

ADITYA BIRLA



HINDALCO

Hindalco Industries Limited



Analyst Meet Presentation – 26 July 2018



SAFE HARBOUR

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**Next Leap forward in our Global Value
Added Products Growth Strategy**

**Hindalco to acquire  for US\$ 2.58 Bn
through its wholly owned subsidiary Novelis Inc**

WHERE ARE WE?

Leading Global Industry Player



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

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

Aluminium Downstream	
#1 Rolled Products Supplier Worldwide	
Global Presence	Shipments 3.2 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 lowest cost 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 US\$ 18 billion



EBITDA of US\$ 2.2 billion



~35,000 employees across the world

The Above Numbers are for FY18 ; mt – Million Tons ; Kt – '000 Tonnes

KEY AGREEMENT TERMS



DEFINITIVE AGREEMENT

- Signed definitive agreement - EV of US\$ 2.58 billion
 - US\$ 775 million in cash for the equity component plus the assumption of debt
 - Deal Expected to close in 9 to 15 months
- Earn-Out linked to achievement beyond base business plan during CY18-20 for North America with a cumulative cap of US\$ 50 million

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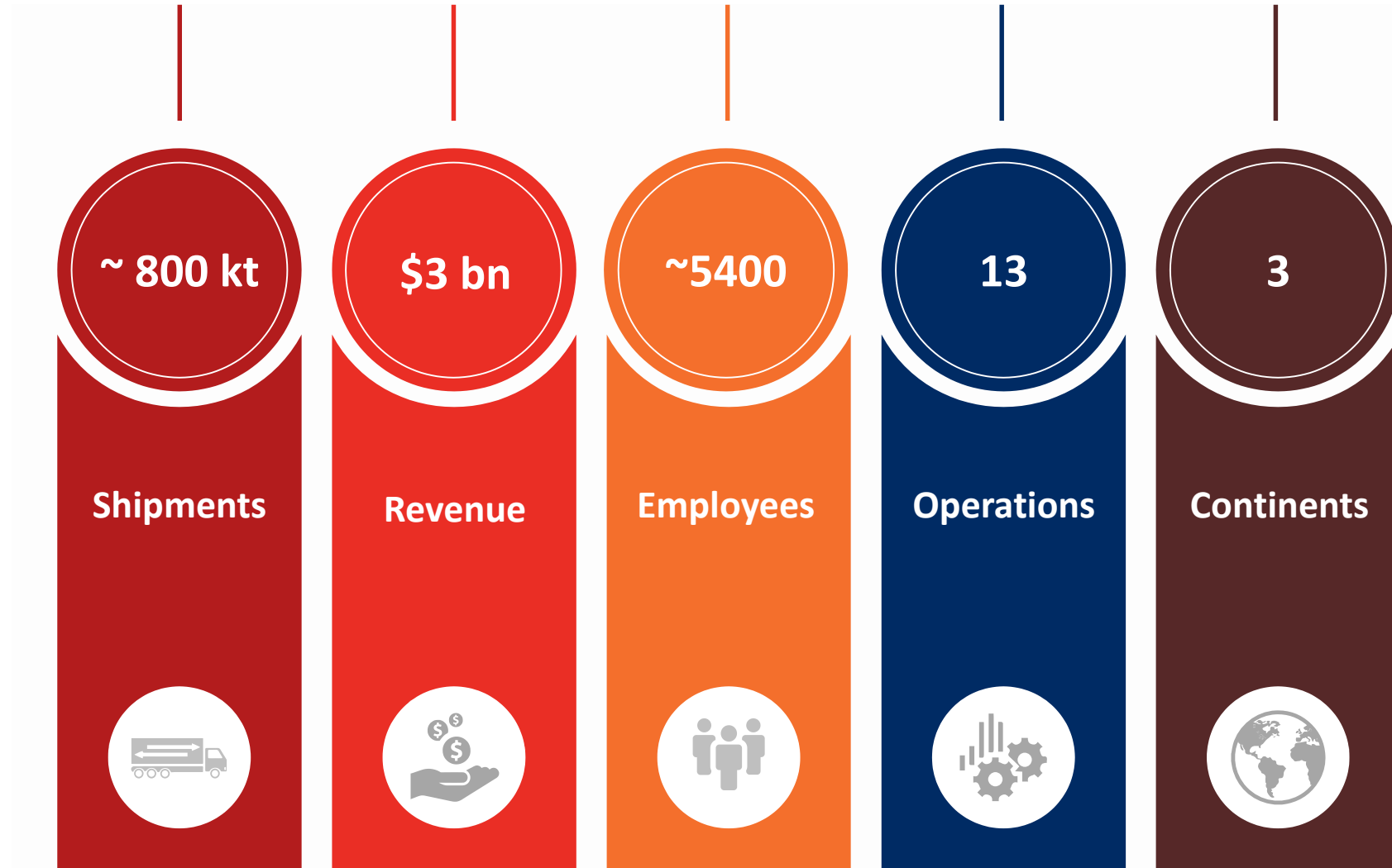


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Aleris Overview

ALERIS : GLOBAL ALUMINIUM ROLLED PRODUCT SUPPLIER

- Global supplier of Aerospace and Automotive Aluminium rolled products
- Leaders in Building & Construction and Truck Trailer segment in North America
- Significant multi-year agreements with global blue chip customers
- Recent investment to drive earnings and cash flow momentum
- High capability manufacturing facilities



Note : The above numbers are for CY 2017

STRATEGIC INVESTMENT PHASE COMPLETED

NORTH AMERICA Automotive

US\$ 425 million auto body sheet investment in Lewisport



- Automotive readiness spend complete
- Significant customer commitments / multi-year agreements
- Commercial shipments underway

EUROPE Automotive

US\$ 85 million auto body sheet investment in Duffel



- One of the widest automotive sheet capabilities in Europe
- Working with long-standing global OEM customers

ASIA Aerospace

US\$ 350 million aerospace investment in Zhenjiang

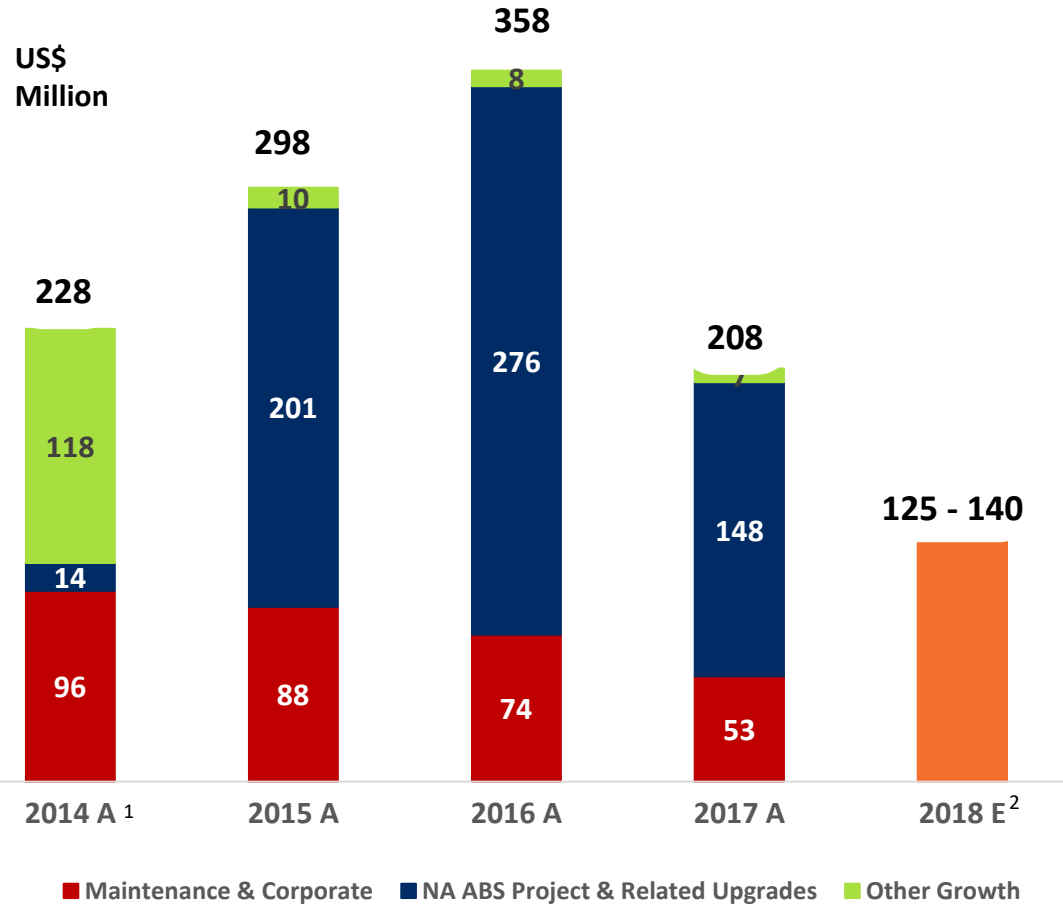


- Built to exacting standards
- Western OEM Aerospace qualifications in place
- Significant new alloys with multi-year agreements

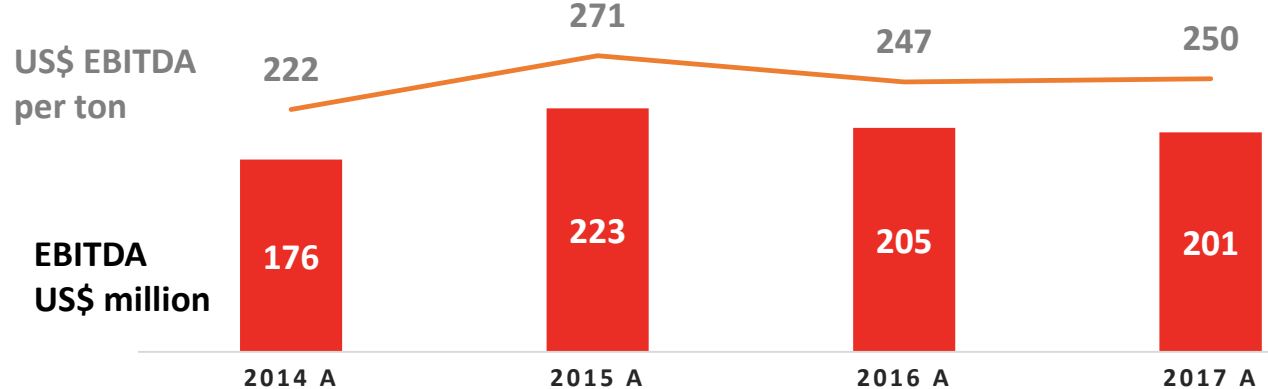
Leverage Novelis expertise to optimize Aleris' assets

RECENT INVESTMENTS EXPECTED TO DRIVE EARNINGS MOMENTUM

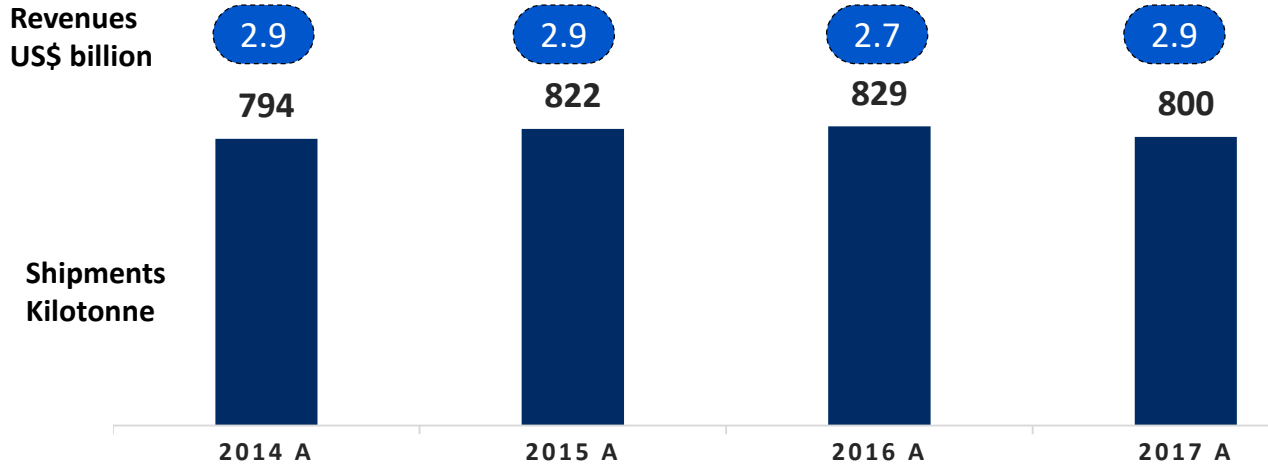
INVESTMENTS



ADJUSTED EBITDA AND ADJUSTED EBITDA PER TON



SHIPMENTS AND REVENUES



1) 2014 capex includes \$107 million for acquisition of Nichols (reflected in "other growth") and excludes discontinued operations capex of \$43 million. 2015 capex excludes discontinued operations capex of \$15 million
2) 2018E does not include capitalized interest

LEWISPORT INVESTMENT LARGELY DE-RISKED

- **Completed US\$ 425 million in growth capital expenditures to add automotive finishing capabilities**
 - Major refurbishment of Lewisport hot mill completed
 - New wide cold mill in production
 - Qualification and commissioning at both automotive finishing lines on track and in line with customer commitments
 - More than 60% of both lines already contracted

HOT MILL WIDENING & UPGRADE



NEW WIDE COLD MILL



FINISHING LINE I & II



Higher profitability beginning in 2018



Key Highlights of Acquisition

WORLD'S NO.1 ALUMINIUM DOWNSTREAM PLAYER

Novelis

~ 3.3 mt

24 manufacturing locations
across 4 continents with
~11,000 employees

Aleris

~ 1.0 mt

13 manufacturing locations
across 3 continents with
~5,400 employees

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~ 0.4 mt

6 Aluminium VAP
manufacturing locations
in India

Post acquisition, expected value added product capacity at over ~ 4.7 million tonne/annum (incl. India)

KEY HIGHLIGHTS OF ACQUISITION

Cusp of Growth



Investment of ~ US\$ 900 million over past 5 years

Aleris poised for transformational growth

Funding



100% Debt

Strategic Rationale

- Diversifies product portfolio - addition of high-end Aerospace
- Enhances and complements Asia operations
- Strengthens ability to meet automotive demand

Leverage (Net Debt /EBITDA)

	Novelis + Aleris	HIL Consolidated
At Closing	< 4x	< 3.5x
After 2 years	~3x	< 3x

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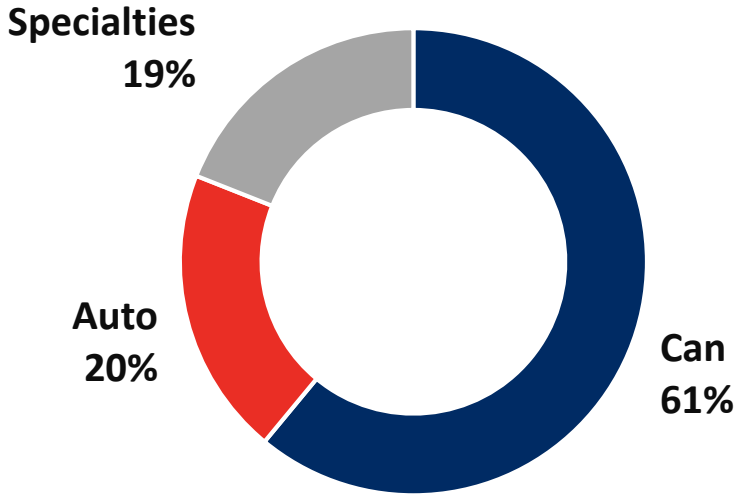


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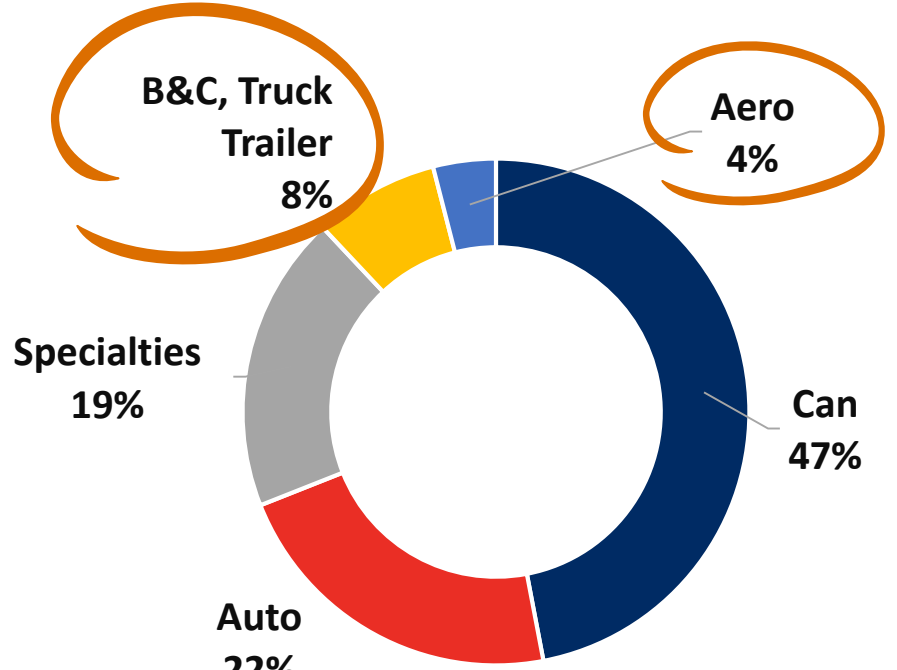
Why Aleris?

PRODUCT PORTFOLIO DIVERSIFICATION & ENRICHMENT

Novelis - Now



Novelis Pro-Forma Run Rate



**Enhanced product mix with addition of Aerospace and Building & Construction (B&C)
Increased share of high margin products**

ENTRY INTO NEW SEGMENT - AEROSPACE

- Novelis to enter high-end aerospace segment
 - Well established manufacturing capabilities
 - R&D in Aleris - Koblenz, Germany
- Long-term contracted business with blue chip-customers

Key Customers



BOMBARDIER



World-class Aerospace plate facilities in Europe and Asia

STRENGTHENS OUR COMPETITIVE POSITIONING IN ASIA

- Novelis recently announced 100 kt Auto expansion in China taking the overall capacity to 200 kt
- Enhances our competitive position in Asia :
 - Aleris' recently commissioned Zhenjiang facility is Located close to Novelis facility in Changzhou



Enhances Existing Asia footprint for Growth

AUTO LEADERSHIP - STRENGTHENS ABILITY TO CAPTURE GROWTH

- Enhances ability to innovate and compete against steel
- Diversifies automotive customer base and vehicle platforms
- Larger asset base mitigating risks



Novelis



Oswego, New York



Kingston, Ontario



Broke ground May 2018
Guthrie, Kentucky



Sierre, Switzerland

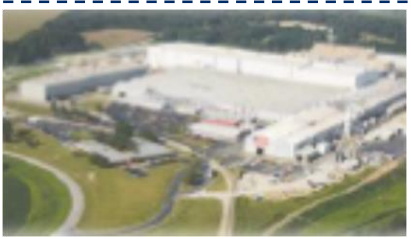


Nachterstedt, Germany



Changzhou, China

Aleris



Lewisport, Kentucky



Duffel, Belgium

Expands asset base and diversifies customer portfolio

EFFICIENT CONTINUOUS CAST BUSINESS

- Leading positions in North America Building & Construction and Truck Trailer
- Advanced scrap processing capabilities
- High recycled content
- Very cost-effective business with streamlined product mix
- Long-standing customer relationships
- Demand driven by positive trends in US market fundamentals

Key Customers



Largest, most flexible continuous cast network serving North America

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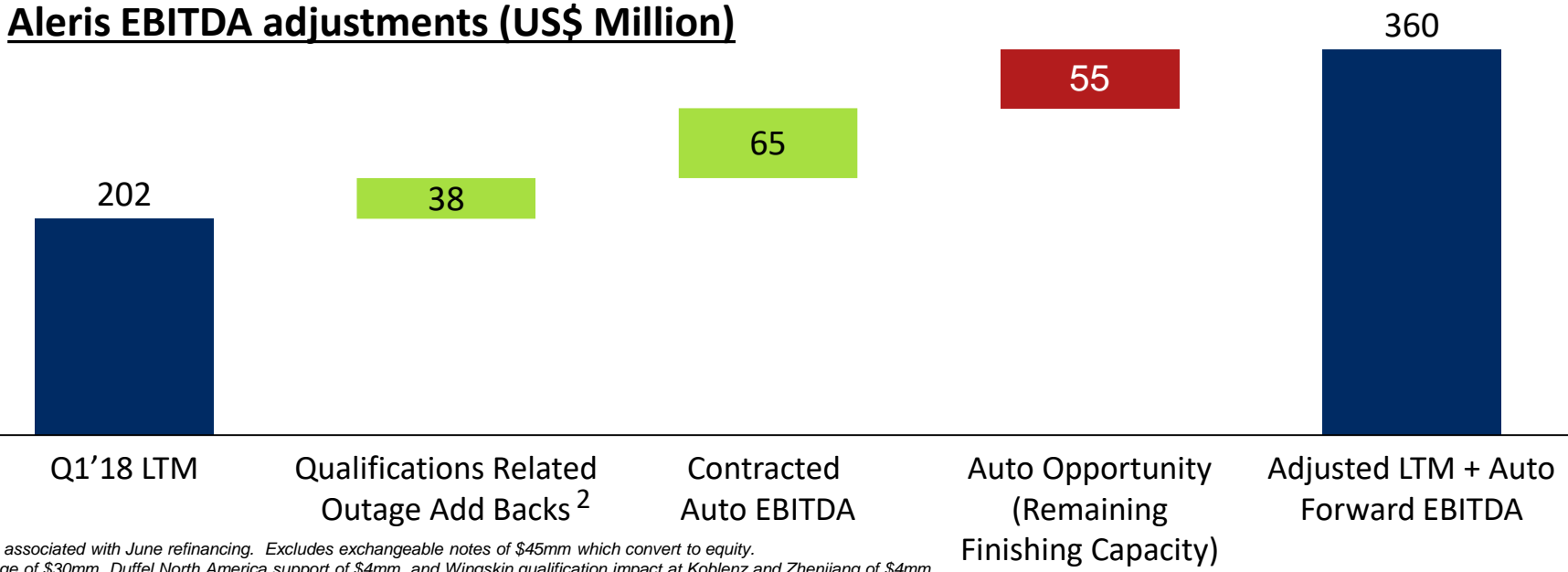


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Valuation and Synergy

ACQUISITION MULTIPLE - IN LINE WITH GLOBAL BENCHMARKS

- Aleris recently completed ~US\$ 900 million of investment for high-growth, high-margin projects, the returns on which are not full realized in LTM Adjusted EBITDA
- Attractive acquisition multiple of 7.2x
 - Enterprise Value of US\$ 2.58 billion (US\$ 775 million equity plus ~ US\$ 1.8 billion of Aleris debt¹)
 - US\$ 360 million EBITDA adjusted for contracted auto volume, remaining auto finishing capacity and outage add-backs
- Does not include incremental EBITDA from additional growth in aerospace and specialties, or synergies



Notes:
 1) Aleris 3/31/2018 Net Debt plus \$103mm in fees associated with June refinancing. Excludes exchangeable notes of \$45mm which convert to equity.
 2) Includes one-time add backs for Lewisport outage of \$30mm, Duffel North America support of \$4mm, and Wingskin qualification impact at Koblenz and Zhenjiang of \$4mm.

IDENTIFIED RUN-RATE COST SYNERGIES

	Description	%; Time to Achieve	
Transformational Synergies	<ul style="list-style-type: none"> ○ Acquisition fully integrates our existing Asia auto business ○ Gain SHFE access for ~200kt of auto cold coils produced at Zhenjiang ○ Closed loop scrap benefit in Asia ○ US\$ 250 - US\$ 300 million investments after close 	45-50%; 3-5 years	~US\$ 150 million of identified run-rate synergies
Combination Synergies	<ul style="list-style-type: none"> ○ Metal and non-metal procurement ○ Supply chain optimization and other operational efficiencies ○ SG&A savings ○ IT infrastructure savings 	50-55%; within 3 years	

Plan in place to execute on identified synergies

BENEFITS FOR INDIA VALUE ADDED PRODUCTS BUSINESS

Indian Demand

 Consumption dominated by Electrical Segment

 Growth expected in FRP and Extrusions



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Focus on growth in FRP, Foil, Extrusions

Aluminium VAP production to Double in next 5 years

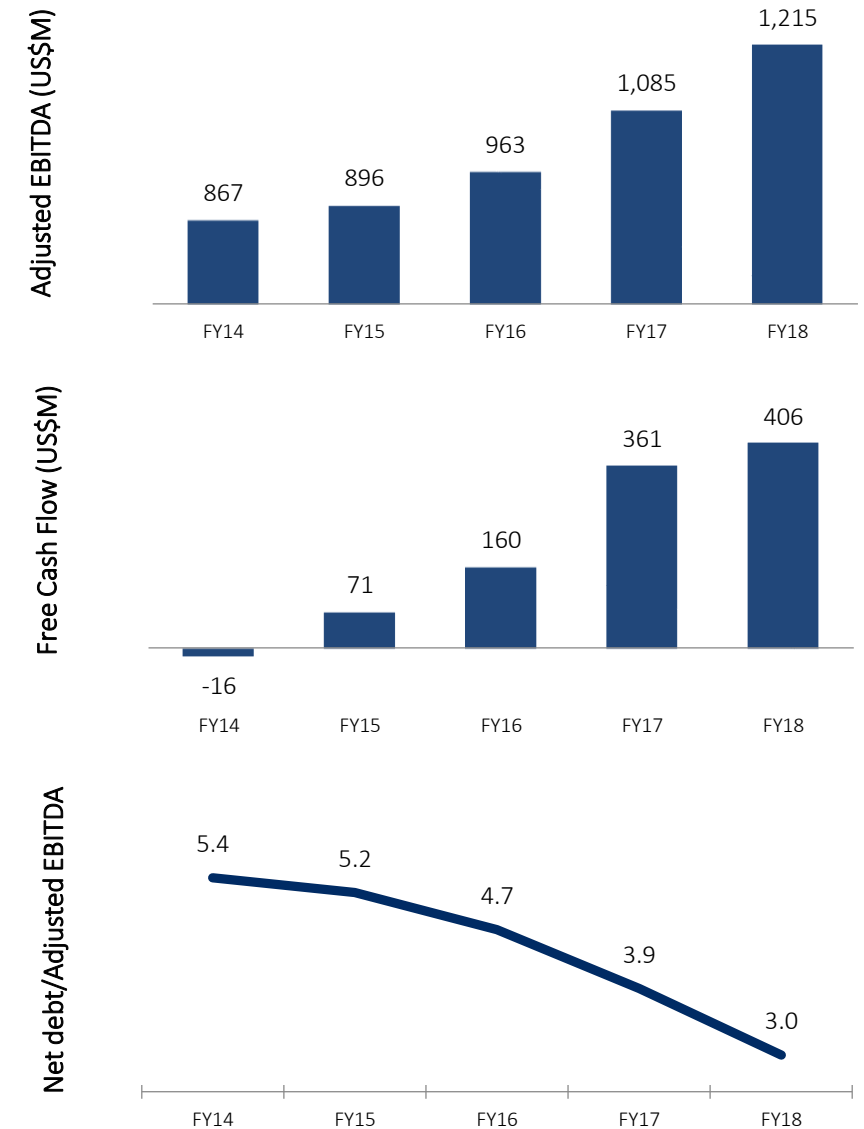
Key Success Factors

-  Skillset
-  Training
-  Technology

Access to Aleris manufacturing capabilities - helps in Building & Construction and Transport segments

PROVEN NOVELIS TRACK RECORD

- Deep expertise in aluminum rolling, recycling and automotive finishing
- Successfully completed approximately US\$ 2 billion in strategic growth investments
- Proven ability to deliver strong financial performance
 - Excellent operational performance and focus on safety, customer satisfaction, and quality, leading to increased shipments
 - Product mix shift to capture growing demand in premium end markets
 - Driving cost efficiencies through metal mix including use of recycled inputs and leveraging fixed costs with better asset utilization



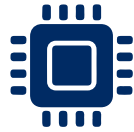
ACCELERATING OUR GROWTH

Solidify the global position

1

Further strengthen our leading position

Diversified Product Mix



Access to technology for B&C and Truck Trailer products to help in India operation

Strong Financial Profile

Potential Synergy

~ **US\$ 150 mn**

Integration in Asia
Supply Chain
SG&A Optimization

Attractive Valuation

EV	US\$ 2.58 bn
Expected EBITDA	US\$ 360 mn
Multiple	7.2x

Leverage (Net Debt / EBITDA)

	Novelis + Aleris	HIL Consolidated
At Closing	<4x	< 3.5x
After 2 years	~3x	< 3x

To Create a ~US\$ 21 Billion Company by Revenue



Thank You

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Annexures

GLOBAL FOOTPRINT – VALUE ADDED PRODUCTS



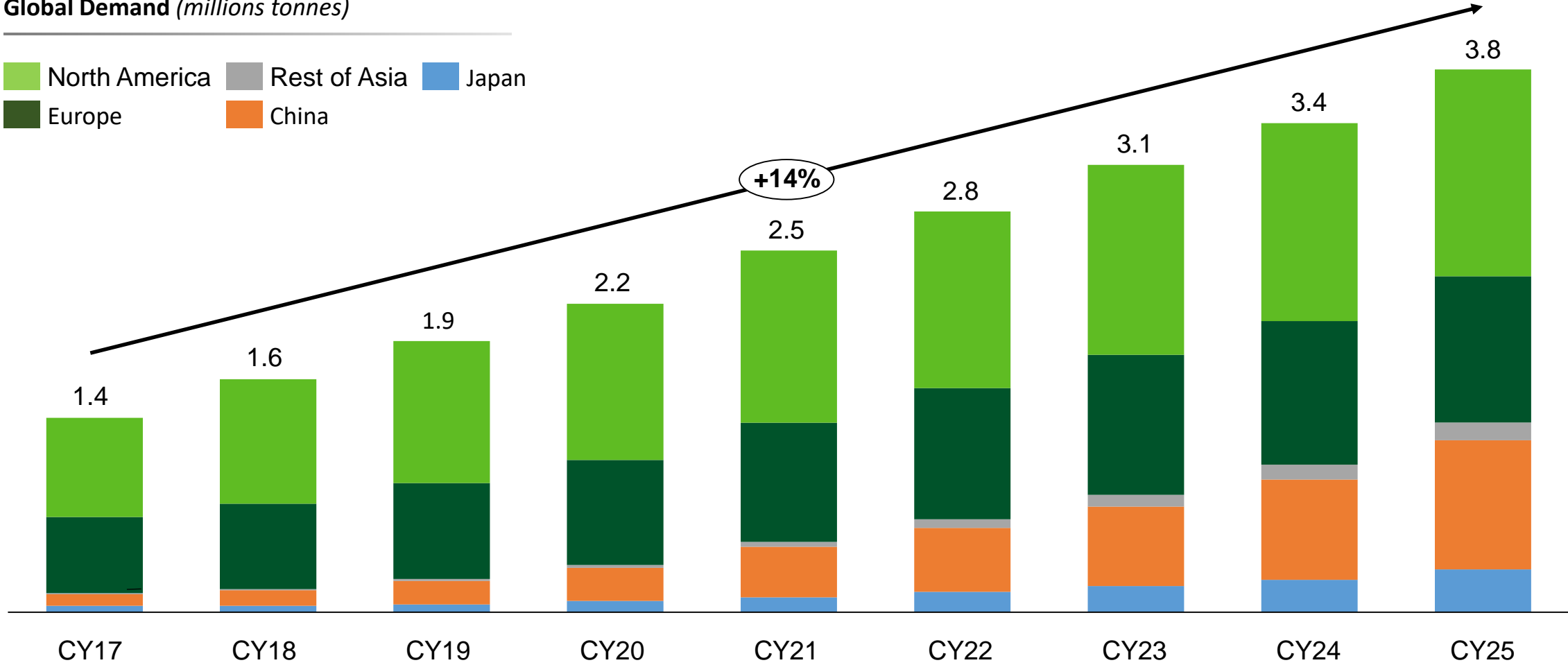
- Novelis Facilities - 24
- Aleris Facilities - 13
- India Value Added Product Facilities - 6

Note : India Aluminium Upstream, Mining and Copper facilities not shown above

GLOBAL AUTOMOTIVE SHEET DEMAND

Global Demand (millions tonnes)

- North America
- Rest of Asia
- Japan
- Europe
- China



Source: Novelis estimates