

# Altria Business Update

*March 6, 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 its Annual Report on Form 10-K for the year ended December 31, 2022 and under the heading “Forward-Looking and Cautionary Statements” in its recent press release, dated March 6, 2023.

Reconciliations of non-GAAP financial measures included in this presentation to the most comparable GAAP measures are available in the recent press release, dated March 6, 2023.

# Definitive Agreement to Acquire NJOY Holdings, Inc.

- We will gain full ownership of NJOY's e-vapor product portfolio, including *NJOY ACE*, currently the only pod-based e-vapor product with market authorizations from the U.S. Food and Drug Administration (FDA).
- The purchase price is approximately \$2.75 billion, payable at closing. The terms include additional \$500 million in cash payments that are contingent upon regulatory outcomes with respect to certain NJOY products.

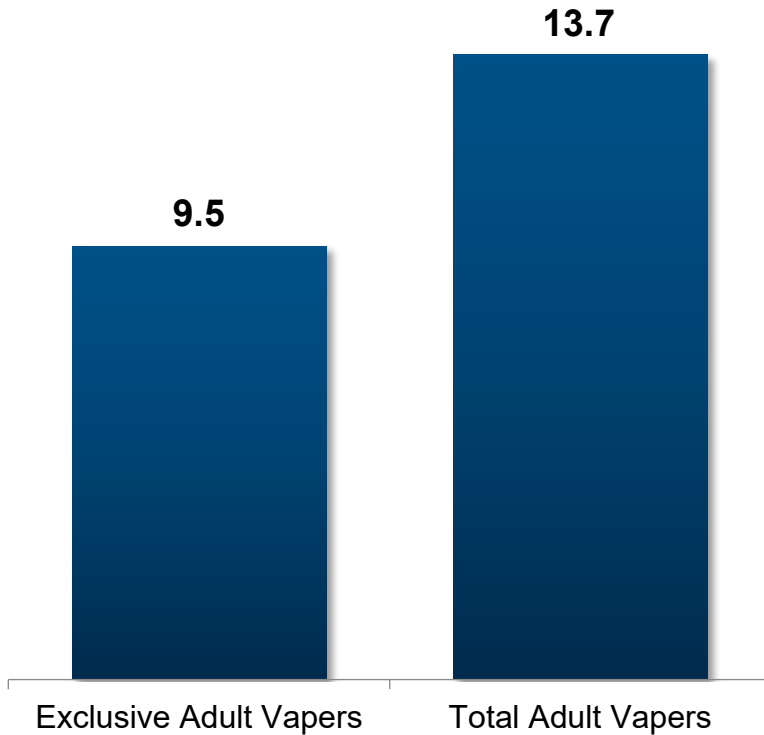


All third-party trademarks remain the property of their respective owners.

# E-Vapor is the Largest U.S. Smoke-Free Category

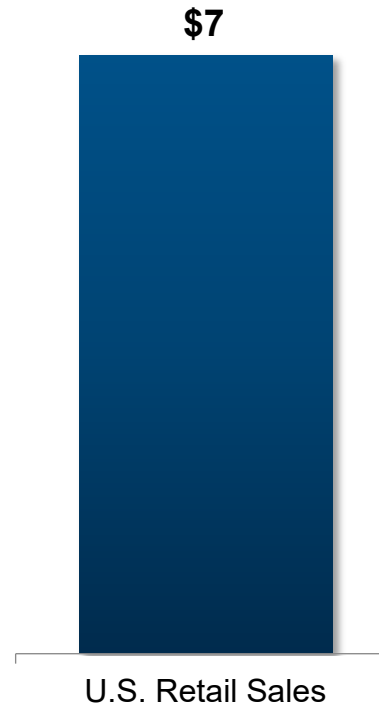
FY 2022

**Adult Tobacco Consumers**  
(in millions)



Source: ATCT December 2022

**Retail Sales**  
(in \$ billions)



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

**% of Total Equivalized<sup>1</sup>  
U.S. Tobacco Volumes**

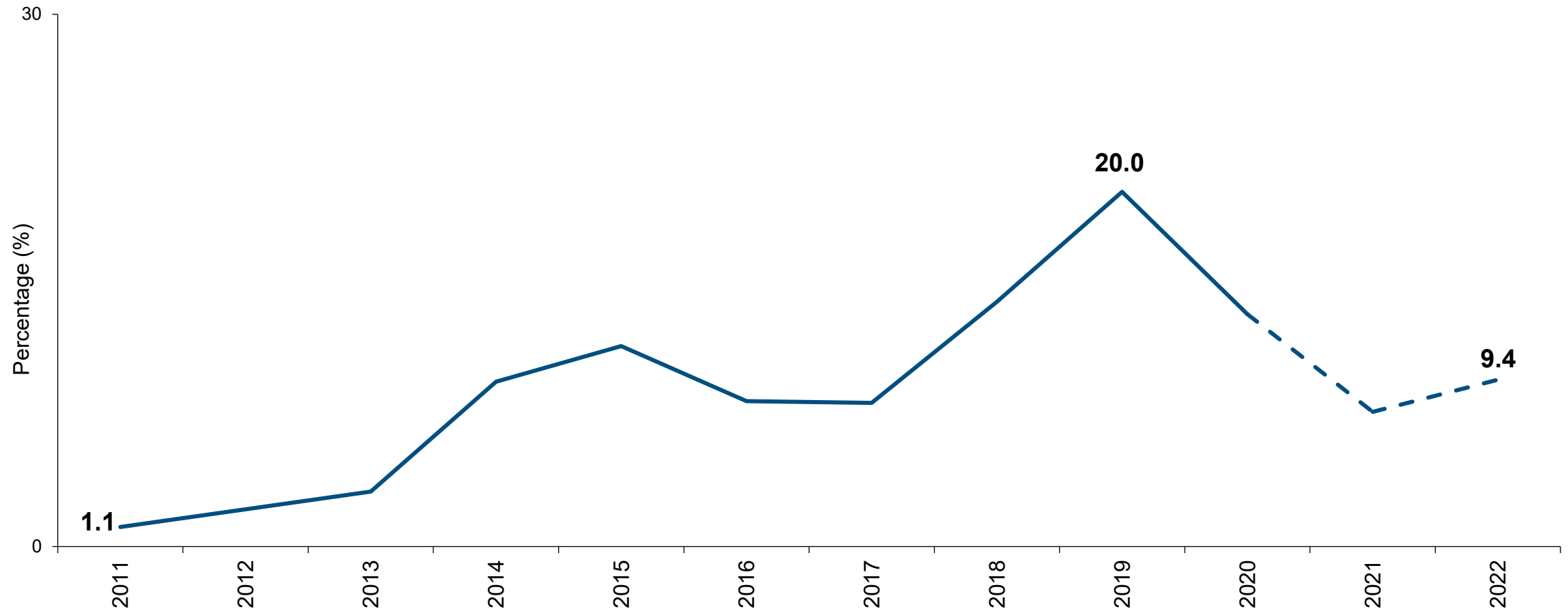


Sources: CMI Estimates; IRI MOC; Capstone; ComScore; Merkle

<sup>1</sup> 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 (1 disposable = 1 cartridge = 1mL e-liquid)  
Estimated category volume and share are subject to revisions based on the latest available data

# 2022 National Youth Tobacco Survey (NYTS) Results

## Current E-Vapor Use Among Middle & High School Student Combined



Sources: ALCS analysis of NYTS 2011-2022. Note: in 2014 and 2015, modifications were made to the e-cigarette measure to enhance its accuracy, which may limit the comparability of these estimates to those collected in previous years. In 2019, modifications were made to the survey, as well as the e-cigarette measure through inclusion of a brand example (JUUL); authors caution against comparisons to prior years. Due to changes in methodologies, including differences in survey administration and data collection procedures, the ability to compare estimates from 2022 to previous years is limited. Dashed lines from 2020-2022 represent these differences.

# Significant Actions Taken to Reduce Underage Vaping

**Since 2019, we and many other stakeholders have taken significant actions to address underage vaping.**

## **Our efforts have contributed to:**

- the enactment of Tobacco 21 laws at the federal level and in 41 states;
- the inclusion of synthetic nicotine products in the U.S. Food, Drug and Cosmetic Act;
- 137,000 U.S. retail stores with age validation technology installed at their registers; and
- 33,000 stores with embedded age and identity verification solution in their digital apps.

# Exit of JUUL Investment

Our teams have been diligently evaluating all options to best compete in the e-vapor category. As part of this analysis, we decided it would be in the best interest of our shareholders to exit the JUUL investment given the significant regulatory and legal challenges and uncertainties facing the company. Therefore, we have exchanged our entire minority economic investment in JUUL for a non-exclusive, irrevocable global license to certain of JUUL's heated tobacco intellectual property.

# NJOY Transaction Strategic Rationale

## Five Strategic Pillars of the NJOY Transaction *Our Beliefs*

E-vapor can play an important role in harm reduction if supported by appropriate regulation

*NJOY ACE* is uniquely positioned relative to other pod-based products with marketing orders from the FDA

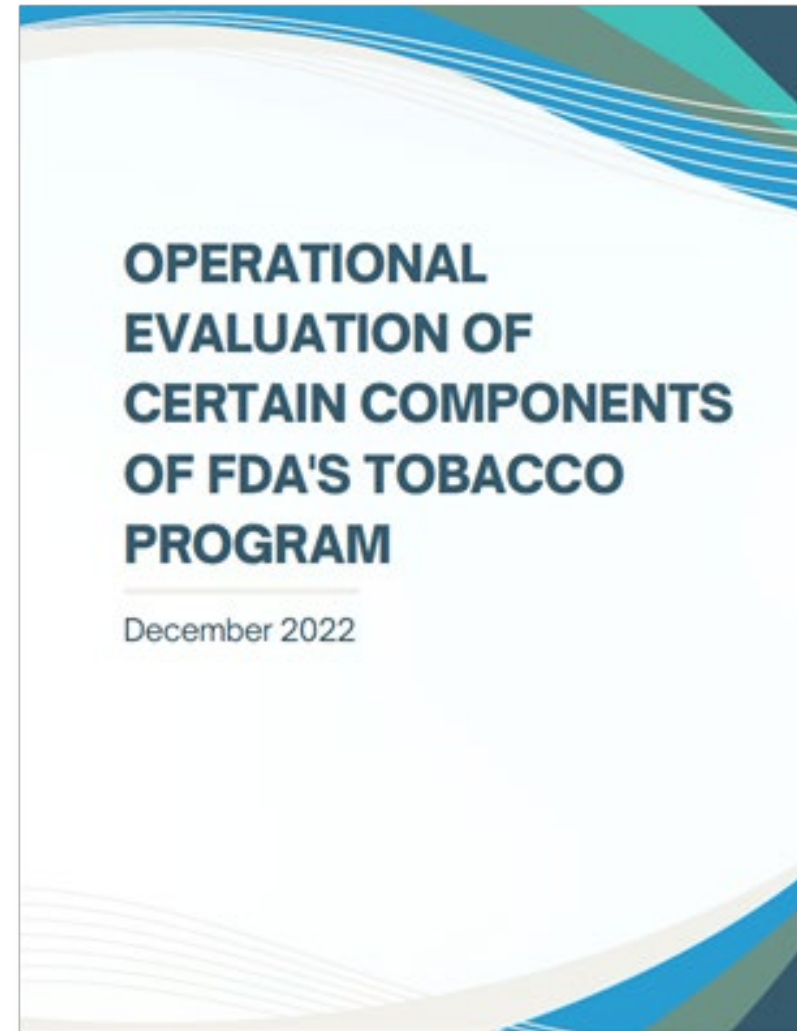
NJOY has taken a responsible approach to marketing and has limited youth-usage of its products

Our consumer research supports that *NJOY ACE* is a satisfying product for adult smokers and adult vapers

Our resources can responsibly accelerate U.S. adult smoker and competitive adult vaper adoption of *NJOY ACE*

# U.S. E-Vapor Category Regulatory Expectations

- We continue to believe that the U.S. e-vapor category will undergo a multi-year transition period. Over the next few years, we expect that the FDA will issue marketing determinations on all currently pending PMTA submissions and exercise appropriate enforcement actions against non-compliant manufacturers.
- We estimate that over the next 10 years, total U.S. e-vapor volumes will grow at a low single-digit compounded annual growth rate. Our estimates include a range of scenarios, including various regulatory outcomes for menthol and flavored products.



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

# ***NJOY ACE is Currently the Only Authorized Pod Product***

## *Regulatory Status of Major Pod-based E-Vapor Products*



**NJOY**

**Marketing Granted Orders** issued for *NJOY ACE* device, Rich Tobacco (5%) pods and Classic Tobacco (2.4%; 5%) pods.

Pre-market tobacco product applications (PMTAs) remain pending for menthol-flavored pods.



**VUSE**

It appears that PMTAs remain pending for all currently marketed *Vuse Alto* products.



**JUUL**

Market Denial Orders were issued by the FDA in June 2022 for all currently marketed JUUL products.

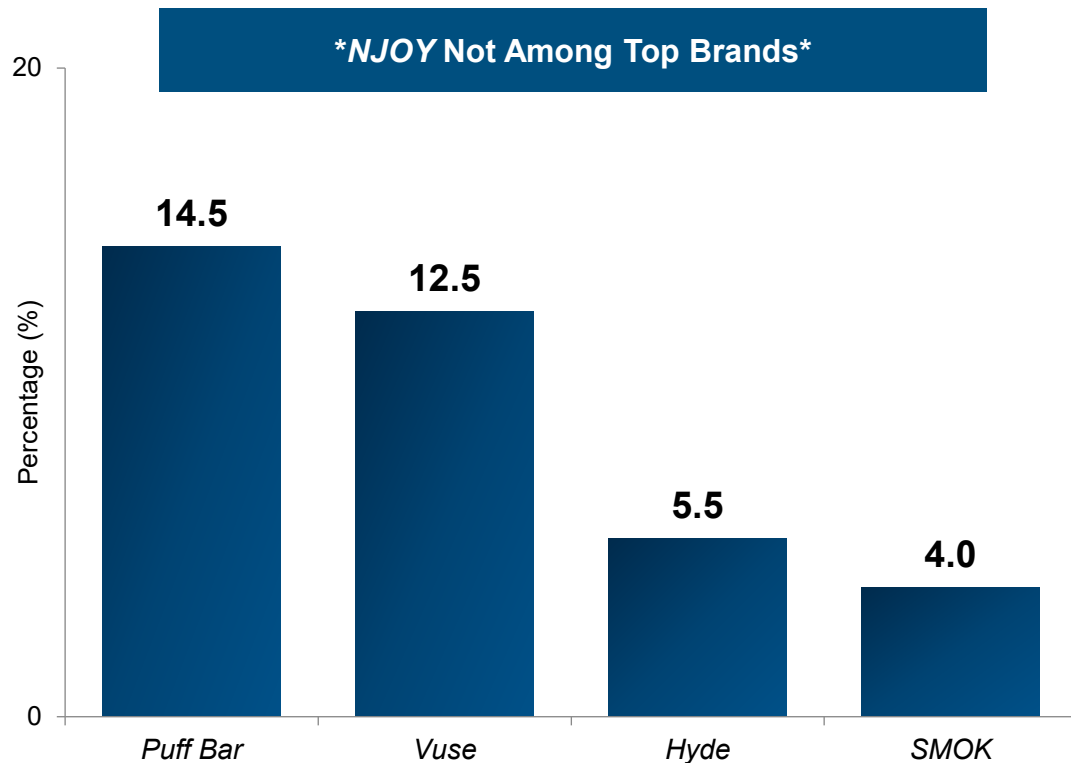
The FDA administratively stayed the denial orders on a temporary basis in July 2022. No FDA determination has been made regarding the stay order.

Source: FDA.gov. All third-party trademarks remain the property of their respective owners.

# Underage Use Prevention

## Usual Brand Used Among Middle & High School E-Cigarette Users Combined

2022 NYTS



Sources: ALCS analysis of NYTS 2022.

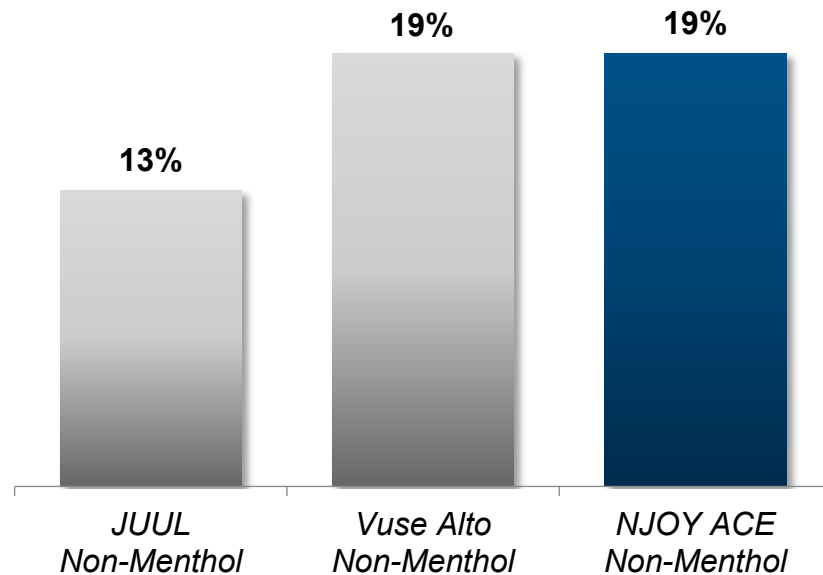
## NJOY Marketing Evaluation

- We evaluated NJOY's marketing practices and national survey data related to underage use of tobacco products.
- We believe NJOY has taken a responsible approach to marketing its product.
- Additionally, NJOY is developing access-restriction technology for its devices using Bluetooth® connectivity.

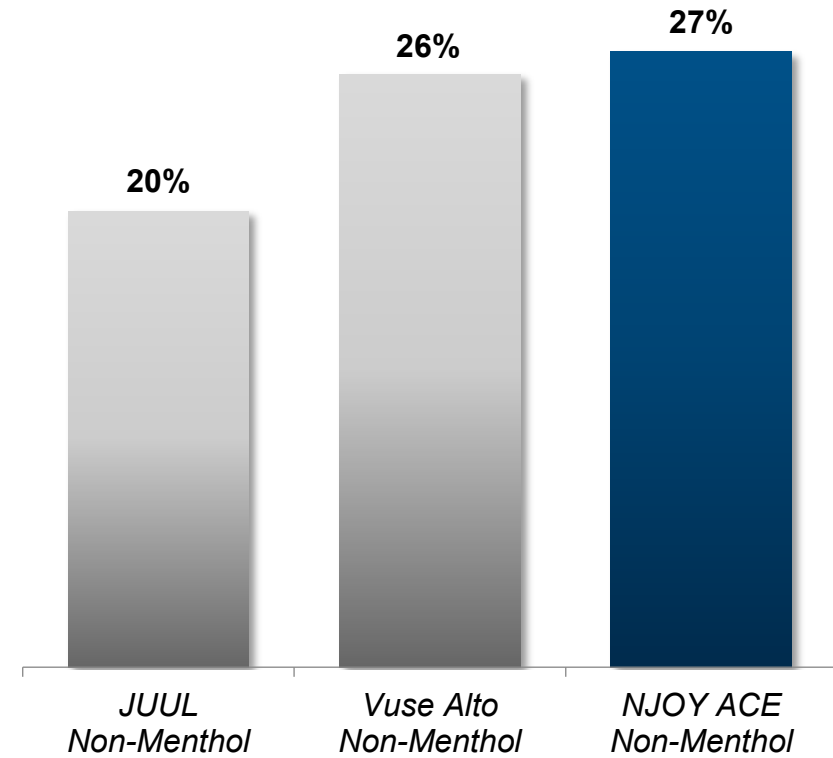
# Adult Tobacco Consumer (ATC) Research

*% of Post-Trial Survey Participants Who “Definitely Would Buy” Listed Product*

## Adult Smokers



## Adult Vapers



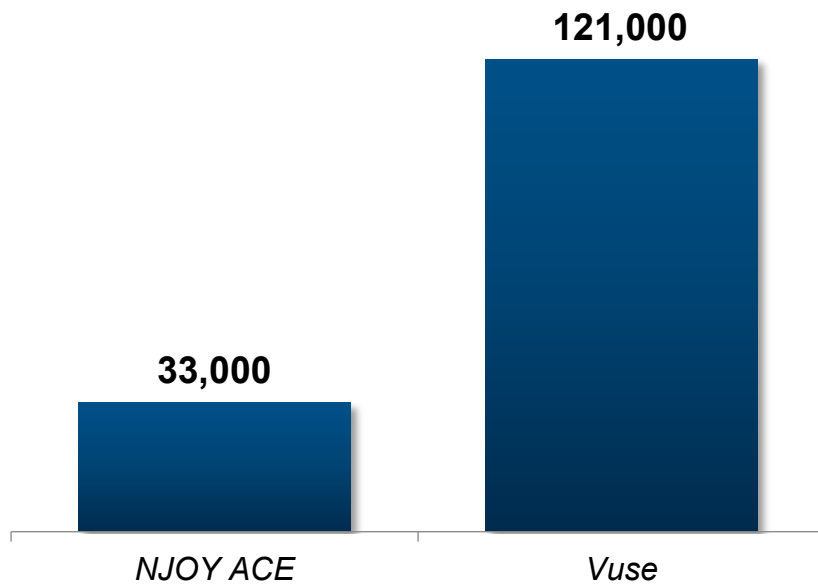
Source: ALCS-CMII-SPR January 2023 Quantitative Research Final Report

# NJOY ACE Marketplace Assessment

FY 2022 – Total U.S.

## Store Count

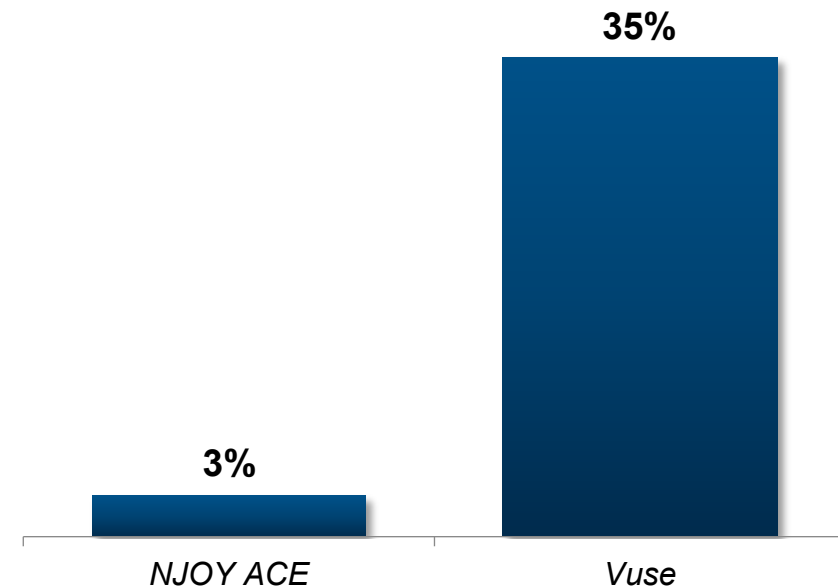
*(excludes vape shops)*



Source: STARS FY 2022

## Retail Share

*(multi-outlet and convenience stores)*



Source: IRI/MSAi InfoScan E-Vapor 2022 – MOC, WE 1/1/23

# Expanding Smoke-Free Competition

- We believe we can responsibly accelerate adult smoker and competitive adult vaper adoption of *NJOY ACE* in ways that NJOY could not as a standalone company.
- We believe the strengths of our commercial resources can benefit adult smokers and adult vapers across the U.S. and expand smoke-free competition in the stores where *NJOY ACE* has not been distributed while improving visibility in the stores that current sell *NJOY ACE* .



# Our Compelling Smoke-free Portfolio

## E-Vapor



## Oral Tobacco



## Heated Tobacco



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

# Financial Details of the Transaction

## Terms

- Purchase price of approximately \$2.75 billion, payable at closing.
- Terms include additional \$500 million in contingent cash payments.

## Estimated Financial Impacts

- Accretive to our cash flow within two years of closing.
- Accretive to adjusted diluted earnings per share (EPS) within three years of closing.
- ROIC > WACC within three to four years of closing.

## Funding

- Multiple sources of available funding, including (i) highly cash generative core tobacco businesses, (ii) access to the credit markets, (iii) committed short-term bank financing and (iv) expected payment of \$1.7 billion, plus interest, from Philip Morris International Inc. by July 2023.

# 2023 Financial Impact

- We reaffirm our guidance to deliver full-year adjusted diluted EPS in a range of \$4.98 to \$5.13. This range represents an adjusted diluted EPS growth rate of 3% to 6% from a \$4.84 base in 2022. This guidance range does not include the potential financial impacts of the transaction<sup>1</sup>.
- We also reaffirm our expectation to complete our previously authorized \$1 billion share repurchase program by the end of this year. Share repurchases depend on marketplace conditions and other factors, and the program remains subject to the discretion of our Board of Directors.

<sup>1</sup> Please view our press release dated March,6, 2023 for reconciliations of non-GAAP to GAAP measures and additional factors influencing our 2023 full-year adjusted diluted EPS guidance

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

Moving beyond smoking™



Altria