

Q2 FY 2020/21 Results

6th November, 2020

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.

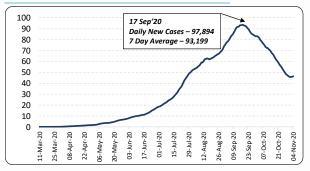
Daily Covid cases rose sharply in Aug & Sep'20; sharp fall in Oct'20 India: New Cases - Moving 7-day Average ('000s)

States: Active Cases as on 2 Nov'20

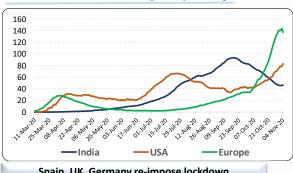
Second Wave in Europe & USA



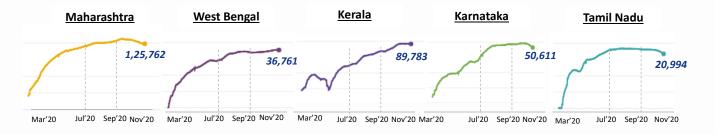




Global: New Cases - Moving 7-day Average ('000s)



Spain, UK, Germany re-impose lockdown



Industry: Sequential improvement but well below pre-Covid levels

Core Sector, Services remain under pressure Manufacturing and Services PMI expand in Oct'20



Index of Industrial Production (YoY %)



Eight Core Industries (YoY %)



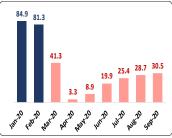
India Manufacturing PMI



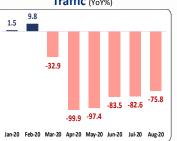
India Services PMI



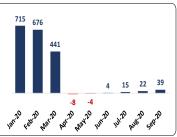
Nomura India Normalization Index - Services



Domestic Air Passenger Traffic (YoY%)



Railway Passenger Bookings

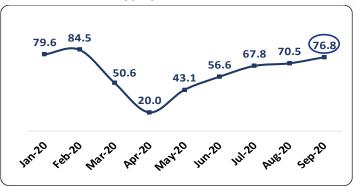


Aggregate Demand remains significantly below pre-Covid Levels

Supply side relatively better



Aggregate Demand



Aggregate Supply



Nomura estimates Aggregate Demand at 77% and Aggregate Supply at 92% of pre-COVID levels

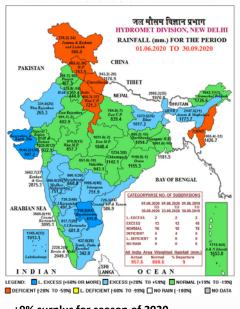
Source: Nomura India Normalisation Index

Agri Sector remained resilient ...but constitutes only ~15% of GDP

Good monsoon & Govt. interventions boost Rural economy



Monsoon Map (Surplus / Deficit % of LPA)



+9% surplus for season of 2020

Kharif Sowing up 6%

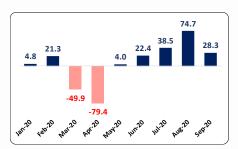
Kharif Sowing (as on 11th September 2020)			Lakh hectare
Crop	2020-21	SPLY	Y-o-Y Growth
Rice	402.3	373.9	7.6%
Pulses	137.9	131.8	4.6%
Coarse Cereals	179.7	177.4	1.3%
Oilseed	196.0	176.9	(10.8%)
Sugarcane	52.5	51.8	1.4%
Cotton	129.3	126.6	2.1%
Jute & Mesta	7.0	6.9	1.6%
Total	1104.5	1045.2	5.7%

Paddy Procurement

(Kharif Marketing Season YTD 30th Oct)

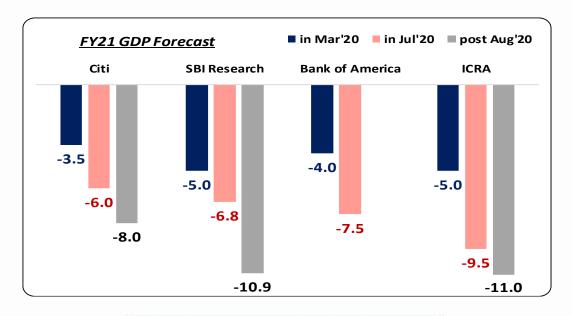


Tractor Sales (YoY%)



Downward revisions to FY21 GDP estimates





FY21 GDP de-growth estimated at ~10%

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ITC's Strategic Responses - Covid 19

Agile in Adversity Compassionate in Crisis



Business Continuity & Rapid Bounce-Back

- Rapid capacity ramp up (Sanitizers 100x, Handwash 4.4x, Savlon Soaps 4.6x)
- Augmented direct distribution
- Enhanced focus on Rural / Stockist channel
- High focus on fulfilling demand in Top outlets, Modern Trade & ECom
- Presence scaled up in Chemist outlets

Agility & Innovation in Execution

- Rapid scale up of Direct-to-Customer/Market shipments from factories
- Online-ordering system for retailers
- Telecalling & WhatsApp based order taking from retailers
- Availability scaled up in grocery channel; stockist network augmented

Alternative Channels of Distribution

- ITC Store on Wheels; Serviced 800+ residential societies in top markets
- Partnerships with Domino's, Dunzo, Swiggy & Zomato
- ITC e-store leveraged for direct to consumer



Managing Uncertainty & Risk

- Shortened demand planning cycles
- Data Analytics
- Focus on fewer SKUs& Higher Value packs
- Flexi Manufacturing plans / small run sizes
- Sharp focus on cost management and cash conservation



- Safety & Hygiene protocols across all nodes of operations
- Work from Home enabled across the Company
- Senior Management engagement with employees on regular basis

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■ E-Learning for upskilling & knowledge enhancement

Contributing to the Fight Against Covid









https://www.itcportal.com/about-itc/shareholder-value/pdf/lodr26062020-d.pdf

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Q2 FY21 Results
Headline Financials & Business Highlights

Key Highlights: Q2 FY21



- Strong Sequential recovery across segments; localised lockdowns weighed on recovery momentum
 - Gross Revenue & PBT up 26% & 37% sequentially
 - Gross Revenue up 1.2% & PBT down 11% y-o-y
- FMCG-Others Segment delivers strong growth
 - Highest ever quarterly sales for all FMCG businesses except ESPB
 - Comparable Revenue up 18.4%[^]

* Net Revenue. ^ Excl. ESPB and LRBD

- Staples, Noodles posted robust growth; Snacks staged a smart recovery
- Savlon on course to achieve Rs. 1000 crores consumer spend in FY21
- Over 70 innovative products launched in H1 hygiene, health & wellness, naturals, convenience
- **Segment EBITDA** up 66% to Rs. 366 crores; EBITDA Margins up **300 bps** to 9.7%

^Excluding Lifestyle Retailing Business (LRBD) (restructuring underway) & Education and Stationery Products Business (ESPB) (impact of closure of educational institutions).

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Strong sequential recovery **Robust performance by FMCG Others Revenue Growth* EBITDA Growth PBT Growth ITC** 26% Overall -11% -11% -3% Vs. Q2 FY20 Vs. Q2 FY20 Vs. Q1 FY21 **Vs. Q1 FY21** Vs. Q2 FY20 Vs. Q1 FY21 **EBITDA Margin** Revenue Growth^ **EBITDA Growth** 66% FMCG -6.7% Others Q2 FY21 **O2 FY20 Q2 FY20 Q2 FY21 Q2 FY21**



FMCG Industry Trends

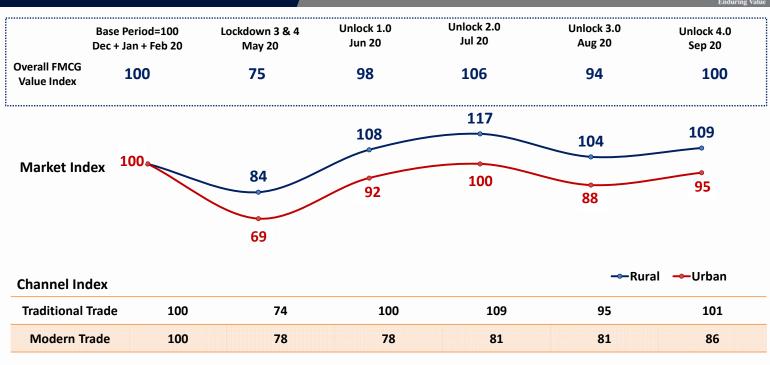


- Essential products & 'at-home' consumption witnessed moderation; remain at elevated levels
- Strong traction continued for Hygiene products
- Discretionary and Out-of-Home consumption categories witness recovery
 - Snacks regain traction with increased mobility
 - Sequential improvement in Deos, Confectionery & Juices; still significantly below pre-Covid levels
- Clear preference for 'contactless shopping' and home delivery
 - Huge spurt in Online shopping; robust growth in e-Commerce channel (ITC Sales more than doubled)
 - Increasing digital adoption by Traditional Trade
 - Modern Trade footfalls lower as consumers prefer neighbourhood/e-Com stores

FMCG industry trends

Rural > Urban Traditional Trade > Modern Trade





FMCG Others

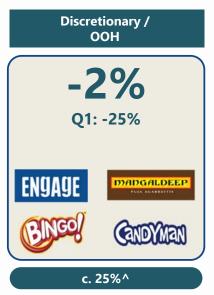
Source: Nielsen

Strong growth in Segment Revenue



- Segment Revenue up 18.4%* on comparable basis
 - Atta, Noodles, Personal Wash & Hygiene/Sanitizing products, Floor Cleaner, Matches & Agarbatti posted strong growth
 - Relatively subdued performance in Confectionery, Soaps, Bodywash and Deos

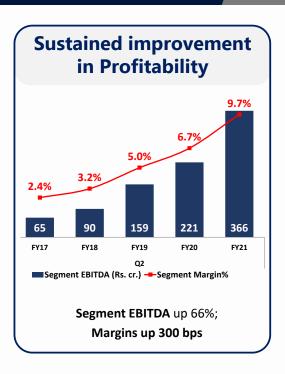
Staples, Convenience Foods, Health & Hygiene Products + 25% Q1: +34% AASHRVAAD C. 75%^

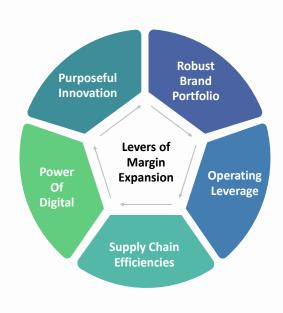


FMCG-Others

Segment EBITDA margin up 300 bps







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70+ New launches in H1 (1)

Insight + Innovation >> Impact





Sunfeast Farmlite
Digestive Range



AashirvaadCrystal & Proactive Salt



BingoTrail Mix, Coated Cashews & Cocktail Mix



B Natural Immunity Juices



Bingo Tedhe Medhe Namkeen Range



Aashirvaad Svasti Select Milk & Lassi

70+ New launches in H1 (2)

Insight + Innovation >> Impact





ITC Master Chef Cooking Pastes



Aashirvaad On-the-Go Range



Aashirvaad Organic Atta & Dals



Farmland Frozen Vegetables



Mangaldeep God Series Agarbatti, Treya Cones & Marigold Dhoop





Sunfeast Caker

70+ New launches in H1 (3)

Insight + Innovation >> Impact



Personal Protection

Surface Protection

Naturals

On the go



Savion Sanitizers



Savion Hexa Advanced Body wash and Soap







Nimwash Vegetable & Fruit Wash







Savlon Masks

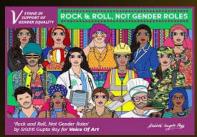
Cutting Edge Digital Campaigns → **Deepening Consumer Engagement**

Purpose led brand campaigns









#AbSamjhautaNahin Gender Inequality

Global Handwashing Day # No Hand Unwashed

Savlon Mask Hai Mazak Nahi

Savlon

Festival Activations







Leveraging IPL









FMCG Cigarettes



Segment Revenue

5121 cr. V 3.9%

Segment Results

3245 cr. v 15.6%

- Net Revenue up 33% vs. Q1; y-o-y decline of 14.4%
 - Localised lockdowns in July & Aug'20 impacted recovery momentum
 - South, Metros and large town markets relatively more impacted
 - Temporary disruption in certain **wholesale** markets impacted sales
 - Easing of restrictions in Sept'20 enhanced ability to service markets effectively & address emerging demand
- 13% Tax hike w.e.f 1st Feb'20 added to pressure on Legal Industry
- Enhanced service frequency for identified wholesalers
- Strengthened direct reach in target markets across all traditional channels
- Augmented **stockist network** in rural/semi-urban markets

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FMCG Cigarettes

Key Portfolio Interventions



Innovation @ Premium End

• Classic Connect – a 97 mm offering with capsule in KSFT Segment

New Formats

- American Club Clove Mint Kretek offering with capsule in KSFT Segment
- **Gold Flake Indie Mint** *Capsule with tubular filter in RSFT segment*
- Capstan Fresh Capsule offering in RSFT Segment

New variants

Focused Market offers

- Gold Flake Regal Special (RSFT Segment) and Gold Flake Super Star (Super Mint) (DSFT Segment) for North markets
- Variants of **Royal** (DSFT Segment) in East Markets
- Player's Gold Leaf Rush (RSFT Segment) for South markets

Portfolio Laddering

Gold Flake Luxury Filter (Longs Segment), Navy Cut Deluxe Filter (RSFT Segment) and Gold Flake Star (DSFT Segment).

Smuggled Cigarettes remain widely available, despite deterrent actions by authorities



Business Standard

Economic distress due to Covid-19 causes rise in smuggling in NE: FICCI

IANS | Guwahati/Kohima | September 7, 2020

smuggling operations. The FICCI report said: "The Assam Rifles during its recent successful interception, seized illicit cigarettes, smuggled from neighbouring country, worth Rs 14 crore. Enforcement agencies impounded illicit cartons of cigarettes in 26 operations along the Indo-Myanmar border during months of July and August alone."

Outlook

THE NEWS SCROLL

08 JULY 2020

Bengal govt fighting counterfeiting amid pandemic: Minister

Several cases of smuggled cigarettes were detected where a total of 2.6 crore cigarette sticks valued at around Rs 26 crore were seized, he added.



Rifles seizes foreign cigarettes in Mizoram by NE NOW NEWS September 7, 2020

Assam Rifles seized 100 cartons of smuggled foreign cigarettes, valued at Rs 1.30 crore, in Mizoram's border Champhai district, officials said on Monday.

A THE MORUNG EXPRESS

Dimapur Police seizes contraband cigarettes worth over Rs 60 lakh

livemint

Smuggled cigarettes worth more than ₹66 lakh seized at Delhi's IGI Airport Updated: 24 Jul 2020 | Edited By J. Jagannath

OrissaPOST

tobacco manufacturing units busted in Bhubaneswar

September 30, 2020



Hotels Business Q2 FY21



Marginal sequential recovery; leisure locations gain traction Aggressive cost reduction



- Severe impact on Business a/c restrictions on Travel & Tourism
 - Segment Revenue at 82 cr. down 81% Vs. LY
 - Leisure locations witness strong demand pick up
 - New F&B initiatives receive excellent response
 - Customised packages for short getaways/workations/staycations
- > Extreme cost focus Controllable cash fixed costs down ~50%
 - Segment EBITDA at (117) cr. Vs. (175) cr. in Q1
- "WeAssure" programme, designed to reassure guests of best-in-class hygiene and safety standards rolled out to all operating hotels.



The new normal of dining in at home with a wholesome meal provided as DIY kits by 5-star hotels ©ITC Ltd.





https://www.itchotels.in/content/dam/projects/hotelswebsite/itc-hotels/WeAssure/WeAssure-itc-hotels.pdf

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Hotels

Special Packages to drive demand



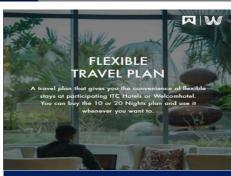


City Getaway



Unwrap a host of rewards & signature experiences

Weddings



Flexible Travel Plan



OUR TURN TO TAKE CARE OF YOU

Truly grateful to our doctors who have been selflessly fighting on the front lines in this difficult time. As a gesture of gratitude for your services, we are distincted to anomaly an expense of the property of the property

Doctors' Offer



Workation

Make your meetings and events four times as good



Enjoy our distinctive venues, inimitable culinary legacy and signature hospitality along with additional rewards by booking an eligible meeting or event at participating ITC fotels and Welcomhotels. Book from now until December 31st 2020, for meetings that can be held through September 2021, and choose from any 4 of 5 benefits below.

MICE – Maximize Meetings

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Hotels

Excellent response to new F&B Initiatives Digital interventions ensure continued Guest Connect













Launch of Takeaway/Delivery menu













Food for thought series

Well Being Master Series

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Agri Business Q2 FY21



Resilient performance Continued Value Addition to Foods Businesses



Segment Revenue
2985 cr. ▲ 12.8 %

Segment Results 256 cr. ▲ 2.7%

Margins lower by 84 bps (change in business mix)



- Revenue growth driven by trading opportunities in Rice, Mustard, Coffee & Wheat for Aashirvaad Atta
- Value Added business up 25% (Ex. Aqua)
 - Strong performance in Frozen Snacks; 30 variants available in 128 towns
 - 5 variants of Farmland Frozen Vegetables introduced
 - Aqua exports impacted mainly by supply chain disruptions a/c Covid
- Leaf exports flattish; lower volumes offset by richer customer mix
 - Close coordination with key export customers to ensure Business continuity





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Paperboards, Paper & Packaging Q2 FY21



Paperboards, Paper & Packaging

Continued robust performance in Exports Sharp sequential recovery in Domestic market





- Robust growth in Exports partly offset by subdued demand in Domestic market
- Strong recovery in Liquor, Tobacco, Cup-Stock, Décor & Personal Care segments
- Publications, Wedding Cards, Paper segments remain impacted
- · Sustained demand for Flexibles packaging; Strong recovery in Cartons segment
- Margins flattish despite pricing pressure & negative operating leverage structural interventions, in-house pulp production, operational efficiencies
- Value Added Paperboard market share up 500 bps









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Innovation

Developing Sustainable Paperboard & Packaging solutions



Bio-degradable boards







Completely Biodegradable under composting conditions



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



Omega Bev : Exclusively for paper cups



Omega Barr: Deep freeze applications

Recyclable boards







Completely recyclable in existing standard recycling conditions



Excellent oil and grease resistant properties



Filo Serve: Food serving applications



Filo Pack: Food delivery application

Sustainable Packaging



Bio-Seal

Bio compostable packaging solutions for packaged/fast-food & Personal Care industries.

Launched on commercial scale.









Oxy Block

Recyclable structure to provide barrier properties for packaged foods, edible oils etc. Commercialisation under progress







Leveraging ITC LSTC capability for cutting-edge innovation

Key Financials: Q2 FY21



₹cr.

Q1 CY	GOLY		Q2 CY	Q2 LY	GOLY
9,436	-16.9%	Gross Revenue	11,892	11,750	1.2%
8,875	-20.5%	Net Revenue	11,150	11,542	-3.4%
2,647	-42.0%	EBITDA	4,061	4,562	-11.0%
3,128	-35.0%	PBT	4,274	4,808	-11.1%
2,343	-26.2%	PAT	3,232	4,023	-19.7%

- Strong Sequential recovery across segments
- Comparable PAT excl. one-time benefit in LY declined 12%

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Segment Revenue Q2 FY21



(Rs. cr.)

		(715. 61	<u> </u>	
Q1	Q2			
2020-21		2020-21	2019-20	GOLY%
	Segment Revenue (Gross)			
3854	a) FMCG - Cigarettes	5121	5327	(3.9)
3375	- Others	3795	3288	15.4
7228	Total FMCG	8916	8615	3.5
23	b) Hotels	82	427	(80.8)
3746	c) Agri Business	2985	2648	12.8
1026	d) Paperboards, Paper & Packaging	1459	1565	(6.8)
12024	Total	13442	13255	1.4
2588	Less : Inter segment revenue	1550	1505	3.0
9436	Gross Revenue from sale of products & services	11892	11750	1.2

- FMCG Others: Revenue up 18.4%^
 - Continued strong growth in Staples,
 Convenience Foods and Hygiene Portfolio
 - Sharp recovery in Discretionary/OOH portfolio
- Paperboards, Paper & Packaging:
 - Strong recovery in Liquor, Tobacco, Cup-stock & Personal Care
 - Continued strong growth in Exports
 - Publication, Paper and Wedding Cards segments remain impacted

^EX ESPB & LRBD

Segment Results Q2 FY21



(Rs. cr.)

Q1			Q2	
2020-21		2020-21	2019-20	GOLY%
	Segment Results			
2356	a) FMCG - Cigarettes	3245	3844	(15.6)
125	- Others	253	90	179.3
2482	Total FMCG	3497	3935	(11.1)
(243)	b) Hotels	(185)	17	NA
179	c) Agri Business	256	249	2.7
160	d) Paperboards, Paper & Packaging	330	356	(7.2)
2578	Total	3899	4558	(14.5)
17	Less: i) Finance Cost	14	13	
(567)	ii) Other un-allocable (income) net of un-allocable expenditure	(389)	(263)	
3128	Profit Before Tax	4274	4808	(11.1)

- FMCG Others: Segment EBITDA up 66% to 366 cr. (+300 bps)
 - Enhanced scale and operating efficiencies despite gestation & start-up cost of new categories/facilities
- Paperboards, Paper & Packaging:
- Margins flattish despite volume/pricing pressure structural interventions in in-house pulp production & operating efficiencies

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Segment Revenue FMCG Others Hotels Cigarettes Paper Agri -14%^ **-81% 13**% Vs. SPLY 18%* **-7%** Vs. Q1 33% 15%* 2.5x **-20**%# 42% **FY21** ^Net Revenue Growth *Excluding LRBD and ESPB #Seasonality in Agri Business

Segment Results



Hotels Cigarettes FMCG Others Agri **Paper** Q2 FY20/Q2 FY21 Growth Vs. **17/-185**# -16% 1.8x **3**% **-7% SPLY** Q1 FY21/Q2 FY21 Growth Vs. 38% 100%+ -243/-185# 43% **1.1**x Q1 FY21

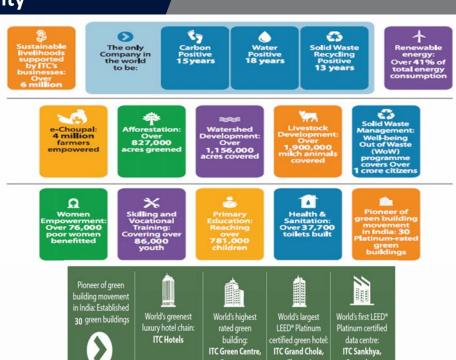
 ${\it\#Represents\ absolute\ profit\ /\ loss\ (Rs.\ Cr.)\ in\ the\ corresponding\ periods}$

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Impactful Social Performance





Top ESG ratings by Sustainalytics & MSCI



ITC has been Ranked No.1 globally

amongst peers^{and}

on ESG performance in the Food Products industry by Sustainalytics
- a global ESG* rating company.

*ESG stands for Environmental, Social and Governance.

^ (comprising companies with market capitalisation between USD 38 Bln. and USD 51 Bln.)

ITC Rated AA by MSCI-ESG

Highest amongst Global Tobacco cos. & ahead of FMCG peers

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ITC: Creating Enduring Value



A passion for profitable growth....





....in a way that is sustainable......



.... and inclusive

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Links





₩eAssure

Product/initiative	Link
'Yippee!' Noodles	https://youtu.be/0zk6Hke_uVY
Disinfectant Spray	https://www.youtube.com/watch?v=6Wpa2nLiYdk
Mangaldeep Temple Fragrance of God range	https://youtu.be/3E7Ccy13WXY
Candyman Fantastik	https://www.youtube.com/watch?v=I- iYYyg7hgl&feature=emb_rel_end
Bingo! Snacks	https://youtu.be/g8uuZv4UOVk
Sunfeast India Run as One initiative	https://sunfeastindiarunasone.procam.in/
#NoHandUnwashed movement	https://youtu.be/RI5Nb3wcgVU
#VoiceofArt initiative	https://www.youtube.com/watch?v=jdkNbUJwi5o
"WeAssure" programme	https://www.itchotels.in/content/dam/projects/hotelswebsite/ e/itc-hotels/WeAssure/WeAssure-itc-hotels.pdf

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Thank You