

# Altria's Fourth-Quarter 2023 Earnings Conference Call

*February 1, 2024*



Altria

— FAMILY OF COMPANIES —

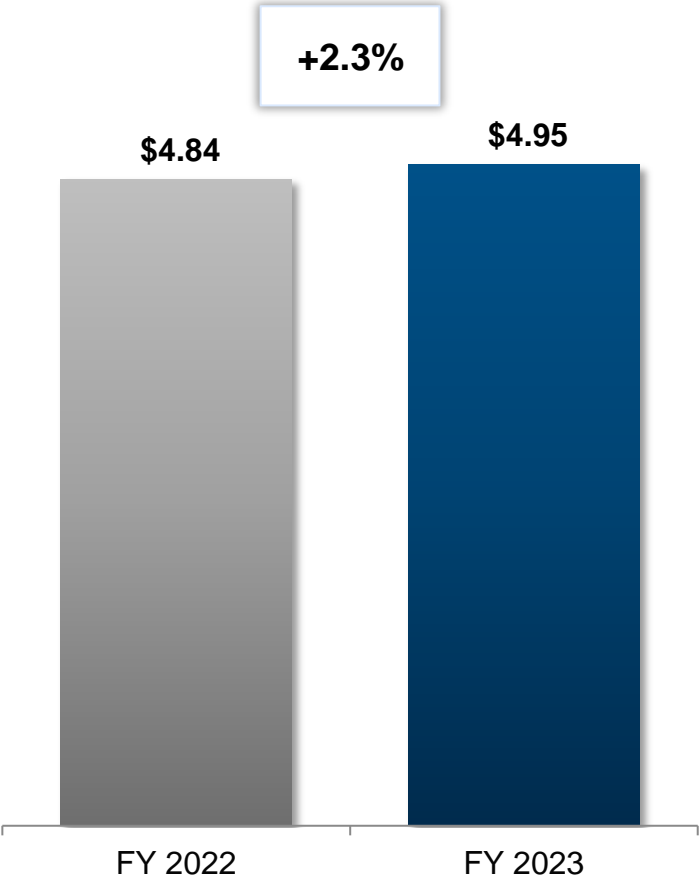
# Safe Harbor Statement

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 our 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) our Annual Report on Form 10-K for the year ended December 31, 2022 and (ii) our 2023 Quarterly Reports on Form 10-Q, and under the heading “Forward-Looking and Cautionary Statements” in our earnings press release, dated February 1, 2024.

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).

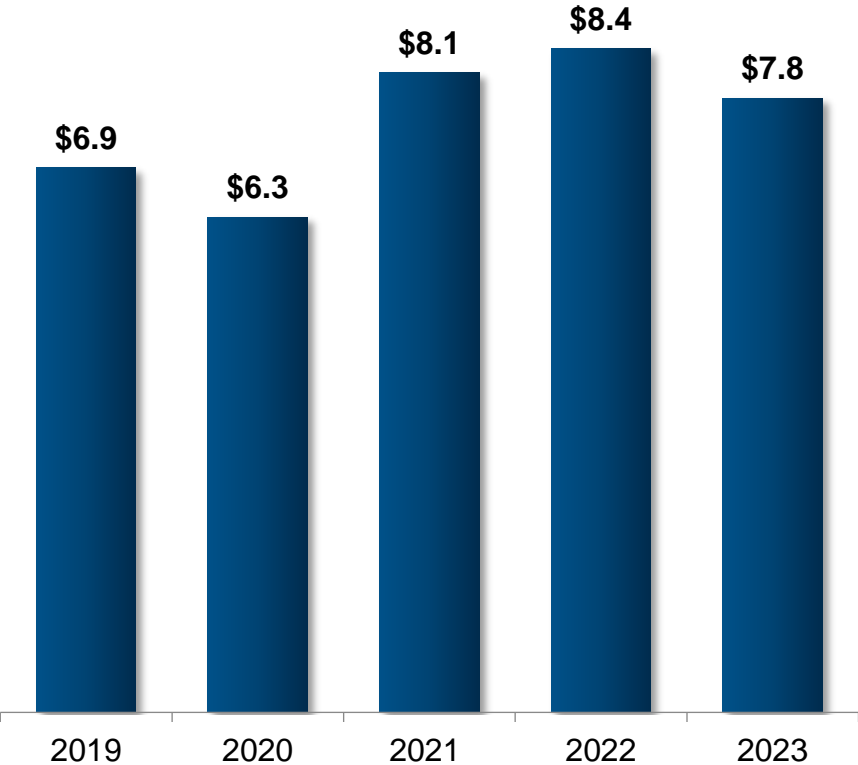
# Strong Performance & Cash Returns to Shareholders

Adjusted Diluted Earnings Per Share (EPS)\*



Cash Returned to Shareholders

(\$ in billions)



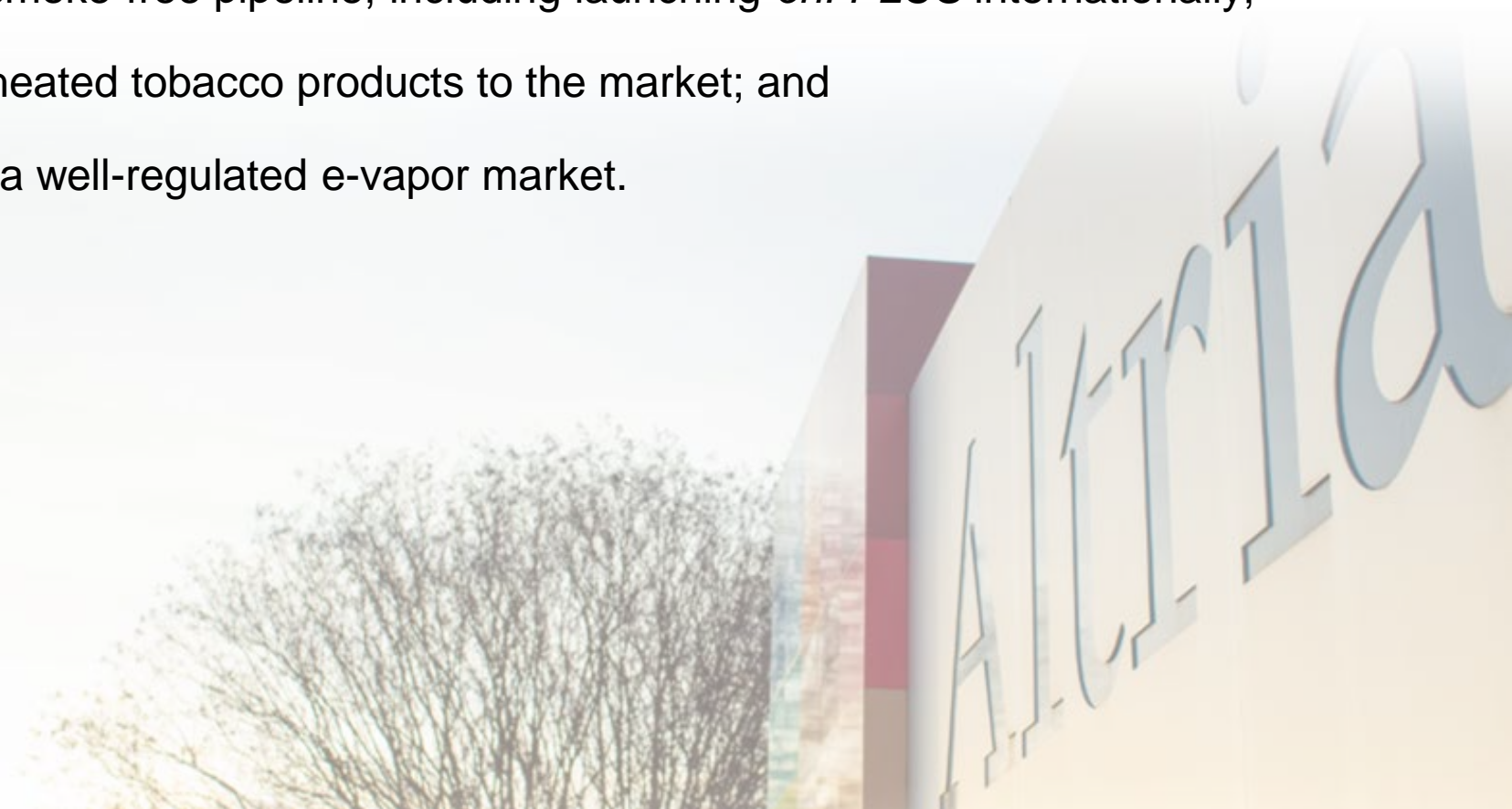
**\$37.5 Billion Returned Over the Past Five Years**

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



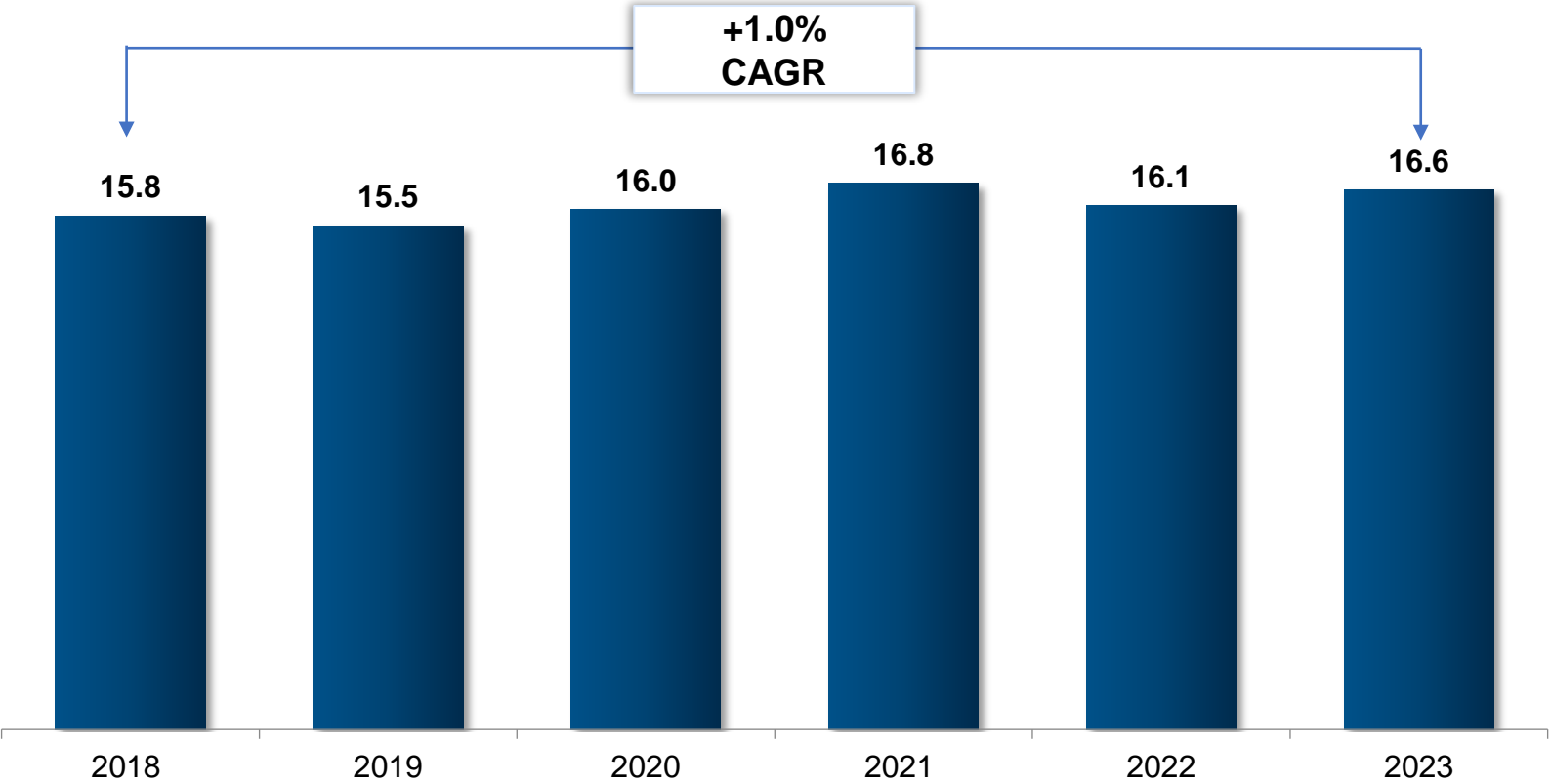
# 2023 Progress Toward Our Vision

- Completing our acquisition of NJOY and fully integrating it into our family of companies;
- Making exciting progress on our smoke-free pipeline, including launching *on! PLUS* internationally;
- Continuing preparations to bring heated tobacco products to the market; and
- Advocating for a responsible and a well-regulated e-vapor market.



# Nicotine Space Estimated Volume

*Volume in Billions of Equivalized Cigarette Packs*

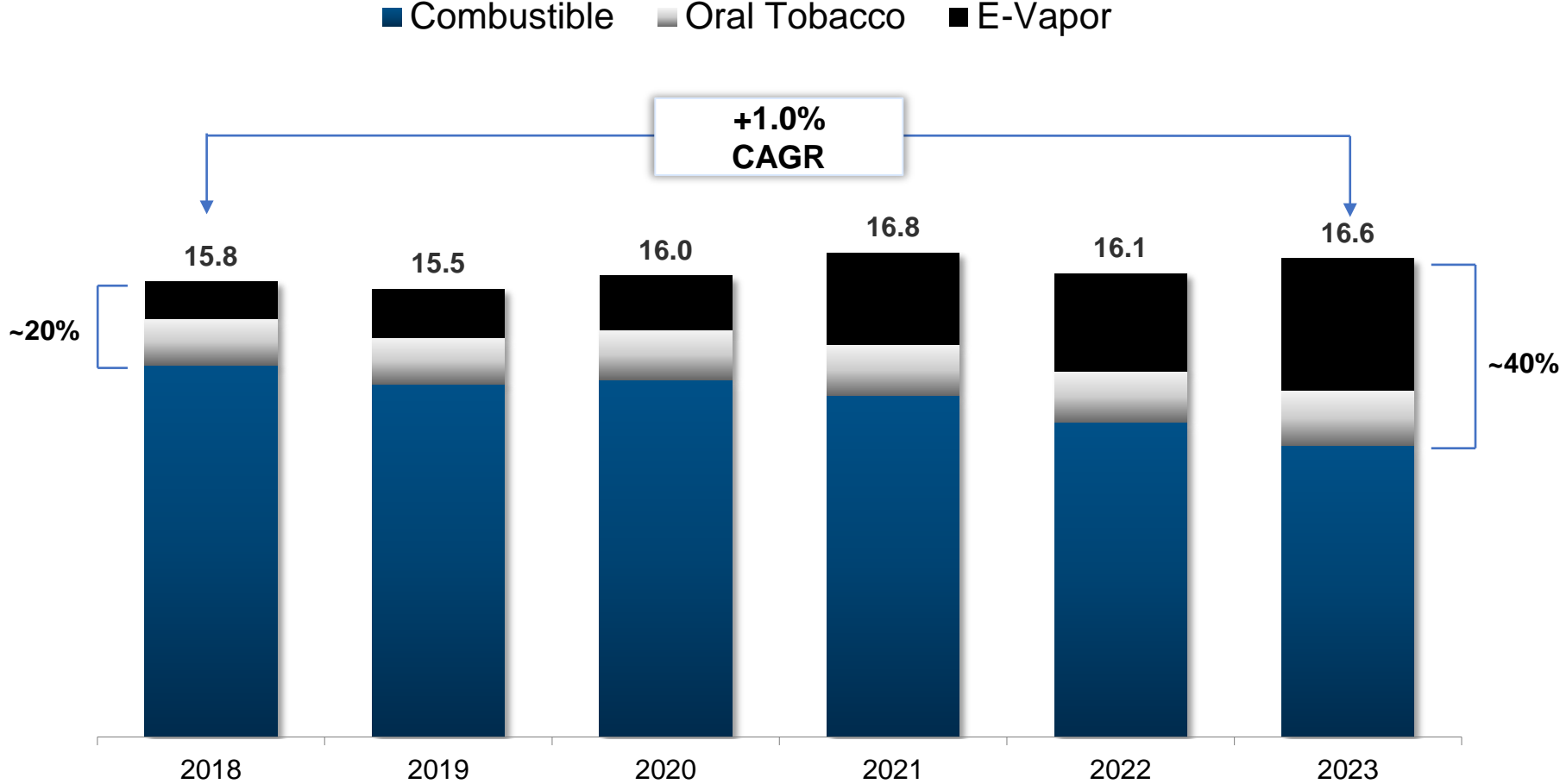


Sources: CMI Estimates; ALCS Adult Tobacco Consumer Tracker; STARS; Circana; ALCS Consumer Research; External Sources  
EQ Estimation – For purposes of this theoretical analysis the following are assumed to be equivalent: 1 pack of cigarettes = 1 can of MST/SNUS/OTDN = 10 Cigars = 1.5mL E-Vapor Consumable. Estimated category volume and share are subject to revisions based on the latest available data.



# Nicotine Space Estimated Volume

*Volume in Billions of Equivalized Cigarette Packs*



Sources: CMII Estimates; ALCS Adult Tobacco Consumer Tracker; STARS; Circana; ALCS Consumer Research; External Sources  
 For purposes of this analysis, the nicotine 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 = 1.5mL E-Vapor Consumable. Estimated category volume and share are subject to revisions based on the latest available data.

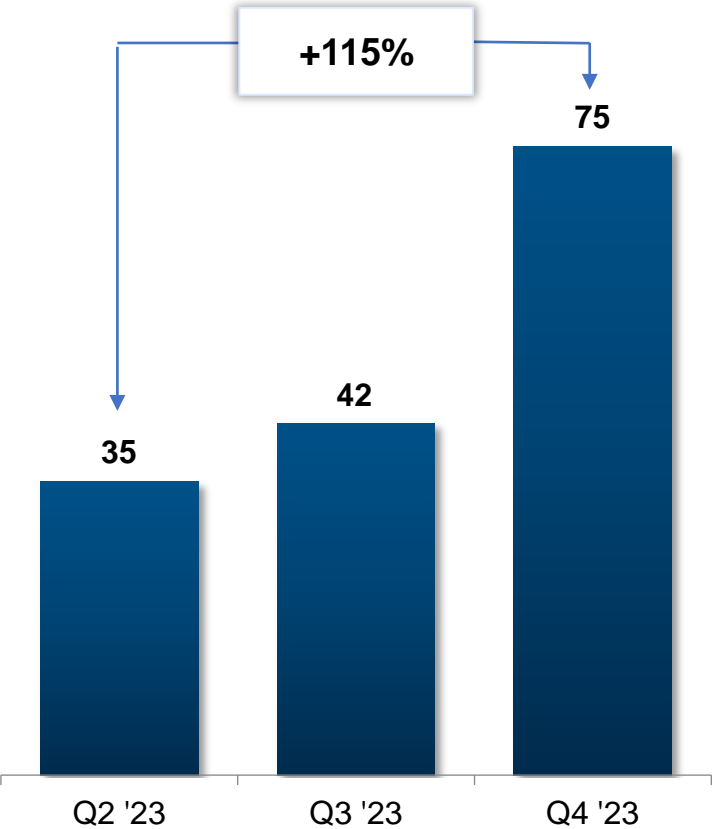
Note: Annual volume for Heated Tobacco products rounded to 0.0 for 2019 – 2023.



# NJOY – Initial Progress

- Strengthened NJOY’s supply chain. We expect to have the needed capacity to support expansion plans for *NJOY* moving forward.
- Closed inventory gaps at retail, which has significantly improved in-stock conditions.
- Grew distribution of *NJOY ACE* to 75,000 stores, surpassing our previously announced goal of 70,000.

**Cumulative # of Stores Receiving**  
(Thousands)



Source: Unify STARS week ending 12/30/23

# NJOY's First Retail Trade Program

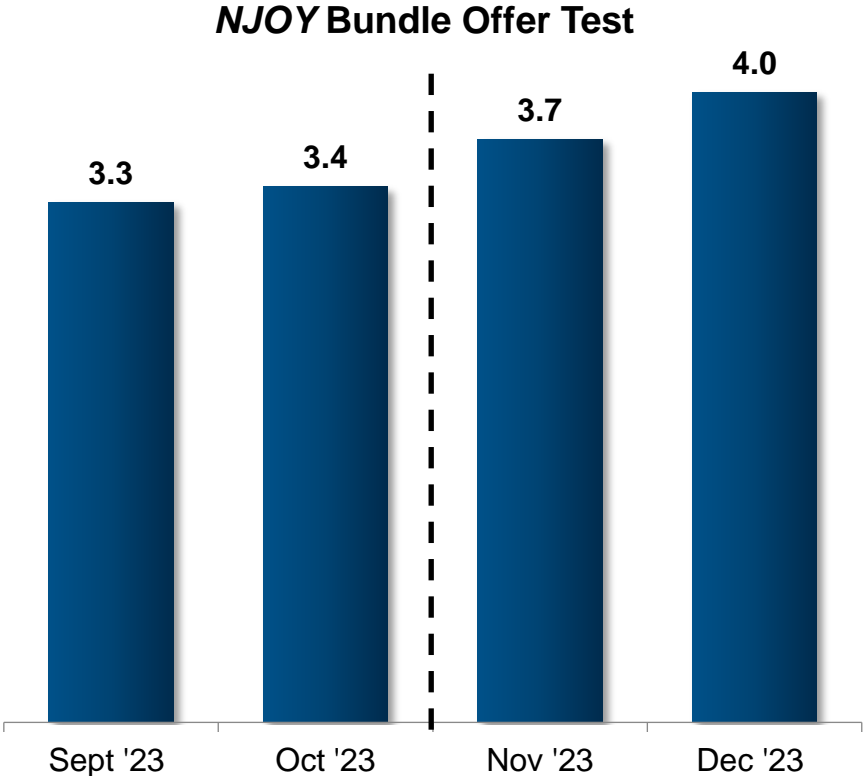
- We introduced NJOY's first retail trade program, which we believe will help *NJOY* achieve optimal visibility and product fixture space at retail.
- Merchandising options designed to position *NJOY* strategically and responsibly to tobacco consumers.
- Approximately 70% of stores have chosen options that secure premium positioning in the e-vapor fixture for *NJOY*.
- Fixture resets are well underway, and we expect the majority will be completed in the first half of this year.



# NJOY Share Momentum

## NJOY Share Performance

(total U.S.)



Source: Circana Projected Total U.S. MOC week ending 12/31/2023

# State of the E-Vapor Market

- The total nicotine space grew in 2023, largely because of illegal flavored disposable e-vapor products.
- These products are being distributed by companies violating virtually every rule and guidance the U.S. Food and Drug Administration (FDA) has issued since 2016.
- We are engaging with regulators, state and federal law makers, and our trade partners to drive enforcement.
- While we believe there is significant work ahead to eliminate these illicit products from the market, we have seen some encouraging actions.



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# State of the E-Vapor Market

- The FDA, in collaboration with U.S. Customs and Border Protection, announced the seizure of approximately 1.4 million unauthorized e-vapor products.
- A number of states have passed or are considering legislation limiting what e-vapor products can be sold at retail.
- We initiated litigation in the United States District Court in California relating to the sale of unlawful products. Although this litigation is facing some initial procedural challenges, we remain committed to explore and pursue all litigation opportunities related to the sale of unlawful products.



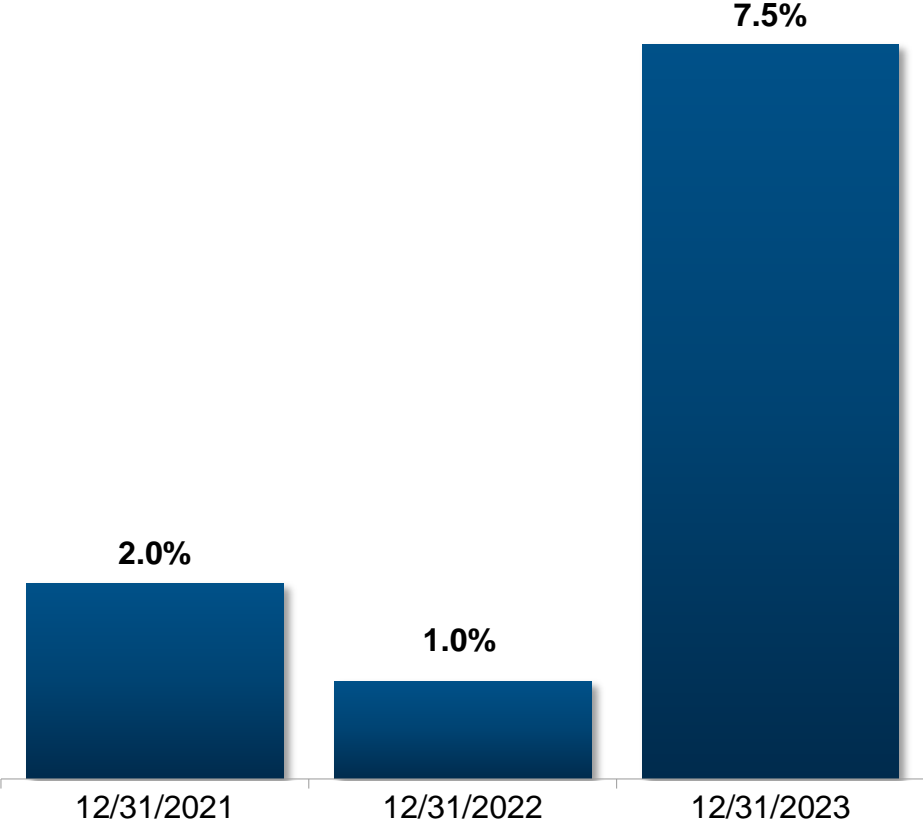
U.S. Customs and  
Border Protection

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# U.S. Oral Tobacco Category and *on!* Shipment Volume

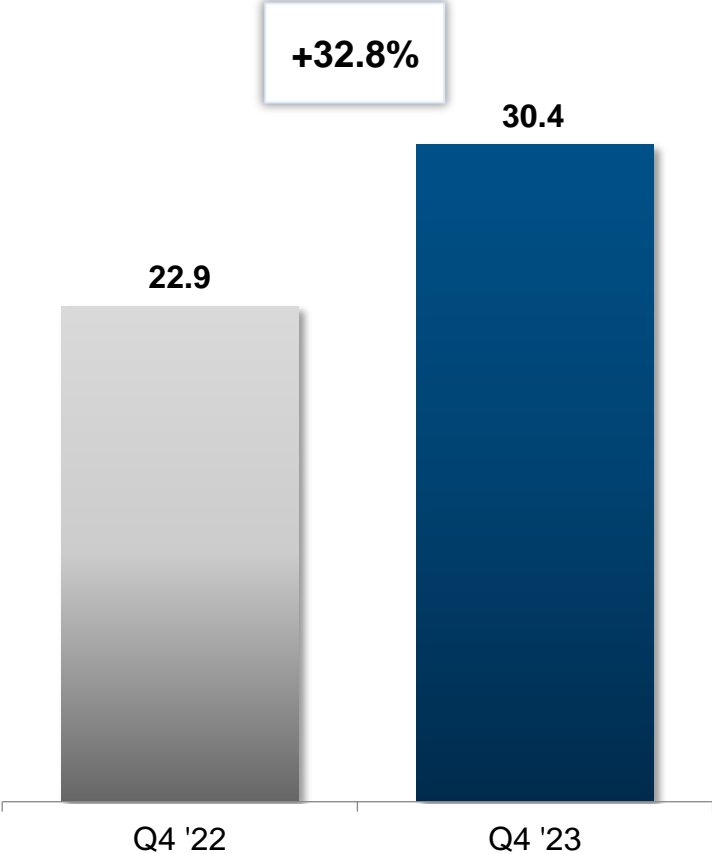
## Oral Tobacco Industry Volume Growth

*(estimates, six months ended)*



## *on!* Shipment Volume

*(cans in millions)*



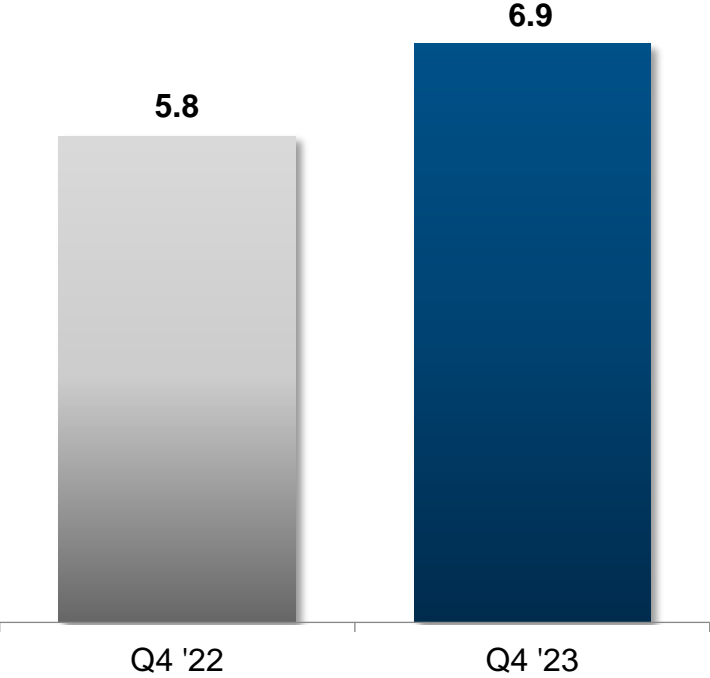
Source: ALCS CMII Estimates. Rounded to the nearest 0.5%. Oral Tobacco industry includes MST, snus and ONP products

# Share Momentum and Continued Brand Adoption

## on! Share of Oral Tobacco Category

(total U.S.)

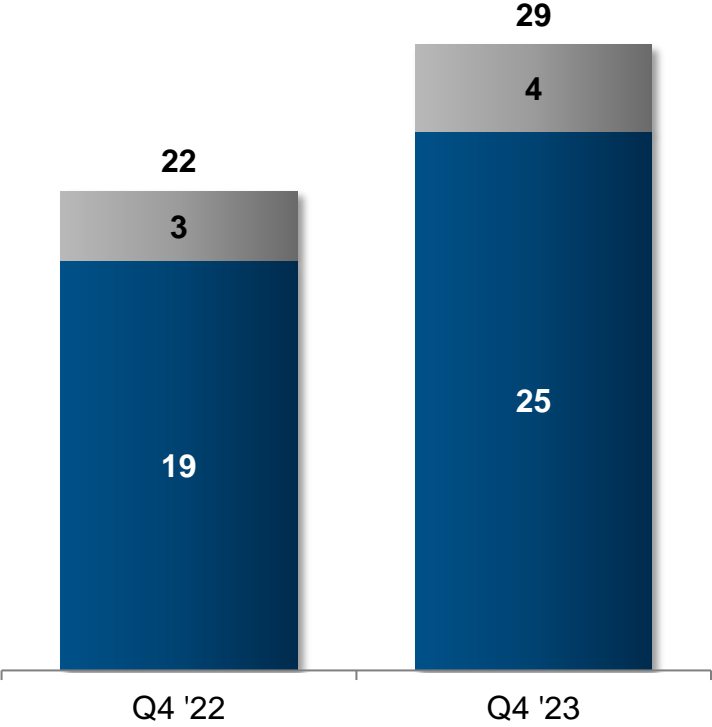
+1.1pp



## on! Retail Sales Volume

(cans in millions)

■ Estimated Repeat Purchase ■ Estimated Trial



Source: CMI Estimates based on Circana Projected (MOC) data as of week ending 12/31/2023 and POS Scan Data as of week ending 12/30/2023

# on! PLUS Test Launch in Sweden

## Our New Tobacco-Derived Nicotine Wet Pouch Product

- Consumers indicate that *on! PLUS* is competitive with the market leader in Sweden and seen as a unique offering.
- In December, we introduced *on! PLUS Berry* and *Citrus* in the e-commerce channel.
- We are on track to submit a Pre-Market Tobacco Product Application for *on! PLUS* in the first half of this year and upon FDA authorization, we expect it to contribute to Helix's growth.



Source: CMI adult tobacco consumer research (legal age+) October 2023 and consumer quotes per Haypp Group

# Continued Progress on Heated Tobacco Portfolio



SWIC™  
HEAT + TOBACCO

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# 2028 Enterprise Goals

2028 Enterprise Goals						
Corporate			U.S. Smoke-Free Products		Long-Term Growth	
Financial Policy & Capital Allocation	Share of U.S. Tobacco Space	Total Adjusted OCI Margin	U.S. Smoke-Free Volume	U.S. Smoke-Free Revenue	International Innovative Smoke-Free Revenue	Non-Nicotine Revenue

# 2024 Financial Outlook

- Our planned investment areas include:
  - marketplace activities in support of our smoke-free products; and
  - smoke-free product research, development and regulatory preparations.
- We expect to deliver full-year 2024 adjusted diluted EPS<sup>1</sup> of \$5.00 to \$5.15<sup>2,3</sup>. This range represents an adjusted diluted EPS growth rate of 1% to 4% from a 2023 base of \$4.95.



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

<sup>2</sup> We expect 2024 adjusted diluted EPS growth to be weighted to the second half of the year. Our guidance includes the impact of two additional shipping days in 2024 and assumes limited impact from enforcement efforts in the illicit e-vapor market on combustible and e-vapor volumes.

<sup>3</sup> While the 2024 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 cumulative impact of inflation (ii) adult tobacco consumer (ATC) dynamics, including purchasing patterns and adoption of smoke-free products, (iii) illicit e-vapor enforcement and (iv) regulatory, litigation and legislative developments.

Alma

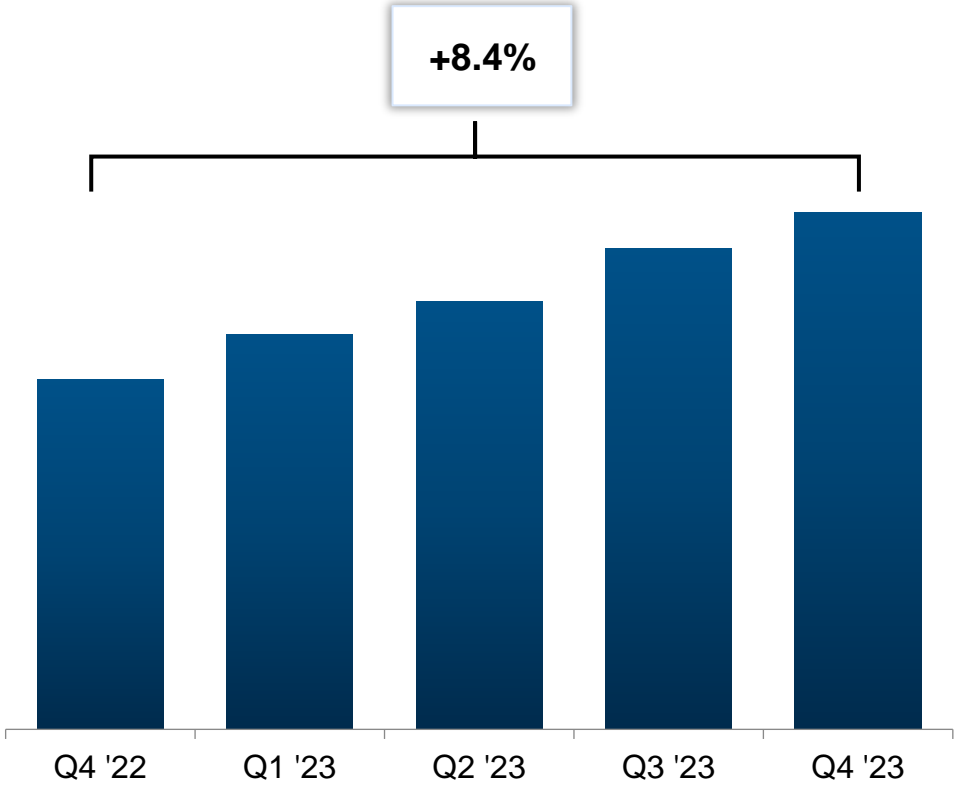


# Continued Macroeconomic Headwinds

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



**Outstanding Consumer Debt**



Source: U.S. Energy Information Administration: Weekly Retail Gasoline and Diesel Prices (dollars per Gallon, incl. Taxes). Retail Prices for Gasoline, All Grades. December data through 12/25/2023.

Source: U.S. Board of Governors of the Federal Reserve System, Seasonally Adjusted Revolving Consumer Credit



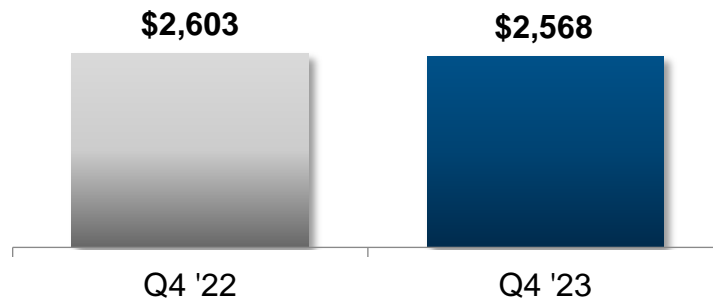
# Smokeable Products Segment

## Adjusted Operating Companies Income\* (OCI)

### Q4: Adjusted OCI

(\$ in millions)

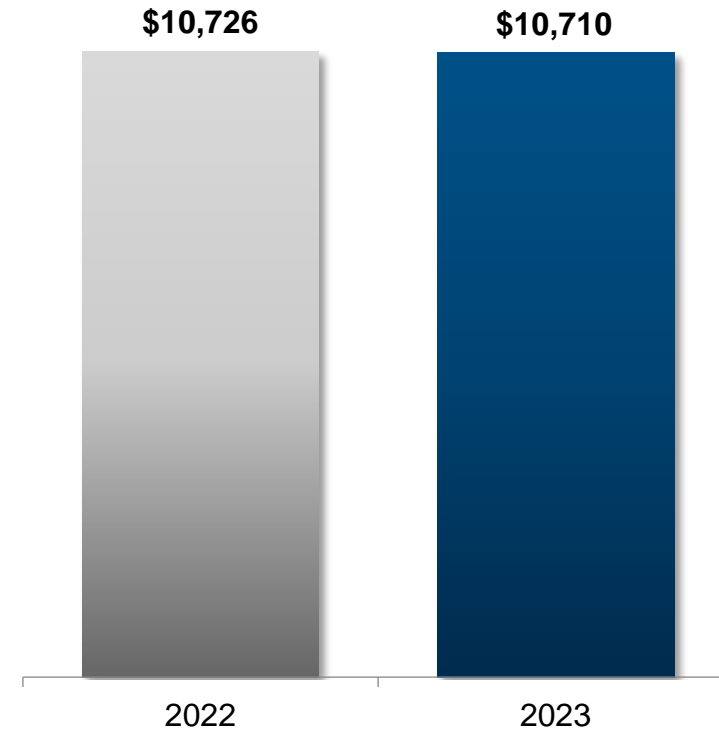
(1.3)%



### Full Year: Adjusted OCI

(\$ in millions)

(0.1)%

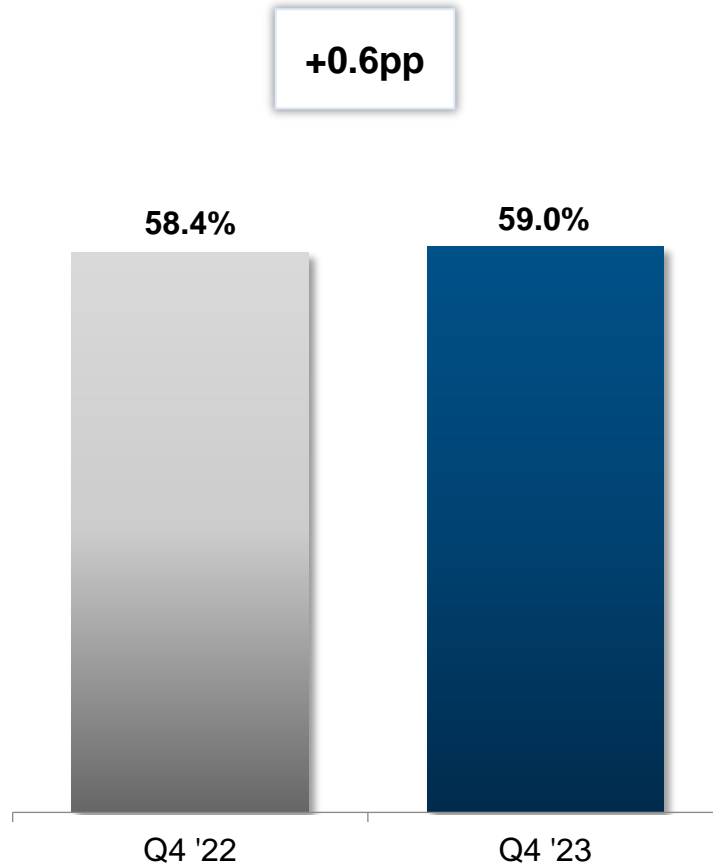


\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](http://altria.com).

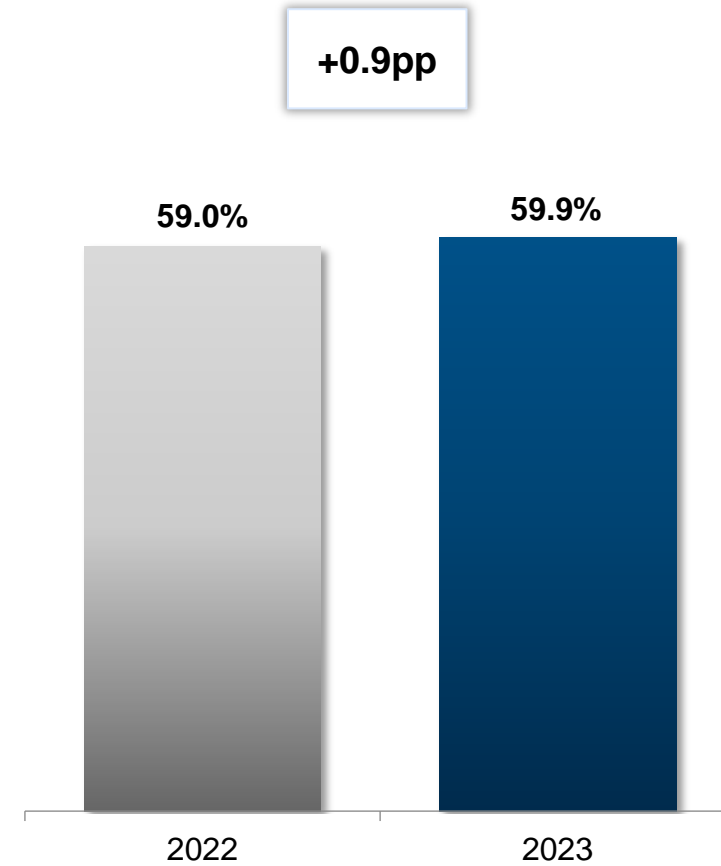
# Smokeable Products Segment

*Adjusted OCI Margins\**

## Q4: Adjusted OCI Margins



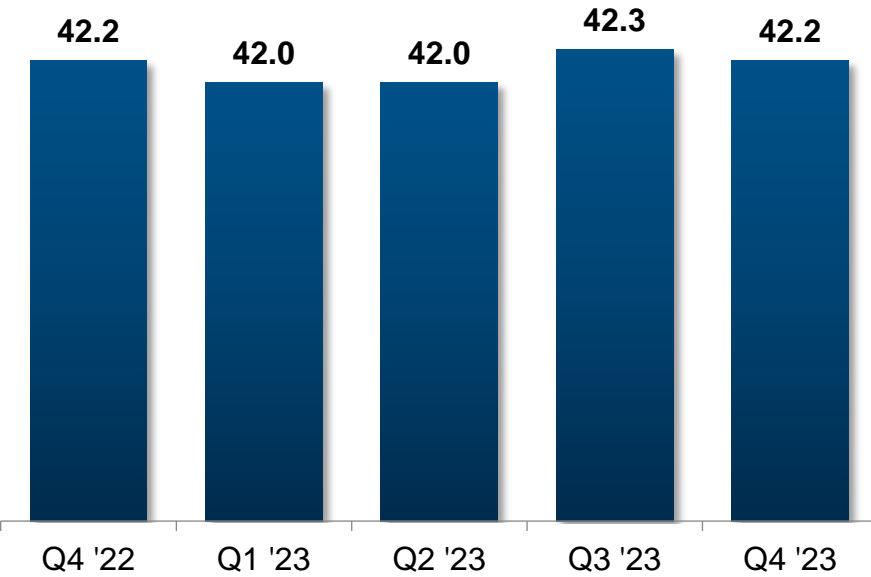
## Full Year: Adjusted OCI Margins



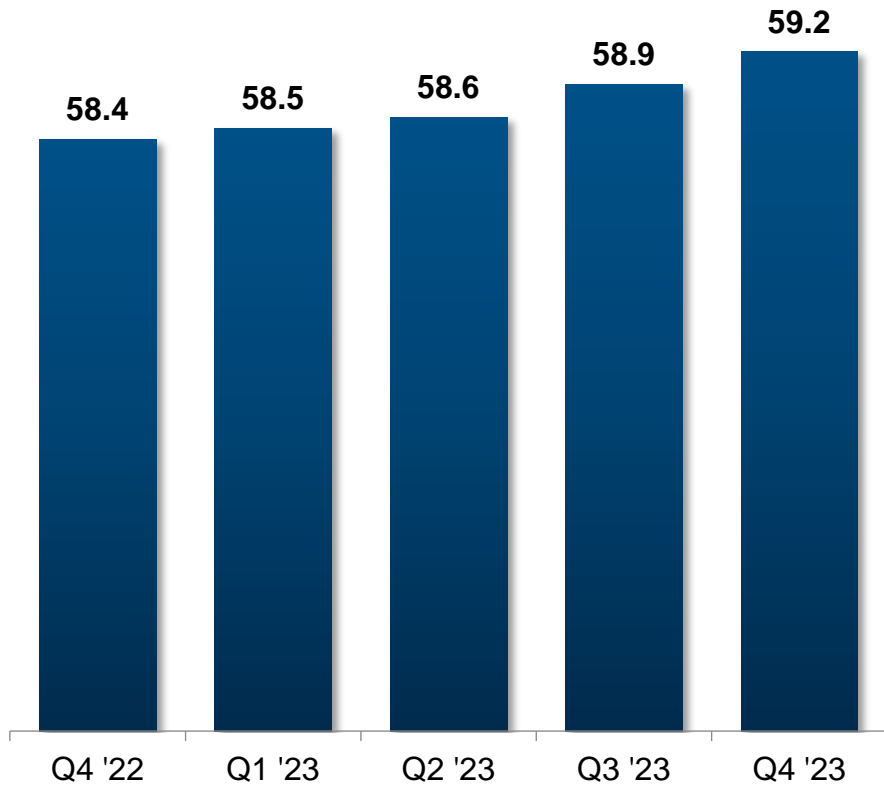
\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](http://altria.com).

# Marlboro Share Stability

Marlboro Retail Share



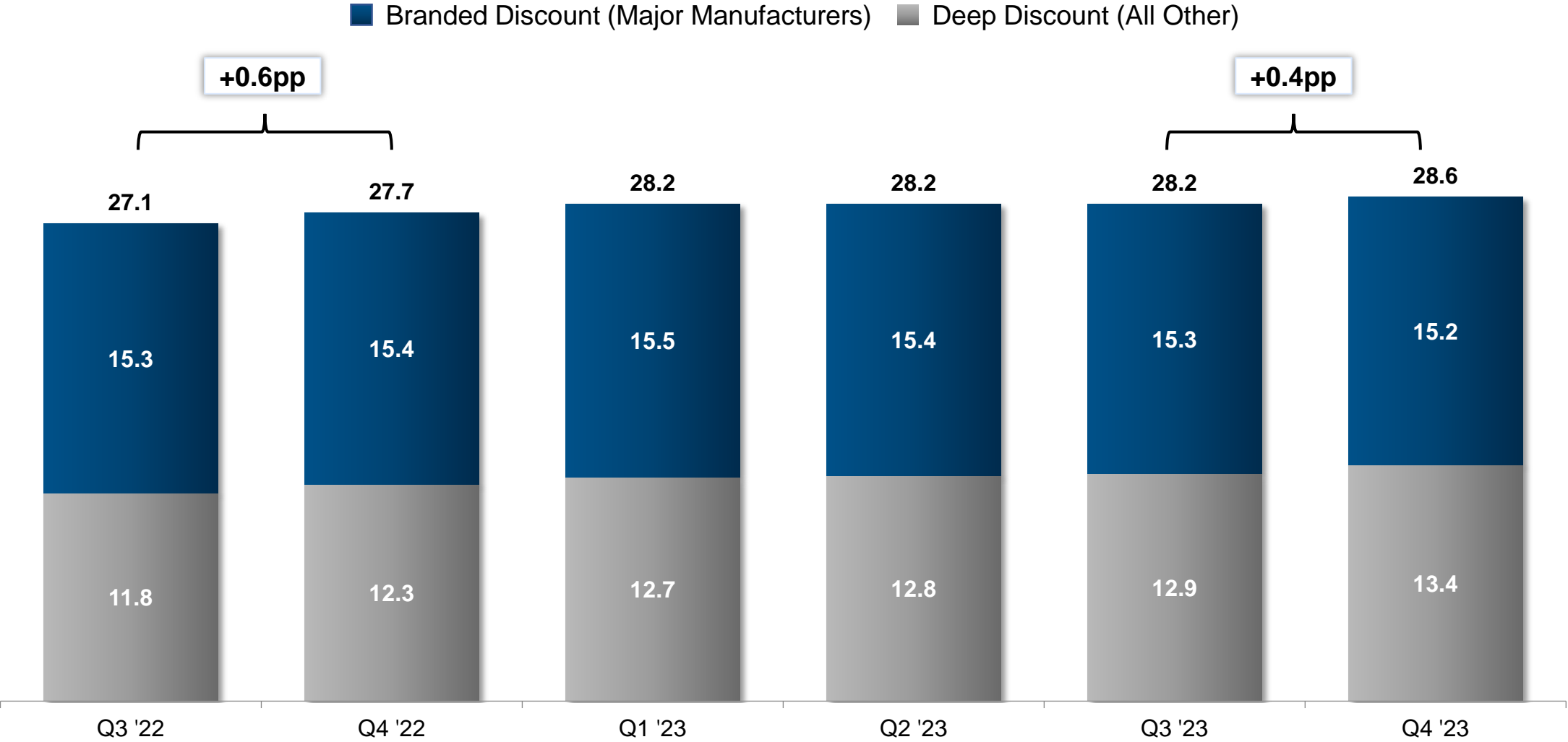
Marlboro Share Of Premium



Source: Circana Info Scan Cigarette 2023 – Blended WE 12/31/2023



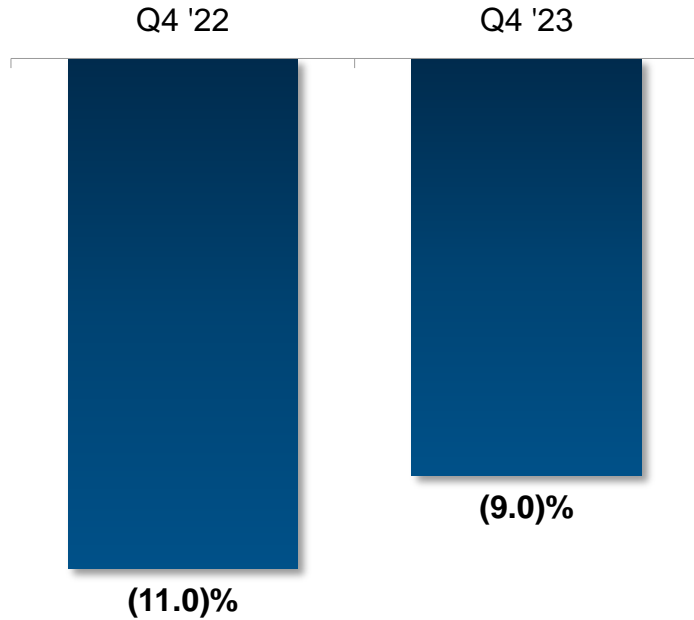
# Discount Retail Share



Source: Circana Info Scan Cigarette 2023 – Blended WE 12/31/2023

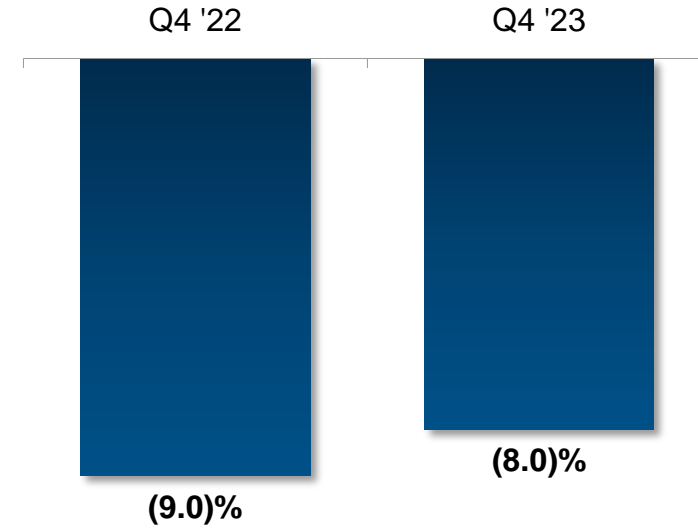
# Adjusted Cigarette Decline Rates

## Smokeable Products Segment



Full Year: (10.0)%

## Total Industry

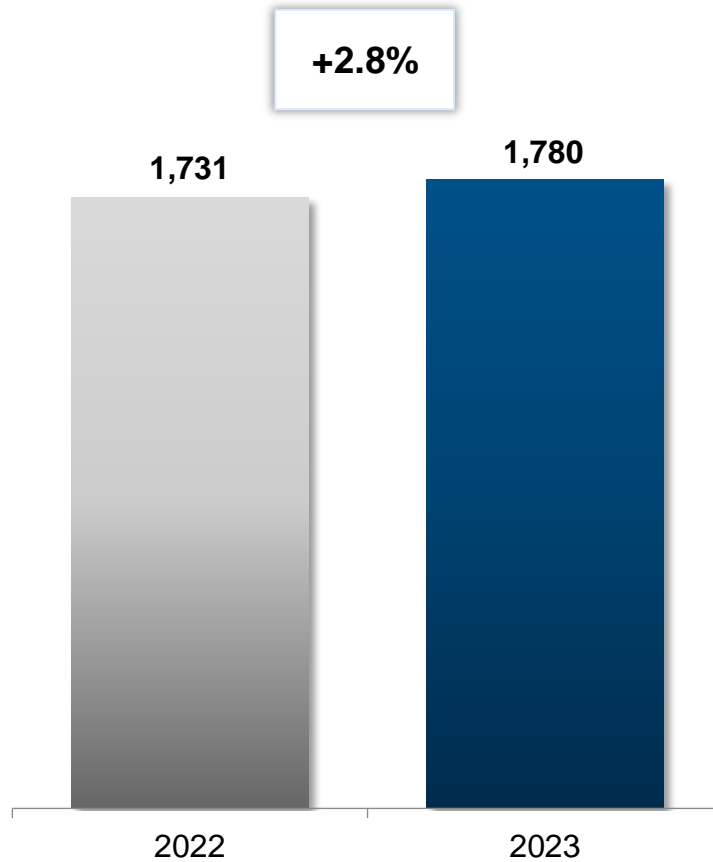


Full Year: (8.0)%

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

# John Middleton Cigars

## Reported Shipment Volume



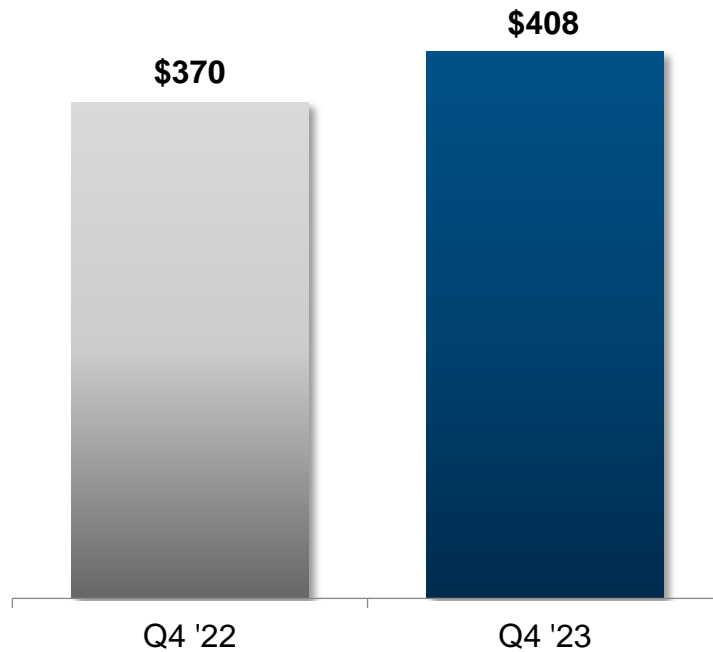
# Q4: Oral Tobacco Products Segment

Adjusted OCI\* and Adjusted OCI Margins\*

## Adjusted OCI

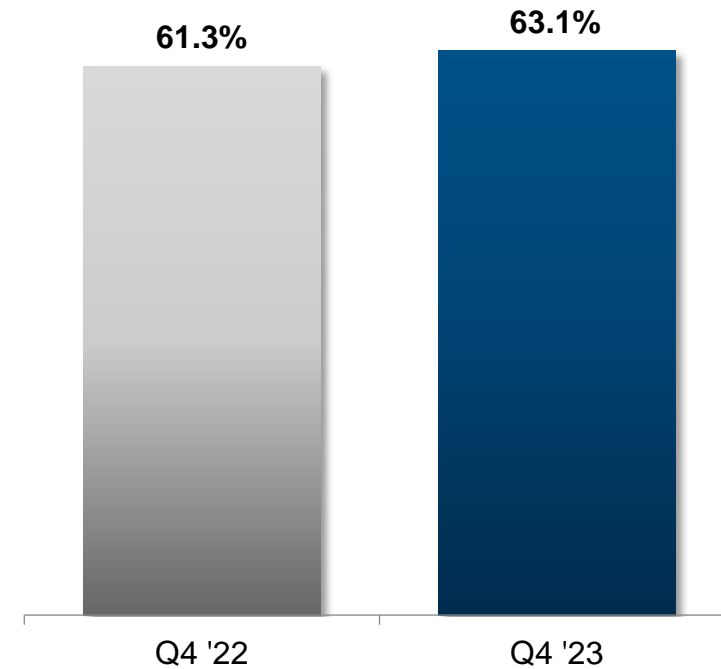
(\$ in millions)

+10.3%



## Adjusted OCI Margins

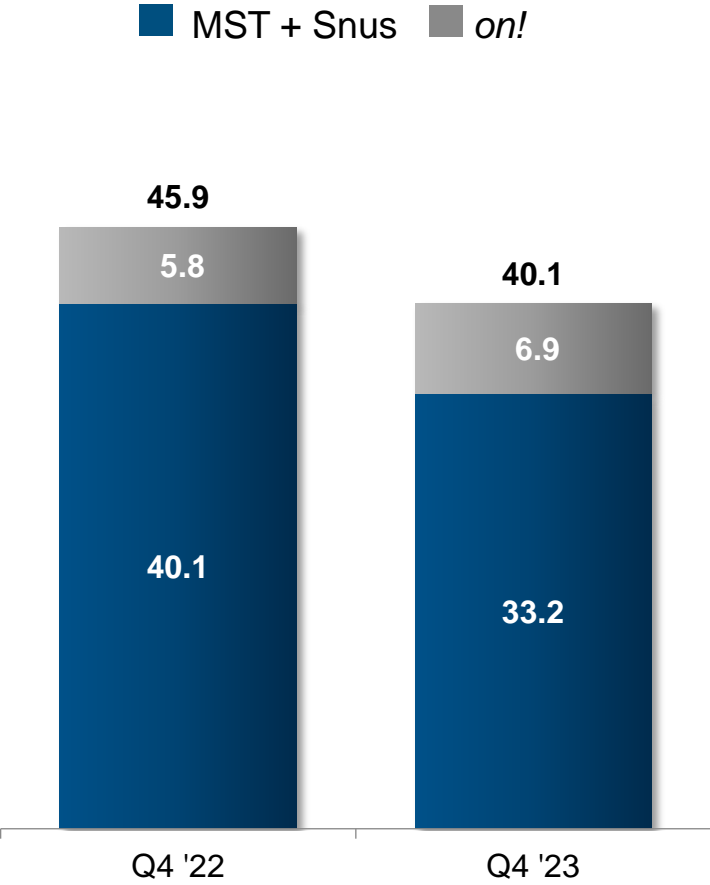
+1.8pp



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

# Oral Tobacco Products Segment

## Retail Share



Source: Circana Info Scan Oral Tobacco 2023 - MOC, WE 12/31/23

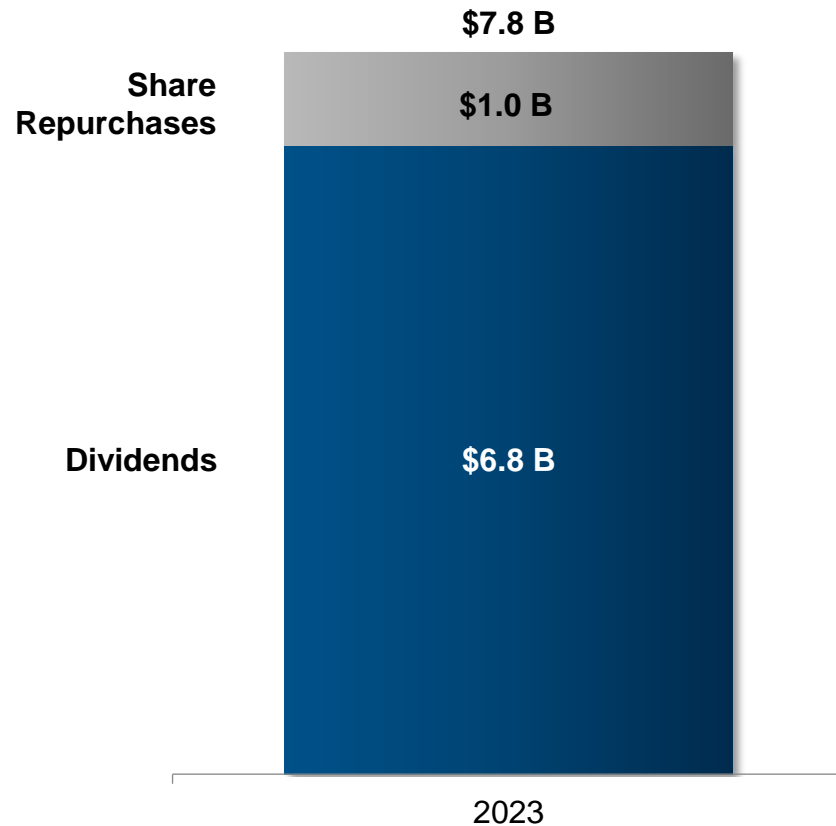
# ABI Investment



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# Creating Long-Term Shareholder Value

## Cash Returned to Shareholders



- Raised our dividend per share by 4.3%, in-line with our new progressive dividend goal.
- Repurchased 22.7 million shares, which completed our previously authorized \$1 billion program.
- As of December 31, our Debt-to-EBITDA\* ratio was 2.2x.
- Our Board authorized a new \$1 billion share repurchase program, which we expect to complete by the end of 2024.

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

Marlboro



TASTE & A

Wendell

POP

