



Investor Presentation

HINDALCO INDUSTRIES LTD ... FY2015

Contents...



Highlights and Financial Performance

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Review – Copper Business

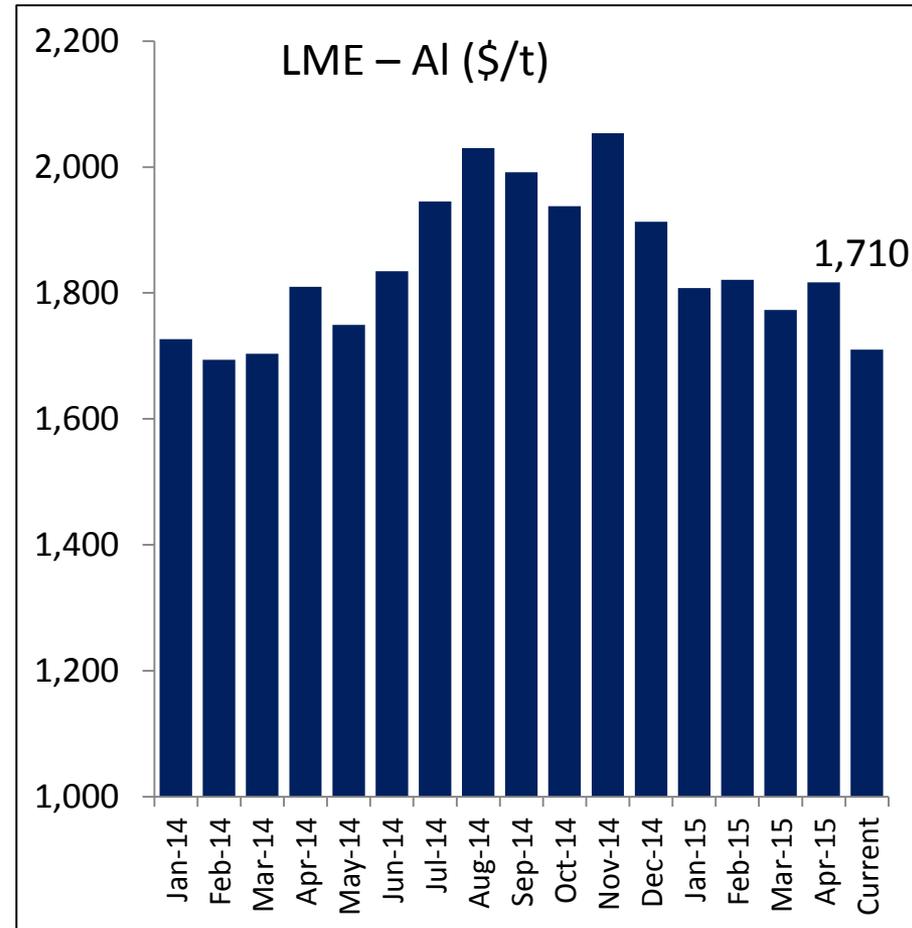
World Economy: Divergence persists

Financial markets showing increased volatility

- Mixed signals: US recovering, While Europe staring at possible deflation...
- ECB and BOJ announced QE that resulted in stock market rise
- Weakness in Euro and commodities , Specter of Rising interest rates in the US has increased uncertainty
- India showing signs of early recovery, but China slowing down
- Crude dynamics impacting sentiments

Aluminium: Realizations have softened recently

- Global aluminium market likely to witness surplus of ~0.3 Mn t in 2015
- Rising market surplus in China – leading to a jump in exports
- Premiums have collapsed
- Long-term growth prospects – both in India and globally – continue to be bright



FY15: Highlights...

Aluminium (India)

- ⦿ Record Volumes as facilities ramp up
- ⦿ YOY EBIT jumped 44%
- ⦿ Won 4 coal blocks in auction

Novelis

- ⦿ Shipments increased in all regions
- ⦿ Strategic rolling expansions driving higher shipments, Auto story set to play out

Copper (India)

- ⦿ Strong Operational performance
- ⦿ Record Production Volumes
- ⦿ EBIT up 62%... Best ever...

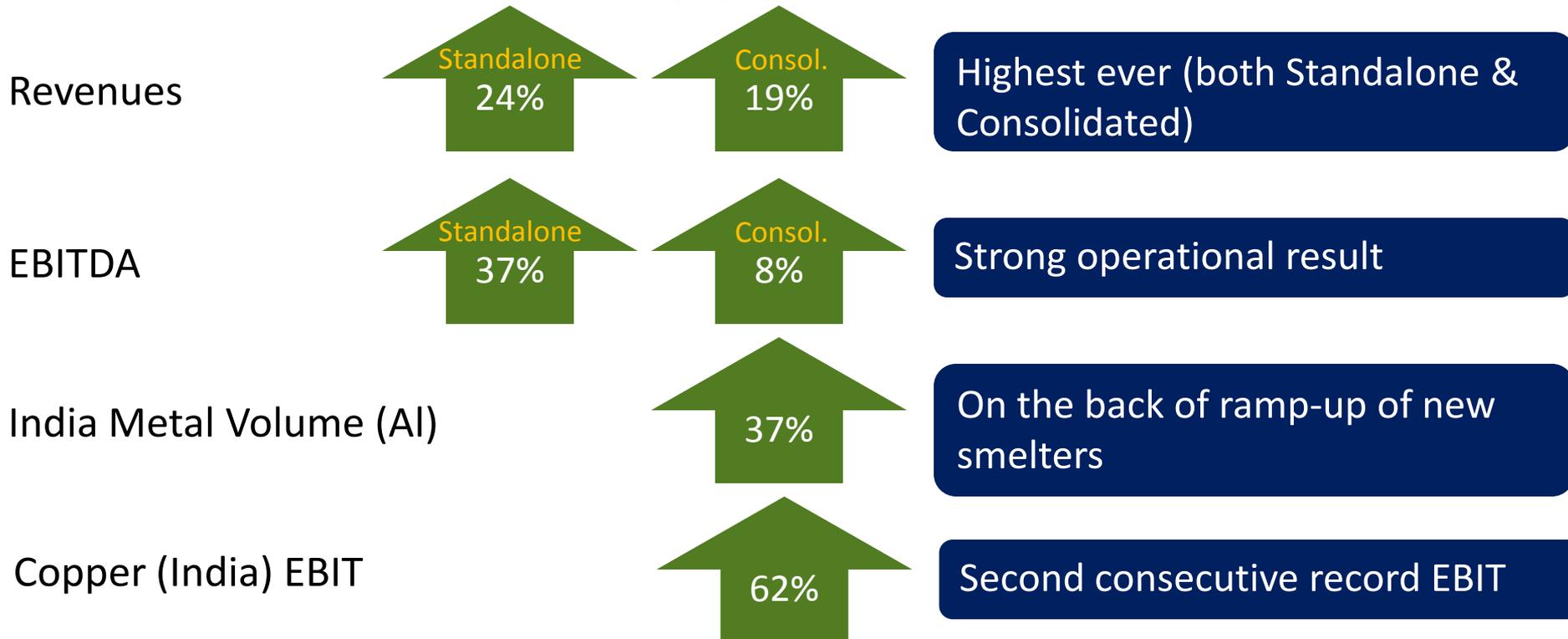
All round improvement in performance

Highlights: FY15



Consolidated Revenue \$17.1 Bn, PBITDA \$1.6 bn

FY15 vs. FY14



Despite better operational results, higher interest cost and exceptional items have depressed the bottomline

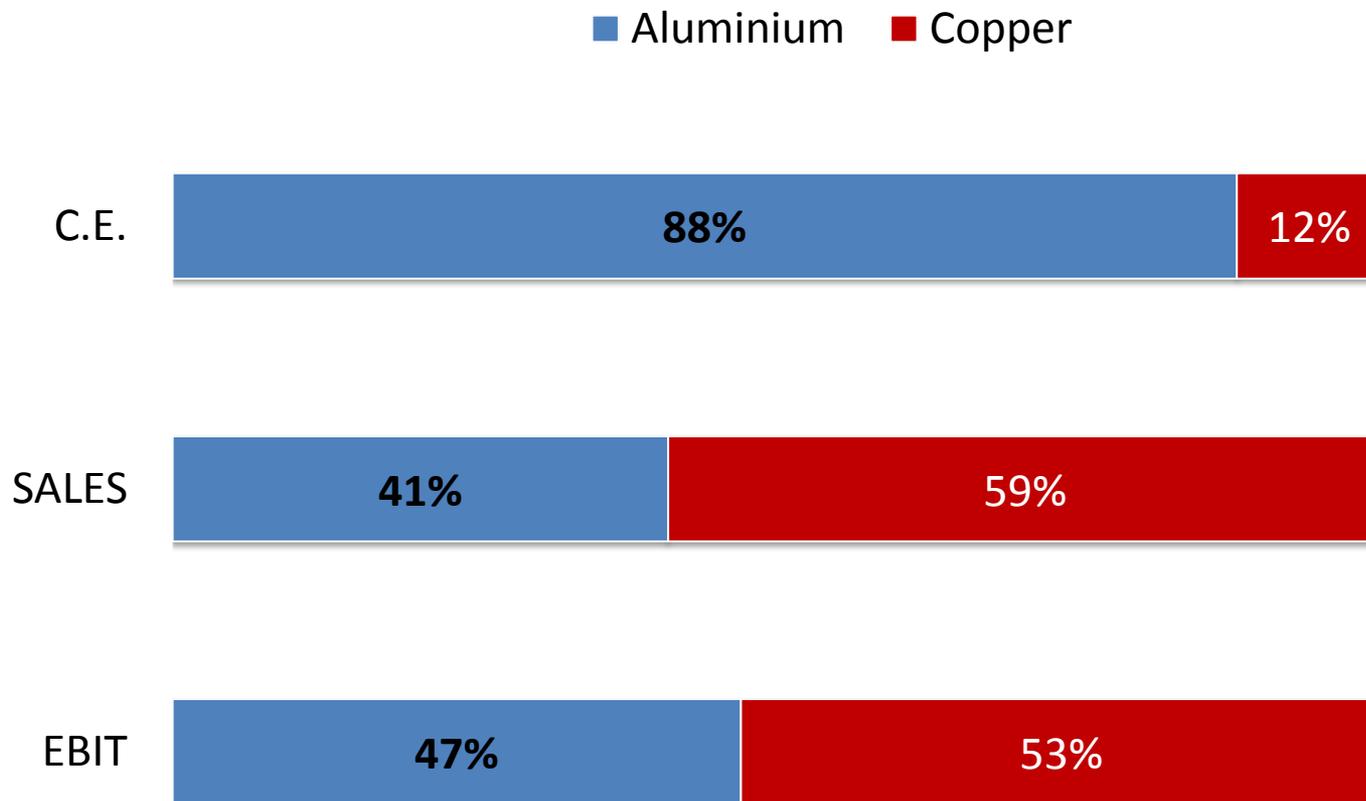
Financial Performance – Standalone FY15



(₹) Cr	FY15	FY14	Change %
Net Sales	34,525	27,851	24%
Other Income	882	1,124	(22)%
PBITDA	4,299	3,616	19%
Depreciation	(837)	(823)	2%
Interest	(1,637)	(712)	130%
PBT before exceptional	1,825	2,081	(12)%
Exceptional items*	(578)	(396)	
PBT	1,247	1,685	(26)%
PAT	925	1,413	(35)%
EPS (₹)	4.48	7.09	(30)%

* See appendix

Segmental Performance – FY 15



*Standalone

Financial Performance – Standalone Q4 FY15

(₹) Cr	Q4 FY15	Q4 FY14	Change % YoY	Q3 FY15	Change %QOQ
Net Sales	9,372	8,435	11%	8,603	9%
Other Income	230	212	8%	212	8%
PBITDA	1,078	1,057	2%	1136	(5%)
Depreciation	(238)	(244)	(3)%	(216)	10%
Interest	(466)	(215)	117%	(447)	4%
PBT before exceptional	374	598	(37)%	472	(21%)
Exceptional items	(146)	(396)	(63)%	---	
PBT	227	202	13%	472	(52%)
PAT	160	248	(36)%	359	(55%)
EPS (₹)	0.77	1.20	3%	1.74	(56%)

Financial Performance – Consolidated FY15



(₹) Cr	FY15	FY14	Change % YoY
Net Sales	104,281	87,695	19%
PBITDA	10,049	9,303	8%
Depreciation	(3,591)	(3,553)	1%
Interest	(4,178)	(2,702)	55%
PBT before exceptional	2,280	3,049	(25)%
Exceptional items	(1,940)	(396)	
PBT	340	2,653	(87)%
PAT	854	2,175	(61)%
EPS (₹)	4.14	10.91	(62)%



Aluminium Business

AI: External Drivers

	FY15	FY14	Q4 FY 15	Q4 FY 14
LME (\$/t)	1,889	1,773	1801	1710
INRUSD	61.2	60.4	62.3	61.8
MJP	392	265	377	313

❖ Coal costs remained at elevated levels

❖ Smelter ramp up got affected due to coal availability on account of infrastructure bottlenecks

While realizations improved, cost of critical resources increased too

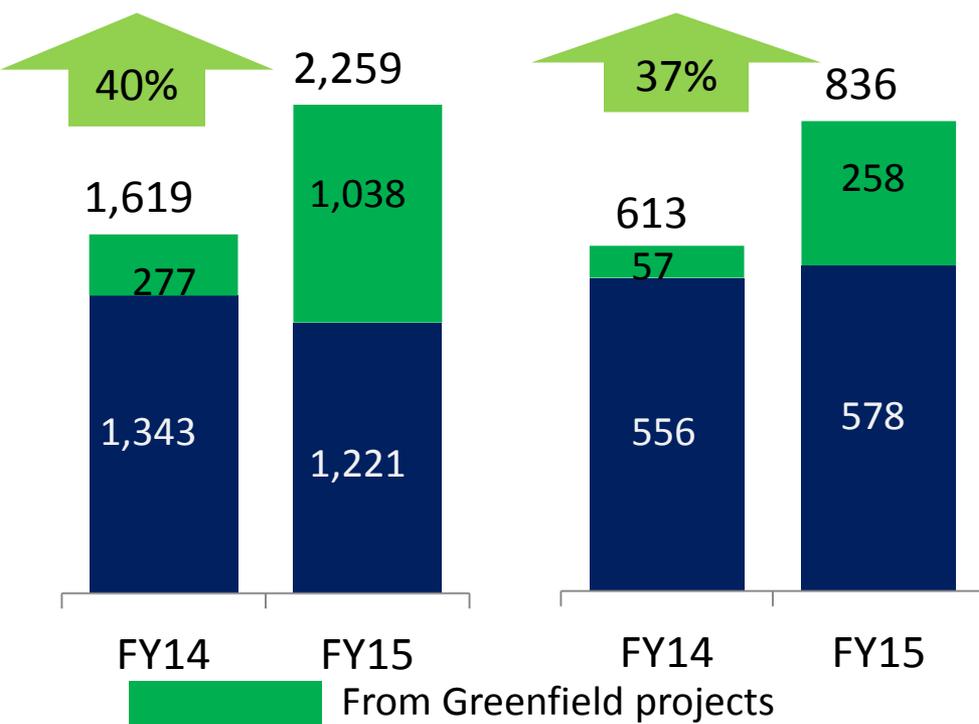
AI: Robust Operational Performance

(Figures in Kt = '000 tonnes)

Record volumes on the back of ramp-up of expansion projects

Alumina
(incl. Utkal)

Al Metal



- ◎ Capability to handle large export volumes established; 334 kt metal exported in FY15
- ◎ Acquired 4 coal blocks

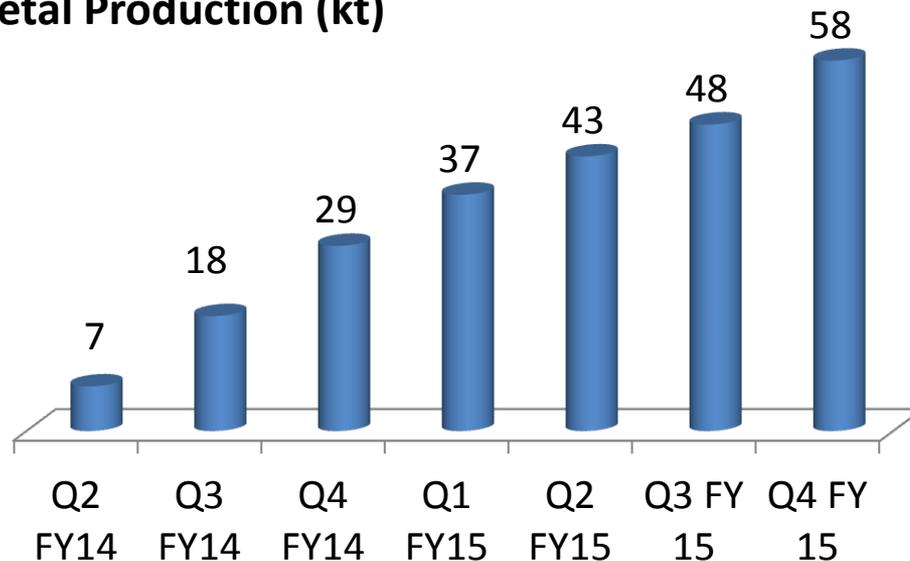
Mahan operating at ~85% capacity and Aditya operating at nearly half capacity at present

New Smelters: ramping Up

Mahan



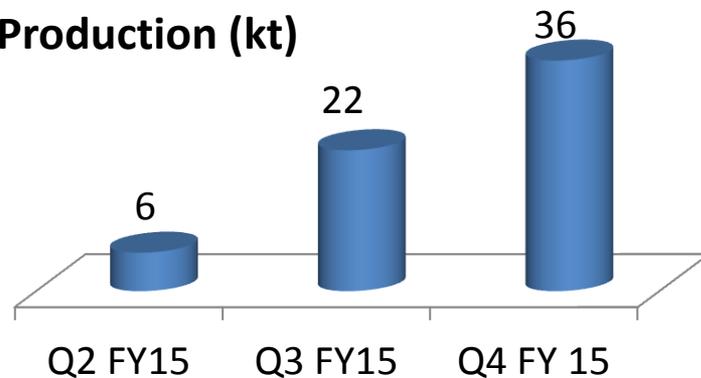
Metal Production (kt)



Aditya



Metal Production (kt)

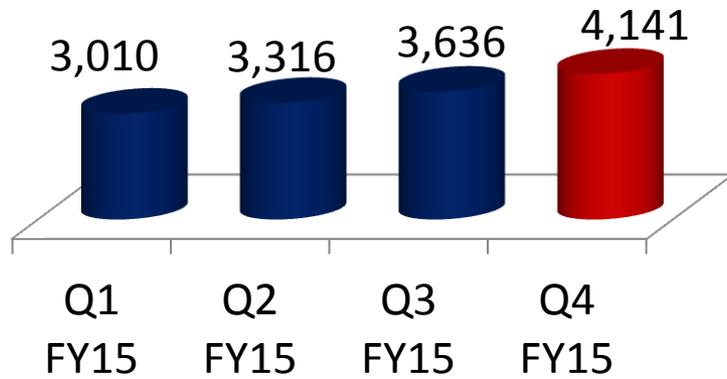


AI: Financial Performance (Standalone, w/o Utkal)

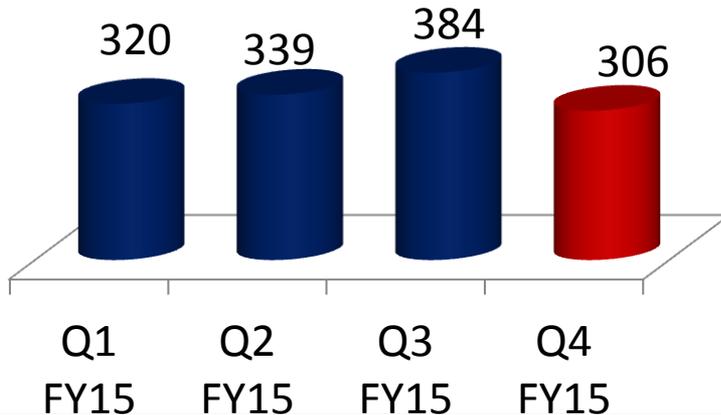


Quarterly Trend

Net Sales (₹ Cr)

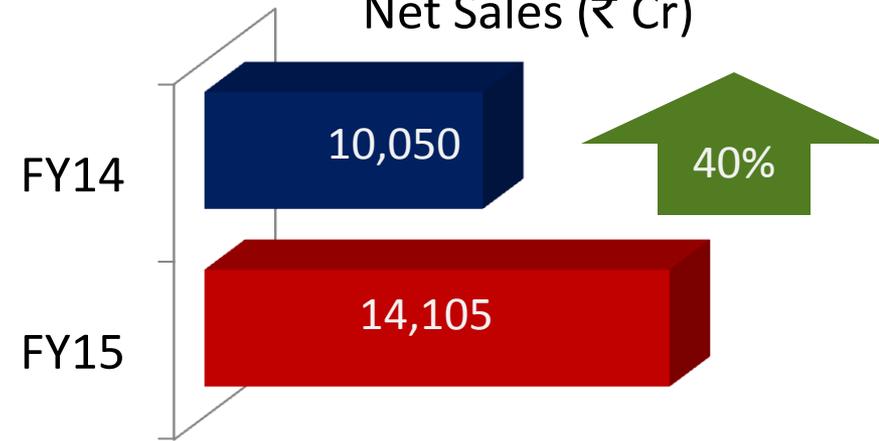


EBIT (₹ Cr)

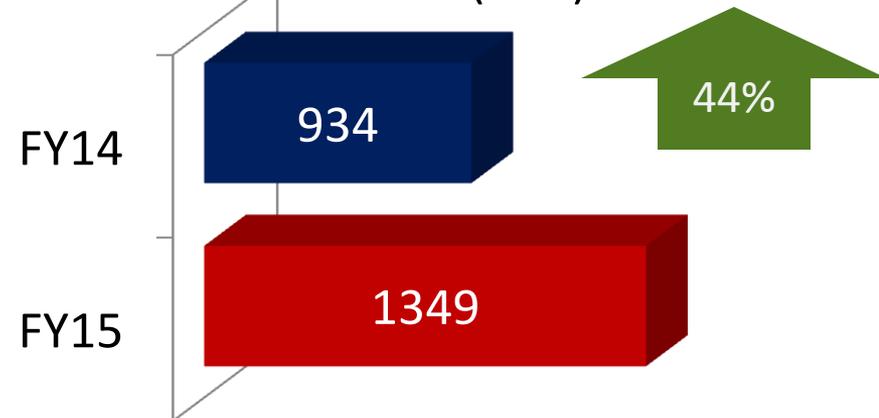


FY15 Performance

Net Sales (₹ Cr)

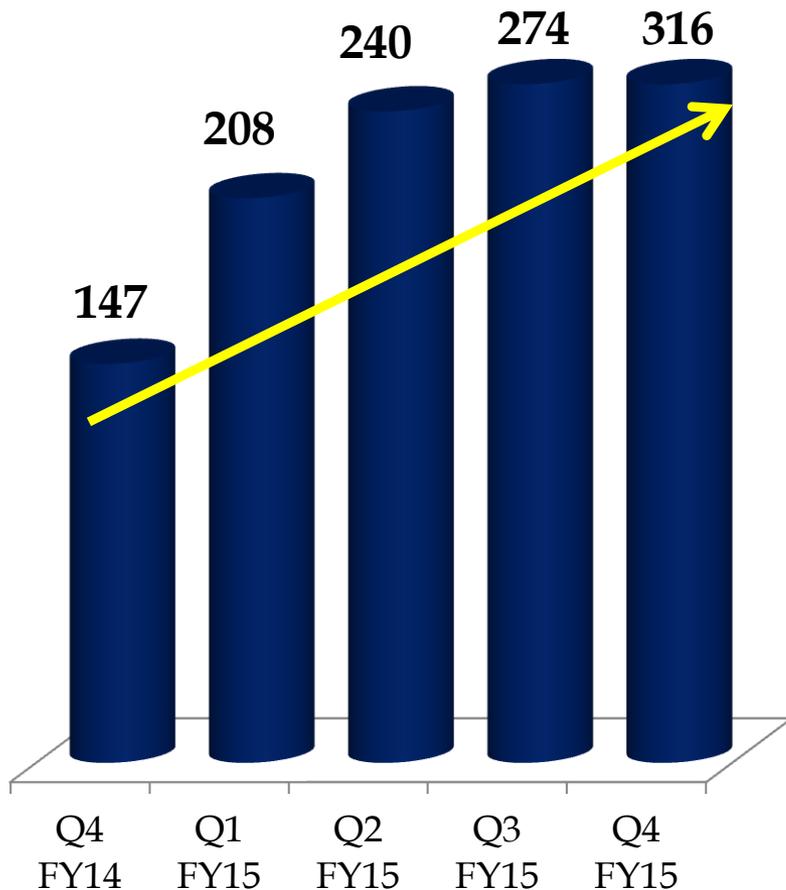


EBIT (₹ Cr)



Utkal: Efficiency gains kicking in...

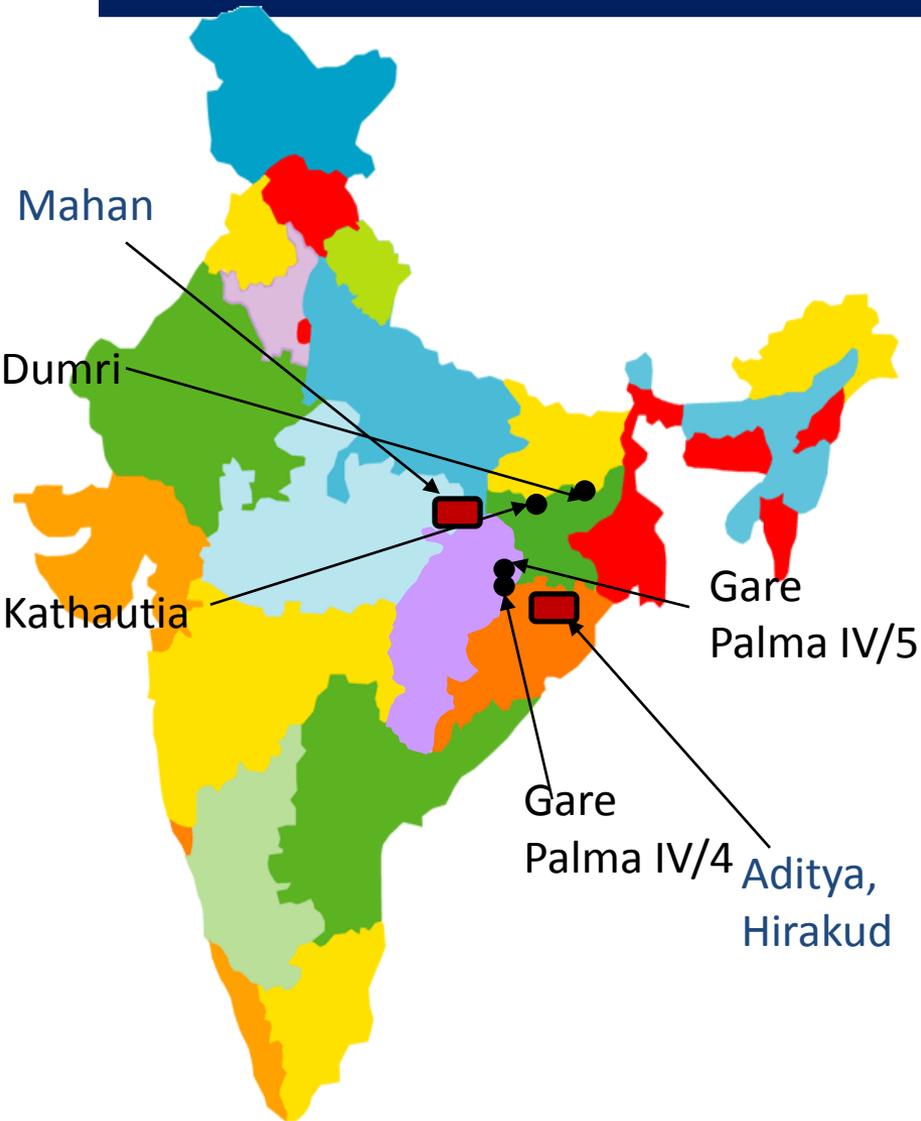
Utkal Alumina Production* ('000 t)



- Plant operating at close to full capacity level
- 288 kt alumina exports in FY15
- Amongst world's lowest cost and one of the best quality producers of alumina
- Long distance conveyor trials started
- UAIL achieved EBITDA of ₹261 crore in FY15

* Hydrate as Alumina

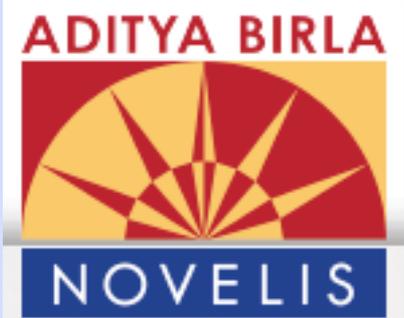
Coal Blocks....



Coal Block	Mineable Reserves (Mn t)	Capacity (Mntpa)
Kathautia (JH)	26	0.8
Gare Palma IV/5 (CG)	41	1.0
Gare Palma IV/4 (CG)	11	1.0
Dumri (JH)	45	1.0

- Fiercely competitive auctions; Hindalco won 4 coal blocks
- Close to 30% of requirement secured, will help in the context of logistics challenges
- Land transfer and State clearances in process
- We will continue to evaluate more reserves in next round of auctions

Novelis



Novelis: FY 15 – Highlights...

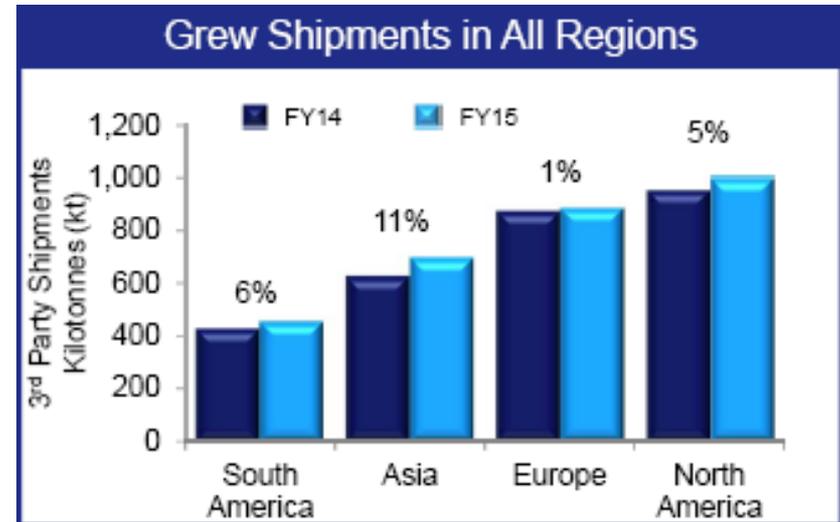
- Grew portfolio of high-recycled content premium products
 - Record total shipments
 - Record automotive shipments
 - Record level of recycled inputs
- EBITDA up 2% to \$902 million
- Free cash flow of \$71 million after funding \$518 million in capital investments
- Net income up 42% to \$148 million; net income excluding certain items up 4% to \$161 million



Novelis.... Highlights

- ◎ Shipments up 5% yoy; grew in all regions
 - *Strong growth in Asia and South America on the back of rolling expansions in Korea and Brazil*

- ◎ Strong progress on strategic priorities
 - *Auto shipments up 45% (yoy) in Q4*
 - *Q4 recycled content at 53%*
 - *Additional auto lines in Germany and US on track to begin commissioning by end CY15*



Copper Business



Cu: Favourable Industry Trends...

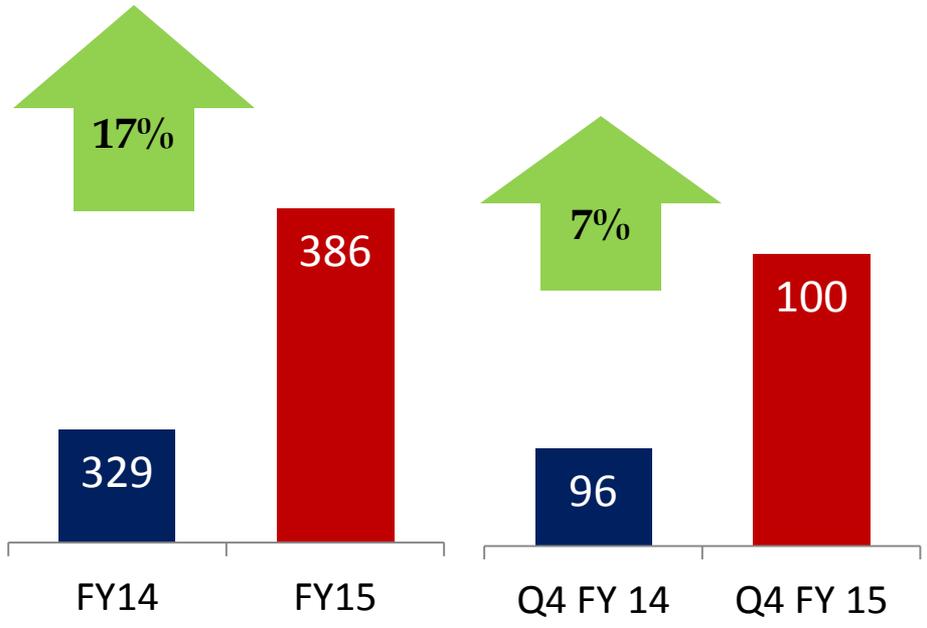
	FY15 vs. FY14	Impact (YoY)
TCRC	Higher	
LME (\$/t)	Lower	
Exch. Rate (₹/\$)		
Acid Price	Higher	
DAP Realization	Higher	

Cu: Robust Production Performance

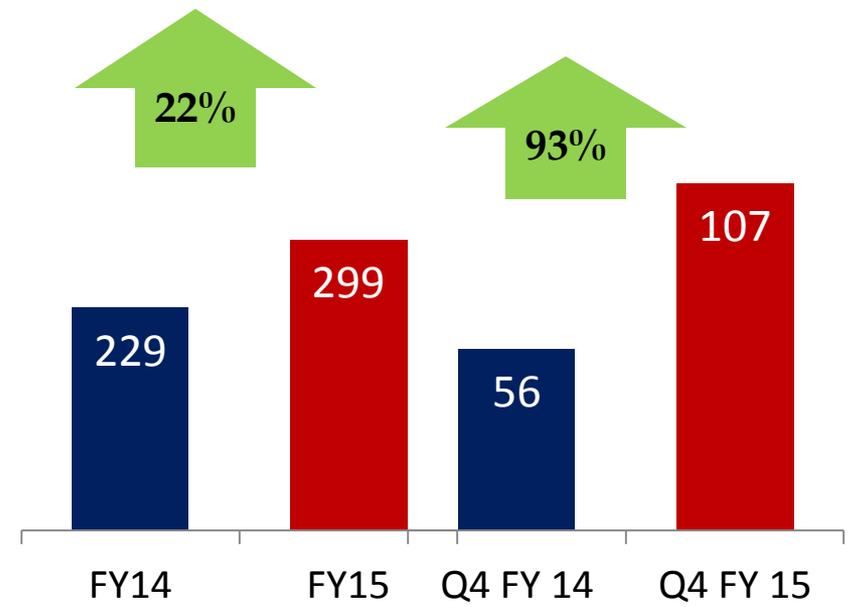
Volumes in Kt = '000 t



Cathode



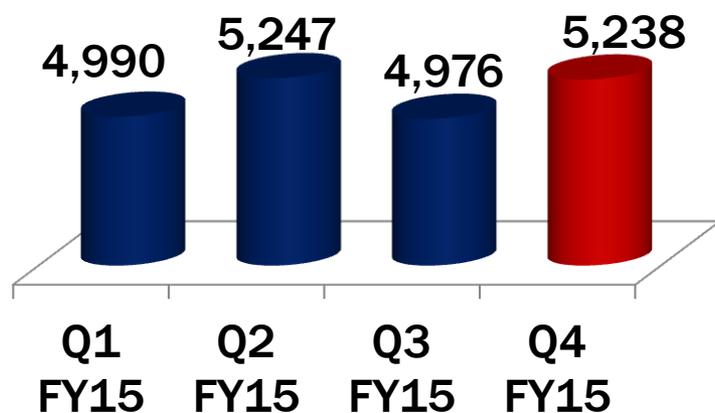
DAP



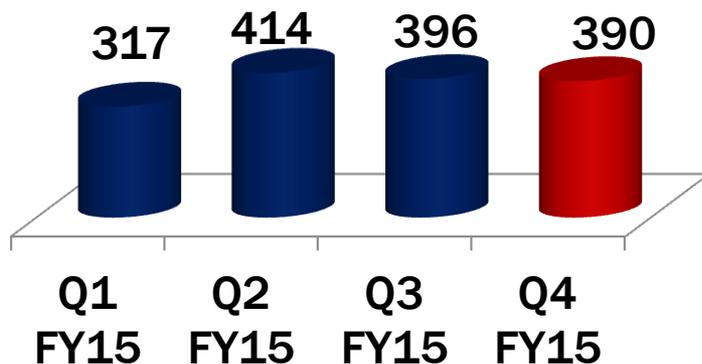
Strong Production growth

Cu: Financial Performance

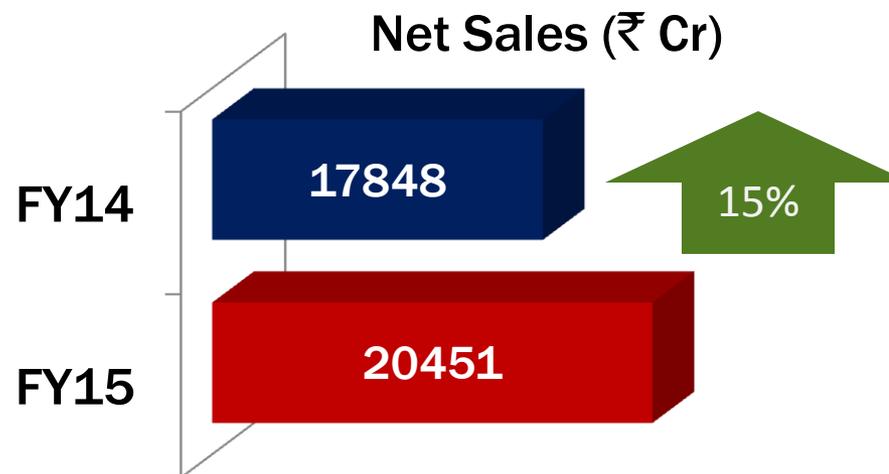
Quarterly Trend
Net Sales (₹ Cr)



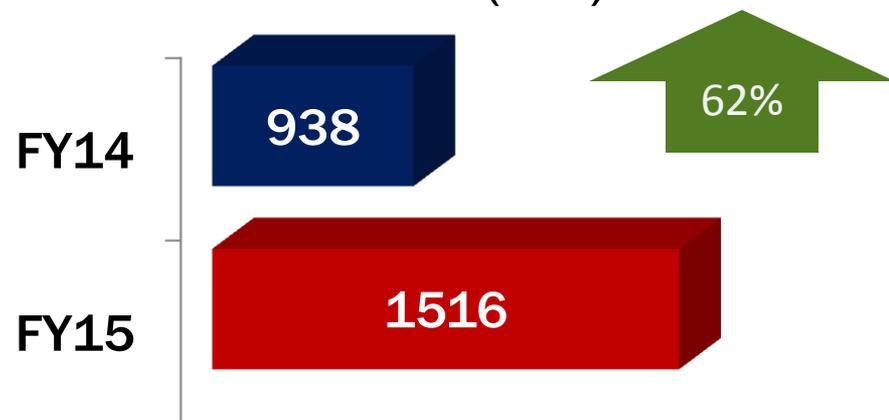
EBIT (₹ Cr)



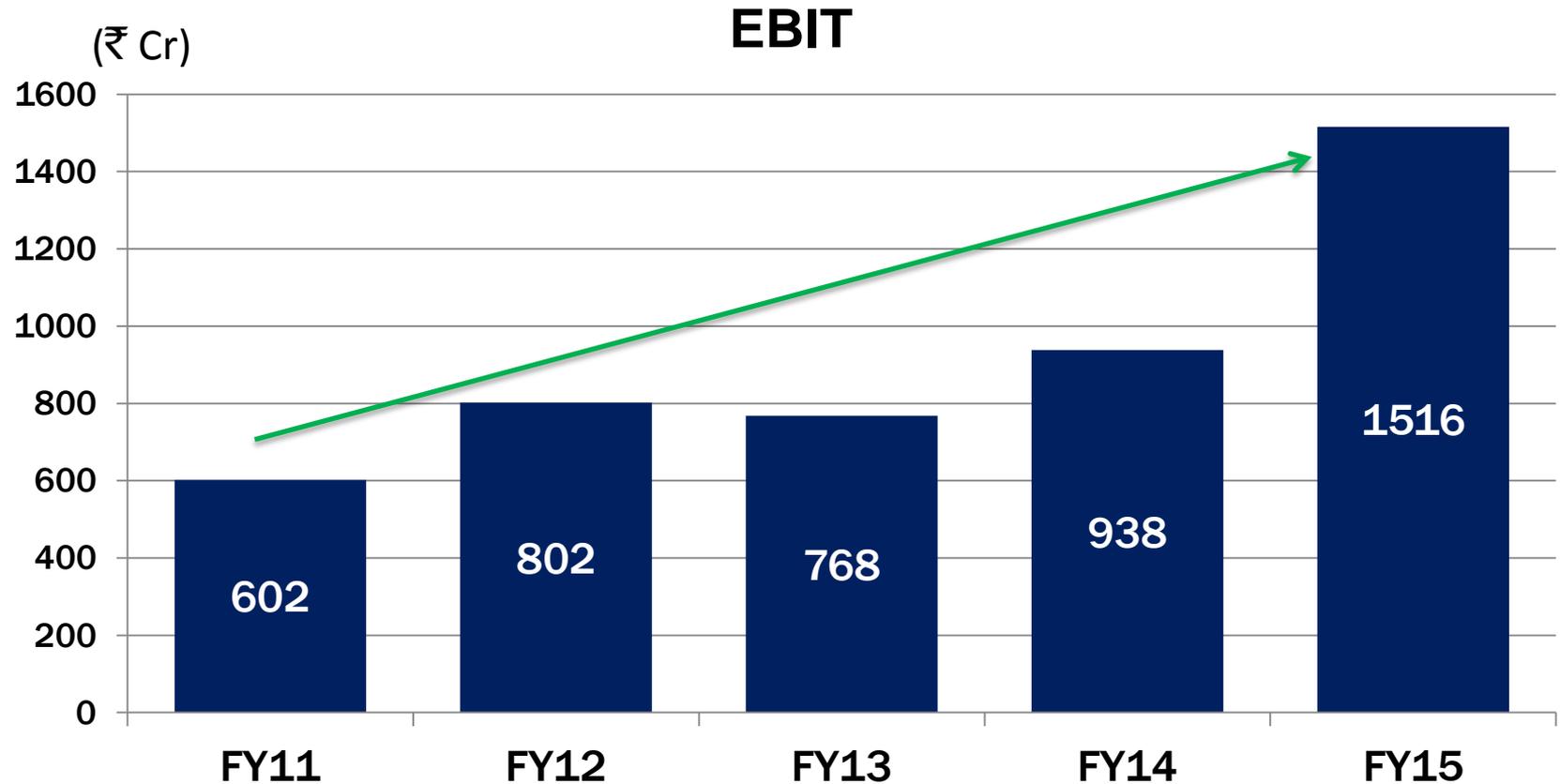
FY15 Performance
Net Sales (₹ Cr)



EBIT (₹ Cr)



Cu: Contributing in Challenging times...



EBIT – 2.5X in 4 years

ABML: FY15 performance affected by Sinkhole incident



- ⦿ Nifty mine operations were gradually restarted from mid-July 2014
- ⦿ Ore production @1.4 mtpa annual rate achieved in Q4 FY15 (Near-term target to operate mine @1.5-1.7 mtpa)
- ⦿ Copper production down to 12.7 kt in FY15 from 44.6 kt in FY14
 - ❑ *Grade also significantly lower (1.56% in FY15 vs. 2.08% in FY14)*
- ⦿ EBITDA was negative A\$35 mn in FY15 due to low volumes, fall in LME and significant cost (A\$22 mn) during suspension period

Company Board has planned a Strategic Review to maximize shareholder value

Overall Outlook

- ❖ Aluminium business will continue to face pressures because of structurally higher-than-envisaged coal prices and sharp drop in Al premium
- ❖ Outlook for Copper business broadly positive on the back of favourable TCRC and robust performance of smelter
- ❖ Novelis will focus on operational excellence, value enhancement and increasing productivity of new assets, in the face of some softness in the business environment

We expect operational performance to keep moving north, though macroeconomic uncertainties persist



Thank you

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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.

- Exceptional Items (Net) of Rs. 578 crore include:
 - Rs. 563 crore towards additional levy of Rs. 295/- per MT on extracted coal for the period up to 30th September, 2014.
 - Rs. 258 crore towards provision for diminution in the carrying value of investments in Aditya Birla Minerals Limited, Australia, a subsidiary of the Company.
 - Reversal of Rs. 29 crore out of the liability provided for in the previous year on account of the UP Tax on Entry of Goods into Local Areas Act, 2007 (UP Entry Tax), following completion of assessment.
 - Foreign exchange gain of Rs. 361 crore in connection with Rs.1,394 crore received from A V Minerals (Netherlands) N. V., a wholly owned subsidiary of the Company, towards return of capital by reducing nominal value of shares.
 - Rs. 146 crore liability provided towards Renewable Power Obligations (RPO) under the Electricity Act, 2003.