

# Altria's Second-Quarter and First-Half 2024 Earnings Conference Call

*July 31, 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 our Annual Report on Form 10-K for the year ended December 31, 2023, and under the heading “Forward-Looking and Cautionary Statements” in our earnings press release dated July 31, 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).

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

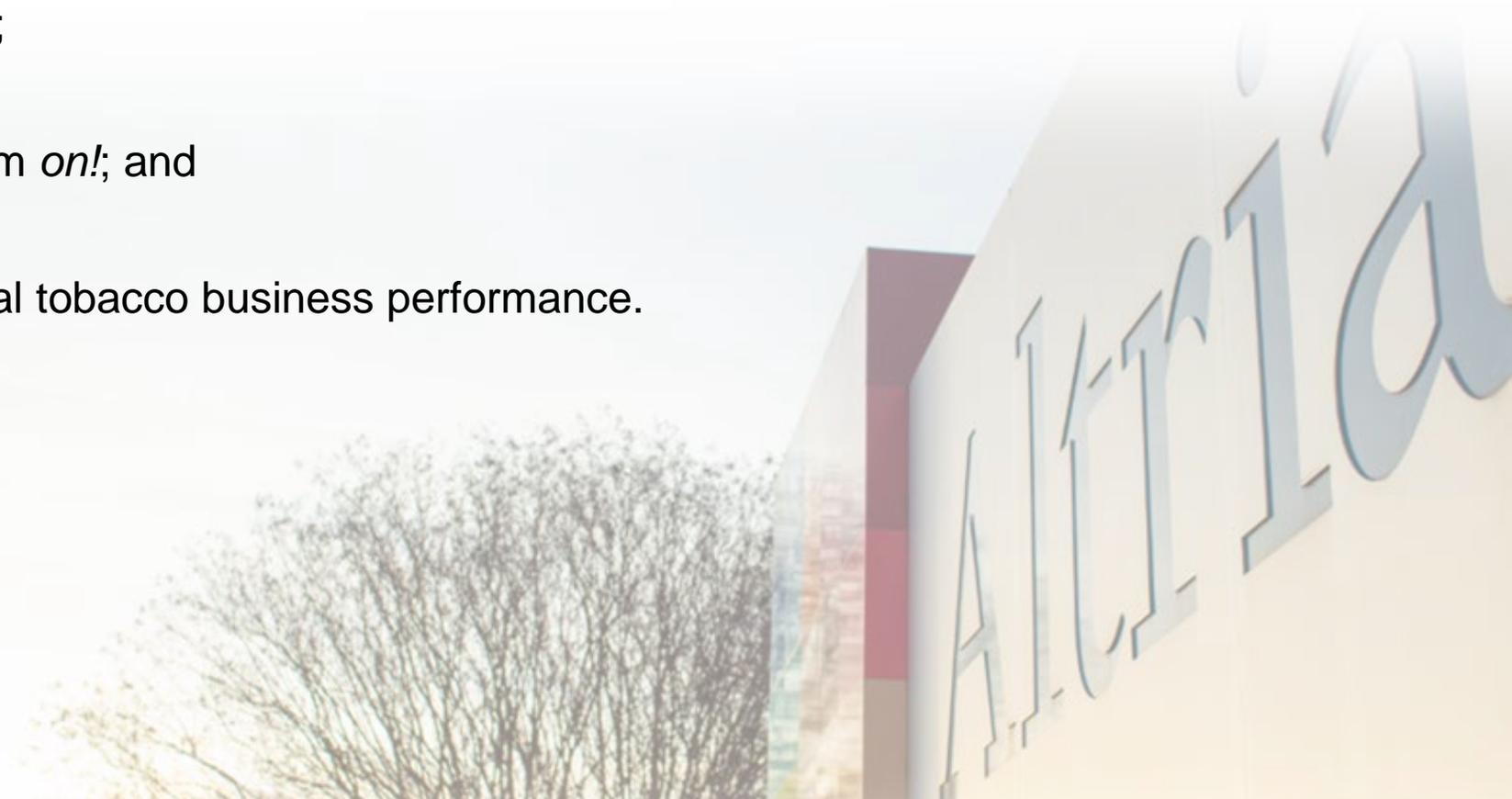
Moving beyond smoking™



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# Agenda

- NJOY's encouraging second-quarter results;
- The state of the e-vapor category;
- Strong second-quarter results from *on!*; and
- Our financial results and traditional tobacco business performance.



# NJOY Progress During Our First Year of Ownership

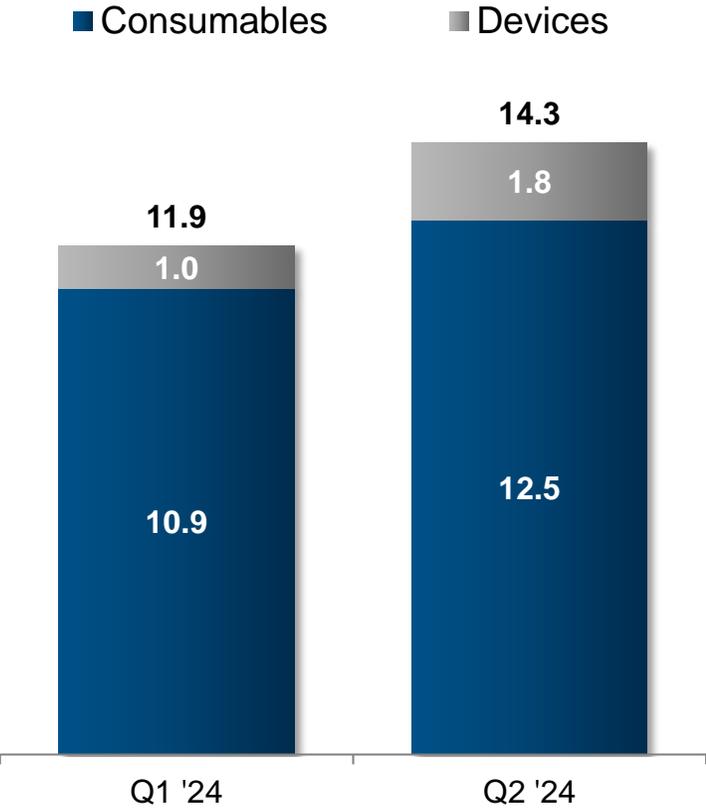
- Strengthened NJOY's supply chain;
- Tripled *NJOY*'s footprint to over 100,000 stores;
- Secured premium positioning at retail;
- Launched a variety of trial generating activities; and
- Introduced a new brand equity campaign.



# NJOY Volume Momentum

## NJOY Shipment Volume

(in millions)

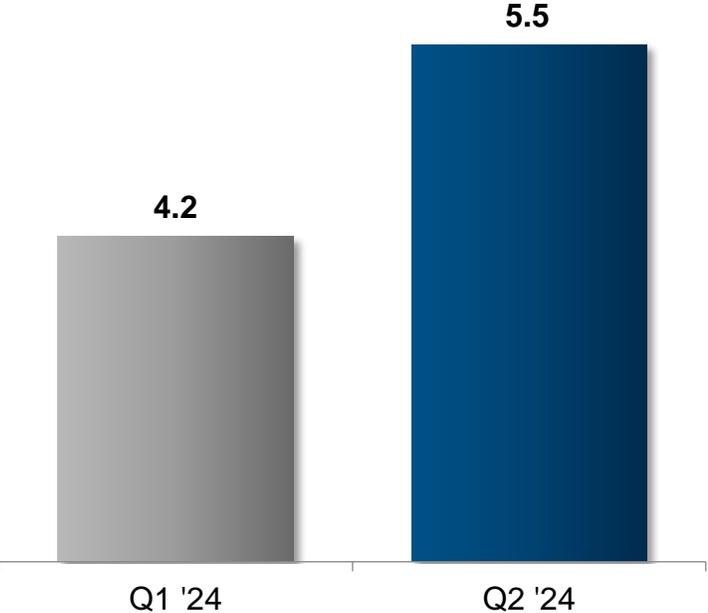


# Compelling *NJOY* Share Growth

## *NJOY* Consumables Retail Share

(total U.S.)

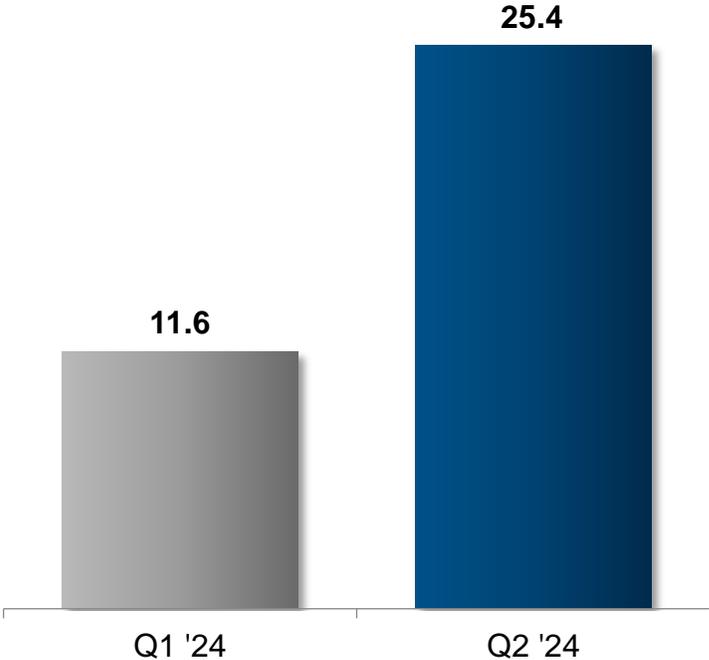
+1.3pp



## *NJOY* Device Share

(total U.S.)

+13.8pp



Source: Circana Projected Total U.S. MOC week ending 6/30/2024.

# Investing Behind *NJOY*

- At retail, approximately two-thirds of fixture resets are now complete.
- Amplified *NJOY*'s visibility and secured premium positioning through its trade program.
- Reaching increased numbers of adult consumers through *NJOY*'s events infrastructure and digital marketing capabilities to responsibly build awareness and generate trial.



# NJOY Menthol FDA Marketing Authorizations

- NJOY received marketing granted orders for four menthol e-vapor products - the first and only menthol e-vapor products authorized by the FDA.
- As negotiated under the terms of the acquisition, upon receiving the marketing granted orders, we made cash payments totaling \$250 million in July.
- All in-market NJOY products are covered by marketing granted orders from FDA.



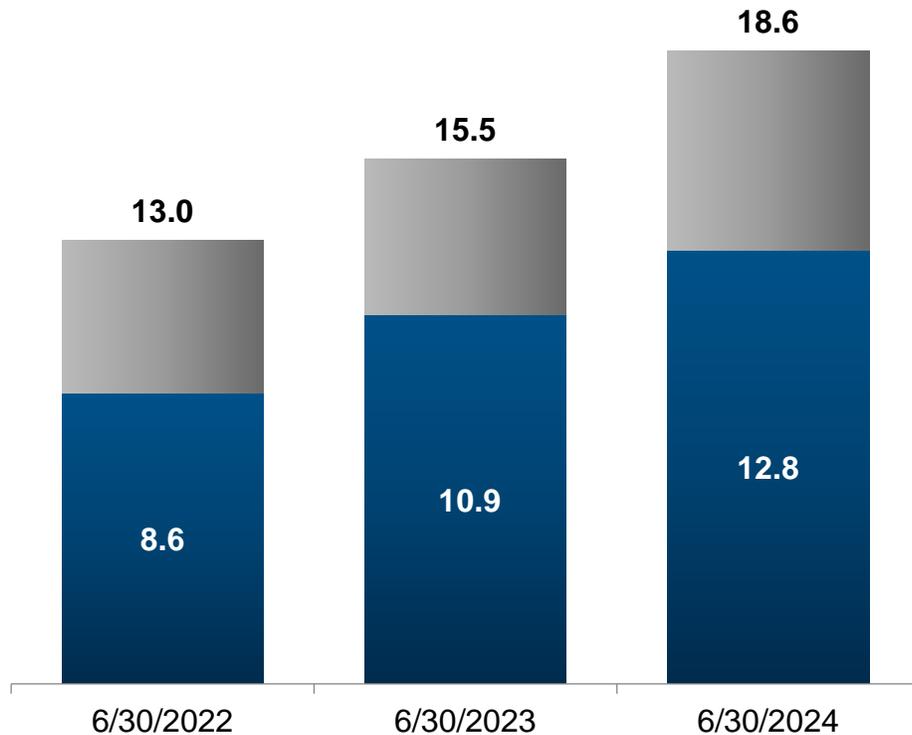
# Illicit Products Driving E-Vapor Category Growth

Adult Vapers 21+ - Past 30-Day Usage

## Vapers by Cigarette Usage

(twelve months ended, in millions)

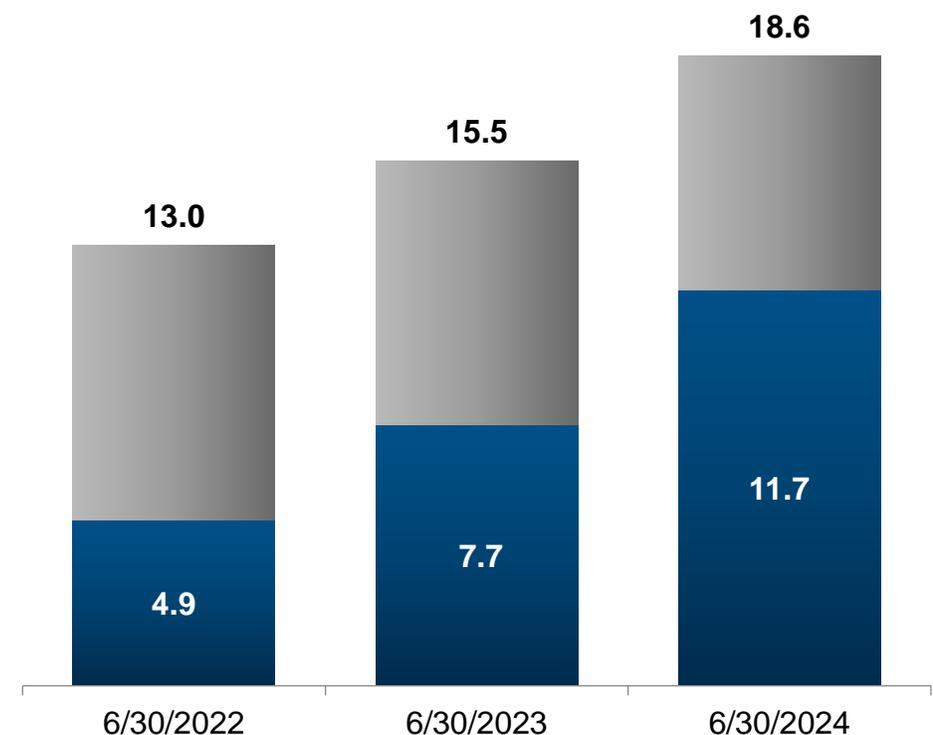
■ Exclusive Vapers   ■ Vapers Who Also Smoke Cigarettes



## Vapers by Form

(twelve months ended, in millions)

■ Disposable   ■ All Other Forms



Source: ATCT December 2015 to June 2024.

# Increased Illicit Activity Across Multiple Tobacco Categories

- We are beginning to see increased illicit activity across multiple tobacco categories, including nicotine pouches and cigarettes.
- The FDA's inaction, lack of enforcement and slow-pace of smoke-free authorizations continues to enable bad actors, who are blatantly disregarding regulations.
- We are actively engaged with regulators, federal and state lawmakers, our trade partners and other stakeholders to build awareness of these issues and drive marketplace enforcement.



# Some Positive Enforcement Actions Against Illicit E-Vapor

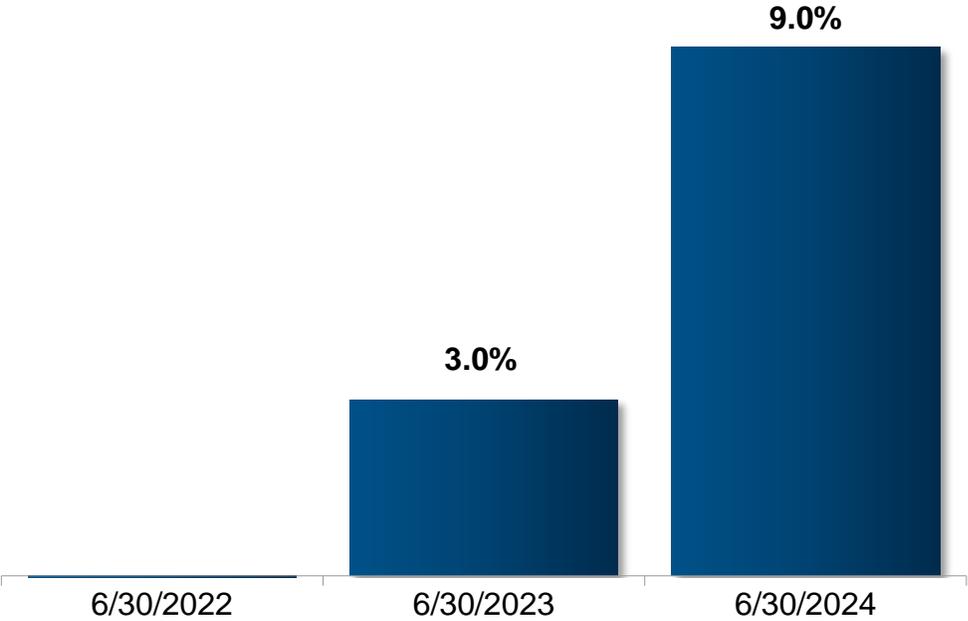
- In June, the Justice Department and the FDA announced the creation of a federal multi-agency task force. We have been advocating for multi-agency collaboration and view this announcement as a much-needed course-correction.
- States continue to pass legislation requiring manufacturers to certify compliance with FDA requirements.
- We continue to believe in the promise of a responsible and fully regulated tobacco industry.



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

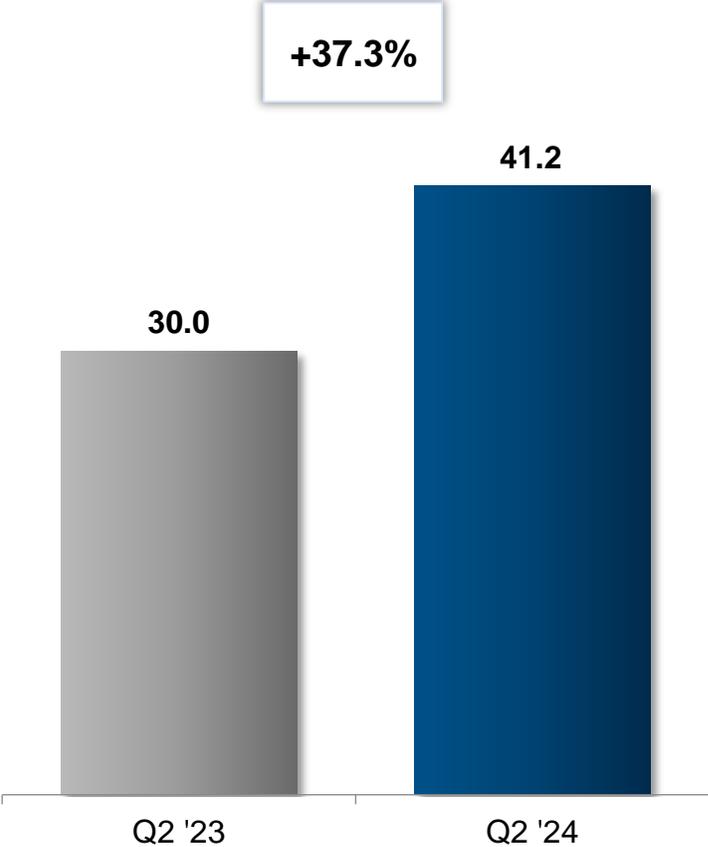
## Oral Tobacco Industry Volume Growth

*(estimates, six months ended)*



## *on!* Shipment Volume

*(cans in millions)*



Source: ALCS CMI estimates. Rounded to the nearest 0.5%. Oral tobacco industry includes MST, snus and ONP products.

# Helix Investing Strategically and Responsibly Behind on!

- Launched a new trade program that secured the number one retail fixture position for nearly 80% of *on!*'s volume.
- Introduced a fresh new look for *on!* packaging and a new equity campaign -- "IT'S ON!" -- to further differentiate the brand.

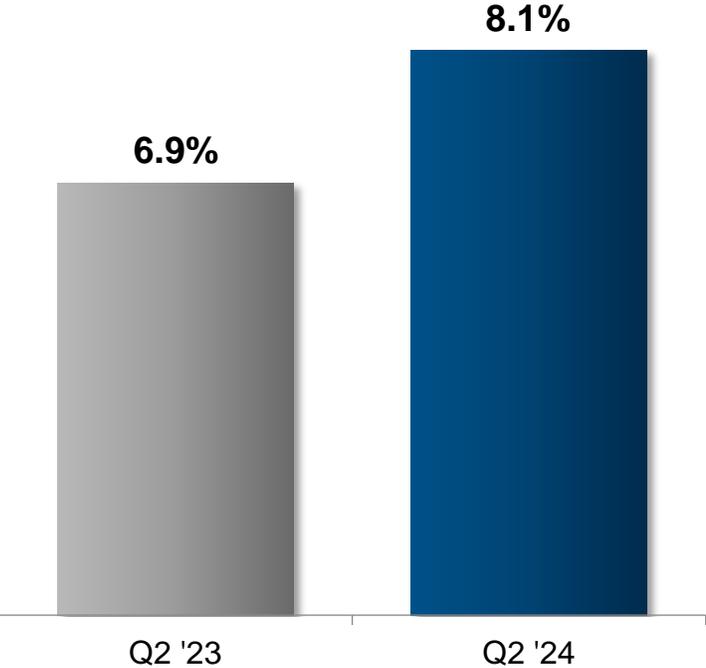


# Consistent *on!* Share Momentum

## *on!* Share of Oral Tobacco Category

(total U.S.)

+1.2pp



Source: ALCS CMI estimates based on Circana Projected Total U.S. MOC data week ending 6/30/2024.

# Exciting *on! PLUS* Growth Prospects

- Early international results continue to show that *on! PLUS* is a growing competitive player in the nicotine pouch space in Sweden and the United Kingdom.
- In both markets, *on! PLUS* has been incremental to our total portfolio.
- Consumers enjoy the innovative *on! PLUS* pouch and view it as a unique point of differentiation.



# PMTAs Submitted to the FDA for *on! PLUS*



*Note: Product packaging design is subject to change.*

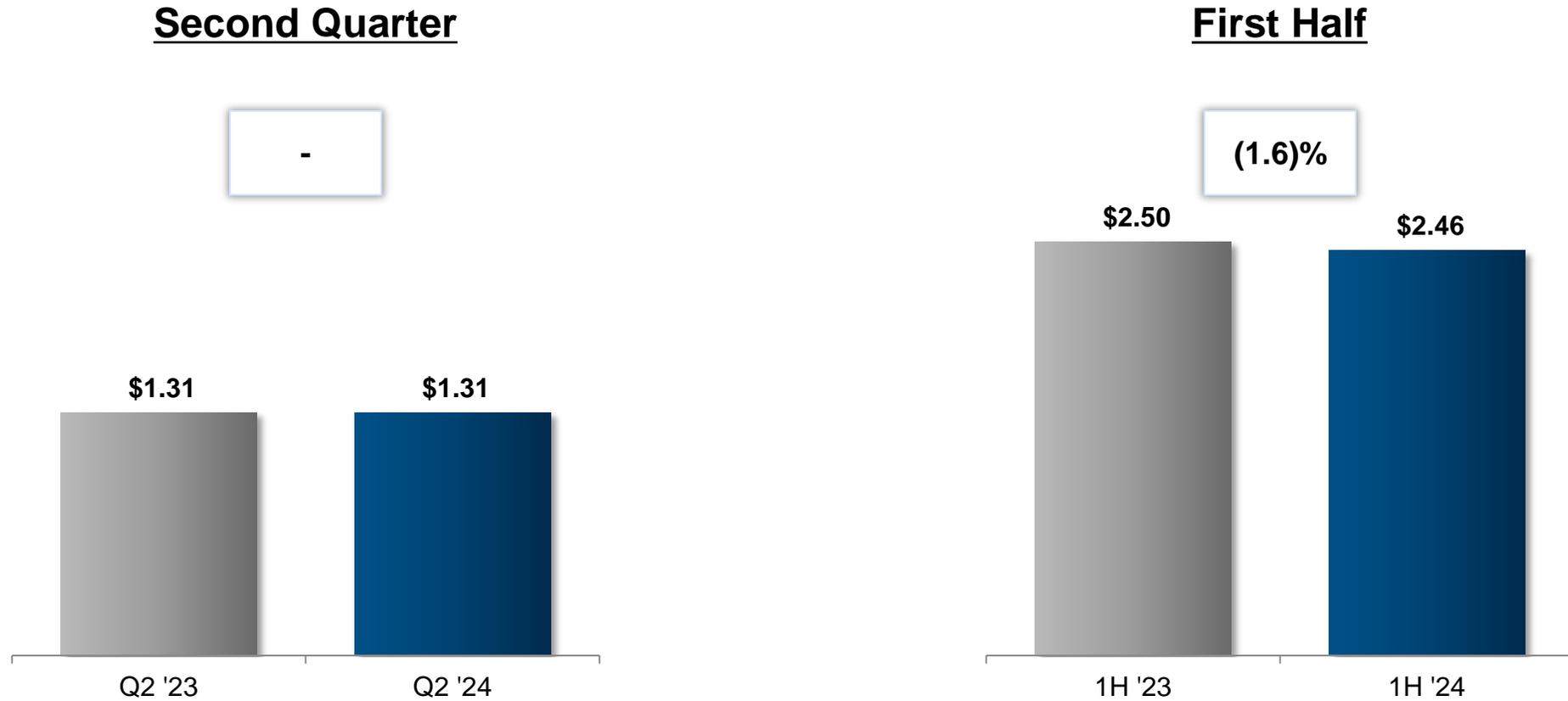
Responsibly lead  
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# Adjusted Diluted Earnings Per Share (EPS)\* and Financial Outlook



**We are narrowing our full-year 2024 guidance range and now expect to deliver adjusted diluted EPS in a range of \$5.07 to \$5.15, representing a growth rate of 2.5% to 4.0% from a base of \$4.95 in 2023.**

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

# Cigarette Industry Volume Decomposition Estimates

*Twelve Months Ended*

	9/30/23	12/31/23	3/31/24	6/30/24
Secular Decline Rate <sup>1</sup>	(2.5)%	(2.5)%	(2.5)%	(2.5)%
Cigarette Price Elasticity <sup>2</sup>	(1.9)%	(1.9)%	(1.8)%	(1.9)%
Macroeconomic, Additional Cross Category Movement & Other Factors	(4.1)%	(3.6)%	(3.7)%	(4.1)% <sup>3</sup>
<b>Estimated Industry Decline</b>	<b>(8.5)%</b>	<b>(8.0)%</b>	<b>(8.0)%</b>	<b>(8.5)%</b>

1 Includes approximately 1% historical movement across tobacco categories.

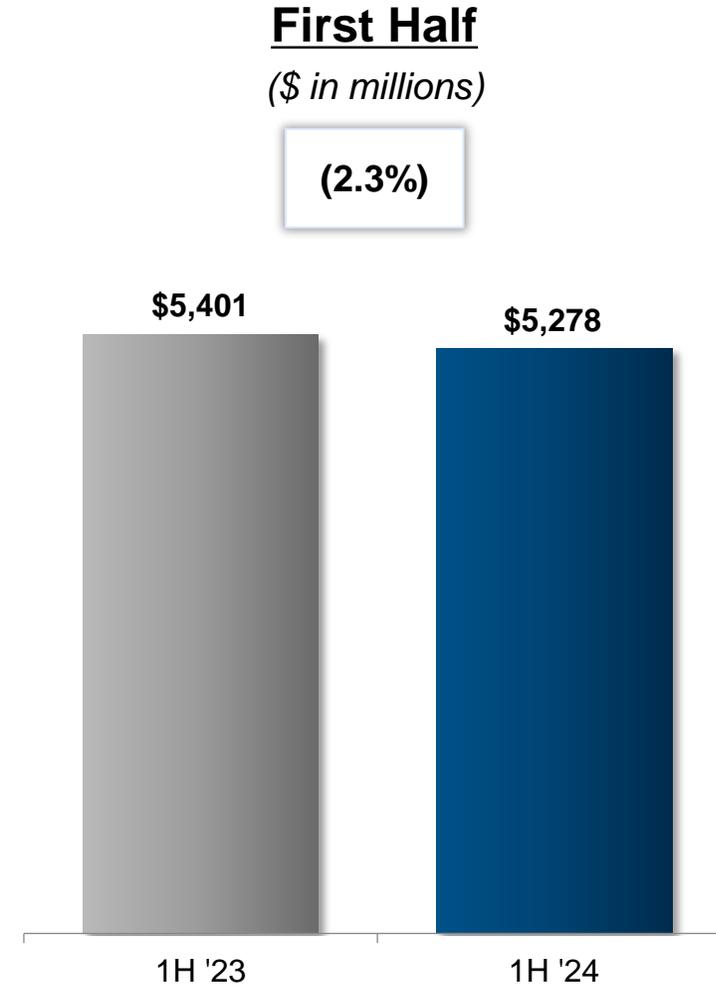
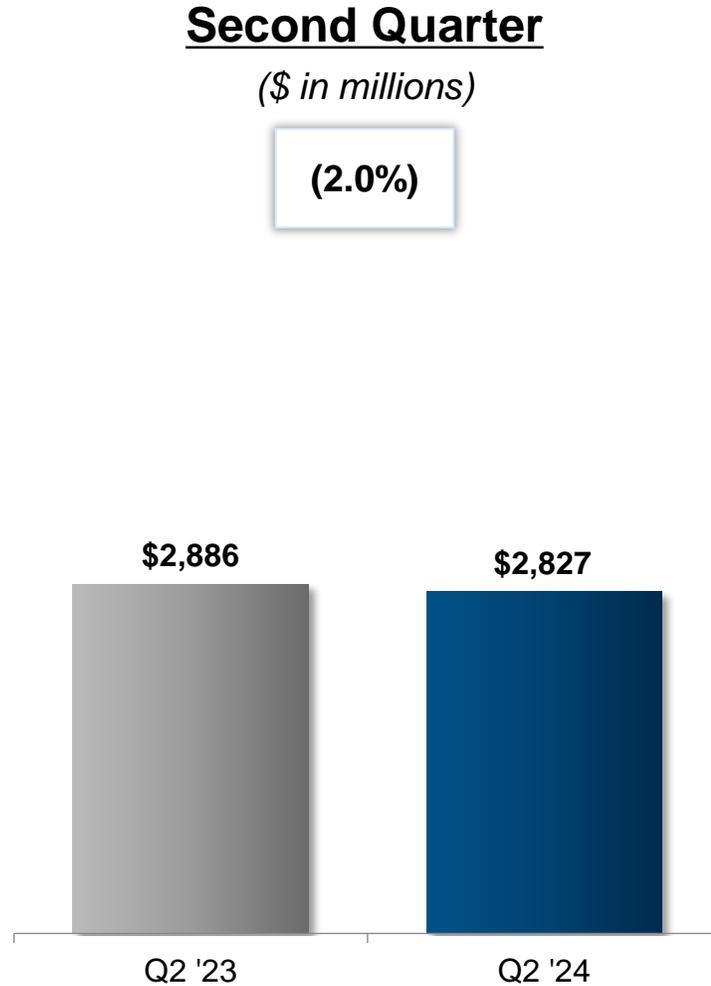
2 Reflects a cigarette price elasticity coefficient of -0.35.

3 Includes approximately 2% to 3% of cross category movement from cigarettes, primarily driven by illicit disposable e-vapor products.

Source: ALCS Advanced Analytics estimates.

# Smokeable Products Segment

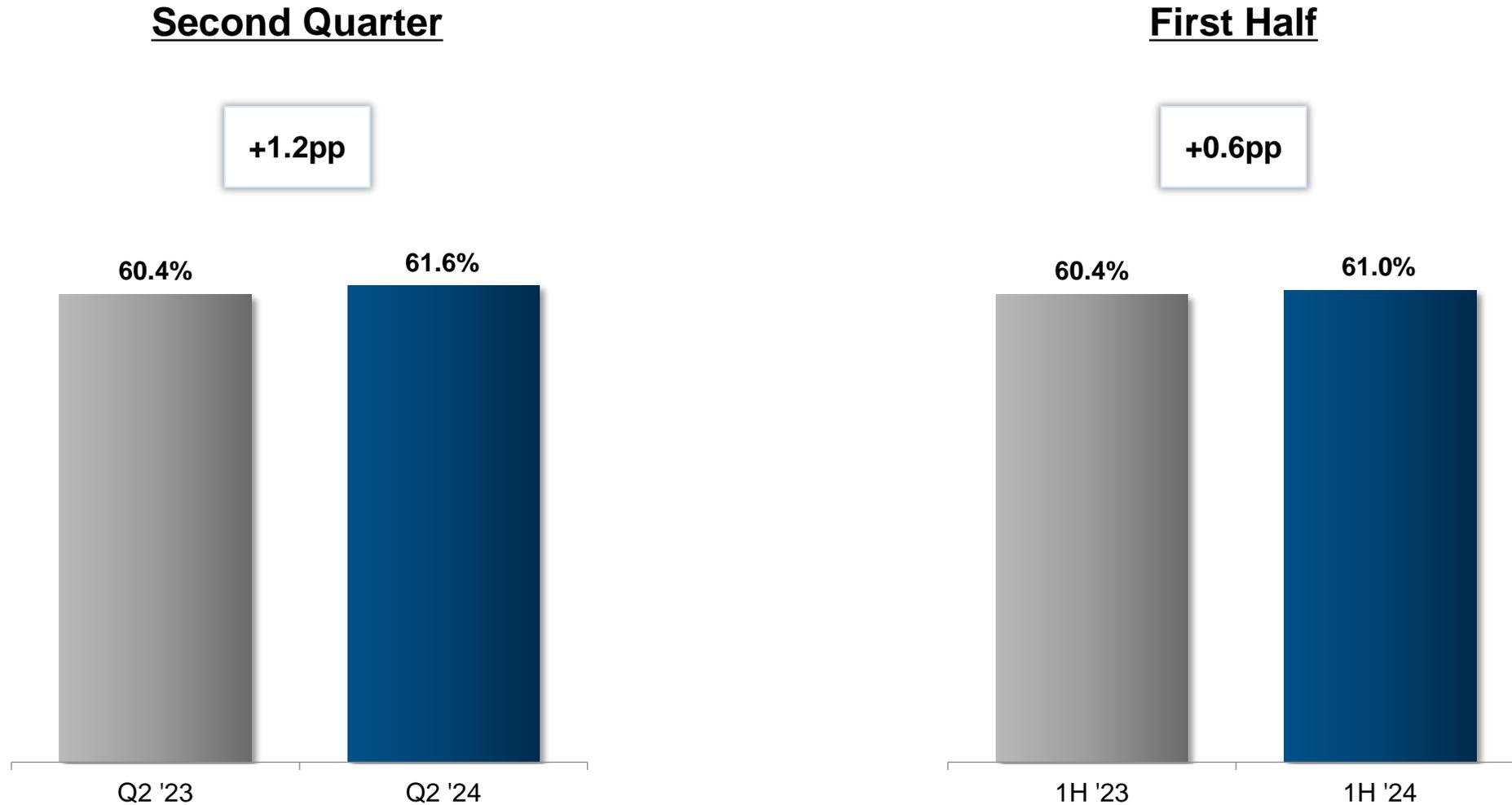
## Adjusted Operating Companies Income\* (OCI)



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

# Smokeable Products Segment

*Adjusted OCI Margins\**



+1.2pp

+0.6pp

60.4%

61.6%

Q2 '23

Q2 '24

60.4%

61.0%

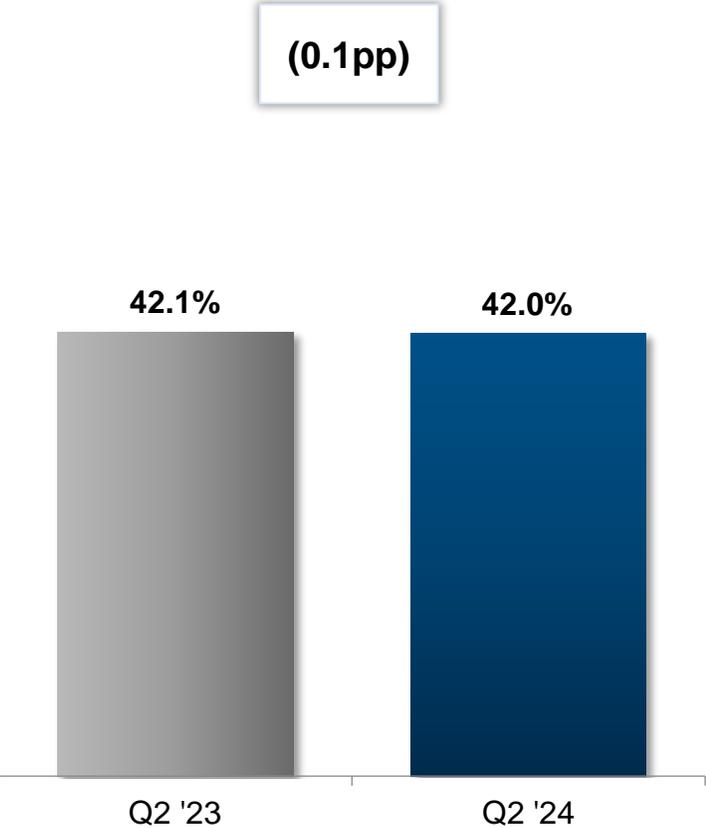
1H '23

1H '24

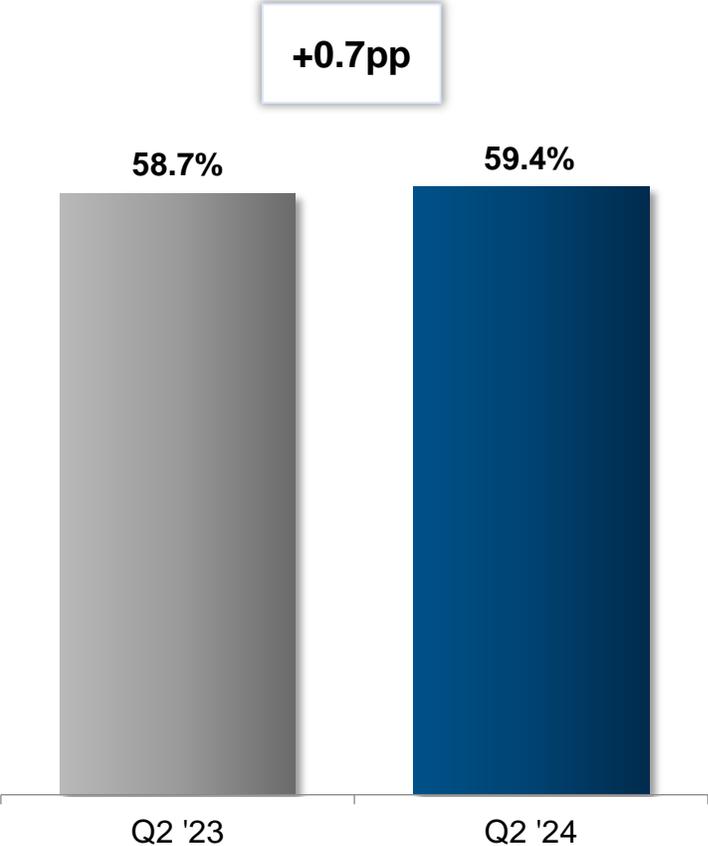
\*For reconciliations of non-GAAP to GAAP measures visit [altria.com](http://altria.com).

# Marlboro Retail Share and Share of Premium

Marlboro Retail Share



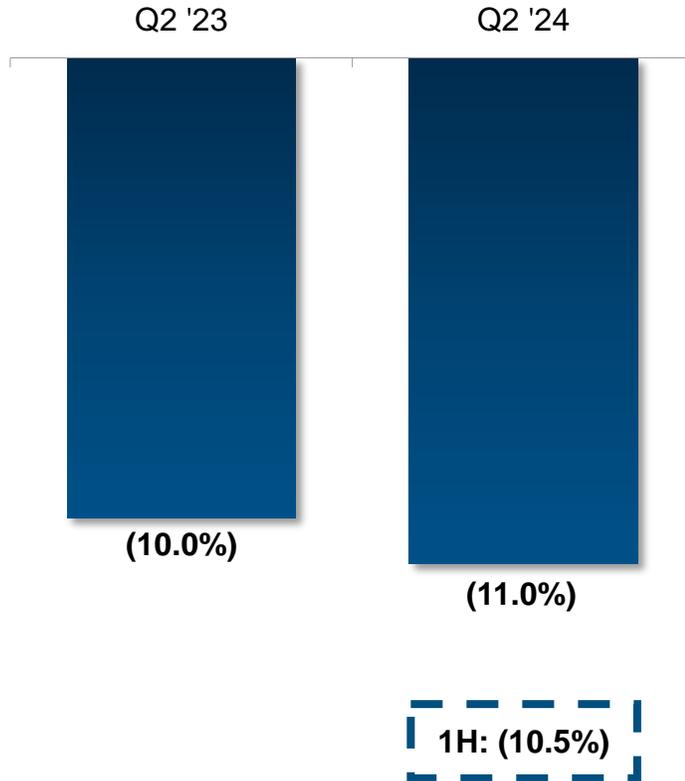
Marlboro Share of Premium



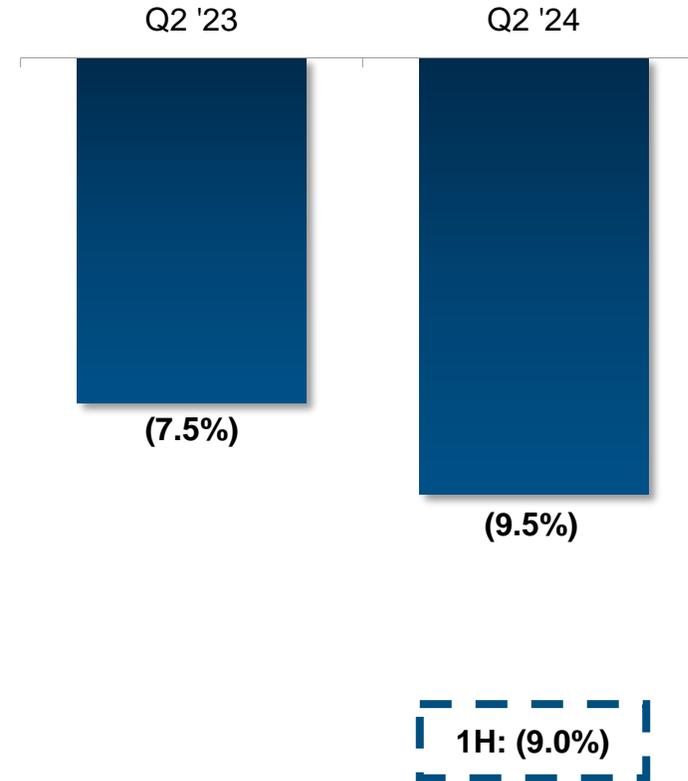
Source: Circana InfoScan Cigarette 2024-Blended, week ending 6/30/2024.

# Adjusted Cigarette Decline Rates

## Smokeable Segment



## Total Industry

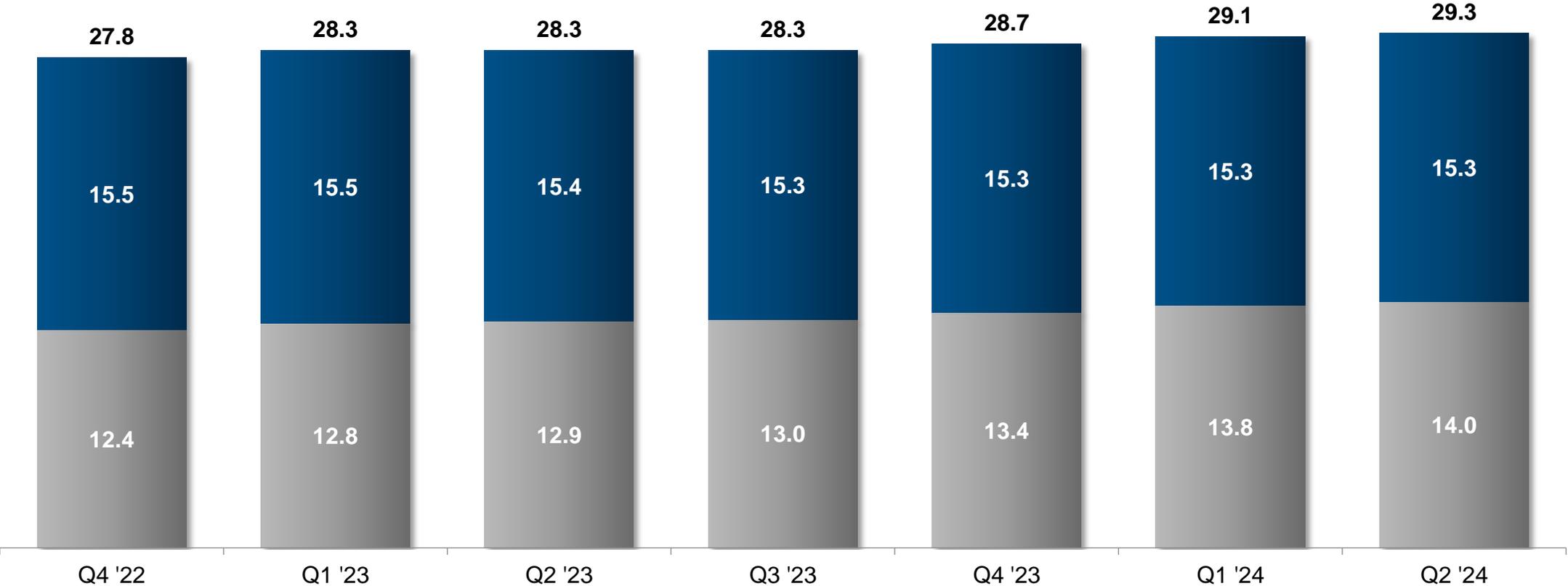


Source: ALCS CMI estimates – rounded to nearest 0.5%.

Note: Estimates are subject to revision due to wholesaler resubmission of inventory data.

# Discount Retail Share

■ Branded Discount (Major Manufacturers) ■ Deep Discount (All Other)

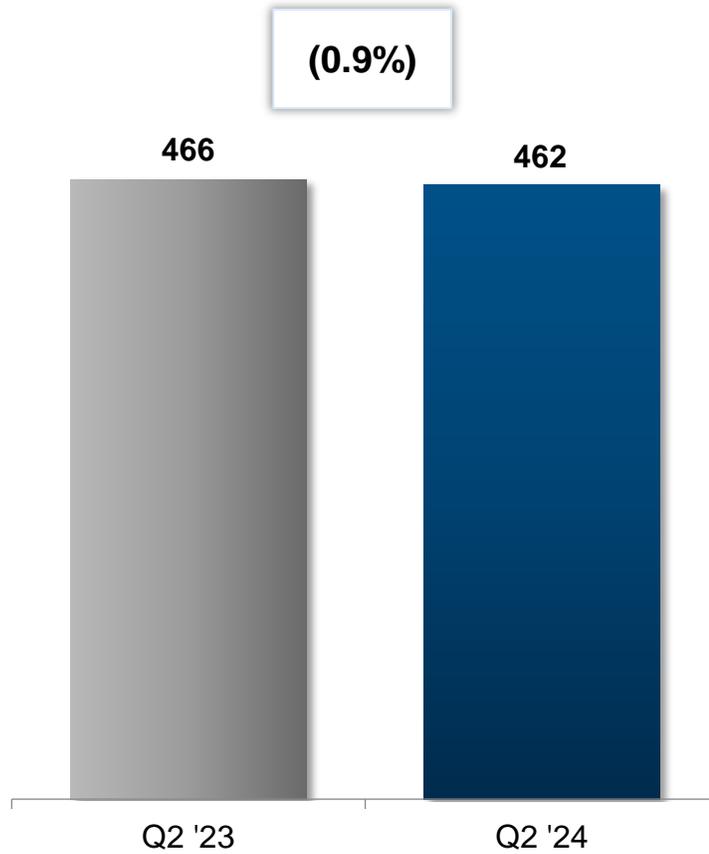


Source: Circana InfoScan Cigarette 2024-Blended, week ending 6/30/2024.



# John Middleton Cigars

## Reported Shipment Volume



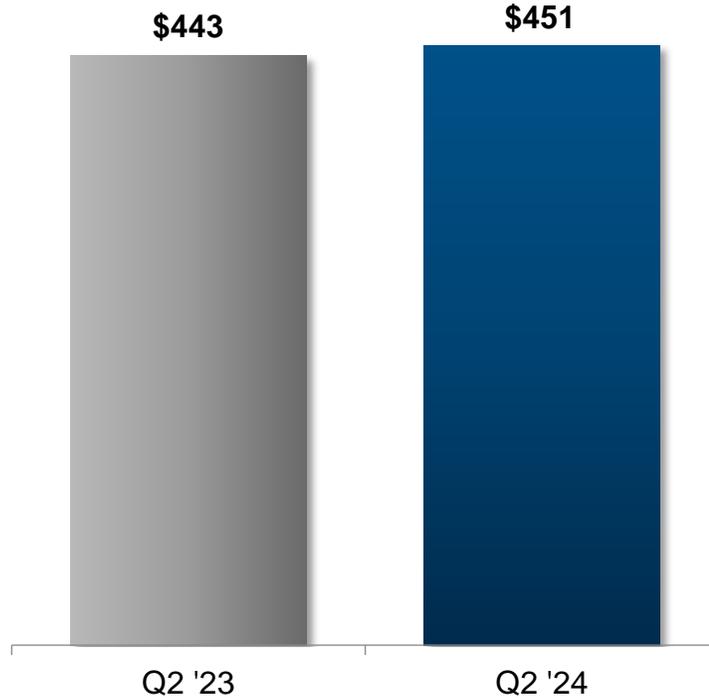
# Oral Tobacco Products Segment

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

## Adjusted OCI

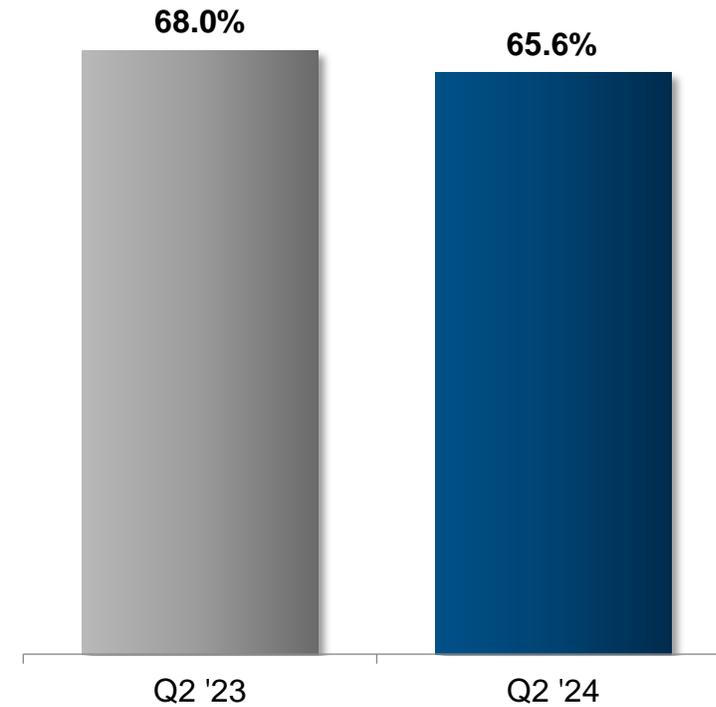
*(\$ in millions)*

**+1.8%**



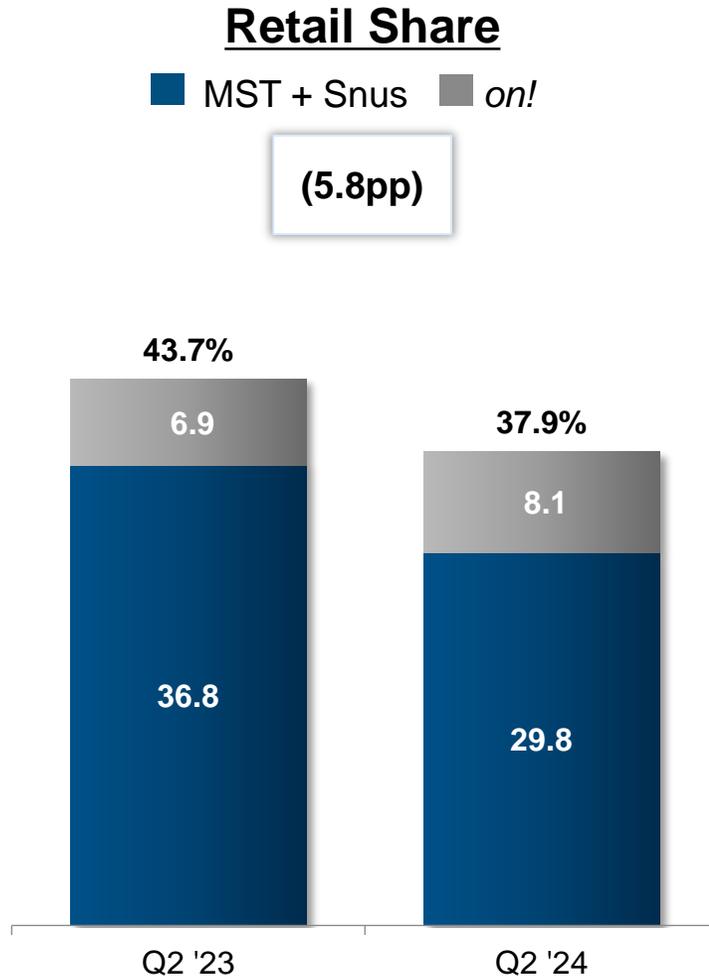
## Adjusted OCI Margins

**(2.4pp)**



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

# Oral Tobacco Products Segment Retail Share



Source: Circana InfoScan Oral Tobacco 2024-Blended week ending 6/30/2024.

# ABI Investment



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

# Capital Allocation - Dividends and Balance Sheet

## Share Repurchase

- Completed \$2.4 billion accelerated share repurchase program.
- Approximately \$1 billion remaining under our currently authorized share repurchase program.

## Dividends

- Paid approximately \$3.4 billion in dividends in the first-half.

## Debt

- 2.1x debt-to-EBITDA\* ratio as of June 30, 2024.

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

Marlboro



Black & Wild



oni  
NICOTINE POUCHES



on!  
PLUS  
NICOTINE POUCHES  
WARNING: This product contains nicotine. Nicotine is an addictive chemical.

on!  
PLUS  
NICOTINE POUCHES



SWIC



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NJOY

NJOY