

Reconciliations of the non-GAAP financial measures presented in the remarks by Howard Willard, Altria Group, Inc.’s (Altria) Chairman and Chief Executive Officer, during Altria’s 2019 Third Quarter Earnings Call.

Non-GAAP Financial Measures¹

Altria’s management reviews certain financial results, including revenues net of excises taxes per 1000 units, which Altria uses as the measurement of net price realization, and average cash after dividends, for planning, forecasting and evaluating business and financial performance. Revenues net of excise taxes is calculated as net revenues less excise taxes billed to customers. Altria’s management believes that excluding the impact of excise taxes billed to customers from the measurement provides useful insight into the impact of the segment’s pricing actions year-over-year.

Altria’s management also reviews average cash after dividends, which is defined as the average of the net cash provided by operating activities with certain adjustments as shown in the reconciliation below. Average cash after dividends is a measure of Altria’s performance and is not a liquidity measure. Altria’s management believes that average cash after dividends provides useful additional insight into underlying business trends and results and provide a more meaningful comparison of year-over-year results.

These adjusted financial measures are not consistent with U.S. generally accepted accounting principles (GAAP) and may not be calculated the same as similarly titled measures used by other companies. These adjusted financial measures should thus be considered as supplemental in nature and not considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. Reconciliations of historical adjusted financial measures to the corresponding GAAP measures are provided below.

Altria and Consolidated Subsidiaries, Selected Financial Data for Smokeable Products						
(\$ in millions)						
	Third Quarter			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Net revenues	\$ 6,049	\$ 6,035		\$ 16,837	\$ 16,995	
Excise taxes	(1,406)	(1,505)		(3,998)	(4,294)	
Revenues net of excise taxes	\$ 4,643	\$ 4,530		\$ 12,839	\$ 12,701	
Shipment volume (units in millions)²	28,160	30,109		79,921	85,692	
Revenues net of excise taxes per 1000 units³	\$ 164.88	\$ 150.45	9.6%	\$ 160.65	\$ 148.22	8.4%

¹ Reconciliations of other non-GAAP financial measures can be found in today’s earnings release.

² Cigarettes volume includes units sold as well as promotional units, but excludes units sold for distribution to Puerto Rico, and units sold in U.S. Territories, to overseas military and by Philip Morris Duty Free Inc., none of which, individually or in the aggregate, is material to the smokeable products segment.

³ Revenues net of excise taxes per 1000 units are calculated as revenues net of excise taxes divided by shipment volume multiplied by 1000.

Altria Group, Inc. and Consolidated Subsidiaries, Cash Flow

(\$ in millions)

	Full Year ended December 31,				
	2018	2017	2016	2015	2014
Net cash provided by operating activities ¹	\$ 8,391	\$ 4,901	\$ 3,826	\$ 5,859	\$ 4,697
Net cash (used in) provided by investing activities	(12,988)	(467)	3,708	(15)	177
Proceeds from short-term borrowings	12,800	—	—	—	—
Dividends paid on common stock	(5,415)	(4,807)	(4,512)	(4,179)	(3,892)
Cash after dividends	\$ 2,788	\$ (373)	\$ 3,022	\$ 1,665	\$ 982

Average cash after dividends **\$1,617**

¹As a result of the January 1, 2018 adoption of Accounting Standards Update No. 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash*, prior-year net cash provided by operating activities has been restated.
