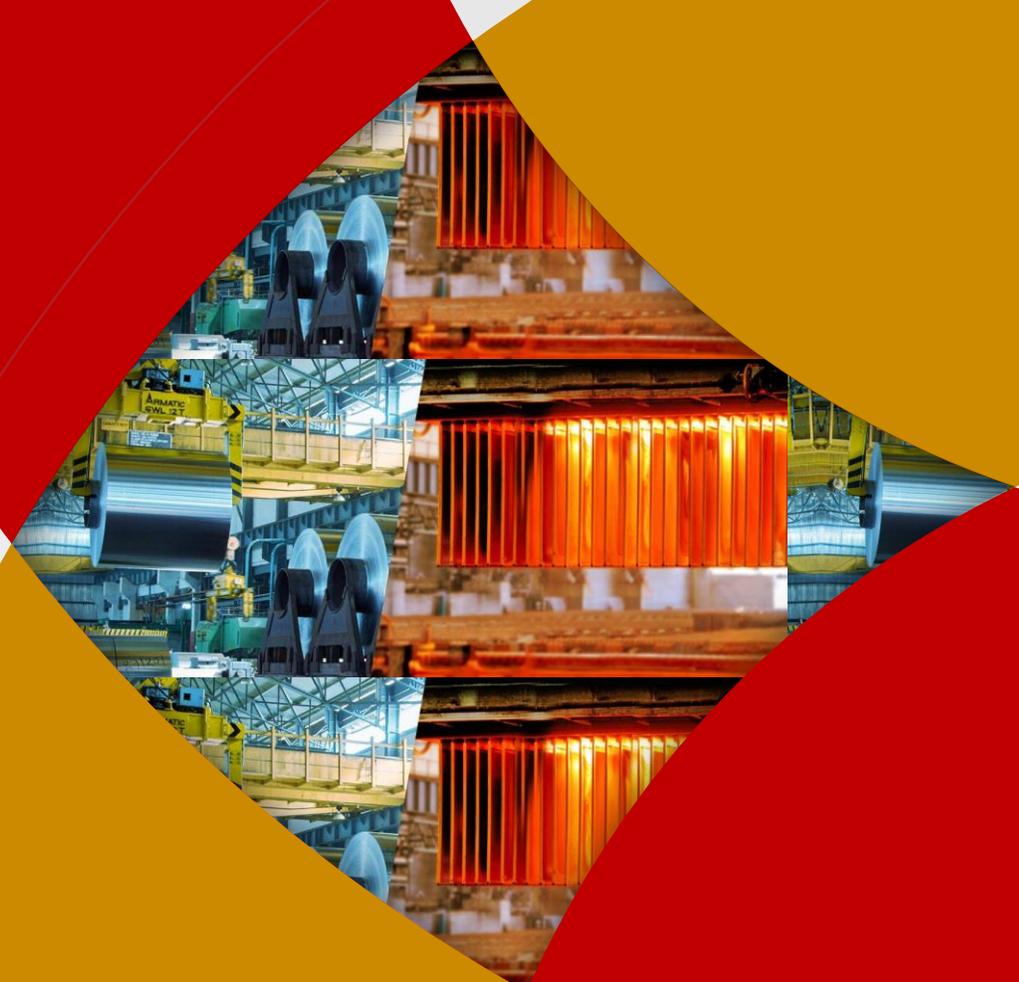


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HINDALCO

Hindalco Industries Limited



Q1 FY21 Earnings Presentation

14th August, 2020

SAFE HARBOUR

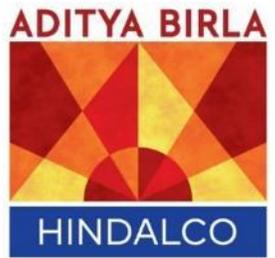
Certain statements in this report may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company’s operations include global and 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.



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



Business Performance Key Highlights - Q1 FY21

Key Highlights : Q1 FY21

Novelis*

- Completed acquisition of Aleris on 14th April '20; integration process has commenced; continue to work with relevant parties to divest Lewisport and Duffel plants
- Achieved record automotive shipments in Asia on account of strong demand
- Net Income (excluding special items#) from continuing operations stands at \$22 million (\$145 million)
- Adjusted EBITDA at \$253 million (\$372 million)
- Adjusted EBITDA per ton at \$327 (\$448/t)

Aluminium (India)

- **Despite an unprecedented macro environment due to COVID, EBITDA maintained at ₹856 crore (vs ₹853 crore)**
- **All smelters and major refineries continued operations despite lockdown**
- Metal production at 291 Kt (vs 326 Kt) with smelter utilization at 90%
- **Metal sales at 303 Kt (vs 320 Kt), impact of subdued domestic market offset by higher exports**
- **Enhanced thrust on fixed cost reduction, better operational efficiencies and lower input costs, led to a substantial reduction in Cost of Production**
- **EBITDA margin at 19.3% (vs 15.5%), up 380 bps, one of the best in the industry**
- Aluminium VAP (excluding wire rods) sales at 35 Kt (vs 77 kt) down 55% YoY, due to subdued market conditions
- Uktal Alumina capacity expansion of 500 Kt is on track and expected to be commissioned in Q4 FY21

Note : Numbers in parenthesis() represent Q1 FY20

* a) As per US GAAP b)The financials of Q1FY21 include Aleris

#Tax-effected special items include purchase price accounting adjustments, restructuring & impairment, metal price lag, charitable donations and business acquisition & integration costs in Novelis

Copper

- Cathode production at 41 Kt, lower by 46% due to COVID related disruptions in operations
- Metal Sales at 58Kt, down 29%; CC Rods sales was at 31 kt, down 51% due to lower domestic demand. However cathode exports were higher at 25 Kt in Q1 FY21
- DAP (fertilizer) sales volume were up 230% on the back of robust demand, sourced mainly through imports as DAP plant was under planned maintenance shutdown
- Benchmark Tc/Rc for CY20 settled at 15.9 cents/lb, lower by 23% vs CY19
- Average Sulphuric Acid realizations dropped by 91% on account of lower demand
- EBITDA at ₹37 crore (vs ₹307 crore)

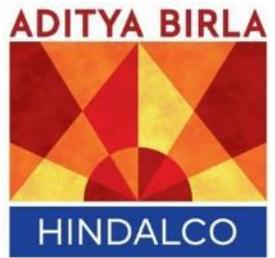
Consolidated

- Business EBITDA at ₹2,813 crore (₹3,730 crore)
- PBT for continuing operations before exceptional and special items#, at ₹274 crore (₹1,718 crore)
- PAT for continuing operations before tax effected exceptional* and special items# at ₹139 crore (₹1,189 crore)
- Strong liquidity position of \$2.1 billion with cash and cash equivalents of \$1.7 billion in Novelis; Hindalco India Business cash and cash equivalents at ₹8,717 crore at the end of June 30, 2020
- Net Debt to EBITDA at 3.83x as at 30th June. 2020 (vs 2.61x as at March 31, 2020)

Note : a) Numbers in parenthesis() represent Q1 FY20 b) Hindalco consolidated financials of Q1FY21 includes Aleris

#Tax-effected special items includes purchase price accounting adjustments, restructuring & impairment, metal price lag, charitable donations and business acquisition & integration costs in Novelis

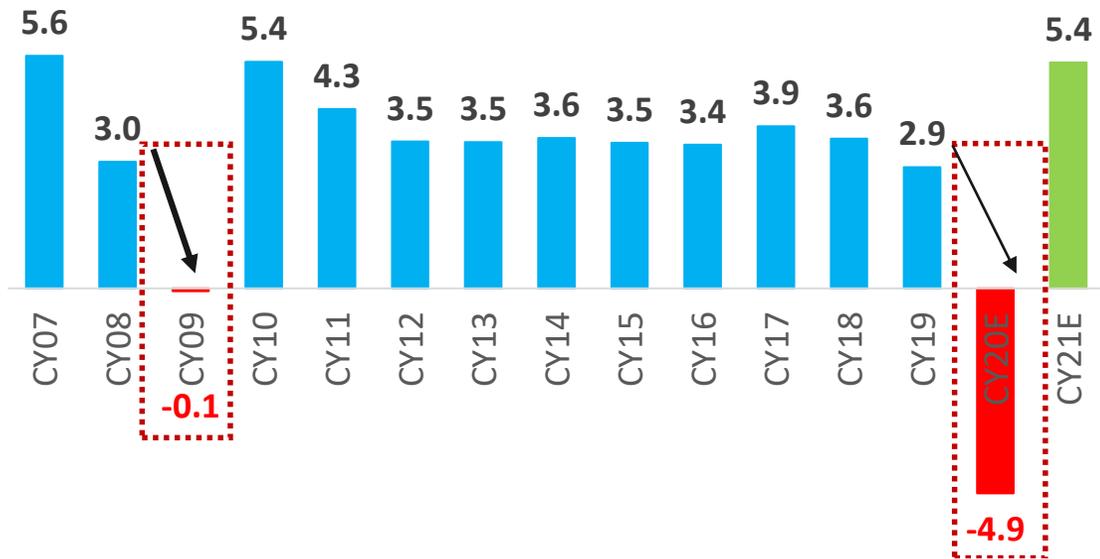
* Adjusted for post-tax impact of exceptional item of ex-gratia payment in India



Economy & Industry Updates Global & Domestic

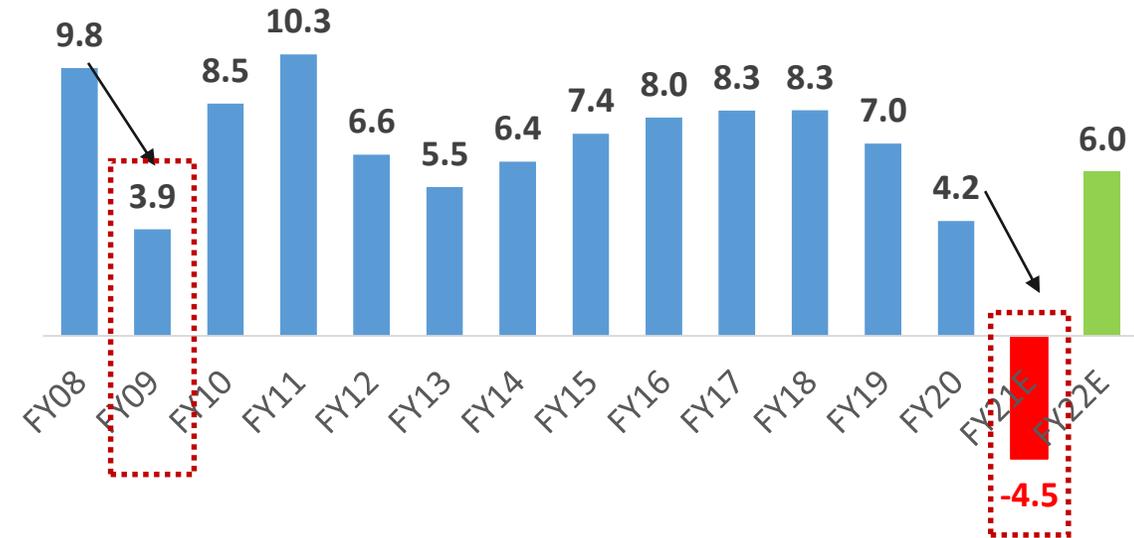
Economy Updates

Global GDP Growth (% YoY)



- **IMF (June forecast) expects global economy to contract (-)4.9% in CY20** vs. 2.9% growth in CY19 as the pandemic continues to roll over in 2H20.
- Economic activity is gradually recovering, however concerns remain.
- Global growth is projected to rebound to 5.4%yoy in 2021 as activity picks up.
- Extent of recovery will depend on – recurrence of virus, govt’s monetary and fiscal response, extent of geopolitical tensions

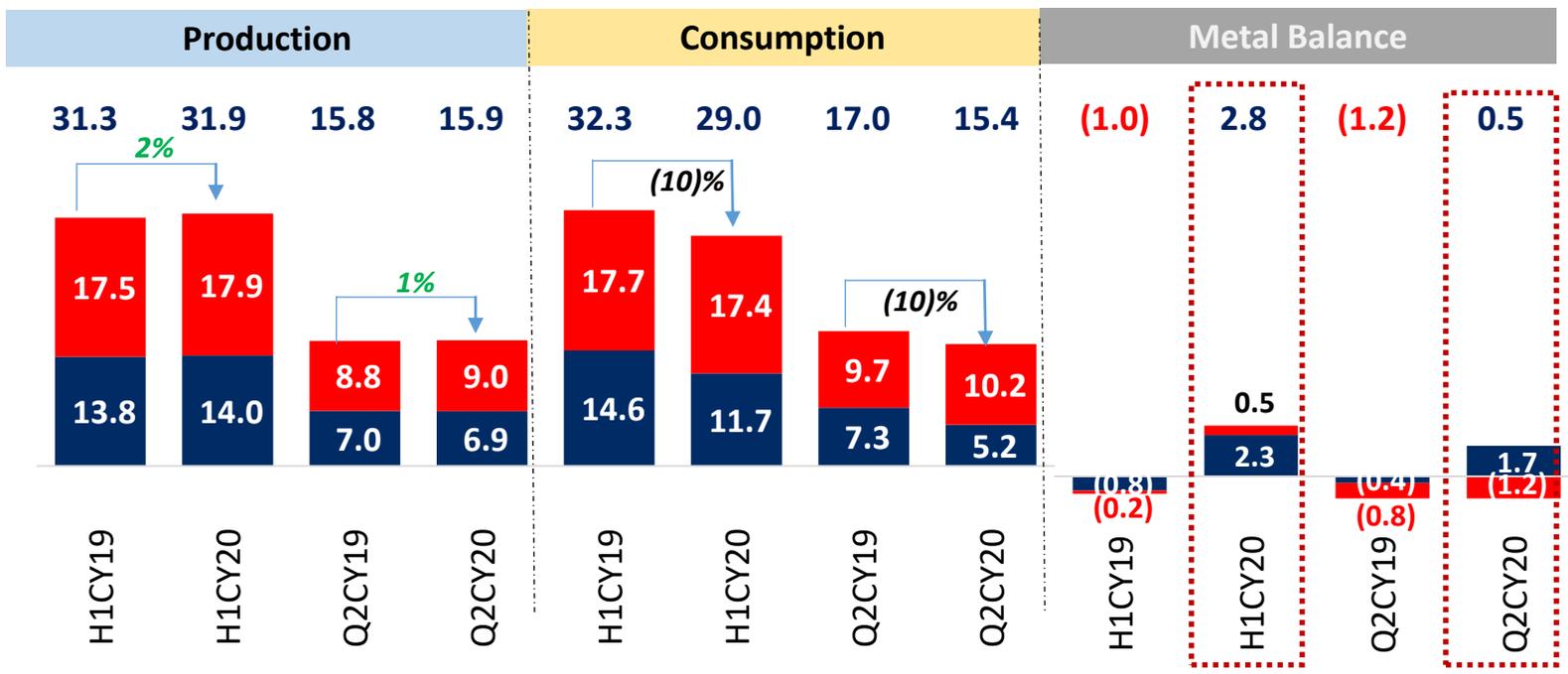
India GDP Growth (% YoY)



- **IMF expects GDP growth to contract by 4.5% in FY21. IMF projections have also been quoted by India’s Finance Ministry.**
- As per Finance Ministry *“with India unlocking, the worst seems to be over as high frequency indicators show improvement (IIP, PMI, core sector) from the unprecedented trough in Apr-May”*
- Visible signs of economic activity returning as high frequency data shows improvement in June-July. However the Ministry highlighted that economic recovery depends on how COVID infection curve evolves across the country going forward.
- RBI kept repo rates unchanged at 4% in its August review and expects domestic demand to recover gradually from Q2 FY21

Global Aluminium Industry

Global Demand & Supply Balance (Mt)



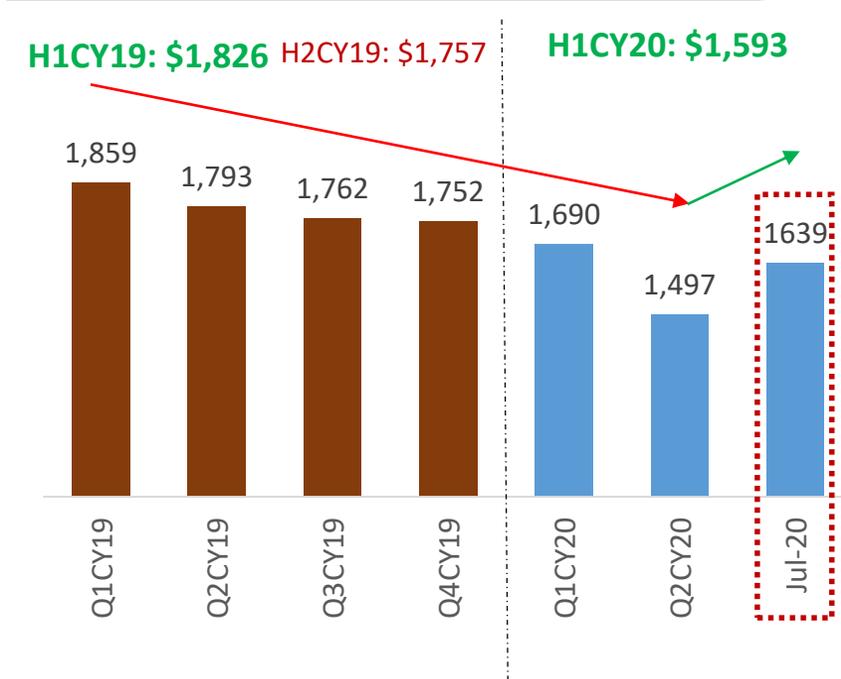
H1 CY20 (vs H1 CY19)

- Global production grew by 2%, consumption declined by 10%, leading to surplus of 2.8 Mt
 - China: Production increased by 2%, consumption fell by 2%, consequently led to surplus of 0.5 Mt
 - World Ex-China: Production grew by 1%, consumption dropped by 20%, causing a surplus of 2.3 Mt

Q2 CY20 (vs Q2 CY19)

- Global production expanded by 1%, consumption contracted by 10%, leading to surplus of 0.5 Mt
 - China: Production increased by 2%, consumption grew by 5%, consequently led to deficit of 1.2 Mt
 - World Ex-China: Production fell by 1%, consumption declined by 30%, inducing a surplus of 1.7 Mt

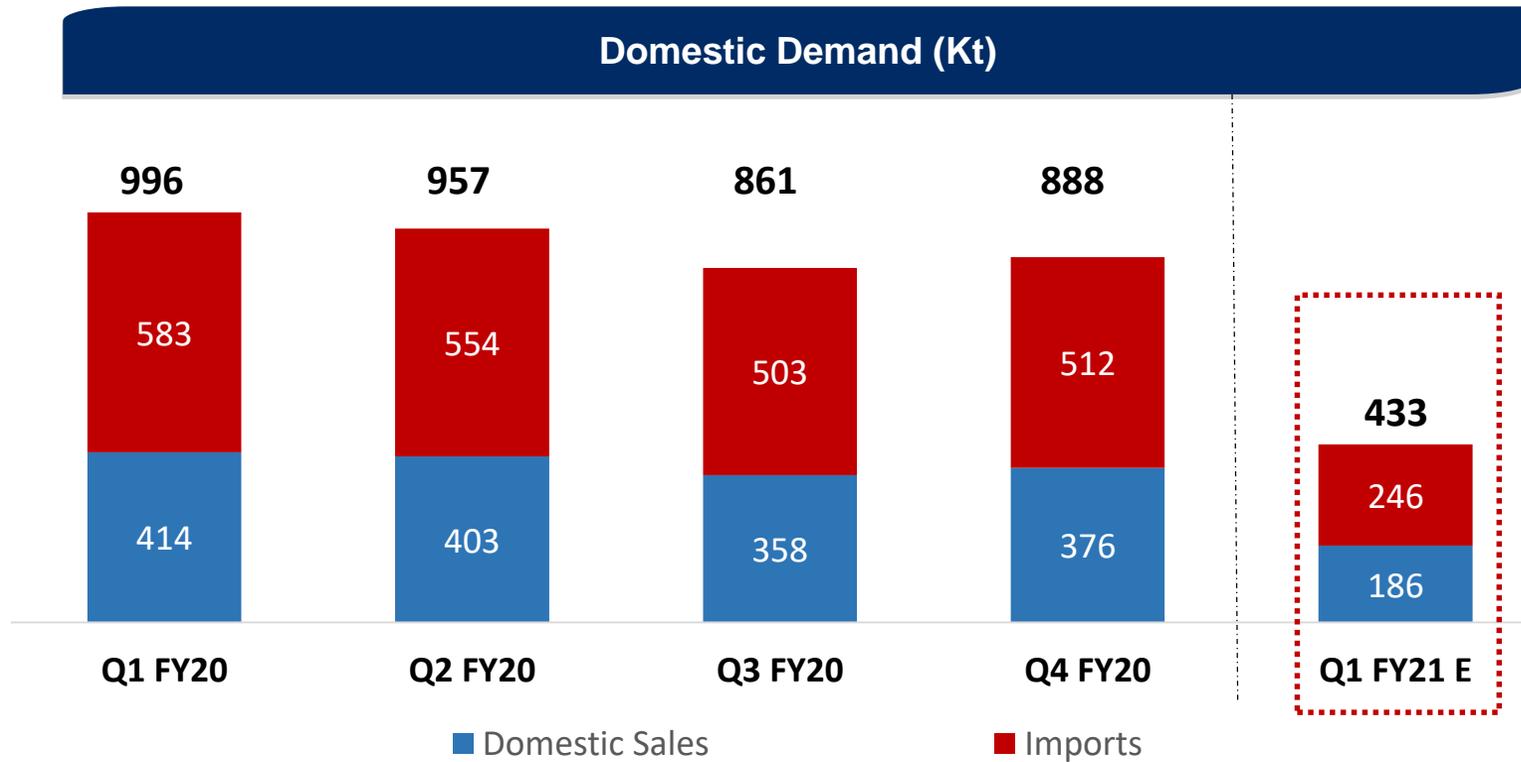
Global Price of Aluminium (Cash -\$/T)



Global aluminium prices continued to decline due to weak demand.

- H1 CY20: Price also witnessed a decline of 9% in H1CY20 to US\$ 1,593/t vs. H2 CY19;
- Q2 CY20, prices weakened to \$1,497/t
- July 2020 prices increased to \$1,639

Domestic Aluminium Industry



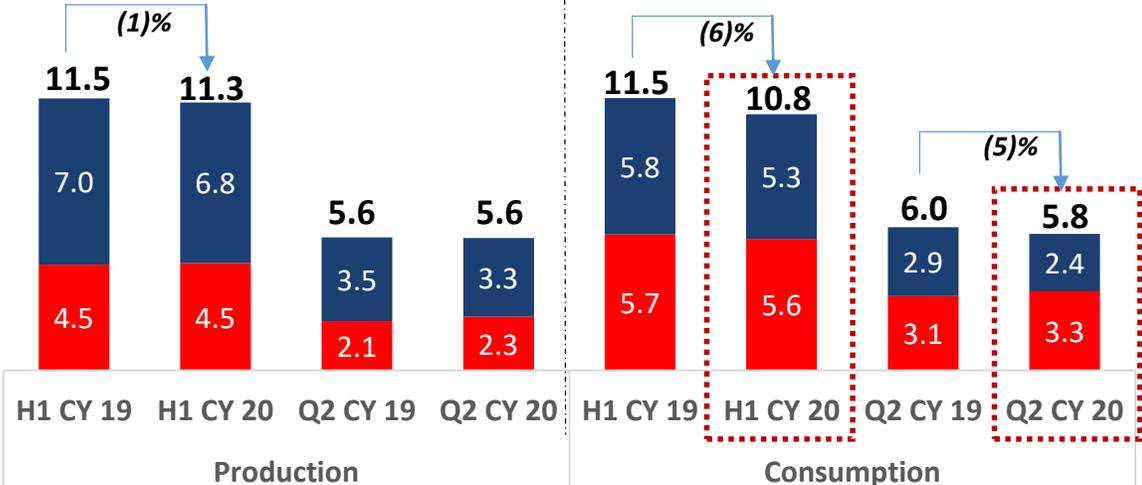
- Domestic consumption in Q1 FY21 is estimated to declined by 57% YoY, to 433 Kt
 - Imports including scrap de-grew by 58% YoY to 246 Kt in Q1 FY21; Domestic sales sharply declined by 55% YoY to 186 Kt in Q1 FY21
 - The sharp decline was due to the effect of lockdown across Auto/Transport, Building & Construction, Electrical. However, the fall in demand was moderate in the packaging (pharmaceutical packaging), and industrial machinery (medical equipment).

Aluminium Flat Rolled Products (FRP) Industry

- **The global FRP Demand is expected to decline by ~9% in 2020 (vs 2019) due to the COVID-19 and is expected to bounce back with growth ~8% in 2021 (vs FY20) on account demand recovery and base effect.**
- **With continued resilience in North America and Europe, improving trend in South America, beverage can sheet demand held up during the quarter, as this product is relatively recession resistant.** Higher at-home consumption favors the package mix shift towards increased demand for aluminum cans.
- **Aluminium FRP demand for the automotive is showing month-on-month improvement in consumption toward pre-COVID levels, but the near term visibility remains limited.**
 - The Demand of automotive body sheets in the US is currently quite as strong as major automotive OEMs have resumed operations in May and started rebuilding inventories
 - The European demand is slightly behind the US. However, the demand in this regions is slowly picking up as major Automotive OEMs restarts has already begun
 - In Asia, the demand for automotive sheets for EVs and high-end vehicles remained sturdy, driven by light-weighting trends in the transportation segments
- In aerospace segment, the current demand is expected to remain low into next year due to reduced production and consumer travel. As the travel would pick-up, it will drive the demand of **FRP in the aerospace segment. This demand is backed by the high order backlogs** from all global aircraft manufacturers
- **The Domestic FRP demand contracted by 46% in Q1 FY21.** This fall was due to a sharp decline in demand in transportation and B&C and Electrical sectors. Industries like pharma packaging, food packaging, consumer durables etc. are likely to support the growth of FRP demand in India.

Copper Industry (Global & Domestic)

Global Demand & Supply Balance (in Mt)



■ China ■ World ex-China

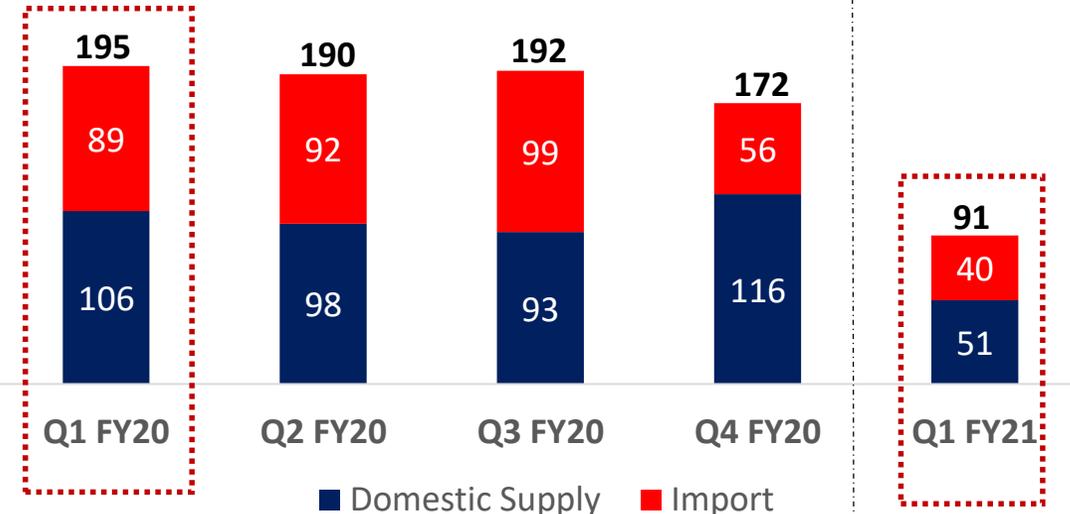
H1 CY20 (vs H1 CY19)

- Global refined copper consumption declined by 6% in due to Impact of COVID-19
 - China declined by 3%, whereas World ex-China dipped by 9%.

Q2 CY20 (vs Q2 CY19)

- Global consumption declined by 5% on account of COVID
 - Chinese refined copper demand recovered grew by 6%, Rest of the World, demand declined by 16%.
- Concentrate production in CY20 is expected to dip owing to COVID-19
 - Major mines are either operating at a lower utilization or continue to be in lockdown.
- Impact of Covid-19 has been more on mines than smelters, spot Tc/Rc is expected to remain tight through out the year.

Domestic Demand (Kt)

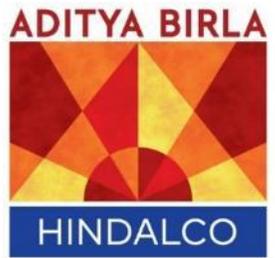


■ Domestic Supply ■ Import

- In Q1FY21 the overall domestic market declined by 53% to 91Kt vs 195 Kt in Q1FY20 due to COVID.
- In Q1FY21, sales of domestic producers contracted by 52% YoY, to 51 Kt while imports declined by 55% YoY, to 40 Kt.
- Market share of imports decreased to 44% in Q1 FY21 vs. 46% in Q1FY20.

Key Macro Drivers (Q1 FY21 vs Q1 FY20)





Business Performance : Q1 FY21

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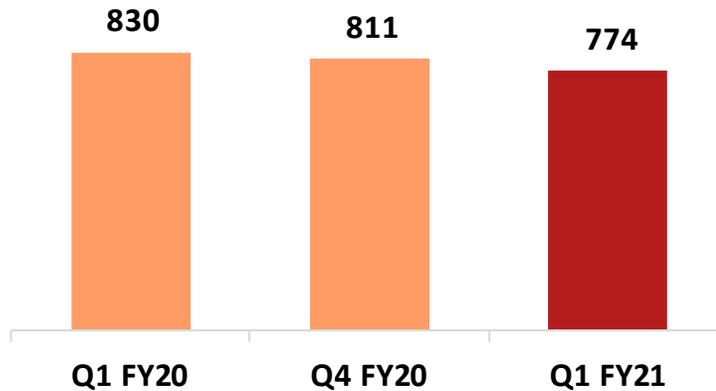


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Novelis

Operational Performance – Novelis

Overall Shipments (KT)

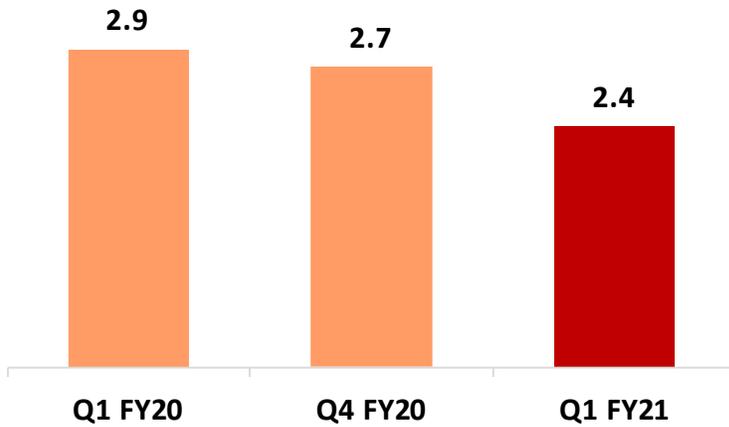


- Strong customer relationships and unmatched footprint make us well positioned to navigate near-term uncertainty
- Aleris acquisition update :
 - On April 14, 2020, Novelis completed its acquisition of Aleris
 - The safe integration of our new employees and facilities is underway
 - Progress made against ~\$150 million in total cost and strategic synergies
 - Continue to work with relevant parties to divest Lewisport and Duffel
- Total shipments were 774 Kt in Q1FY21 including Aleris
 - Can shipments remained resilient, down low single digits.
 - Automotive shipments down ~50%, now showing strong pick-up in demand is seen particularly in the US and now Europe
 - Specialties shipments were up double digits as a result of acquisition of Aleris
- Committed to all its organic expansions projects in US, China and Brazil
- Focused on reduction of fixed operating expense and non-strategic capital spending
- Maintaining strong liquidity and balance sheet positions

Q1 FY21 numbers includes Aleris

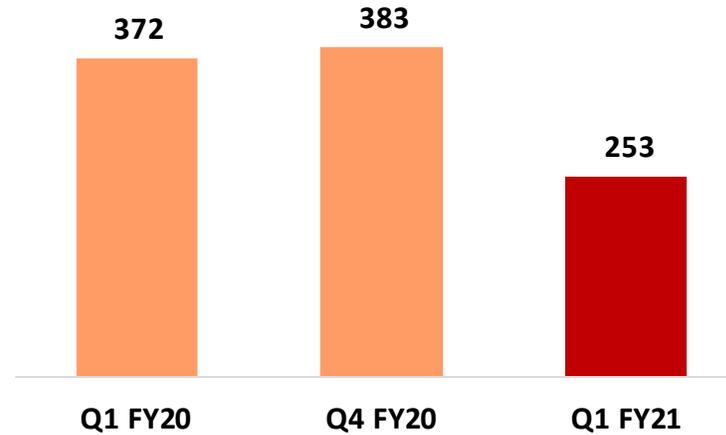
Financial Performance – Novelis

Revenue (\$ Billion)



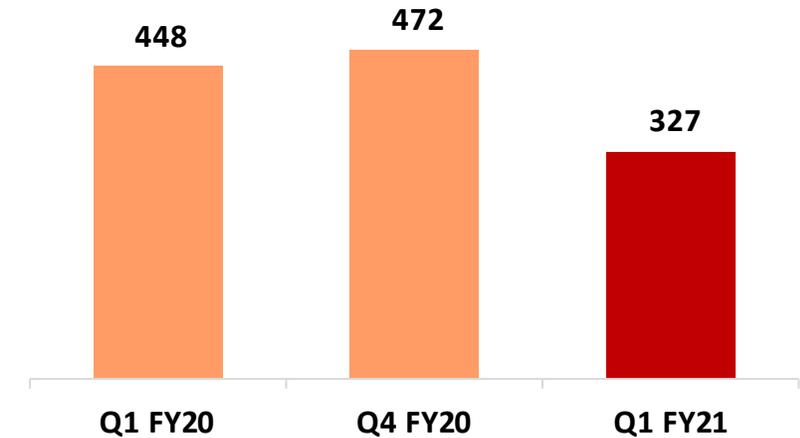
- Net sales in Q1 FY21 stands at \$2.4 billion impacted by sharp fall in average LME aluminum prices and local market premiums, as well as decline in total flat rolled product shipments

Adjusted EBITDA (\$ Million)



- Adjusted EBITDA at \$253 million in Q1 FY21, impacted by lower shipments and unfavorable product mix but partially offset by good cost control, and EBITDA contribution from the acquired Aleris business

Adjusted EBITDA (\$/tonne)



- Adjusted EBITDA per ton at \$327/t in Q1 FY21

Note: a) All above numbers are as per the US GAAP b) Q1 FY21 numbers includes Aleris

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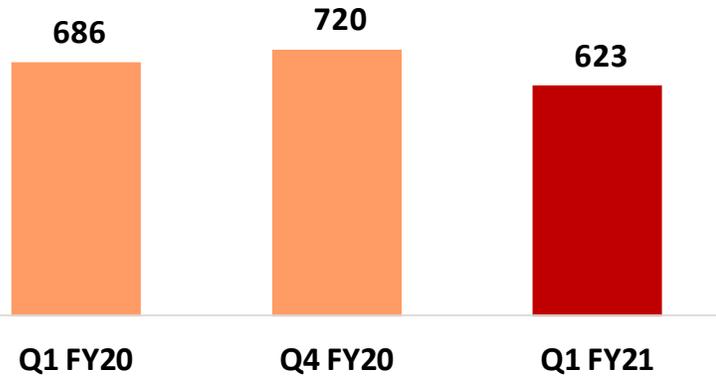


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Aluminium (India)

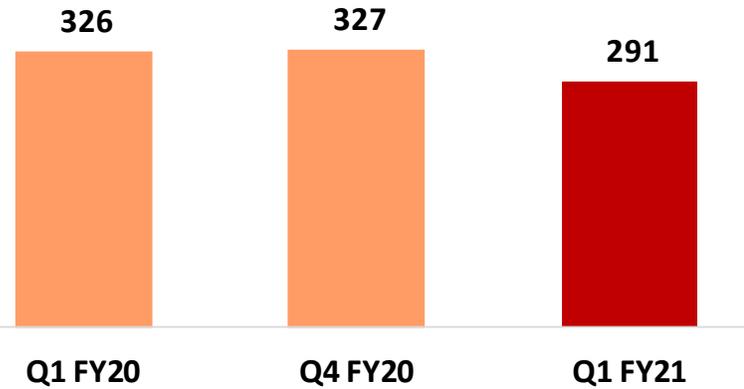
Production – Alumina, Aluminium Metal & Aluminium VAP

Alumina* (KT)



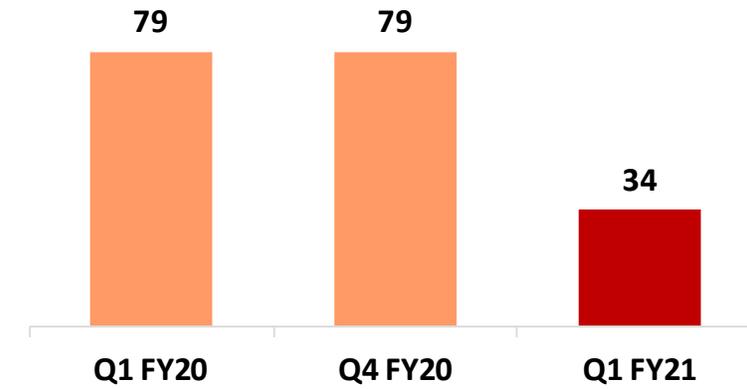
- Utkal Alumina refinery recorded production of 418 Kt in Q1 FY21.

Aluminium Metal (KT)



- Aluminium Metal Production was lower by 11% YoY, with smelter utilization at 90%

Aluminium VAP# (KT)

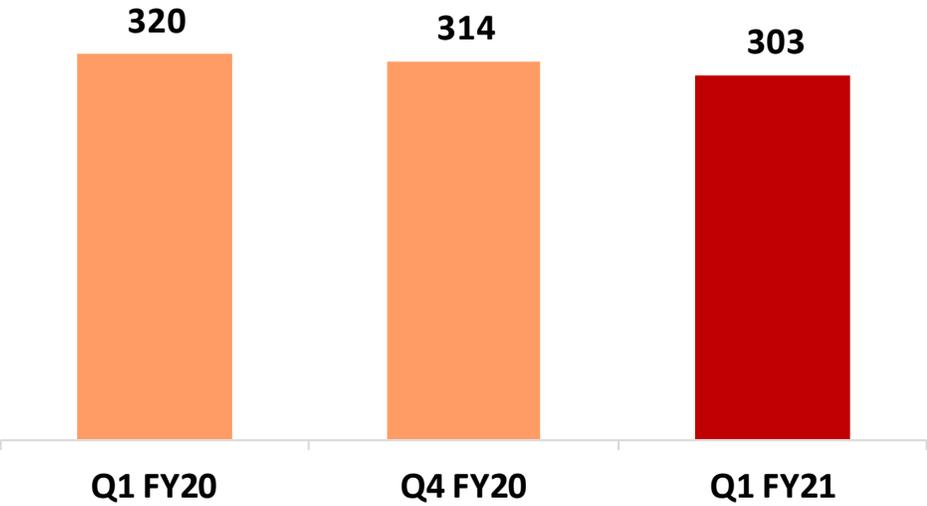


- Aluminum VAP production was lower by 57% YoY on account of subdued market conditions

*Hydrate as Alumina
Excluding Wire Rods

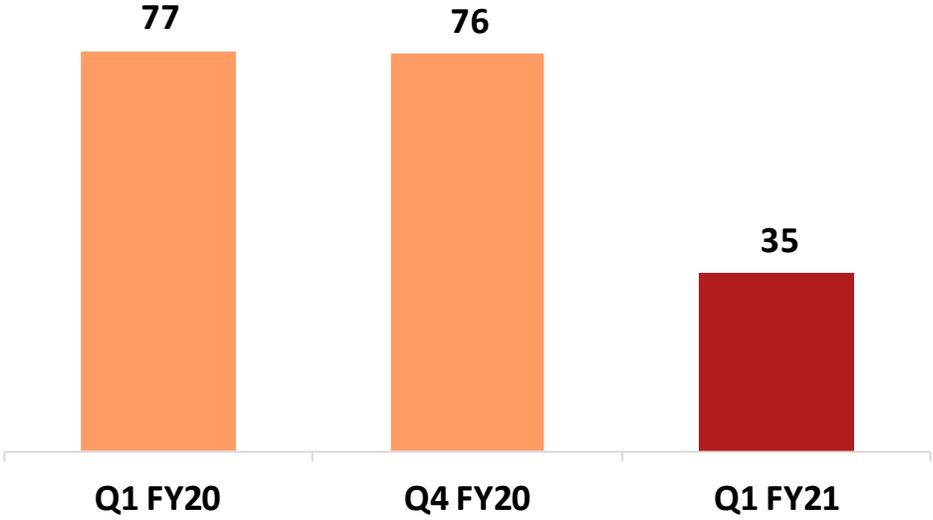
Sales Volume – Aluminium Metal & VAP

Aluminium Metal Sales in all forms (KT)



- Aluminium Metal Sales was lower by 5% YoY. Impact of subdued domestic market offset by higher exports.

Aluminium VAP# (KT)

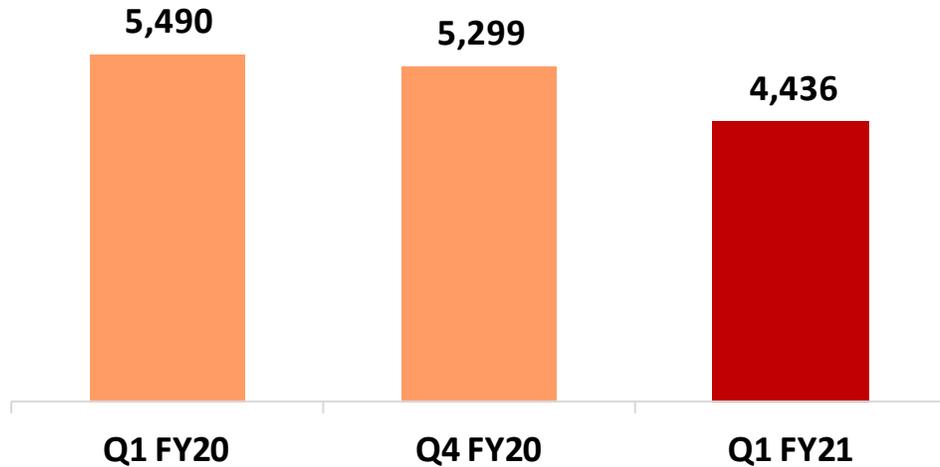


- VAP sales were down 55% YoY due to lockdown

Excluding Wire Rods

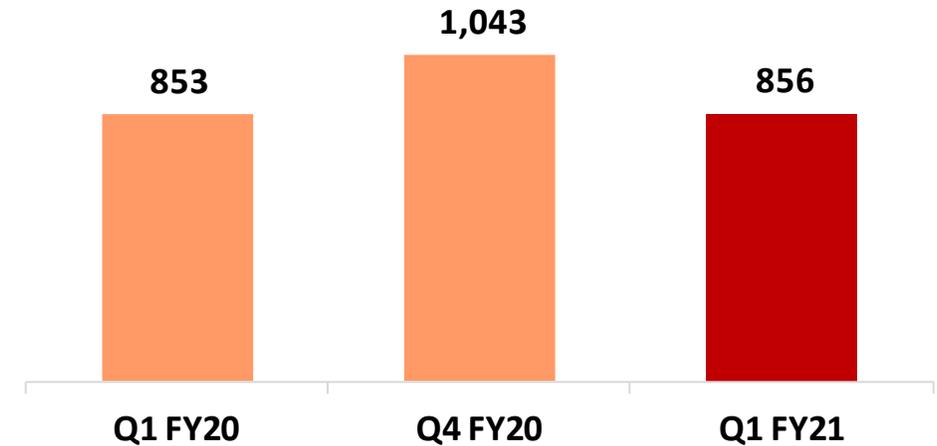
Financial Performance - Aluminium (India)

Revenue (₹ Crore)

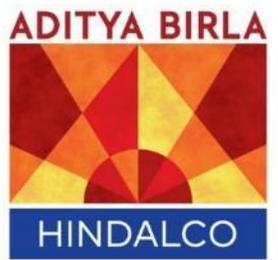


- Aluminium revenues were down by 19% YoY, due to lower aluminium prices

EBITDA (₹ Crore)



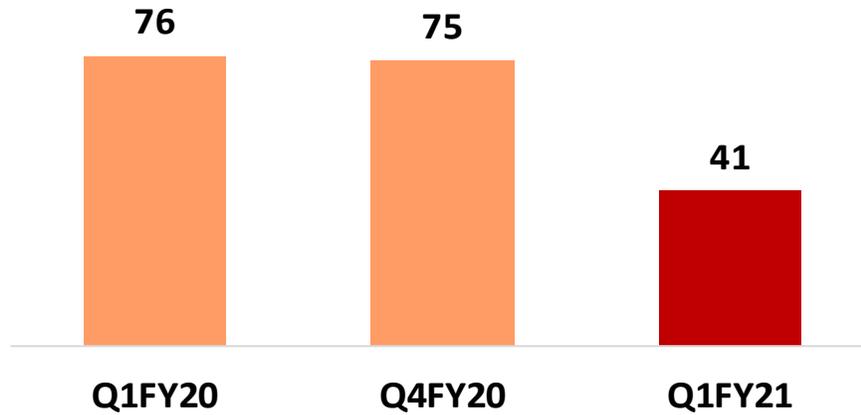
- Despite an unprecedented macro environment due to COVID, EBITDA maintained at ₹856 crore
- EBITDA margins at 19.3% (vs 15.5% in Q1 FY20), up 380 bps**, one of the best in the industry in the current market



Copper

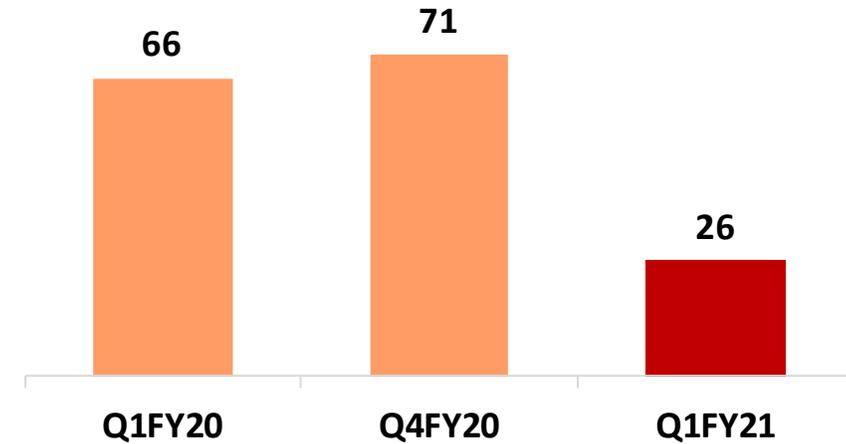
Production – Copper Metal & VAP

Cathode (KT)



- Cathode production at 41 Kt, lower by 46% due to COVID related disruptions in operations

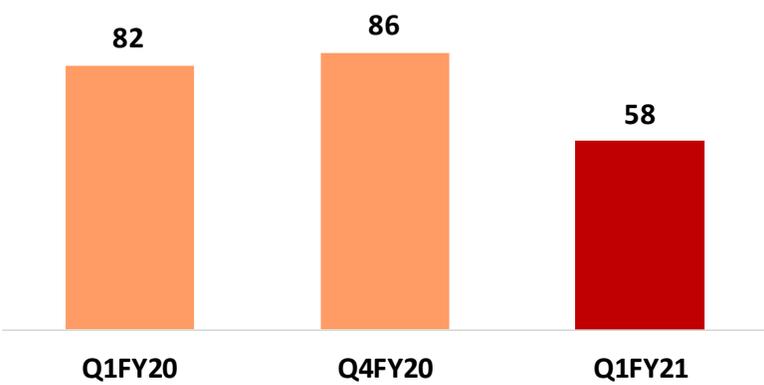
CC Rod (KT)



- CC Rods production was down 60% YoY, due to lower domestic demand.

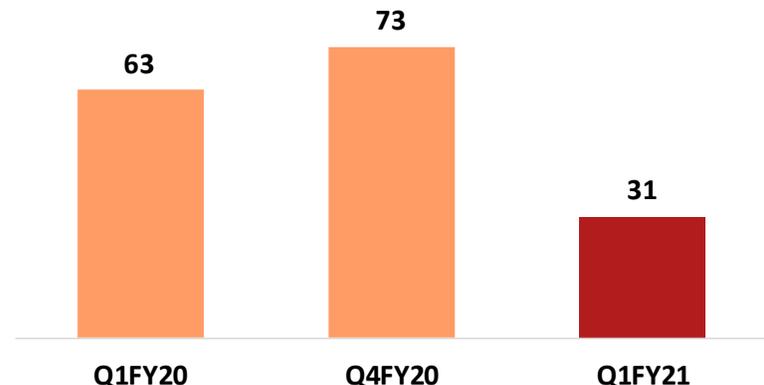
Sales Volume – Copper Metal, VAP & DAP

Copper Metal Sales in All Forms (KT)



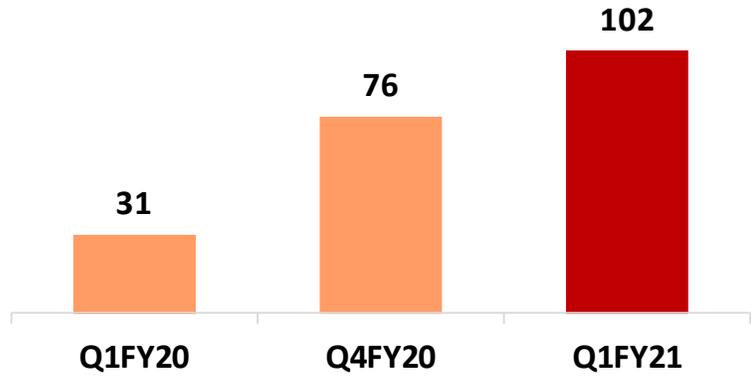
- Copper Metal Sales was lower by 29% YoY due to lower production

CC Rods (KT)



- CC Rod Sales were down by 51% YoY, due to lower domestic demand

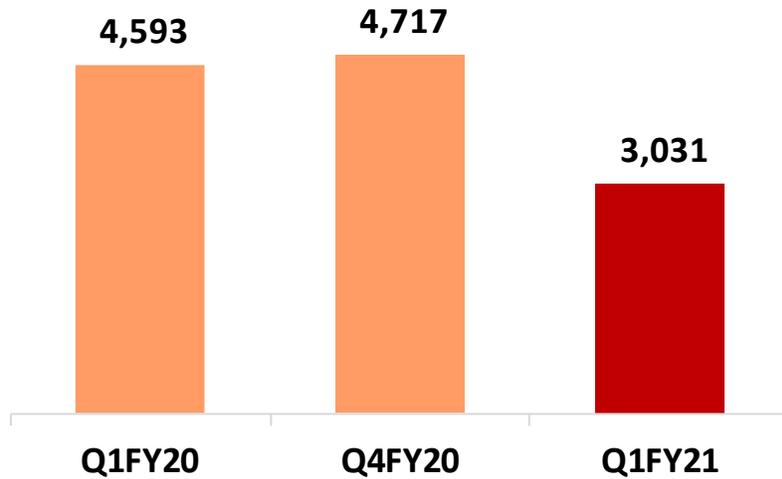
DAP (KT)



- DAP sales were 230% higher on the back of robust demand

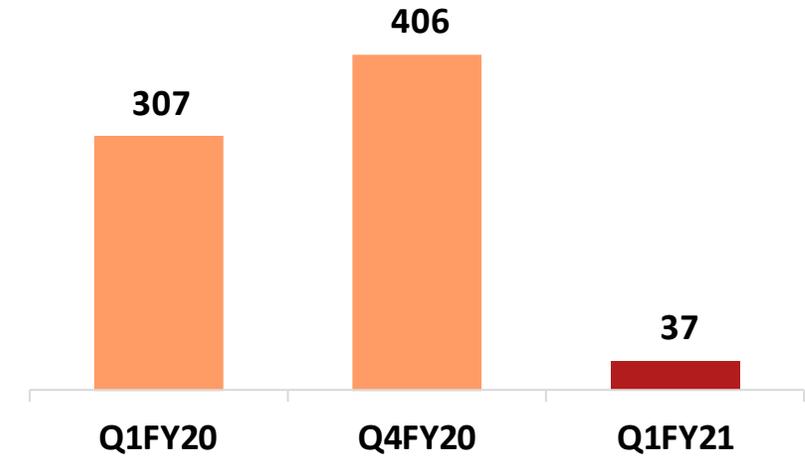
Financial Performance – Copper Business

Revenue (₹ Crore)

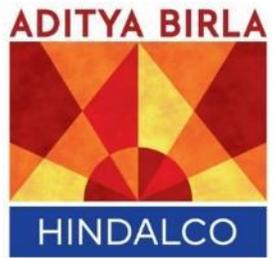


- Revenues were down by 34% YoY, on account of lower by 34%, due to lower volumes and realisation, both of copper and by-products

EBITDA (₹ Crore)



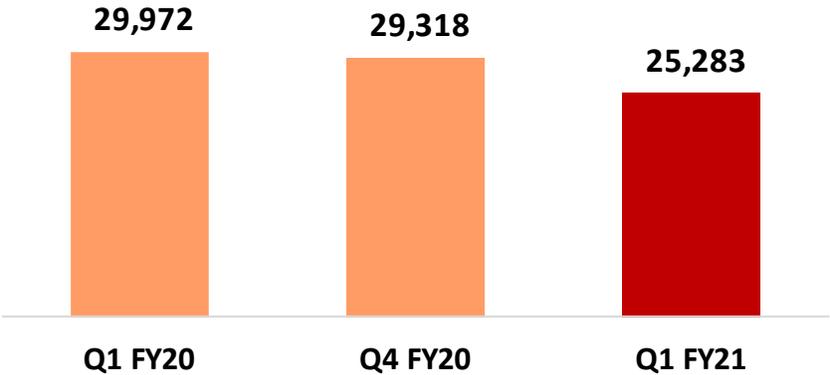
- EBITDA was down 88% YoY, due to lower volumes, by-product realizations and Tc/Rc



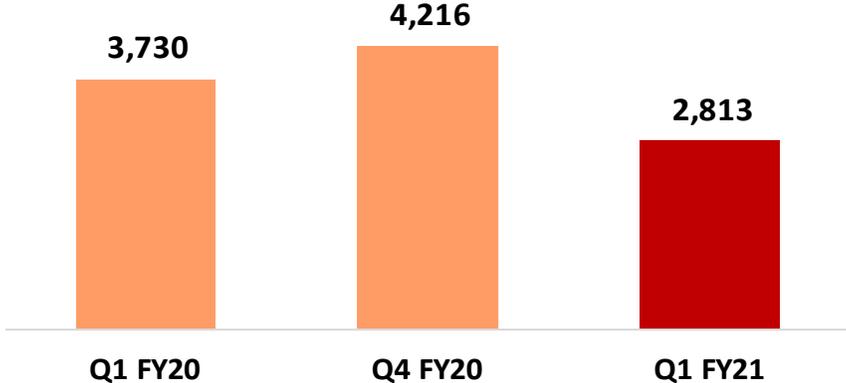
Consolidated Financial Performance

Consolidated Financial Performance

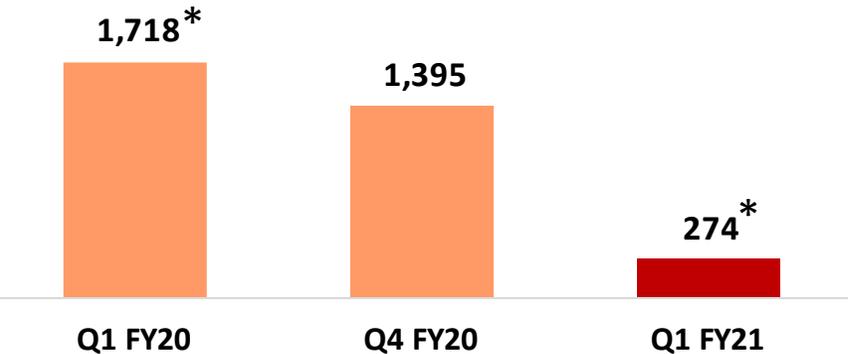
Revenue (₹ Crore)



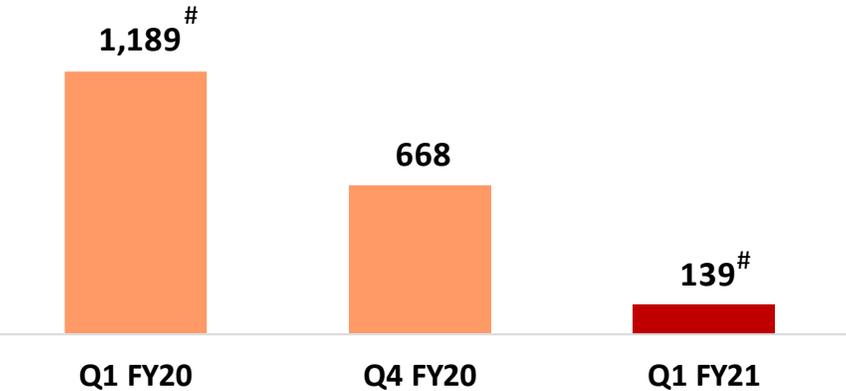
Business EBITDA (₹ Crore)



PBT Before Exceptional Items (₹ Crore)



Profit After Tax (₹ Crore)



Q1 FY21 numbers includes Aleris

*PBT for continuing operations before exceptional & special items in Novelis

PAT for continuing operations before tax effected exceptional in India & special items in Novelis

Our Focus on

**Employee Safety
and
Business Continuity**



**Stringent Cash Control
and
Cost competitiveness**



**Accelerating Value-Accretive
Long-term Growth and Lowering
Impact of LME Volatility**



**Strong Liquidity
and
Balance Sheet**



**Resilient and Sustainable
Business Model**





Thank You

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HINDALCO

Annexures

Consolidated – Key Financials

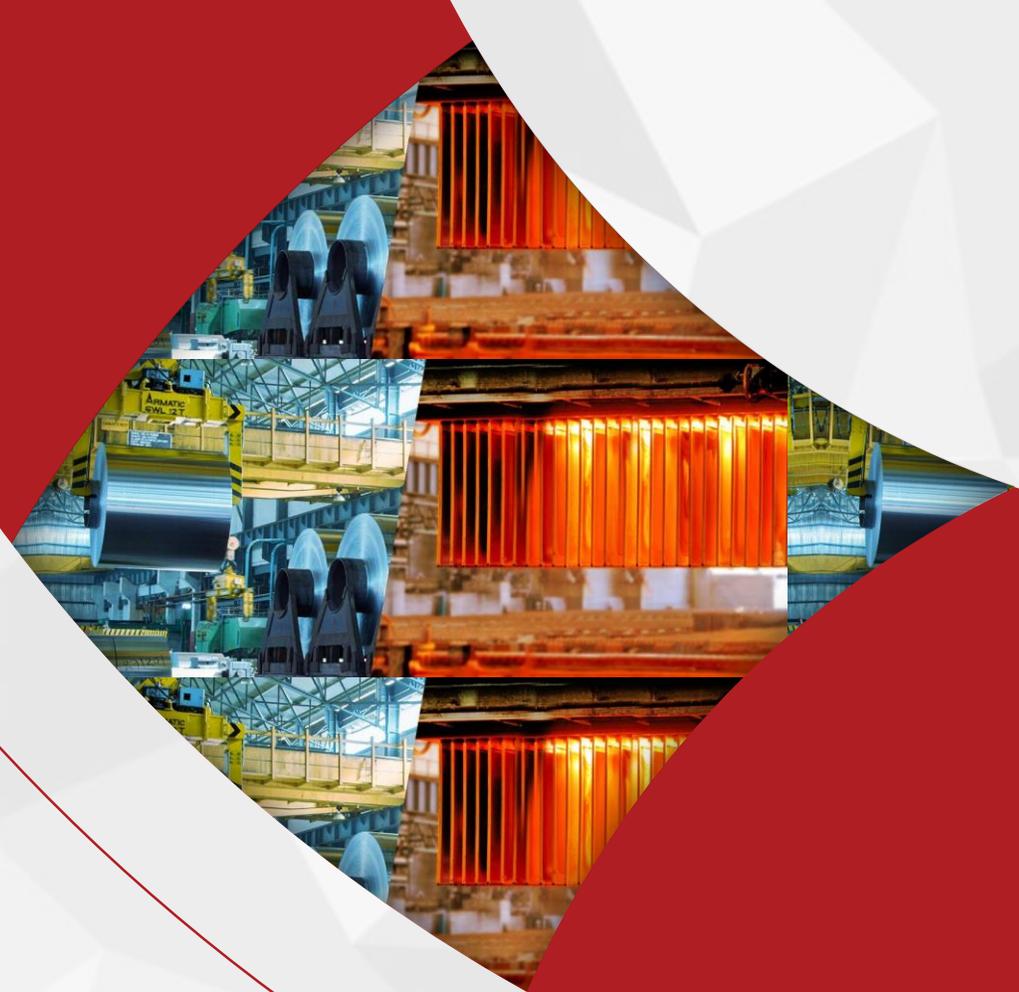
Particulars	Q1 FY20	Q4 FY20	Q1 FY21	Change YoY %	QoQ Change %	(₹ Crore)
Revenue from Operations	29,972	29,318	25,283	-16%	-14%	
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)						
<i>Novelis*</i>	2,587	2,773	1,919	-26%	-31%	
<i>Aluminium</i>	853	1,043	856		-18%	
<i>Copper</i>	307	406	37	-88%	-91%	
<i>All Other Segments</i>	(17)	(6)	1			
Business EBITDA	3,730	4,216	2,813	-25%	-33%	
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	39	(43)	(454)			
EBITDA	3,769	4,173	2,359	-37%	-43%	
Finance Costs	957	1,429	992	4%	-31%	
PBDT	2,812	2,744	1,367	-51%	-50%	
Depreciation & Amortisation (including impairment)	1,235	1,349	1,551	26%	15%	
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	1	-	3			
PBT before Exceptional Items and Tax	1,578	1,395	(181)			
Exceptional Income/ (Expenses) (Net)	(22)	-	(419)			
Profit Before Tax (After Exceptional Item)	1,556	1,395	(600)			
Tax	493	727	(31)			
Profit/ (Loss) from Continuing Operations	1,063	668	(569)			
<i>Profit/ (Loss) from Discontinued Operations</i>	-	-	(140)			
Profit/ (Loss) After Tax	1,063	668	(709)			

*As per US GAAP ; The Q1 FY21 numbers includes Aleris

Hindalco (India) Business – Key Financials

(₹ Crore)

Particulars	Q1 FY20	Q4 FY20	Q1 FY21	YOY Change %	QoQ Change%
Revenue from Operations	10,078	10,012	7,464	-26%	-25%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)					
<i>Aluminium</i>	853	1,043	856		-18%
<i>Copper</i>	307	406	37	-88%	-91%
<i>Other Segments</i>	1	1	1		
Segment EBITDA	1,162	1,450	894	-23%	-38%
<i>Unallocable Income/ (Expense) (Net)</i>	90	124	244	171%	97%
EBITDA	1,252	1,574	1,138	-9%	-28%
Finance Costs	494	438	457	7%	-4%
PBDT	758	1,136	681	-10%	-40%
Depreciation	500	523	514	-3%	2%
PBT before Exceptional Items and Tax	258	613	167	-35%	-73%
Exceptional Income/ (Expenses) (Net)	(22)	-	(39)		
Profit Before Tax (After Exceptional Item)	236	613	128	-46%	-79%
Tax	94	235	44		
Profit/ (Loss) After Tax	142	378	84	-41%	-78%



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