

Altria's Fourth-Quarter 2020 Earnings Conference Call

January 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, 2019 and its Quarterly Reports on Form 10-Q for the periods ended March 31, 2020, June 30, 2020 and September 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.

Steady Progress Against Our Goals

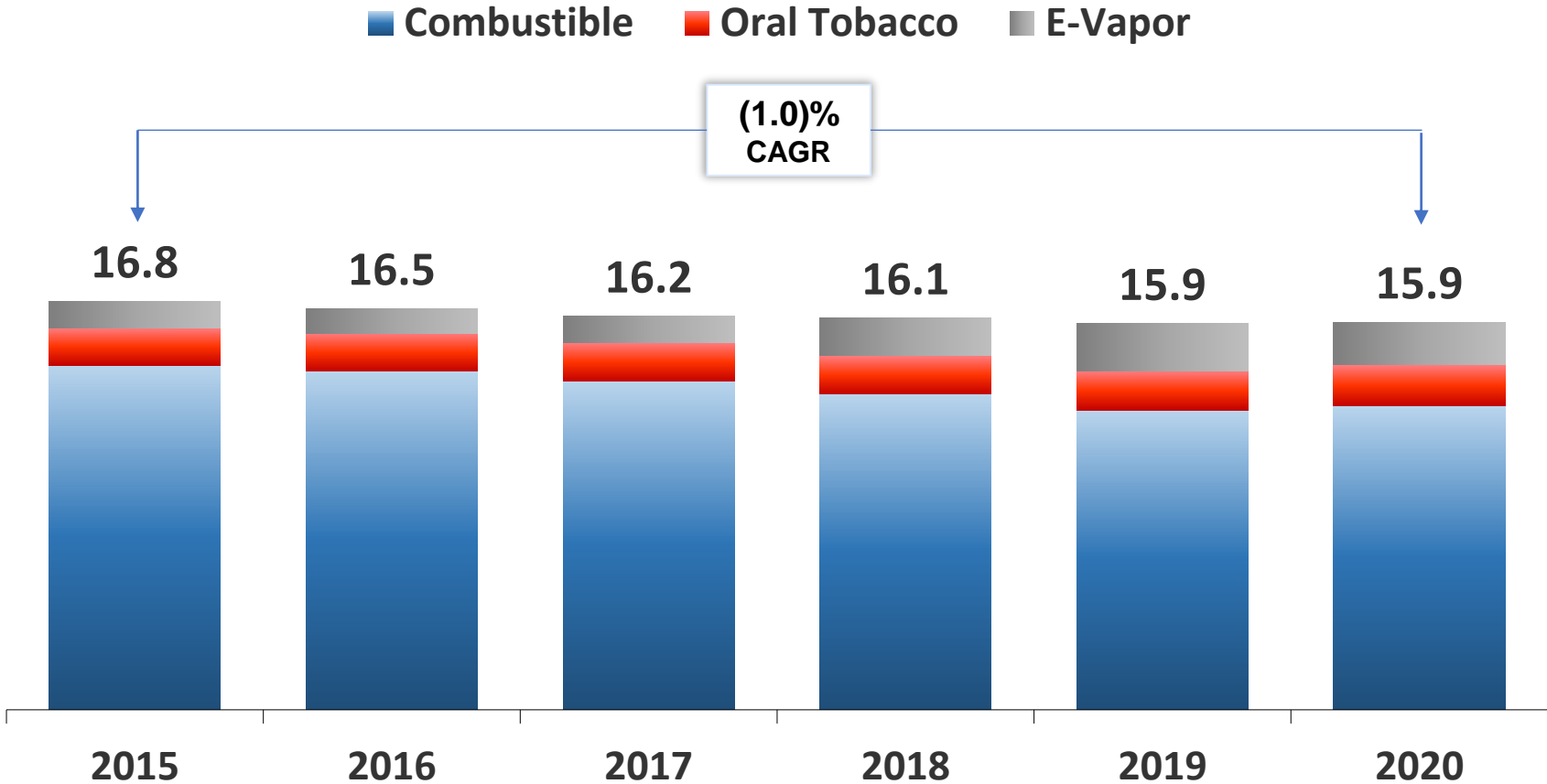
Responsibly lead the transition of adult smokers to a non-combustible future.



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

Tobacco Space Estimated Volumes

Equivalized Volume in Billions



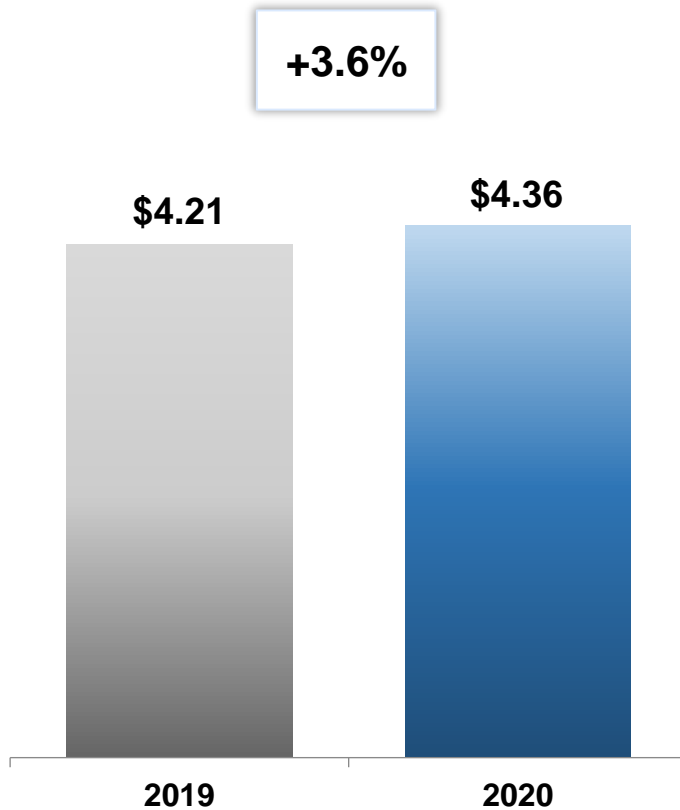
Note: Volume for Heated Tobacco products rounded to 0.0 billion for 2019 and 2020

Sources: CMI Estimates; IRI MOC; Capstone; ComScore, Merkle
 For purposes of this theoretical analysis, the tobacco space may combine different product categories under a single descriptor. In this analysis, "Combustible" contains Cigarettes and Cigars, and "Oral Tobacco" contains Moist Smokeless Tobacco (MST), Snus and Oral Tobacco-Derived Nicotine Products (OTDN)
 EQ Estimation – For purposes of this theoretical analysis the following are assumed to be equivalent: 1 pack of cigarettes = 1 can of MST/Snus/OTDN = 10 Cigars = 1 E-Vapor cartridge

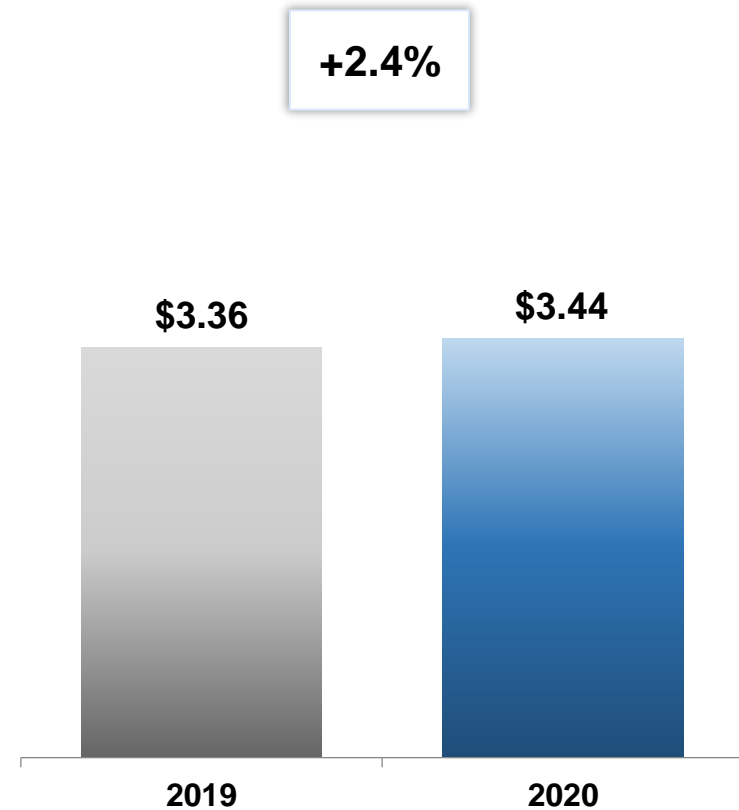


Adjusted Diluted EPS* & Dividends Per Share

Adjusted Diluted EPS



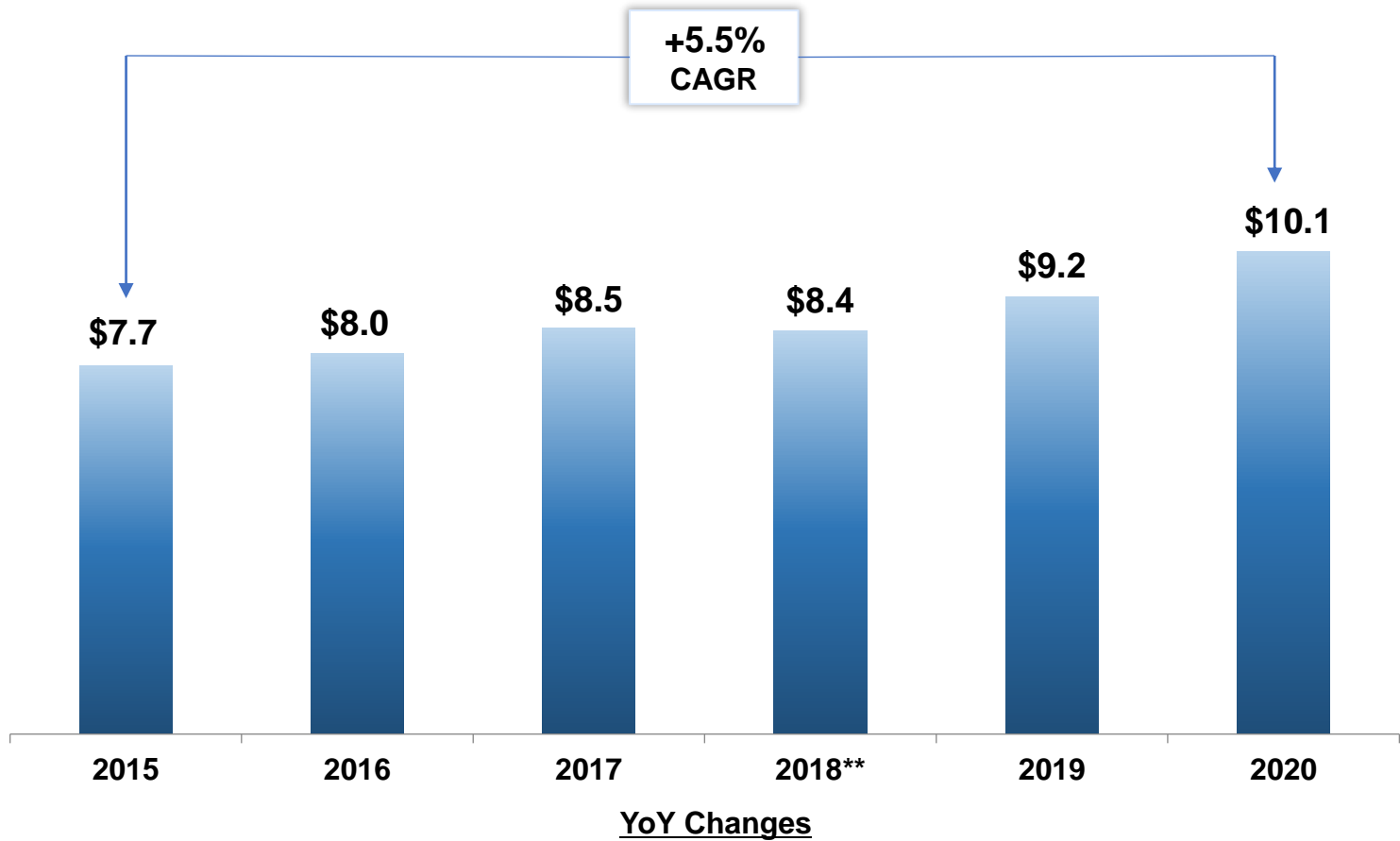
Dividends Per Share



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

Smokeable Products Segment Results

Adjusted OCI* (\$ in billions)



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

** 2018 reduction in adjusted OCI due to reinvestment into the business as a result of Altria savings from the 2017 Tax and Job Cuts Act

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



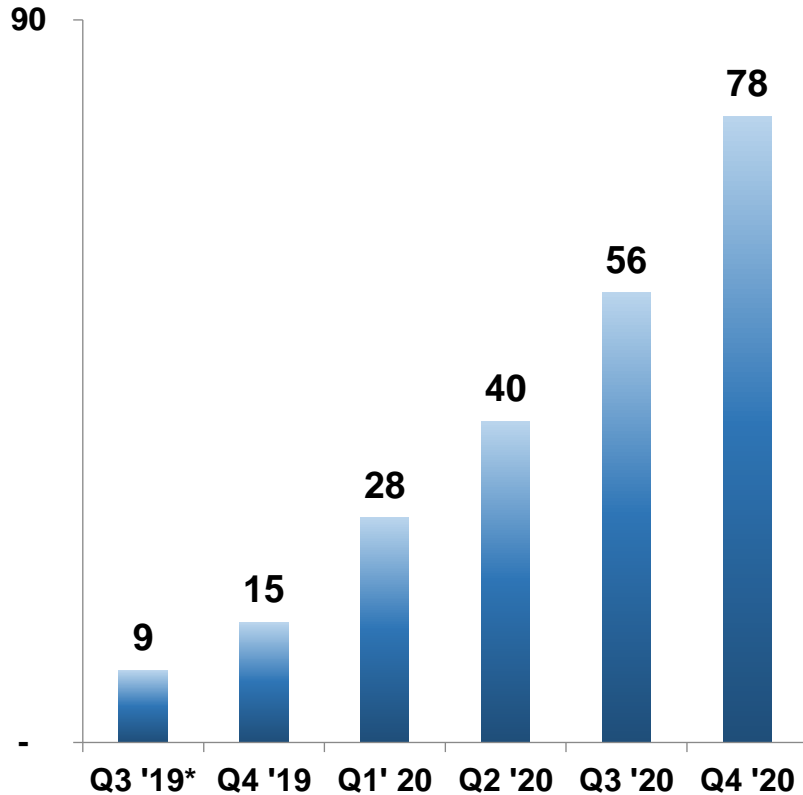
Significant 2020 Progress for Helix

- Filed PMTAs for the *on!* portfolio
- Established *on!* manufacturing in Richmond and reached annualized capacity of 50 million cans; Helix expects unconstrained manufacturing capacity for the U.S. market by mid-year 2021
- Steadily increased the retail distribution of *on!*
- Executed innovative trial generating promotions that demonstrated the ability for *on!* to gain traction with adult smokers and dippers

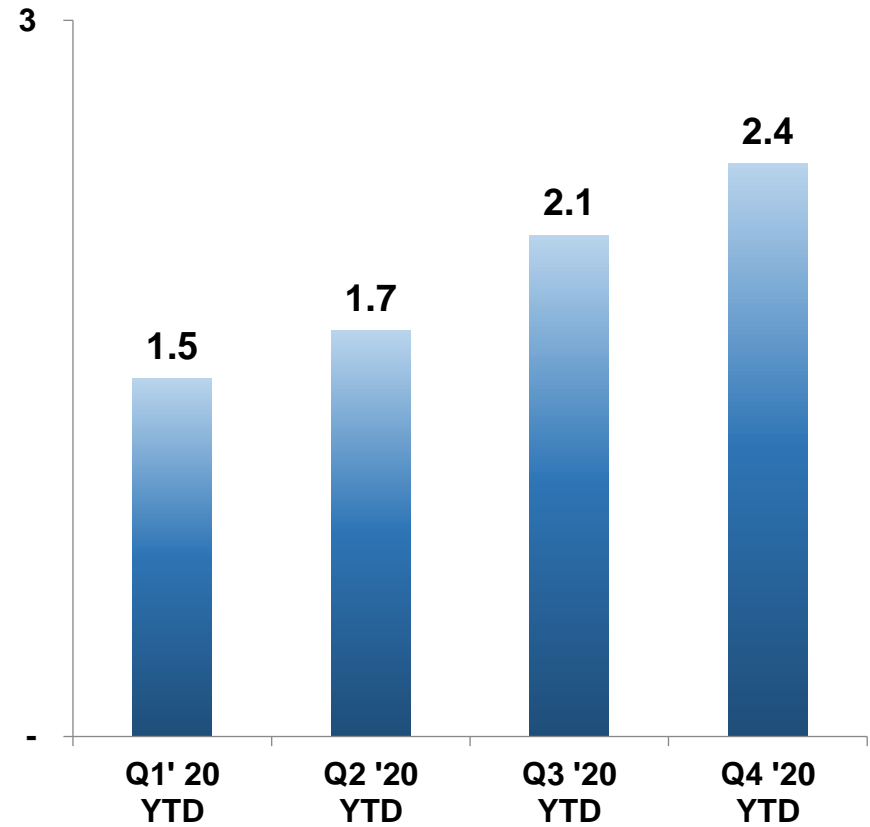


Building on! Momentum

Retail Store Count
(in thousands)



Cumulative Share of Oral Tobacco Category
(in stores with distribution)



*Transaction closed in August 2019
Source: ALCS CMI estimates

Satisfaction Anytime, Anywhere



No more stepping out.

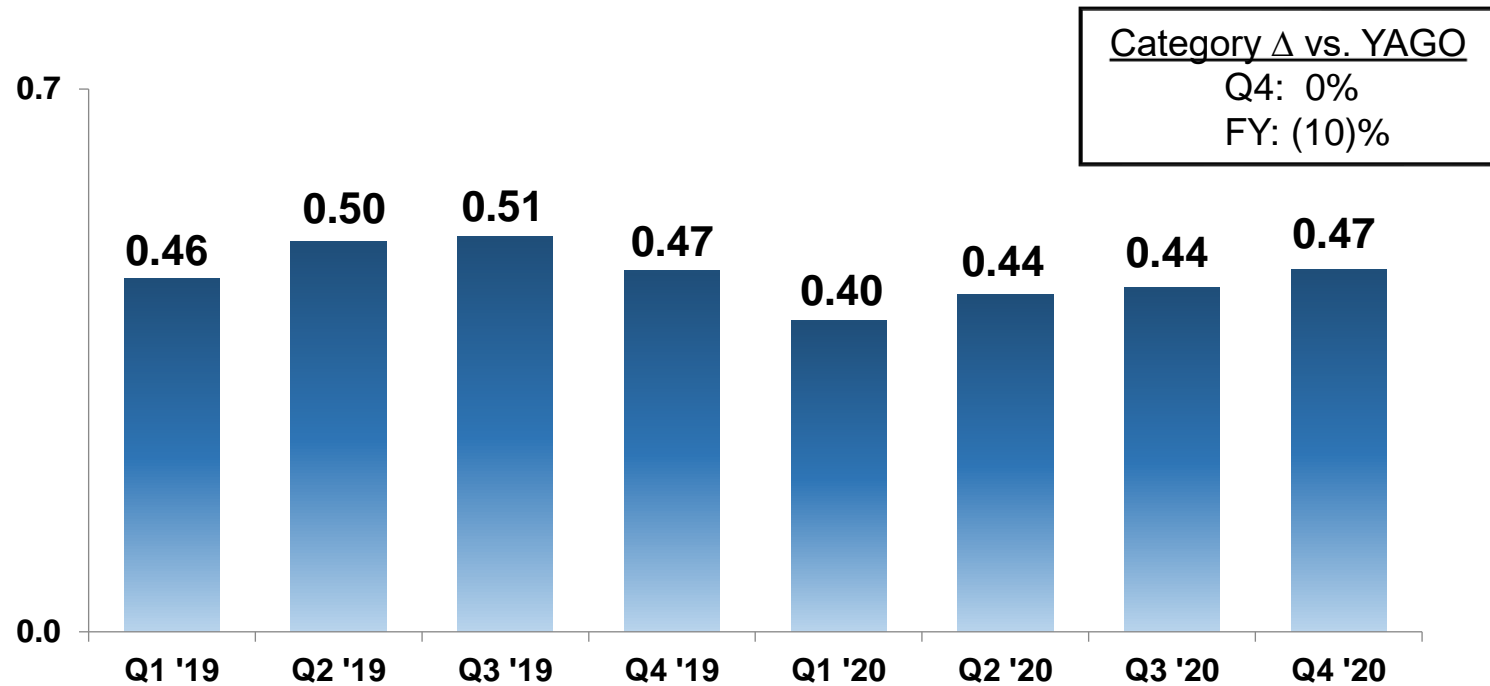


All with on![®] nicotine pouches.

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

2020 IQOS & Marlboro HeatSticks Expansion Efforts

Product Expansion

- Launched in Charlotte with a more disruptive retail fixture
- Expanded the retail distribution of *HeatSticks* into ~1,000 total stores
- Introduced devices into select Charlotte convenience stores

Adult Smoker Engagement

- Developed an array of new digital tools, including mobile video chat capability with customer care experts
- Communicated with adult smokers using the FDA-authorized reduced exposure claim about the benefits of switching completely from cigarettes

No malls, no stores, no lines.

Enjoy IQOS® from the comfort of your couch. Same-day delivery is available in select cities.

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

Why switch from cigarettes to IQOS®?

- IQOS® 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](https://www.getIQOS.com).

LEARN MORE

It's never been easier to switch to IQOS®.

Get the IQOS® device and HeatSticks® delivered in a matter of hours.

ORDER MY BUNDLE

Orders must be placed by 4 PM ET.

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IQOS 3 Authorization



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Updated *HeatSticks* Packaging



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2021 Financial Outlook

- Our 2021 plans include accelerating investments in support of our 10-year Vision
- We're monitoring the dynamic external environment, including:
 - unemployment rates;
 - fiscal stimulus;
 - adult tobacco consumer dynamics, including stay-at-home practices, disposable income, purchasing patterns and adoption of noncombustible tobacco products;
 - regulatory and legislative (including excise tax) developments;
 - the timing and breadth of COVID-19 vaccine deployment; and
 - expectations for adjusted earnings contributions from our alcohol assets.

2021 Full-Year Adjusted Diluted EPS* Guidance

- Taking these factors into consideration, we expect to deliver full-year 2021 adjusted diluted EPS* of \$4.49 to \$4.62. This range represents an adjusted diluted EPS growth rate of 3% to 6% from a 2020 base of \$4.36.
- Our 2021 EPS guidance incorporates planned investments to drive adult smoker conversion to noncombustible products, including:
 - continued marketplace investments to expand the availability and awareness of our noncombustible products;
 - building an industry-leading consumer engagement system that enhances data collection and insights in support of conversion; and
 - increased noncombustible product research and development.
- We expect 2021 adjusted diluted EPS growth to come in the last three quarters of the year, primarily due to prior year comparisons, including one fewer smokeable products segment shipping day in the first quarter.

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

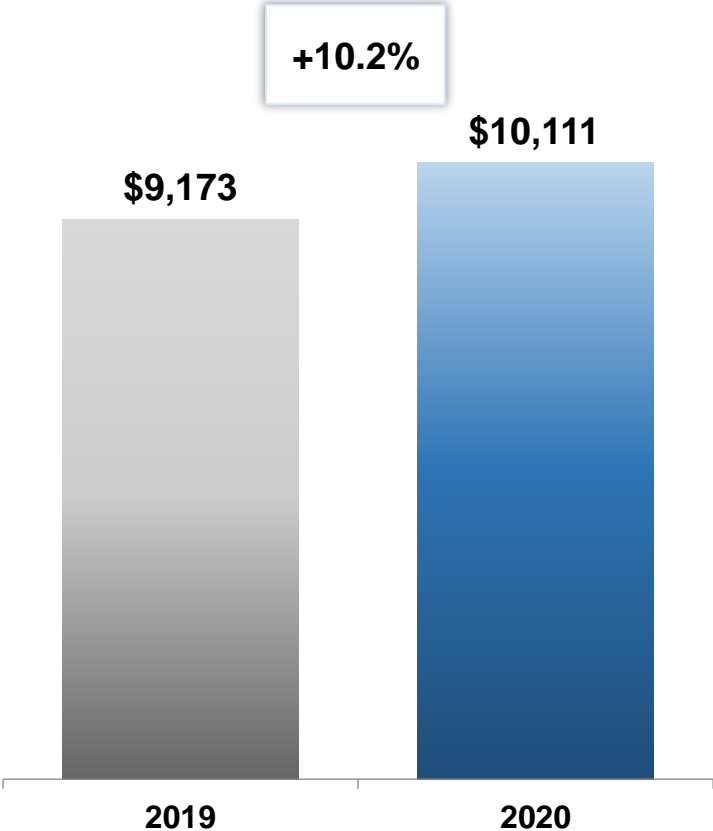
Q4 2020 Adult Tobacco Consumer (ATC) Influences

- Economic conditions remained challenging for ATCs in the fourth quarter as unemployment rates remained high and the enhanced benefits from the original pandemic assistance package were exhausted.
- However, we believe ATCs continued their stay-at-home practices, contributing to more tobacco usage occasions in the fourth quarter and higher tobacco discretionary spend.
- We estimate that the number of ATC trips to the store was slightly lower than prior-year levels but tobacco expenditures per trip remained elevated versus the year-ago period.

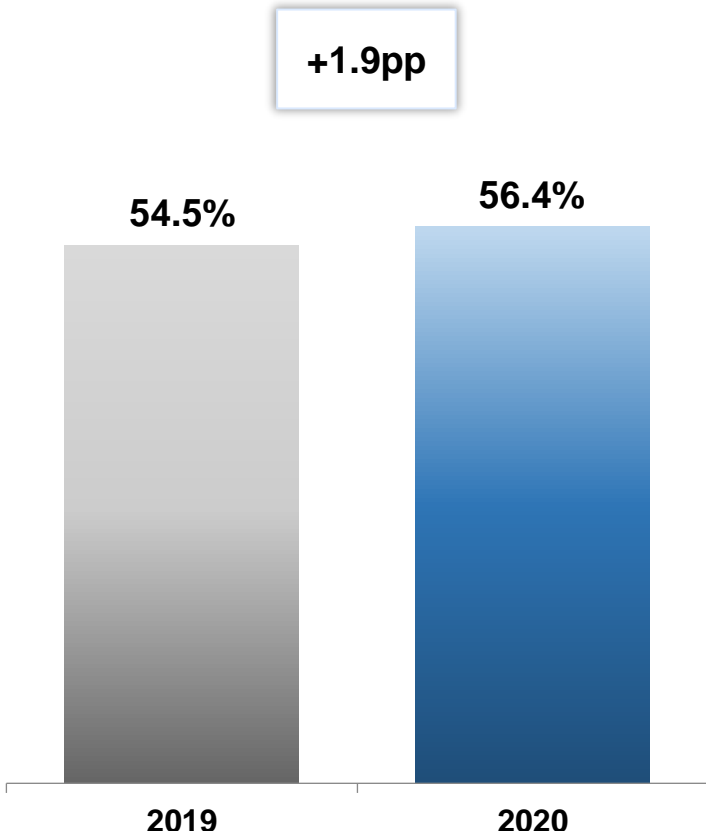
Smokeable Products Segment Results

Adjusted OCI* and OCI Margins*

Adjusted OCI (\$ in millions)



Adjusted OCI Margins

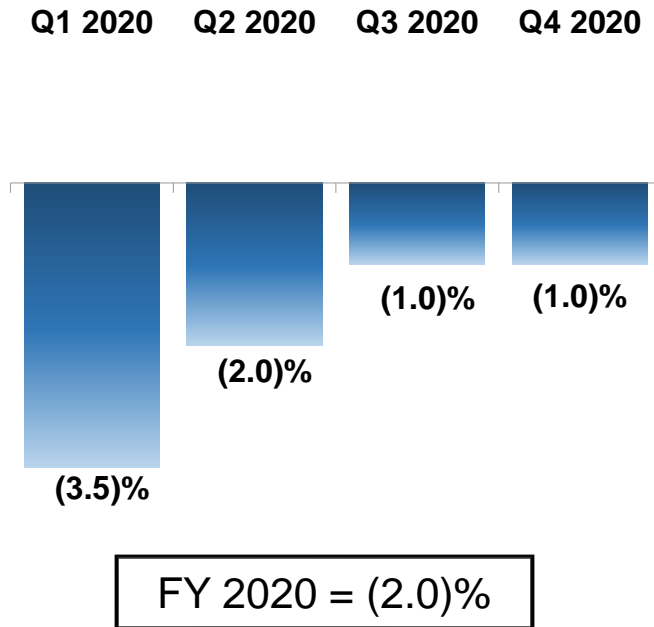


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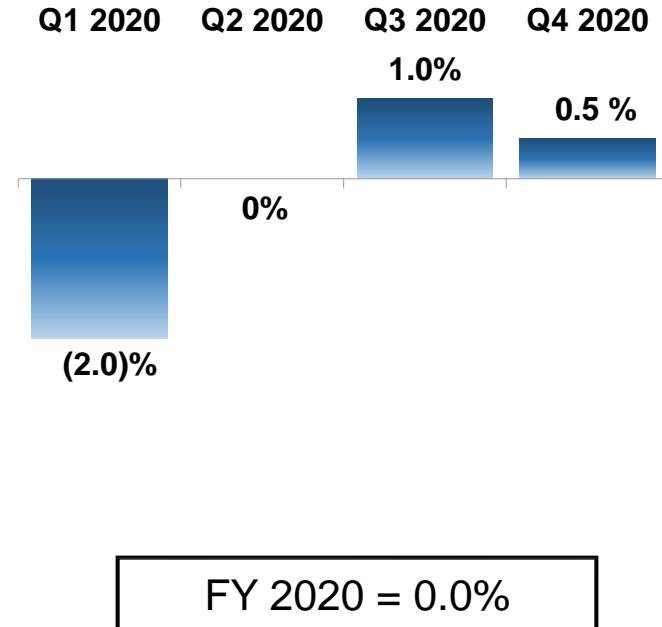


Adjusted Cigarette Volume Decline Rate Estimates

Smokeable Products Segment



Total Industry



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

2021 Cigarette Industry Dynamics

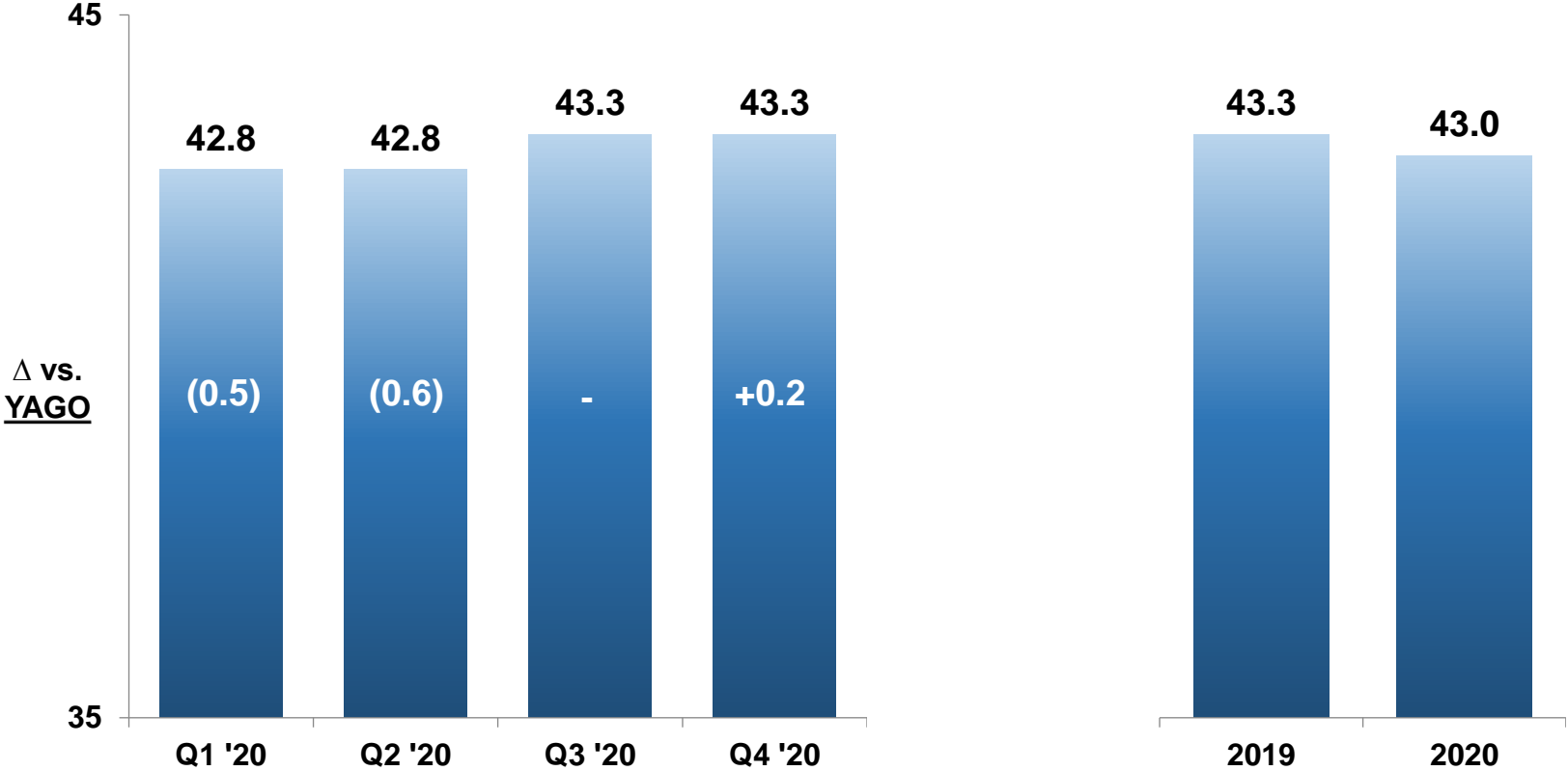
- We expect 2021 cigarette industry volume trends to be most influenced by (i) adult smoker stay-at-home practices, (ii) unemployment rates, (iii) fiscal stimulus, (iv) cross-category movement, (v) the timing and breadth of COVID-19 vaccine deployment and (vi) adult smoker purchasing behavior following the vaccine.
- Due to the uncertain timing and magnitude of each of these dynamics, we're not providing a cigarette industry outlook.
- We believe the degree of cross-category movement will be influenced by several factors, including adult smoker perceptions of the relative risks of noncombustible products compared to cigarettes, FDA determinations on PMTA filings and legislative actions.

Smokeable Products Segment

Marlboro Retail Share

Quarterly

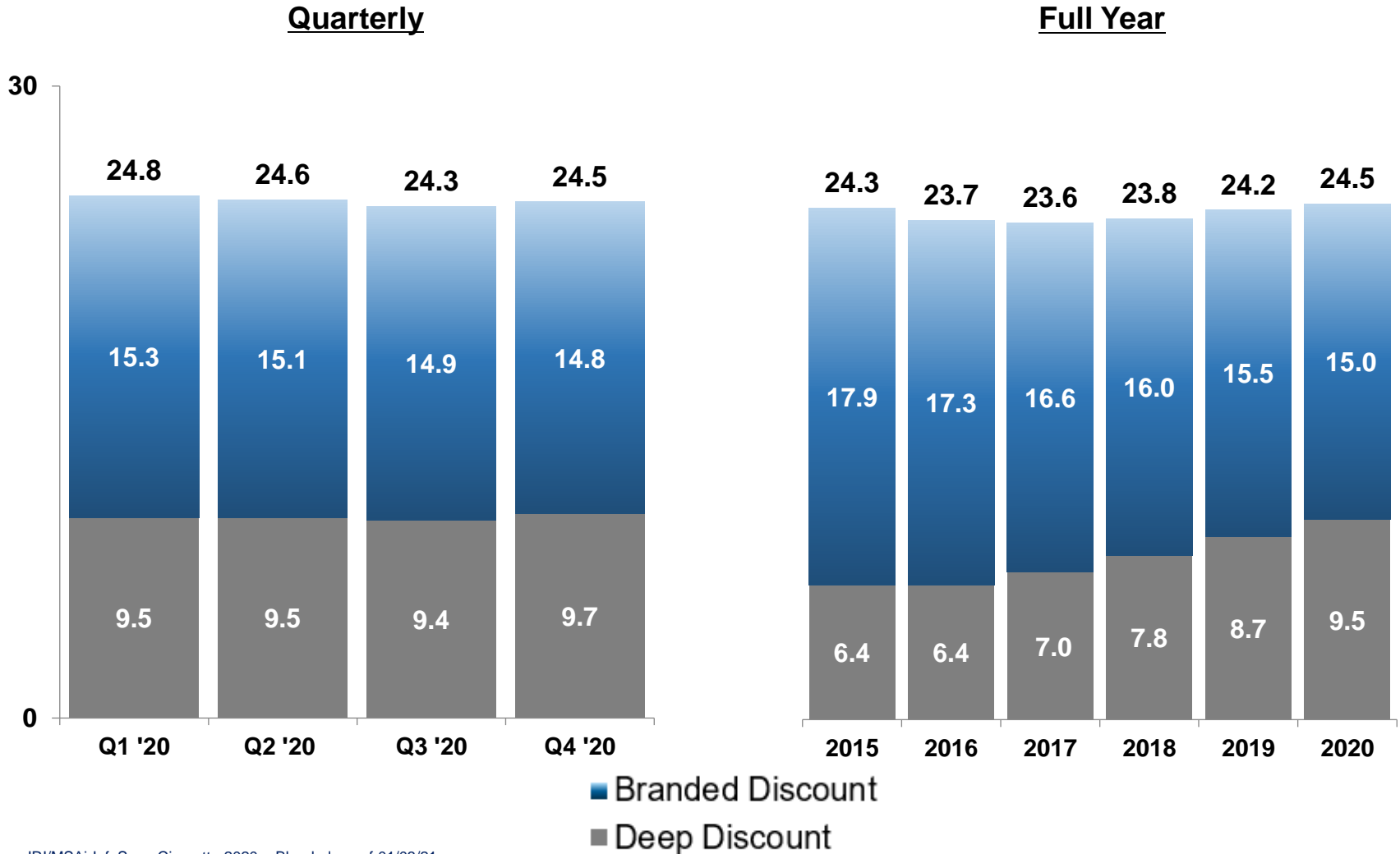
Full Year



Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 01/03/21



Discount Segment Retail Share



Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 01/03/21

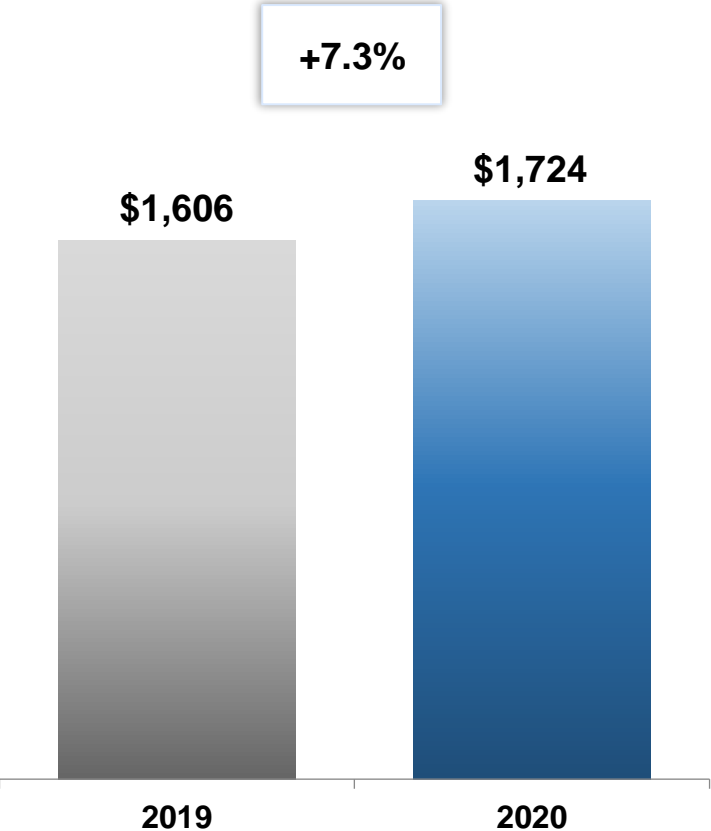
John Middleton Cigars



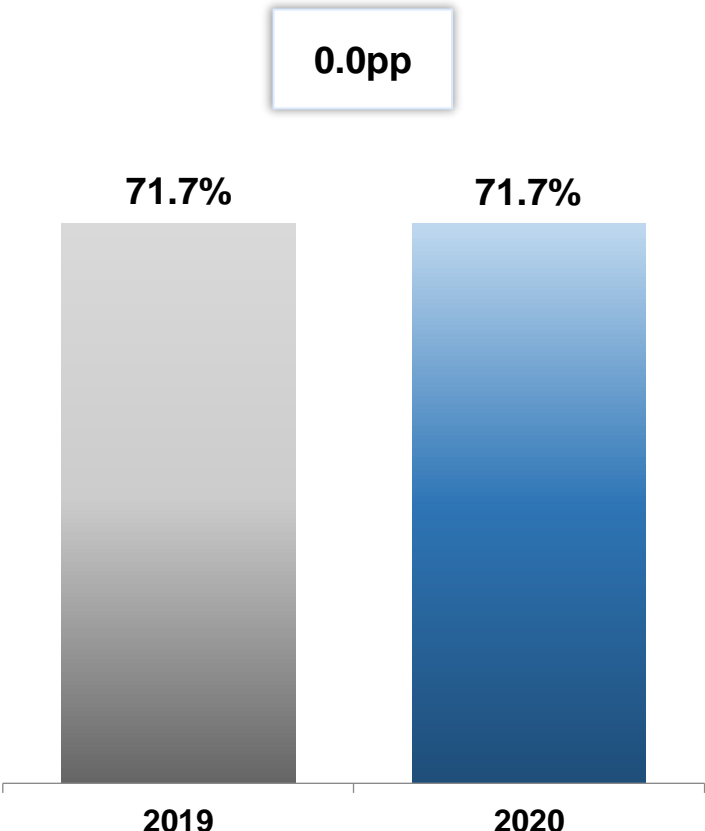
Oral Tobacco Products Segment Results

Adjusted OCI* and OCI Margins*

Adjusted OCI (\$ in millions)



Adjusted OCI Margins



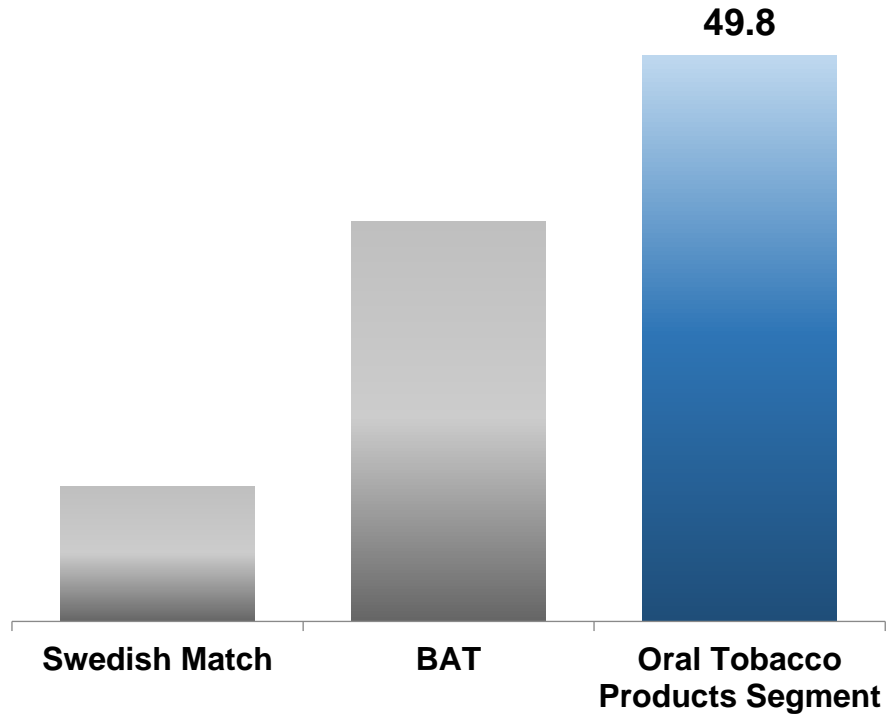
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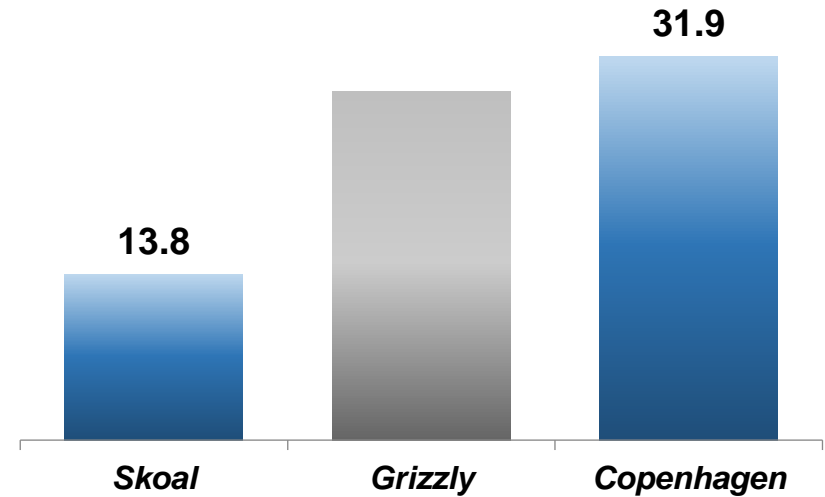
Oral Tobacco Products Segment

Full-Year 2020 Retail Share

By Company (%)



By Brand (%)



Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 01/03/21

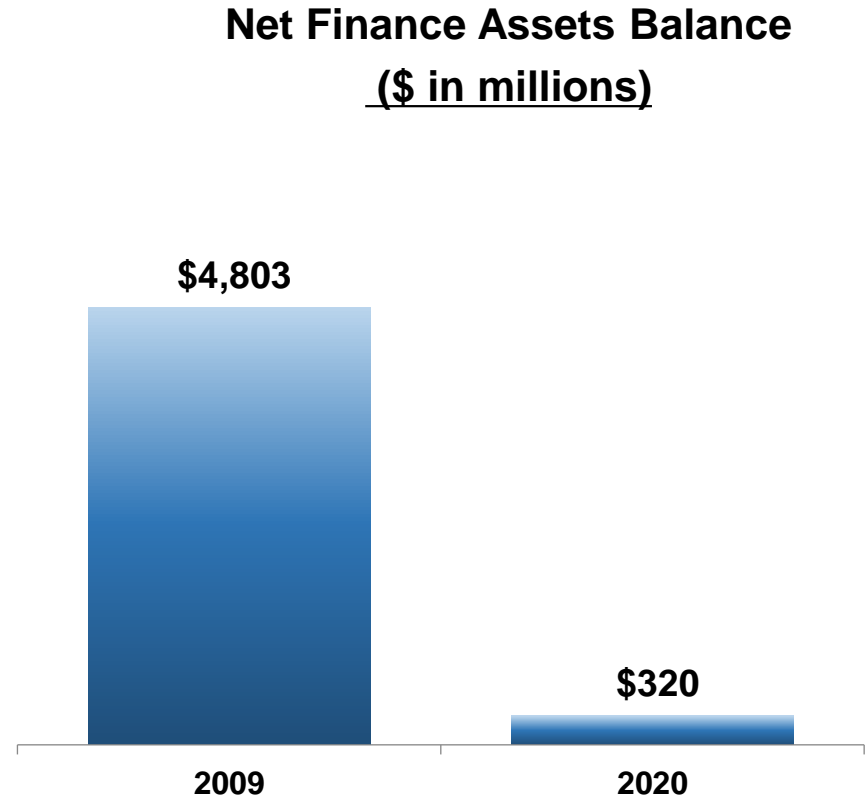
Our Alcohol Assets



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Philip Morris Capital Corporation

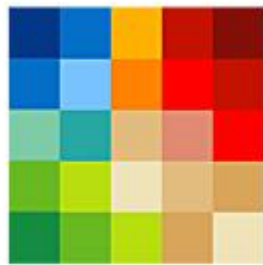
- More than half of the full-year 2020 adjusted losses in the all other category related to reductions in the estimated residual value of certain assets at PMCC.
- We expect to continue reducing the net finance assets balance for PMCC in 2021 through rent and asset sales and expect to fully complete the PMCC wind-down by the end of 2022.



Capital Allocation



- Our balance sheet remains strong and our tobacco businesses are highly cash generative.
- 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.
- Altria's Board of Directors authorized a new \$2 billion share repurchase program, which we expect to complete by June 30, 2022.



Altria