



**Enduring Value**

NATION FIRST: SAB SAATH BADHEIN

# Q1 FY24 Results

14<sup>th</sup> August, 2023

*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

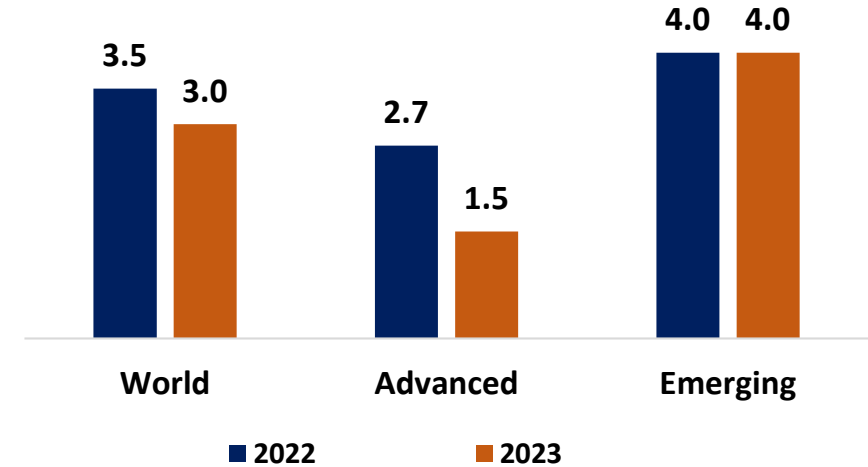
## Global Economy remains weak

- **2023 Global GDP growth** estd. at **3.0%** (Vs. 3.5% in 2022)
  - Deceleration mainly in Advanced Economies
  - Chinese economy extremely sluggish after a good start; structurally weaker
- Major central banks continue to tweak policy rates to combat inflation, weighing on growth
  - Commodity prices easing off after hyper inflation in LY; elevated volatility levels
  - Extreme weather events & geo-political events pose risk to inflation

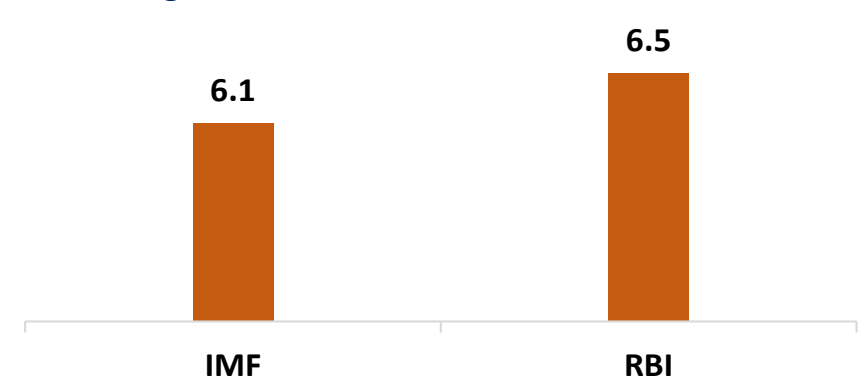
## India remains relatively better placed but growth to be lower than FY23

- **FY24 GDP** expected to grow by **6.5%** (vs 7.2% in FY23)
- **Inflation** in FY24 expected to drop to ~5.4% Vs. 6.7% in FY23
  - Food inflation witnesses sharp spike in Jun'23
- **External Trade** softer in Q1; exports ~14% lower YoY
- **Green shoots** in Rural demand; overall demand, however, remains a key monitorable
- **Consumer sentiments** improving but below pre-pandemic levels

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



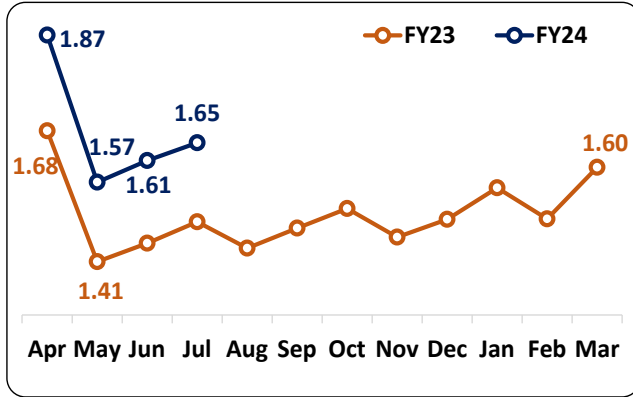
India growth outlook FY24 (Real GDP % y-o-y)





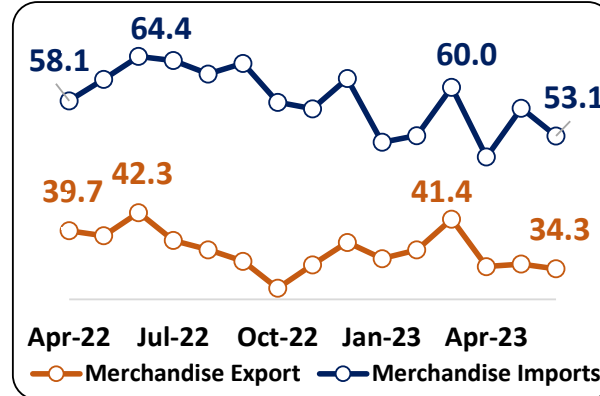
# Key Economic Indicators

## Tax collections remain buoyant (Rs lakh cr.)



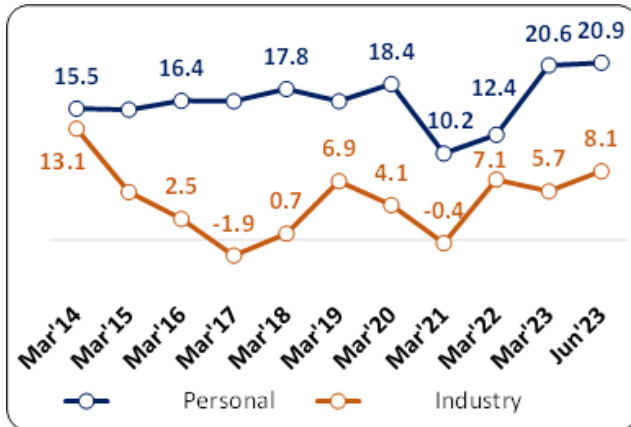
Source : Ministry of Finance

## External Sector remains subdued (\$ bn)



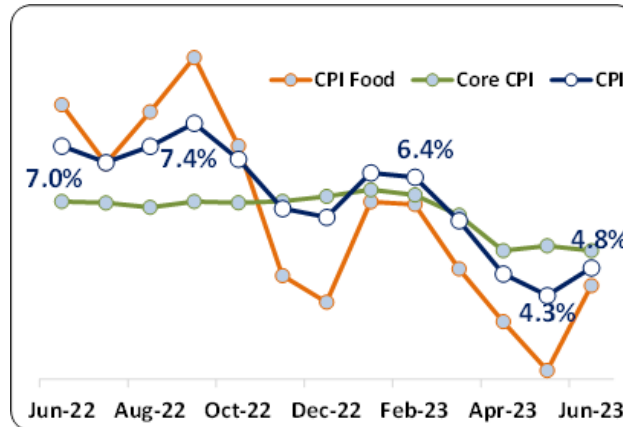
Source : Ministry of Commerce

## Credit Growth – industrial/personal (YoY %)

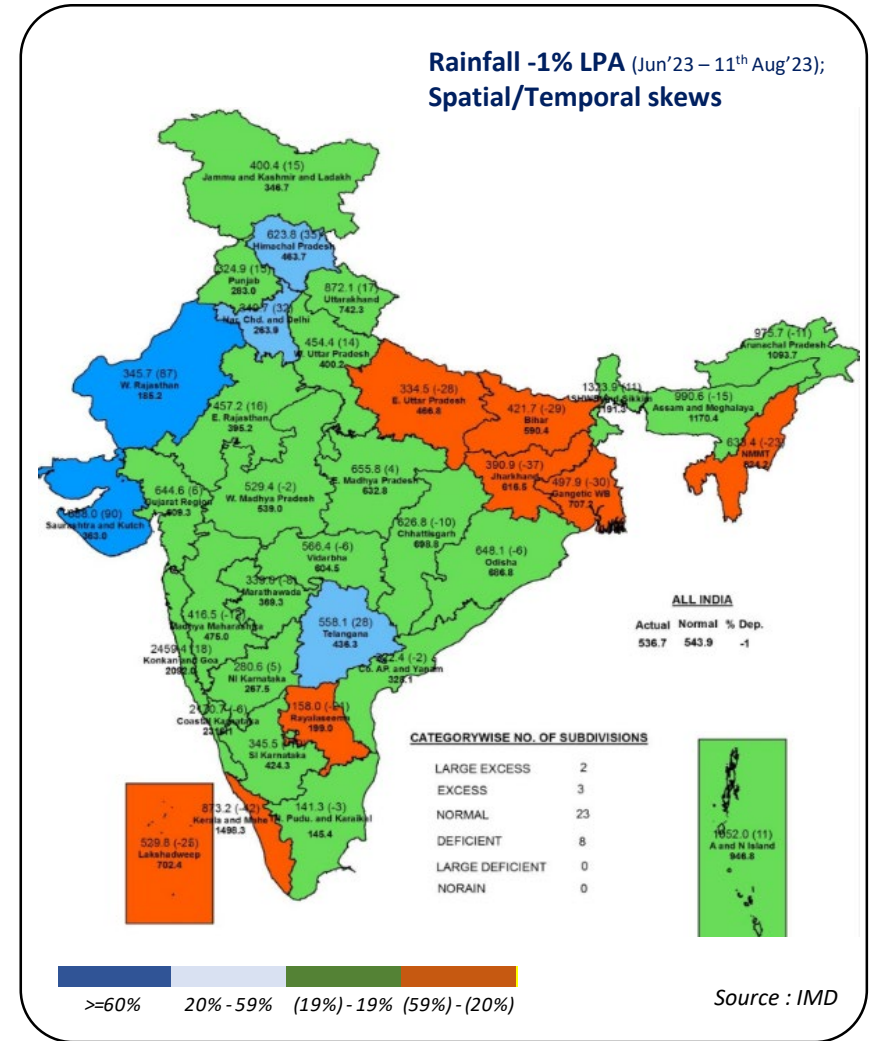


Source : RBI

## Overall CPI under check; Food spikes (YoY%)

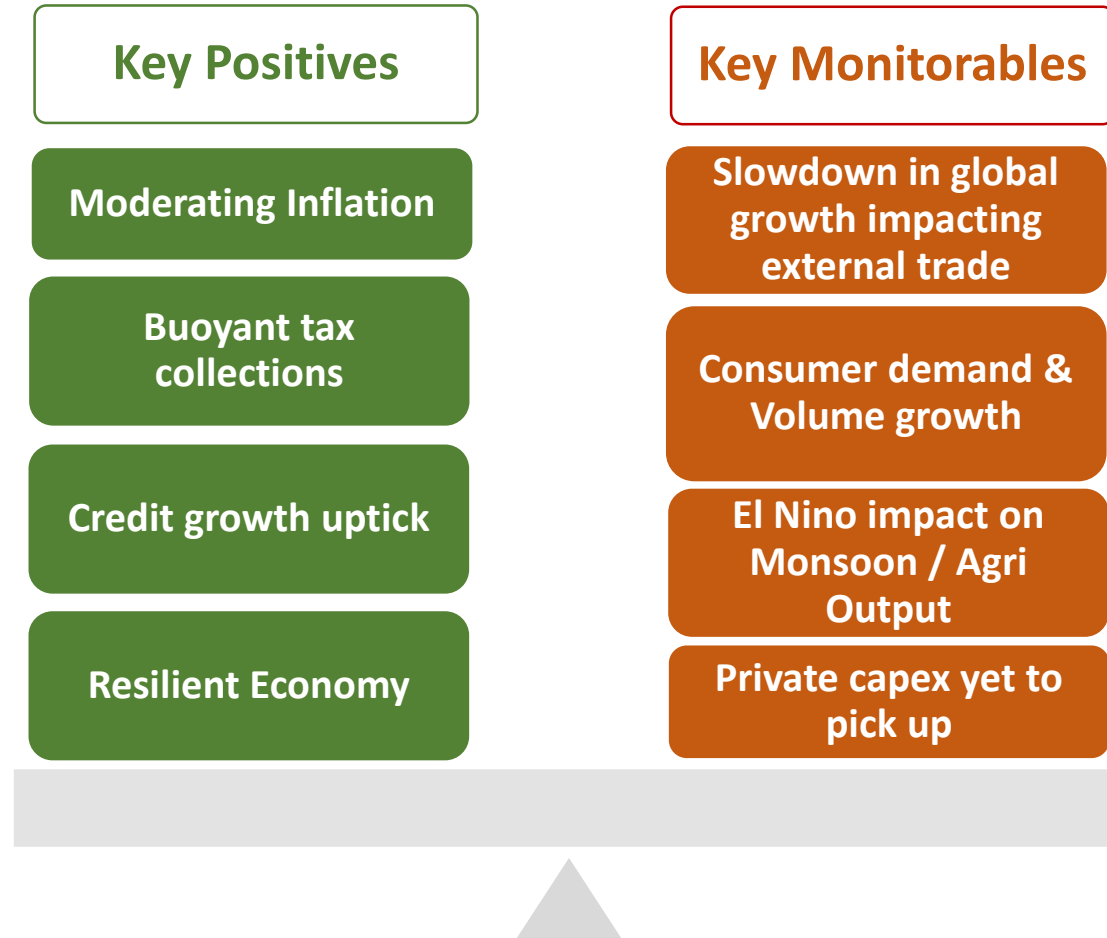


Source : MOSPI



Source : IMD

## El Nino impact in Aug/Sep'23 - key monitorable




# **Q1 FY24 Results**

## **Headline Financials & Business Highlights**


**Strong growth  
momentum  
sustained**

**Gross Revenue**

*ex – Agri Business*

 **+10.6%**

**Profit Before Tax**

 **+18.2%**

- **Robust growth in FMCG – Others; Segment Revenue up 16.1% YoY to exceed 5000 cr. in a quarter for the first time**
  - *Staples, Biscuits, Noodles, Beverages, Dairy, Agarbatti and premium Soaps drive growth*
  - *Notebook sales continue to witness strong growth*
  - *Segment EBITDA margins at 11.0% (+325 bps YoY)*
  - *Segment PBIT at 2.1x of LY*
- **Continued strong performance by Cigarettes Segment**
  - *Net Segment Revenue up 10.9% YoY; Segment PBIT up 11.2% YoY*
- **Best-ever Q1 in Hotels Business; Segment Revenue up 8.1% YoY on high-base; Segment PBIT up 17.0% YoY**
  - *Strong growth in ARR*
  - *Segment EBITDA margin up 140 bps YoY to 33.9% (+1640 bps over pre-pandemic levels) driven by higher RevPAR, structural cost interventions & operating leverage*

- **Agri Business Segment Revenue up 31% YoY (excl. wheat exports)**
  - *Segment PBIT up 25.3% YoY driven by Value Added Agri products & Leaf Tobacco*
- **Subdued demand conditions (domestic and exports), low priced Chinese supplies in global markets, sharp reduction in global pulp prices and high-base effect weigh on the Paperboards, Paper and Packaging Segment**
  - *Lower realisations and sharp increase in input costs (viz. wood, coal) exert pressure on margins*
  - *Segment Revenue -6.5% YoY (2-yr. CAGR +16%); Segment PBIT -22.9% YoY (2-yr. CAGR +10%)*
  - *Integrated business model, Industry 4.0 initiatives, strategic investments in pulp import substitution, High Pressure Recovery Boiler and proactive capacity augmentation in Value Added Paperboards partly mitigate pressure on margins*





Enduring Value

# FMCG Others

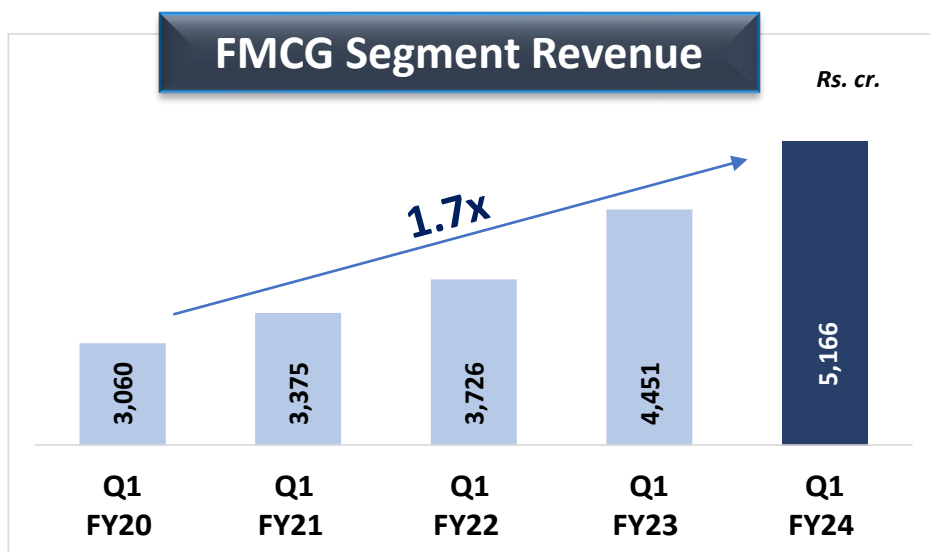


- Segment Revenue up **16.1%** YoY

- Strong growth in Staples, Biscuits, Noodles, Beverages, Dairy, Agarbatti and premium Soaps
- Education & Stationery Products Business continued to witness strong traction

- Robust growth in both urban and rural markets

- Strong traction witnessed in both traditional and emerging channels (viz. Modern Trade, e-Commerce, Quick Commerce)



Rural Markets	Direct outlets
Scale up of stockists network (3.0x <sup>^</sup> )	1.2x <sup>^</sup>
Market Coverage	Total outlets
1.9x <sup>^</sup>	1.1x <sup>^</sup>

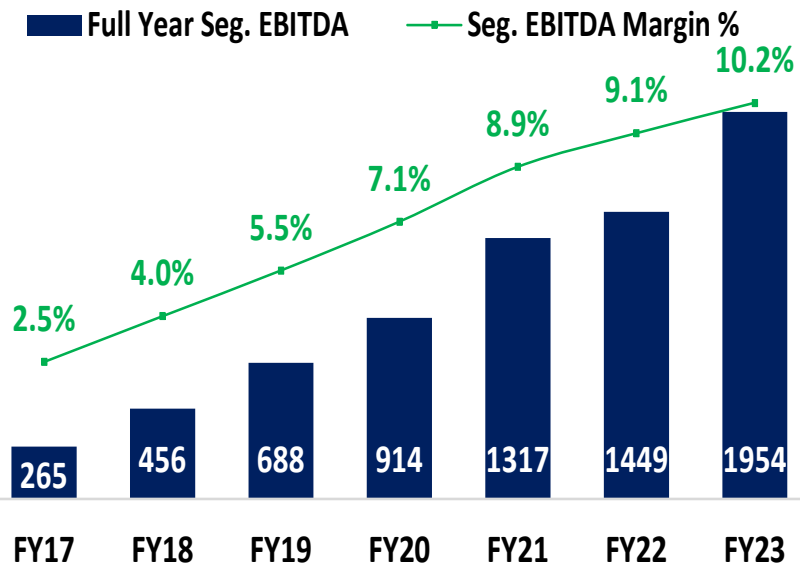
<sup>^</sup>of pre pandemic levels



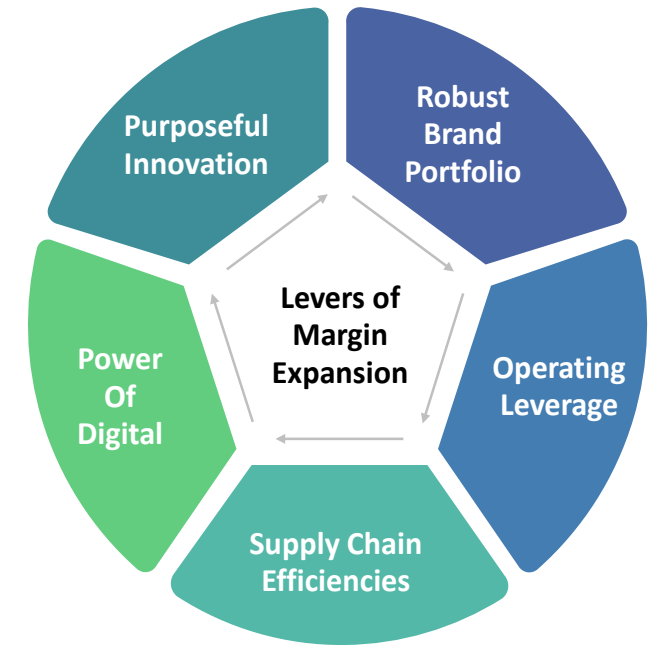
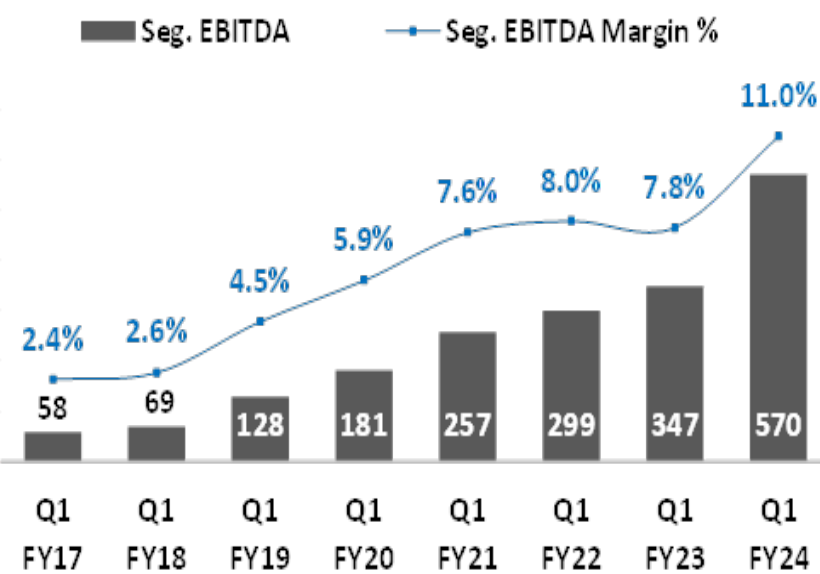
▪ **Segment EBITDA margins expanded 325 bps YoY to 11.0%**

- *Margin expansion driven by multi-pronged interventions viz. premiumisation, supply chain optimisation, judicious pricing actions, digital initiatives, strategic cost management and fiscal incentives*

### Annual Performance



### Q1 Performance





**Tedhe Medhe | Potato Chips**  
**Chatpata Twist | Chilli Charged**



**Aashirvaad Namma Chakki |**  
**M.P. Chakki Atta**  
**Freshly Ground | Customised**  
**100% Madhya Pradesh Wheat**



**Dark Fantasy**  
**Dairy Beverages**  
**Choco Nut Shake |**  
**Café Mocha**



**Sunfeast Rose Milk**  
**& Badam Milk**  
**Goodness of Milk**



**Sunrise Rajshahi &**  
**Haah Salkumura**  
**Garam Masala |**  
**Duck Curry Masala**



**All Rounder**  
**Sweet & Salty**



**Engage L'amante**  
**Luxury Perfume Spray with**  
**Eco-Friendly Propellant**



**Fiamo**  
**Golden Sandalwood**  
**Oil & Patchouli**



**Dazzle**  
**Premium Match Sticks**



**Anushri Aqua &**  
**Woody Agarbatti**  
**Refreshing & Exotic fragrances**





## Millets: The humble Superfood



Good-For-You millet based product portfolio



Finest culinary experience with Millets @ ITC Hotels



EDUCATE



EMPOWER



ENCOURAGE

## Empowering Farmers



Powering an agri-value chain, anchored by ITCMAARS





## Leveraging Emerging Trends

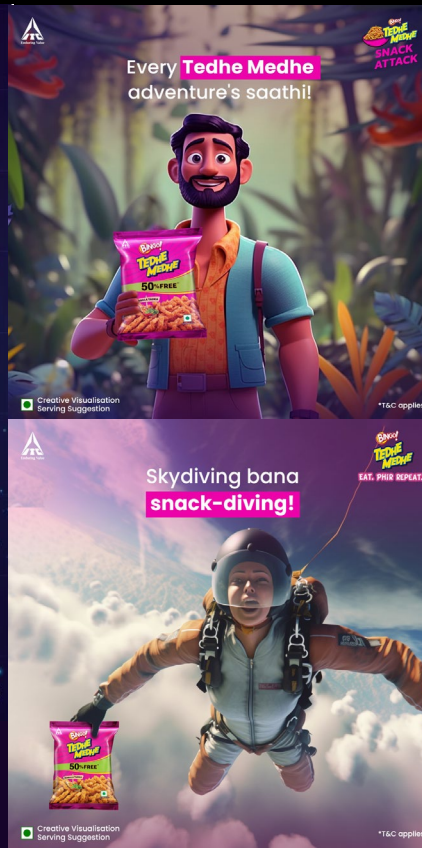


**Tedhe Medhe SNACK ATTACK CONTEST**

Comment your wackiest snacking moments on [bingo\\_tedhemedhe](https://www.instagram.com/bingo_tedhemedhe)

**WIN EXCITING PRIZES DAILY!**

Creative visualisation Serving suggestion



Every Tedhe Medhe adventure's saathi!

Skydiving bana snack-diving!

EAT. PHIR REPEAT.

Creative Visualisation Serving suggestion

Witness your wackiest snacking moments come alive with AI Magic!

EAT. PHIR REPEAT.

## Targeted Brand Collaboration



LABORATOIRES NATUREL

fiama men

MAZZE KI FRESHNESS



Sunfeast Dark Fantasy Choco Fills ORIGINAL FILLED COOKIE

CITADEL THE RUSSO BROTHERS amazon prime APRIL 28 New Series

## Sharpening Value Proposition



**AASHIRVAAD** Atta with Multigrains **The High Fibre Atta**

3 Rotis from Atta with Multigrains = 35% of daily fibre needs\*

75% face moderate to severe stress | 47% sleep for 6 hours or less everyday\* | 35% have no physical activity\* | 70% drink less than 8 glasses of water daily\*

Wondering what the numbers say about you?

Scan the QR Code or hop on to [happytummy.aashirvaad.com](https://happytummy.aashirvaad.com)

Check your digestive quotient | Check your daily fibre intake | Get 1:1 expert advice | Ask the expert

Happy Tummy My Meal Plan Ask An Expert Free Consultation High Fibre Recipes Multigrain Digest Experts Talk



# Brands with Purpose

Supporting people and planet  
**#TheITCWay**



**RAHO CHAAR KADAM AAGE**  
 Initiative by **AASHIRVAAD** in association with **Flipkart** and **HUJAR**

- Get online courses on every **AASHIRVAAD** pack
- Get professional certification

Get an opportunity to become a seller on **Flipkart**

Helping homemakers with upskilling opportunities

**B Natural** *Goodness of Fiber*  
 JUICES AND BEVERAGES

Promise to provide fruit nutrition to **Indian customers** through **100% Indian fruits** grown by **Indian farmers & farmerettes**

Supporting local Indian farmers by making majority of our juices from 100% Indian fruits

**Savlon Swasth India**

**#HANDAMBASSADOR**

Savlon Swasth India Mission: seeding behavioural change towards hand hygiene

**AB SAMJHAUTA NAHIN**

**PARVAZ** *Women's Leadership Programme: 2017-18*

Supporting women empowerment with Ab Samjhauta Nahi campaign

**LABORATOIRE NATUREL** *INNOVATIONS IN SKIN CARE*

**Here is a User Experience!**  
 Fiama x Minds Foundation  
 Virtual Therapy Clinic

**“** I connect with my therapist during crises & don't have to panic. I've been in therapy for 9 months now & each session has been great. **”**

Making mental well-being a more proactive conversation

**MOM'S MAGIC**  
**#HugHerMore**

#HugHerMore campaign reinforcing the magical effect of a Mom's Hug

**classmate ALL ROUNDER**

Showcase your skills!  
 A chance to win ₹ 1 Lakh for national winners

Discover your All Rounder Quotient with **CAR SCORE**

Supporting holistic skill development of school students

Table No. 10

Training and empanelling visually impaired persons as fragrance testers, fostering a life of dignity and hope







Enduring Value

## FMCG Cigarettes



Segment Revenue  
7465 cr. ▲ 13.0%

Segment Results  
4656 cr. ▲ 11.2%

- **Net Segment Revenue\*** up 10.9% YoY; Segment PBIT up 11.2% YoY
- **Innovation & democratising premiumisation** across segments
- **Portfolio Vitality | Product Availability | Execution Excellence**
  - *Several differentiated variants launched recently continue to perform well*
  - *Market standing reinforced by fortifying the product portfolio*

**Relative stability in taxes, backed by deterrent actions by enforcement agencies, enables continued volume recovery from illicit trade**

### Innovation

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

### Portfolio Fortification

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

### Recent Introductions

- Classic Alphatec
- Classic Verve Balanced Taste
- American Club NY Cool & LA Twist
- American Club Smash
- Players Klov
- Players Rush
- GF Glostar





Enduring Value

Hotels Business





### Segment Revenue

**600 cr.**

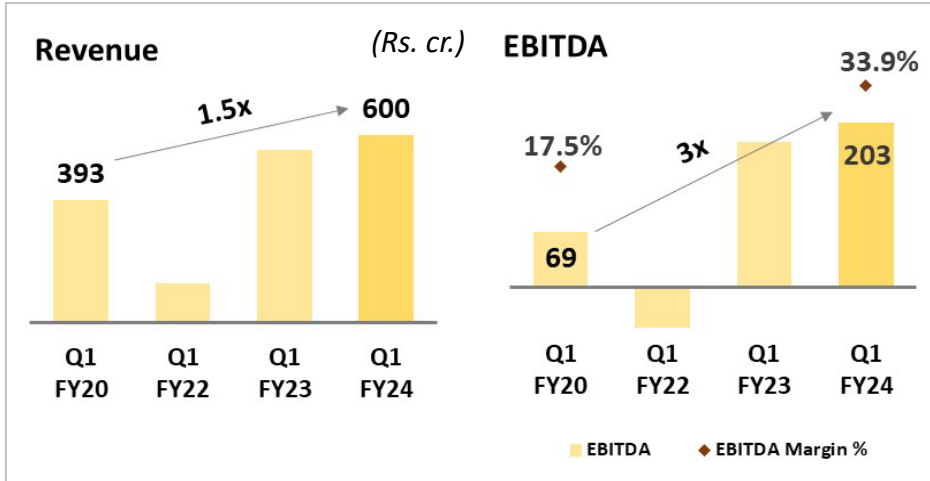
(+8.1%; 1.5x of Q1 FY20)

### Segment Results

**131 cr.**

(+17.0%)

- **Strong growth in ARR**s across properties drive revenue growth
  - Occupancy moderated on a high base due to relatively fewer wedding dates during the quarter and pre-planned renovations
- **6 new hotels** added to the ITC Hotels Group during the quarter
- Healthy pipeline of management contracts under **Mementos, Welcomhotel, Storii, Fortune and WelcomHeritage** brands
  - Phased openings over the next few quarters
- **Segment EBITDA margin expanded by 140 bps YoY to 33.9%**; margin expansion driven by higher RevPAR, curated packages, finest F&B offerings and strategic cost management initiatives





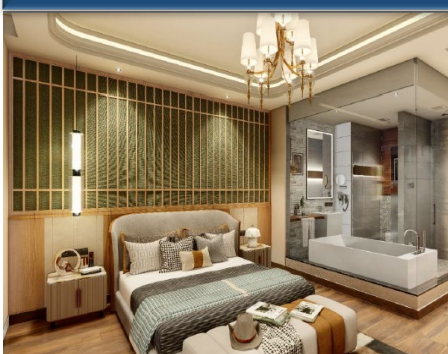
# Executing 'Asset Right' Strategy



Bouquet of brands catering to relevant need spaces (18 properties added in the last 16 months)



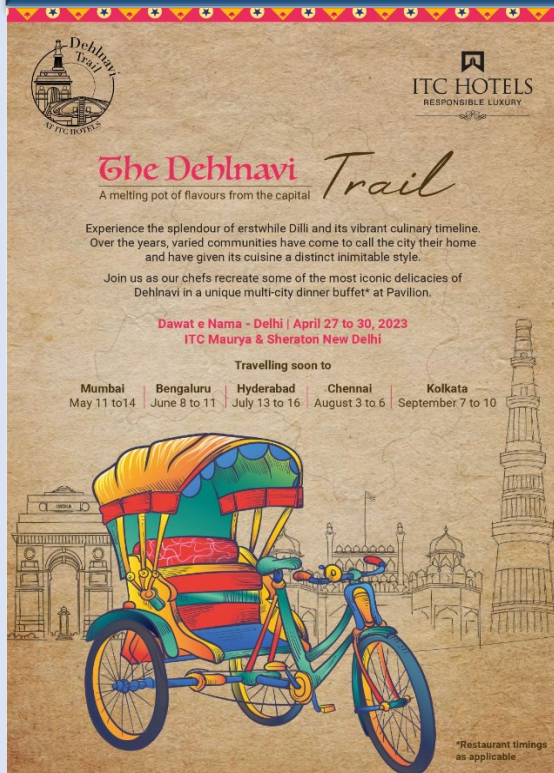
Healthy Pipeline of Management Contracts – Phased openings over the next few quarters





# Curated offerings to drive demand

## Celebrating Delhi's rich culinary heritage



**The Dehnavi Trail**  
A melting pot of flavours from the capital

Experience the splendour of erstwhile Dilli and its vibrant culinary timeline. Over the years, varied communities have come to call the city their home and have given its cuisine a distinct inimitable style.

Join us as our chefs recreate some of the most iconic delicacies of Dehnavi in a unique multi-city dinner buffet\* at Pavilion.

**Dawat e Nama - Delhi | April 27 to 30, 2023**  
ITC Maurya & Sheraton New Delhi

Travelling soon to

Mumbai	Bengaluru	Hyderabad	Chennai	Kolkata
May 11 to 14	June 8 to 11	July 13 to 16	August 3 to 6	September 7 to 10

\*Restaurant timings as applicable.



Your story 2h  
atulkasbekar

The @itcgrandcentral has a fab 'Delhi' food fest on right now. It's top class Nrth Indian fare. Go asap!

#TheCoolHunter



## Special Occasions Leveraged




**DAYS of JOY**  
THE HOLIDAY COUNTDOWN

30+ destinations  
Book until: June 7, 2023

Create timeless memories

10% additional savings for Club ITC members

\*Terms and conditions apply.





Enduring Value

Agri Business

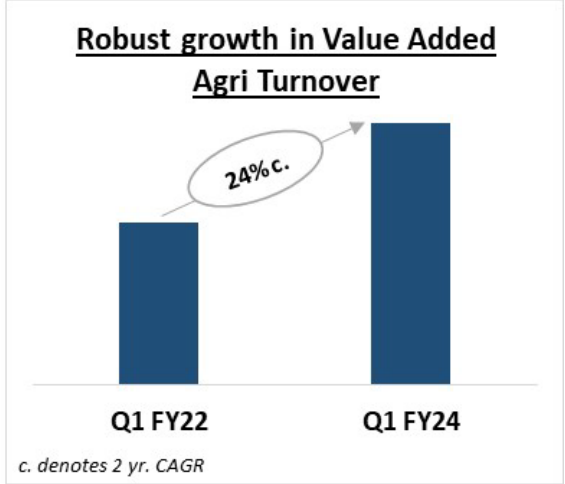





**Segment Revenue**  
**5705 cr. ▼ 23.7%**

**Segment Results**  
**356 cr. ▲ 25.3%**

- **Strong growth in Value Added Agri products**
  - Leveraging strong customer relations & agile execution and new state-of-the-art value-added Spices processing facility in Guntur
- Strategic sourcing support to Branded Packaged Foods Businesses – Wheat, Dairy, Beverages & Spices
- Restrictions imposed on wheat & rice exports in the backdrop of inflationary headwinds & food security concerns weigh on Revenues
- **Robust growth in Leaf Tobacco Revenue and Margins**
  - State-of-the-art facility<sup>^</sup> at Mysuru for manufacture and export of Nicotine & Nicotine Derivative products\*
    - **Trials successful & statutory clearances obtained**
    - **Distinctive capabilities in crop development + complete traceability & sustainability assurance** → competitive advantage

**ITCMAARS**  
ई-चौपाल  
किसानों के हित में, किसानों का अपना

<b>9</b> States	<b>1,150</b> FPOs	<b>6</b> Languages
<b>~60</b> Tie-ups with Partner Cos	<b>7.4 lac</b> Farmer registrations	<b>6.3 lac</b> App downloads

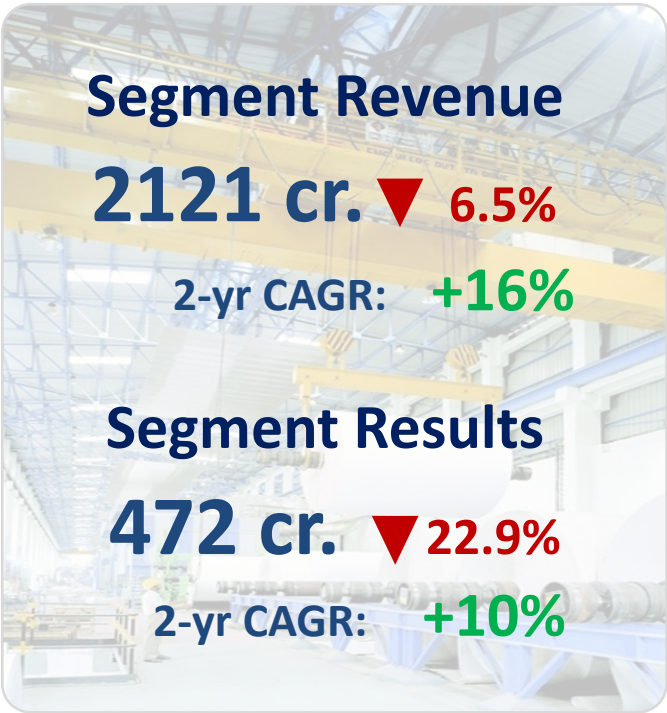


Enduring Value

# Paperboards, Paper & Packaging





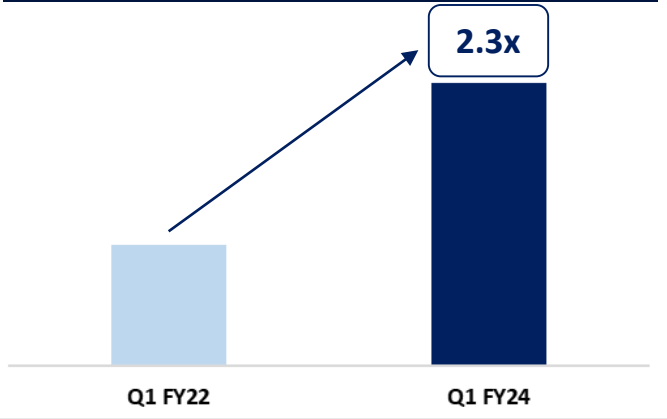


**Segment Revenue**  
**2121 cr. ▼ 6.5%**  
 2-yr CAGR: **+16%**

**Segment Results**  
**472 cr. ▼ 22.9%**  
 2-yr CAGR: **+10%**

- Subdued demand conditions, low priced Chinese supplies in global markets, steep decline in global pulp prices on a high base and relatively muted customer offtake in domestic markets (destocking) weighed on performance during the quarter
- **Décor & Fine paper grades** witnessed resilient performance
- **Sharp escalation in wood & coal costs;** Integrated business model and strategic interventions in import pulp substitution, High Pressure Recovery Boiler, digital interventions and cost competitive fibre chain partially mitigated inflationary impact
- New business development is being accelerated in domestic and export markets offering innovative and customised solutions, **with special focus on consumer electronics and sustainable paperboards and packaging**
- **Sustainable Products** portfolio continues to witness strong growth
- Capacity utilisation at the recently commissioned **Nadiad unit in Gujarat** continues to be ramped up progressively

**Rapid scale up of Sustainable products**





# Financials

<i>Rs. Cr.</i>	Q1 FY24	Q1 FY23	YoY Growth
<b>Gross Revenue</b>	16,843	18,164	<b>-7.3%</b>
<b>Net Revenue</b>	15,659	17,217	<b>-9.0%</b>
<b>EBITDA</b>	6,250	5,648	<b>10.7%</b>
<b>PBT</b>	6,546	5,540	<b>18.2%</b>
<b>PAT</b>	4,903	4,169	<b>17.6%</b>

*+10.6% YoY (ex-Agri Business)*

# Segment Revenue Q1 FY24

Rs. cr.	Rs. cr.		
	Q1		
	FY24	FY23	YoY Growth
<b>Segment Revenue</b>			
a) FMCG - Cigarettes	7465	6609	13%
- Others	5166	4451	16%
<b>Total FMCG</b>	<b>12631</b>	<b>11060</b>	<b>14%</b>
b) Hotels	600	555	8%
c) Agri Business	5705	7473	-24%
d) Paperboards, Paper & Packaging	2121	2267	-6%
<b>Total</b>	<b>21058</b>	<b>21356</b>	<b>-1%</b>
Less : Inter - Segment Revenue	4215	3192	32%
<b>Gross Revenue from sale of products and services</b>	<b>16843</b>	<b>18164</b>	<b>-7%</b>

- **FMCG Others**

- Segment Revenue up 16% YoY
- Staples, Biscuits, Noodles, Beverages, Dairy, Agarbatti and premium Soaps drive growth
- Notebook sales continue to witness strong growth

- **Hotels**

- Best-ever Q1, Revenue up 8% YoY on high base

- **Agri Business**

- Revenue up 31% YoY (excl. wheat exports)

- **Paperboards, Paper & Packaging**

- Subdued demand conditions (domestic & exports), low priced Chinese supplies in global markets, sharp reduction in global pulp prices, high base effect
- Revenue up 16% (2-yr. CAGR)

Rs. cr.	Rs. cr.		
	Q1		
	FY24	FY23	YoY Growth
<b>Segment Results</b>			
a) FMCG - Cigarettes	4656	4189	11%
- Others	431	204	111%
<b>Total FMCG</b>	<b>5087</b>	<b>4393</b>	<b>16%</b>
b) Hotels	131	112	17%
c) Agri Business	356	284	25%
d) Paperboards, Paper & Packaging	472	613	-23%
<b>Total</b>	<b>6047</b>	<b>5402</b>	<b>12%</b>
Less : i) Finance Cost	11	9	
ii) Other un-allocable (income) net of un-allocable expenditure	-510	-147	
<b>Profit Before Exceptional Items &amp; Tax</b>	<b>6546</b>	<b>5540</b>	<b>18%</b>

- **FMCG-Others:**

- Segment EBITDA at 570 cr. (+64% YoY)
  - at 3.2x of Q1 FY20
- EBITDA margin at 11.0%
  - Up 325 bps YoY and 510 bps over Q1 FY20

- **Hotels:**

- EBITDA margins expanded by 140 bps YoY to 33.9%

- **Paperboards, Paper & Packaging:**

- Sharp surge in input costs partly offset through strategic interventions (in-house pulp, VAP, Digital, High Pressure Recovery Boiler)

# ITC – A Global Exemplar in Sustainability



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

**Afforestation**  
Over 10,45,000 acres  
greened

**Watershed Development**  
Over 1.49 million acres  
covered

**Livestock Development**  
Over 21.3 lac milch  
animals covered

**Solid Waste Management**  
Well-being Out of Waste  
programme covers  
55.6 lac households



**Women Empowerment**  
1.26 lac  
poor women benefitted

**Skilling & Vocational  
Training**  
Skilled over 1 lac youth

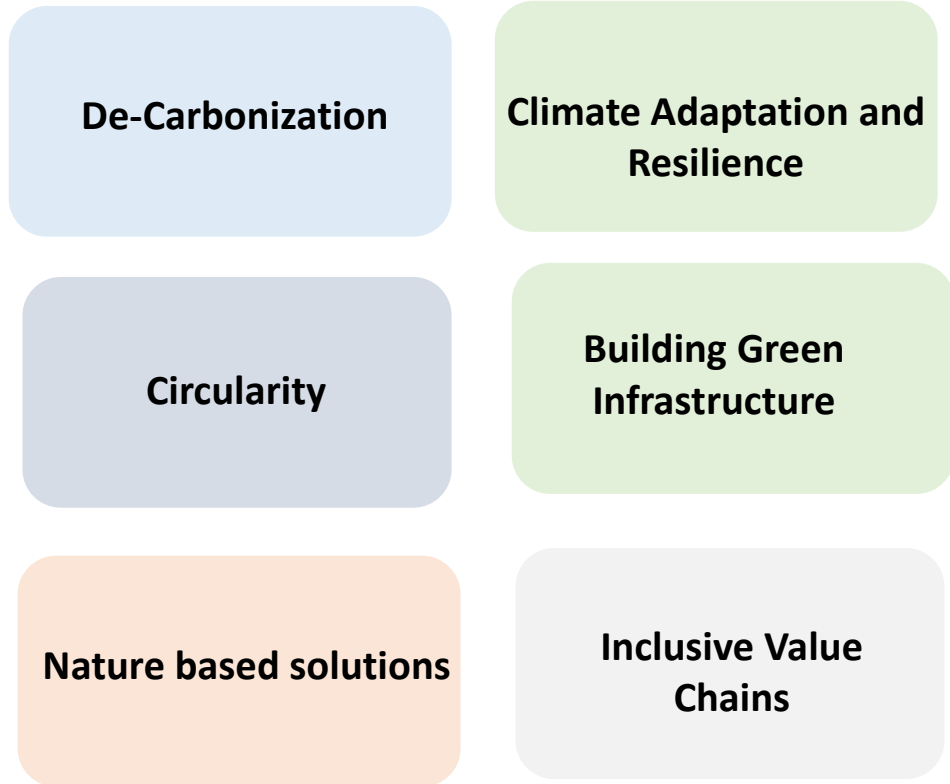
**Primary Education**  
Reaching over  
11.8 lac Children

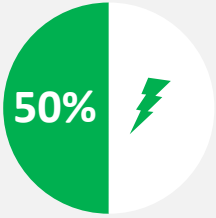

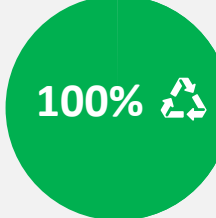

**Mother & Child Health**  
Over 6.8 lac beneficiaries  
covered\*

**Climate Smart Agriculture**  
23 lac acres covered\*



### Strategic Interventions to Combat Climate Change



<p><b>Renewable Energy</b></p>  <p>50%</p>	<p><b>Specific GHG Emissions</b></p>  <p>50%</p>	<p><b>Recyclable Plastic Packaging</b></p>  <p>100%</p>	<p><b>Plastic Neutrality</b></p> <p>100% Collection since FY22</p>
<p><b>Water Security for All</b></p>  <p><b>5x</b> of ITC's Net Consumption</p> <p><b>AWS Certification</b> for High Water Stressed Sites by 2035</p>		<p><b>Biodiversity &amp; Agriculture</b></p> <ul style="list-style-type: none"> <li><b>1</b> million acres Biodiversity Conservation</li> <li><b>3</b> million acres Climate Smart Village</li> <li><b>1.5</b> million acres Social Farm and Forestry</li> </ul>	

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

**Supporting Sustainable Livelihoods: From 6 million to 10 million**

- Exceeded commitment on **Plastic Neutrality**; collected and sustainably managed over 60,000 MT of plastic waste in FY23

- **60% critical Tier - 1 suppliers trained on ESG** related aspects during FY23

- Best-in-class ESG Ratings:

- **AA rating by MSCI** for the 5<sup>th</sup> consecutive year; **A- Leadership score under CDP ratings - ahead of Asia & Global average**; Continues to be included in the **Dow Jones Sustainability Emerging Markets Index** - a reflection of being a sustainability leader in the industry



- The only enterprise of comparable dimensions globally to have achieved and sustained the three key global indices of environmental sustainability of being **‘water positive’ (for 21 years)**, **‘carbon positive’ (for 18 years)**, and **‘solid waste recycling positive’ (for 16 years)**

- **Water Stewardship:**

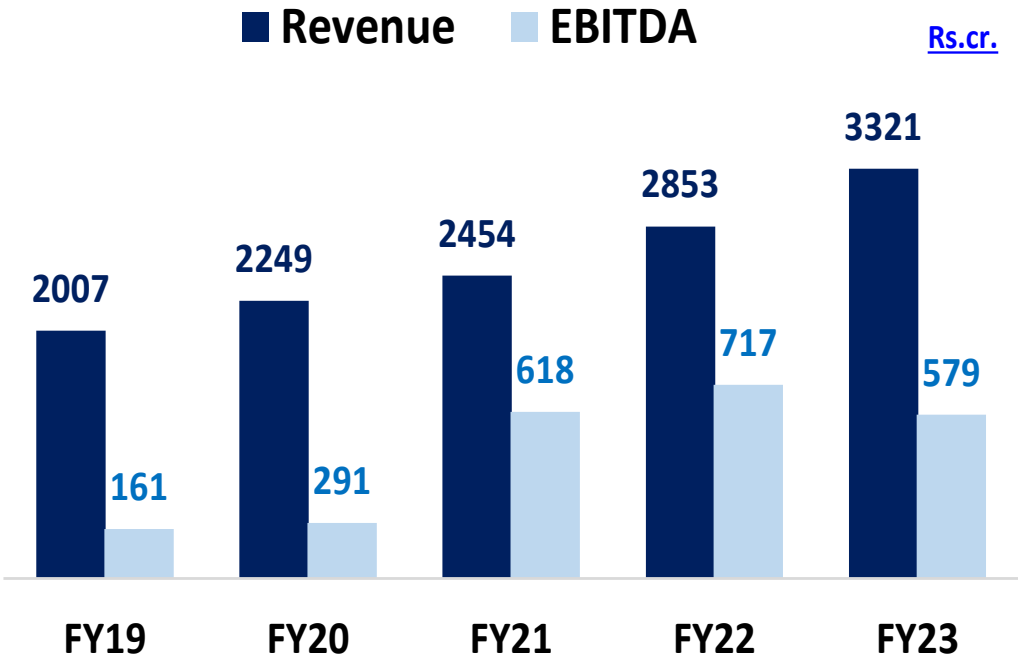
- **ICML Malur** → first F&B unit in Asia and **Paper mill at Kovai** → second site in the world to receive **Platinum level certification** by AWS (Alliance for Water Stewardship)



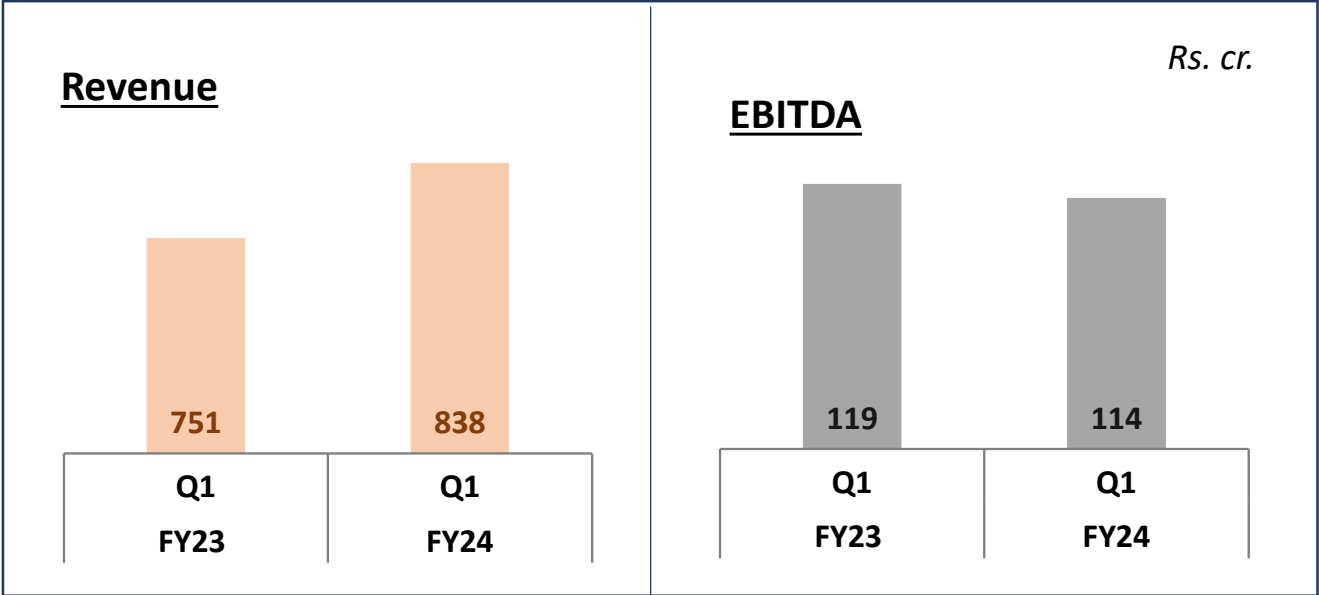
ITC Infotech







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



- Investments continue in **Capability building in strategic focus areas & infrastructure**
- DXP Services integration successfully completed
- Consistent increase in Total Contract Value (TCV) signings
  - Commenced execution on multi-year, multi-million dollar deals: A Leading **Fortune 500 client** & A Top-10 **global hospitality chain**
- EBITDA includes:
  - Certain costs (including transition costs) associated with large deal signings



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



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



**and  
Inclusive.**



Product/initiative	Link
Bingo! on Instagram	<a href="https://www.instagram.com/bingo_snacks/">https://www.instagram.com/bingo_snacks/</a>
YiPPee! 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 : Creating Enduring Value for India	<a href="https://youtu.be/VwnE4eN_BTk">https://youtu.be/VwnE4eN_BTk</a>
Details on the Company's Sustainability 2.0 vision	<a href="https://www.itcportal.com/sustainability/sustainability-integrated-report-2023/ITC-Sustainability-Integrated-Report-2023.pdf">https://www.itcportal.com/sustainability/sustainability-integrated-report-2023/ITC-Sustainability-Integrated-Report-2023.pdf</a>
Quarterly Media Statement	<a href="https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q1-FY2024.pdf">https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q1-FY2024.pdf</a>

