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HINDALCO

Hindalco Industries Limited



Q4 FY22 Earnings Presentation

26th May, 2022



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**

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Sustainability Updates

Hindalco : Focus on Conservation: Waste, Water, Biodiversity

Environment

Zero waste to landfill by 2030

- **86% of total waste** got recycled and reused (w/w of generation) in FY22.
- **102% of Bauxite Residue** from three out of four Alumina Refineries (except Utkal) reused in Cement Industry.
 - Utkal refinery - Mine Backfilling and Road construction , Backfilling Pilot pit-one 1 is ready and pit-2 is under construction.
- **114% of Ash** from Power Plants reused in FY22.
- **Single use plastic free** certification for 8 sites of Hindalco by CII.

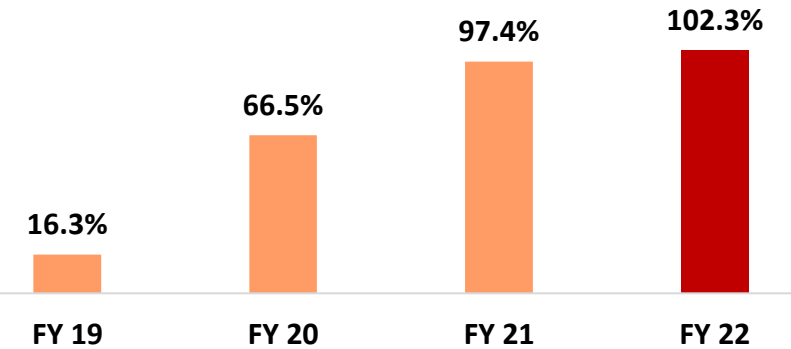
Zero Liquid Discharge (ZLD) & Water Management

- Over 3.14 Mn m3 Rainwater harvesting Capacity created through CSR till date adding up to our water positivity goals
- **2.0 mn liters/day** worth water saving projects **implemented** in FY22; another **8.3 mn liters/day** worth projects **under implementation**.
- **Achieved 9% and 27% reduction in specific freshwater consumption (m3/T of metal)** in Aluminium and Copper facilities respectively, in line with our target of 20% reduction by FY25, from base of FY19
- Achieved total **water recycling of 16.1 mn m3** in FY22

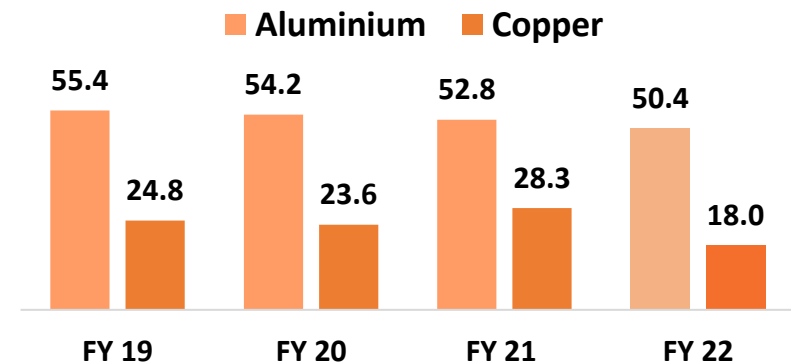
Greenbelt and Biodiversity

- Biodiversity Management Plan (BMP) being implemented **for two plants & two mine sites**; new BMPs are developed for four mine blocks & nine mine leases
- Hindalco has developed a cumulative **greenbelt of ~5100 acres, an increase of 330 acres over FY21**
 - Samri mines significant contribution of more than one lac saplings, Aditya plant enhancing greenbelt by 4.8%
- Sustainable Mining charter with Xynteo – Goals as per seven thematic areas

Total Bauxite Residue* from 3 out of 4 refineries (% Recycled)



Specific freshwater Consumption (m3/T metal)



* Except Utkal Refinery

Hindalco : Focus on Renewables & Safety

Renewables

Reached its target of 100 MW of Installed Capacity in FY22 (Target 200 MW w/o Storage & 100 MW w/storage by FY25)

- Of which total 50 MW Solar capacity installed at Renukoot, Renusagar, Mahan, Mouda & Taloja

Under Execution (33.5 MW)

- 20 MW Renewable Hybrid (Solar + Wind) for Dahej
- 4 MW Biomass based power plus process steam for Belagavi
- 9.5 MW Floating Solar at Mahan

Under Finalisation (45 MW)

- 11 MW Floating Solar + 4 MW Ground mounted & Rooftop Solar at Aditya
- 10 MW Renewable Hybrid (Solar + Wind) for Belagavi
- 5 MW Wind Project for Taloja
- 15 MW of total Solar with Battery storage at Mines

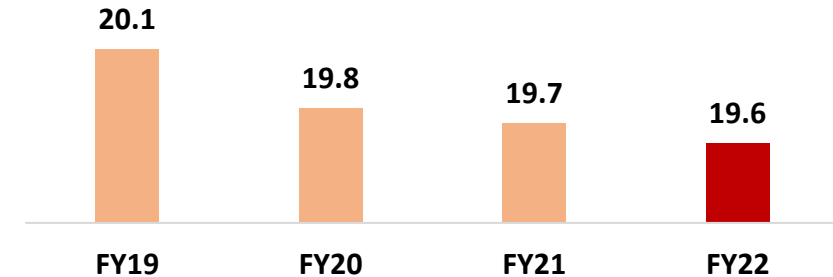
Large Scale Renewable Hybrid (3rd Party)

Renewable Hybrid (Pumped Hydro) with CUF ~85% for RTC power; Planned 100-300 MW for Aditya; Connectivity to 400 KV Grid taken up with a target completion by December 2023

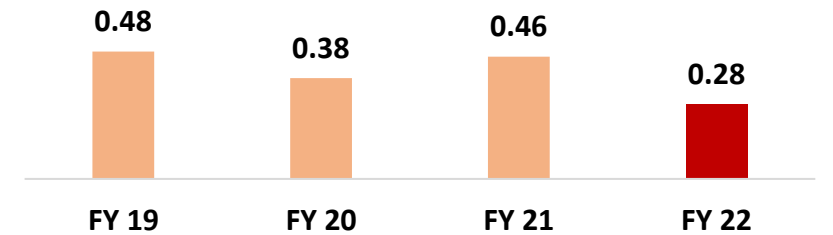
Workforce Health & Safety

- Serious Injuries and Fatality (SIF) prevention program:** 1252 situations, having risk of serious Injury and fatality, were identified and action plan for mitigation of 1171 under implementation
- New Contractor Safety Management Program implementation status:** 95% score against the Self-Assessment Questionnaire (SAQ) achieved across Hindalco units.
- In "Line of Fire" work situations:** 2731 situations are identified and control measures for more than 95% situation are put in place
- Corporate / Cross Entity Safety Audit:** Completed across Hindalco and 195 additional SIF situation identified

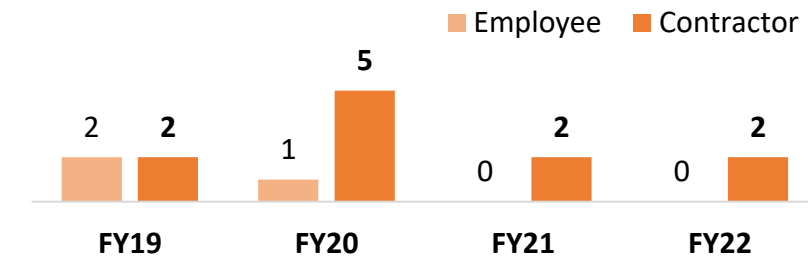
Aluminium Specific GHG Emissions (t CO₂e/t) (Primary + Downstream)



Loss Time Injury Frequency Rate (LTIFR)



Fatality (in Nos)





Business Performance Key Highlights - Q4 FY22

Key Highlights : Q4 FY22

Novelis*

- **Record Shipments at 987Kt up from 983Kt in Q4FY21**
- Adjusted EBITDA at \$431 million* (\$505 million*) down 15% YoY primarily due to cost inflation, semiconductor chip shortage in automotive and a short-term operational cost challenges; **Adjusted EBITDA per ton at \$437*** (\$514/t*)
- **Net Income from continuing operations at \$217 million*** (vs \$180 million* in Q4 FY21) **up 21%, YoY**
- **Announced a \$2.5 billion greenfield, fully integrated rolling and recycling plant in the U.S. to support strong demand for aluminum beverage packaging and automotive solutions**

Aluminium (India)

- **Record quarterly EBITDA at ₹4,050 crore (₹1,819 crore) up 123%, YoY** on account of favorable macros, higher volumes, better operational efficiencies and improved performance of downstream business, offset by higher input cost
- **EBITDA margin of 41% (31%)** continues to be one of the best in the industry
- **Aluminium Metal sales at 336Kt (329Kt), up 2% YoY** in line with the market
- **Record Aluminium VAP (excluding wire rods) sales at 93Kt (92kt) up 1% YoY**, in line with domestic demand
- Utkal Refinery is fully ramped up taking its capacity to 2.1 MT; **Additional 350 Kt expansion via debottlenecking is in progress at Utkal**
- **Won the Meenakshi captive coal mine with capacity of around 12 MTPA** to enhance coal security

Note :
Numbers in parenthesis() represent Q4 FY21 unless specified
*as per the US GAAP

Copper

- Cathode production was at 94Kt (97Kt); CC Rods production was 69Kt (76Kt)
- **Metal sales volume at 105Kt (107Kt); CC Rods sales at 74kt (73Kt), up 1% YoY**, in line with the market demand
- **EBITDA at ₹387 crore (₹322 crore) up 20% YoY**, on the back of better operational efficiencies and improved by-product realizations.

Consolidated

- Record quarterly financial performance supported by improved macros, thrust on operational efficiencies and improved performance of downstream businesses, despite rising input costs
- **Quarterly EBITDA at ₹7,597 crore (₹5,845 crore), up 30% YoY**
- **Record Quarterly PAT from continuing operations at ₹3,860 crore (vs ₹1,945 crore) up 98% YoY**
- Strong Treasury Balance of \$1.1 billion in Novelis and ₹15,998 crore in Hindalco India at the end of March 2022
- **Net Debt to EBITDA has significantly improved to 1.36x as at March 31, 2022 (vs 2.59x as at March 31, 2021)**

Global Recognitions

- **Hindalco retains position as the world's most sustainable aluminium company in the DJSI 2021 ranking**
 - The only aluminium company in the prestigious DJSI World Index 2021
- **Hindalco achieved 'S&P Global Sustainability Yearbook 2022 - Gold Class' distinction**

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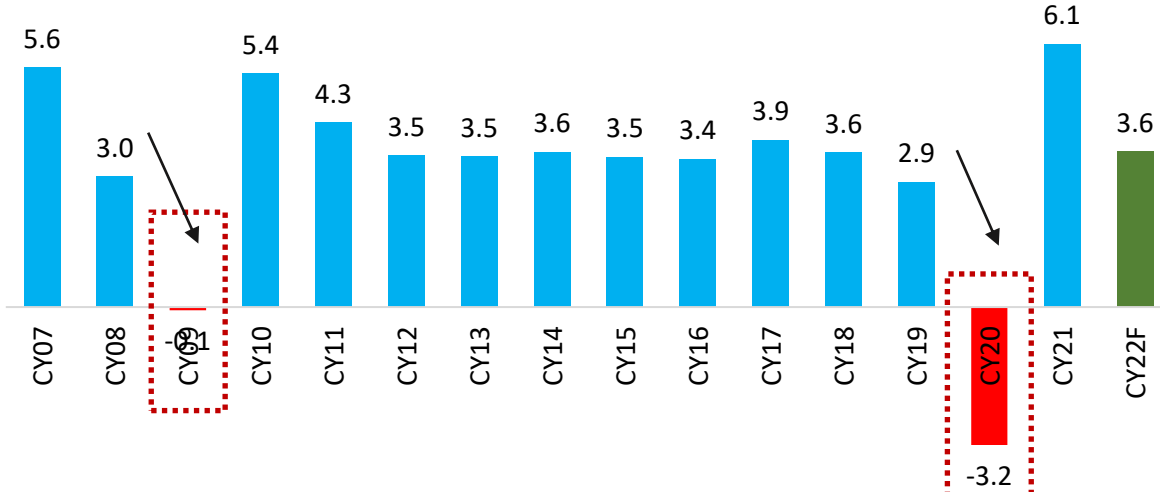


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Economy & Industry Updates Global & Domestic

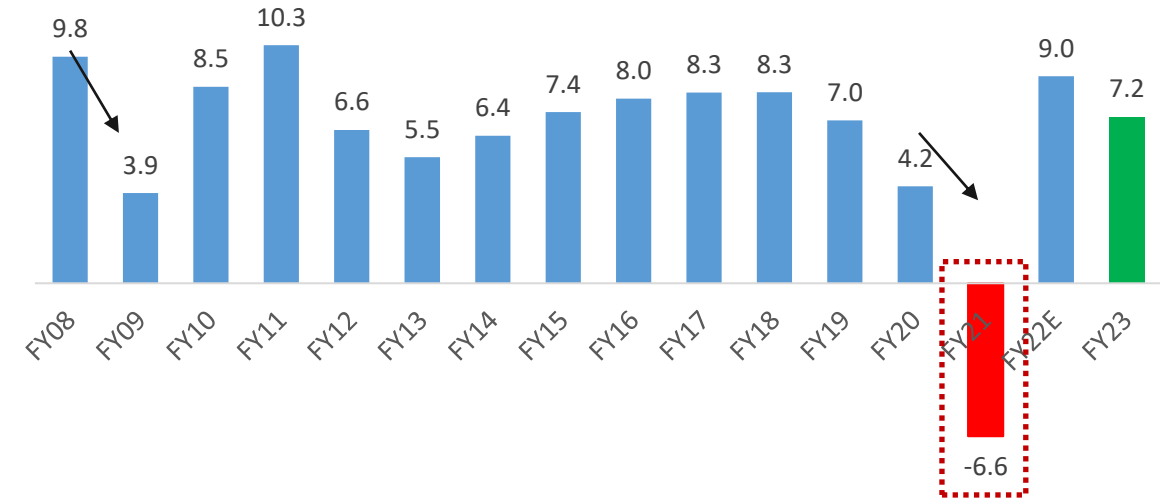
Economy Updates

Global GDP Growth (% YoY)



- Global economic growth expected to moderate to 3.6% in CY22 after a post pandemic rebound to 6.1% in CY21 (IMF, April 2022)
- Russia- Ukraine war and lockdowns in China have further accentuated global supply chain pressures posing a downside risk to growth
- Elevated global inflation scenario may now persist longer than expected on higher commodity prices and broader price pressures.(7.4% CY22- IMF)
- Amidst rising inflation and slowdown in economic growth, monetary policy trade offs have become even more challenging. Fed hiked policy rates 50bps in May '22, as inflation continues to touch multi year highs.

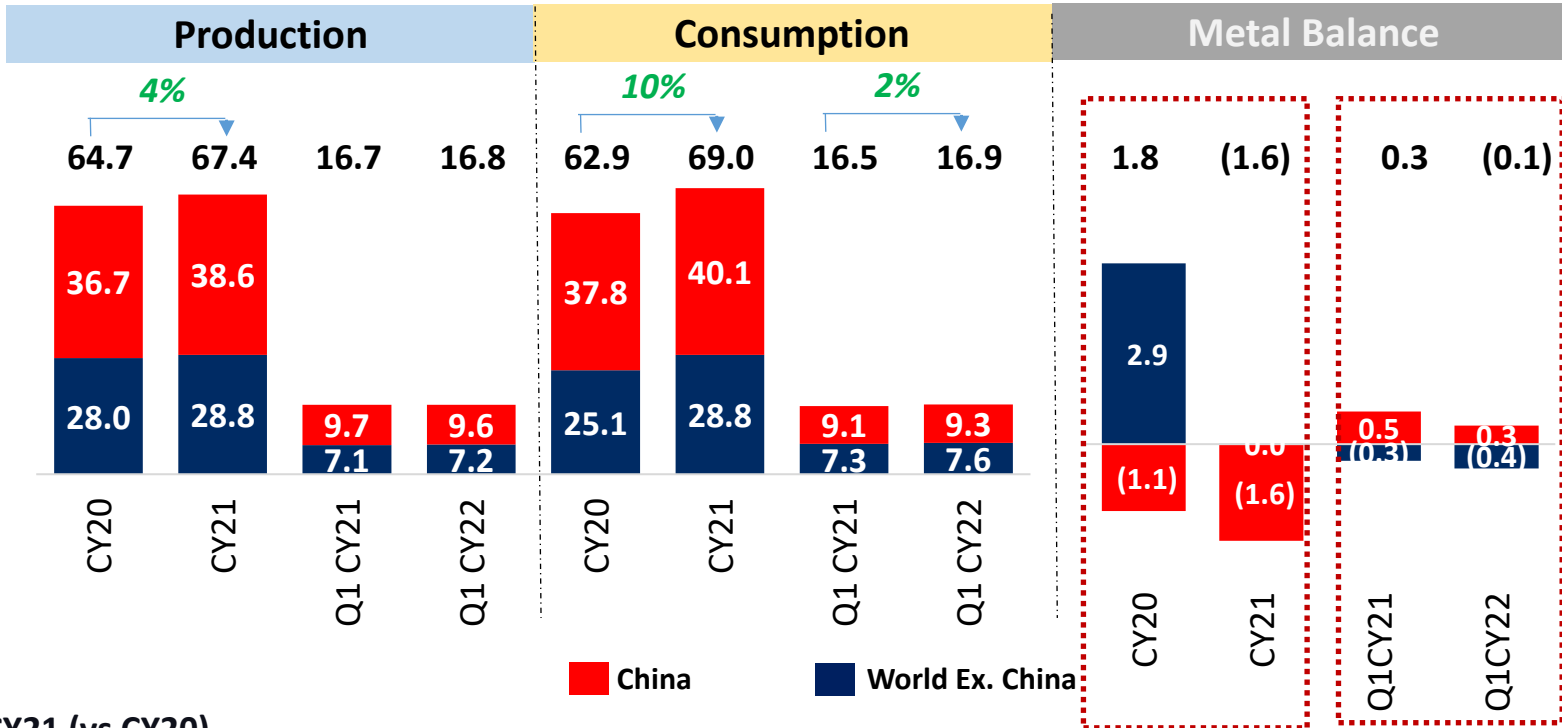
India GDP Growth (% YoY)



- In the backdrop of elevated geopolitical tensions and rising inflation, RBI projects India's FY23 GDP to grow at 7.2% year on year (April MPC)
- Tightening global financial conditions, supply side disruptions, weak external demand pose downside risks
- However, Govt's thrust on capital expenditure, improving capacity utilization, higher offtake in bank credit augur well for the economy.
- High international commodity prices and supply chain disruptions to keep inflation elevated in FY23. RBI projects inflation at 5.7% in FY23.
- RBI hiked key interest rates (40bps) first time since May 2020 as inflation breaches its upper tolerance band (6%), 3 months in a row (Jan-Mar)

Global Aluminium Industry

Global Demand & Supply Balance (Million Tons)



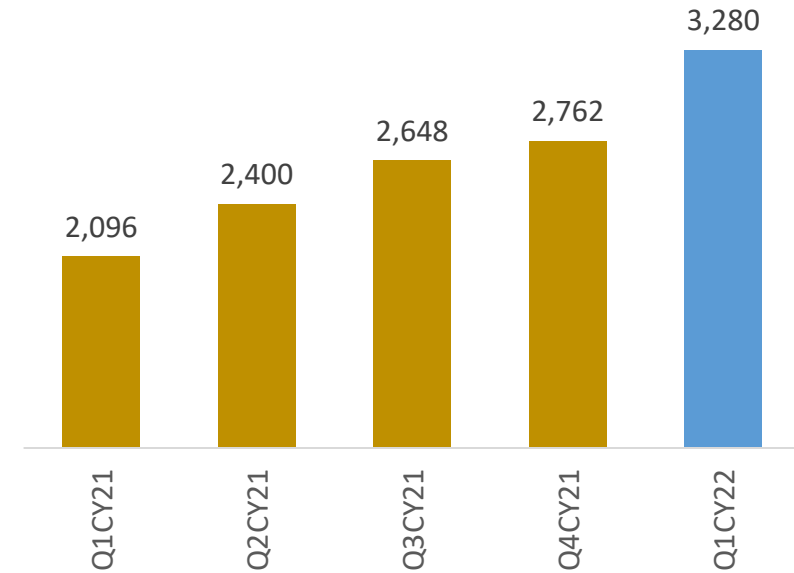
CY21 (vs CY20)

- **Global production grew by 4%, consumption rebounded by 10%, leading to sharp deficit of 1.6 Mt**
 - China: Production increased by 5%, while consumption was up by 6%, resulting in a deficit of 1.6 Mt
 - World Ex-China: Production grew by 3%, consumption recovered by 15%, leading to balanced market

Q1 CY22 (vs Q1 CY21)

- **Global production was flatish, consumption grew by 2%, leading to marginal deficit of 0.1 Mt**
 - China: Production fell by 1%, while consumption grew by 2%, resulting in a surplus of 0.3 Mt
 - World Ex-China: Production grew by 2%, consumption improved by 3%, leading to deficit of 0.4 Mt

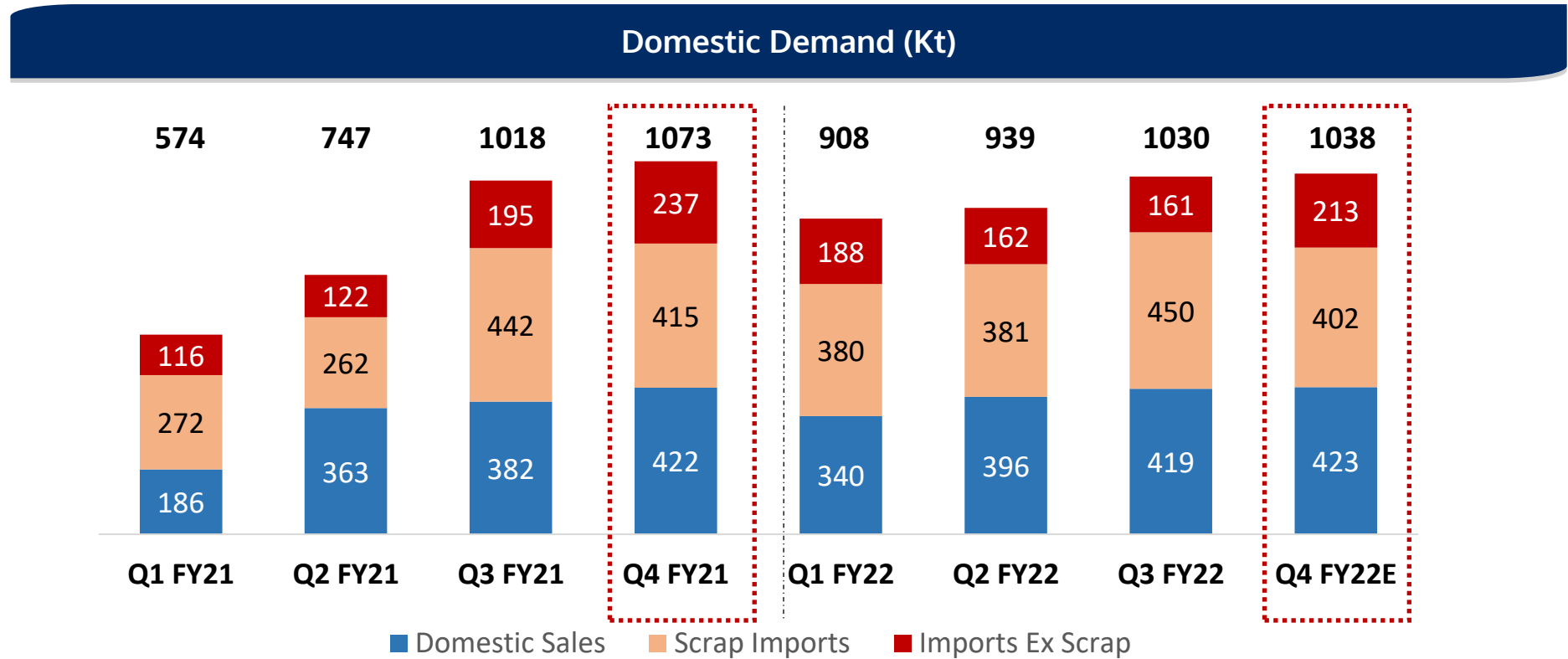
Global Price of Aluminium (Cash -\$/Ton)



Global aluminium prices continued to improve

- **Q1 CY22** prices improved to \$3,280/ton up from \$2,762/ton in Q4 CY21.
- Global aluminium prices in QTD CY22 is \$3,088/ton

Domestic Aluminium Industry



- In Q4 FY22, the domestic demand is likely to reach 1038 Kt (-3% YoY), whereas sequentially this demand is expected to grow by ~1%
- This sequential growth in the domestic market is led by improved demand from the sectors like Packaging, Building & Construction, Consumer Durables, and Electrical. However, automotive demand remains soft due to the semiconductor shortage.

Aluminium Flat Rolled Products (FRP) Industry

- Global FRP Demand is estimated to grow by ~6% in CY22 (vs CY21 growth of ~10%).

Beverage Cans

~5%

CY22E Growth in Market Demand

- Customer demand continue to rise across all the regions
- Increasing demand of cans is driven by ongoing high at-home consumption and increasing share of Cans as the sustainable packaging option for beverages
- Significant Can maker capacity expansions announced across all regions

Automotive

~10%

CY22E Growth in Market Demand

- Lower auto build rate forecast in 2022, due to continued semi-conductor shortage, and supply chain impacts lockdowns in China and Ukraine conflict
- Strong underlying demand driven by new program adoption and increased consumer preference for SUVs, pick-up trucks, electric and premium vehicles

Specialities

~4%

CY22E Growth in Market Demand

- Favorable housing fundamentals in the US and Europe driving strong B&C demand
- Strong demand across markets, including electronics, container and painted products

Aerospace

~30%

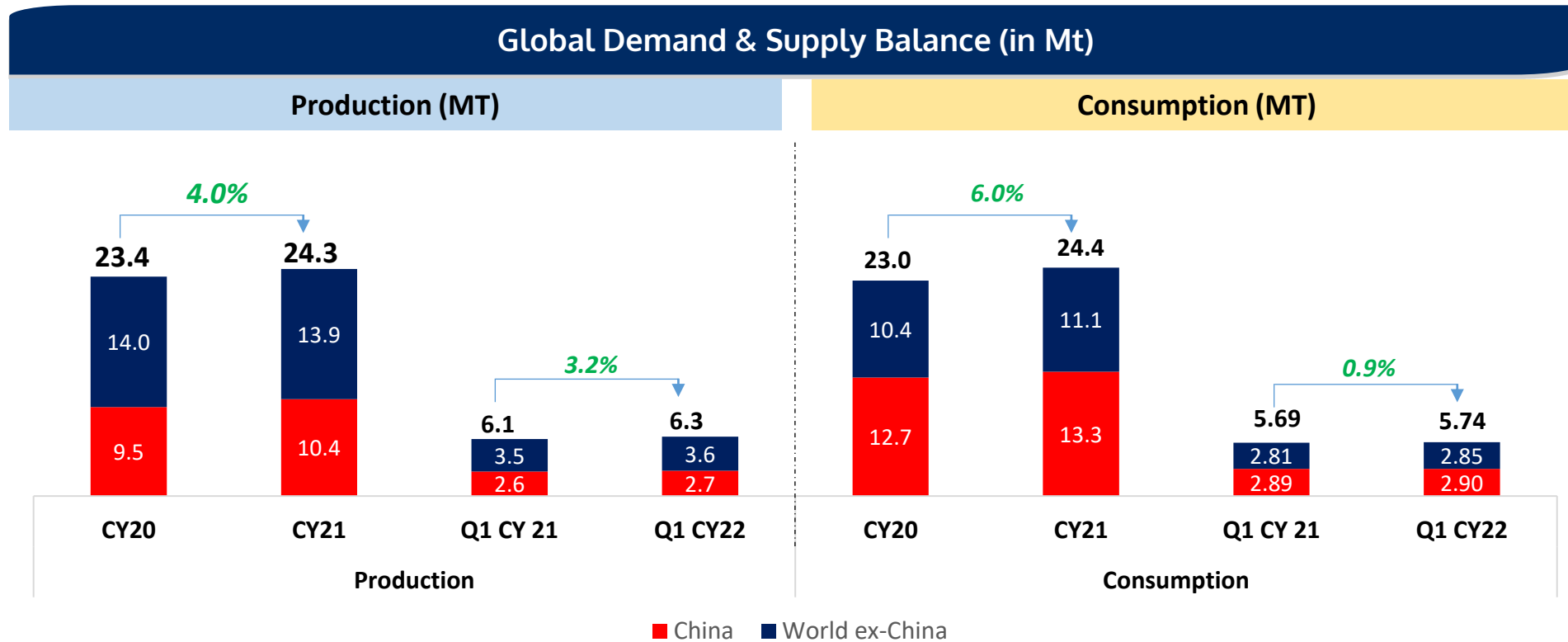
CY22E Growth in Market Demand

- Consumer air travel and order bookings continue to improve towards pre-COVID levels

In Q4FY22, India FRP Demand is estimated to grow ~7% YoY. Sequentially, the demand grew by 9% QoQ:

- Demand remains strong in packaging, consumer durables. B&C demand improved due to Government projects. However, auto sector faced headwinds due to semiconductor shortage.
- Demand is likely to grow in Q1 FY23 due to stable demand in packaging, Consumer durables, and B&C demand.

Copper Industry (Global)



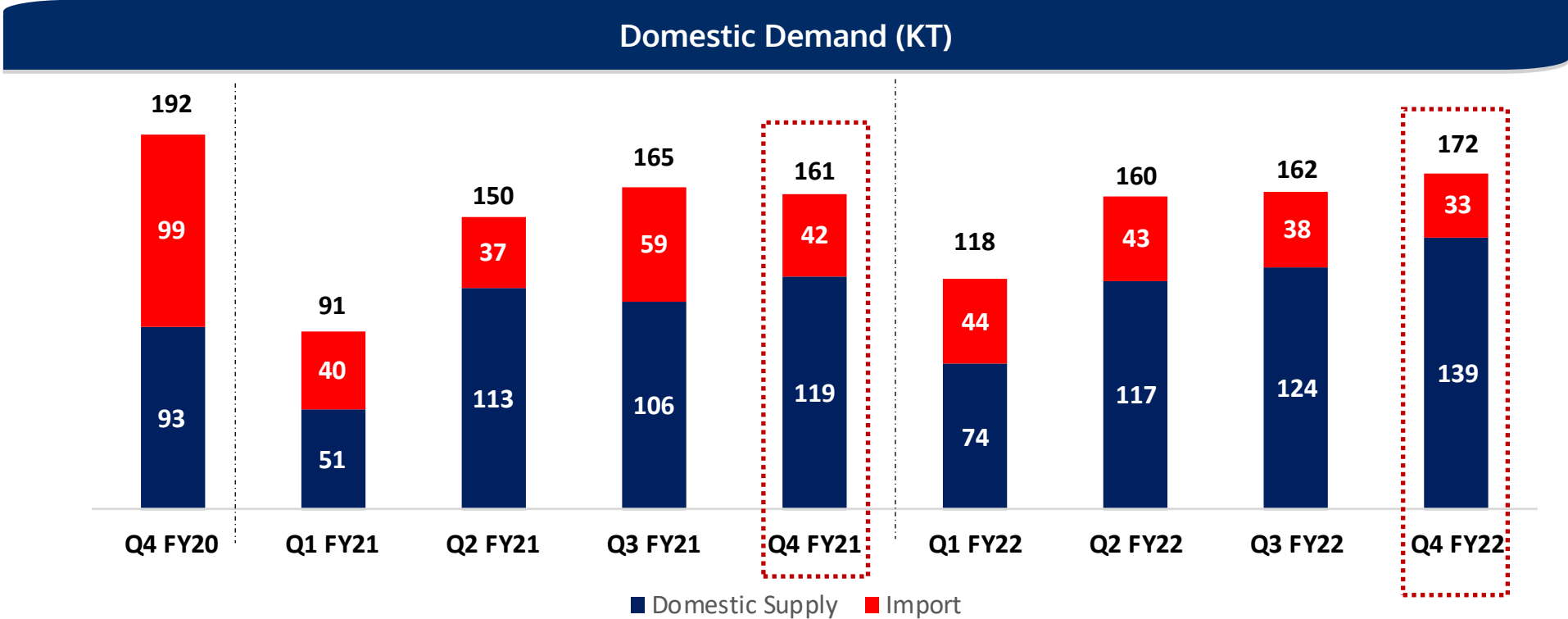
CY21 vs CY20

- **Global copper production grew by ~4% and Consumption grew by ~6% YoY**
 - China's production grew by ~9% and consumption grew by ~5% YoY
 - World Ex China production was flat on a YoY basis, whereas consumption grew by ~7% YoY

Q1 CY22 (vs Q1 CY21)

- **Global copper production increased by 3.2% and consumption increased by 0.9% YoY**
 - China's production increased by 3.8% YoY while consumption increased by 0.3%, YoY
 - World Ex China Production increased by 2.9% and consumption increased by 1.4% on a YoY basis

Copper Industry (Domestic)



- Market demand increased by ~6.8% YoY at 172 KT in Q4 FY22 vs 161 KT in Q4 FY21; Imports have declined by ~21%, YoY
- On a QoQ basis, market demand increased by 6% in Q4 FY22 while Imports declined by 13% in Q4 FY22

Key Macro Drivers (Q4 FY22 vs Q4 FY21)

TC/RC

S. Acid Price

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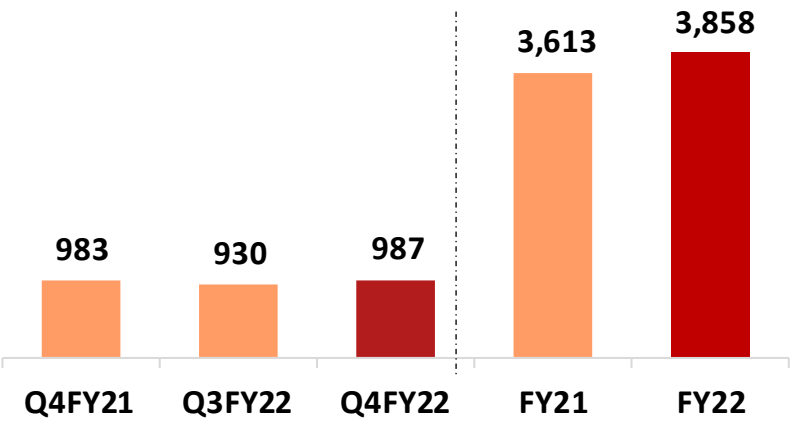
Business Performance : Q4 FY22



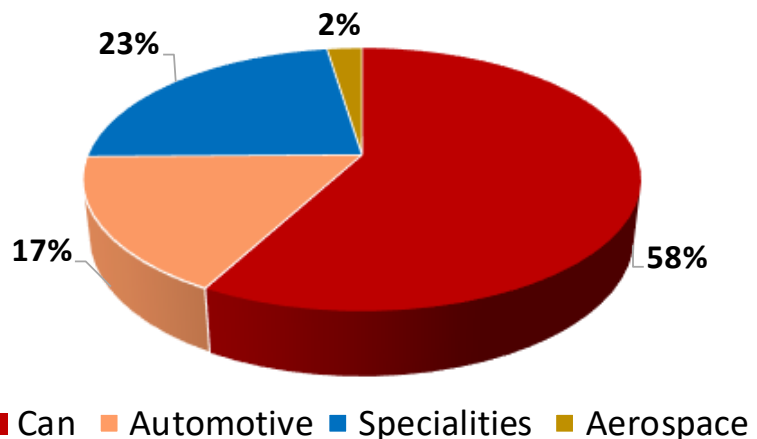
Novelis

Operational Performance – Novelis

Overall Shipments (KT)



FY22 - Shipments Mix (%)

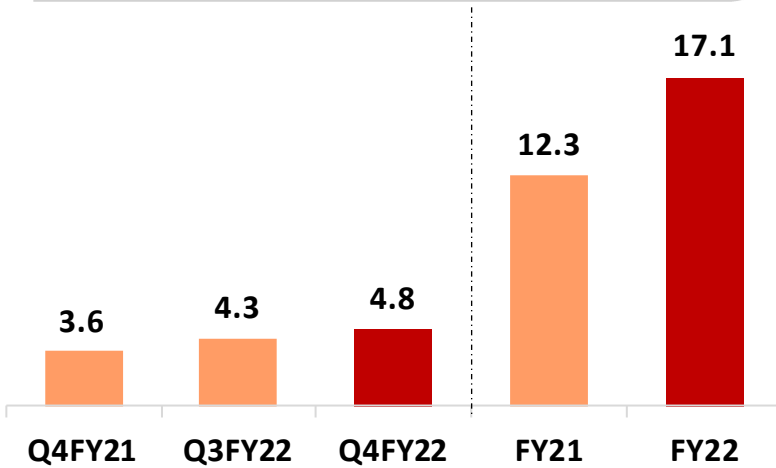


- Shipments in Q4FY22 were at a record 987 Kt, vs. 983 kt in Q4FY21, driven by strong beverage can and aerospace shipments offset by lower automotive shipments on account of semiconductor shortages in the automotive industry.
- ~\$3.4 billion* of strategic capital investments already announced for transformational organic growth to further strengthen its industry leading position :
 - \$2.5 billion investment in Greenfield Rolling Mill in Bay Minette, Alabama, US
 - \$365 million, highly-advanced recycling center with an annual recycling and sheet ingot casting capacity of 240 Kt in Guthrie, Kentucky in North America
 - \$130 million investment at its Oswego, New York, plant to debottleneck and increase hot mill rolling capacity and enhance automotive sheet finishing capabilities
 - \$375 million investment to expand its rolling and recycling capabilities in Zhenjiang, China
 - \$50 million investment in Ulsan, S Korea to expand its recycling capabilities
- Aleris Integration updates:
 - Integration work continues with run-rate combination cost synergies in excess of \$110 million achieved in Q4-FY22 (Total Potential to exceed \$120 million)
 - Expansion project in Zhenjiang, China which is part of the integration with Strategic synergies total potential of over \$100 million.

*excluding the projects under appraisal

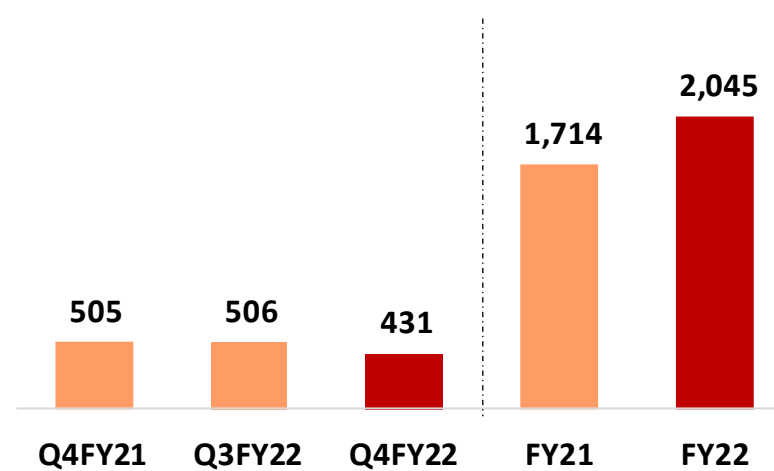
Financial Performance – Novelis

Revenue (\$ Billion)



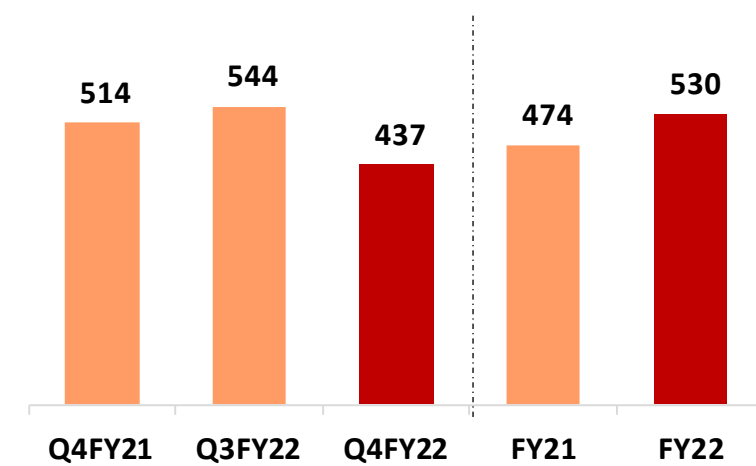
- Net sales in Q4 FY22 stands at \$4.8 billion up 34% YoY driven by higher average aluminum prices and local market premiums

Adjusted EBITDA (\$ Million)



- Adjusted EBITDA at \$431 million in Q4 FY22, down 15% YoY, primarily due to short-term operational cost challenges in this quarter, which are not expected to continue in FY23

Adjusted EBITDA (\$/tonne)



- Adjusted EBITDA per ton at \$437/t in Q4 FY22 vs \$514/t in the corresponding quarter of last year

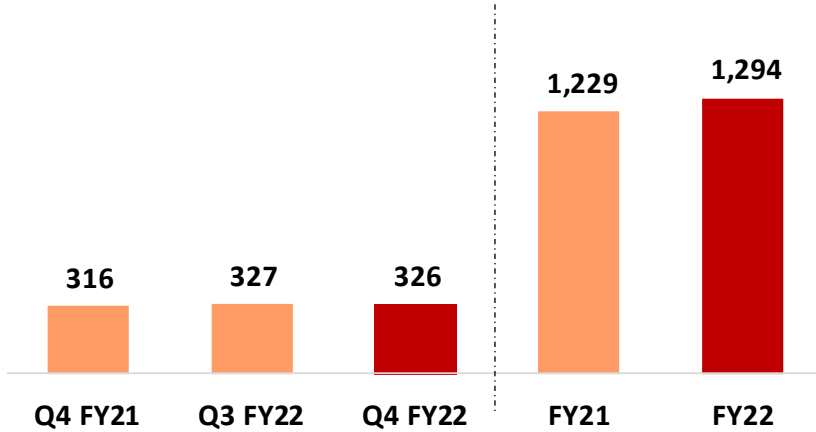
Note: All above numbers are as per the US GAAP



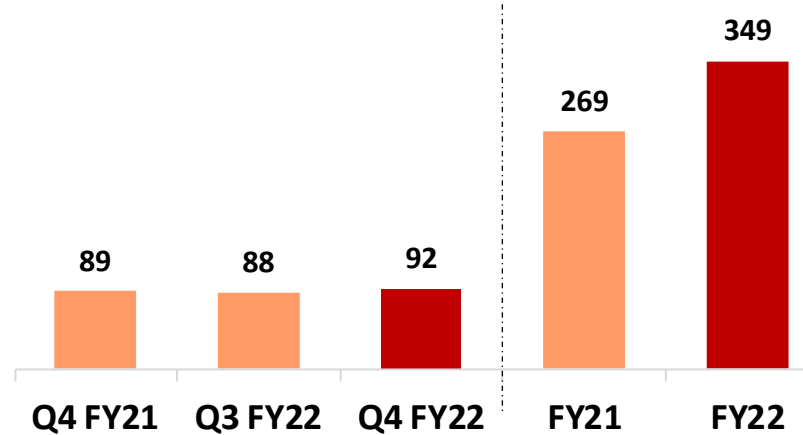
Aluminium (India)

Aluminium Metal & VAP - Production and Sales in Kt

Production : Aluminium Metal (Kt)

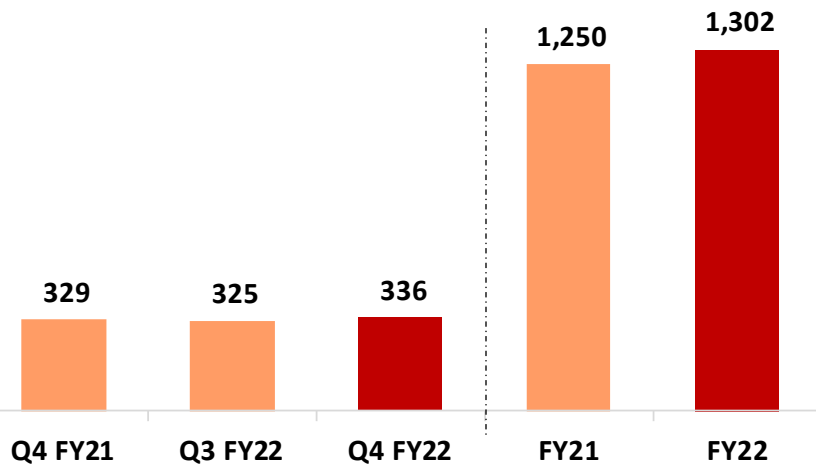


Production : Aluminium VAP (Kt)

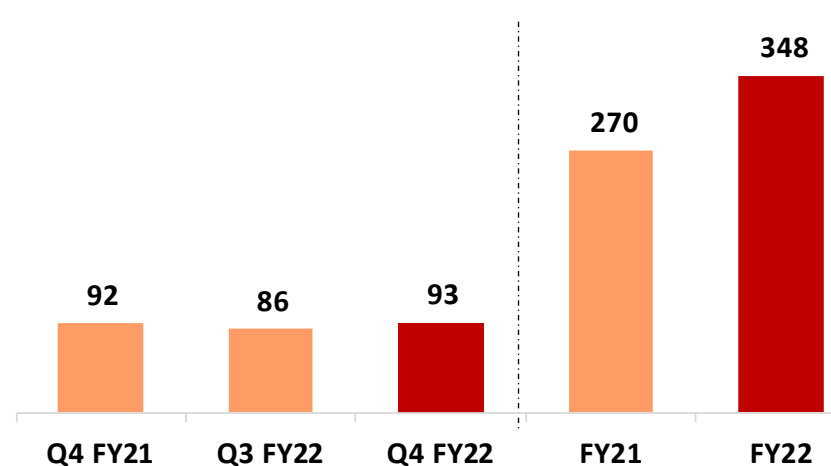


- Aluminium Metal Production up 3% YoY and was flat QoQ
- Aluminum VAP production in Q4 FY22 was higher by 3% YoY and 5% sequentially
- Alumina production in Q4 FY22 was at 866 Kt up 24% YoY and 1% QoQ with ramp-up of Utkal Expansion

Sales: Aluminium Metal (Kt)



Sales: Aluminium VAP# (Kt)

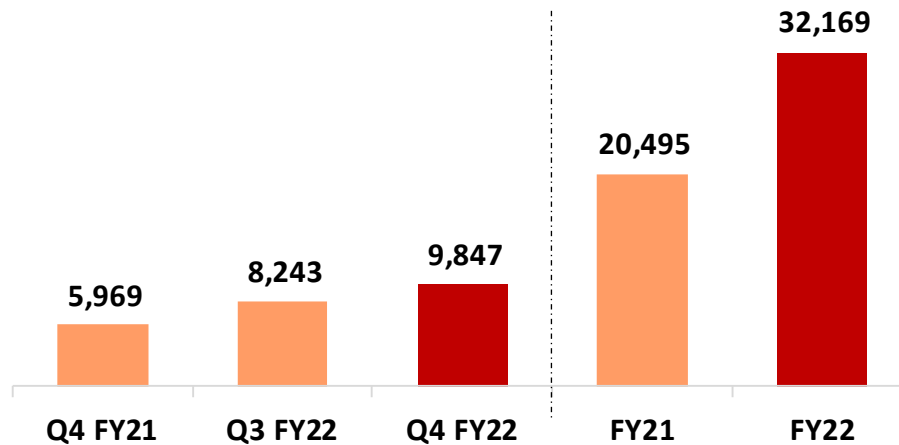


- VAP sales were 28%** as a percentage to total metal sales in Q4 FY22 in line with the corresponding period of last year

VAP includes Flat Rolled Products, Foils & Extrusions

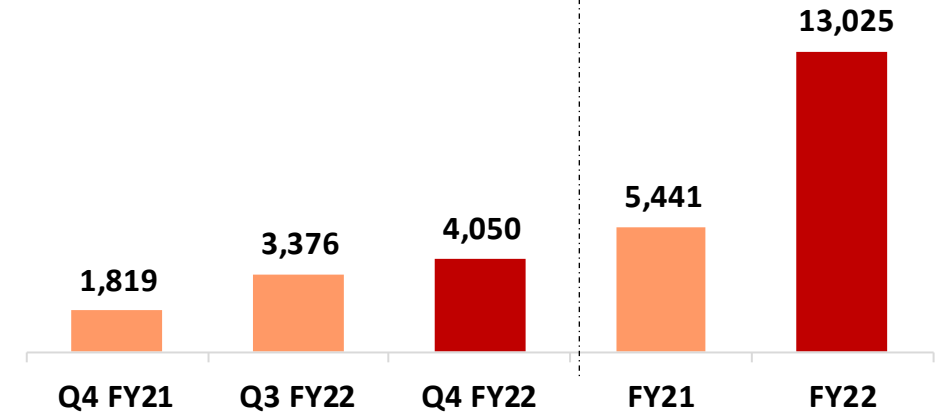
Financial Performance - Aluminium (India)

Revenue (₹ Crore)



- Aluminium revenues were up 65% YoY, with higher global prices of aluminium in Q4 FY22 vs Q4 FY21

EBITDA (₹ Crore)



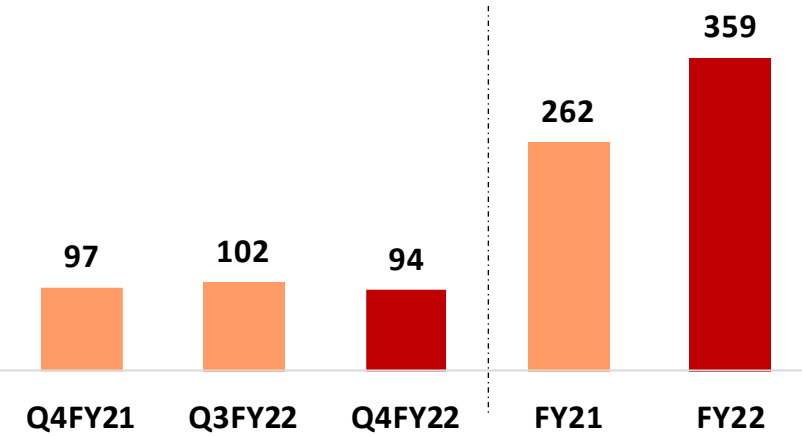
- Record EBITDA at ₹4,050 crore, up 123% YoY in Q4 FY22 on account of favorable macros, higher volumes, better efficiencies and market recovery, partially offset by high input costs
- High EBITDA margin of 41%; continues to be one of the best in the industry



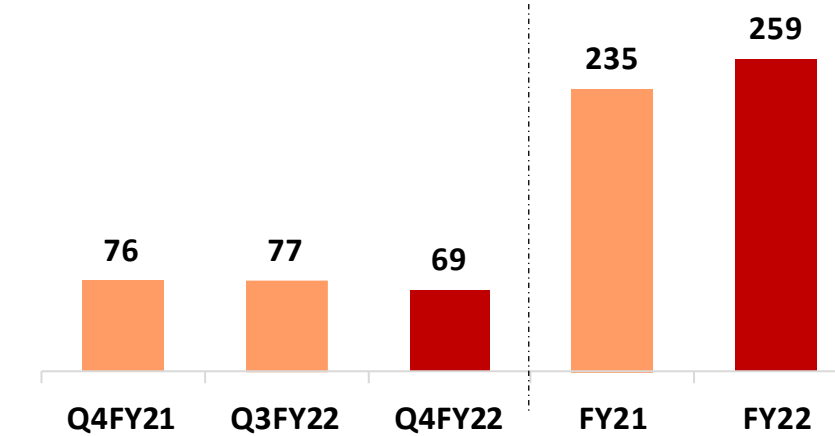
Copper

Copper Metal & VAP - Production and Sales in Kt

Production : Copper Cathode (Kt)

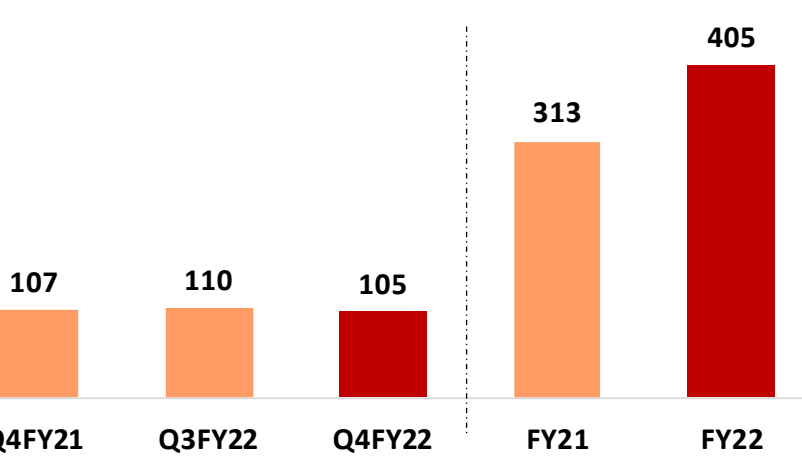


Production : CC Rod (Kt)

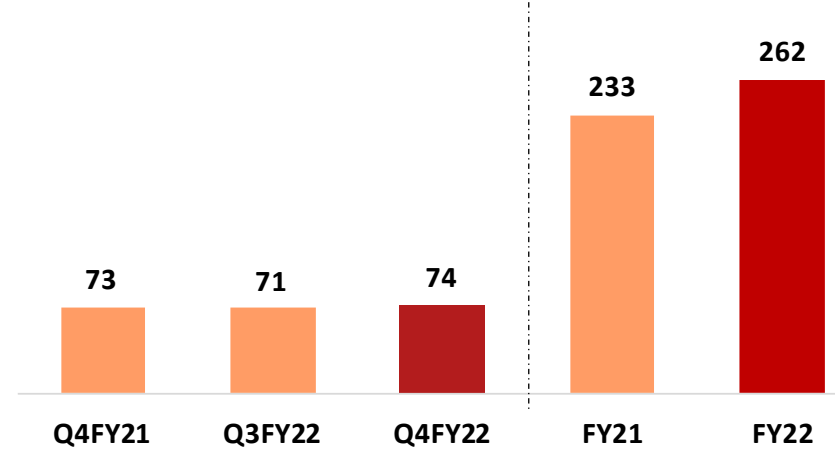


- Quarterly Cathode Production was 94Kt whereas Copper Rods Production was 69Kt in Q4FY22.

Sales : Copper Metal (Kt)



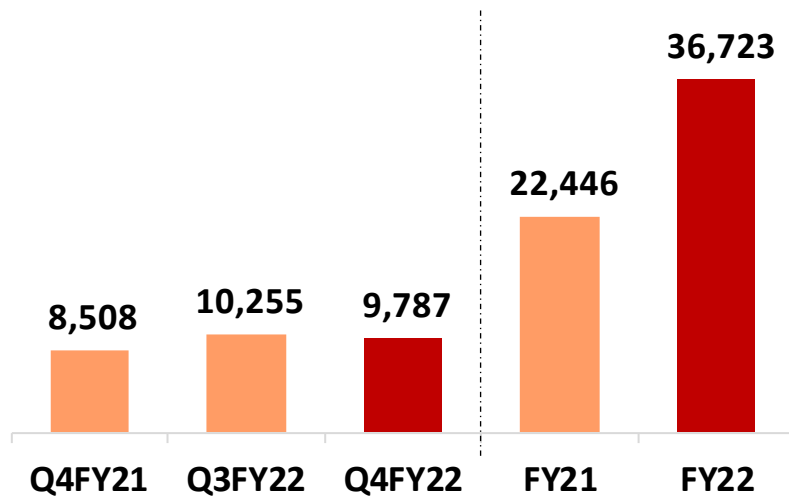
Sales : CC Rods (Kt)



- Quarterly Metal sales in Q4 FY22 was at 105 Kt (vs 107 Kt in Q4FY21)
- CC Rod sales were up 2% YoY in Q4 FY22 at 74kt

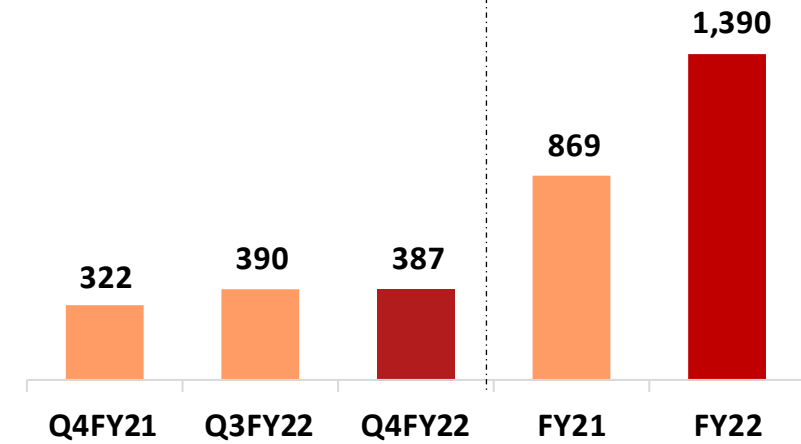
Financial Performance – Copper Business

Revenue (₹ Crore)



- Revenues were up by 15% YoY in Q4 FY22, on account of higher global prices of copper compared to the corresponding quarter of the last year

EBITDA (₹ Crore)



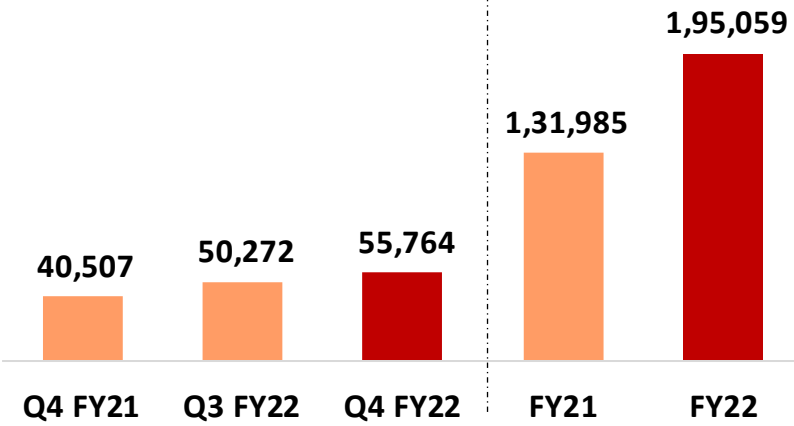
- EBITDA at ₹387 crore in Q4 FY22 compared to ₹322 crore in the corresponding quarter, up 20% YoY on the back of better operational efficiencies and improved by-product realizations.



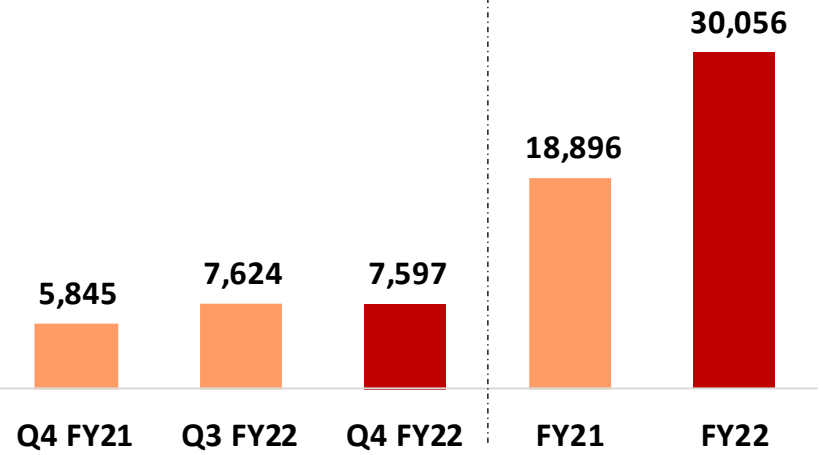
Consolidated Financial Performance

Consolidated Financial Performance

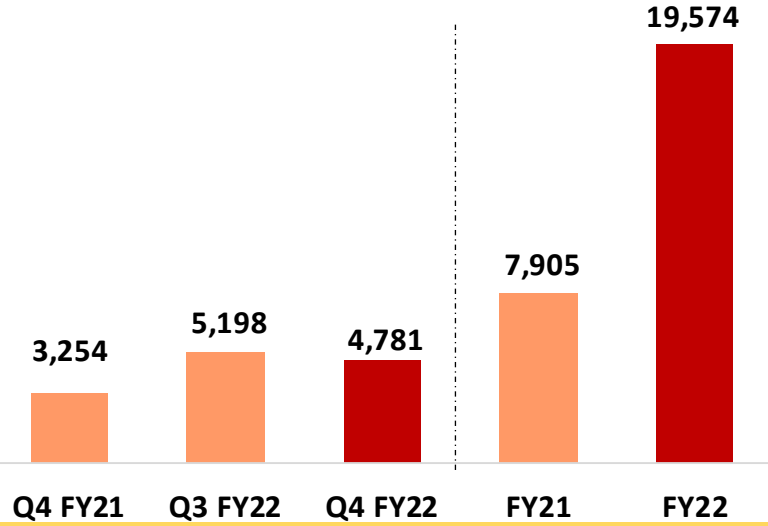
Revenue (₹ Crore)



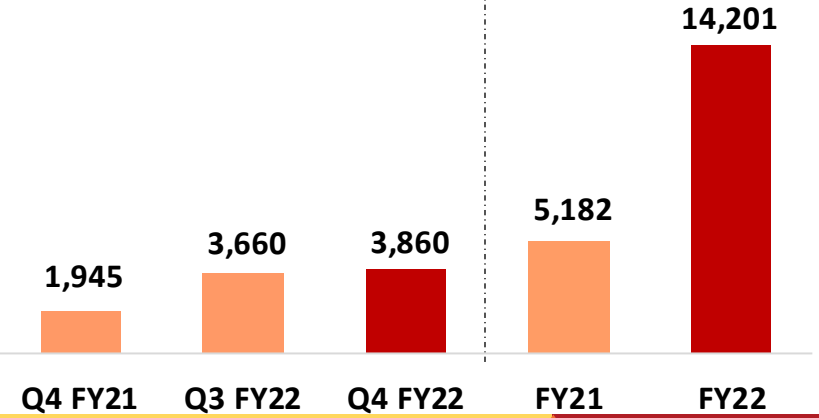
EBITDA (₹ Crore)



PBT after Exceptional Items (₹ Crore)



PAT for Continuing Operations (₹ Crore)

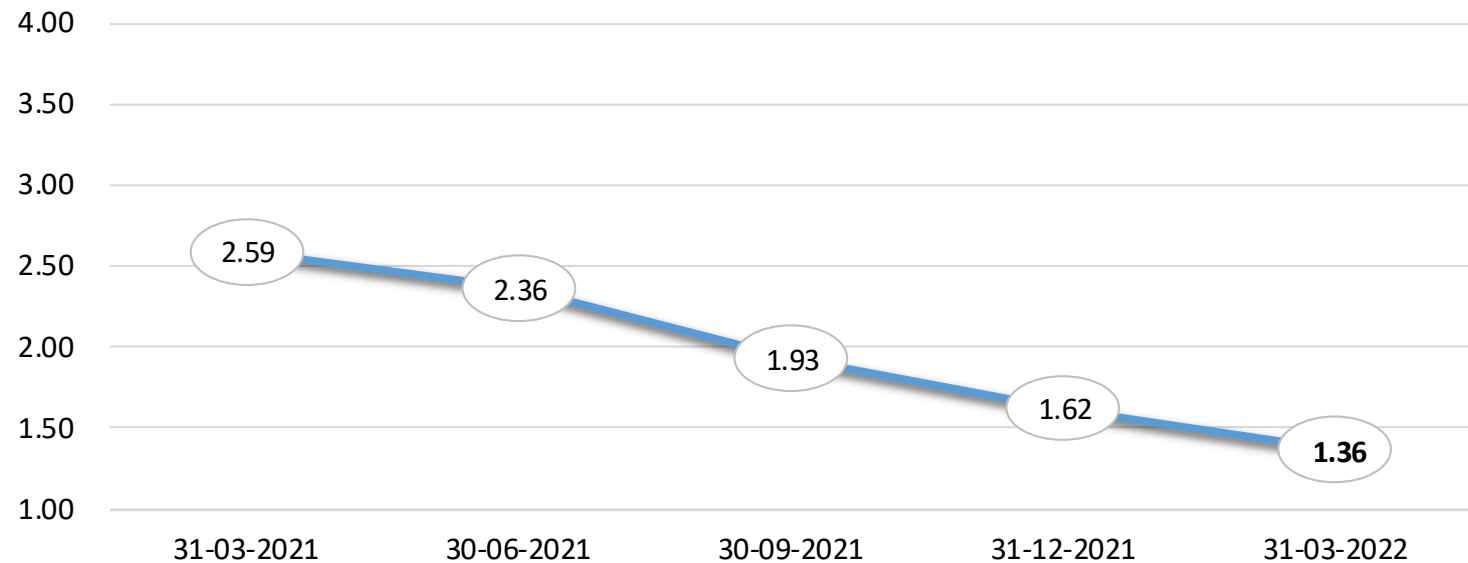


Consolidated (Debt Position)

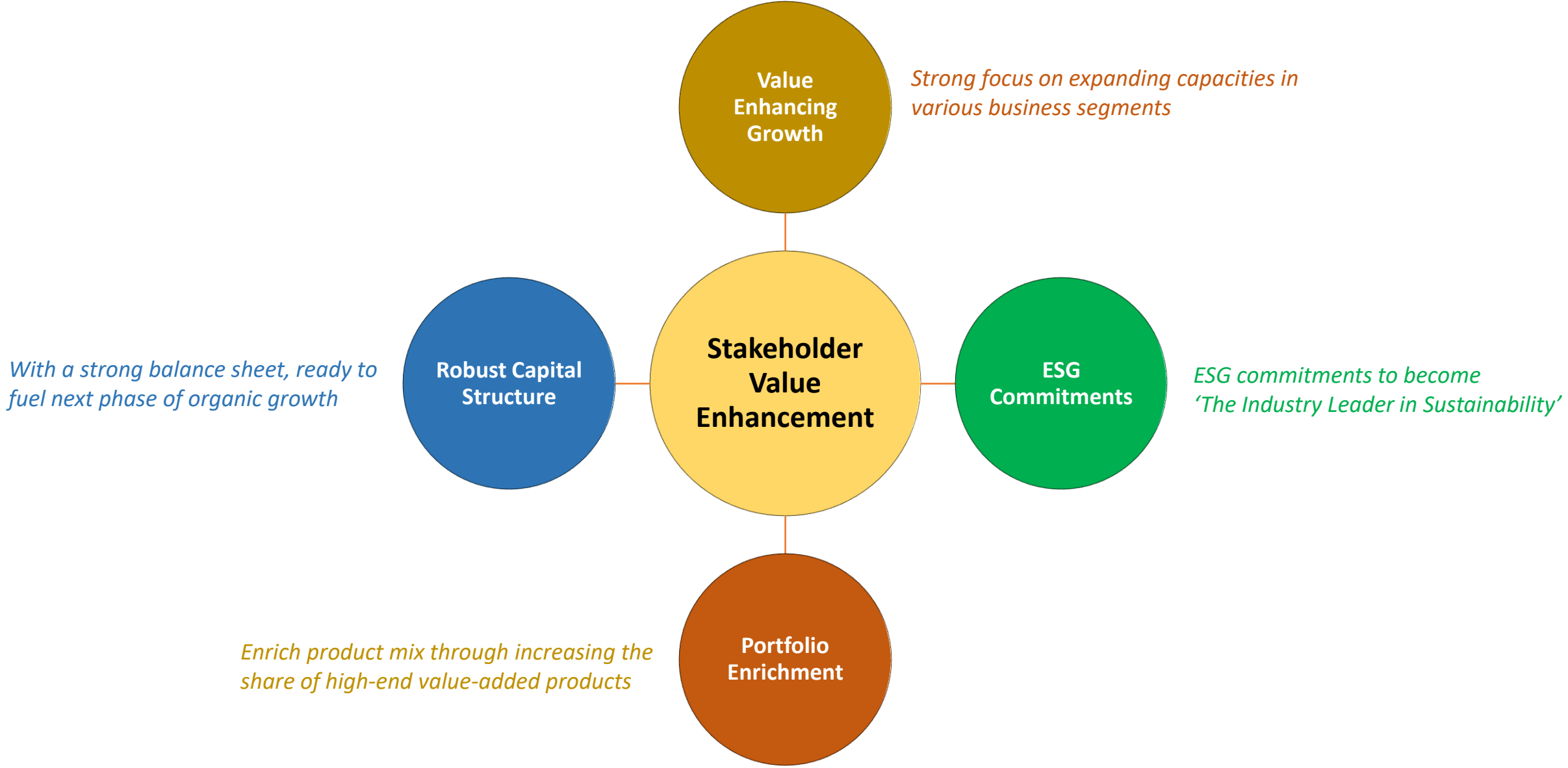
(₹ Crores)

Particulars	As on	As on	As on	As on	As on
	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22
Gross Debt	65,994	67,836	66,831	65,817	63,237
Cash & Cash Equivalents	18,575	15,923	18,820	22,084	24,141
Net Debt	47,419	51,913	48,011	43,733	39,096
TTM Adjusted EBITDA	18,293	21,997	24,865	26,931	28,665

Net Debt : EBITDA(x)



Our Key Focus Areas





Thank You

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Annexures

Awards & Recognitions – FY 2021-22



- **Hindalco retains position as the world’s most sustainable aluminium company in the DJSI 2021 ranking**

- The only Aluminium company in the prestigious DJSI World Index 2021



- **Hindalco achieved ‘S&P Global Sustainability Yearbook 2022 - Gold Class’ distinction**



- **Hindalco has been named 'Sustainable Corporate of the Year Award - 1st Runner up' by Frost & Sullivan and TERI Sustainability 4.0 Awards 2021**



- **Hindalco has been certified a Great Place to Work™ by the Great Place to Work™ Institute, India**

- Utkal won Sita Ram Rungta Social Awareness Award



- Renukoot won ‘Dream Companies to Work for’ at HR Excellence Awards 2022

- Aditya won Fame Excellence Award in Platinum category for ‘Project Saksham’



- Hiraakud & Aditya won a Special Award for Energy Conservation at India Green Manufacturing Challenge 2021

- Renukoot wins SEEM National Energy Management Award in Platinum category



- Utkal won 2nd Runners up award at India Green Manufacturing Challenge 2021

Consolidated – Key Financials

Particulars (₹ Crore)	Q4 FY21	Q3 FY22	Q4 FY22	Change YoY %	QoQ Change %	FY21	FY22	Change YoY %
Revenue from Operations	40,507	50,272	55,764	38%	11%	1,31,985	1,95,059	48%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)								
<i>Novelis*</i>	3,705	3,792	3,247	-12%	-14%	12,727	15,229	20%
<i>Aluminium</i>	1,819	3,376	4,050	123%	20%	5,441	13,025	139%
<i>Copper</i>	322	390	387	20%		869	1,390	60%
<i>All Other Segments</i>	13	22	7			26	26	
Business Segment EBITDA	5,859	7,580	7,691	31%	1%	19,063	29,670	56%
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	(14)	44	(94)			(167)	386	
EBITDA	5,845	7,624	7,597	30%	0%	18,896	30,056	59%
Finance Costs	903	852	805	11%	6%	3,738	3,768	-1%
PBDT	4,942	6,772	6,792	37%	0%	15,158	26,288	73%
Depreciation & Amortisation (including impairment)	1,722	1,742	1,761	-2%	-1%	6,766	6,884	-2%
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	-	3	1			5	6	
Profit before Exceptional Items and Tax	3,220	5,033	5,032	56%	0%	8,397	19,410	131%
Exceptional Income/ (Expenses) (Net)#	34	165	(251)			(492)	164	
Profit Before Tax (After Exceptional Item)	3,254	5,198	4,781	47%	-8%	7,905	19,574	148%
Tax	1,309	1,538	921			2,723	5,373	
Profit/ (Loss) from Continuing Operations	1,945	3,660	3,860	98%	5%	5,182	14,201	174%
<i>Profit/ (Loss) from Discontinued Operations</i>	(17)	15	(9)			(1,699)	(471)	
Profit/ (Loss) After Tax	1,928	3,675	3,851	100%	5%	3,483	13,730	294%
<i>EPS (₹/Share)</i>	8.7	16.5	17.3			15.7	61.7	

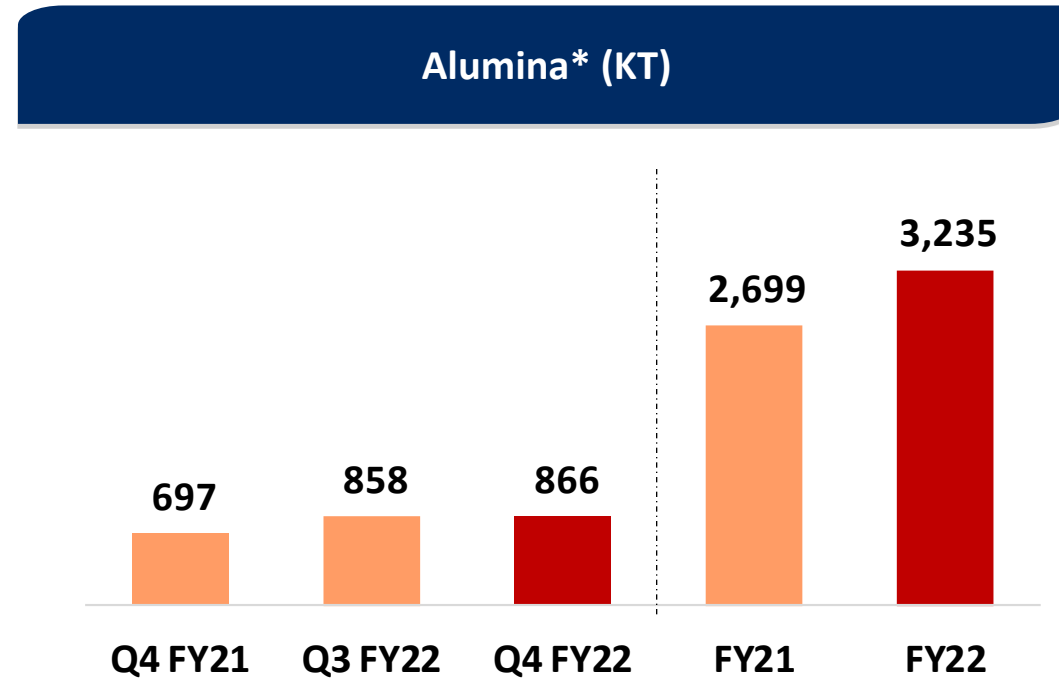
*As per US GAAP ; * Exceptional Income / (Expenses) for the quarter and the year ended March 31, 2022, exclude ₹ Nil and ₹ 418 crore, respectively, which represents the principal portion of (a) PIS/COFINS related tax credit income in Brazil ₹ Nil for the Q4FY22 and ₹ 358 crore (net of litigation cost of ₹ 9 crore) for YTD FY22 and (b) tax rebates for sales to Manaus, Brazilian Free Trade Zone ₹ Nil for the Q4FY22 and ₹ 60 crore for YTD FY22, as it is included in the results of Novelis segment.

Hindalco (India) Business – Key Financials

(₹ Crore)

Particulars	Q4 FY21	Q3 FY22	Q4 FY22	YOY Change %	QoQ Change%	FY21	FY22	Change %
Revenue from Operations	14,471	18,485	19,628	36%	6%	42,925	68,855	60%
EBITDA								
<i>Aluminium</i>	1,820	3,376	4,050	123%	20%	5,441	13,025	139%
<i>Copper</i>	322	390	387	20%	-1%	869	1,390	60%
<i>Other Segments</i>	7	3	2	-71%	-33%	12	9	
Business Segment EBITDA	2,149	3,769	4,439	107%	18%	6,322	14,424	128%
<i>Unallocable Income/ (Expense) (Net)</i>	(248)	(167)	(219)			(86)	(374)	
EBITDA	1,901	3,602	4,220	122%	17%	6,236	14,050	125%
Finance Costs	359	429	407	-13%	5%	1,585	1,587	
PBDT	1,542	3,173	3,813	147%	20%	4,651	12,463	168%
Depreciation	526	541	554	-5%	-2%	2,179	2,227	-2%
Profit before Exceptional Items and Tax	1,016	2,632	3,259	221%	24%	2,472	10,236	314%
Exceptional Income/ (Expenses) (Net)	23	-	(107)			(14)	(107)	
Profit Before Tax (After Exceptional Item)	1,039	2,632	3,152	203%	20%	2,458	10,129	312%
Profit/ (Loss) After Tax	653	1,734	2,004	207%	16%	1,559	6,590	323%

Production – Alumina



- Total Alumina production was up 27% YoY and 8% sequentially in Q3 FY22
- Record Quarterly production at Utkal Alumina refinery at 563 Kt in Q3 FY22

*Hydrate as Alumina



For Further Queries Please Contact :

Subir Sen,
Investor Relations
Telephone- +91 22 6662 6666
E mail: hilinvestors@adityabirla.com
Website: www.hindalco.com

Registered Office

Ahura Centre, 1st Floor, B Wing
Mahakali Caves Road Andheri (East), Mumbai 400 093
Telephone- +91 22 6691 7000
Website: www.hindalco.com
E mail: hindalco@adityabirla.com
Corporate Identity No. L27020MH1958PLC011238