

ITC (ITC)-ADD

Result Update

Current Market Price (CMP)

Rs.477

Target Price

Rs. 540

Rationale:

- ITC reported 6%/5%/3% yoy growth in revenues/EBITDA/PAT.
- We expect earnings to grow by 9.6% in FY26E & grow by 9.0% in FY27E.
- Stock is currently trading at valuation of 23.9x P/E FY27E EPS.
- We value ITC using Sum of the Parts (SoTP) methodology.
- We trim FY25-27E EPS & revise our SoTP-based FV to Rs540 (from Rs535).

Q2FY25 Earnings Update:

Positives:

- ITC's gross revenue (ex-agri business) grew 5.9% yoy.
- Cigarette volume growth was steady at ~3% (in line).
- EBITDA grew 4.9% yoy to Rs6335.2 cr (~1% beat).
- Agri-business grew by 47% yoy, led by leaf tobacco.

Negatives:

- Paperboard & packaging remained impacted by low-priced Chinese supplies.
- There is competition in FMCG and weakness in paperboards.

[Click here](#)For detailed report dated 25th Oct 2024. Note: CMP & valuation may differ due to difference in dates.

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