

Altria's Third-Quarter 2019 Earnings Conference Call

October 31, 2019



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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.



Altria's Enhanced Business Platform

Combustible Tobacco Portfolio



Marlboro
Leading cigarette brand



Black & Mild
Leading tipped cigar brand



Cigarette Portfolio
Highly profitable niche brands

Noncombustible Tobacco Brands & Investments



Copenhagen
Leading MST brand



IQOS
Global heated tobacco leader (U.S. license)



JUUL
Leading e-vapor brand (strategic investment)



on!
Oral nicotine pouches (tobacco-derived nicotine)

Complementary Assets



Top 10 domestic wine producer



~10% investment
global beer industry leader



Emerging global cannabinoid company (strategic investment)

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

E-Vapor Category Inflection Point

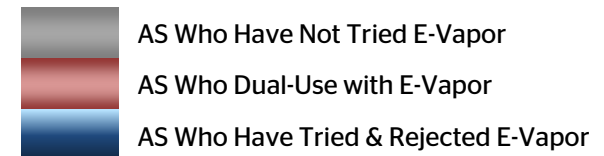
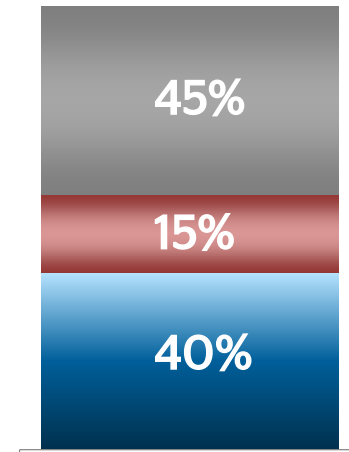
- We support raising the legal minimum age to purchase all tobacco products to 21 at the federal and state levels.
- We urge swift action from:
 - The FDA to take appropriate actions regarding flavored e-vapor products
 - The public health authorities to identify the sources of the recent vaping injuries

Heated Tobacco Opportunity

- 40% of US adult smokers have tried, but ultimately rejected, e-vapor products
- Unlike e-vapor products, the *IQOS* heated tobacco system:
 - Contains real tobacco
 - Has PMTA authorization
 - Has a pending MRTP application

U.S. Adult Smoker (AS) Population Experience with E-Vapor Products

~40 million U.S. Adult Smokers



Source:
National Center for Health Statistics. National Health Interview Survey, 2018. Public-use data file and documentation.
<https://www.cdc.gov/nchs/nhis/data-questionnaires-documentation.htm>.

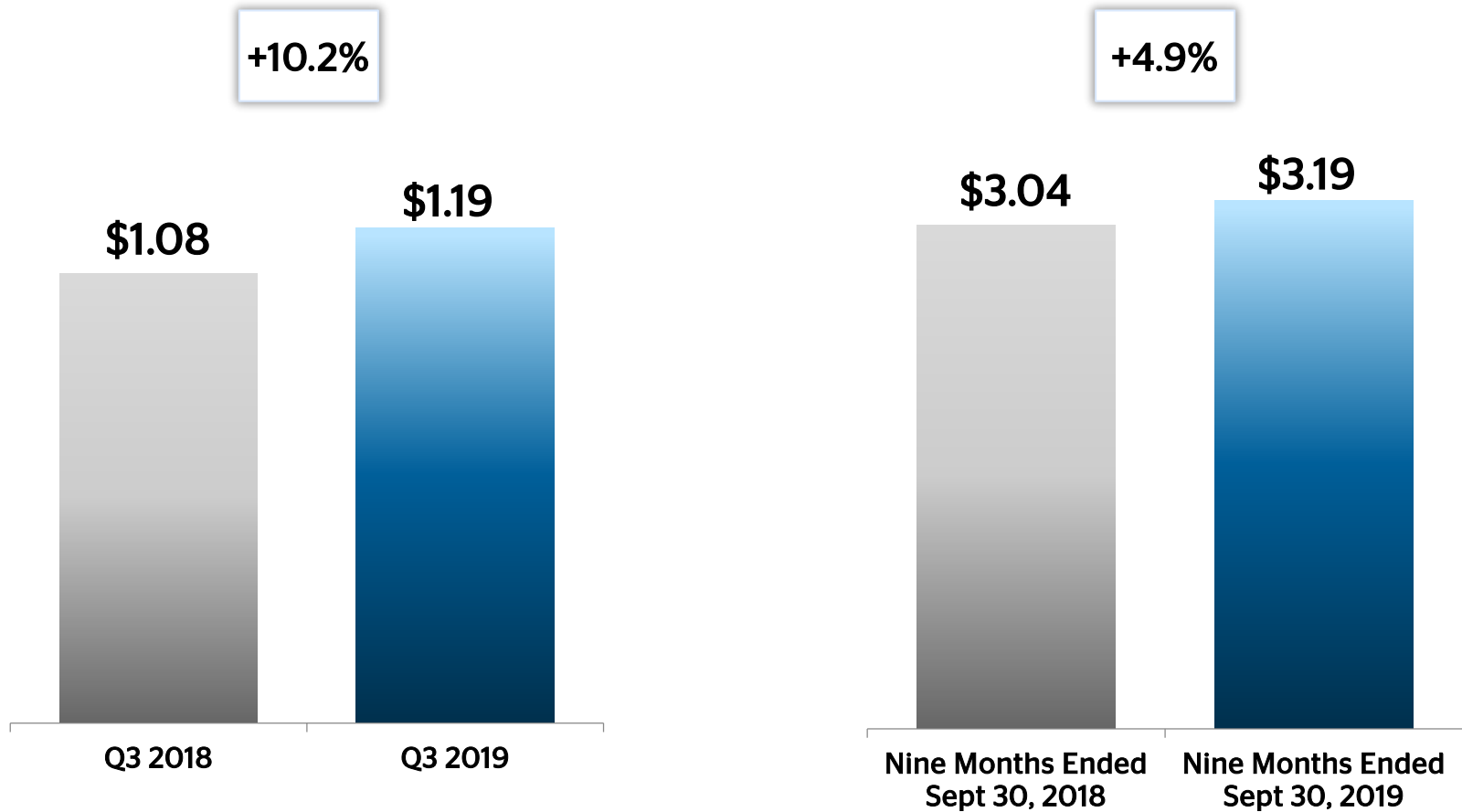
Oral Tobacco is a Compelling Alternative



Communication pending FDA
authorization



Q3 2019 Adjusted Diluted EPS*

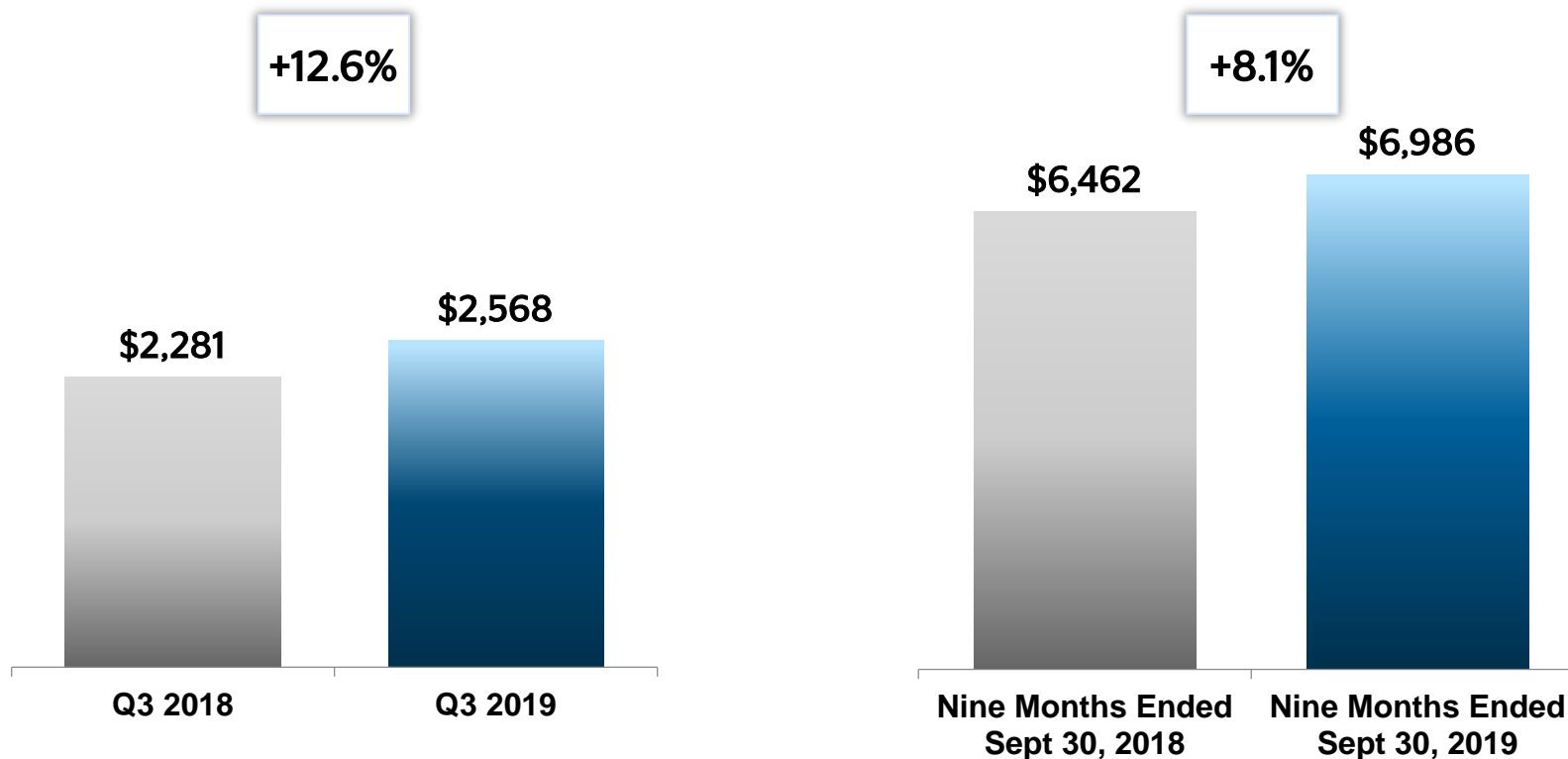


* For reconciliations of non-GAAP to GAAP measures visit altria.com.



Smokeable Products Segment

Adjusted OCI* (\$ in millions)



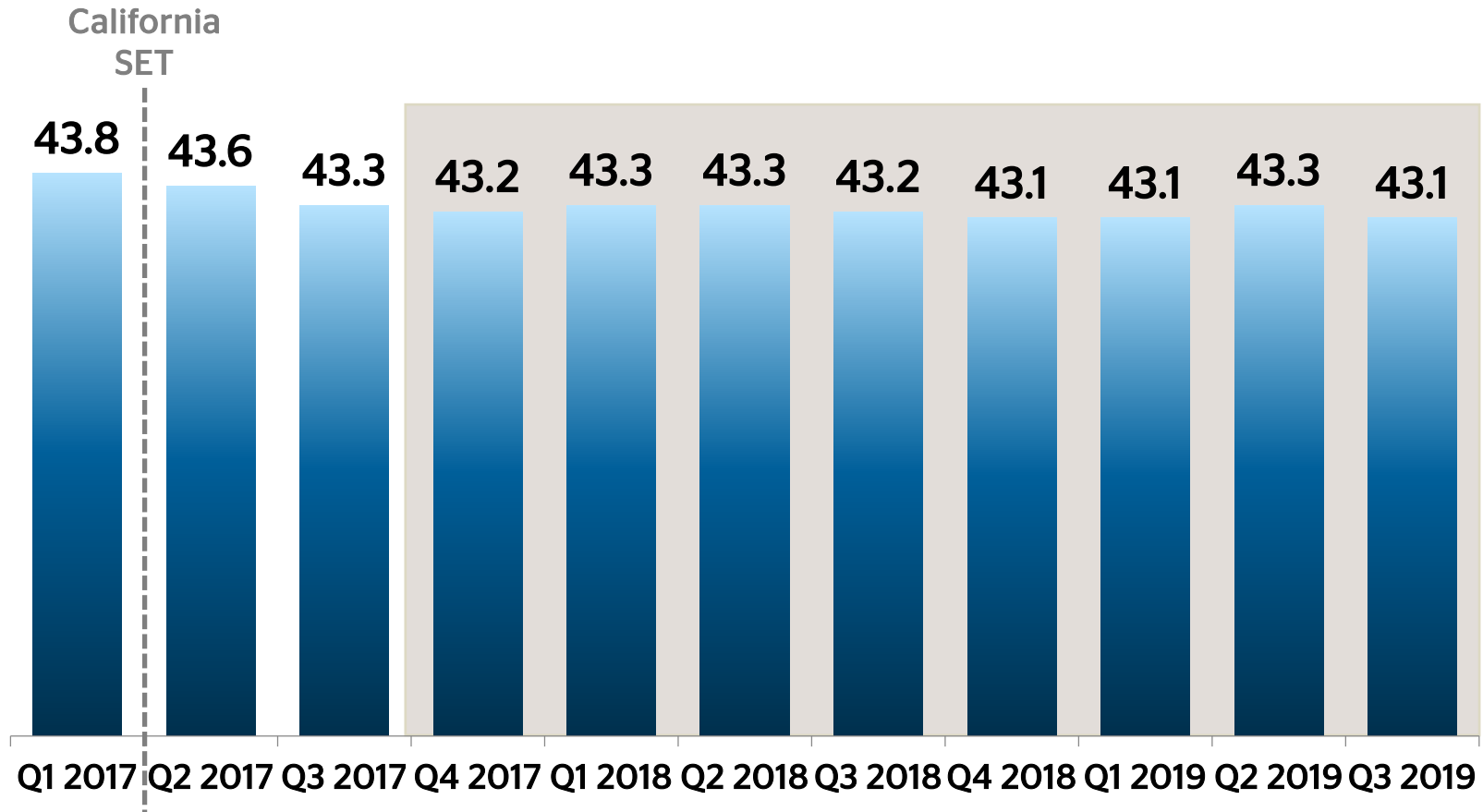
Smokeable Products segment strategy:
Maximize income while maintaining momentum on *Marlboro*

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



Smokeable Products Segment

Marlboro Retail Share

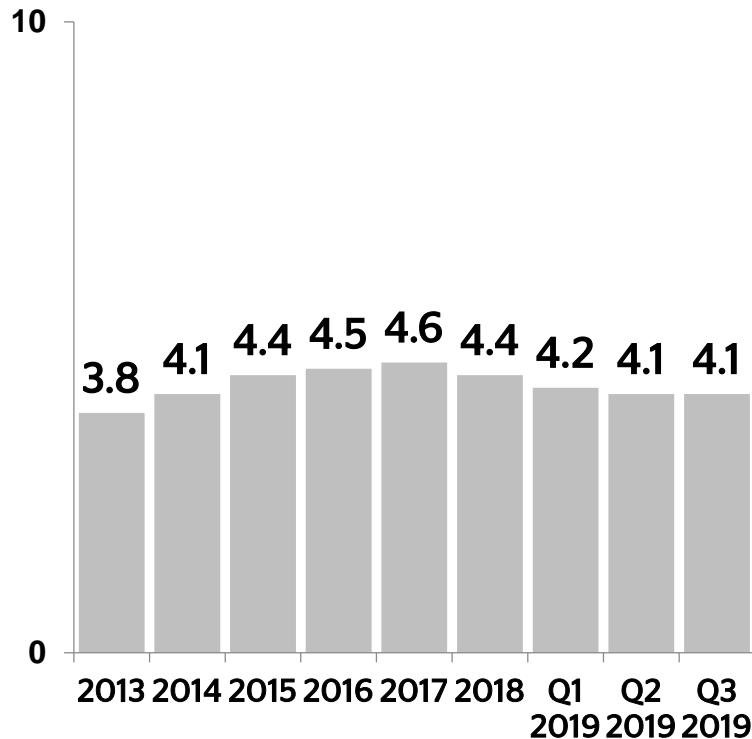


Source: IRI/MSAI InfoScan Cigarette 2019 - Blended, as of 9/29/19

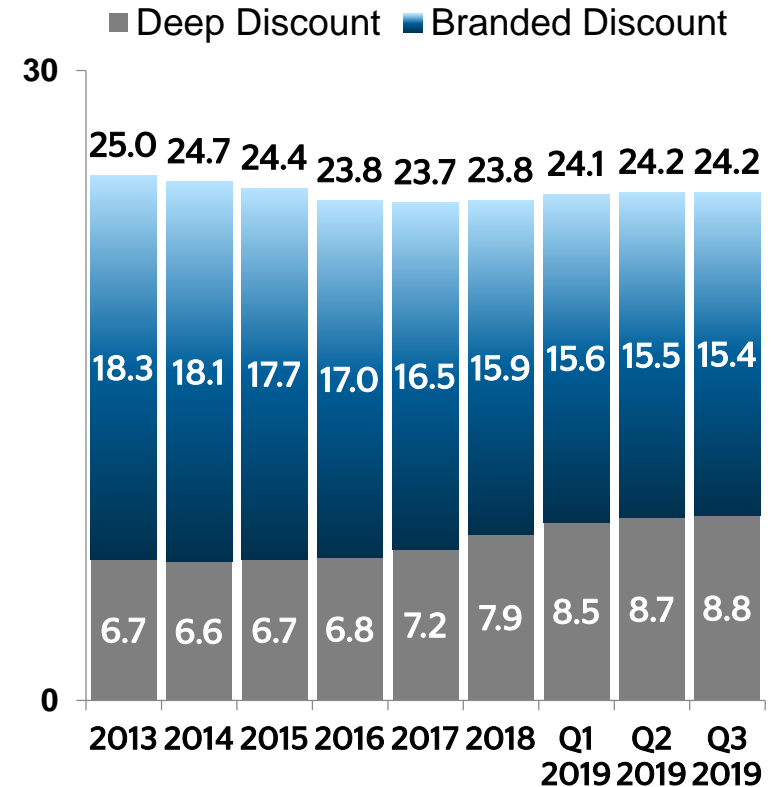


Discount Category Retail Share Dynamics

PM USA Discount (%)



Discount Category (%)

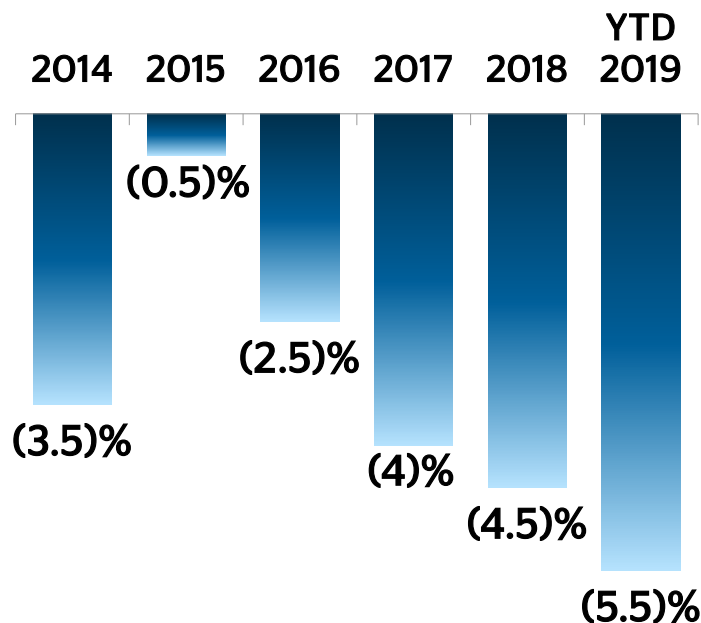


Source: IRI/MSAI InfoScan Cigarette 2019 - Blended, as of 9/29/19

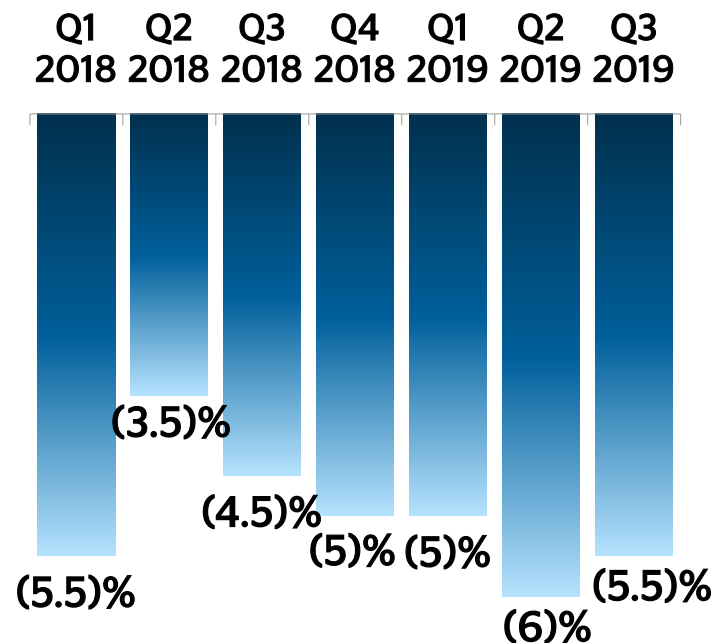


Cigarette Industry Decline Rate Estimates

Annual Estimates



Quarterly Estimates



We continue to believe that increased adult smoker movement to e-vapor and increased exclusive e-vapor category usage are the primary drivers of the accelerated decline.

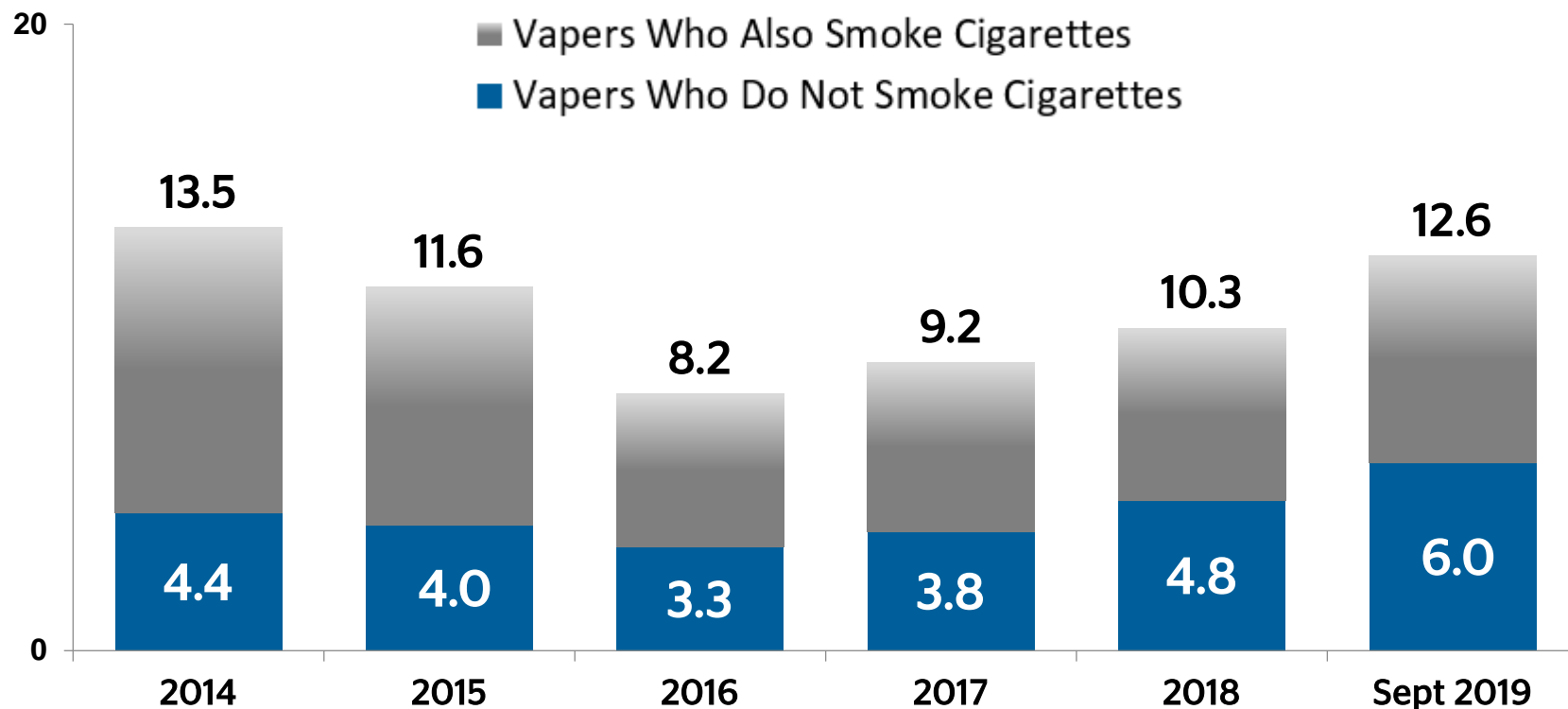
Source: ALCS CMI estimates - rounded to nearest 0.5%



E-Vapor Category Growth

Adult Vapers 21+ in Millions

Past 30-Day Usage, 12 Month Moving



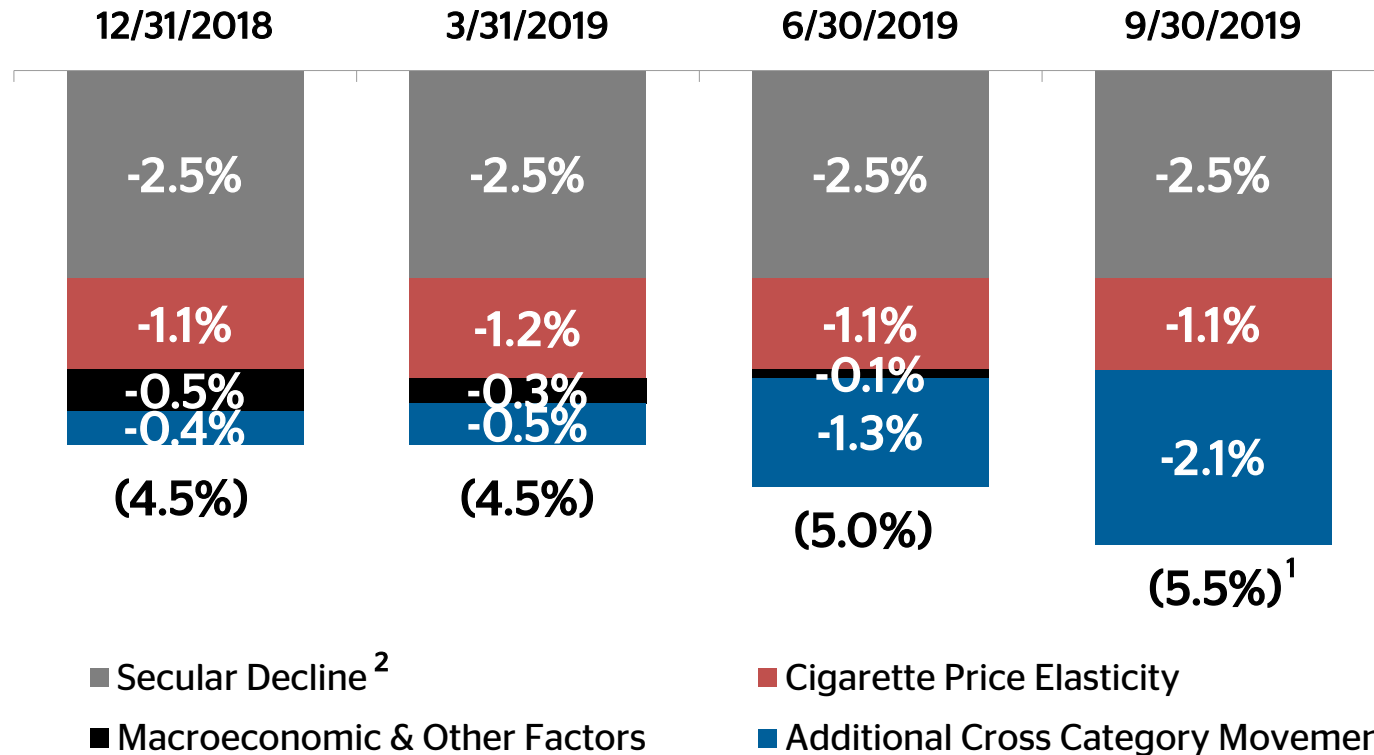
Note: Beginning July 2019, ATCT changed from LA+ to 21+. All historical data above represents 21+.

Source: ATCT July 2013 to September 2019



Cigarette Industry Volume Decomposition Estimates

Twelve Months Ending



We reaffirm our 2019 U.S. cigarette industry volume decline estimate of 5% to 6% and maintain our compounded annual average U.S. cigarette industry volume decline estimate through 2023 of 4% to 6%.

Source: ALCS CMI estimates

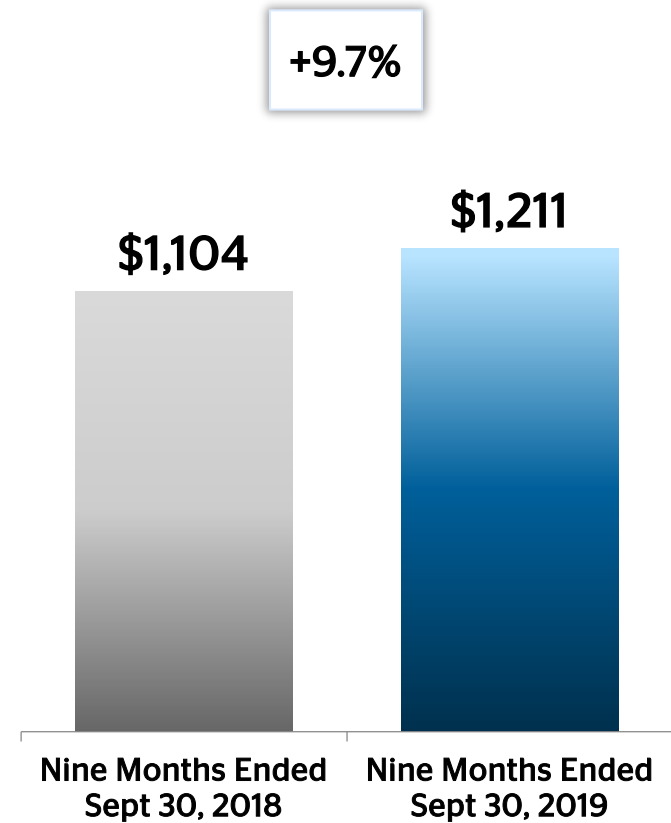
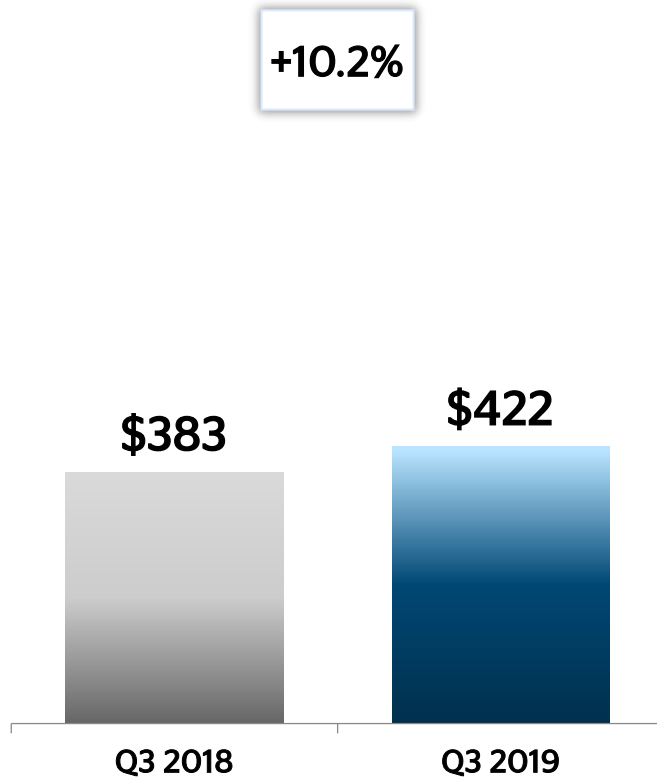
¹ Macroeconomic & Other Factors are a 0.2% tailwind to the cigarette industry volume rate for LTM 09/30/19

² Includes approximately 1% historical movement across tobacco categories



Smokeless Products Segment

Adjusted OCI* (\$ in millions)

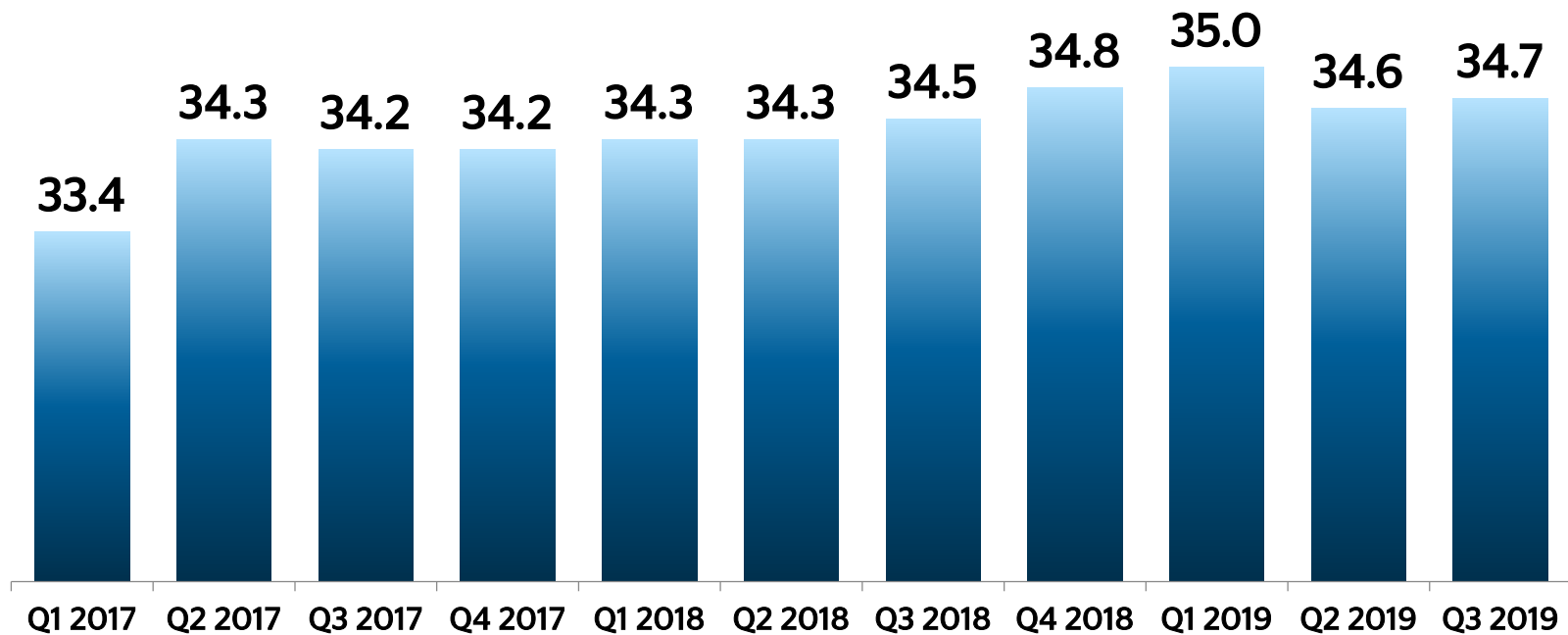


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Smokeless Products Segment

Copenhagen Retail Share



Source: IRI InfoScan Smokeless 2019, as of 9/29/19

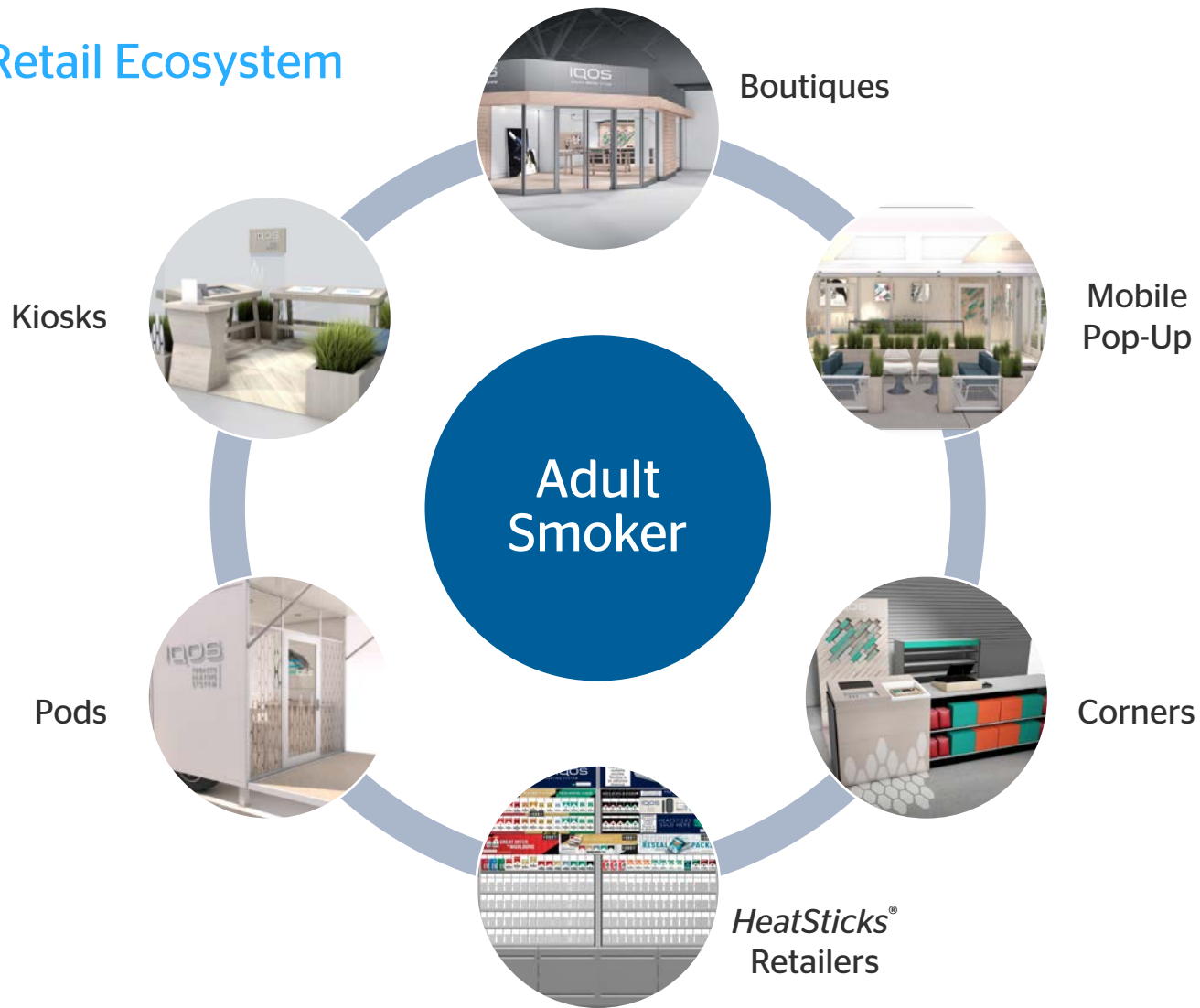


JUUL Investment Update

- We revised our transaction assumptions due to dramatic shifts in the e-vapor regulatory and marketplace environments.
- Our third quarter valuation analysis considered multiple regulatory and marketplace scenarios; in aggregate, we are now projecting lower e-vapor category volumes in the U.S. versus our original estimates.
- As a result, we recorded a third quarter non-cash pre-tax impairment charge of \$4.5 billion related to our investment in JUUL.
- Despite the impairment charge, we remain committed to JUUL's success.

IQOS

Atlanta Retail Ecosystem



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IQOS



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



IQOS

Richmond, VA Expansion - Q4 2019



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



on! Oral Nicotine Pouches










- Transaction closed in Q3 2019
- Initial focus areas:
 - Expand retail distribution & visibility
 - Adult tobacco consumer engagement
 - Richmond, VA production capacity
 - Preparing PMTAs



on! Oral Nicotine Pouches

Broadest Portfolio in the U.S. Market

Oral Nicotine Pouch Variants* by Nicotine Level (in mg)

	1	2	3	4	6+
on!					
Zyn					
Velo					

All-third party trademarks remain the property of their respective owners.
 * As commercially available at the end of Q3 2019



2020 - 2022 Adjusted EPS Growth Objective

- Announcing a compounded annual adjusted diluted EPS growth objective of 5% to 8% for the years 2020 through 2022
- Expect to maintain dividend payout ratio target of approximately 80% of adjusted diluted EPS
- We will provide specific full-year 2020 adjusted diluted EPS guidance during our Q4 2019 earnings call in January

Noncombustible Tobacco Brands & Investments



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2019 Summary and Guidance

- Dynamic environment
- Strong Q3 and year-to-date performance
- Resilient core tobacco businesses
- Talented and committed employee base

We reaffirm our guidance to deliver full-year 2019 adjusted diluted earnings per share of \$4.19 to \$4.27. This range represents a growth rate of 5% to 7% from a 2018 adjusted diluted EPS base of \$3.99*.

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Altria