

# Altria's Second-Quarter 2022 Earnings Conference Call

*July 28, 2022*



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, 2021, 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](http://altria.com).

Responsibly lead  
the transition of adult smokers  
to a smoke-free future.

Moving beyond smoking™



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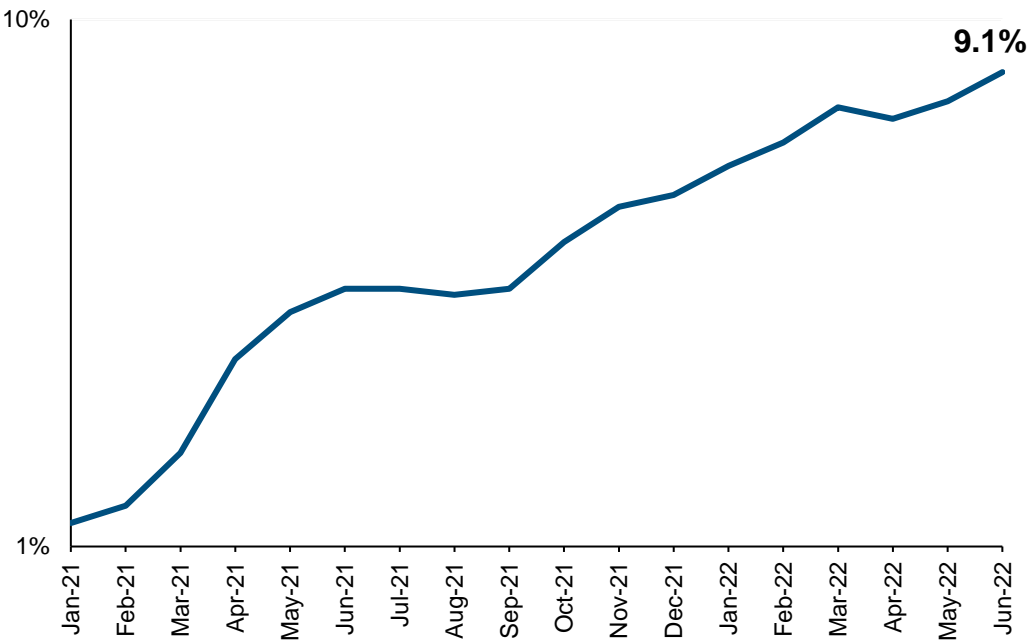


# Agenda

- our core tobacco businesses, including the macroeconomic backdrop and potential combustible tobacco product regulation;
- the smoke-free opportunity in the U.S. and our smoke-free product portfolio;
- our continued confidence in our Vision; and
- our second-quarter and first-half results.

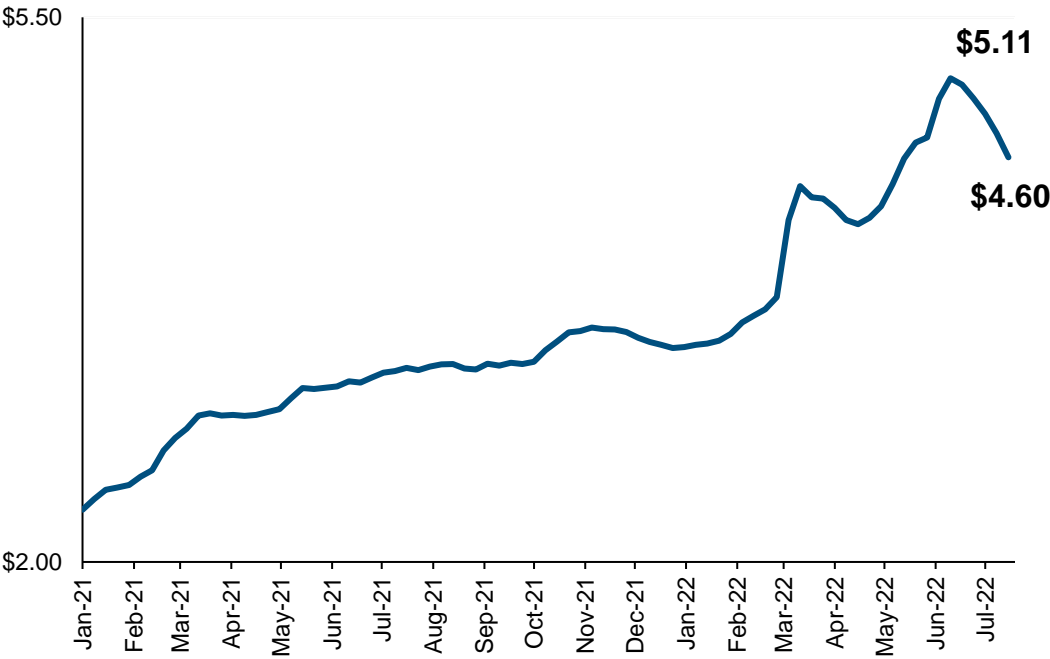
# Macroeconomic Headwinds

**Monthly Consumer Price Index**  
(Δ Year-over-Year)



Source: U.S. Bureau of Labor Statistics: 12-month percentage change, Consumer Price Index

**Weekly Retail Gasoline Prices**  
(\$ per Gallon)

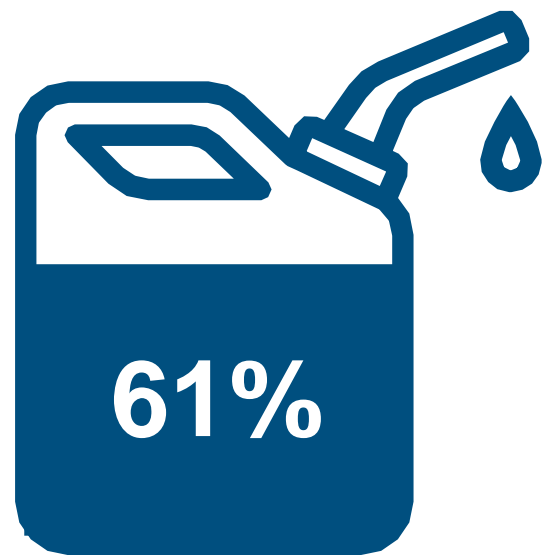


Source: U.S. Energy Information Administration: Weekly Retail Gasoline and Diesel Prices (dollars per Gallon, incl. Taxes). Retail Prices for Gasoline, All Grades. July data through 7/18/2022.



# Consumer Tactics to Manage Spending

## % of Drivers\* Who Partially Filled Their Car's Gas Tank

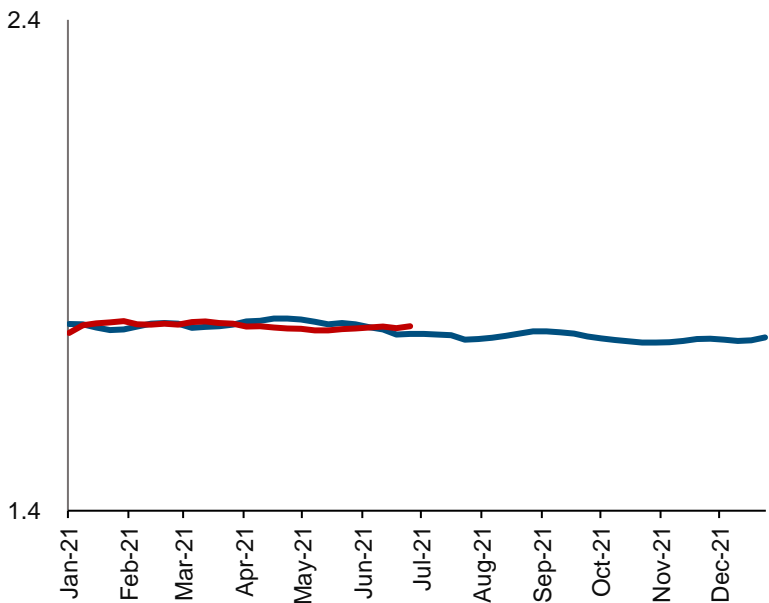


Source: Washington Post-George Mason University Schar School, Nationwide Poll conducted 4/21/22 - 5/12/22 among a random national sample of 1,055 adults.  
\*61% of drivers with incomes below \$50,000 reported "yes" to "Having recently only partially filled your car's gas tank because of the rise in gas prices?"

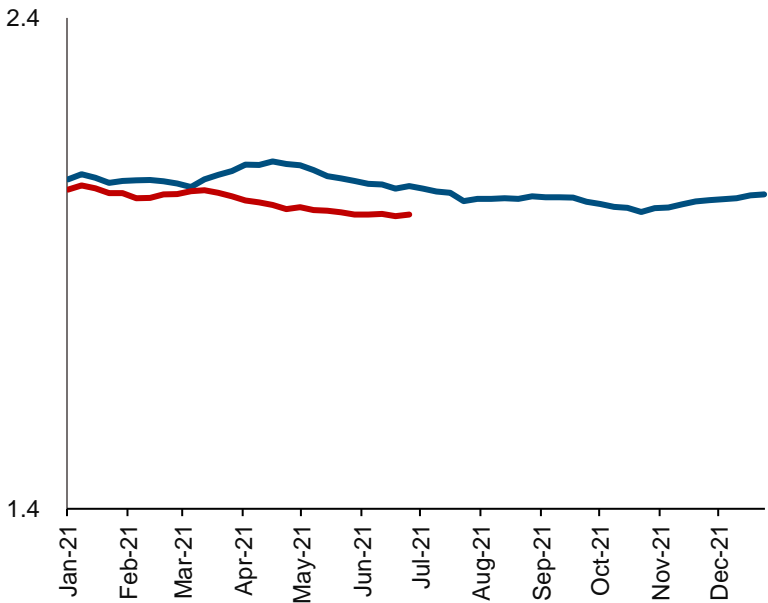
## Cigarette Volume Sales Per Trip (in packs)

2021, 2022

Premium Segment



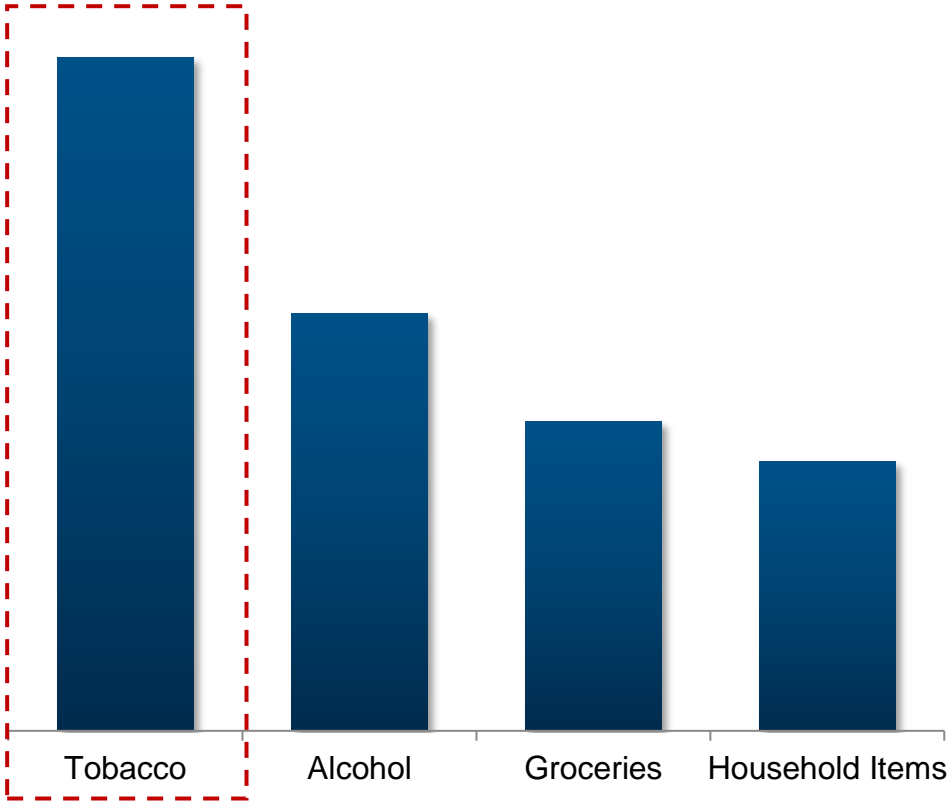
Discount Segment



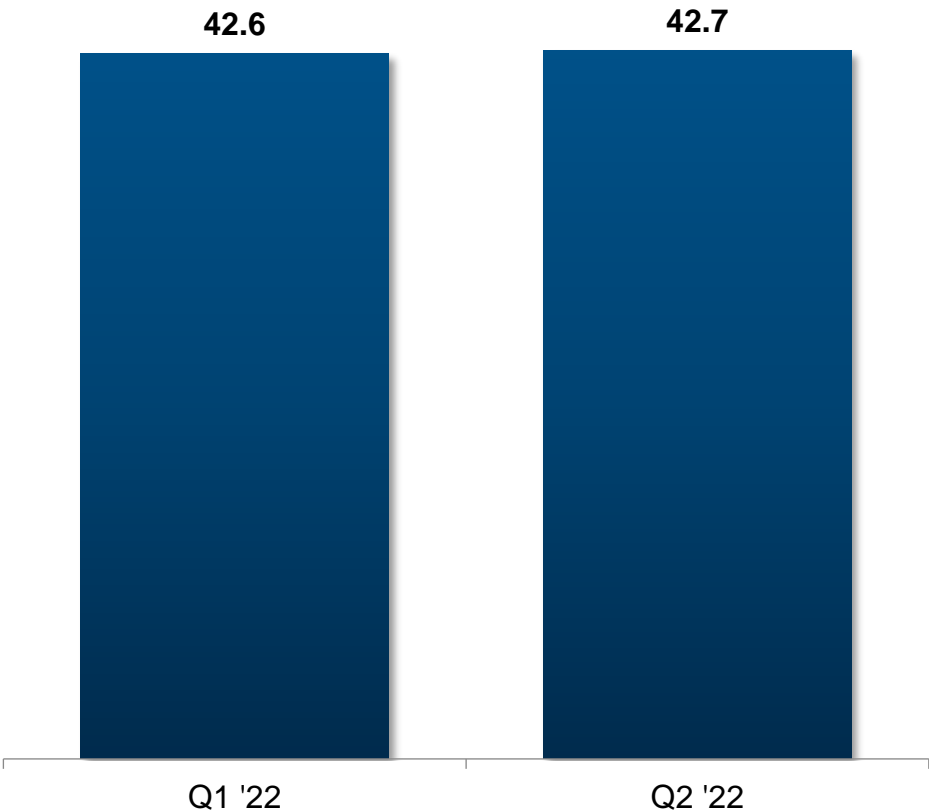
Source: Databricks POS Scan week ending 06.25.2022 as of 07.7.2022  
Store reporting Volume Sales for Cigs, Marlboro & AOM for all weeks 2021, 2022 (Store Sample ~58K)

# Adult Tobacco Consumer 21+ Brand Loyalty

% Stick to My Preferred Brand  
Regardless of Price



Marlboro Retail Share



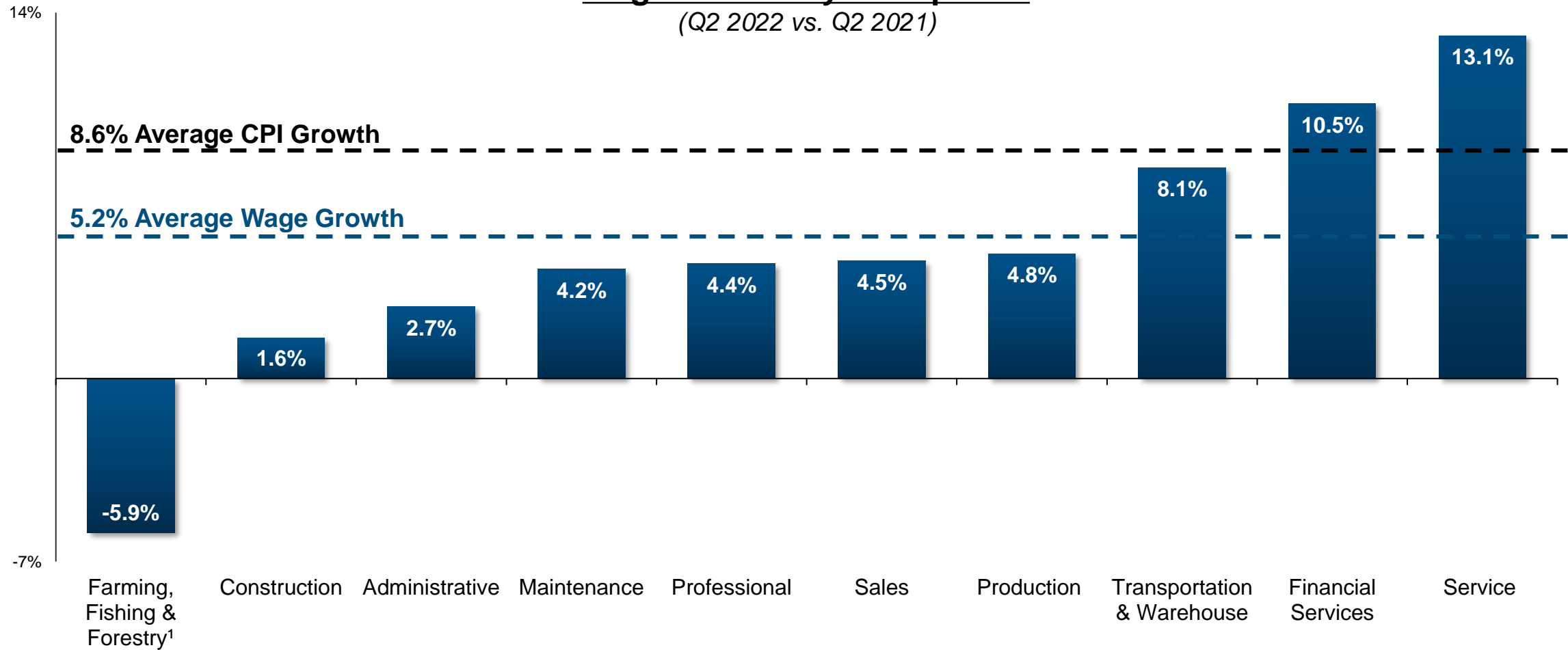
Source: Adult Tobacco Consumer Pulse Survey May 2022. N=566.  
% of Adult Tobacco Consumers 21+ surveyed who selected "stick to my preferred brand(s) regardless of price" in response to "please think about how you currently shop for each category and select the way(s) you currently shop for these items."

Source: IRI/MSAi InfoScan – Blended, WE 07/03/22



# Macroeconomic Tailwinds

**Wage Growth by Occupation**  
(Q2 2022 vs. Q2 2021)

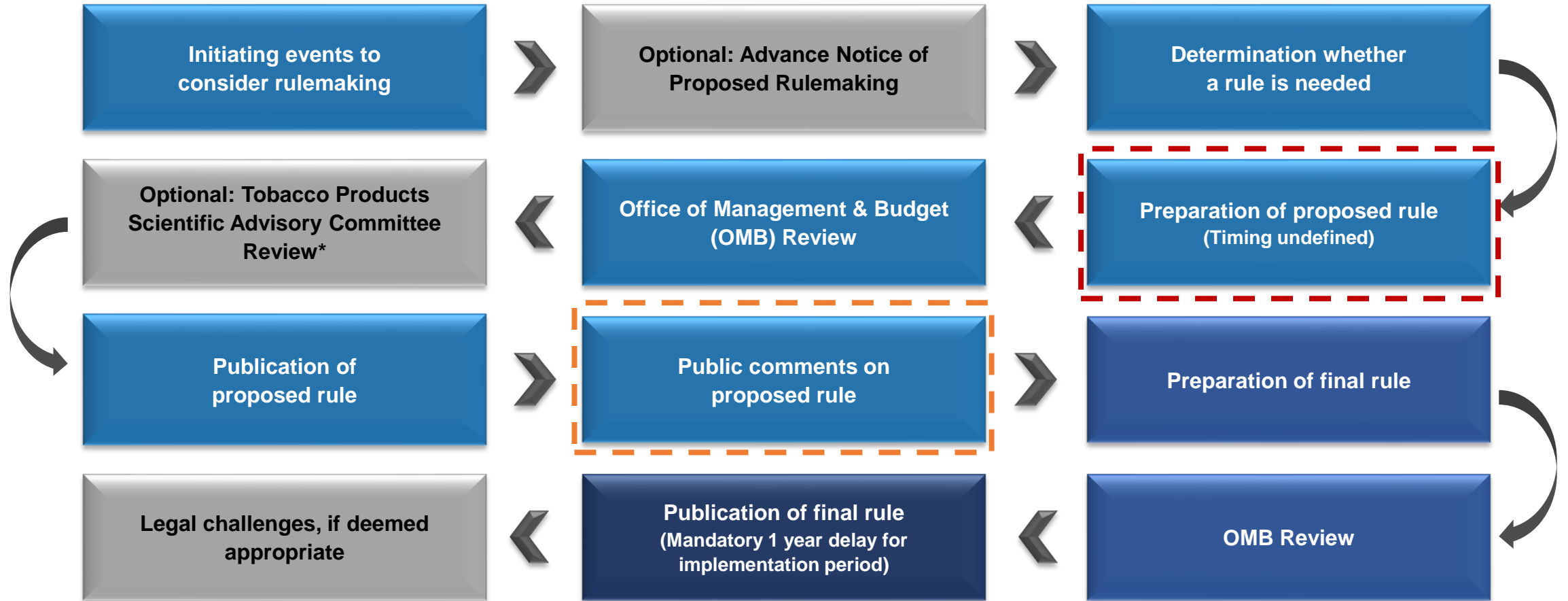


Source: U.S. Bureau of Labor Statistics (BLS): Median usual weekly earnings of full-time wage and salary workers by occupation and sex, quarterly averages, not seasonally adjusted  
1: BLS reported a 19% decline in the number of workers for the occupation in the quarterly data for Q2 2022.



# Combustible Regulatory Update

## *FDA Rulemaking Process*

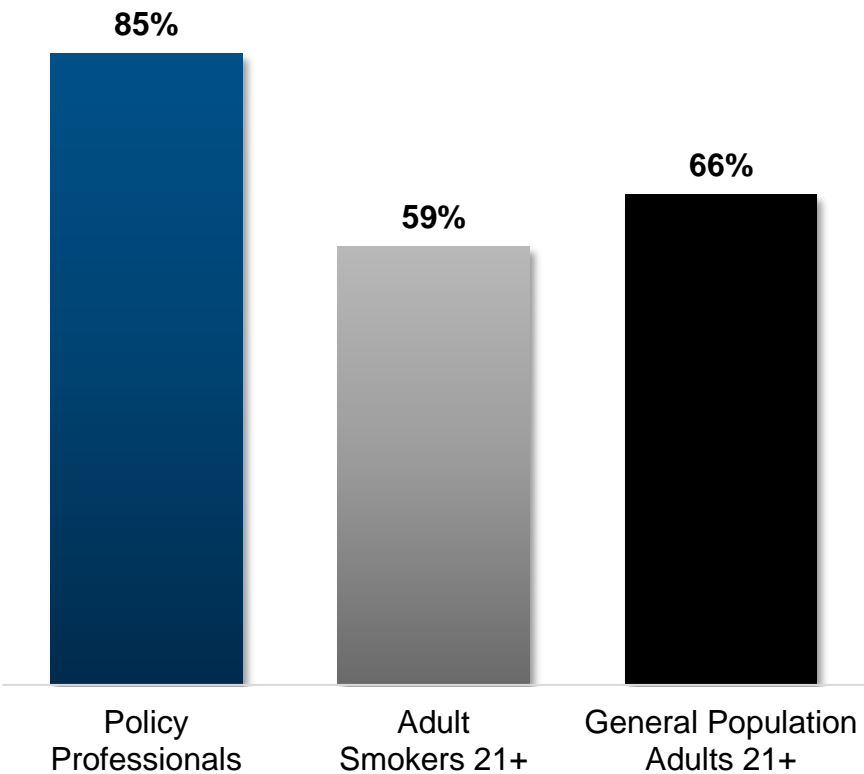


The FDA proposed rules regarding menthol in cigarettes and characterizing flavors in cigars.

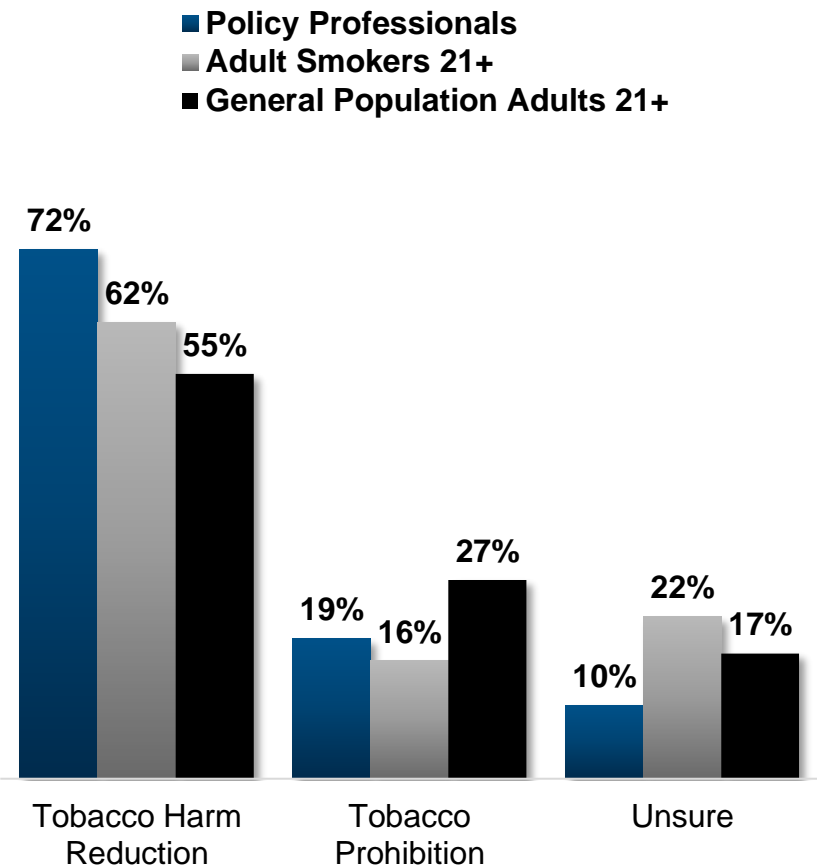
Biden administration announced plans for future FDA rulemaking to develop a product standard that would set a maximum nicotine level for cigarettes.

# Majority Support for Tobacco Harm Reduction

% of Adults Who Support the Concept of Tobacco Harm Reduction



Preferred Approach



Source: Altria Client Services, Nationwide Survey December 2021: Policy Professionals, Adult Smokers 21+ and General Population Adults 21+. Tobacco harm reduction is defined as an approach that focuses on reducing harm from tobacco through cessation, abstinence, and moving adult smokers who can't or won't quit cigarettes to FDA-authorized smoke-free tobacco products. Tobacco prohibition is defined as an approach that focuses on ending all tobacco use by banning products or flavors, requiring the removal of nicotine, or imposing high taxes to make them cost prohibitive.

Moving beyond smoking™

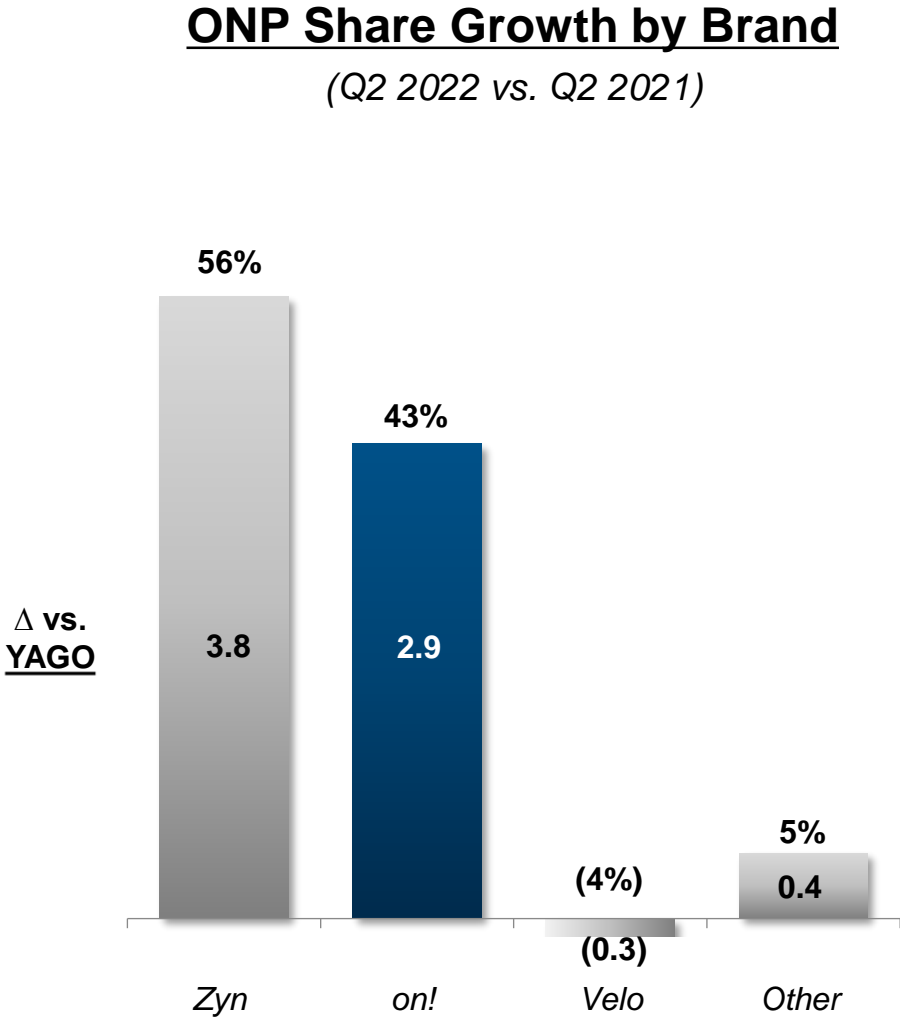
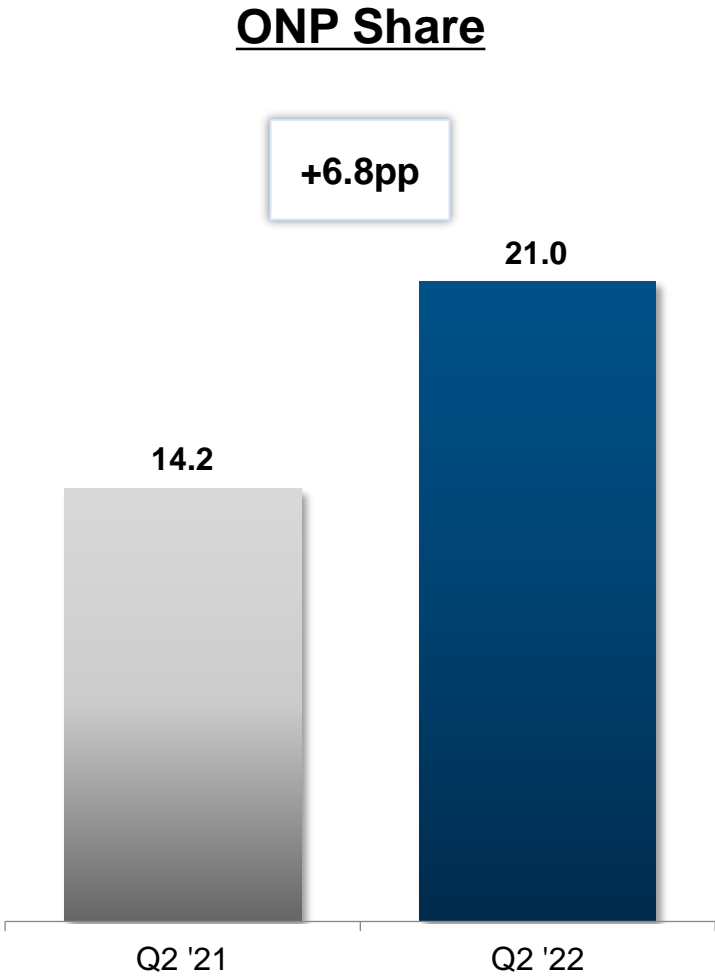


Altria

Moving toward a new day.

# Oral Nicotine Pouch (ONP) Category Growth

Share of Total U.S. Oral Tobacco Category

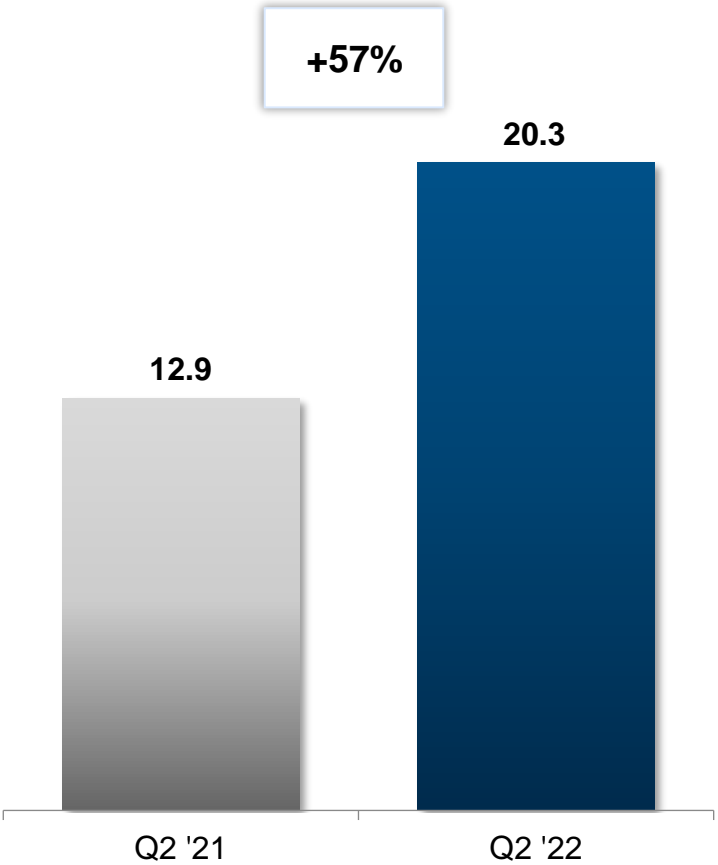


Source: IRI InfoScan Oral Tobacco MOC, WE 07/03/22

# Continued *on!* Shipment Volume and Share Growth

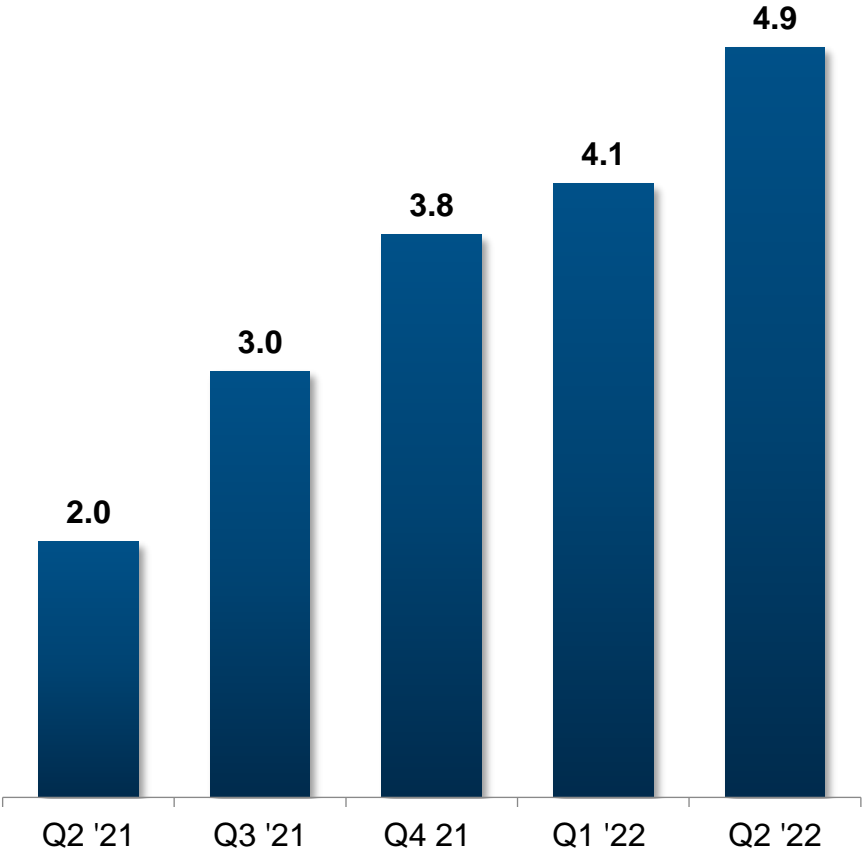
## *on!* Shipment Volume

(cans in millions)



## *on!* Share of Oral Tobacco Category

(total U.S.)



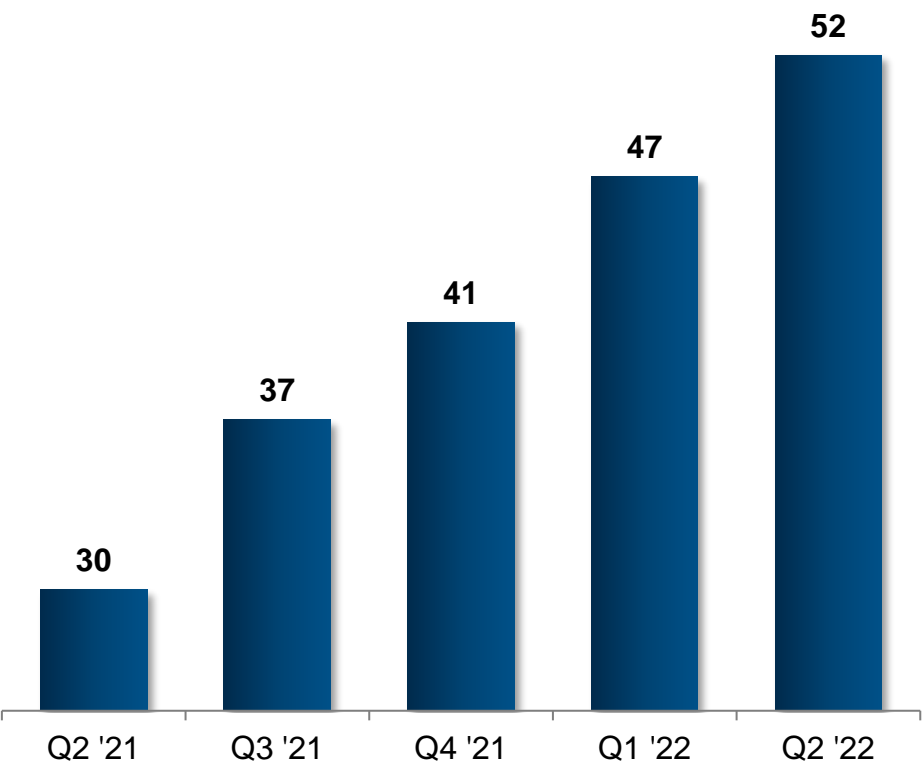
Source: IRI InfoScan Oral Tobacco MOC, WE 07/03/22



# Increased *on!* Awareness, Trial and Repurchases

## Consumer Awareness of *on!*

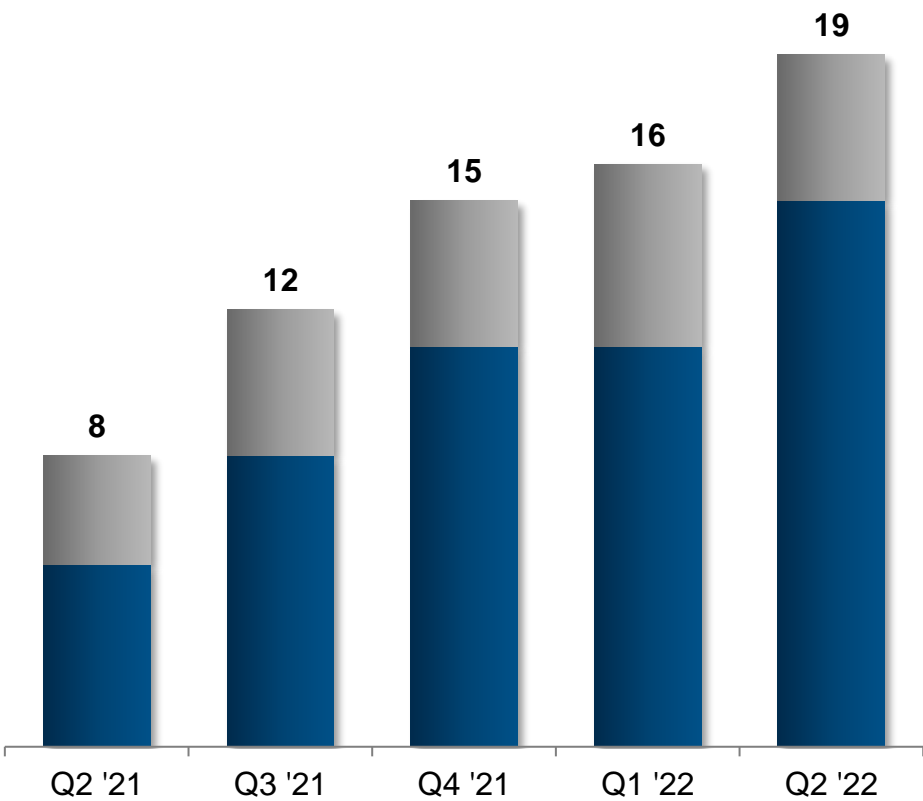
(Among Total ATC 21-54)



## *on!* Sales Volume

(In Millions of Cans)

■ Repeat Purchase ■ Trial



Source: 2022 Quarterly Nicotine Pouch Awareness & Perceptions Study | July 2022. N=439.  
Includes % Fully Aware and Partially Aware

Source: SCMI Estimates based on IRI Projected (MOC) data as of week ending 7/3/2022 and POS Scan Data as of week ending 7/2/2022



# New *Carry on!* Equity Campaign

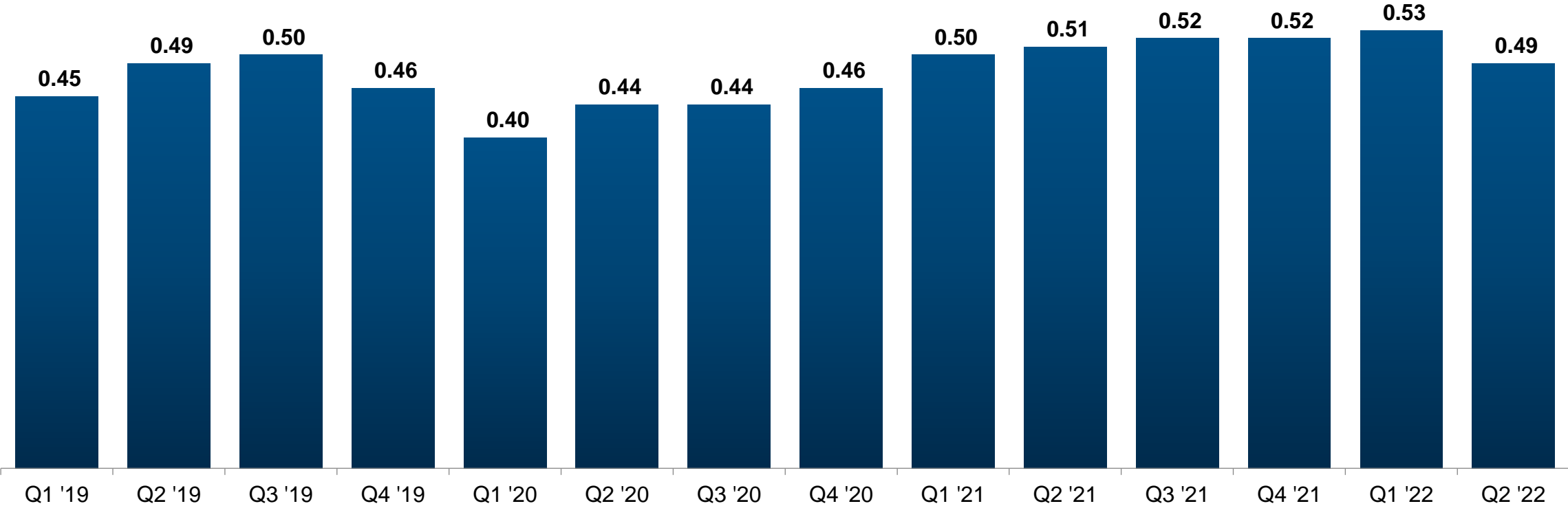


# E-Vapor Category Volume

*Estimated Equivalized Volume (in billions of units)*

## Quarterly Estimates

Q2 2022 Category Δ  
(7)% Q/Q  
(2)% Y/Y

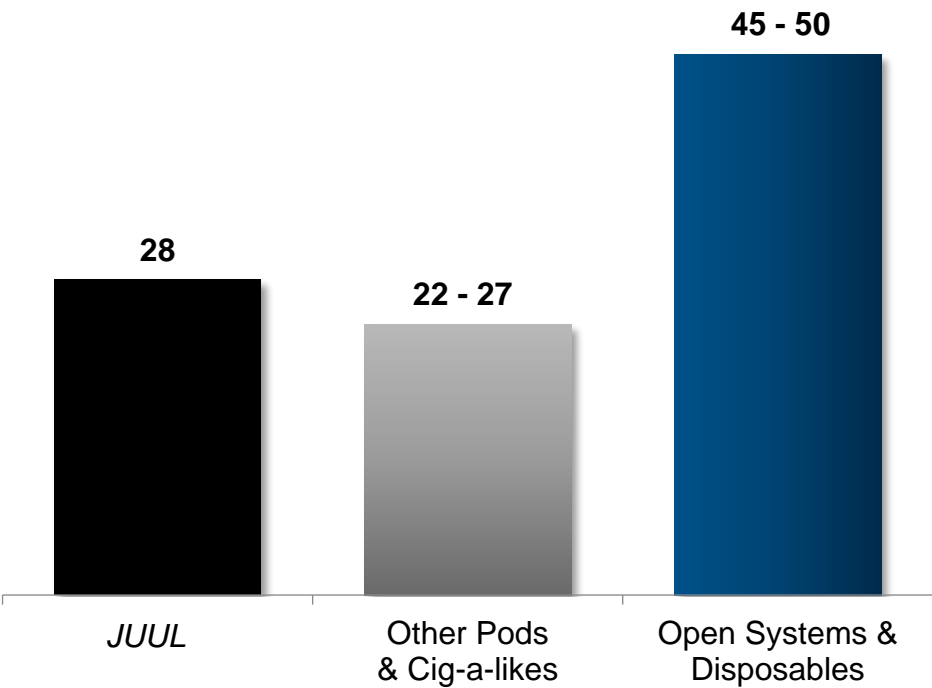


Source: AVI SCMI estimates  
Note: Share based on volume equivalized to cartridges (1 disposable = 1 cartridge = 1mL e-liquid) Estimated category volume and share are subject to revisions based on the latest available data

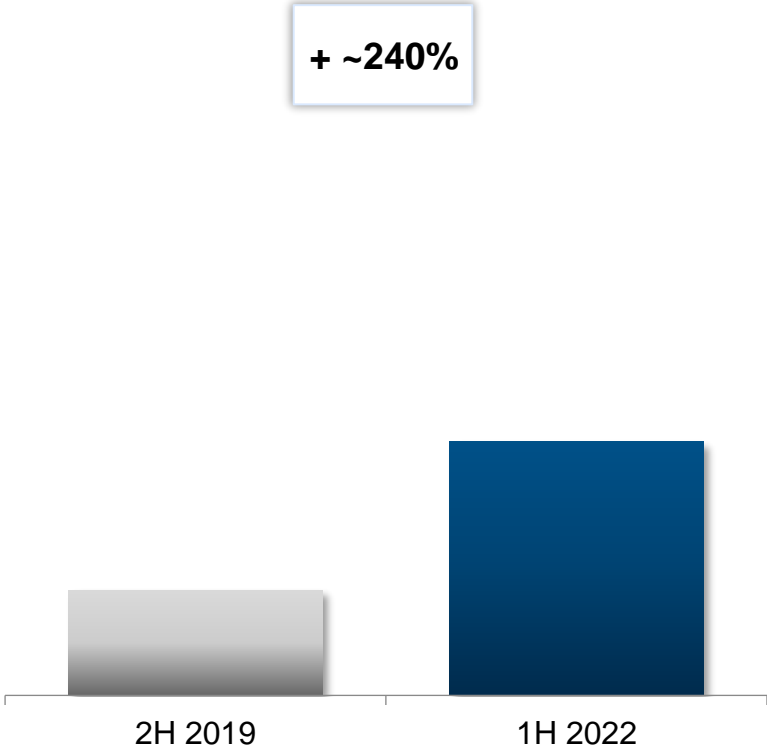


# E-Vapor Market Dynamics

Q2 2022 Estimated Equivalized  
Volume Share of the E-Vapor Category



Disposable E-Vapor Products  
Shipments to Retail Volume



Source: AVI SCMI 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

Source: STARS WE 07/03/22



# Synthetic Nicotine Products

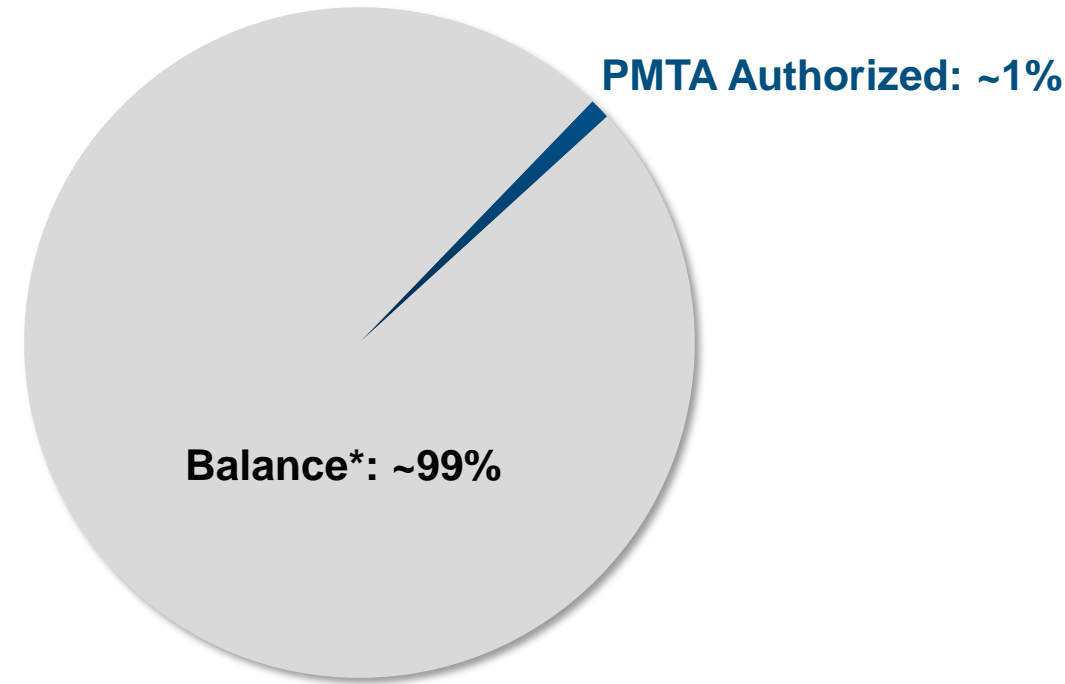
- Recent legislation clarified the FDA's authority to regulate tobacco products containing nicotine from any source.
- Manufacturers of synthetic nicotine products were required to obtain FDA authorization by July 13th to continue legally marketing their products.
- So far, no synthetic nicotine product has been granted authorization.
- The FDA has committed to pursuing compliance and enforcement action against companies found to be marketing, selling or distributing illegal synthetic nicotine products.



# FDA E-Vapor PMTA Decisions

- Thus far, the FDA has authorized only 23 e-vapor applications, which account for ~1% of e-vapor category volume.
- Given the limited number of authorizations to date, we believe that the e-vapor category is still in its early phases.
- Moving forward, we hope to see timely science and evidence-based determinations on pending PMTA applications and further enforcement on noncompliant manufacturers.

## Estimated E-Vapor Category Volume



\*Includes products that have received an MDO or applications remain pending  
Source: CMI Estimates; IRI Projected Total US MOC week ending 05/31/2022; STARS Outbound through week ending 05/31/2022; ComScore, CapStone; Merkle

# JUUL Regulatory Update



- In the second quarter, *JUUL* products received marketing denial orders (MDOs).
- Earlier this month, the FDA administratively stayed the JUUL MDOs, citing unique scientific issues that warrant additional FDA review. The administrative stay temporarily suspends the MDOs during the additional review but does not rescind them.

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# JUUL Investment Update

- We recorded for the second quarter a non-cash pre-tax unrealized loss of \$1.2 billion as a result of a decrease in the estimated fair value of our investment.
- The decrease in fair value was driven by several factors, including uncertainty created by the FDA's action related to JUUL and uncertainty relating to JUUL's ability to maintain adequate liquidity.
- As of June 30th, our estimated valuation is \$450 million, which reflects a range of regulatory, liquidity and market outcomes.



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# JUUL Investment Update

- Under the terms of our relationship agreement with JUUL, we have the option to be released from our non-compete obligations under several conditions, including if the fair value of our investment is not more than 10% of the initial carrying value of \$12.8 billion.
- If we elect to be released from our non-compete obligations, we would lose many of our investment rights, including our consent rights, our preemptive rights and most of our board designation rights. In addition, our JUUL shares would be converted to single vote common stock, which would result in a significant reduction in our voting power.
- At this time, we continue to believe that these investment rights are beneficial to us and have not opted to be released from our non-compete obligations.

# Heated Tobacco

Our teams remain in discussions with PMI relating to *IQOS*. We continue to believe in the potential of the heated tobacco category in the U.S. Our plans remain on track to finalize designs by year-end for two product platforms within heated and oral tobacco and then begin regulatory preparations.



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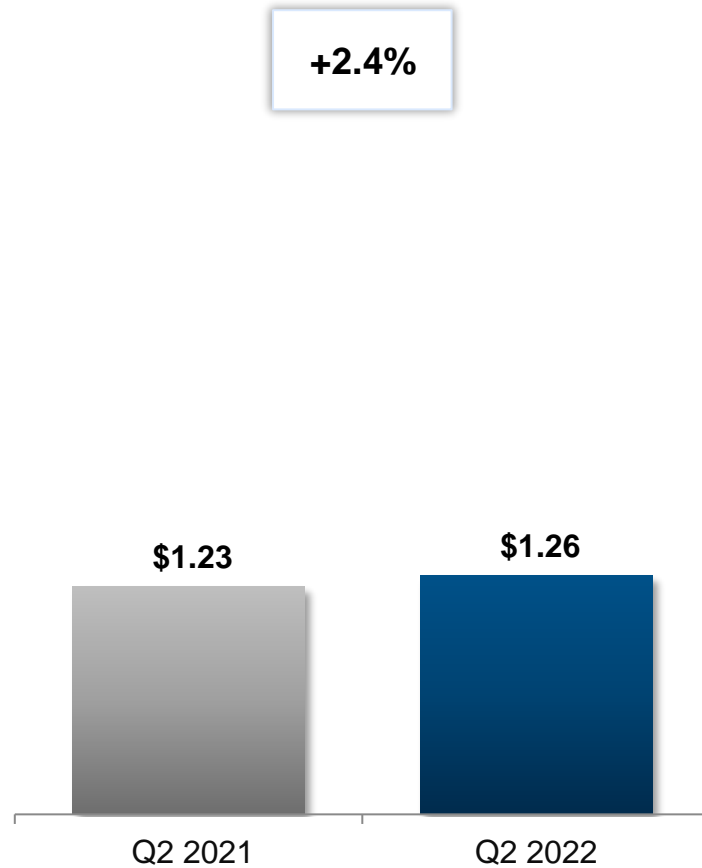


# Continued Confidence in Our Vision from:

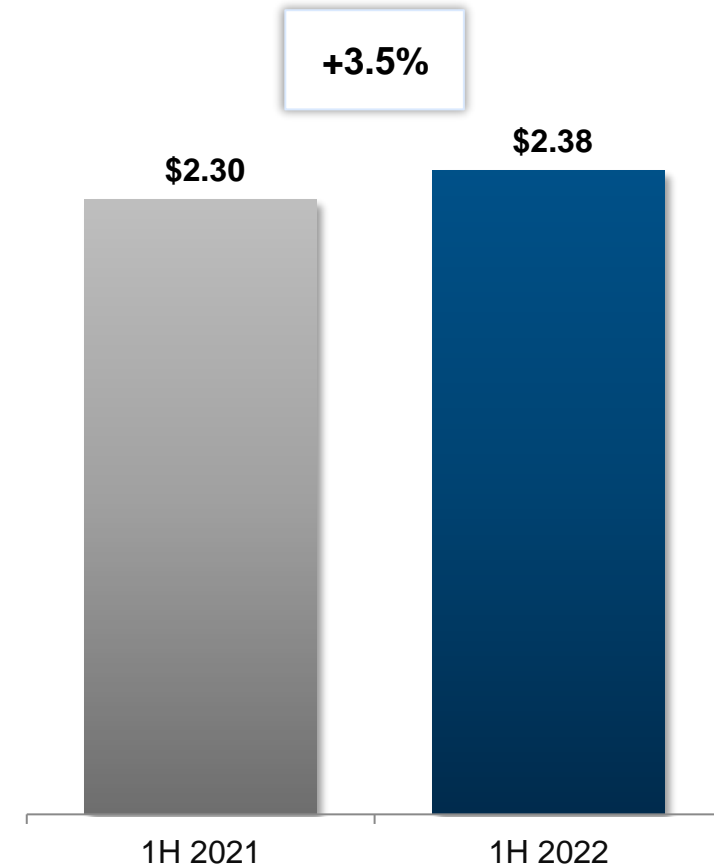
- our robust manufacturing, sales and distribution system and understanding of U.S. adult tobacco consumers;
- our science-based approach to tobacco harm reduction, which we believe is aligned with adult tobacco consumers, society and the FDA;
- our portfolio of products and investments across the most-promising smoke-free categories; and
- our significant cash flows and flexible balance sheet, which support our investments and shareholder returns.

# Adjusted Diluted Earnings Per Share (EPS)\*

## Q2: Adjusted Diluted EPS



## 1H: Adjusted Diluted EPS



\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](http://altria.com).

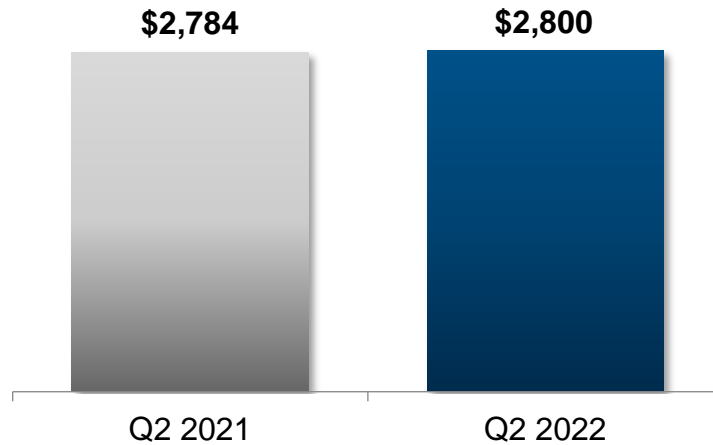
# Smokeable Products Segment

## Adjusted Operating Companies Income\* (OCI)

### Q2: Adjusted OCI

(\$ in millions)

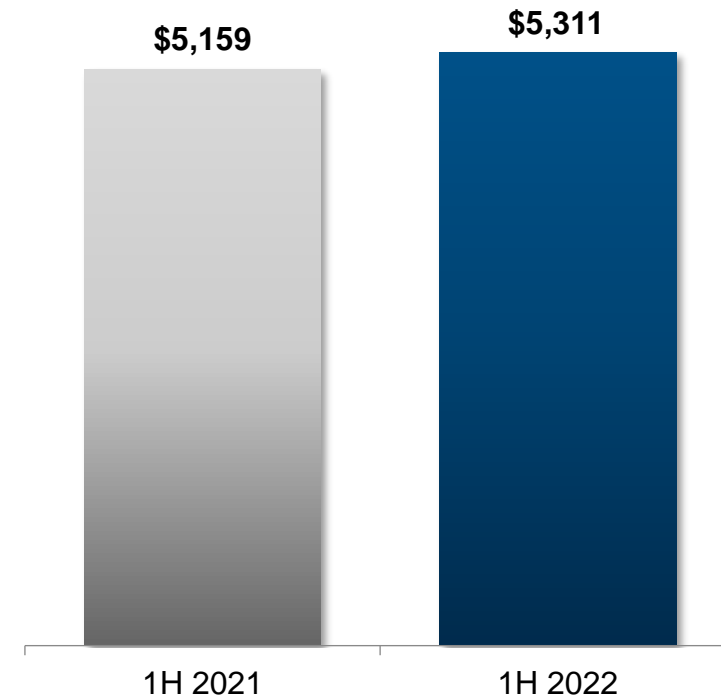
+0.6%



### 1H: Adjusted OCI

(\$ in millions)

+2.9%

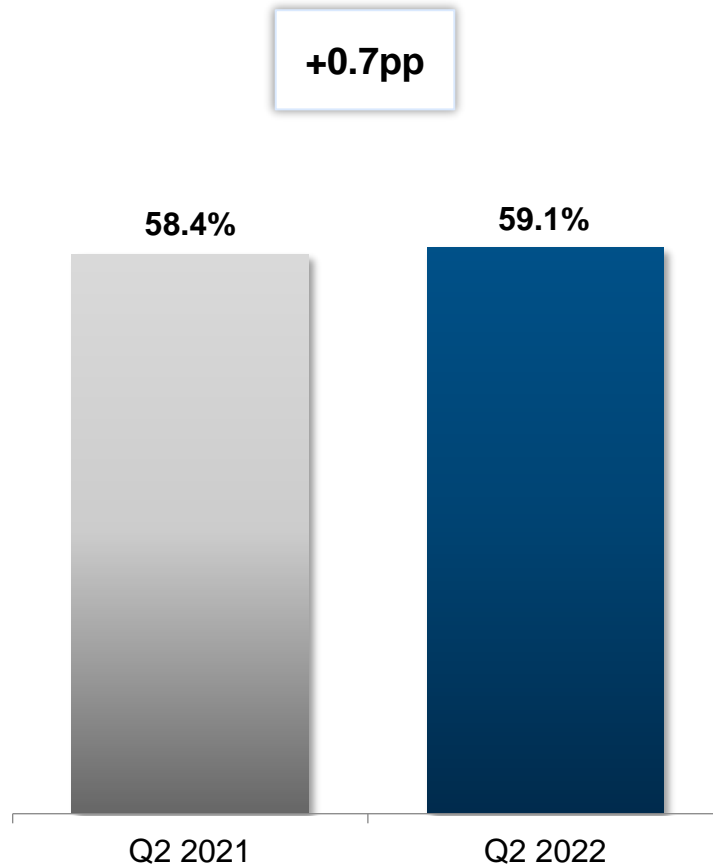


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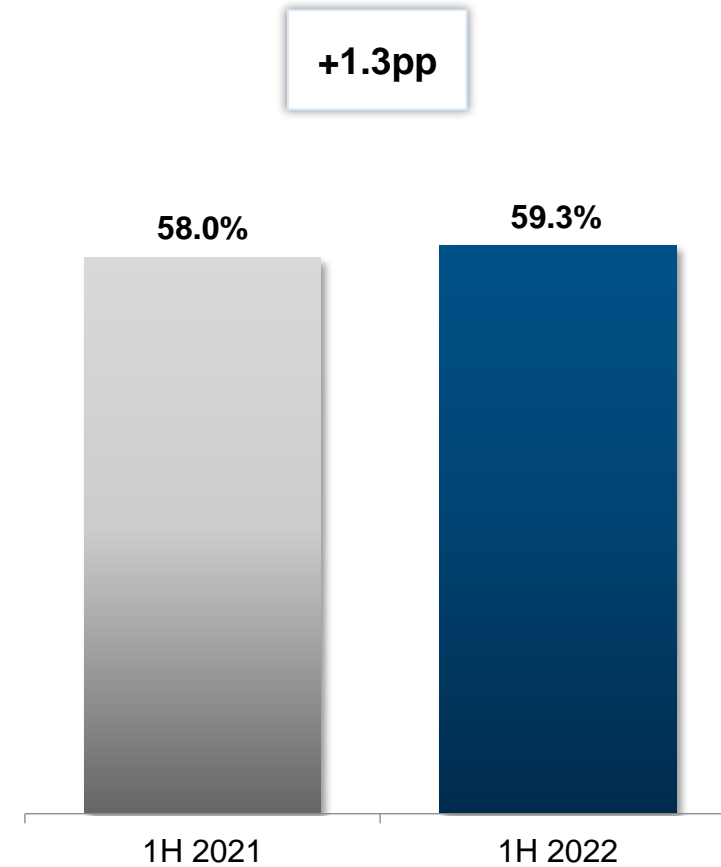
# Smokeable Products Segment

## *Adjusted OCI Margins\**

### Q2: Adjusted OCI Margins



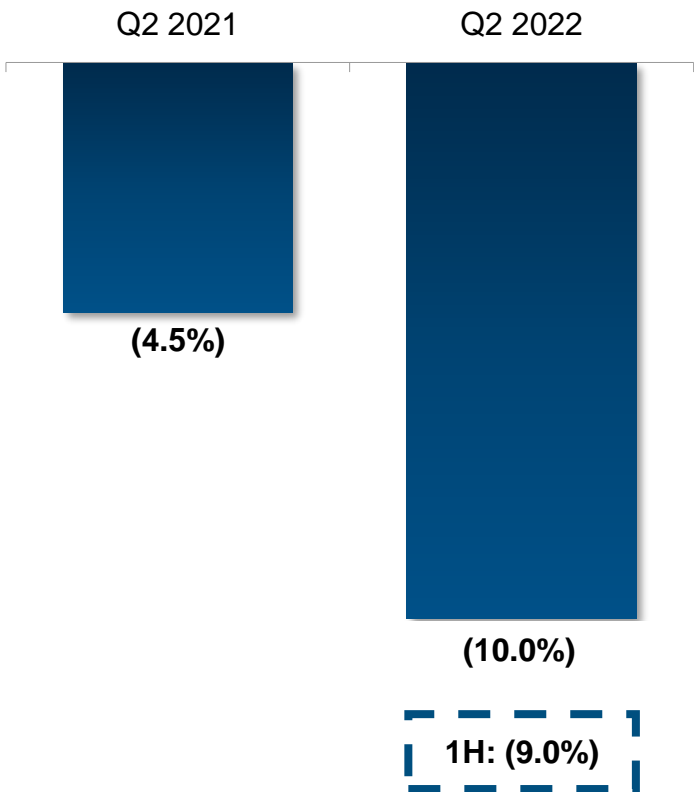
### 1H: Adjusted OCI Margins



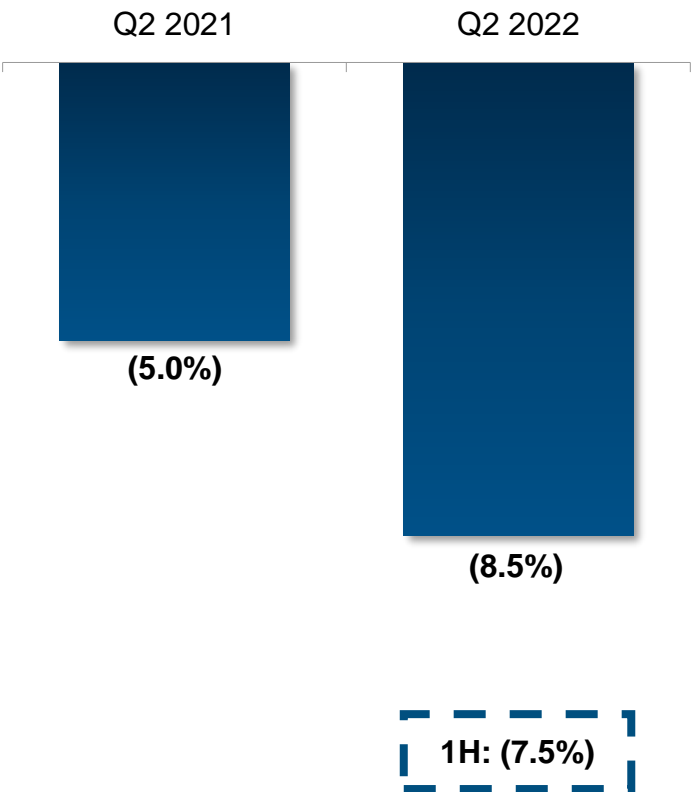
\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](https://altria.com).

# Adjusted Cigarette Decline Rates

## Smokeable Segment



## Total Industry

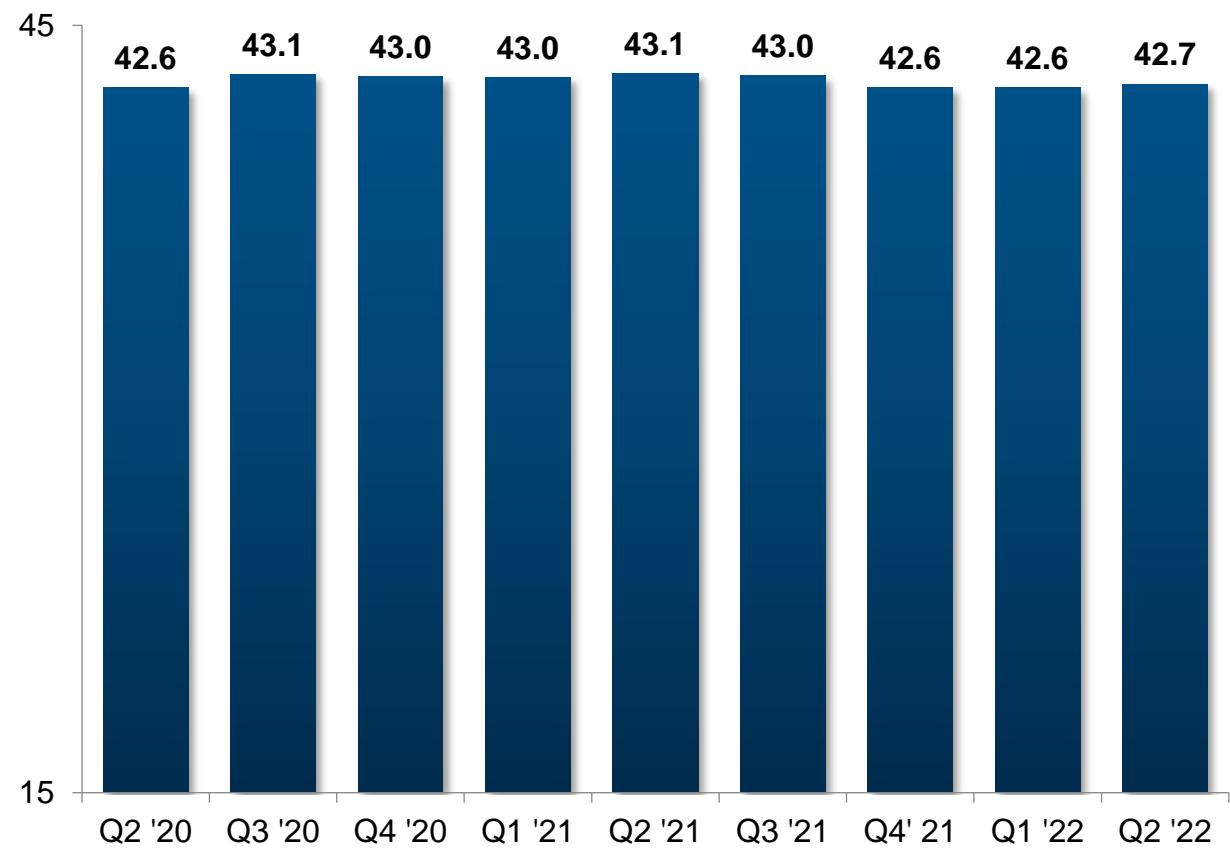


Source: AVI SCMI estimates – rounded to nearest 0.5%  
Note: Estimates are subject to revision due to wholesaler resubmission of inventory data



# Smokeable Products Segment

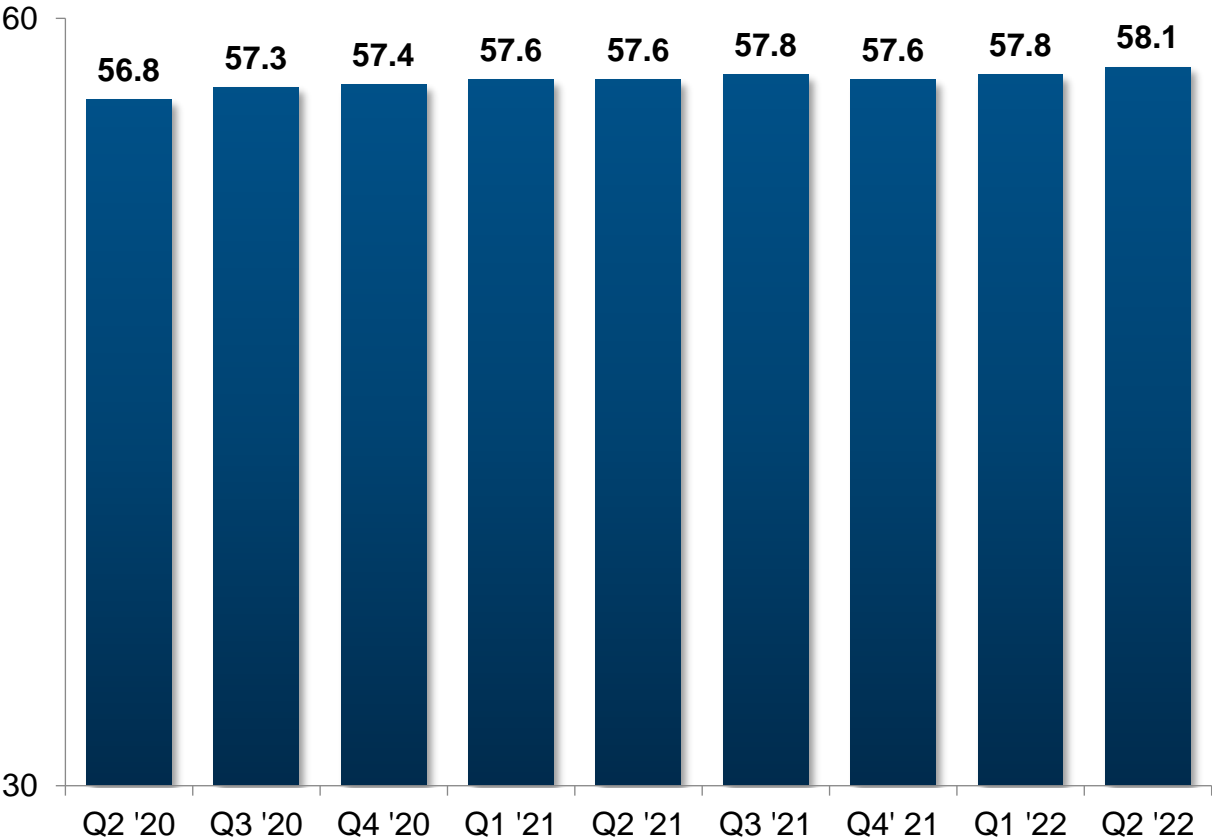
Marlboro Retail Share



Source: IRI/MSAi InfoScan – Blended, WE 07/03/22

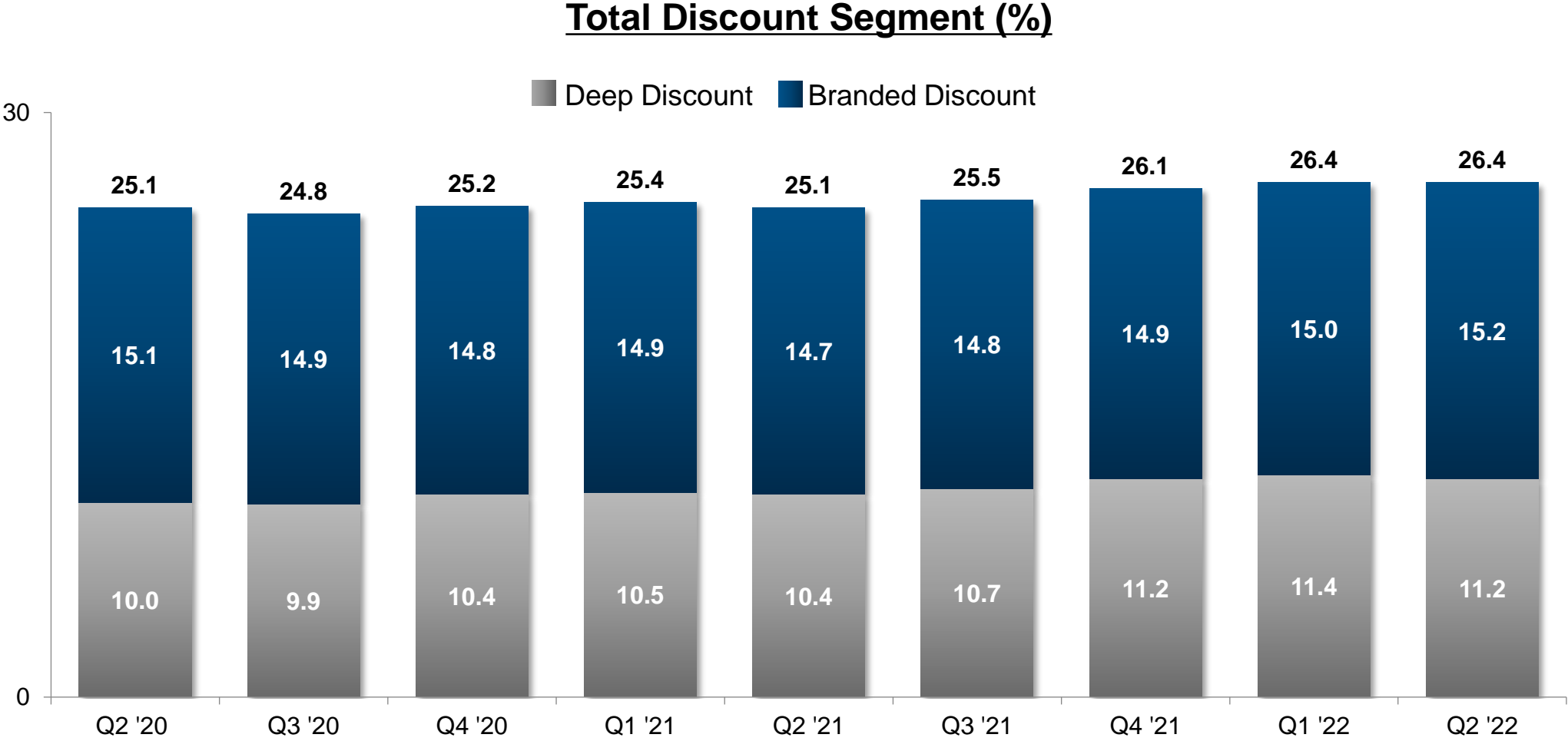
# Smokeable Products Segment

**Marlboro Share of Premium Segment**



Source: IRI/MSAi InfoScan – Blended, WE 07/03/22

# Discount Retail Share



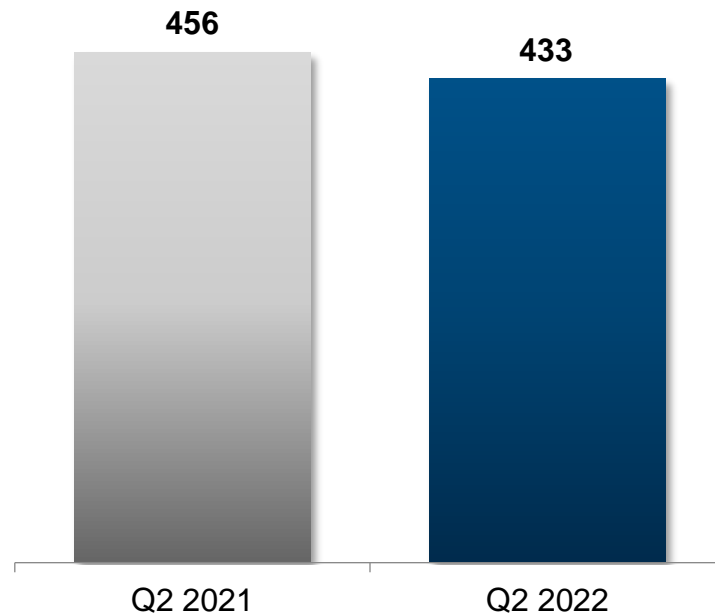
Source: IRI/MSAi InfoScan Cigarette 2022 – Blended, WE 07/03/22

# John Middleton Cigars

## Reported Shipment Volume

(in millions)

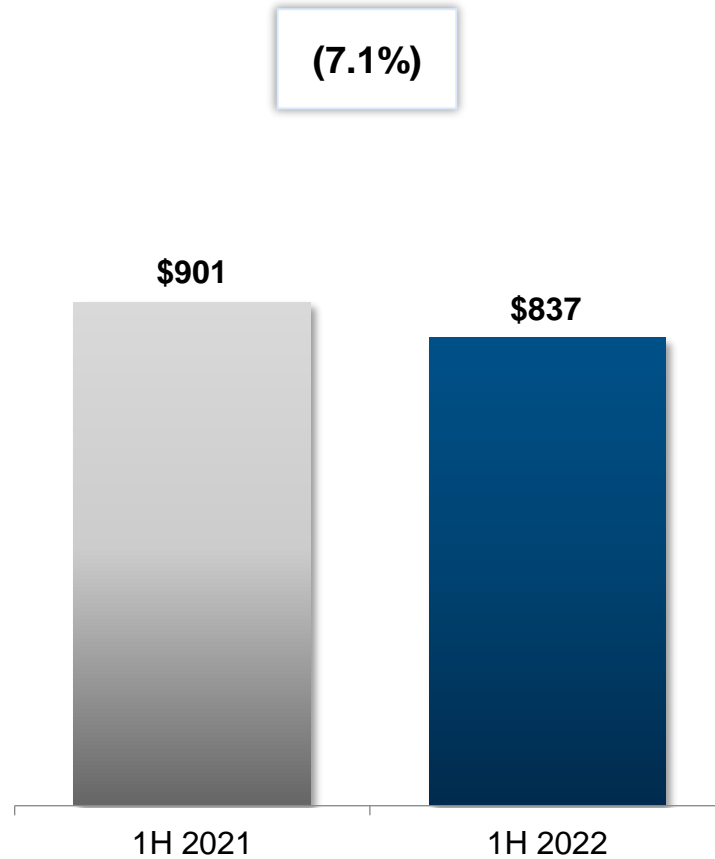
(5.0%)



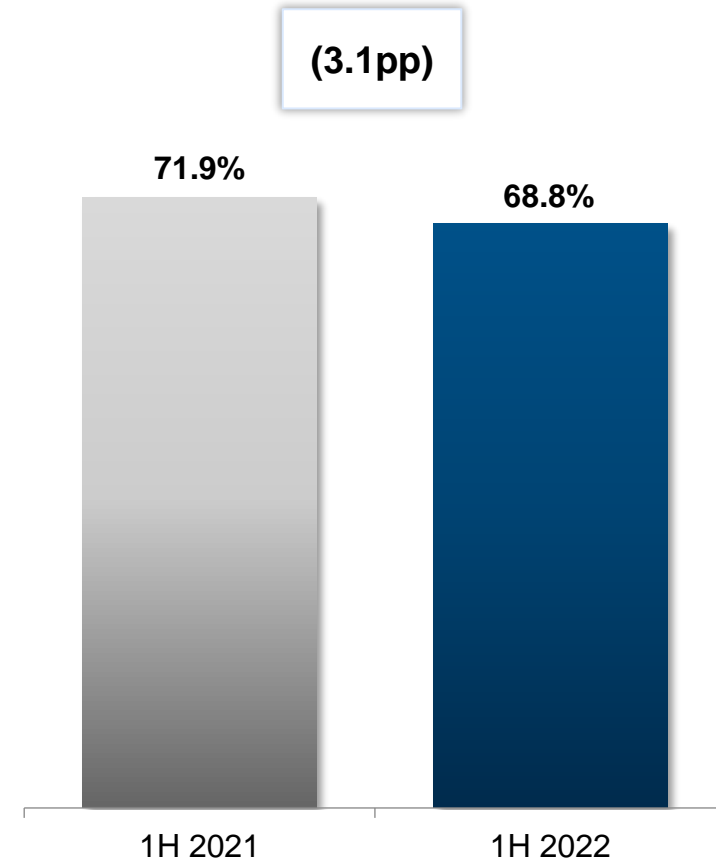
# Oral Tobacco Products Segment

*Adjusted OCI\* and OCI Margins\**

## Adjusted OCI



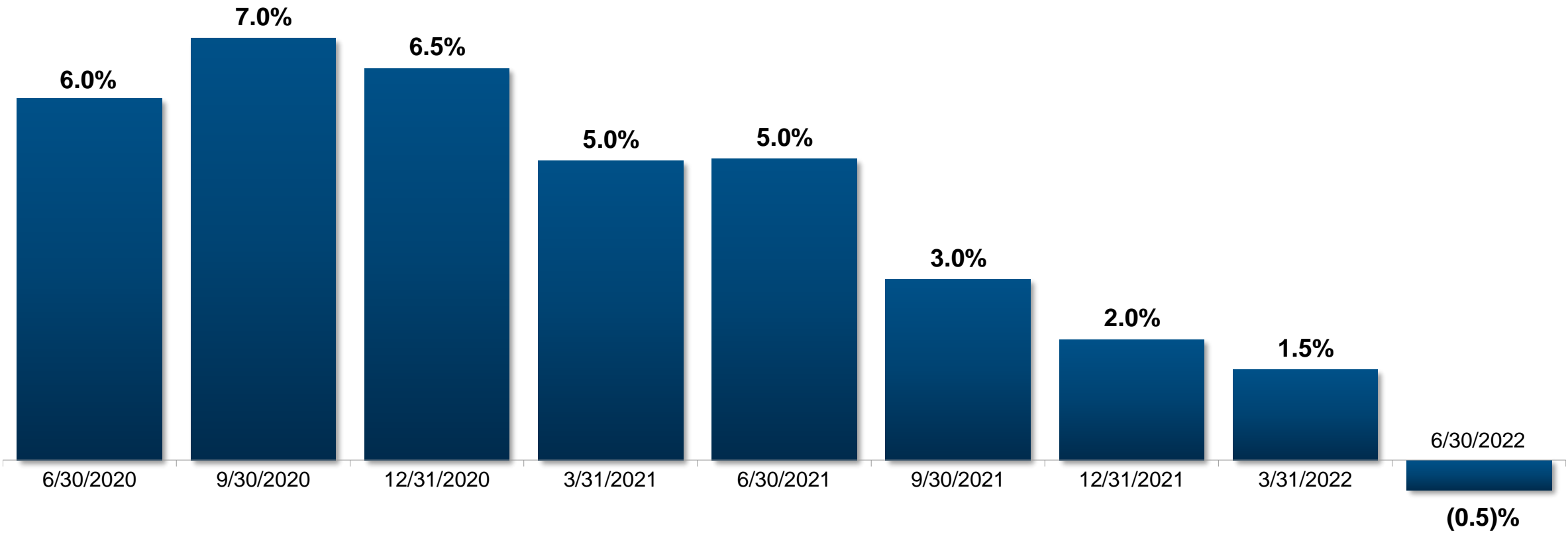
## Adjusted OCI Margins



\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](https://altria.com).

# Oral Tobacco Industry Volume Growth Estimates

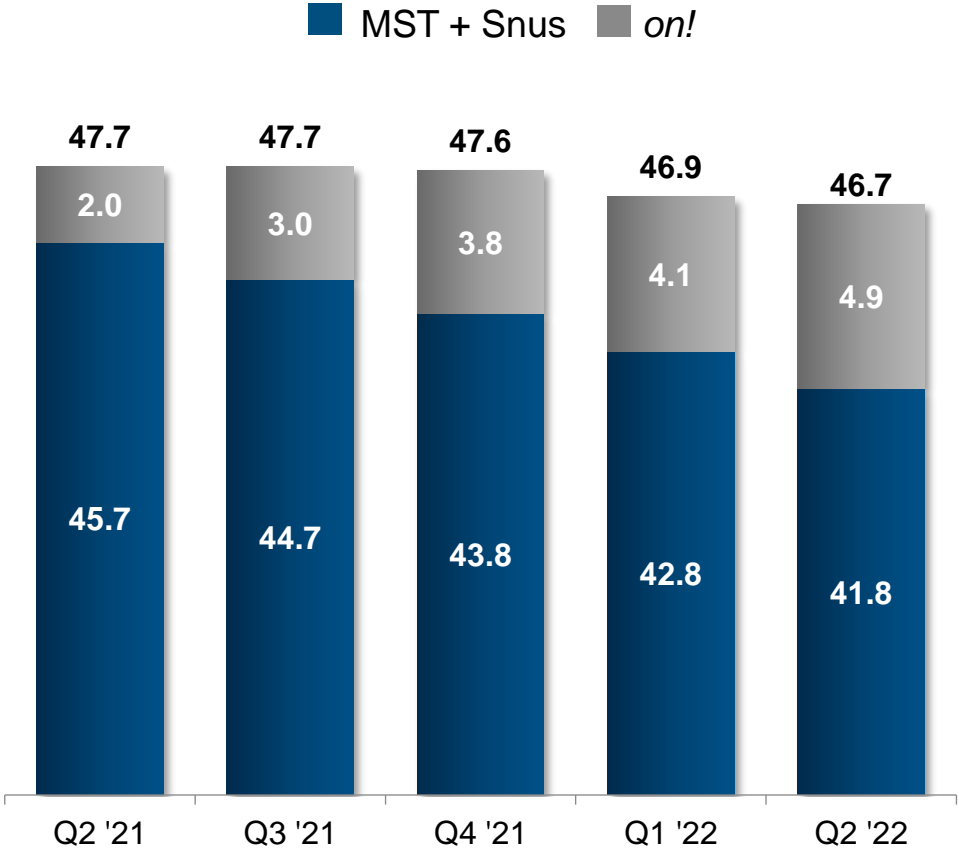
*Six Months Ended*



Source: AVI SCMI Estimates - rounded to the nearest 0.5%  
Oral Tobacco industry includes MST, snus and oral nicotine pouch products  
\* Q1 & Q2 2020 includes an adjustment for estimated retail loading due to COVID-19



# Oral Tobacco Products Segment Retail Share



Source: IRI/MSAi InfoScan Oral Tobacco 2022 – MOC, WE 07/03/22



# Copenhagen's 200<sup>th</sup> Anniversary



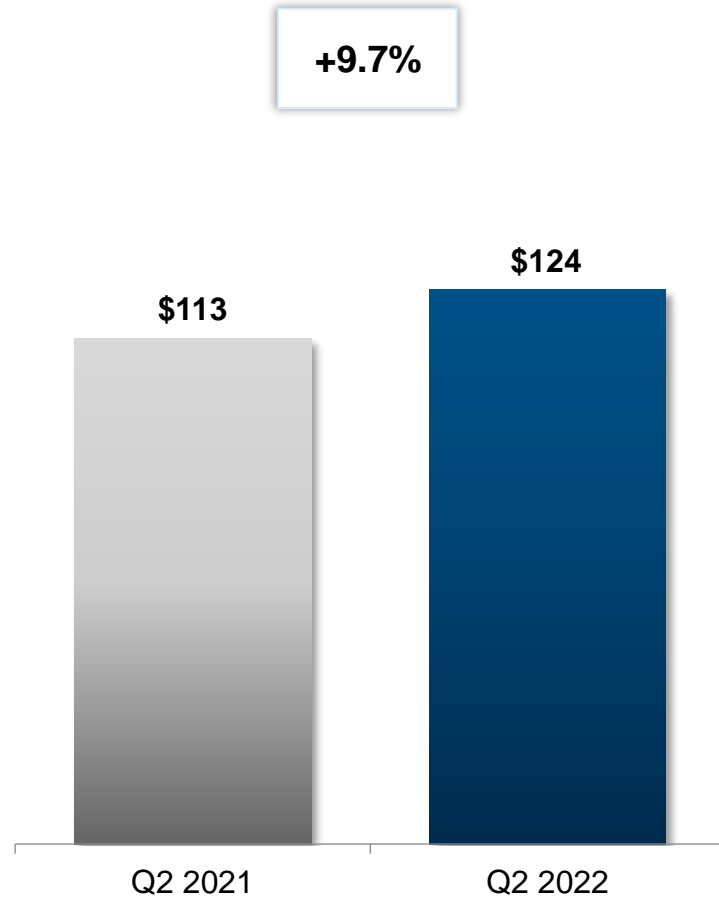


# Copenhagen's 200<sup>th</sup> Anniversary



# Adjusted Equity Earnings\* From ABI Investment

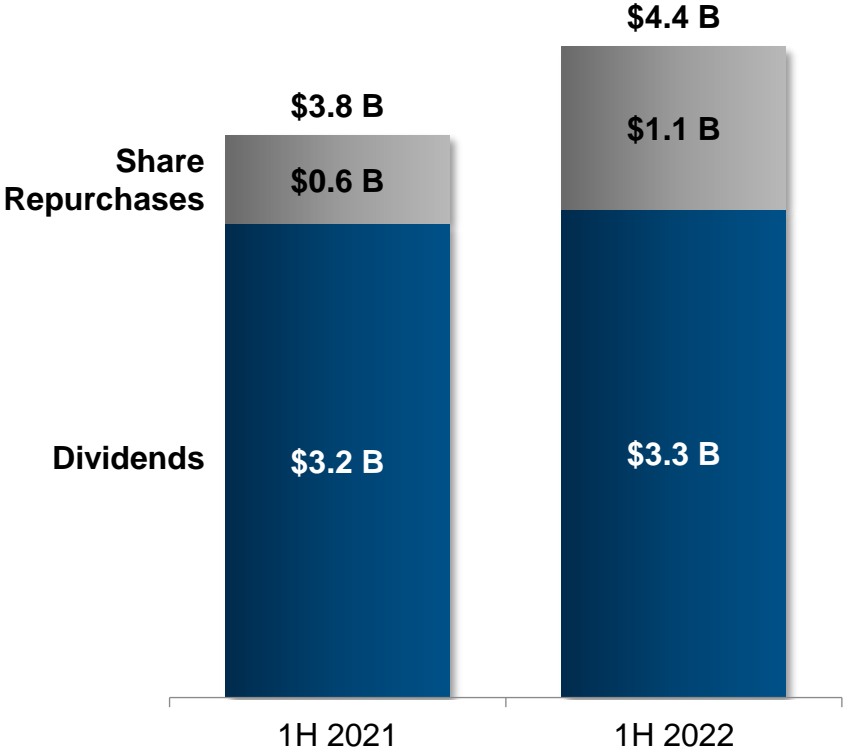
*\$ in millions*



\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](http://altria.com). All third-party trademarks remain the property of their respective owners.

# Creating Long-Term Shareholder Value

## Cash Returned to Shareholders



## 2022 Guidance

We reaffirm our guidance to deliver 2022 full-year adjusted diluted EPS\* in a range of \$4.79 to \$4.93. This range represents an adjusted diluted EPS growth rate of 4% to 7% from a \$4.61 base in 2021.

\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](https://altria.com).



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the transition of adult smokers  
to a smoke-free future.

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