

2021 CAGNY Investor Presentation

Moving beyond smoking™



Altria

Safe Harbor Statement

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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 in the Investors Section, under Events and Presentations.

Our 10-Year Vision

**Responsibly lead the transition
of adult smokers to a
non-combustible future**



Pursuing our Vision for Long-Term Sustainability

The pursuit of our Vision is about sustainability and businesses that are aligned with the responsibility expectations of our stakeholders



Our Responsibility Focus Areas

 ENVIRONMENTAL

 SOCIAL

 GOVERNANCE



Protect the Environment

- Climate change
- Natural resource conservation
- Environmental impact of products



Drive Responsibility Through Our Value Chain

- Responsible sourcing, distribution and retail
- Supplier diversity
- Grower support and agricultural sustainability
- Human rights
- Ethics and compliance



Reduce Harm of Tobacco Products

- Adult smoker transition to non-combustible products
- External conditions for tobacco harm reduction success
- Cessation support



Prevent Underage Use

- Responsible marketing
- Underage access prevention
- Positive youth development



Support Our People & Communities

- Inclusion and diversity
- Racial and economic equity
- Positive impact through engagement and partnership
- Well-being of employees and communities
- Workforce and community capability building



Engage & Lead Responsibly

- Corporate governance and behavior
- Stakeholder engagement and transparency
- Responsible investment governance

Minimizing our Environmental Footprint

Our 2030 Goals

- Cut absolute Scope 1 & 2 greenhouse gas emissions by 55% from 2017 base
- Reduce our carbon footprint by 18% from 2017 base
- Achieve 100% renewable electricity
- Reduce waste sent to landfill by 25% compared to 2017
- Achieve 100% water neutrality, annually



We expect the Science Based Targets initiative to release methodology later this year for companies to set credible net-zero targets and we'll assess our ability at that time to establish this goal

Driving Inclusion and Diversity



Inside Altria

- Established Inclusion and Diversity (I&D) aiming points. Includes achieving:
 - gender parity among VP and Director-level employees
 - composition of at least 30% VP and Director-level employees who are Asian, Black, Hispanic or two or more races
- Established I&D considerations within our performance review process to hold leaders accountable

In Our Communities

- Established a multi-year investment plan behind our commitment to addressing racial and economic inequities

The Most Important Social Issues to Address



**Reduce Harm
of Tobacco
Products**



**Prevent
Underage
Use**

Preventing Underage Tobacco Use

Our newest initiatives include:

- monetary incentives to retailers for **age validation technology**
 - expect the technology to be installed in over 120,000 stores by the end of 2021, which covers 70% of PM USA cigarette volume
- investing in **marketplace monitoring tools** for more real-time data on underage usage trends to enable a more rapid response to potential issues

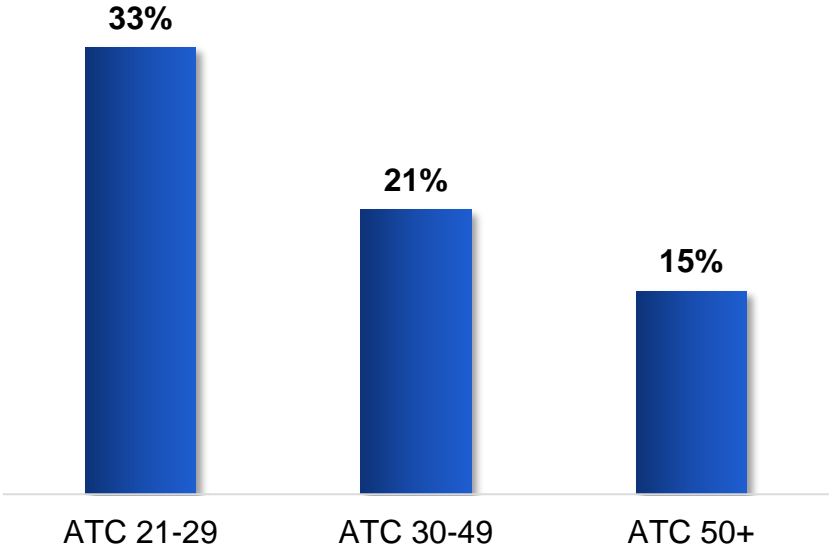


Adult Tobacco Consumer (ATC) Insights

ATC Segmentation Insights

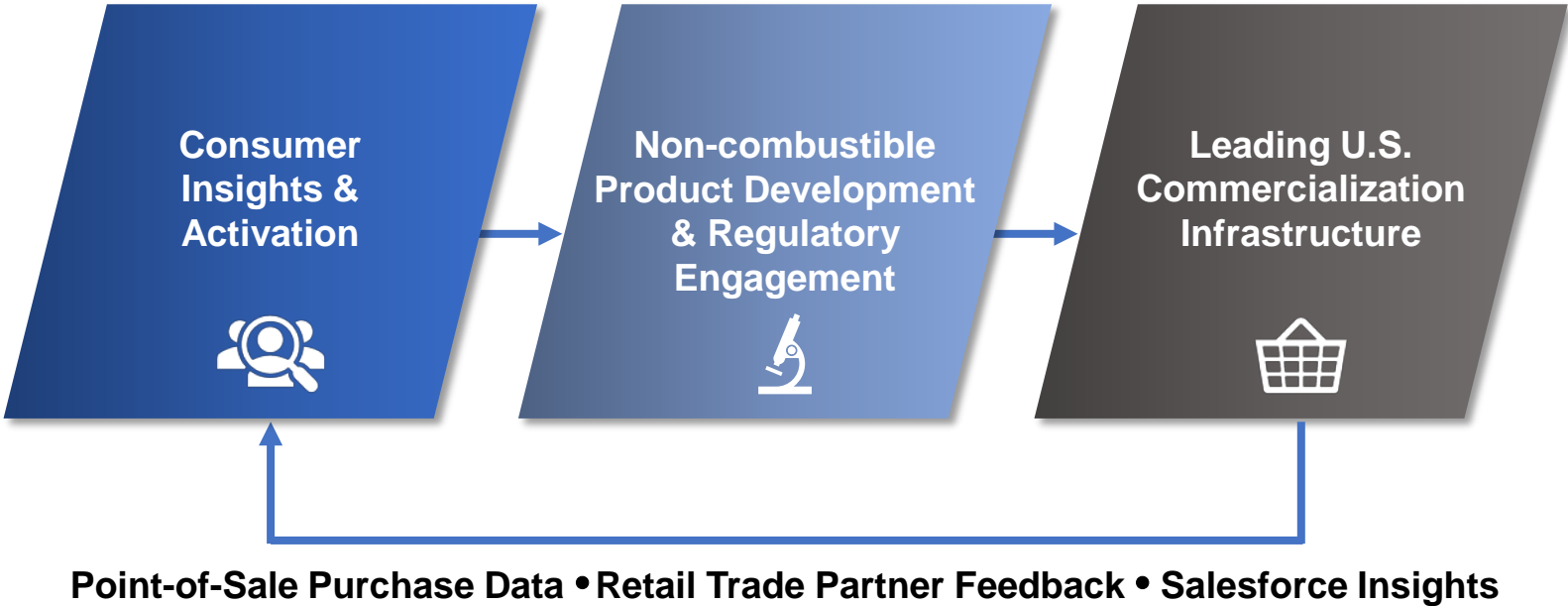
- We believe tobacco product purchases for ATCs ages 21 to 39 look fundamentally different than older ATCs
- Reduced social friction and reduced harm are important tobacco product features across many cohorts
- Non-combustible products interest both male and female ATCs, although specific purchase drivers vary
- Many ATCs are open to using non-combustible products but have not found the right product to meet their needs

Exclusive Non-combustible Product Use



Source: AVI Strategy, Consumer & Marketplace Insights market research; ATCT December 2020 (non-combustible products include-vapor, moist smokeless tobacco, snus and oral tobacco-derived nicotine)

Central Focus on Adult Tobacco Consumer



Internal Realignment to Support our Vision

**Conversion
& Innovative
Products**

**Strategy,
Consumer &
Marketplace
Insights**

**Digital &
Technology**

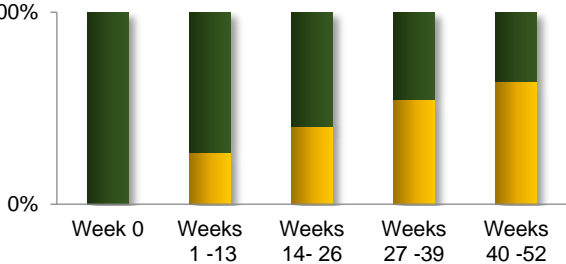
These functions will work together to:

- develop non-combustible product conversion strategies
- enhance our consumer communications and engagement
- drive innovative product development planning and prioritization



Deepening Understanding of Adult Tobacco Consumers' Product Adoption of *on!*

Adult Dipper Example A

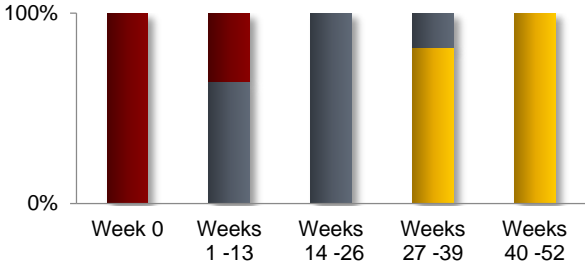


■ *on!* ■ Leading MST Competitor

Competitive adult dipper tries and adopts *on!*. *on!* becomes a more significant portion of total tobacco purchases.

Period evaluated: January 2020 though December 2020

Adult Dipper Example B

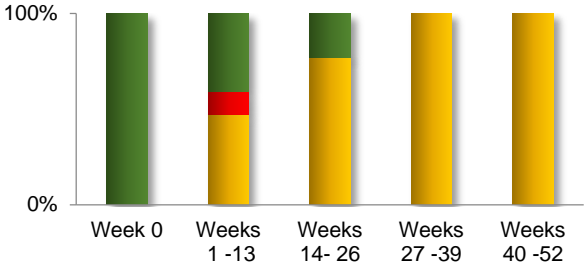


■ *on!* ■ Leading Oral Nic. Pouch Competitor ■ Copenhagen

Copenhagen adult dipper experiments with competitive oral nicotine pouch brand but eventually tries and fully adopts *on!*

Period evaluated: June 2019 though July 2020

Adult Smoker Example



■ *on!* ■ Marlboro ■ Cigarette Competitor

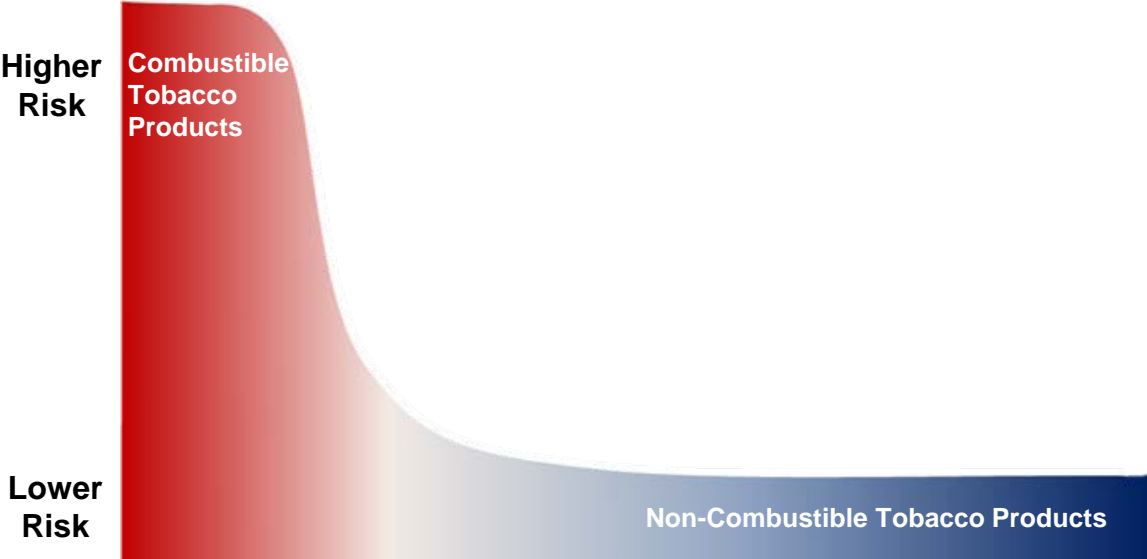
Competitive adult smoker tries and fully adopts *on!*.

Period evaluated: November 2019 though January 2021

Source: POS Scan data; Examples are not necessarily representative of all consumers; only includes volume purchased while using loyalty card



Risk Cliff Between Combustible & Non-Combustible Tobacco¹



¹ Adapted from Nutt, et. al Estimating the Harms of Nicotine-Containing Products Using the MCDA Approach. Eur. Addict Res 2014; 20:218-225. Evaluation criteria include; product specific mortality; product related mortality; product specific morbidity; dependence; loss of tangibles; loss of relationships; injury; crime; environmental damage; family adversities; international damage; economic cost; and community.



Amplifying our Voice on Harm Reduction

“We are investing in science to arrive at the right insights, guide product development and generate the data needed to really push the whole field forward... I firmly believe that the work that we do today will transform the tobacco industry and will have significant benefits for public health.”

-Dr. Maria Gogova, Altria Chief Scientific Officer

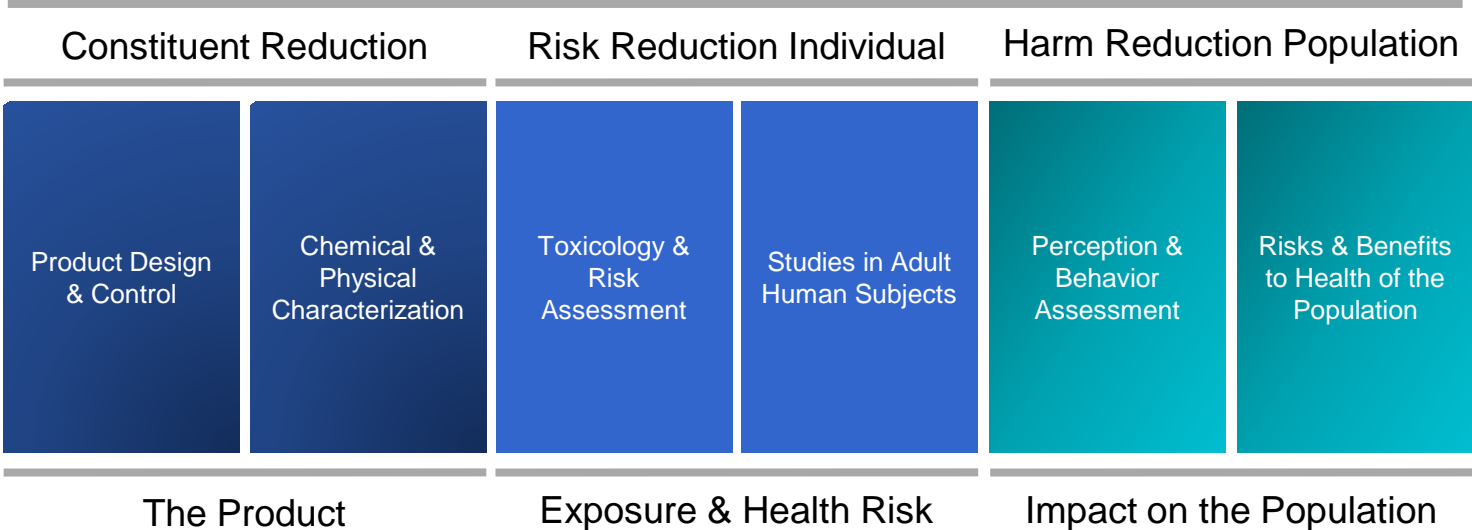
- Established the position of Chief Scientific Officer to amplify our voice within the scientific and public health communities
- Conducting the science necessary to support and expand our portfolio of non-combustible products



Scientific-Based Reduced Harm Framework

For Developing and Evaluating New Tobacco Products

Our Framework for Reduced Harm Tobacco Products



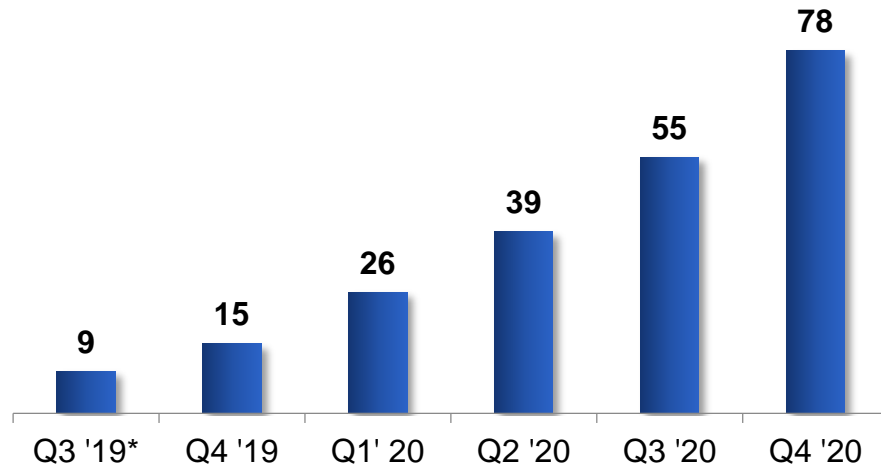
Compelling Oral Tobacco Portfolio



on! Continues Retail Store Expansion

Retail Store Count

in thousands



At 2020 year-end, *on!* was distributed in stores representing ~2/3^{rds} of oral tobacco volume

*Transaction Closed in August 2019
Store Count Source: STARS week ending 01.03.2021

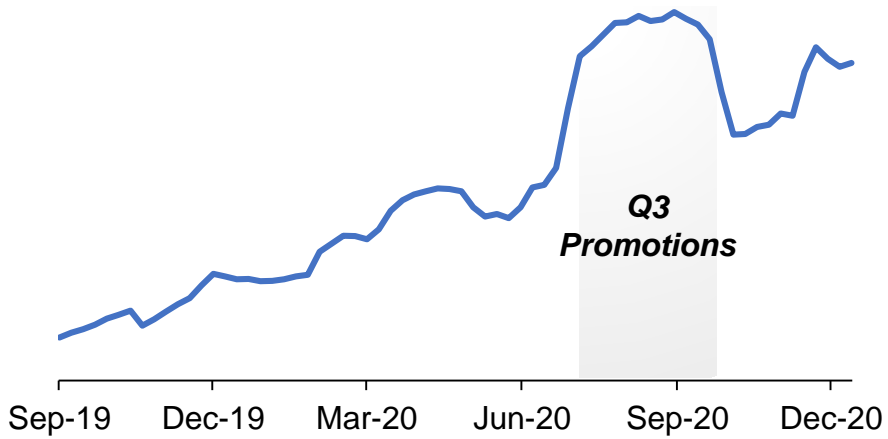
By Mid-Year 2021, Helix Expects:

- unconstrained capacity for the U.S. market
- *on!* to be in stores representing ~90% of oral tobacco volume and ~80% of cigarette volume

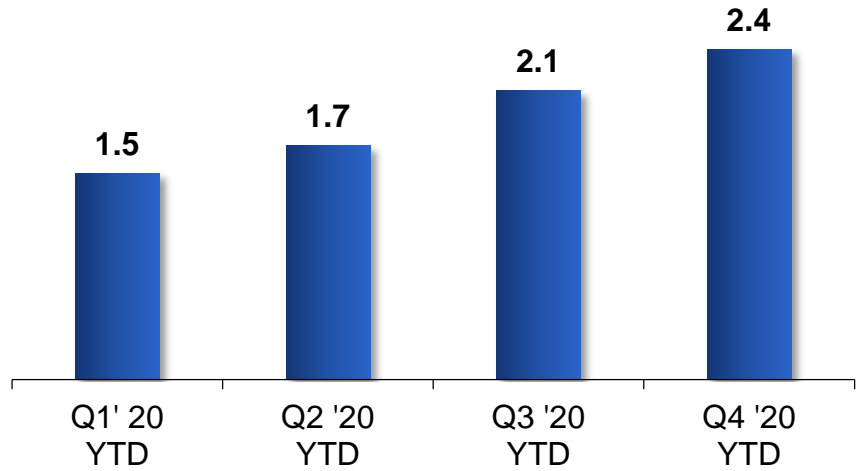


on! Growing Shipment Volume & Retail Share

Shipment Volume
13wm



Cumulative Share of Oral Tobacco Category¹



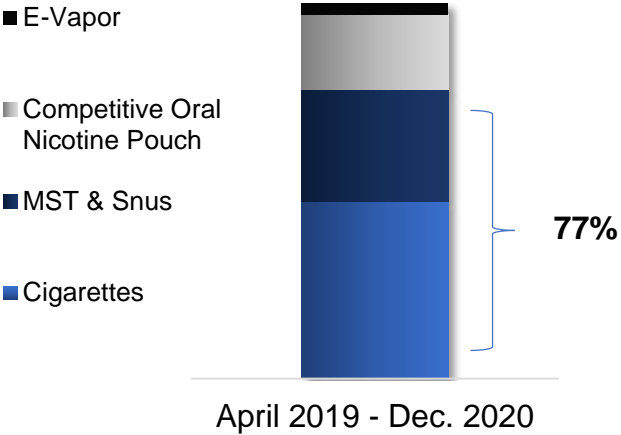
on!'s shipment volume has steadily grown to keep pace with consumer demand & store expansion

¹ Source: IRI Non-Projected and POS Scan data for select retail stores selling on! and submitting data as of week ending 1.3.2021

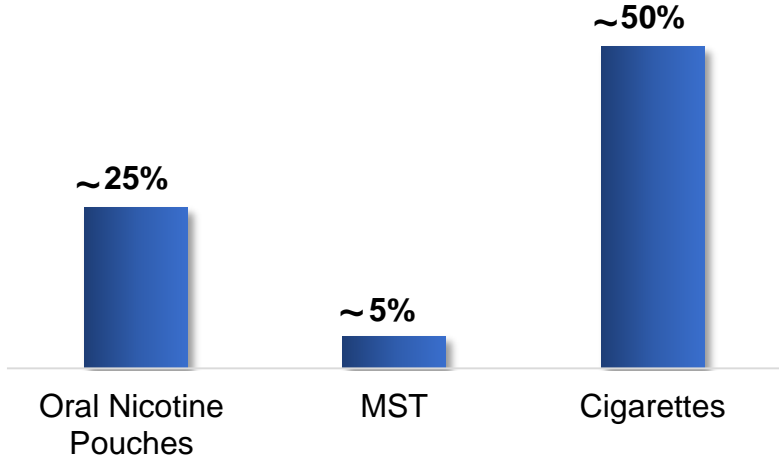


on! Potential with Adult Smokers & Dippers

Tobacco Basket Volume Prior to First on! Purchase



Category Representation of Women Consumers



There are now ~1 million adult oral nicotine pouch consumers*

Source: POS Scan data April 2019 – December 2020 (Top 5 Convenience Chain By Smokeless Volume)

Source: ATCT 12MM as of September 2020, Awareness Study and Innovative Products Study
 *Based on responses for Oral Tobacco Derived Nicotine Products

IQOS & Marlboro HeatSticks

First-Mover Advantage & Expansion

2020 PM USA & AGDC Accomplishments

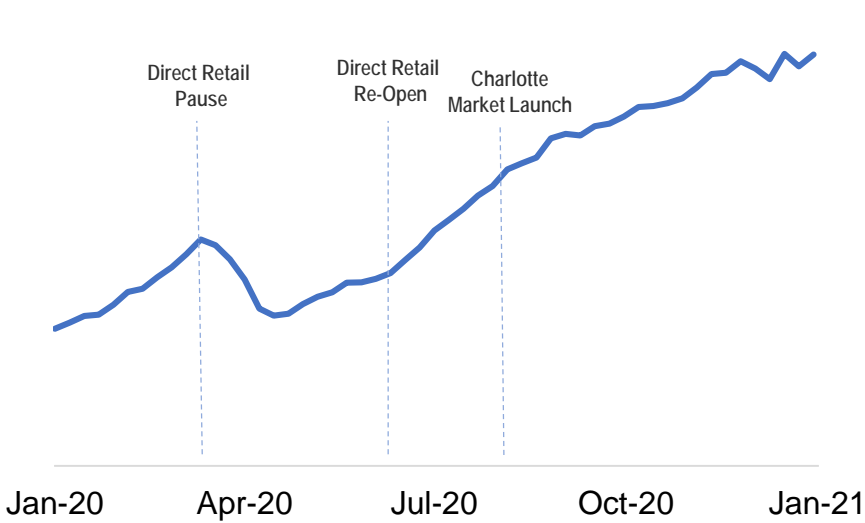
- Launched a third lead market in Charlotte
- Introduced devices in select Charlotte convenience stores
- Developed creative digital tools to enhance consumer engagement
- Communicated with adult smokers using the FDA-authorized reduced exposure claim about the benefits of switching completely from cigarettes



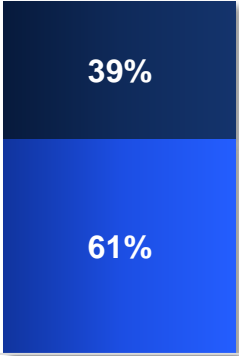
Marlboro HeatSticks Retail Volume Growth & Traction with Competitive Adult Smokers

Marlboro HeatSticks Retail Volume Growth¹ Across Atlanta, Richmond & Charlotte Markets

IQOS Purchasers' Cigarette Brand



■ PM USA Brands ■ Other



¹Four-week moving average.
Source: GMR Sales Extract through 01.02.2021, POS Scan through 01.02.2021

Source: GMR Sales Extract through 01.04.2020 - 01.23.2021

Disciplined *IQOS* & *Marlboro HeatSticks* Expansion Approach with Lead Market Learnings

2020 Lead Market Learnings:

- many adult smokers aren't aware of the full range of benefits of switching to the product from cigarettes
- adult smokers appreciate flexible engagement options
- some adult smokers hesitate to try the product based on initial purchase cost



Awareness

Engagement

Trial

Purchase

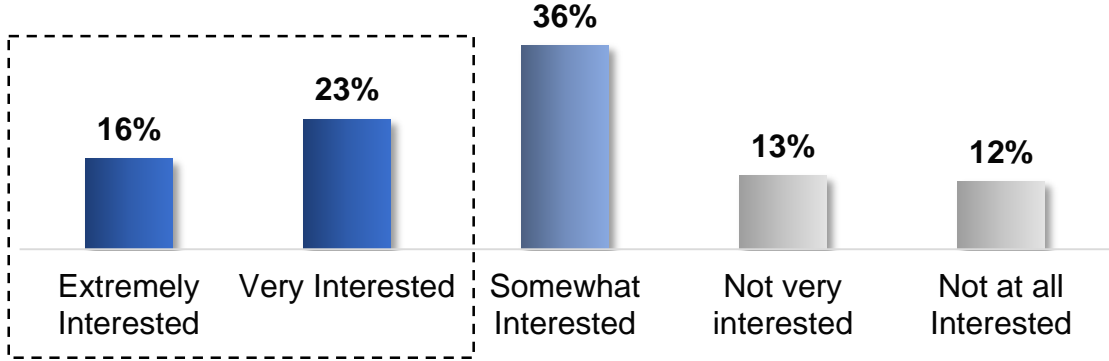
Conversion

Strong Adult Smoker Switching Interest to Products with a Reduced Exposure Claim

% of Adult Smokers Interested in Switching to a Product Based on a Reduced Exposure Claim

Reduced Exposure Claim Shown:

“Switching completely significantly reduces your body’s exposure to harmful or potentially harmful chemicals.”

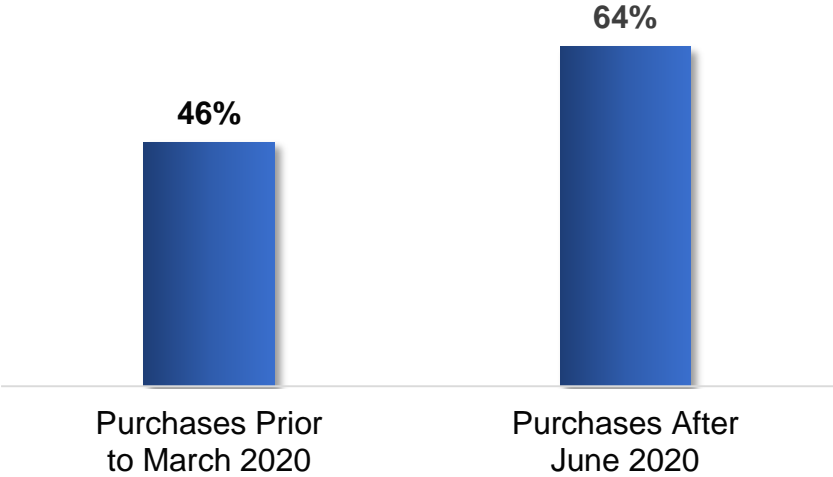


Base: 2,200 Adult Smokers 21+ National Sample
Source: AVI Strategy, Consumer & Marketplace Insights: Tobacco Alternatives Study 2020

Flexible Consumer Engagement & Virtual Support

% of IQOS Purchases via Mobile Retail¹

Virtual Guided Tutorials & Expert Video Chat

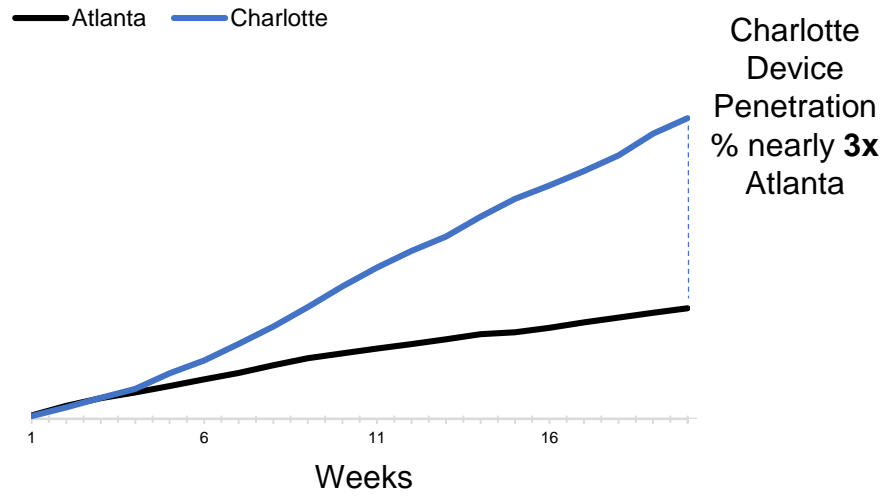
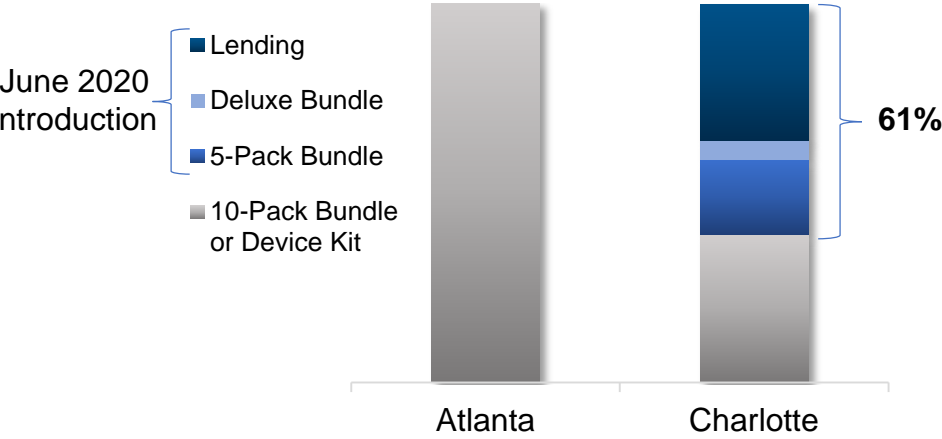


¹Mobile retail includes expert kiosks, educational vehicles, mobile retail units and customer care experts.
Source: AVI Strategy, Consumer & Marketplace Insights: GMR Sales Extract through 01.02.2021

Flexible IQOS Purchasing Bundles Driving Trial & Purchase

IQOS % of Bundle Purchases by Channel
First 6 months in market

IQOS Device Penetration %

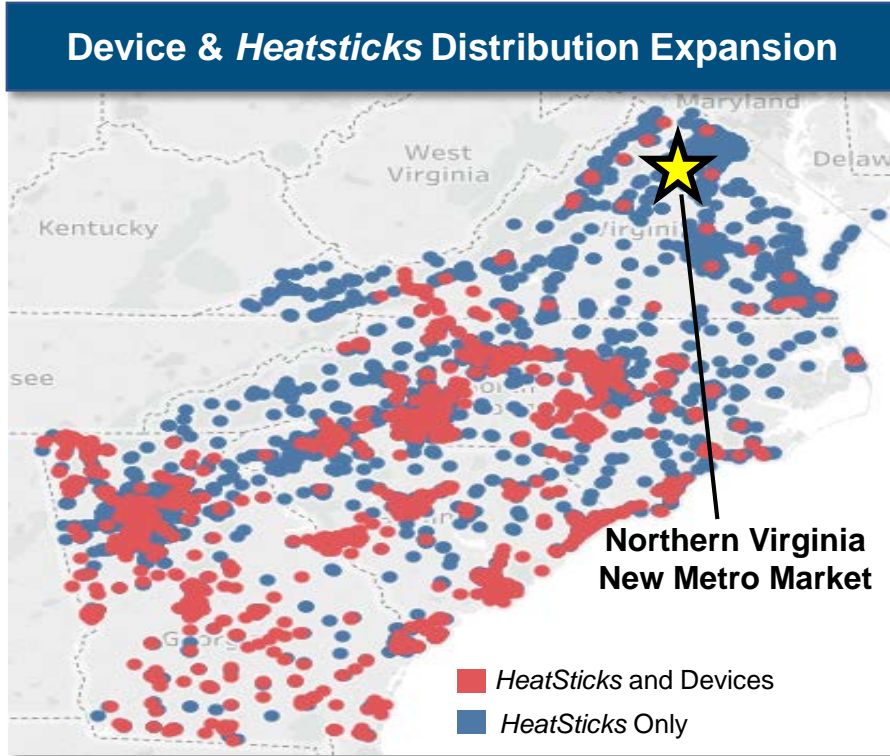


Source: AVI Strategy, Consumer & Marketplace Insights: GMR Sales Extract through 01.02.2021"

Device Penetration = Number of devices sold as a percentage of adult smoker population
 Source: AVI Strategy, Consumer & Marketplace Insights Estimates

IQOS & Marlboro HeatSticks State Expansions

Georgia, Virginia, North Carolina & South Carolina



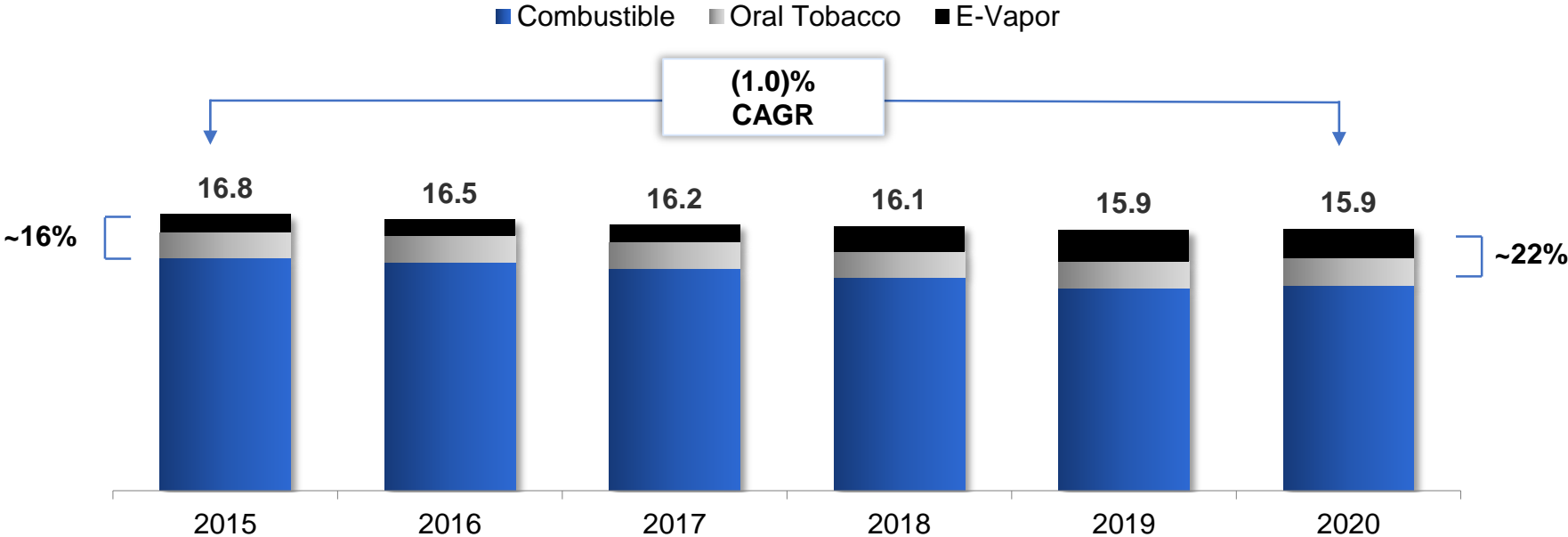
- Expand *HeatSticks* and devices statewide within Georgia, Virginia, North Carolina and South Carolina in April
- Expand to the next metro market in Northern Virginia in second quarter. This new market represents one of the largest populated-metro areas in the U.S.
- Expand to three additional metro markets in second half of 2021
- Expect *HeatSticks* to be available in geographies covering ~25% of U.S. cigarette volume by year end

Making Significant Progress Toward our Vision



Tobacco Space Estimated Volume

Equivalized Volume in Billions

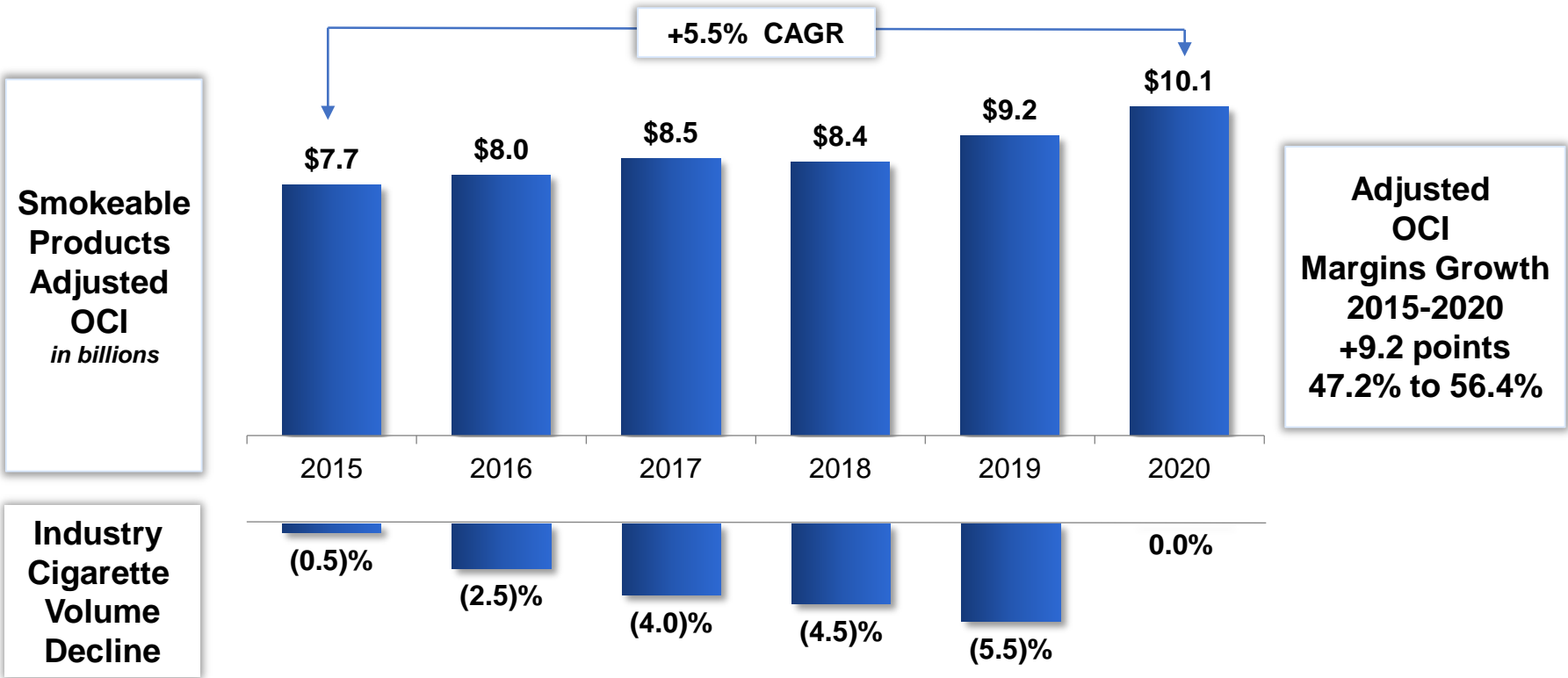


Note: Volume for Heated Tobacco products rounded to 0.0 billion for 2019 and 2020

Sources: AVI Strategy, Consumer & Marketplace Insights Estimates; IRI MOC; Capstone; ComScore; Merkle
 For purposes of this theoretical analysis, the tobacco space may combine different product categories under a single descriptor. In this analysis, "Combustible" contains Cigarettes and Cigars, and "Oral Tobacco" contains Moist Smokeless Tobacco (MST), Snus and Oral Tobacco-Derived Nicotine Products (OTDN)
 EQ Estimation – For purposes of this theoretical analysis the following are assumed to be equivalent: 1 pack of cigarettes = 1 can of MST/Snus/OTDN = 10 Cigars = 1 E-Vapor cartridge

Smokeable Products Segment

Adjusted OCI Growth & Margins Growth*



Marlboro Continues to Lead Cigarette Category

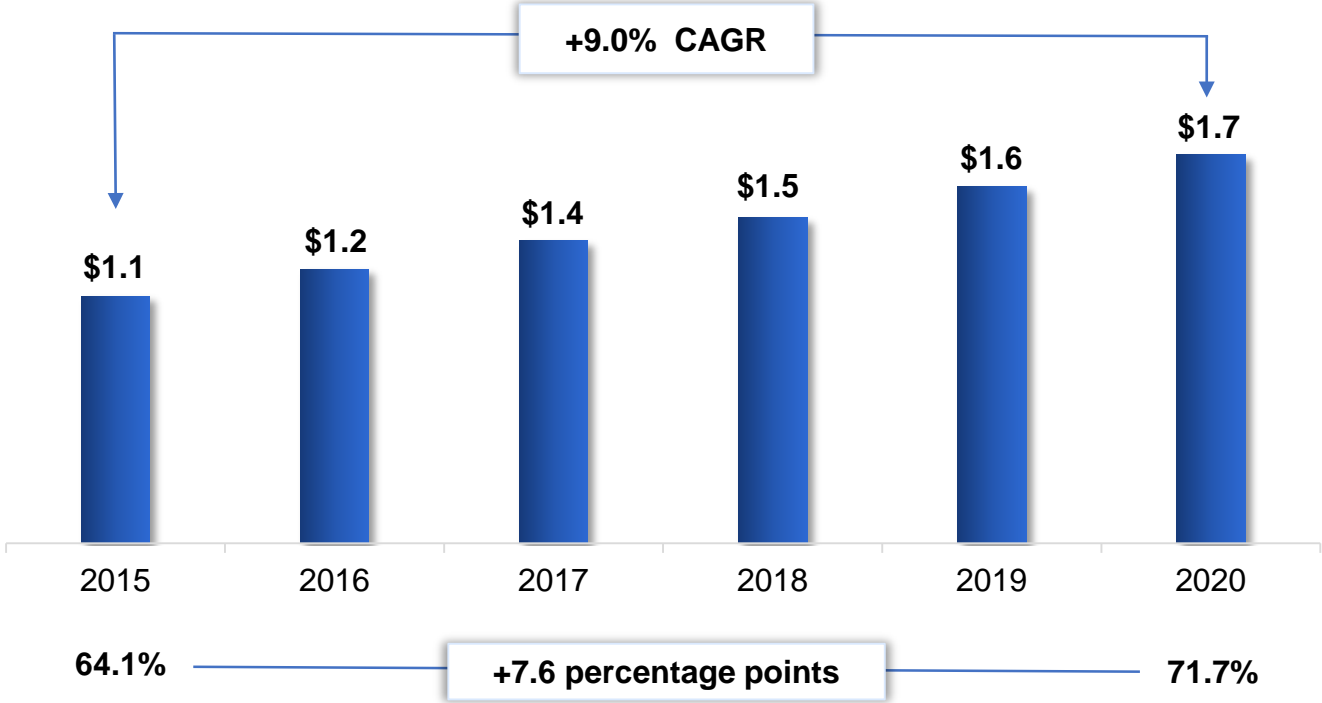


Oral Tobacco Products Segment

Adjusted OCI & Margins Growth*

Oral Tobacco Products Adjusted OCI in billions

Adjusted OCI Margins



Alcohol Assets



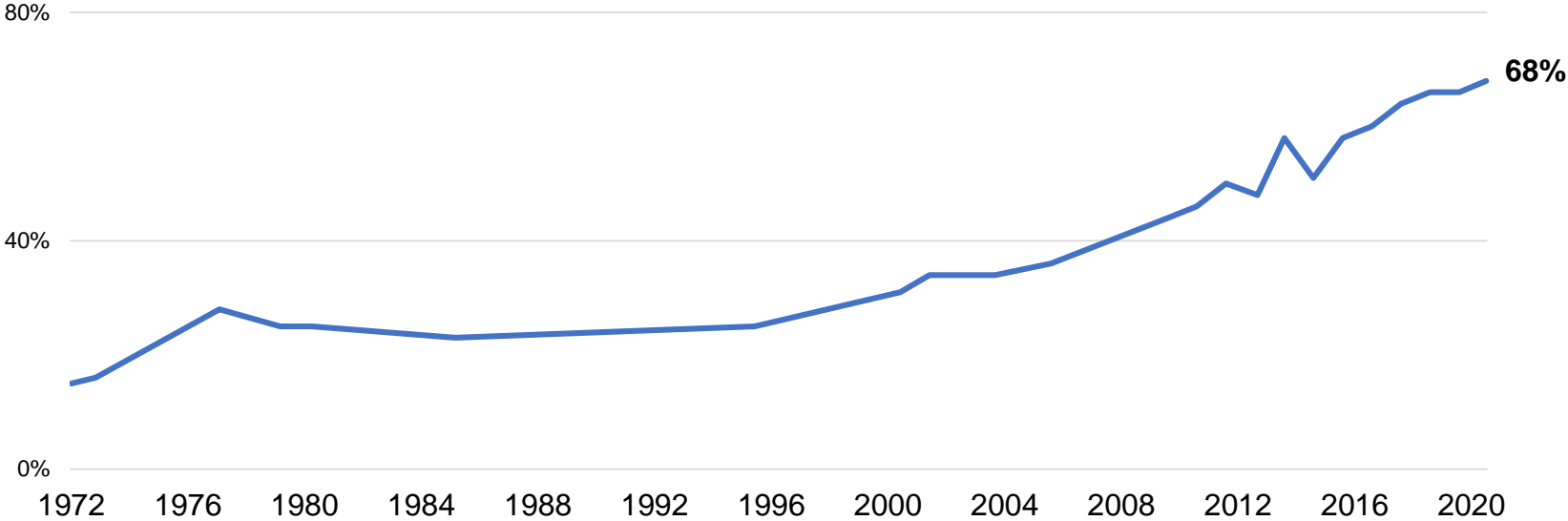
- Beer and wine assets have served us well over-time and provide us with diverse income streams
- Original investment of \$230 million in SABMiller in 1970 has now grown to an investment in ABI, the largest global beer company with a carrying value of ~\$16.7 billion*
- Most of our ABI shares are currently restricted with the lock-up expiring in October of this year
- Conducting a thorough analysis of our ABI ownership to determine the best path forward for this investment



ABIInBev

U.S. Cannabis Market A Significant Opportunity for Adjacent, Long-Term Growth

% of Americans that Support Federal Legalization



Source: Gallup Poll Social Survey, October 2020

Altria Supports a Federally Legalized U.S. Cannabis Market

In support of our investment in Cronos, Altria is committed to supporting a comprehensive, federal regulatory framework that:

- advances science
- creates quality and safety standards
- prevents underage use and
- takes significant steps to address historical impact of cannabis criminalization on communities of color

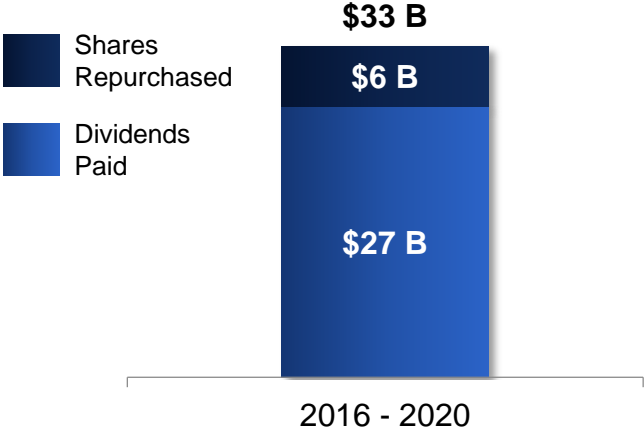
The logo for Cronos Group features the word "CRONOS" in a bold, black, sans-serif font. The letter "O" is highlighted in a vibrant green color. Below "CRONOS", the word "GROUP" is written in a smaller, black, spaced-out, sans-serif font. The entire logo is contained within a white rectangular box with a thin grey border.

CRONOS
GROUP

Capital Allocation

We remain focused on returning cash to shareholders and maintaining a strong balance sheet

Cash Returned to Shareholders



- Maintain long-term target dividend payout ratio of ~80% of adjusted diluted earnings per share
- In January 2021, the Board authorized a new \$2 billion share repurchase program, which we expect to complete by June 30, 2022
- Executing a debt management transaction to take advantage of favorable market conditions to adjust our debt maturity profile and extend the weighted average maturity of debt

2021 Adjusted Diluted EPS* Guidance

We reaffirm our full-year 2021 adjusted diluted EPS* guidance of \$4.49 to \$4.62. This range represents a growth rate of 3% to 6% from a 2020 adjusted diluted base of \$4.36.

Moving beyond smoking™



Altria