



Hindalco

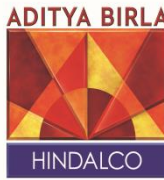
Investor Presentation – Q1 FY18

August 11, 2017

Mumbai



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.

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Key Highlights

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Economy & Industry

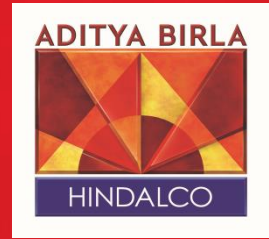
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Result Highlights

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Operational and Financial Performance

- Aluminium (India)
- Copper
- Novelis



Key Highlights

Key Highlights (1/2)

Deleveraging

- Prepaid Rs. 4,505 crore in April 2017 at Hindalco standalone and Rs. 894 crore in July 2017 at Utkal - Till date total prepayment of Rs. 5,399 crore in FY18

Coal Security

- Awarded new coal linkage of 2.9 million tonne in Q1 FY18

Aluminium India

- New Plants operating at designed capacity : Production of Aluminium at 321 Kt and Alumina at 724 Kt
- Aluminium Standalone EBITDA in line with last year's at Rs. 875 crore on the back supporting macros, offset by increase in input cost (mainly Alumina). Increase in electricity duty by Odisha government also led to increase in cost of production at Aditya and Hirakud Smelters.
- Utkal EBITDA Y-o-Y grew by 207% to Rs. 291 crore vs. Rs. 95 crore mainly due to higher realization

Key Highlights (2/2)

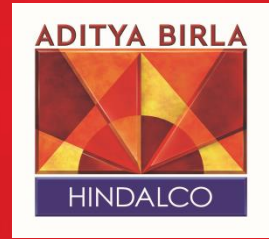
Copper

- Cathode production at 109 Kt was up 67% vs Q1FY17 mainly due to planned shutdown in last year
- CC Rod production at 40 Kt increased by 7% vs Q1FY17
- EBITDA at Rs. 322 crore increased 22% Y-o-Y on account of higher sales volume partly offset by lower by-product realization and increase in input cost

Novelis

- Record Q1 FY18 shipments at 785 Kt increased 4% Y-o-Y; automotive shipments increased by 16%
- Q1 Adjusted EBITDA* at USD 289 million, up 8% vs Q1FY17
- Net income of USD 101 million, up from USD 24 million Q1FY17

* Adjusted EBITDA excludes metal price lag



Economy and Industry

Global Economy

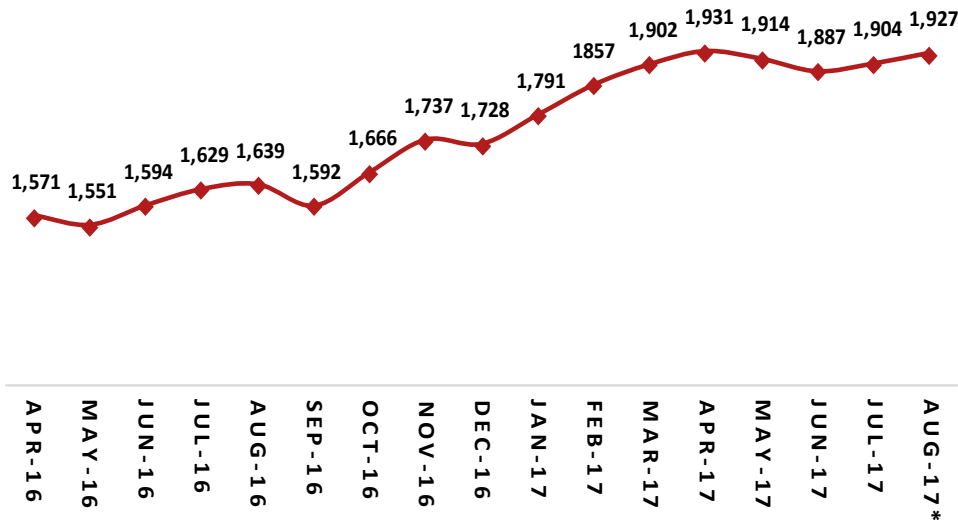
- The U.S economy in H1CY17 grew at an average rate of 2.0%
- In Euro region, employment rate and private consumption are picking up, along with easing of political uncertainties.
- China expanded more than expected in H1CY17 at 6.9%, due to steady rise in retail sales and industrial production
- IMF maintained global growth projection at 3.5 % in CY17 v/s 3.2% in CY16

Domestic Economy

- GST rolled out from 1st July' 17; demand was somewhat subdued due to apprehension on GST rollout
- In July' 17, RBI reduced repo rate by 25 bps to accelerate the overall economic growth, as inflation was below targeted level
- As per RBI estimates, Indian economy is likely to grow by 7.3% in FY18

Aluminium Industry

Aluminium Price Trend (USD/t)



*Aug'17 Aluminium LME avg. till 9th August 2017

Global market is expected to be largely balanced in CY 2017

- Environmental & supply side restrictions in China coupled with weak US Dollar and strong industrial activities supported LME in Q1FY18
 - ◇ Aluminium remains top performing LME metal of CY17
 - ◇ Provincial governments order smelters to close in China
 - Cuts occur in Xinjiang, Inner Mongolia and Shandong
- Buoyant demand outlook, lower inventory base and weak US Dollar expected to support price outlook

Aluminium Industry Drivers

- Initiation of production cut in China and increase in input cost supported realization – Increase in LME over previous quarter was negated by stronger rupee
- Regional premium improved due to decline in LME inventory
- Demand in domestic market was subdued; market remains oversupplied due to imports and increase in domestic production

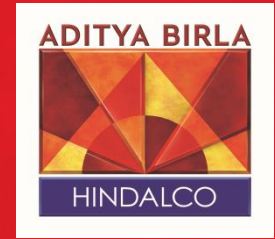
Key macro drivers	Q1 FY 17	Q1 FY18	YoY%	Q4 FY17	QoQ%
LME (US\$ /T)	1571	1911	22%	1850	3%
Premium (MJP) (US\$/T)	90	115	28%	100	15%
Rs./US\$	66.9	64.5	-4%	67.0	-4%

Copper Industry

- LME in copper was majorly driven by the series of disruptions during first few months of CY 2017 and unexpected expansion in Chinese growth. Weak US dollar also supported copper LME to move upwards.
- China has announced ban on level seven grade scrap imports by end of CY18 including copper. This gave momentary support to copper LME
- On supply side, mine production is expected to decline marginally in CY 2017 due to major disruptions between January 2017 – April 2017
- Global demand for refined copper is expected to grow by 1.7% in 2017; emerging economies are expected to drive refined copper demand
- Domestic copper demand remained subdued in Q1FY18 - is expected to bounce back post Q2FY18

Key macro drivers (Q1FY18 vs Q1FY17)				
TCRC (USDc/lb)	LME (USD/MT)	Rs./USD	Acid Price (Rs./MT)	DAP Realization (Rs./MT)





Result Highlights

Q1 FY18 - Strong Operating Performance

Q1FY18 – Standalone Highlights

Revenue
Rs. 10,407 crore
(Y-o-Y up 28%)

- Higher volume and realization for both Aluminium and Copper segments

EBITDA
Rs. 1,404 crore
(Y-o-Y up 4%)

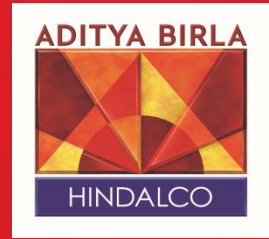
- Higher cathode and aluminium vol.
- Stable operations
- Higher input cost offset by supportive macros

Net Profit
Rs. 290 crore
(Y-o-Y down 2%)

- Overall strong performance and saving in interest cost due to prepayment of loans
- Exceptional provision of Rs. 104 crore

Utkal EBITDA
Rs. 291 crore
(Y-o-Y up 207%)

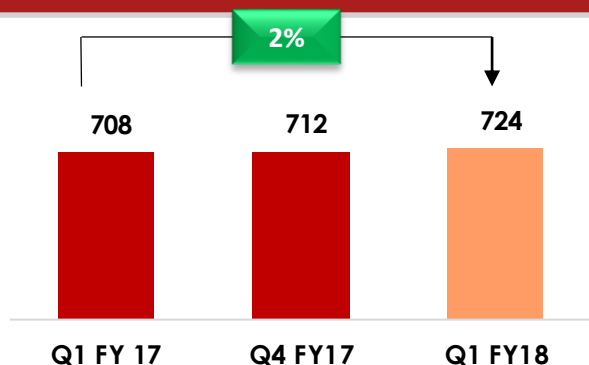
- Higher realization for Utkal, resulting in higher input cost at Hindalco standalone



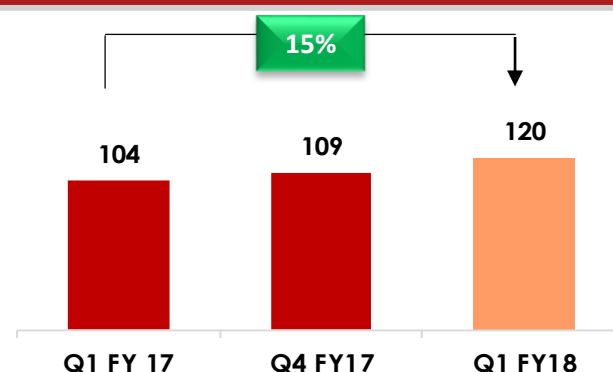
Operational Performance Aluminium (India)

Production Trend

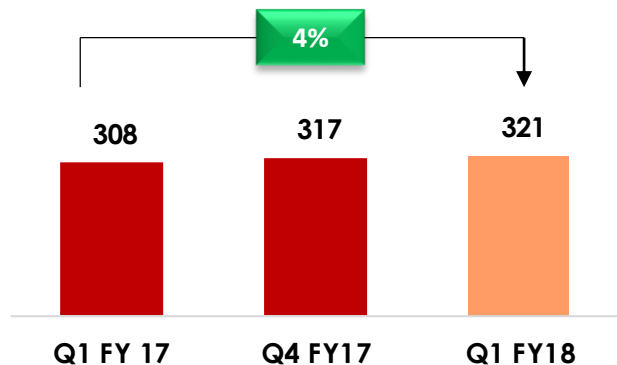
Alumina (KT) includes Utkal



VAP incl. Wire Rod (KT)

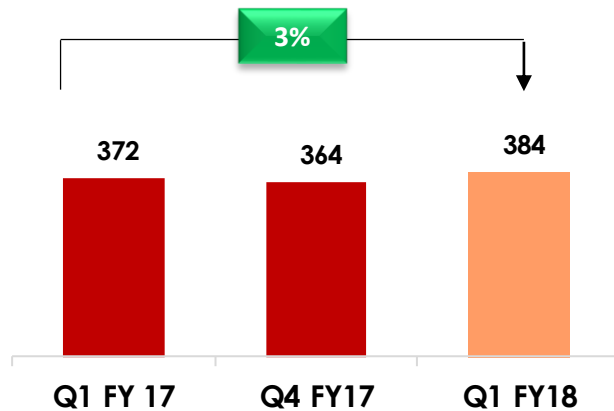


Metal (KT)

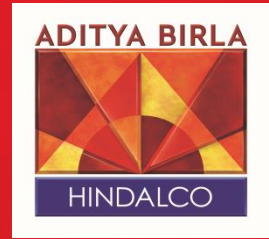


- Plants continue to operate at designed capacity
 - ◇ Alumina production up by 2% and Metal production up by 4%
- VAP production increased by 15% in line with our long term strategy

Production (KT)

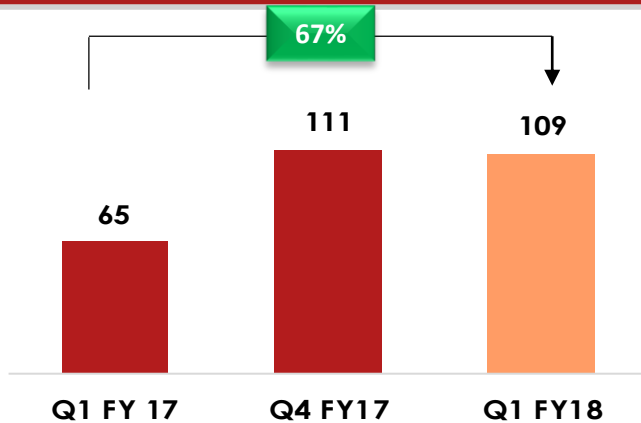


- Plant continue to operate at designed capacity
- Cash cost of Alumina refinery is amongst the lowest in the world
- Signed Long Term Tariff Contract (LTTC) with railways for transport of inward raw material and outward finished product

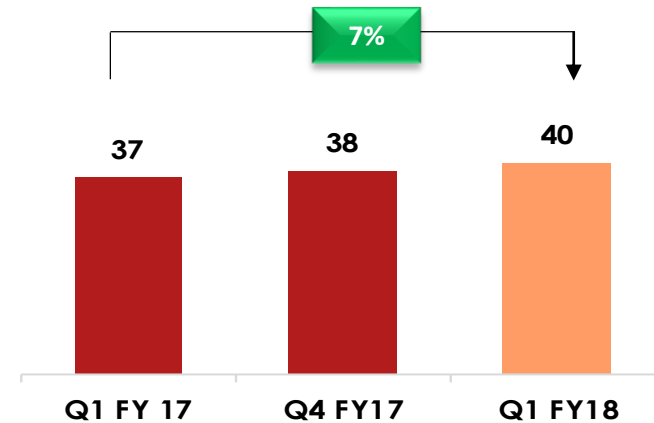


Operational Performance Copper

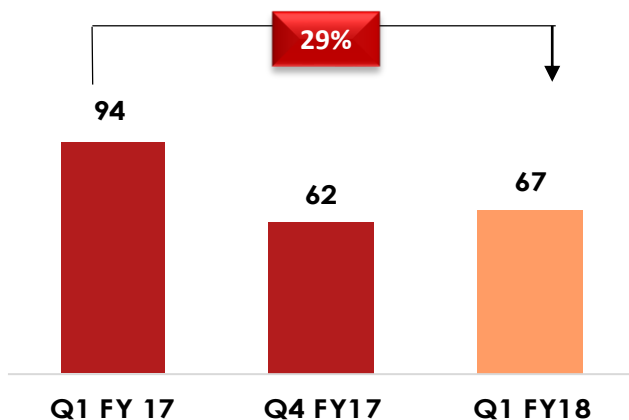
Cathode (KT)



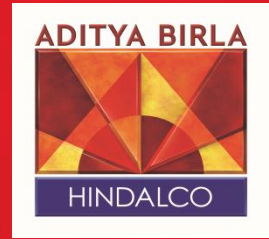
CC Rods (KT)



DAP (KT)



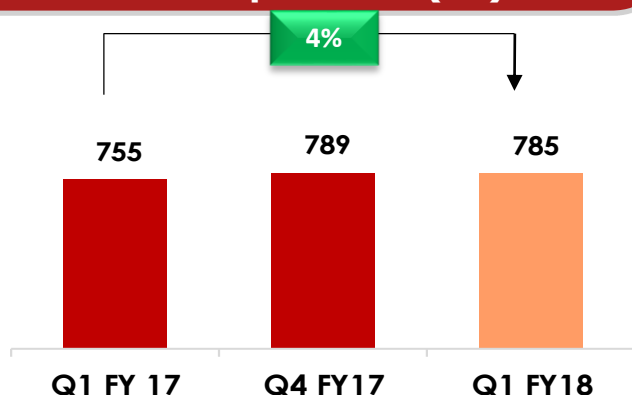
- Cathode production was up 67% due to lower base (planned shutdown last year)
- CC rod production was higher by 7%
- DAP production impacted due to operational issues



Operational Performance Novelis

Key Highlights

Total Shipments (KT)



- Total flat rolled product shipments grew 4% to 785 Kt
 - Excluding 6 Kt from the prior year related to the divested Alcom Business in Asia, shipments were up 5%

- Aluminium Auto sheet demand continued to be robust
 - Automotive shipments Y-o-Y grew by 16%.

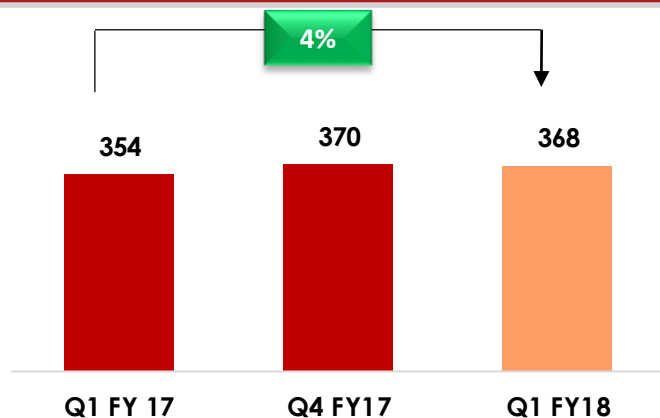
- Can Y-o-Y shipment grew by 2%.

- Continued strong operating and financial performance driven by

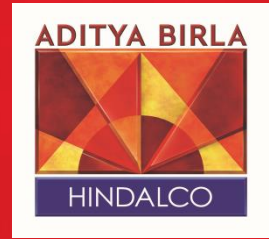
- Continued ramp up of automotive capacity
- Improvement in operational efficiencies
- Favorable metal cost

- Record Adjusted EBITDA* per tonne at USD 368 in Q1FY18 vs USD 354 in Q1 FY17

Adjusted EBITDA* per / tonne



* Adjusted EBITDA excludes metal price lag



Financial Performance

Financial Highlights – Standalone

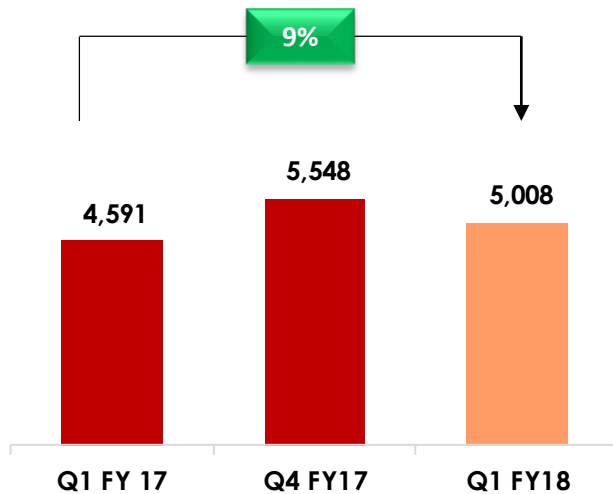
(Rs. crore)

Description	Q1 FY 17	Q4 FY17	Q1 FY18
Revenue from Operations	8,159	11,747	10,407
Earnings Before Interest, Tax and Depreciation (EBITDA)			
Aluminium	871	918	875
Copper	264	497	322
Others (including Other Income)	216	155	207
Total EBITDA	1,351	1,570	1,404
Depreciation	338	380	379
Finance Costs	600	541	488
Earnings before Exceptional Items and Tax	413	648	537
Exceptional Income/ (Expenses) (Net)	-	-	(104)
Profit Before Tax	413	648	433
Profit/ (Loss) After Tax	294	503	290
Earnings per Share (EPS) - Basic (In Rupees)	1.4	2.4	1.3

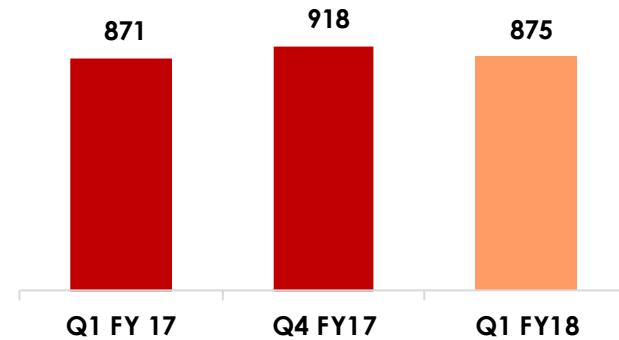
Exceptional provisioning of Rs. 104 crore is on the basis of recent Supreme Court judgement in a matter relating to mining regulation (to which the Company was not a party). The Company anticipates that the judgement may have an implication on its existing litigation which is sub-judice. The provision has been made as a matter of abundant caution.

Aluminium Standalone

Revenue (Rs. crore)

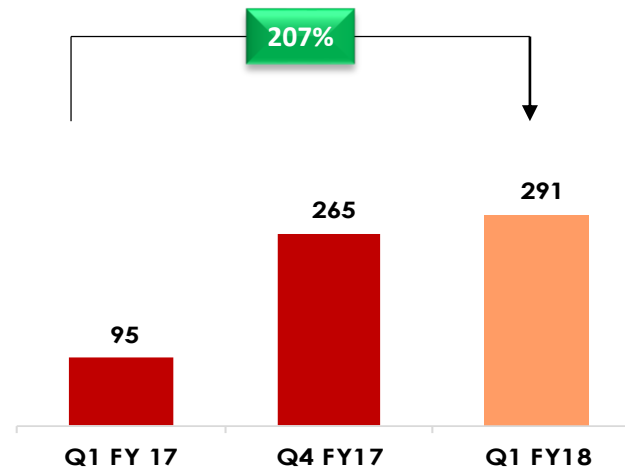


EBITDA (Rs. crore)



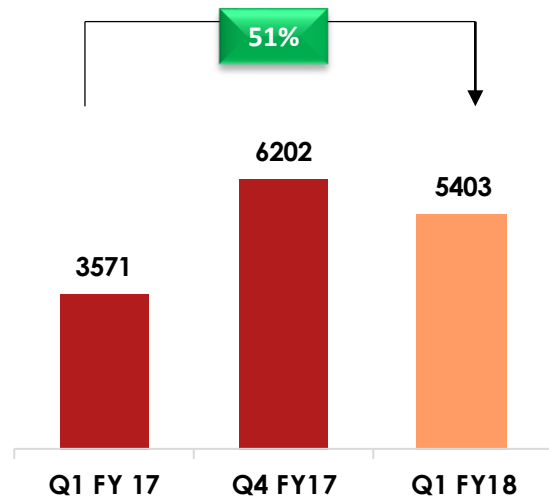
- Y-o-Y Revenue up due to higher volume and realization
- EBITDA marginally up on the back of supportive macro, higher volume, stable operations largely offset by higher input cost (mainly alumina).

EBITDA (Rs. crore)

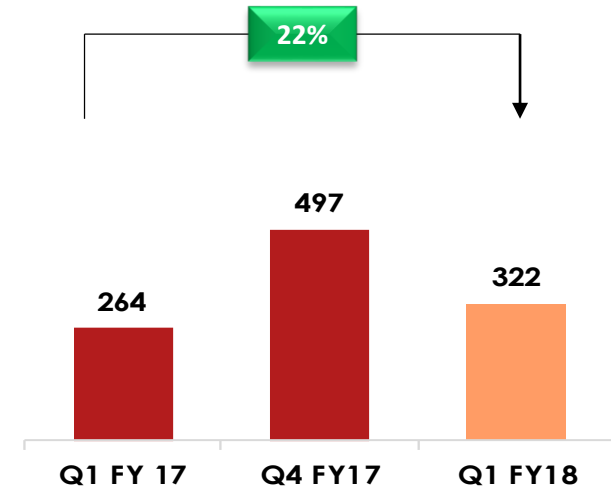


- Strong performance on back of stable operations
- 207% Y-o-Y growth in Q1 FY18 on the back of higher realization. However higher alumina prices result in higher input cost for Hindalco standalone

Revenue (Rs. crore)

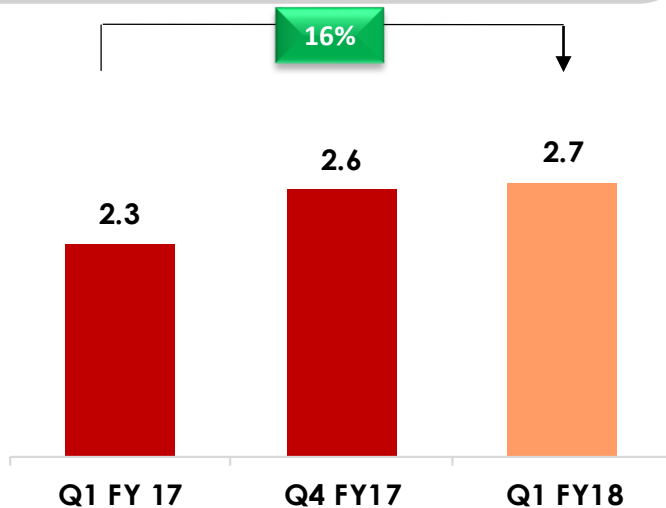


EBITDA (Rs. crore)

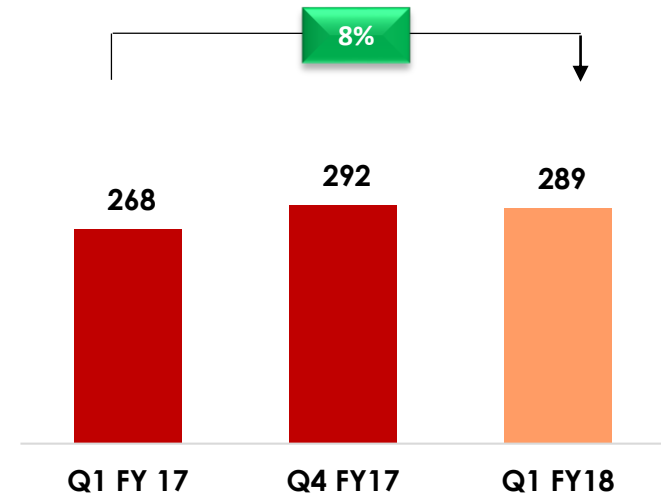


- Revenue up due to higher volume and copper LME
- EBITDA for Q1 FY18 was Y-o-Y up by 22% : Higher volumes partly offset by lower by-product realization & higher input cost.

Revenue (USD billion)



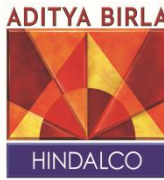
Adjusted EBITDA* (USD million)



- Revenue increase by 16% driven by higher shipments and Metal price.
- EBITDA grew by 8% primarily on account higher shipments, ongoing operational improvements, favorable product mix, partially offset by pricing pressures in beverage can.

* Adjusted EBITDA excludes metal price lag

Hindalco: Sustainable Performance



Stronger Balance Sheet

- Deleveraging exercise continues - Rs. 5,399 crore prepaid till date in FY18 + Rs. 1,031 pre paid in FY17

Robust Operational Performance

- Robust performance on the back of stable plant operations along with higher Aluminium and Copper prices

Improved Coal Security

- New coal linkage of 2.9 million tonne in Q1 FY18

World Class Alumina

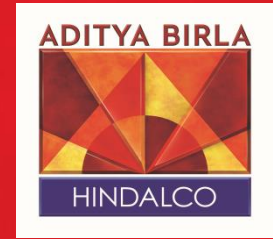
- Integrated aluminium model benefiting overall cost

Novelis

- Continued focus on auto growth with signs of can demand firming up
- To focus on cost optimization initiatives

Key Risk

- **Increasing Imports and domestic production**
- **Delay in pickup of domestic demand**
- **Increasing input cost**



Thank You

REGISTERED OFFICE

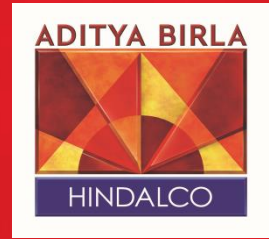
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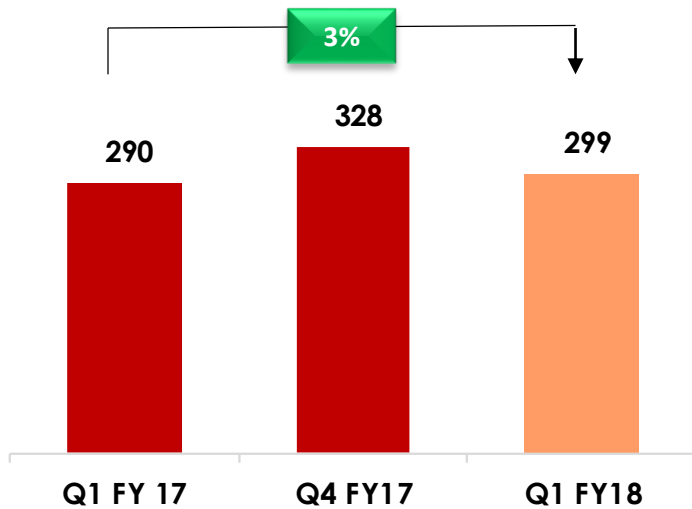
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Corporate Identity No. L27020MH1958PLC011238



Appendix

Aluminium Metal sales in all form (KT)



Copper sales (KT)

