



Investor Presentation – Q1 FY 2017



Hindalco Industries Ltd ...

A Global Aluminium and Copper Producer...



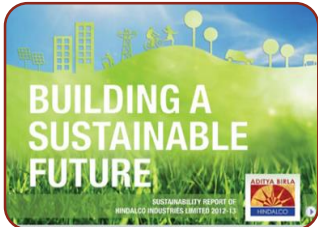
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Contents..



Economy & Industry...



Business Highlights ...



Operational & Financial Review

- Aluminium
- Copper

Economy Update..



- Global Economy stable for now
 - US outlook encouraging, Fed interest rate hike fears appear to have subsided
 - Brexit – after initial shock financial markets have recouped all losses
 - Liquidity driving financial markets up
 - China -Growth Rebalancing continues
- India – Growth picking up
 - Buoyed sentiments due to good monsoon, GST hopes and Global Risk- on rally
 - Expectations of stronger H2

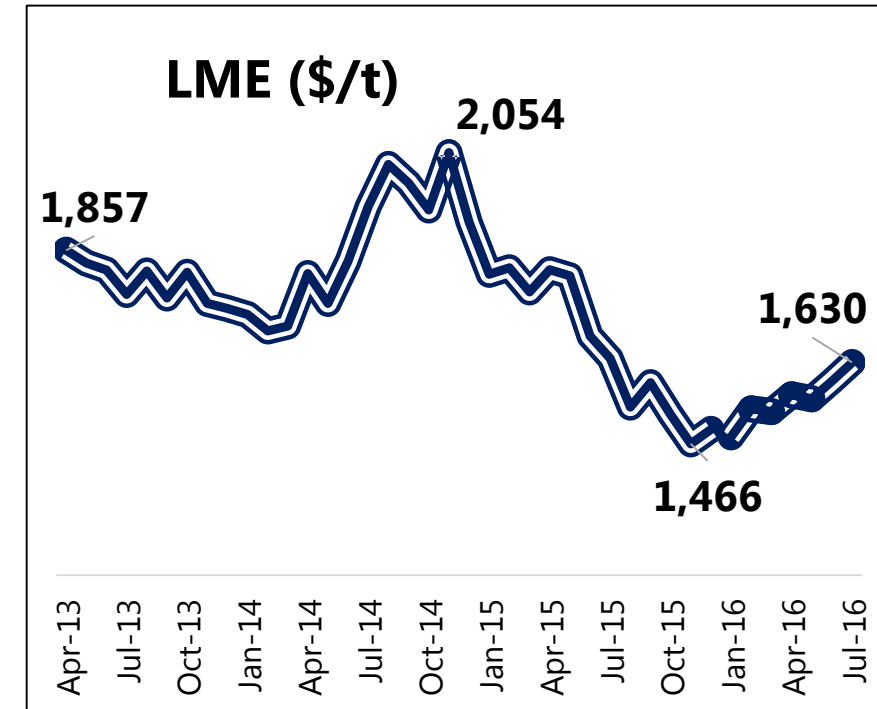
Aluminium Industry Update..



- Demand – Robust demand
 - Global demand continued to be robust, expected to grow at ~5%
 - Chinese demand was strong on restocking and economic stimulation
 - Indian demand rising, expected to grow smartly on the back of pick up in industrial activity and focus on power transmission and distribution

- Supply – China in surplus, rest of the world in deficit
 - Softening of global cost curve has increased risk of Chinese restarts
- India – Increasing supply and high imports impacting the aluminium industry

- LME is holding up well so far



Global market expected to be in balance in 2016 - LME expected to be range bound

Aluminium Industry Drivers



YOY

Driver	Q1 FY17	Q4 FY16	Change % (Seq)	Q1 FY 16	Change % (YOY)
LME	1571	1515	4%	1769	(11%)
Premium (MJP)	90	90	---	180	(50%)
Re/\$	66.9	67.5	(1%)	63.5	5%

- Realisations were significantly lower due to drop in LME and sharp decline in local market premium
- Industry cost curve fell sharply...
 - Lower carbon and alumina prices
 - In India, decline in coal cost due to improved availability
- Customs duty on Aluminium increased from 5% to 7.5% but the benefit more than eroded by doubling of coal cess to Rs 400/t

In Q1 FY 17, lower LME & Premium had depressed the realisations, though input cost was supportive

Copper - Industry Update & Drivers



	Q1 FY 17 Vs. Q1 FY 16	Impact (YoY)
TCRC	Stable	↔
LME (\$/t)	Lower	↓
Exch. Rate (Re/\$)	Favorable	↑
Acid Price	Higher	↑
DAP Realization	Lower	↓

- Mine supply continues to remain robust despite depressed LME
- Demand from China continues to remain lacklustre
- For Indian smelters though industry drivers broadly supportive...
 - TC/RC were strong
 - High Sulphuric acid prices
 - DAP realisations declining
 - Coal cost was lower

Highlights....



Q1 FY 17 – A Strong operating performance



Q1 FY 17: Highlights...



Aluminium

- Aluminium EBITDA up 64% YoY on strong volumes and continued COP improvement
- Coal security and improved power cost visibility – Locked in 25% of annual coal requirement in recent auction at an attractive price
- All greenfield projects – Running at design capacity

Novelis




- Yet another solid quarter – Adjusted EBITDA excluding MPL at \$ 268 Mn
- Automotive shipments up 15% YOY

Copper

- Cathode Production declined 36% due to planned maintenance shut down
- Smooth ramp up post restart – expect efficiency gains

Q1 FY 17: Standalone Highlights...



		YoY (%)	
Net Sales	<i>Rs 7,597 Cr</i>	 11%	<i>Lower Al & Cu realisations, lower copper volume negated impact of higher Al volumes</i>
PBITDA	<i>Rs 1,351 Cr</i>	 34%	<i>Strong gains in Aluminium operations offset impact of lower contribution from Cu Aluminium EBIDTA up 65%</i>
Net Profit	<i>Rs 294 Cr</i>	 381%	<i>Sharply up due to robust operational performance</i>

Solid Financial Performance on the back of strong Aluminium volumes and supportive costs



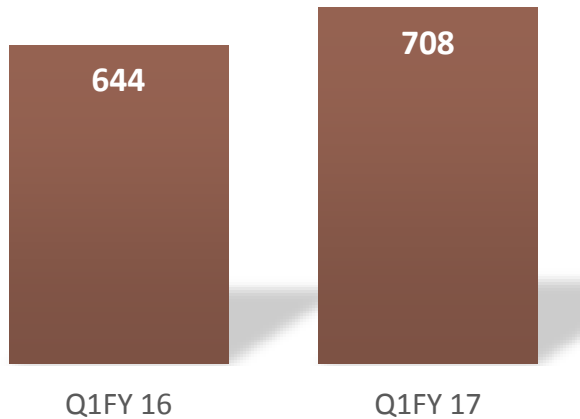
Performance Review – Aluminium India



Aluminium - Production Trends....

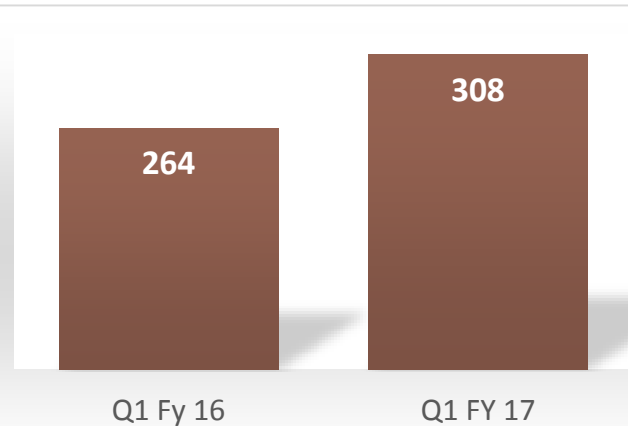


Alumina* (kt)



***Includes Utkal**

Metal (kt)



(Kt)	Q1FY16	Q1FY17
Wire Rods	22	40
FRP	60	67
Extrusions	10	11

Strong Production growth. Mahan and Aditya ramped up and are stabilising
 VAP production rising with improved demand outlook
 Significant visibility over coal availability and cost

Utkal Alumina Update



Utkal Production (KT)



- Cash cost of Alumina amongst the lowest cost refineries of the world
- Long distance bauxite conveyor fully operational



Aluminium - Our Cost Focus...



**Scale economies
post ramp-up**



**Better
efficiencies of
new-age smelters**



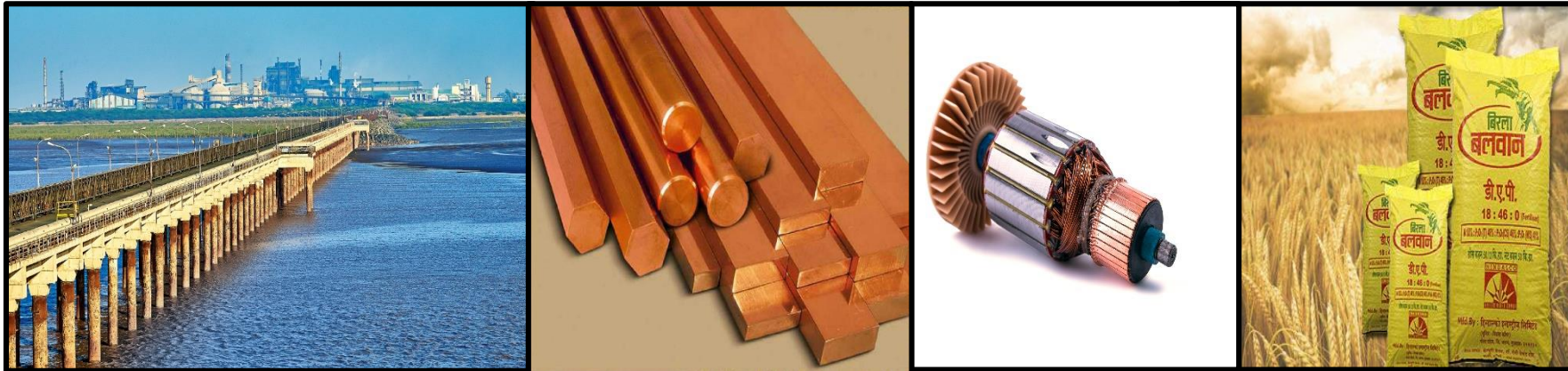
**Optimizing older
smelters**



**Softer coal prices
& better coal
availability**

..... Across the board improvement in efficiencies ... supported by lower input costs

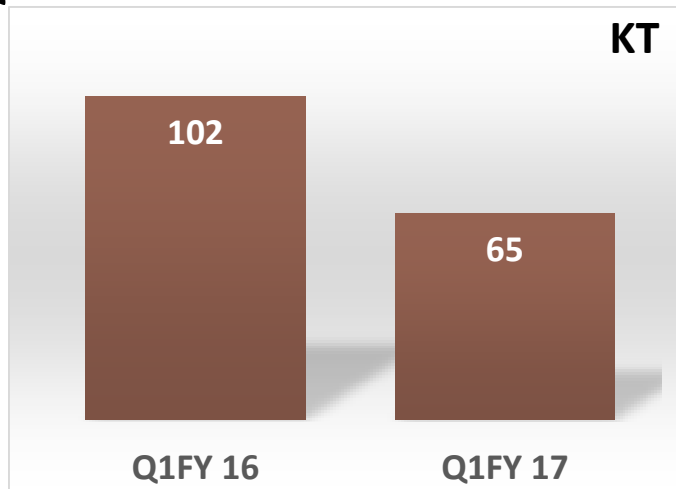
Performance Review – Copper



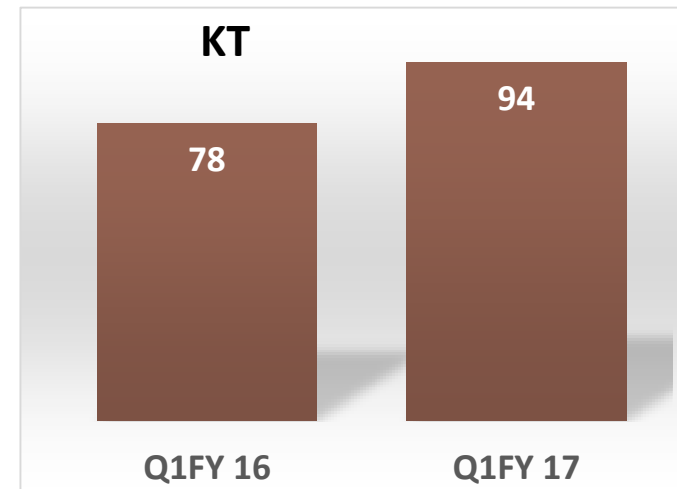
Copper - Production Trends....



Q1 FY 17 Vs Q1 FY 16



Cathode



DAP

- Cathode production declined due to planned maintenance shutdown
- DAP production increased following increase in capacity
- The plant has stabilized quickly post-shutdown and initial operational performance is very encouraging



Performance Review – Novelis



Highlights - Novelis

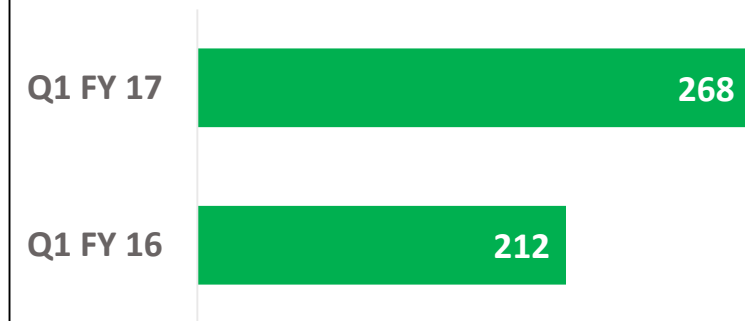


- YOY – 26% growth in adjusted EBIDTA * to \$ 268 Mn
- Overall shipments down 2% to 755 KT

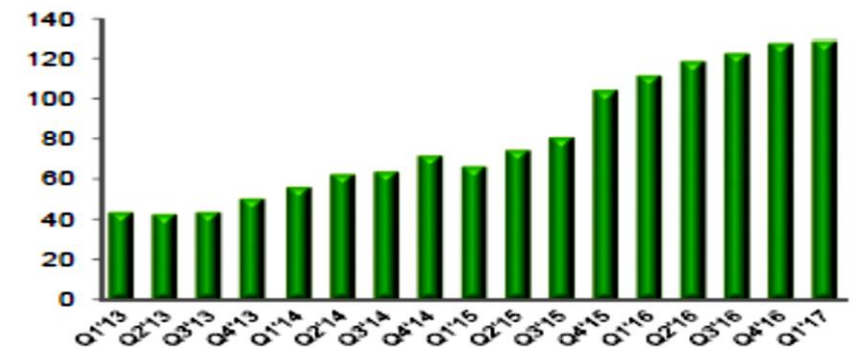
- YOY – 15% increase in automobile sheet shipment volumes
- Automobile sheet demand continues to be strong
- All our auto sheet finishing lines are shipping products

*** Adjusted EBITDA excluding Metal Price Lag (MPL) impact**

Adjusted EBITDA Ex MPL \$ Mn



Novelis quarterly automotive shipments (kt)



Financial Performance Review



Q1 FY 17 Financial Highlights



Rs Cr	Q1 FY17	Q1 FY16	Change % YoY
Net Sales	7,597	8,575	(11%)
PBITDA	1,351	1,005	34%
Depreciation	338	331	
Finance Costs	600	604	
Profit before Tax	413	70	490%
Tax Expenses	119	9	
Net Profit	294	61	381%
Basic EPS Rupees	1.44	0.30	

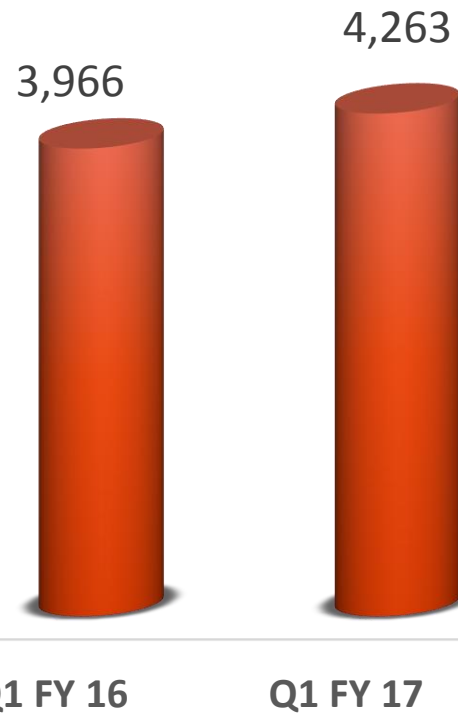
Aluminium up 7.5%, Copper sales impacted due to plant shutdown and lower LME

Strong Aluminium results despite lower realisations

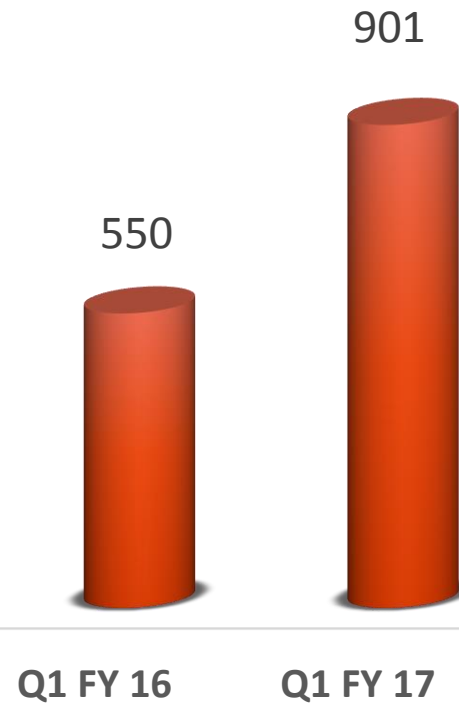
AI - Financial Performance



Revenue (Rs Cr)



EBITDA (Rs Cr)

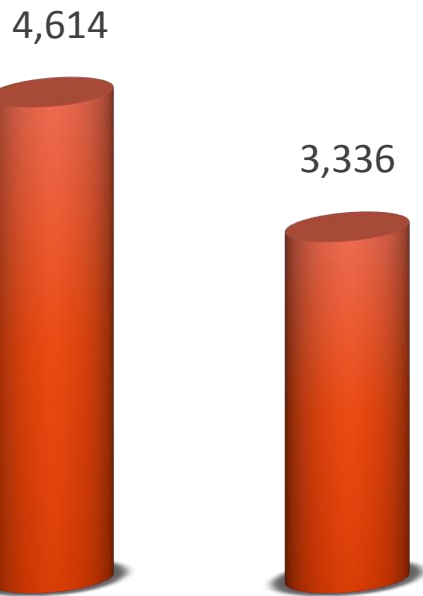


- Revenues increased primarily on the back of sharp jump in volumes – up 7.5%
- Rupee LME lower by 6%
- EBITDA jumped sharply (64%) on the back of higher volumes and lower costs despite softer realisations

Copper – Financial Performance



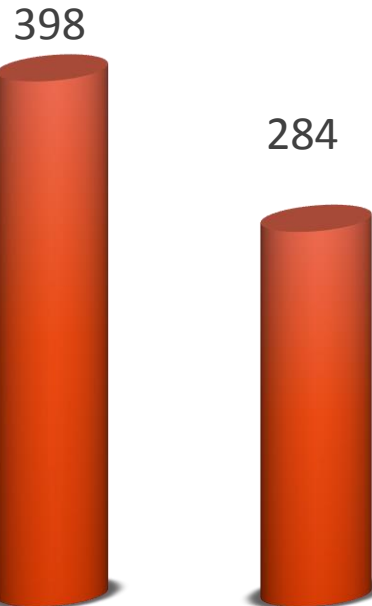
Net Sales (Rs Cr)



Q1 FY 16

Q1 FY 17

EBITDA (Rs Cr)



Q1 FY 16

Q1 FY 17

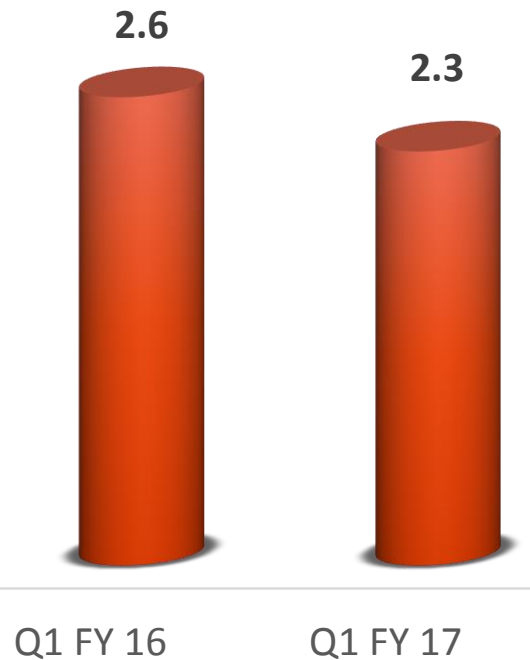
- Revenue registered a fall due to lower volumes and 22% decline in Cu LME
- EBITDA got impacted due to lower volumes owing to lower production on account of planned maintenance shutdown

Novelis – Financial Highlights

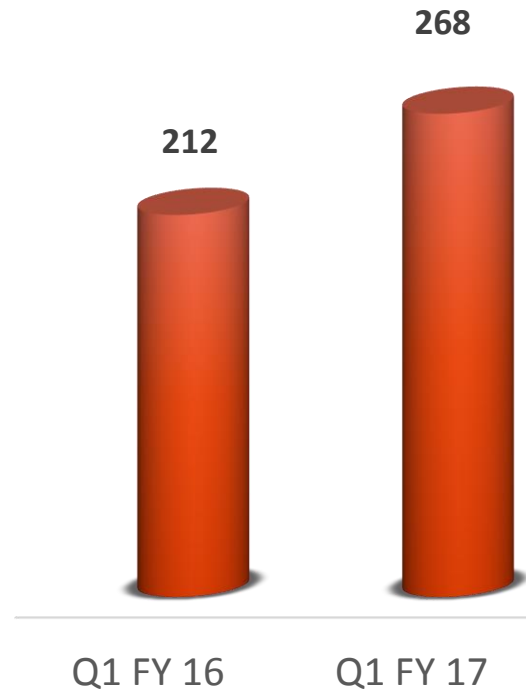


YOY...

Net Sales (\$ Bn)



Adjusted EBITDA* (\$ Mn)



- Sales declined 13% to \$ 2.3 Bn, primarily driven by 46% lower local market premium, lower LME and marginally lower shipments
- Adjusted EBITDA * up 26% YOY to \$ 268 Mn
- Net Income was \$ 24 Mn as compared to loss of \$ 60 Mn
- MPL at negative \$ 13 Mn was significantly lower against negative \$ 85 Mn in Q1 FY 16
- Strong liquidity of \$ 1.1Bn

*** Adjusted EBITDA excluding Metal Price Lag (MPL) impact**

Aditya Birla Minerals Ltd...

- ABML divestment completed in July 2016..
 - 1 Metals X share for every 4.5 ABML shares and A\$ 0.08 cash for every ABML share – represents 32% premium based on stock prices traded on the offer date



In Summary -



- All greenfield projects running at design capacities
- Strong Operational Performance by Aluminium business in Q1 FY 17
 - *On the back of strong volume and efficiency gains*
 - *Significantly supported by lower input cost, especially coal and crude derivatives*
 - *Improved coal security and visibility on power costs with linkage tie ups*
- Copper business after planned maintenance shut down ramping up smoothly
- Novelis - *Expected to build momentum through focus on premium portfolio*

Our Focus -



- Enhancing operating efficiency
- Supply Chain logistics optimisation
- Leverage potential demand in Value added products across businesses
- Proactive working capital management
- Cost savings and cash conservation across operations



Thank you

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