



Investor Presentation

HINDALCO INDUSTRIES LTD

Q3 FY2016

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.

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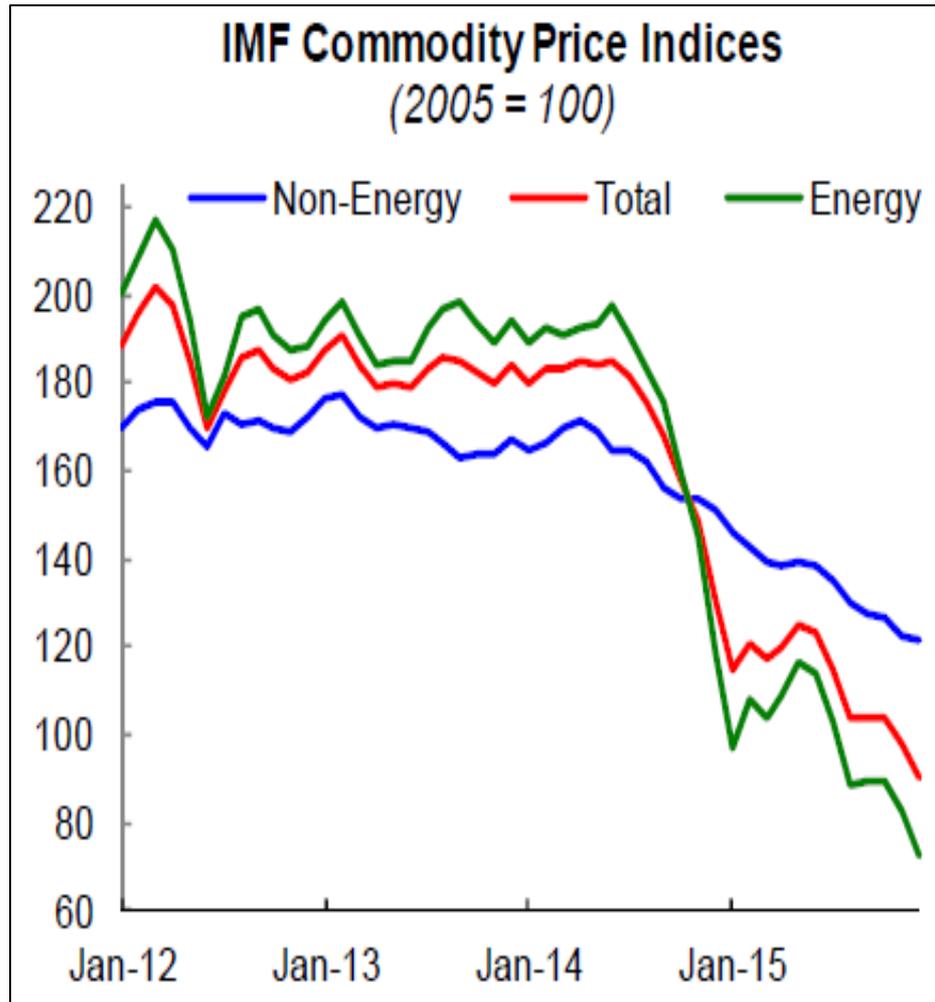
❖ **Highlights and Financial Performance**

❖ **Review –**

❖ **Aluminium Business**

❖ **Copper Business**

Hazy Macroeconomic Environment



- ⊙ Growth in China slowed down to 6.8% in Q4 2015 – the slowest since 2009
- ⊙ Acute risk aversion in financial markets in 2016 so far; Equity markets joined commodities in the downfall
- ⊙ Labour market conditions improving in advanced economies, but manufacturing remains weak
- ⊙ *Overall, recovery remains slow*

Commodities -Challenging times...

YOY...	Aluminium LME		24%
	MJP (Relevant AI Premium)		75%

- Aluminium realisations declined sharply during 2015, an outcome of sharp drop in LME and a vertical fall in Premium

The impact led to over USD 700/tonne drop in Aluminium realisations as compared with Q3 FY 15

- However, Aluminium demand continues to remain strong driven by new applications Globally and strong thrust on power sector in India
- On YOY basis ...Copper LME declined by over 27% from USD 6,600 to USD 4,834**

Source - Industry

Aluminium: Prices bottoming out?

- ⦿ Global aluminium market projected to experience small deficits from 2016 – *with China in surplus and rest of the world in deficit*
- ⦿ Closures of high-cost smelters have accelerated
 - ⦿ Over 4 mtpa capacity closed in China
 - ⦿ US has curtailed over 1 mtpa Capacity during 2015
- ⦿ Global inventory currently ruling high at 95 days of consumption, but is expected to decline
- ⦿ ***LME's resilience during the recent phase of commodity sell-off raises hope that Aluminium prices could be close to bottoming out***
 - Al up ~ 3% since end-Nov, when commodity index fell 13%

Q3 FY16: Highlights... Strong Operational Performance

Aluminium (India)

- ◉ Strong Volume growth as facilities ramp up
 - ◉ Annualised Metal volumes at 1.2 Mn tonnes
 - ◉ COP on declining trend
-

Novelis

- ◉ Strong Auto sheet Ramp up -- up 52% YOY
 - ◉ Global FRP shipments at 779 KT – strong show in seasonally weak quarter
-

Copper (India)

- ◉ Steady Operational performance
- ◉ CC rods production up 11% ,DAP Production up 9%

Robust Operational performance

Q3 FY16: Standalone Highlights...

YOY...

- ◉ Company revenues declined 5% as commodity prices dropped sharply
 - ◉ Aluminium revenues up 17 % on account of higher volumes despite over 24% drop in LME and 75% decline in Premium
 - ◉ Copper revenues down 22% on account of 27% decline in LME
- ◉ PBIDTA at Rs 922 Cr, a decline of 19%, a creditable performance; supported by robust operational performance in the face of severe macro economic conditions
- ◉ Interest outgo increased by over 30%, depreciation higher by 43%
- ◉ Net Profit at Rs 40 Crores, declined 89%

Macroeconomic headwinds negated operational improvements

Financial Performance: Standalone Hindalco



(₹) Cr	Q3 FY16	Q3 FY15	Change % YoY	Q2 FY16	Change %QOQ
Net Sales	8,150	8,603	-5%	8,925	-9%
Other Income	250	213	17%	418	-40%
PBITDA	922	1,136	-19%	1,020	-10%
Depreciation	308	216	43%	296	4%
Interest	582	447	30%	616	-6%
PBT	31	472	-93%	109	-72%
PAT	40	359	-89%	103	-61%
EPS (₹)	0.2	1.74	-89%	0.5	-60%

Financial Performance: Standalone Hindalco



(₹) Cr	9M FY16	9 M FY15	Change % YoY
Net Sales	25,650	25,153	2%
Other Income	862	652	32%
PBITDA	3,014	3,221	-6%
Depreciation	936	599	56%
Interest	1801	1,171	54%
PBT before exceptional	278	1,451	-81%
PBT	278	1,020	-73%
PAT	251	766	-67%
EPS (₹)	1.22	3.71	-67%



Aluminium Business

AI: External Drivers

	Q3FY16	Q3 FY15	Q2 FY 16
LME (\$/t)	1,495	1,968	1,589
INRUSD	65.9	61.9	65
MJP	90	375	100

- ❖ Realisations declined sharply as both LME and Premium dropped
- ❖ Re mildly supportive but much higher depreciation in other currencies led to sharp fall in global cost curve
- ❖ YOY ...Coal cost at Hirakud increased sharply due to loss of Talabira 1 Mine

AI: Robust Production Performance

From Greenfield projects

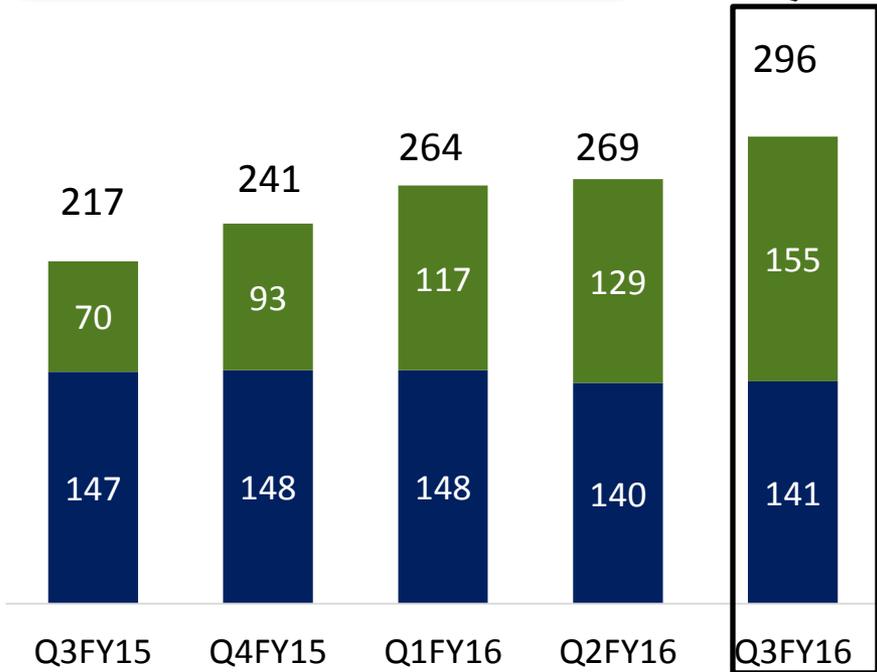
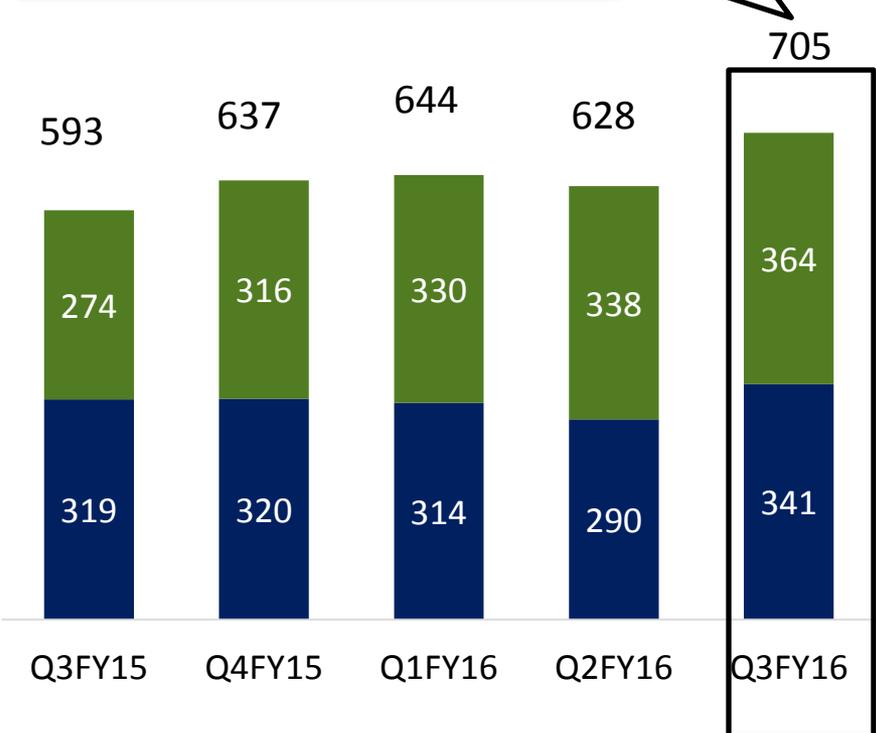
(Figures in Kt = '000 tonnes)

Alumina* (incl. Utkal)

Up 19%
yoy

Metal

Up 36%
yoy



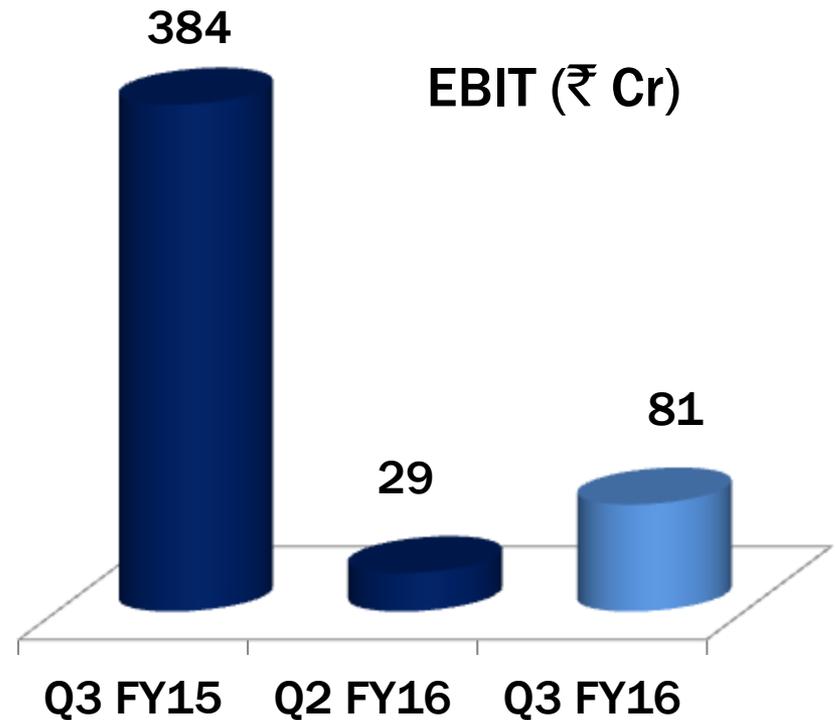
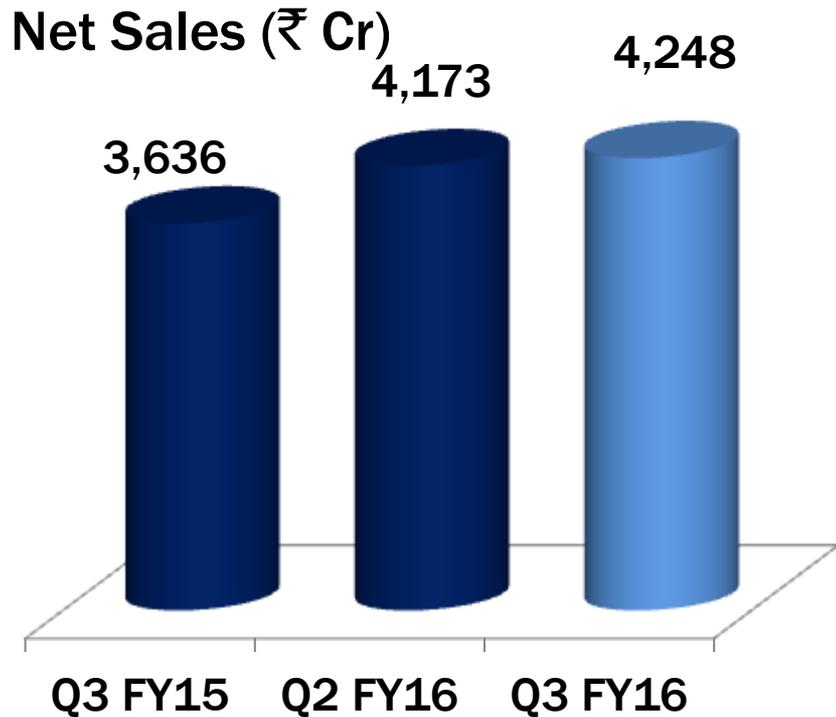
* Production of hydrate, as alumina

- Mahan: all 360 pots in production
- Aditya: operating at over 80% capacity
- Hirakud: ~40% of old pots remain idled

AI: Operational Performance...

- ❖ Mahan & Aditya operating at design efficiencies... highest ever production...
- ❖ COP on declining trend with efficiency gains kicking in, Softening energy prices too contributing...
- ❖ Utkal among the lowest cost alumina refineries globally
- ❖ Gare Palma mines – Mining started at IV/4
- ❖ VAP sales picking up

Aluminium: Financial Performance



- ❖ YOY – Revenue up 17% on the back of higher volumes
- ❖ YOY -EBIT declined on account of sharp drop in realisation & jump in depreciation; However, sequentially EBIT improved on the back of efficiency gains and softening input costs

Novelis



Novelis- Q3 FY 16 Highlights



- ◎ Q3 FY16 Shipments at 779 kt, up 3% YoY
 - Continued strong demand in Can segment
 - Strong Auto growth
- ◎ Q3 FY16 EBITDA before MPL of \$ 238 Million, up 4% YoY
 - Highest ever EBITDA before MPL performance for a third quarter
 - Strong performance driven by shipment growth and improved mix
- ◎ The residual impact from precipitous fall in regional premiums resulted in Metal Price Lag headwinds of \$(26) M in Q3 FY16



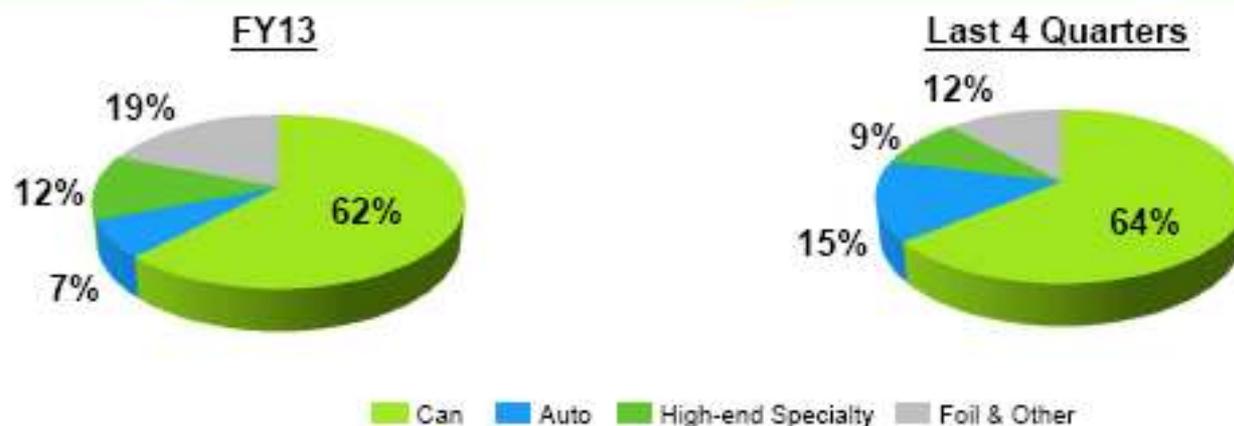
Novelis- Q3 FY 16 Highlights

Improving Product Portfolio

- Strong Auto growth, 52% YoY, with strong pull from Ford F-150
- Additional lines commissioned in US and Germany on schedule to produce shipments late CY 16



Novelis portfolio evolution: Percentage of Total FRP Shipments



Copper Business



Cu: Supportive Industry Trends...

	Q3 FY 16 Vs. Q3 FY 15	Impact (YoY)
TCRC	Higher	
LME (\$/t)	Lower	
Exch. Rate (₹/\$)	Favorable	
Acid Price	Slightly Higher	
DAP Realization	Stable	

Cu: Robust Production Performance

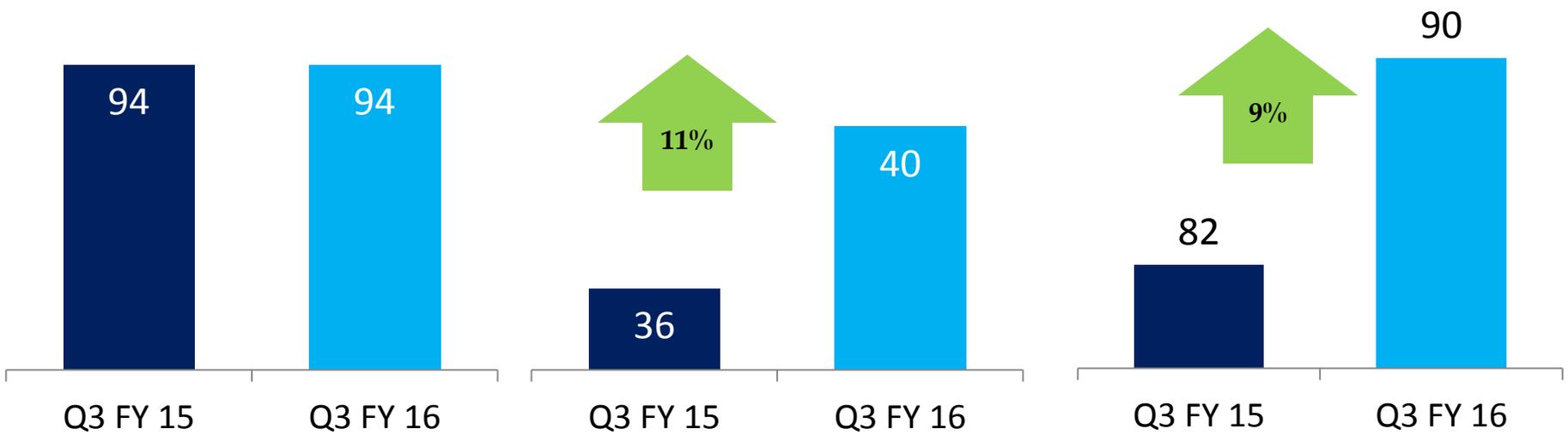
Volumes in Kt = '000 t



Cathode

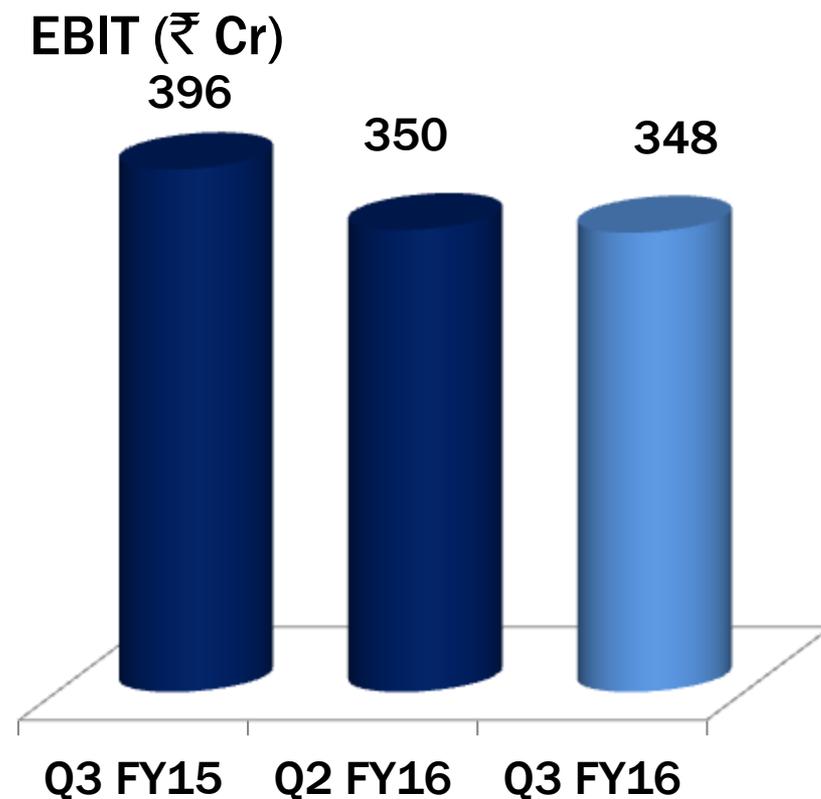
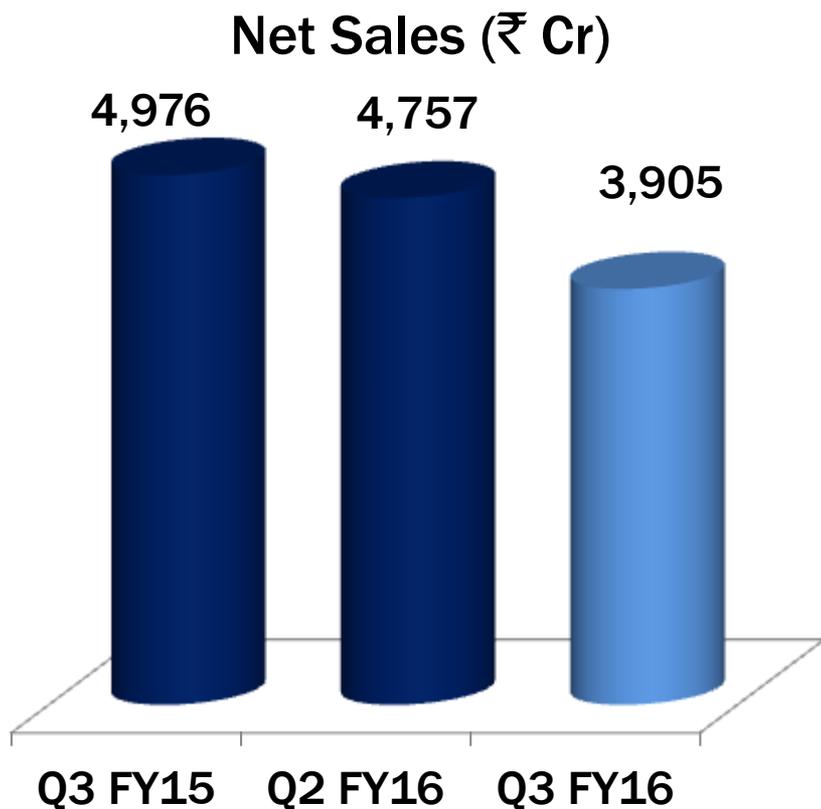
CC Rods

DAP



Steady Performance

Copper: Financial Performance



Weak LME and removal of export incentives negated the benefits of higher Tc/Rc

ABML Update



- ◎ Strategic review underway; phase 1 completed
- ◎ Nifty mine ore production at 394 kt in Q3
- ◎ Copper production at 11 KT in Q3 highest since the sink-hole incident
- ◎ LME down 12% YoY and 6% QoQ in AUD terms
- ◎ Continued Focus on Cost Optimisation

Our Focus ...

- ❖ Cost saving and cash conservation initiatives across operations
 - ❖ Focus on logistics
 - ❖ Operational efficiencies
 - ❖ Inventory reduction
 - ❖ Captive coal mines start and ramp up...
- ❖ Leverage tail winds in the downstream business... thrust on value addition across businesses

VAP Focus ...

Hirakud FRP –



- ◉ Hot metal integration – Saves Reheating & Freight Cost
- ◉ State of the art Rolling Facility..
- ◉ The only facility capable of producing CBS in India
- ◉ Significant demand potential



VAP Focus...

Mouda Foil plant – Gearing up to roll out world class high end foils



- First Foil Hub in India – For State of the art foil production
- Ultra thin gauge foils for exports..
- Wide variety of high end applications



In Summary ...

Strong operational performance in Q3FY16, but external environment worsened further

New factories ramping up well and are stabilizing.

Copper business likely to maintain its steady performance

Novelis expected to build momentum from its focus on premium portfolio

Focus on operational excellence, enhanced Value addition & Cash conservation...



Thank you

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