Hindalco Industries Limited

Analyst Meet Presentation – 26 July 2018
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Hindalco to acquire Aleris for US$ 2.58 Bn through its wholly owned subsidiary Novelis Inc
### WHERE ARE WE?

**Leading Global Industry Player**

Hindalco Industries Ltd

#### 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**
- **Global Leader in Aluminium Recycling**
- **Shipments**: 3.2 mt
- **Focused on Premium Segments**

#### Business Highlights

- **Novelis**: Largest aluminium FRP producer globally
- **Aditya and Mahan**: 1st quartile cost producer of Aluminium
- **Utkal**: 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
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Maintenance &amp; Corporate</th>
<th>NA ABS Project &amp; Related Upgrades</th>
<th>Other Growth</th>
<th>Total US$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 A</td>
<td>228</td>
<td>10</td>
<td>8</td>
<td>246</td>
</tr>
<tr>
<td>2015 A</td>
<td>201</td>
<td>10</td>
<td>8</td>
<td>219</td>
</tr>
<tr>
<td>2016 A</td>
<td>208</td>
<td>14</td>
<td>74</td>
<td>326</td>
</tr>
<tr>
<td>2017 A</td>
<td>148</td>
<td>14</td>
<td>53</td>
<td>215</td>
</tr>
<tr>
<td>2018 E</td>
<td>125 - 140</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

### ADJUSTED EBITDA AND ADJUSTED EBITDA PER TON

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ EBITDA per ton</th>
<th>EBITDA US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 A</td>
<td>222</td>
<td>176</td>
</tr>
<tr>
<td>2015 A</td>
<td>271</td>
<td>223</td>
</tr>
<tr>
<td>2016 A</td>
<td>247</td>
<td>205</td>
</tr>
<tr>
<td>2017 A</td>
<td>250</td>
<td>201</td>
</tr>
</tbody>
</table>

### SHIPMENTS AND REVENUES

<table>
<thead>
<tr>
<th>Year</th>
<th>Shipments Kilotonne</th>
<th>Revenues US$ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 A</td>
<td>794</td>
<td>2.9</td>
</tr>
<tr>
<td>2015 A</td>
<td>822</td>
<td>2.9</td>
</tr>
<tr>
<td>2016 A</td>
<td>829</td>
<td>2.7</td>
</tr>
<tr>
<td>2017 A</td>
<td>800</td>
<td>2.9</td>
</tr>
</tbody>
</table>
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

Higher profitability beginning in 2018
Key Highlights of Acquisition
WORLD’S NO.1 ALUMINIUM DOWNSTREAM PLAYER

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

Strategic Rationale

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

Funding

100% Debt

Leverage (Net Debt / EBITDA)

<table>
<thead>
<tr>
<th></th>
<th>Novelis + Aleris</th>
<th>HIL Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Closing</td>
<td>&lt; 4x</td>
<td>&lt; 3.5x</td>
</tr>
<tr>
<td>After 2 years</td>
<td>~3x</td>
<td>&lt; 3x</td>
</tr>
</tbody>
</table>

Aleris poised for transformational growth
Why Aleris?
PRODUCT PORTFOLIO DIVERSIFICATION & ENRICHMENT

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

- AIRBUS
- BOEING
- BOMBARDIER
- EMBRAER
- MAHLE
- DENSO
- MITSUBISHI HEAVY INDUSTRIES
- thyssenkrupp
- COMAC

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

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
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 debt\(^1\))
  - 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.

Aleris EBITDA adjustments (US$ Million)

- Q1’18 LTM: \(202\)
- Qualifications Related Outage Add Backs: \(38\)
- Contracted Auto EBITDA: \(65\)
- Auto Opportunity (Remaining Finishing Capacity): \(55\)
- Adjusted LTM + Auto Forward EBITDA: \(360\)

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

<table>
<thead>
<tr>
<th>Description</th>
<th>%; Time to Achieve</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transformational Synergies</strong></td>
<td></td>
</tr>
<tr>
<td>o Acquisition fully integrates our existing Asia auto business</td>
<td>45-50%; 3-5 years</td>
</tr>
<tr>
<td>o Gain SHFE access for ~200kt of auto cold coils produced at Zhenjiang</td>
<td></td>
</tr>
<tr>
<td>o Closed loop scrap benefit in Asia</td>
<td></td>
</tr>
<tr>
<td>o US$ 250 - US$ 300 million investments after close</td>
<td></td>
</tr>
<tr>
<td><strong>Combination Synergies</strong></td>
<td>50-55%; within 3 years</td>
</tr>
<tr>
<td>o Metal and non-metal procurement</td>
<td></td>
</tr>
<tr>
<td>o Supply chain optimization and other operational efficiencies</td>
<td></td>
</tr>
<tr>
<td>o SG&amp;A savings</td>
<td></td>
</tr>
<tr>
<td>o IT infrastructure savings</td>
<td></td>
</tr>
</tbody>
</table>

~US$ 150 million of identified run-rate synergies

Plan in place to execute on identified synergies
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

- 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

1. Further strengthen our leading position

Diversified Product Mix

- Attractive Valuation
  - EV: US$ 2.58 bn
  - Expected EBITDA: US$ 360 mn
  - Multiple: 7.2x

- Potential Synergy
  - ~ US$ 150 mn
  - Integration in Asia
  - Supply Chain
  - SG&A Optimization

Solidify the global position

Strong Financial Profile

Leverage (Net Debt / EBITDA)

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

To Create a ~US$ 21 Billion Company by Revenue

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

Further strengthen our leading position

Solidify the global position

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

Strong Financial Profile

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

To Create a ~US$ 21 Billion Company by Revenue
Thank You
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

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>Rest of Asia</th>
<th>Japan</th>
<th>Europe</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY17</td>
<td>1.4</td>
<td></td>
<td></td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>CY18</td>
<td>1.6</td>
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<td>CY19</td>
<td>1.9</td>
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</tr>
<tr>
<td>CY20</td>
<td>2.2</td>
<td></td>
<td></td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>CY21</td>
<td>2.5</td>
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<td>0.2</td>
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</tr>
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<td>CY22</td>
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<tr>
<td>CY23</td>
<td>3.1</td>
<td></td>
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<td>0.2</td>
<td></td>
</tr>
<tr>
<td>CY24</td>
<td>3.4</td>
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<td>0.2</td>
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</tr>
<tr>
<td>CY25</td>
<td>3.8</td>
<td></td>
<td></td>
<td>0.2</td>
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</table>

Source: Novelis estimates