

Enduring Value

NATION FIRST: SAB SAATH BADHEIN

Q2 FY22 Results

27th October, 2021



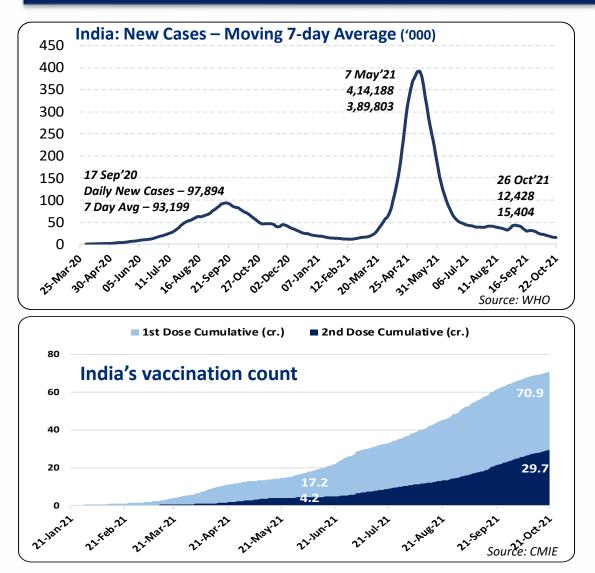
This presentation contains certain forward-looking statements including those describing the Company's strategies, strategic direction, objectives, future prospects, estimates etc. Investors are cautioned that "forward looking statements" are based on certain assumptions of future events over which the 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.

Second Wave impact recedes

Progressive Recovery in economic activity



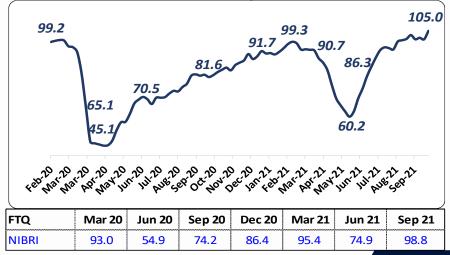
Sharp Reduction in case count, accelerated vaccination



Improved mobility improves Business environment



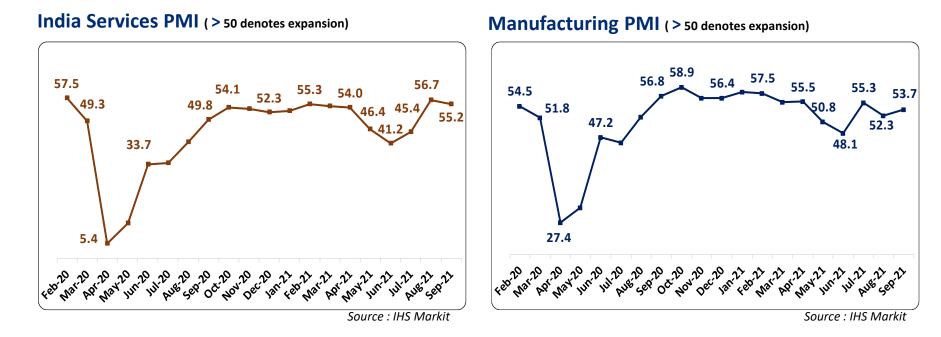
Nomura India Business Resumption Index



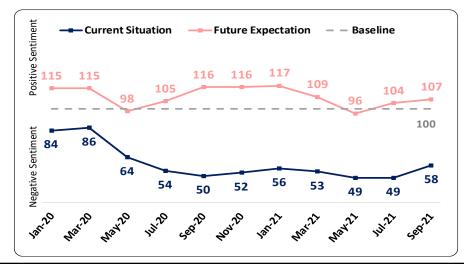
Uptick in Sentiments in Q2

Consumer Confidence Improves Current Situation Index remains in contraction zone





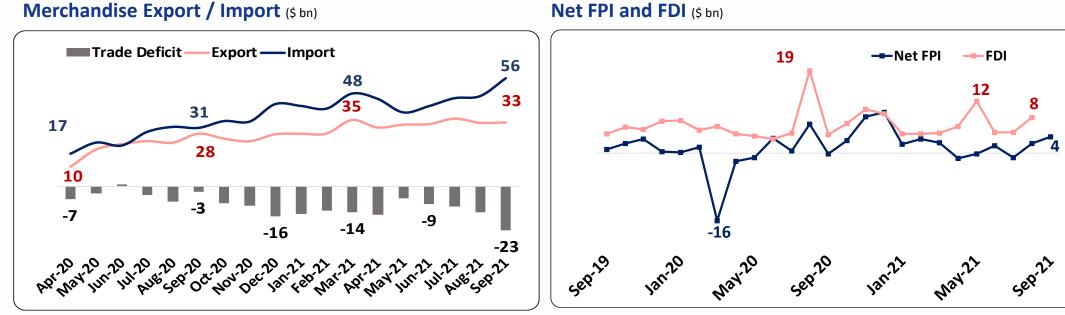
RBI Consumer Confidence Index



Pickup in External Trade Increased Capital Flows

GST collections remain robust

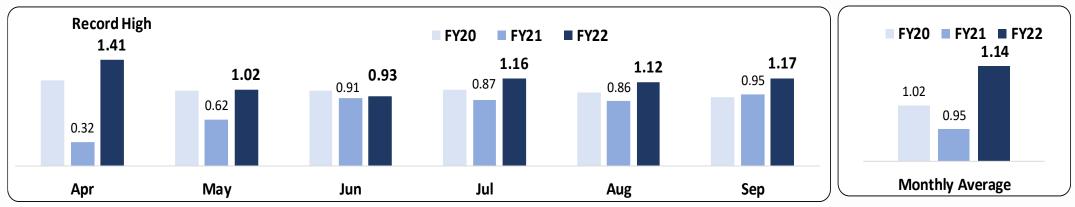




Source : RBI



GST Collections (Rs lakh cr.)



Source : Ministry of Finance

Core inflation remains sticky

Crude Oil prices surge past USD 85/barrel – 3 year high

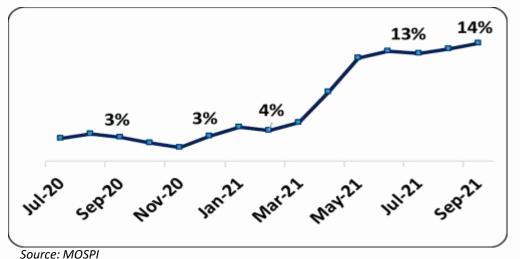




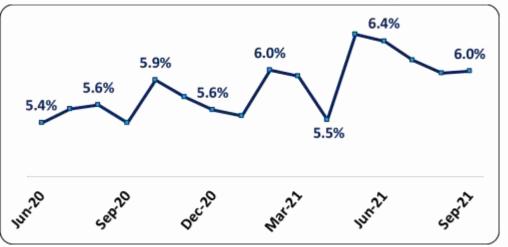
Headline CPI (y-o-y%)

Source: MOSPI

CPI – Fuel & Light (y-o-y%)



Core CPI (y-o-y%)



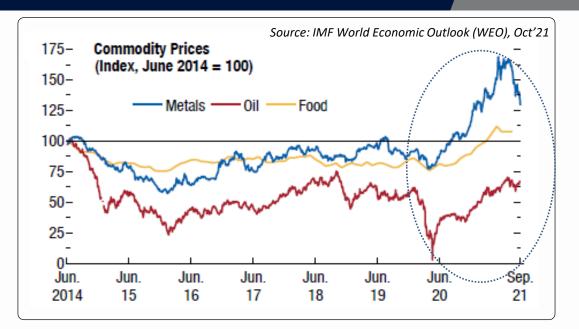
Source: MOSPI

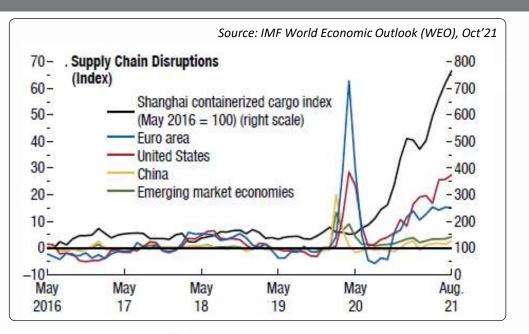
Diesel (Rs /Litre)

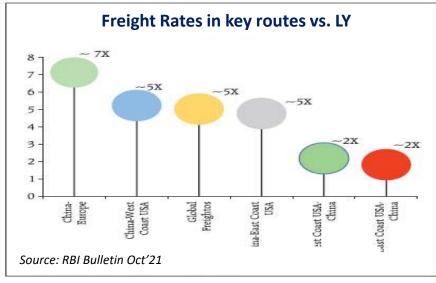


Slowdown in Global Recovery Momentum

Resurgent Demand + Rising Commodity/Energy Prices + Supply Disruptions Surge in Inflation







Enduring Value



Q2 FY22 Results Headline Financials & Business Highlights

Key Highlights: Q2 FY22

Gross Revenue up 11.1% y-o-y PAT up 13.7% y-o-y



- Strong pick-up across all operating segments after severe disruptions in Q1
 - Sequentially, Revenue (ex. Agri) up 12%; EBITDA up 16%
- FMCG delivers resilient performance growing on a high base quarter; *Revenue up 23% vs. Q2 FY20 & 8% sequentially*
 - Sharp rebound in **Discretionary/'Out-of-Home'** consumption
 - Staples and Convenience Foods witness moderation in y-o-y growth on a high base; remains well above pre-Covid levels
 - Marked demand volatility in Hygiene portfolio; moderates sequentially with lower intensity of the pandemic; significantly above pre-pandemic levels
 - Segment EBITDA at 403 cr., up 35% sequentially and 82% over Q2 FY20
 - Segment EBITDA Margins sustained at 10% in spite of unprecedented commodity inflation
 - Closure of educational institutions continues to impact **Education & Stationery Products Business**
- Smart recovery witnessed in Cigarettes with exit volumes near pre-Covid levels
 - Faster recovery in volumes vs. first wave of the pandemic
 - Broad-based recovery witnessed across markets during the quarter; certain markets in Kerala and East remain relatively subdued

Key Highlights: Q2 FY22



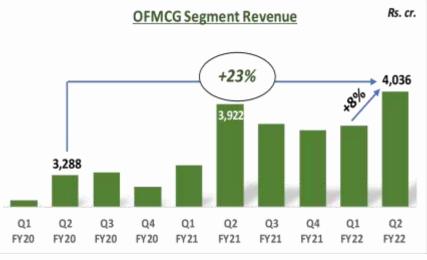
- Marked improvement in Occupancy (3x of Q2 LY) drives faster recovery in Hotels
 - Leisure destinations continue to perform well while Business travel gathers momentum
 - Q2 turns EBITDA positive (+134 cr. swing vs. Q2 FY21)
- Paperboards, Paper & Packaging Segment delivers strong performance; Segment Revenue up 25% y-o-y
 - Paperboards volumes at record high
 - Robust performance aided by revival of demand across most end-user segments
- Strong growth in Agri Business external revenue driven mainly by Wheat, Rice and Leaf tobacco exports, leveraging strong customer relationships and robust sourcing network
- About 90% of eligible employees fully vaccinated; 100% vaccinated with at least one dose





Resilient Performance on a High Base Segment Revenue Up 23% over Q2 FY20





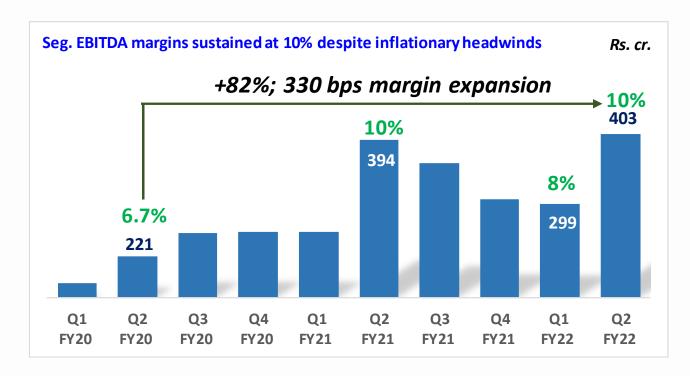
- Resilient performance growing on a high base quarter which witnessed exceptional surge in sales (Q2FY21 up by 19%)
 - Sequential Revenue up 8%
 - Sharp recovery in **Discretionary/OOH portfolio** (Snacks, Confectionery and Beverages)
 - Moderation in **Staples & Convenience Foods** on a high base while remaining well above pre-Covid levels; performs well sequentially for the second consecutive quarter
 - Marked demand volatility in **Hygiene** portfolio; moderates sequentially with lower intensity of the pandemic; remains significantly above pre-pandemic levels
- Continued closure of educational institutions impacts Education & Stationery Products Business
- Robust performance in emerging channels continues
 - Modern Trade sales grew strongly y-o-y (favourable base) and q-o-q

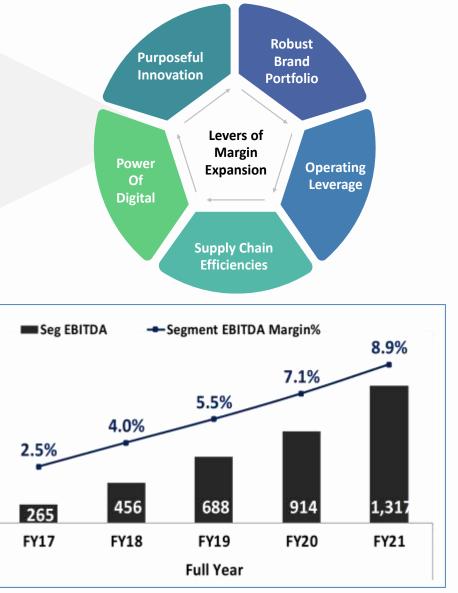
e-Commerce			Rural Markets	Market Coverage	Direct outlet servicing
Salience 7%	3x	ITC stçre.in Continues to garner	Scale up of stockists network (2x of LY)	1.4x of LY levels	1.1x of LY levels
X H1 FY20 H1 FY21	H1 FY22	strong consumer franchise; now operational in 15 cities. <u>http://www.itcstore.in</u>	SHOP ON ITCSTORE.IN B	a	

Segment EBITDA up 82% over Q2 FY20 Q2 FY22 Margin Sustained @ 10%



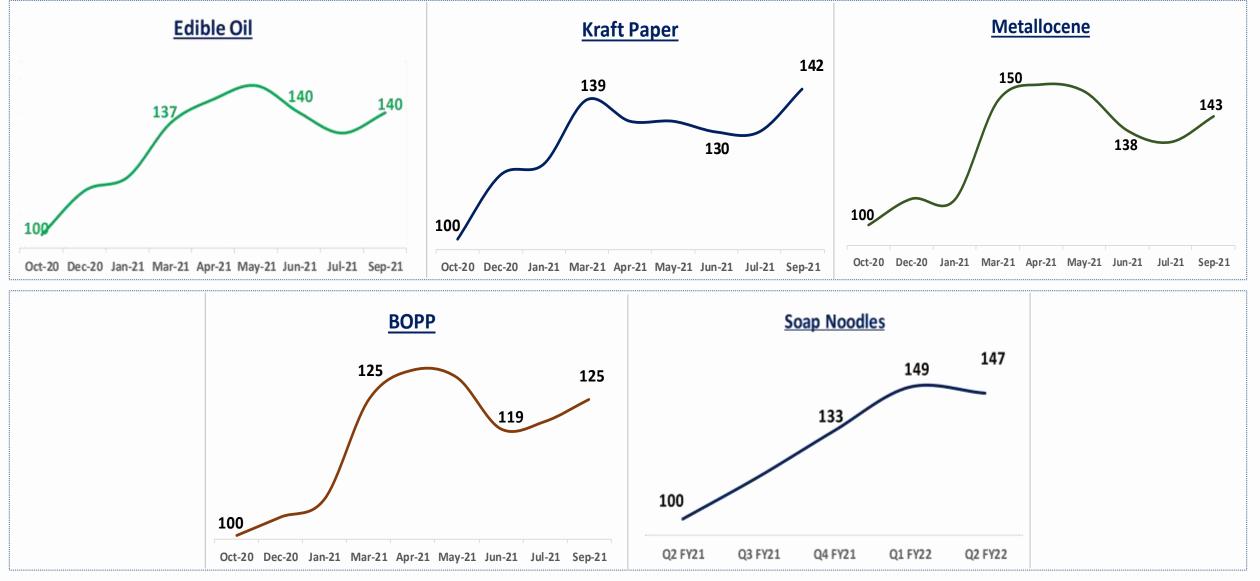
- Unprecedented inflationary headwinds in key input commodities
- Q2 Segment EBITDA margins sustained at 10.0%
 - Inflation impact largely offset through focused cost management actions, premiumisation, judicious pricing actions, fiscal incentives and favourable business mix





Unprecedented Rise in Commodity Prices





Fuelling Growth through Innovation

Cutting-edge R&D capability ITC Life Sciences & Technology Centre, Bengaluru













Purposeful Innovation

Leveraging Science-based R&D Platforms @ ITC LSTC





Aashirvaad Vermicelli



Health & Hygiene

B Natural / Sunfeast Nutrilite Health Range



Savlon Handwash Powder





Indulgence



Dark Fantasy Vanilla Fills

Sunfeast Bounce Fruit Fills

Sunfeast All Rounder



Nimeasy Spray; Nimyle

Lemongrass Floor Cleaner

Savlon Moisturizing Hand Sanitizer



Savlon Soaps Cool Hexa



Sunfeast Yippee!

Max Masala



Fantastik

Chocobar XL



Bingo Cream & Onion

Purposeful Innovation

Leveraging Science-based R&D Platforms @ ITC LSTC





Engage ON Chota Pocket Perfume



Savion Surface Disinfectant Spray (70 GM SKU)



Convenience

Nimyle Sachet



Savlon Handwash Pichkiao



Engage Fragrances Convenient Packs



Aashirvaad Svasti Ghee



Mangaldeep Premium - Lo Smoke Royal Rose, Mystic Jasmine



Fiama Menthol & Magnolia Soap / Shower Gel

Range Expansion



Mangaldeep Popular – Upaveda Range Camphor Tulsi, Panchamrit



Engage Exclusive range for Emerging Channels

Deepening Consumer Connect Impactful Communication

Augmenting Multi-Channel Distribution







Purpose Led Brands







Building Devotional Connect

Digital @ Consumer



Deepening Consumer Connect



ITC Connect: A platform to engage with consumers in Digital World (www.itc-connect.com)





Interactive Cooking Workshop



Get "Pujo Ready" with Sunrise

Celebrity endorsements and influencers



#HarRecipeKaPehlaStep Nimwash: Chef Kunal Kapur





Nimyle Aiyyoshraddha



Vivel Bodywash: Kriti Sanon



Engage Pocket Perfume & No Gas Spray: Kartik Aaryan, Tara Sutaria

High Intensity Activations and Strong Brand Associations



Multi-Pronged Initiatives

Persuasive communication



Onam, Independence Day, Durga Puja Activations





Savion Savion school Collaboration with connect Manorama Weekly

High impact visibility drives



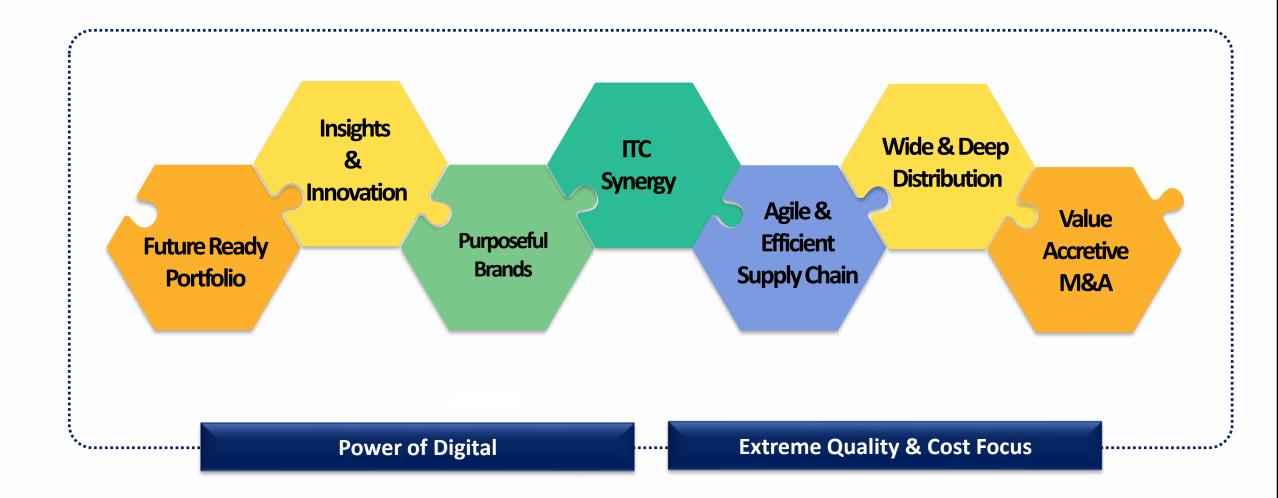


Bundled Offers on ITC e-store



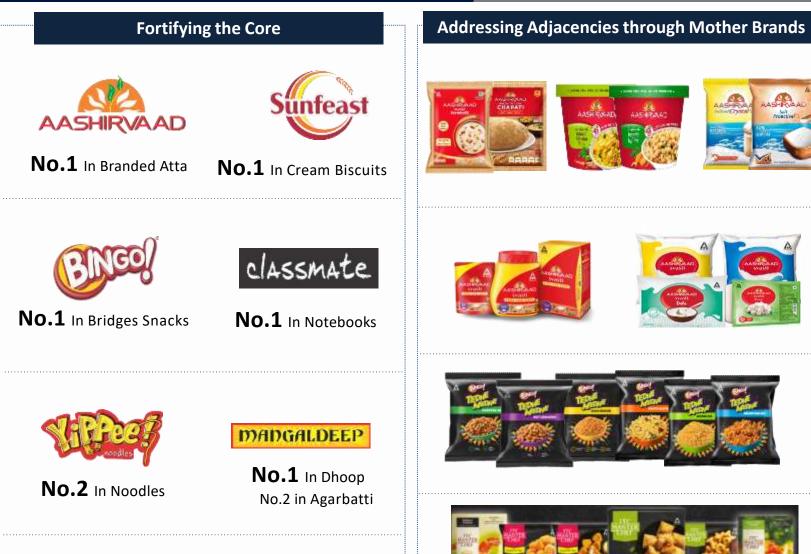
Strategy Pillars





Strong Growth Platforms





Annual Consumer Spends ~22,000 cr.





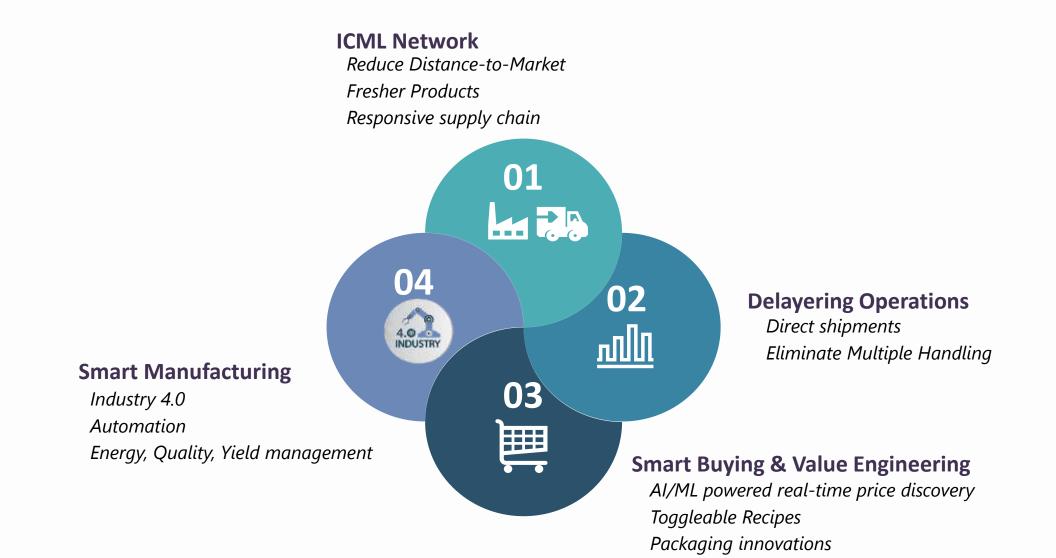




Distributed Manufacturing & Agile Supply Chain

Creating Structural Advantage

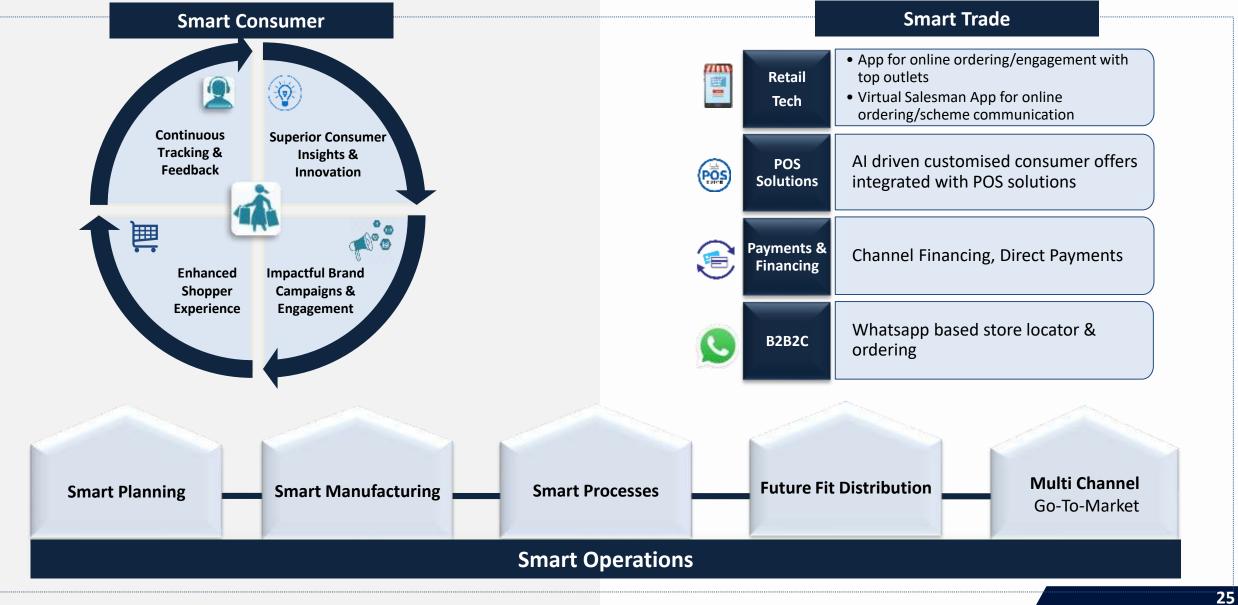




Power Of Digital

SMART | AGILE | RESPONSIVE





FMCG Cigarettes



Segment Revenue 5642 cr. 10.2% **Segment Results** 3583 cr. 10.4%

- Q2 Segment Net Revenue* and Segment Results up 10.3% and 10.4% y-o-y respectively; Segment EBIT Margins up 10 bps
- Progressive normalisation of convenience store operations across markets
 - Faster recovery in volumes vs. first wave
 - Broad-based recovery witnessed across markets during the quarter; certain markets in Kerala and East remain relatively subdued
- Market standing reinforced, leveraging a portfolio of world-class products, focused innovation and agile execution
 - Scaled up accessibility by augmenting stockists network (2.1x y-o-y) & rural servicing infrastructure (1.1x y-o-y)

Legal Industry volumes remain impacted a/c high tax incidence on Cigarettes

FMCG Cigarettes

Recent Portfolio Interventions



Innovation	Portfolio Fortification		
Classic Connect	Gold Flake Luxury Filter		
Gold Flake Neo	Gold Flake Neo SMART Filter		
American Club Clove Mint	Navy Cut Deluxe		
Gold Flake Indie Mint	Player's Gold Leaf Chase		
Capstan Fresh	Gold Flake Star		
Recent Introductions	Other Interventions		
 Gold Flake Kings Mixpod Wave Boss American Club Smash 5s Flake Mint 	Refreshed Packs of Flake Excel, Wills Navy Cut Filter, Berkeley Hero in focus markets. 5s Packs - Gold Flake Premium and Capstan Special		
Flake Nova			



Hotels Business



Hotels

Smart Sequential Recovery Revenue Back to Q4 FY21 Levels



Great

Place To Work-

Certified

Segment Revenue

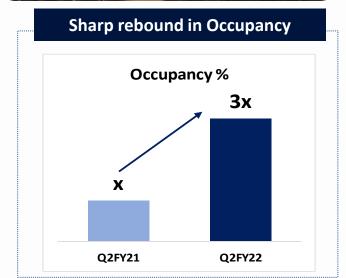
Rs. cr.

Q2 FY22: 295 (+2.6x vs. LY)

Segment EBITDA

Q2 FY22: 17 (Positive Swing of 134 vs. SPLY)

- **Sharp growth in revenue** driven by domestic leisure travel & Staycations; Business travel continues to gather momentum
 - Strong recovery in Occupancy levels
 - ARR and RevPar improve sequentially and y-o-y; still below pre-Covid levels
- Demand creation through sharply targeted packages catering to emerging trends and consumer needs along with focused communication campaigns
- Structural cost management actions undertaken in the last year aided in reduction of controllable cash fixed cost by 31% vs. Q2 FY20







Demand Creation Through Curated Offerings



Culinary Tourism



Gowmet Tales

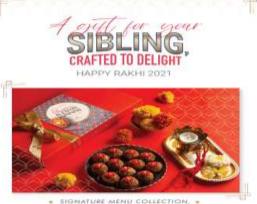
AN EXQUISITE CULINARY GETAWAY

Accommodation Packages with Flexible Dining Benefits



Revamped F&B Offerings





SIGNATURE MENU COLLECTION, ...
 A RESPONSIBLE DINING EXPERIENCE

2 New Welcomhotel Properties Launched

Healthy pipeline of management contracts





A visual ode to architectural traditions and eventful history of the Golden Triangle of the East





Located at the foothills of Mata Vaishno Devi temple; offers a perfect balance of modern minimalism and classic elegance

Welcomhotel Brand footprint scaled up to 22 properties/2500 keys 4 more properties to be launched soon

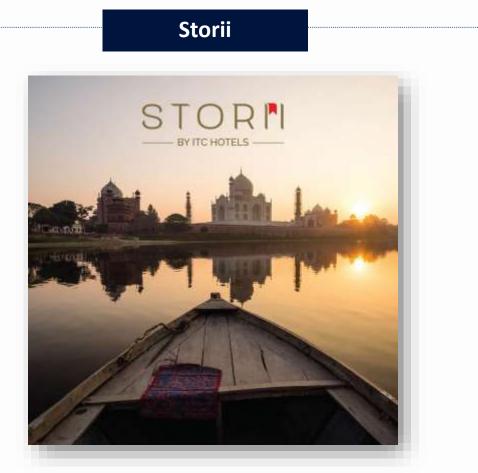
Executing 'Asset-Right' Strategy

2 New Brands Launched





Collection of **unique luxury hotels** across varied destinations ranging from **modern retreats to historic treasures**



Collection of **intimate sized** handpicked properties in the **premium** segment

Hotels Business

Strategy Pillars







Agri Business



Agri Business

Robust Growth in External Business Margin expansion driven by favorable business and customer mix



Robust growth in external business

- Wheat, Rice, Leaf Tobacco, Aqua and Spices exports
- Shortage in availability of containers/port congestions & inclement weather delay customer call-offs
- Continues to provide cost-competitive strategic sourcing support to Branded Packaged Foods **Businesses by leveraging e-Choupal network**
 - Sourcing strategy aligned to market dynamics
- Leveraging 'Digital' for sourcing efficiencies
 - Leveraged Project 'Astra' AI/ML and advanced analytics based digital platform to facilitate spatial and temporal sourcing optimization
- Strategic focus on rapidly scaling up Value-Added product portfolio to accelerate growth and enhance value capture
 - Value Added Spices to Food Safe markets continue to gain traction
 - The Company's wholly owned subsidiary, IIVL[^] is progressing construction of a world-class manufacturing **facility** at Mysuru, for export of Nicotine & Nicotine derivative products to US/EU

Multi Modal

Segment Revenue

2776 cr. **7.0%**

Segment Results

296 cr. 15.7%

Multiple Sourcing Models

Farmer | Trader | Mandi



Transportation

Railway | Coastal | Road

Zero disruption in supplies despite significant operating challenges



+16%

Value Added portfolio

^ ITC IndiVision Limited

Transformation Pillars



Deliver sustainable competitive advantage to ITC Businesses *High quality & cost competitive agri-sourcing*

Develop a Future Ready portfolio of value-added products to drive growth & margins *Organic/Food safe*



Develop a robust business model to scale up e-Choupal 4.0

Customized solutions for farmers + re-engineer commodity sourcing thru FPOs

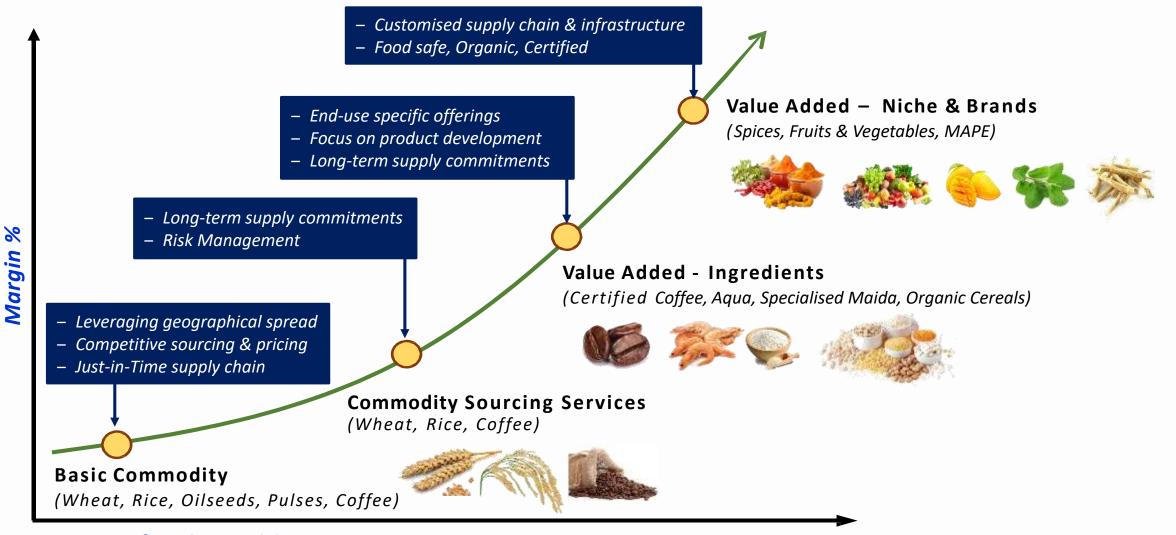
Develop NexGen Indian agriculture

Digitally powered + climate smart value chains + Market linkages

Agri Business – Agri SBU

Moving up the Value Chain





Scope of Value Addition



Paperboards, Paper & Packaging



Paperboards, Paper & Packaging

Segment Revenue

1830 cr. 4 25%

Segment Results

409 cr. ▲ 24%

Strong Revenue Growth Paperboard Volumes at Record High



Paperboards & Specialty Paper:

- Robust growth aided by revival of demand across most end user segments
 - Publications, Quick Service Restaurants (QSR) and wedding card segments, remain relatively subdued.
- Robust growth in VAP segment; strong performance in exports on a high base notwithstanding logistical challenges.
- Margin expansion despite escalation in key input prices enabled by higher realisations, investments in pulp import substitution, cost-competitive fibre chain, sharper focus on operational efficiency leveraging data analytics and Industry 4.0
- High Pressure Recovery Boiler & Pulp mill expansion project on schedule

Packaging and Printing Business performed well driven primarily by cartons segment.







Innovation

Developing Sustainable solutions



Bio-degradable Boardsomegoomegoomegoomego



Exclusively for paper cups

Leave nothing behind

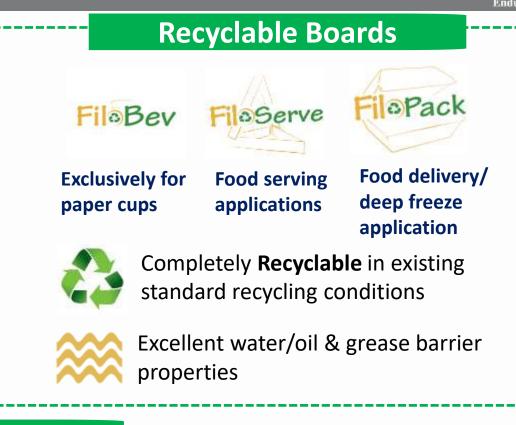
Deep freeze applications

5

Completely **Biodegradable** under composting conditions



Barrier against liquids/grease etc. at par with traditional plastic coated boards





Sustainable Packaging

<u>Bioseal</u>

Replacing takeaway

plastic bowls

Compostable packaging solutions with high grease resistance and seal-ability for Personal care, QSR and Pkgd. foods industries.

Oxyblock

Recyclable packaging solution with enhanced barrier properties for packaged foods, edible oils, etc.

Antimicrobial Coating

Solution for germ free packaging surface

Paperboards, Paper & Packaging Business

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Strategy Pillars



Scale Up Value Added product portfolio

Proactive Capacity augmentation; New substrates

One-stop Packaging Solutions Provider

Leverage multi-platform capability to ensure world-class quality and speed-to-market at competitive cost

Augment Renewable & Cost-competitive fibre chain

High quality disease resistant clonal propagation programme Scale up core area plantations

Reduce Carbon footprint of operations

Enhance share of renewable energy, reduce fossil fuel consumption; leverage investments in green boiler, soda recovery boiler, solar & wind energy

Develop Sustainable Paperboard / Packaging Solutions

Leverage ITC's LSTC platform & external collaborations

Leverage Industry 4.0 & Digital technologies

Automation, digitization \rightarrow reduce waste, optimise costs



Financials

Headline Financials: Q2 FY22



Rs. Crs.	Q2 FY22	Q2 FY21	GOLY
Gross Revenue	13,356	12,019	11.1%
Net Revenue	12,543	11,278	11.2%
EBITDA	4,615	4,088	12.9%
РВТ	4,880	4,301	13.5%
РАТ	3,697	3,253	13.7%

Segment Revenue Q2 FY22



		(1.101.011)	
	Q2		
	FY22	FY21	GOLY%
Segment Revenue			
a) FMCG - Cigarettes	5642	5121	10.2%
- Others	4036	3922	2.9%
Total FMCG	9678	9044	7.0%
b) Hotels	295	82	2.6 x
c) Agri Business	2776	2985	-7.0%
d) Paperboards, Paper & Packaging	1830	1459	25.4%
Total	14579	13570	7.4%
Less: Inter Segment revenue	1223	1551	-21.2%
Gross Revenue from sale of products & services	13356	12019	11.1%

(Rs. cr.)

• FMCG Others

- Segment Revenue up 23% Over Q2 FY20
- Sequential Revenue up 8%
- Sharp recovery in Discretionary/OOH portfolio
- High base effect in Staples, Convenience Foods & Hygiene Portfolio

Hotels

- Strong recovery in Occupancy levels
- ARR and RevPar improved sequentially and y-o-y; still below pre-Covid levels

Agri Business

- Robust growth in external Revenue on a high base driven by Wheat, Rice, Leaf Tobacco, Aqua and Spices Exports
- Wheat procurement strategy aligned with market dynamics

• Paperboards, Paper & Packaging

- Revival of demand across most end-user segments
- VAP segment and Exports drive growth

Segment Results Q2 FY22

Robust growth across Segments



		(Rs. cr.)	1
	Q2		
	FY22	FY21	GOLY%
Segment Results			
a) FMCG - Cigarettes	3583	3245	10.4%
- Others	272	279	-2.7%
Total FMCG	3855	3524	9.4%
b) Hotels	-48	-185	
c) Agri Business	296	256	15.7%
d) Paperboards, Paper & Packaging	409	330	23.8%
Total	4512	3926	14.9%
Less : i) Finance Cost	10	14	
ii) Other un-allocable (income) net of un-allocable expenditure	(378)	(390)	
Profit Before Exceptional Items & Tax	4880	4301	13.5%

• FMCG Others

- Segment EBITDA at 403 cr. (+2.2% YoY on a high base)
 - **1.8x** of Q2 FY20
- **EBITDA margins sustained at 10%** in spite of unprecedented commodity inflation
 - up **330 bps** vs. Q2 FY20

• Hotels

- EBITDA at 17 cr., positive swing of 134 cr. vs. LY

• Agri Business

- Margin expansion led by richer business and customer mix, incentives



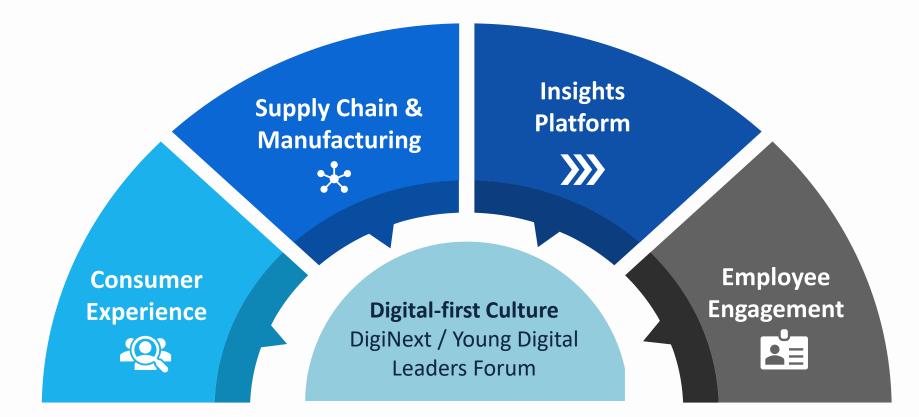
Shaping the Future Powered by Data & Digital



Digital @ ITC

Strategic Impact Areas





State-of-the-Art Digital Technologies, Infrastructure and Security

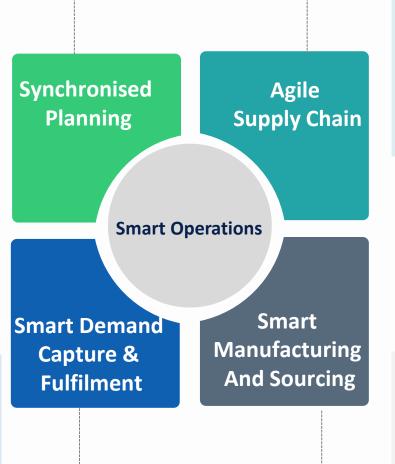
Integrated Real Time Operations Execution Platform



- Integrated & synchronized planning processes
 Advanced demand & forecasting models
 Planning Control watch tower + Data
 Synchronised
 - Planning Control watch tower + Data Visualization tools



- Mobile Apps for Salesmen
- Retailer Apps
- Data driven optimization of last mile delivery, Omni Channel fulfillment



Next generation agile FMCG supply chain

- Automated end-to-end processes
- Flexible design
- Supply Chain Cockpit

AI/ML & Advanced Analytics platform to drive operational efficiency & seamless execution

- Digital Factory
- Real time monitoring of process & product performance
- Digital Sourcing platforms



Smart Consumer

Personalised Consumer Journey across Touchpoints



ITC SIXTH SENSE COMMAND CENTER

- Al-powered hyper personalised platform
- Strong partner ecosystem for content & data





- Direct-to-Consumer channel operational in 15 cities; 45+ Categories and 850+ products under one roof
- Offers wide range of ITC FMCG products
- Socializes Premium & Niche Brands with consumers



MOMENT MARKETING

Contextual Communications & Consumer Promotions 2000+ Content Assets created

CONSUMER DATA HUB

Harvesting insights & new product development





ITC – A Global Exemplar in Sustainability

ITC: A Global Exemplar in Triple Bottom Line Performance

REDUCE | RECYCLE | RESTORE



Action on Climate Change

41.3% Energy from Renewables

Pioneer in Green Buildings in India

33 Platinum Rated Buildings

Large Scale Afforestation Programmes for Sequestering Carbon Greened over

900,000 acres

CO₂ sequestered as

2X

compared to emissions from ITC's operations



Climate Hazard & Risk Study based on Climate Modelling Completed for ITC's Physical Assets Water Security for All

Rainwater Harvesting (RWH) Potential Created

43 million kl over 1.2 million acres of land, equivalent to

4X ITC's Net Water Consumption

Demand Side Savings from Crop Water Use Efficiency

208 million kl

ALLIANCE FOR WATER STEWARDSHIP

1st in India, 2nd Globally PSPD Kovai Unit – Platinum Rated Facility

360° Approach to Plastic Waste

Source Segregation Programmes Covering

18 million

Plastic Waste Collection

~30,000 MT

in 2020-21

80% Collections in 2020-21 equivalent to 80% of Multi-Layered Plastic packaging utilised by ITC

Coverage 24 States/ UTs

Focus on Improving Recyclability, Optimisation, Substitution & Innovation. Future-Ready Agri Value Chains

Globally Recognized e-Choupal Platform

4 million Farmers Empowered

e-Choupal 4.0: New Age Digital Solution

Sustainable Agriculture Programme 881,000 acres of Farms covered

Climate Smart Agriculture Programme **8,000 villages**

Baareh Mahine Hariyali

2X Large scale Programme on Doubling Farm Income Sustainable Livelihoods

Sustainable Livelihoods Supported across Operations

6 million

Annual CSR Spend over

Rs. 350 Cr. in 2020-21



Impact across SDGs Recent Global Recognitions



ITC Rated AA, Highest amongst Global Peers

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

ITC is listed on DJSI's Emerging Markets Index

1st in World

ITC Windsor Becomes First Hotel in the World to achieve LEED Zero Carbon Certification

Impactful Social Performance







ITC e-Choupal 4 Million Farmers empowered

Afforestation Over 900,000 acres greened



Watershed Development Over 12,75,000 acres covered



Livestock Development Over 19,72,000 milch animals covered



Solid Waste Management Well-being Out of Waste programme covers 15 million citizens



Women Empowerment over 79,000 poor women benefitted



Skilling & Vocational Training Covering over 101,000 youth



Primary Education Reaching over 833,000 Children



Health & Sanitation Over 38,800 toilets built

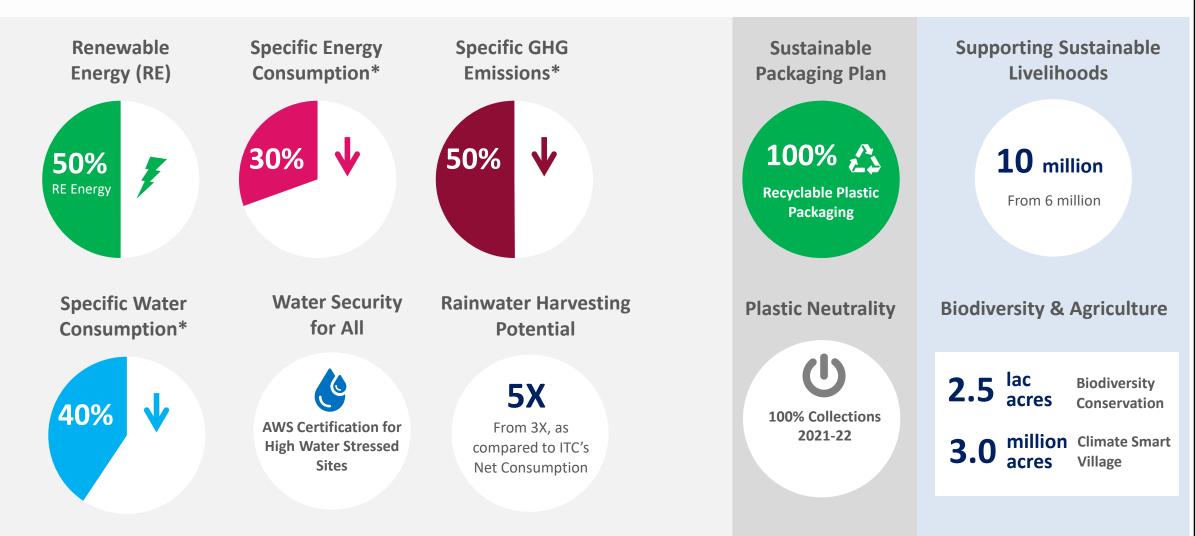


Pioneer of Green Building movement in India 33 platinum rated green buildings

Sustainability 2.0 Raising The Bar

ITC's 2030 Sustainability Targets Bolder Goals

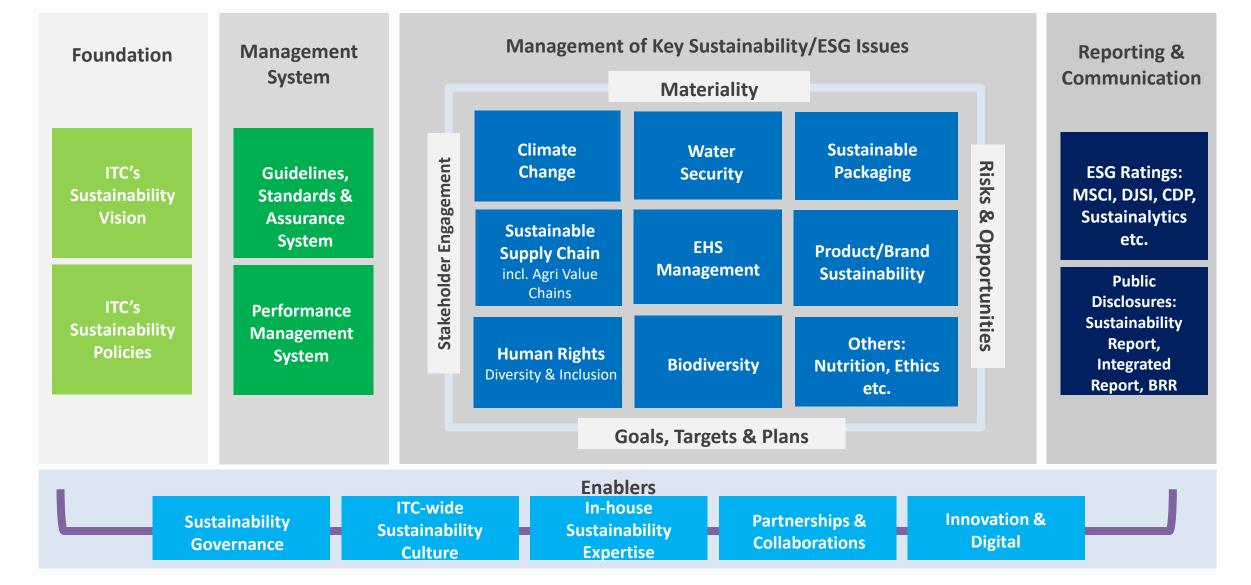




Proactively work towards achieving 'Net Zero' emission status.

ITC's Sustainability 2.0 Framework





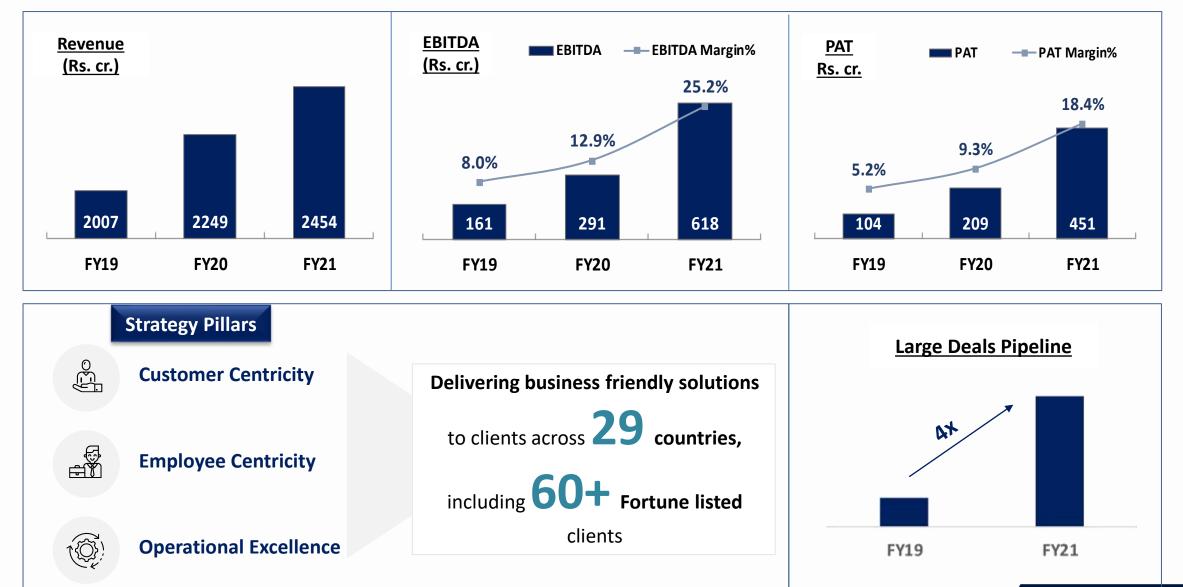
ITC Infotech



ITC Infotech

Robust Revenue Growth & Margin Expansion

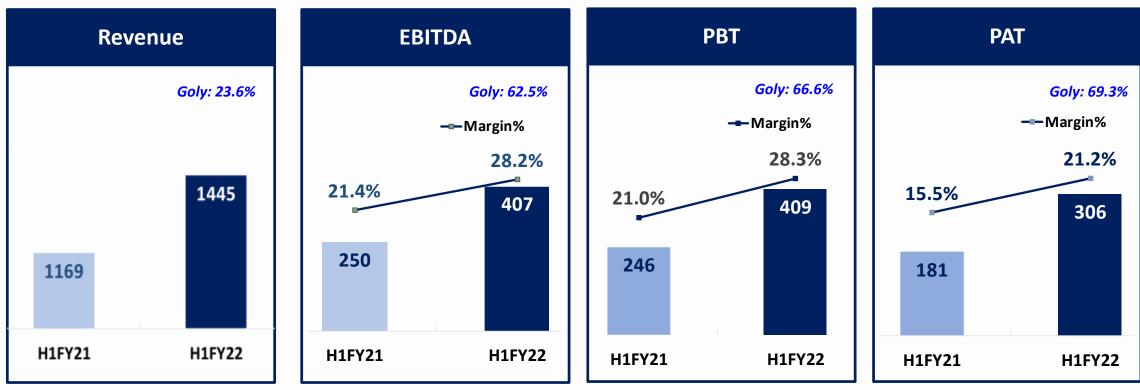




High Growth Trajectory Sustained in H1 FY22

Rs. cr.

Enduring Value



Margin expansion a/c improved Business mix and higher resource productivity

ITC: Enduring Value









A passion for Profitable growth...

in a way that is Sustainable...

and Inclusive.



Thank You



	Product/initiative	Link
AASHIRVAAD	Aashirvaad Vermicelli	https://www.facebook.com/Aashirvaad/videos/589090418787992/
Happy	Aashirvaad Happy Tummy	https://happytummy.aashirvaad.com
Sunfeast	Sunfeast Dark Fantasy Moms Magic #NoMoreMissedCallsFromMom	https://m.youtube.com/watch?v=kWPWUGFpv88&feature=youtu.be https://www.youtube.com/watch?v=T_DqIXctTbc
Vivel	ITC Vivel #RespectWorkForHome campaign	https://www.facebook.com/VivelbyITC/videos/556999492399120/?app=fbl/
CONTROL O	YiPPee! and Bingo! on Instagram	https://www.instagram.com/sunfeast_yippee/ https://www.instagram.com/bingo_snacks/
Matural	Differentiated variants of 'B Natural-Nutrilite' co-created with Amway #Nutribev	https://www.bnatural.in/nutribev/
WeAssure	"WeAssure" programme	https://www.itchotels.in/content/dam/projects/hotelswebsite/itc- hotels/WeAssure/WeAssure-itc-hotels.pdf
	Quarterly Media Statement	https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q2-FY2022.pdf