Altria’s
Second-Quarter 2020
Earnings Conference Call

July 28, 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 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 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.
Resilient First-Half 2020 Performance

Adjusted Diluted Earnings Per Share*

1H 2019: $2.01
1H 2020: $2.18

+8.5%

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

1H 2019: $5.2
1H 2020: $5.8

+10.9%

Smokeable & Oral Tobacco Adjusted OCI Margins*

1H 2019: 56.1%
1H 2020: 58.5%

+2.4pp

*For reconciliations of non-GAAP to GAAP measures visit altria.com.
JUNETEENTH 2020
Our Initial Steps Include:

- Holding internal courageous conversations that provide a safe platform for our Black colleagues to share their experiences as others seek to listen and understand
- Partnering with UNIFi, our Black employee network, to identify internal opportunities and create action plans
- Supporting the responsible removal of confederate statues in our hometown
- On June 19th, raising the Juneteenth flag at our facilities and declaring the day a company-paid holiday for healing and reflection
- Committing an initial $5 million to primarily support criminal justice reform and Black-owned business development
Inclusion and Diversity Aiming Points by 2030:

At the VP and above levels, achieve:

- 50-50 gender parity

- A composition of at least 30% ethnically diverse executives, which was determined using the composition of the U.S. college educated workforce and projections of population demographic changes

Our organization needs to better reflect the diversity of the world around us and all of our employees should feel fully included and empowered to contribute to our success
Q2 2020 Adjusted Diluted Earnings Per Share*

$1.08

$1.09

+0.9%

*For reconciliations of non-GAAP to GAAP measures visit altria.com.
Q2 Adult Tobacco Consumer Influences

**Discretionary income increases**

- Enhanced government assistance through stimulus checks and increased unemployment benefits
- Reductions in non-tobacco discretionary purchases (e.g. lower gas, transit, entertainment expenditures)

**Routine changes**

- Changes in purchasing patterns – fewer trips to the store but higher tobacco expenditures per trip
- Fewer social engagements allowed for more tobacco usage occasions
Smokeable Products Segment
Adjusted OCI* ($ in millions)

Q2 2019: $2,427
Q2 2020: $2,508

+3.3%

1H 2019: $4,418
1H 2020: $4,900

+10.9%

* For reconciliations of non-GAAP to GAAP measures visit altria.com.
We’ve revised our estimated 2020 full-year domestic cigarette industry adjusted volume decline rate to a range of (2.0%) to (3.5%) from our previous range of (4.0%) to (6.0%).
Smokeable Products Segment

Marlboro Retail Share

Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 06/28/20
## Discount Segment Retail Share Dynamics

### Total Discount Segment (%)

- **Branded Discount**
- **Deep Discount**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Q1 '20</th>
<th>Q2 '20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount</td>
<td>17.6</td>
<td>17.0</td>
<td>16.5</td>
<td>15.9</td>
<td>15.4</td>
<td>15.3</td>
<td>15.1</td>
</tr>
<tr>
<td></td>
<td>6.7</td>
<td>6.7</td>
<td>7.1</td>
<td>7.9</td>
<td>8.8</td>
<td>9.5</td>
<td>9.4</td>
</tr>
</tbody>
</table>

### PM USA Discount (%)

- **Q1 '19**: 4.1
- **Q2 '19**: 4.1
- **Q3 '19**: 4.0
- **Q4 '19**: 4.1
- **Q1 '20**: 4.0
- **Q2 '20**: 3.9

**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
Oral Tobacco Products Segment
Adjusted OCI* ($ in millions)

- Q2 2019: $422
- Q2 2020: $456
  +8.1%

- 1H 2019: $789
- 1H 2020: $872
  +10.5%

* For reconciliations of non-GAAP to GAAP measures visit altria.com.
Oral Tobacco Industry Volume Growth Estimates
Six Months Ended

<table>
<thead>
<tr>
<th></th>
<th>Q1 '19</th>
<th>Q2 '19</th>
<th>Q3 '19</th>
<th>Q4 '19</th>
<th>Q1 '20</th>
<th>Q2 '20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume Growth Estimates</td>
<td>(0.5)%</td>
<td>0%</td>
<td>1.0%</td>
<td>3.0%</td>
<td>5.0%*</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Source: ALCS CMI estimates - rounded to the nearest 0.5%
Oral Tobacco industry includes MST, snus and oral nicotine pouch products
* Q1 2020 includes an adjustment for estimated retail loading due to COVID-19.
Oral Tobacco Retail Share
Q2 2020

By Company (%)

Swedish Match  
BAT  
Oral Tobacco Products Segment  
50.0

By Brand (%)

Skoal  
Grizzly  
Copenhagen  
14.1  
32.1

Source: IRI/MSAi InfoScan Cigarette 2020 – Blended, as of 06/28/20
Expanding on! Store Count

on! Store Count (in thousands)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Store Count (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 ’19*</td>
<td>9</td>
</tr>
<tr>
<td>Q4 ’19</td>
<td>15</td>
</tr>
<tr>
<td>Q1’ 20</td>
<td>28</td>
</tr>
<tr>
<td>Q2 ’20</td>
<td>40</td>
</tr>
</tbody>
</table>

*Transaction closed in August 2019
Encouraging on! Adult Tobacco Consumer Profile

% of Purchases by Exclusive Adult Cigarette Smokers

- Zyn: 23%
- on!: 37%

% Adult Female Consumers

- Moist Smokeless Tobacco: 5%
- Oral Nicotine Pouches: 30%

Source: POS Scan data December 2018 – May 2020 (Top 5 convenience store chain by oral tobacco volume)
Source: ATCT May 2020
on! PMTA Moved Into FDA Scientific Review
E-Vapor Category Volume
Estimated Equivalized Volume (in billions of units)

Quarterly Estimates

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Volume (billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2019</td>
<td>0.46</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>0.50</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>0.51</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>0.47</td>
</tr>
<tr>
<td>Q1 2020</td>
<td>0.40</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>0.44</td>
</tr>
</tbody>
</table>

Source: ALCS CMI estimates
Note: (i) 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 (ii) percentages may not foot due to rounding.
IQOS Receives Reduced Exposure Claim From FDA
IQOS Charlotte Launch

WARNING: This product contains nicotine. Nicotine is an addictive chemical.

Real tobacco. No ash, less odor.

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New *IQOS* Digital Marketing Tools

**Virtual Tutorials**

**Expert Video Chat**

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Note: Virtual Tutorials currently available on IQOS website, Expert Video Chat available in Fall of 2020.
**IQOS Expansion Plans**

**IQOS Today**

- 3 metro markets
- *IQOS* devices available for sale in select retail channels
- Digital marketing, product education and e-commerce through GetIQOS.com

**IQOS in 18 Months**

- 7 metro markets plus surrounding geographies
- Expanded availability of *IQOS* devices, including in retail trade partner stores
- Enhanced digital marketing and e-commerce options

We’ve designed our commercialization approach to maximize the organic growth potential of *IQOS* by focusing first on the densely populated metro areas and then expanding outwards as the *IQOS* user base grows.
2020 Full-Year Adjusted Diluted EPS* Guidance

- We’re reestablishing full-year 2020 adjusted diluted EPS guidance due to:
  - our strong first half performance
  - better understanding of COVID-19 impacts on adult tobacco consumer purchasing behavior
  - an additional quarter of equity earnings contributions from ABI

- We now expect to deliver full-year 2020 adjusted diluted EPS* of $4.21 to $4.38. This range represents an adjusted diluted EPS growth rate of flat 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*

Q2 2019: 54.4%
Q2 2020: 57.8% (+3.4pp)

1H 2019: 53.9%
1H 2020: 56.5% (+2.6pp)

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

Shipment Volume (in millions)

<table>
<thead>
<tr>
<th>1H 2019</th>
<th>1H 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>810</td>
<td>854</td>
</tr>
</tbody>
</table>

+5.4% increase from 1H 2019 to 1H 2020

% of Volume With Pre-Market Authorization*

Middleton Portfolio

~90%

*Middleton expects to submit the remainder of its substantial equivalence applications by the September 9th deadline
Copenhagen Packs
Expanded into 20,000 stores across 36 states
Oral Tobacco Products Segment
Adjusted OCI Margins*

Q2 2019: 74.0%
Q2 2020: 72.8%

1H 2019: 73.1%
1H 2020: 72.9%

(1.2pp) (0.2pp)

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

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Adjacent Assets - Cannabis
55th Dividend Increase in the Past 51 Years

- The Board of Directors declared the quarterly dividend ahead of our normally scheduled declaration date.

- This increase marks the 55th increase in the past 51 years

- The new annualized dividend rate is $3.44 per share, a 2.4% increase
2019 Corporate Responsibility Progress Report

Altria’s tobacco companies are the undisputed market leaders in the U.S. tobacco industry, with profitable premium products, iconic brands and a strong American heritage stretching back more than 180 years. As the leader in an evolving industry, we have the duty and opportunity to shape a better future for adult tobacco consumers, our employees and shareholders.

We’ll do so through our continuous, integrated focus on leading responsibly. It’s how we earn our license to operate, every day, and crucial to successfully and sustainably navigating our path forward.

Altria’s Responsibility Priorities & Goals

- **Reducing the Harm of Tobacco Products**
  - Offer lower risk tobacco products that will help convert adult smokers who do not quit and engage the FDA constructively about those products.
  - Provide access to expert quitting information for those who have decided to quit.

- **Preventing Underage Tobacco Use**
  - Support programs that help reduce underage tobacco use.

- **Marketing Responsibly**
  - Build relationships between brands and their adult consumer audiences while taking steps designed to limit reach to unintended audiences.

- **Managing Our Supply Chain Responsibly**
  - Work with diverse, high quality suppliers to innovate and address societal issues within the supply chain.

- **Developing Our Employees and Culture**
  - Develop high performing and engaged employees who help us continue to deliver superior results in the future.