

Hindalco Industries Ltd

Investor Presentation

Q1 FY12

Presentation Structure







Highlights

Performance Review

Projects Update

Highlights – Q1 FY12

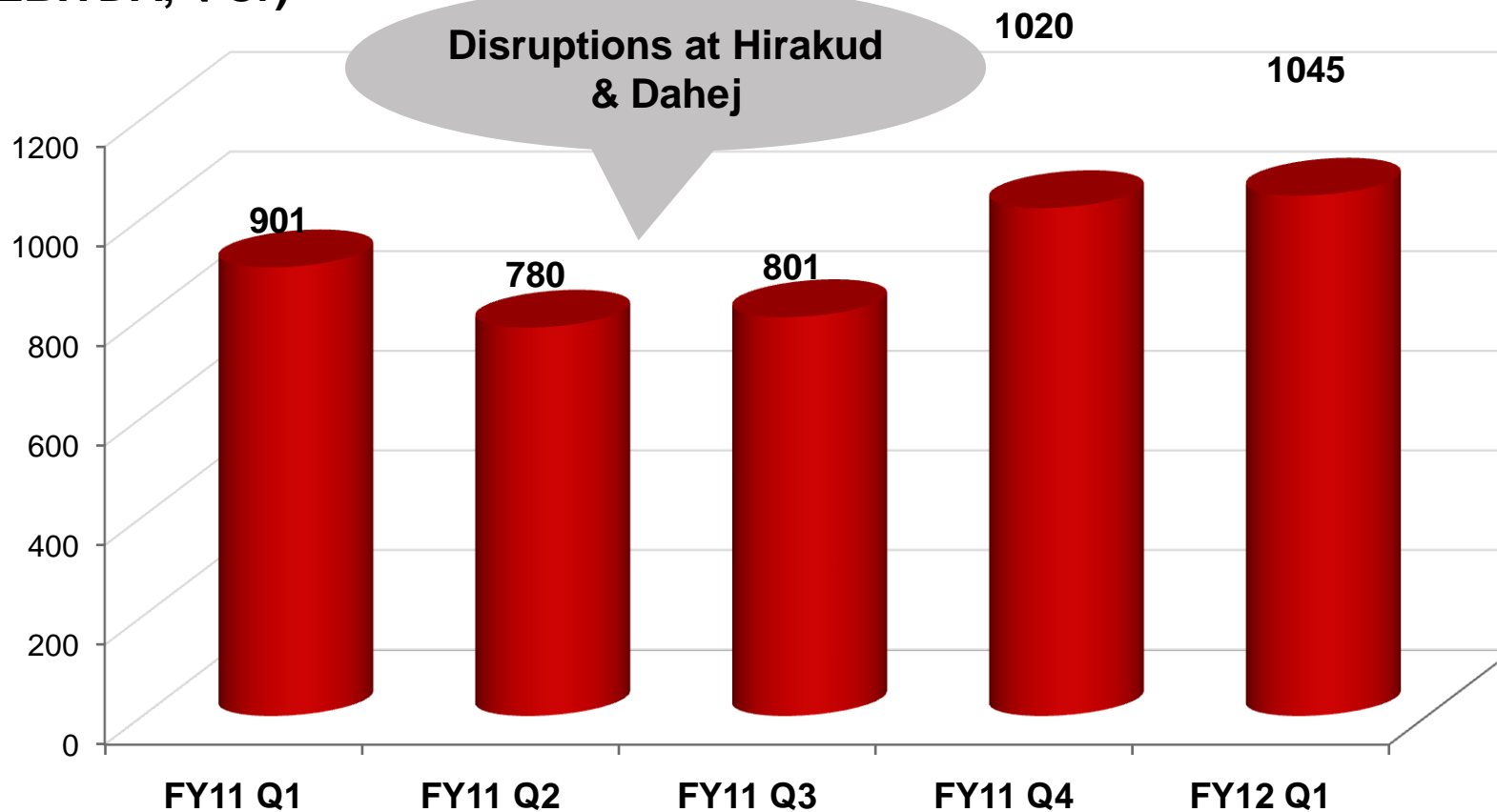
NET SALES	6,031		16%
EBITDA	1,045		16%
PAT	644		21%
EPS	3.4		20%

- ❑ Strong Performance by Novelis
- ❑ Projects progressing






*Despite strong Cost Push & adversities
Momentum continues ...*

Highlights - Improving Trend...

(EBITDA, ₹ Cr)



Key Business Drivers and Impact

Driver	Change (%)	Impact
Aluminium LME Average(\$/ton)	24	
Copper TC/RC Benchmark (c/lb)	22	
Exchange Rate (₹/\$)	(2)	
Coal India Prices	30%	
Crude derivatives	>20%	

Financial Performance

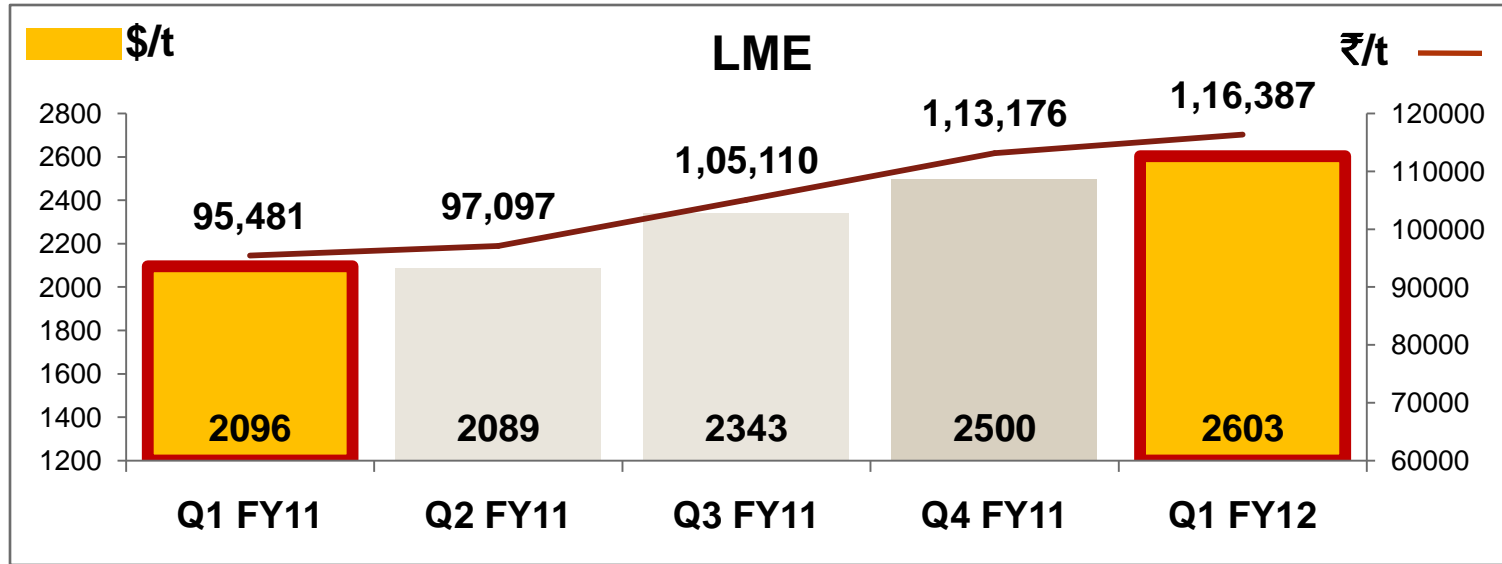
₹ Cr	Q1 FY11	Q1 FY12	Change (%)
Net Sales	5,178	6,031	16
PBITDA	901	1,045	16
PBT	673	803	19
PAT	534	644	21
EPS (₹)	2.8	3.4	20

Other income higher by ₹109 crs reflecting higher treasury corpus and yield ; and ₹69 crs dividend from ABML

Performance Review



AI: Supportive LME but



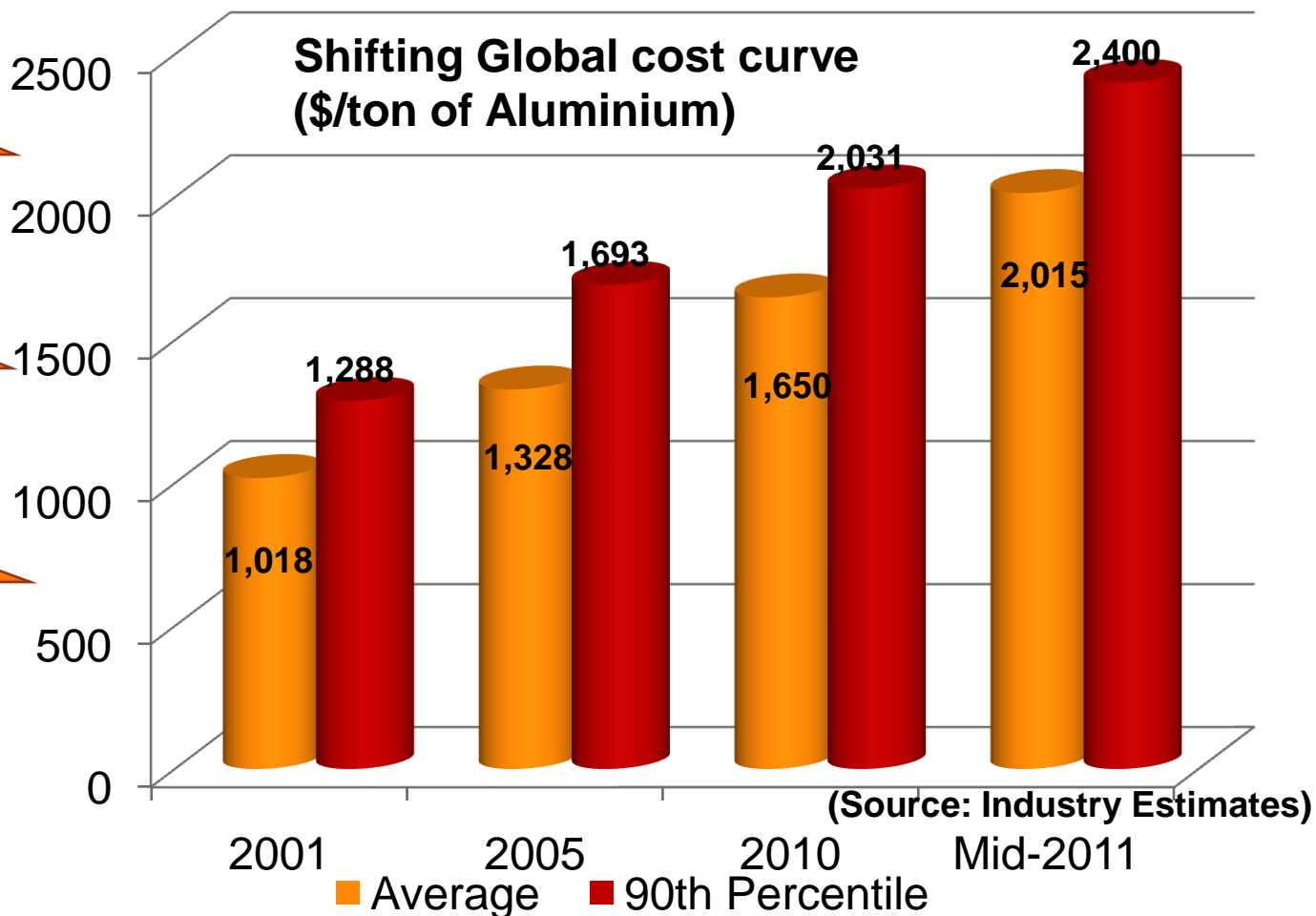
But there were many challenges ...

- Across the board increase in key input prices
- India specific challenges:
 - Coal cost increase
 - Uncertain regulatory regime

Cost pressures: A Global Phenomenon ...



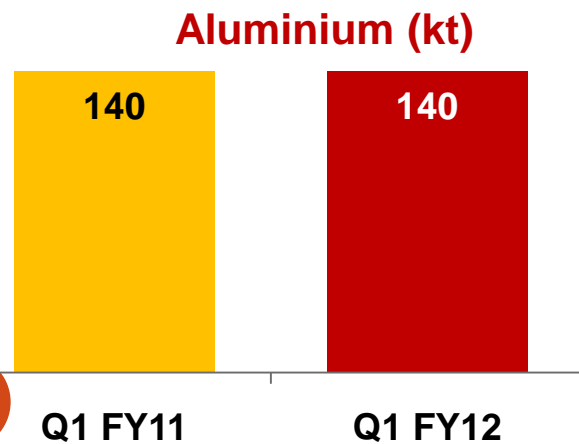
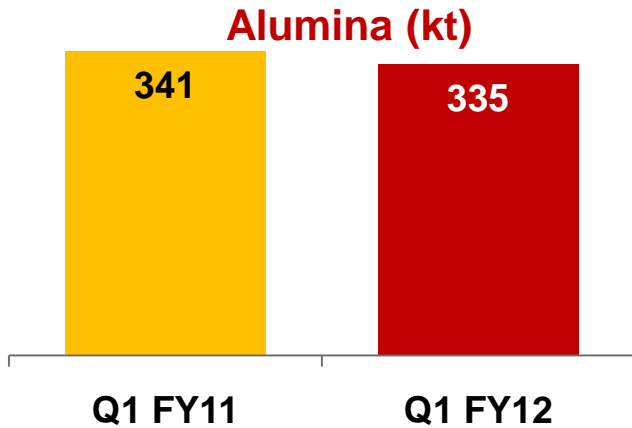
In <1 year
cost push ~
20%



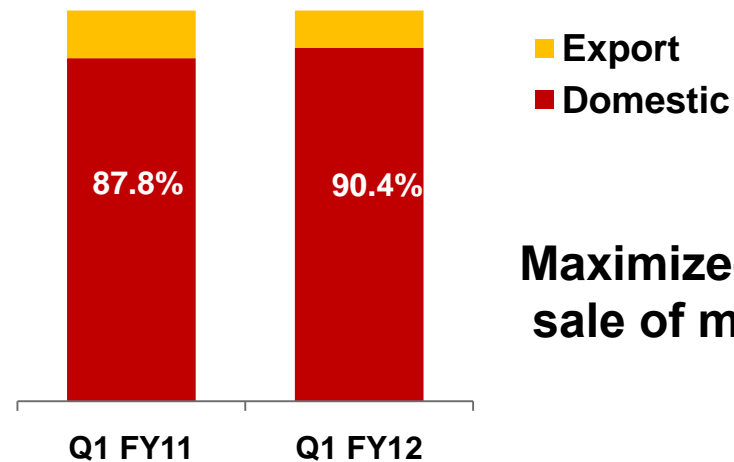
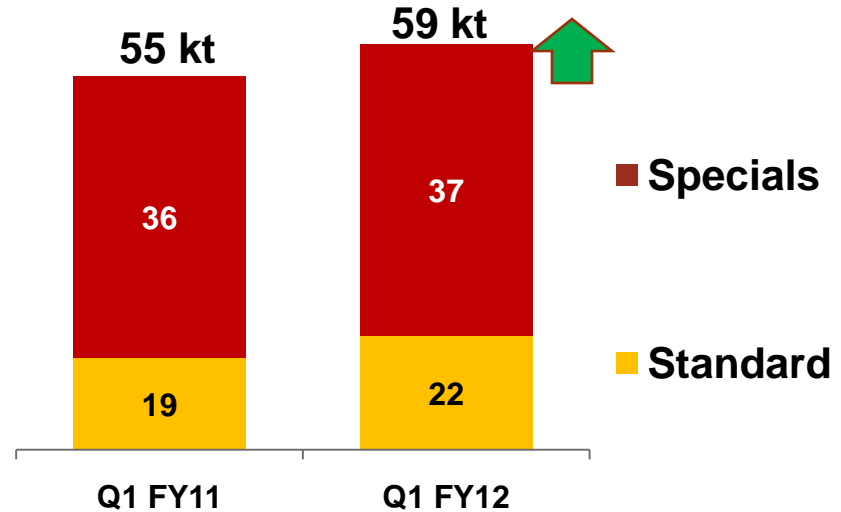
Upward trend likely to continue for smelters that depend upon external energy / alumina sources

Aluminium:

Production



Increase in Hydrate / Alumina sales with continued focus on specials



Aluminium Business: Financial Performance

(₹ cr)	Q1 FY11	Q1 FY12	Change (%)
Net Sales & Operating Revenue	1,867	2,093	12.1
EBIT	552	599	8.5

- *Input cost pressures & stronger rupee partly negated the gains of strong LME....*
- *Downstream sales were lower due to sluggish demand and Alupuram lock-out since Feb 2011.*

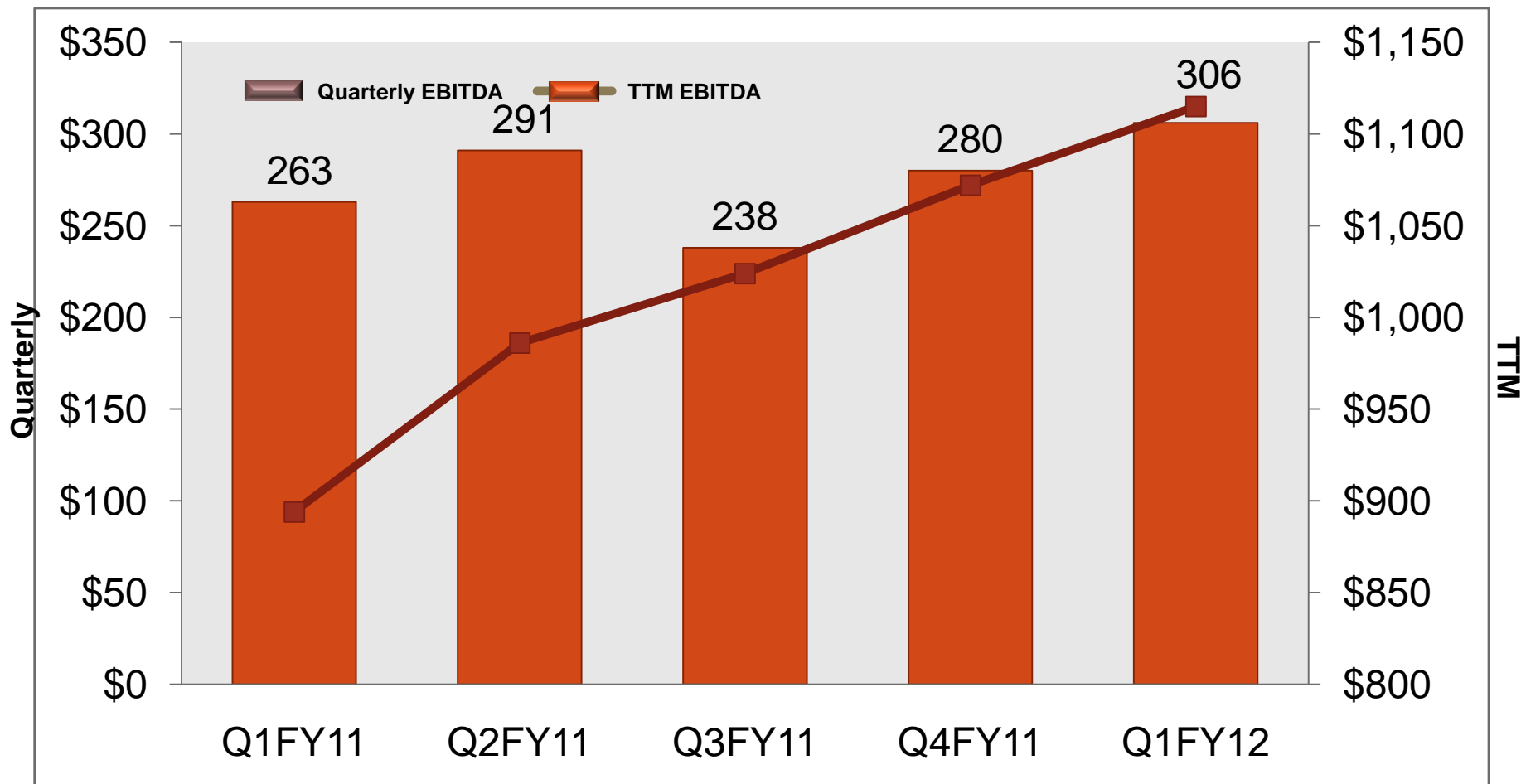
Novelis Update (Q1 FY12)



- Shipments Up 3% to 767 Kilotonnes
- Net Sales Up 23% to \$3.1 Billion
- Record Adjusted EBITDA Up 16% to \$306 Million
- Free Cash Flow Before CapEx of (\$127) Million
- Liquidity of \$865 Million
- Net Income of \$62 Million

Novelis : Adjusted EBITDA Trend

(Millions)

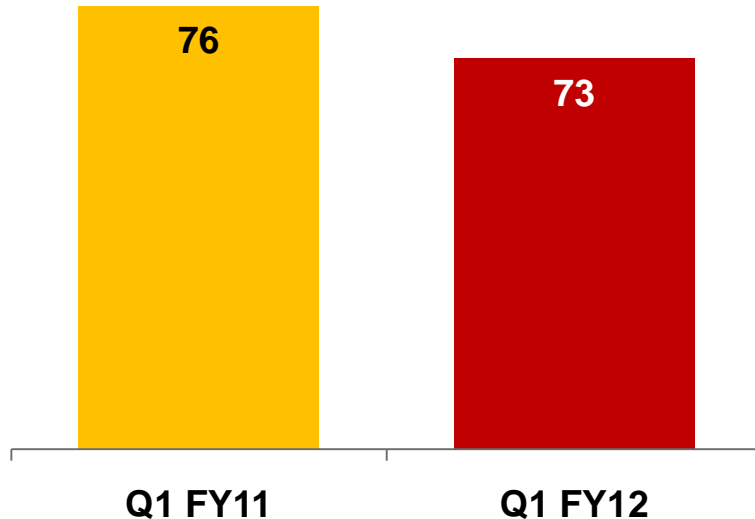


Driving Consistent & Predictable Results

Copper: Operational Performance

Copper production down 3kt

Cathode Production (kt)



~20 kt output lost due to shutdown

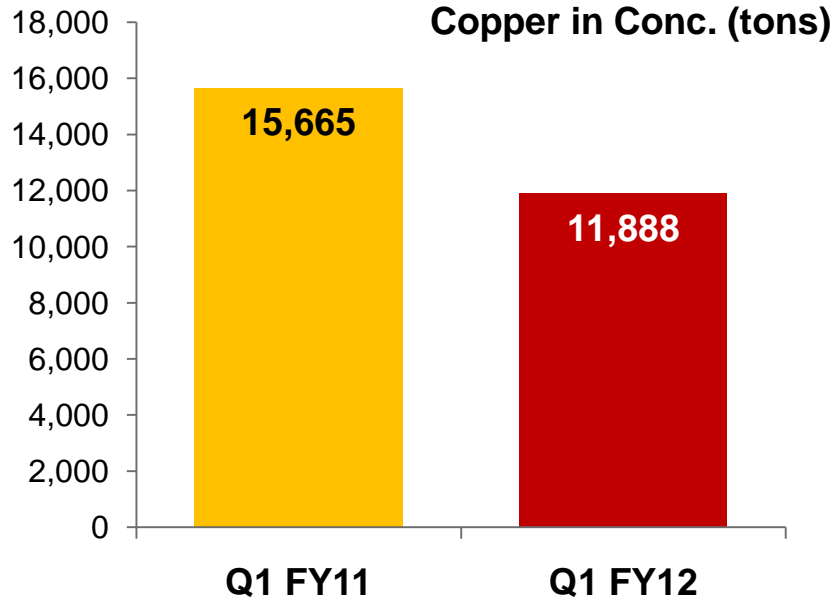
- Improved Tc/Rc
- Improved operating efficiencies
- Higher DAP realisations...
.....Resulted in improved financial performance despite.....
- ...Cost pressures & higher working capital requirement....

17% higher EBIT (YOY) despite volume loss....

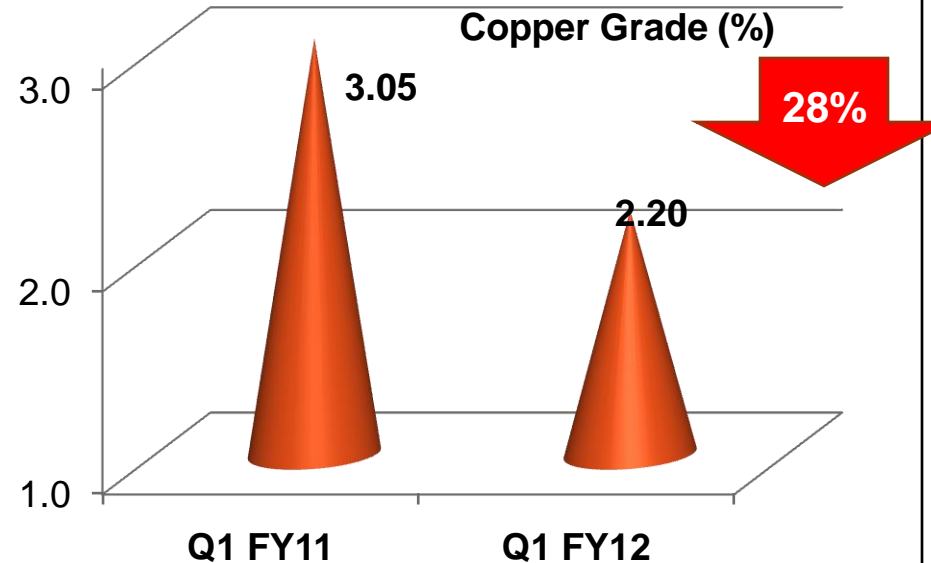
Copper: Financial Performance

(₹ cr)	Q1 FY11	Q1 FY12	Change (%)
Net Sales & Operating Revenue	3,314	3,940	18.9
EBIT	124	145	16.8

Nifty Sulfide Production declined 24%...








... Due to a sharp decline in head grade, which is in line with the mine plan



- Copper prices remained strong
- Mt Gordon operations have re-started and production ramp up is progressing
- Cost pressures and AUD strength are key challenges

Key External Drivers - Outlook

Driver	Current Assessment	Impact
LME	<ul style="list-style-type: none"> Investor appetite is supportive, but concerns galore 	
INR USD	<ul style="list-style-type: none"> Uncertainty over FII flows may hold rupee appreciation, despite general USD weakness 	
Energy, Input prices	<ul style="list-style-type: none"> Upward pressure related to coal and carbon costs 	
TcRc	<ul style="list-style-type: none"> 2011 terms likely to be favourable to smelters vis-à-vis last year 	
By products	<ul style="list-style-type: none"> Acid prices have firmed up, DAP subsidy announced is higher 	

Projects Update



Greenfield Projects Update

Project	Progress	Expected completion
Mahan Aluminium, MP	<ul style="list-style-type: none"> • Project finance completed (contracted debt ₹ 7,875 Cr) • Drawdown till date: ₹ 3,400 crs • 17,000 people at site • Forest clearance for coal block ,tapering linkage applied 	First Metal End 2011
Utkal Alumina, Orissa	<ul style="list-style-type: none"> • >9,000 people at site • Project finance completed (debt tied up ₹ 4,906 Cr) • Drawdown till date over ₹ 2,200 crs 	Second half 2012
Aditya Aluminium, Orissa	<ul style="list-style-type: none"> • Forest Stage-II clearance received • Site activities at advanced stage • Financing option under evaluation 	Early 2013
Aditya Refinery, Orissa	<ul style="list-style-type: none"> • Majority land acquired • Water drawl agreement obtained 	2014
Jharkhand Aluminium	<ul style="list-style-type: none"> • Land acquisition started • Coal mine allotted jointly 	2015

Activity at Project Sites

Mahan Smelter



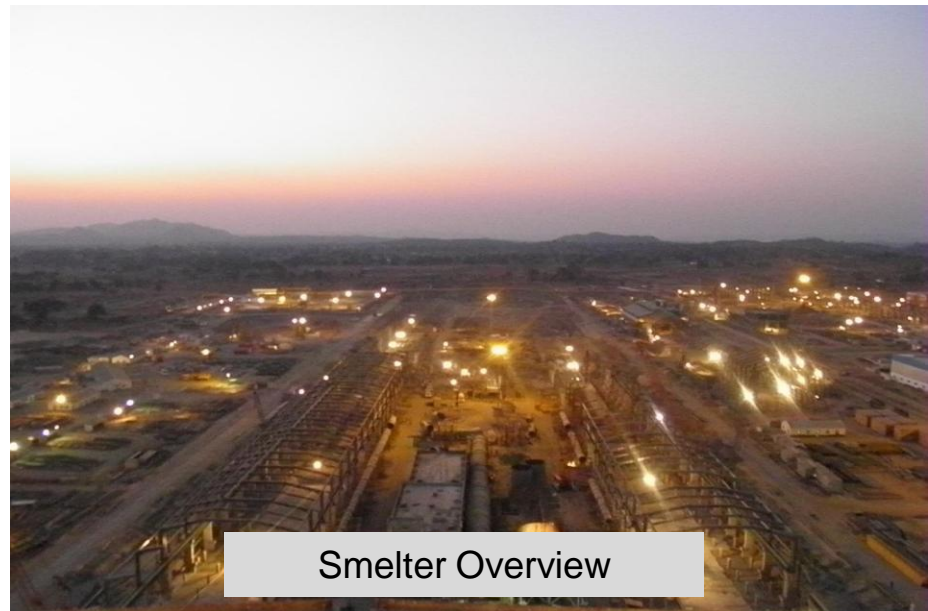
Pot room "A" inside view



Cathode Sealing Shop-Eqpts. Cmmnsg.



Pot Annexe bldg. and PTMs erection



Smelter Overview

Activity at Project Sites

Mahan CPP



Activity at Project Sites

Utkal Refinery



Update on Projects: Brownfield

Project	Scope	Expected completion
Hirakud expansion	Smelter: 155 to 213 ktpa	Early 2012
FRP, Hirakud	Transfer from Novelis UK plant to produce a wide product range including can body stock	End 2011
Pinda (Brazil)	Significant increase in FRP capacity to 600 ktpa	End 2012
Korea expansion	Addition of 350kt increases the annual capacity to 1,000kt	End 2013
Oswego, North America expansion	Additional capacity of 200 kt for automotive applications	Mid 2013

FRP - Hirakud



Cold Mill Base Frame Erection



Cold Mill Bay-Crane Erection



Hot Mill Bay



Hot Mill Table Roll Foundation



Pinda, Brazil Mill Expansion



Thank you

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.

Aluminium Production

In Tonnes	Q1FY11	Q1FY12	Variance
Alumina	341,419	334,587	-2%
Metal	140,061	140,387	
FRP	51,373	49,544	-4%
Extrusions	9,617	7,321	-24%
Foil	4,781	4,750	-1%
Wire Rods	23,326	23,403	

Copper Production

Production	Units	Q1 FY11	Q1 FY12	% chg
Copper Cathodes	MT	76,309	73,192	-4%
CC Rods : Own	MT	40,708	33,701	-21%

Production lower due to bi-annual shutdown