

AM:SJV:STOEX:18

Date : 27<sup>th</sup> August,2018

<b>BSE Limited</b> <b>Phiroze Jeejeebhoy Towers</b> <b>Dalal Street</b> <b>Mumbai: 400 001</b>	<b>National Stock Exchange of India Limited</b> <b>Exchange Plaza, 5<sup>th</sup> Floor</b> <b>Plot No. C/1, G Block</b> <b>Bandra Kurla Complex</b> <b>Bandra (East)</b> <b>MUMBAI – 400 051</b>
<b>Mr. Daniel Schammo</b> <b>Banque Internationale A</b> <b>Luxembourg</b> <b>Societe Anonyme</b> <b>69, Route d'Esch</b> <b><u>L-2953 LUXEMBOURG</u></b> <b><u>Fax No. 00 352 4590 2010</u></b> <b>TEL. NO. 00 352 4590-1</b>	

Dear Sir,

Further to our letter dated 24<sup>th</sup> August, 2018, please find enclosed herewith Presentation to be given on investor meetings at the 14<sup>th</sup> Motilal Oswal Securities Ltd.

Thanking You.

Yours Faithfully

**For Hindalco Industries Limited**

**SUNITA NARAYAN**  
**MANAGER**

**Encl: as above**

Hindalco Industries Limited

6th & 7th Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai 400030, India.

T: +91 22 6662 6666 / 62610555 | F: +91 22 62610400 / 62610500 | W: www.hindalco.com

Registered Office: Ahura Centre, B-Wing, 1st Floor, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India.

Corporate ID No.: L27020MH1958PLC011238



# Hindalco Industries Ltd.

## Leading Sustainably, with Balance



**Motilal Oswal Annual Investor Conference 2018**  
27<sup>th</sup> August, 2018

Presented by : Satish Pai, Managing Director

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# *“Hindalco - Leading Sustainably, with Balance”*

Hindalco focuses on long horizon sustainable growth, through a unique business portfolio across non-ferrous metals in upstream and downstream segments, Globally and in India. We solidify sustainability of our business model through resource security, recycling and focus on environment.

As a result, Hindalco will be the last man standing in the downcycle and the first man forward in the upcycle.

# Hindalco : Long Horizon, Balanced Business

## PORTFOLIO

### ALUMINIUM

- India (EBITDA): Rs. 4,692 Crore
- Novelis Inc. (EBITDA) : \$ 1.2 Billion

### COPPER

- EBITDA : Rs. 1,594 Crore

## SEGMENTS

### UPSTREAM

- Primary Aluminium (Shipments) : 805 Kt

### DOWNSTREAM

- India FRP (Shipments) : 469 Kt
- Novelis FRP (Shipments) : 3,188 Kt
- Copper (Shipments) : 407 Kt

## GEOGRAPHY

### INDIA

- Revenues : Rs. 43,812 Crore

### OVERSEAS (Novelis Inc.)

- Revenues : \$ 11.5 Billion

Note : All above figures are for FY18

# Hindalco : A Sustainable Business

## SUSTAINABILITY

### RESOURCE SECURITY

- Coal linkages and captive mines
- Captive Bauxite mines and integrated alumina
- Long term contracts for procurement of copper concentrate

### RECYCLING

- Novelis using 1.5 mt of Recycled inputs
- Novelis increasing its recycling content

### FOCUS ON ENVIRONMENT

- Focus on meeting lower emission norms
- Trialing energy sources like solar, hydro etc
- Evaluating natural gas

# About Hindalco

## 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 Flat Rolled Products (FRP)	
#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 most economical producers of Alumina in the world



One of the **Largest custom copper smelter** at single location in Asia - Commissioned new CCR#3 Plant in Dahej



Global operations across **11 countries**



Revenue of **USD 18 billion**



EBITDA of **USD 2.2 billion**



**~35,000 employees** across the world

The Above number are for FY18

# India Aluminium: Manufacturing Excellence



Capacity  
**1,500 Kt**

**Utkal  
Alumina**



Capacity  
**360 Kt**

**Mahan  
Aluminium**

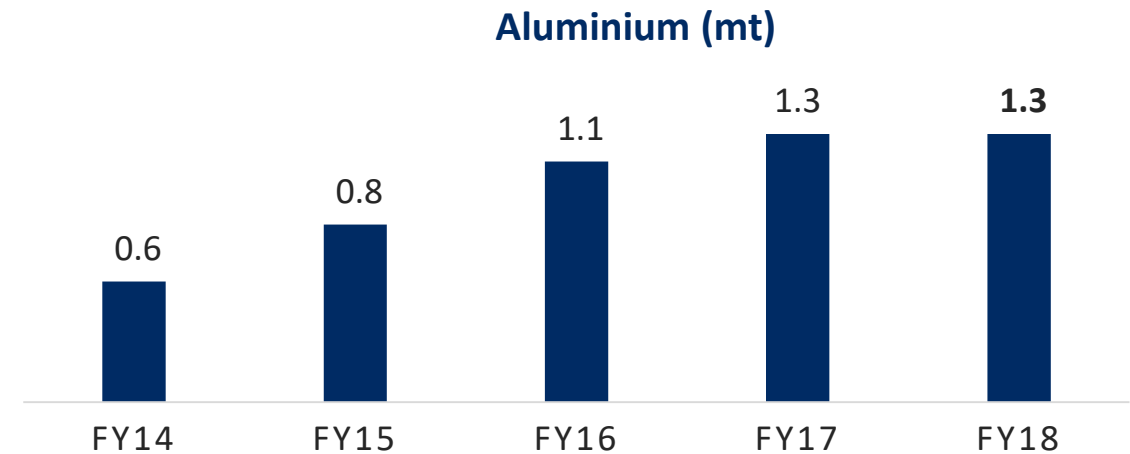
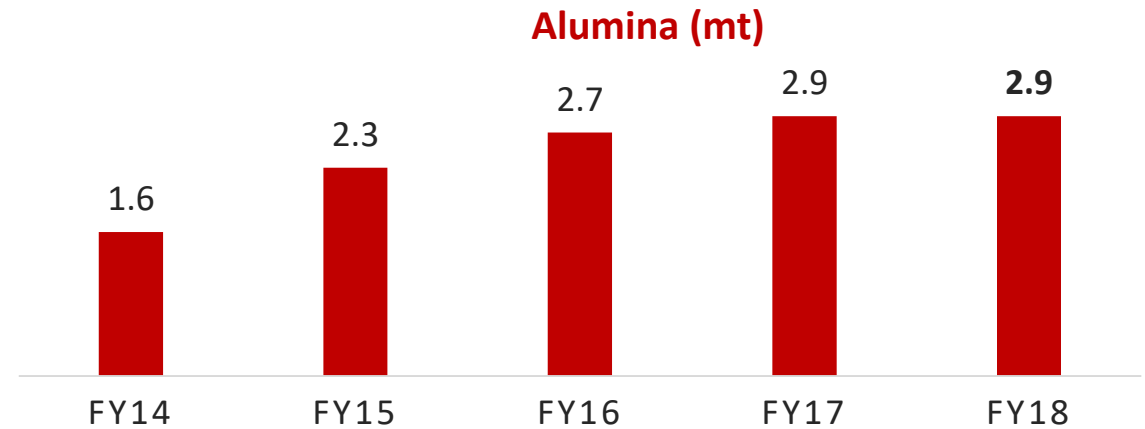


Capacity  
**360 Kt**

**Aditya  
Aluminium**

Implemented 3 large greenfield projects in the past few years ;  
Prepaid Large amount of these project Loans in last 2 years

## Reaping Benefits of Global Scale Operations



All 3 Greenfield projects in India operating at their rated capacities



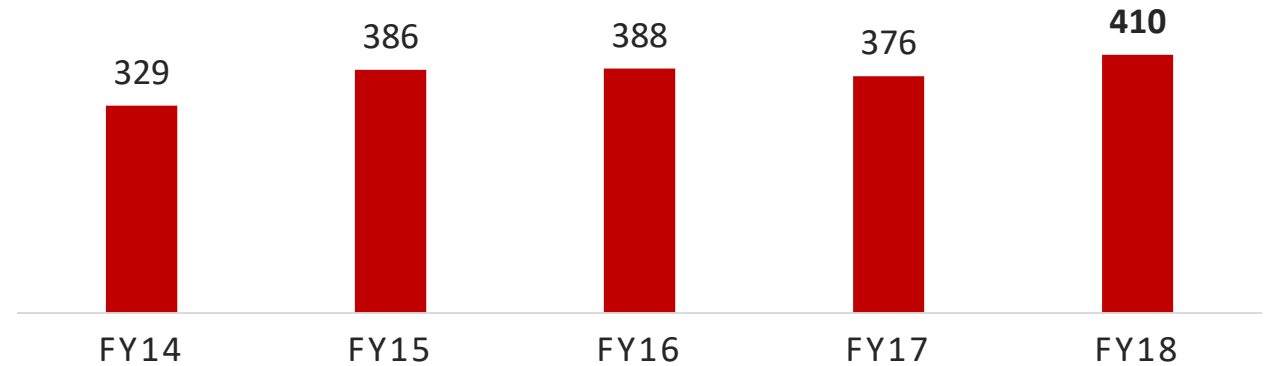
# Copper: Manufacturing Excellence



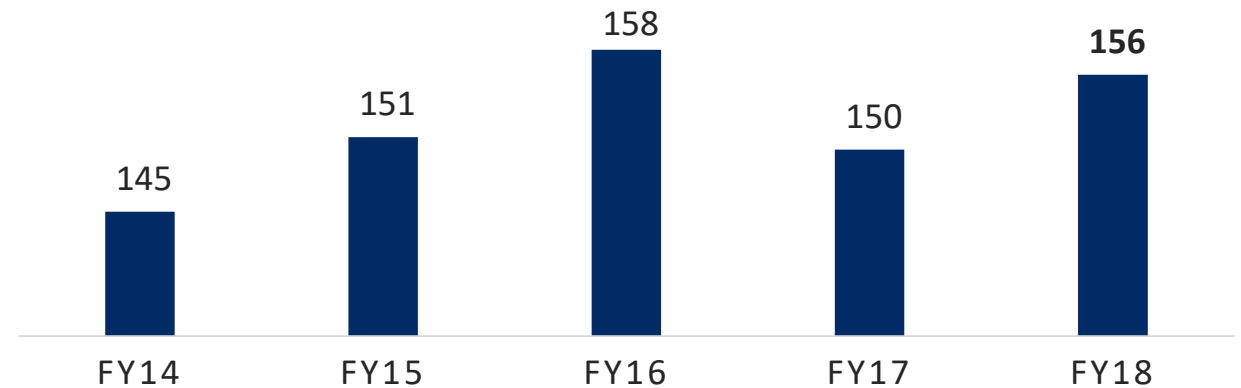
Recently commenced new Copper Continuous Cast Rod facility (CCR#3) at Dahej with a capacity of ~240 Kt

## One of the Largest Single Location Copper Smelters

### Cathode Production (Kt)

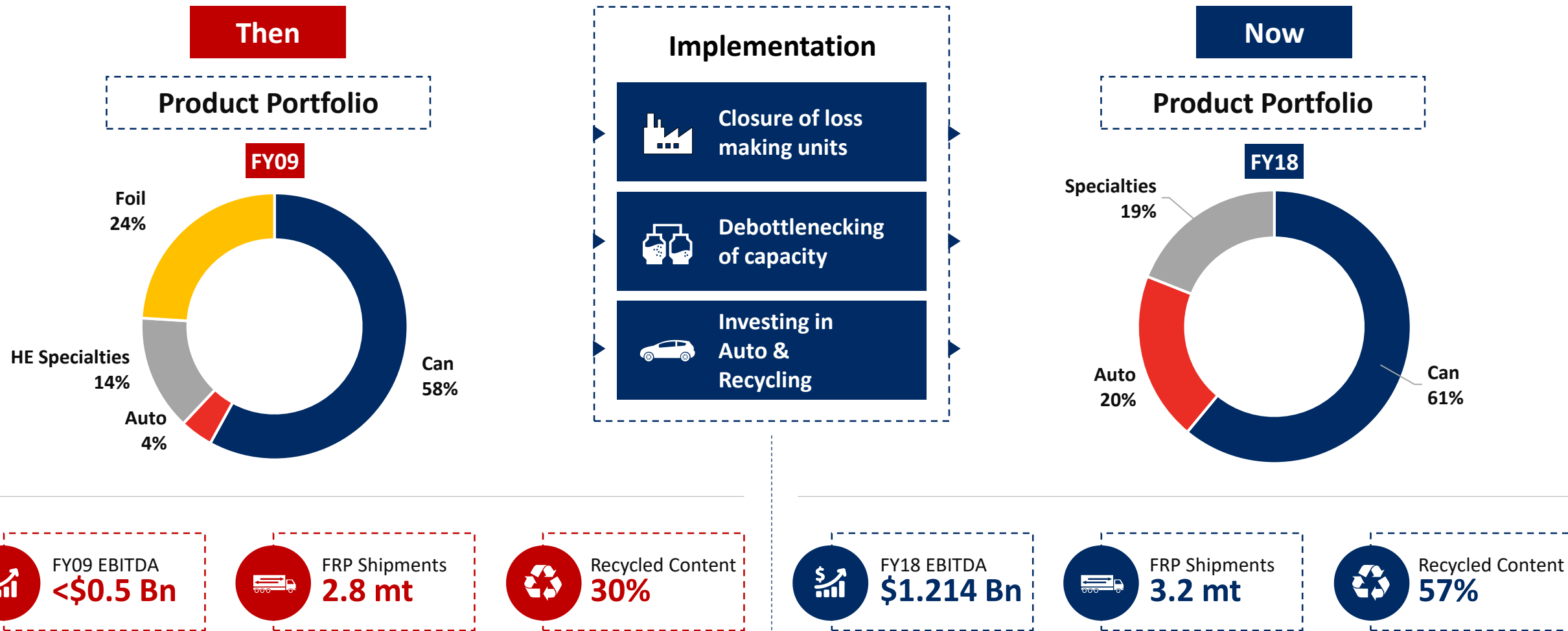


### CC Rod Production (Kt)



Cathode production was highest ever in FY18

# Novelis Transformation – Through Strategic Shift



Moving from predominantly a Can and Foil maker to a high margin enriched product portfolio

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# Sustainable Business

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# India Resource Security (Coal & Bauxite)

## COAL



### Coal Procurement Options



#### Linkage coal

Long term coal linkage contract with Coal India; typically for 5 years



#### Captive mines

Acquired 4 coal blocks in 2015 located in close proximity to most of the smelters



#### Open Market Purchase

Via e-auction route

MTPA – Million Tonnes Per Annum

## ALUMINA (Input : Bauxite)



### Integrated Alumina



Self sufficient in Alumina (the intermediate product for Aluminium smelting) with capacity of 3.0 mt to feed its 1.3 mt Aluminium Capacities



Access to excellent quality bauxite with a most economical cost of Alumina from Utkal Alumina (Hindalco's wholly owned subsidiary)



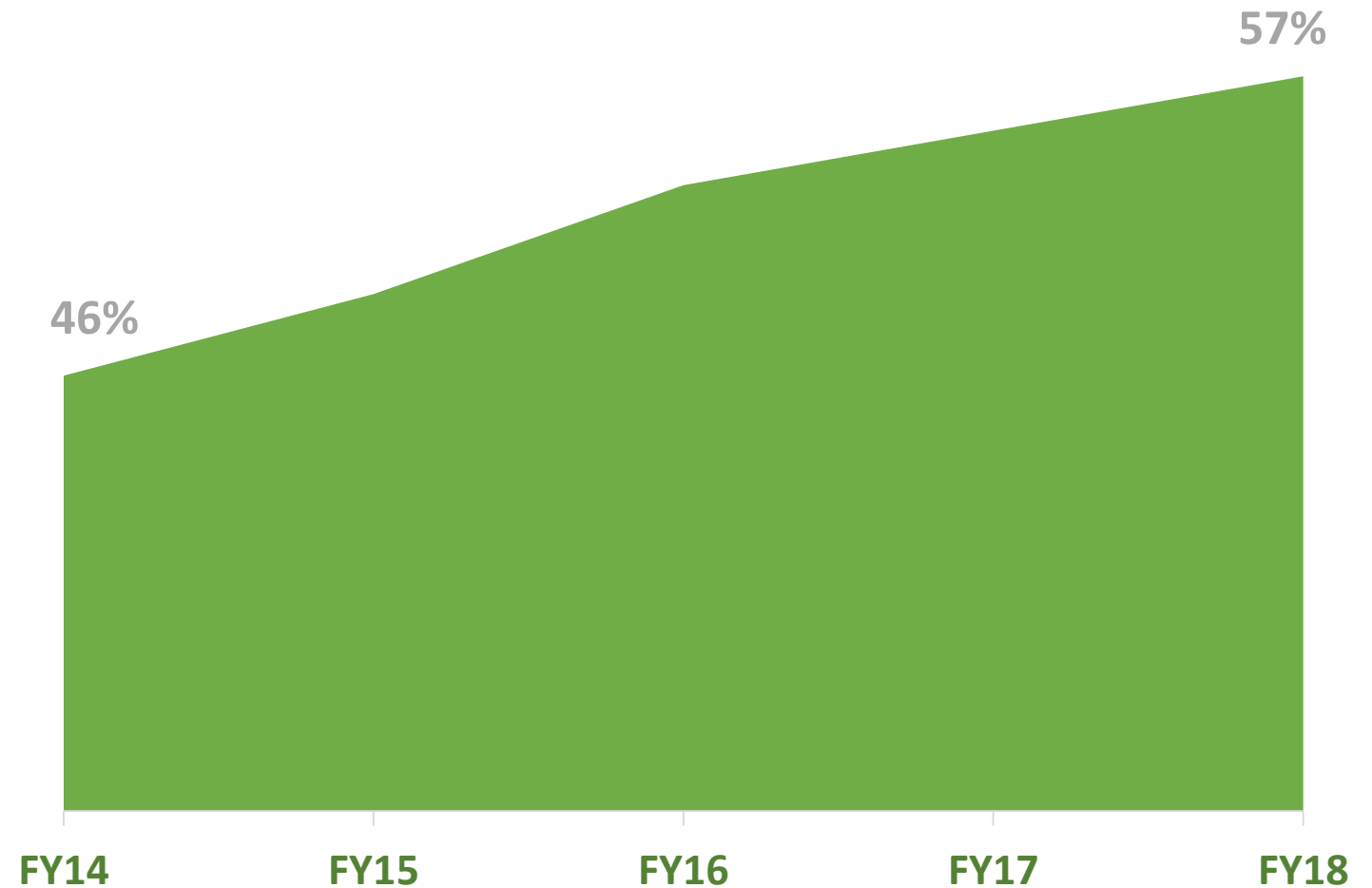
All its Alumina refineries located in close proximity to the bauxite mines is an added advantage



Excellent Logistics - Bauxite is transported through a long distance conveyer belt – considered as an engineering marvel

# Novelis - Growing Recycled Content for Sustainable Advantage

- World's largest recycler of used beverage cans (UBCs), recycling **65 billion UBCs each year**
- Recycled aluminum requires **95% less energy** and produces **95% fewer greenhouse gas emissions**, delivering a competitive and sustainable advantage.



Increased recycled content from 46% in FY14 to 57% in FY18

# Focus on Environment

- Meeting the emission norms
- Zero water discharge
- Green cover expansion
- Focus on waste utilization (Red mud, Fly ash, Slags etc.)
- Trialing energy sources like Solar, Hydro, Oil from plastic etc.

**Hindalco to focus on long term sustainability**

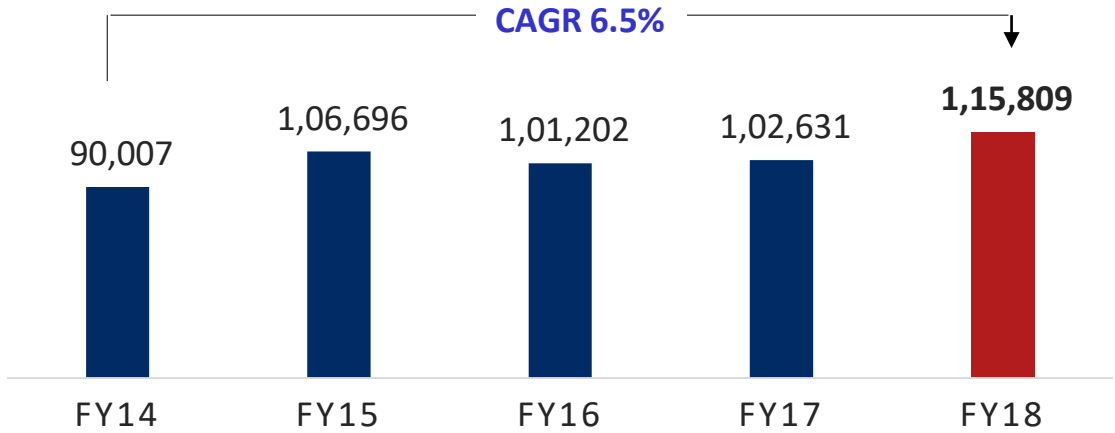


# Financial Performance - Consolidated

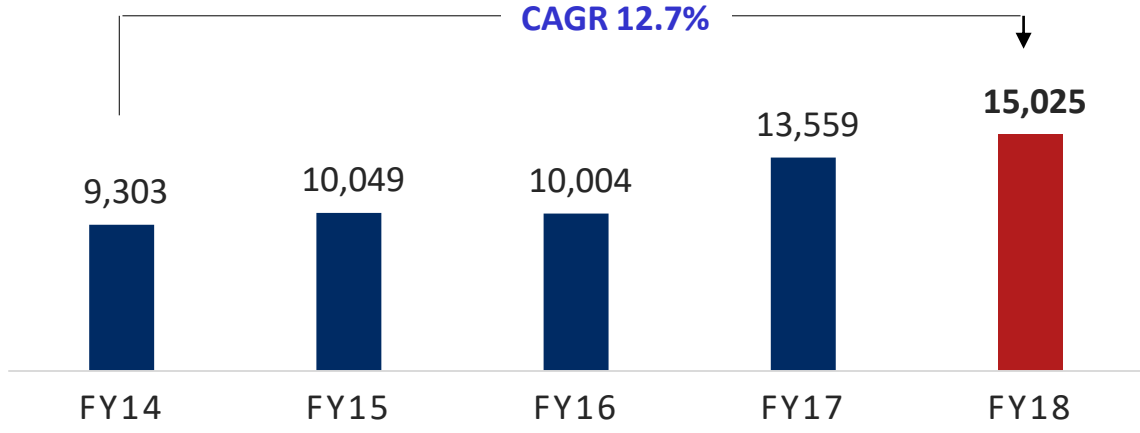
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# 5 Year Financial Snapshot - Consolidated

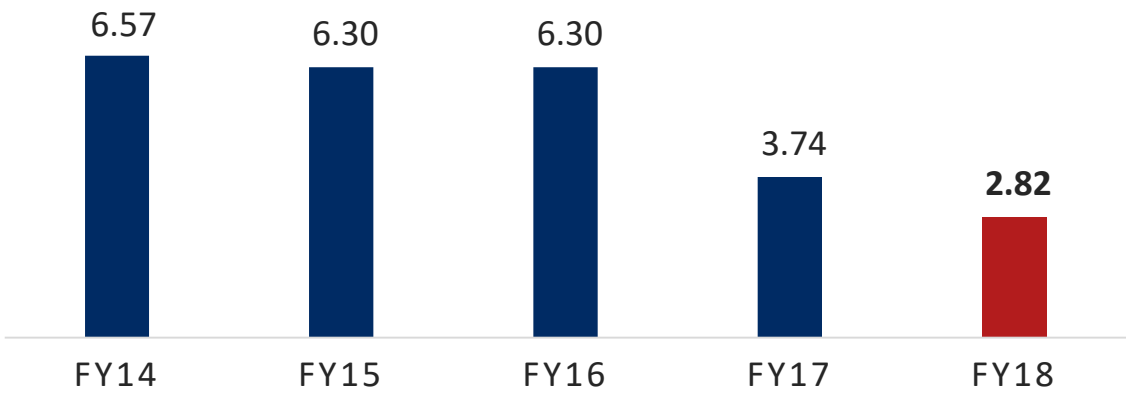
Revenues (Rs. Crore)



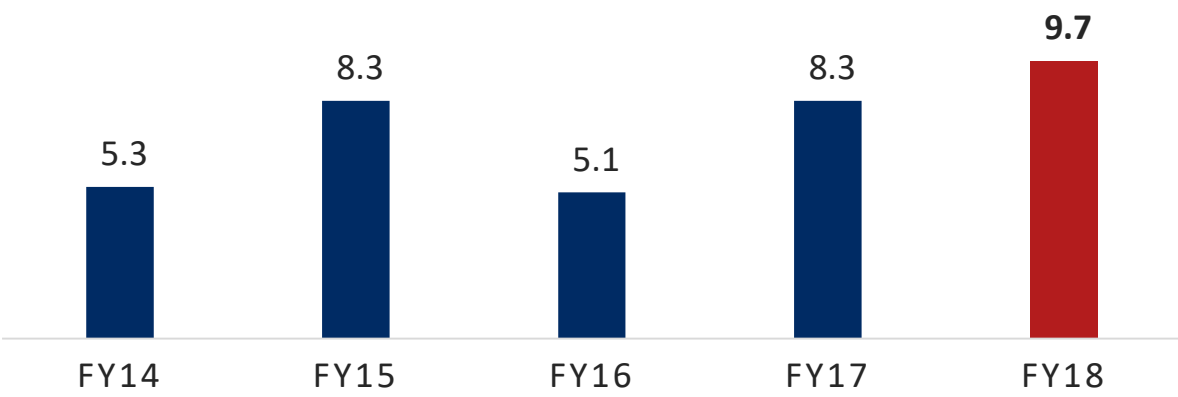
EBITDA (Rs. Crore)



Net Debt / EBITDA (x)



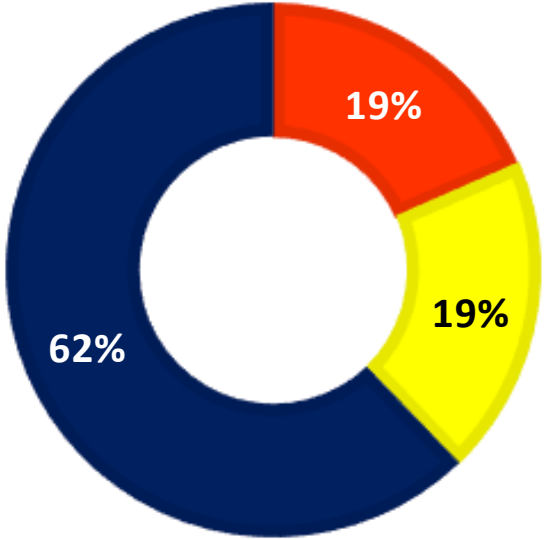
Return on Capital Employed (%)





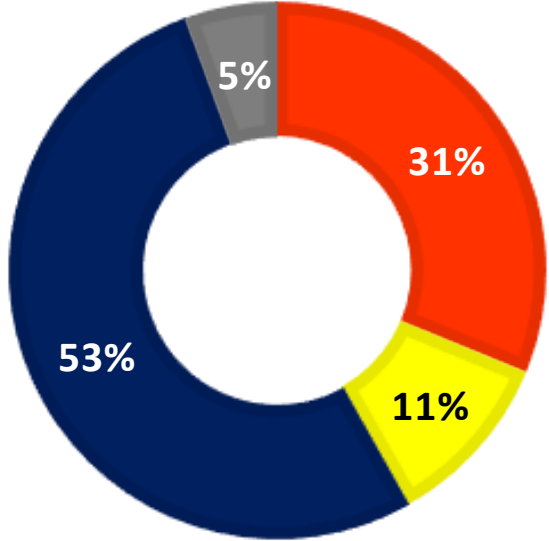
# FY18 - Consolidated Revenue & EBITDA Split

**Revenue**  
(Rs. 115,809 Crore)



Aluminium Copper Novelis

**EBITDA**  
(Rs. 15,025 Crore)



Aluminium Copper Novelis Other Income

**Novelis & Copper together contributed 81% to Revenue and 64% to EBITDA**

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# Growth Opportunities

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# Focus on Value Added Products (VAP)

**1 High growth potential in global Flat Rolled Products (FRP) - Automotive**

**2 Huge potential in new segments – Defence & Aerospace**

**3 Lower capital intensity compared to primary metal**

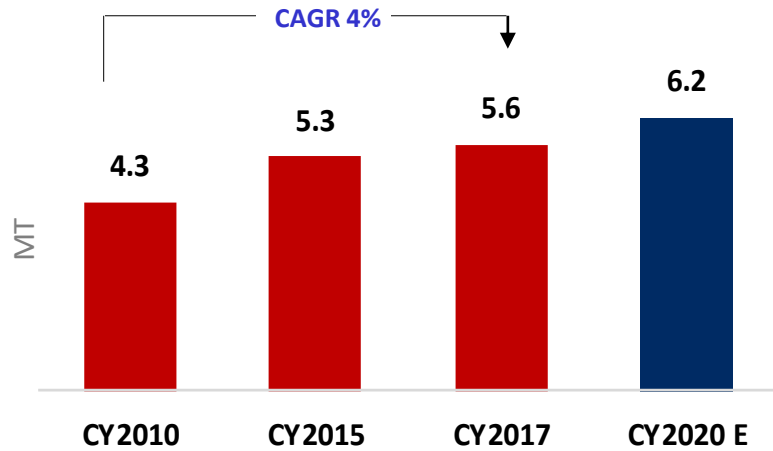
**4 Stable cash flows - less impacted by the LME volatility**

**5 Large underpenetrated VAP market in India**

**6 Downstream presence leads to competitive advantage**

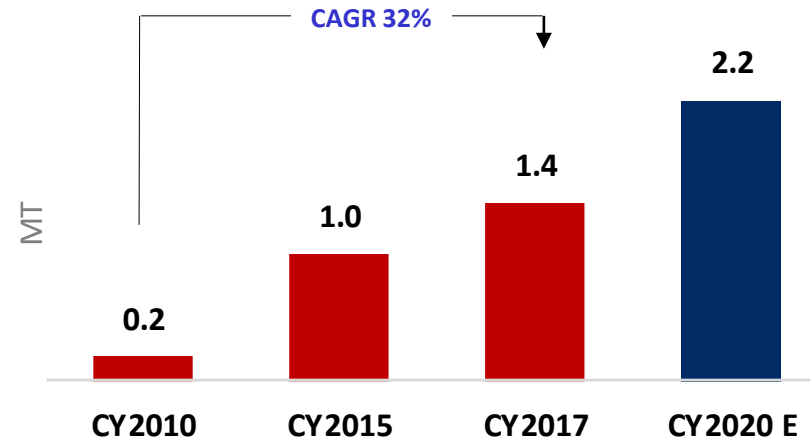
# Global Aluminium FRP Market

## Beverage Can (Mt)



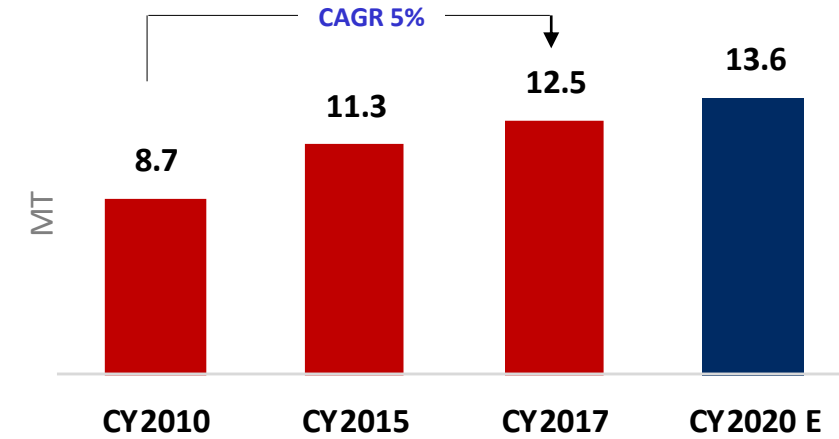
Demand remained stable for beverage cans and is expected to grow at the same pace

## Automotive (Mt)



Strong Demand form increased adoption of aluminium globally with focus on EVs, energy efficiency and light weighting

## Specialties (Mt)

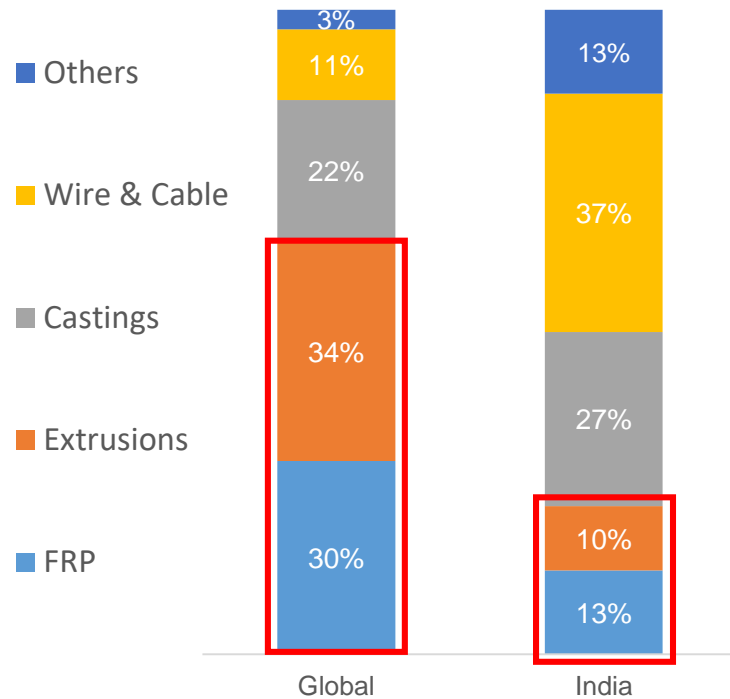


Market grew by 5% CAGR and expected to grow at a good pace

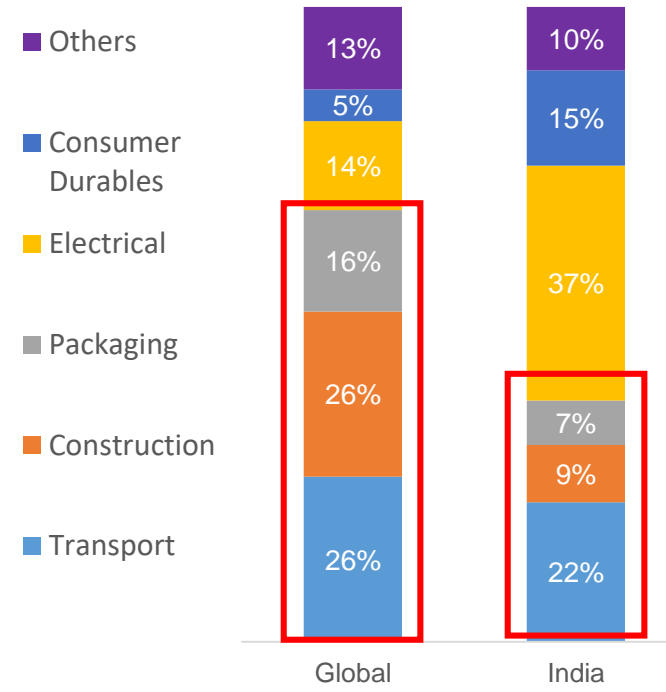
# Aluminium Consumption - Underpenetrated in India vs. Global Trend

- India has large untapped opportunities in FRP & Extrusions segments compared to Global.
- FRP & Extrusions together constitute ~23% of India consumption vs. ~64% of global, reflecting significant opportunity
- Demand to come from segments like transport, Construction and packaging

**Downstream Product Segments (2017)**



**Downstream Market Segments (2017)**



**Global Downstream Demand :82.6 mt**  
**India Downstream Demand: 3.3 mt**

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# Next Phase of Sustainable Growth

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# Novelis to Strengthen its Leadership Position through Strategic Moves

- Strengthening automotive leadership position with increasing share of automotive in total shipments year after year
- Addition of automotive finishing lines by 200 Kt in Kentucky, US and 100 Kt in China; both facilities to be commissioned in CY20.
- Invested significantly in recycling initiatives and developed high-tech recycling capabilities over the years
- Recently signed definitive agreement to acquire Aleris Corp which will provide :
  - Diversity in the current product portfolio with addition of high-end Aerospace
  - Enhancement and will complement Novelis' Asia operations with access to the SHFE metal
  - Strength to its ability to meet the increasing global automotive demand
  - Access to the technology for Building & Construction and Truck Trailer products and help in India operations



# Aleris Acquisition Solidifies Hindalco's #1 Position in Global Aluminium VAP

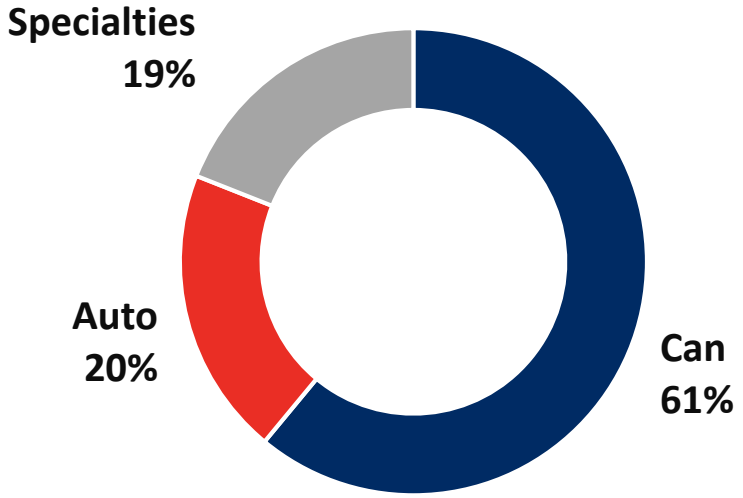


Post acquisition, expected value added product capacity at over ~ 4.7 Mt/annum (incl. India)

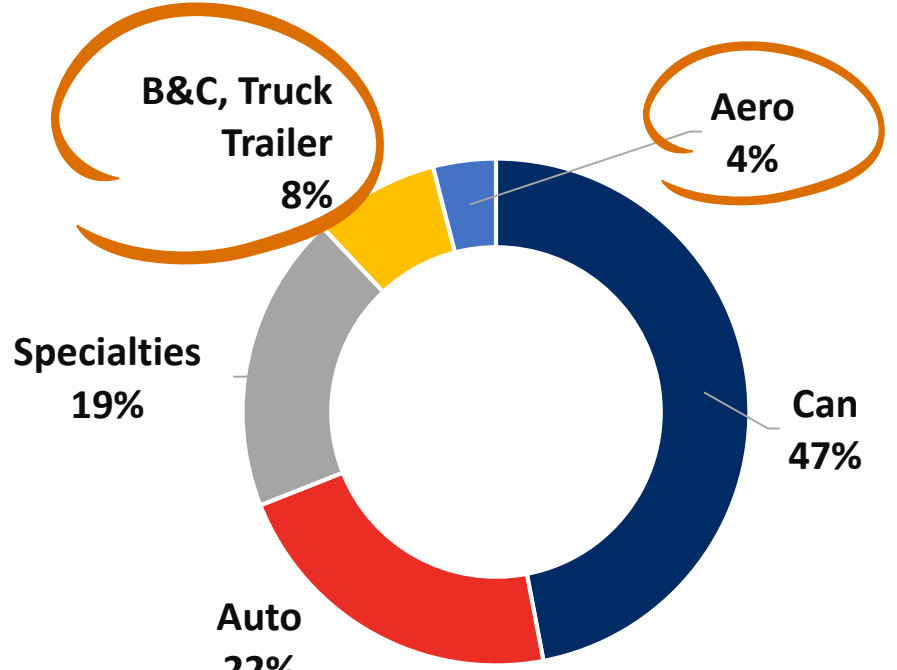


# Product Portfolio Diversification & Enrichment post Aleris Acquisition

**Novelis - Now**

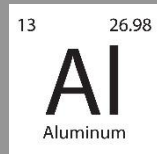


**Novelis Pro-Forma Run Rate**



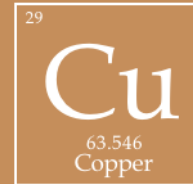
Enhanced product mix with addition of Aerospace and Building & Construction (B&C)  
Increased share of high margin products

## VALUE ADDED PRODUCTS



**PARTICIPATE IN THE INDIAN  
GROWTH OPPORTUNITY IN :**

- Flat Rolled Products (FRP)
- Extrusions



**EXPLORE & GROW IN :**

- New VAPs
- Expansions

# India Value Added Products Business - Aluminium

## Indian Demand

 Consumption dominated by Electrical Segment

 Growth expected in FRP and Extrusions



## Hindalco

Focus on growth in FRP, Foil, Extrusions

Aluminium VAP production to Double in next 5 years

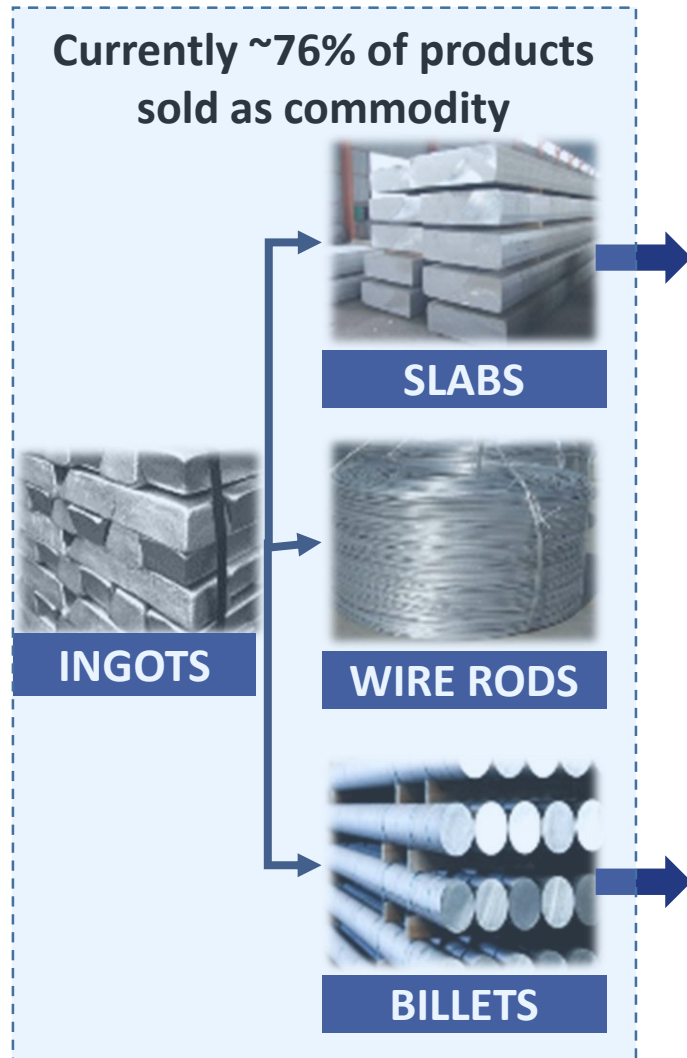
Key Success Factors



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

# Aluminium Downstream Strategy

“Focus on growing downstream – Higher Leverage with end Customers”



# Copper Downstream Strategy

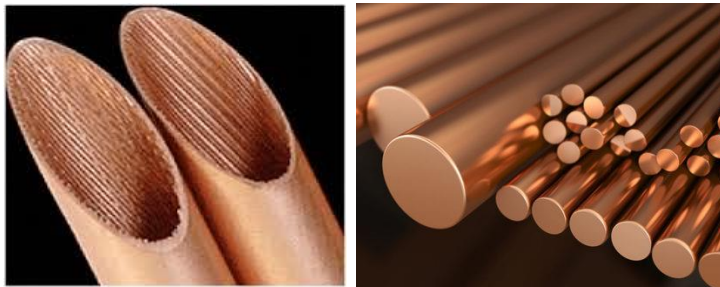
“Focus on growing downstream and upstream”



Looking to explore

**New VAPs :**

- Inner-grooved Tubes
- Copper Alloy Rods



**Capacity Expansion :**

Expanded its Copper Continuous Cast Rods (CCR#3) with Capacity of ~240 Kt



**Copper concentrate :**

Entered into long term contracts for sustainable procurement of Concentrate



# To Sum up

## Long Term Sustainable Business

**1**

Further strengthen our leading position



Healthy balance sheet & stable cash flows



Solidify sustainability with focus on resource security, recycling and environment

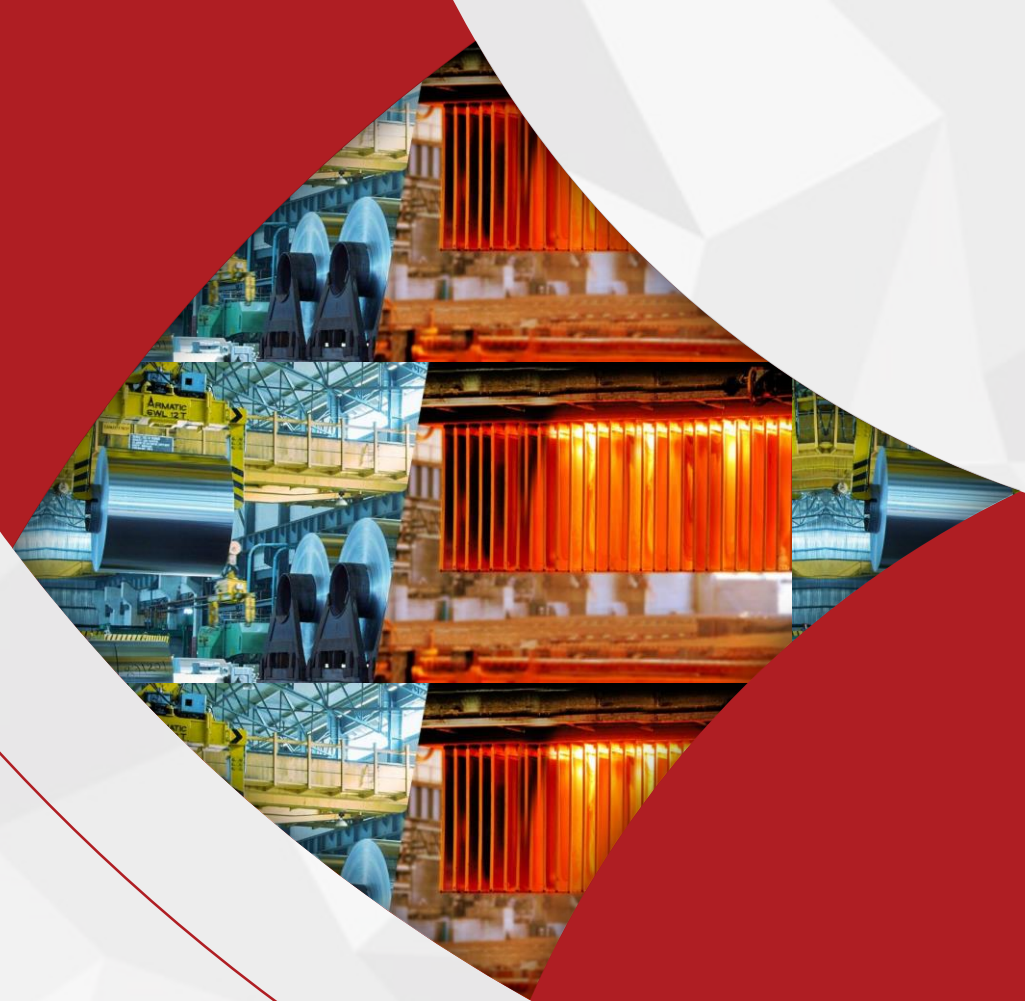
Diversified product mix across geographies





**Thank You**

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**For Further Queries Please Contact :**

Subir Sen,  
Investor Relations  
Telephone- +91 22 6662 6666  
E mail: [hilinvestors@adityabirla.com](mailto:hilinvestors@adityabirla.com)  
Website: [www.hindalco.com](http://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](http://www.hindalco.com)  
E mail: [hindalco@adityabirla.com](mailto:hindalco@adityabirla.com)  
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