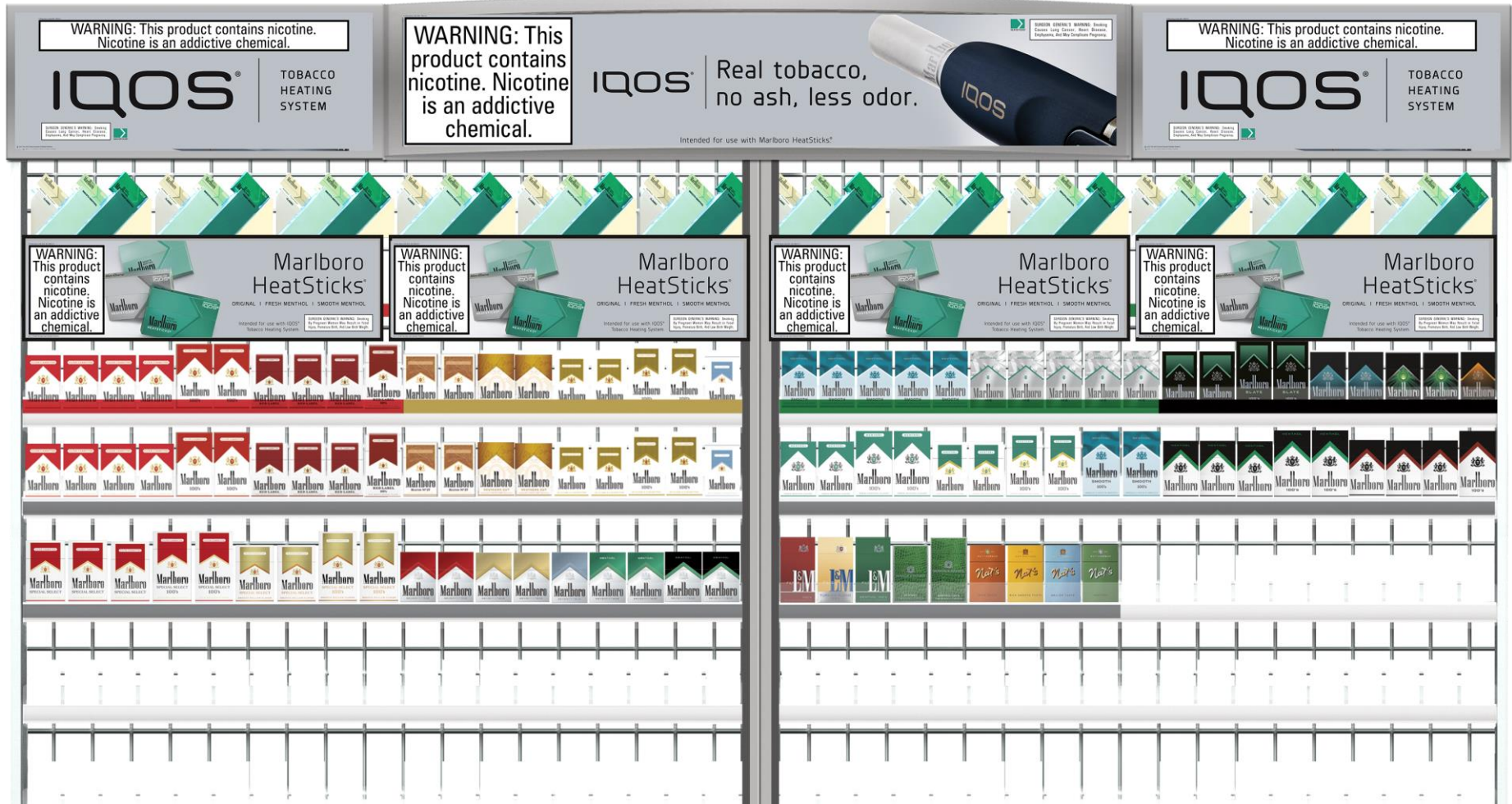


IQOS Receives Reduced Exposure Claim From FDA



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

IQOS Charlotte Launch

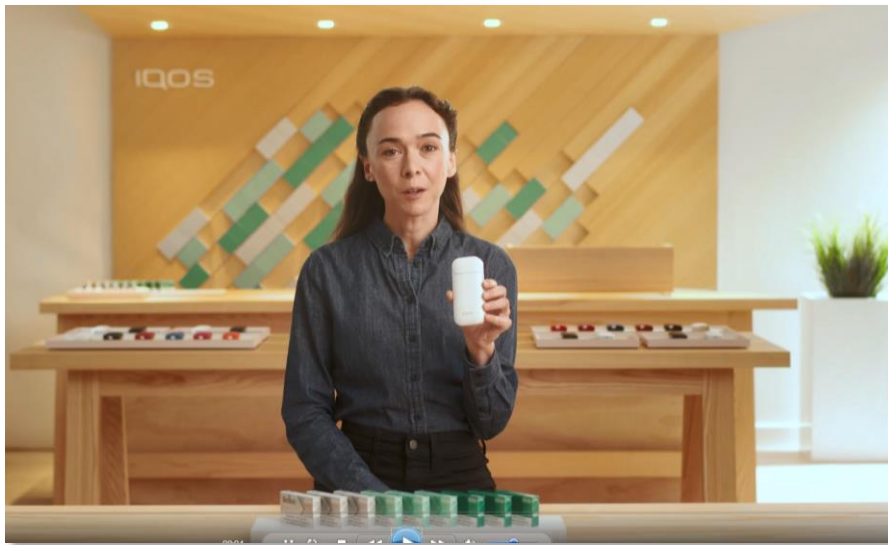


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New IQOS Digital Marketing Tools

Virtual Tutorials



Expert Video Chat



***IQOS* Expansion Plans**

***IQOS* Today**

- 3 metro markets
- *IQOS* devices available for sale in select retail channels
- Digital marketing, product education and e-commerce through Get*IQOS*.com

***IQOS* in 18 Months**

- 7 metro markets plus surrounding geographies
- Expanded availability of *IQOS* devices, including in retail trade partner stores
- Enhanced digital marketing and e-commerce options

We've designed our commercialization approach to maximize the organic growth potential of *IQOS* by focusing first on the densely populated metro areas and then expanding outwards as the *IQOS* user base grows.

2020 Full-Year Adjusted Diluted EPS* Guidance

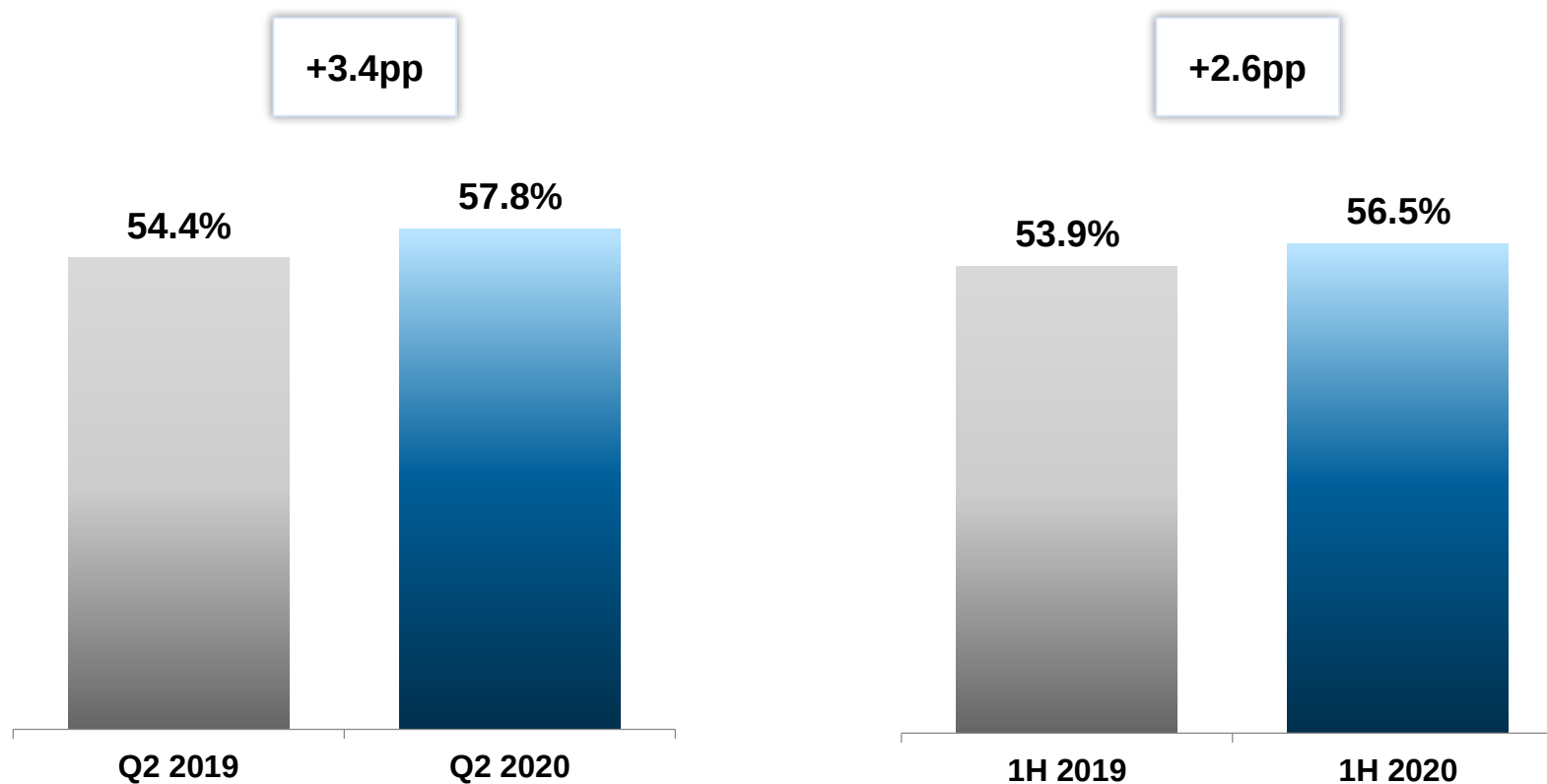
- We're reestablishing full-year 2020 adjusted diluted EPS guidance due to:
 - our strong first half performance
 - better understanding of COVID-19 impacts on adult tobacco consumer purchasing behavior
 - an additional quarter of equity earnings contributions from ABI
- We now expect to deliver full-year 2020 adjusted diluted EPS* of \$4.21 to \$4.38. This range represents an adjusted diluted EPS growth rate of flat to 4% from a 2019 base of \$4.21.

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



Smokeable Products Segment

Adjusted OCI Margins*

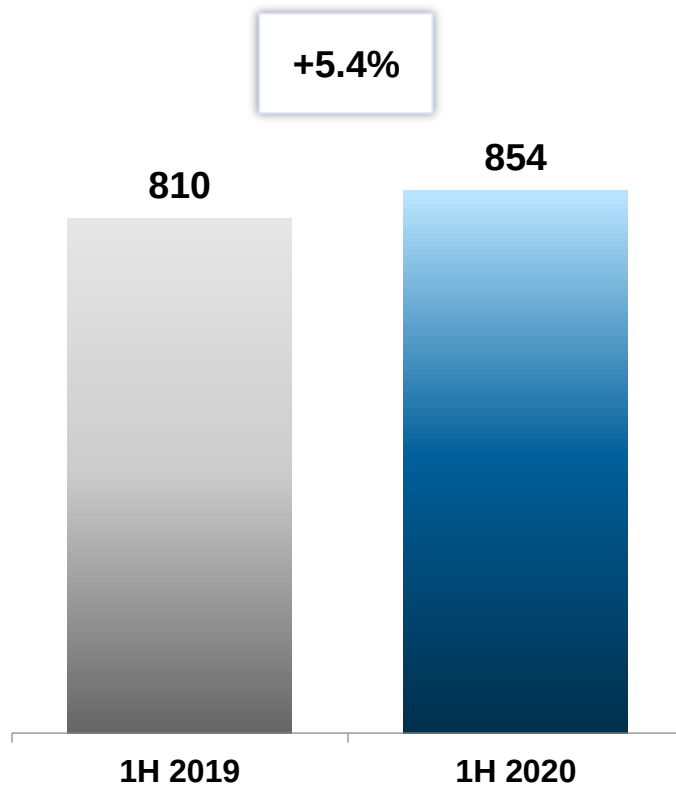


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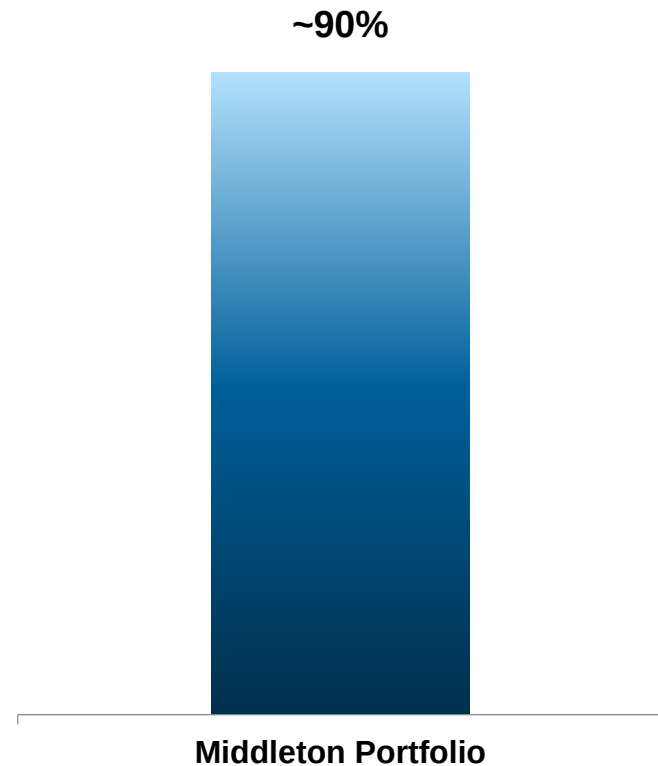


John Middleton Cigars

**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

Copenhagen Packs

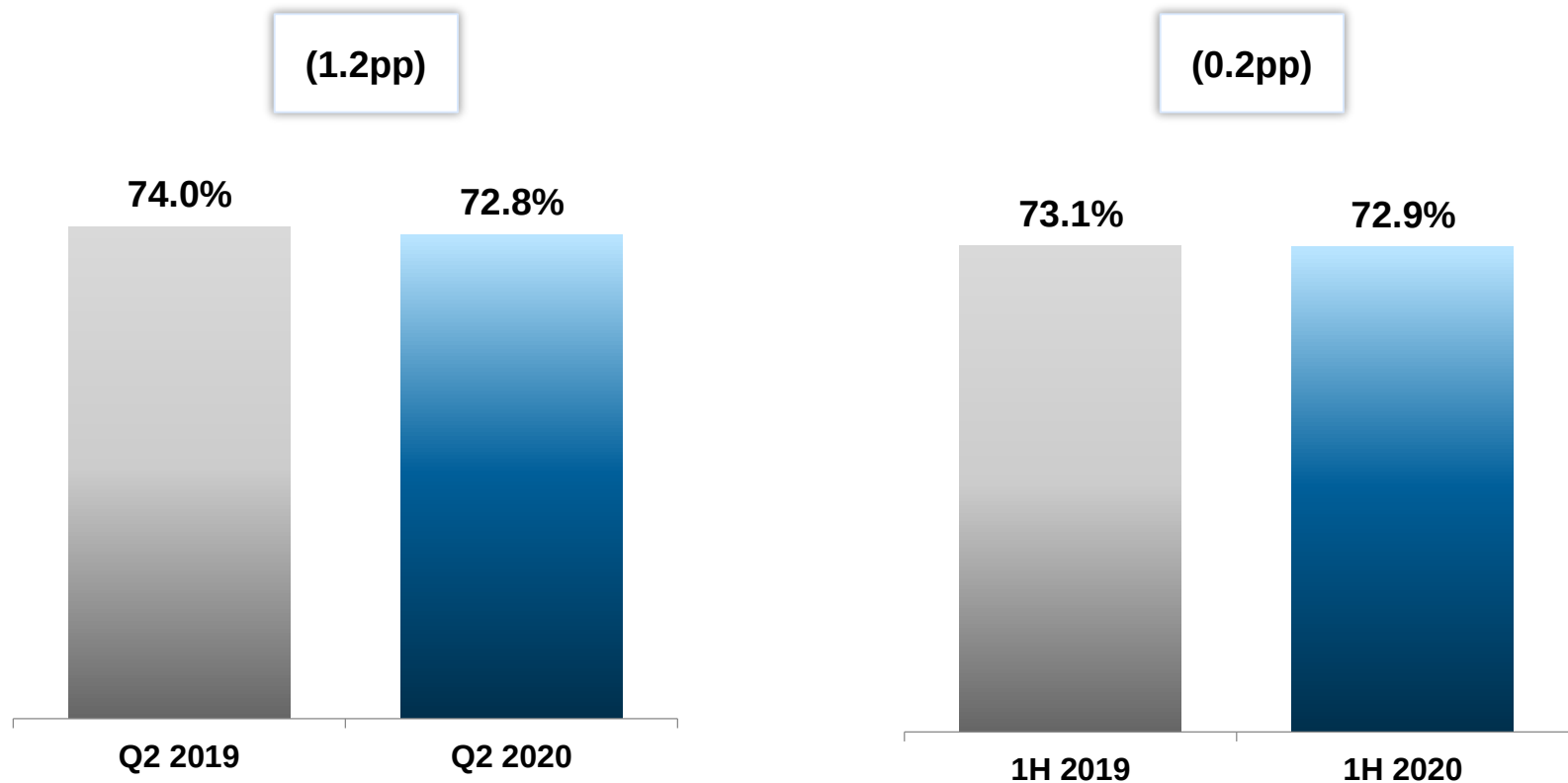
Expanded into 20,000 stores across 36 states



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Oral Tobacco Products Segment

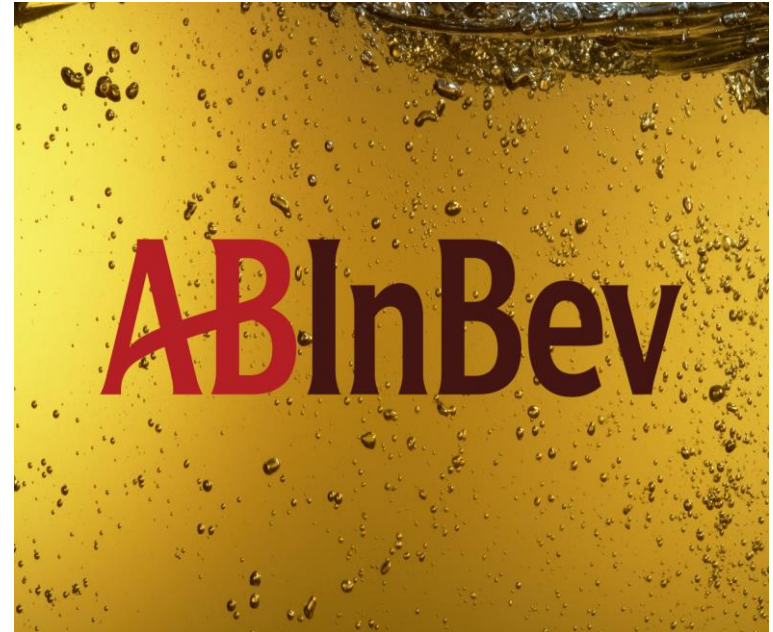
Adjusted OCI Margins*



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Adjacent Assets - Alcohol



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

Adjacent Assets - Cannabis



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55th Dividend Increase in the Past 51 Years

- The Board of Directors declared the quarterly dividend ahead of our normally scheduled declaration date.
- This increase marks the 55th increase in the past 51 years
- The new annualized dividend rate is \$3.44 per share, a 2.4% increase

The Q3 2020 regular quarterly dividend of \$0.86 per share will be payable on October 9, 2020, to shareholders of record as of September 15, 2020. The ex-dividend date is September 14, 2020.

2019 Corporate Responsibility Progress Report

Altria's tobacco companies are the undisputed market leaders in the U.S. tobacco industry, with profitable premium products, iconic brands and a strong American heritage stretching back more than 180 years. As the leader in an evolving industry, we have the duty and opportunity to shape a better future for adult tobacco consumers, our employees and shareholders.

We'll do so through our continuous, integrated focus on leading responsibly. It's how we earn our license to operate, every day, and crucial to successfully and sustainably navigating our path forward.



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Altria's Responsibility Priorities & Goals

Reducing the Harm of Tobacco Products

PAGE 15

- ➔ Offer lower risk tobacco products that will help convert adult smokers who do not quit and engage the FDA constructively about those products
- ➔ Provide access to expert quitting information for those who have decided to quit

Preventing Underage Tobacco Use

PAGE 24

- ➔ Support programs that help reduce underage tobacco use

Marketing Responsibly

PAGE 34

- ➔ Build relationships between brands and their adult consumer audiences while taking steps designed to limit reach to unintended audiences

Managing Our Supply Chain Responsibly

PAGE 40

- ➔ Work with diverse, high-quality suppliers to innovate and address societal issues within the supply chain

Developing Our Employees and Culture

PAGE 49

- ➔ Develop high-performing and engaged employees who help us continue to deliver superior results in the future



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