



# Enduring Value

NATION FIRST: SAB SAATH BADHEIN

# Q3 FY23 Results

03<sup>rd</sup> February, 2023

# Forward-Looking Statements



*This presentation contains certain forward-looking statements including those describing the Company's strategies, strategic direction, objectives, future prospects, estimates etc. Investors are cautioned that "forward looking statements" are based on certain assumptions of future events over which the Company exercises no control. Therefore there can be no guarantee as to their accuracy and readers are advised not to place any undue reliance on these forward looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. These statements involve a number of risks, uncertainties and other factors that could cause actual results or positions to differ materially from those that may be projected or implied by these forward looking statements. Such risks and uncertainties include, but are not limited to: growth, competition, acquisitions, domestic and international economic conditions affecting demand, supply and price conditions in the various businesses in the Company's portfolio, changes in Government regulations, tax regimes and other statutes, and the ability to attract and retain high quality human resource.*

# Macro Economic Context

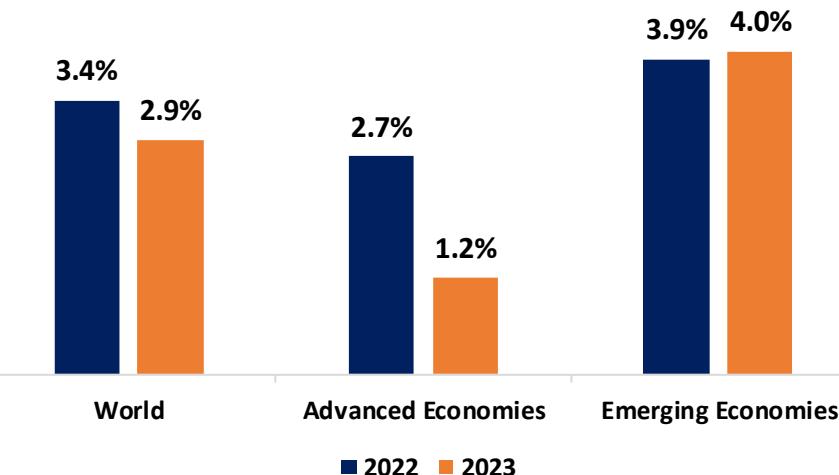
## Slowdown in Global Growth estimates

- **2023 Global GDP growth** estd. at **2.9%** (vs 3.4% in 2022)
- **Inflation** remains elevated in major economies of the world
  - Certain key commodity prices have softened (crude & palm oil, pulp)

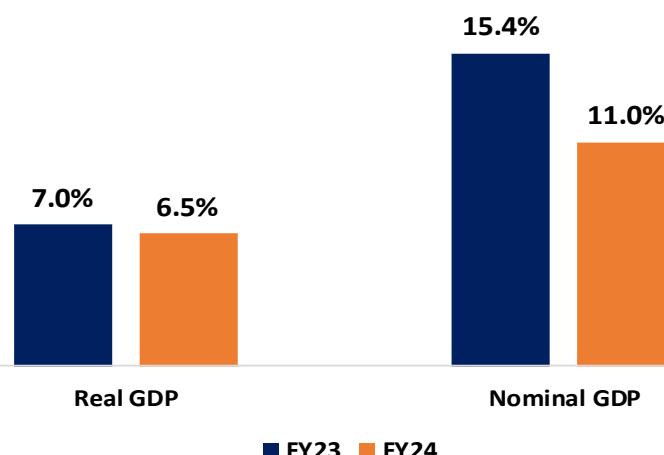
## India remains relatively better placed though growth expected to drop

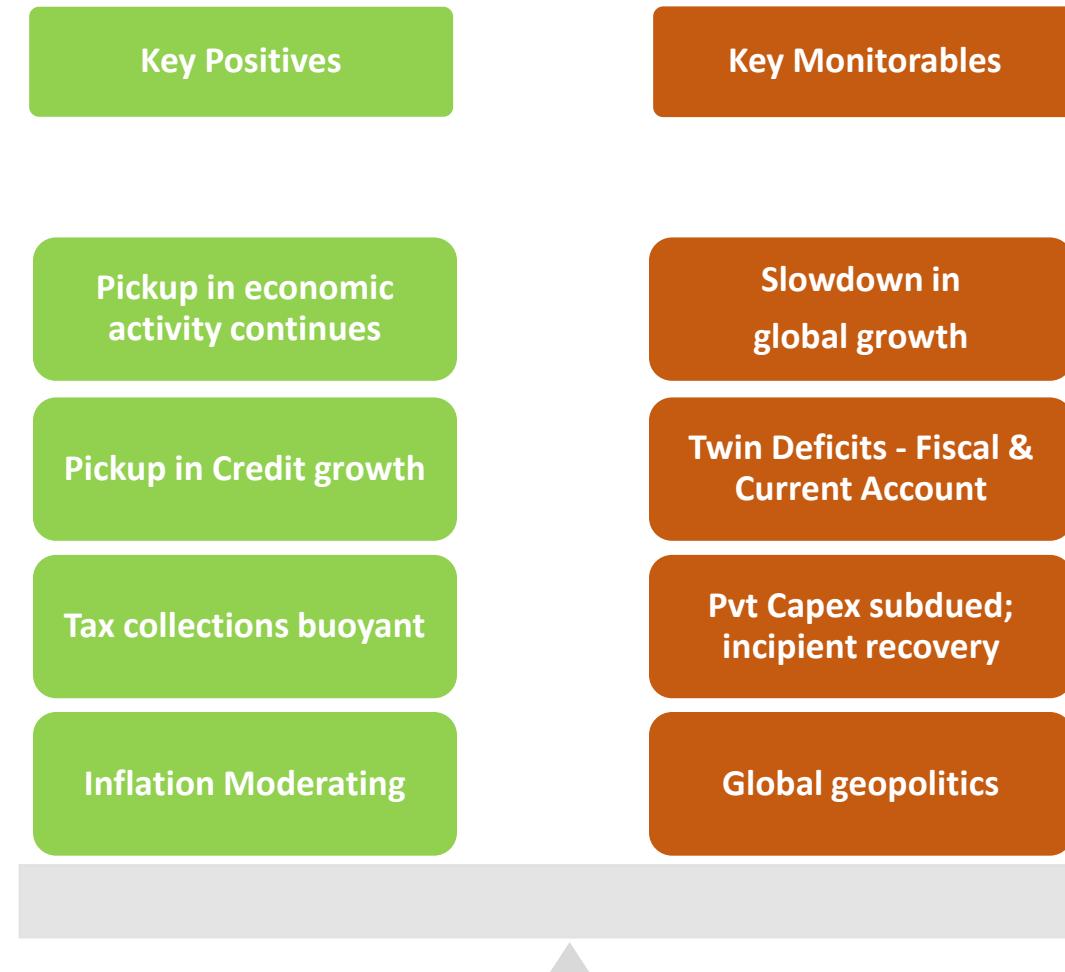
- **FY23 GDP** expected to grow by **7.0%**
  - *FY24 growth expected to slow to around 6.5%*
  - *FY24 Nominal GDP growth est. at appx. 11% (15.4% in FY23)*
- **Inflation** in FY24 expected to drop to ~5.5% Vs. 6.8% in FY23
- India witnessing high **Twin Deficits**; subdued exports
- **Rural** demand continues to be subdued; sequential pickup
- **Consumer sentiments** improving but below pre-pandemic levels

**Global Growth Slowdown in 2023 (GDP % y-o-y)**



**India's Growth in FY24 expected to drop (GDP % y-o-y)**





## **Q3 FY23 Results**

### **Headline Financials & Business Highlights**

# Key Highlights: Q3 FY23



**Strong growth momentum sustained across operating segments**

**Gross Revenue**  
*ex – Agri Business*

▲ +17.5%

**EBITDA**

▲ +22.0%

**Overall Segment PBIT Margin**  
*ex – Agri Business*

37.8% ▲ 130 bps

**PAT**

▲ +21.0%

**EPS**

▲ +20.5%

**Interim Dividend**

Rs. 6.00  
per share

# Key Highlights: Q3 FY23



- Robust performance continues in **FMCG – Others**; Segment Revenue up 18.4% YoY, at appx. 1.5x of Q3 FY20
  - *Staples, Biscuits, Noodles, Snacks, Dairy, Beverages and Soaps drive growth*
  - *Education & Stationery Products Business continues to witness strong traction*
  - *Segment EBITDA margin at 10.0% (+90 bps YoY; +50 bps QoQ) – amidst elevated commodity prices*
- Stability in taxes on Cigarettes, backed by deterrent actions by enforcement agencies, enable continued volume recovery from illicit trade
  - *Segment Revenue up 16.7% YoY; Segment PBIT up 16.9% YoY*
- **Hotels Segment Revenue up 50.5% YoY and at appx. 1.3x of Q3 FY20**
  - *RevPAR well ahead of pre-pandemic levels*
  - *Segment EBITDA at 224 cr. (up 107 cr. YoY and 67 cr. over Q3 FY20)*
  - *Segment EBITDA Margin at 31.5%*

# Key Highlights: Q3 FY23



- **Agri Business Segment Revenue** impacted by restrictions on wheat & rice exports; **Segment PBIT up 32.6% driven by strong growth in leaf tobacco exports and value-added agri products**
- **Paperboards, Paper & Packaging Segment continues to deliver strong performance; Segment Revenue up 12.7% YoY while Segment PBIT up 35.2% YoY**
  - *Segment margin improvement driven by higher realisations and strategic interventions (in house pulp manufacturing, pro-active capacity expansion in value-added products, Digital)*
  - *Capacity utilisation of recently commissioned state-of-the-art Packaging and Printing facility in Nadiad, Gujarat scaled up*



### Multiple Growth Drivers

Best fit - market opportunity & enterprise strengths

Disruptive models : Digital / Sustainability + Institutional Strengths



### Innovation and R&D

Agile & purposeful innovation to win

Science-based research platforms embedding Sustainability



### Strategic Cost Management

Structural interventions across value chain

Resilient & optimized Supply Chains



### Sustainability 2.0

Bolder ambition

Environmental Capital

Inclusive growth



### Digital

Future tech enterprise

Digital first culture

Smart Eco System

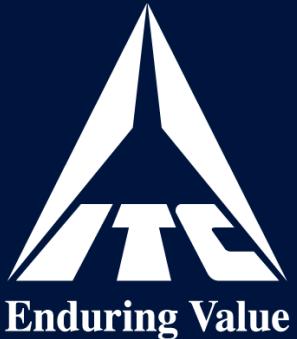


### World-Class Talent

'Proneurial' spirit

High Performance, Nimble and Customer-centric Culture

Diversity & Inclusion



## FMCG Others



- Strong growth witnessed across markets and channels
  - Staples, Biscuits, Noodles, Snacks, Dairy, Beverages and Frozen Foods drive growth
  - Robust growth in 'Fiama' and 'Vivel' range of Personal Wash products; Hygiene portfolio continued to witness moderation in demand
  - Education & Stationery Products Business continues to witness strong traction
- Growing presence in emerging channels
  - Rapid growth in E-Com / Quick Commerce / Modern Trade / Institutional channels

## Dynamic 'Future-Tech' enterprise



Smart Consumer



Smart Trade

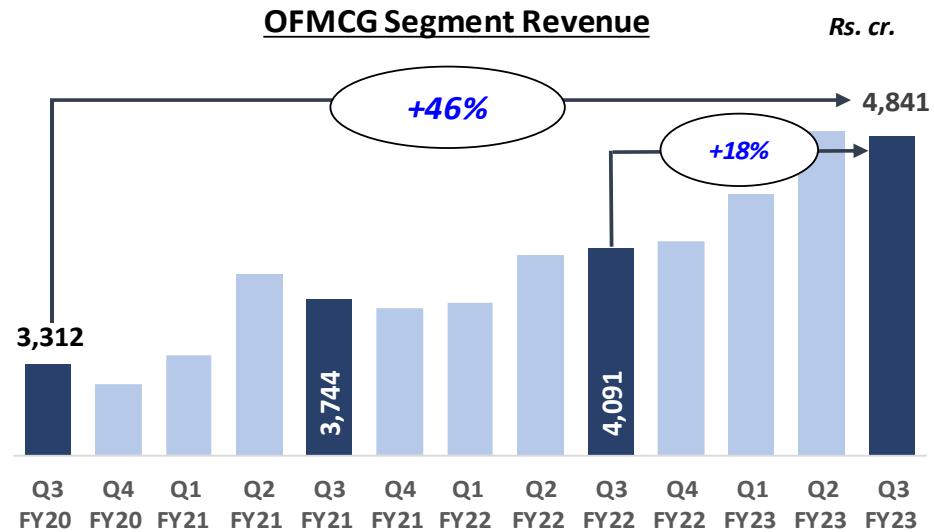


Smart Supply Chain  
& Mfg.



Smart Employee  
Experience

Digital technologies → sharpening focus & driving growth in rural / Tier 2 markets



## Scaling up D2C

ITCstore.in

<http://www.itcstore.in>

- 700+ FMCG products
- 45+ categories

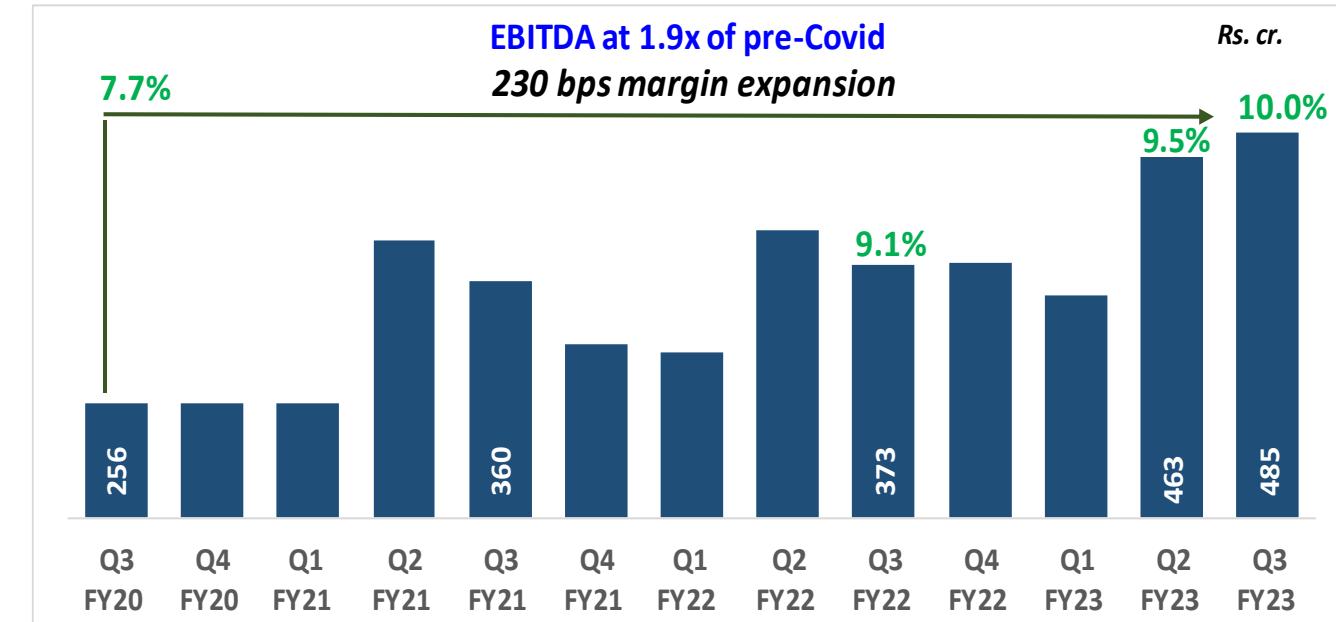
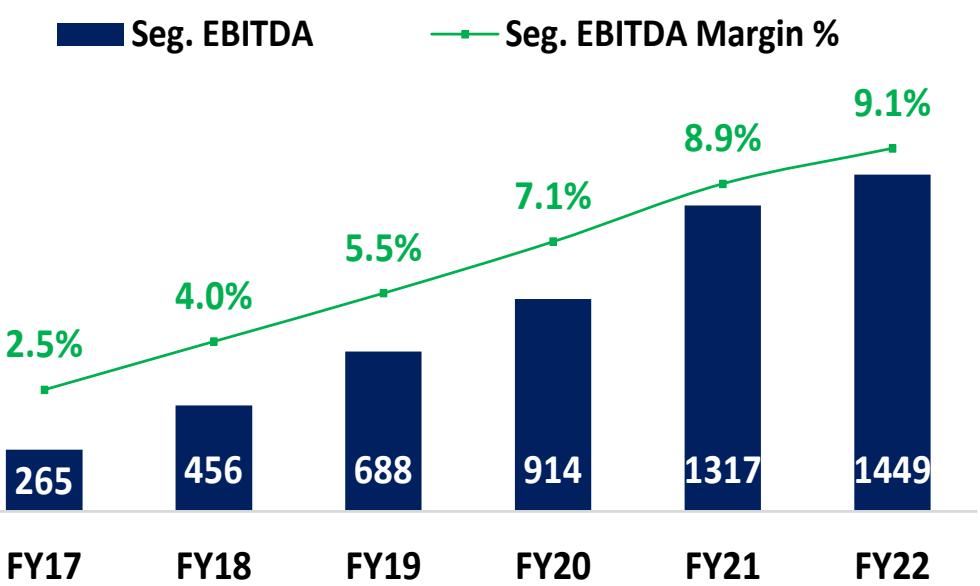
<https://classmateshop.com/>

Creative Product personalisations

Supporting startups in the D2C space



- **Segment EBITDA Margin at 10.0% (Q3 FY22: 9.1%)**
  - *Sequential improvement of 50 bps*
- Input costs remained elevated even as some commodities witnessed sequential moderation in prices; margin expansion driven through **multi-pronged interventions**
  - Strategic cost management, premiumisation, supply chain agility, judicious pricing actions, fiscal incentive, and digital



# Creating Structural Competitive Advantages

World Class Distributed Infrastructure  
Scale | Productivity | Costs



ICML Medak



AMLF Kapurthala

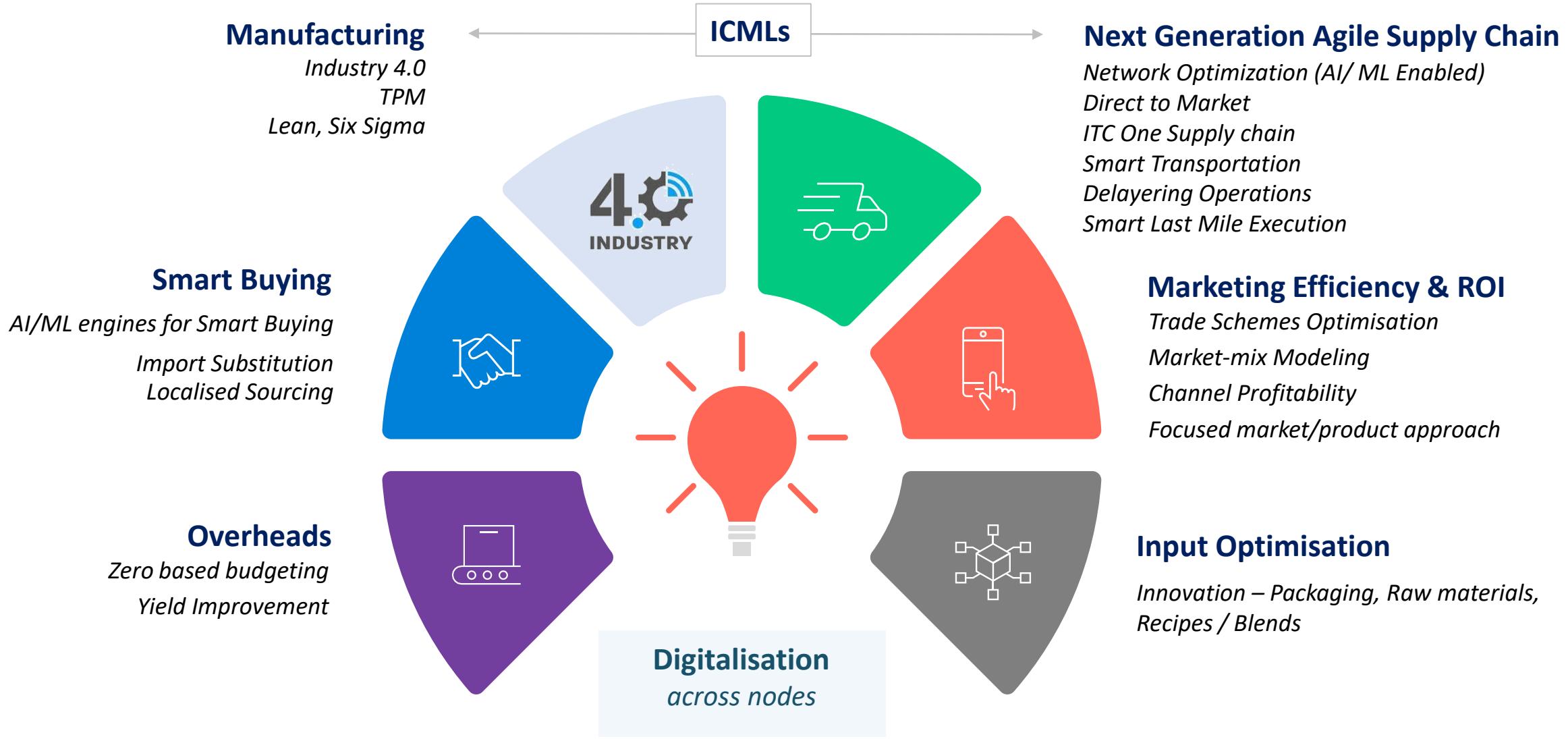


ICML Trichy



ICML Guwahati





# Addressing Emerging Consumer Need Spaces with Agility

Robust innovation pipeline



Bingo! Snacks

Differentiated Flavors and Textures



ITC Master Chef

Grilled Chicken Wings | Barbeque Chicken Wings



Sunfeast

Strawberry/Litchi Smoothies  
Chia Seeds | Fruit Chunks



Mom's Magic

Centre Filled with Cashews & Molten Butter Creme



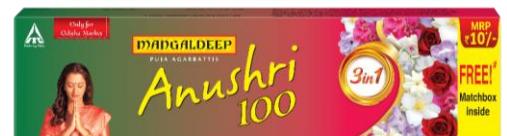
Fiama Charcoal &  
Grapefruit  
Deep Clean Gel Bar



EDP Indigo Skies | One Soul |  
Amber Hues  
Man-Day | Unisex-Anytime



Classmate  
Hook Ball Pens



Mangaldeep 3in1 | Anushri 100  
Long Lasting | Puja Agarbatti

# Future-Ready Portfolio

## Augmenting 'Good For You' / 'Free From' range



**Aashirvaad Rava**

Samba Broken Wheat | Double Roasted Suji Rava |  
Bansi Rava



**Aashirvaad Roasted  
Vermicelli**  
No Added Preservatives



**B Natural | Sunfeast Nutrilite  
Health Range**



**Farmlite Digestive High Fibre  
Goodness of Wholewheat**



**Sunfeast Biscuits  
Thin Arrowroot**



**Aashirvaad Instant Sambar  
Goodness of Dals**



**Aashirvaad Svasti  
Organic Cow Ghee**



**Vivel VedVidya  
Ancient Beauty Baths**



**Mangaldeep Sambrani Cups  
Pure and Natural**

# Deepening Consumer Engagement

## Brand Integration



HIGH VISIBILITY ON INSTA | FB



*First of a kind printed cookie thematic promo leveraging cookie printing technology*

A Cookie can take you to Paris !

## Enhancing Brand Affinity



#RoadTrippinWithRocky

## Innovative Print & OOH Campaigns



06-Jan-2023 10:57:26 am  
Gomti Nagar  
Lucknow  
Uttar Pradesh

## Moment Marketing Driving Brand Engagement



BOUNCE FOOTBALL FILTER



### More In Sports



Netherlands 2(3)-2(4) Ar...



Croatia 1(4)-1(2) Brazil



Bingo! Hashtags associates with FIFA 2022

## Enhancing OTT Presence

### Regional Activation



Association with Global Content



# Building Brands with Purpose

## YIPPEE! TRASH TO TREASURE



## FEEL GOOD WITH #FIAMA



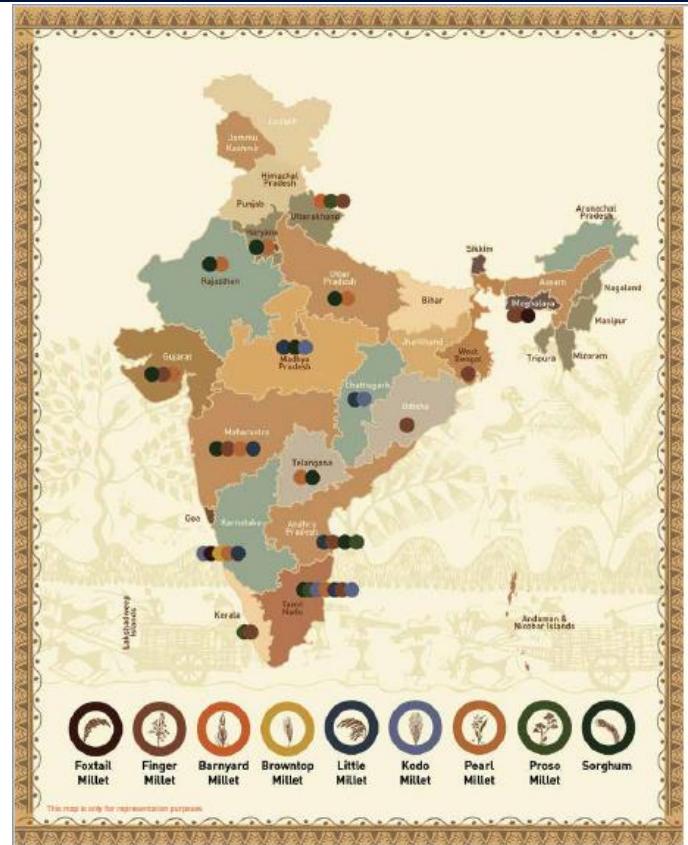
Survey to identify cause of stress for GenZ and Millennials

HIGH VISIBILITY ON INSTA | FB



[mindsfoundation.org/counseling](http://mindsfoundation.org/counseling)  
18005-477-200  
Talk to qualified therapists  
Pocket-friendly prices





### Resilient and Versatile Crop

Short duration crop  
Gluten free  
Non-allergenic

### Climate Smart Agriculture

Carbon neutral  
Water efficient  
Climate resistant

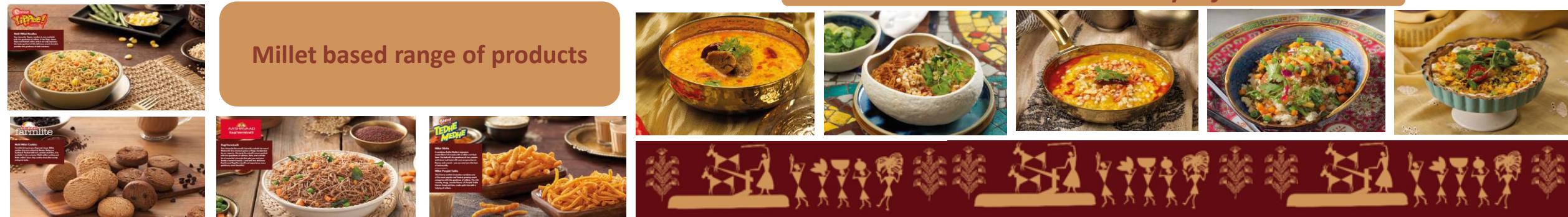
### Farmer Benefits

Higher  
Yields & Incomes



- Sustainable food ecosystem
- Healthy communities
- Consumer Awareness

### Millets: The humble Superfood



# Expanding Reach in Emerging Channels

## Winning in Emerging Channels

### Modern Trade



### Fast-tracking E-Com, D2C, Cash & Carry



## New Routes to Market

### Direct Marketing



### On the Go



### Strategic Partnership

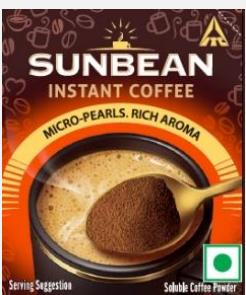


### QSR



## Channel Specific Launches

E-Com | Modern Trade | Strategic Tie-Ups | Hotels



Instant Coffee Powder



Haah Salkumura Masala



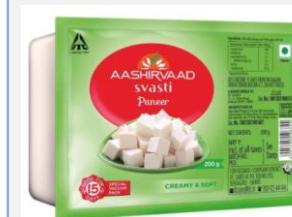
Festive Edition



Paperkraft Vintage Charm

## Climate Controlled Supply Chain

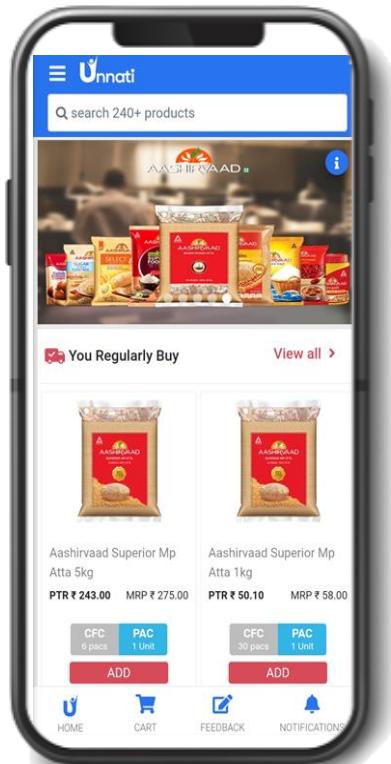
Dairy | Frozen | Chocolates



# Leveraging Digital to expand reach



eB2B: UNNATI



VIRU: Virtual Salesman



VISTAAR: Rural App

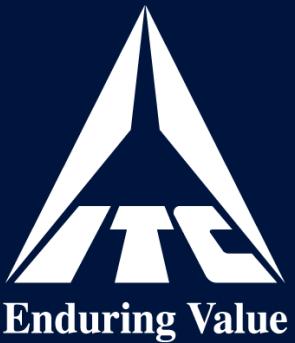


Project Zen



Next Generation Agile  
FMCG Supply Chain

Over 4.8 lakh  
Outlet penetration



## FMCG Cigarettes



**Segment Revenue**  
**7288 cr. ▲ 16.7%**

**Segment Results**  
**4620 cr. ▲ 16.9%**

- Net Segment Revenue\* up 16.8% YoY; Segment PBIT up 16.9% YoY
- Innovation & democratising premiumisation across segments
- Portfolio Vitality | Product Availability | Execution Excellence
  - Recent launches continue to gain traction
  - Market standing further reinforced through focused portfolio
  - Robust growth across regions & markets

**Stability in taxes, backed by deterrent actions by enforcement agencies, enable continued volume recovery from illicit trade**

### Innovation

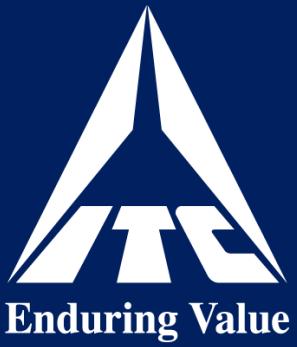
- Classic Connect
- Gold Flake SLK
- Gold Flake Mixpod
- American Club Clove Mint
- Gold Flake Indie Mint

### Portfolio Fortification

- Gold Flake Neo SMART Filter
- Wills Deluxe
- Bristol Deluxe FT
- Capstan FT

### Recent Introductions

- |                                    |                          |                |
|------------------------------------|--------------------------|----------------|
| • Classic Verve Balanced Taste     | • Gold Flake XPOD        | • Players Klov |
| • American Club NY Cool & LA Twist | • Lucky Strike           | • Wave Boss    |
| • American Club Smash              | • Gold Flake Smart Mintz |                |



## Hotels Business



## Segment Revenue

**712 cr.**

(+50.5%; 1.3x of Q3FY20)

## Segment EBITDA

**224 cr.**

+107 cr. YoY

+67 cr. over Q3 FY20

- **RevPAR** ahead of pre-pandemic levels; Retail, Leisure, Weddings and MICE drive growth
- **Segment EBITDA margin** at 31.5% (LY 24.7%); margin expansion driven by higher RevPAR, operating leverage and structural cost interventions
- **ITC Narmada**, a luxury 291-key hotel in Ahmedabad launched in Aug'22 continues to receive excellent response
- Healthy pipeline of properties under **Welcomhotel, Mementos, Storii** and **Fortune**; phased openings over the next few quarters
- **Ten Hotels** in the chain have received the prestigious **LEED® Zero Carbon Certification (first ten in the world)**



### Conde Nast Traveller Reader's Travel Awards 2022

*Favourite Indian Hotel for Food & Drink*

ITC Maurya



### Travel + Leisure Awards 2022

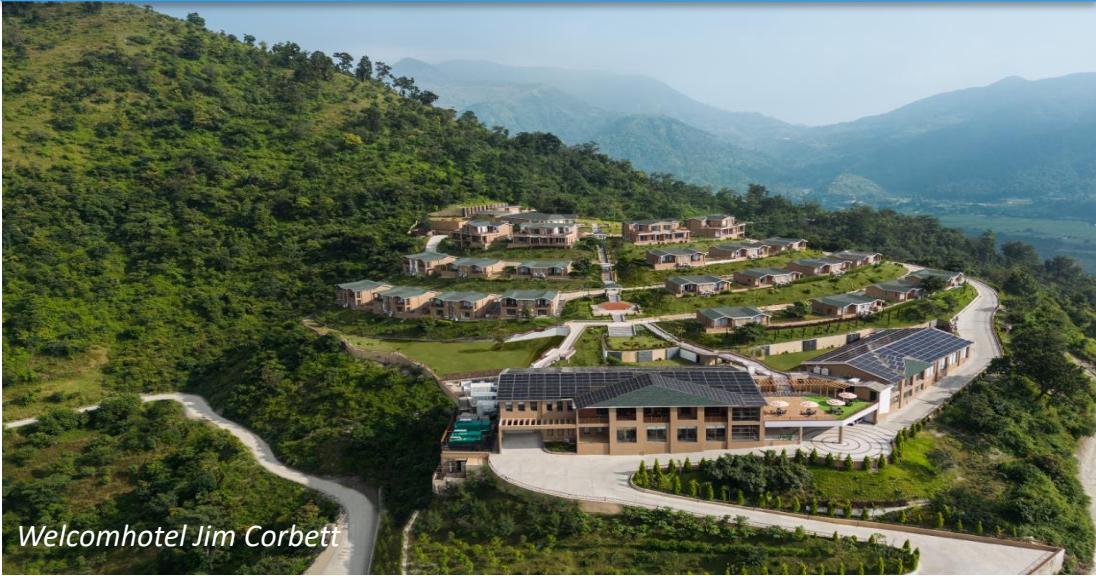
*Best Luxury Hotel Chain*

ITC Hotels

## Executing ‘Asset Right’ Strategy



### Welcomhotel Jim Corbett launched



Welcomhotel Jim Corbett



Mementos Udaipur \*

## Healthy Pipeline of Management Contracts

### Phased openings over the next few quarters



Welcomhotel Raipur



Storii Moira Riviera, Goa

STORII  
BY ITC HOTELS

MEMENTOS  
BY ITC HOTELS

W  
WELCOMHOTEL

# Special Occasions leveraged to drive demand



## Rewarding Festive Getaways

Celebrate with Club ITC Escapes and avail  
15% savings and double Club ITC Green Points.

\*Terms and Conditions Apply

The Art of Celebration  
2023

Celebrate the most magical time of the year with ITC Hotels.  
1<sup>st</sup> December, 2022 to 7<sup>th</sup> January, 2023  
The countdown to celebrate new beginnings!



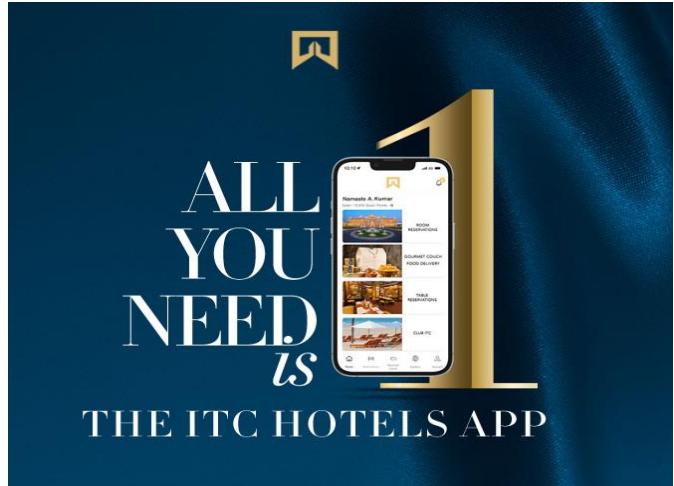
## The Gift of Good Cheer

Exquisite Hamper | Artisinal Assortment  
Collection | of Christmas Goodies  
With Festive Curations by ITC Hotels

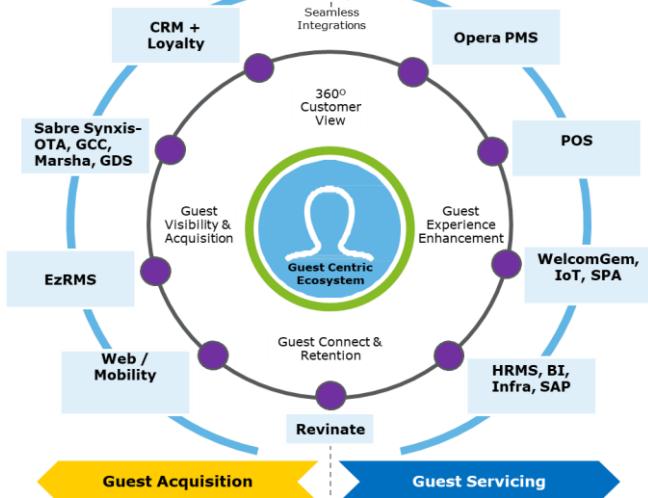
\*Terms and Conditions Apply



# Multiple Value Drivers



One stop shop for all guest needs



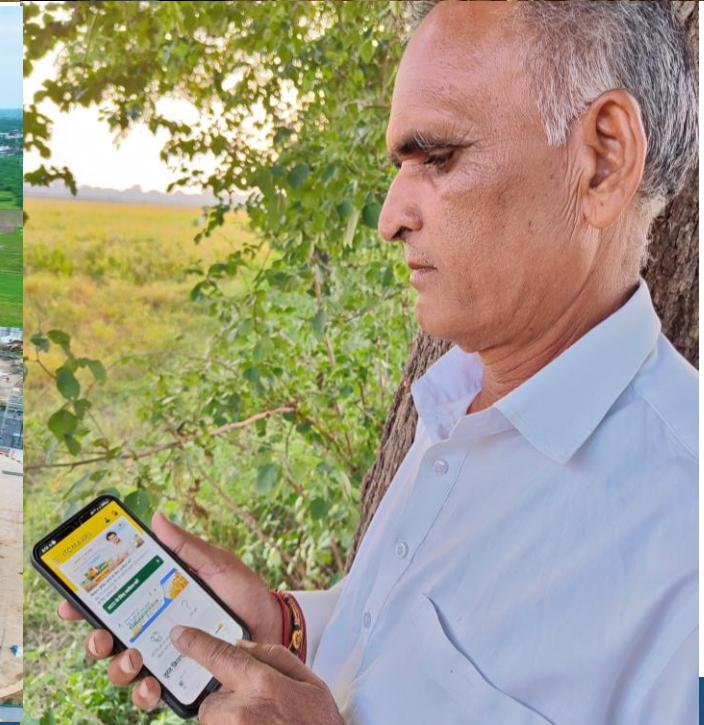
MEMENTOS  
BY ITC HOTELS

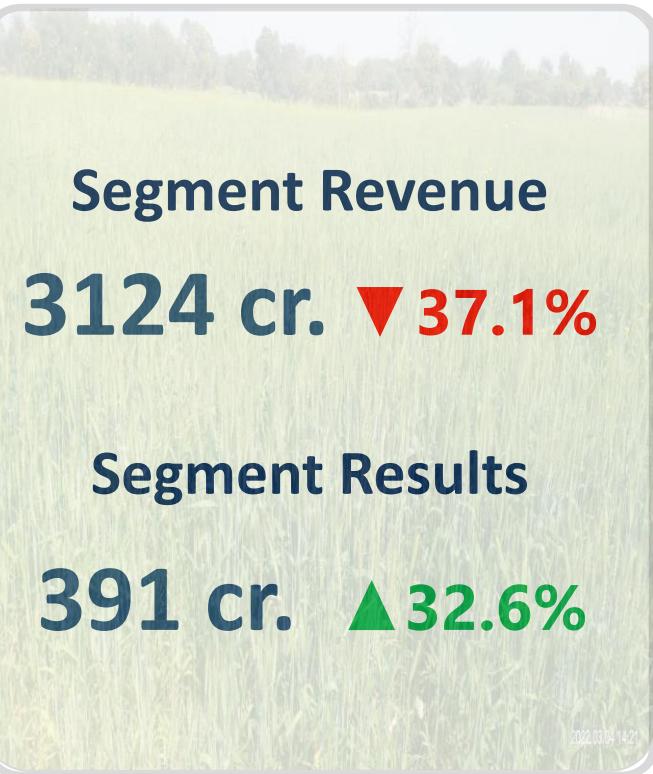
WELCOMHOTEL  
BY ITC HOTELS

STORI  
BY ITC HOTELS



## Agri Business





- **Segment Revenue** impacted by restrictions imposed on wheat & rice exports. **Segment PBIT up 32.6% YoY** driven by growth in leaf tobacco exports and value-added agri products
- Strategic focus on rapidly **scaling up Value-Added product portfolio** to enhance value capture across multiple crop value chains
  - *State-of-the-art value-added spices processing facility in Guntur commissioned during the quarter*
  - *World-class manufacturing facility<sup>^</sup> at Mysuru for export of Nicotine & Nicotine derivative products to US/EU is making steady progress; expected to be commissioned shortly*



**Multiple Sourcing Models**  
Farmer | Trader | Mandi



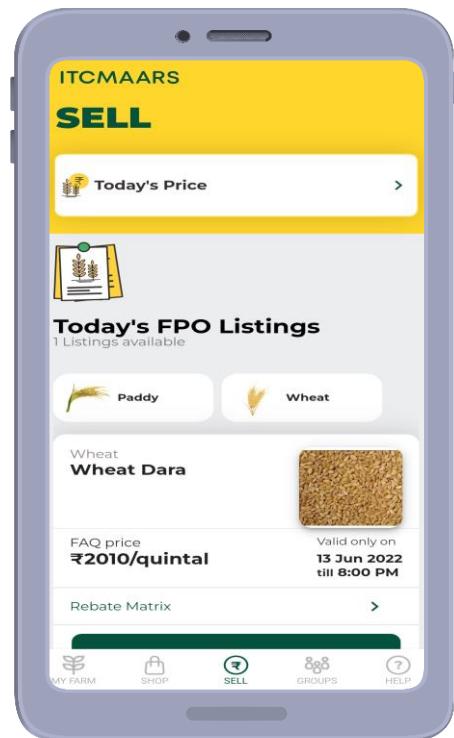
**Multi Modal Transportation**  
Railway | Coastal | Road



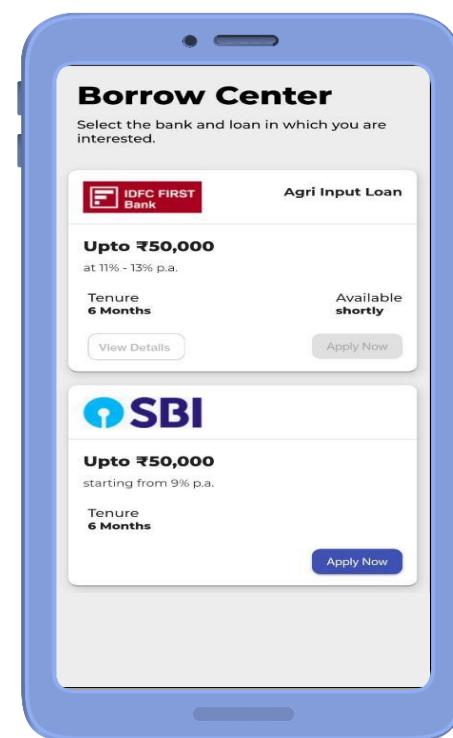
Advisory



Inputs



Outputs



Services

**~850** FPOs  
**9** states

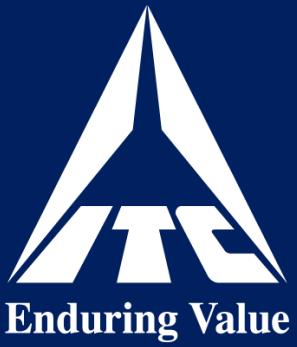
**~2.7 lac**  
Farmer registrations

**~1.7 lac**  
App downloads

**~60**  
Tie-ups with partners



*Preferred supplier for customers in Food Safe Markets and Emerging markets*



## Paperboards, Paper & Packaging



### Segment Revenue

2306 cr. ▲ 12.7%

### Segment Results

606 cr. ▲ 35.2%

- Paperboards, Paper & Packaging Segment continues to deliver strong performance
- Robust growth in Segment PBIT driven by higher realization
  - VAP<sup>^</sup> segment recorded strong YoY growth
- Sustainable products portfolio continues to be scaled up
- Investments in VAP capacity, pulp import substitution, cost-competitive fibre chain, decarbonisation of operations, data analytics and Industry 4.0 enabled margin expansion despite YoY escalation in key input prices.
  - Sequential moderation in global pulp prices witnessed
- Recently commissioned State-of-the-art facility at Nadiad, being scaled up



# Sustainable Packaging Solutions

## New Growth Vector

ITC LSTC | External Collaborations



OXY BLOCK

Oxyblock



Indobar

Indobowl

Extrusion Coated Boards



Bioseal

omega  
bev  
Leave nothing behind

Bio-based Coated Boards



Antimicrobial Coating

FiloBev

Filopack FiloServe



Water, Oil & Grease Resistant Boards

<sup>^</sup> Proposed to set up a new wholly owned subsidiary for manufacturing MFP

Sustainable Products portfolio

1.7x



Q3 FY22

Q3 FY23

Premium Moulded Fibre Products (MFP) ^



# Financials

# Key Financials Q3 FY23



Rs. Cr.	Q3 FY23	Q3 FY22	YoY Growth
<b>Gross Revenue *</b>	17,122	16,634	<b>2.9%</b>
<b>Net Revenue</b>	16,084	15,741	<b>2.2%</b>
<b>EBITDA</b>	6,223	5,102	<b>22.0%</b>
<b>PBT</b>	6,678	5,492	<b>21.6%</b>
<b>PAT</b>	5,031	4,156	<b>21.0%</b>

*Stellar performance across operating segments*

\*Gross Revenue (ex-Agri Business) up 17.5% YoY

# Segment Revenue Q3 FY23

Rs. cr.	Q3		
	FY23	FY22	YoY growth
<b>Segment Revenue</b>			
a) FMCG - Cigarettes	7288	6244	<b>16.7%</b>
- Others	4841	4091	<b>18.4%</b>
<b>Total FMCG</b>	<b>12130</b>	<b>10335</b>	<b>17.4%</b>
b) Hotels	712	473	<b>50.5%</b>
c) Agri Business	3124	4962	<b>-37.1%</b>
d) Paperboards, Paper & Packaging	2306	2046	<b>12.7%</b>
<b>Total</b>	<b>18271</b>	<b>17817</b>	<b>2.6%</b>
Less : Inter Segment Revenue	1149	1183	<b>-2.9%</b>
<b>Gross Revenue from sale of products and services</b>	<b>17122</b>	<b>16634</b>	<b>2.9%</b>

- **FMCG Others**

- Segment Revenue up 18.4% YoY and at 1.5x of Q3 FY20
- Strong growth in Staples, Biscuits, Noodles, Snacks, Dairy, Beverages and Frozen Foods
- Robust growth in 'Fiama' & 'Vivel' range of Personal Wash products; Hygiene portfolio continued to witness moderation in demand
- Education & Stationery Products Business continues to witness strong traction

- **Hotels**

- RevPAR well ahead of pre-pandemic levels

- **Agri Business**

- Restrictions imposed on wheat & rice export impact Segment Revenue

- **Paperboards, Paper & Packaging**

- Higher realisations drive growth

# Segment Results Q3 FY23



Rs. cr.	Q3		
	FY23	FY22	YoY Growth
<b>Segment Results</b>			
a) FMCG - Cigarettes	4620	3951	<b>16.9%</b>
- Others	348	242	<b>43.9%</b>
<b>Total FMCG</b>	<b>4968</b>	<b>4193</b>	<b>18.5%</b>
b) Hotels	146	51	<b>1.89x</b>
c) Agri Business	391	295	<b>32.6%</b>
d) Paperboards, Paper & Packaging	606	448	<b>35.2%</b>
<b>Total</b>	<b>6112</b>	<b>4987</b>	<b>22.6%</b>
Less : i) Finance Cost	10	11	
ii) Other un-allocable (income) net of un-allocable expenditure	(576)	(516)	
<b>Profit Before Exceptional Items &amp; Tax</b>	<b>6678</b>	<b>5492</b>	<b>21.6%</b>

- **FMCG-Others:**

- Segment EBITDA at 485 cr.
  - at 1.9x of Q3 FY20
- EBITDA margin at 10.0%
  - +90 bps YoY; +50 bps QoQ

- **Hotels:**

- Segment PBIT at 1.7x of Q3FY20

- **Paperboards, Paper & Packaging:**

- Higher realisation and strategic interventions (in-house pulp, VAP, Digital)

## ITC – A Global Exemplar in Sustainability

# Impactful Social Performance



**ITC e-Choupal**  
4 Million Farmers  
empowered



**Afforestation**  
Over 10,00,000 acres  
greened



**Watershed Development**  
Over 1.39 million acres  
covered



**Livestock Development**  
Over 21,05,000 milch  
animals covered



**Solid Waste Management**  
Well-being Out of Waste  
programme has covered  
~23.8 million citizens



**Women Empowerment**  
over 1.07 lacs  
poor women benefitted



**Skilling & Vocational  
Training**  
Covering over 1.20 lacs youth



**Primary Education**  
Reaching over  
9.9 lacs Children



**Health & Sanitation**  
Over 39,500 toilets built



**Pioneer of Green Building  
movement in India**  
40 platinum rated green buildings

#### Strategic Interventions to Combat Climate Change

De-Carbonization

Climate Adaptation and Resilience

Circularity

Building Green Infrastructure

Nature based solutions

Inclusive Value Chains

Renewable Energy

50%



Specific GHG Emissions

50%



Recyclable Plastic Packaging

100%



Plastic Neutrality

100% Collection in FY22

Water Security for All



5x of ITC's Net Consumption

AWS Certification  
for High Water Stressed Sites by 2035

Biodiversity & Agriculture

1

million acres

Biodiversity Conservation

3

million acres

Climate Smart Village

1.5

million acres

Social Farm and Forestry

*Proactively work towards achieving 'Net Zero' emission status*

Supporting Sustainable Livelihoods: From 6 million to 10 million

# Sustainability – Highlights

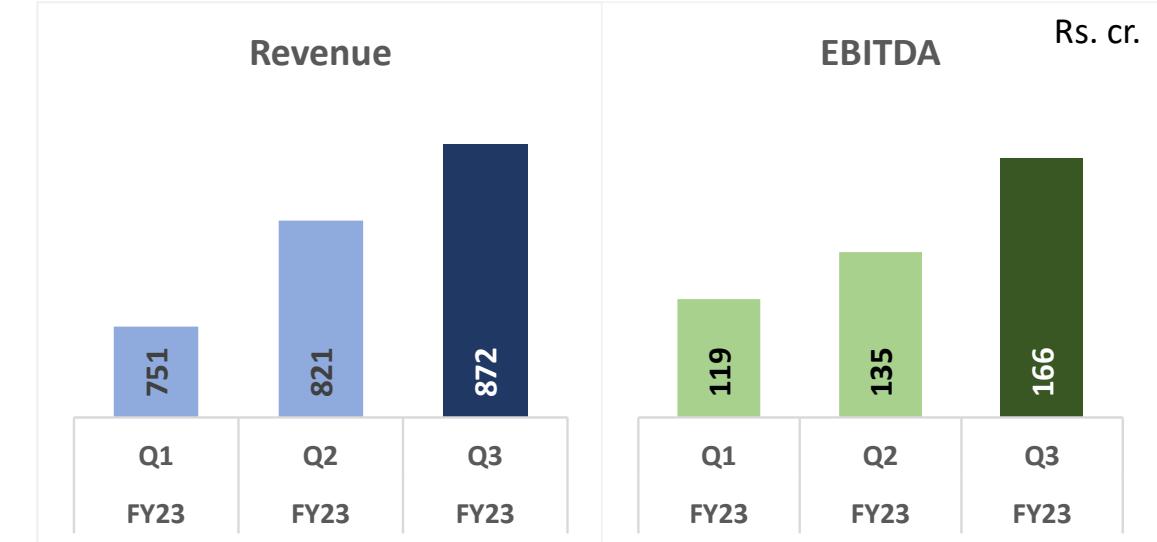
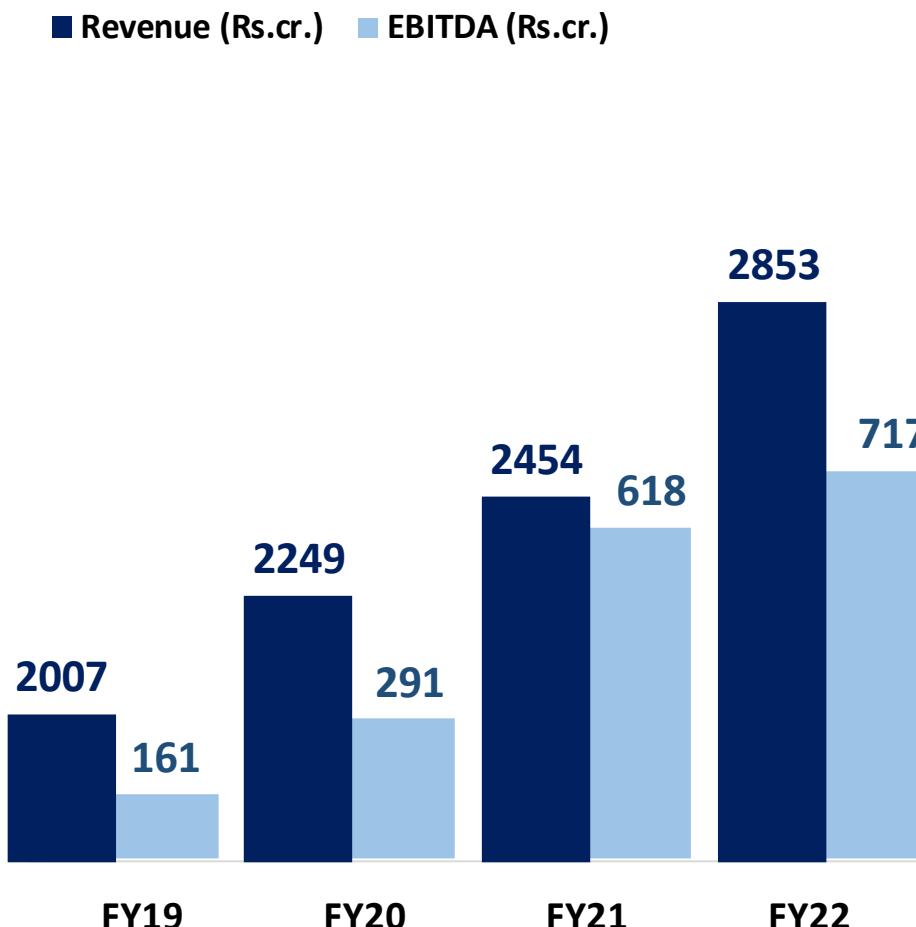


- All Businesses **aligned with 2030 targets**
- Comprehensive set of **policies & guidelines** institutionalized
- Exceeded commitment on **Plastic Neutrality**; collected and sustainably managed over 54,000 MT of plastic waste in FY22 across 35 states/UT
- The only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being '**water positive**' (for **20 years**), '**carbon positive**' (for **17 years**), and '**solid waste recycling positive**' (for **15 years**).
- Achieved **A-** Leadership score under CDP ratings - ahead of Asia & Global average in Climate change (C) & Water Security (B)
- Sustained **AA rating** by MSCI for the 5<sup>th</sup> consecutive year - **highest among global tobacco players**
- **Included in the Dow Jones Sustainability Emerging Markets Index** - a reflection of being a sustainability leader in the industry



# ITC Infotech





#### EBITDA includes:

- Certain costs associated with **Strategic Partner Agreement** signed with **PTC Inc.**
- *Higher employee costs and overheads in line with industry trends*

Investments continue in **Capability building in strategic focus areas & infrastructure.**

**Q3 FY23 EBITDA margin  
@ upper-end of mid-tier IT cos.**



**A passion for  
Profitable growth...**



**in a way that is  
Sustainable...**



**and  
Inclusive.**

# Links



Product/initiative	Link
Bingo! on Instagram	<a href="https://www.instagram.com/bingo_snacks/">https://www.instagram.com/bingo_snacks/</a>
YiP Pee! on Instagram	<a href="https://www.instagram.com/sunfeast_yippee/">https://www.instagram.com/sunfeast_yippee/</a>
Aashirvaad on Instagram	<a href="https://www.instagram.com/aashirvaad/">https://www.instagram.com/aashirvaad/</a>
Sunfeast Dark Fantasy on Instagram	<a href="https://www.instagram.com/sunfeastdarkfantasy/">https://www.instagram.com/sunfeastdarkfantasy/</a>
Mom's Magic on Instagram	<a href="https://instagram.com/sfmomsmagic/">https://instagram.com/sfmomsmagic/</a>
Classmate on Instagram	<a href="https://instagram.com/classmatebyitc/">https://instagram.com/classmatebyitc/</a>
ITC Spearheading Water Stewardship	<a href="https://youtu.be/kHgOXrqbyNw">https://youtu.be/kHgOXrqbyNw</a>
Details on the Company's Sustainability 2.0 vision	<a href="https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf">https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf</a>
Quarterly Media Statement	<a href="https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q3-FY2023.pdf">https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q3-FY2023.pdf</a>