

ADITYA BIRLA



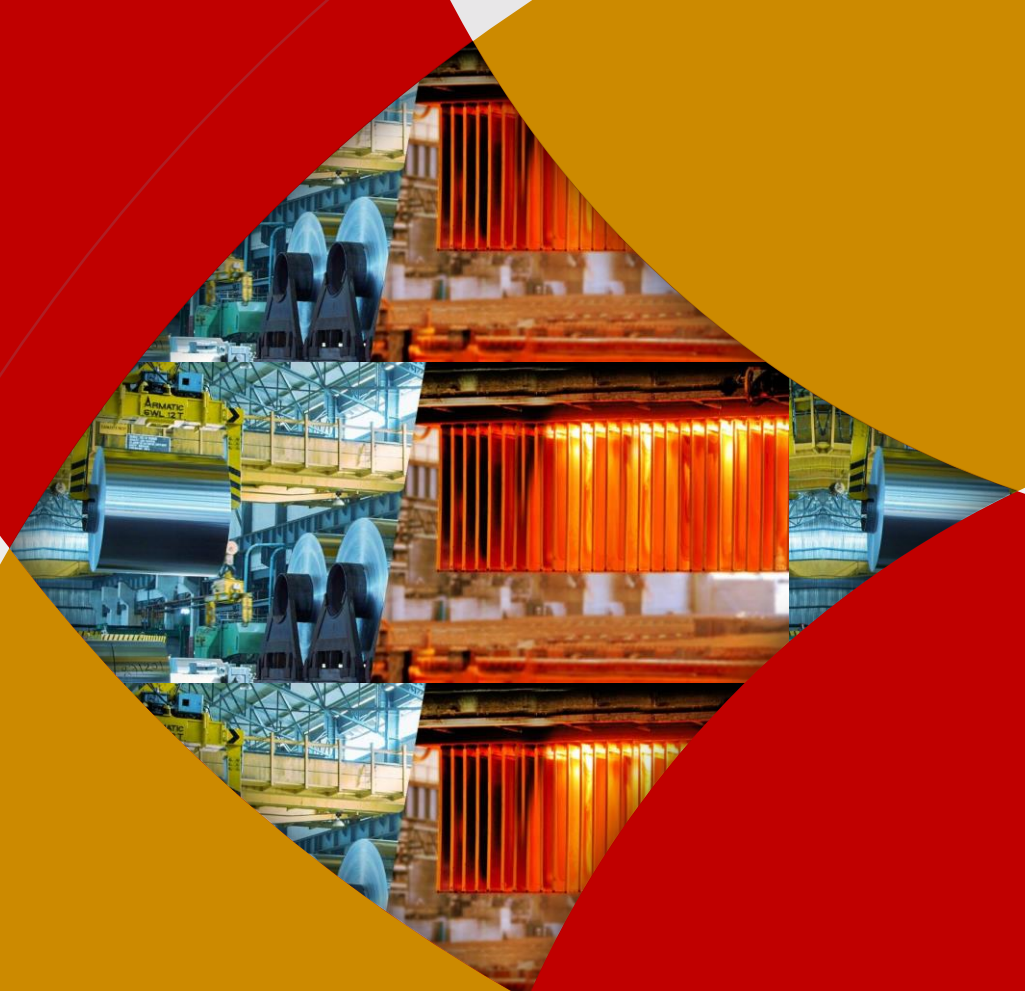
HINDALCO

Hindalco Industries Limited



Q1 FY22 Earnings Presentation

06th August, 2021



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**



Hindalco (India) Sustainability Updates

Focus on Conservation: Waste, Water, Biodiversity

Environment

Waste Recycling

- **82.7%** of waste recycled and reused in Q1 FY22
- **100%** of Red Mud from three out of four Alumina Refiners reused in Cement Industries. Utkal refinery is conducting pilot projects for Mine Backfilling and Roads
- **89.3 %** of Ash from Power Plants reused

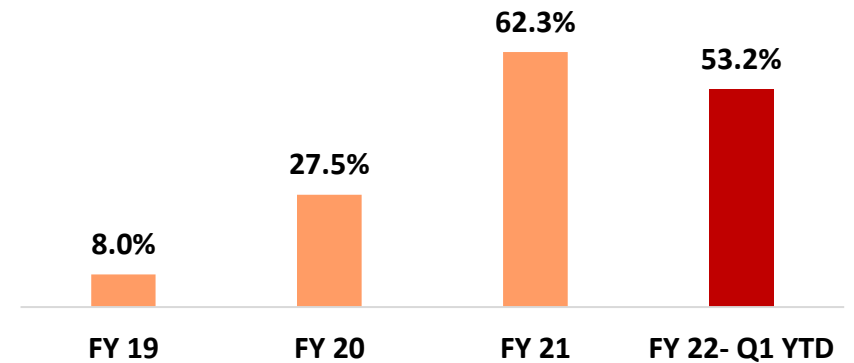
ZLD & Water

- 3rd Party assurance of Mines water inventory in progress inline with **ISO 14046**.
- Mouda ETP plant upgradation and RO plant stabilization completed
- Successful Electrocoagulation pilot test for water separation from emulsion and fluoride reduction
- Committed to ZLD at all sites by 2025, adding one site per year

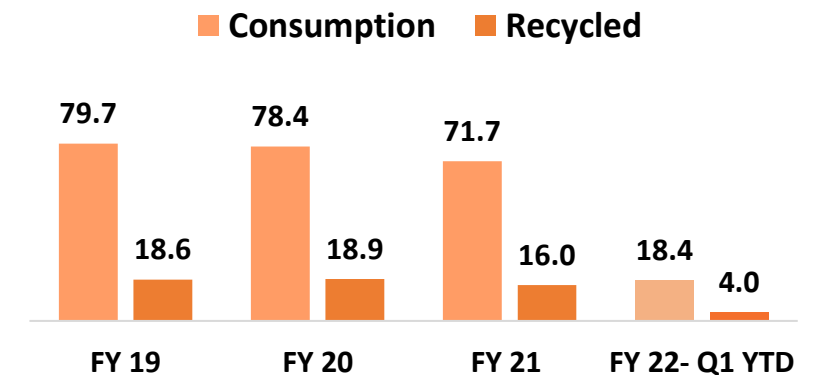
Green Cover & Biodiversity

- **1st Miyawaki plantation** (3-tier scientific afforestation) carried out in **Aditya plant in the area of 400 m2** as per the Biodiversity Management Plan (BMP) by International Union for conservation of Nature (IUCN)
- **Enhanced the green cover by 12 acres in Q1 FY22**; cumulative green cover across all sites is spread over 4684.2 acres
- **Green belt enhancement plan developed for ten of the non-BMP sites** based on revised Forest department's SOPs for Flora and Fauna conservation

Bauxite Residue (% Recycled)



Water Consumed & Recycled (million m3)



Focus on Renewables & Safety

Renewable Energy

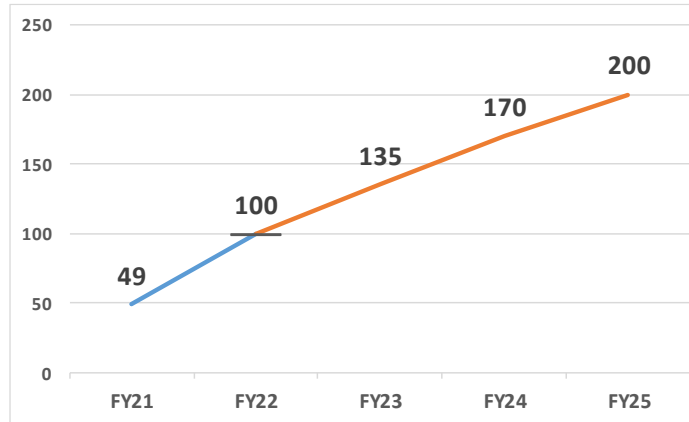
Onsite Renewable (Primarily solar)

- Potential ~ 246 MW.
- FY22 - 52 MW implementation across 5 locations are on track (49 MW already implemented)
- FY23 - 32 MW Identified so far including floating solar

Other Initiatives

- Continuously exploring & evaluating large scale Renewable projects with storage (Pumped Hydro).
 - Grid upgrade to 400 KV initiated at Aditya. Timeframe – 2 Years.
- Evaluating emerging technologies on Carbon Capture (CCUS) Target for Pilot FY23.

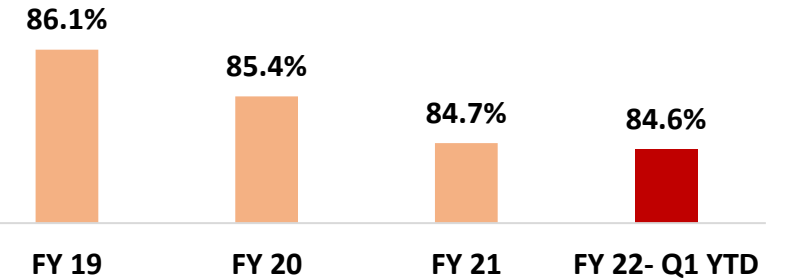
Renewables (MW)



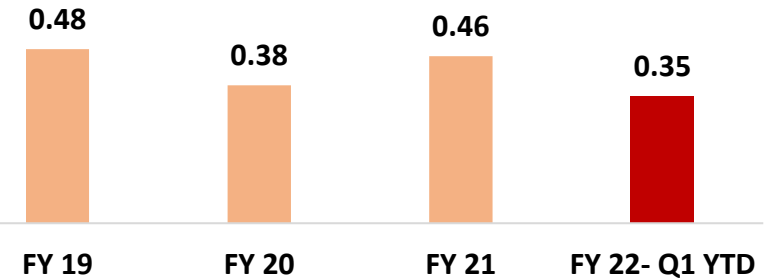
Workforce Health & Safety

- **SIF prevention program:** 461 situations having risk identified and action plan for mitigation of 449 prepared and under implementation
- **New Contractor Safety Management Program implementation status:** SAQ score not less than 81% at each unit with plan to take it to 90% in Q2.
- **In “Line of Fire” work situations:** 1872 situation identified and control measures for more than 90% situation
- **Digitization:** e-permit implemented, Drone & Video Analytics for high-risk work like Confined Space Entry and Work at height
- **“TapRoot”** Software for RCA and incorporation **BBS module** in Enablon
- **Corporate / Cross Entity Safety Audit:** 43 additional SIF situation identified
- **Review of Risk Assessment:** 43289 activities having human intervention rescreened

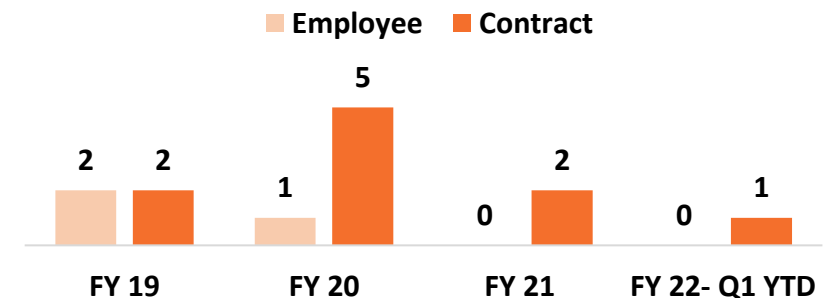
Aluminium Sp. Energy (%) (Indexed to FY15 Base)



LTIFR



Fatality (in Nos)





Business Performance Key Highlights - Q1 FY22

Key Highlights : Q1 FY22

Novelis*

- **Shipments of 973Kt (774Kt), up 26% YoY** driven by strong demand across all business segments
- **Record adjusted EBITDA at \$555 million** (\$253 million), **up 119% YoY** on the back of higher volumes and favorable product mix, favorable metal benefits and a \$47 million gain related to a favorable decision in a Brazilian tax litigation
- **Adjusted EBITDA per ton at \$570 (\$327/t) up 75% YoY; \$522 per ton, excluding gain related to Brazilian tax litigation in Q1FY22**
- **Net Income from continuing operations at \$303 million** (vs Loss of \$61 million in Q1 FY21); Net Income (excluding special items#) at \$260 million (\$22 million) up 1082% YoY
- Aleris Integration work continues with \$100 million run-rate combination synergies achieved in Q1FY22
- **Credit Rating upgrades by S&P** Global Ratings raised issuer rating to 'BB' from 'BB-' on 22nd July 2021
- Launched an offering of two unsecured senior notes of \$750 million each, at a coupon of 3.250% and 3.875% due in 2026 and 2031 respectively.

Aluminium (India)

- **Record quarterly EBITDA at ₹2,352 crore (₹973 crore) up 142%, on account of favorable macros, improved mix and better operational efficiencies**
- **EBITDA margin at 37.5% (22%), highest in last thirteen years** and continues to be one of the best in the industry
- Aluminium Metal sales at 303Kt (303Kt), was flat YoY
- **Aluminium VAP (excluding wire rods) sales at 82Kt (35kt) up 137%**, on account of sharp recovery in the domestic demand
- 500Kt Utkal Alumina expansion commercial production to begin in Q2-FY22.

Note : Numbers in parenthesis() represent Q1 FY21 unless specified

**as per the US GAAP #Tax-effected special items include loss on extinguishment of debt, restructuring & impairment and metal price lag, in Novelis*

Copper

- Successful ramp-up of Smelter-3 post shutdown in Q1 FY22.
- Cathode production was at 63Kt (41Kt) up 52% YoY ; CC Rods production was at 44Kt (26Kt) up 67% YoY
- Metal sales volumes at 80Kt (58Kt) up 36% YoY; CC Rods sales at 46 kt (31Kt), up 50% YoY with the market recovery
- EBITDA at ₹261 crore (₹66 crore) up 295% YoY

Consolidated

- **Record quarterly EBITDA at ₹6,790 crore (₹2,359 crore), up 188% YoY**
- **PAT for continuing operations at ₹3,254 crore (vs loss of ₹569 crore)**
- Strong Treasury Balance of \$872 million in Novelis and ₹9,425 crore in Hindalco India at the end of June 2021
- **Gross Debt is down by ₹16,345 crore and Net Debt is down by ₹10,389 crore** as on June 30, 2021 from its peak on June 30, 2020
- **Net Debt to EBITDA has significantly improved to 2.36x as at June 30, 2021** (vs 3.83x as at June 30, 2020)
- Credit Rating upgrade by CRISIL from 'AA' to '**AA+**' with '**Stable**' outlook in July 2021 for bonds of Hindalco
- CARE Ratings also affirmed 'AA+' Credit Rating with Outlook upgraded from 'Negative' to '**Stable**' in June 2021 for **long term loans and bonds of Hindalco**
- Received **highest Short-Term Rating of 'A1+' from 'India Ratings'** in June 2021 for issuance of Commercial Paper

Note : a) Numbers in parenthesis() represent Q1FY21 unless specified

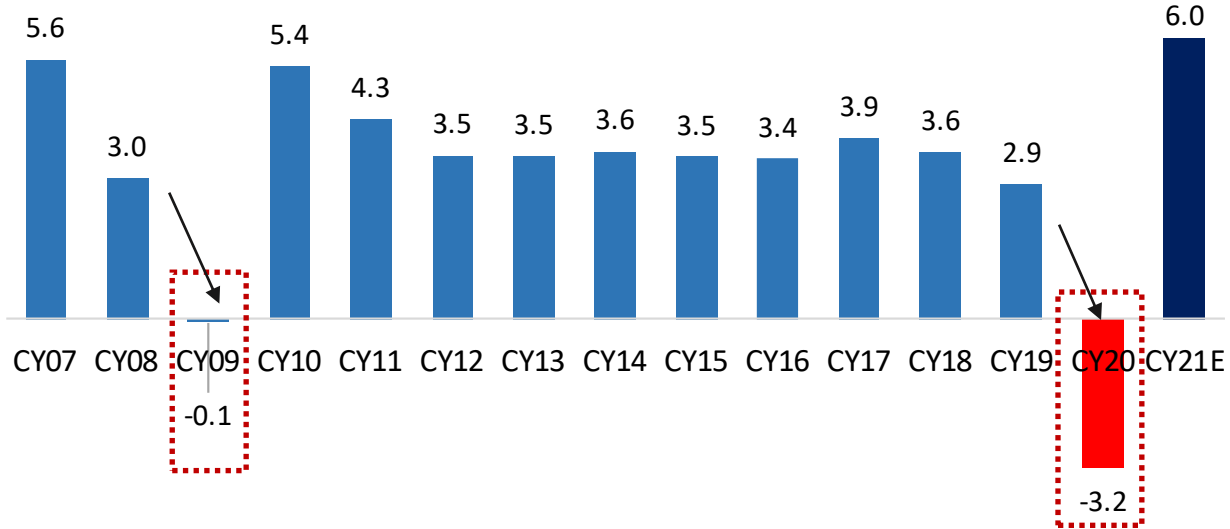


Economy & Industry Updates

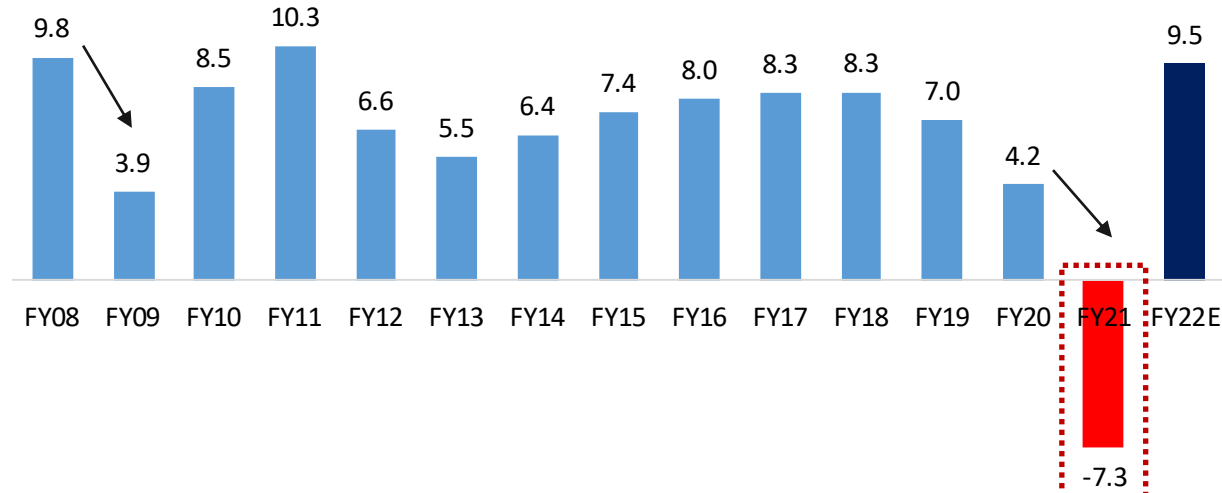
Global & Domestic

Economy Updates

Global GDP Growth (% YoY)



India GDP Growth (% YoY)

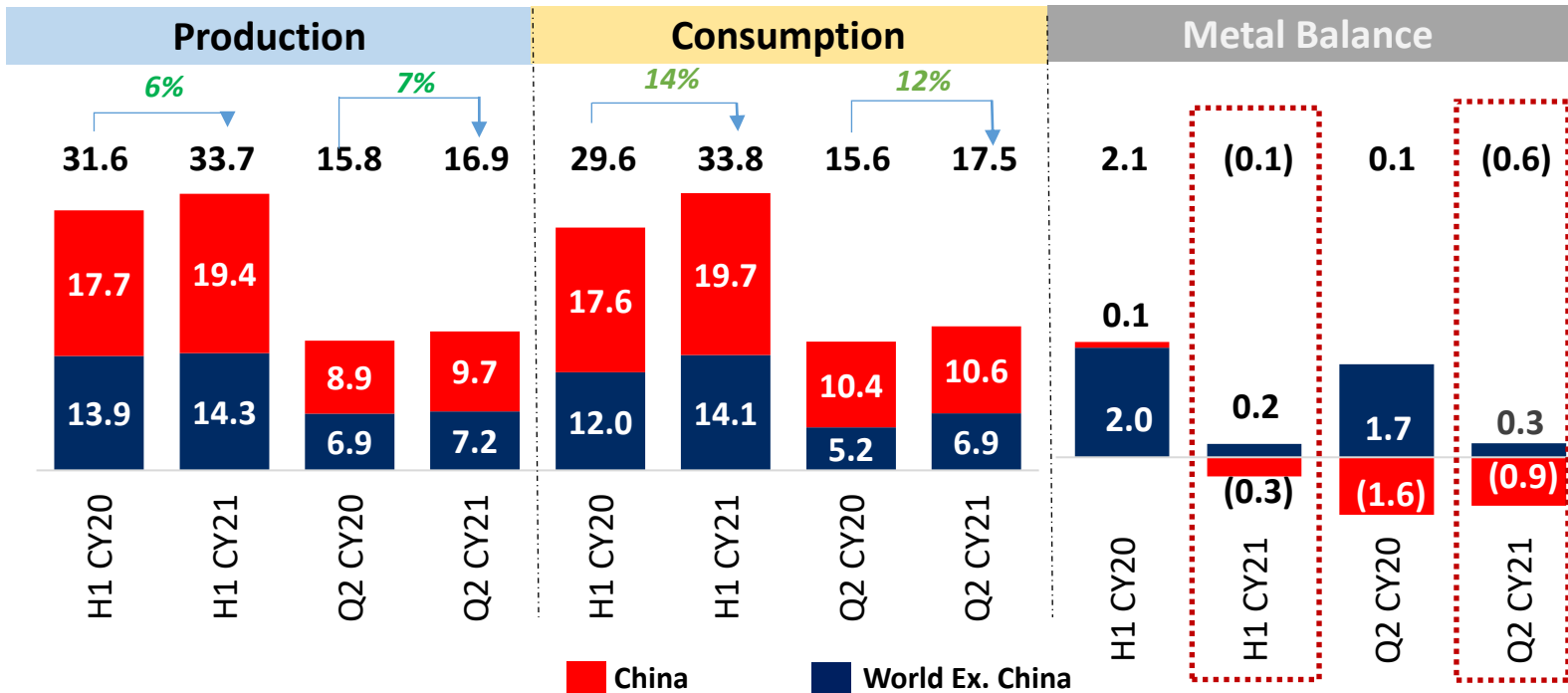


- Global growth is gradually recovering supported by large scale fiscal support and easing of pandemic restrictions
- However, recovery is uneven and being held back by resurgence of Covid cases, slow vaccination progress and limited policy progress specially in EM
- GDP growth contracted 3.2 % in CY20 and is **expected to rebound to 6.0% in CY21 and 4.9% in CY22 (Source : IMF, July 2021)**
- Risks – future path of pandemic, rising government debts, higher global inflation and slow pace of vaccine administration in EM

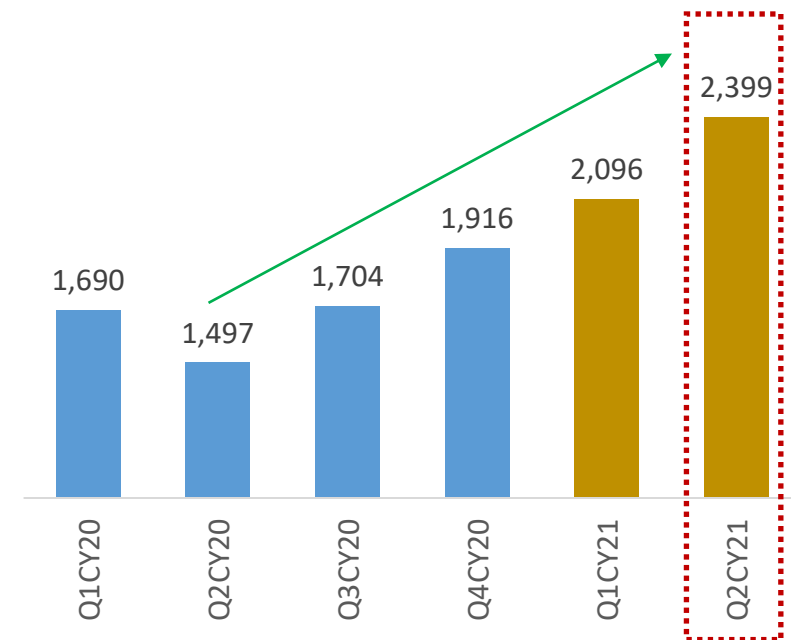
- India's economic recovery was interrupted by the second wave. Extent of economic damage likely to be lesser than the first wave
- Tapering of second wave, push in vaccination roll-out, pent up demand and easing of restrictions will drive economic momentum going forward
- The RBI estimates FY22 GDP growth at 9.5%, after a contraction of 7.3% in FY21. IMF latest forecasts for FY22 are also on similar lines**
- Adverse supply shocks and rise in oil prices have also intensified upside risks to inflation which RBI is closely watching
- Downside risks- rising inflation, probable 3rd wave of Covid and fiscal constraints

Global Aluminium Industry

Global Demand & Supply Balance (Mt)



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



H1 CY21 (vs H1 CY20)

- **Global production grew by 6%, consumption increased by 14%, leading to deficit of 0.1 Mt**
 - China: Production increased by 9%, consumption grew by 12%, leading to deficit of 0.3 Mt
 - World Ex-China: Production was up by 3%, consumption rose by 18%, reducing the surplus to 0.2 Mt

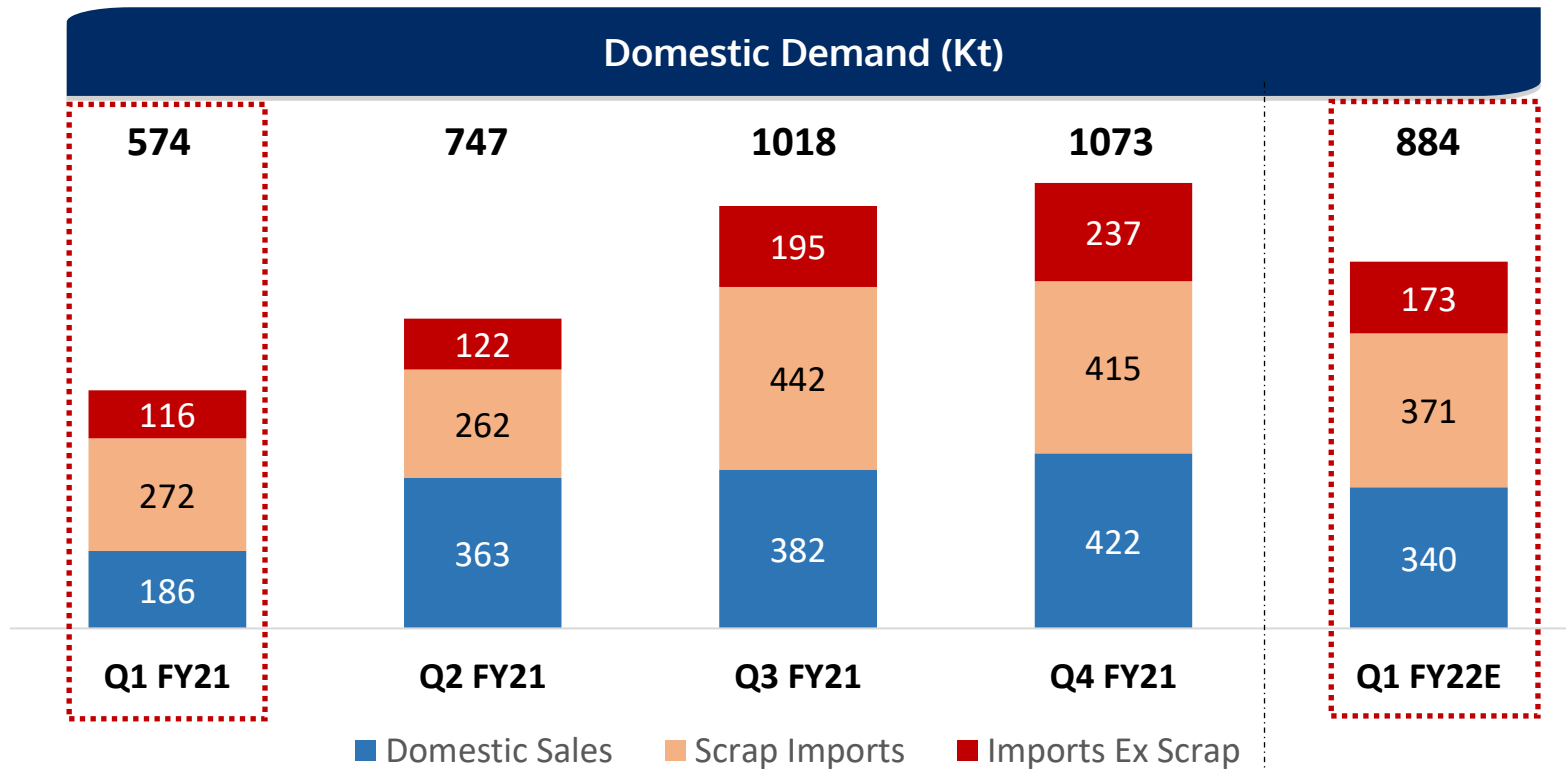
Q2 CY21 (vs Q2 CY20)

- **Global production expanded by 7%, consumption grew by 12%, leading to overall deficit of 0.6 Mt**
 - China: Production rose by 9%, while consumption increased by 1%, leading to a deficit of 0.9 Mt
 - World Ex-China: Production grew by 4%, consumption improved by 33%, leading to surplus of 0.3 Mt

Global aluminium prices continued to improve

- **Q2 CY21 prices improved to \$2,399/t up from \$2,096 in Q1 CY21.**
- Global aluminium prices in QTD (Q2CY21) is \$2,487/ton

Domestic Aluminium Industry



- In Q1 FY22, domestic demand is estimated to record 884 Kt (54% growth YoY) due to base effect; this demand is estimated to drop by 18% sequentially.
- In Q1FY22, lockdowns in the country, due to the second wave of Covid has impacted demand of automotive, which has subsequently led to a decline of imports of casting scrap in this quarter by around 10% sequentially
- Lockdowns and phased unlocking of markets has also led to softening of Electrical, Building & Construction, Consumer Durables, Industrial Machinery. However, demand was strong in food and pharma packaging for the overall domestic market.
- In Q1FY22, sequentially, other imports excluding scrap also strongly de-grew by 27%, while domestic sales fell by 19% YoY to 173 KT

Aluminium Flat Rolled Products (FRP) Industry

- The global FRP Demand is estimated to grow by ~9% in CY21 (vs CY20 contraction of ~4%) on account of demand recovery and base effect.

Beverage Cans

CY21E Growth in Market Demand  3-6%

- Customer demand continue to rise across all the regions
- Increasing demand of cans is driven by higher at-home consumption as well as increasing share of Cans as the sustainable packaging option for beverages.
- Significant Can maker capacity expansions announced next 2-3 years across all regions

Automotive

CY21E Growth in Market Demand  20-25%

- Semi-conductor shortage to have limited short-term impact on OEM production and sheet demand
- Strong demand driven by new program adoption and increased consumer preference for SUVs, pick-up trucks, electric vehicles and premium vehicles

Aerospace

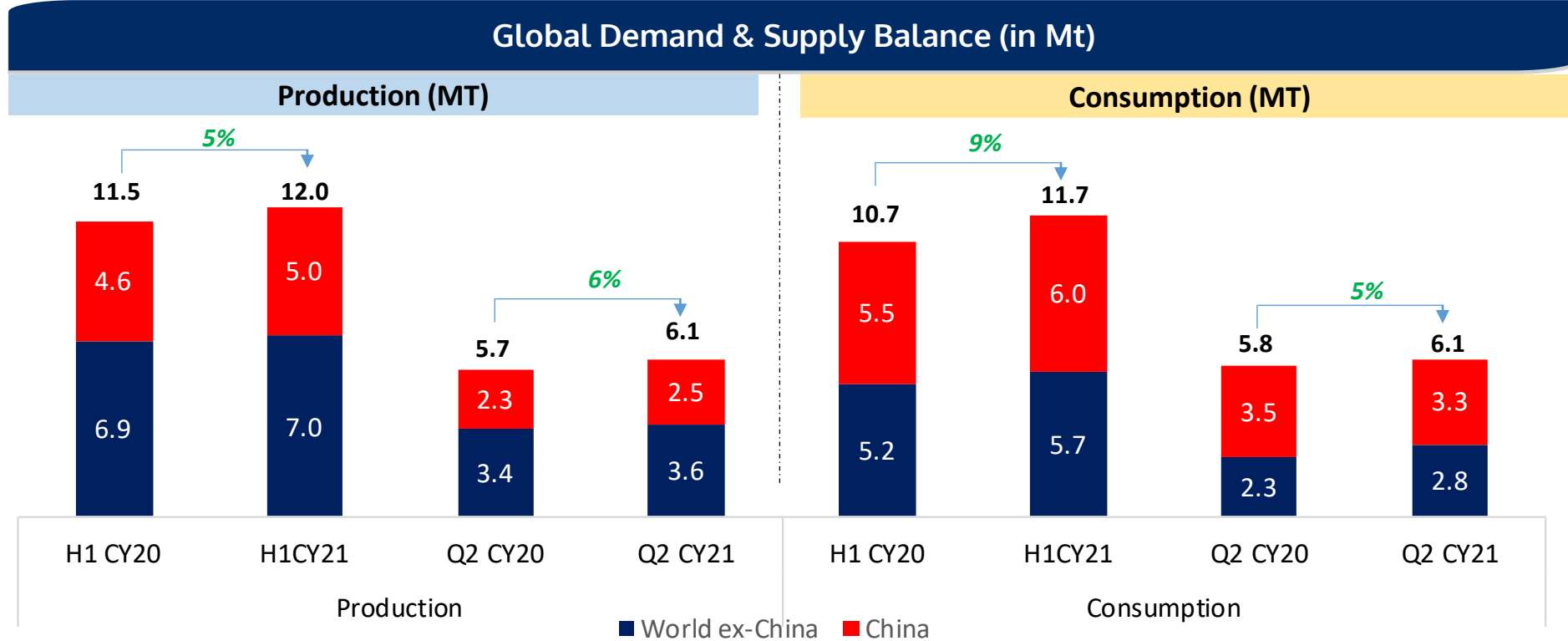
CY21E Growth in Market Demand  5-10%

- Vaccine rollout a positive, but do not expect significant improvement in CY21 as consumer air travel remains restricted
- Heavily overstocked Aerospace supply chain; bookings improving but recovery could be prolonged and uneven

India FRP Demand is estimated to grow YoY due to low base effect and is expected to decline sequentially due to lockdown in the country Q1-FY22 on account of COVID 2nd wave.

- Pharma and food packaging are expected to grow whereas other sectors such as consumer durables, automotive , B&C will face some headwinds
- Demand is estimated to recover in Q2-FY22 in a phased manner with unlocking in the country, post recovery from the 2nd wave

Copper Industry (Global)



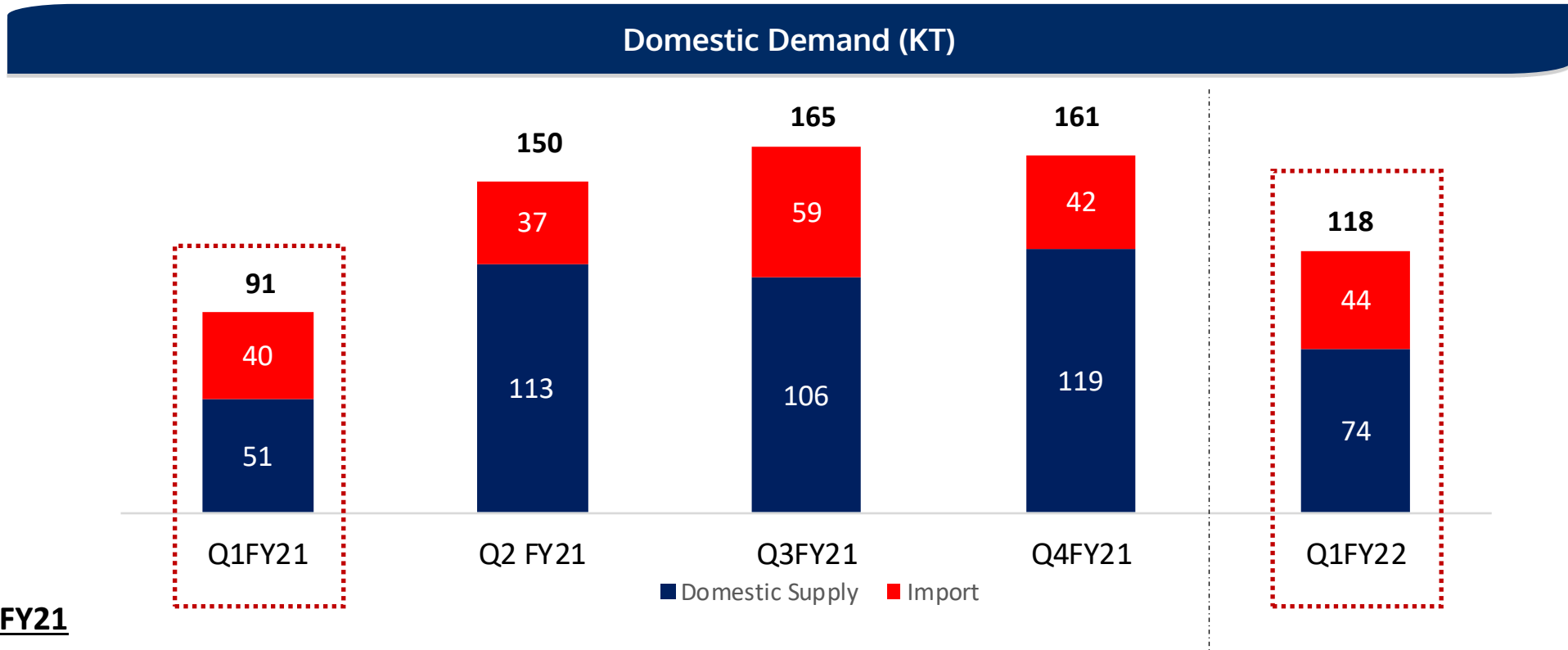
H1 CY21 (vs H1 CY20)

- **Global copper production grew by 5% and Consumption grew by 9% YoY due to base effect**
 - China production and consumption both grew by 9% YoY
 - World Ex China production grew by 2.5% YoY, where as consumption grew by 9% YoY

Q2 CY21 (vs Q2 CY20)

- **Global copper production grew by 6% and consumption grew by 5% YoY**
 - China production grew by 7% YoY while consumption de-grew by 6% due to lower physical demand impacted by the steep rise in the global prices of copper
 - World Ex China Production grew by 6% YoY whereas the consumption grew by 22% YoY on account of faster recovery

Copper Industry (Domestic)



Q1 FY22 vs Q1 FY21

- Domestic market demand grew by 30% YoY at 118 KT in Q1 FY22 vs 91 KT in Q1 FY21. In Q1FY22.
- Domestic refined copper demand declined by around 27% to 118 KT in Q1 FY22 from 161 KT Q4 FY21 due to softening of market impacted by lockdowns in the country due to 2nd wave of COVID-19.

Key Macro Drivers (Q1 FY22 vs Q1 FY21)

TC/RC



S. Acid Price



DAP Realisation



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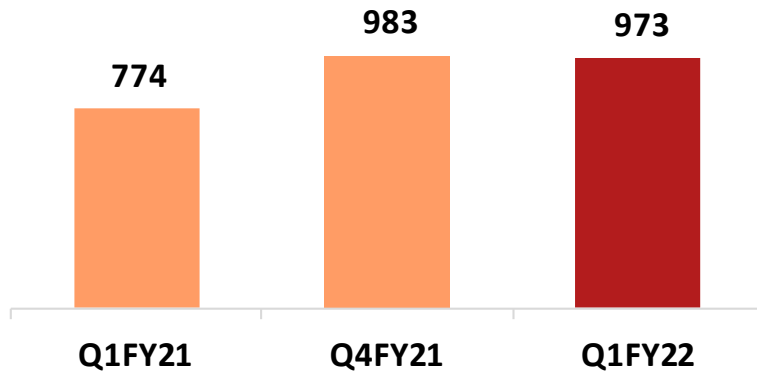
Business Performance : Q1 FY22



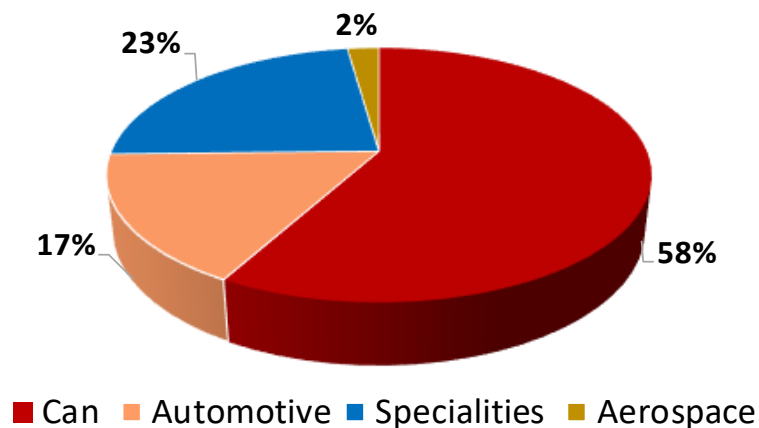
Novelis

Operational Performance – Novelis

Overall Shipments (KT)



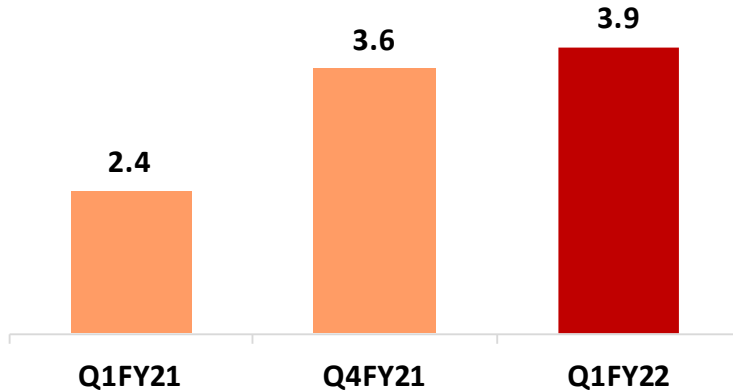
Q1 FY22 - Shipments Mix (%)



- Record quarterly financial performance backed by favorable markets and operational excellence in Q1 FY22
- Shipments at 973 Kt in Q1FY22 up 26% YoY
- Automotive shipments are more than double the prior year despite some headwinds from the current semiconductor chip shortage impacting the automotive industry.
- Beverage packaging and specialty product shipments benefited from continuing strong market demand across all regions
- Expansion project updates:
 - Recycling, Casting and Rolling expansion in Pinda, Brazil on track with Recycling and rolling capacity to commission in Q2-FY22.
 - Automotive finishing plants in Guthrie, Kentucky in the US and Changzhou in China - Customer qualifications and ramping up are in-line with expectations.
- Aleris Integration updates:
 - Integration work continues with \$100 million run-rate combination cost synergies already achieved in Q1-FY22 (Total Potential to exceed \$120 million)
 - Expansion project in Zhenjiang, China which is part of the integration, is expected to begin in the current year with capital investments of \$375 million over 3 years.
 - These investments include new cold mill, automotive casting house, recycling capabilities, hot mill upgrade, etc.
 - Strategic synergies from China integration - total potential \$100 million

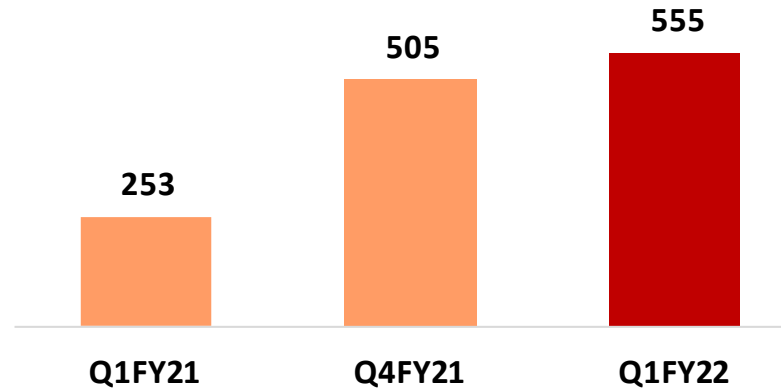
Financial Performance – Novelis

Revenue (\$ Billion)



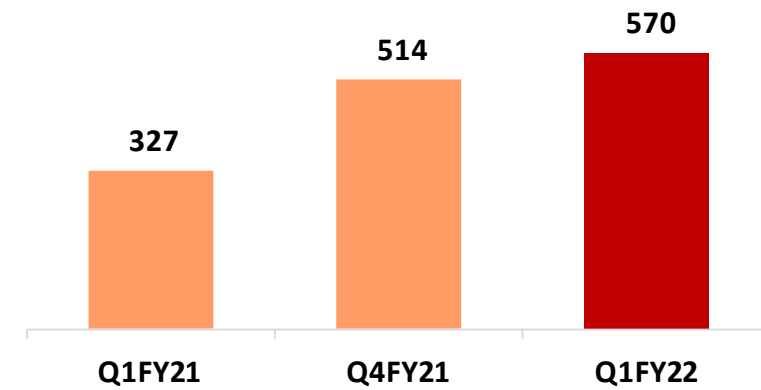
- Net sales in Q1 FY22 stands at \$3.9 billion **up 59% YoY** driven by a 26% increase in shipments, favorable product mix and higher average aluminum prices

Adjusted EBITDA (\$ Million)



- All time high adjusted EBITDA at \$555 million in Q1 FY22, up 119% YoY**, on the back of higher volume and favorable product mix, as well as favorable metal benefits and a \$47 million gain related to a favorable decision in a Brazilian tax litigation.

Adjusted EBITDA (\$/tonne)



- Adjusted EBITDA per ton at \$570/t in Q1 FY22, up 75% YoY; **\$522/t, excluding gain related to Brazilian tax litigation Q1 FY22**

Note: All above numbers are as per the US GAAP

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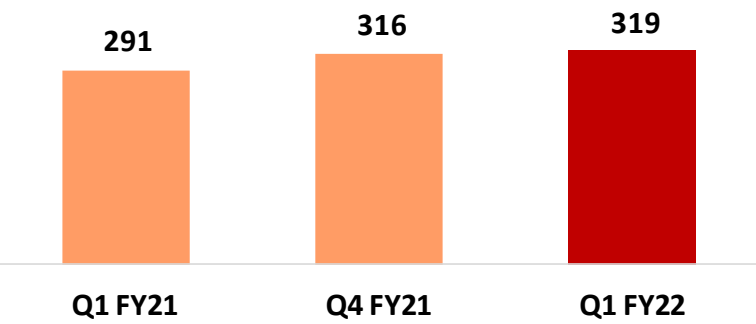


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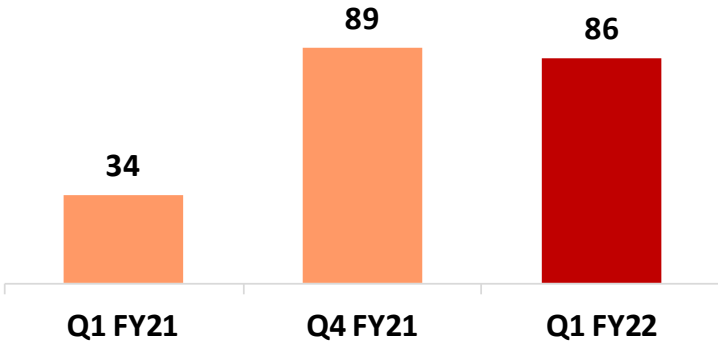
Aluminium (India)

Aluminium Metal & VAP - Production and Sales in Kt

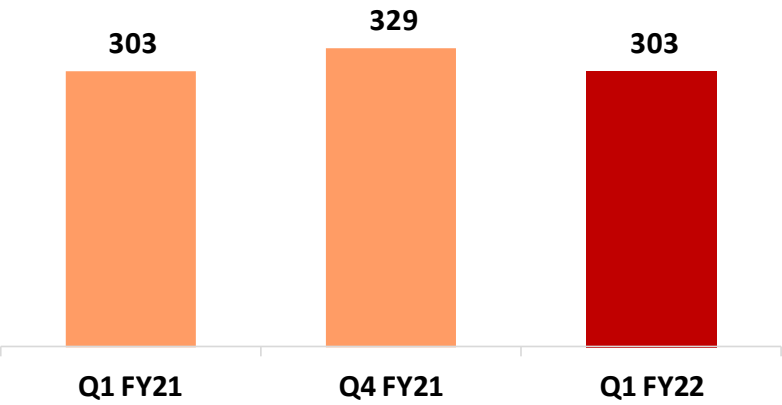
Production : Aluminium Metal (Kt)



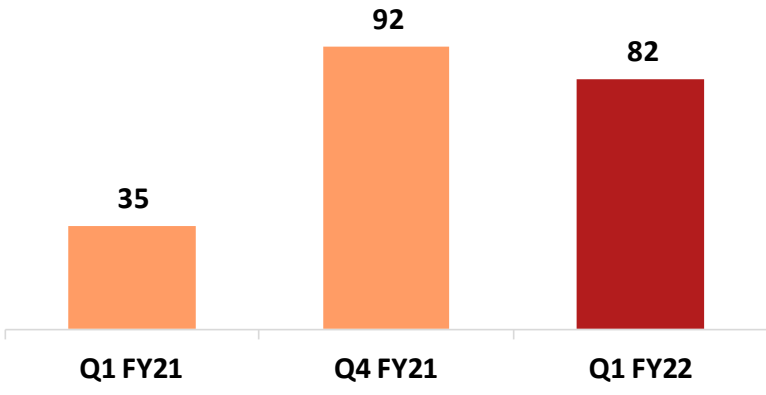
Production : Aluminium VAP# (Kt)



Sales: Aluminium Metal (Kt)



Sales: Aluminium VAP# (Kt)

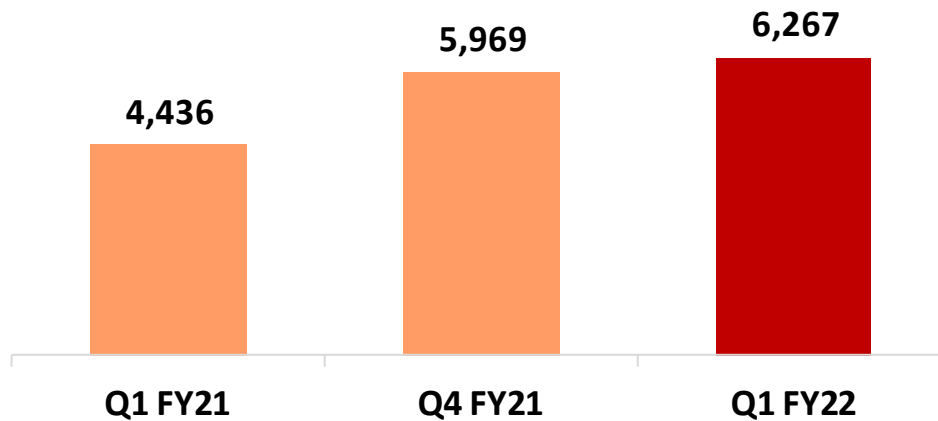


- Aluminium Metal Production up 9% YoY and 1% QoQ
- Aluminum VAP production was higher by 150% YoY in Q1 FY22
- Alumina production in Q1 FY22 was at 718 Kt up 15% YoY and 3% QoQ
- Domestic Sales as % of total metal sales was 44% in Q1 FY22 (vs 20% in Q1 FY21)**
- VAP sales were 27% as a % to total metal sales in Q1 FY22 (vs 11% in Q1 FY21.)**

Excluding Wire Rods

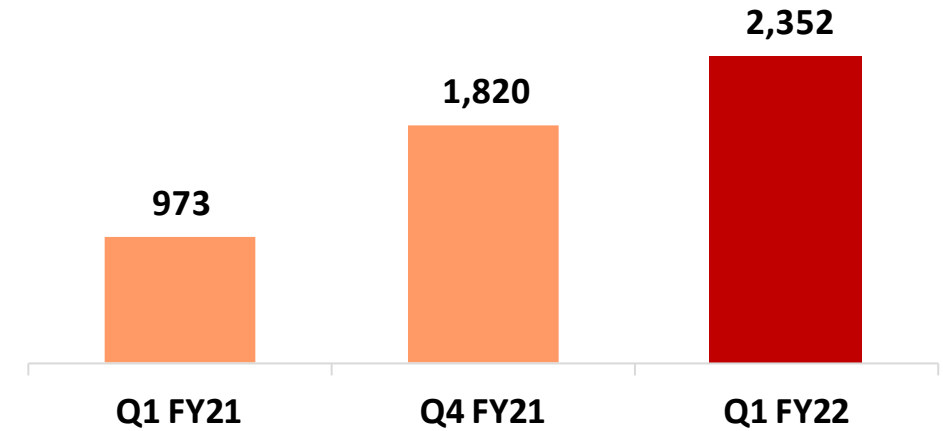
Financial Performance - Aluminium (India)

Revenue (₹ Crore)



- Aluminium revenues were up 41% YoY, with higher global prices of aluminium in Q1 FY22 vs Q1 FY21

EBITDA (₹ Crore)



- Record EBITDA at ₹2,352 crore, up 142% YoY in Q1 FY22 on account of favorable macros, better efficiencies, improved mix and a strong market recovery
- EBITDA margins at a all time high of 37.5%, and highest in last thirteen years and continues to be one of the best in the industry

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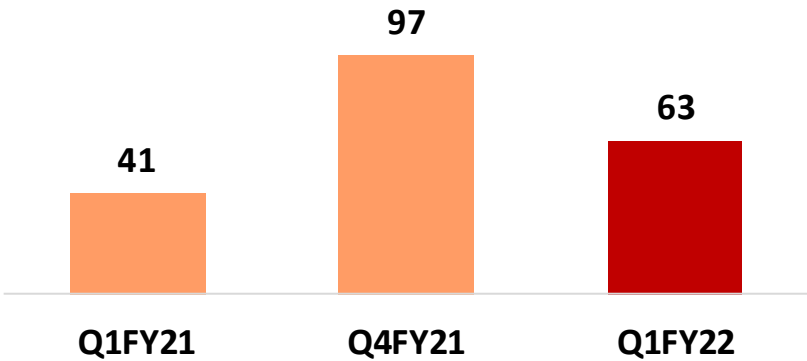


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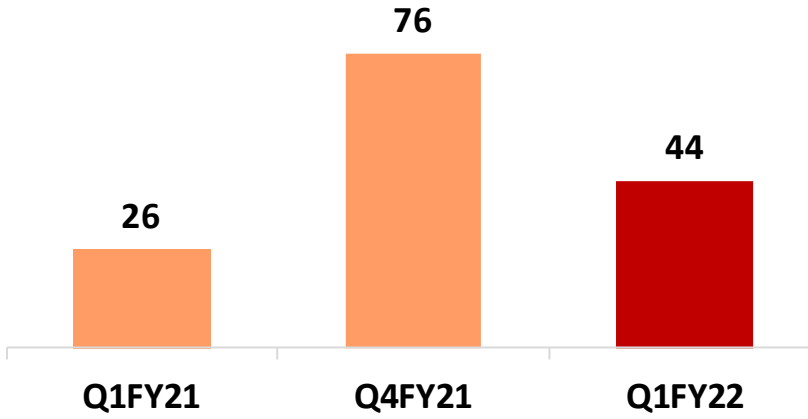
Copper

Copper Metal & VAP - Production and Sales in Kt

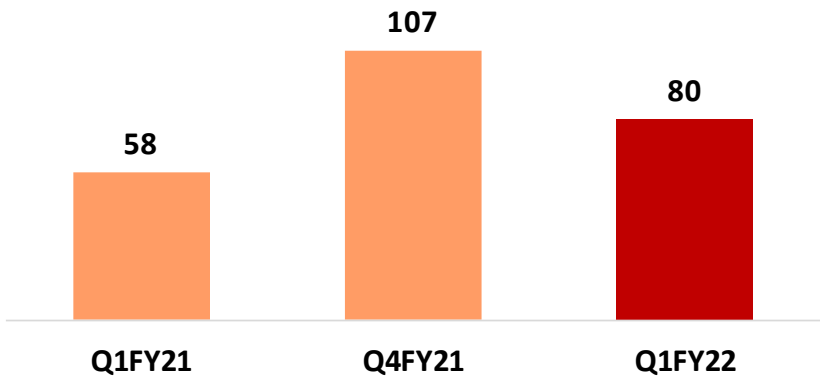
Production : Copper Cathode (Kt)



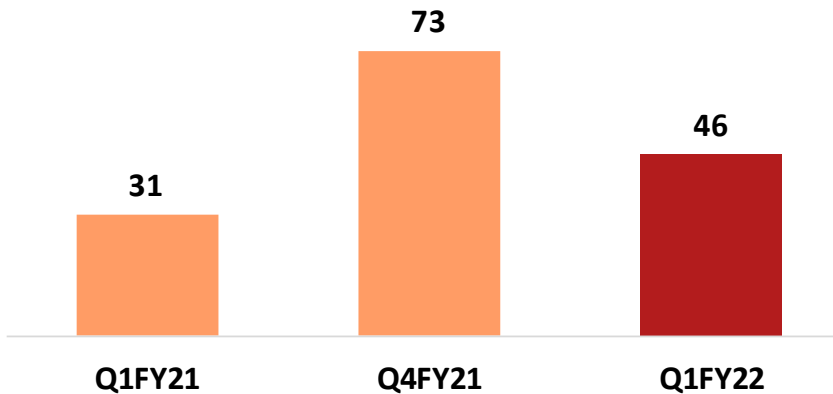
Production : CC Rod (Kt)



Sales : Copper Metal (Kt)



Sales : CC Rods (Kt)

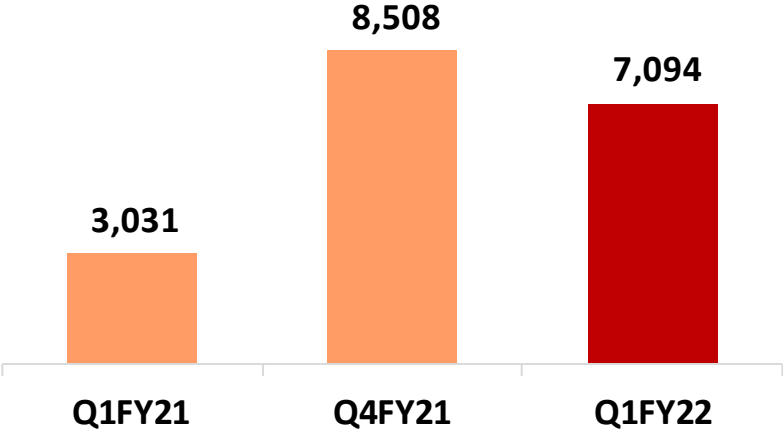


- Cathode Production was low due to maintenance shutdown in Smelter-3

- Metal and CC Rod sales were low due to lower production and softening of the domestic market in Q1FY22

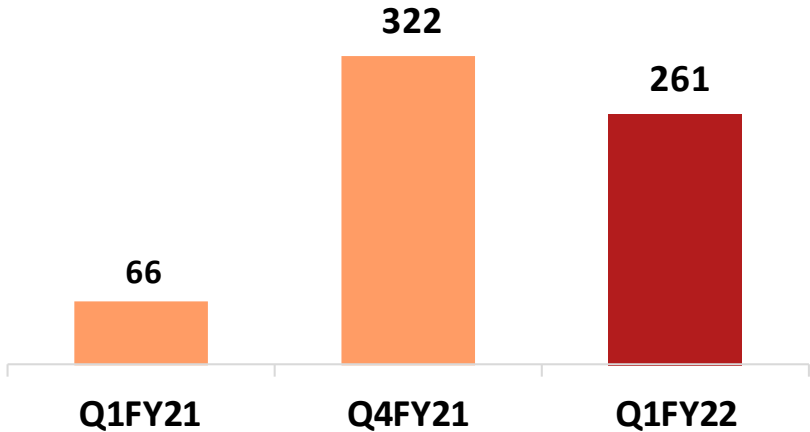
Financial Performance – Copper Business

Revenue (₹ Crore)



- Revenues were up by 134% YoY in Q1 FY22, on account of higher global prices of copper compared to the corresponding quarter of the last year

EBITDA (₹ Crore)



- EBITDA at ₹261 crore in Q1 FY22 compared to ₹66 crore in the corresponding quarter, up 295% YoY

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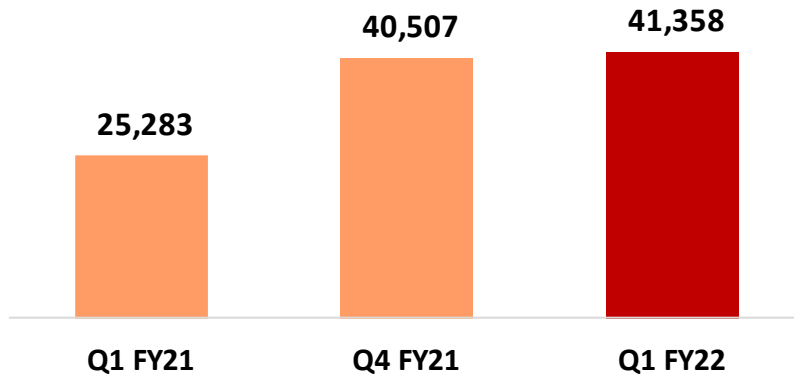


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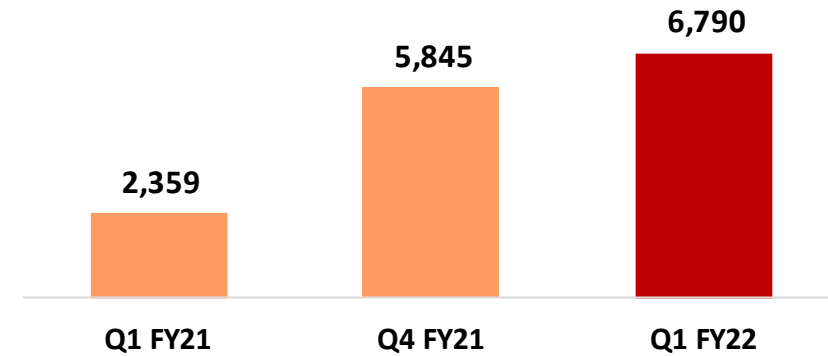
Consolidated Financial Performance

Consolidated Financial Performance

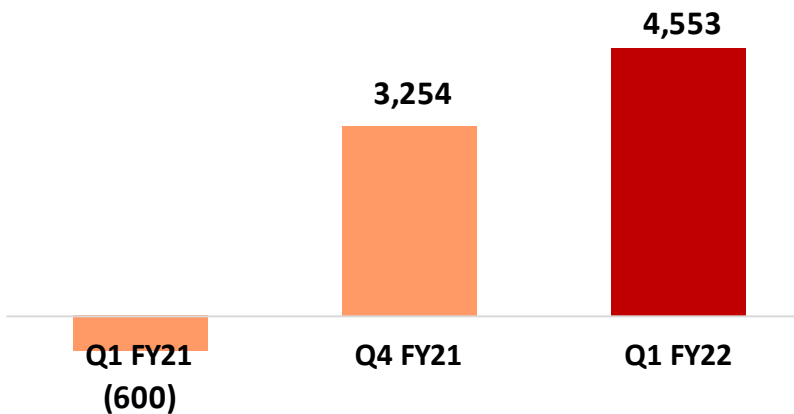
Revenue (₹ Crore)



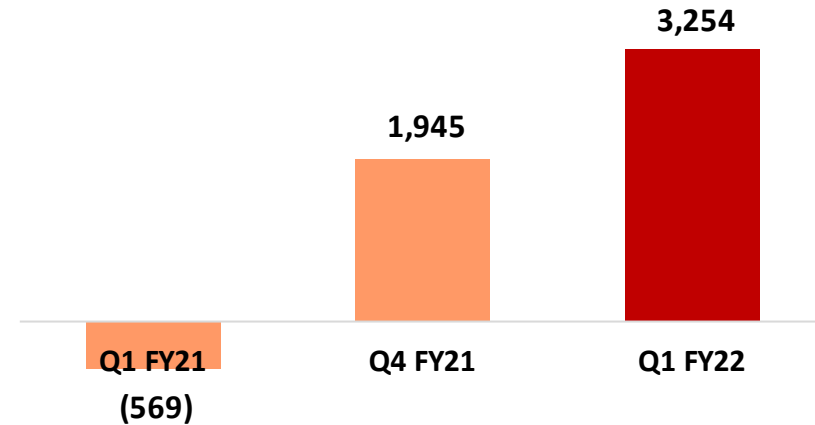
EBITDA (₹ Crore)



PBT after Exceptional Items (₹ Crore)



PAT for Continuing Operations (₹ Crore)

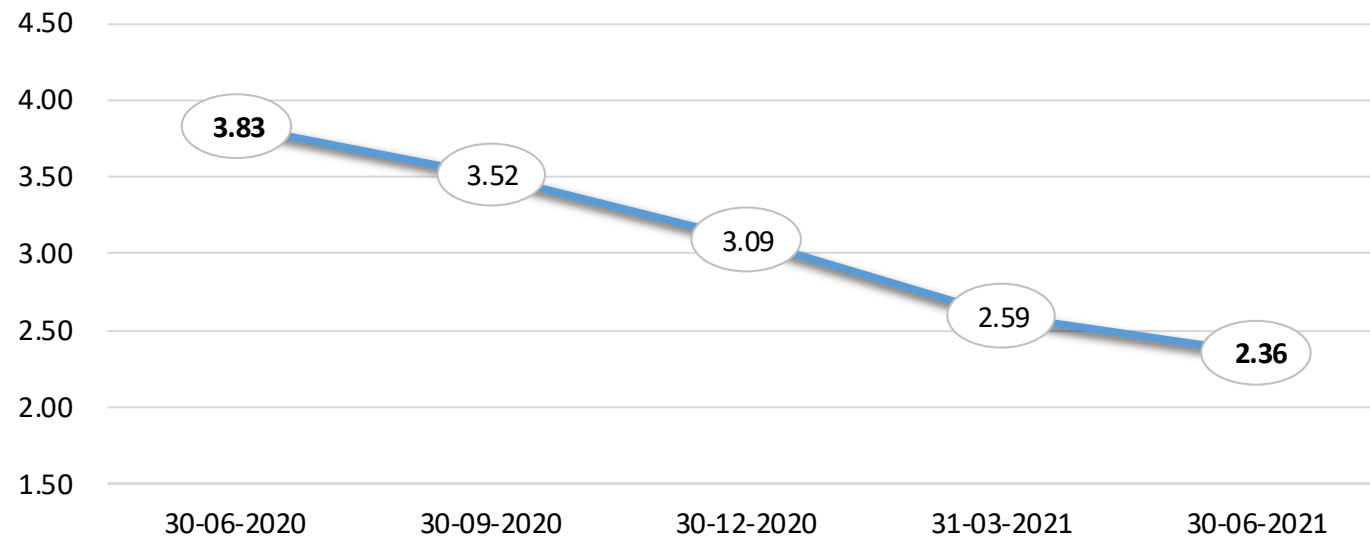


Consolidated (Debt Position)

(₹ Crores)

Particulars	As on	As on	As on	As on	As on
	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Gross Debt	84,181	78,266	71,996	65,994	67,836
Cash & Cash Equivalents	21,879	20,265	18,194	18,575	15,923
Net Debt	62,302	58,001	53,802	47,419	51,913
TTM Adjusted EBITDA	16,276	16,491	17,409	18,293	21,997

Net Debt : EBITDA(x)



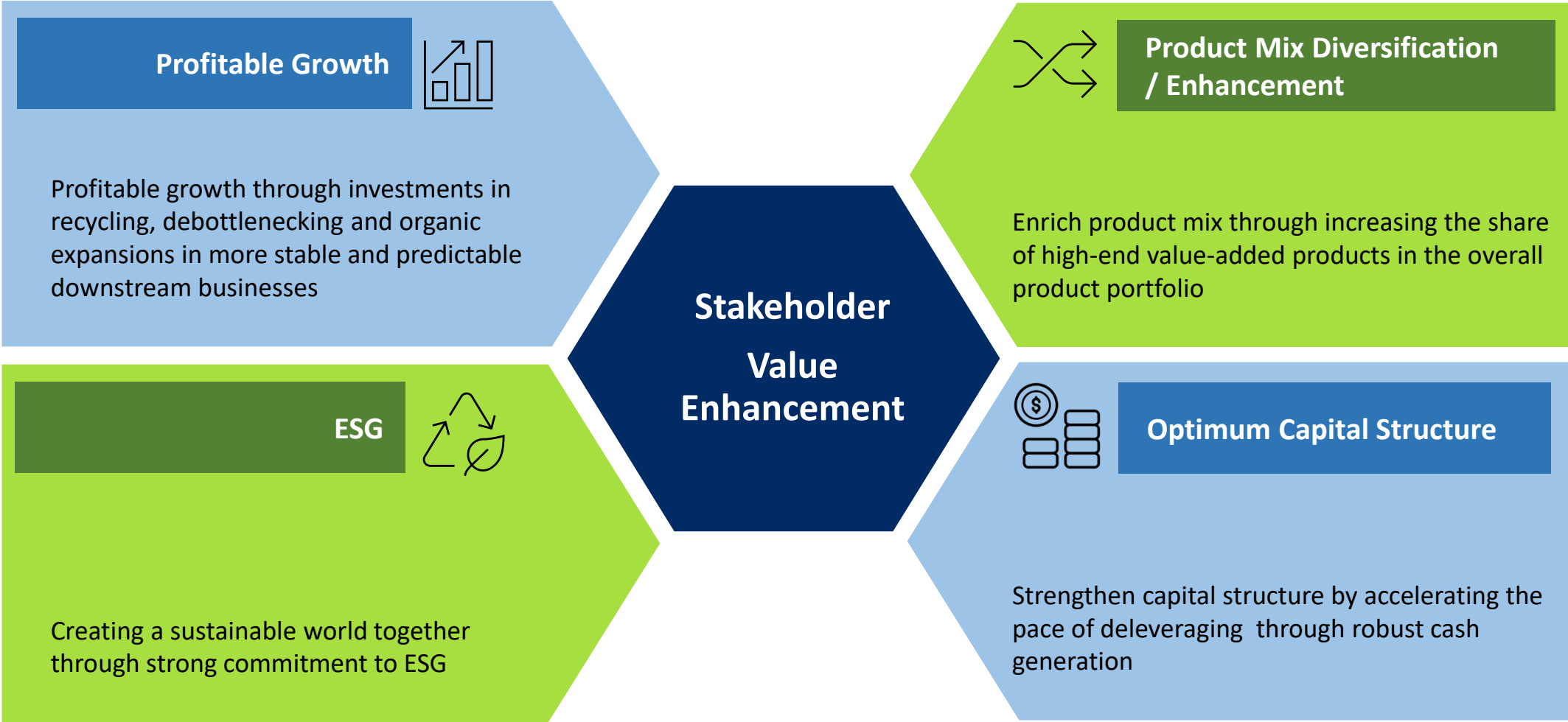
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In Summary

Key Focus Areas





Thank You

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Annexures

Consolidated – Key Financials

Particulars (₹ Crore)	Q1 FY21	Q4 FY21	Q1 FY22	Change YoY %	QoQ Change %
Revenue from Operations	25,283	40,507	41,358	64%	2%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)					
<i>Novelis*</i>	1,919	3,705	4,090	113%	10%
<i>Aluminium</i>	973	1,820	2,352	142%	29%
<i>Copper</i>	66	322	261		-19%
<i>All Other Segments</i>	1	13	(6)		
Business Segment EBITDA	2,959	5,860	6,697	126%	14%
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	(600)	(15)	93		
EBITDA	2,359	5,845	6,790	188%	16%
Finance Costs	992	903	820	17%	9%
PBDT	1,367	4,942	5,970	337%	21%
Depreciation & Amortisation (including impairment)	1,551	1,722	1,649	-6%	4%
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	3	-	2		
Profit before Exceptional Items and Tax	(181)	3,220	4,323	2488%	34%
Exceptional Income/ (Expenses) (Net)#	(419)	34	230		
Profit Before Tax (After Exceptional Item)	(600)	3,254	4,553	859%	40%
Tax	(31)	1,309	1,299		
Profit/ (Loss) from Continuing Operations	(569)	1,945	3,254	672%	67%
<i>Profit/ (Loss) from Discontinued Operations</i>	(140)	(17)	(467)		
Profit/ (Loss) After Tax	(709)	1,928	2,787	493%	45%

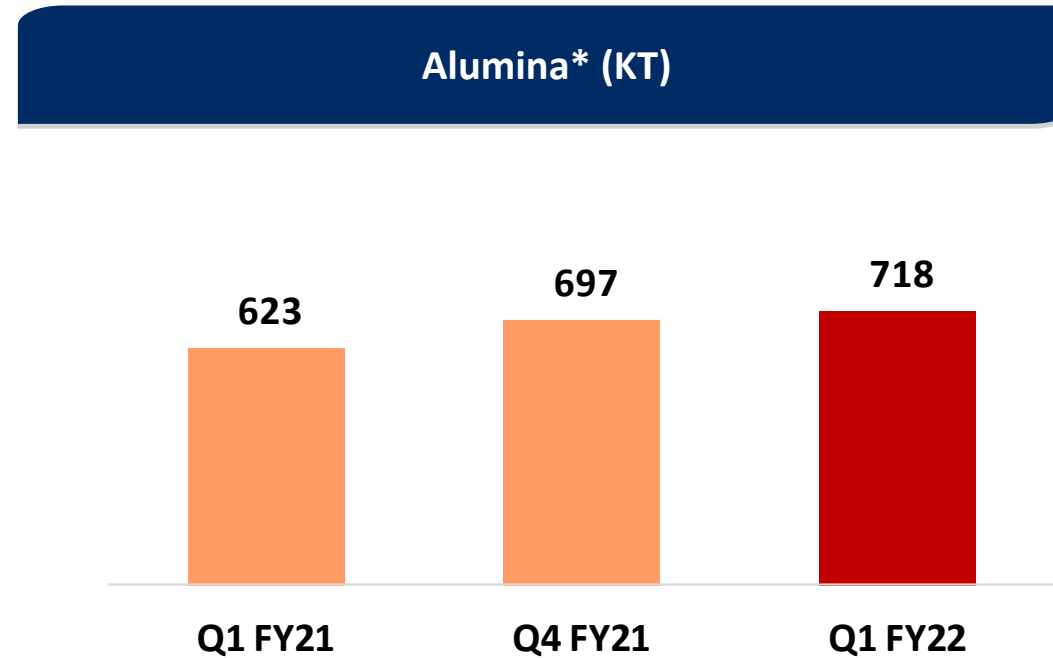
*As per US GAAP ; # Exceptional Income / (Expenses) for Q1FY22, exclude ₹346 crore (net of litigation cost of ₹9 crore) which represents the principal portion on PIS and COFINS related tax credit income as it is included in the Novelis segment result.

Hindalco (India) Business – Key Financials

(₹ Crore)

Particulars	Q1 FY21	Q4 FY21	Q1 FY22	YOY Change %	QoQ Change%
Revenue from Operations	7,464	14,471	13,349	79%	-8%
<u>EBITDA</u>					
<i>Aluminium</i>	973	1,820	2,352	142%	29%
<i>Copper</i>	66	322	261	295%	-19%
<i>Other Segments</i>	1	7	1	0%	-86%
Business Segment EBITDA	1,040	2,149	2,614	151%	22%
<i>Unallocable Income/ (Expense) (Net)</i>	98	(248)	(101)		
EBITDA	1,138	1,901	2,513	121%	32%
Finance Costs	457	359	373	18%	-4%
PBDT	681	1,542	2,140	214%	39%
Depreciation	514	526	525	-2%	
Profit before Exceptional Items and Tax	167	1,016	1,615	867%	59%
Exceptional Income/ (Expenses) (Net)	(39)	23	-		
Profit Before Tax (After Exceptional Item)	128	1,039	1,615	1162%	55%
Tax	44	386	578		
Profit/ (Loss) After Tax	84	653	1,037	1135%	59%

Production – Alumina



- Total Alumina production was up 15% YoY and 3% sequentially in Q1 FY22
- Production at Utkal Alumina refinery was 425 Kt in Q1 FY22 after the ramp up post maintenance shutdown taken in Q4 FY21

*Hydrate as Alumina



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