Hindalco Industries Limited

Media Meet Presentation - 26 July 2018
Hindalco to acquire Aleris for US$ 2.58 Bn through its wholly owned subsidiary Novelis Inc

Next Leap forward of our Global Value Added Products Growth Strategy
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 Alumium

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
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
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)

\[
\begin{align*}
\text{Novelis + Aleris} & : & \text{HIL Consolidated} \\
\text{At Closing} & : & <4x & <3.5x \\
\text{After 2 years} & : & \sim3x & <3x
\end{align*}
\]
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

World-class Aerospace plate facilities in Europe and 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
**BENEFITS FOR INDIA VALUE ADDED PRODUCTS BUSINESS**

### 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

- Building & Construction
- Aerospace & Defence
- Transport & Auto
- Railways
- Solar
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

Solidify the global position

Strong Financial Profile

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

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

Leverage (Net Debt /EBITDA)

Novelis +
Aleris
< 4x
< 3.5x

HIL Consolidated
< 3x

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