

ADITYA BIRLA



HINDALCO

# Hindalco Industries Limited



Media's Analyst Meet – 04 July 2018

# Forward Looking & Cautionary Statement

*Certain statements in this report may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company’s operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The company assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.*



# Agenda

Company Overview

Aluminium

Copper

Key Financials (HIL Standalone including Utkal)

Novelis Inc

Hindalco India - Growth Opportunities

Novelis - Growth Opportunities

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# Company Overview

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**Our Purpose ...**  
**Why it exists, why it does what it does ?**

**WE MANUFACTURE MATERIALS THAT MAKE THE WORLD**

**GREENER**



**STRONGER**



**SMARTER**



# About Hindalco

## Leading Global Industry Player



### Integrated Aluminium

- Alumina **2.9 mt**
- Primary Metal **1.3 mt**
- VAP including Wire Rod **479 Kt**

### Copper: Major player in India

- Copper Cathode **410 Kt**
- Copper Rods **156 Kt**
- DAP **205 Kt**

### Aluminium Downstream

**#1 Rolled Products Supplier Worldwide**

- Global Presence
- Shipments **3.188 mt**
- Global leader in Aluminium recycling
- Focused on premium segments

## Business Highlights

**Novelis**  
Largest aluminium FRP producer globally

**Aditya and Mahan**  
1st quartile cost producer of Aluminium

**Utkal**  
amongst the most economical producers of Alumina in the world

One of the **largest custom copper smelter** at single location in Asia

Global operations across **11 countries**

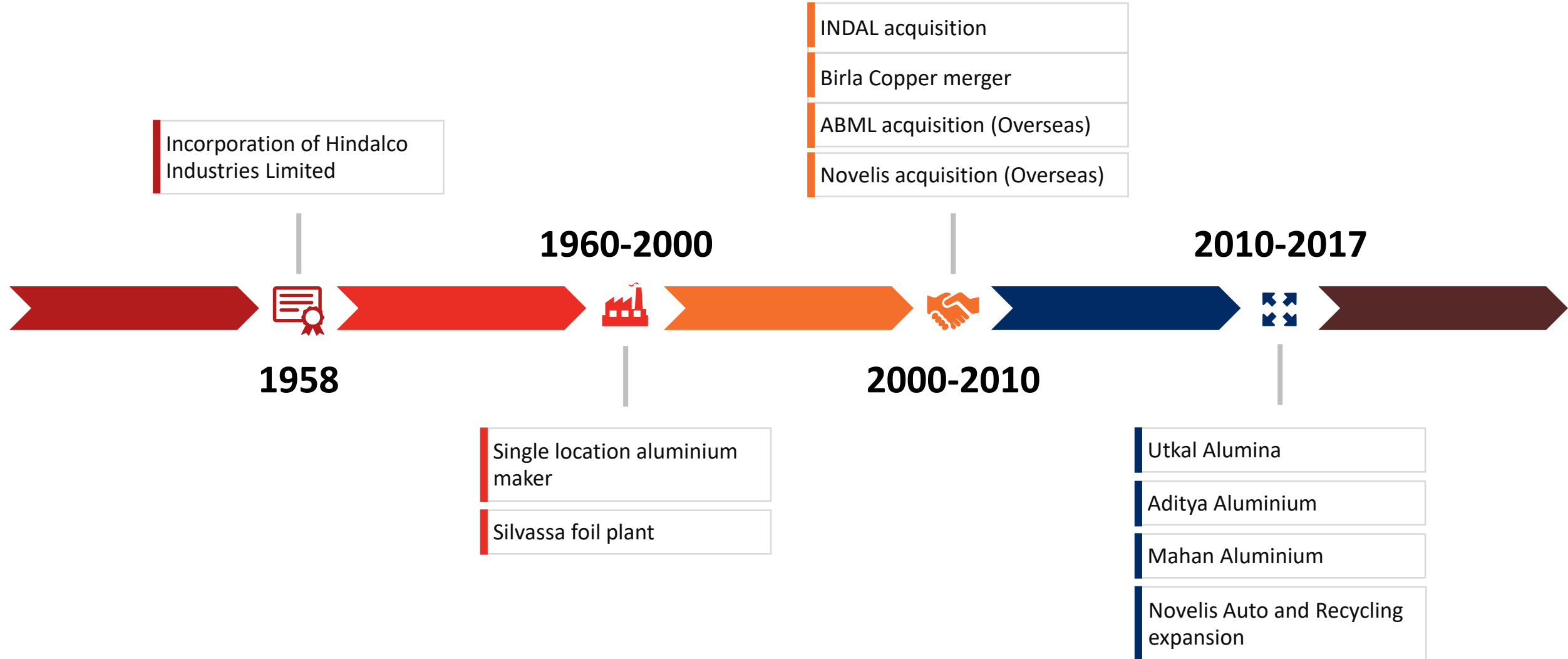
Revenue of **USD 18 billion**

EBITDA of **USD 2.2 billion**

**~35,000 employees** across the world

Note : All the above production number mentioned are for FY18 ; MT – Million Tons

# Hindalco Growth Story



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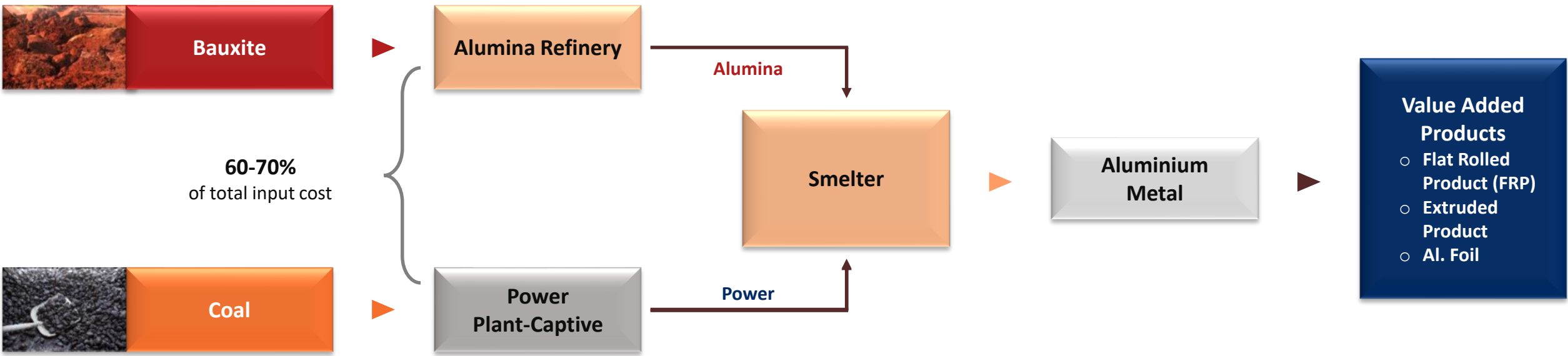
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# Aluminium

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# Aluminium Value Chain



## India advantage



Bauxite quality amongst the best in world



Large Bauxite reserves on single plateau



Abundant coal reserves



Proximity to growth market

# Raw Material Security from Resources (Bauxite & Coal)

## ALUMINA (Input : Bauxite)



### Integrated Alumina Advantage



Self sufficient in Alumina (the intermediate product for Aluminium smelting) with capacity of 3.0 MTPA to feed its 1.3 MTPA Aluminium Capacities



Access to excellent quality bauxite with a most economical cost of Alumina



All its Alumina refineries located in close proximity to the bauxite mines is an added advantage



Excellent Logistics - Bauxite is transported through a long distance conveyer belt – considered as an engineering marvel

MTPA – Million Tonnes Per Annum

## COAL



### Coal Procurement Options



Linkage coal

Long term coal linkage contract with Coal India; typically for 5 years



Captive mines

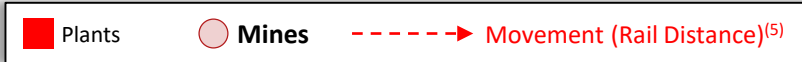
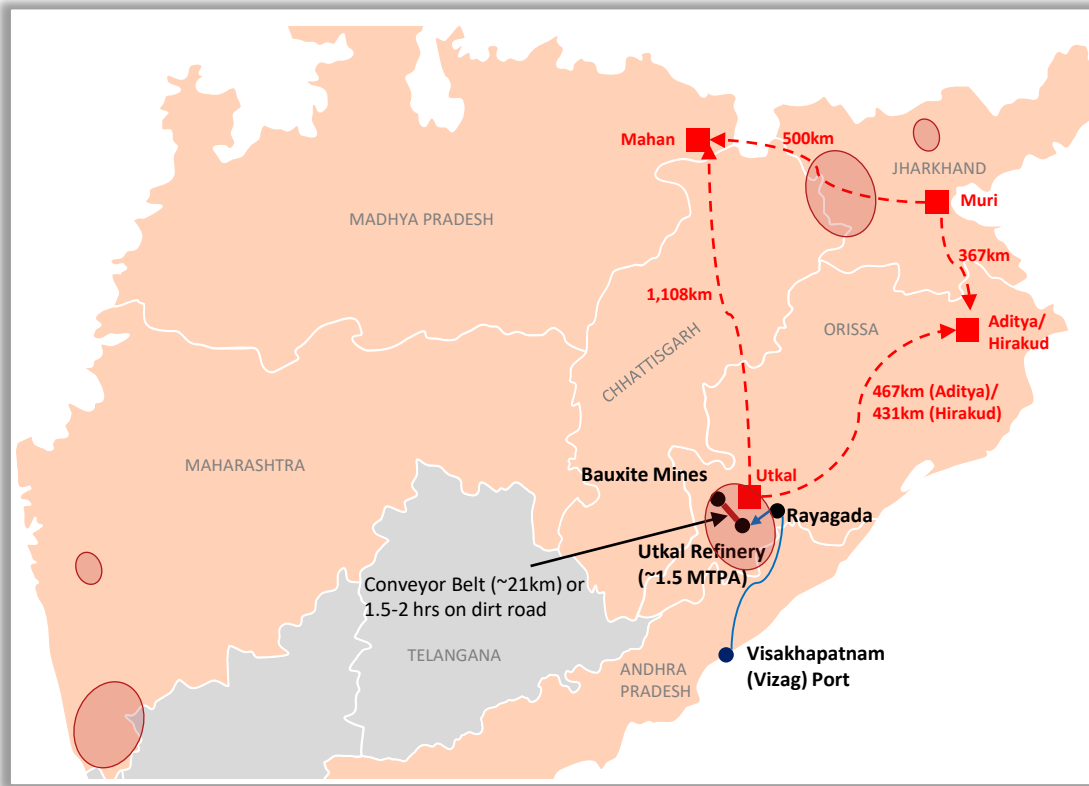
Acquired 4 coal blocks in 2015 located in close proximity to most of the smelters



Open Market Purchase

Via e-auction route

# Utkal Alumina - Amongst Most Economical Alumina Plant in the World



## Utkal Alumina Advantage

- ✓ Utkal Alumina International Ltd is a 100% wholly owned subsidiary of Hindalco.
- ✓ Located in Rayagada district of Orissa with a current capacity of 1.5 MTPA.
- ✓ Primarily supplies alumina to Mahan, Aditya & Hirakud smelters through dedicated BTAP wagons
- ✓ With state of the art technology from the world's best technology supplier Rio-Tinto-Alcan
- ✓ Bauxite transported from mine site to refinery through a long distance conveyer belt and it has access to good quality bauxite (high in alumina content and low in silica)

**Utkal Alumina Expansion of 500 Kt is underway and expected to be completed in 30 months with a capital outlay of Rs 1,300 crores**

MTPA – Million Tonnes Per Annum

# Manufacturing Excellence



Capacity  
**1,500 Kt**

**Utkal  
Alumina**



Capacity  
**360 Kt**

**Mahan  
Aluminium**

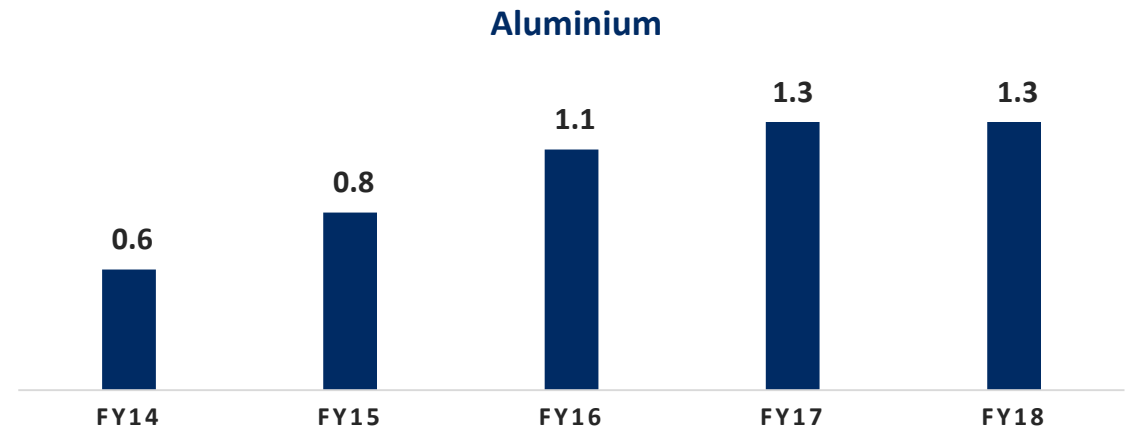
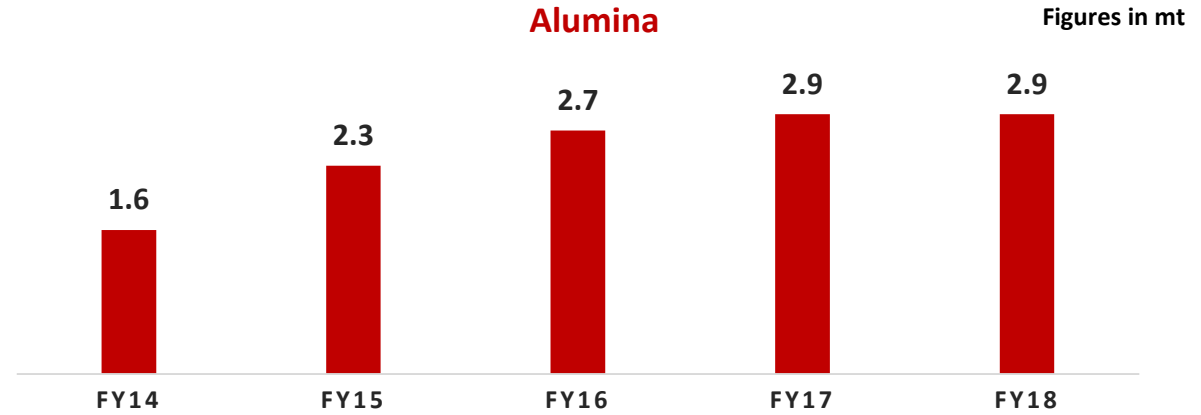


Capacity  
**360 Kt**

**Aditya  
Aluminium**

Implemented 3 large greenfield projects in the past few years ;  
Prepaid Large amount of these project Loans in last 2 years

## Reaping Benefits of Global Scale Operations



All 3 Greenfield projects in India operating at their rated capacities

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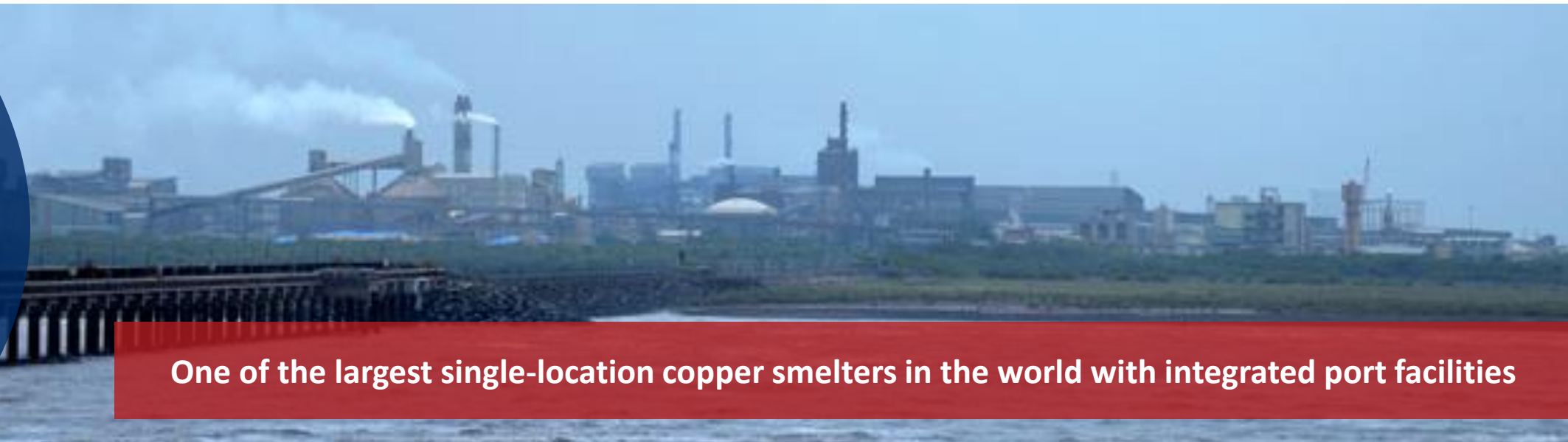
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# Copper

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# Copper Business

Located at Dahej,  
Gujarat



One of the largest single-location copper smelters in the world with integrated port facilities

## Capacities

Smelting and refining  
**500 Kt**

Copper Rod  
**365\* Kt**

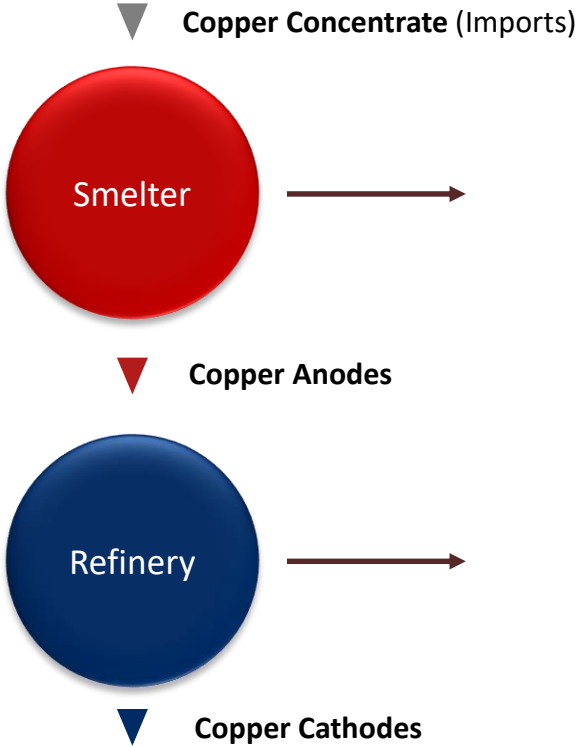
Di-ammonium Phosphate  
**400 Kt**

Power  
**135 MW**

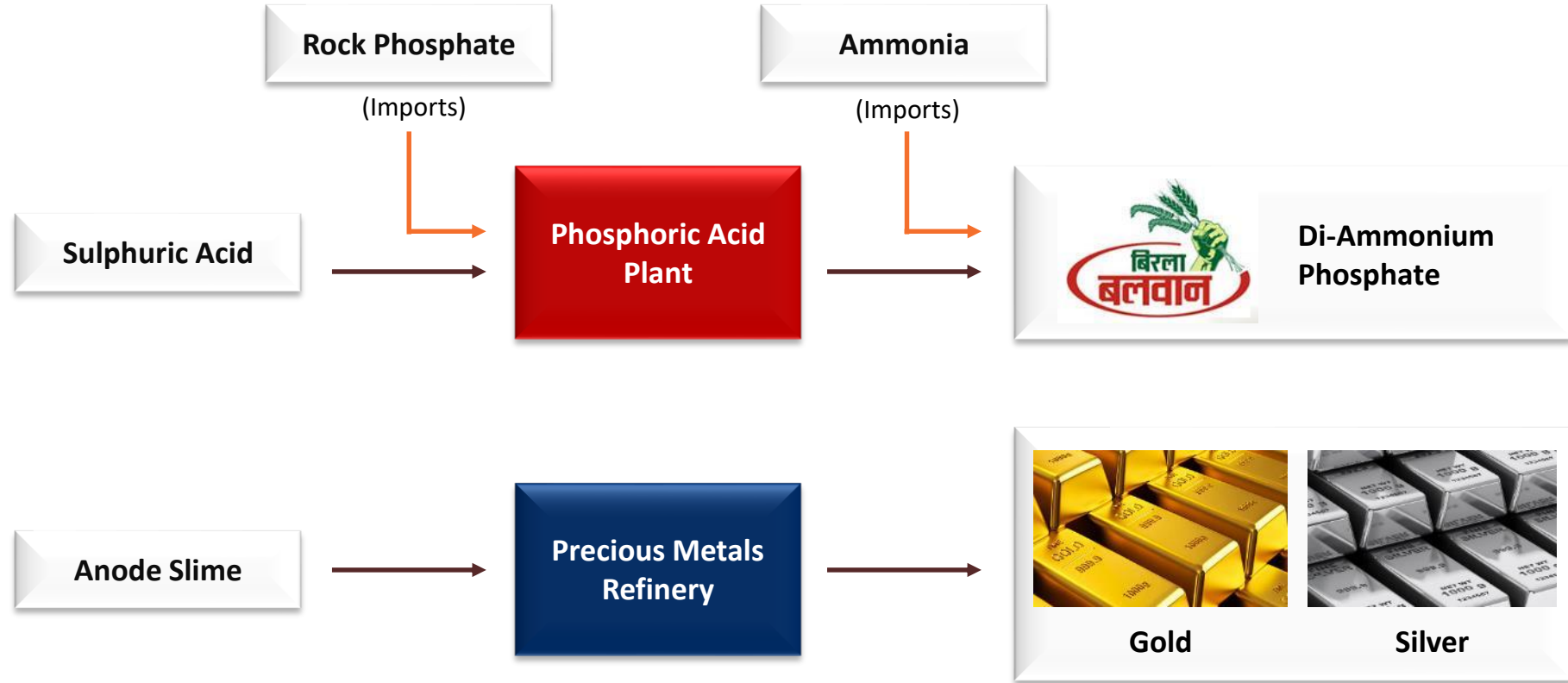
\*This includes the new CCR-3 capacity commissioned in Q4 FY18

# Copper Value Chain

## Products



## By - Products



~ 40% cathodes converted to value-added copper rods

~ 50% share in domestic refined copper production

Recently Commissioned new CCR-3 plant at Dahej



**Captive All-Season Jetty**



**Captive 135MW power plant**



**Captive Oxygen Plant**





# Financials – (HIL Standalone plus Utkal)



# Financial Key Figures - HIL Standalone (plus Utkal) – Q4 & FY18

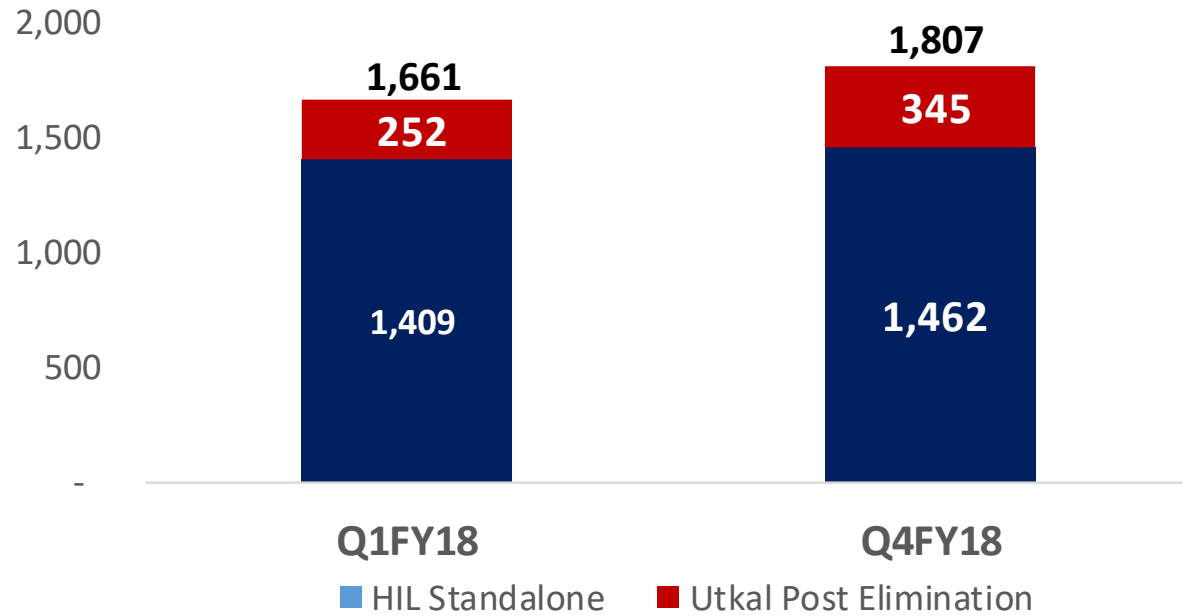
Particulars	Q4 FY17	Q3 FY18	Q4 FY18	YOY Change %	FY17	FY18	YOY Change %
<b>Revenue from Operations</b>	<b>11,817</b>	<b>11,044</b>	<b>11,681</b>		<b>39,724</b>	<b>43,451</b>	
<b>Earning Before Interest, Tax and Depreciation (EBITDA)</b>							
Aluminium (includes Utkal)	1,135	1,188	1,265	11%	4,094	4,790	17%
Copper	497	421	329	-34%	1,456	1,539	6%
Others	155	252	213	38%	890	825	
<b>Total EBITDA</b>	<b>1,786</b>	<b>1,861</b>	<b>1,807</b>	1%	<b>6,441</b>	<b>7,154</b>	11%
Finance Costs	655	540	500	-24%	2,800	2,215	-21%
<b>PBDT</b>	<b>1,130</b>	<b>1,321</b>	<b>1,308</b>	16%	<b>3,641</b>	<b>4,939</b>	36%
Depreciation	455	462	535	18%	1,722	1,916	11%
<b>PBT before Exceptional Items and Tax</b>	<b>676</b>	<b>858</b>	<b>773</b>	14%	<b>1,919</b>	<b>3,023</b>	58%
Exceptional Income/ (Expenses) (Net)	-	(115)	-		85	(313)	-469%
<b>Profit Before Tax (After Exceptional Item)</b>	<b>676</b>	<b>743</b>	<b>773</b>	14%	<b>2,003</b>	<b>2,709</b>	35%
<b>Profit/ (Loss) After Tax</b>	<b>546</b>	<b>484</b>	<b>616</b>	13%	<b>1,419</b>	<b>1,934</b>	36%

(Rs. Crore)

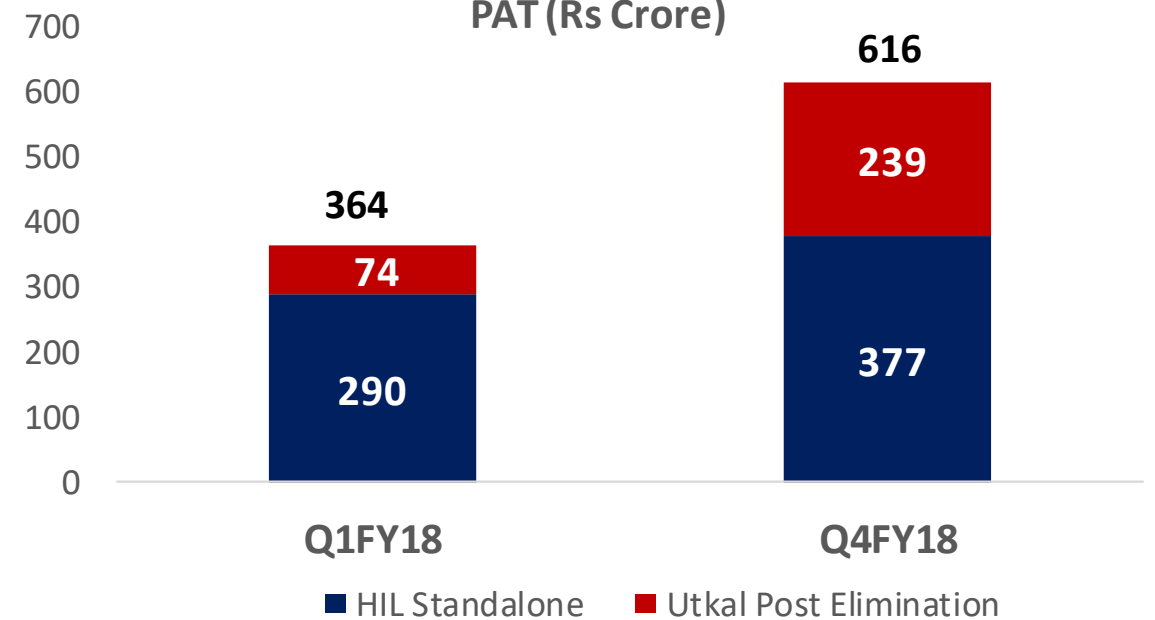
Note: Post the applicability of GST with effect from July 1, 2017, Revenue is required to be disclosed net of GST as per requirement of Ind AS 18, 'Revenue'. Accordingly, the Revenue figures for the quarter and fully year ended Mar 31, 2018 are not comparable with the previous periods.

# Aluminium (HIL Standalone Plus Utkal) – Q1 & Q4 FY18 - EBITDA & PAT

EBITDA (Rs Crore)



PAT (Rs Crore)



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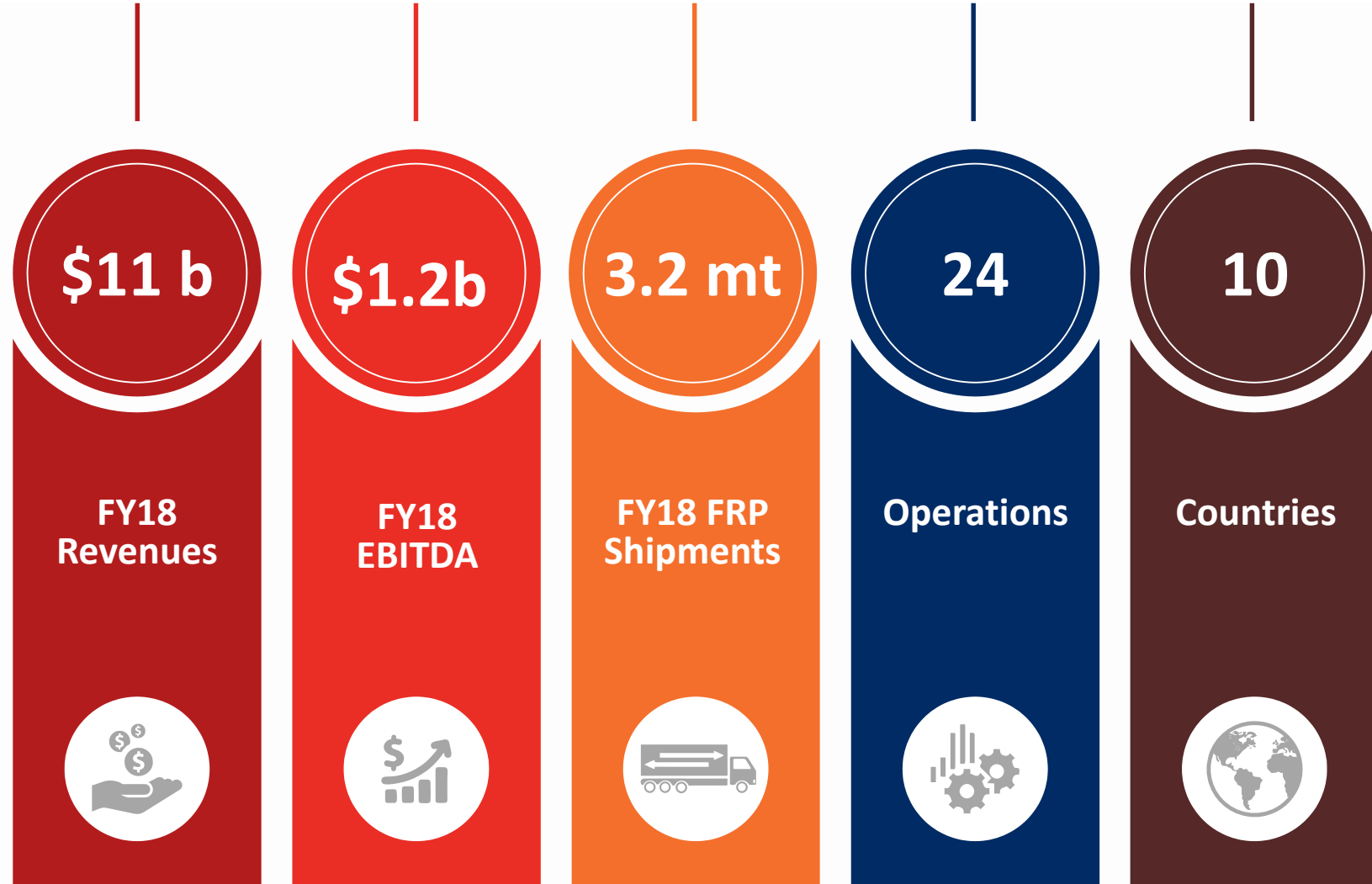
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# Novelis Inc.

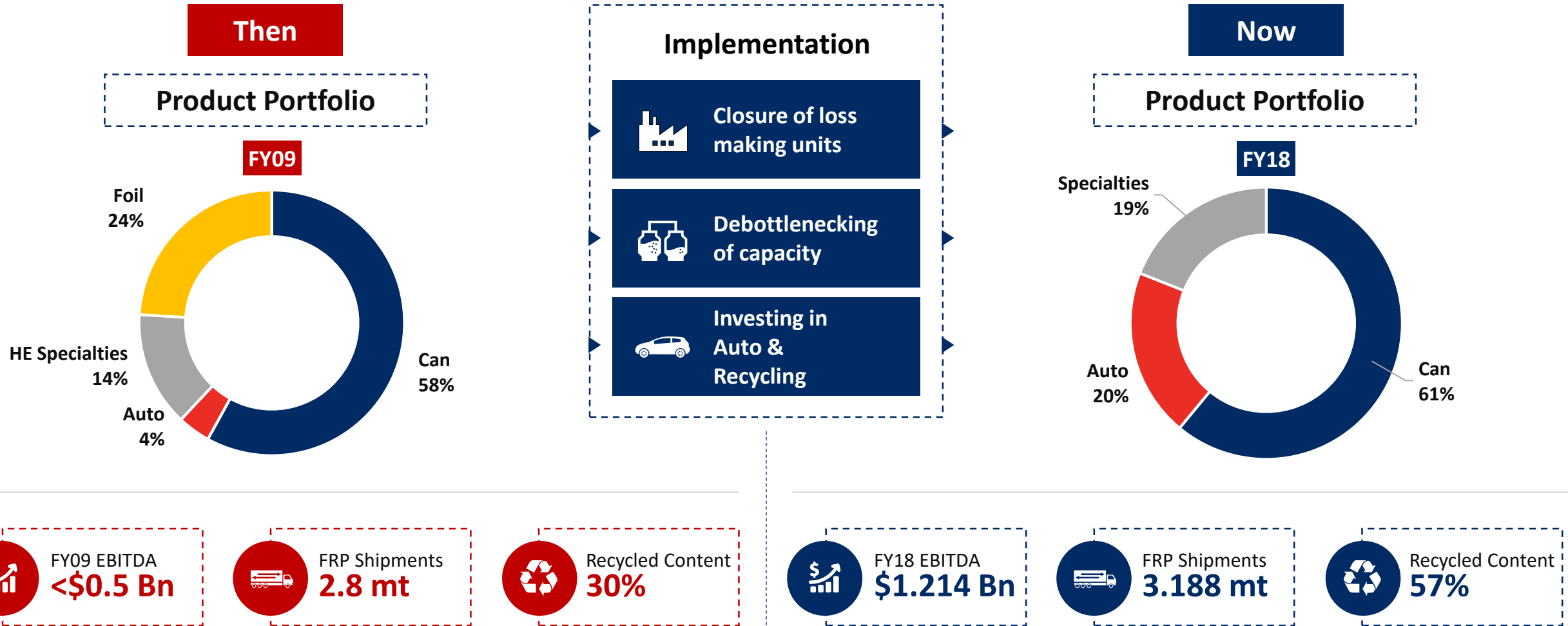
# What is Novelis

- **Completed more than 1 decade post acquisition**
  - One of the most successful acquisitions among Indian conglomerates
- **Headline statistics**

**1** in roller  
in recycler  
in aluminium auto sheet  
in Can sheet
- **Competitive advantages/differentiators**
  - Global footprint, customer partnerships, quality & service, closed loop recycling, first mover advantage in Auto



# Novelis Transformation

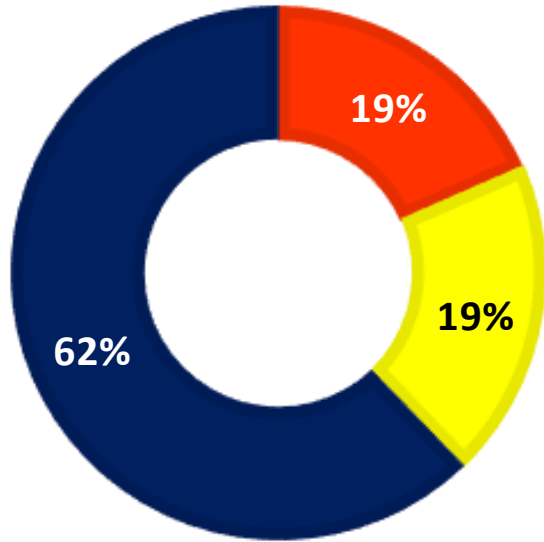


Strategic focus on driving operational excellence and product portfolio shift helps maintaining its market leadership

MT – Million Tonnes

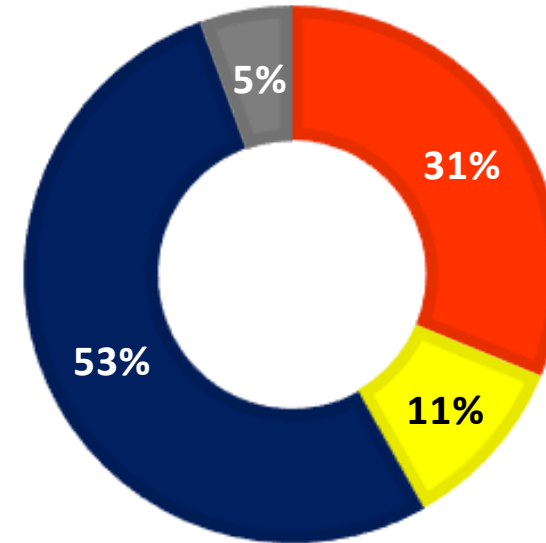
# FY 18 - Consolidated Revenue & EBITDA split

**Revenue**  
(Rs. 115,809 Crore)



Aluminium Copper Novelis

**EBITDA**  
(Rs. 15,025 Crore)



Aluminium Copper Novelis Other Income

**Novelis has contributed 62% to Revenue and 53% to EBITDA  
in the Consolidated business of Hindalco in FY18**

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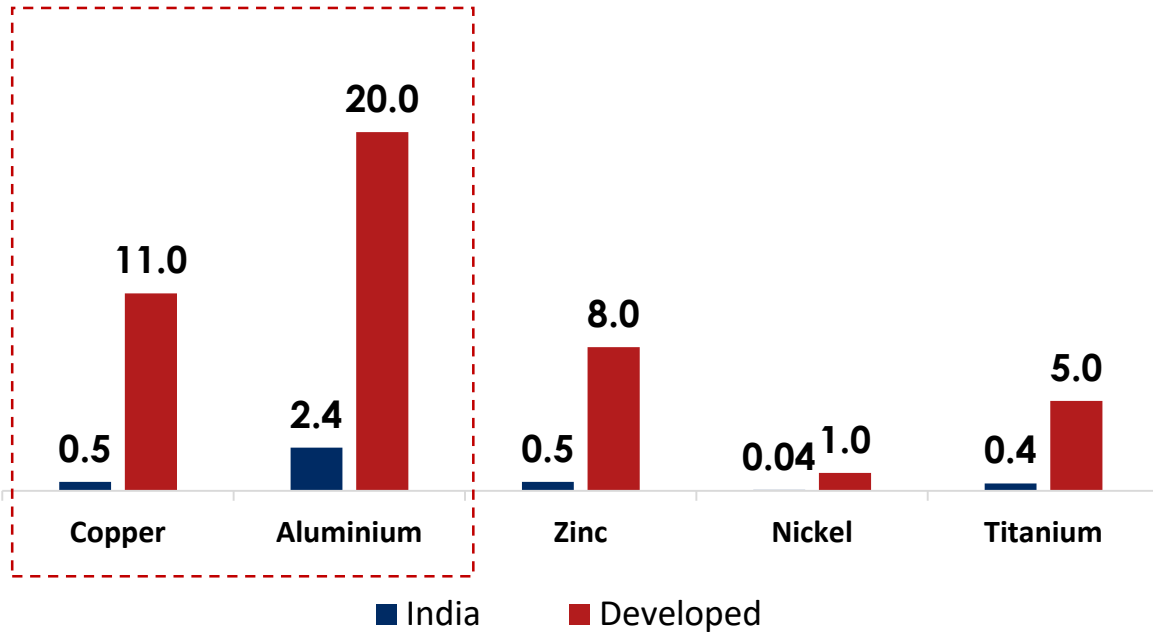
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# Hindalco India – Growth Opportunities

# INDIA'S UN-TAPPED POTENTIAL FOR NON-FERROUS METALS

Hindalco is fully prepared to tap the market

Per capita consumption of Non Ferrous metals against developed economies (Kg)

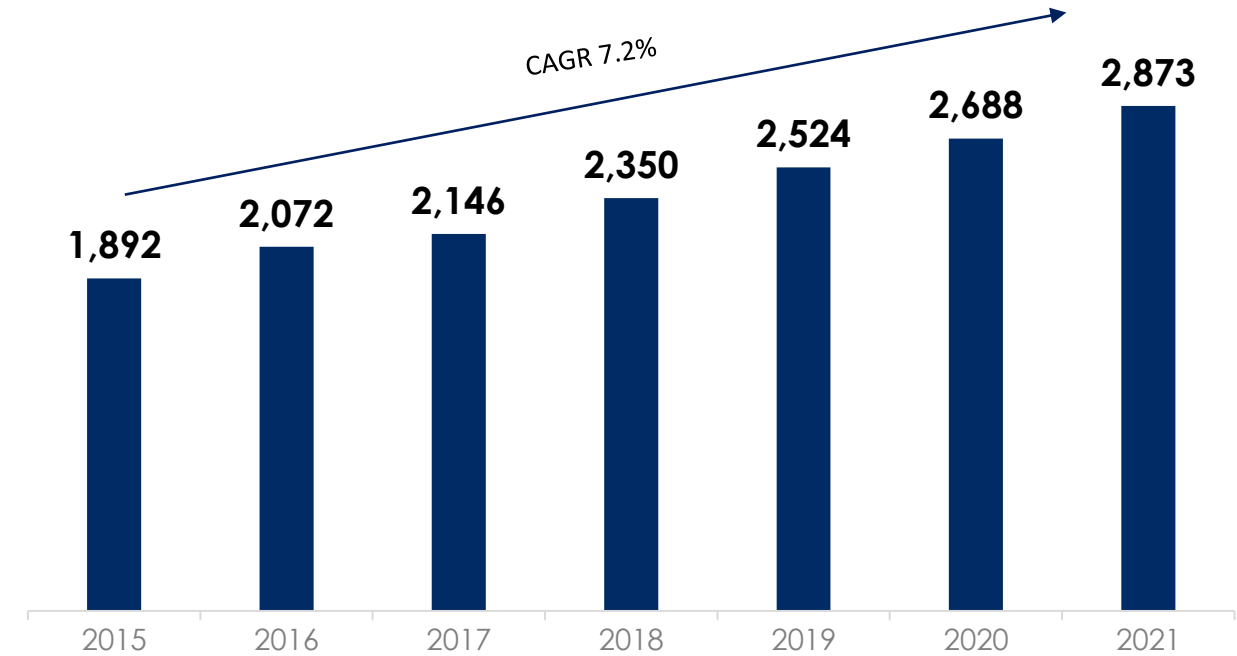


- In manufacturing economies, per capita consumption of non-ferrous metals increases exponentially with increasing per capita GDP. China is an ideal example

Significant growth potential in domestic market

Primary Aluminium Metal Consumption Growth in India

Figures in Kt



- Globally, India is one of the largest producers of Alumina and Aluminium



# KEY SECTORS TO DRIVE GROWTH IN INDIA



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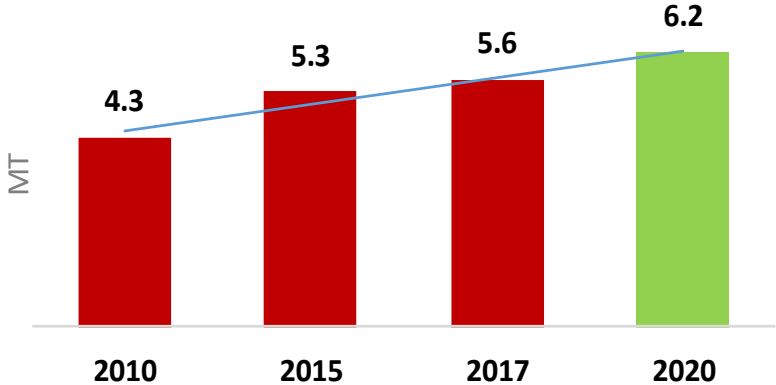
# Novelis - Growth Opportunities

# Automotive Aluminum is becoming the second largest FRP segment

Aluminum FRP Global Demand is picking up in each of the segments

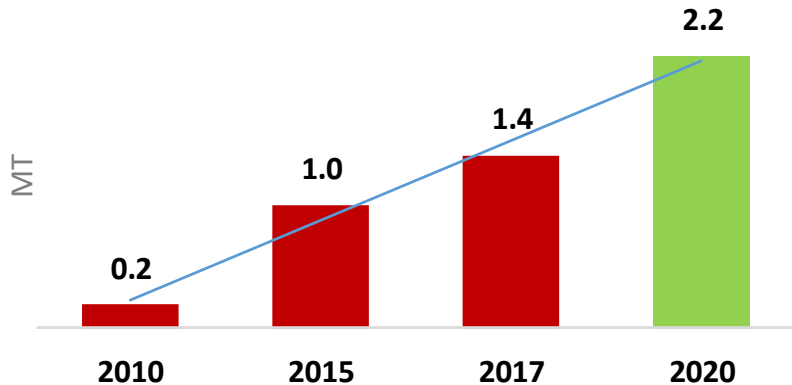
### Beverage Can (in MT)

Market has grown by over 4% CAGR (2010-17)  
Novelis Market Share FY18 : 34%



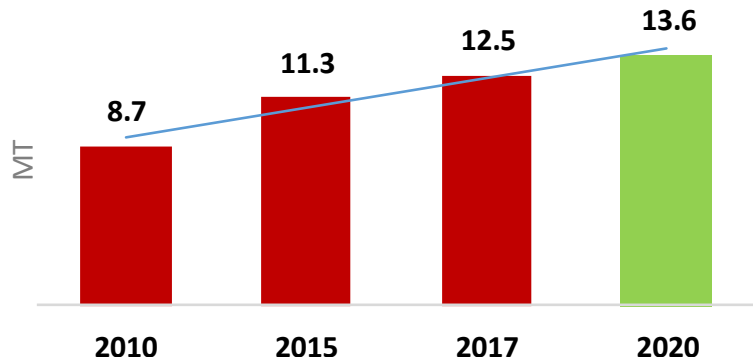
### Automotive (in MT)

Market has grown by 76% CAGR (2010-17)  
Novelis Market Share FY18 : 45%

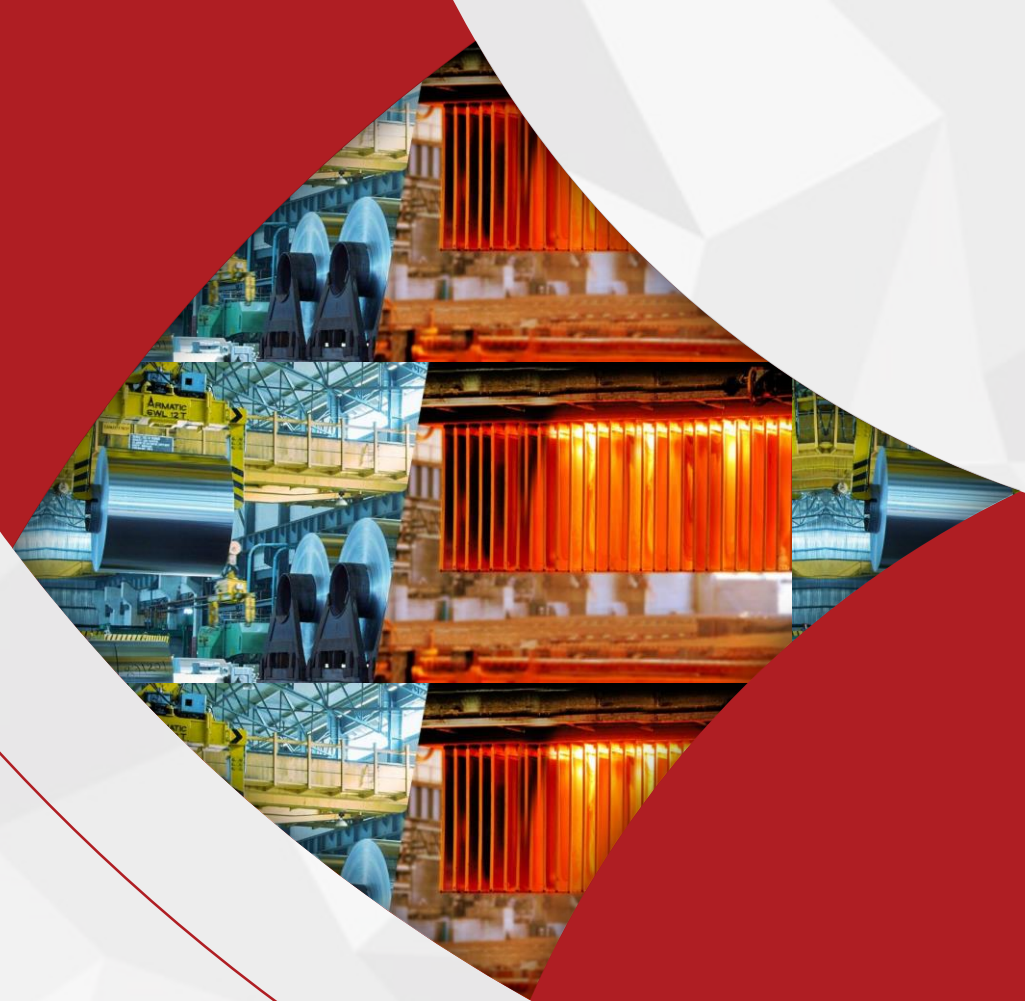


### Specialties (in MT)

Market has grown by 5% CAGR (2010-17)  
Novelis Market Share : FY18 : 5%



MT – Million Tonnes



# Thank You

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