

Altria's Third-Quarter 2020 Earnings Conference Call

October 30, 2020

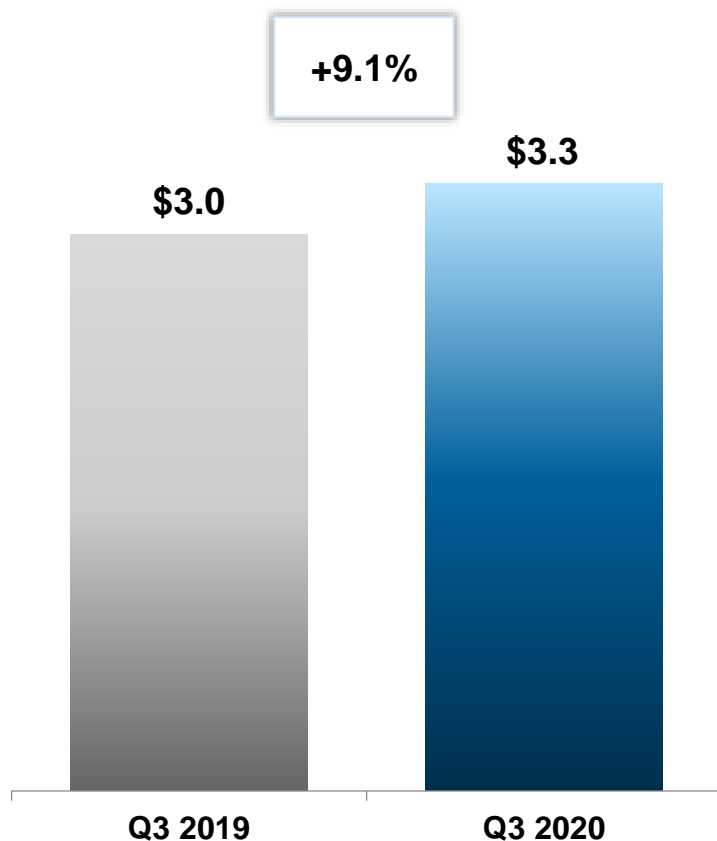
Safe Harbor Statement

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, Quarterly Report on Form 10-Q for the period ended March 31, 2020, Quarterly Report on Form 10-Q for the period ended June 30, 2020, and under “Forward-looking and Cautionary Statements” in today’s earnings release.

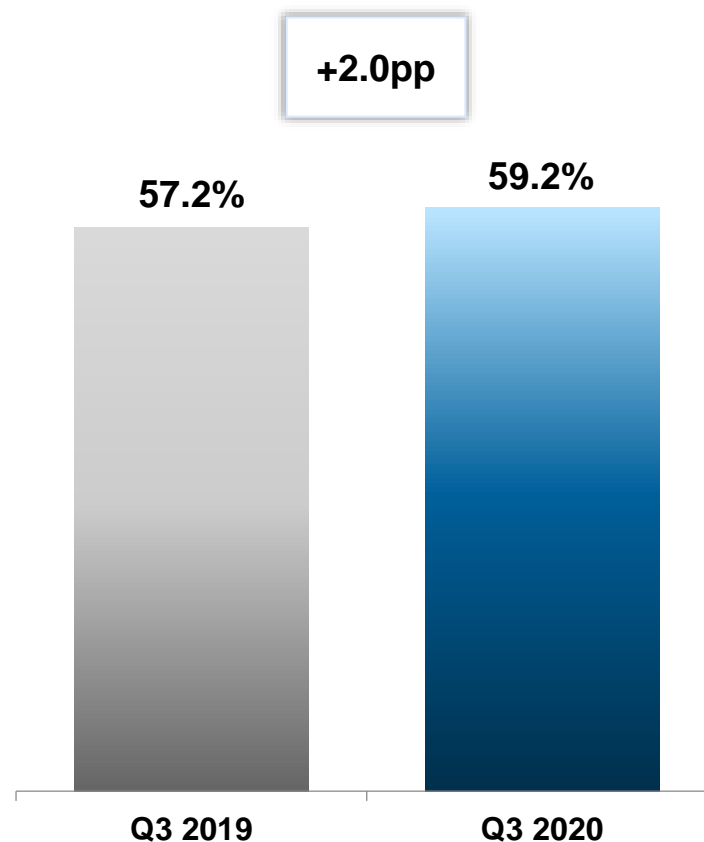
Reconciliations of non-GAAP financial measures included in this presentation to the most comparable GAAP measures are available on Altria’s website at altria.com.

Strong Tobacco Business Performance...

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



**Smokeable & Oral Tobacco
Adjusted OCI Margins***



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

...And Steady Progress Against Our Vision



AVAILABLE EVIDENCE TO DATE

- The IQOS® System heats tobacco but does not burn it.
- This significantly reduces the production of harmful and potentially harmful chemicals.
- Scientific studies have shown that switching completely from conventional cigarettes to the IQOS® System significantly reduces your body's exposure to harmful or potentially harmful chemicals.

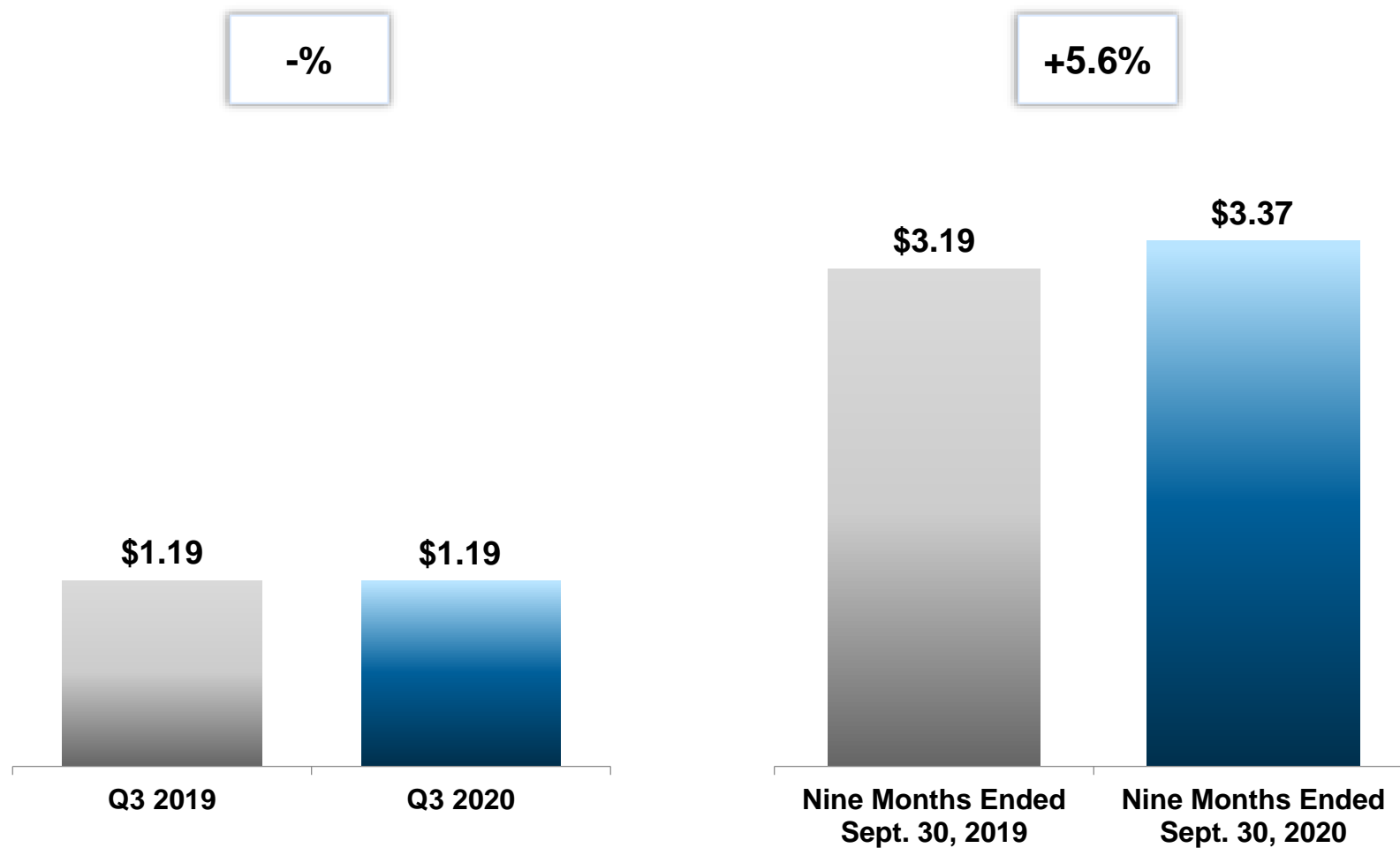
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Adjusted Diluted Earnings Per Share*



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



Q3 Adult Tobacco Consumer (ATC) Influences

Discretionary income changes

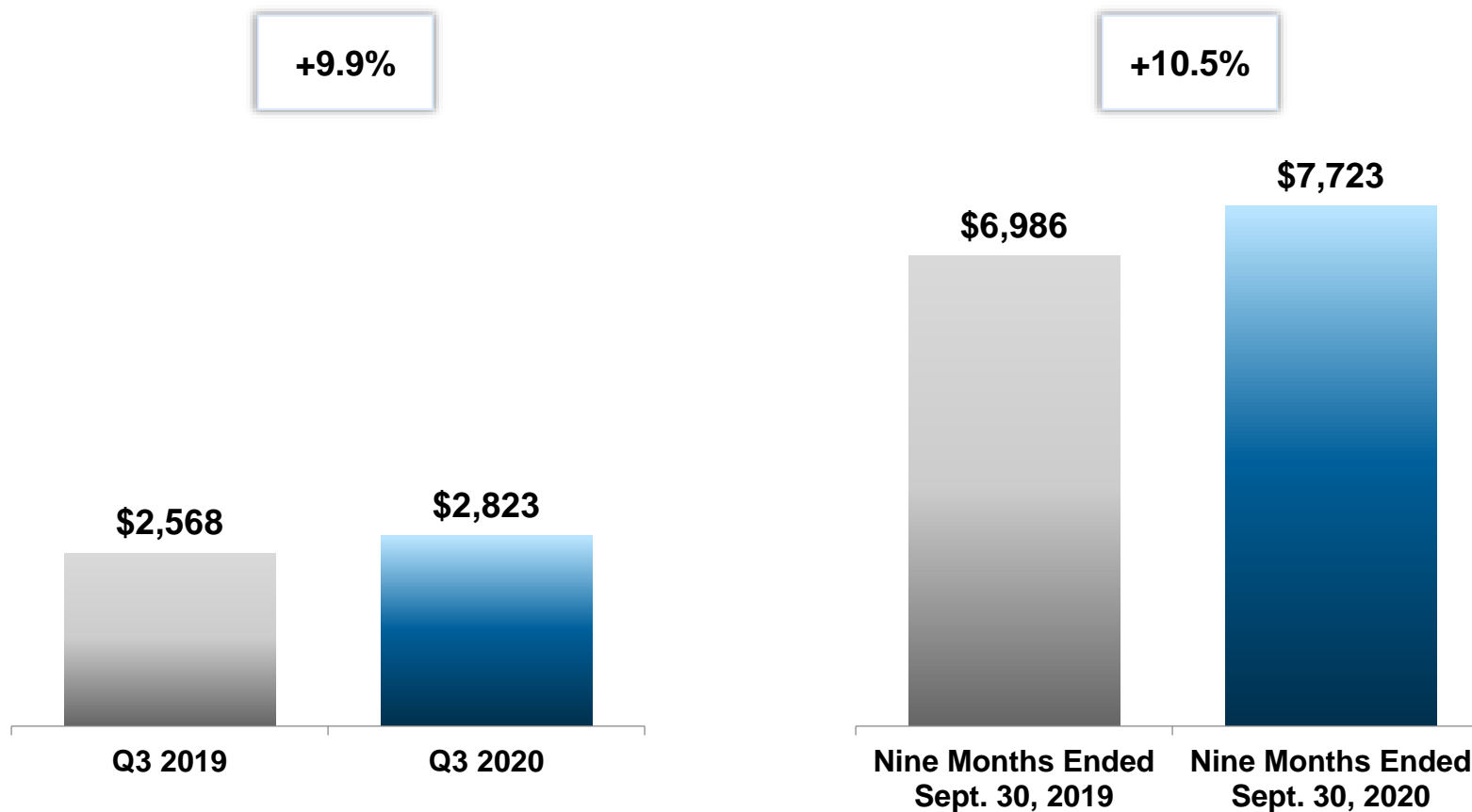
- An increasing number of Americans, including many ATCs, faced economic hardships by the end of the third quarter
- Non-tobacco discretionary spending (e.g. gas and entertainment) remained below pre-pandemic levels, helping offset some of the economic headwinds facing ATCs

Routine changes

- We estimate that the number of ATC trips to the store rebounded in the third quarter and that tobacco expenditures per trip remained elevated versus the year-ago period
- We continue to believe that ATC stay-at-home practices allowed for more tobacco usage occasions

Smokeable Products Segment

Adjusted OCI* (\$ in millions)

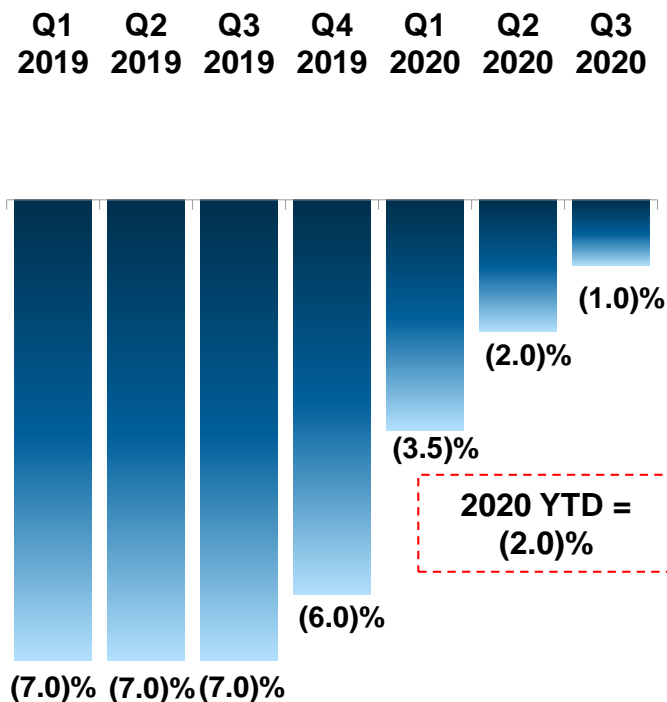


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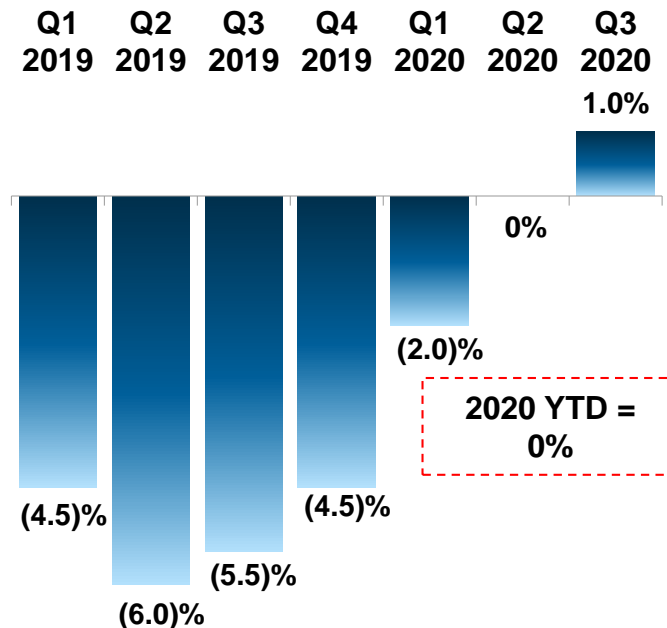


Adjusted Cigarette Volume Decline Rate Estimates

Smokeable Products Segment



Total Industry

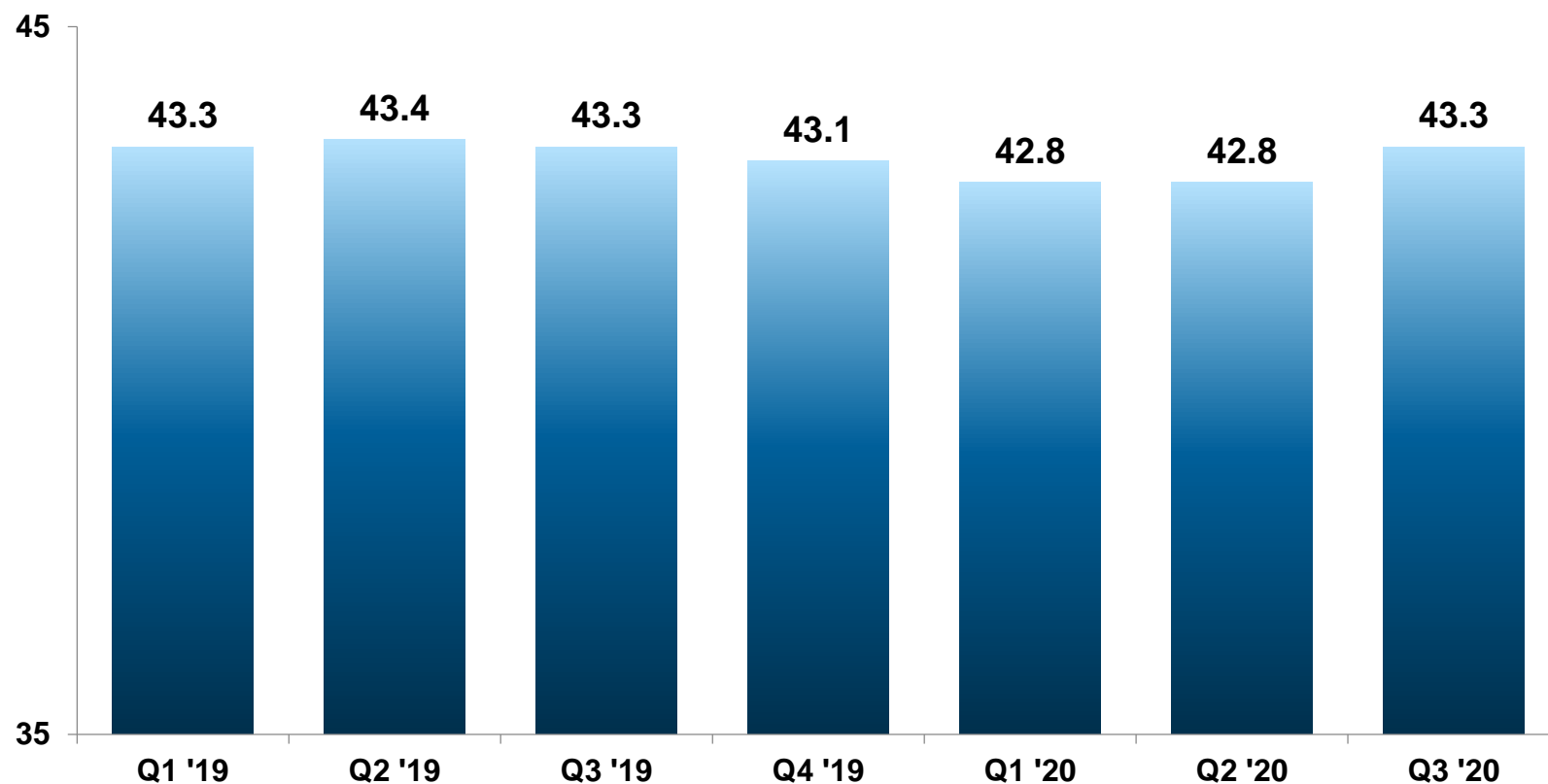


We now project full-year 2020 adjusted cigarette industry volumes to be in a range of flat versus the prior year to (1.5%)

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

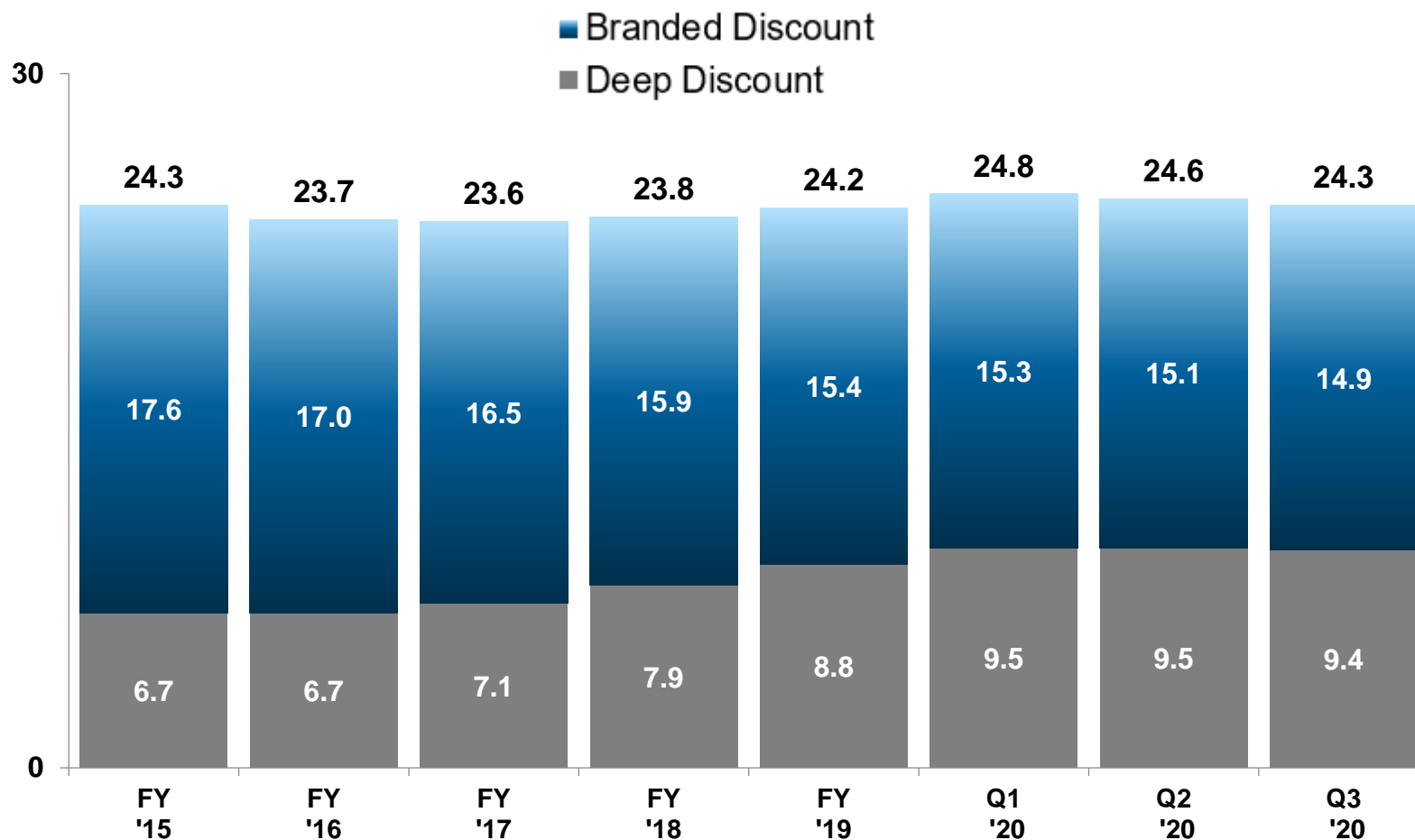
Marlboro Retail Share



Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 09/27/20



Discount Segment Retail Share



Sources: ALCS CMI Estimates; IRI Unify

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

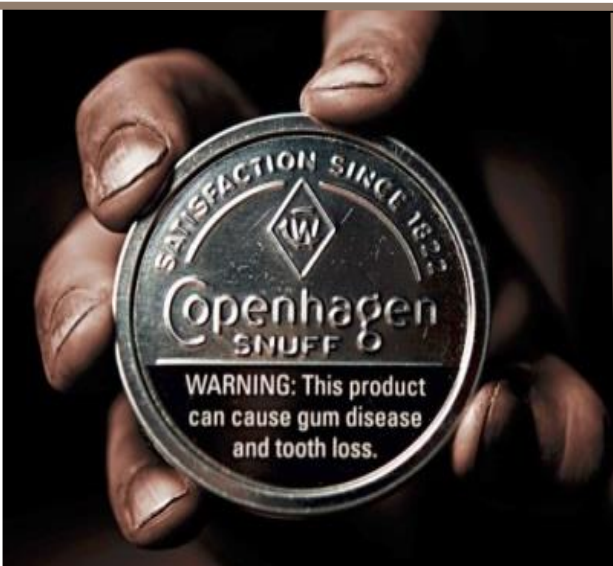


Our 10-Year Vision: Responsibly Lead The Transition of Adult Smokers to a Noncombustible Future

To achieve our vision, we will...

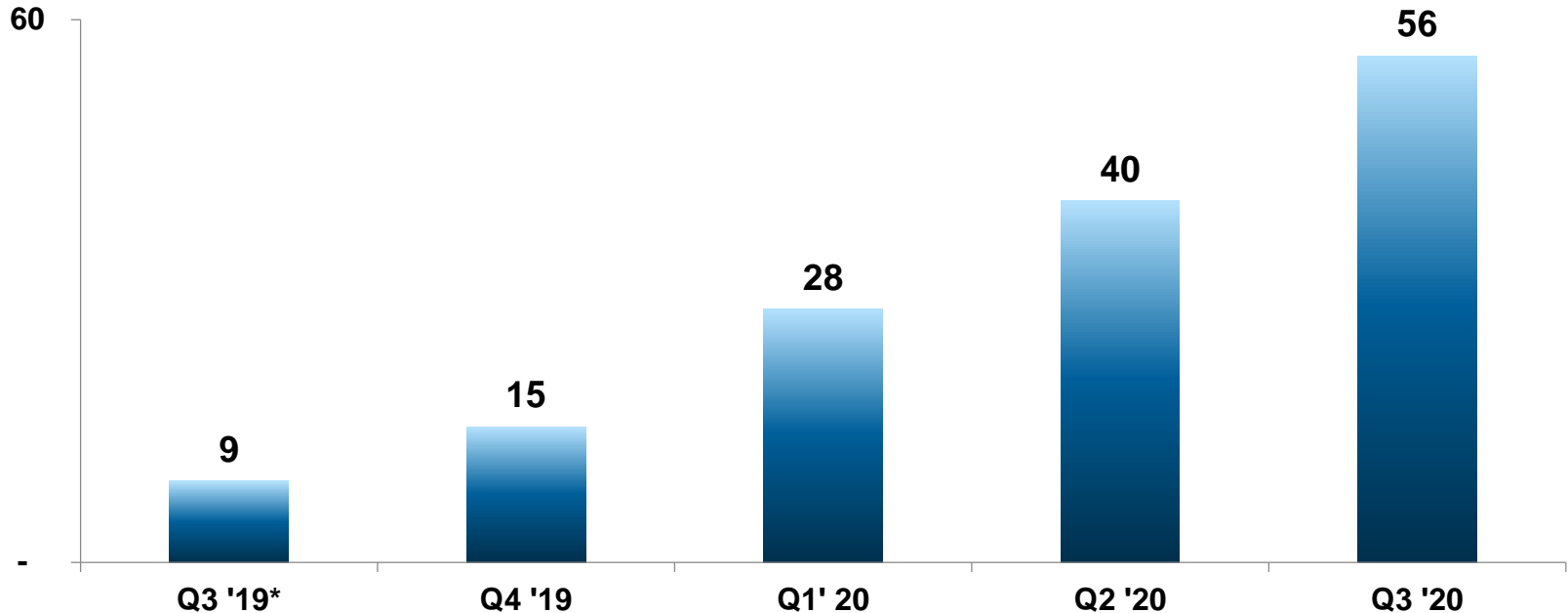
- Lead the industry in operating responsibly and preventing underage use of adult products
- Develop and expand our portfolio of FDA–authorized, noncombustible products and actively convert adult smokers to them
- Maximize the profitability of our combustible products while appropriately balancing investments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



Increasing *on!* Retail Store Count

In Thousands



In stores with distribution, *on!* achieved a retail share of 2.1% of the oral tobacco category in the first nine months of 2020

*Transaction closed in August 2019

Strong Trade Partnerships Drive *on!* Trial

- Helix continues to test different trial generating promotions and has benefitted from strong trade partnerships
- In the third quarter, Helix tested promotions using retailer platforms
- We believe these tests were highly successful as they generated significant trial amongst adult smokers and adult dippers



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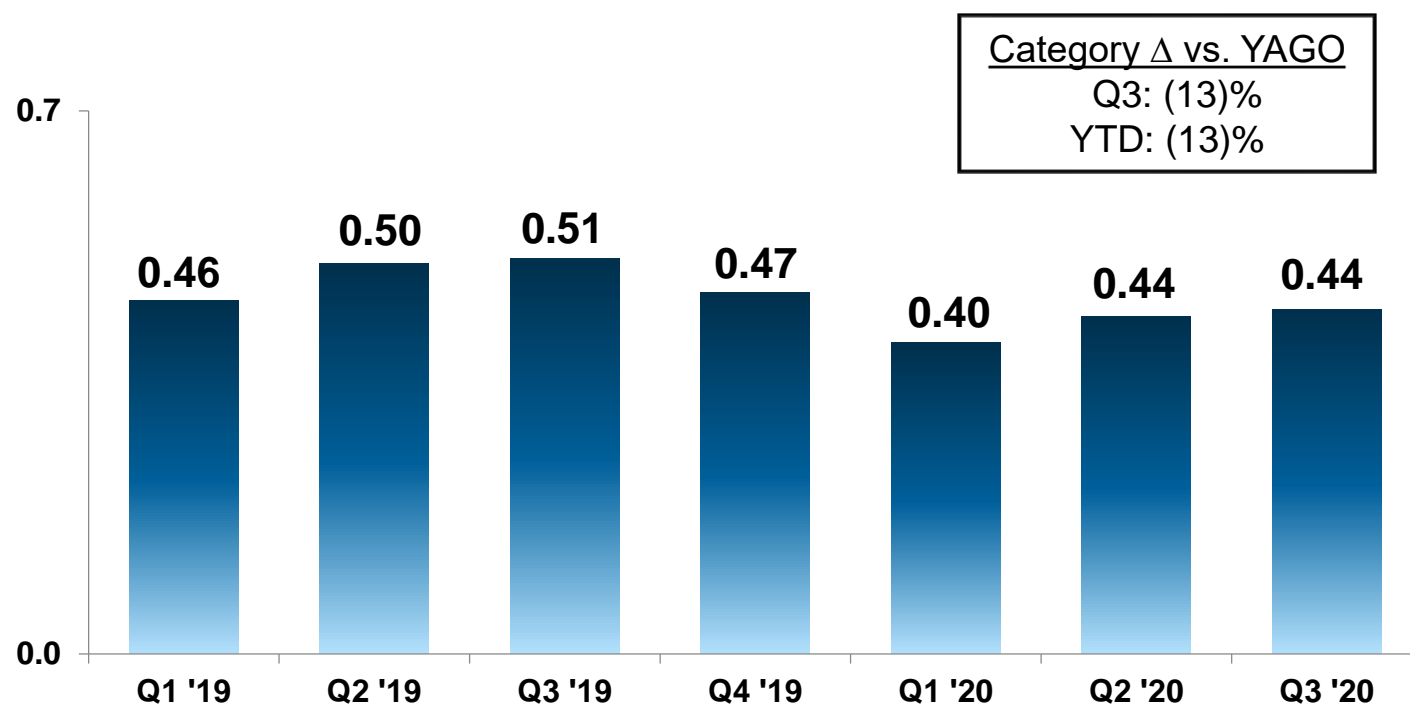
September 9th PMTA Deadline

- The September 9th deadline for PMTA submissions represented an important milestone in the regulatory process for the e-vapor category
- We believe it's important that e-vapor remain an alternative for adult smokers and believe that a sustainable e-vapor category will be one that consists solely of FDA-authorized products
- We encourage FDA enforcement against noncompliant manufacturers, including those who continue to sell e-vapor products without a PMTA submission

E-Vapor Category Volume

Estimated Equivalized Volume (in billions of units)

Quarterly Estimates



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

Q3 JUUL Investment Update

- In preparing our Q3 financial statements, we performed a valuation analysis on our investment in JUUL, which considered both its international prospects and current U.S. e-vapor category dynamics
- As a result, we've recorded a \$2.6 billion impairment to our JUUL investment, bringing its carrying value to \$1.6 billion as of September 30.
- The impairment charge was driven by our projections of lower JUUL revenues over time due to lower pricing assumptions and delays in JUUL achieving previously forecasted operating margin performance
- These drivers were the result of:
 - JUUL's revised international expansion plans and
 - the evolving U.S. e-vapor category and associated competitive dynamics
- We continue to believe that e-vapor products, including JUUL, can play an important role in tobacco harm reduction

IQOS MRTP Marketing Communications



Real tobacco.
Less odor.
No ash. And...



The only product of its kind
that can make this claim.

AVAILABLE EVIDENCE TO DATE:

The IQOS® system heats tobacco but does not burn it. This significantly reduces the production of harmful and potentially harmful chemicals. Scientific studies have shown that switching completely from conventional cigarettes to the IQOS® system significantly reduces your body's exposure to harmful or potentially harmful chemicals.

Learn more about IQOS® at getIQOS.com.

Site limited to smokers 21+.

SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.



AVAILABLE EVIDENCE TO DATE

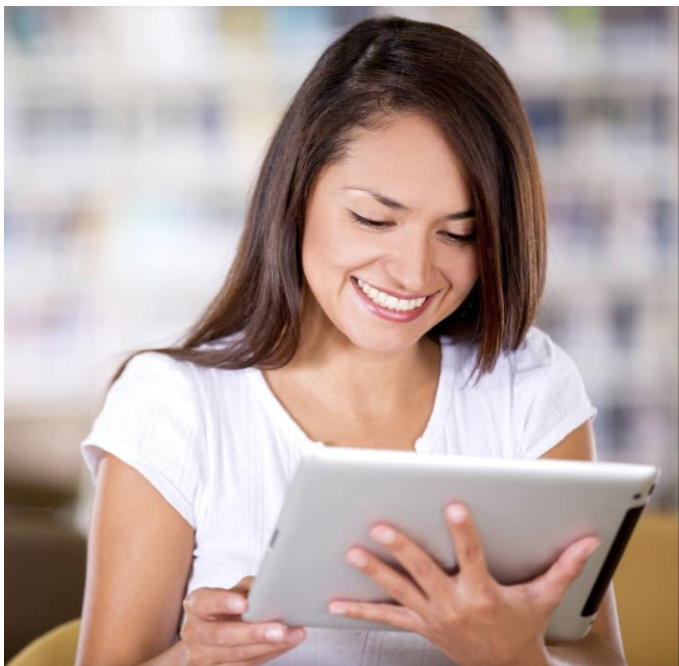
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Enhanced /QOS Engagement & Trial Options

Mobile Video Chat*



Expanded Device Availability



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* The mobile video chat option is only available for age-verified adult tobacco consumers

2020 Full-Year Adjusted Diluted EPS* Guidance

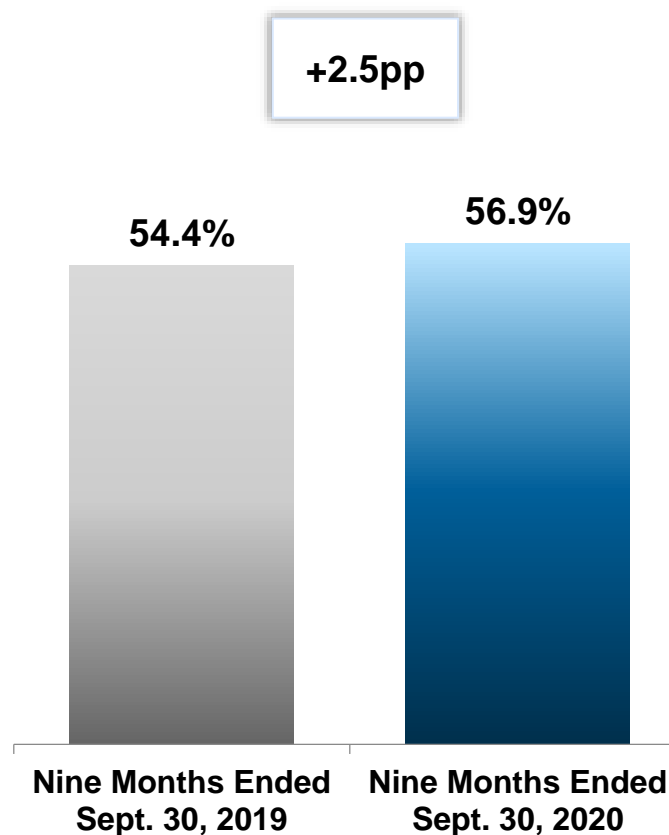
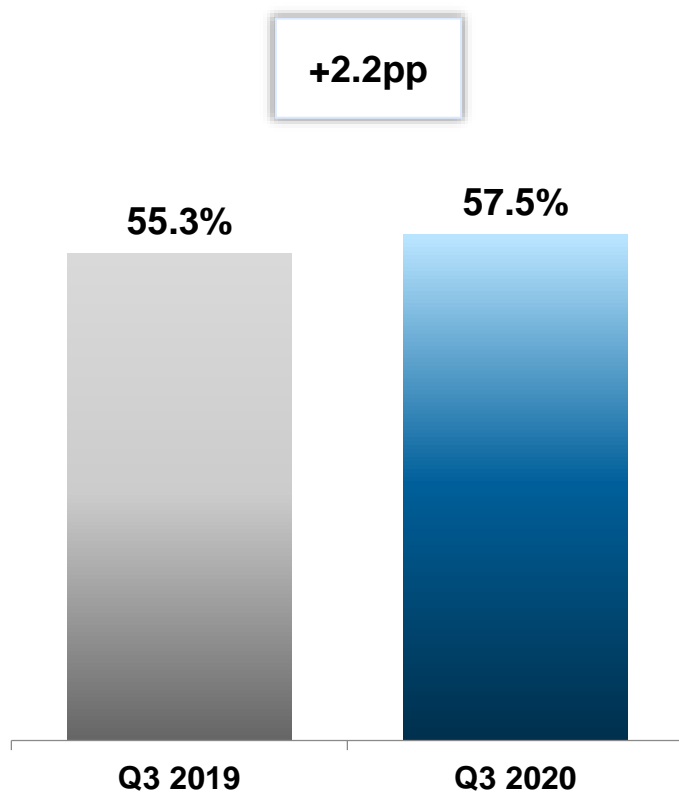
- We're narrowing our full-year 2020 adjusted diluted EPS guidance due to:
 - our year-to-date performance and
 - insight into an additional quarter of equity earnings contributions from ABI
- We now expect to deliver full-year 2020 adjusted diluted EPS* of \$4.30 to \$4.38. This range represents an adjusted diluted EPS growth rate of 2% 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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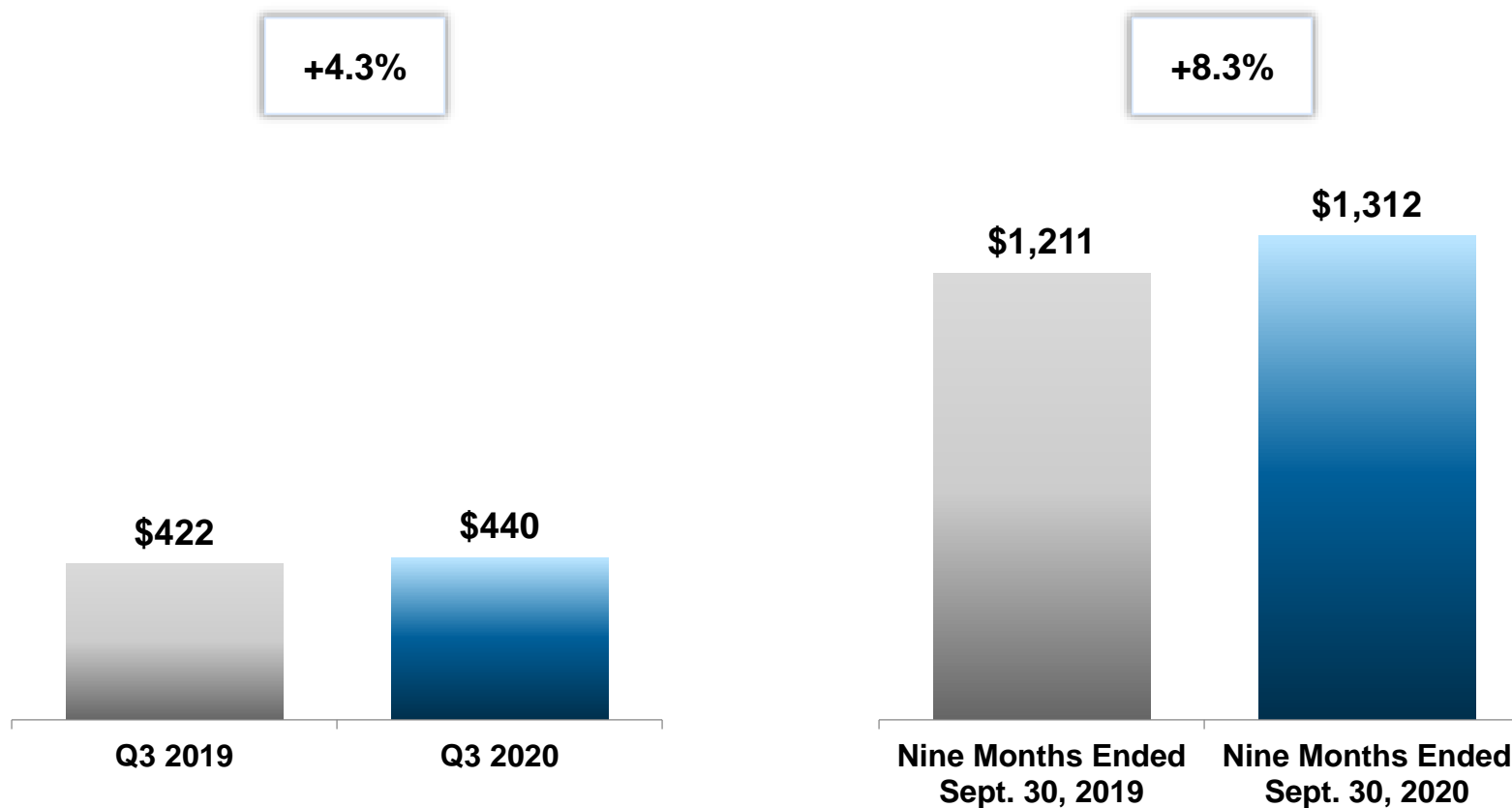
John Middleton Cigars



Altria

Oral Tobacco Products Segment

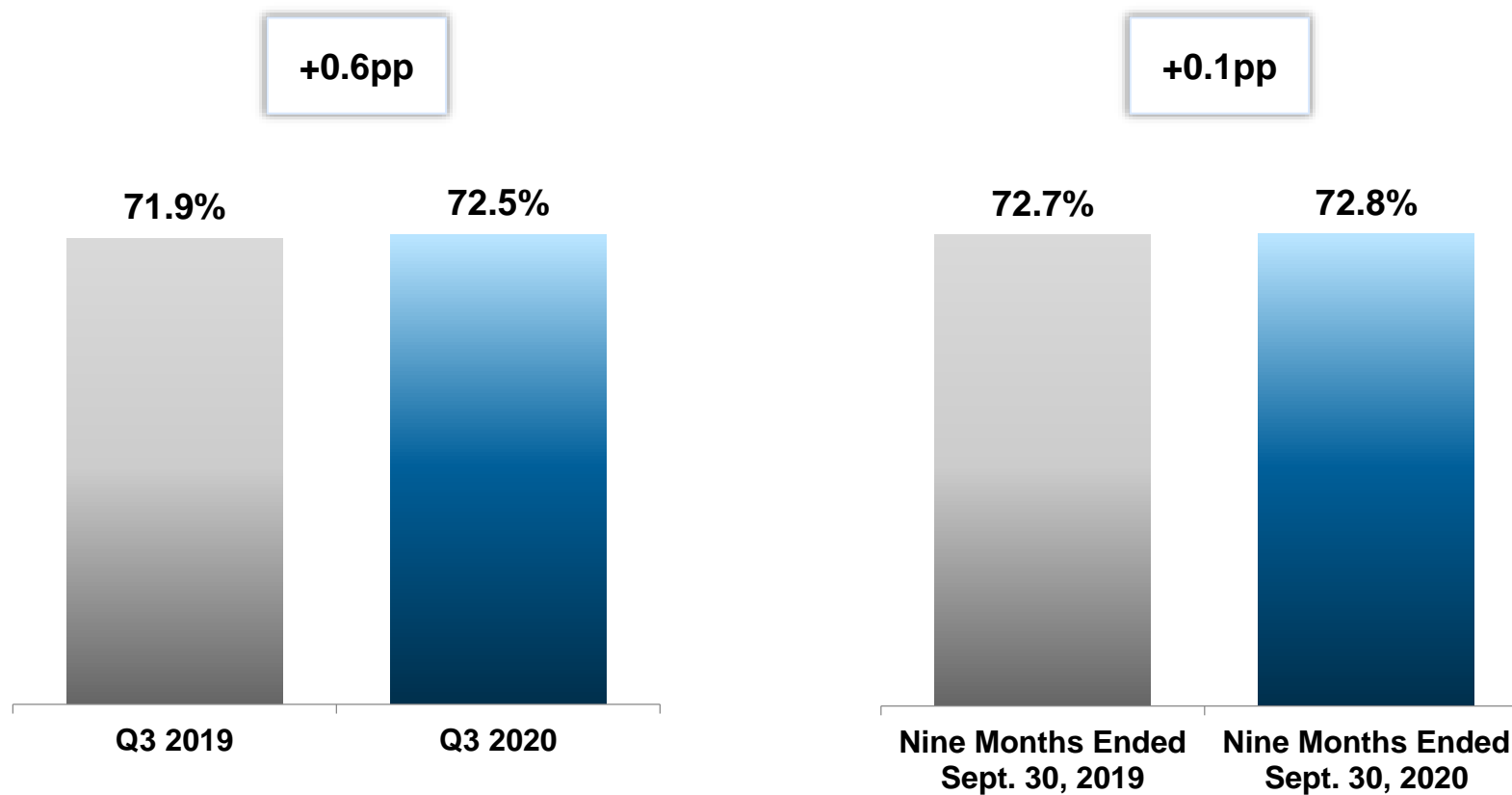
Adjusted OCI* (\$ in millions)



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Oral Tobacco Products Segment

Adjusted OCI Margins*

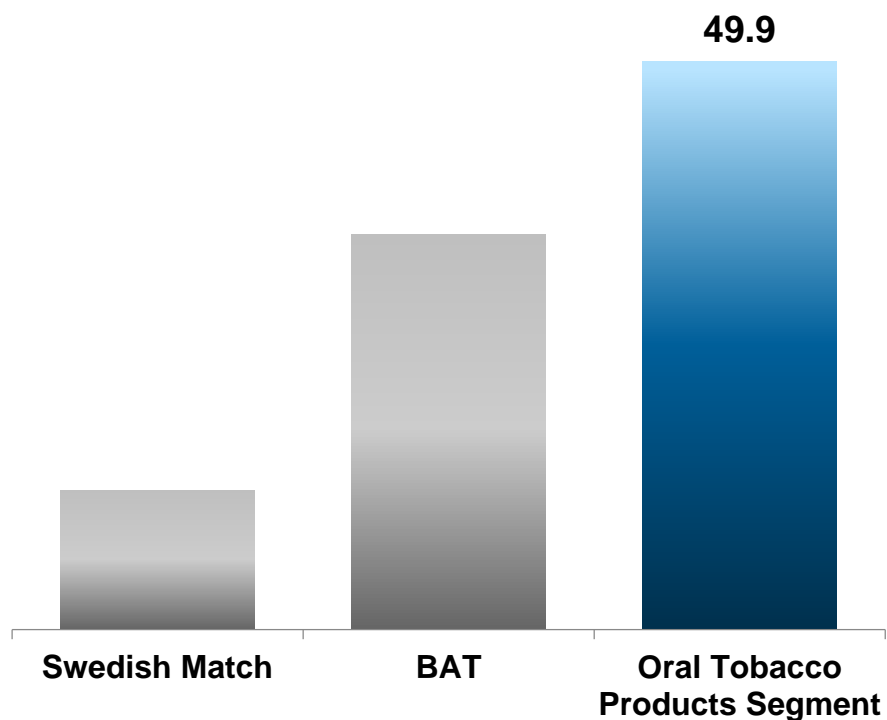


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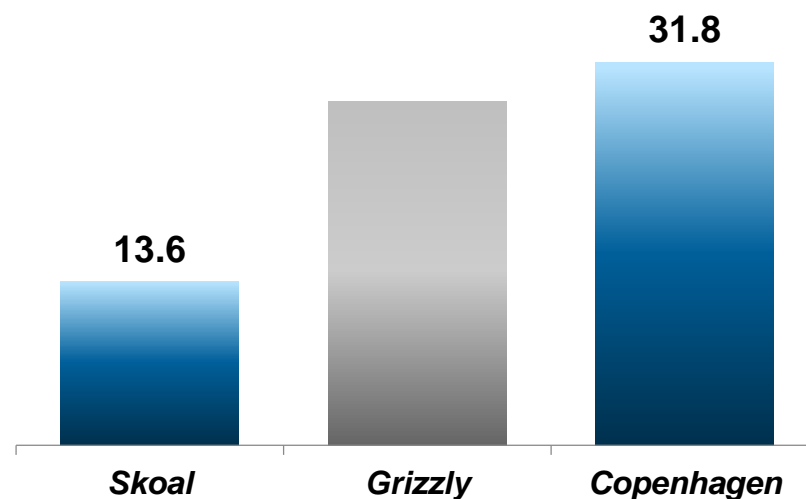
Oral Tobacco Products Segment

Q3 2020 Retail Share

By Company (%)

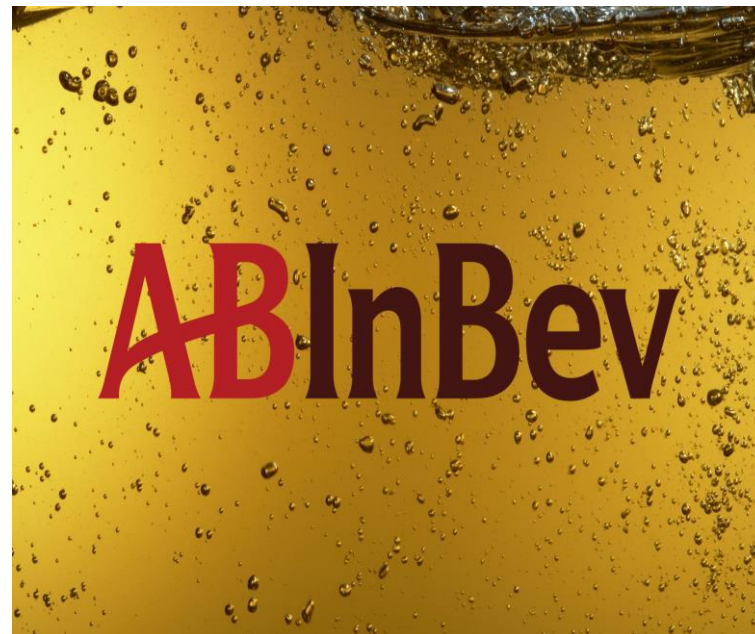


By Brand (%)



Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 09/27/20

Our Alcohol Assets



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Capital Allocation



- Our balance sheet remains strong and our core tobacco businesses are highly cash generative
- Our current annualized dividend is \$3.44 per share, representing a dividend yield of 9.3%¹
- Dividends remain our primary vehicle for returning cash to shareholders and our long-term objective is a dividend target payout ratio of approximately 80% of adjusted diluted EPS

¹ As of October 27, 2020



Altria