

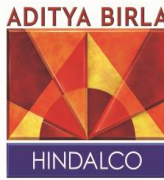


Hindalco

Investor Presentation – Q3 FY17
February 13, 2017

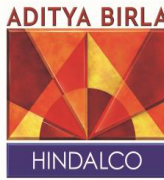


Forward Looking & Cautionary Statement



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.

Contents



Key business highlights

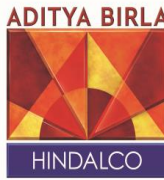
Economy and Industry at glance

Financial highlights for quarter

Operational and Financial review

- Aluminium (India)
- Copper
- Novelis

Key Business Highlights



Aluminium

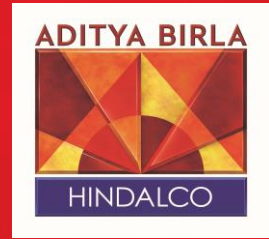
- Record EBITDA on the back of higher LME and steady operational performance
- In addition to GP IV/4 & GP IV/5 coal mines, Kathautia mines commenced operations in February 2017
- Prepaid Rs. 342 Crore loan in January 2017 – YTD Rs. 1,031 Crore

Novelis

- Record Q3 Adjusted EBITDA* of USD 255 Mn
- Trailing twelve months Automotive shipments at 17% increase of ~2% over FY16
- After bond refinancing, completed refinancing of long term loan – annual cash interest saving of ~ USD 80 million

Copper

- Performance in domestic market impacted due to subdued market condition and lower by-product realization



Economy and Industry

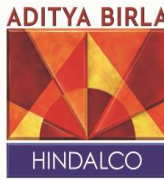
Global Economy – Gaining momentum amidst challenges

- IMF projected world economy to grow at 3.4% in CY 17 vs. 3.1% in CY 16 buoyed by Chinese stimulus and strong US growth
- Uncertainty around US policy stance, Fed interest rate hike, BREXIT negotiations and continuation of Chinese stimulus measures may impact the growth momentum

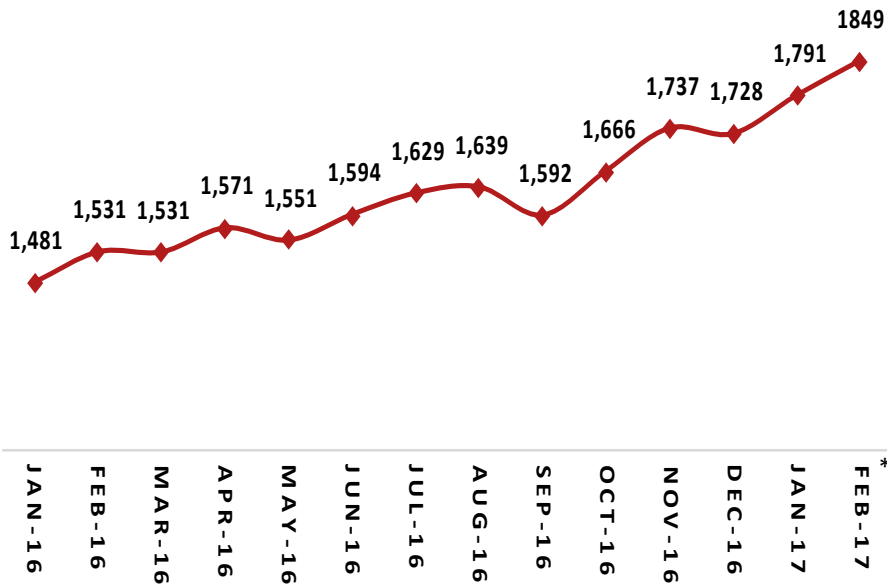
Domestic Economy

- Economic growth is estimated to slow to 7.1% for FY17 as compared to 7.6% last year
- Enhanced government focus on housing, electrification and infrastructure to drive demand in future

Aluminium Industry



Aluminium Prices Trend (USD/t)



*February'17 Aluminium LME as on 10th Feb'2017

Global demand is largely balanced in
CY16

- Environmental restrictions
 - ◇ Additional shutdowns of Alumina capacities – will increase cost push
 - ◇ Smelter shutdowns in China – impacting ~0.5 MnT capacity
- Buoyant demand outlook and lower inventory base to support price outlook
- Increased input costs may create a floor for prices
 - ◇ Crude and coal prices appear to have found a new bottom
 - ◇ Most producer country currencies have started appreciating

Aluminium Industry Drivers

- YOY - Realizations improved due to higher LME, despite lower local market premium
- Regional premium seem to have bottomed out
 - In January 2017 MJP recovered to USD 95/t
- Input cost continued to remain supportive
 - However, both energy and alumina prices have started hardening
- India demand was lackluster due to lower off take from power sector

Key macro drivers	Q3 FY16	Q3 FY17	YoY%	Q2 FY17	QoQ%
LME (US\$ /T)	1495	1710	14%	1620	6%
Premium (MJP) (US\$/T)	90	75	-17%	75	0%
Rs./US\$	65.9	67.4	2%	67.0	1%

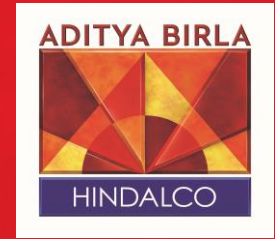
Copper Industry

- Higher Copper LME - Stronger demand in China and expectations around higher infrastructure spending in US
- Supply uncertainties and improved demand for concentrate has resulted in decline in Benchmark TC/RC
- Indian players were further impacted due to sharp drop in Sulphuric acid & DAP realization

Key macro drivers (Q3 FY 17 vs Q3 FY 16)

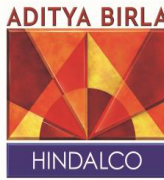
TCRC (US\$/lb)	LME (US\$/MT)	Rs./US\$	Acid Price (Rs./MT)	DAP Realization (Rs./MT)
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Q3 FY17- A strong operating performance

Q3 FY17 – Standalone Highlights

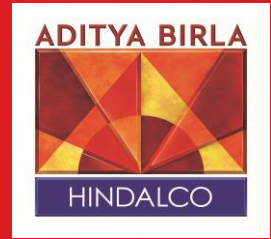


Revenue
Rs. 9,915 Crore
(Y-o-Y up 14%)

EBITDA
Rs. 1,405 Crore
(Y-o-Y up 64%)

Net Profit
Rs. 321 Crore

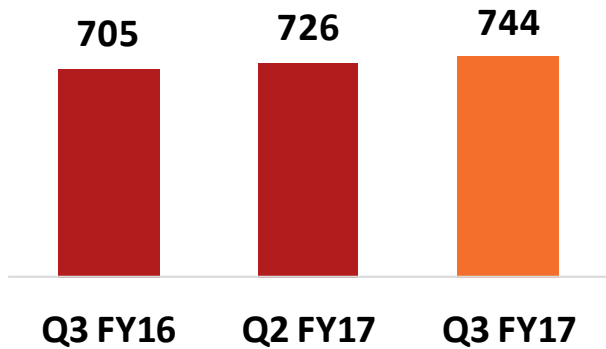
- Higher volumes and realization for primary metal leading to growth
- Strong Aluminium operations, higher volumes aided by improved realization and lower input cost
- Overall strong performance based on stable operations



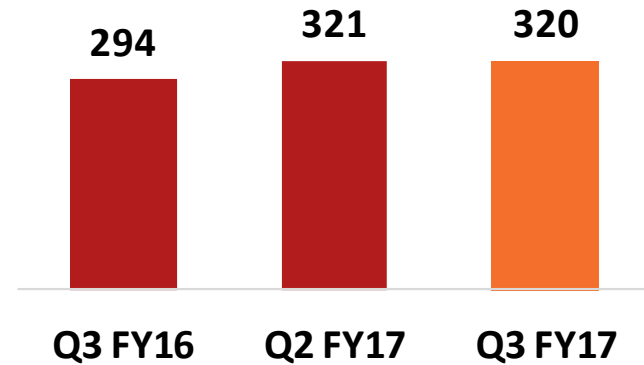
Aluminium (India)

Production Trend

Alumina (KT) includes Utkal



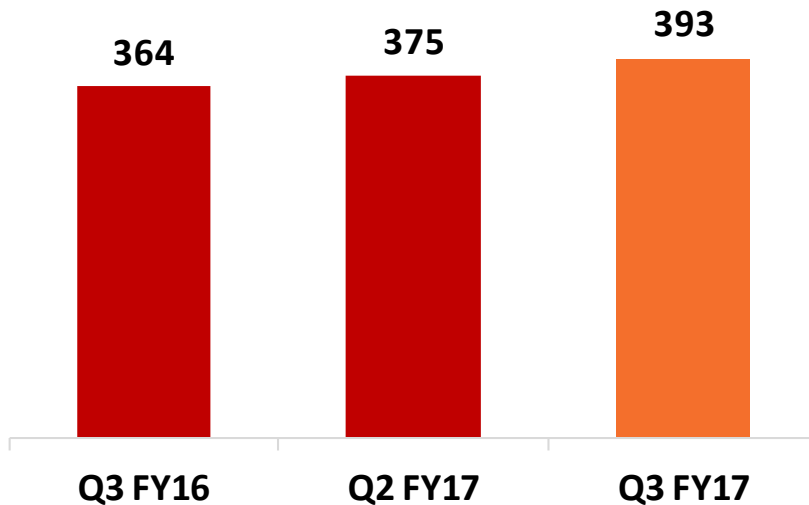
Metal (KT)



Production (KT)	Q3 FY16	Q2 FY17	Q3 FY17
Wire Rods	35	40	40
FRP	66	68	69
Extrusions	10	11	10

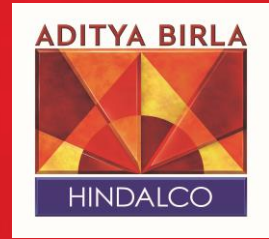
- Strong production growth
 - ◇ Plants ramped up and operating at designed capacities
- VAP production increased marginally over previous year

Production (KT)



- Cash cost of Alumina amongst the lowest cost refineries of the world
- Y-o-Y production grew by 8%

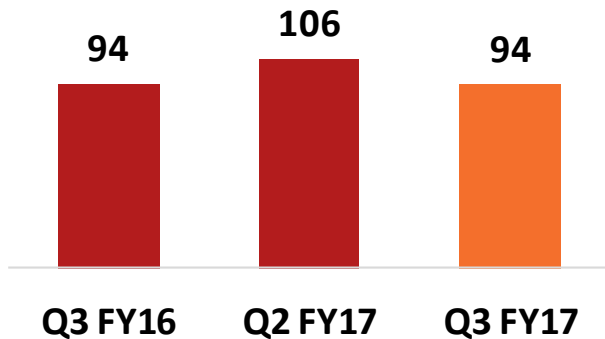
EBITDA at Rs. 140 Crore in Q3 FY17



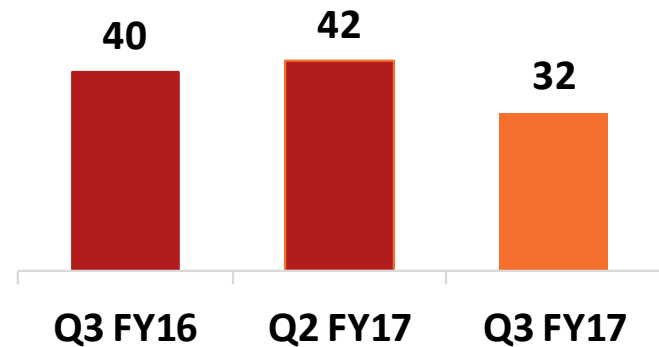
Copper

Production

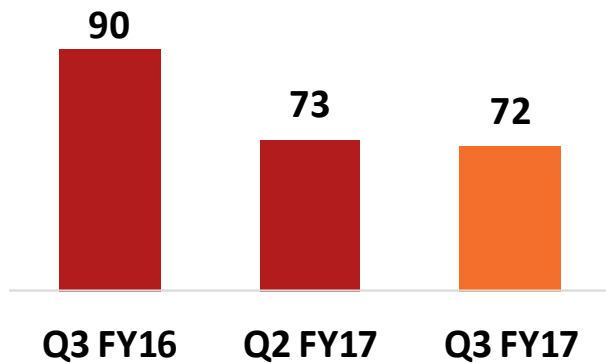
Cathode (KT)



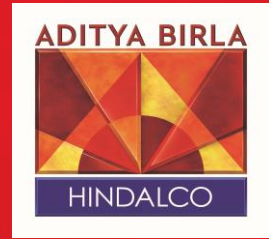
CC Rods (KT)



DAP (KT)



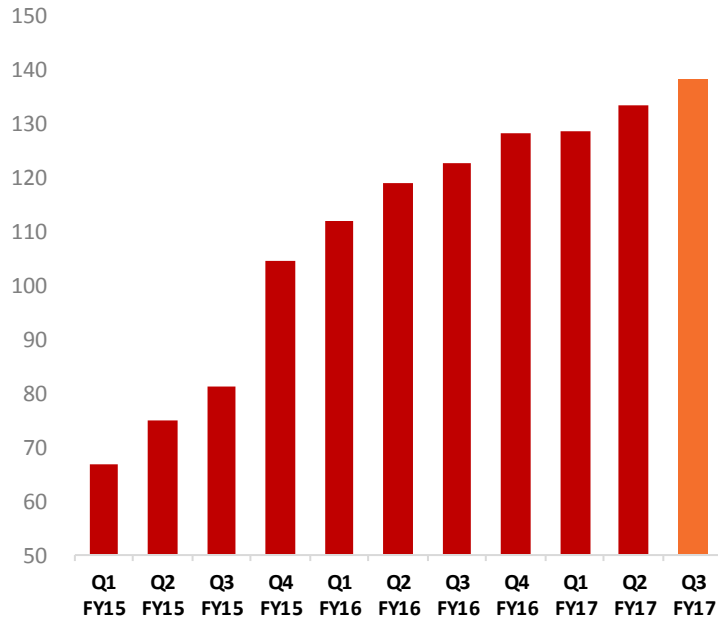
- Flat Cathode production
 - Sequentially lower production due to planned shutdown
- CC rod production impacted by lower demand in domestic market



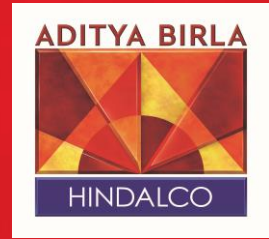
Novelis

Key Highlights

Auto Shipments (KT)



- Aluminium Auto sheet demand continued to be robust
 - Trailing twelve months share of Auto shipments at 17% up from 15% in FY16
- Can market increasingly competitive due to consolidation of customers and over-capacity
- Significant cost reduction through improvement in productivity, asset utilization and better metal mix
- Continued ramp up of automotive sheets and operational efficiencies to enhance the performance



Financial Performance

Financial Highlights - Standalone

(In Rs. crore)

Particulars	Q3		Q2	9 Months	
	FY17	FY16	FY17	FY17	FY16
Revenue form Operations	9,915	8,716	9,562	27,636	27,450
<u>Earning Before Interest, Tax and Depreciation (EBITDA)</u>					
Aluminium	876	354	808	2,555	1,172
Copper	330	352	366	960	1,083
Others	200	153	319	735	683
Total EBITDA	1,405	859	1,493	4,249	2,938
PBDT	817	274	898	2,467	1,121
Earning before Exceptional Items and Tax	459	(38)	547	1,419	180
Profit/ (Loss) Before Tax	459	(38)	632	1,504	180
Profit/ (Loss) After Tax	321	# (33)	440	1,054	152
Earnings per Share (EPS) - Basic (In Rupees)	1.56	(0.16)	2.14	5.14	0.74

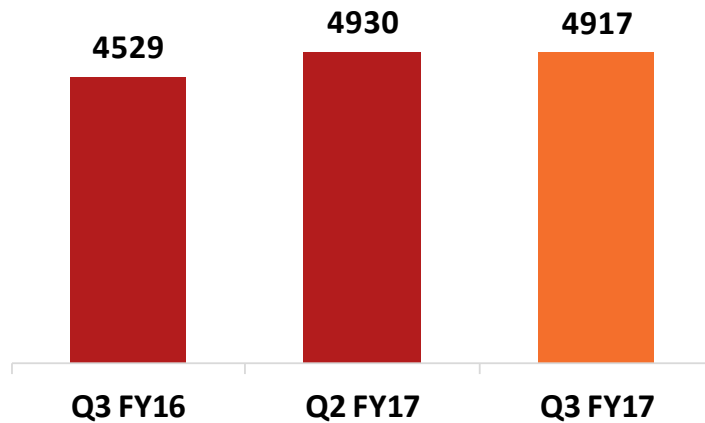
Reported profit after tax in Q3 FY16 was Rs. 40 crore as per Indian GAAP

Note: The Company has adopted Indian Accounting Standards (Ind-AS) w.e.f April 1, 2016 as mandated by the Ministry of Corporate Affairs. Figures for comparable period have been revised to comply with Ind-AS.

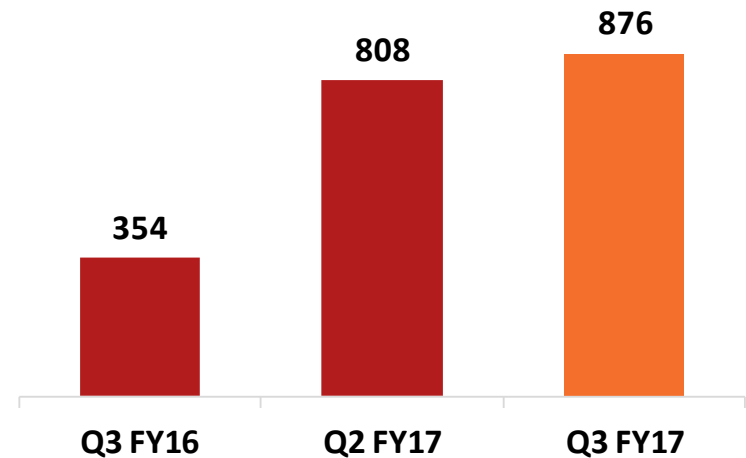
The standalone financials do not include financial performance of Utkal Alumina International Limited

Aluminium Standalone

Revenue (Rs. Crore)



EBITDA (Rs. Crore)

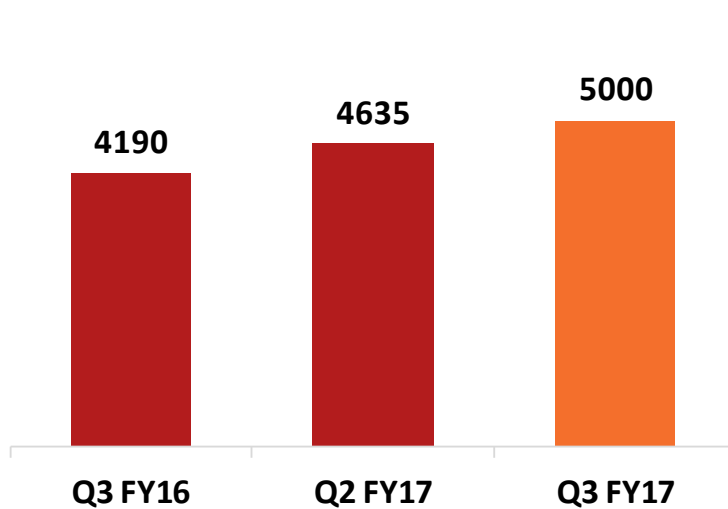


Y-o-Y : Strong performance on account of higher realization, volumes and lower input cost

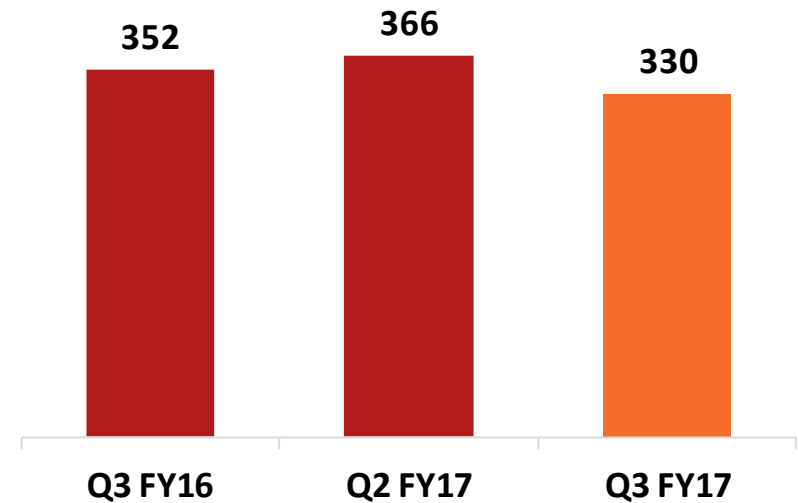
Sequentially: Higher realization led to increase in EBITDA by 8%

Copper

Revenue (Rs. Crore)

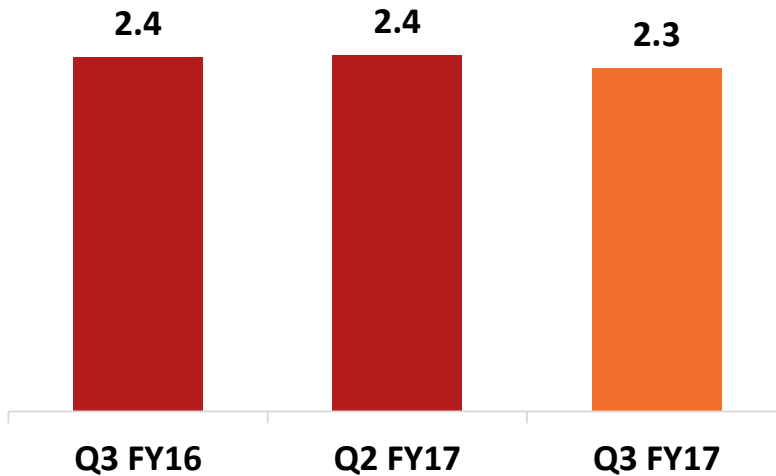


EBITDA (Rs. Crore)

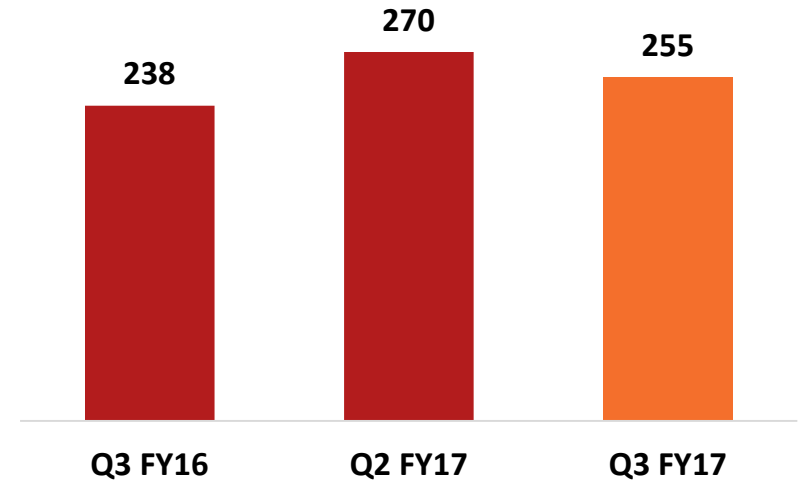


Y-o-Y : Performance impacted due to lower by-product realization & TcRc
Sequentially : Lower demand in domestic market and lower production due to planned shutdown

Revenue (USD bn.)



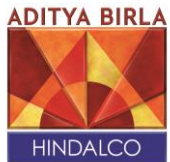
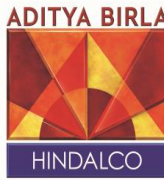
Adjusted EBITDA* (USD mn.)



Y-o-Y : Performance driven by higher auto shipments, recycling volumes, productivity gains
Sequentially : Lower shipment on account of weak demand in Q3 - Seasonally weak quarter

* Adjusted EBITDA excludes metal price lag

Hindalco: Towards Sustainable Leadership



Plants at Design Capacity

- Plants running at designed capacity

Robust Operational Performance

- Robust performance on the back of stable plant operations aided by higher Aluminium prices

Improved Coal Security

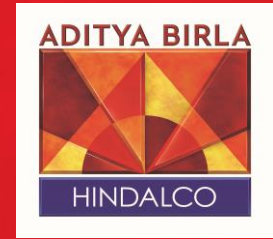
- Kathautia mines commenced operations in Feb'17
- Started procuring linkage coal

World Class Alumina

- Efficient alumina operations provides significant advantage
- Utkal amongst the best in the world

Novelis

- Continued to build momentum through focus on premium portfolio



Thank You

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