

11<sup>th</sup> February, 2020

<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, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 <b>Scrip Code: HINDALCO</b>
Mr. Daniel Schammo <b>Banque Internationale A Luxembourg Societe Anonyme</b> 69, Route d'Esch L-2953 LUXEMBOURG Fax No. 00 352 4590 2010 Tel. NO. 00 352 4590-1	

**Sub: Investor Presentation of Novelis Inc. (wholly owned subsidiary of Hindalco Industries Limited “the Company”) Q3 FY20**

**Ref: Regulation 30 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

Enclosed herewith is the Investor Presentation of Novelis Inc. (wholly owned subsidiary) of the Company for the quarter and nine months ended 31<sup>st</sup> December, 2019.

Thanking you

Yours faithfully

**For HINDALCO INDUSTRIES LIMITED**

  
**ANIL MALIK**

**President & Company Secretary**

Encl: as above

# NOVELIS Q3 FISCAL 2020 EARNINGS CONFERENCE CALL

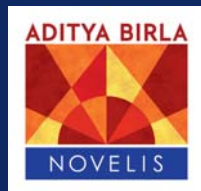
February 11, 2020

**Steve Fisher**

President and Chief Executive Officer

**Dev Ahuja**

Senior Vice President and Chief Financial Officer



Novelis

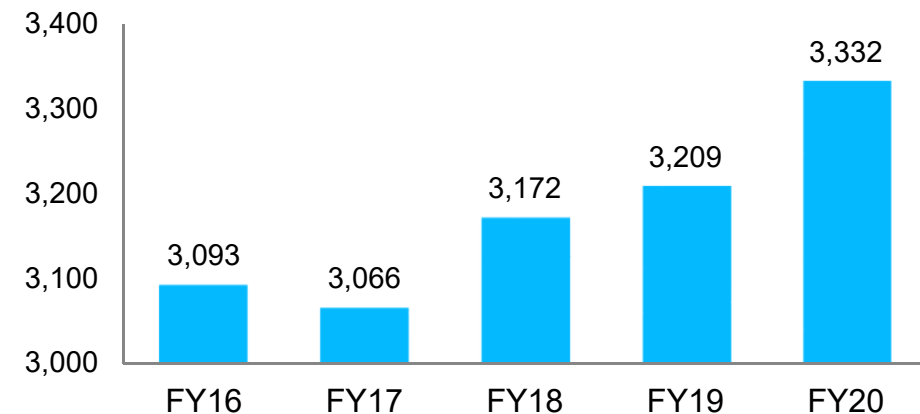
## Forward-looking statements

Statements made in this presentation which describe Novelis' 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," "estimates," "projects," "forecasts," or similar expressions. Examples of forward looking statements in this news release are statements about our expectation that commercial shipments from our new Guthrie, Kentucky plant will commence in the coming months. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and Novelis' 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, 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, including the proposed acquisition of Aleris Corporation and related 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; 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 our Annual Report on Form 10-K for the fiscal year ended March 31, 2019.

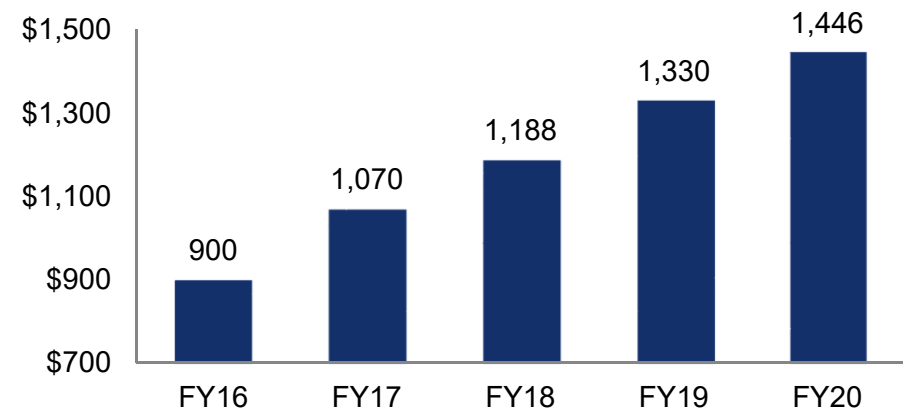
# BUSINESS HIGHLIGHTS

- Strong Q3 operational and financial performance
- Successful \$1.6 billion bond issuance
- Continued strong demand for lightweight, recyclable aluminum flat rolled sheet across end markets
- Organic expansion projects remain on track; commissioning has begun at Guthrie
- Committed to the Aleris acquisition

Trailing Twelve Month ending December 31 Shipments  
(kilotonnes)



Trailing Twelve Month ending December 31 Adjusted EBITDA  
(\$ millions)



## Beverage Can

- Overall demand trends strong
- Growth in emerging markets
- Package mix shift from other substrates to aluminum
- New beverage types released in aluminum
- Rising consumer preference favors sustainable aluminum packaging

## Automotive

- Continued lightweighting trends globally
- Exposure to trucks, SUVs, electric & premium vehicles
- North America market and auto build rates remain strong
- Europe is overall steady
- Signals that China automotive market is bottoming out, barring coronavirus impact

## Specialties

- Increased non-Chinese competition in North America, but steady demand and outlook
- Increasing competition with Chinese imports in regions outside U.S.
- Novelis capacity constraints create opportunities for portfolio optimization



# NEW GUTHRIE PLANT BEGINS COMMISSIONING

Novelis

- Greenfield Kentucky automotive finishing plant is on time and on budget
  - \$300 million strategic capital expenditure investment substantially complete
  - Plant commissioning now underway
  - Capacity of ~200kt pre-treatment and ~100kt heat-treatment to be used in vehicle production
  - Customer shipments in early FY21



- Continue to work through regulatory and closing process
- European Commission approval of buyer of Aleris' Duffel plant is the only pending item to closing the transaction
  - Received approval in the US; will enter arbitration with DoJ to determine our ability to acquire Aleris' automotive plant in Lewisport, Kentucky
  - On December 20, 2019, received approval in China subject to divestment of Duffel plant after the closing of the Aleris acquisition
  - Conditional approval granted in Europe, pending EC approval of a buyer of Aleris' automotive plant in Duffel, Belgium
- Remain fully committed to completing the transaction as quickly as possible



# FINANCIAL HIGHLIGHTS

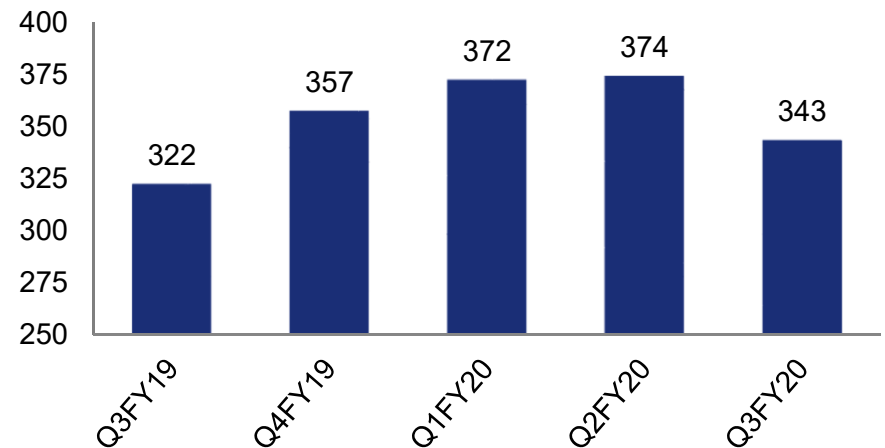


# Q3 FISCAL 2020 FINANCIAL HIGHLIGHTS

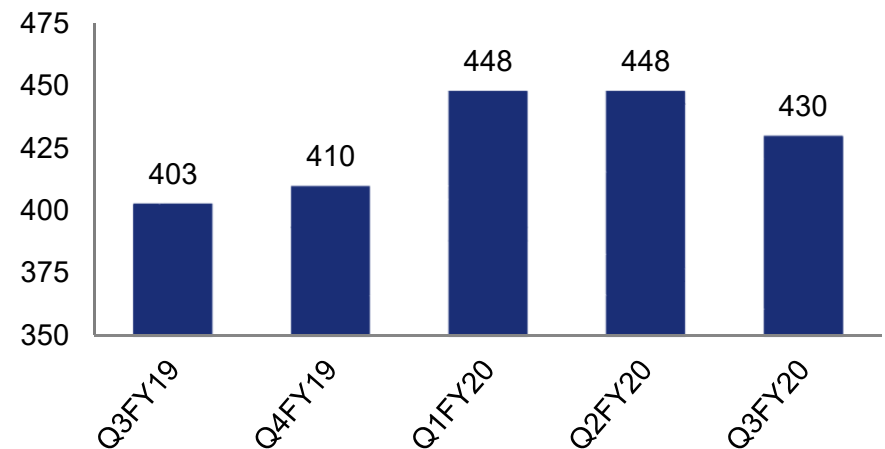
Q3FY20 vs Q3FY19

- Net income of \$107 million
  - Excluding tax-effected special items\*, net income of \$132 million compared to \$101 million in the prior year
- Adjusted EBITDA up 7% from \$322 million to \$343 million
- Adjusted EBITDA per ton \$430
- Sales down 10% to \$2.7 billion on 12% decline in average LME aluminum price and local market premiums
- Total FRP Shipments flat at 797 kilotonnes

Quarterly Adjusted EBITDA (\$ millions)



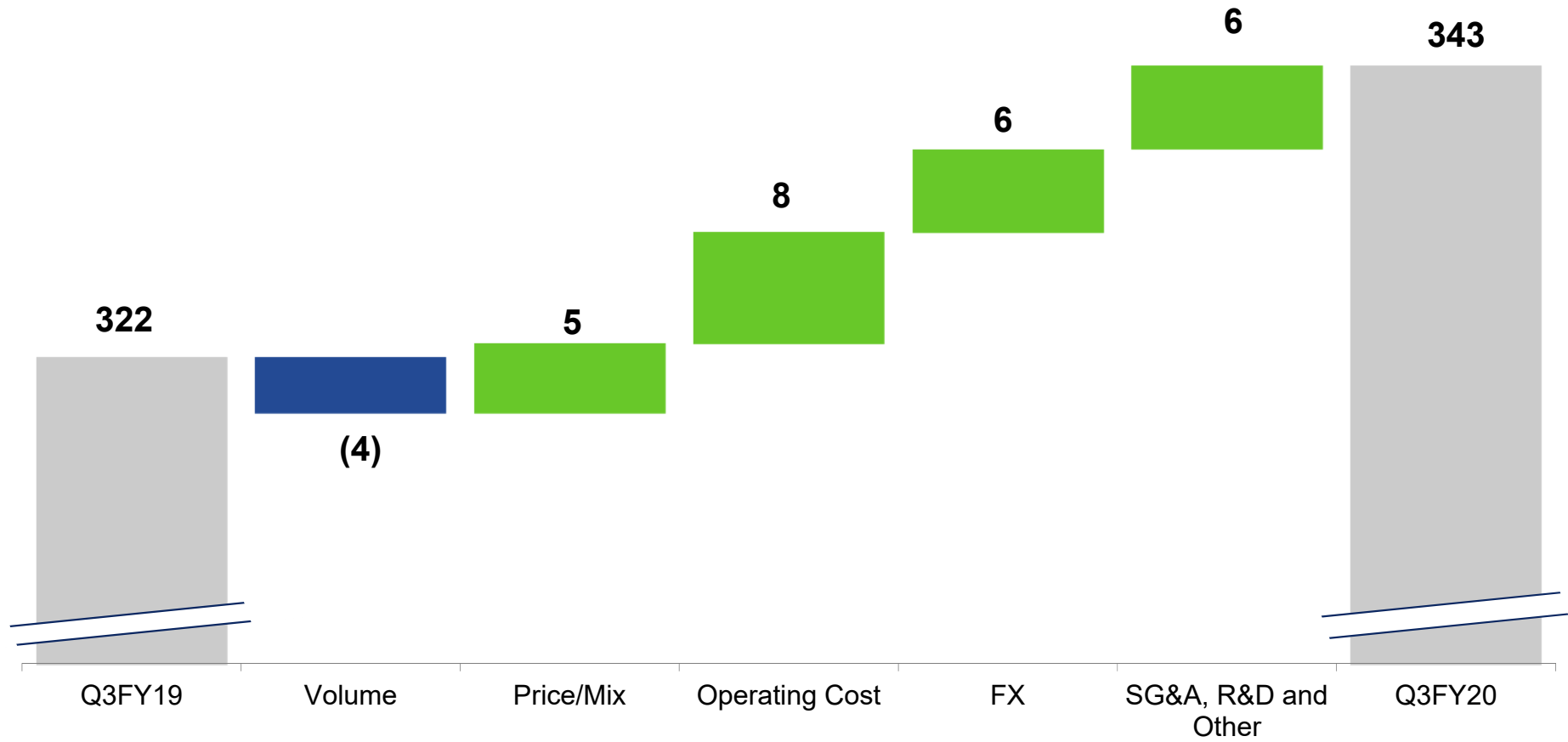
Quarterly Adjusted EBITDA per ton (\$)



\*Tax-effected special items may include restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt, loss on sale of business, business acquisition and other integration costs.

# Q3 ADJUSTED EBITDA BRIDGE

\$ Millions

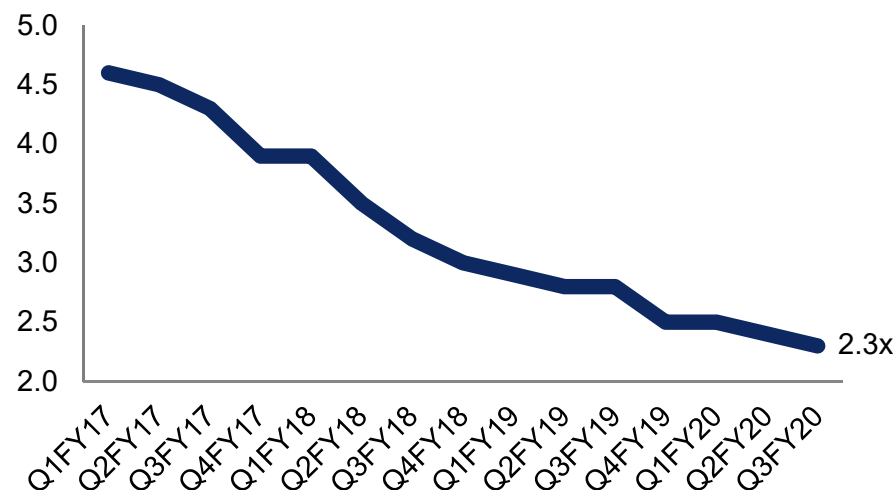


# FREE CASH FLOW AND NET LEVERAGE

\$ Millions	YTD FY20	YTD FY19
Adjusted EBITDA	1,089	1,011
Interest paid	(176)	(189)
Taxes paid	(142)	(125)
Working capital & other	(288)	(360)
<b>Free cash flow before CapEx</b>	<b>483</b>	<b>337</b>
Capital expenditures	(422)	(210)
<b>Free cash flow</b>	<b>61</b>	<b>127</b>

Prior period is adjusted to conform to current presentation

Net Leverage ratio  
Net debt/TTM Adjusted EBITDA



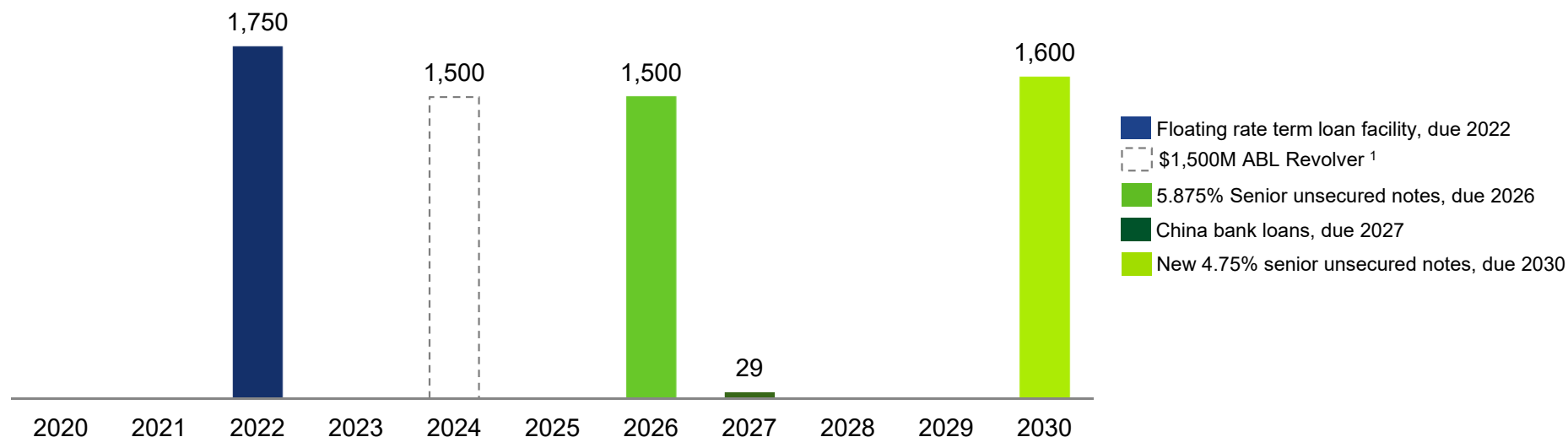
- Free cash flow before capital expenditures increased 43%
- YTD capital expenditures doubled YoY to \$422 million, primarily to support strategic capacity expansions
- Net leverage ratio further reduced to 2.3x
- Strong total liquidity position \$1.9 billion

# SUCCESSFUL BOND ISSUANCE

- In January, issued \$1.6 billion senior unsecured notes due 2030, at 4.75%
- Proceeds used to repay \$1.15 billion 6.25% senior unsecured notes due 2024, and finance portion of pending Aleris transaction
- Extends debt maturity profile at attractive rates

## Novelis debt maturity profile

(\$ millions)



1) On October 15, 2019, we amended and increased our existing \$1,000 million ABL Facility by \$500 million. At December 31, 2019, the ABL revolver had zero balance.

# SUMMARY



# SUMMARY

- Record Q3 Adjusted EBITDA up 7% YoY
- Strong free cash flow before capital expenditures up 43% YoY
- Net leverage falling to 2.3x despite increased capital spending on strategic capacity expansions
- Strategic investments to strengthen our business for the long term continue to progress
- Maintain positive demand outlook for infinitely recyclable, lightweight aluminum FRP

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**THANK YOU**  
**QUESTIONS?**

# APPENDIX

# NET INCOME RECONCILIATION TO ADJUSTED EBITDA



(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20	Q2 FY20	Q3 FY20
<b>Net income attributable to our common shareholder</b>	<b>137</b>	<b>116</b>	<b>78</b>	<b>103</b>	<b>434</b>	<b>127</b>	<b>123</b>	<b>107</b>
- Noncontrolling interests	-	-	-	-	-	-	-	-
- Income tax provision	53	64	37	48	202	63	45	49
- Interest, net	63	66	64	65	258	62	58	57
- Depreciation and amortization	86	86	88	90	350	88	88	91
<b>EBITDA</b>	<b>339</b>	<b>332</b>	<b>267</b>	<b>306</b>	<b>1,244</b>	<b>340</b>	<b>314</b>	<b>304</b>
- Unrealized (gain) loss on derivatives	4	(1)	6	1	10	(6)	(3)	(6)
- Realized (gain) loss on derivative instruments not included in segment income	-	(1)	-	(1)	(2)	2	1	(1)
- Proportional consolidation	16	15	14	13	58	15	14	13
- (Gain) loss on sale of fixed assets	3	(1)	2	2	6	(1)	(1)	1
- Restructuring and impairment, net	1	-	1	-	2	1	32	3
- Metal price lag (income) expense	(33)	(1)	13	25	4	2	5	11
- Business acquisition and other integration costs	2	8	14	9	33	17	12	17
- Other, net	2	4	5	2	13	2	-	1
<b>Adjusted EBITDA</b>	<b>\$334</b>	<b>\$355</b>	<b>\$322</b>	<b>\$357</b>	<b>\$1,368</b>	<b>\$372</b>	<b>\$374</b>	<b>\$343</b>

# FREE CASH FLOW AND LIQUIDITY

(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20	Q2 FY20	Q3 FY20
Cash provided by (used in) operating activities	48	162	114	404	728	57	240	167
Cash provided by (used in) investing activities	(52)	(291)	(91)	(123)	(557)	(149)	(127)	(124)
Plus: Cash used in the acquisition of assets under a capital lease	-	239	-	-	239	-	-	-
Less: (proceeds) outflows from sale of assets, net of transaction fees, cash income taxes and hedging	-	(2)	-	-	(2)	(2)	(1)	-
<b>Free cash flow</b>	<b>\$(4)</b>	<b>\$108</b>	<b>\$23</b>	<b>\$281</b>	<b>\$408</b>	<b>\$(94)</b>	<b>\$112</b>	<b>\$43</b>
Capital expenditures	54	60	96	141	351	162	138	122

"Free cash flow" consists of: (a) "net cash provided by (used in) operating activities," (b) plus "net cash provided by (used in) investing activities" (c) plus cash used in the "Acquisition of assets under a capital lease", and (d) less "proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging". All prior periods presented conform to the presentation adopted for the current period.

(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20	Q2 FY20	Q3 FY20
Cash and cash equivalents	853	829	797	950	950	859	935	1,031
Availability under committed credit facilities	1,059	907	884	897	897	870	875	838
<b>Liquidity</b>	<b>\$1,912</b>	<b>\$1,736</b>	<b>\$1,681</b>	<b>\$1,847</b>	<b>\$1,847</b>	<b>\$1,729</b>	<b>\$1,810</b>	<b>\$1,869</b>