

ADITYA BIRLA



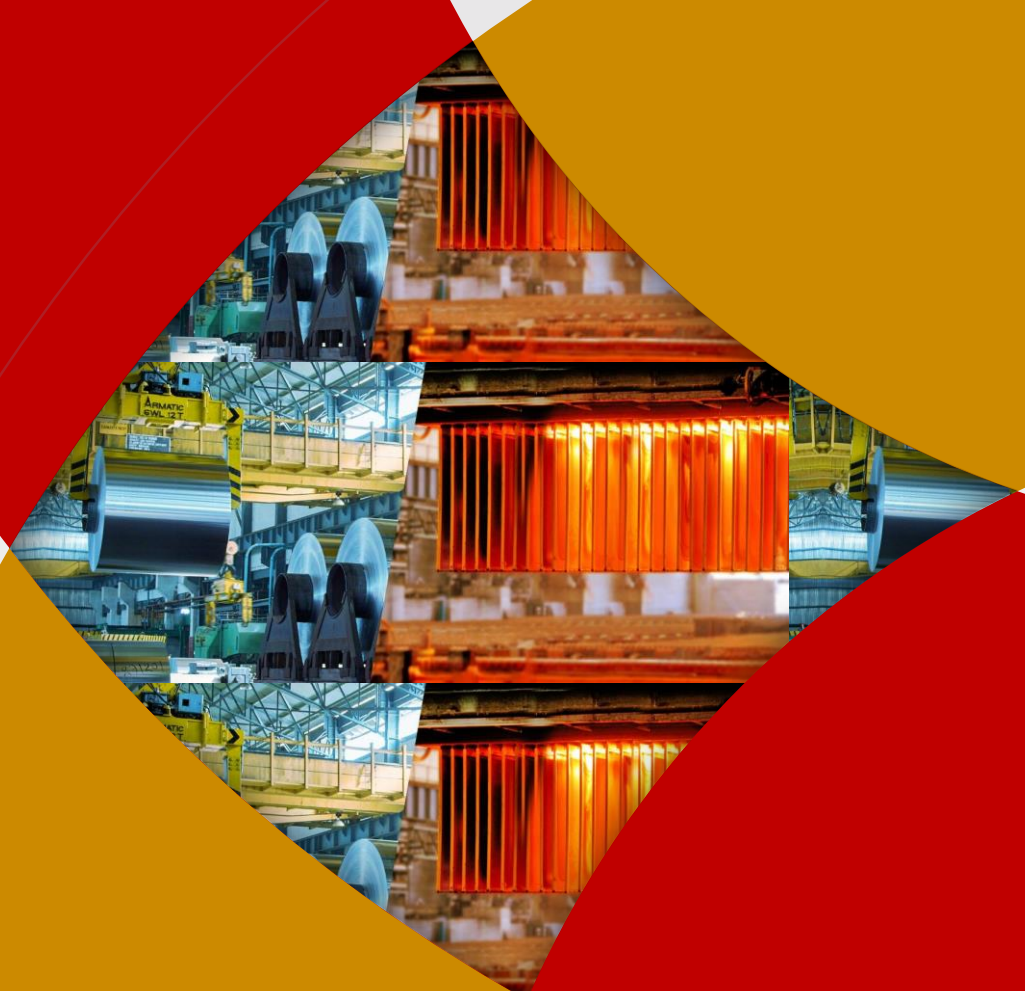
HINDALCO

Hindalco Industries Limited



Q3 FY21 Earnings Presentation

10th February, 2021



SAFE HARBOUR

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.



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- **Novelis**

- **Aluminium (India)**

- **Copper**



Business Performance Key Highlights - Q3 FY21

Key Highlights : Q3 FY21

Novelis*

- **Record quarterly shipments of 933 Kt (797Kt), up 17% YoY driven by strong demand across product end markets**
- **Record adjusted EBITDA at \$501 million (\$343 million), up 46% YoY, on the back of higher volumes and improved margins.**
- **Record adjusted EBITDA per ton at \$537 (\$430/t) up 25% YoY**
- **Net Income from continuing operations at \$195 million (\$107 million), up 82% YoY; Net Income (excluding special items#) at a record high of \$209 million (\$132 million), up 58% YoY.**
- Integration work continues with \$54 million run-rate combination cost synergies achieved through the end of Q3 FY21 (Potential combinational synergies \$120 million)

Aluminium (India)

- **EBITDA ₹1,323 crore (₹1,045 crore) up 27% YoY, on account of favorable macros and lower input costs**
- **EBITDA margin at 25% (19%), up 593 bps, continues to be one of the best in the industry**
- Metal sales at 315 Kt (328 Kt)
- Aluminium VAP (excluding wire rods) sales at 80Kt (75kt); Significantly higher volumes vs Q2FY21 of 63Kt due to sharp recovery in the domestic demand
- Thrust on operational efficiencies supported by lower input costs continues to help keeping cost of production low
- Utkal Alumina capacity expansion of 500 Kt expected to be commissioned in Q1 FY22

Note : Numbers in parenthesis() represent Q3 FY20 unless specified

** a) As per US GAAP b)The financials of FY21 include Aleris*

#Tax-effected special items includes business acquisition and integration costs, restructuring & impairment and metal price lag, in Novelis

Copper

- Cathode production was low at 51Kt (87Kt) in Q3 FY21, due to planned maintenance shutdown in one of the smelters
- **CC Rods sales at 65 kt (58Kt), up 12% YoY**; although total metal sales were lower at 73Kt (84Kt).
- **Highest ever fertilizer sales volume at 156 Kt (67Kt), up 135% YoY**, on the back of robust demand
- EBITDA at ₹202 crore (₹256 crore)

Consolidated

- Excellent operational performance on the back of strong macros together with sharp recovery in all relevant markets
- **Business EBITDA at ₹5,242 crore (₹3,733 crore), up 40% YoY**
- PBT for continuing operations before exceptional and special items#, at ₹3,153 crore (₹1,785 crore), up 77% YoY
- **PAT for continuing operations before tax effected exceptional* and special items# at ₹2,166 crore (₹1,247 crore), up 74% YoY**
- Strong liquidity position of \$2.4 billion with cash and cash equivalents of \$1.16 billion in Novelis; Hindalco India Business cash and cash equivalents at ₹9,560 crore at the end of December 31, 2020
- Consolidated Net Debt is down by ₹8,500 crore from 30th June 2020 to December 31, 2020
- Net Debt to EBITDA has significantly improved to 3.09x as at December 31, 2020 (vs 3.83x as at June 30, 2020)

Global Recognitions

- **Hindalco ranked as World's Most Sustainable Aluminium Company in the Dow Jones Sustainability Index (DJSI)**
- **Hindalco's ESG rating improved to 'BBB' from 'BB' in the MSCI index**

Note : a) Numbers in parenthesis() represent Q3 FY20 unless specified ; b) Hindalco consolidated financials of FY21 includes Aleris
#Tax-effected special items includes business acquisition and integration costs, restructuring & impairment and metal price lag, in Novelis
*Adjusted for post-tax impact of exceptional items in India

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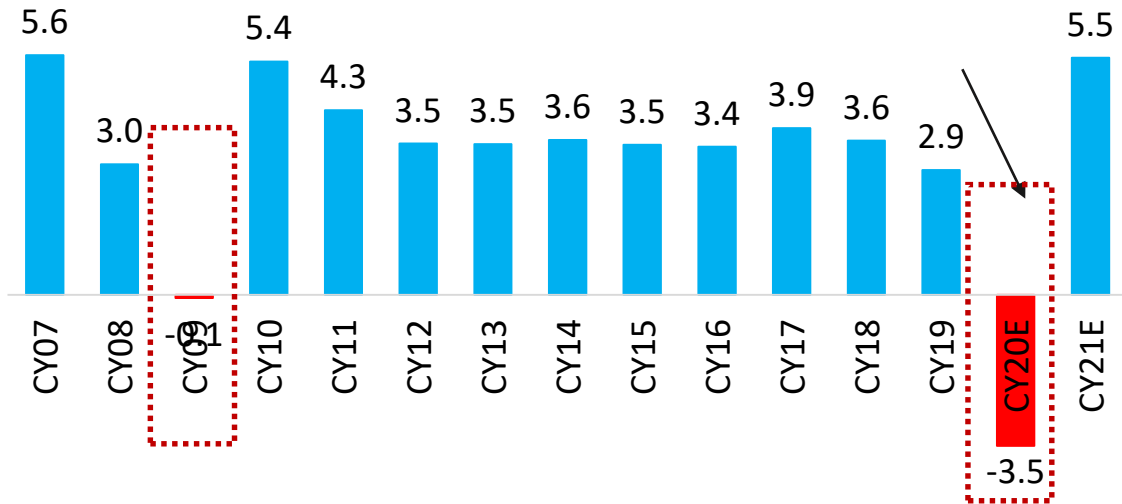


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Economy & Industry Updates Global & Domestic

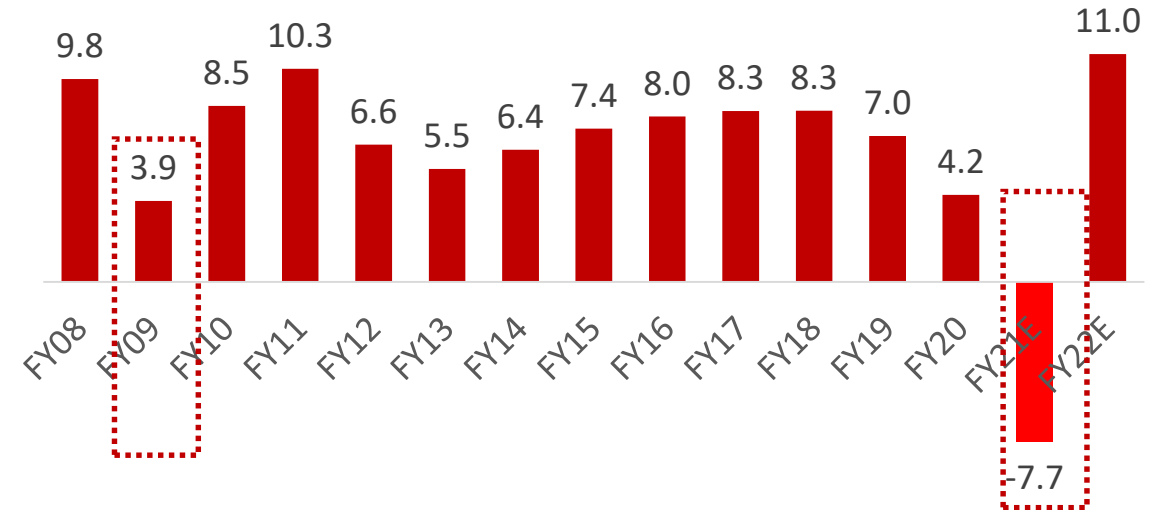
Economy Updates

Global GDP Growth (% YoY)



- Global growth accelerating back in H2CY20 as economic activity rebounds
- Strong fiscal support of around 15% of World's GDP prevented an economic catastrophe**
- Global growth projected to contract by 3.5% in CY20 (vs growth of 2.9% in CY19); **CY21 global growth expected to rebound to 5.5% (IMF Jan forecast)**
- Recovery will depend on the path of the pandemic, pace of roll-out of the vaccine and the extent of associated industrial activity disruptions.
- Second wave, new Covid variants & deteriorating fiscal positions are key risks

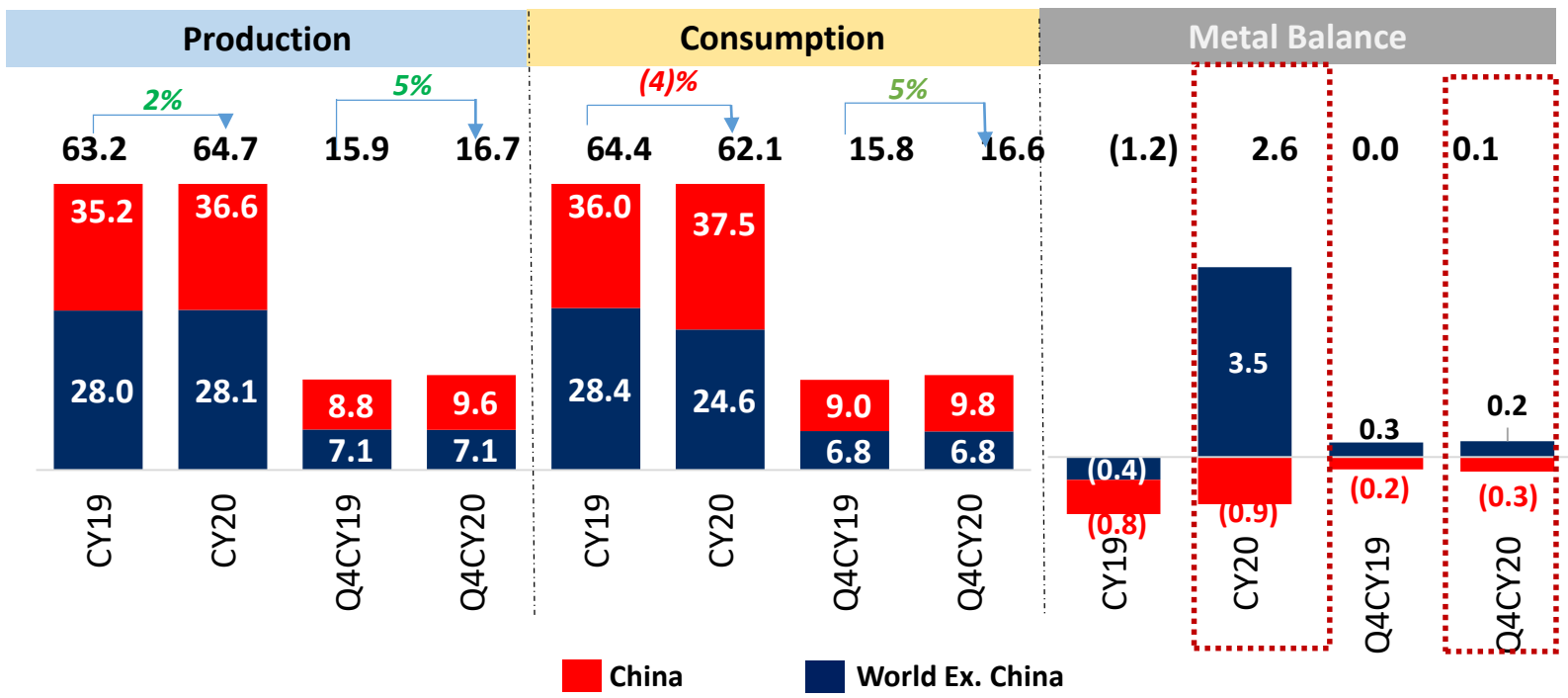
India GDP Growth (% YoY)



- India's GDP contracted sharply by 16% YoY in H1 FY21 due to stringent lockdown measures. Strong economic recovery underway in H2-FY21
- Govt's Economic Survey FY21 **predicts a V shaped recovery with 11% GDP growth in FY22** on a contracted base of 7.7% in FY21. (in line with IMF)
- Finance Ministry unveiled a growth oriented expansionary Budget with focus on infrastructure, healthcare and financial reforms.
- Budget's impact on growth and inflation will depend on execution of key infra projects and the extent to which monetization and disinvestment targets are met.

Global Aluminium Industry

Global Demand & Supply Balance (Mt)



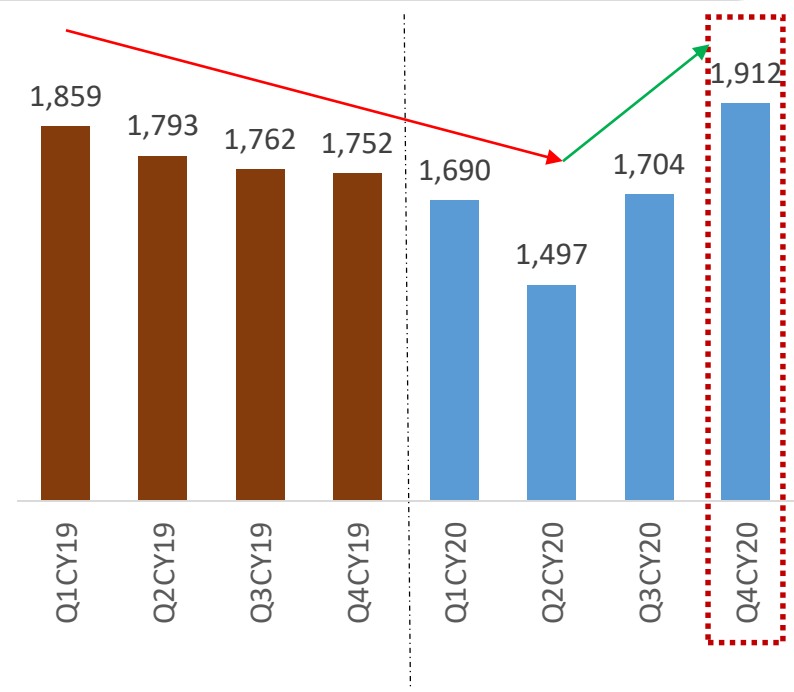
CY20 (vs CY19)

- Global production grew by 2%, consumption declined by 4%, leading to surplus of 2.6 Mt
 - China: Production increased by 4%, consumption grew by 4%, leading to deficit of 0.9 Mt
 - World Ex-China: Production was flattish, consumption dropped by 13%, causing a surplus of 3.5 Mt

Q4 CY20 (vs Q4 CY19)

- Global production expanded by 5%, consumption grew by 5%, leading to overall surplus of 0.1 Mt
 - China: Both Production and consumption increased by 9%, leading to a deficit of 0.2 Mt
 - World Ex-China: Both production and consumption growth was flattish, inducing a surplus of 0.3 Mt

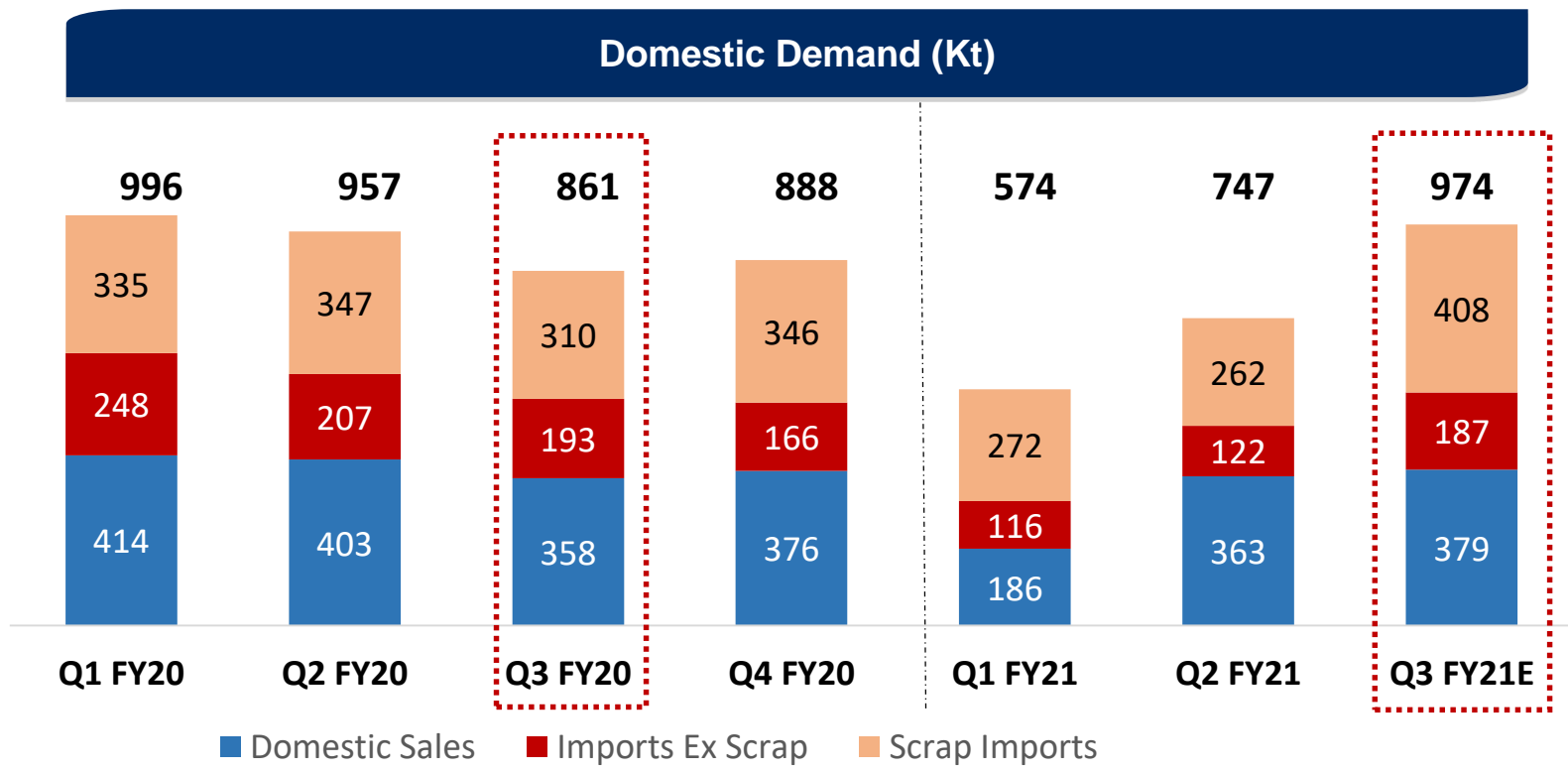
Global Price of Aluminium (Cash -\$/T)



Global aluminium prices continued to improve

- Q4 CY20, prices improved to \$1,912/t up from \$1,704 in Q3 CY20.

Domestic Aluminium Industry



- In Q3 FY21 the Domestic demand is estimated to reach Pre-Covid levels of Q1/Q2 FY20
- With improvement in auto demand, scrap grew by 31% YoY to 408Kt in Q3 FY21; Other imports excluding scrap de-grew by 3%. Domestic sales improved by 6% YoY to 379Kt in Q3 FY21
- The sharp sequential growth was due to the strong demand from Transport, Consumer durables, and stable demand in pharma and food packaging

Aluminium Flat Rolled Products (FRP) Industry

- The global FRP Demand is estimated to grow by ~7% in CY21 (vs CY20 contraction of ~6%) on account demand recovery and base effect.

Beverage Cans

CY21E Growth in Market Demand  3-6%

- High at-home consumption benefiting Cans, particularly in Americas
- Increased share of Cans as package mix in beers particularly in Brazil
- New beverage types (sparkling water, spiked seltzer, energy drinks) as consumers consider sustainable packaging options
- Significant can making expansions announced next 2-3 years across all regions

Automotive

CY21E Growth in Market Demand  25-30%

- North America recovering to pre-COVID levels with unprecedented share of SUVs and Trucks
- European incentives' discontinuation and lockdown restrictions may slow near-term, but demand is shifting to EVs and mid-premium cars
- V-shaped rebound in China helped by government incentives and consumer pull for SUVs, EVs and premium vehicles; success of key customers' launches

Aerospace

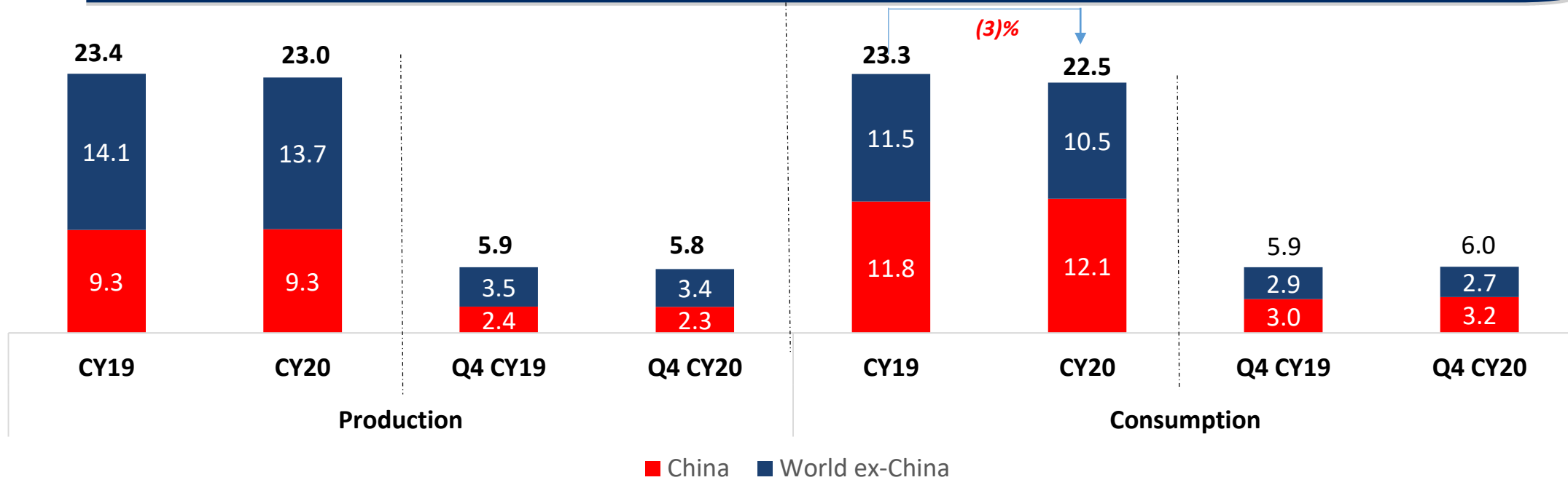
CY21E Growth in Market Demand  5-10%

- Vaccine rollouts a positive, but no significant improvement in CY21 as air travel remains restricted
- Heavily overstocked Aerospace supply chain; recovery could be prolonged
- Demand for Commercial Plate is expected to grow in-line with improved economic activity

- **India FRP demand is estimated to reach pre-covid levels in Q3 FY21**
- Consumer durables demand is supported by increasing penetration of e-commerce sales. However the B&C demand is recovering and is expected to reach the pre-covid levels by Q4 FY21. Stable demand from the pharma & food packaging coupled with auto sector is also helping for a quick recovery

Copper Industry (Global)

Global Demand & Supply Balance (in Mt)



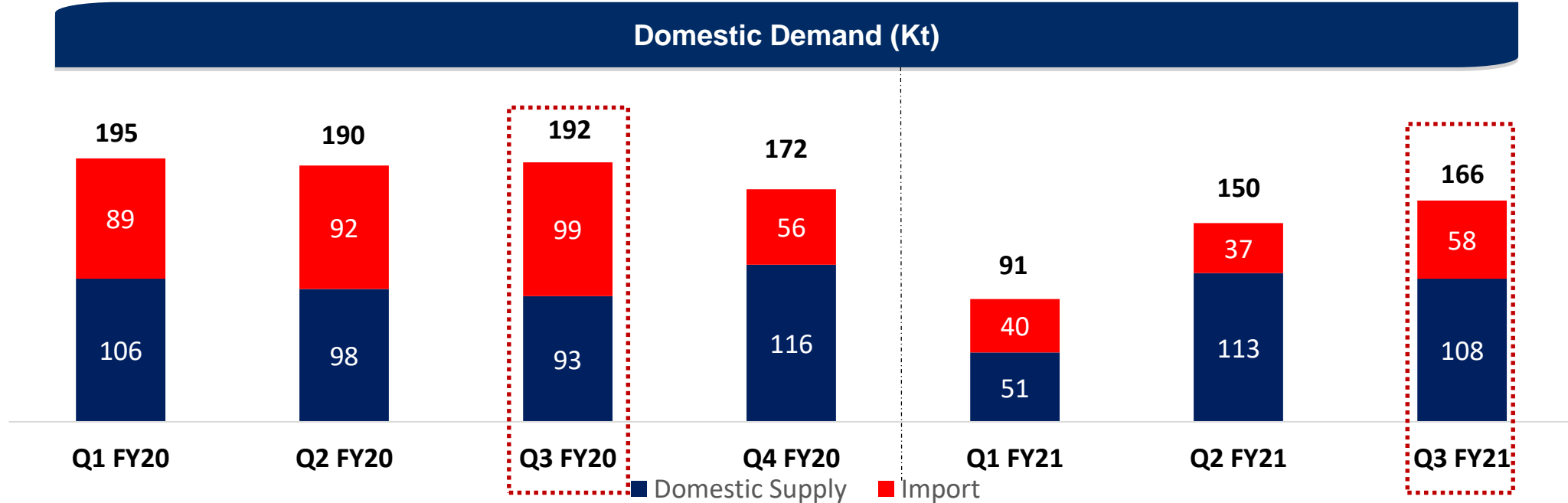
CY20 (vs CY19)

- Global copper consumption declined by 3.3% YoY due to impact of COVID-19
 - Consumption in China grew by 2% whereas World ex-China declined by 9%.

Q4 CY20 (vs Q4 CY19)

- Global copper consumption recovered to pre-covid level of ~6 Mt in Q4 CY20.
 - Chinese refined copper consumption grew by 6% whereas World ex-China, still impacted by Covid, declined by 5%.
- Continued Covid-19 containment measures, vaccine rollouts, fiscal and monetary stimulus have led to demand recovery.
- The Spot Tc/Rc remained tight throughout the quarter, as impact of Covid-19 has been more on copper mines compared to the smelters

Copper Industry (Domestic)



- In Q3FY21, **overall domestic market reached to 85% of Q3FY20** level at 166Kt in line with the market recovery
- In Q3FY21, **sales of domestic producers increased by 16% YoY** while **imports declined by 42% YoY** compared to Q3 FY20
- **Market share of imports decreased to 35% in Q3 FY21** vs. 51% in Q3FY20

Key Macro Drivers (Q3 FY21 vs Q3 FY20)

TC/RC

S. Acid Price

DAP Realisation



Business Performance : Q3 FY21

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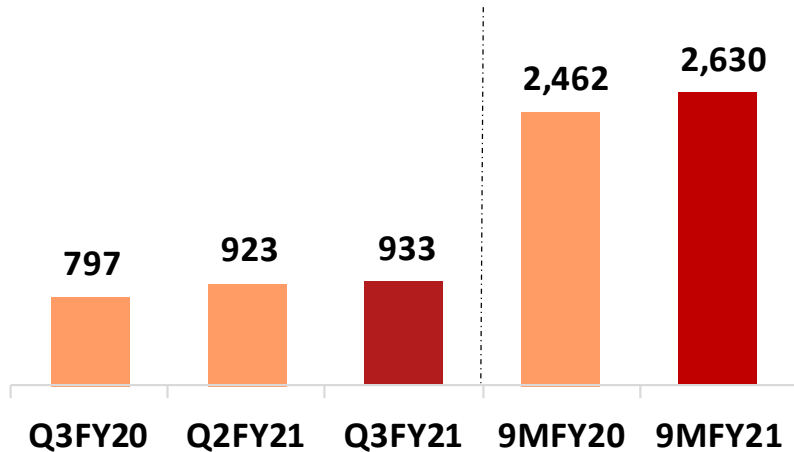


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Novelis

Operational Performance – Novelis

Overall Shipments (KT)

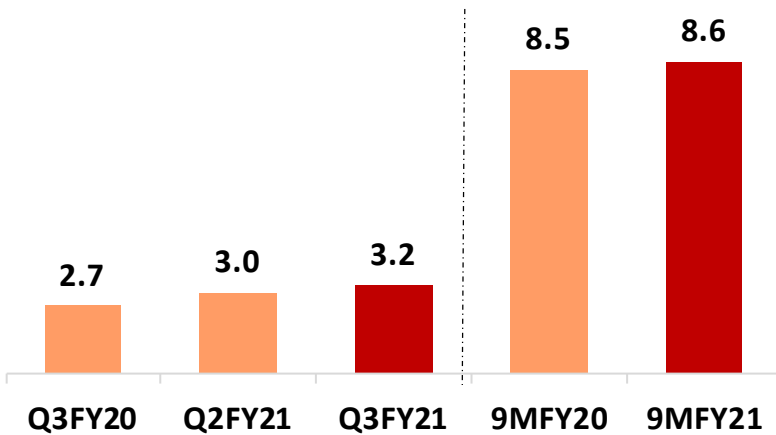


- Achieved a number of record financial results driven by favorable markets, acquired business and operational excellence
- Record shipments at 933 Kt in Q3FY21 up 17% YoY and 1% sequentially :
 - Can shipments remained strong and resilient, up YoY and sequentially
 - Automotive shipments were up YoY and sequentially
 - Specialties shipments were up double digits YoY and with Aleris
- Aleris acquisition updates:
 - Integration work continues with \$54 million run-rate combination cost synergies already achieved through Q3 (Total Potential \$120 million); approximately \$65 million in addition strategic synergies targeted with integration of Asian operations;
 - Engineering study underway for China cold mill investment in FY22
 - Required divestments complete; arbitration underway to collect remaining Euro 100 million
- Expansion project updates:
 - Guthrie, US automotive finishing line shipped first customer coils in December '20
 - Changzhou, China automotive finishing line in qualification, first commercial shipments to begin Q4 FY21
 - Pinda, Brazil expansion on track to commission in mid-FY22
- Entered Alumobility partnership to drive a lighter, more efficient, more sustainable and purposeful mobility future

FY21 numbers include Aleris

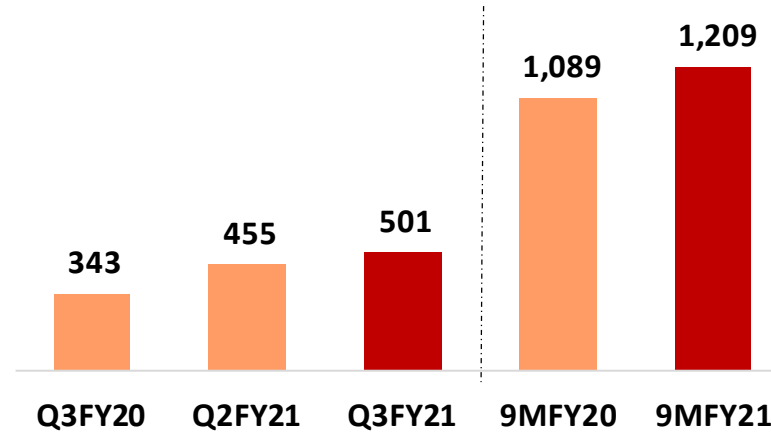
Financial Performance – Novelis

Revenue (\$ Billion)



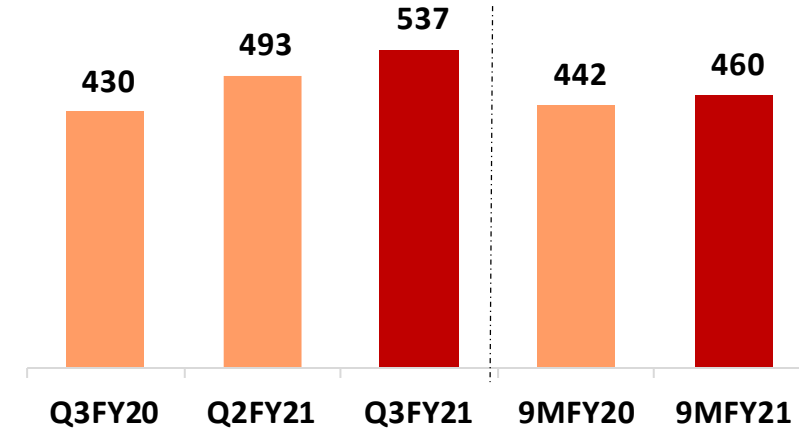
- Net sales in Q3 FY21 stands at \$3.2 billion **up 9% sequentially** on account of higher shipments, LME and market premiums

Adjusted EBITDA (\$ Million)



- All time high adjusted EBITDA at \$501 million in Q3 FY21, up 10% sequentially**, on the back of higher volumes, cost control, better product mix and EBITDA contribution from the acquired Aleris business

Adjusted EBITDA (\$/tonne)



- All time high adjusted EBITDA per ton at \$537/t in Q3 FY21, up 9% sequentially**

Note: a) All above numbers are as per the US GAAP b) FY21 numbers include Aleris

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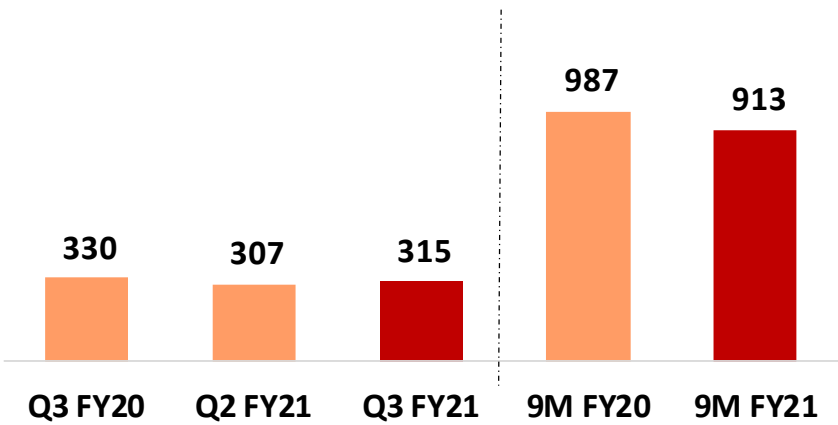


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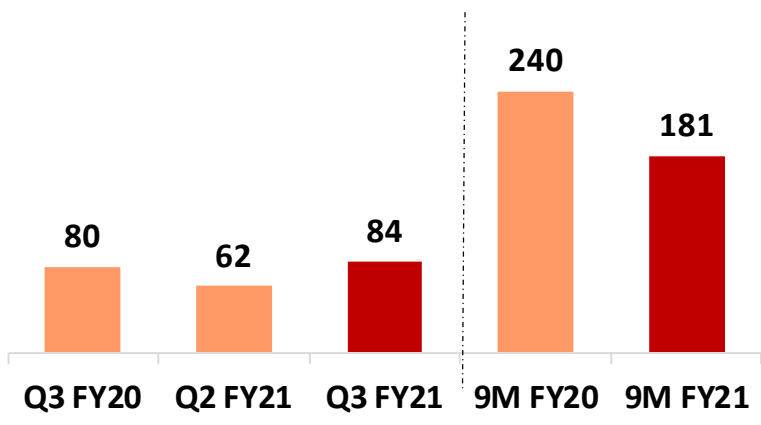
Aluminium (India)

Aluminium Metal & VAP - Production and Sales in Kt

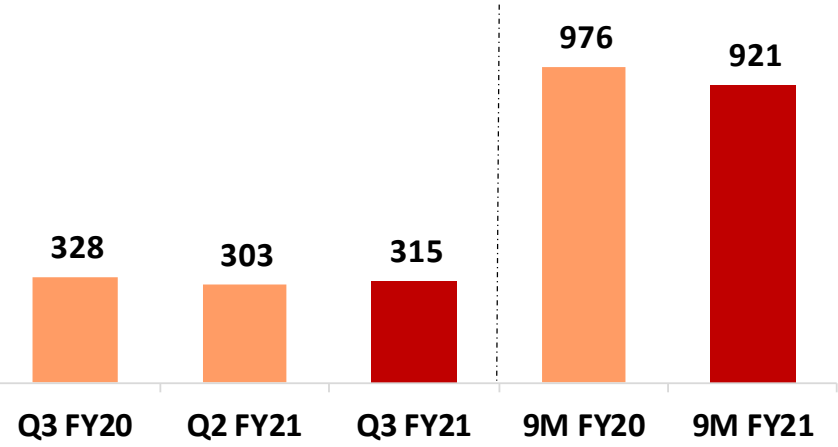
Production : Aluminium Metal (Kt)



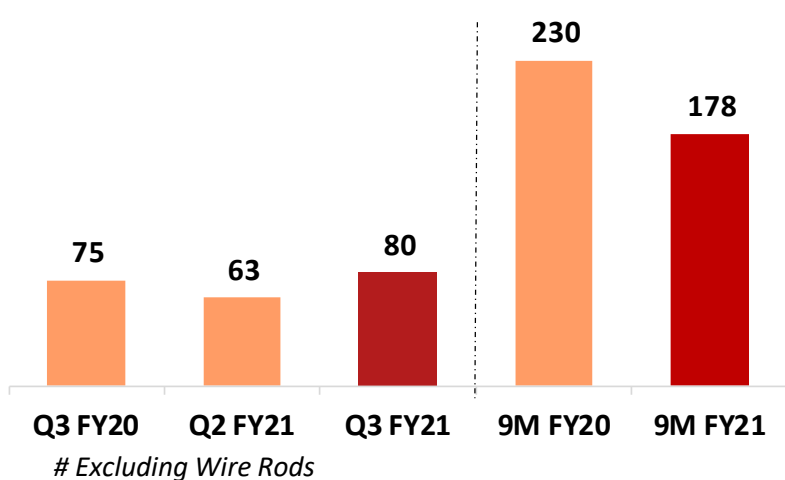
Production : Aluminium VAP# (Kt)



Sales: Aluminium Metal (Kt)



Sales: Aluminium VAP# (Kt)

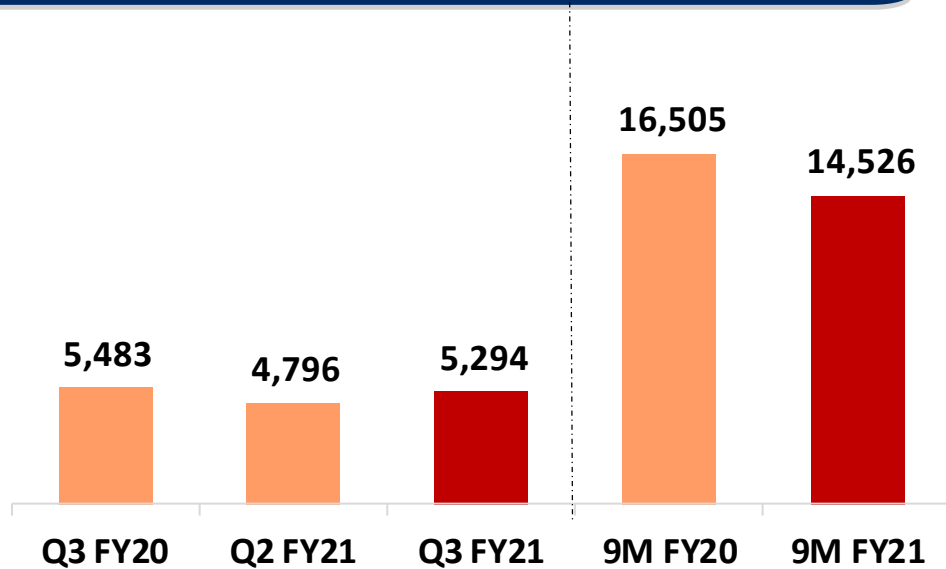


- Aluminium Metal Production was higher by 3% QoQ in Q3 FY21
- Aluminum VAP production was higher by 37% QoQ in Q3 FY21 in line with pick in demand in Q3 FY21.
- Alumina production in Q3FY21 was at 675Kt

- Domestic Sales as % of total metal sales improved to 41% in Q3 FY21 vs 36% Q2 FY21**
- VAP sales as a % to total metal sales has reached 25% in Q3 FY21 vs 21% in Q2 FY21

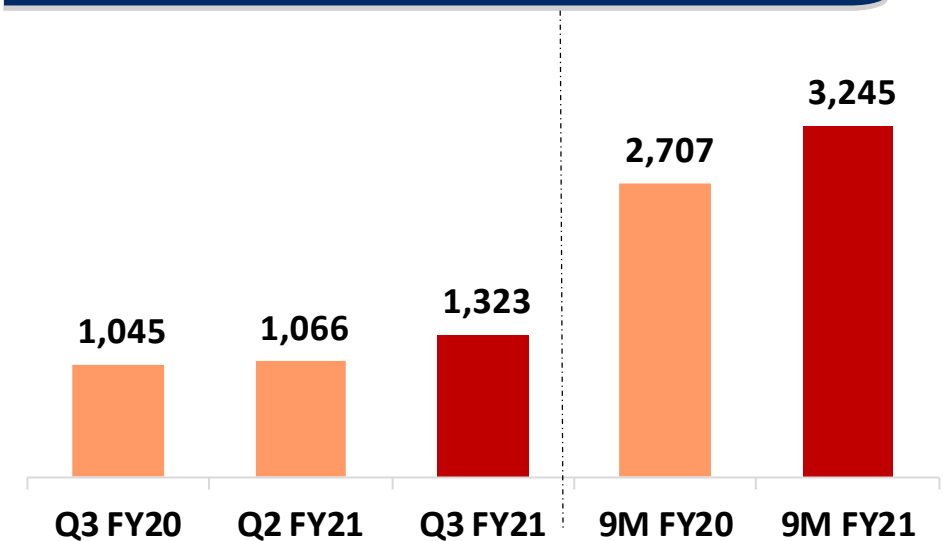
Financial Performance - Aluminium (India)

Revenue (₹ Crore)



- Aluminium revenues were up 11% QoQ, with higher global prices of aluminium in Q3 FY21 vs Q2 FY21

EBITDA (₹ Crore)



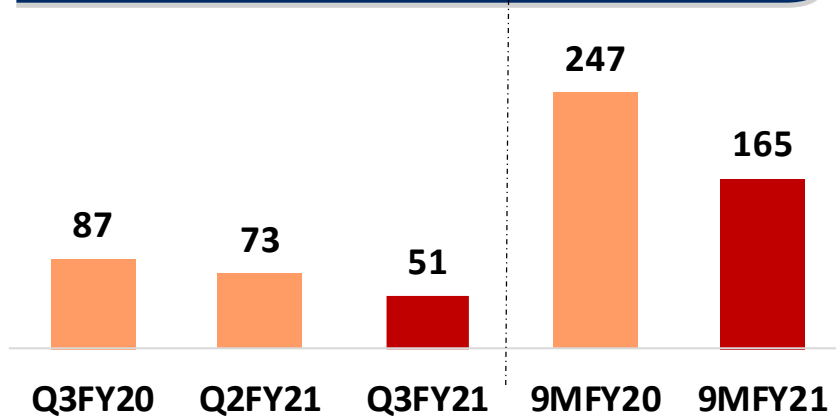
- EBITDA at ₹1,323 crore, up 24% QoQ in Q3 FY21 on account of favorable macros and lower input costs
- EBITDA margins at 25% up 276 bps QoQ, and continue to be one of the best in the industry



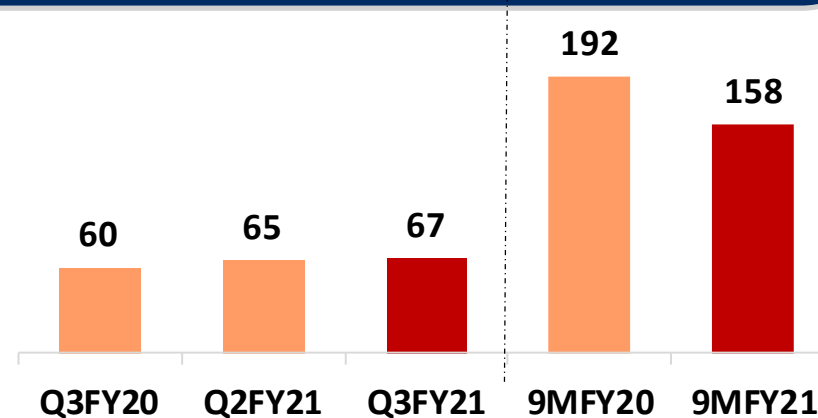
Copper

Copper Metal & VAP - Production and Sales in Kt

Production : Copper Cathode (Kt)

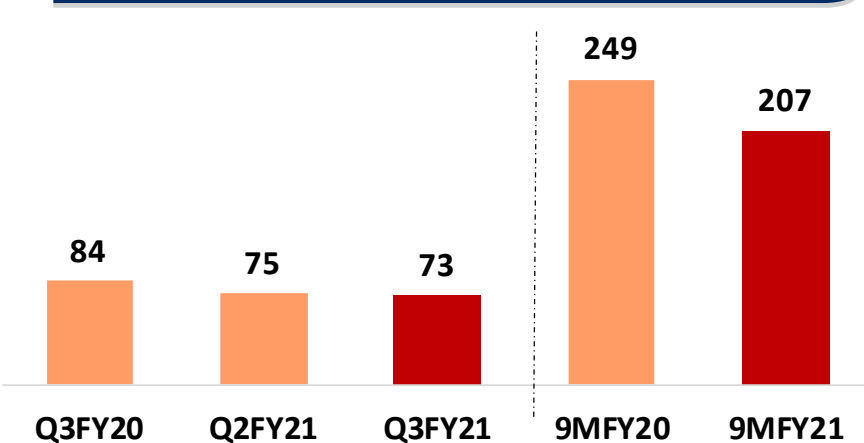


Production : CC Rod (Kt)

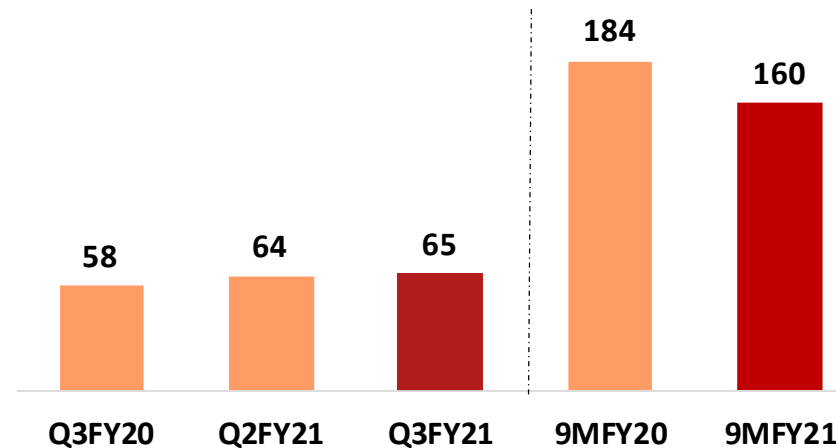


- Cathode production at 51 Kt, lower by 29% QoQ mainly due to planned maintenance shutdown in one of the smelters
- **CC Rods production was higher by 2% QoQ at 67Kt in Q3 FY21.**

Sales : Copper Metal (Kt)



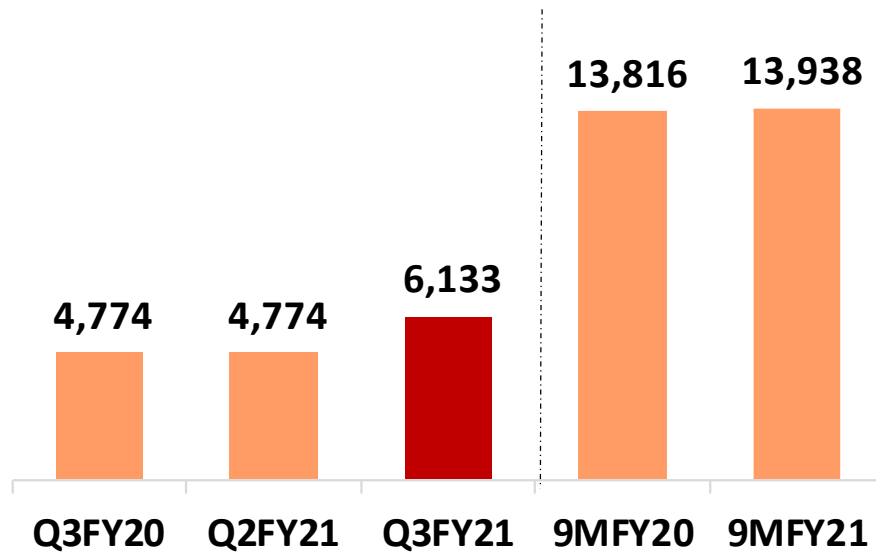
Sales : CC Rods (Kt)



- **Copper Metal Sales were at 73Kt lower by 2% QoQ.**
- **CC Rod Sales were up 2% QoQ at 65Kt**

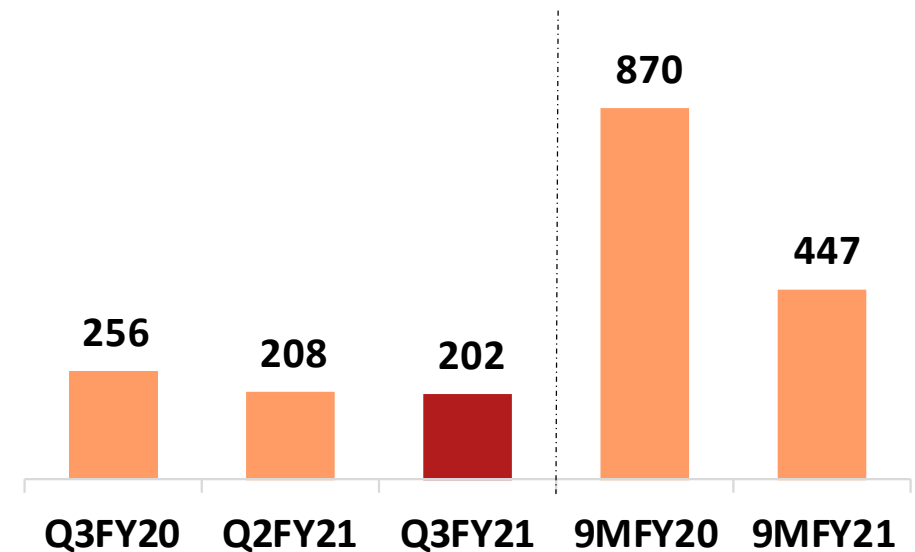
Financial Performance – Copper Business

Revenue (₹ Crore)



- Revenues were up by 8% QoQ in Q3 FY21, on account of higher LME

EBITDA (₹ Crore)



- EBITDA maintained at ₹202 crore in Q3 FY21 compared to Q2 FY21

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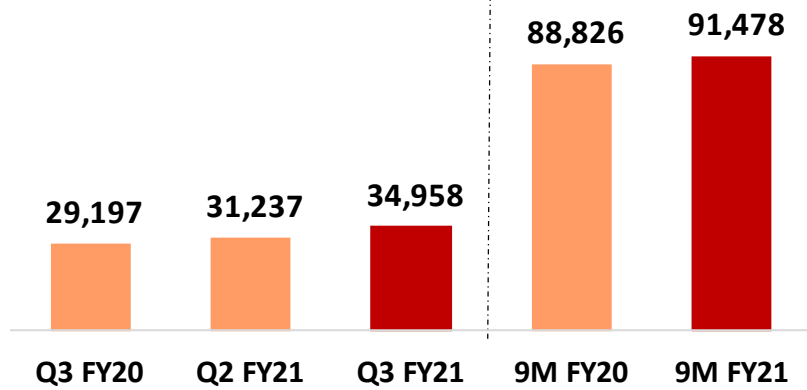


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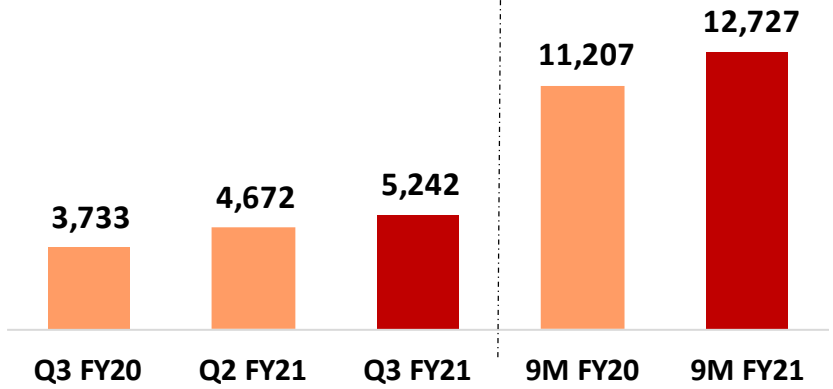
Consolidated Financial Performance

Consolidated Financial Performance

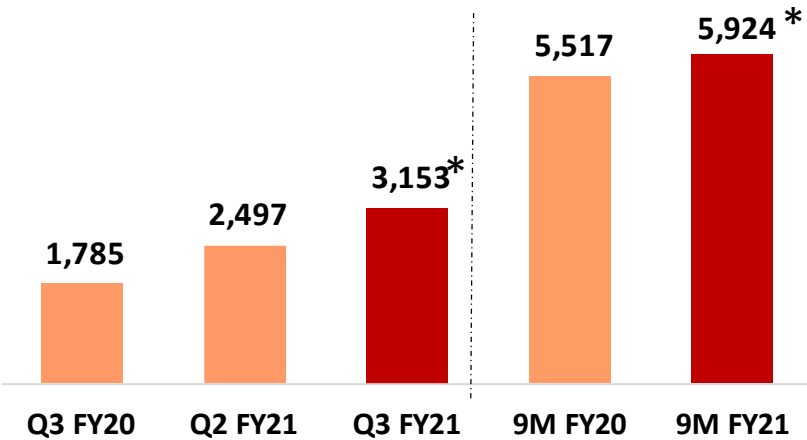
Revenue (₹ Crore)



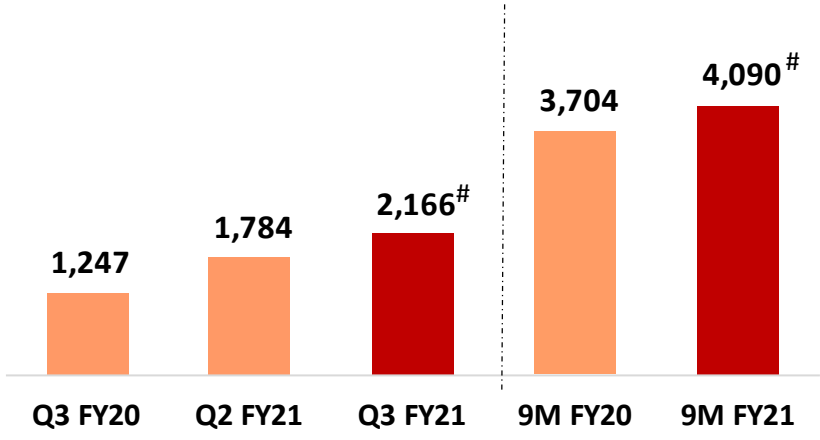
Business EBITDA (₹ Crore)



PBT Before Exceptional Items (₹ Crore)



Profit After Tax (₹ Crore)



FY21 numbers include Aleris

*PBT for continuing operations before exceptional & special items in Novelis

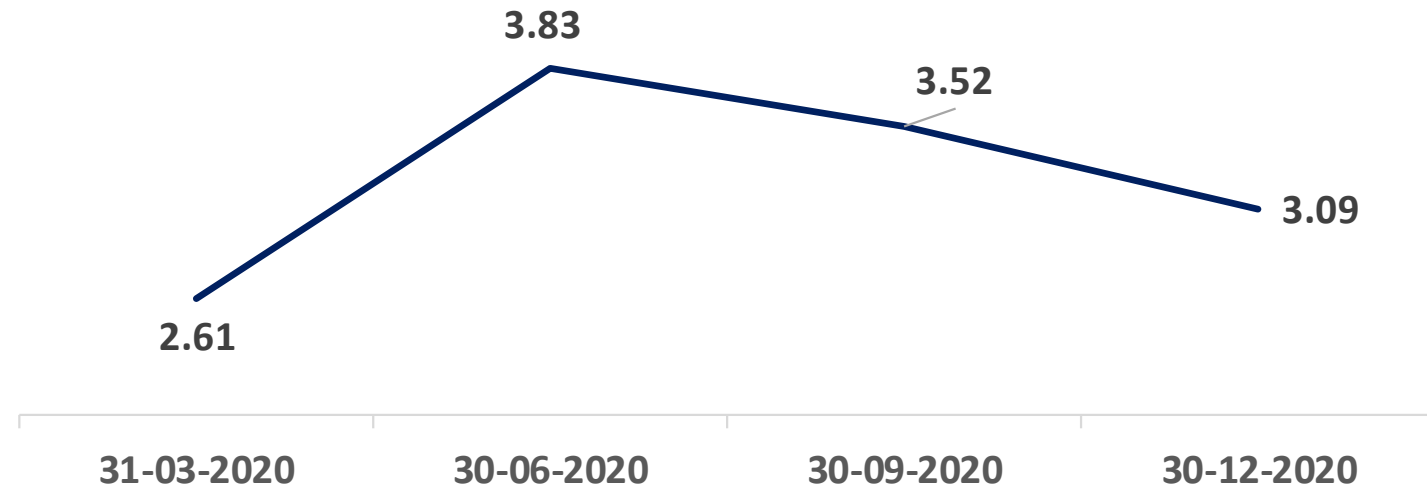
PAT for continuing operations before tax effected exceptional in India & special items in Novelis

Consolidated (Debt Position)

(₹ Crores)

Particulars	As on 31-Mar-20	As on 30-Jun-20	As on 30-Sep-20	As on 31-Dec-20
Gross Debt	67,266	84,181	78,265	71,996
Cash & Cash Equivalents	27,883	21,879	20,265	18,194
Net Debt	39,384	62,302	58,001	53,802

Net Debt : EBITDA*(x)



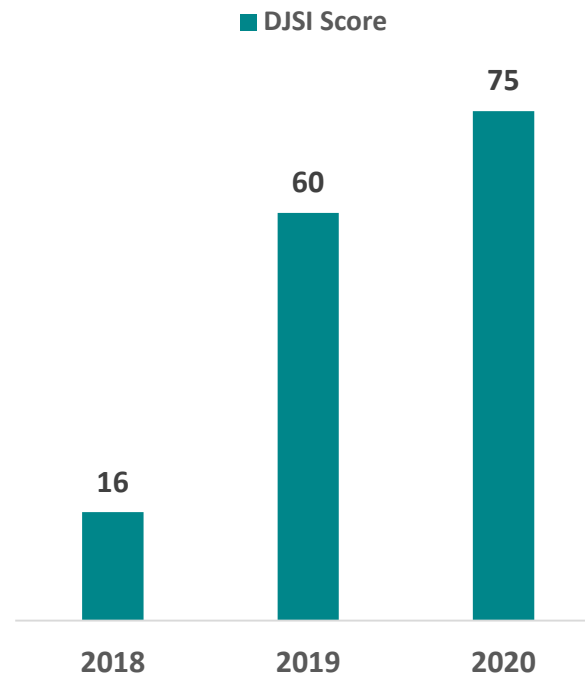
* Based on TTM EBITDA



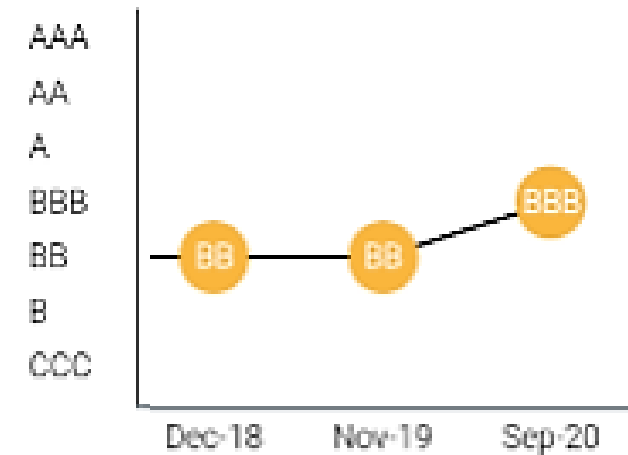
Hindalco Sustainability Updates

Hindalco named as Aluminium Industry Leader by DJSI

- Hindalco is World's most sustainable aluminium company in the Dow Jones Sustainability Indices (DJSI) based on its S&P Global CSA score 2020
- Hindalco's scores are in the 100th percentile in most aspects of all 3 dimensions of the Environmental, Social and Governance (ESG)
- Industry Leaders are the top-performing companies in each of the 61 industries represented in the DJSI. Hindalco got a total score of 75 points as against the industry average of 51.



MSCI ESG Rating history



LAST UPDATE: December 17, 2020

Rated as 'BBB' in MSCI ESG index
improving from previous rating of 'BB'

Zero Harm, Zero Waste to Landfill, Zero Discharge & Renewable Energy

Safety Program Update

- Serious Injuries and Fatality prevention program implementation
- All Cat 5 & 4 Incident / Near Miss investigation using “TapRoot” Methodology and Software
- Corporate – Cross Entity Safety audit to bring in independent / outside perspectives in safety program.
- Mandatory Behaviour Based Safety Observations by all including senior leadership members.

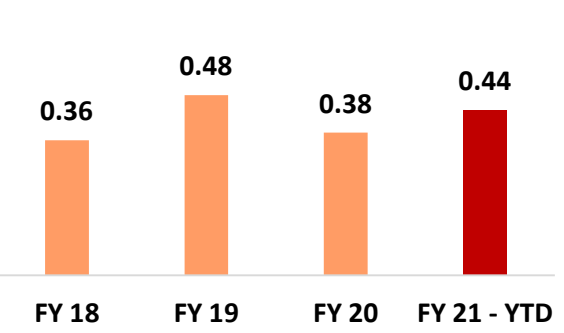
Environment

ZLD & Water	Zero liquid discharge at 11 sites out of 15. Target of increasing 1 site per year. Separation of Process drains with Storm water drains at all 15 sites Water Consumption target - 5% reduction YoY with FY18 base line
Waste Recycle	~72% of waste has been recycled and reused in YTD21- YTD-2021- Committed for 100% waste getting recycled. YoY target of reducing landfill by 5%.
Green Cover	Enhanced green cover at all sites >33% with focus on native and conservation of endangered species
Bio-diversity	Biodiversity Management Plan at 04 sites with 15 year goal of NO NET LOSS w.r.t. flora, fauna & sustainable land use, 3 sites getting added every year

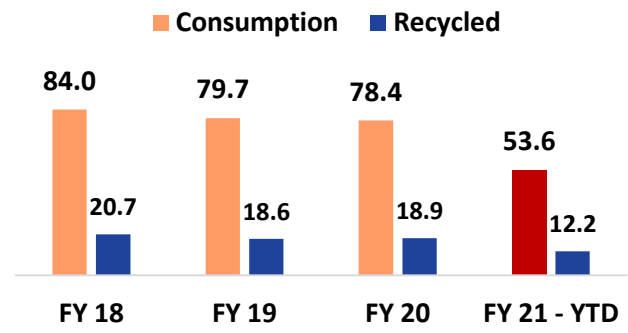
Renewable Energy

- Additional 2.3 MW Solar was commissioned in Alupuram, Kerala unit in Sep’20 taking the total Renewable capacity of Hindalco to 49 MW., in line with our target of 100 MW by FY22.
- Statutory approval process has been initiated for Solar projects at four location totaling 42 MW
- 20 MW Renewable Hybrid with storage project with potential of supplying RTC (round the clock) power is under active consideration for Dahej, Gujarat unit.
- Converting Oil fired furnaces with Natural Gas to reduce Carbon footprint at all locations

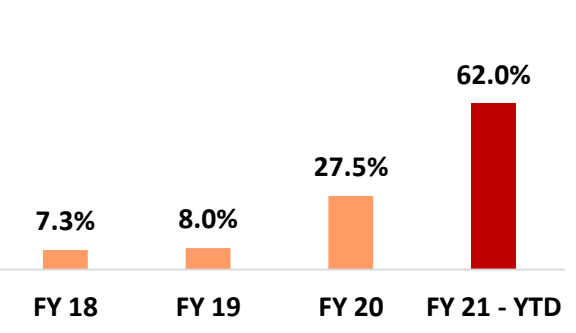
LTIFR



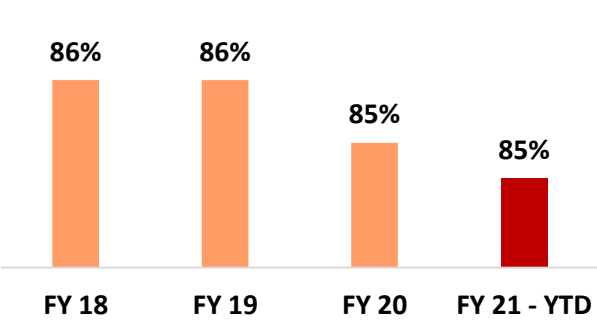
Water Consumed & Recycled (mil m3)



Bauxite Residue (% Recycled)



Aluminium Sp. Energy (Indexed to FY15 Base)



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In Summary

Summary

Record Performance

Record performance across segments driven by sharp recovery in demand, improved macros and operational efficiencies

Strong Balance Sheet

Robust cash generation accelerating the pace of deleveraging and strengthening the Balance Sheet

Integration & Synergy

Integration of Aleris with accelerated synergy realization and value capture

Capital Allocation & Growth

Effective Capital Allocation with focus on Profitable Growth and Shareholders Returns

Sustainability

Being Resilient, Reliable and Responsible with focus on shaping a Sustainable World

Vision & Strategy

Continue to drive downstream Strategy with innovation, digitization and a diversified product mix



Thank You

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Annexures

Consolidated – Key Financials

Particulars	Q3 FY20	Q2 FY21	Q3 FY21	Change YoY %	QoQ Change %	9M FY20	9M FY21	Change YoY %
Revenue from Operations	29,197	31,237	34,958	20%	12%	88,826	91,478	3%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)								
<i>Novelis*</i>	2,446	3,392	3,711	52%	9%	7,662	9,022	18%
<i>Aluminium</i>	1,045	1,066	1,323	27%	24%	2,707	3,245	20%
<i>Copper</i>	256	208	202	-21%	-3%	870	447	-49%
<i>All Other Segments</i>	(14)	6	6			(32)	13	
Business EBITDA	3,733	4,672	5,242	40%	12%	11,207	12,727	14%
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	(57)	499	279			156	324	
EBITDA	3,676	5,171	5,521	50%	7%	11,363	13,051	15%
Finance Costs	889	982	861	3%	12%	2,768	2,835	-2%
PBDT	2,787	4,189	4,660	67%	-11%	8,595	10,216	19%
Depreciation & Amortisation (including impairment)	1,302	1,838	1,655	-27%	10%	3,786	5,044	-33%
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	2	-	2			4	5	
PBT before Exceptional Items and Tax	1,487	2,351	3,007	102%	28%	4,813	5,177	8%
Exceptional Income/ (Expenses) (Net)	(6)	71	(178)			(284)	(526)	
Profit Before Tax (After Exceptional Item)	1,481	2,422	2,829	91%	17%	4,529	4,651	3%
Tax	419	637	808			1,430	1,414	1%
Profit/ (Loss) from Continuing Operations	1,062	1,785	2,021	90%	13%	3,099	3,237	4%
<i>Profit/ (Loss) from Discontinued Operations</i>	-	(1,398)	(144)			-	(1,682)	
Profit/ (Loss) After Tax	1,062	387	1,877	77%	385%	3,099	1,555	-50%

(₹ Crore)

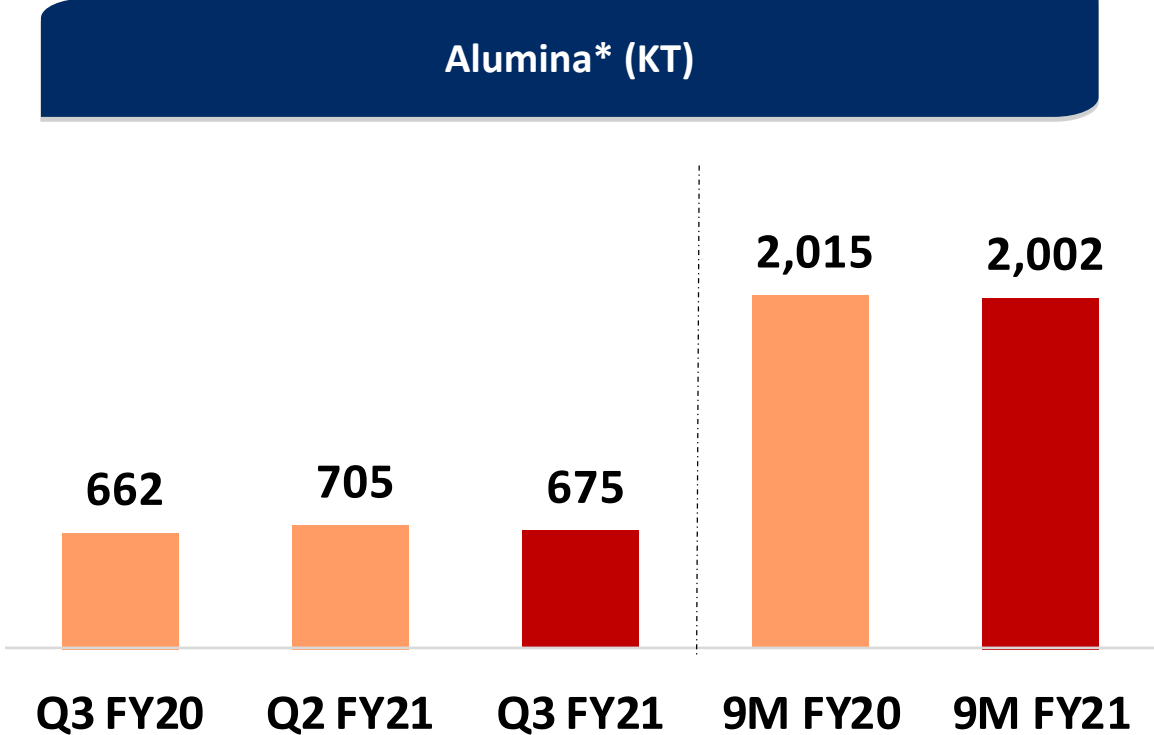
*As per US GAAP ;
FY21 numbers
include Aleris

Hindalco (India) Business – Key Financials

(₹ Crore)

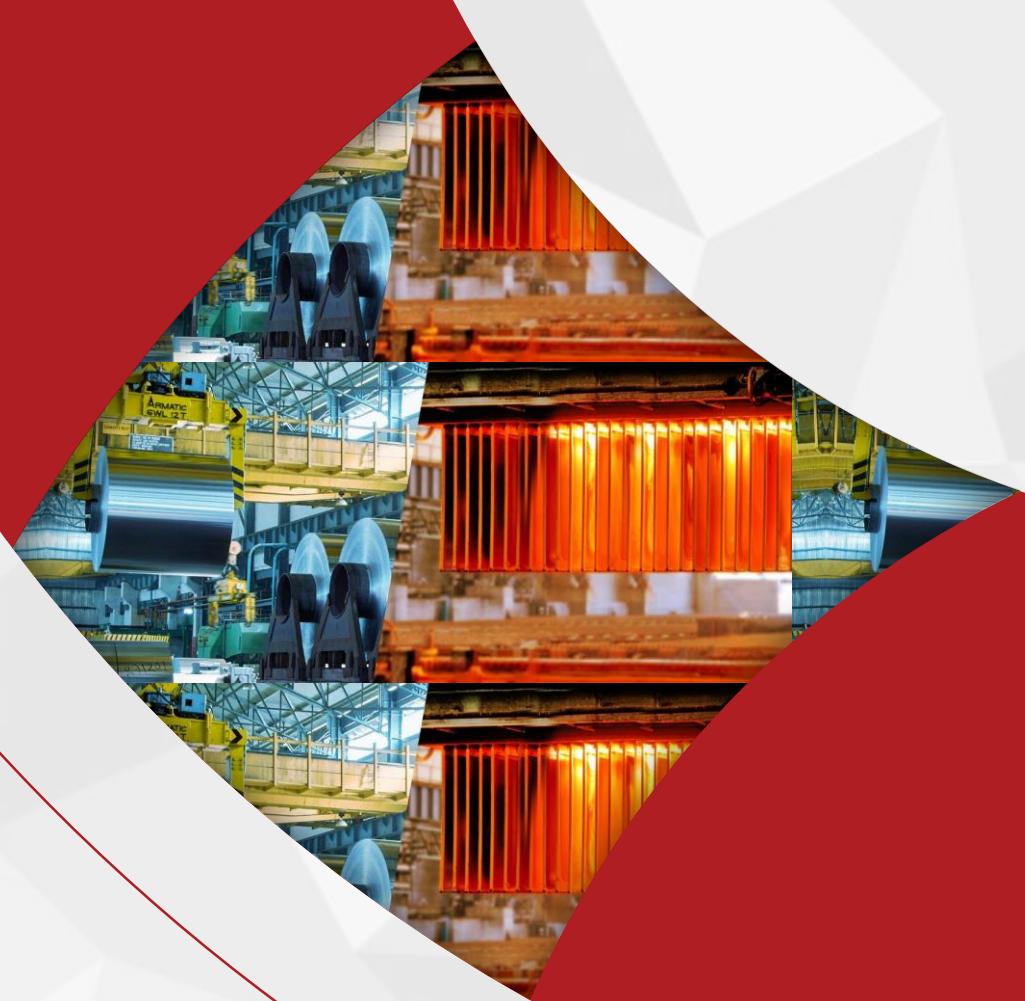
Particulars	Q3 FY20	Q2 FY21	Q3 FY21	YOY Change %	QoQ Change%	9M FY20	9M FY21	YOY Change %
Revenue from Operations	10,254	9,565	11,425	11%	19%	30,310	28,454	-6%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)								
<i>Aluminium</i>	1,045	1,066	1,323	27%	24%	2,707	3,245	20%
<i>Copper</i>	256	208	202	-21%	-3%	870	447	-49%
<i>Others</i>	5	1	3	-40%	200%	7	5	-29%
Business EBITDA	1,306	1,275	1,528	17%	20%	3,584	3,697	3%
<i>Unallocable Income/ (Expense) (Net)</i>	82	202	192			325	638	
Total EBITDA	1,388	1,477	1,720	24%	16%	3,909	4,335	11%
Finance Costs	455	389	380	16%	2%	1,428	1,226	14%
PBDT	933	1,088	1,340	44%	23%	2,481	3,109	25%
Depreciation	511	642	497	3%	23%	1,512	1,653	-9%
PBT before Exceptional Items and Tax	422	446	843	100%	89%	969	1,456	50%
Exceptional Income/ (Expenses) (Net)	(11)	70	(68)			(64)	(37)	
Profit Before Tax (After Exceptional Item)	411	516	775	89%	50%	905	1,419	57%
Profit/ (Loss) After Tax	261	327	495	90%	51%	579	906	56%

Production – Alumina



- Alumina production was low on account of planned maintenance shutdown at Utkal during the quarter

*Hydrate as Alumina



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