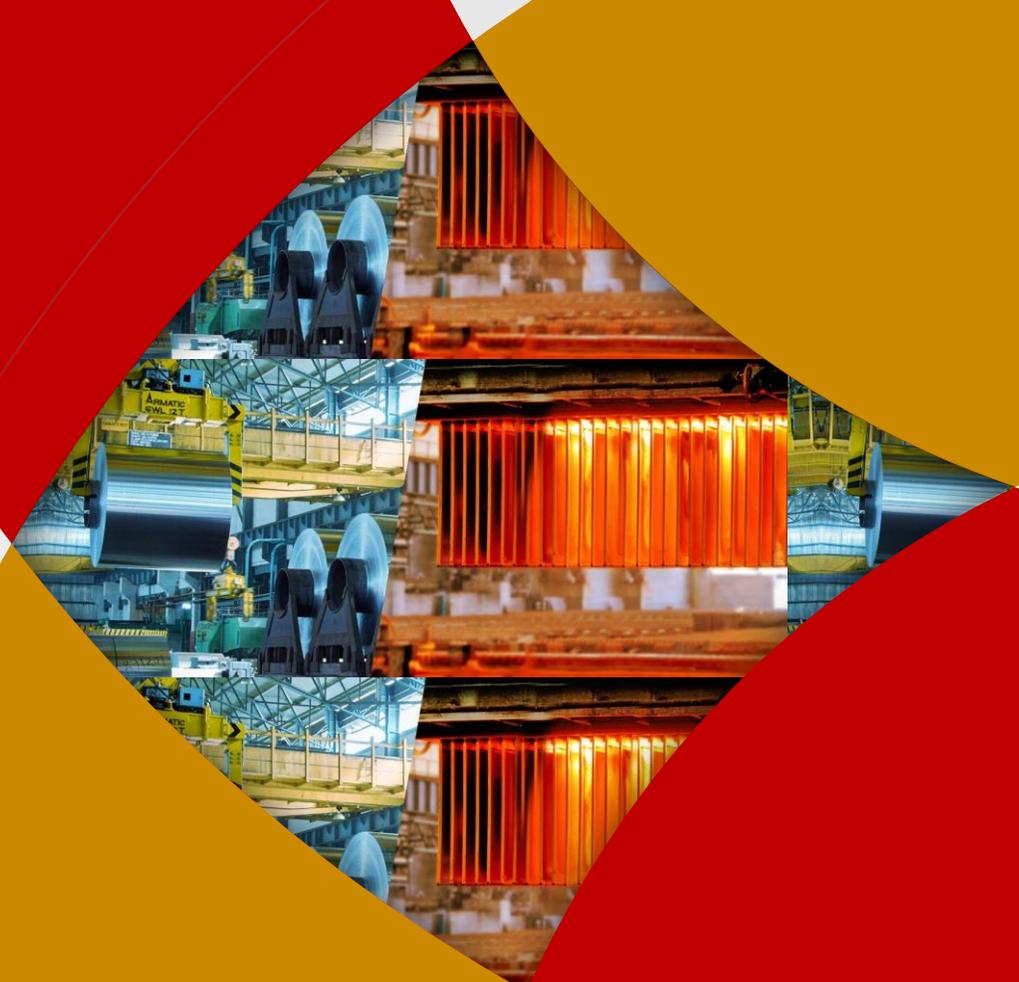


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HINDALCO

Hindalco Industries Limited



Q4 & FY20 Earnings Presentation

12th June, 2020

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.



- **Novelis**
- **Aluminium (India)**
- **Copper**

Table of Content

COVID 19 - Actions to Maintain Safety, Operational Stability & Liquidity	04
Key Highlights – Q4 FY20 vs. Q4 FY19	05
Economy & Industry Updates – Global & Domestic	08
Business Performance Highlights : Operational & Financial – Q4 & FY20	14
- Novelis	
- Aluminium (Hindalco Aluminium including Utkal Alumina)	
- Copper	
Annexures :	29
- Awards & Recognitions 2019-20	
- Result Tables – Q4 & FY20 Consolidated & India Business	

COVID 19 - Actions to Maintain Safety, Operational Stability & Liquidity

Safety & Community

- Top priority to help ensure the safety, health and well-being of all our employees, facilities and communities across all locations
- Continue to take precautions with all the workforce and surroundings to ensure that this infection – COVID, remains at bay
- As a precaution, many employees at offices in metropolitan areas, have been asked to Work from Home as much as possible until the situation is normalised and under control.
- All non-essential business travel has been suspended
- Emphasized adequately on community care and conducting drives in nearby surroundings of our plants, distributing masks/sanitizers/PPE, providing food & shelters etc.
- Undertaking further stringent measures to remain safe and maintain functional check and balance by way of Social-Distancing, Sanitization, Surveillance, Surrounding, Sequencing and Stress-testing.

Maintain Stable Operations with Adequate Liquidity

- All four Aluminum smelters in India continue to operate' with a minimal workforce. Currently exporting more than 80% of total output to minimize inventory risk and absorbing plant fixed costs
- Aluminium downstream plants have started operations after initial temporary shutdown and are now operating in-line with existing low market demand and Government directives
- Copper smelters, CC Rods and DAP plants have started operations, after initial temporary shutdowns and are now stabilizing to reach optimal levels
- Temporarily or partial shutdowns in Novelis' automotive plants across regions due to customer shutdowns or reduced demand, or by government decree. The plant schedules are being adjusted in-line with the latest customer demand.
- All CapEx excluding maintenance and essential CapEx are curtailed for the next year in India and Novelis.
- Focussed fixed cost reduction and maintaining adequate liquidity to sustain operations.

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Key Highlights – Q4 FY20 vs. Q4 FY19

Key Highlights : Q4 FY20 (vs. Q4 FY19)

Novelis*

- **Net Income (excluding special items[#])** at US\$ 153 million **up 18% YoY**
- **Highest ever quarterly adjusted EBITDA** of US\$ 383 million, **up 7% YoY**
- **Highest ever quarterly adjusted EBITDA per ton** at US \$472, **up 15% YoY**
- Strong liquidity position of \$2.6 billion on March 31, 2020
- **Completed acquisition of Aleris** on 14th April '20 and integration process has commenced while driving synergies and long-term value

Aluminium (Hindalco including Utkal Alumina)

- **EBITDA at Rs. 1,039 crore (vs. Rs. 1,010 crore), up 3% YoY**, despite challenging macro environment
- Recorded a **healthy EBITDA margin of 20% (vs. 17%), best in the industry**
- Aluminium **metal production at 327 Kt (vs. 321 Kt) up 2% YoY**
- Aluminium metal sales at 314 Kt (vs. 325 Kt) down 3% YoY, due to lock down
- Aluminium VAP (excluding wire rods) sales at 76 Kt (vs 83 kt) down 8% YoY, due to lock down
- **Highest ever quarterly production of 441 Kt by Utkal Alumina**, world's most economical alumina producer
- **Successful revival and ramp-up of Muri Alumina** to re-strengthen the integrated value chain
- Utkal Alumina capacity expansion of 500 Kt is on track and expected to be commissioned in Q4 FY21

* As per US GAAP

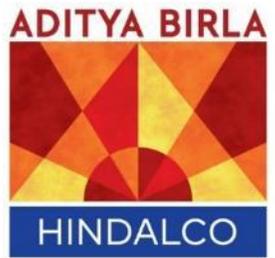
[#]Tax-effected special items includes restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt, loss on sale of business, business acquisition and other integration costs

Copper

- **EBITDA at Rs. 406 crores, up 9%, YoY**; EBITDA margin at 9%
- **Highest ever quarterly VAP (CC Rod) production** of 71kt with of growth 15% YoY
- VAP Sales (CC Rods) at 73 kt, up 4% YoY; share of VAP sales at 86% of total volumes in Q4 FY20.
- Overall Metal Sales volume at 86 Kt lower by 14% YoY, impact by the lock down in Mar '20
- Benchmark Tc/Rc for CY20 is settled at 15.9 cents/lb, lower by 23% from CY19.

Hindalco (Consolidated)

- **Consolidated EBITDA at Rs. 4,173 crore (vs. Rs. 3,938 crore), up 6% YoY**
- **Recorded Consolidated EBITDA margin at 14% (vs. 12%),** mainly contributed by Novelis
- Consolidated Profit Before Exceptional Items and Tax at Rs. 1,395 crore (vs. Rs. 1,725 crore in Q4 FY19); impact of one-time refinancing cost of Rs. 568 crore in Novelis.
- Consolidated PAT at Rs. 668 crore (vs. Rs. 1,178 crore in Q4 FY19)
- **Novelis successfully issued US\$ 1.6 billion bonds at an attractive rate of 4.75% due in 2030,** to repay its existing US\$ 1.15 billion bonds due in 2024
- Strong Cash position as on March 31, 2020 - **Novelis - \$ 2.4 billion; India – ~Rs. 9,900 Crore**
- **Consolidated Net Debt to EBITDA at 2.61x as at 31st Mar. 2020** (vs. 2.48x as at March 31, 2019)



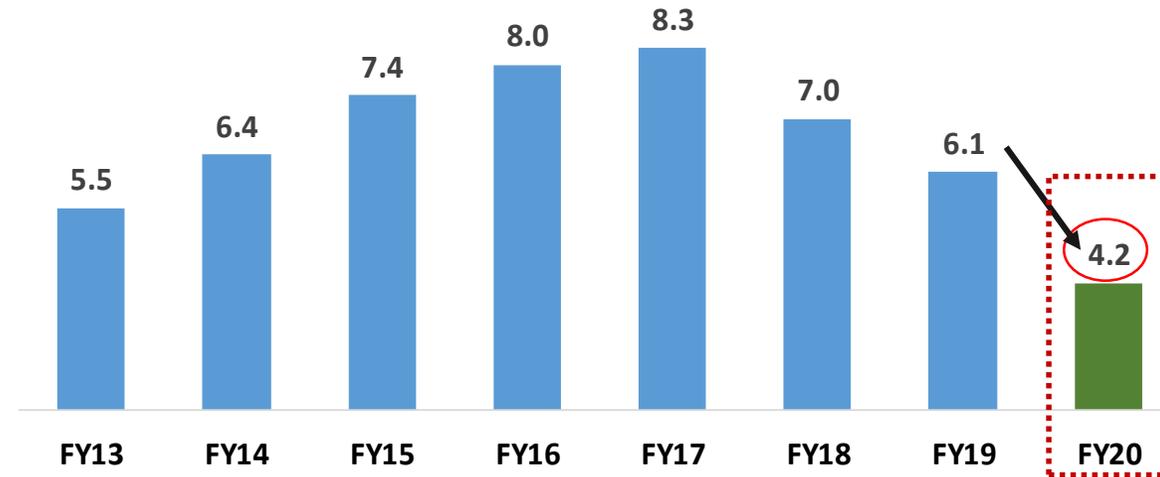
Economy & Industry Updates: Global & Domestic

Economy Updates

Global GDP Growth (% YoY)



India GDP Growth (% YoY)

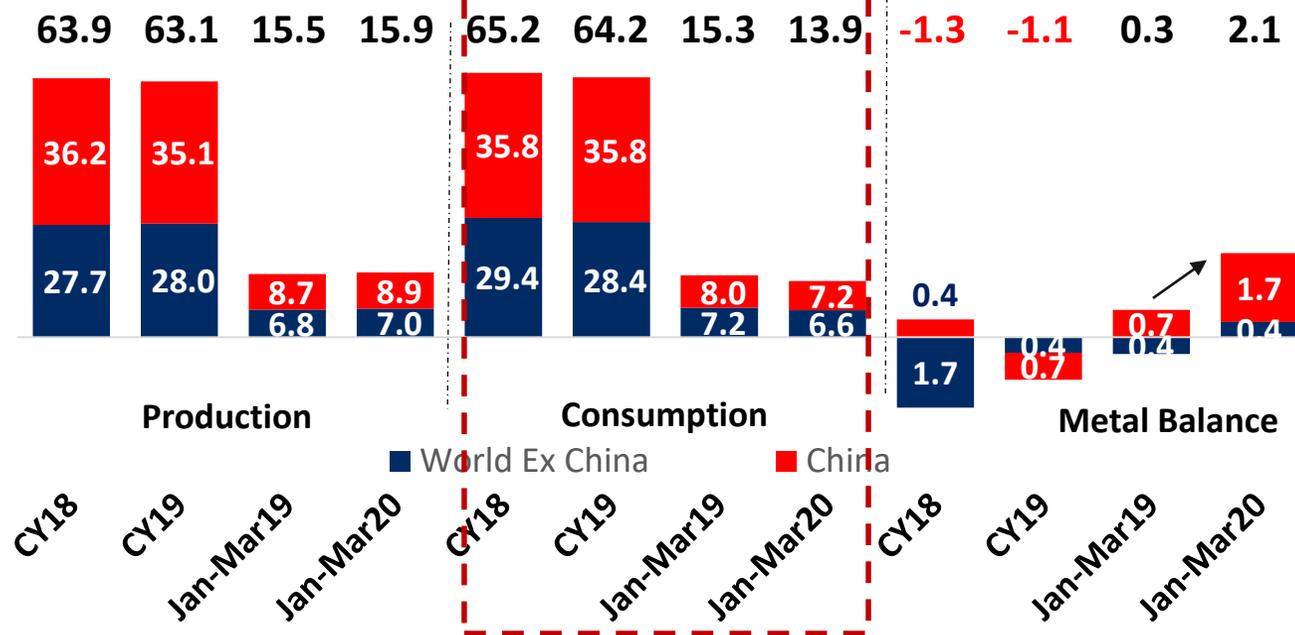


- IMF's April '20 forecast of (-)3% contraction in the global GDP growth in CY20 vs. 2.9% growth in CY19, is much worse than the 2008-09 global financial crisis. **This contraction is expected mainly due to the impact of COVID 19**, however, full impact of this health crisis on the global growth is yet to be ascertained.
- Both emerging and advanced economies are expected to de-grow in CY20** with the extent of de-growth much more in advanced economies
- Key risks to watch -Re-emergence of US- China tensions

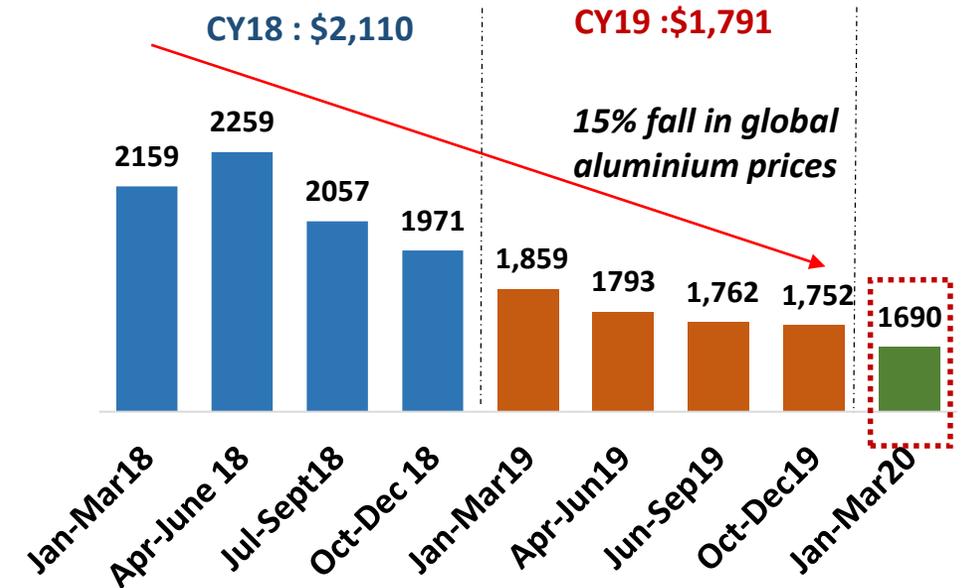
- India GDP growth in Q4 FY20 was at a low of 3.1%. **As a result, the FY20 GDP growth fell to a 11 year low to 4.2%**. This slowdown was primarily led by manufacturing and construction sector
- Monthly indicators (like IIP, PMI, car sales etc.) showed a sharp de-growth in the economic activity in Q1 FY21.
- The RBI projects a negative growth in FY21**
- Govt. of India has announced **an economic stimulus package of 10% of GDP** to revive the Economic Growth majorly hit by COVID

Aluminium Industry – Global Market

Global Demand & Supply Balance (Mt)

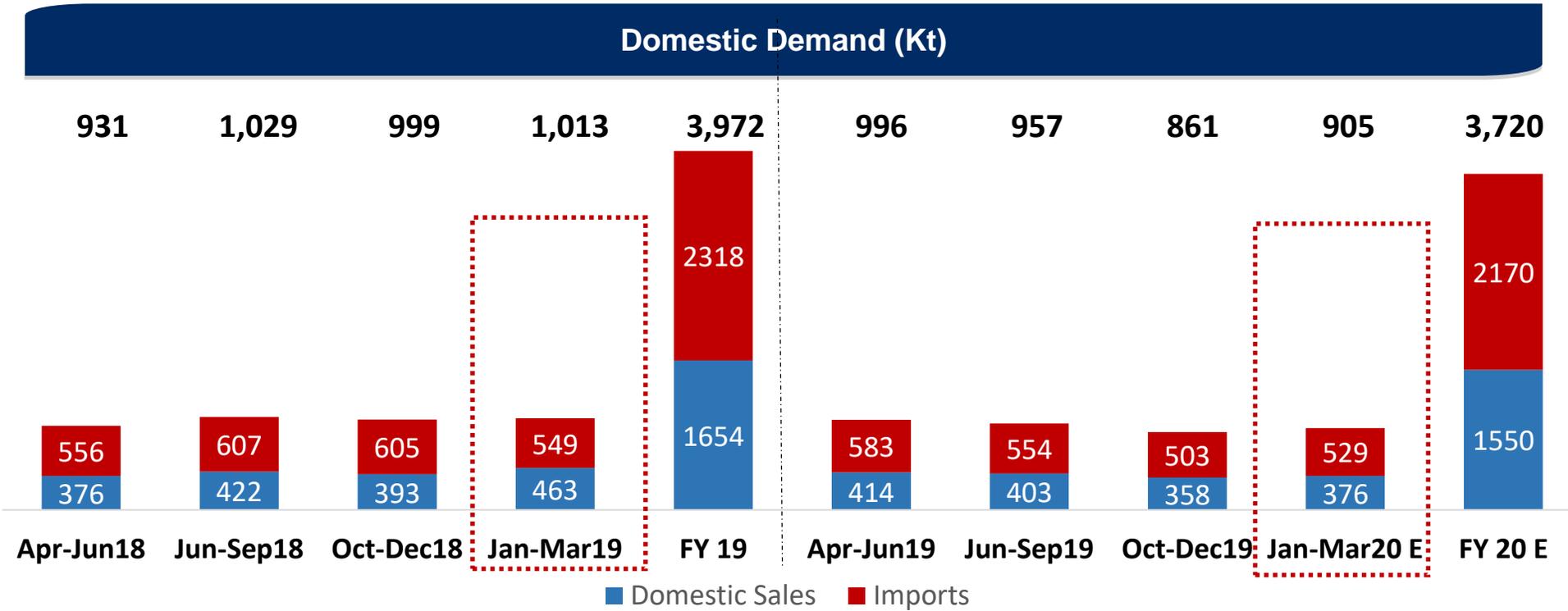


Global Price of Aluminium (Cash -\$/T)



- Global consumption declined by (-)1.6% in CY19 vs growth of 3.2% in CY18
 - Consumption in World ex.China declined in CY19 by (-)3.5% vs. growth of 2% in CY18;
 - In China, consumption de-grew marginally by (-)0.1% in CY19 vs. growth 4.1% in CY18.
- In Q1 CY20, in backdrop of COVID 19, global consumption declined by (-) 9.3%
 - Consumption in World Ex. China declined in CY19 by (-) 8.6%
 - In China, consumption declined by (-)9.8% in CY19
- Global aluminium prices also witnessed decline of 15% in CY19 to US\$ 1,791/t vs. previous year ; In Q1 CY20, prices further declined to \$1690/t

Aluminium Industry – Domestic Market



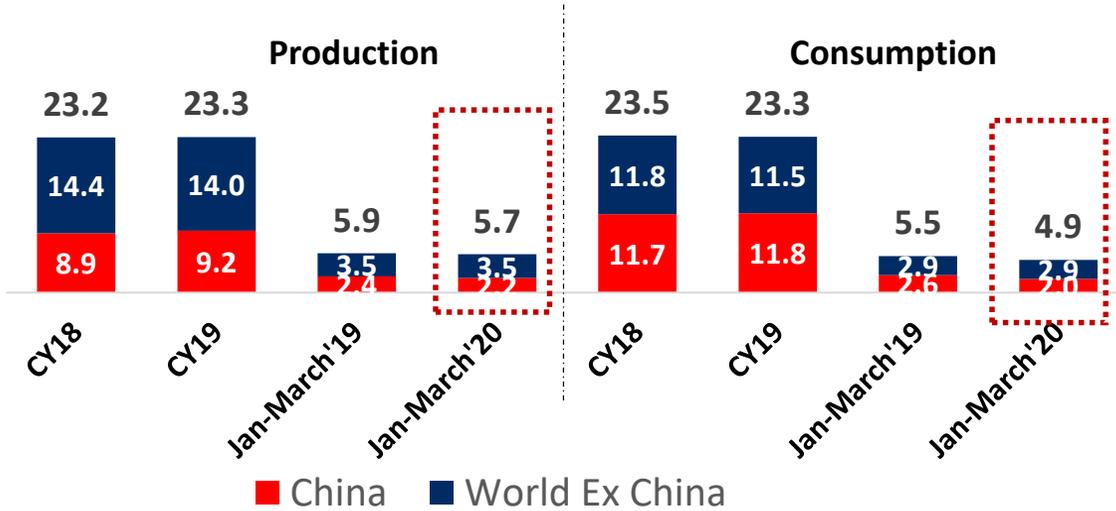
- Domestic consumption in FY20 declined by (-)6% to 3,720 Kt
 - Imports including scrap de-grew by (-)6% to 2,170 Kt in FY20 ; Domestic sales declined by (-)6% to 1,550 Kt in FY20
- Domestic consumption in Q4 FY20 declined by (-)11% YoY, to 905 Kt
 - Imports including scrap de-grew by (-)4% to 529 Kt in Q4 FY20 ; Domestic sales sharply declined by (-)19% to 376 Kt in Q4 FY20

Aluminium Flat Rolled Products (FRP) Industry

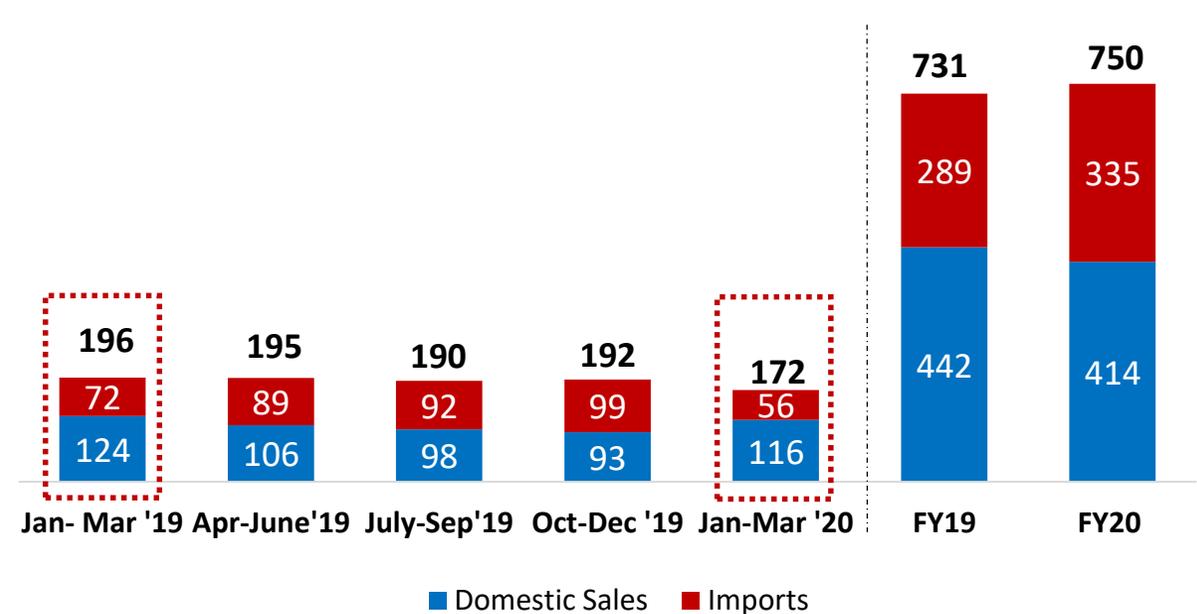
- **The Global FRP demand will remain soft in the cyclical end markets resulting from the COVID pandemic. Industries like beverage and food packaging, pharma will benefit in the current situation as well as post COVID, leading to higher demand of flat rolled products in these segments.**
- Beverage can sheet market has historically been a relatively recession resistant product and is expected to remain resilient in North America and Europe. **With the increasing preference for sustainable beverage packaging with driving mix shift towards aluminium will continue to unfold demand of beverage can sheets.**
- Currently, Global Automotive industry has seen adverse effects due to COVID 19 as some automakers have temporarily ceased production. **Aluminium FRP demand for the automotive body sheets driven by light-weighting trends in the transportation segments, premium vehicles and EVs continue to see traction and some positive signs of revival soon.**
- In aerospace segment, significant reduction in production is seen as consumer travel is expected to drive lower demand into next year. **FRP growth in the aerospace segment remains intact with a higher-order backlog from all global aircraft manufacturers.**
- **Domestic FRP demand has contracted by (-) 9% in Q4 FY20 and (-) 3% in FY20 YoY, due to subdued demand in transportation and B&C and Electrical sectors. Currently, the industries like food packaging, pharma, beverages, Litho etc. is pushing the domestic demand of FRP in India and this is expected to grow further.**

Copper Industry

Global Demand & Supply Balance (in Mt)



Domestic Demand (KT)



- Global refined copper consumption declined by (-) 0.7% in CY19 vs. growth of 2.9% in CY18. China grew by 1% whereas World ex. China saw a dip of (-) 2.3% in CY19.
- Owing to COVID crisis, global refined copper consumption plunged by 10% in Q1 CY20 on Y-o-Y basis. All of this de-growth has come from China that slump by 22%, whereas World ex China remained flat.
- Concentrate consumption in CY19 increased by 1.6% to 16.8 Mt; Market deficit in CY19 is 168 Kt vs. surplus of 141 Kt in CY18.
- Q1 CY20 saw a dip in concentrate consumption by (-)2.7%. At 4.1 Mt on Y-o-Y basis.

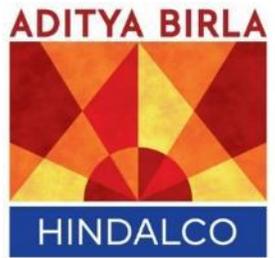
- In FY20, Refined copper market Increased by 2.5% to 750 KT as compared to 731 KT of FY19.
- In Q4 FY20, sales of domestic producers contracted by (-)6% (to 116 Kt) and imports contracted by 23% (to 56 Kt) vs same quarter last year.
- Market share of imports decreased to 32% in Q4 FY20 vs. 37% in Q4 FY19 owing to the CVD imposed on imports from ASEAN region.

Key Macro Drivers (FY20 vs FY19)

TC/RC (US Cents/lb) ↓

S. Acid Price (Rs./Mt) ↓

DAP Realization (Rs./Mt) ↓



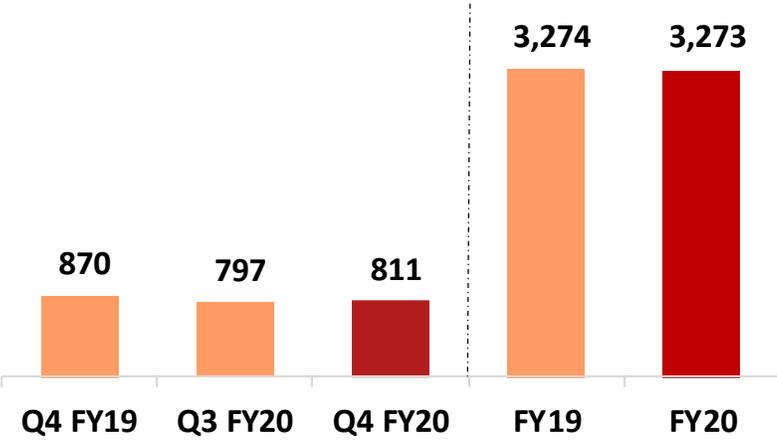
Business Performance Highlights : Q4 & FY20



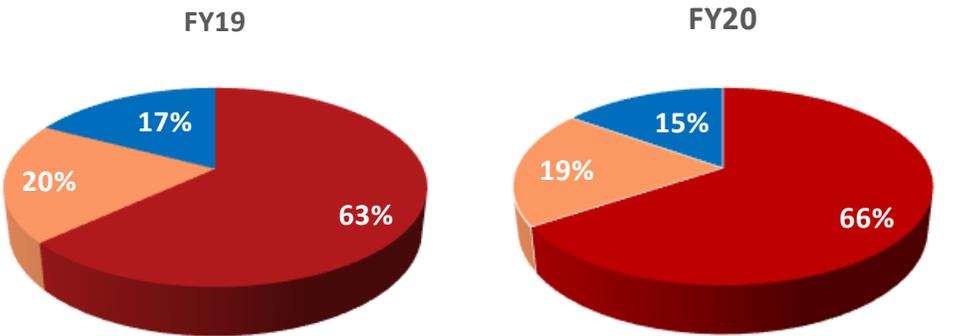
Novelis

Operational Performance - Novelis

Overall Shipments (KT)



Shipment Mix (%)

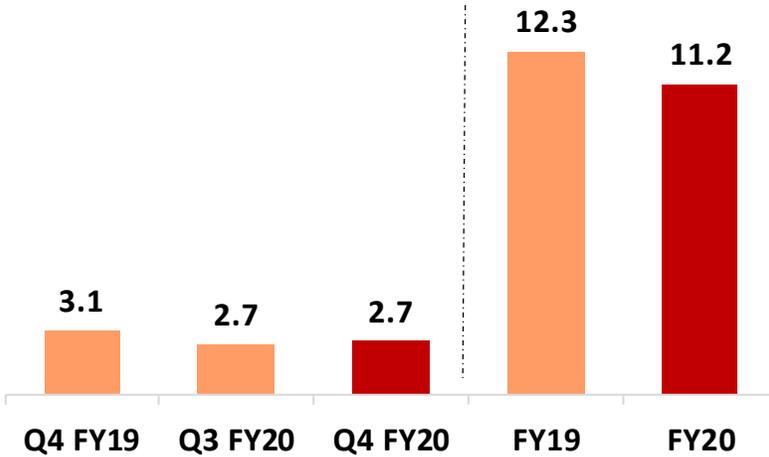


■ Can ■ Automotive ■ Specialities ■ Can ■ Automotive ■ Specialities

- Novelis is well positioned to navigate near-term uncertainty and extend industry leadership
- Total shipments were flat, YoY at 3,273 Kt in FY20 with **Can sheet shipments up by 4% YoY**
- **Can sheet shipments were 66% of the total product mix in FY20** (vs. 63% in FY19)
- **Committed to all its organic expansions projects in US, China and Brazil**
- Aleris acquisition update :
 - **On April 14, 2020, Novelis completed its acquisition of Aleris** and integration process has commenced while to driving synergies with priority as the safe integration of new employees and facilities.
 - Divestment procedures for automotive assets in Lewisport in the US and Duffel in Europe are underway.
 - Further product diversification with addition of high-end aerospace and expanded speciality capabilities with addition of Aleris
- Utilizing high levels of recycled content at 60 % in FY20
- **Strong Liquidity position of \$2.6 billion with cash and cash equivalents of \$2.4 billion at the end of March 31, 2020**

Financial Performance - Novelis

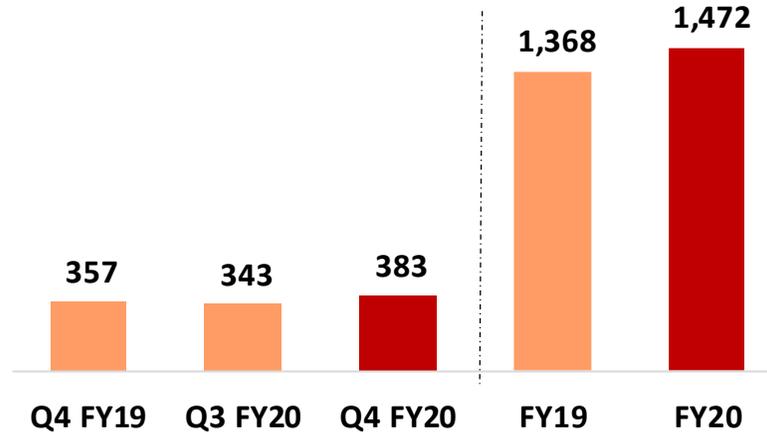
Revenue (USD Billion)



- Net sales decreased 9% YoY in FY20 to \$11.2 billion mainly driven by lower average global aluminum prices and local market premiums

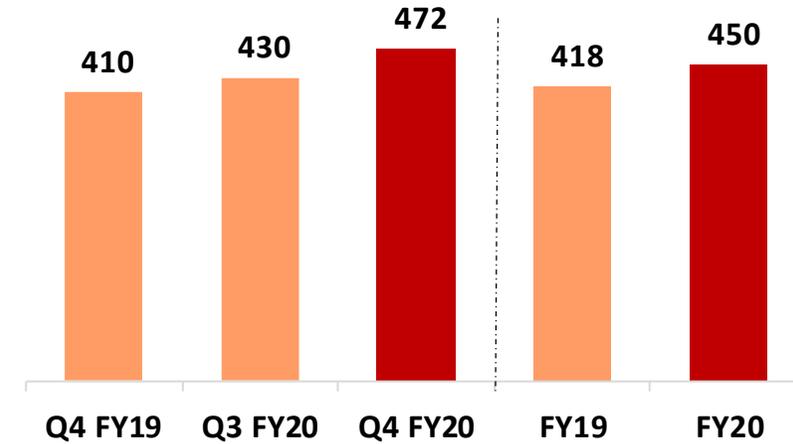
Note: All above numbers are as per the US GAAP

Adjusted EBITDA (USD Million)

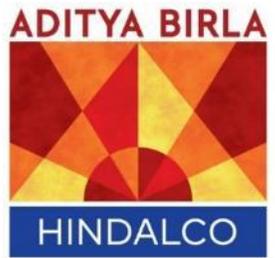


- Adjusted EBITDA** increased 8% YoY to a **record \$1,472 million in FY20**, primarily driven by portfolio optimization efforts, favourable metal prices, better cost efficiencies, and favourable foreign exchange, partially offset by less favourable recycling benefits due to lower aluminium prices.

Adjusted EBITDA (USD/tonne)



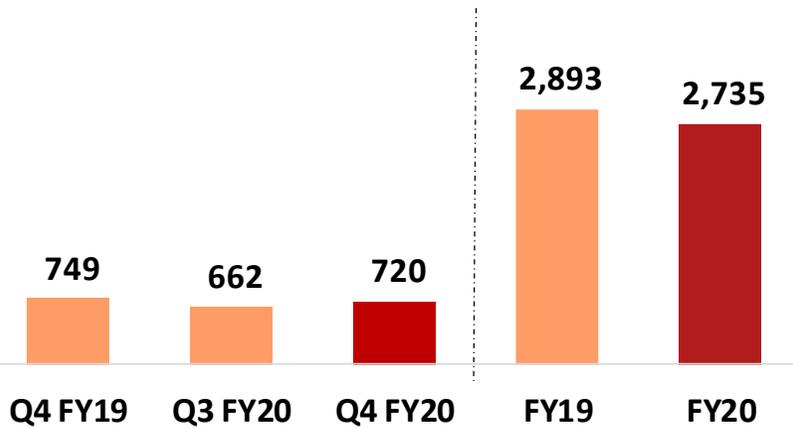
- Adjusted EBITDA per ton** up by 8% YoY at **record US\$ 450/t** in FY20



Aluminium (Hindalco Aluminium including Utkal)

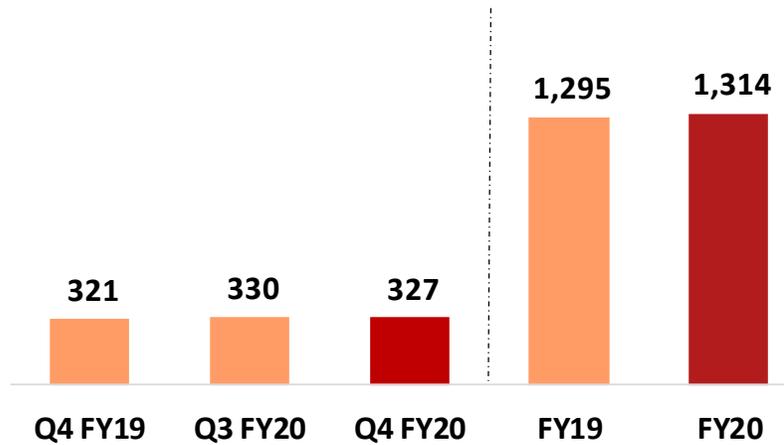
Production – Alumina, Aluminium Metal & VAP

Alumina* (Inc. Utkal Alumina) KT



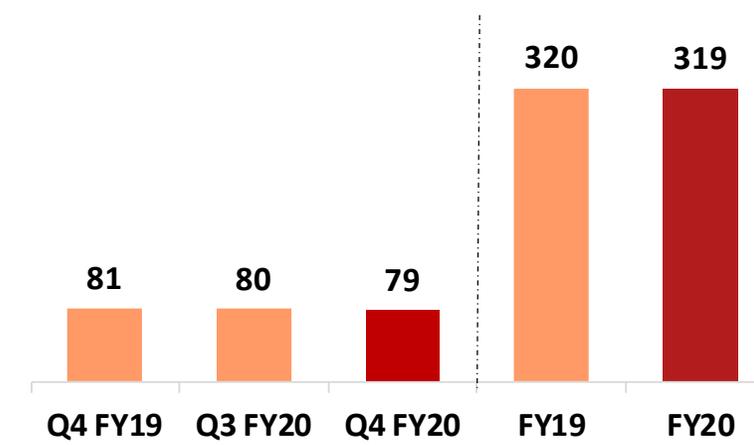
- Muri Alumina plant re-started production in December 2019
- In FY20, Utkal Alumina refinery recorded its best ever performance with a **record production**

Aluminium Metal (KT)



- In Q4 FY20, Aluminium Metal Production was higher by 2%, YoY
- **In FY20, Aluminium metal production was all-time high** at 1,314 Kt up 1% YoY, despite some disruption due to the COVID 19 in March 2020

Aluminium VAP# (KT)

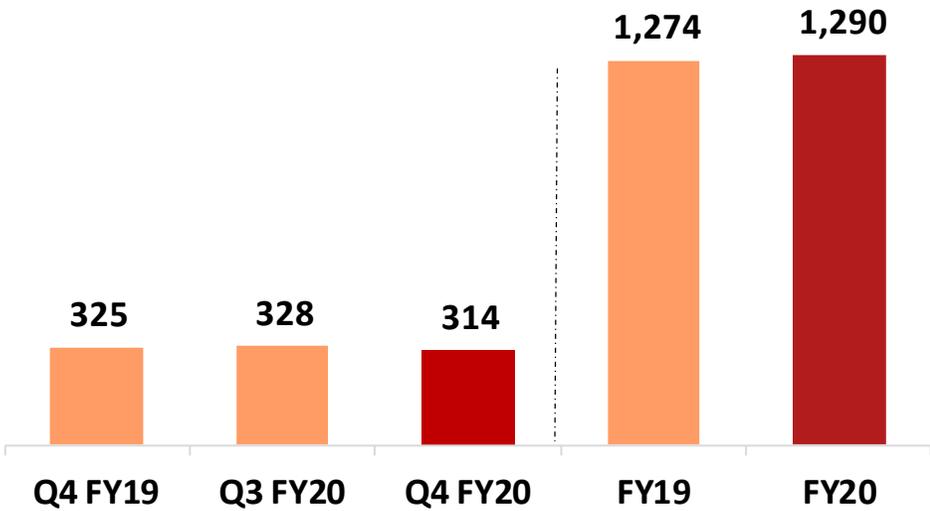


- In Q4 FY20, Aluminum VAP production was lower by 3% YoY.
- In FY20, Aluminium VAP production was flat, YoY

*Hydrate as Alumina
Excluding Wire Rods

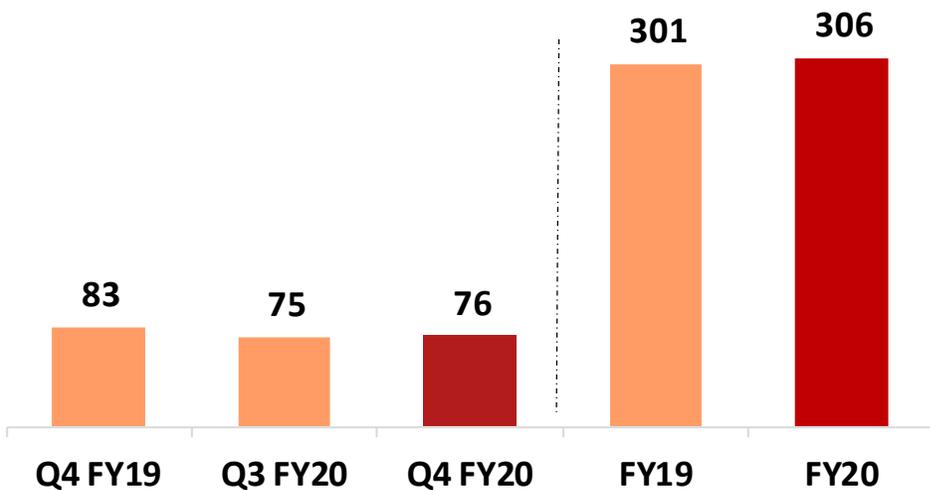
Sales Volume – Aluminium Metal & VAP

Aluminium Metal Sales in all forms (KT)



- In Q4 FY20, Aluminium Metal Sales was lower by 3% YoY, due to COVID impact
- In FY20, **Recorded highest ever Aluminium metal sales** of 1290 Kt, up 1% YoY, despite challenging market conditions

Aluminium VAP# (KT)

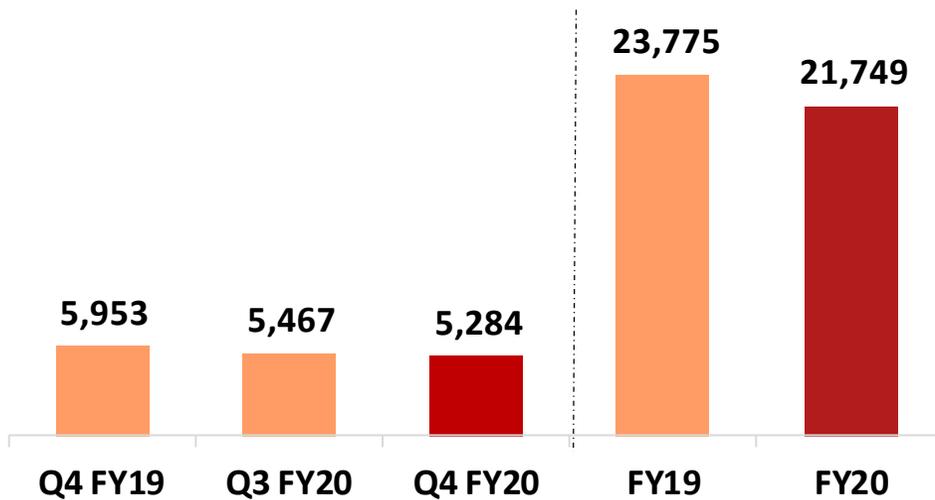


- In Q4 FY20, Aluminium VAP Sales was lower by 8% YoY, due to lower off take on account of COVID 19
- **In FY20, Aluminium VAP sales were up 2% YoY ;** Share of Aluminium VAP was maintained at 24% of total metal sales in FY20

Excluding Wire Rods

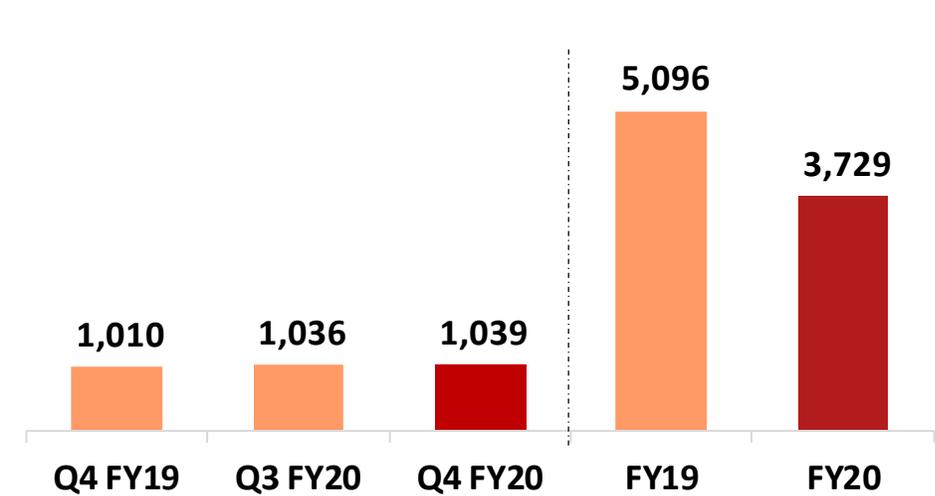
Financial Performance - Hindalco Aluminium including Utkal Alumina

Revenue (Rs. Crore)



- In FY20, Aluminium revenues were down by 9% YoY, due to lower aluminium prices

EBITDA (Rs. Crore)



- In Q4 FY20, EBITDA was higher by 3% YoY with margins at 20%
- In FY20, EBITDA was down 27% YoY, due to lower realisations partially offset by lower input costs and better efficiencies
- In FY20, EBITDA margin at **17.1%** , **best in the industry**

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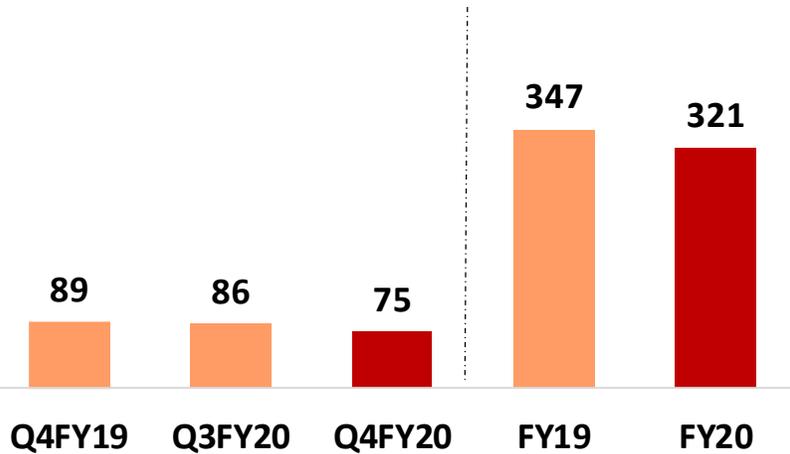


HINDALCO

Copper

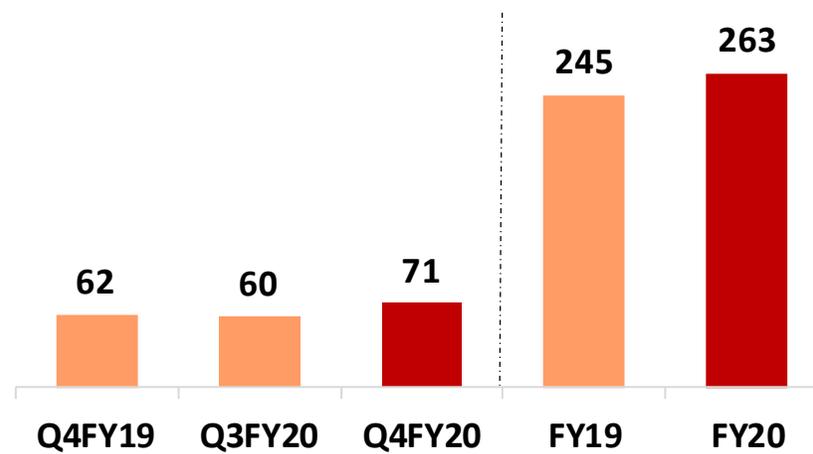
Production – Copper & VAP

Cathode (KT)



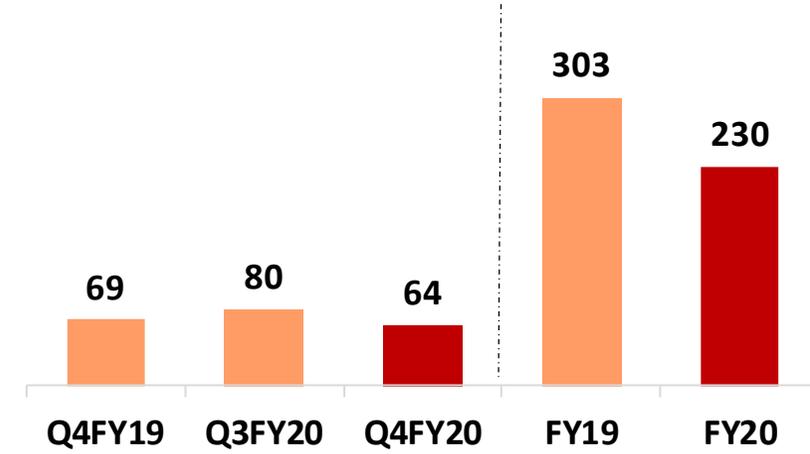
- In Q4 FY20, Cathode Production was lower 16% YoY
- In FY20, Cathode production lower by 7% YoY

CC Rod (KT)



- In Q4 FY20, CC Rods production was higher by 15% YoY.
- **FY20, recorded highest ever CC Rod production, up 7% YoY**

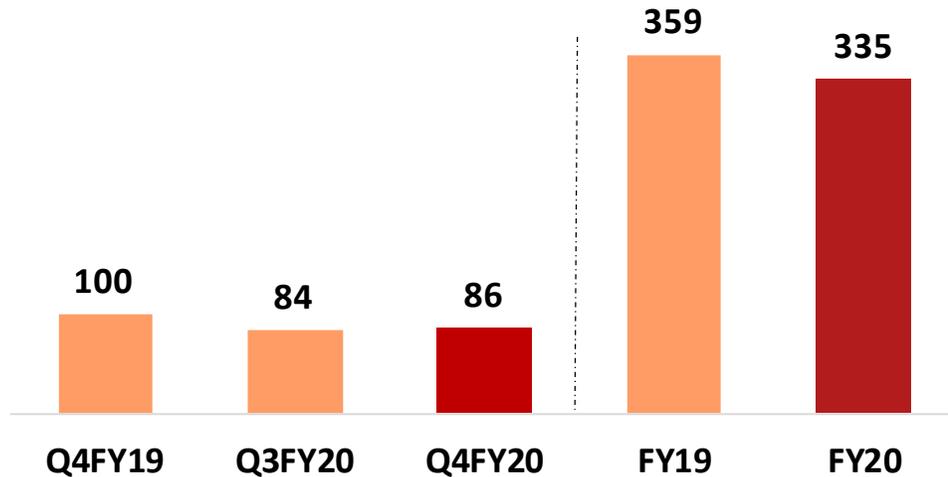
DAP (KT)



- In Q4 FY20, DAP Production was lower by 8% YoY
- In FY20, DAP production was lower by 24%, YoY

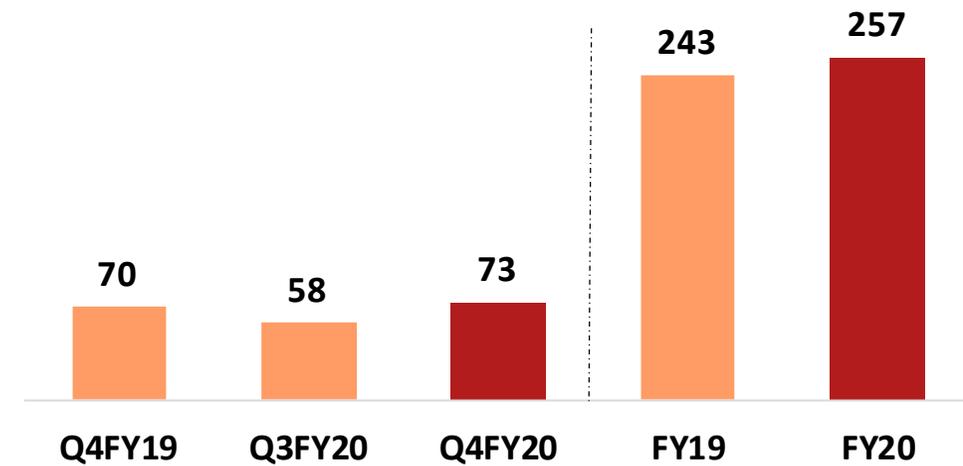
Sales Volume – Copper & VAP

Copper Metal Sales in All Forms (KT)



- In Q4 FY20, Copper Metal Sales was lower by 14% YoY
- In FY20, Copper metal sales lower by 7% YoY, respectively due to lower production

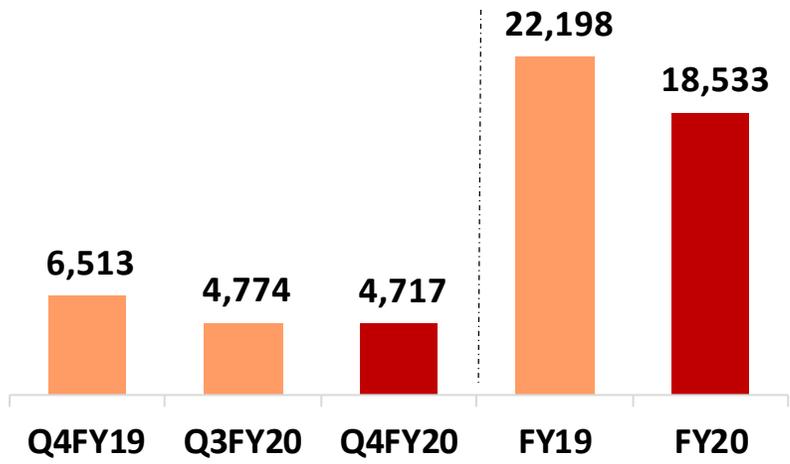
CC Rods (KT)



- In Q4 FY20, CC Rod Sales were up 4% YoY
- In FY20, CC Rods sales volumes were up 6% YoY

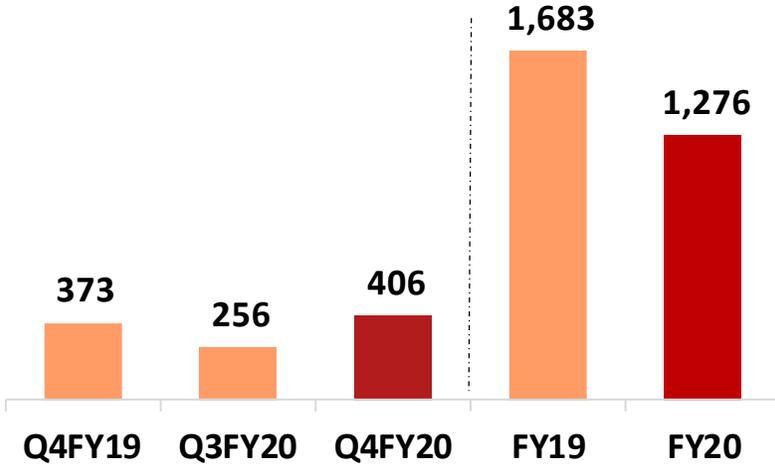
Copper Business – Financial Performance

Revenue (Rs. Crore)



- In FY20, Revenues were down by 17% YoY, on account of lower realizations and volumes

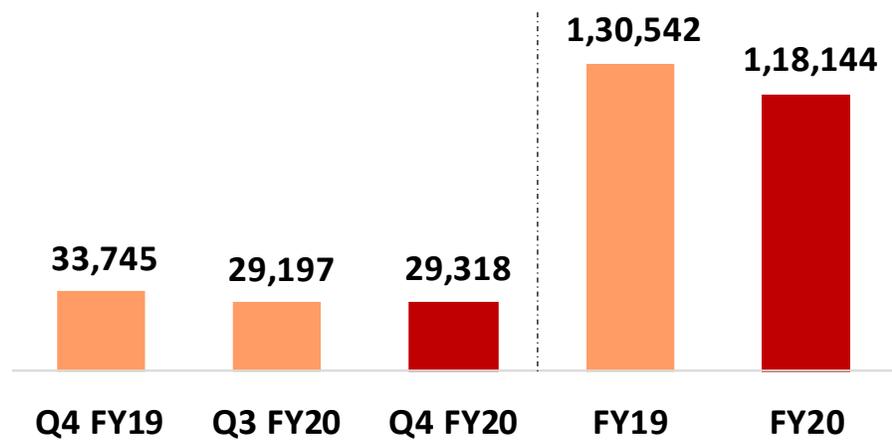
EBITDA (Rs. Crore)



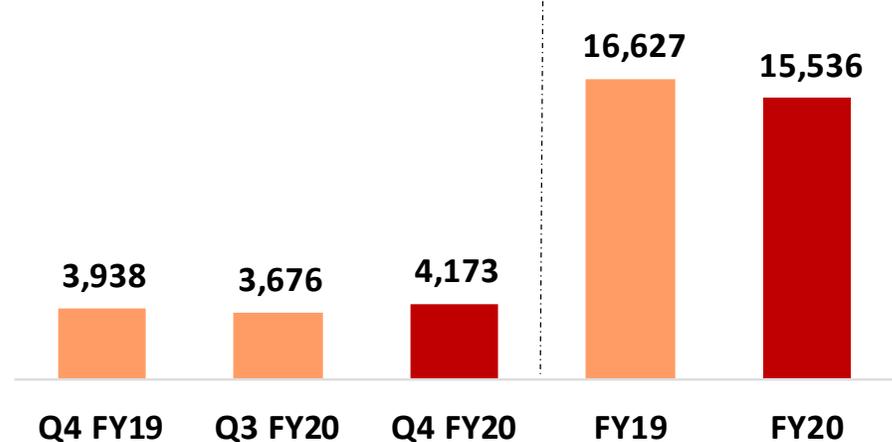
- In Q4 FY20, EBITDA was higher by 9% YoY, despite challenging market conditions.
- In FY20, EBITDA was down 24% YoY, due to lower volumes and by-product realizations

Financial Trend - Consolidated

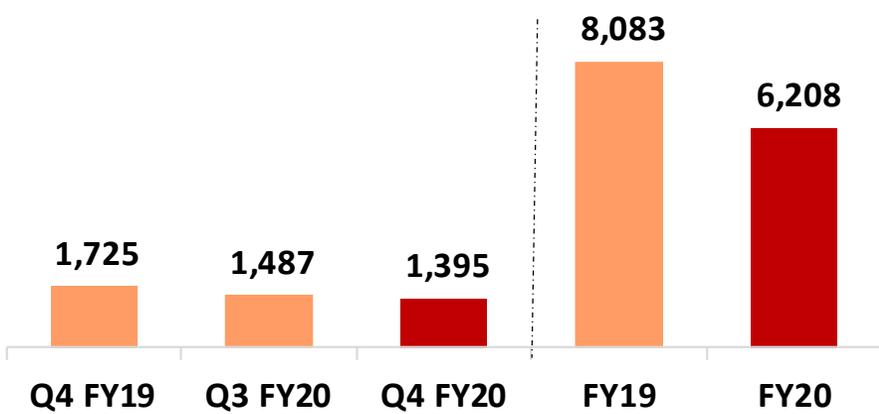
Revenue (Rs. Crore)



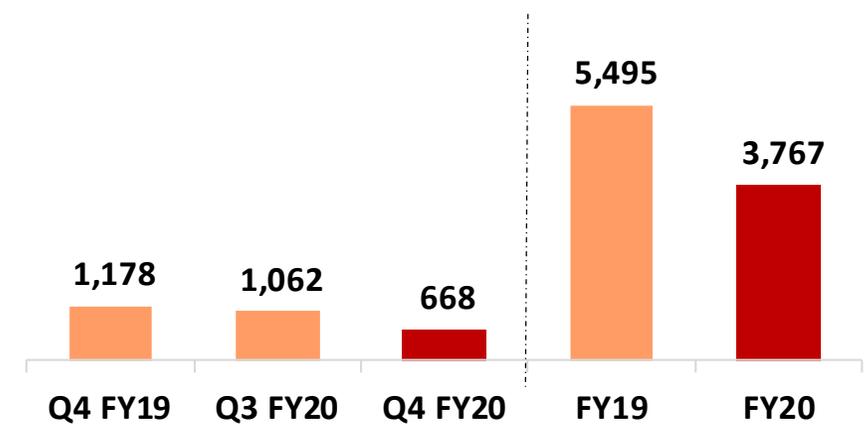
EBITDA (Rs. Crore)



PBT (Before Exceptional Items) (Rs. Crore)



Profit After Tax (Rs. Crore)



Key Takeaways

**Ensure Employee Safety,
Precautionary Actions and
Creating Essential Infrastructure**

**Relentless Focus on Efficiencies
and
Cost Competitiveness**

**Navigate the Current Crisis
&
Focus on Value-accretive long
term growth**

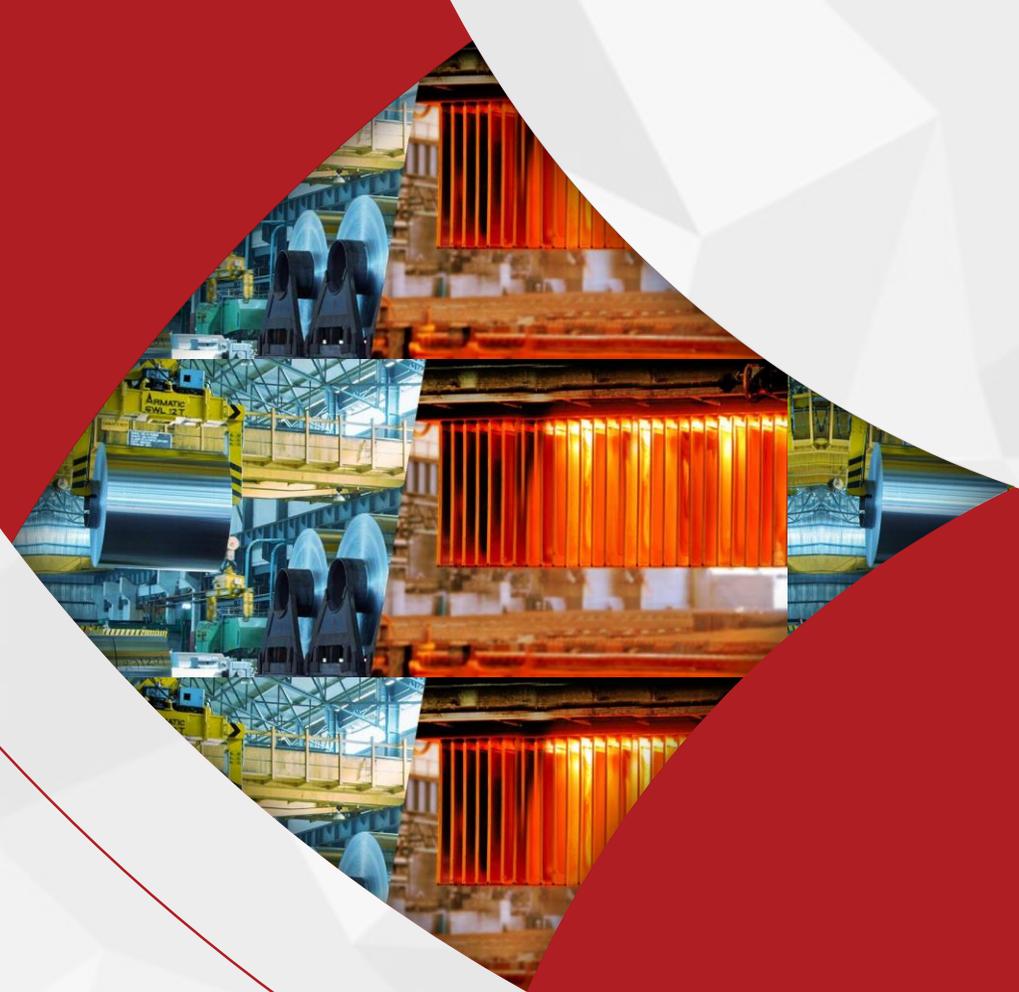
**Focus on Cash Conservation,
Maintain Stable Operations
And
Prioritizing Essential Capex**

**Sustainable Business Model
and
Strategic Investments to
Enhance Capabilities**

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HINDALCO



Thank You

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HINDALCO

Annexures

Awards & Recognitions – 2019-20



Hindalco entered S&P Dow Jones Sustainability Index (DJSI) and is amongst the world's top 3 aluminium companies



Hindalco received 1st National Corporate Social Responsibility (CSR) Award 2019, by the MoCA, GOI

Hindalco won the "Silver Shield" for Excellence in Financial Reporting for FY 2018-19 by ICAI



Leaders Award – Mega Large Business, Metal Sector at Frost & Sullivan and TERI Sustainability 4.0 Awards 2019



FAME Excellence Award - Platinum category for outstanding project in Agricultural Development – Mahan Aluminium

Future Ready Factory of the Year Award 2019 at Frost & Sullivan's India - Manufacturing Excellence - Mahan



CSR Impact Award 2019 in Education category for its Quality Education Project- Mahan Aluminium



Mahatma Award for Excellence in Corporate Social Responsibility by Liveweek - Utkal Alumina

CSR Health Impact Award 2019 - Rural Health Initiative in the Champion Category – Renukoot



National CSR Award by the Ministry of Corporate Affairs - for Project Unnatti -Renukoot

Financials – Hindalco Consolidated

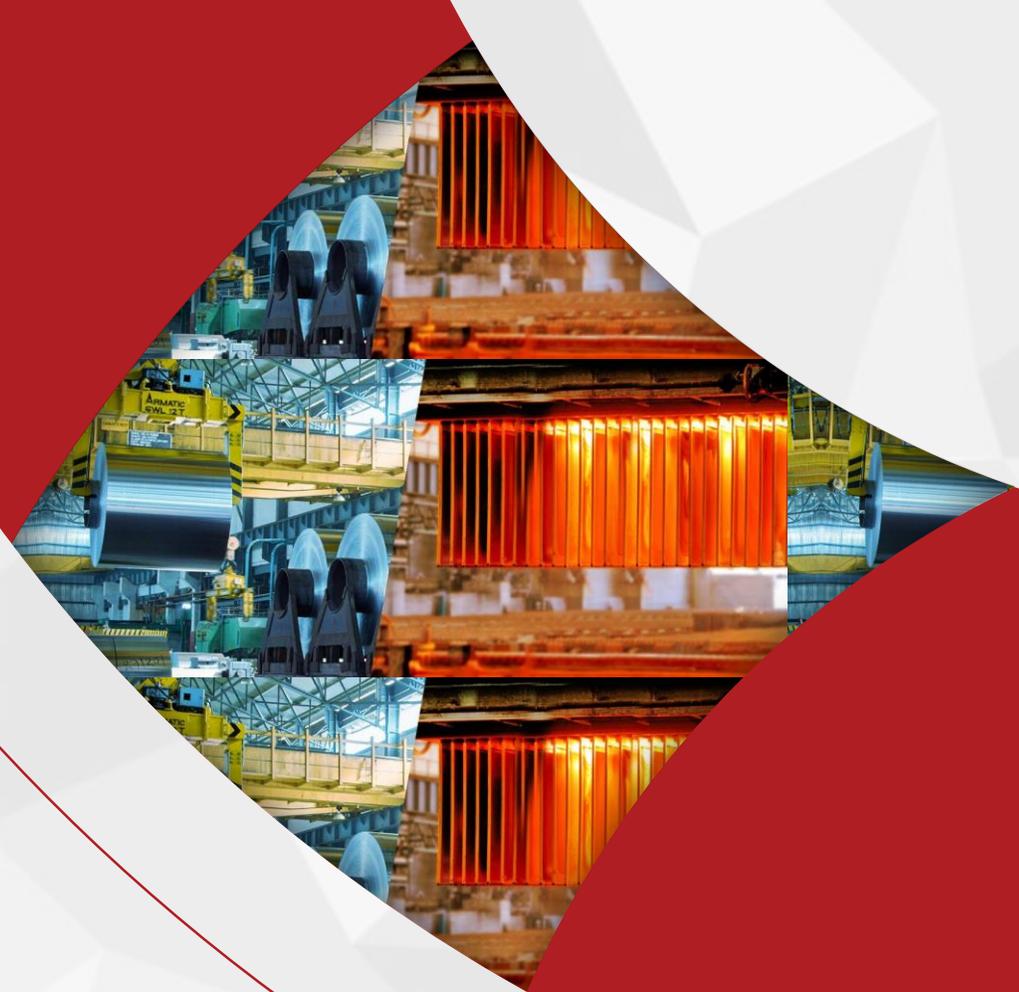
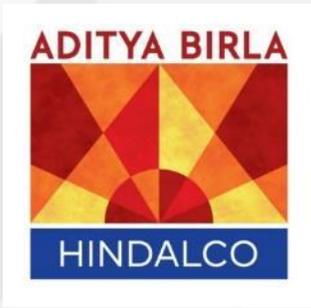
Particulars	(Rs. Crore)						
	Q4 FY19	Q3 FY20	Q4 FY20	Change YoY %	FY19	FY20	Change YoY %
Revenue from Operations	33,745	29,197	29,318	-13%	1,30,542	1,18,144	-9%
<u>Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)</u>							
<i>Novelis*</i>	2,517	2,446	2,773	10%	9,565	10,435	9%
<i>Aluminium</i>	1,010	1,036	1,039	3%	5,096	3,729	-27%
<i>Copper</i>	373	256	406	9%	1,683	1,276	-24%
<i>All Other Segments</i>	(34)	(6)	(1)		(76)	(16)	
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	72	(56)	(44)		359	112	
Total EBITDA	3,938	3,676	4,173	6%	16,627	15,536	-7%
Finance Costs	975	889	1,429	-47%	3,778	4,197	-11%
PBDT	2,963	2,787	2,744	-7%	12,849	11,339	-12%
Depreciation & Amortisation (including impairment)	1,236	1,302	1,349	-9%	4,766	5,135	-8%
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	(2)	2	-		-	4	
PBT before Exceptional Items and Tax	1,725	1,487	1,395	-19%	8,083	6,208	-23%
Exceptional Income/ (Expenses) (Net)	-	(6)	-		-	(284)	
Profit Before Tax (After Exceptional Item)	1,725	1,481	1,395	-19%	8,083	5,924	-27%
Profit/ (Loss) After Tax	1,178	1,062	668	-43%	5,495	3,767	-31%

*As per US GAAP

Financials – Hindalco India Business

(Rs. Crore)

Particulars	Q4 FY19	Q3 FY20	Q4 FY20	YOY Change %	FY19	FY20	YOY Change %
Revenue from Operations	12,478	10,254	10,014	-20%	45,990	40,324	-12%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)							
<i>Aluminium (including Utkal)</i>	1,010	1,036	1,039	3%	5,096	3,729	-27%
<i>Copper (including DHIL)</i>	373	256	406	9%	1,683	1,276	-24%
<i>Others</i>	18	9	10	-45%	32	34	6%
<i>Unallocable Income/ (Expense) (Net)</i>	359	87	119		730	444	
Total EBITDA	1,760	1,388	1,574	-11%	7,541	5,483	-27%
Finance Costs	459	455	438		1,881	1,866	1%
PBDT	1,301	933	1,136	-13%	5,660	3,617	-36%
Depreciation	537	511	523	3%	2,003	2,035	-2%
PBT before Exceptional Items and Tax	764	422	613	-20%	3,657	1,582	-57%
Exceptional Income/ (Expenses) (Net)	-	(11)	-		-	(64)	
Profit Before Tax (After Exceptional Item)	764	411	613	-20%	3,657	1,518	-58%
Profit/ (Loss) After Tax	527	262	379	-28%	2,654	958	-64%



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