Altria’s
First-Quarter 2019
Earnings Conference Call

April 25, 2019
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 under “Risk Factors” in Altria’s Annual Report on Form 10-K for the year ended December 31, 2018 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.
Q1 2019: Adjusted Diluted Earnings Per Share

- Q1 2019 adjusted diluted EPS declined in line with our guidance of mid-single digit decline.
- Higher interest expense from debt issued to fund transactions, partially offset by cost reduction program.

* For reconciliations of non-GAAP to GAAP measures visit altria.com.
Cigarette Industry Decline Rate Estimates

**Annual Estimates**

- 2014: (3.5)%
- 2015: (2.5)%
- 2016: (4)%
- 2017: (4.5)%
- 2018: (5.5)%

**Quarterly Estimates**

- Q1 2018: (3.5)%
- Q2 2018: (4.5)%
- Q3 2018: (5)%
- Q4 2018: (5)%
- Q1 2019: (5)%

Source: ALCS CMI estimates – rounded to nearest 0.5%
Gas Prices Rose Rapidly and Significantly in Q1

In light of the Q1 2019 increase in gas prices, we revise our 2019 cigarette category decline rate estimate to -4% to -5%.

Source: U.S. Energy Information Administration
### Cigarette Industry Volume Decomposition

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>Last 12 Months ending 3/31/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secular Decline Rate*</td>
<td>-2.5%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Additional Cross Category Movement (e-vapor &amp; other)</td>
<td>-0.4%</td>
<td>-0.5%</td>
</tr>
<tr>
<td><strong>Total Secular Decline Rate</strong></td>
<td>-2.9%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Macroeconomic &amp; Other Factors (including Gas Prices)</td>
<td>-0.5%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Cigarette Price Elasticity</td>
<td>-1.1%</td>
<td>-1.2%</td>
</tr>
<tr>
<td><strong>Estimated Industry Decline</strong></td>
<td>-4.5%</td>
<td>-4.5%</td>
</tr>
</tbody>
</table>

*For 2019 through 2023, our estimate for average annual U.S. cigarette industry volume declines is -4% to -5%.*

*Includes approximately 1% historical movement across tobacco categories*

Source: ALCS CMI estimates
Q1 2019: Smokeable Products Segment
Segment Cigarette Volume Bridged to Industry Volume

Reported Shipment Volume: (14.3%)
Trade Inventory Movement: ~5.9%
Shipping Days / Other: ~1.4%
Adjusted Segment Cigarette Volume: ~7%
Retail Share / Other: ~2%
Adjusted Industry Volume: ~5%

Source: ALCS CMI estimates
Q1 2019: Smokeable Products Segment
PM USA Estimated Wholesale Inventories (in billions)

Source: ALCS CMI estimates
Q1 2019: Smokeable Products Segment

Financials

**Net Revenue, Net of FET, Per Thousand Sticks***

- Q1 2018: $143.84
- Q1 2019: $155.65

8.2%

**Adjusted OCI Margin***

- Q1 2018: 49.7%
- Q1 2019: 53.3%

3.6pp

* For reconciliations of non-GAAP to GAAP measures visit altria.com.
Q1 2019: Smokeable Products Segment

Marlboro Retail Share

Source: IRI/MSAI InfoScan Cigarette 2019 – Blended, as of 3/31/19
Q1 2019: Discount Category Dynamics

PM USA Discount Trends

Discount Category

Source: IRI/MSAi InfoScan Cigarette 2019 – Blended, as of 3/31/19
Q1 2019: Smokeless Products Segment

**Adjusted OCI**
($, millions)

- **Q1 2018**: $340
- **Q1 2019**: $367

**Copenhagen Retail Share**

- **Q1 2017**: 33.4
- **Q1 2018**: 34.3
- **Q1 2019**: 35.0

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

Source: IRI InfoScan Smokeless 2019, as of 3/31/2019
IQOS

- We remain very excited about the opportunity to market PMI's IQOS heat-not-burn product in the U.S.
- Recent comments from leadership at the Center for Tobacco Products suggest a decision is forthcoming in 2019.
- We believe the science is compelling and supportive of a market authorization.
E-Vapor Category Growth
Adult Vapers in Millions

Past 30-Day Usage, 12 Month Moving

Past 30-Day Usage, 3 Month Moving

Note: LA+
Source: ATCT Jul 2013 to Feb 2019
E-Vapor Category Growth
Estimated Equivalized Volume (in billions of EQ units)

Annual Estimates

Quarterly Estimates

Source: ALCS CMI estimates based on: IRI MOC; STARS; Capstone; & comScore, ATCT.
Note: Volume equivalent to cartridges (1 disposable = 1 cartridge = 1mL e-liquid)
Q1 2019: JUUL Domestic Shipment Volume
Refill Kit Pods (units in millions)

Source: JUUL Labs, Inc.
Q1 2019: JUUL E-Vapor Category Share
Across Open and Closed Systems and All Trade Channels

Source: ALCS CMI estimates based on: IRI MOC; STARS; Capstone; & comScore, ATCT.
Note: Volume equivelized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid)
Q1 2019: E-Vapor Slowed Sequentially Due to Actions to Prevent Youth Access and Appeal
Estimated Equivalized Volume (in billions of EQ units)

Source: ALCS CMI estimates based on: IRI MOC; STARS; Capstone; & comScore, ATCT.
Note: Volume equivalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid)
* Percentages do not foot due to rounding
**JUUL’s Early International Performance**

### Canada

*Dollar Share of E-Vapor in Stores Selling JUUL*

- **80.1%**
- **19.8%**
- **0.2%**

### United Kingdom

- **JUUL increased its leading position in the Sainsbury’s chain to a dollar share in excess of 27% by the end of March from 23% in late January.**

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Note: Stores selling represent 15% of e-vapor distribution in Canada, Numbers do not foot due to rounding

Source: JUUL, Nielsen

Source: JUUL, IRI as of 3.31.19
JUUL’s International Expansion

- Recently launched in Spain, now available in 9 countries outside the U.S.
  - Canada, France, Germany, Israel, Italy, Russia, Spain, Switzerland, United Kingdom
- By mid-March, *JUUL* was available in over 8,500 stores throughout France, Germany, Italy & Switzerland
- JUUL plans to test several products in limited international markets this year
  - Includes a next-generation, Bluetooth-enabled device testing a variety of features including user-level access restrictions
Percentage of U.S. Population* with a Legal Age of Purchase 21 Law

Bipartisan legislation is being introduced to raise the legal age to purchase tobacco to 21 at the federal level.

Note: Before 2019: California, Oregon, Maine, New Jersey, Hawaii, Massachusetts
2019: Arkansas, Illinois, Delaware, Utah, Virginia, Washington
Pending: Maryland, New York
* As of April 22, 2019
Q1 2019 Summary and Guidance

- Continues to be dynamic time period in the tobacco category
- We believe Altria is positioned best among our peers for long-term growth and leadership across a variety of future scenarios
  - Strong core tobacco businesses
  - U.S. commercialization rights for IQOS
  - Investments in JUUL, Cronos and AB InBev
- Our 2019 plans are on-track

We reaffirm our guidance to deliver full-year 2019 adjusted diluted earnings per share of $4.15 to $4.27. This range represents a growth rate of 4% to 7% from a 2018 adjusted diluted EPS base of $3.99*.

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