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Adani Wilmar Limited (AWL) records strong growth across all segments

In Q3 '23, Adani Wilmar Limited recorded 16% volume growth and 7% revenue growth. Profit after tax grew by 16% YoY.

In 9M '23, Company recorded 13% growth in both volume and revenue

In continuation with the strong volume growth of the last 3+ years, AWL delivered 16% YoY volume growth in Q3. This was achieved on the back of the large opportunity available in the packaged food industry, well supported by our portfolio of premium and popular brands, pan-India distribution, and manufacturing facilities across the length and breadth of the country.

The quarter also saw macro tailwinds in the form of strong demand on the back of festivities and weddings, gradual recovery in rural markets and a bumper kharif crop.

The Company continues to stay focused on increasing the direct reach to retail outlets and expanding its manufacturing capacity, both organically and inorganically.

Performance Highlights (Consolidated):

Volumes (in mn MT)	Mix %	Q3 FY23	Q3 FY22	YoY
Edible Oils	66%	0.96	0.89	9%
Food & FMCG	15%	0.22	0.17	26%
Industry Essentials	20%	0.29	0.21	38%
Total	100%	1.47	1.27	16%

Revenue (in INR Cr)	Mix %	Q3 FY23	Q3 FY22	YoY
Edible Oils	81%	12,581	12,110	4%
Food & FMCG	7%	1,020	703	45%
Industry Essentials	12%	1,837	1,557	18%
Total	100%	15,438	14,371	7%

in INR Cr	Q3 FY23	Q3 FY22	YoY
Revenue	15,438	14,371	7%
EBITDA	605	504	20%
PAT	246	211	16%

Performance Highlights (Standalone):

in INR Crores	Q3 FY23	Q3 FY22	YoY
Volumes (in mn MT)	1.41	1.21	17%
Revenue	14,714	13,756	7%
Gross Profit	1,683	1,344	25%
EBITDA	623	507	23%
PBT	381	322	18%
PAT	277	241	15%

in INR	Q3 FY23	Q3 FY22	YoY
Gross Profit per ton	11,936	11,105	7%
EBITDA per ton	4,416	4,190	5%
PBT per ton	2,700	2,664	1%

Food & FMCG segment – This new growth engine of the Company is now contributing 15% by volume to the overall sales and delivered 27% volume growth in Q3 FY'23. Both of our top product categories – Wheat Flour and Rice have been growing well on the back of increased distribution reach and new product launches.

The Wheat Flour team has been focused on the development of SRM products (Sooji, Rawa and Maida), which have been well received by the customers and is growing faster within the Wheat Flour category.

In the Rice business, we launched premium regional variants in West Bengal in the Non-Basmati Rice category under 'Fortune' brand, becoming the only national brand to offer such regional variants.

In the Basmati Rice category, we re-launched the 'Kohinoor' brand in August 2022, following its acquisition by AWL. Kohinoor is scaling up well and has crossed INR 100 crores of revenue on annualized run rate basis.

Pulses had a significant volume growth on a relatively smaller base.

The Company will keep leveraging its extensive oil distribution network to increase the penetration of our Food & FMCG products.

Overall Food & FMCG basket clocked INR ~2,900 Cr. of revenue in the first 9 months and will register around INR 4,000 Cr. revenue for the full year FY'23.

Edible Oil segment – We continued to gain market share and witnessed satisfactory volume growth in the backdrop of weakness in demand for the baking and frying industry. Growth was enabled by a portfolio approach of having both premium and popular brands, as well as various types of edible oils, which usually see shift in consumer demand, basis their relative market price.

Under Edible Oils, Mustard Oil is a key focus category for the Company, given the widespread domestic availability and the government's focus on reducing import dependence of edible oils. We grew our Mustard Oil volume by 50%+ YoY during Q3. 'Fortune' brand continues to be the no. 1 player in 'Kachi Ghani' Mustard Oil with the next largest player being a distant no. 2.

Industry essentials – The Company does further processing of by-products created from oil refining, resulting in valuable products that are key ingredients for the manufacturing of home & personal care products, paints, pharma, industrial rubber, livestock feed, etc.

Oleochemicals, which is a forward integration of palm oil refining, registered a double-digit growth as the newly commissioned capacity at Mundra (400 TPD unit commissioned in October 2021), is enabling us to serve the increased demand of stearic acid, glycerin, soap noodles etc. The Mundra plant, now with total capacity of 800 TPD has become the largest oleochemical plant in India. AWL is also the largest manufacturer of stearic acid and glycerin in the country.

Further, the Company is focused on moving up the value chain into certain specialty chemical products. Some of our products recently received acceptance from customers, adding to the oleochemical volume growth.

The Company continued its leadership position in Castor Oil exports, increasing its market share to 32% (of castor oil exports from India) in Q3 FY23.

Alternate Channel:

Alternate channel (E-com, Quick commerce, Modern Trade, eB2B) registered a strong YoY volume growth of 32% & 26% in Q3FY23 and 9M FY23, respectively.

GTM & distribution:

Rural towns (less than 100,000 population) are contributing around 30% of volume to both edible oil and Food & FMCG business for us. Given that most of the India's population resides in those towns, the Company has been focusing on increasing our distribution in the rural towns.

In Q3 FY23, the company expanded its distribution network by 13% YoY, with addition of the sub-distributors (Sub-D) network in rural towns. The direct reach too increased in double digit across the key product categories like edible oil, wheat flour and rice (products with huge TAM).

The distribution expansion in rural markets has led to the broad-based volume growth across urban and rural markets.

Commenting on the results, Mr. Angshu Mallick, MD & CEO, Adani Wilmar Limited said:

"We have been witnessing a consistent demand for safe, hygienic, and nutritious packaged staple food. We are leveraging the distribution network, manufacturing facilities, logistics and customer relationships of edible oil business to grow rapidly in Food & FMCG business, which offers a much larger opportunity compared to our well-established edible oil business. We are also expanding our product portfolio with region specific products, ready-to-cook products, and category adjacencies.

The Company is progressing well in the forward integration of its Industry essential business, resulting in the growth in sales of specialty chemicals, in addition to the growth in basic oleochemicals from capacity expansion.

In Q3, the standalone volume grew by 17% to 1.41 mn MT, leading to EBITDA growth of 23% and PAT growth of 15%. For the quarter, the Company recorded consolidated revenue at INR 15,438 cr. and on standalone basis, registered revenue of INR 14,714 cr., EBITDA of INR 623 cr. and PAT of 277 cr. in Q3."

Market Share: (Nielsen MAT December 2022)

- **Edible Oil:**
 - For AWL group, we consolidated our market share in Edible Oil from 19.4% to 19.5%. 'Fortune' continues to be the no. 1 player in India.
- **Fortune Atta** gained market share reaching 4.8% share as against 4.3% in Dec 2021 MAT; 'Fortune' is no. 2 player in India in the 'atta' category.
- **Fortune Basmati** gained market share to reach 7.5% as against 6.5% in Dec 2021 MAT; Our overall market share in Basmati rice along with Kohinoor is 8.4%.

Profitability:

- For the Q3, on the standalone basis, Gross profit per ton improved by 7%, resulting in absolute gross profit growth of 25% YoY, on the back of 17% YoY volume growth. Accordingly, EBITDA also grew by 23% YoY.
- Increase in the benchmark rates during the year also increased the interest cost for the quarter and 9 months, resulting in lower PBT per ton in comparison to EBITDA per ton.
- Wholly owned subsidiary in Bangladesh made a loss of INR 47 cr. in Q3 and INR 51 cr. in 9M FY'23. Q3 FY'23 loss was accentuated by local currency-related issues such as significant reduction in dollar availability for imports, price caps by Government on edible oils, unavailability of counter party for forex hedging. This has resulted in lower consolidated PAT, compared to the standalone PAT.

Capital Expenditure:

- At the time of IPO, the company identified capital expenditure (capex) of INR 2,220 crores, to be spent over next 3 years, primarily towards expansion of food capacities across multiple locations. The funding for this capex is tied up with a mix of IPO proceeds of INR 1,900 crores and the remaining shall be funded from internal accruals.

Debt position & Credit Rating:

- **Long-term debt:** Currently, the company has no outstanding long-term debt as on December 31, 2022.
- **Credit rating:** CARE Long term (AA-) & Short term (A1+) with stable outlook.

Environment, Social & Governance (ESG):

- **Responsible sourcing of Palm Oil:** AWL is amongst the early adopters of responsible & sustainable sourcing of Palm Oil in India. Over ~90% of the palm oil sourced by AWL is traceable upto mills (TTM).
- **SuPoshan:** SuPoshan is a social initiative of Adani Wilmar, in association with Adani Foundation, with an objective to address the issue of malnutrition & anaemia across the country. In the past five years, the company has touched and impacted more than 1.6 million people across multiple sites.
- **Recyclable Packaging:** ~98% of the packaging at AWL is recyclable. AWL was the first edible oil company to introduce recyclable packaging in India.
- **Clean energy:** Currently, 7 out of 23 manufacturing facilities of AWL have been installed with solar power. The company will continue to plan such installations across locations going forward.

Awards & recognition:

- **CSR Project of the Year Award to Fortune SuPoshan:** Company received CSR project of the year award for Fortune SuPoshan at the 8th CSR impact awards organized by CSRBOX.
- **Letter of appreciation for Excellence in Best Practices for managing plastics & packaging wastes under EPR:** The company received a letter of appreciation from the Confederation of Indian Industries (CII) for recognition towards best practices in managing plastics & packaging.

❖ **Outlook:**

Going forward, the company believes that there is a huge opportunity in the Food & FMCG category, wherein the Company will play with its multiple strengths in a very focused manner. HoReCa is another very large customer segment, which we can serve well with customized service, given the trust that our brands enjoy and large range of products offered by the company, with pan-India presence.

For more information, please visit Website - www.adaniwilmar.com

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