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Media Statement

February 3, 2023

Standalone Financial Results for the Quarter ended 31st December, 2022

Highlights

- **Board recommends Interim Dividend of Rs. 6.00 per share for the Financial Year ending 31st March, 2023**
- **Strong growth momentum sustained across operating segments**
 - Gross Revenue (ex- Agri Business) up 17.5% YoY and EBITDA up 22.0% YoY
 - Reported Gross Revenue up 2.9%; base quarter included wheat exports that were banned during the current year
 - Segment PBIT margin (ex- Agri Business) up ~130 bps YoY.
- **Robust performance continues in FMCG – Others; Segment Revenue up 18.4% YoY, 1.5x of Q3 FY20**
 - Staples, Biscuits, Noodles, Snacks, Dairy, Beverages, Soaps drive growth
 - Education & Stationery Products Business continues to witness strong traction
 - Segment EBITDA margin at 10.0%; up 90 bps YoY and 50 bps sequentially amidst elevated commodity prices.
- **Continued volume recovery from illicit trade on the back of stability in taxes on cigarettes and deterrent actions by enforcement agencies**
 - Cigarettes Segment Revenue up 16.7% YoY; Segment PBIT up 16.9% YoY
 - Market standing continues to be reinforced through focused portfolio/market interventions and agile execution.
- **Stellar performance in Hotels Business; 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% (+680 bps YoY and +310 bps Vs. Q3 FY20) driven by higher RevPAR and structural cost interventions.
- **Restrictions imposed on wheat & rice exports impact Agri Business Segment Revenue; Segment PBIT up 32.6% driven by strong growth in leaf tobacco exports and value-added agri products**
 - Value-added spices processing facility equipped with state-of-the-art technology commissioned in Guntur during the quarter
- **Paperboards, Paper and 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 the recently commissioned unit in Nadiad, Gujarat scaled up.

Economic activity in India continued to gather momentum with sequential moderation in commodity inflation, even as core inflation remained elevated. Rural demand continued to be relatively subdued, while improving sequentially. Consumer sentiments improved during the quarter but remained below pre-pandemic levels.

The Company sustained its strong growth momentum across all operating segments during the quarter driven by focus on accelerated digital adoption, customer centricity, execution excellence and agility. Gross Revenue stood at Rs. 17,122 crores representing a growth of 2.9% YoY (ex-Agri Business up 17.5%) while EBITDA at Rs. 6,223 crores grew by 22.0% YoY. PAT grew by 21.0% YoY to Rs. 5,031 crores. Earnings Per Share for the quarter was Rs. 4.1 (previous year Rs. 3.4). The Board has recommended Interim Dividend of Rs. 6.00 per share (previous year Rs. 5.25 per share) for the financial year ending 31st March, 2023.

Multidimensional interventions announced in the Union Budget 2023 with its growth orientation, record levels of capex outlay, focus on augmenting physical, digital and social infrastructure, thrust on 'green growth' and energy transition, promotion of local level development, along with fiscal prudence will go a long way in securing sustainable and inclusive growth for the Indian economy in the years to come. Potential risks arising from the anticipated slowdown in the global economy and continuing geo-political tensions remain the key monitorables.

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FMCG – OTHERS

- **The FMCG Businesses continue to deliver strong performance with Segment Revenue growing 18.4% YoY; Segment Revenue and Segment EBITDA at 1.5x and 1.9x respectively over Q3 FY20.**

- Strong growth in Staples, Biscuits, Noodles, Snacks, Dairy, Beverages and Frozen Foods
- Robust growth in 'Fiama' and 'Vivel' range of Personal Wash products; Hygiene portfolio continued to witness moderation in demand, though ahead of pre-pandemic levels
- Stationery sales witnessed strong growth; exports continue to be scaled up leveraging the capabilities of the state-of-the-art owned manufacturing facility
- Segment EBITDA margin at 10.0% up 90 bps YoY and 50 bps sequentially

The FMCG Businesses witnessed strong growth across channels and markets (both urban and rural) driven by ramp-up in outlet coverage, enhanced penetration and superior last mile execution. Overall, input costs remained elevated even as some commodities witnessed sequential moderation in prices. The Businesses continued to drive improvement in profitability through multi-pronged interventions viz. strategic cost management, premiumisation, supply chain agility, judicious pricing actions, fiscal incentives, leveraging digital and optimising channel assortments.

- The Company's deep & wide multi-channel distribution network with growing presence in emerging channels continues to deliver competitive advantage through superior product availability, visibility and freshness.

- Digital technologies are being increasingly leveraged to further sharpen focus and drive growth in rural markets and Tier-2 cities
- e-Commerce sales witnessed rapid growth driven by account specific strategies, new product introductions and customised supply chain solutions; availability in Quick Commerce and Social Commerce platforms continues to be scaled up
- Modern Trade sales accelerated with higher store footfalls and joint business planning with key accounts
- Product availability and accessibility continues to be augmented by leveraging new routes-to-market through multiple strategic partnerships covering a range of brands including 'B Natural', 'Sunfeast', 'ITC Master Chef', etc.

➤ **Branded Packaged Foods Businesses**

- **'Aashirvaad' Atta** posted strong growth reinforcing its leadership position in the branded atta industry.
 - In line with the ITC Next strategy of leveraging the Company's world-class mother brands to address value added adjacencies, the Business launched a number of differentiated variants of

Rava ('Samba Broken Wheat', 'Bansi Rava' and 'Double Roasted Suji Rava'), leveraging the brand equity of 'Aashirvaad' and strong backward linkages of the Agri Business.

- The value-added atta range, which is a part of the Business' growing portfolio of 'Good For You' / 'Free From' offerings, sustained its strong growth momentum. Further, the 'Aashirvaad Nature's Super Foods' range comprising 'Ragi Flour', 'Gluten Free Flour', 'Multi Millet Mix', continued to garner increasing consumer traction.
- **'Bingo! Snacks'** posted robust performance during the quarter. Recently launched variants viz. 'Bingo! Hashtags Cream & Onion', 'Bingo! Hashtags Spicy Masala', 'Bingo! Street Bites Dahi Chaat Remix' and 'Bingo! Street Bites Pani Puri Twist' have been well received by consumers and are being scaled up.
- **'YiPee! Noodles'** recorded strong growth on the back of increased penetration and brand outreach. Innovative media campaigns and focused digital interventions e.g. strategic collaboration on a leading online platform during the FIFA World Cup 2022, resulted in sustained traction with consumers.
- **'Sunfeast' Biscuits and Cakes** recorded strong growth during the quarter leveraging its strong brand equity. The 'Sunfeast Dark Fantasy' range of differentiated cookies sustained its leadership position in the premium segment. 'Mom's Magic' range of cookies also witnessed strong growth. The portfolio mix was further enriched with the recently launched 'Mom's Magic Cashew Fills', 'Mom's Magic Golden Edition' and 'Mom's Magic Butter Fills' which continue to receive excellent consumer response.
- **Dairy & Beverages Business** posted strong growth during the quarter on the back of best-in-class quality standards, differentiated offerings and superior taste profile. The milk procurement network continues to be strengthened, empowering farmers by providing infrastructure and imparting package of best practices to improve operational efficiency, maintain high quality and ensure identity preservation and traceability. The **'Sunfeast'** portfolio of milk shakes continues to be augmented with launch of 'Sunfeast Smoothies – Strawberry with Chia Seeds' and 'Sunfeast Smoothies – Litchi with Fruit Chunks'.
- Encouraged by the Government of India's initiative of promoting millets and 2023 being declared as the 'International Year of Millets', ITC has spearheaded **ITC Mission Millets**, leveraging the Company's enterprise strengths in agriculture, food and hospitality. The initiative is powered by a strategic 3 pillar model that encompasses development of a 'Good For You' product portfolio, implementation of sustainable food systems as well as enhancing consumer awareness for millets through an Educate, Empower and Encourage approach. A number of millet-based products have already been introduced under the 'Aashirvaad Nature's Super Foods' brand including 'Ragi Flour', 'Gluten Free Flour', 'Multi-Millet Mix'. 'Aashirvaad Soul Creations', as part of the Company's Food Tech Initiative offers millet-based khichdi that can be ordered at home. The Company is further developing a comprehensive millets-based portfolio under popular brand names and in familiar formats to enable easier adoption. With its e-choupal network and ITCMAARS with FPOs as the pivot, the Company is working with farmers across various crop value chains including millets. As a part of developing millet value chains, two Public-Private Partnerships projects have been implemented, one each in Maharashtra and Andhra Pradesh, in partnership with Indian Institute of Millets Research (IIMR), Hyderabad and Government of Andhra Pradesh respectively. The thrust on Millets is further exemplified by the Hotels Business creating easy-to-try recipes with millets to help encourage individuals experiment with the taste and texture of millets.
- In the **Personal Care Products Business**, 'Fiama' and 'Vivel' range of personal wash products delivered strong performance during the quarter while 'Nimyle' continued to scale up in the Homecare segment leveraging the Naturals proposition of the brand. The Hygiene portfolio remained subdued, though ahead of pre-pandemic levels. Product portfolio continues to be augmented with innovative launches viz. 'Engage One Soul' (inclusive grooming, transcending traditional gender norms) and 'Engage Indigo Skies' (unique aromatic fusion). Further, the recently launched 'Vivel VedVidya' range of soaps that are inspired by ingredients used in ancient beauty rituals and 'Fiama Men Deep Clean Gel Bar, with Charcoal

& Grapefruit', which enables deep cleaning and a refreshing feel, have also received encouraging consumer response.

- In the **Education and Stationery Products Business**, 'Classmate' Notebooks fortified its leadership position leveraging its flagship campaign 'Learn with Classmate'. The premium portfolio comprising 'Paperkraft', 'Classmate Pulse' and 'Classmate Interaktiv' continued to gain strong consumer traction. The Business continues to enhance consumer engagement through its D2C platform – Classmateshop.com with the launch of innovative video-embedded gifting options.
- **'Mangaldeep' Agarbattis and Dhoop** recorded robust growth during the quarter anchored on a range of differentiated products and enhanced availability. Presence in emerging channels continued to be strengthened with the scaling up of recent launches such as 'Mangaldeep Fragrance of Temple – Festive Edition' and 'Chandan 3in1'. The portfolio was also augmented with launch of 'Anushri 100 – 3in1' and 'Deetyaa Luxury Fragrance' variants. During the quarter, the Dhoop portfolio was further enhanced with the launch of 'Sambrani Cups'.
- The Company continues to scale up its D2C interventions such as Aashirvaad 'Meri Chakki Atta' in the Branded Packaged Foods Business, Dermafique in premium skin care and Classmateshop.com in the Education & Stationery Products Business.

FMCG – CIGARETTES

Segment Revenue and Segment PBIT up 16.7% and 16.9% YoY respectively

- The Business continues to reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution.
 - Several differentiated variants continue to be launched to further strengthen range of offerings and ensure future-readiness of the product portfolio.
- As seen in the past, stability in taxes on cigarettes, backed by deterrent actions by enforcement agencies, continues to enable volume recovery for the legal cigarette industry from illicit trade leading to higher demand for Indian tobaccos and bolstering revenue to the exchequer from the tobacco sector. The Company continues to engage with policy makers for a framework of equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that dis-incentivise illicit trade in cigarettes, balance the economic imperatives of the country and tobacco control objectives, while cognising for the unique tobacco consumption pattern in India.

HOTELS

Segment Revenue up 50.5% YoY (up 29.0% Vs. Q3 FY20); Segment EBITDA up 107 cr. YoY (+67 cr. Vs. Q3 FY20). Stellar performance across properties.

- RevPAR ahead of pre-pandemic levels driven by Retail (packages), Leisure, Weddings and MICE segments. Domestic business travel normalised while inbound foreign travel also witnessed pickup; this augurs well for the Company's portfolio that comprises a relatively higher salience of business hotels. Special occasions and festivals were effectively leveraged to drive demand. Iconic cuisine brands continue to be leveraged to promote dine-ins with limited-period menus curated for festive & special occasions featuring global and Indian favourites.
- Segment EBITDA margin for the quarter stood at 31.5% (LY: 24.7%); margin expansion was driven by higher RevPAR, operating leverage and structural cost interventions.
- ITC Narmada – a luxury 291-key hotel in Ahmedabad, launched in August '22, continues to receive excellent response from discerning guests. It is the first hotel in Gujarat to receive the LEED® Platinum certification for its sustainability interventions and environmental stewardship.
- During the quarter, the Business launched Welcomhotel Jim Corbett at Jim Corbett National Park, Uttarakhand. In line with its 'asset-right' strategy, the Business has so far added eight properties in the current financial year through management contracts under its brands viz. Welcomhotel, Mementos,

Storii and Fortune; several properties are expected to be launched under these brands in a phased manner over the next few quarters.

- Reaffirming the Company's commitment to the ethos of 'Responsible Luxury', ten Hotels in the chain became the first in the world to have received the prestigious LEED® Zero Carbon certification by the US Green Building Council (USGBC) till date.

PAPERBOARDS, PAPER & PACKAGING

Paperboards, Paper and Packaging Segment continues to deliver strong performance; Segment Revenue up 12.7% YoY while Segment PBIT up 35.2% YoY; Segment PBIT margin at 26.3% (+440 bps YoY)

- Segment Revenue growth driven by higher realisations in domestic and export markets.
 - Value Added Paperboard (VAP) recorded strong YoY growth aided by higher realisations
 - Fine Paper segment performed well driven by pickup in the Publications and Notebooks segments
 - Strategic investments in capacity expansion in VAP segment, pulp import substitution, cost-competitive fibre chain, decarbonisation of operations, sharper focus on operational efficiency leveraging data analytics and Industry 4.0 enabled scaling up the Business and margin expansion despite escalation in key input prices.
 - Sequentially, global pulp prices witnessed some moderation towards the end of the quarter, even as other input costs remained elevated.
- In the Packaging and Printing Business, the recently commissioned Nadiad unit in Gujarat continues to be scaled up to efficiently service customers in proximal markets.
- The Business continues to develop and scale up sustainable paperboards/packaging solutions leveraging cutting-edge innovation platforms (LSTC capabilities as well as external collaborations) which have now scaled up to 1.7x of last year's levels.
 - The sustainable products portfolio, comprising recyclable paperboards, 'FiloPack' and 'FiloServe', and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications, witnessed robust growth
 - Similarly, the Packaging Business is pro-actively engaging with end users to scale up adoption of sustainable packaging solutions viz. 'Bioseal' (compostable packaging solutions for Quick Service Restaurants, personal care and packaged foods industries), 'Oxyblock' (a recyclable coating solution with enhanced barrier properties for packaged foods, edible oils, etc.) and Germ-free coating (solution for microbial free packaging surface addressing enhanced consumer consciousness towards hygiene and safety).
 - In line with the ITC Next strategy of crafting disruptive business models anchored at the intersection of Digital and Sustainability leveraging enterprise strengths, it is proposed to set up a new wholly owned subsidiary with state-of-the-art manufacturing facility to foray into the fast-growing premium Moulded Fibre Products (MFP) space. Customers are increasingly seeking solutions that are bio-degradable, substitute single use plastic and meet stakeholder and regulatory expectations across industries including food serving and delivery, pharmaceutical, beauty and electronics. The raw materials for such products are sourced from environment-friendly, renewable, natural fibres such as wood, bamboo etc. The MFP business will leverage the expertise in fibre value chain, manufacturing excellence and strong sustainability credentials to scale up rapidly.

AGRI BUSINESS

Segment PBIT up 32.6% driven by growth in leaf tobacco exports and value-added agri products. Segment Revenue for the current quarter reflects the impact of restrictions imposed on wheat and rice exports by the Government during the year.

- During the quarter, the Business commissioned its new value-added Spices processing facility in Guntur. The Business seeks to leverage the multi-dimensional capabilities and state-of-the-art

technology of this facility together with its identity-preserved sourcing expertise, custody of supply chain and strong customer relationships to rapidly scale up exports to Food Safe markets.

- The state-of-the-art facility to manufacture and export Nicotine & Nicotine derivative products being set up by the Company's wholly owned subsidiary, ITC IndiVision Limited, is making steady progress. The facility is being geared to manufacture purest nicotine derivatives conforming to US and EU pharmacopoeia standards and is expected to be commissioned shortly.
- The above interventions are in line with the strategy to enhance value capture by scaling up the value-added agri portfolio straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits etc., leveraging the Company's deep rural linkages and extensive sourcing expertise.
- ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform is being scaled up with appx. 850 FPOs in 9 states encompassing about 270,000 farmers (registered till date). This platform provides farmers with AI/ML driven personalised and hyperlocal crop advisories, access to good quality inputs and market linkages as well as allied services like pre-approved loans. It also offers advanced technologies like real-time soil testing, quality assaying and precision farming at the doorstep of farmers.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

ITC is a global exemplar in 'Triple Bottom Line' performance and is 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)**. The Company sustained its **'AA' rating by MSCI-ESG for the 5th successive year** - the highest amongst global tobacco companies. The Company has also been included in the **Dow Jones Sustainability Emerging Markets Index** - a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet.

ITC has also been rated at the **'Leadership Level' score of 'A-'** for both **Climate Change** and **Water Security** (Asia and Global average at 'C' for climate change and 'B' for water security) by CDP, a reputed independent global platform for disclosures on environmental impacts.

The Company's infrastructure facilities continue to set new benchmarks of sustainability. During the quarter, the ICML in Malur, Karnataka, became the first Asian food processing facility to be awarded the prestigious Alliance for Water Stewardship Platinum-level certification for its responsible water management interventions. Further, ITC Sankhya, Bengaluru became the world's first Data Centre to achieve LEED® Zero Carbon certification by the USGBC making it an icon of environmental stewardship.

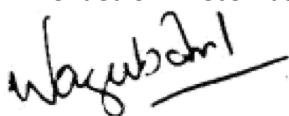
The Sustainability & Integrated Report 2022 is available on the Company's corporate website at

<https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf>

Please refer link below for performance highlights of the quarter:

<https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q3-FY2023.pdf>

The Board of Directors, at its meeting on 3rd February 2023, approved the financial results for the quarter ended 31st December 2022, which are enclosed.



(Nazeeb Arif)
Executive Vice President
Corporate Communications