

# Altria's Fourth-Quarter 2022 Earnings Conference Call

*February 1, 2023*



Altria

— FAMILY OF COMPANIES —

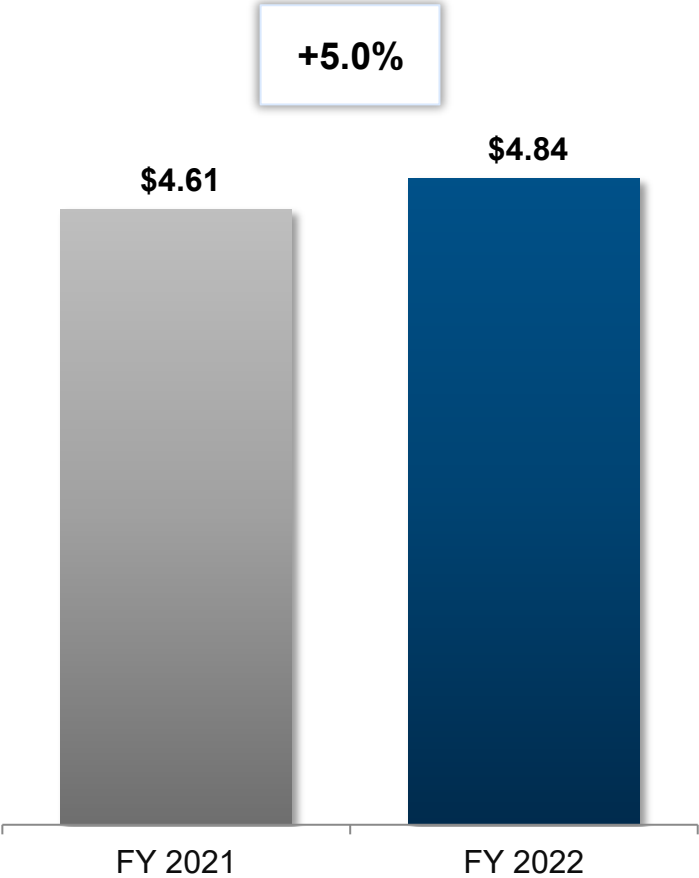
# Safe Harbor Statement

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 (i) its Annual Report on Form 10-K for the year ended December 31, 2021 and (ii) its 2022 Quarterly Reports on Form 10-Q, and under the heading “Forward-Looking and Cautionary Statements” in its earnings press release, dated February 01, 2023.

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](https://www.altria.com).

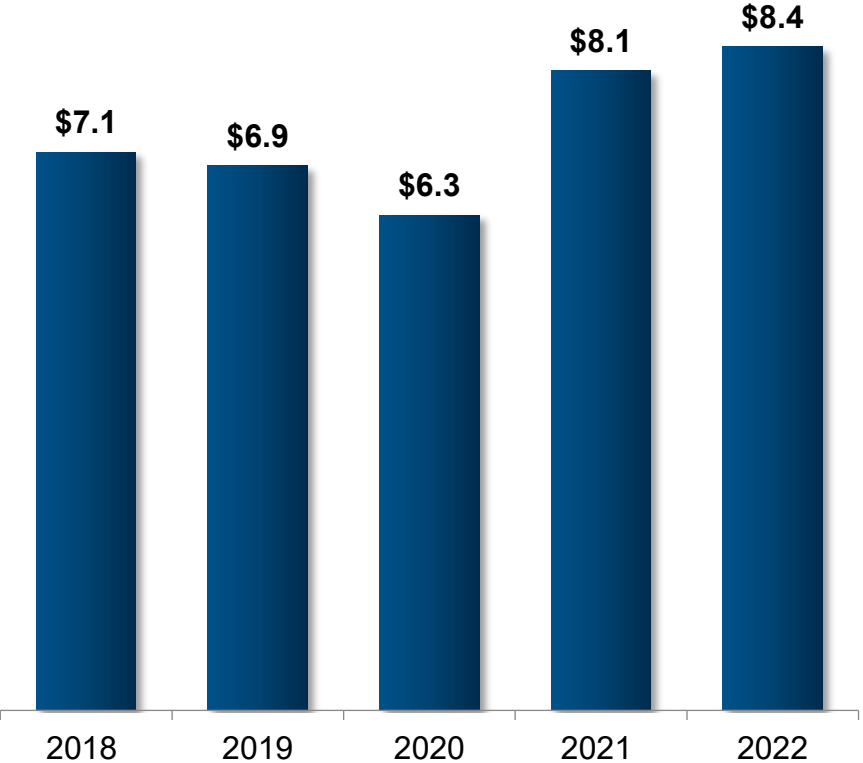
# Strong Performance & Cash Returns to Shareholders

## Adjusted Diluted Earnings Per Share (EPS)\*



## Cash Returns to Shareholders

*(\$ in billions)*



**\$36.8 Billion Returned Over the Past Five Years**

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

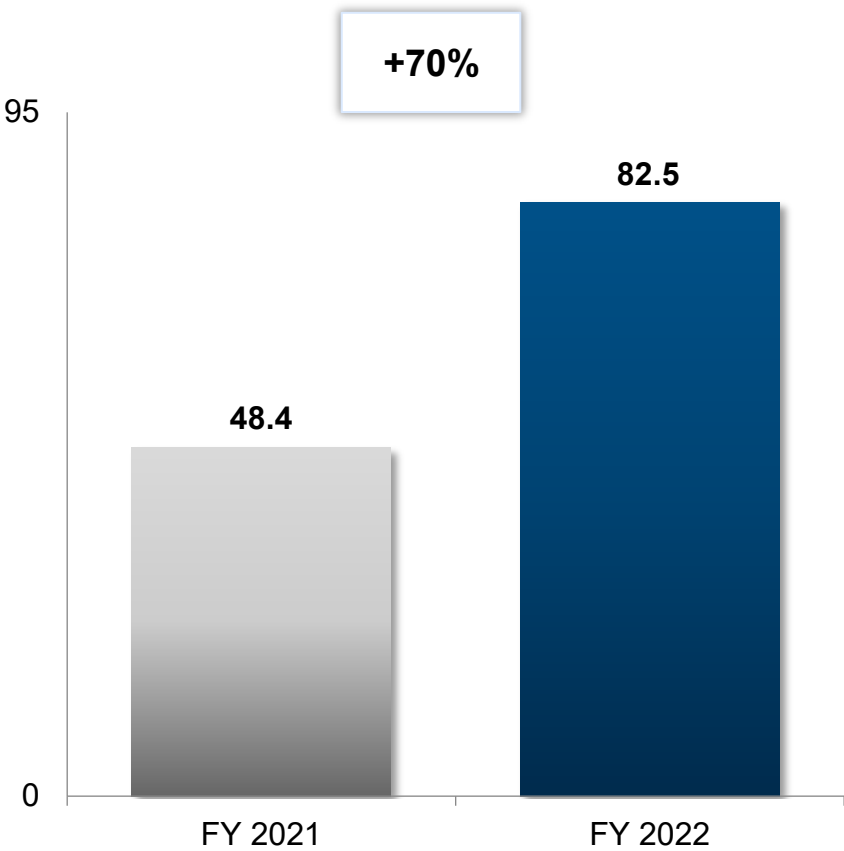
# 2022 Progress Toward Our Vision

- Accelerating the growth of *on!* nicotine pouches
- Creating long-term optionality for our inhalable smoke-free product portfolio
- Enhancing our digital consumer engagement
- Continuing to advocate for tobacco harm reduction

# Impressive Performance from *on!*

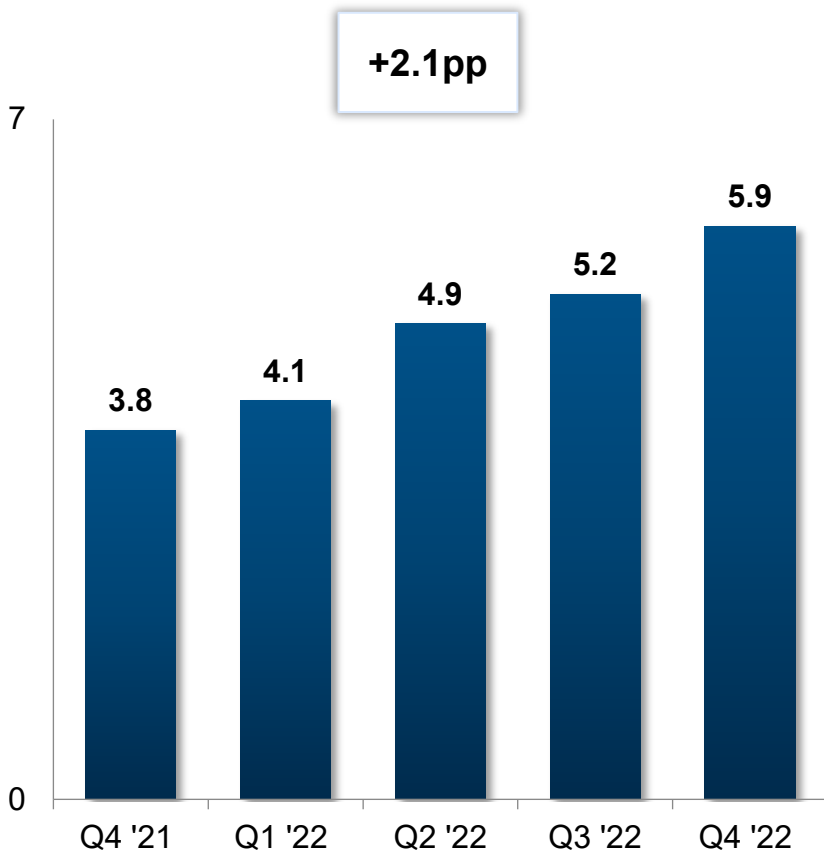
## *on!* Shipment Volume

(cans in millions)



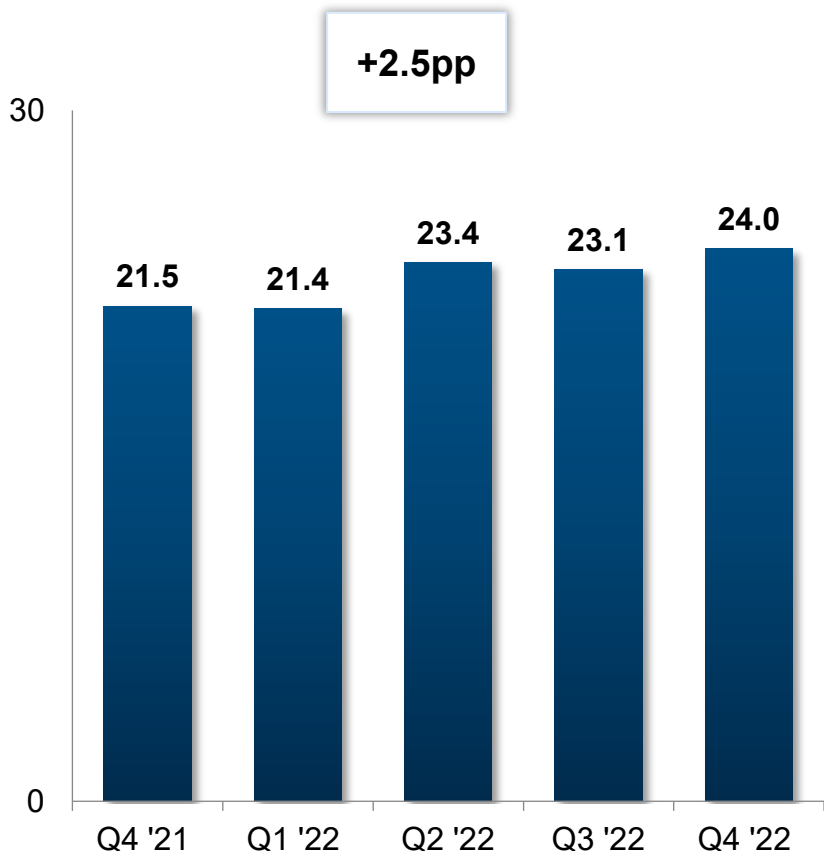
## *on!* Share of Oral Tobacco

(total U.S.)



## *on!* Share of Nicotine Pouch

(total U.S.)



Source: IRI InfoScan Oral Tobacco MOC, WE 1/01/23

# Update: Product Development



# Our Partnership with JT Group

# Marlboro



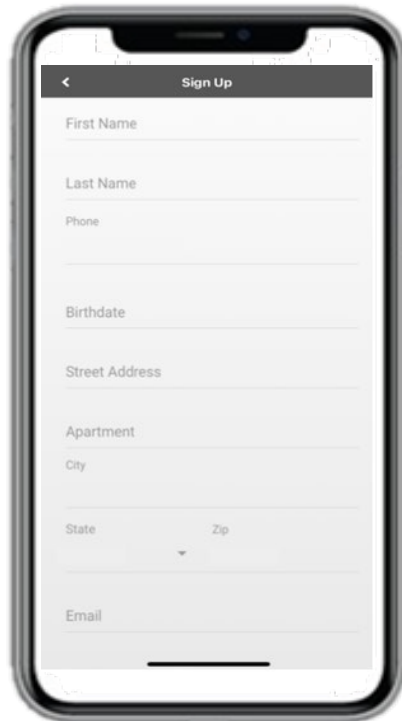
All third-party trademarks remain the property of their respective owners.

# Optionality in E-Vapor

- As we previously announced, we elected to be released from the non-compete obligations related to our JUUL investment. We retain our economic stake in JUUL.
- E-vapor remains the largest smoke-free category in the U.S. and the most successful category in transitioning U.S. adult smokers away from cigarettes.
- We believe the category can play an important role in harm reduction and we are continuing to evaluate all options to best compete in the category.

# Responsible Digital Consumer Engagement

## Step 1: Electronic Age & Identity Verification on Retailer Owned Digital Platforms



Sign Up

First Name

Last Name

Phone

Birthdate

Street Address

Apartment

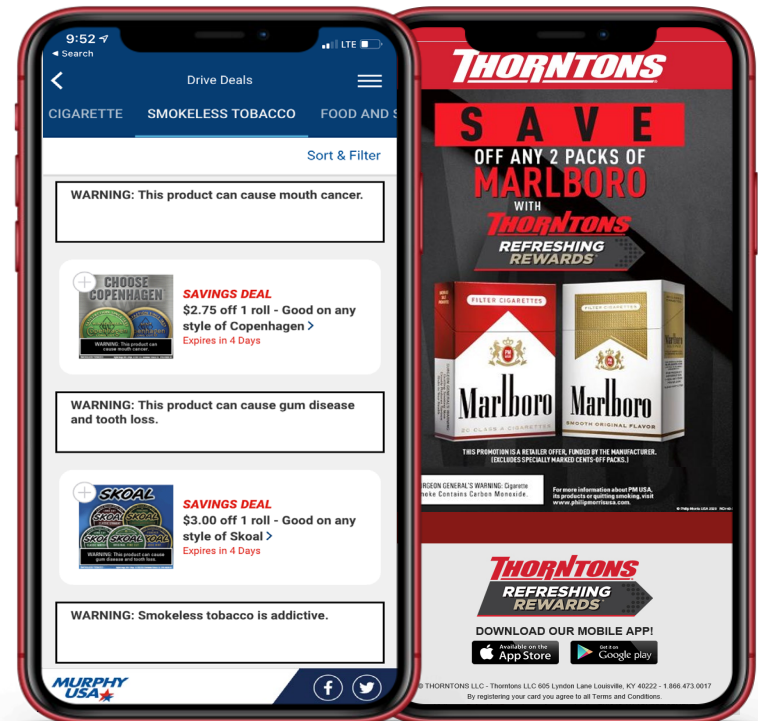
City

State Zip

Email

Once Verified 21+

## Step 2: Access to Brand Messaging on Retailer Owned Digital Platforms

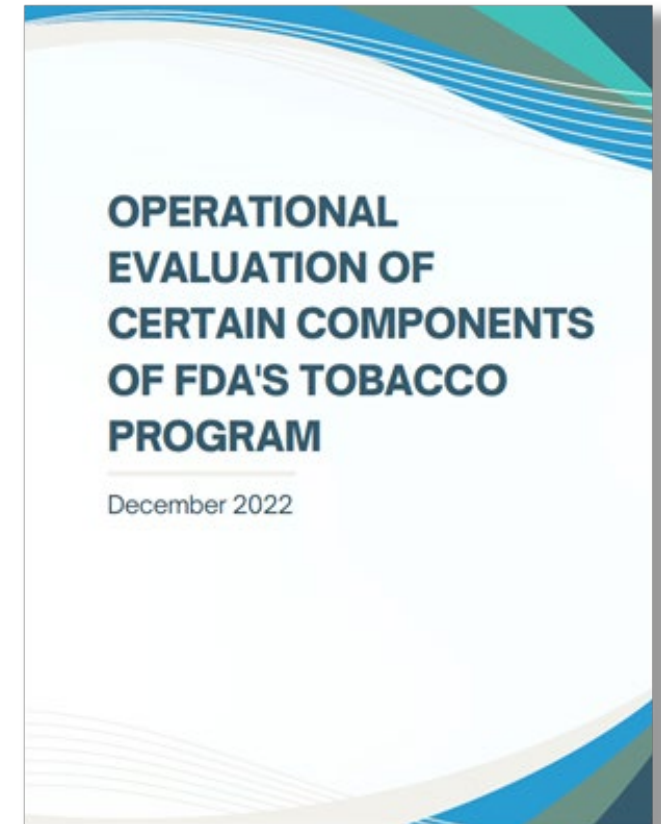


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# Tobacco Regulatory Update

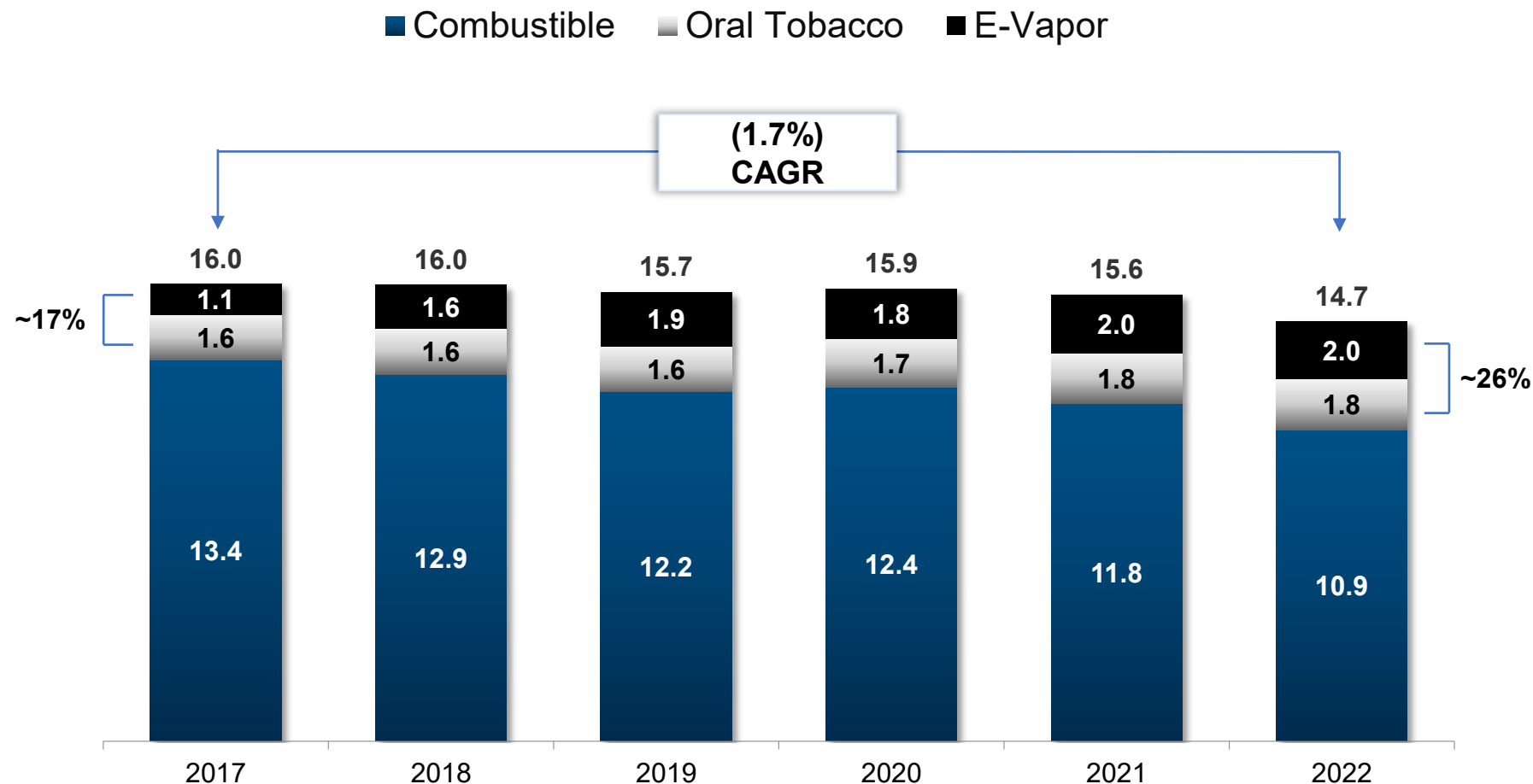
In December, the Reagan-Udall Foundation published its *Operational Evaluation of Certain Components of FDA's Tobacco Program*. We were among the stakeholders who provided input to this evaluation. Among its recommendations, the report urges the FDA to:

- (i) clearly define product pathways and accelerate pre-market tobacco product application (PMTA) decision-making;
- (ii) take enforcement actions against manufacturers and products in violation of the law; and
- (iii) address the need for risk communications to adult tobacco consumers.



# Tobacco Space Estimated Volume

*Equivalized Volume in Billions*



Sources: CMII 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

Note: Annual volume for Heated Tobacco products rounded to 0.0 for 2019 – 2022.

# 2023 Financial Outlook

- Our planned investment areas include:
  - (i) continued smoke-free product research, development and regulatory preparations,
  - (ii) digital consumer engagement and
  - (iii) marketplace activities in support of our smoke-free products.
- We expect to deliver 2023 full-year adjusted diluted EPS<sup>1</sup> of \$4.98 to \$5.13<sup>2,3</sup>. This range represents an adjusted diluted EPS growth rate of 3% to 6% from a 2022 base of \$4.84.



<sup>1</sup> For reconciliations of non-GAAP to GAAP measures visit [altria.com](https://altria.com).

<sup>2</sup> Guidance includes lower expected net periodic benefit income due to market factors, including higher interest rates, and the impact of the 2022 completion of the Philip Morris Capital Corporation wind-down.

<sup>3</sup> While the 2023 full-year adjusted diluted EPS guidance accounts for a range of scenarios, the external environment remains dynamic. We will continue to monitor conditions related to (i) the economy, including the impact of high inflation, rising interest rates and global supply chain disruptions, (ii) adult tobacco consumer dynamics, including disposable income, purchasing patterns and adoption of smoke-free products, and (iii) regulatory and legislative developments.



# Honoring W. Leo Kiely III



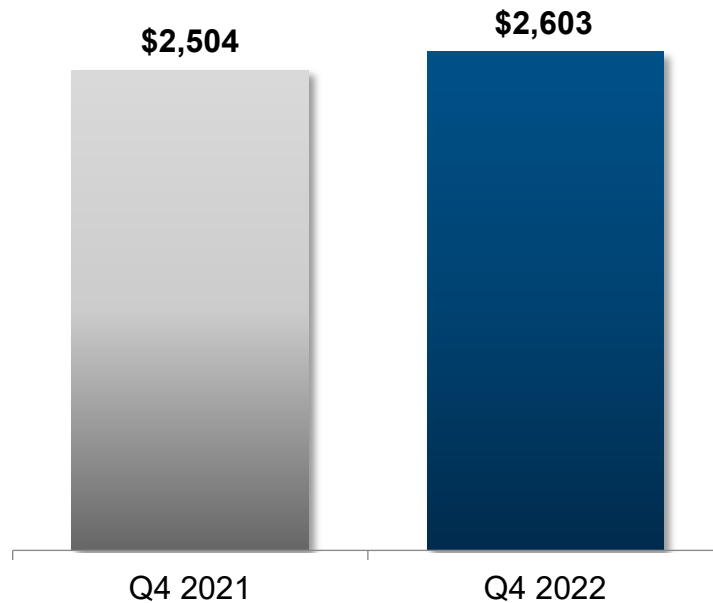
# Q4 2022: Smokeable Products Segment

*Adjusted Operating Companies Income\* (OCI) and Adjusted OCI Margins\**

## Adjusted OCI

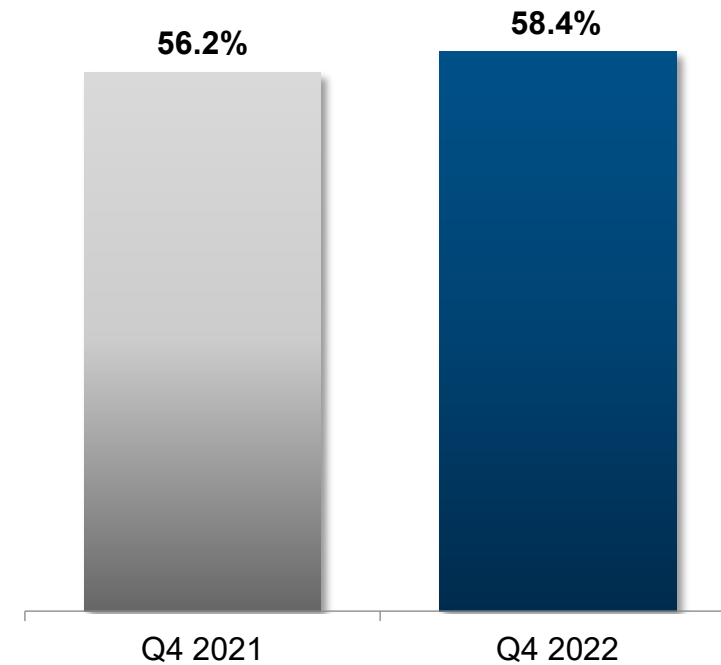
(\$ in millions)

+4.0%



## Adjusted OCI Margins

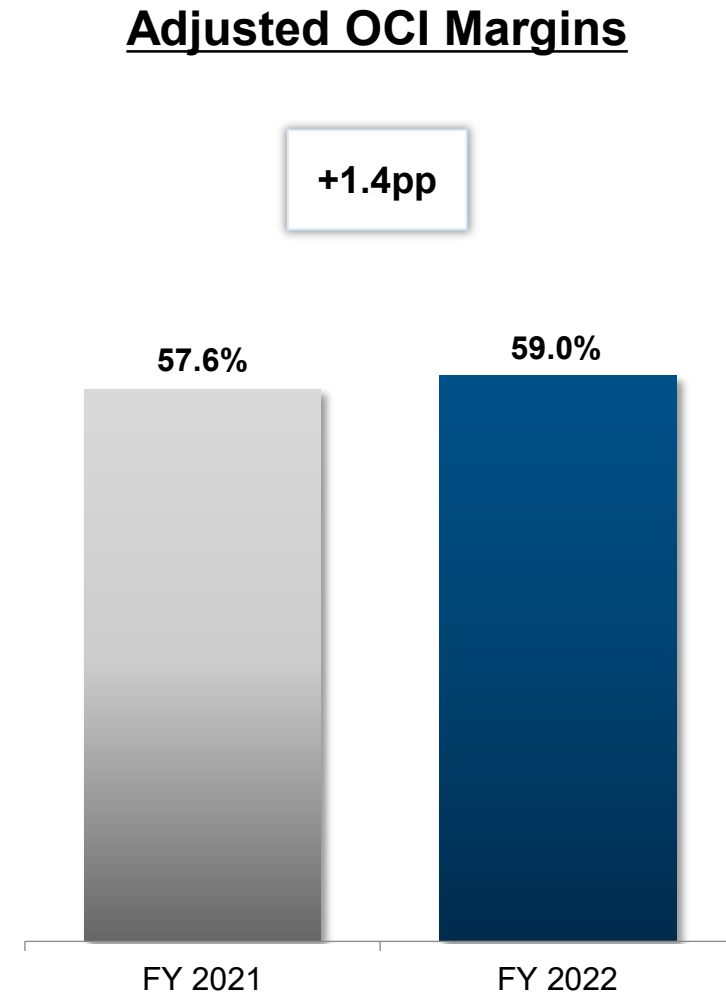
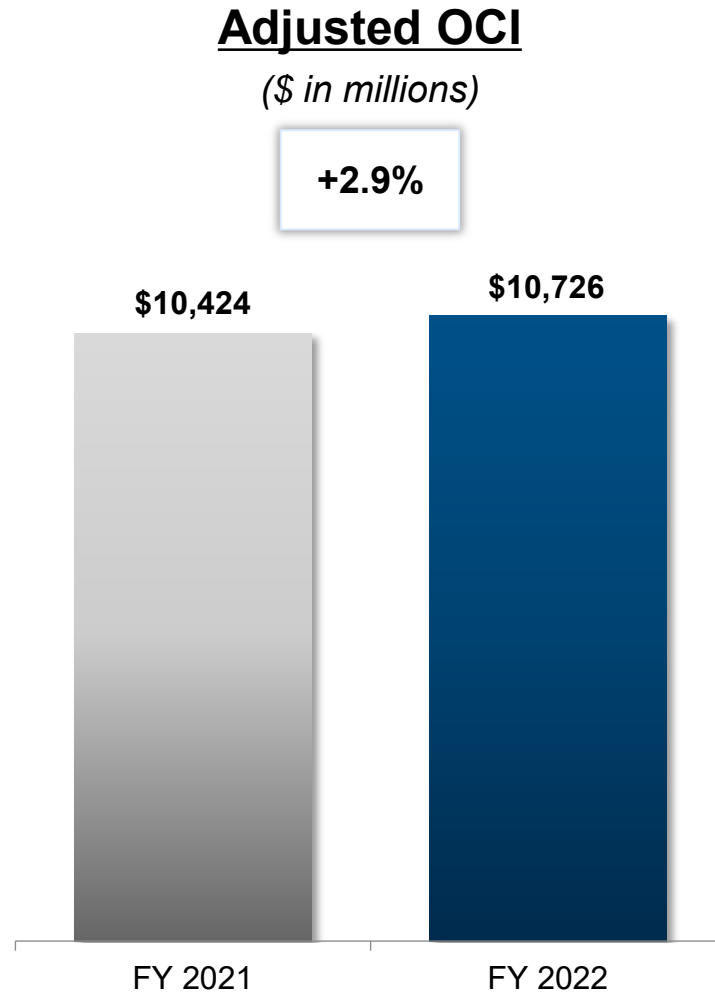
+2.2pp



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

# FY 2022: Smokeable Products Segment

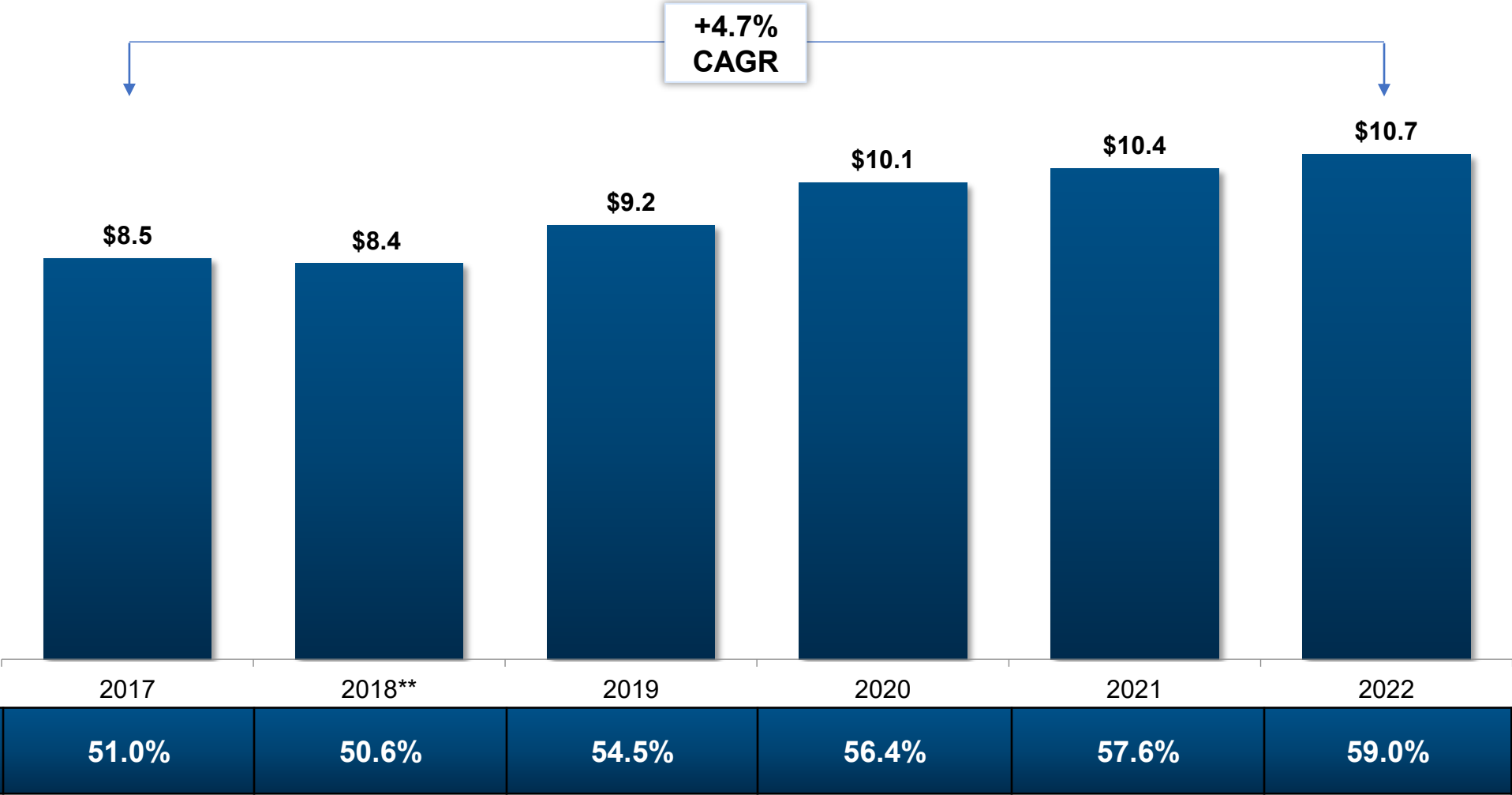
*Adjusted OCI\* and Adjusted OCI Margins\**



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

# Executing Our Strategy in Smokeable

Adjusted OCI\* (\$ in billions)

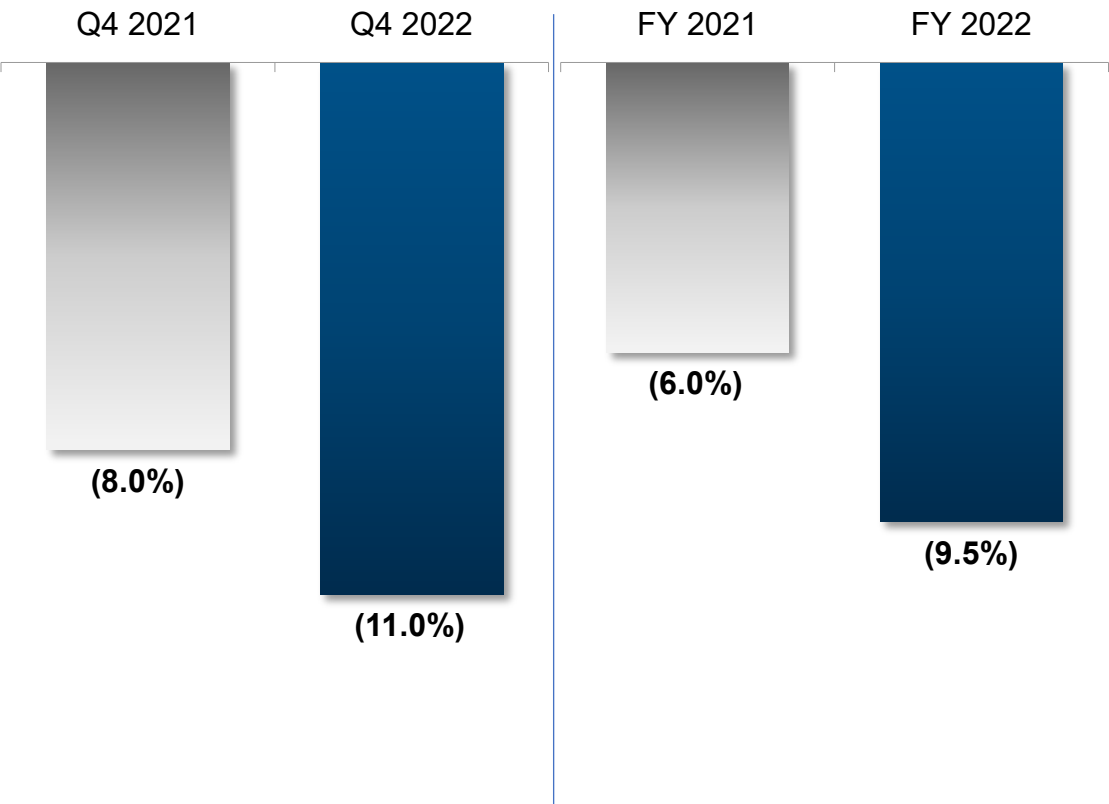


\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](http://altria.com).

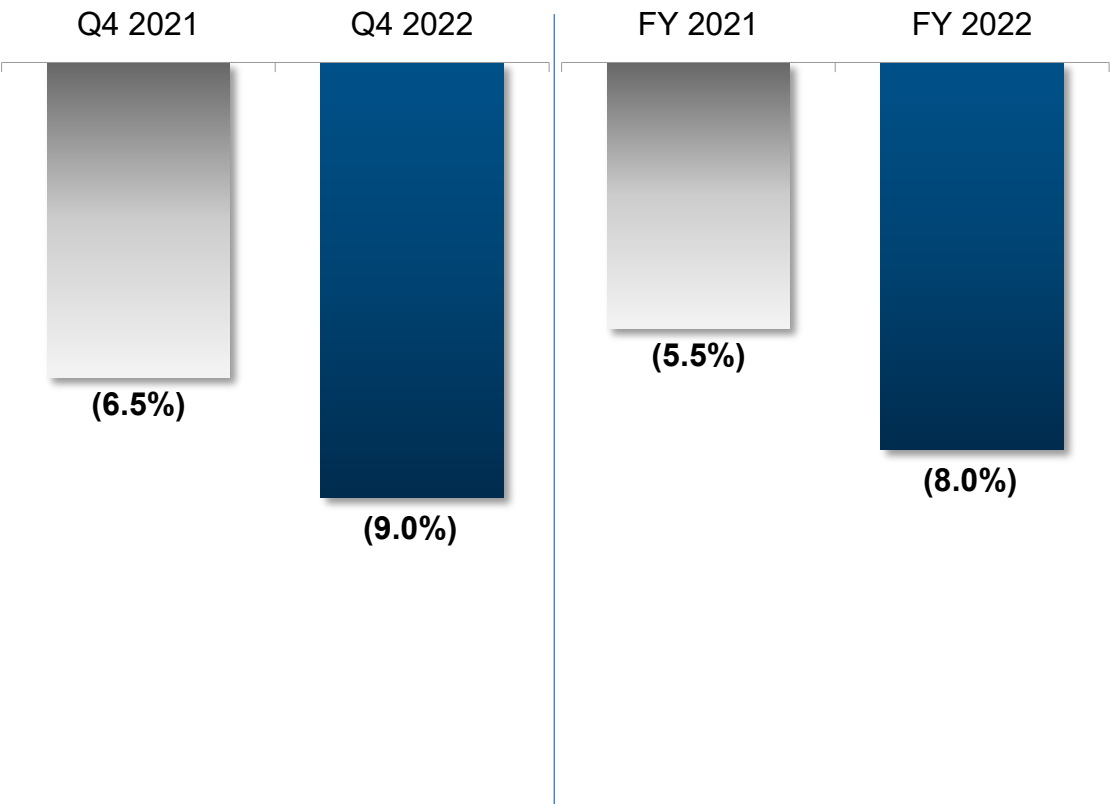
\*\*2018 reduction in adjusted OCI due to reinvestment into the business as a result of Altria savings from the 2017 Tax Cuts and Jobs Act

# Adjusted Cigarette Decline Rates

## Smokable Segment

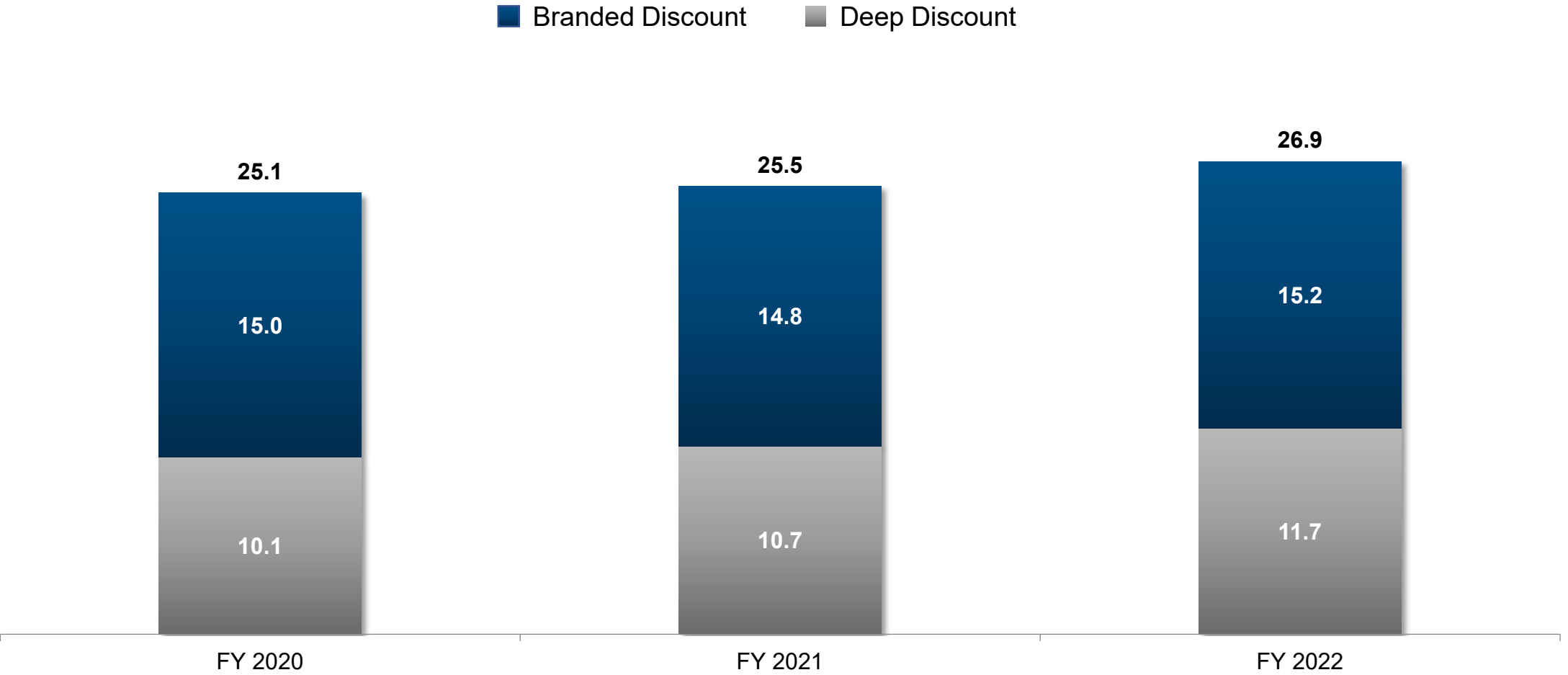


## Total Industry



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

# Industry Discount Segment Retail Share



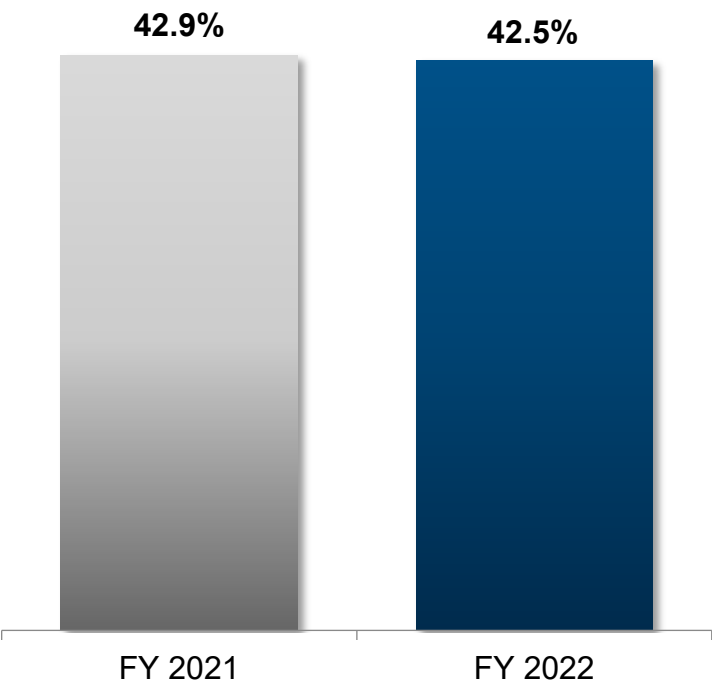
Source: IRI/MSAi InfoScan – Blended, WE 1/1/2023

# Marlboro Share Performance

## Marlboro Retail Share

(Full Year)

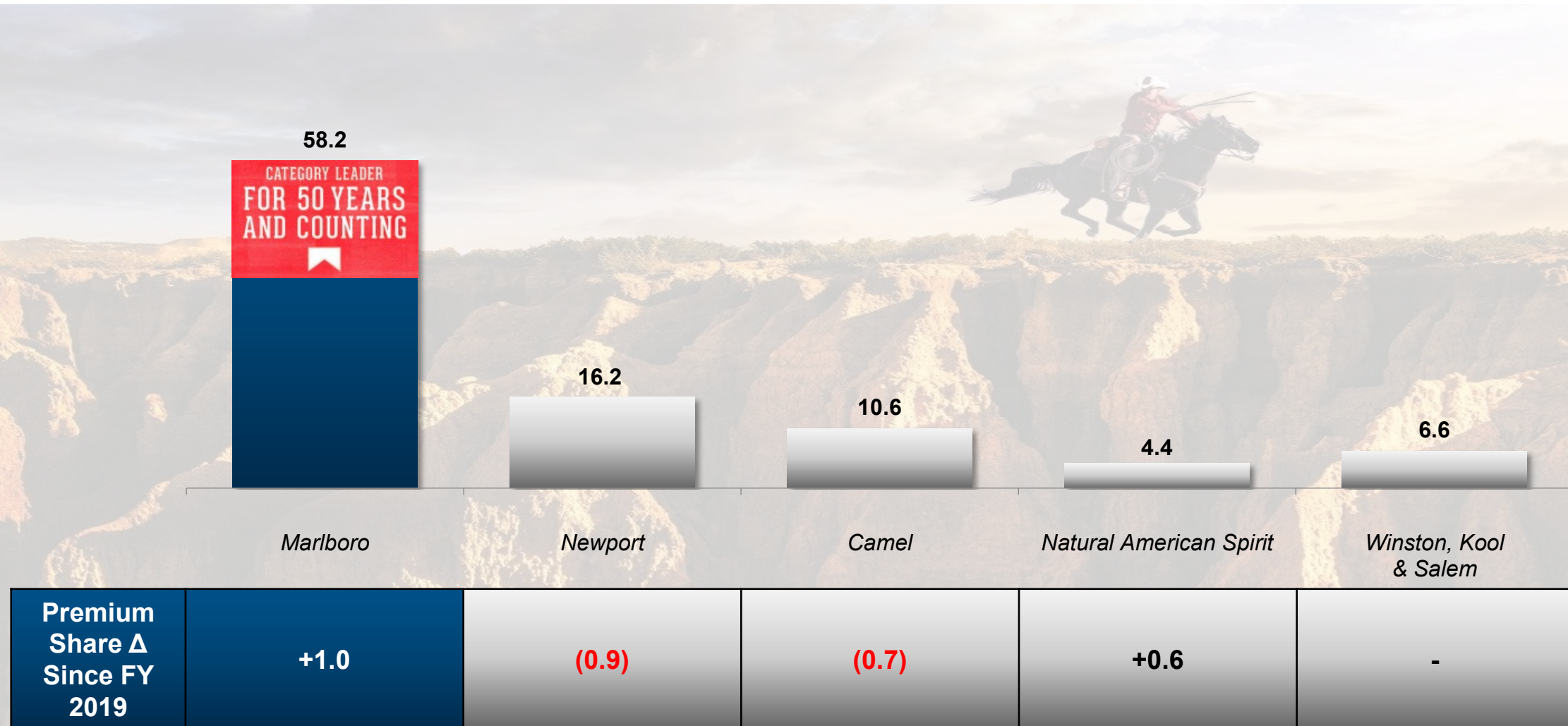
(0.4pp)



Source: IRI/MSAi InfoScan – Blended, WE 1/1/2023

# Marlboro Leadership in the Premium Segment

Share of Premium (FY 2022)



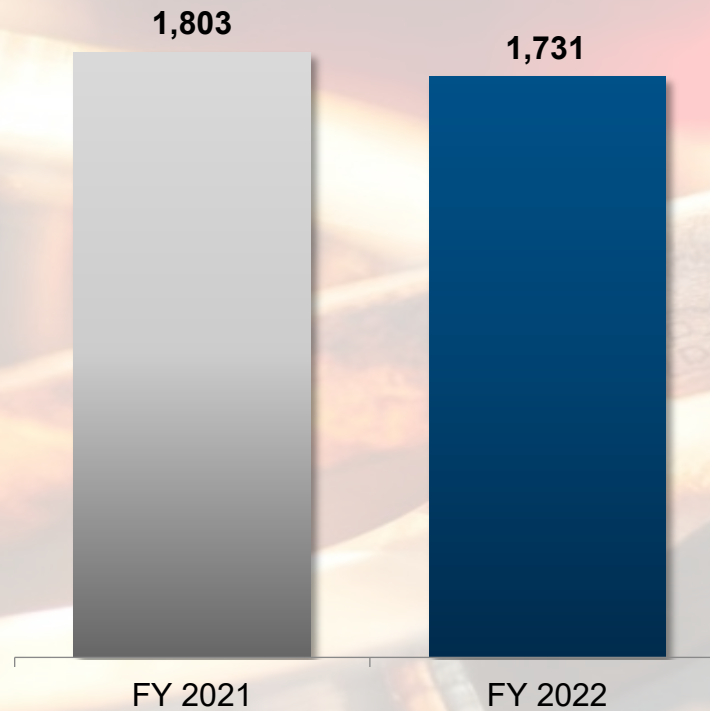
Source: IRI/MSAi InfoScan – Blended, WE 1/1/2023

# John Middleton Cigars

## Reported Shipment Volume

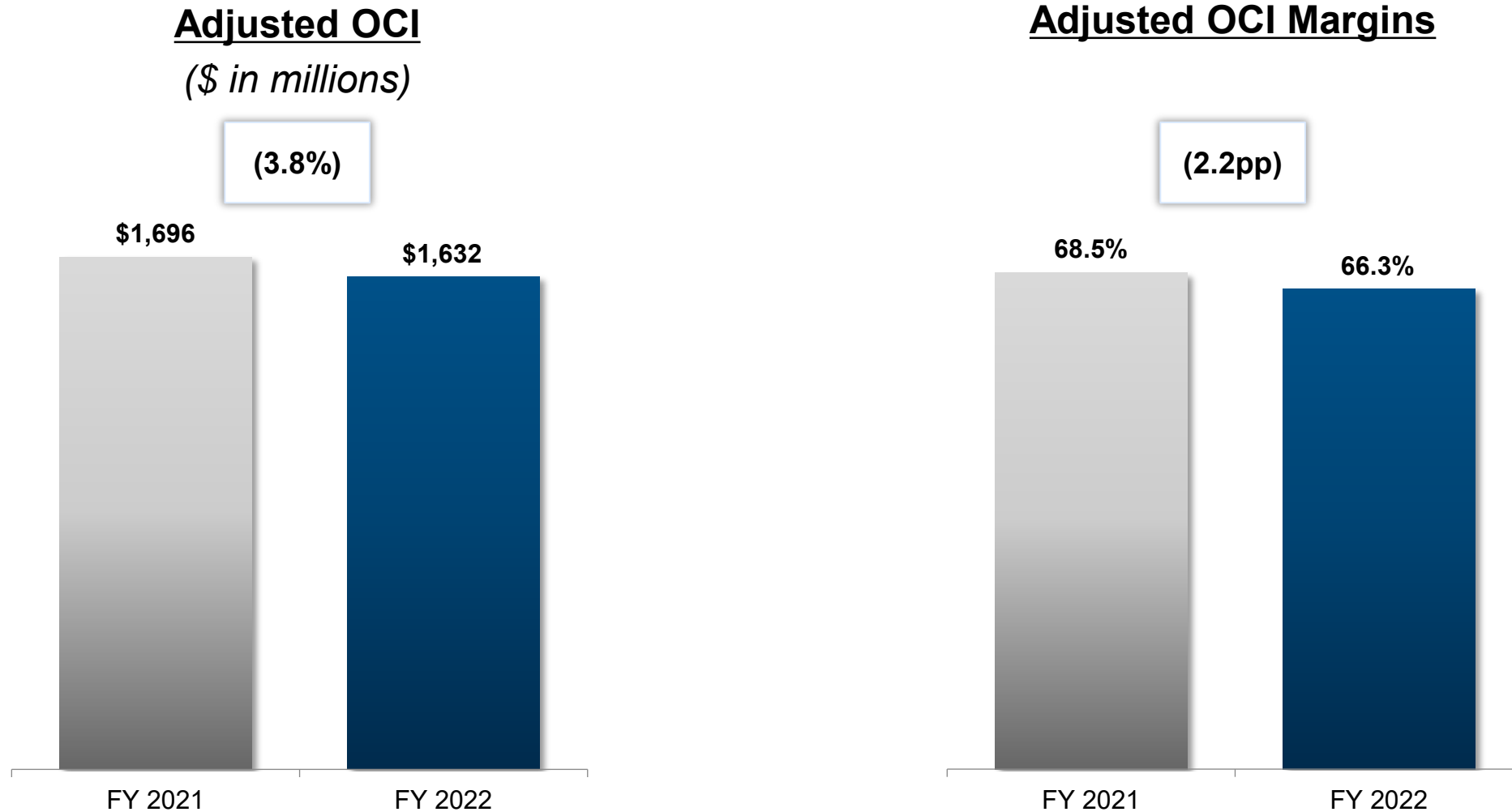
*(in millions)*

(4.0%)



# FY 2022: Oral Tobacco Products Segment

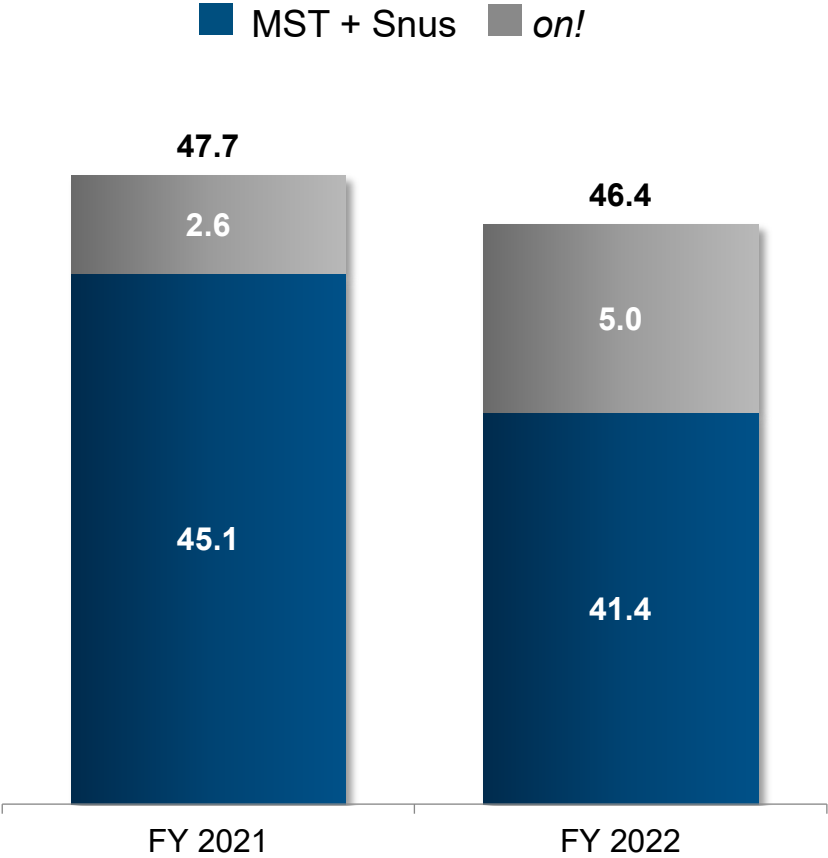
*Adjusted OCI\* and Adjusted OCI Margins\**



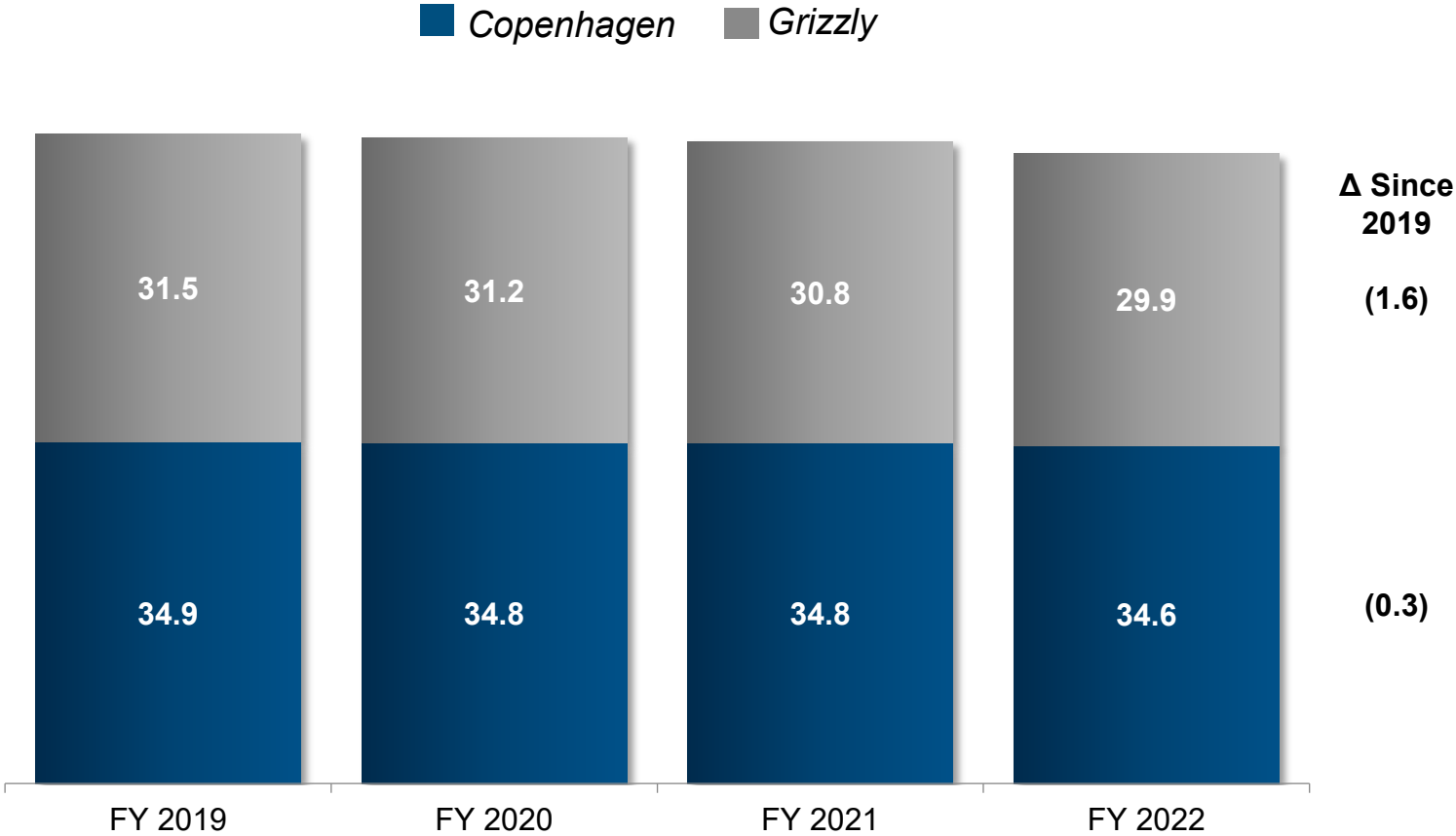
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# Oral Tobacco Share

Oral Tobacco Products Segment  
Retail Share



Share of Traditional MST & Snus



Source: IRI/MSAi InfoScan Oral Tobacco 2022 – MOC, WE 1/1/23



# ABI Investment



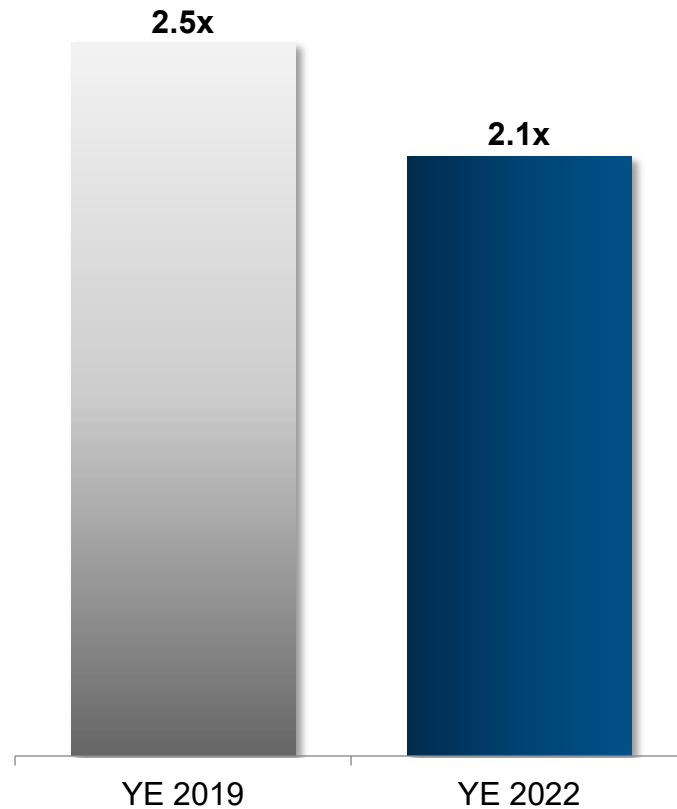
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# Philip Morris Capital Corporation (PMCC)

In our all other operating category, we have completed our wind-down of PMCC and no finance assets remain. I would like to thank all of our PMCC employees who worked over the years and those who helped us complete a successful wind-down.

# Capital Structure

## Debt-to-EBITDA\*

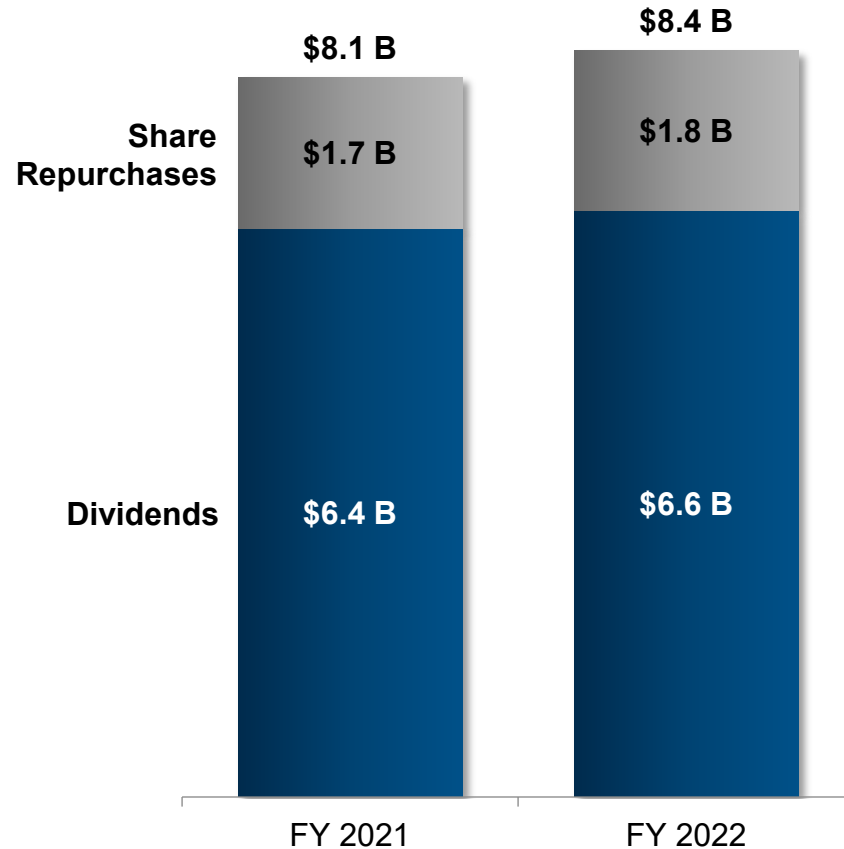


- 4.0% weighted average coupon as of December 31, 2022, a decrease of 0.2pp over the past three years
- We expect to retire approximately \$1.3 billion of notes coming due later this month with available cash

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

# Significant Cash Returns to Shareholders

## Cash Returns to Shareholders



- Raised the dividend for the 57<sup>th</sup> time in 53 years
- Completed our previously authorized \$3.5 billion share repurchase program
- Earlier this week, our Board of Directors authorized a new \$1 billion share repurchase program which we expect to complete by the end of 2023

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

Moving beyond smoking™



Altria