



22<sup>nd</sup> February, 2021

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai: 400 001 <b>Scrip Code: 500440</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra Kurla Complex Bandra (East) Mumbai – 400 051 <b>Scrip Code: HINDALCO</b>
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**Sub: Investor presentation of Hindalco Industries Limited ('the Company')**

**Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations 2015**

**Dear Sir/ Madam,**

Pursuant to Regulation 30, enclosed herewith is the presentation made by the management to the Investors/ analysts during the investors' week of the company starting from 22<sup>nd</sup> February, 2021.

This is for your information & record.

Thanking You,

Yours faithfully

**For HINDALCO INDUSTRIES LIMITED**

**ANIL MALIK**  
**President & Company Secretary**

Encl: As above



# Hindalco Industries Limited

**Investors' Day**  
**22<sup>nd</sup> February 2021**

# Safe Harbor Statement

## Forward-looking statements

Statements made in this presentation which describe the company's intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "targets," "estimates," "projects," "forecasts," or similar expressions. Forward looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and are based on our management's beliefs, as well as assumptions made by, and information currently available to our management as well as other factors that we believe are appropriate and reasonable under the circumstances. Examples of forward looking statements in this presentation are statements about our expectations about strengthening and growing the business with expansion projects or achieving synergies associated with the acquisition. The company cautions that, by their nature, forward-looking statements involve risk and uncertainty and the company's actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, actual performance, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing including in connection with potential acquisitions and investments; risks relating to, and our ability to consummate, pending and future acquisitions, investments or divestitures; changes in the relative values of various currencies and the effectiveness of our currency hedging activities; factors affecting our operations, such as litigation, environmental remediation and clean-up costs, labor relations and negotiations; breakdown of equipment and other events; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; changes in general economic conditions including deterioration in the global economy; the risks of pandemics or other public health emergencies, including the continued spread and impact of, and the governmental and third-party responses to risks arising out of our acquisition of Aleris Corporation including risks associated with related divestiture requirements and uncertainties inherent in the acquisition method of accounting; disruption to our global aluminum production and supply chain as a result of COVID-19; changes in government regulations, particularly those affecting taxes, derivative instruments, environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our credit facilities and other financing agreements; and our ability to generate cash. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in the Company's Annual Report and form 10K of FY2019-20.

# CONTENT

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4. Strategic Imperatives
  1. Market Outlook & Growth Strategy – India & Novelis
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# About Us



Leading Global Industry Player

India Operations

Novelis



**Hindalco  
Industries  
Ltd**



Key  
Highlights

**Aluminium\***

- Alumina ..... 2.8 MT
- Primary Metal.....1.3 MT
- VAP .....319 KT  
*(excluding Wire Rods)*

**Copper\***

- Copper Cathode..... 321 KT
- Copper Rods.....263 KT
- DAP.....230 KT

**Aluminium Flat Rolled Products (FRP)**

- Global Presence
- Rolling Capacity...~4.0MT
- Global leader in Aluminium Automotive and Can Body Sheets
- Focused on premium segments



**Novelis**  
Largest aluminium FRP producer globally



**Novelis**  
Global leader in Aluminium recycling



**Utkal**  
Amongst the most economical producers of Alumina in the world



One of the **Largest custom copper smelter** at single location in Asia



Global operations across **10 countries**



Revenue of **USD 16.7 billion (FY20)**



EBITDA of **USD 2.2 billion (FY20)**

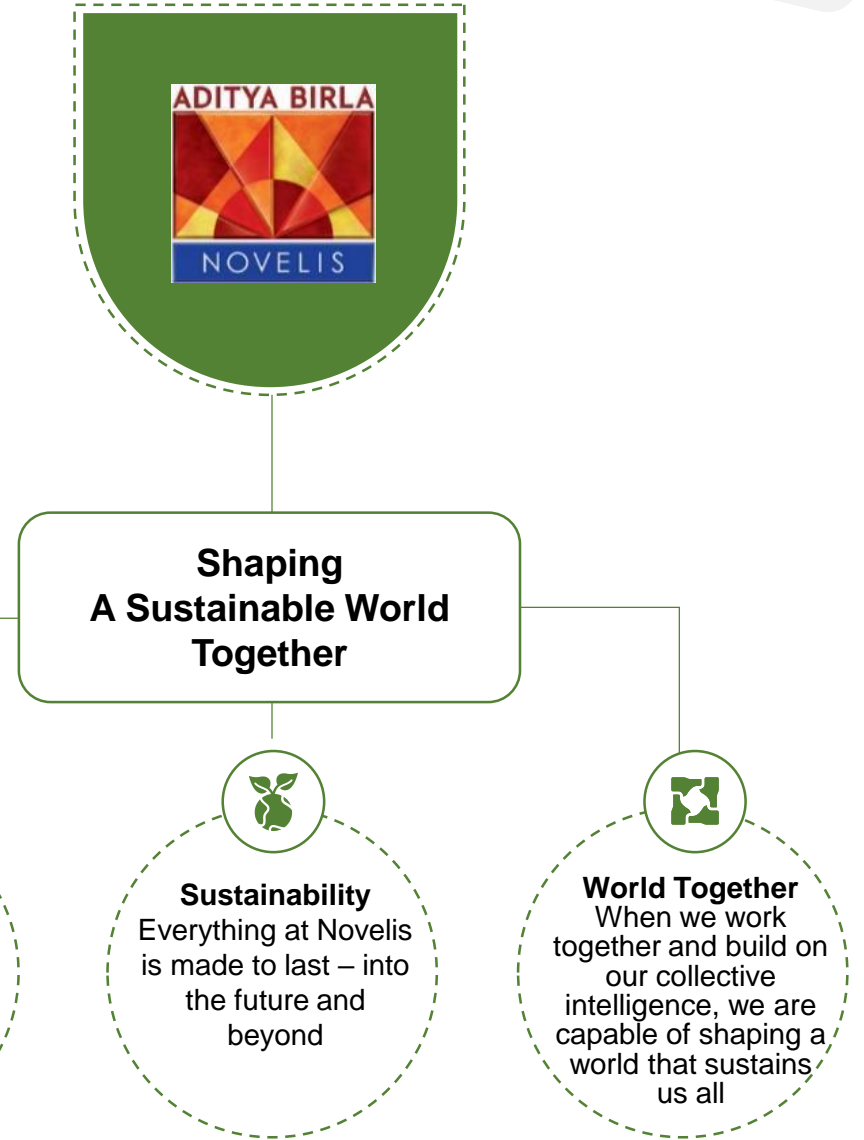
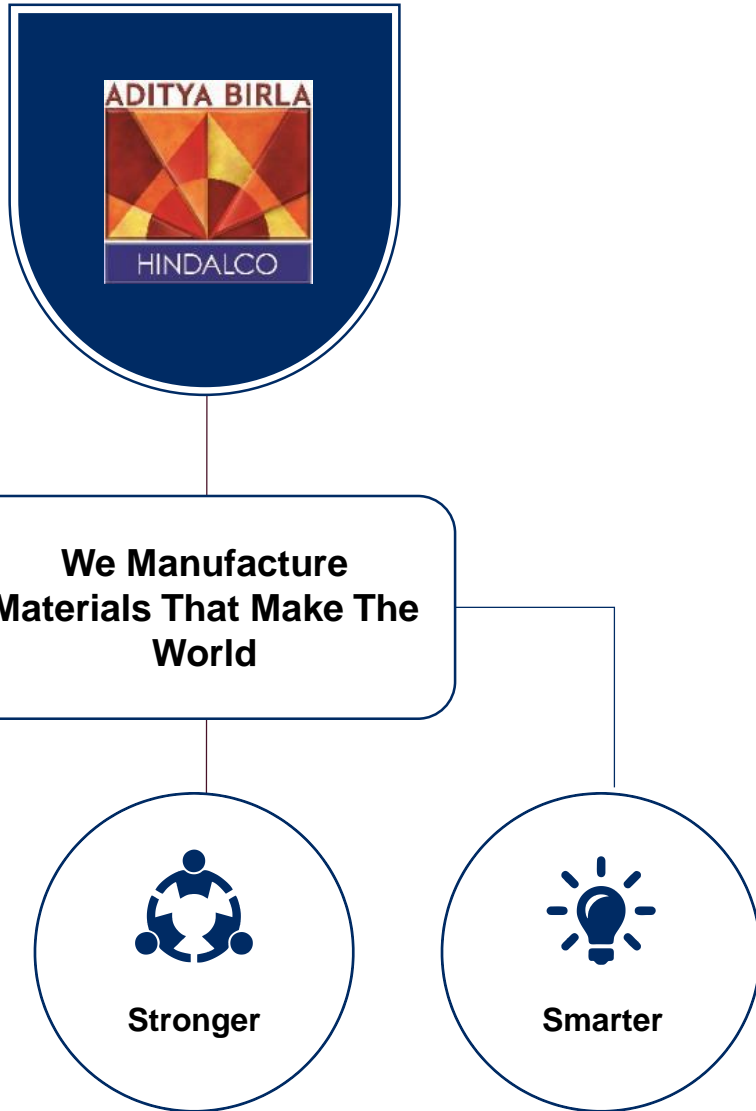


**~40,000 employees** across the world

*\*The production number are for FY20*

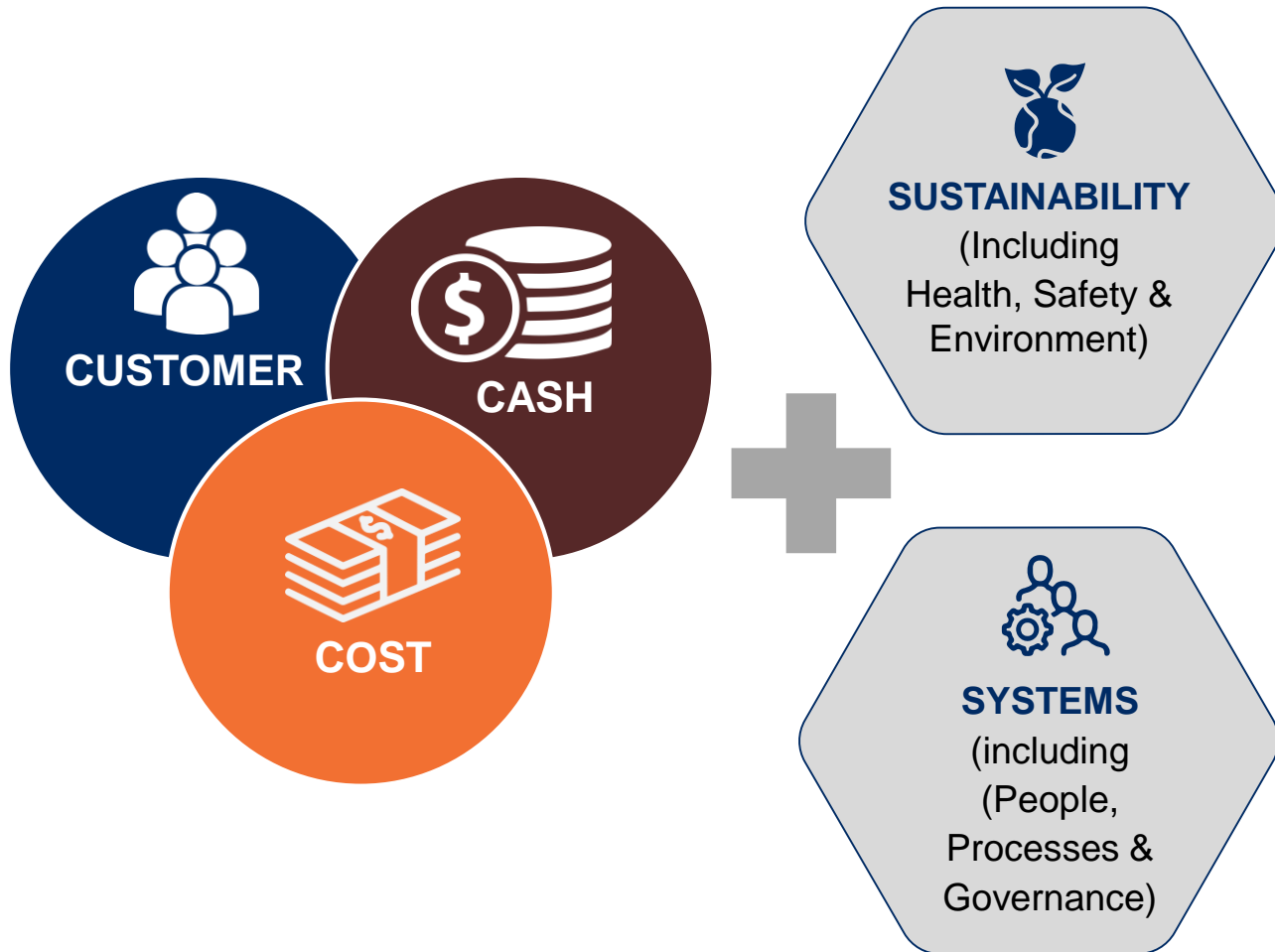


# Our Purpose



# Our Focused Approach

Hindalco : The Focused 3C+2S



Novelis : The Focused 5





# Strategic Imperatives



## GROWTH

Identify Value  
Enhancing  
Organic Growth  
Opportunities  
in Novelis and  
India Business



## ESG

Create  
Sustainable World  
Together



## DELEVERAGING

Target  
Consolidated  
Net Debt to EBITDA  
ratio of ~2.5x in less  
than 2 Years



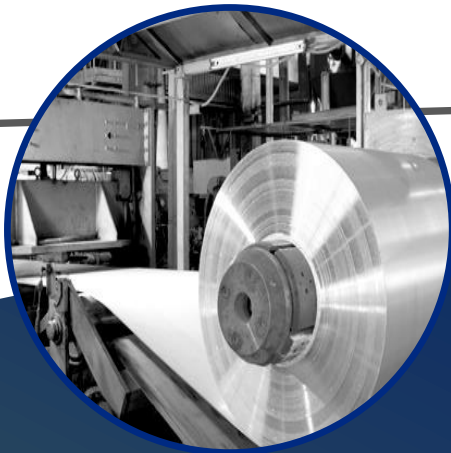
## SHAREHOLDER RETURNS

Enhance  
Shareholder Value  
Creation





# Novelis : Market Outlook and Growth Strategy



## GROWTH

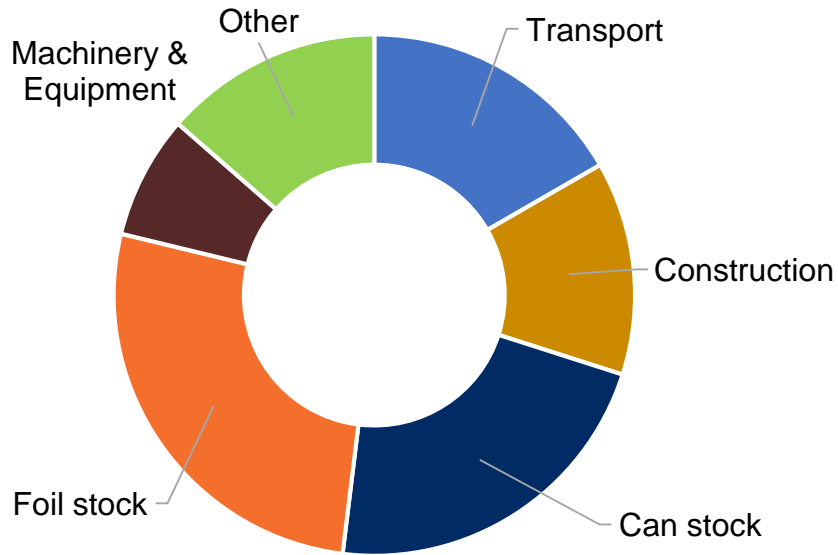
Identify Value  
Enhancing  
Organic Growth  
Opportunities  
in Novelis



# Novelis : World's largest Aluminum FRP producer & Recycler

**Global FRP aluminum market  
~28 million tonnes in 2019**

Forecast to grow **3% CAGR** through **2025**



**Novelis, Inc**  
 Global HQ: Atlanta, U.S.  
 33 operating locations  
 ~4MT rolling capacity  
 ~1MT automotive finishing  
 ~2.5MT recycling capacity



**North America**

- HQ: Atlanta, US
- 16 operating locations
- 1.5MT rolling capacity
- 0.5MT automotive finishing



**Europe**

- HQ: Kusunacht, Switzerland
- 11 operating locations
- 1.2MT rolling capacity
- 0.3MT automotive finishing



**Asia**

- HQ: Seoul, South Korea
- 4 operating locations
- 0.6MT rolling capacity
- 0.2MT automotive finishing



**South America**

- HQ: São Paulo, Brazil
- 2 operating locations
- 0.7MT rolling capacity

- Novelis is the world's largest aluminum flat rolled producer by shipments with presence across markets
- World's largest recycler of aluminum
- Operate under four regional segments across four value streams: Can, Automotive, Specialties, and Aerospace and Commercial Plate

Source: CRU November 2020 Flat Rolled Products Aluminum Outlook



# Market Overview: Beverage Packaging

- 1**

Consumer sustainable package preferences support long term aluminum can sheet demand +3-5% across regions
- 2**

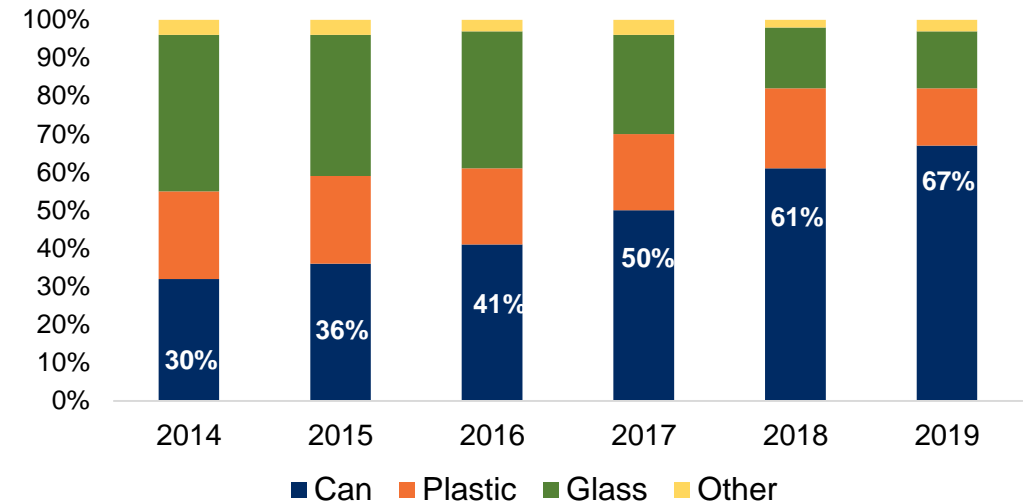
Driving package mix shift from other substrates, like glass and steel, to aluminum can
- 3**

Increasing demand for new beverage types (sparkling water, spiked seltzer, canned cocktails, energy drinks) and sizes packaged predominantly in aluminum
- 4**

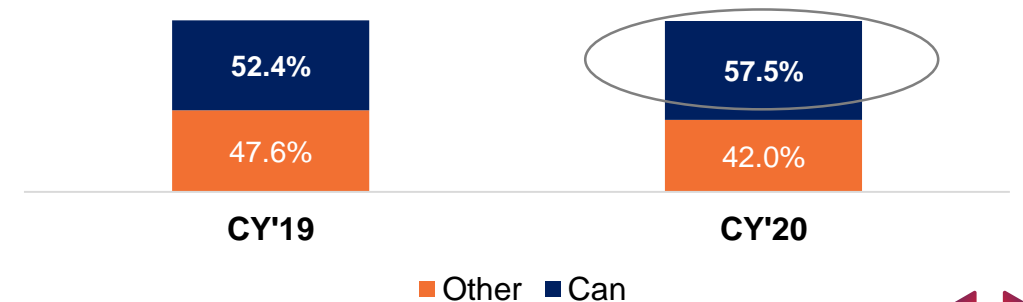
Significant canmaker expansions announced next 2-3 years
- 5**

Utilize global capacity, debottlenecking, balancing investments and efficiencies to meet customer demand

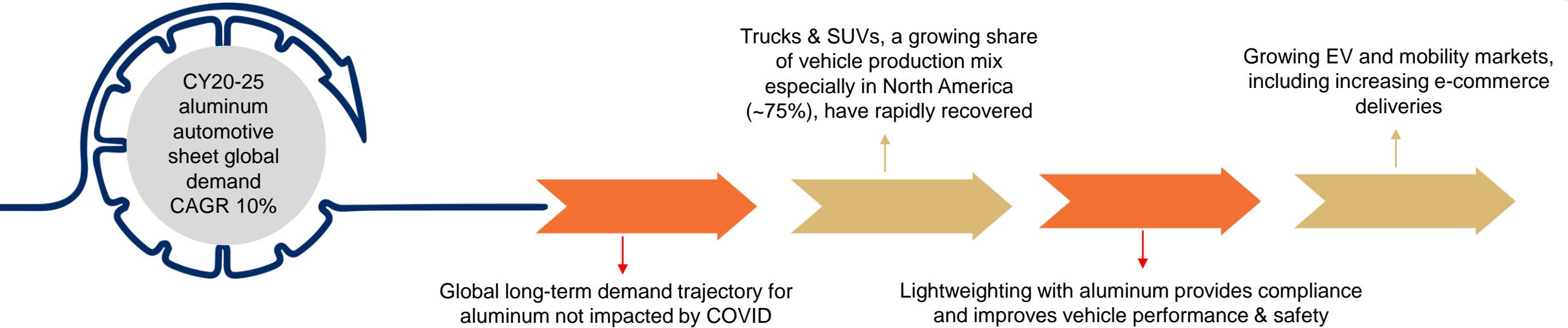
## North America New Beverage Types Packaging (%)



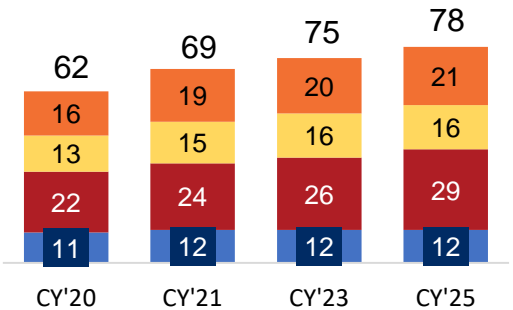
## Brazil : Beer Package Mix Source: Nielsen



# Market Overview: Automotive



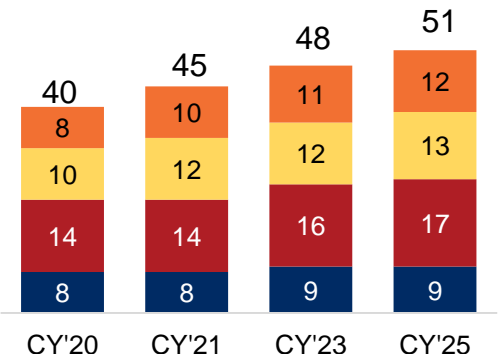
**Global Vehicle Production (Mn units)**



- Korea/Japan
- China
- North America
- Europe

Source : IHS Markit

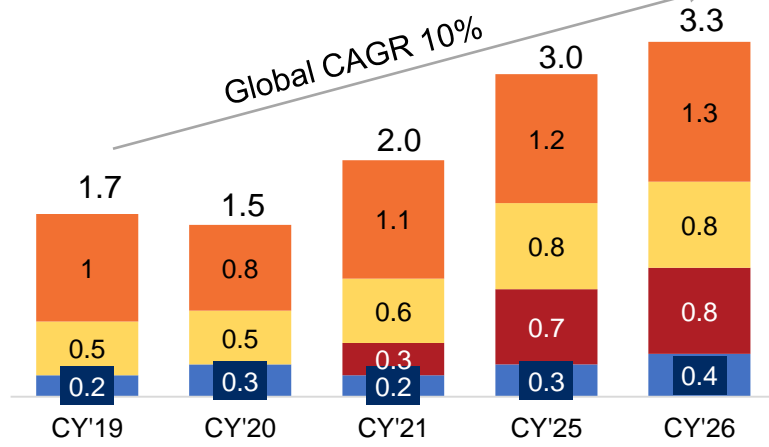
**Trucks & SUVs (Mn units)**



- Korea/Japan
- China
- North America
- Europe

Rest of Asia includes China for CY'19 & CY'20

**Aluminium FRP Demand (MT)**



- Rest of Asia
- China
- Europe
- North America

Source : Company Estimates

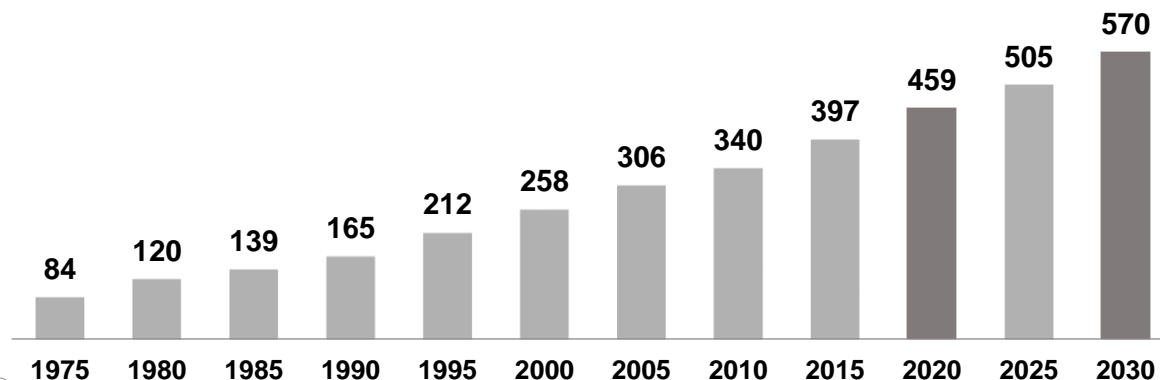


# Increasing Aluminum's Share in Automotive

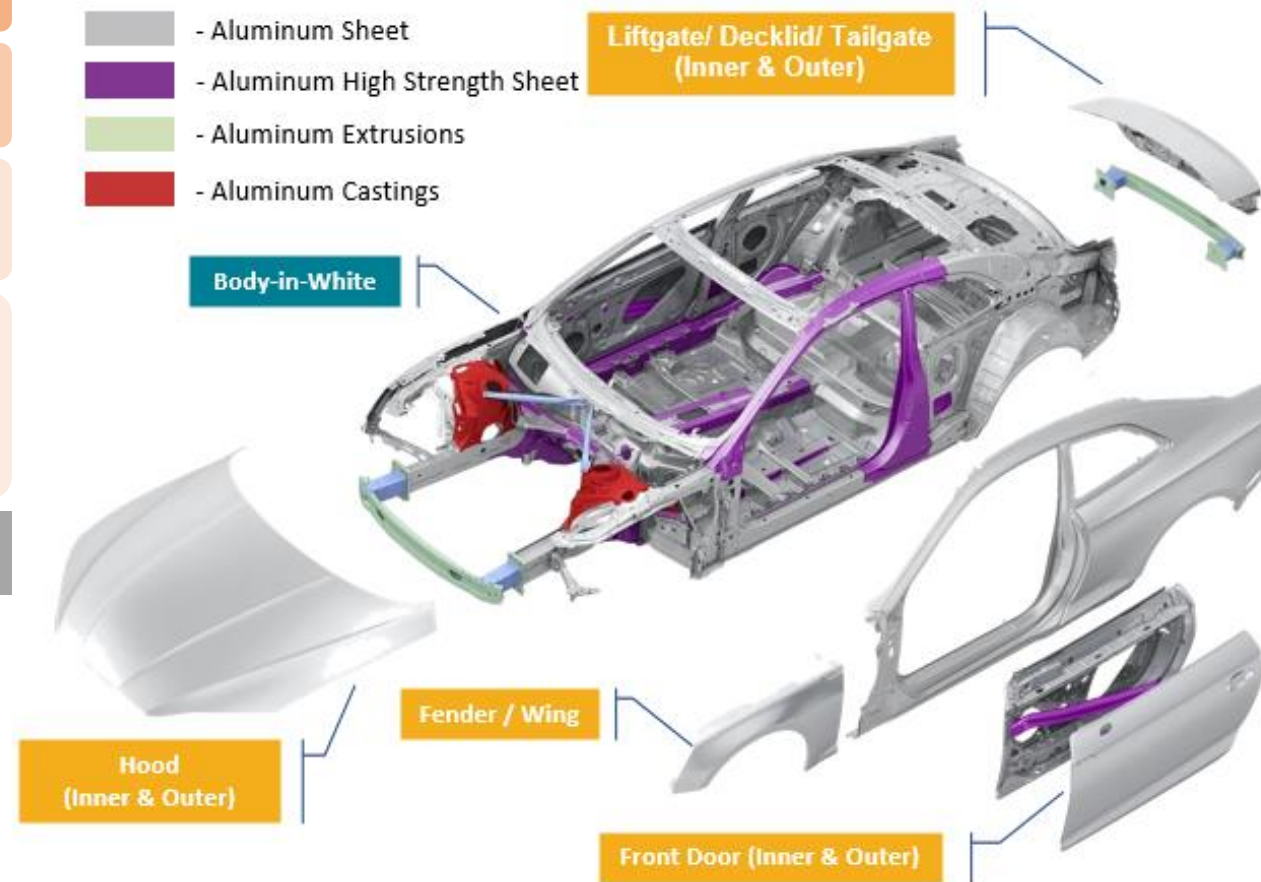
- Aluminum sheet is a 2 million tonne market today, compared to 80 million ton steel sheet
- The increase in aluminum pounds per vehicle is driven by growth in sheet. Sheet represents 23% of total aluminum pounds per vehicle in 2020, growing to 30% by 2030
- Aluminum content growth through 2030 to come from continued replacement of steel with aluminum on hang-on parts and BiW
- Also through innovation to deliver superior alternatives to steel
  - New high strength aluminum alloys like Novelis Advanz™ 7UHS-s701 increase potential applications to structural and crash support
  - Battery enclosures on electric vehicles
  - Through work at Customer Solution Centers and entering partnerships like Alumobility

## North American Light Vehicle Aluminum Content

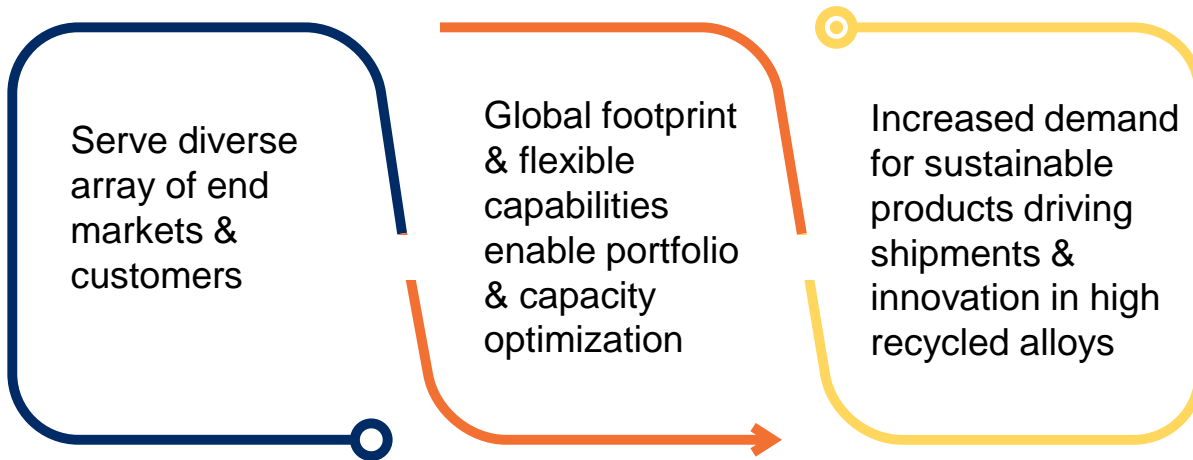
Net pounds per Vehicle (Average Net Weight for Each Vehicle is ~3,800 pounds)



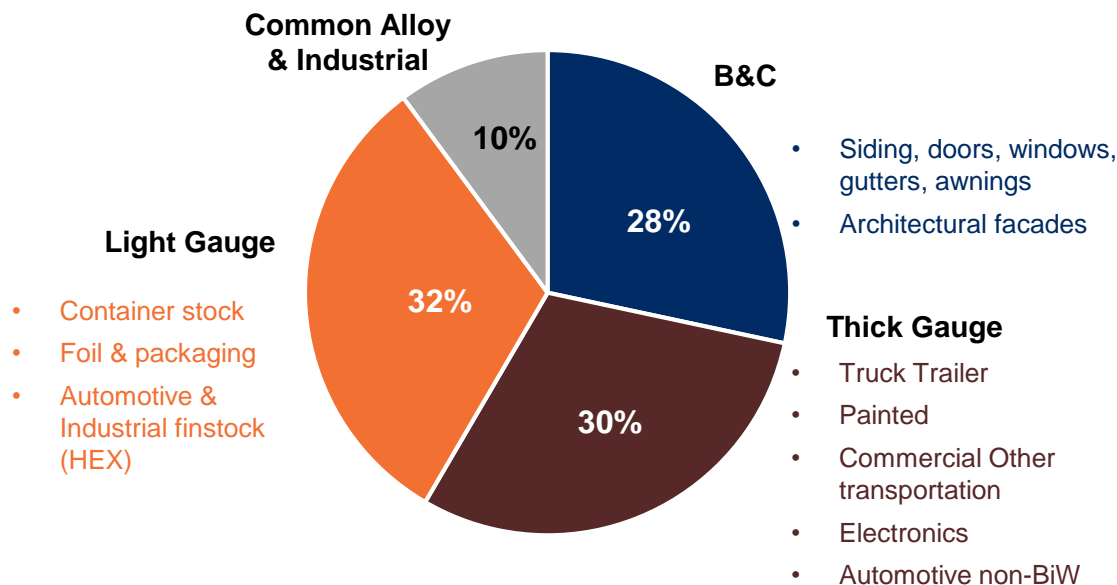
Source : DuckerFrontier North American Light Vehicle Content & Outlook (August 2020)



# Market Overview: Specialties



## Novelis Global Shipments mix within Specialties (YTD Dec' FY21)



## North America Specialties post-acquisition

- #1 in Commercial Trucks & Trailer Sheets
- #1 in Building & Construction
- #1 in Container Sheets
- Marquee Customers
- 76% Recycled Content

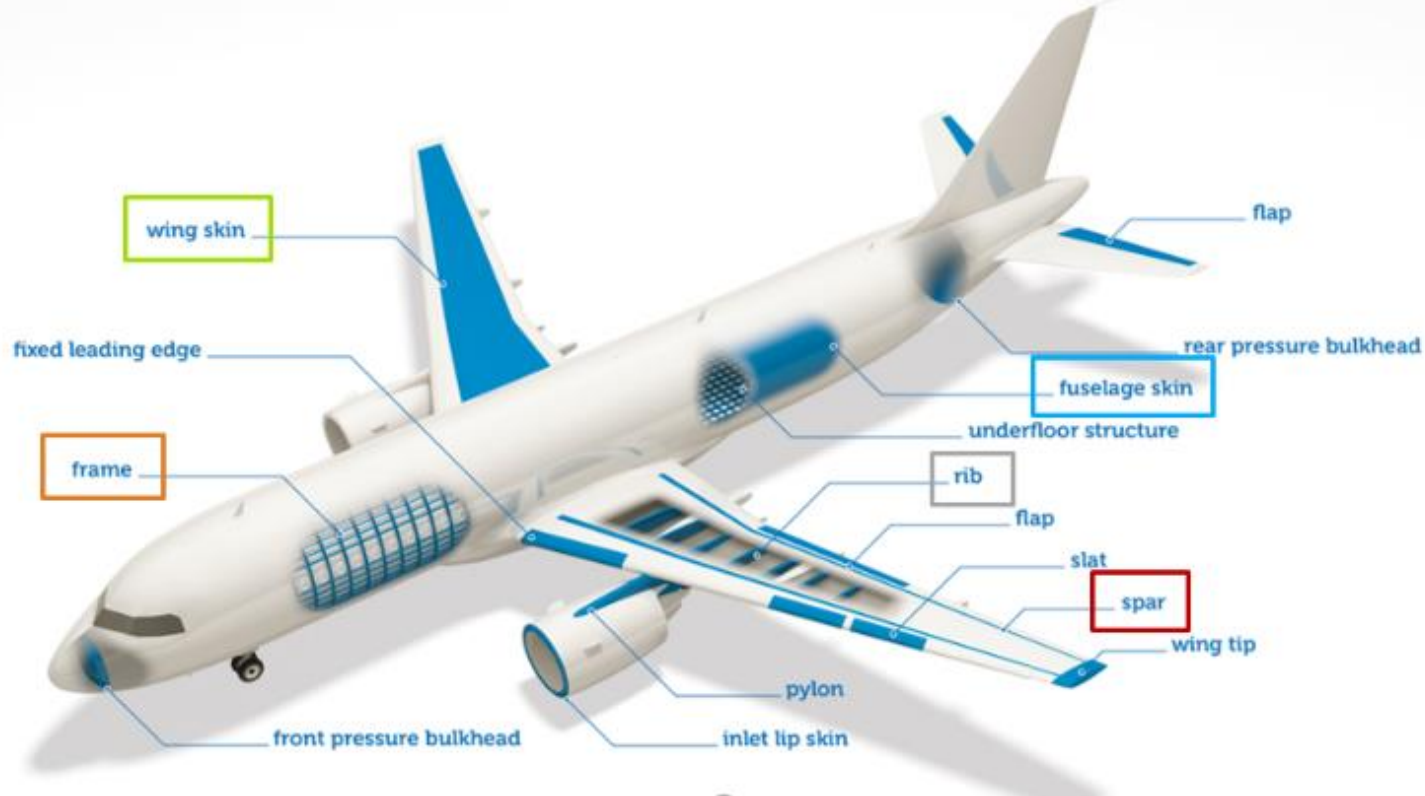
- 1 With acquired assets, North America represents more than 50% of global specialties portfolio
- 2 Demand supported by strong US housing market fundamentals
- 3 Light weighting trends and changing consumer shopping patterns to online driving increased demand for truck trailer
- 4 Promotes circular economy utilizing very high recycled content





# Market Overview: Aerospace

## Aircraft Plate & Sheet Applications



Moderate recovery in premium aerospace sheet & plate demand beginning in CY21 supported by multi-year OEM order backlogs

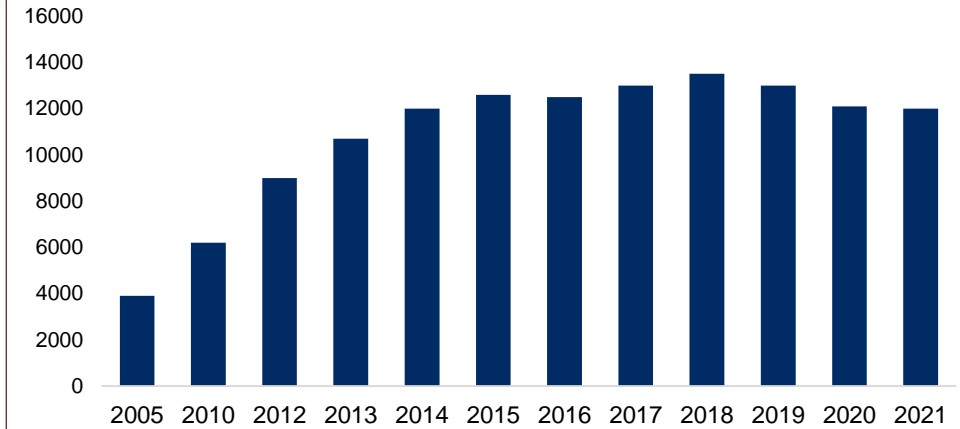
Novelis well-positioned to capture long-term aircraft demand, predominantly in Asia-Pacific

Leverage recycling experience in the industry

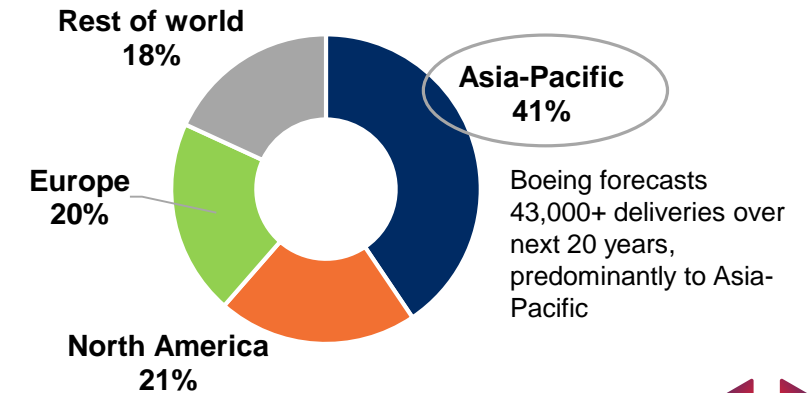
Presence in commercial plate helps manage cyclicity in aerospace (trains/ships/heavy equipment)

## Airbus & Boeing Commercial Airframe Order backlog

Status through January 2021

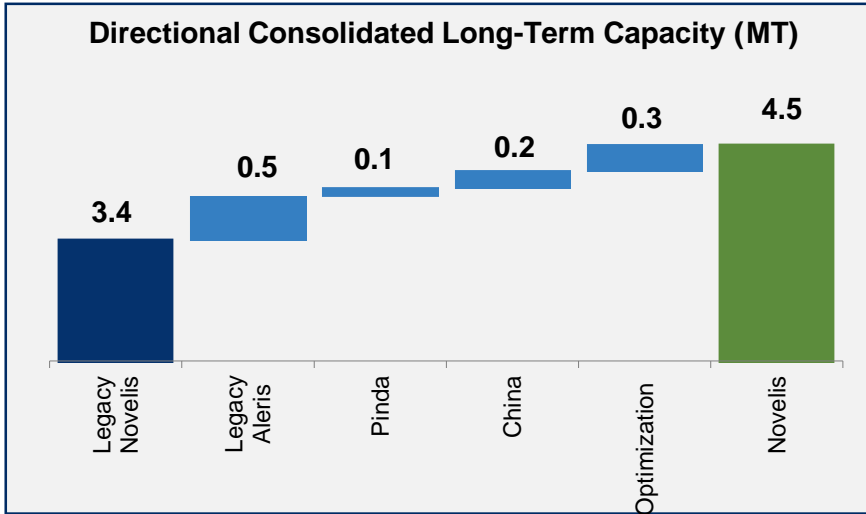


## Boeing 20 year delivery demand projection 2020-2039





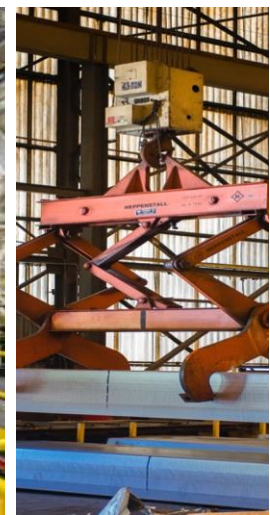
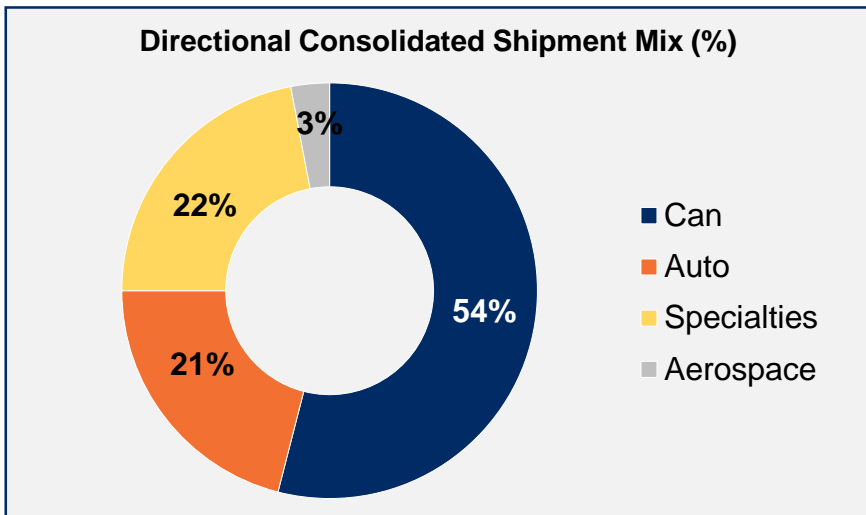
# Growth Opportunities Abound



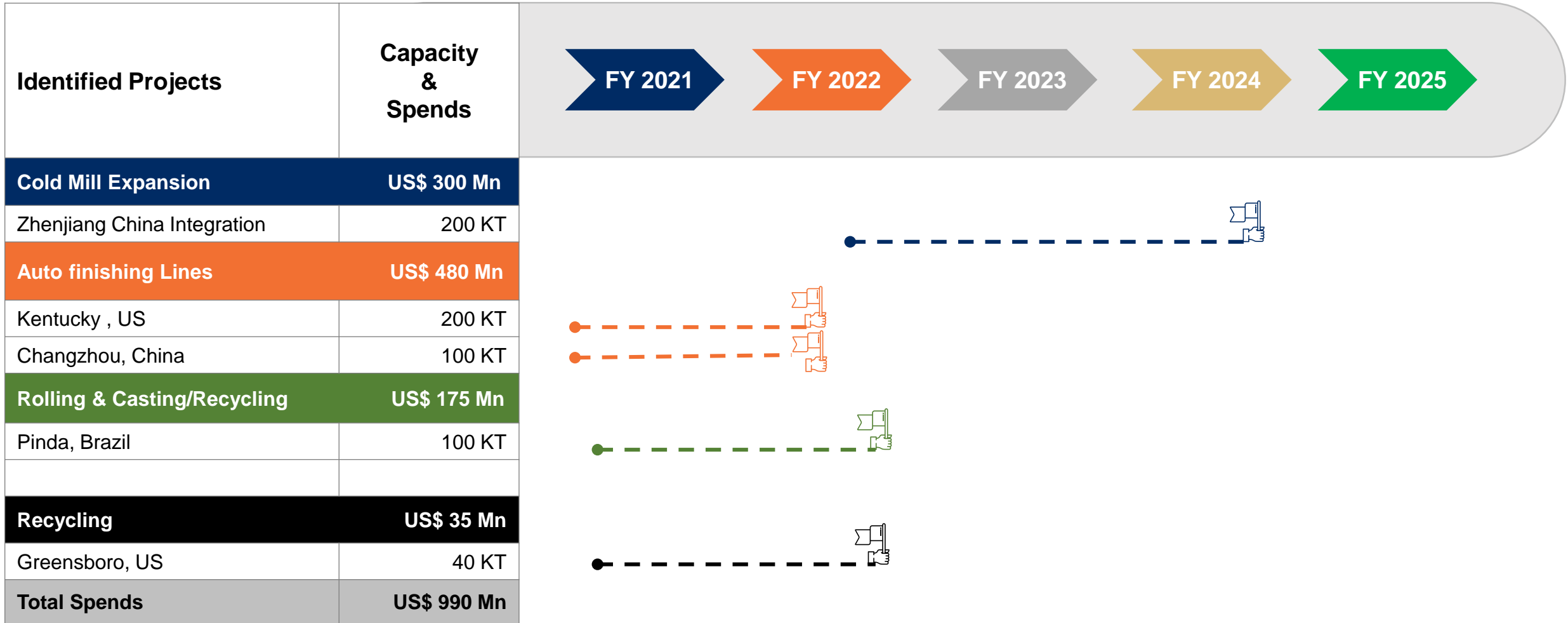
- Approximately \$1.5 billion organic growth capital over next 5 years

- Investing in innovative processes, technologies and capabilities to unlock capacity, capture growth, support sustainability initiatives in line with capital allocation policy

- Zhenjiang, China expansion
- Debottlenecking and capacity expansion
- Casting & recycling
- Efficiency and productivity through digital, IT, R&D, and innovation
- Automotive finishing
- Quality & return-based capital



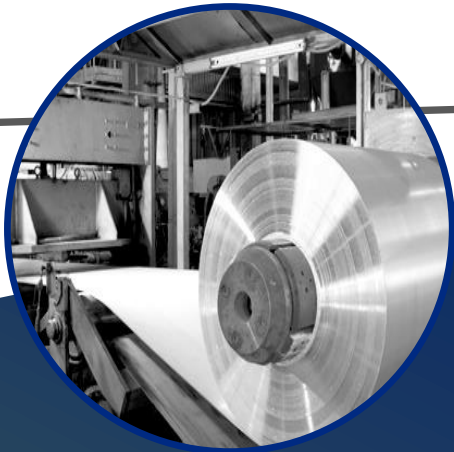
# Novelis : Announced Project Spends and Execution Time Horizon



— — — Execution stage     
 Beginning of commercial production for respective phase



# India Downstream and our Growth Strategy



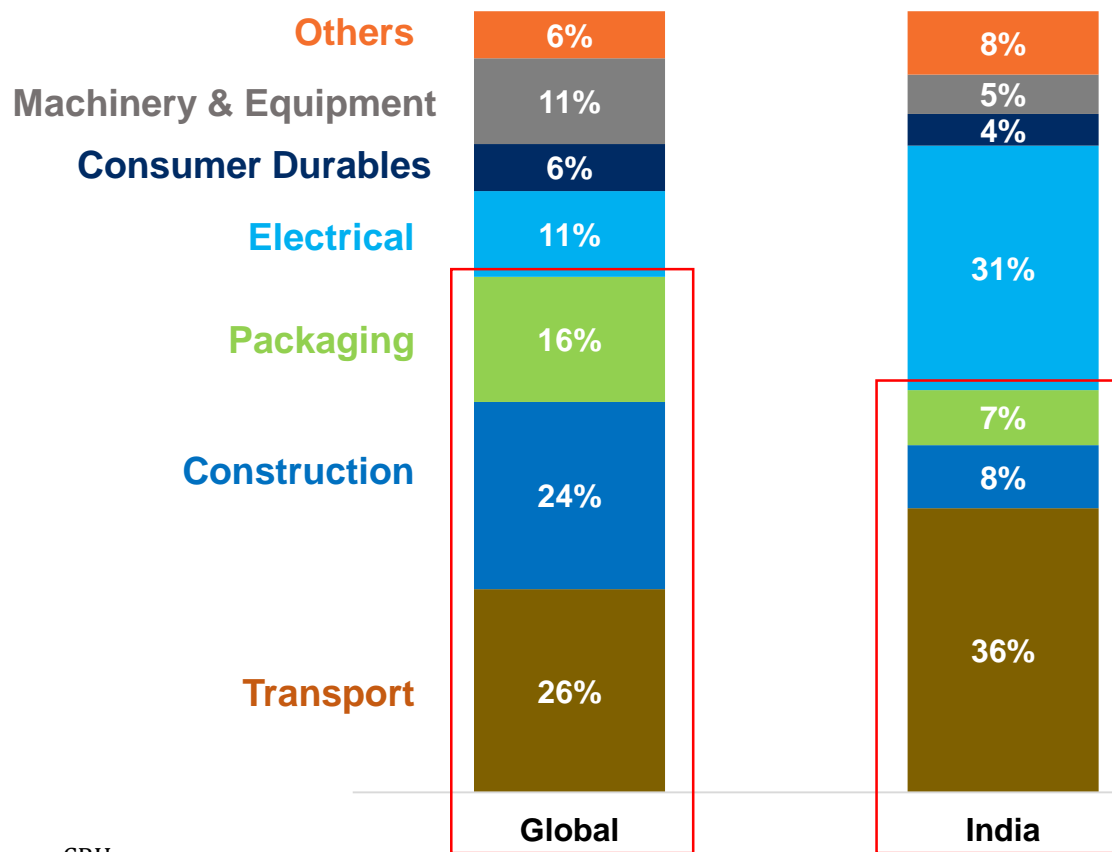
## GROWTH

Identify Value  
Enhancing  
Organic Growth  
Opportunities  
in India

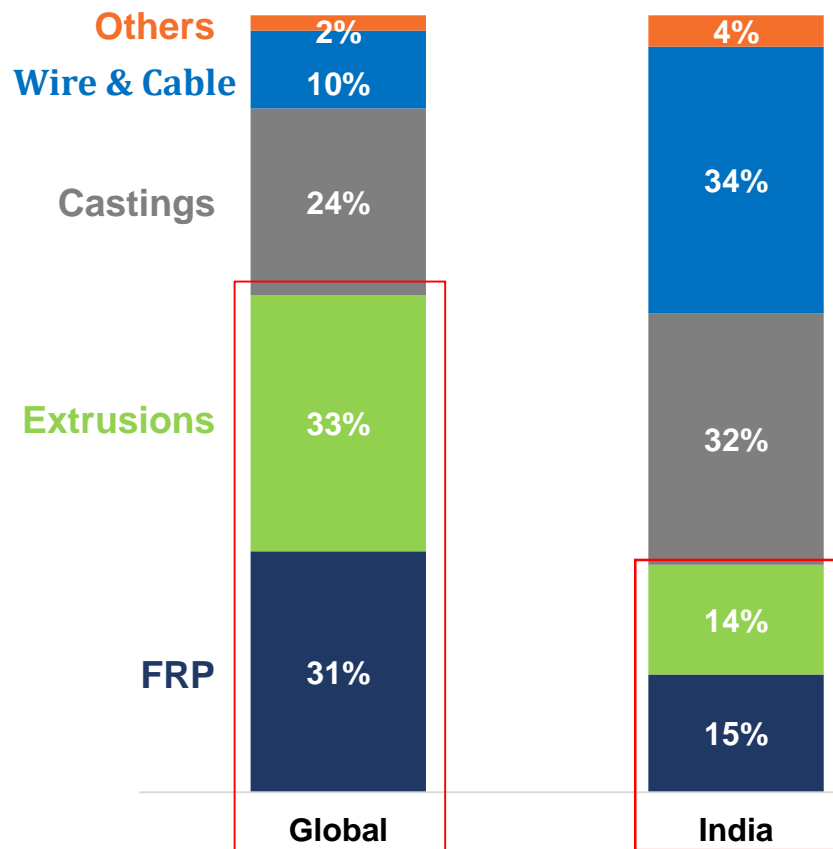


# Dominant Global Segments On Cusp Of Growth In India

## Market Segments, FY20



## Product Segments, FY20



Source: CRU, Company Estimates

Global Demand :~90 MT ; India Demand: 3.7 MT

**Dominant segments globally are under represented in India today**

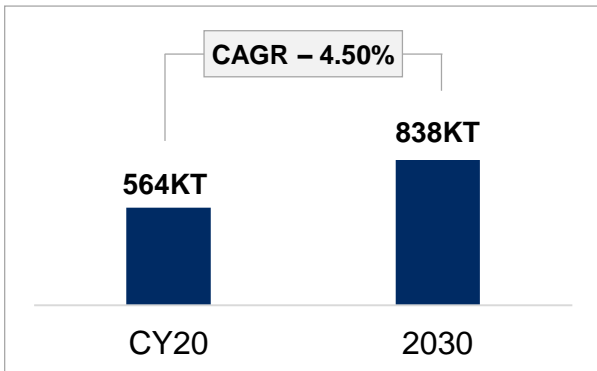


# By 2030 Aluminum Consumption Expected To Be More Than 7.2 Mt



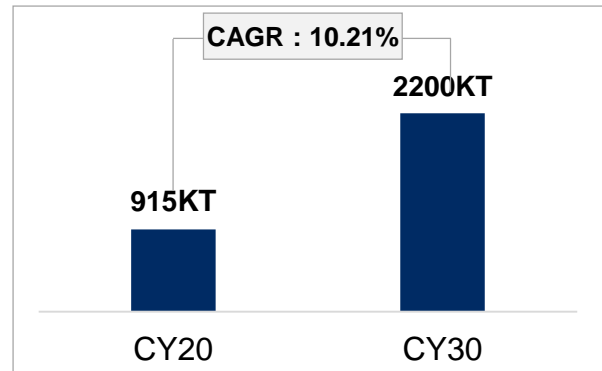
## Building & Construction

- Expected to be 3rd largest in the world by 2030
- Increase in urban housing demand; demand from premium urban projects to further drive the demand
- Applications : Door & windows, roofing, cladding, curtain walling/structural glazing, prefabricated buildings, hardware etc.



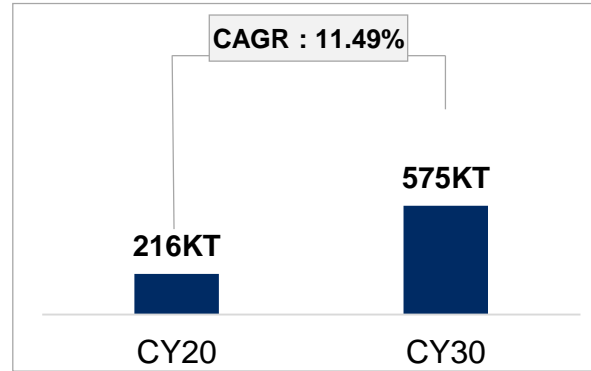
## Transport/Automotive

- BS-6 to be the driver of sales
- Focus of light weighting and increasing share of EVs to further drive demand
- Applications : Engine castings, power train parts, cylinder blocks & heads, alloy wheels, steering wheels, CMS etc.



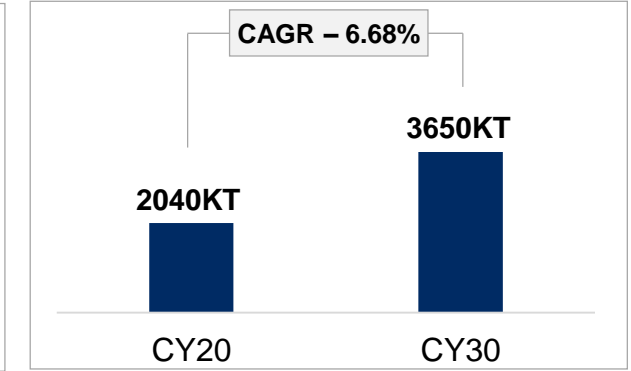
## Packaging

- Primarily driven by growing pharmaceutical, liquor, food & beverage and FMCG industry
- Ban on plastic, online food delivery to further drive the demand
- Applications: Foils (flexible, pharmaceutical, household foils, Semi Rigid Containers), closures/caps and cans for beverages.



## Others

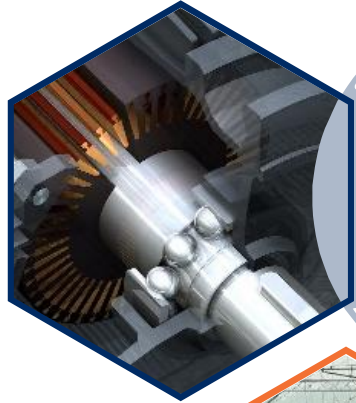
- Others end-use industries include Electrical, Consumer durable, Aluminium cookware, machinery and equipment, defence, nuclear, railways, ship and boat building, amongst others
- Applications: Wire, Frames and mounting structures for solar modules, cables / conductors, lugs, heat sinks, transformers, consumer durable bodies etc.



Source : CRISIL Research



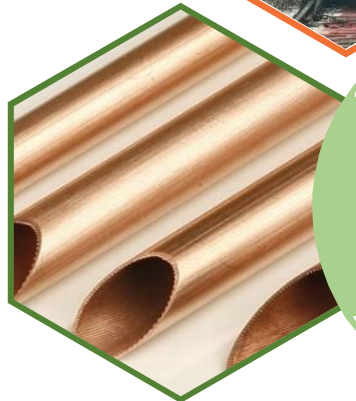
# Copper VAP Market Outlook



- Refined copper Demand Likely to grow by around 7-8% in next 8-10 years from FY22E (785Kt)
- Copper in India is consumed largely in the form of CC Rods for all the downstream value chain
- Applications of CC Rods – Building Wires , Automotive Wires, Railway Catenary system, Industrial Cables, Motor Winding Wires, Transformer Strips etc..



- Government's push on rail electrification , Metro network & high speed railways is expected to drive significant demand for Copper alloys in catenary wire system.



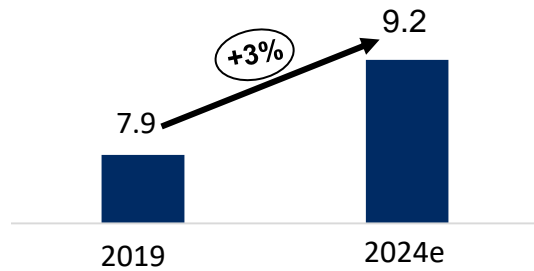
- Inner Grooved Tubes (are used by the Air conditioner & refrigeration, heat exchanger and plumbing industry.
- Total demand of Inner Grooved Tubes in India is about 50 KT, Inner grooved tubes accounts for 40% of total tubes.
- Inner grooved tubes currently are imported and there is no production capacity in the country.
- Inner Grooved Tubes Market expected to grow by 15-20% annually.



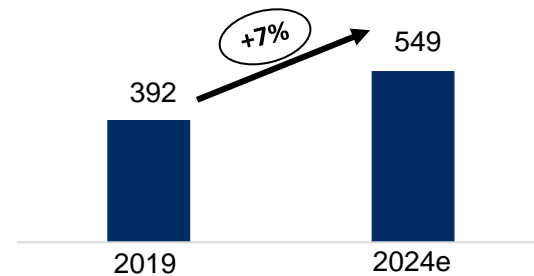
# Speciality Alumina Market Outlook

## Speciality Alumina Market Outlook

Global Demand (in MTPA)

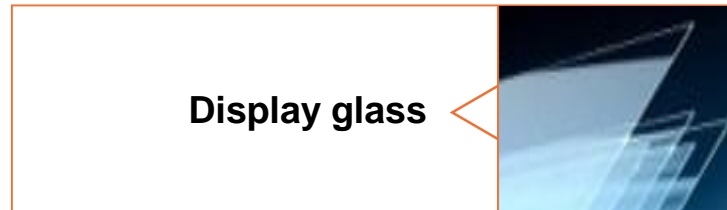
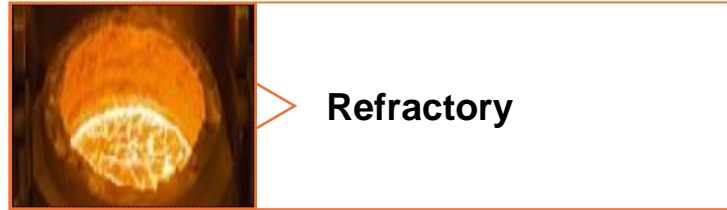


India Demand (in KTPA)



Source :Company Estimates

## Existing core applications



Expected to grow as a result of technology advancements and fire & safety standards

## Promising future applications

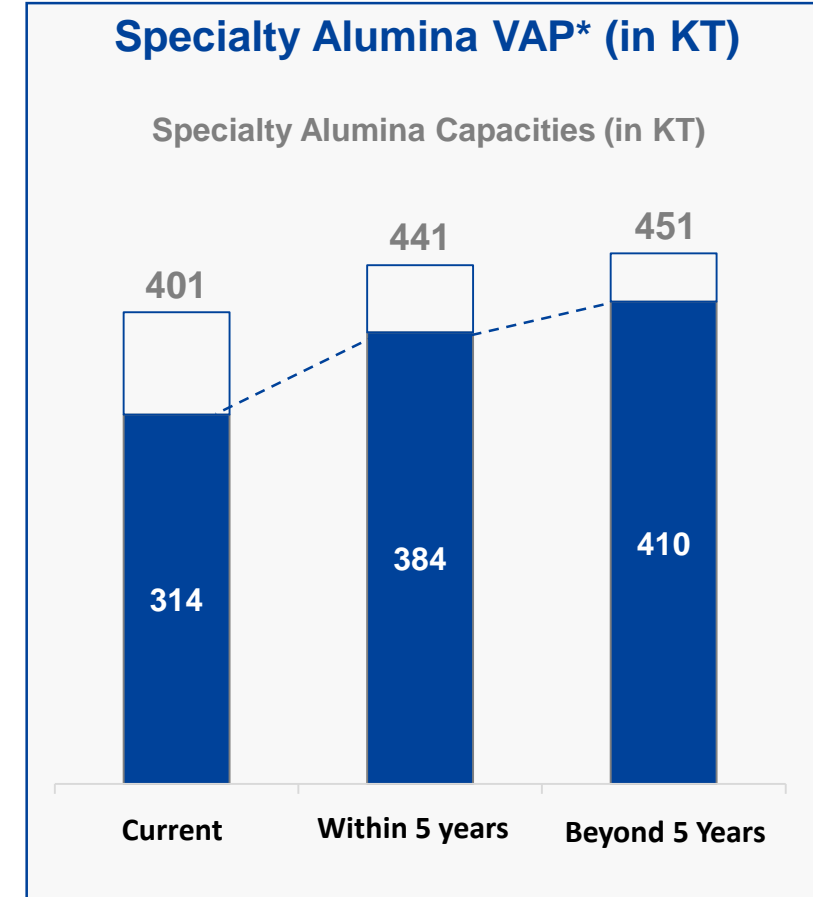
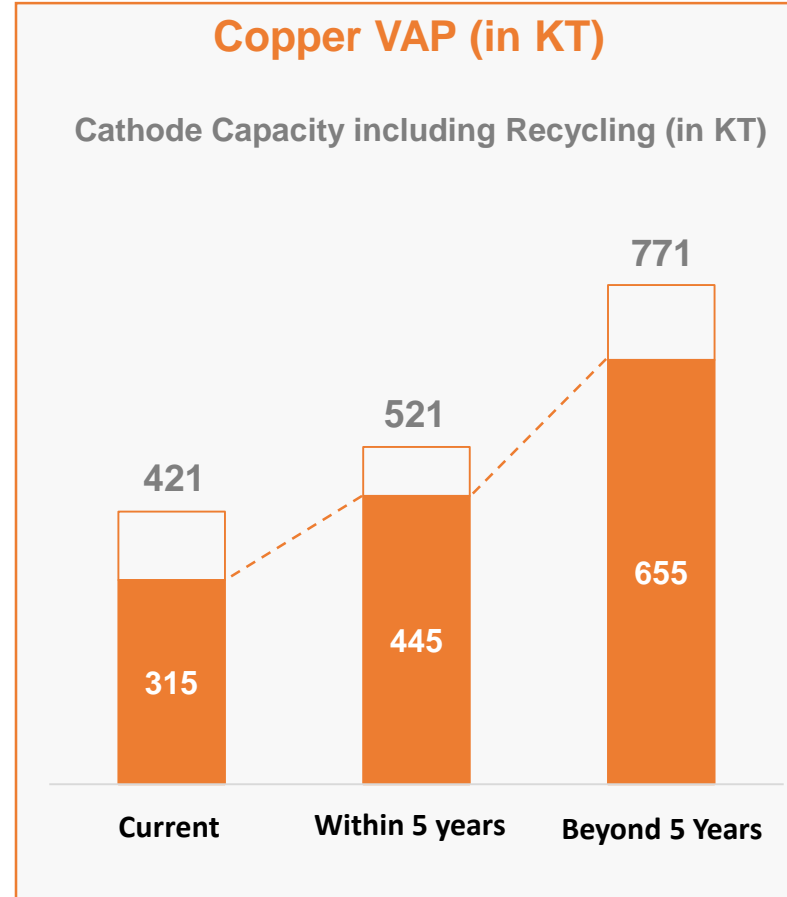
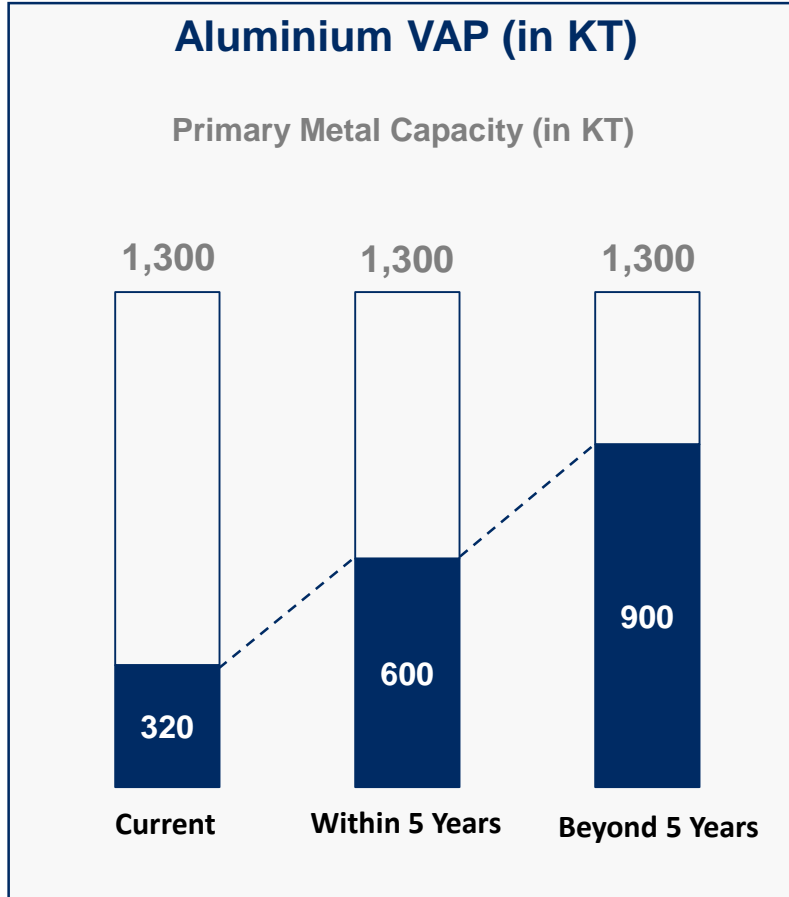


Expected to grow rapidly due to focus on clean energy, advanced applications etc.





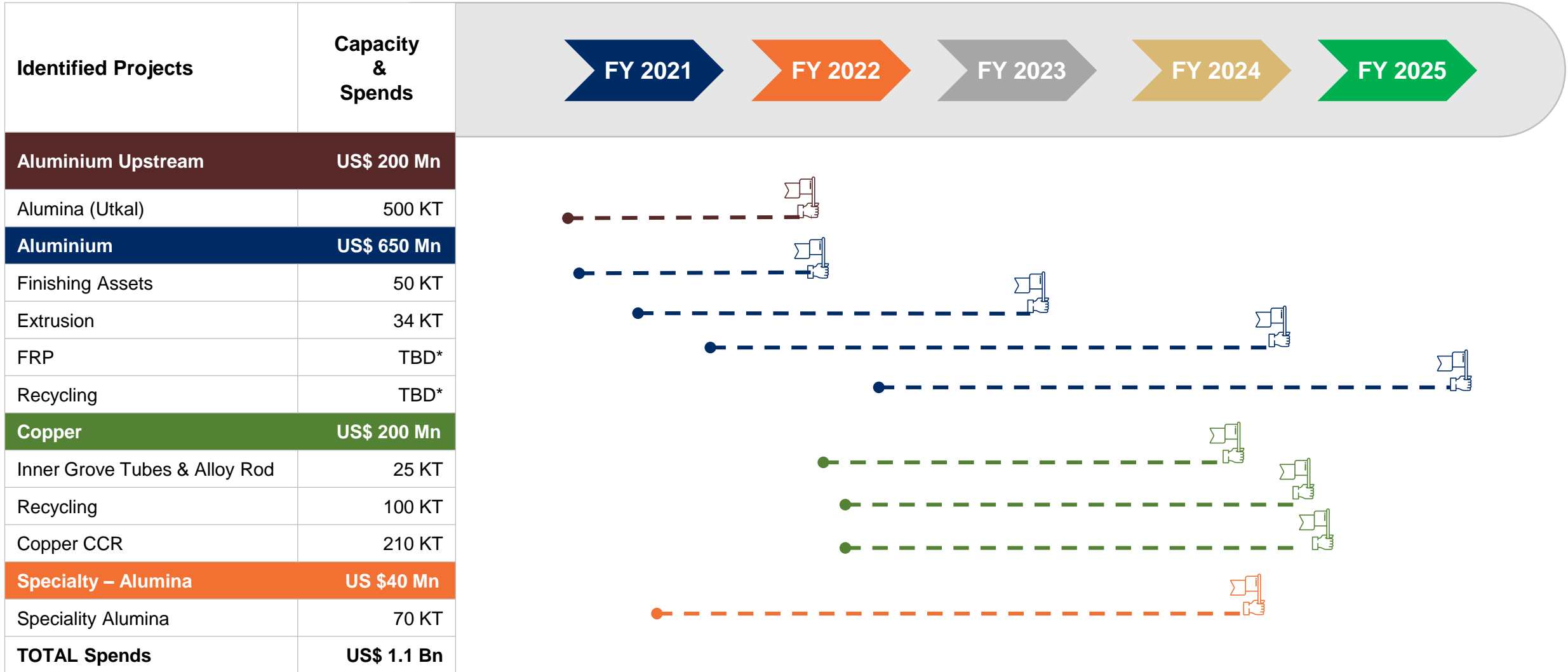
# Enhancing Value Added Presence Across Portfolio



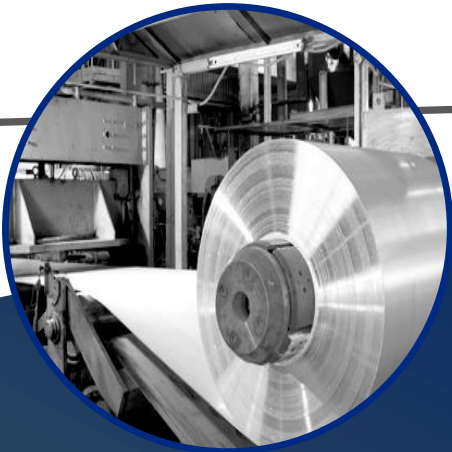
\* VAP includes speciality hydrates/alumina and other variants of special alumina for non metallurgical applications



# India Operations : Project Spends - Execution Time Horizon



# ESG



## ESG

Create  
Sustainable World  
Together



# Strong ESG Commitment

## E

### ENVIRONMENT

- Continued emphasis on recycled content
- Net Carbon Neutrality by 2050
- Zero waste to Landfill by 2050
- Water Positivity by 2050
- No Net Loss on Biodiversity by 2050



## S

### SOCIAL

- Zero Harm-occupational Health And Safety
- Diversity and Inclusion
- Commitment to community and society along with creation of sustainable livelihood
- Affirmation to Human Rights



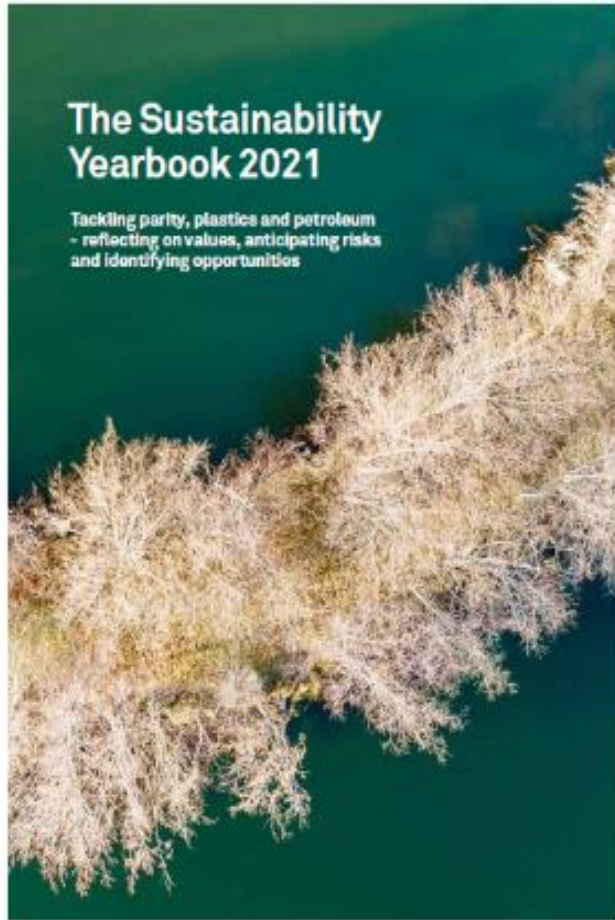
## G

### GOVERNANCE

- Highest Level of Values And Transparency
- Strict Adherence of Code Of Conduct
- Best in class in Corporate Governance
- Highest Levels of Information Security/Cybersecurity
- Customer and Supplier centricity



## Inclusion in DJSI Sustainability Year Book 2021



S&P Global

ROBECO

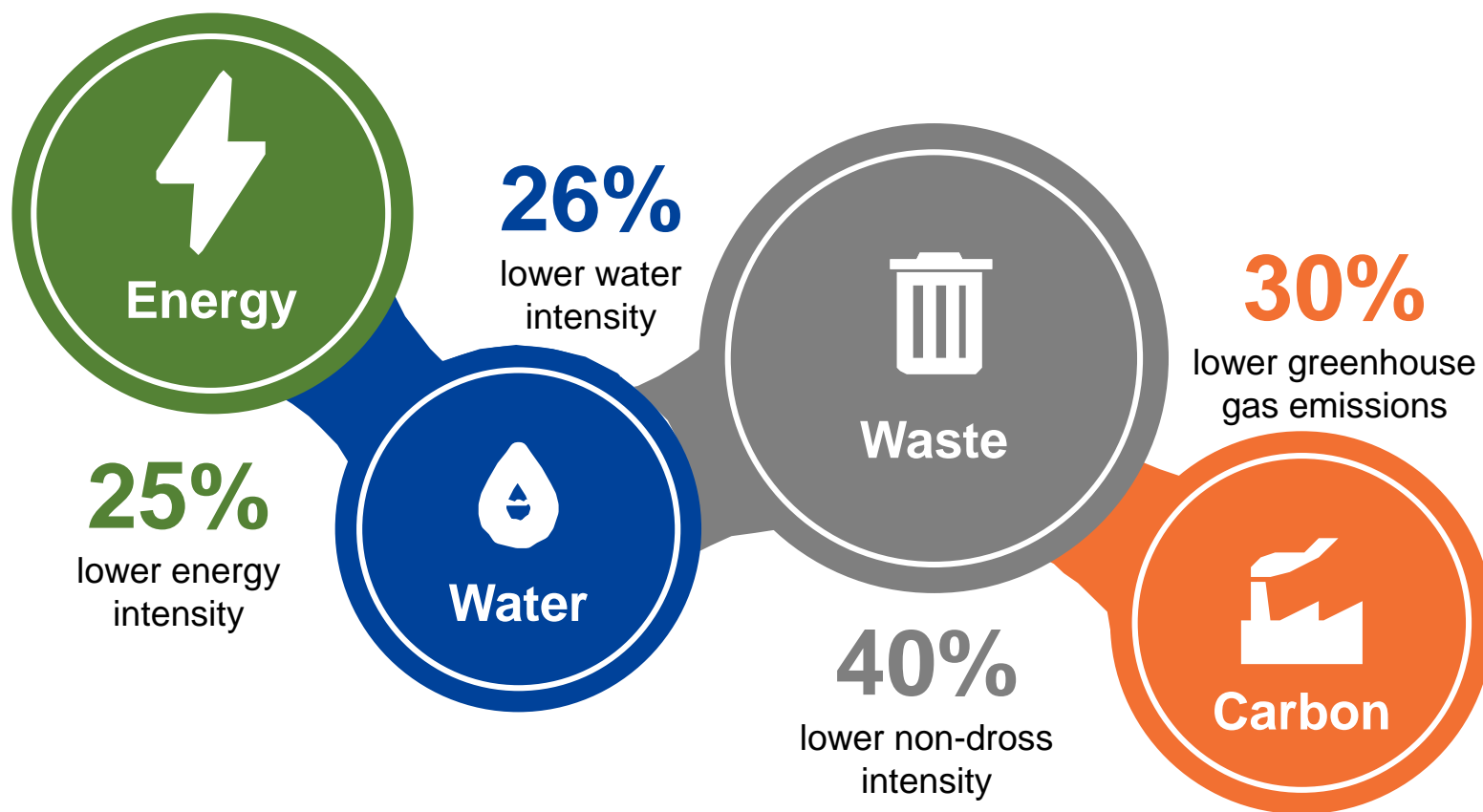
Sustainability Leaders 2021	
<b>S&amp;P Global Gold Class</b>	
<b>Hindalco Industries Limited*</b>	<b>India</b>
<b>S&amp;P Global Bronze Class</b>	
Alcoa Corporation	United States
Norsk Hydro ASA	Norway

Industry Statistics	
Number of companies assessed	13
Market capitalization of assessed companies (in USD Billion)	51.4
Number of companies in yearbook	3
Market capitalization of companies in yearbook (in USD Billion)	18.8

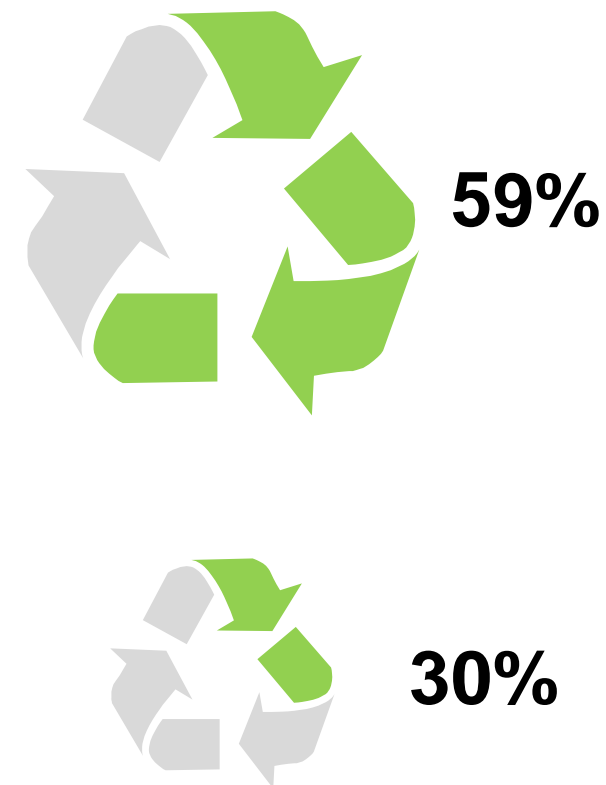
\* S&P Global Industry Mover



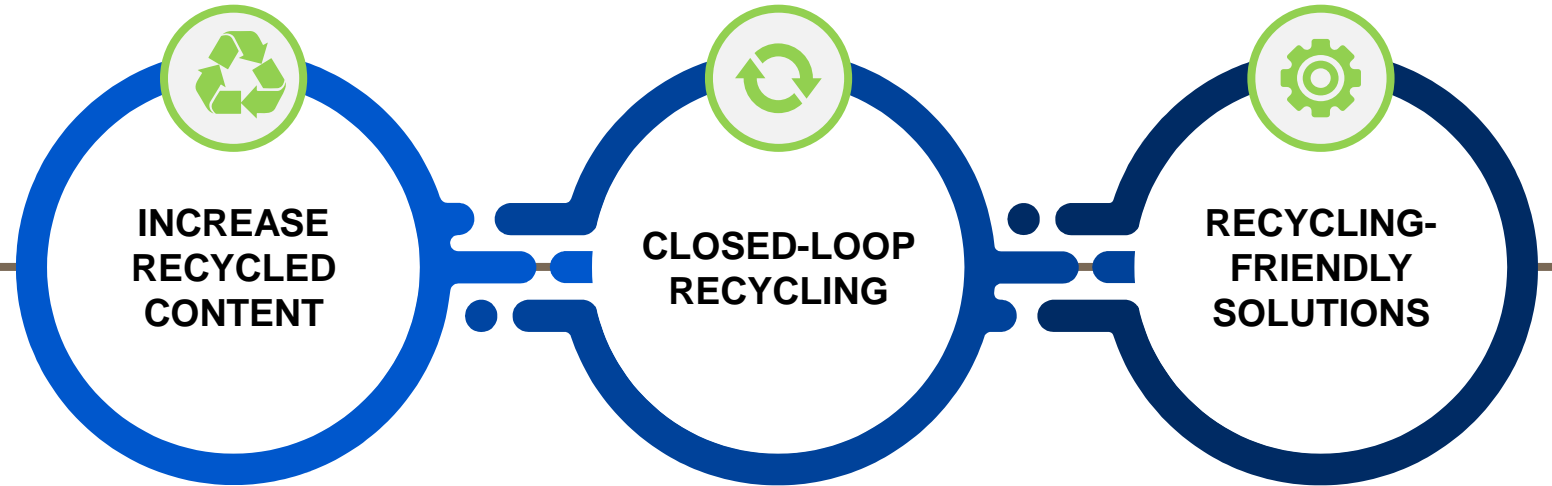
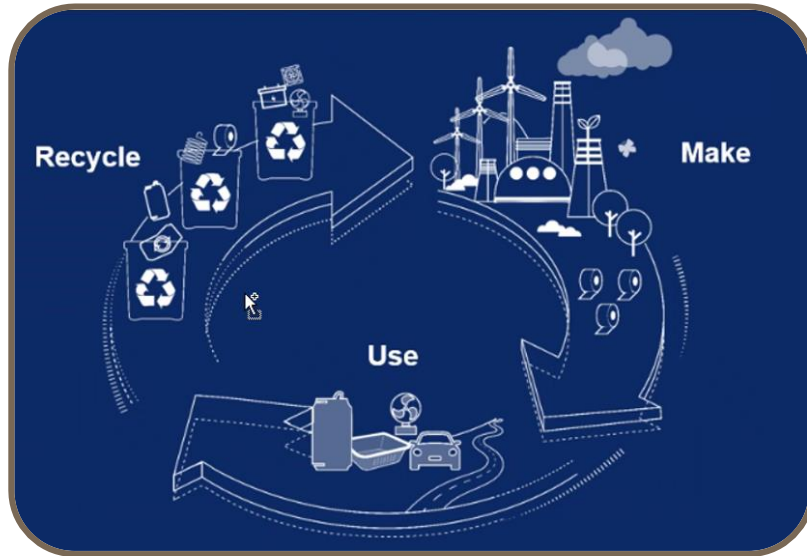
# Novelis : Progress Since Average of FY2007-09



## Recycled Content Evolution

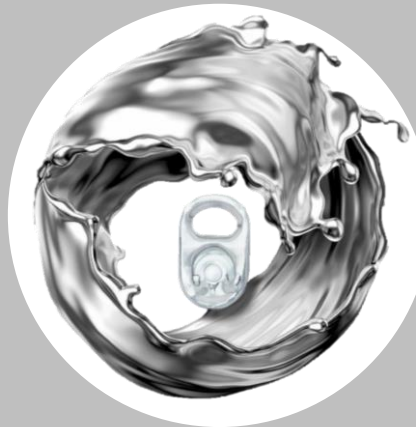


# Novelis : Progressing Towards a Circular Economy



- 75% of all aluminum ever produced is still in use today
- Invested approximately \$700 million since FY11 to grow total recycling capacity to approximately 2.5 million tonnes
- Identifying additional recycling and casting investments over next five years to improve recycling content and increase casting capacity

**Novelis recycles more than 74 billion cans annually  
Back on the shelf in 60 days**



**Closed loop recycling produces equivalent of 30,000 F-150 truck bodies entirely from scrap each month**





# Hindalco : Environment Stewardship



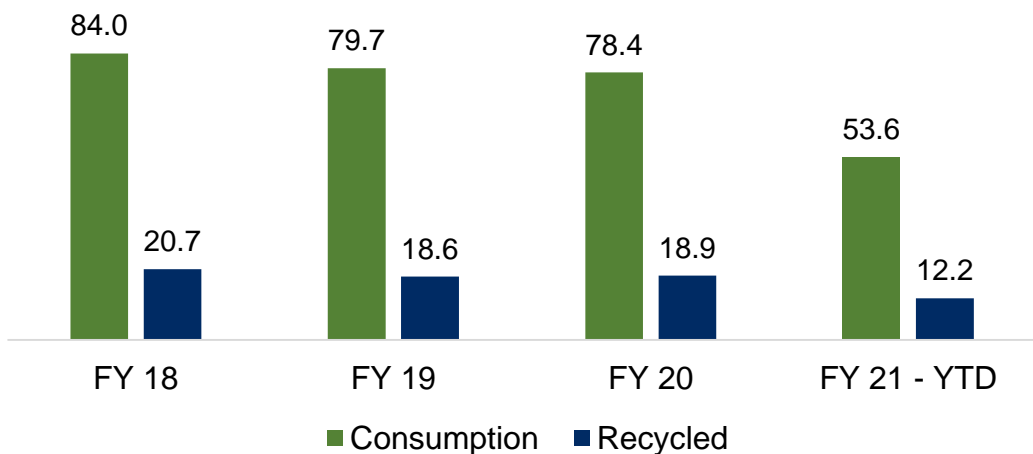
## Water Positivity

**Zero liquid discharge** at 11 sites out of 15. Target of increasing 1 site per year. Separation of Process drains with Storm water drains at all 15 sites

Water Shed management, more conservation through mines and CSR.

**Water Consumption target - 5% reduction YoY with FY18 base line**

Water Consumed & Recycled (mil m<sup>3</sup>)

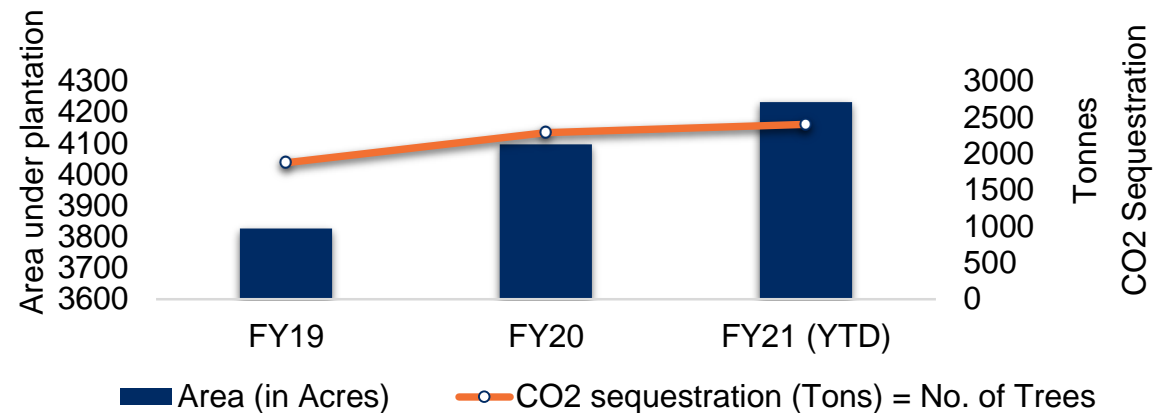


## Green Cover & Biodiversity

Enhanced green cover at all sites >33% with focus on native and conservation of endangered species. ~2855.29 tons of CO<sub>2</sub> Sequestration potential per annum from our plants.

Over 5% YOY growth in Green cover from FY19. Upwards of 2.6 million trees within owned area. Additional value created by them for the society every year in terms of O<sub>2</sub> production and CO<sub>2</sub> sequestration.

Cumulative Green Cover = CO<sub>2</sub> Sequestration



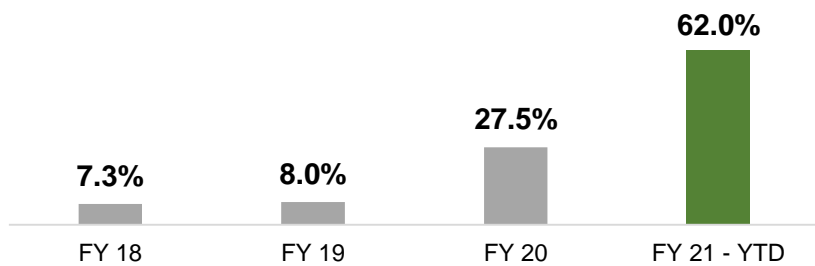
# Circular Economy - Waste Management



## Bauxite Residue (Red Mud)

Generation – 3.06 MT –YTD Dec' FY21  
 Dispatch by rake – 1.07 MT – YTD Dec' FY21

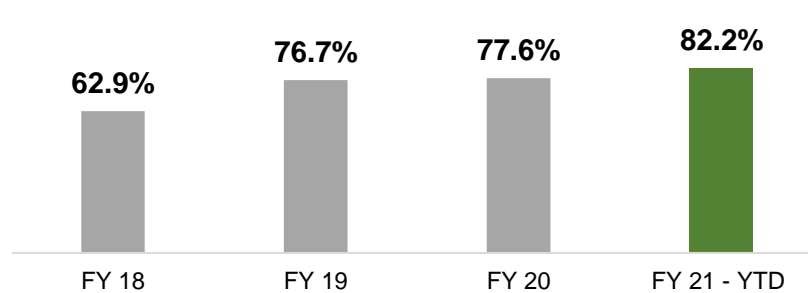
### Bauxite Residue (% Recycled)



## Fly Ash

Generation – 4.3 MT YTD Dec'-FY21  
 FA gets Green Berth – Maximising dispatches through Rail

### Fly Ash (% Recycled)



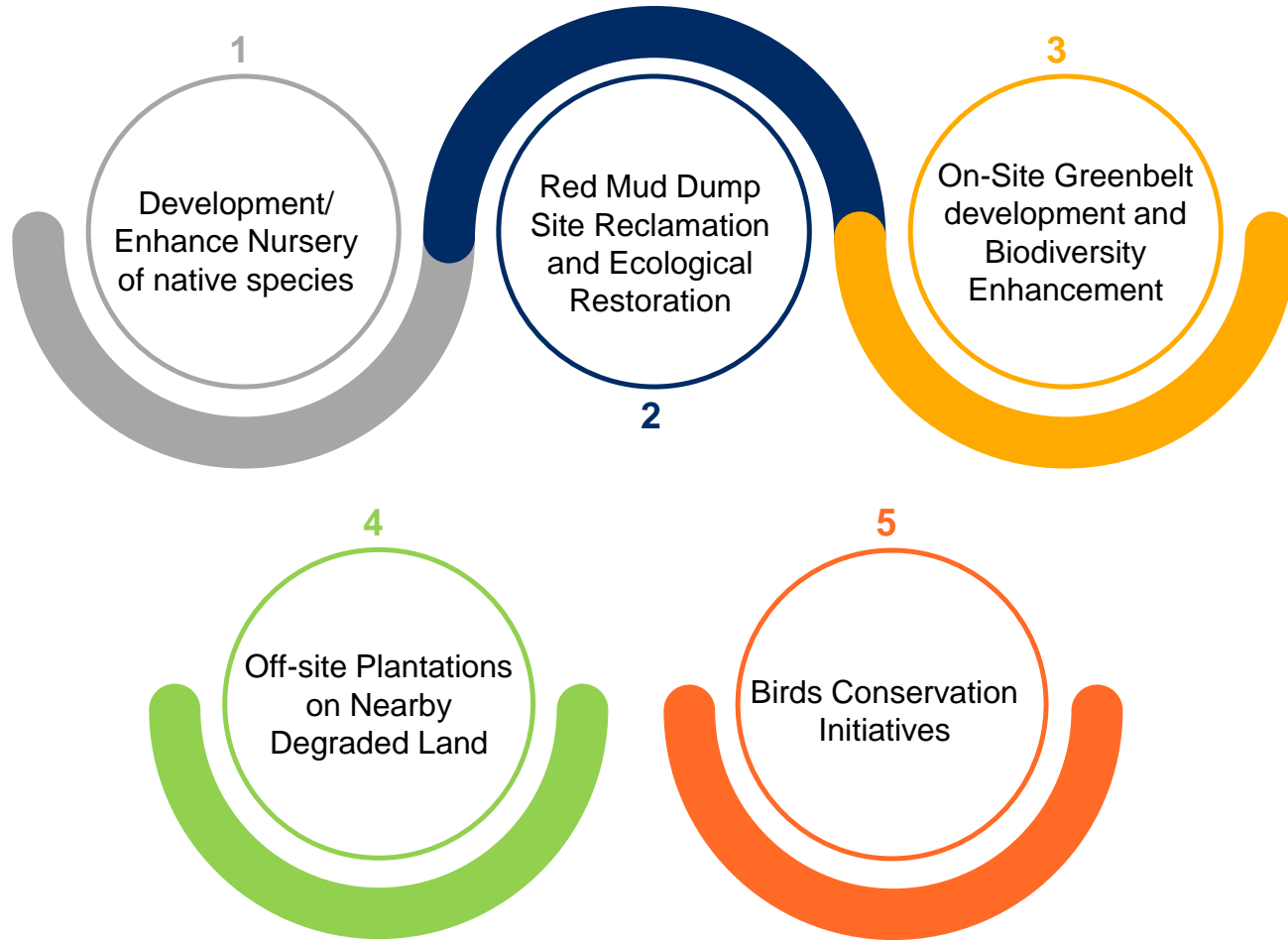
## Hindalco – 3 sites Single Use Plastic (SUP) free



Currently 72% of the waste generated is recycled/ reused, balance 28% goes for secured landfill/storages/incineration  
**Targets to reduce landfill by 5% YoY**



# No Net Loss on Biodiversity- Flora and Fauna cultivation



Rock Heaps for Reptiles



Nest Boxes Habitat



Eco-System Development @  
Township



Nursery Development @ Ash  
Mound Area



Check dam



Rehabilitation on backfilled area.

Biodiversity Management Plan at 04 sites alongside IUCN for scientific rehabilitation of flora and fauna at Utkal, Baphlimali, Aditya & GarePalma sites with 15 year goal of NO NET LOSS w.r.t. flora, fauna & sustainable land use, 3 sites getting added every year.



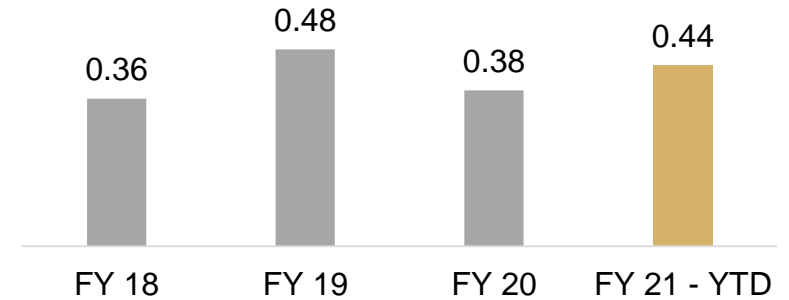
# Journey towards Zero Harm and Renewable Energy



## Safety Program Update

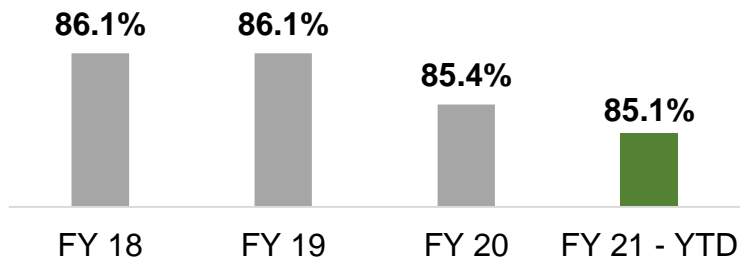
- Serious Injuries and Fatality prevention program implementation
- All Cat 5 & 4 Incident / Near Miss investigation using “TapRoot” Methodology and Software
- Corporate – Cross Entity Safety audit to bring in independent / outside perspectives in safety program.
- Mandatory Behaviour Based Safety Observations by all including senior leadership members.

## LTIFR

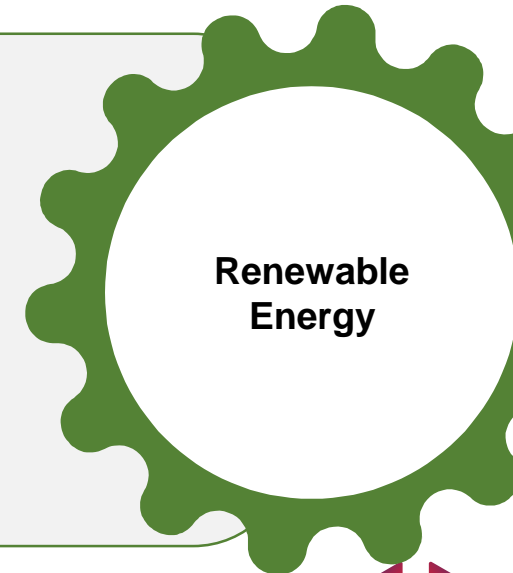


## Aluminium Sp. Energy

(Indexed to FY15 Base)



- Additional 2.3 MW Solar was commissioned in Alupuram, Kerala unit in Sep'20 taking the total Renewable capacity of Hindalco to 49 MW, in line with **our target of 100 MW by FY22.**
- Statutory approval process has been initiated for **Solar projects at four location totaling 42 MW**
- 20 MW Renewable Hybrid with storage project with potential of supplying RTC (round the clock) power is under active consideration for Dahej, Gujarat unit.
- Converting Oil fired furnaces with Natural Gas to reduce Carbon footprint at Dahej, Hirakud, Aditya



## Renewable Energy





# Product Stewardship for Lowering Carbon Footprint through Lightweighting



**Aluminium  
Railway Wagon**



**Aluminium  
Trailer**



**Aluminium  
Bulker**



**Aluminium  
Bus**



**Aluminium Foil-  
Laminated Jute Bags**



**Aluminium LPG  
Cylinder**



## Sustainable transportation and logistics

India's first lightweight aluminium trailer and bulker which helps transporters to save

- Fuel up to 15,000 litres/ trailer and 12000 litres/ bulker
- CO2 emissions  $\approx$  38 tCO2/ trailer and 30tCO2/ bulker

### Aluminium Bus savings:

- Fuel upto 18,000 litres/ AI bus
- CO2 emissions  $\approx$  45 tCO2 / AI bus

## Sustainable packaging

A combination of aluminium and jute bags, for food items is a big step towards SUP (Single use Plastic) free INDIA



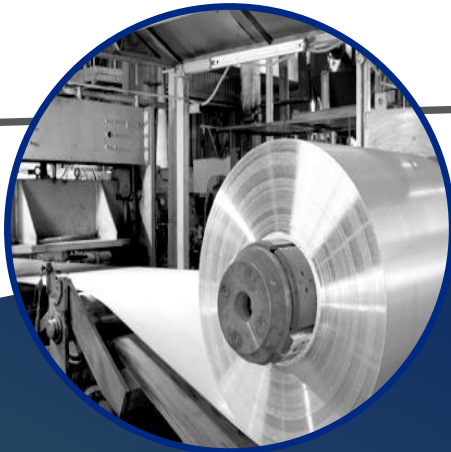
## Sustainable Aluminium Packaging / Vehicles / Building & Industrial Materials / EV Battery Boxes

**An aluminum-intensive** vehicle can achieve up to a 20% reduction in total life cycle energy consumption and up to a 17% reduction in CO2 emissions  
(Source: Aluminum Transportation Group)

**Aluminium battery enclosures** are up to 50% lighter than an equivalent steel design and extends vehicle range up to 10% further on a single charge



# Strengthening the Balance Sheet



## **DELEVERAGING**

Target  
Consolidated  
Net Debt to EBITDA  
ratio of ~2.5x in less  
than 2 Years

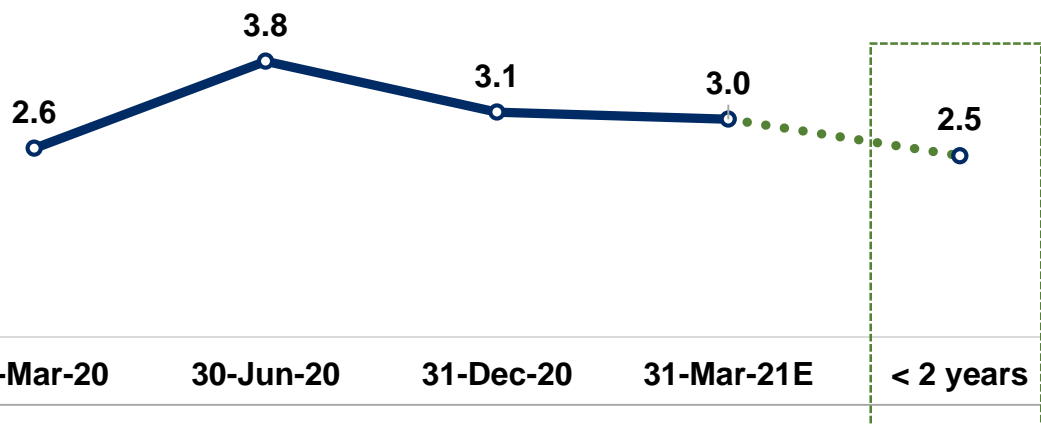


# Deleveraging Target

## Consolidated Gross Debt (US\$ Billion)

As on 31 <sup>st</sup> Mar '20	As on 30 <sup>th</sup> Jun '20	As on 31 <sup>st</sup> Dec '20	As on 31 <sup>st</sup> Mar '21 (E)
9.43	11.14	9.86	9.20

## Consolidated Net Debt : EBITDA (x)



### \$2.6 Billion debt reduction plan by Novelis :

- US\$1.1 billion repayment of the Bridge Loan by end of fiscal 2021
  - US\$500 million already repaid in Q3 FY21 and the Balance will be paid in Q4 FY21
- Short Term of US\$900 million repaid in Q2 and Q3 of FY21
- Out of US\$1.7 billion Term Loan due in 2022, US\$1.1 billion will be refinanced and the balance \$600 million will be repaid out of the Cash flows

### \$0.3 Billion debt reduction plan by Hindalco :

- Out of INR bonds of US\$810 million due in 2022, US\$540 will be refinanced and the balance US\$270 million will be repaid in 2022.

**Combined \$2.9 billion total debt reduction targeted from June 2020 through CY2022**





# Value Creation through Capital Allocation



## SHAREHOLDER RETURNS

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Enhance  
Shareholder Value  
Creation



# Capital Allocation Framework

- **Sustainable performance and cash flow generation at India and Novelis operations**
- **On a Consolidated level, the company is expected to generate over US\$ 1-1.2 billion cash flow per annum post its normal working capital and maintenance capex**
- Following are priorities for appropriation of these cash flows:
  - Growth Capex
  - Deleveraging
  - Returns to shareholders
- **Allocation towards Growth capex is considered at ~US\$ 2.5-3.0 billion over the next 5 years**
- It will be ensured that all new investments are in line with the strategic intent of the Company and the return on such investments is well above the cost of capital.
- The company has no large inorganic growth plans through acquisitions



# Capital Allocation Framework

.....Contd



- There will be enhanced focus on higher shareholder returns. This will be achieved through:
  - Higher capital appreciation arising from
    - Increased earnings
    - Lower leverage
  - Increased dividends
- Broad allocation of Cash Flow post normal working capital and maintenance capex is targeted as below:
  - Growth Capex : ~50%
  - Debt Reduction : ~30%
  - Shareholder Returns : ~8-10%
  - Balance to be retained in Treasury



# Thank You

**For Further Queries Please Contact :**

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