

Altria's Third-Quarter 2021 Earnings Conference Call

October 28, 2021



Altria

— FAMILY OF COMPANIES —

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, 2020, its Quarterly Report on Form 10-Q for the period ended June 30, 2021, and under “Forward-looking and Cautionary Statements” in today’s earnings release.

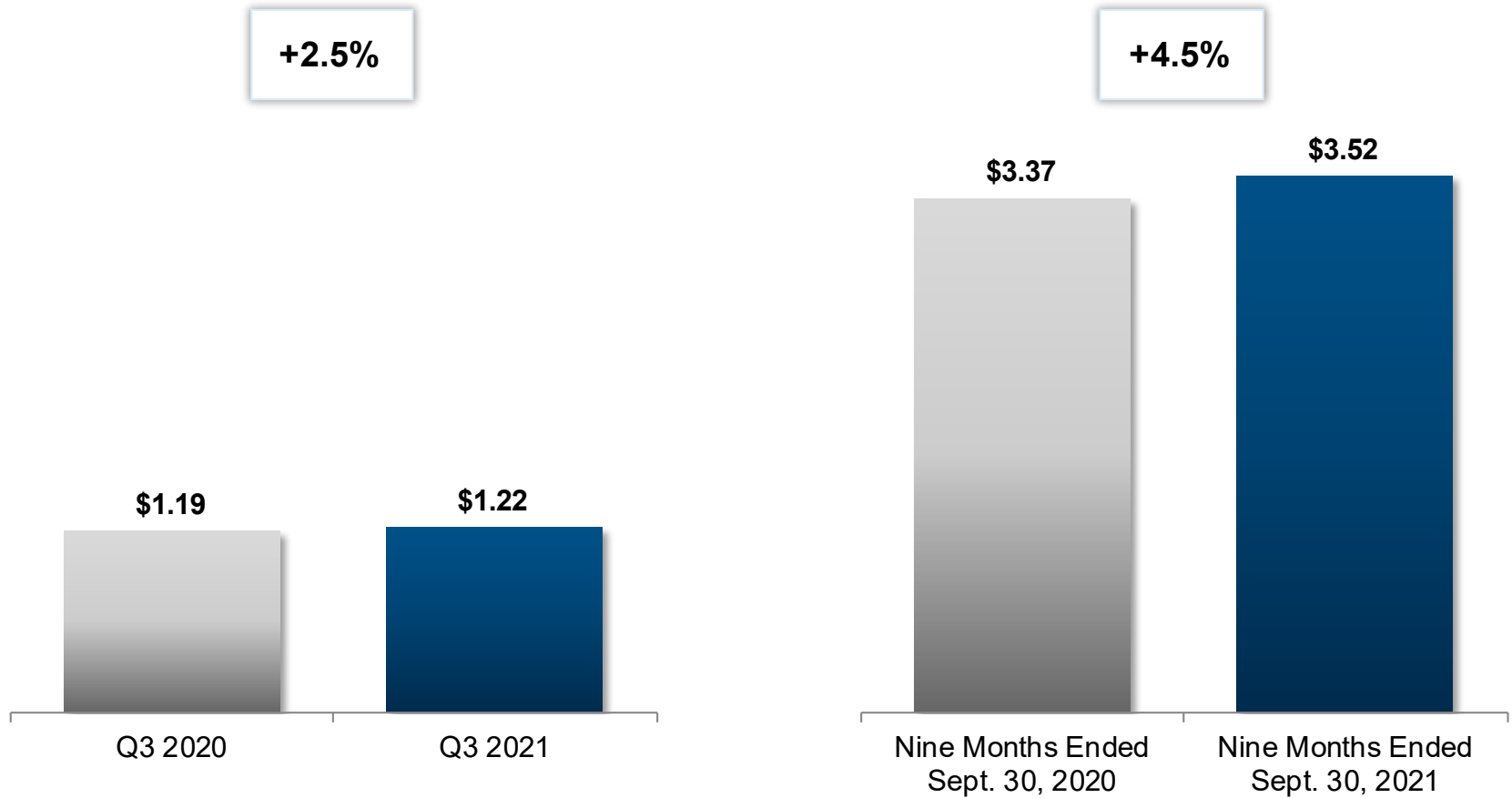
Reconciliations of non-GAAP financial measures included in this presentation to the most comparable GAAP measures are available on Altria’s website at altria.com.



Moving Beyond Smoking™

**Responsibly lead the transition
of adult smokers to a
smoke-free future**

Q3 2021: Adjusted Diluted Earnings Per Share*



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

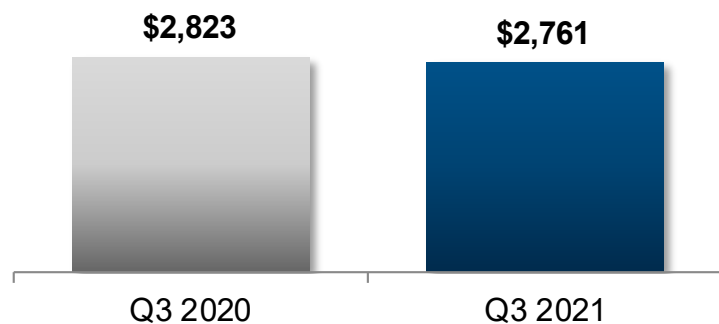
Smokeable Products Segment

Adjusted Operating Companies Income* (OCI)

Adjusted OCI

(\$ in millions)

(2.2%)

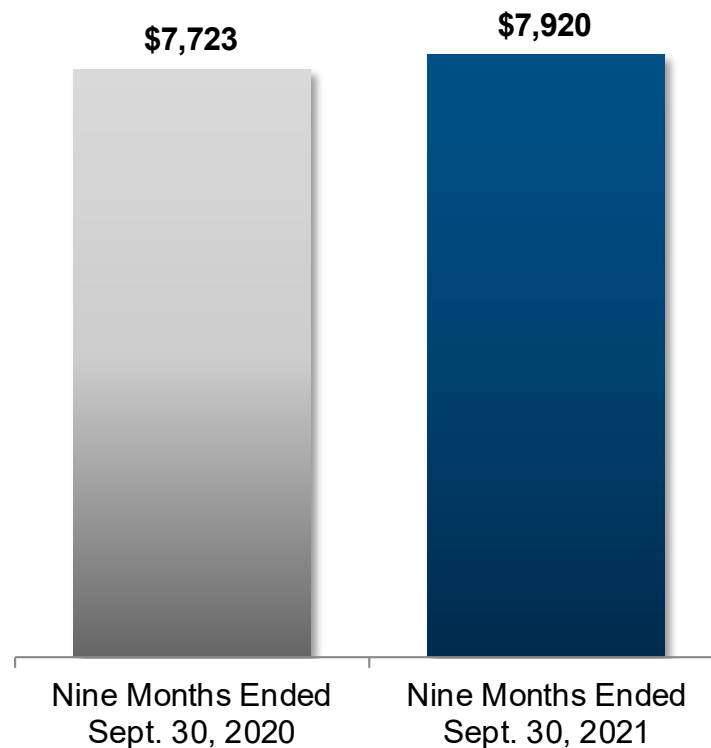


*For reconciliations of non-GAAP to GAAP measures visit altria.com.

Adjusted OCI

(\$ in millions)

+2.6%



Oral Tobacco Products Segment

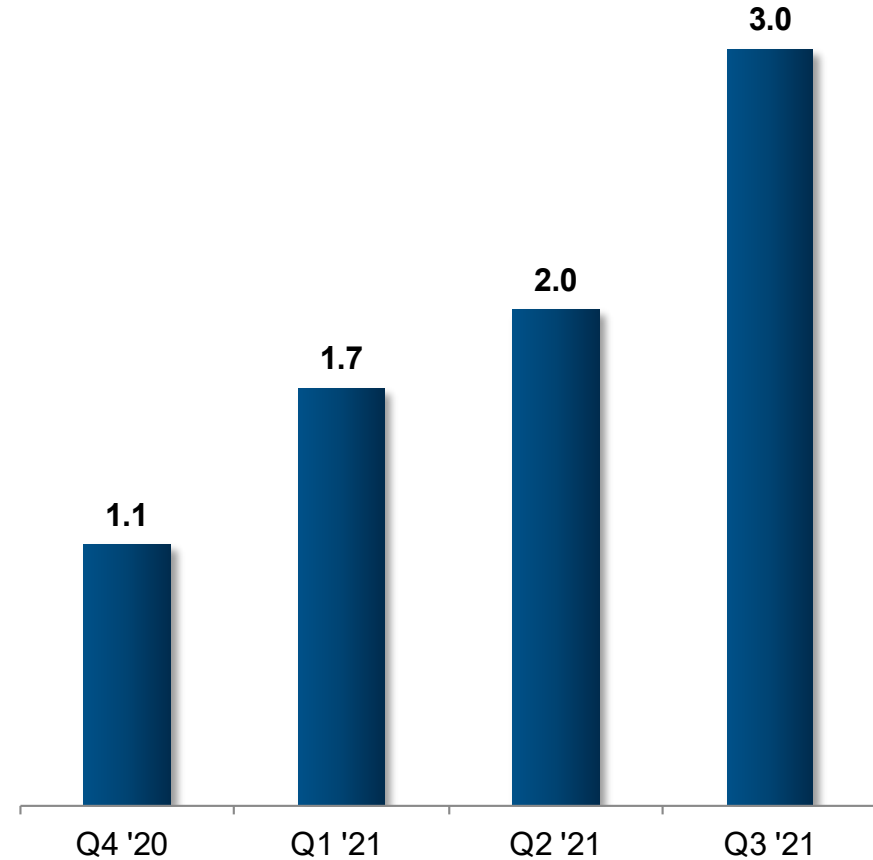


on! Performance



Share of Oral Tobacco Category

(total U.S.)



Source: IRI InfoScan Oral Tobacco MOC, WE 10/03/2021

Oral Nicotine Products Regulatory Update



U.S. Food & Drug Administration
10903 New Hampshire Avenue
Silver Spring, MD 20993
www.fda.gov

October 19, 2021

MARKETING GRANTED ORDERS

U.S. Smokeless Tobacco Company LLC
Attention: xxxxxxxxxxxxxxx Senior Director, Regulatory Submissions
Altria Client Services LLC
601 East Jackson Street
Richmond, VA 23129

FDA Submission Tracking Numbers (STNs): Multiple STNs, see Appendix A

Dear xxxxxxxxxxxxxxx

We completed review of your PMTAs¹ and are issuing marketing granted orders for the tobacco products identified in Appendix A.

Based on our review of your PMTAs, we determined that permitting the marketing of the new tobacco products, as described in your applications and specified in Appendix A, are appropriate for the protection of the public health. It should be noted that our determination that the marketing of these products is APPH is based on the submitted microbial stability data². The issuance of these marketing granted orders confirms that you have met the requirements of section 910(c) of the FD&C Act and authorizes marketing of your new tobacco products. Under the provisions of section 910, you may introduce or deliver for introduction into interstate commerce the tobacco products, in accordance with the marketing order requirements outlined in these orders, including all appendices.

The authority to market the new tobacco products under these orders are also contingent upon the conditions listed in these orders and subject to the requirements in the enclosed appendices.

The requirements in these orders are intended to help ensure that the marketing of your products will continue to be appropriate for the protection of the public health, taking into account, among other factors, initiation among non-users, particularly youth. However, compliance with these requirements alone is not a guarantee that the marketing of the products will remain appropriate for the protection of the public health, particularly if, despite these measures, there is a significant uptake in youth initiation, for example. FDA will continue to monitor the marketing of your products.

Based on our review of your PMTAs, the marketing restrictions in Appendix D are necessary to our conclusion that permitting the marketing of the new tobacco products is appropriate for the protection of public health. Absent these restrictions, a marketing granted order for these applications could not issue consistent with the requirements of section 910(c) of the FD&C Act. We

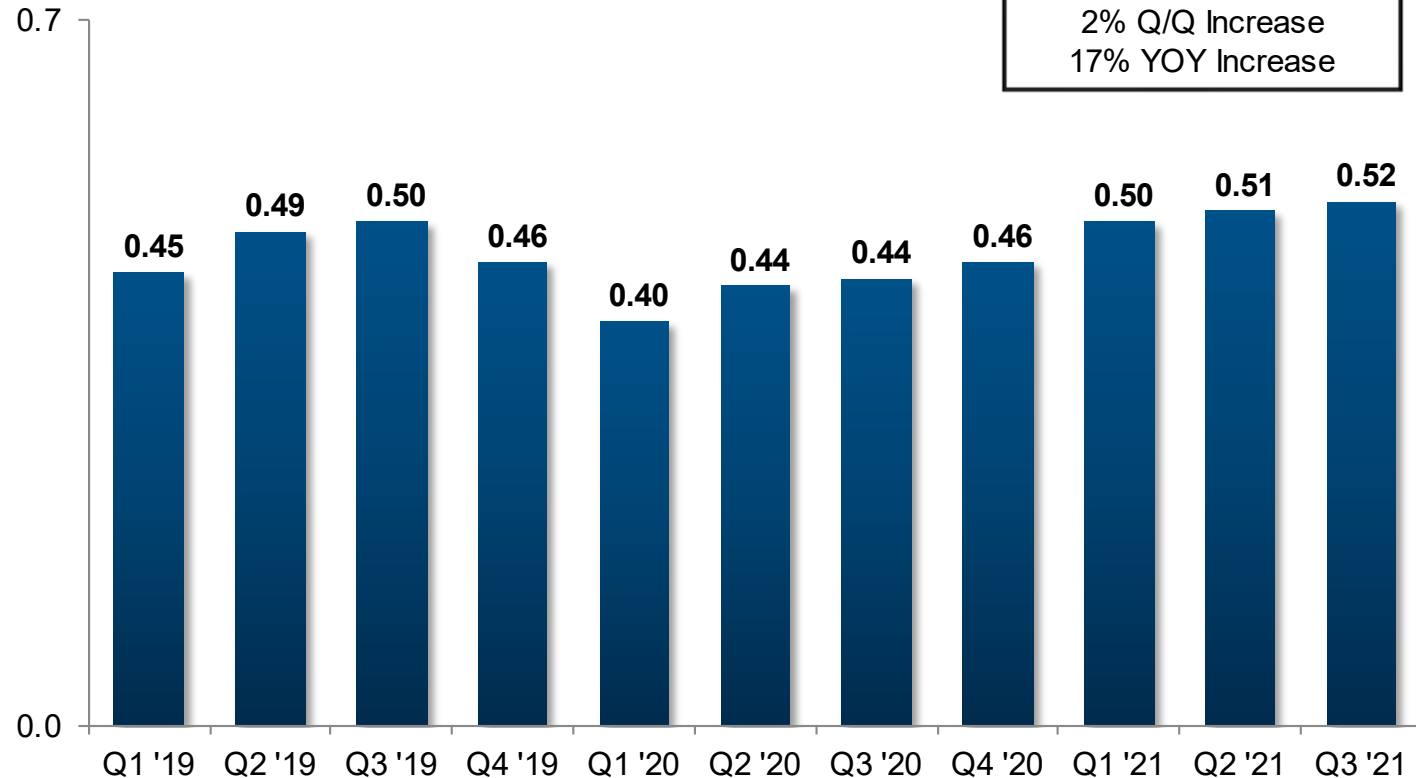
¹ Premarket Tobacco Product Applications (PMTAs) submitted under section 910 of the Federal Food, Drug, and Cosmetic Act (FD&C Act)

² The data provided support microbial stability of the products over 12 months. The stability data for 12 months is acceptable and there are no other stability concerns. If you would like FDA to evaluate additional microbial stability data for a longer period, submit this information in a post-market report.

E-Vapor Category Volume

Estimated Equivalized Volume (in billions of units)

Quarterly Estimates

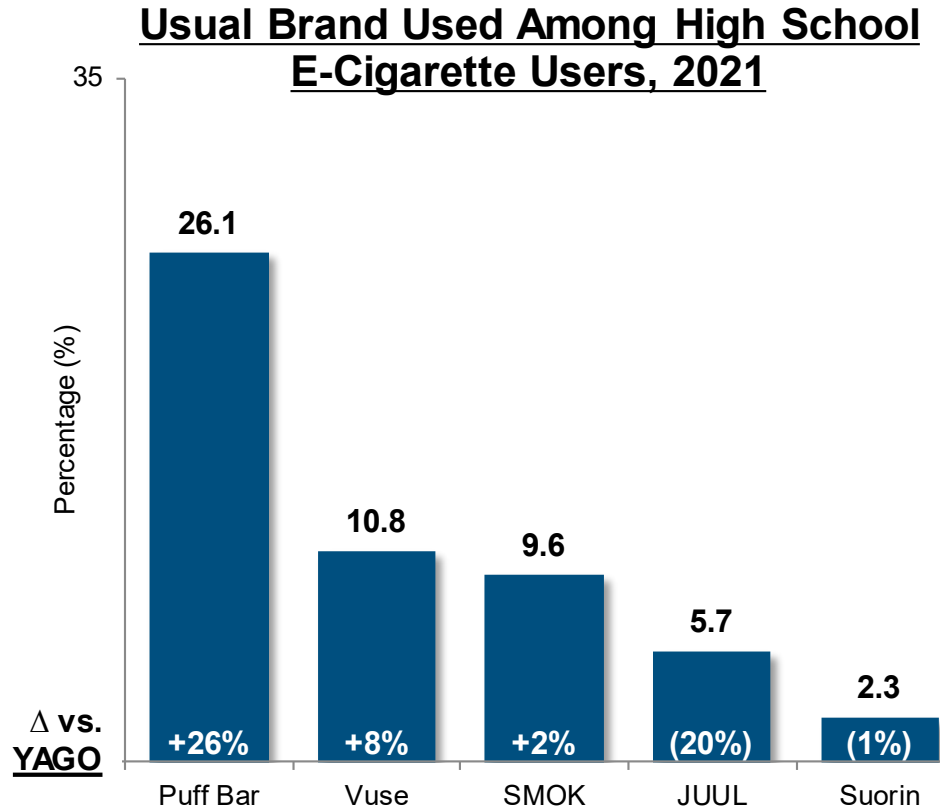
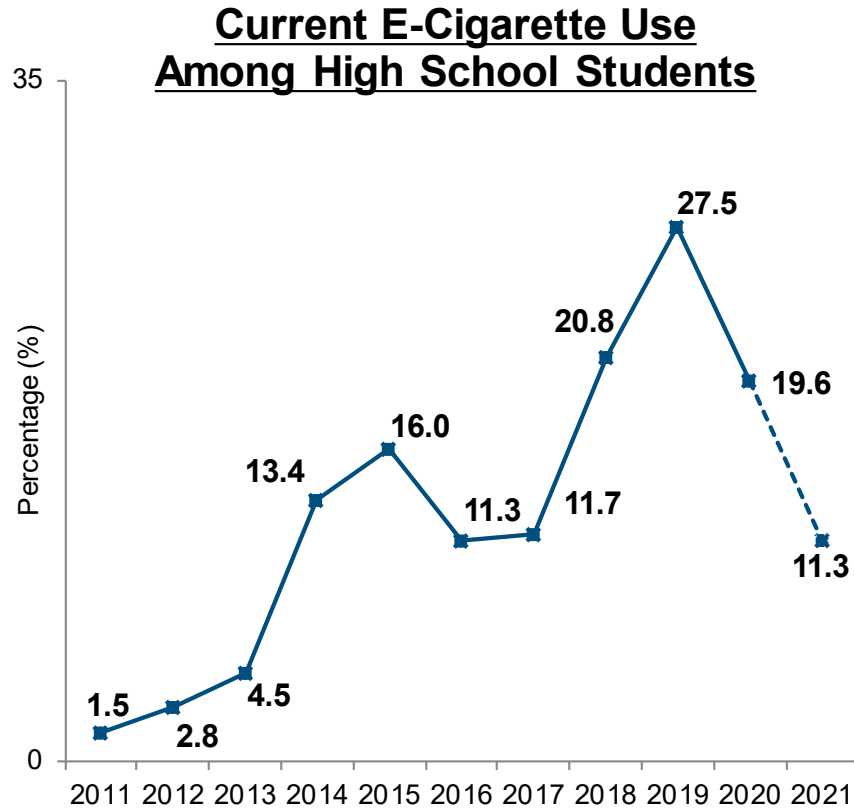


Source: AVI SCMI estimates

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

2021 National Youth Tobacco Survey Results

*Current E-Cigarette Use Among High School Students, 2011-2021**



Sources: ALCS analysis of 2019-2020 NYTS.

Source for 2021 NYTS: [E-Cigarette Use Among Middle and High School Students—National Youth Tobacco Survey, United States, 2021](#)

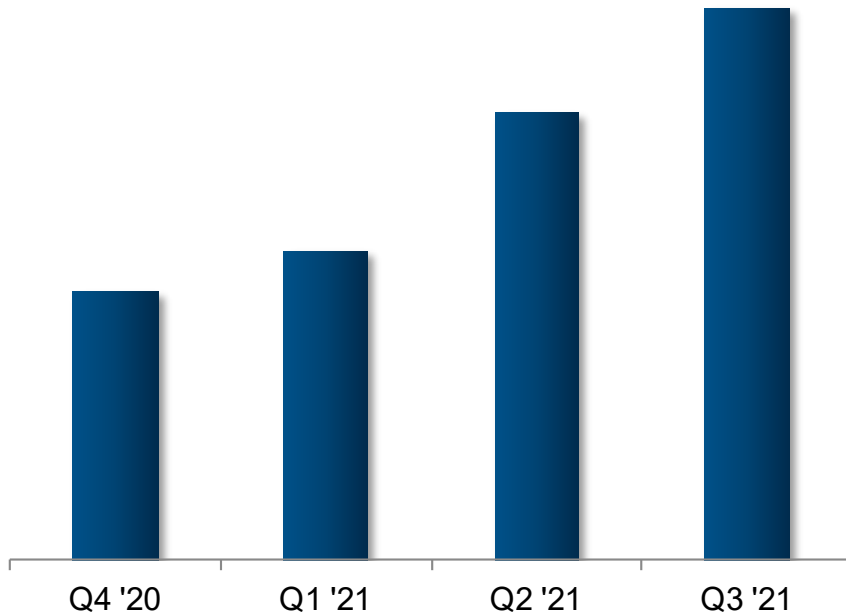
In 2020 and 2021, due to changes in survey questions, the usual brand percentage was calculated based on reported e-cigarette brand used, if a single e-cigarette brand was reported, and usual brand used, if more than one brand was listed. In 2021, the survey was conducted online during the COVID-19 pandemic with an overall lower participation rate than during previous years.

*Due to differences in data collection procedures, any comparison of the 2021 NYTS estimates to previous NYTS survey years that were primarily conducted on school campuses should be interpreted with caution. Also, Puff Bar was not included as a brand in 2020.

IQOS Performance

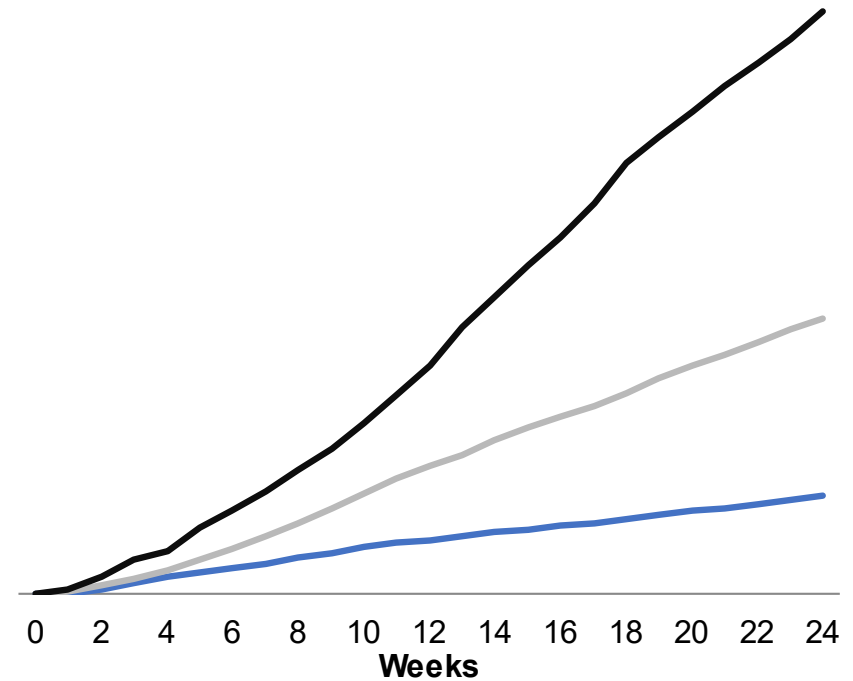
IQOS Volume

GA, NC, SC & VA



IQOS Device Penetration %

— ATL — CLT — NoVA



In the last four weeks of Q3, *Marlboro HeatSticks* achieved a cigarette category retail share of 1.8% in Northern Virginia stores with distribution.

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

Source: POS Scan data through WE 10/2/21 as of 10/11/21. CEA data through WE 10/2/21 as of 10/11/21. STARS data through WE 10/2/21 as of 10/11/21.

International Trade Commission (ITC) Update

- On September 29, 2021, the ITC imposed an importation ban and issued cease-and-desist orders (CDO) on *IQOS*, *Marlboro HeatSticks* and infringing components.
- We're disappointed in the decision, as the *IQOS* heated tobacco system is the only inhalable tobacco product to have received FDA authorization as a modified risk tobacco product. The ITC's importation ban will make the product unavailable.
- We continue to believe that the plaintiff's patents are invalid and that *IQOS* does not infringe on those patents. The ITC's decision is currently under 60-day review by the Administration's U.S. Trade Representative. In the event that the Administration does not reject the decision, we're preparing to comply with the order. We've been focused on our contingency plans surrounding sales and distribution and have been in communication with PMI on their domestic manufacturing plans.

Key Learnings from IQOS Commercialization



2021 Adjusted Diluted EPS* Guidance

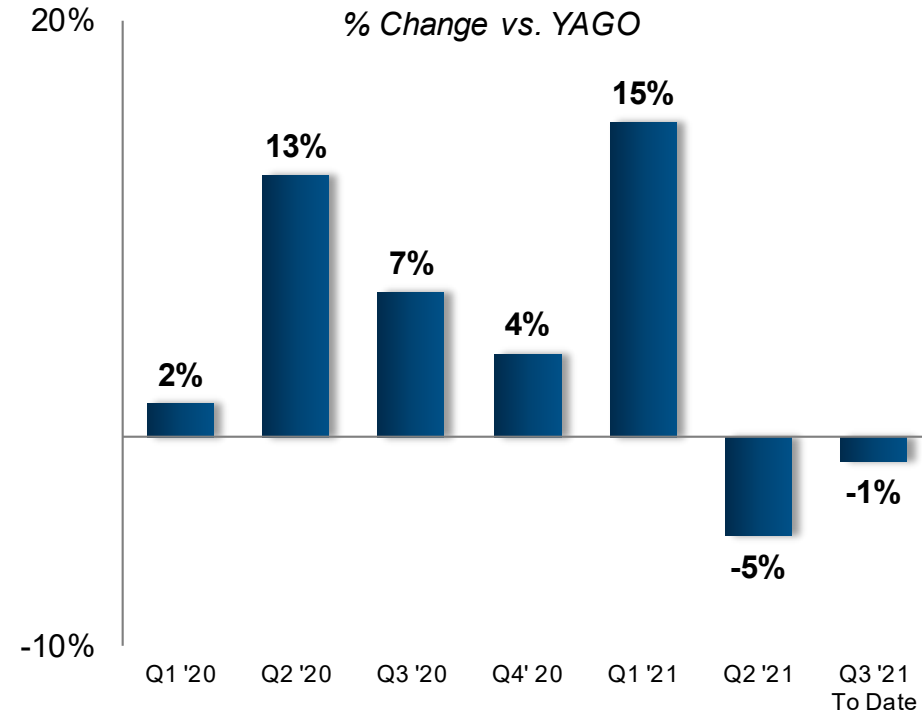
We are raising the lower-end of our full-year 2021 guidance and now expect to deliver adjusted diluted EPS in a range of \$4.58 to \$4.62. This range represents a growth rate of 5% to 6% from a \$4.36 base in 2020.

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

Macroeconomic Influences on Adult Tobacco Consumers

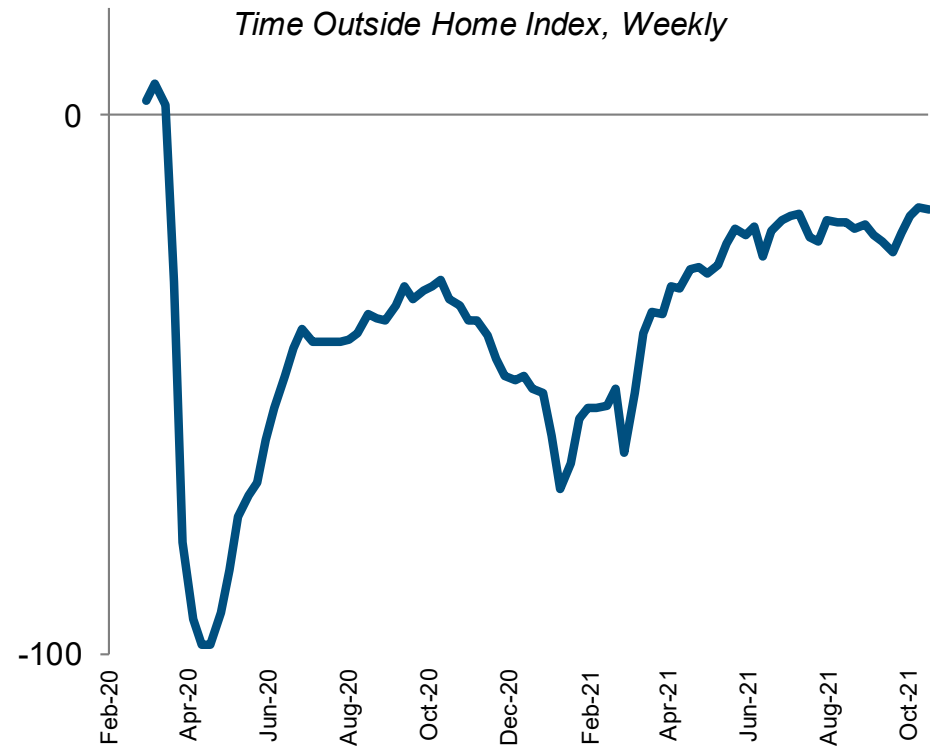
Personal Disposable Income

% Change vs. YAGO



Consumer Mobility

Time Outside Home Index, Weekly



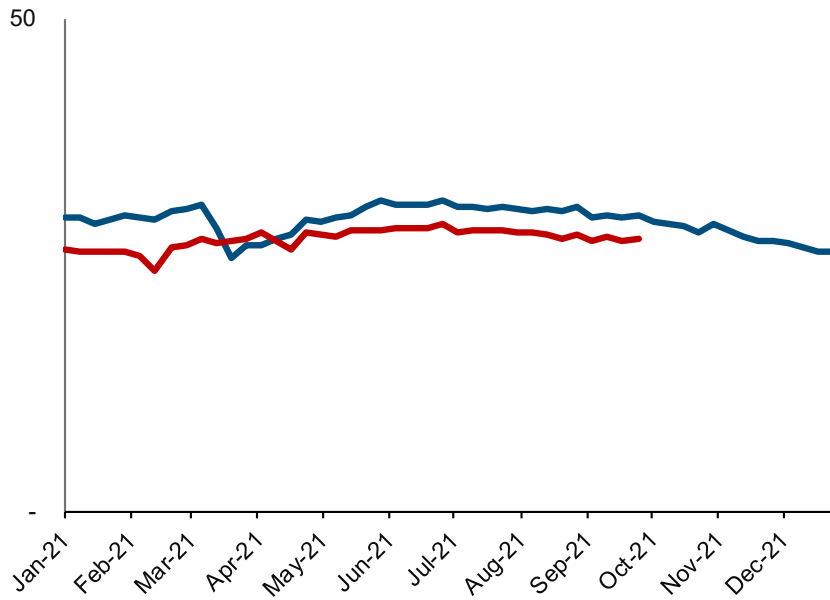
Source: BEA Disposable Personal Income through August 2021

Source: Google COVID-19 Community Mobility Report; Indexed against maximum % change from January 2020

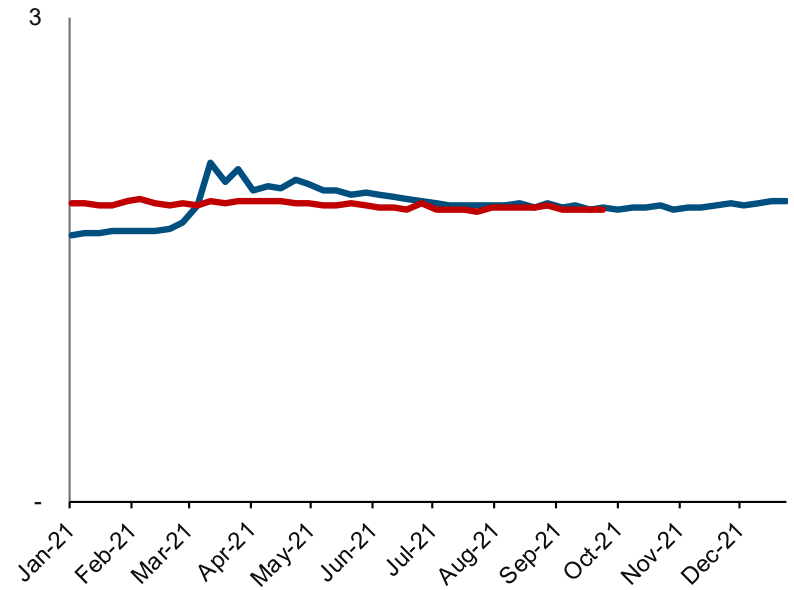
Cigarette Trips and Volume Sales Trends¹

2020, 2021

Total Trips
(in millions)



Volume Per Trip
(in packs)



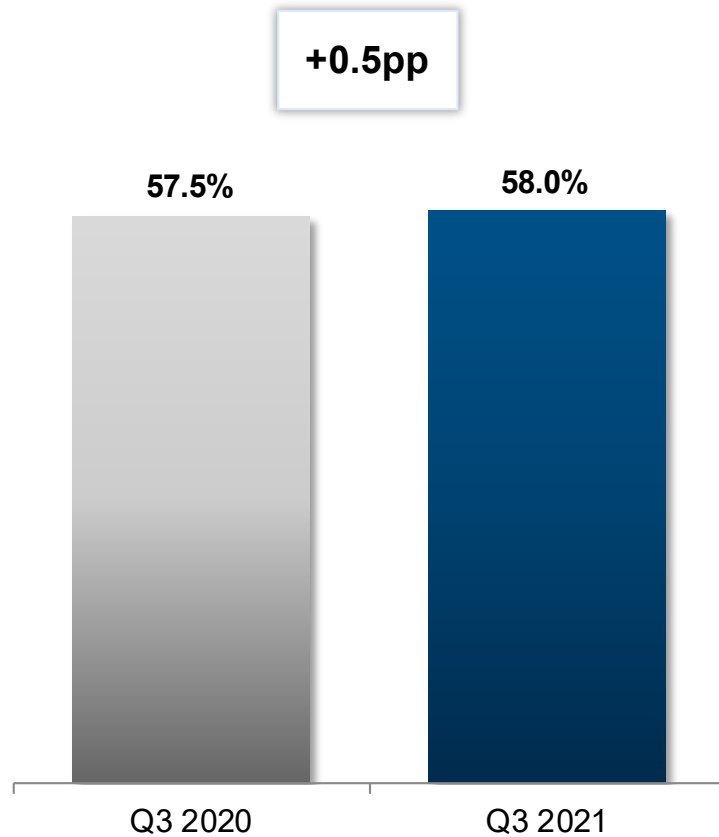
Source: Databricks POS Scan WE 10/02/2021 as of 10/12/2021

¹ Store reporting Volume Sales for Cigs, Marlboro & AOM for all weeks 2020, 2021 (Stores Sample ~54K)

Smokeable Products Segment

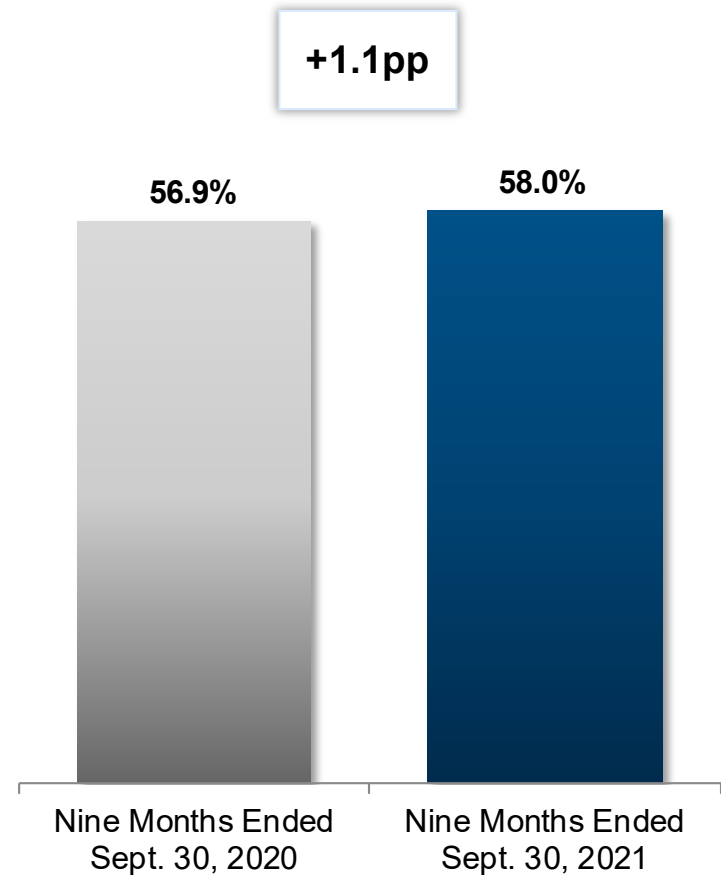
*Adjusted OCI Margins**

Adjusted OCI Margins



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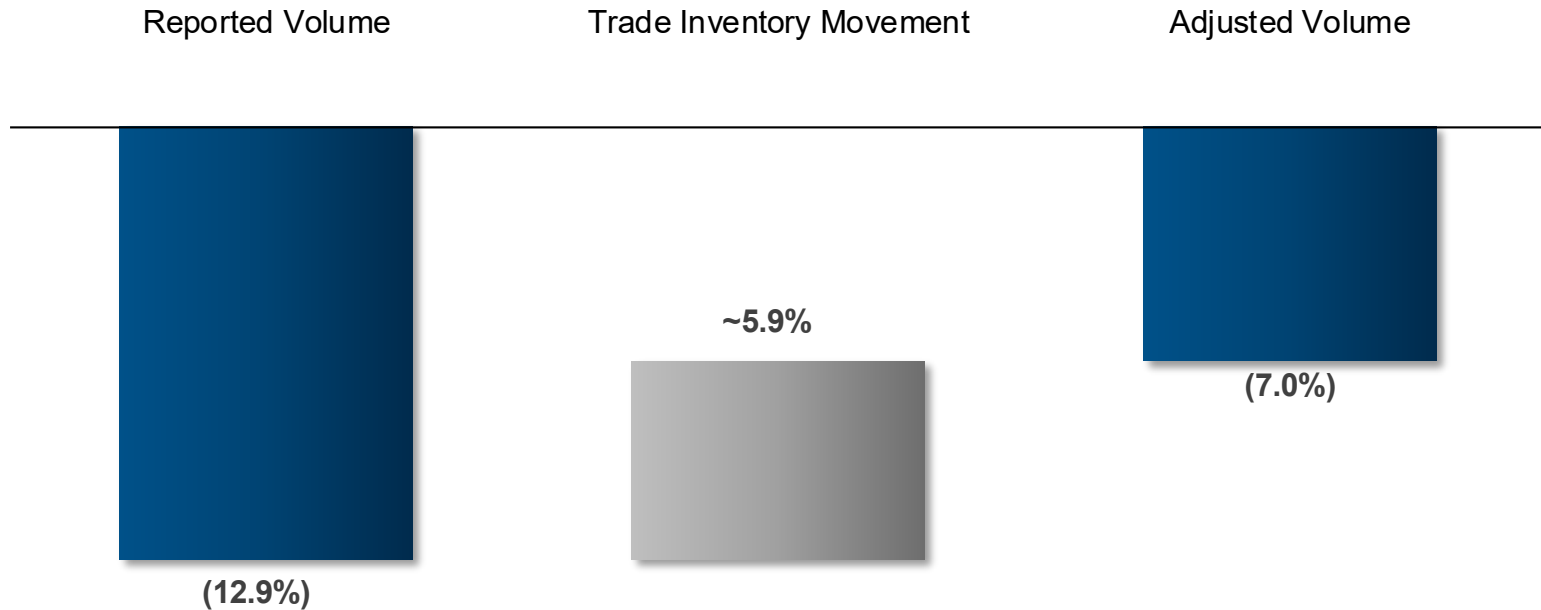
Adjusted OCI Margins



Smokeable Products Segment

Segment Cigarette Volume Reported to Adjusted Bridge

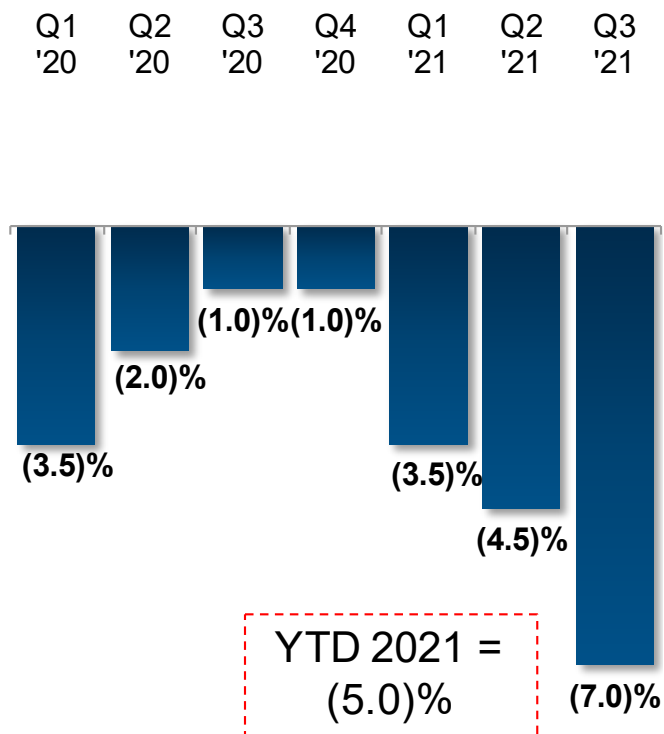
Q3 2021



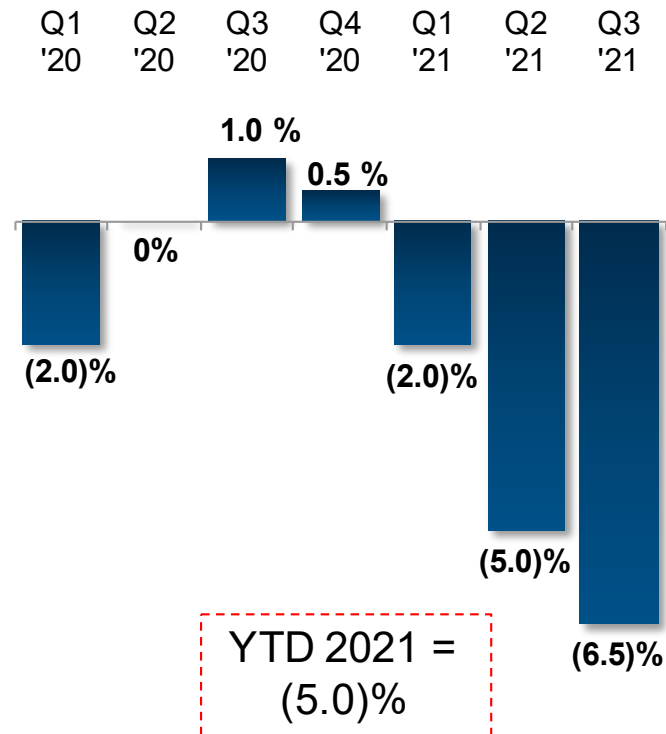
Source: AVI SCMI estimates – adjusted estimates rounded to nearest 0.5%
Note: Estimates are subject to revision due to wholesaler resubmission of inventory data

Adjusted Cigarette Decline Rates

Smokeable Segment



Total Industry



Source: AVI SCMI estimates – rounded to nearest 0.5%

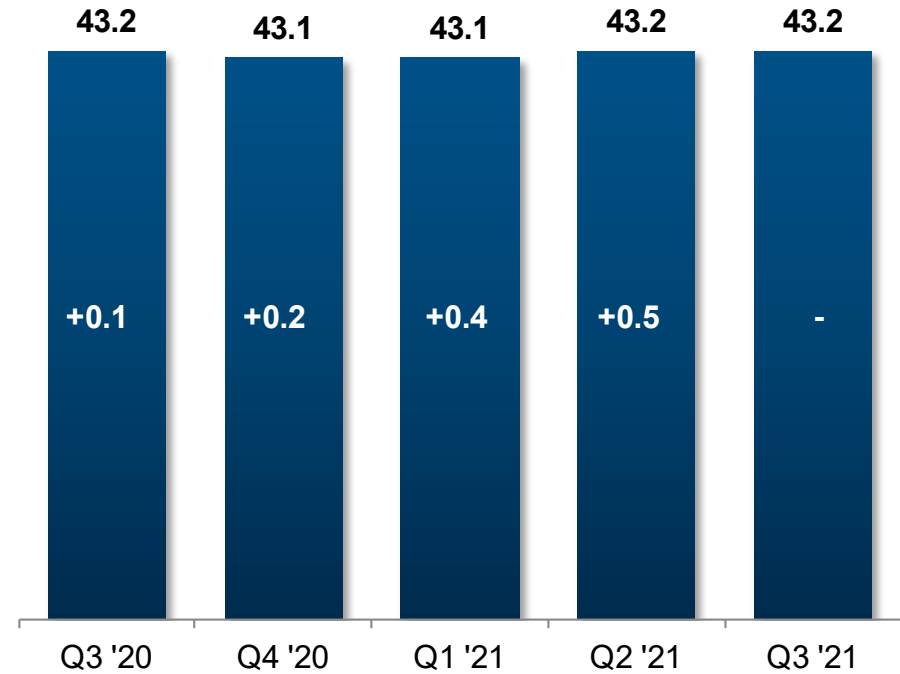
Note: Estimates are subject to revision due to wholesaler resubmission of inventory data

Smokeable Products Segment



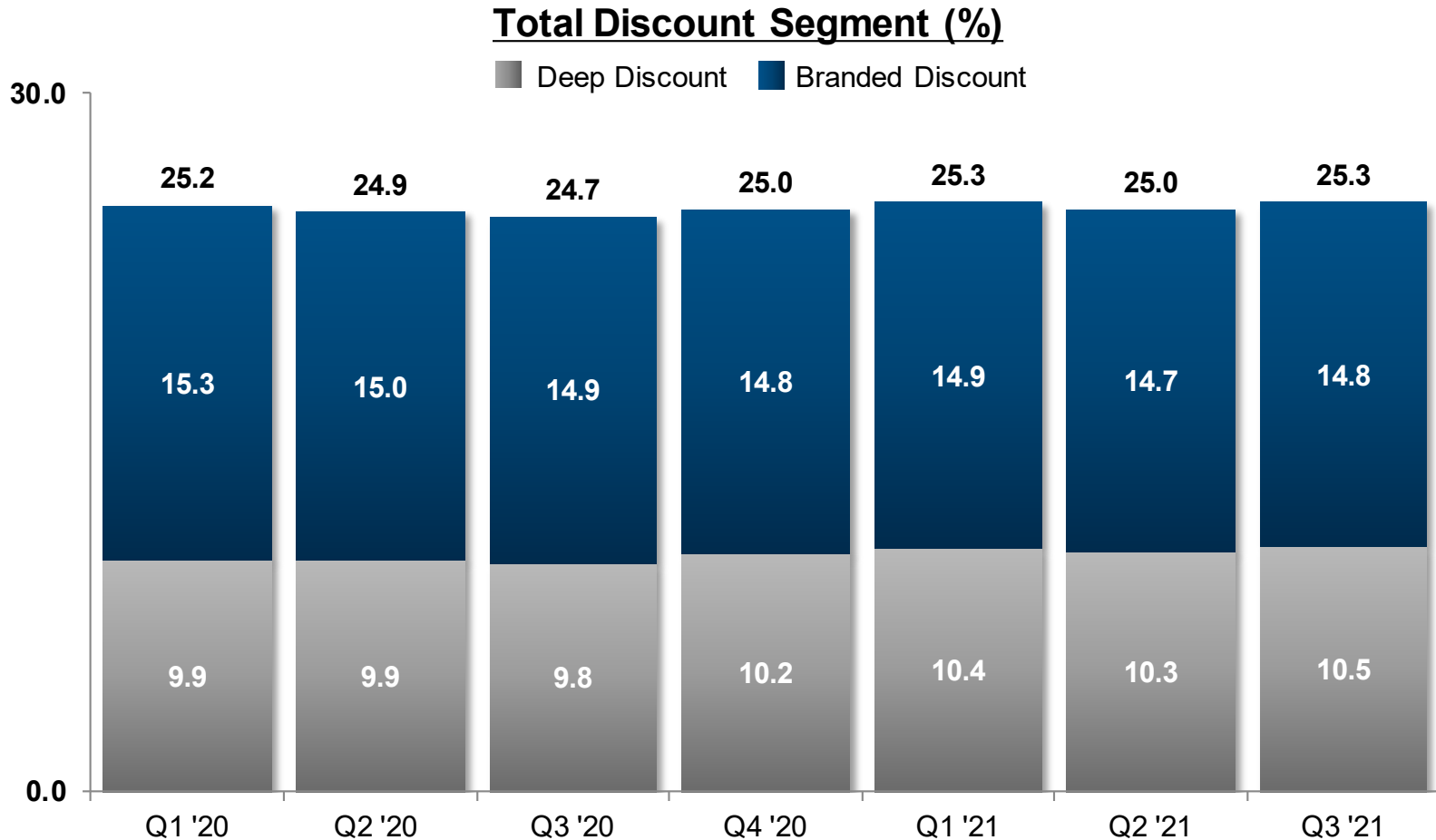
Marlboro Retail Share

Δ vs.
YAGO



Source: IRI/MSAi InfoScan Cigarette 2021 – Blended, WE 10/03/21

Discount Segment Retail Share



Source: IRI/MSAi InfoScan Cigarette 2021 – Blended, WE 10/03/21

John Middleton Cigars



Oral Tobacco Products Segment

Adjusted* OCI

(\$ in millions)

(0.5%)

\$1,312

\$1,306

Nine Months Ended
Sept. 30, 2020

Nine Months Ended
Sept. 30, 2021

Adjusted* OCI Margins

(2.1pp)

72.8%

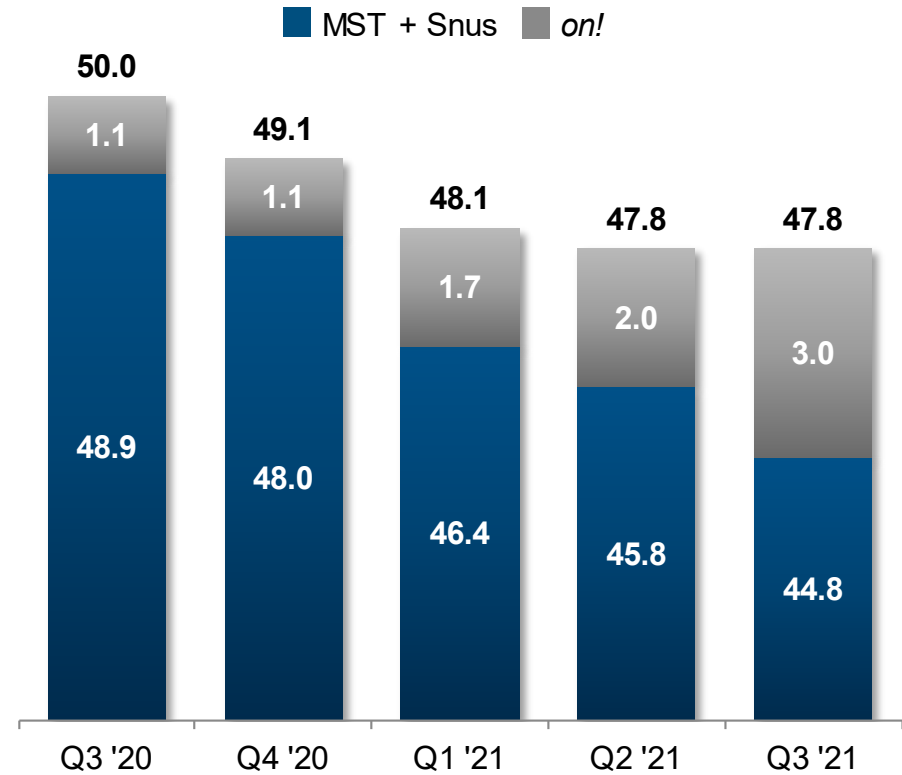
70.7%

Nine Months Ended
Sept. 30, 2020

Nine Months Ended
Sept. 30, 2021

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Oral Tobacco Products Segment Retail Share



Source: IRI/MSAi InfoScan Oral Tobacco 2021 – MOC, WE 10/03/21

Looking Ahead



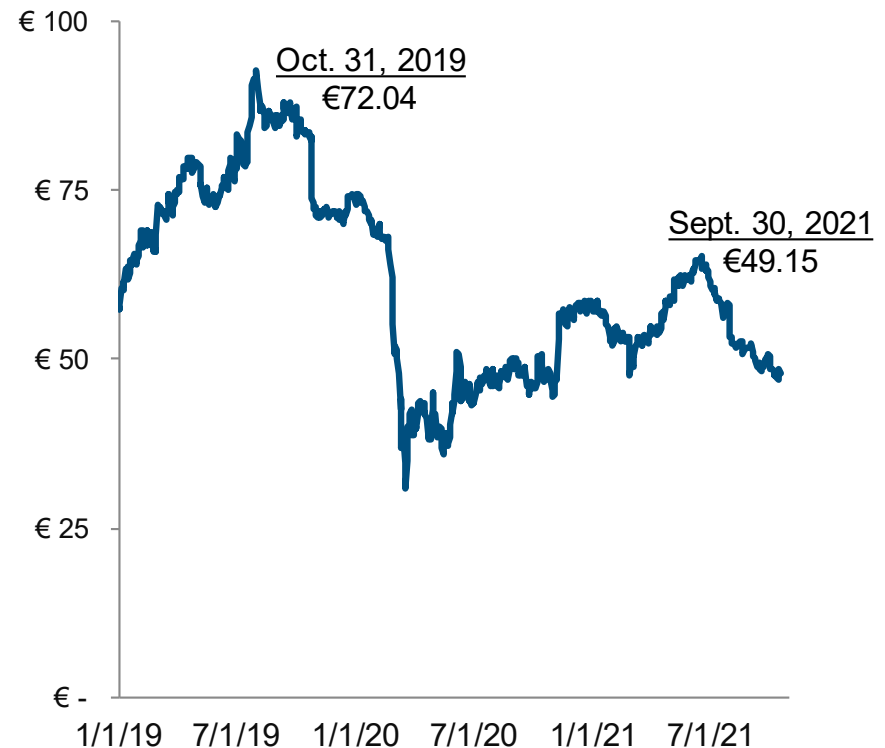
ABI Investment

Since 2003, our beer investment has:

- Served as a diverse income stream that contributed over \$12 billion of adjusted equity earnings;
- contributed over \$10 billion of cash from both dividends and the 2016 merger proceeds; and
- strengthened our balance sheet.

ABI Stock Performance*

Jan. 1, 2019 – Oct. 25, 2021



*Source: FactSet, ABI.BR ticker in local currency

Framework for Strategic Review of ABI Investment

Regarding the decisions around the lock-up, we view our ABI stake as a financial investment and our goal is to maximize the long-term value of the investment for shareholders. We consider several factors as we analyze the investment, including:

- the strategic rationale for continuing as a long-term investor in the beer category;
- ABI's share price, which has declined by more than 30% since October 2019, due in large part to impacts of the COVID pandemic;
- our expectations for ABI's business;
- alternative uses of capital; and
- tax considerations.

Results of Strategic Review of ABI Investment

We have determined that selling our ABI investment at this time would not maximize long-term shareholder value. Therefore, we currently plan to maintain our ABI investment. We continue to have confidence in ABI's:

- long-term strategies;
- premium global brands;
- experienced management team; and
- capability to successfully navigate near-term challenges.

Shareholder Value Creation

Dividends

- Paying \$1.6 billion in dividends in the third quarter
- Raising the dividend for the 56th time in the past 52 years
- We maintain our long-term objective of a dividend target payout ratio of approximately 80% of adjusted diluted EPS

M&A

- Selling Ste. Michelle Wines Estates

Share Repurchases

- Expanding our existing share repurchase program from \$2.0 billion to \$3.5 billion, which we expect to complete by the end of 2022
- Repurchasing 6.7 million shares totaling \$322 million in the third quarter and 20.2 million shares totaling \$972 million for the first nine months of 2021

Moving beyond smoking™



Altria