



Hindalco Industries Ltd. Investor Presentation

Q3 FY12

February 9, 2012

Presentation Structure

Financial Highlights

Performance Review & Outlook

Projects Update

Highlights and Financial Performance



Q3 FY12: Highlights



Steady performance despite severe cost pressures

Portfolio strategy depicted its benefits as upstream businesses witnessed severe margin squeeze

Aluminium – Robust operational performance in the face of severe cost inflation

Copper – Strong all-round performance

Novelis – Solid Performance in tough quarter, further impacted by seasonal demand slow down

Financial Performance (Standalone, Q3)

₹ Cr	Q3 FY11	Q3 FY12	Change (%)
Net Sales	5,975	6,647	11
PBITDA	801	805	1
PBT	579	551	(5)
PAT	460	451	(2)
EPS (₹)	2.41	2.35	(2)

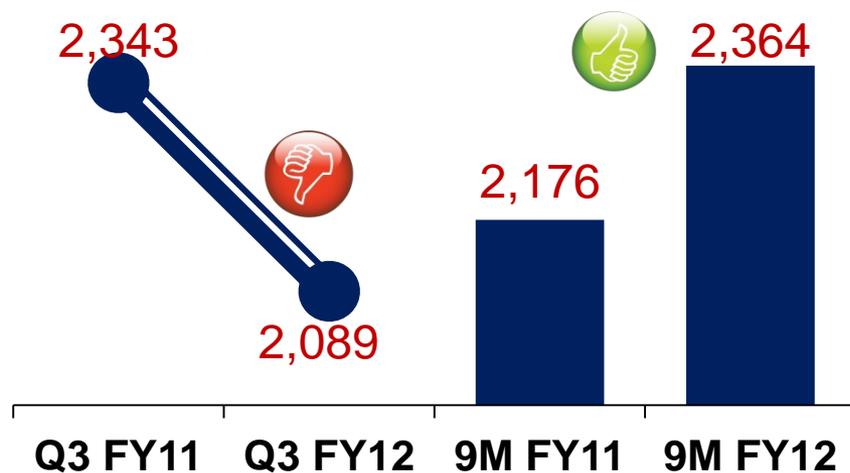
₹ Cr	9M FY11	9M FY12	Change (%)
Net Sales	17,013	18,950	11
PBITDA	2,483	2,695	9
PBT	1,807	1,958	8
PAT	1,429	1,597	12
EPS (₹)	7.47	8.34	12

Performance Review & Outlook



Key External Drivers

Aluminium LME (\$/t)



Exchange Rate (₹/\$)

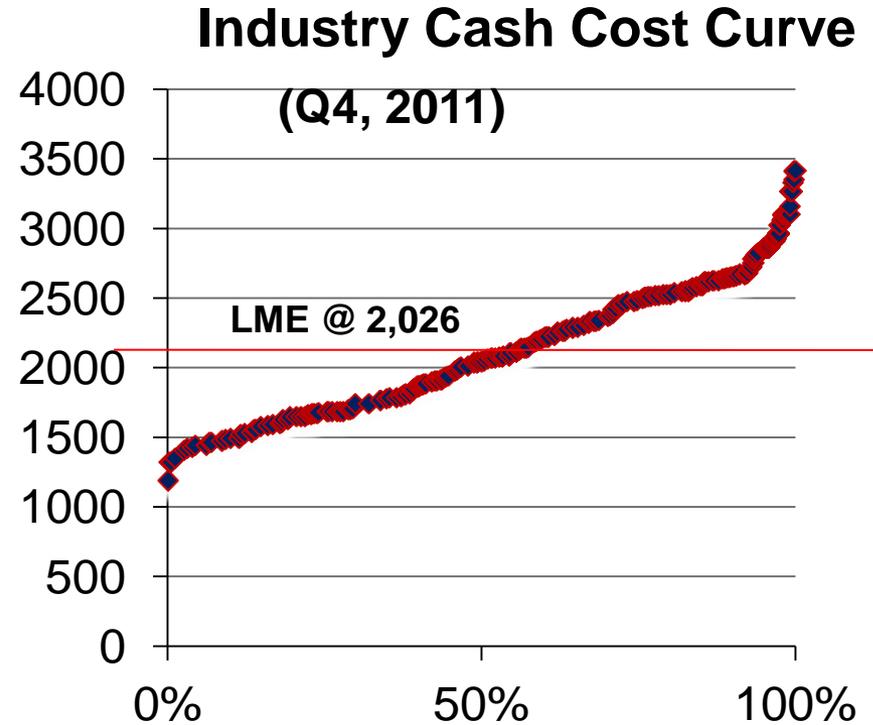
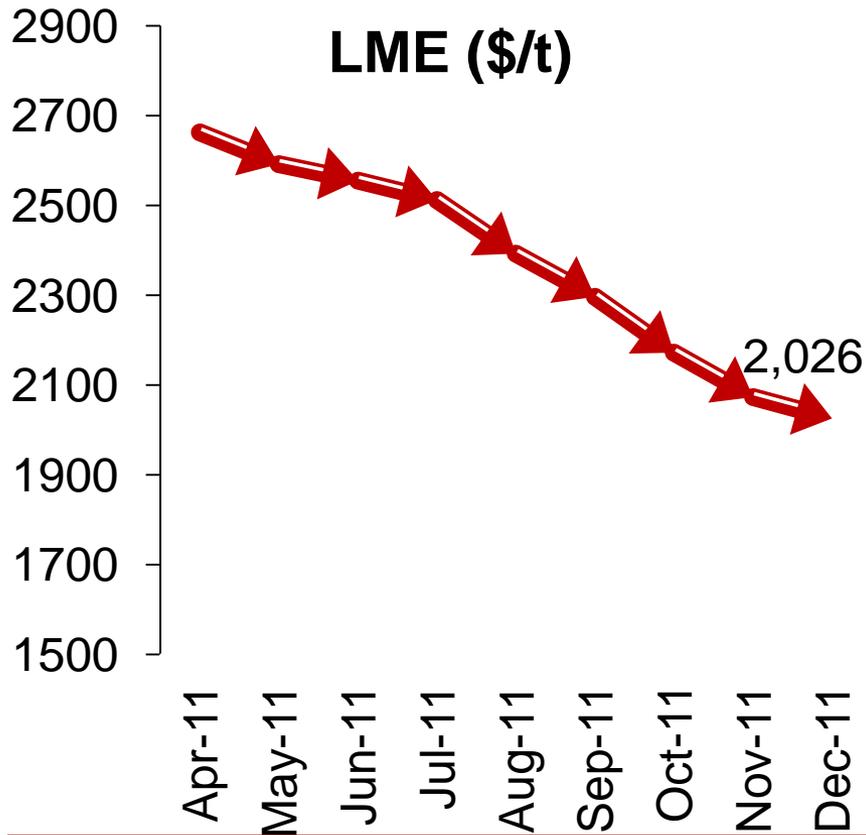


Other Drivers

	Q3 FY12	9M FY12
Coal		
F/c Oil and carbon costs		
Copper TCRC		
Acid and DAP realization		

Tough Phase for the Aluminium Industry

Macro risks and overhang of stocks have pushed LME below cost for many smelters



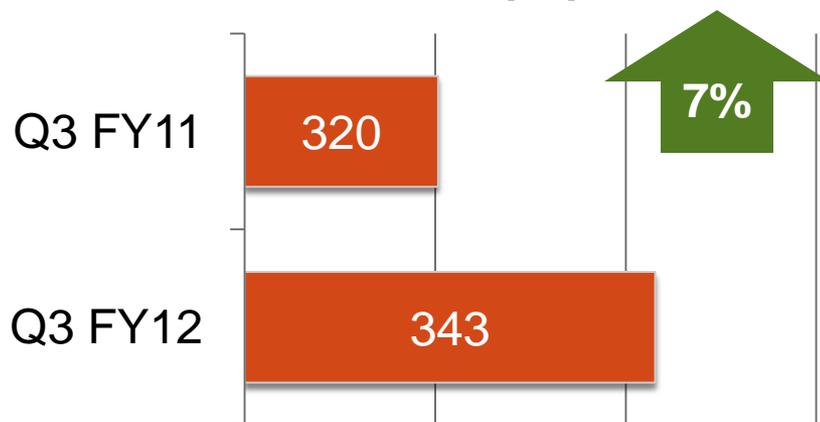
Nearly half production at cash cost above the Dec-11 LME

Source: Industry

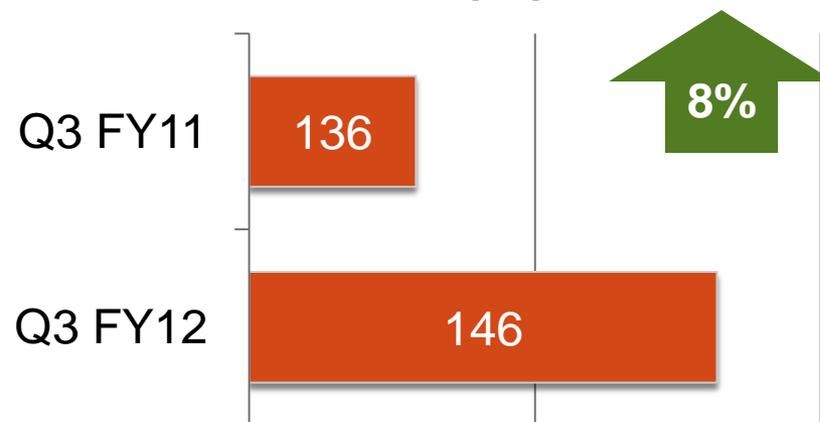
Alcoa, Rio Tinto, Hydro, Zalco, Rusal have announced closure of >1 mn ton capacity in recent announcements; more may follow ...

AI: Higher Production

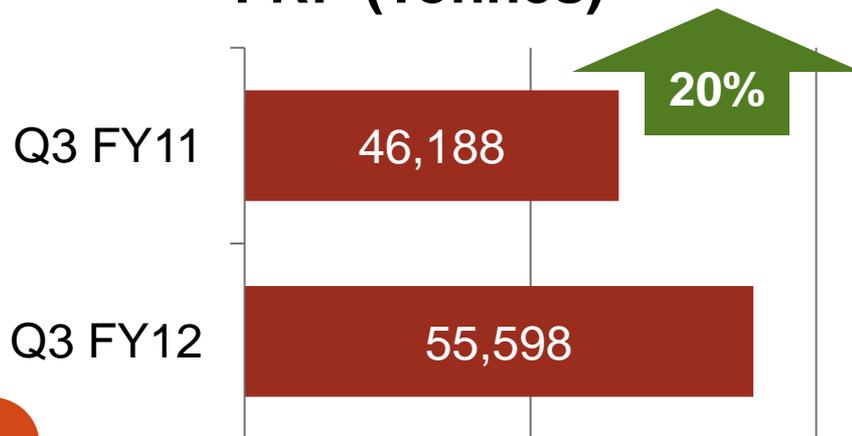
Alumina (kt)



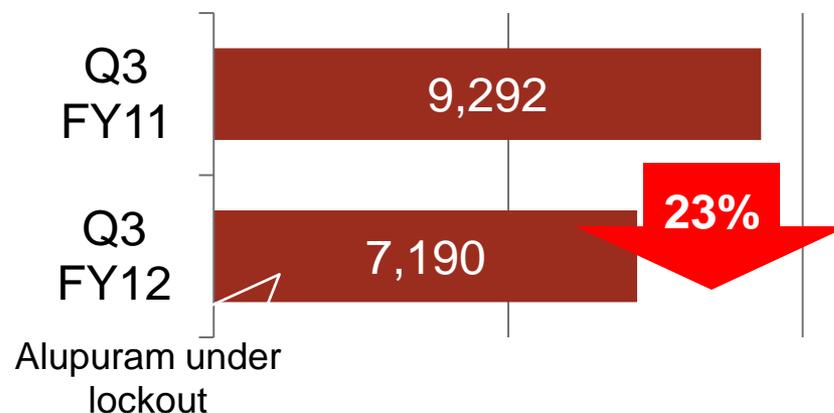
Metal (kt)



FRP (Tonnes)

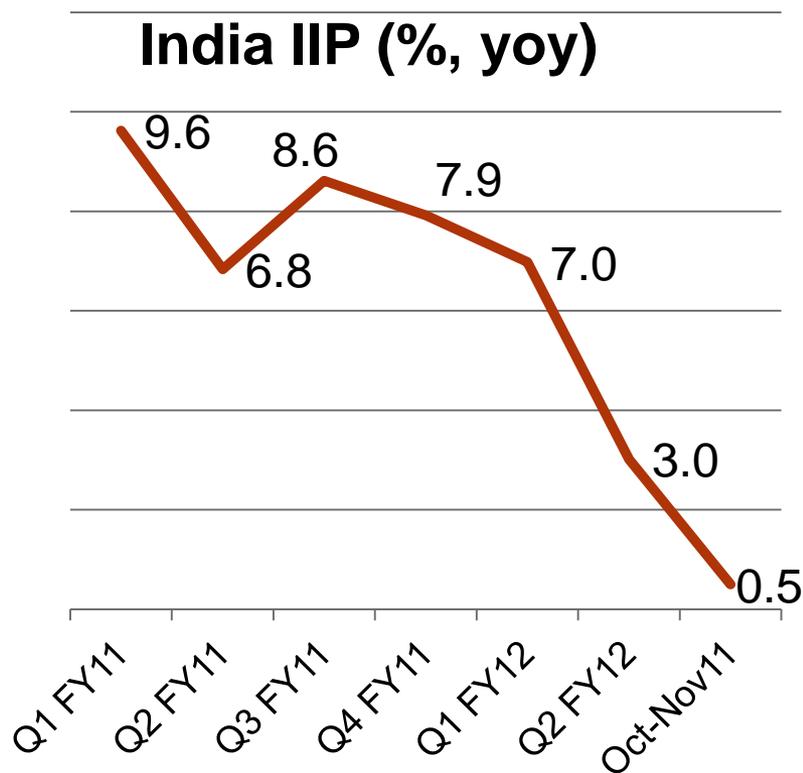


Extrusions (Tonnes)



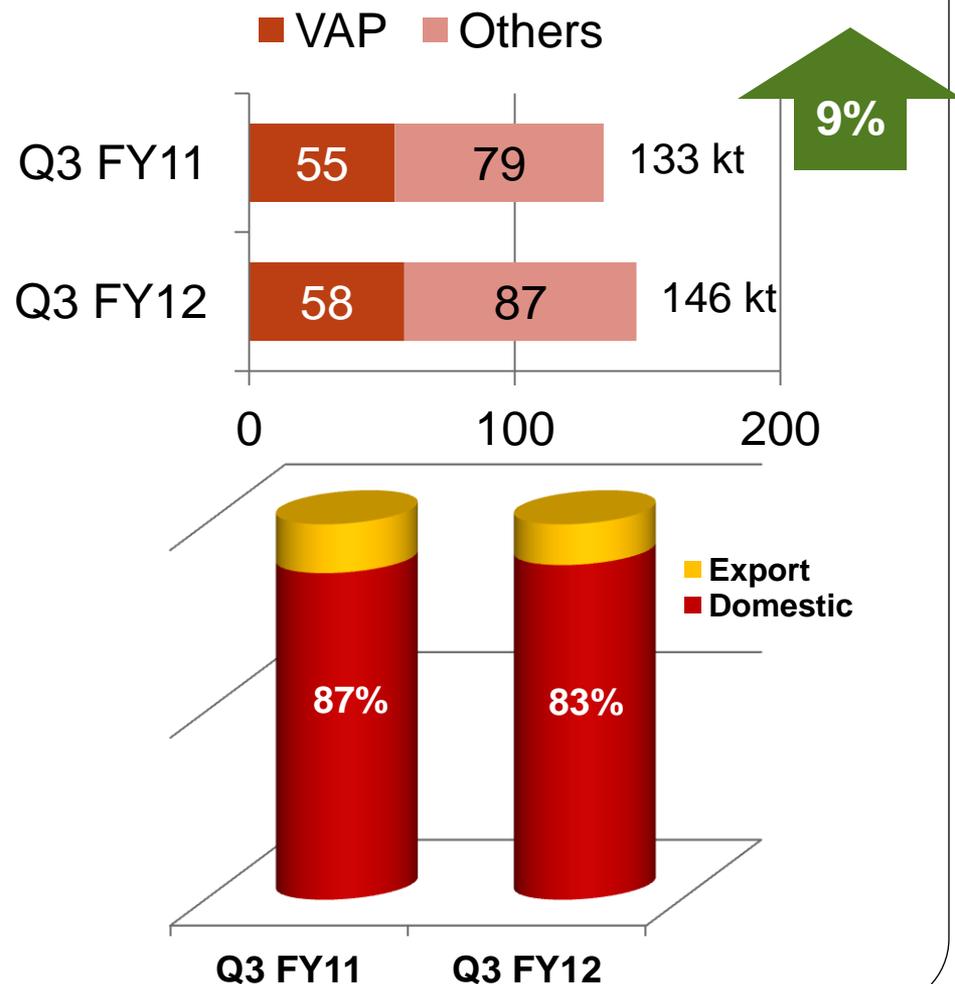
AI: Sales Performance and Mix

Soft patch in Indian growth story



Resulting in lower domestic sales

But we managed to sell more metal and more VAP



Aluminium Financials

₹ Cr	Q3 FY11	Q3 FY12	Change (%)
Net Sales	1,977	2,236	13.1
EBIT	465	310	(33.4)

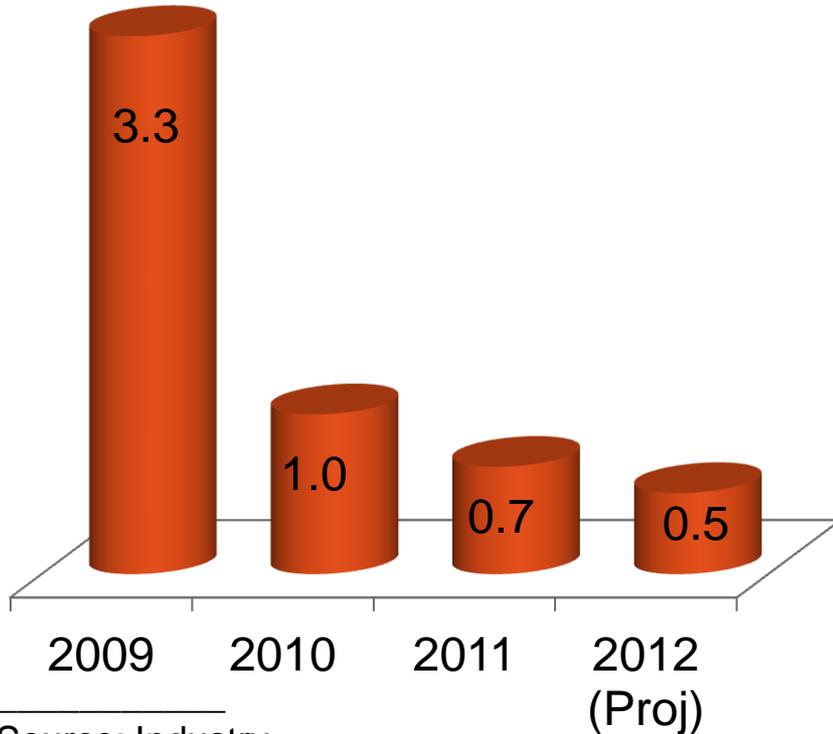
₹ Cr	9M FY11	9M FY12	Change (%)
Net Sales	5,754	6,543	13.7
EBIT	1,441	1,338	(7.2)

Cost pressures
Soft LME
Adverse mix



AI. LME: Volatility may continue ...

AI Market Balance (Mn ton)



Source: Industry

- ❑ Softer demand and smelter closures are expected to leave market in a small surplus in 2012
- ❑ Dec-end global stocks ~101 days of consumption (vs. 88 days at end-Sep)
- ❑ Financing deals viable so far
- ❑ Cost curve warrants higher LME for viability of nearly one-third of smelters

While cost curve calls for a higher LME floor, macro risks may test it from time to time

Performance Highlights (Novelis)

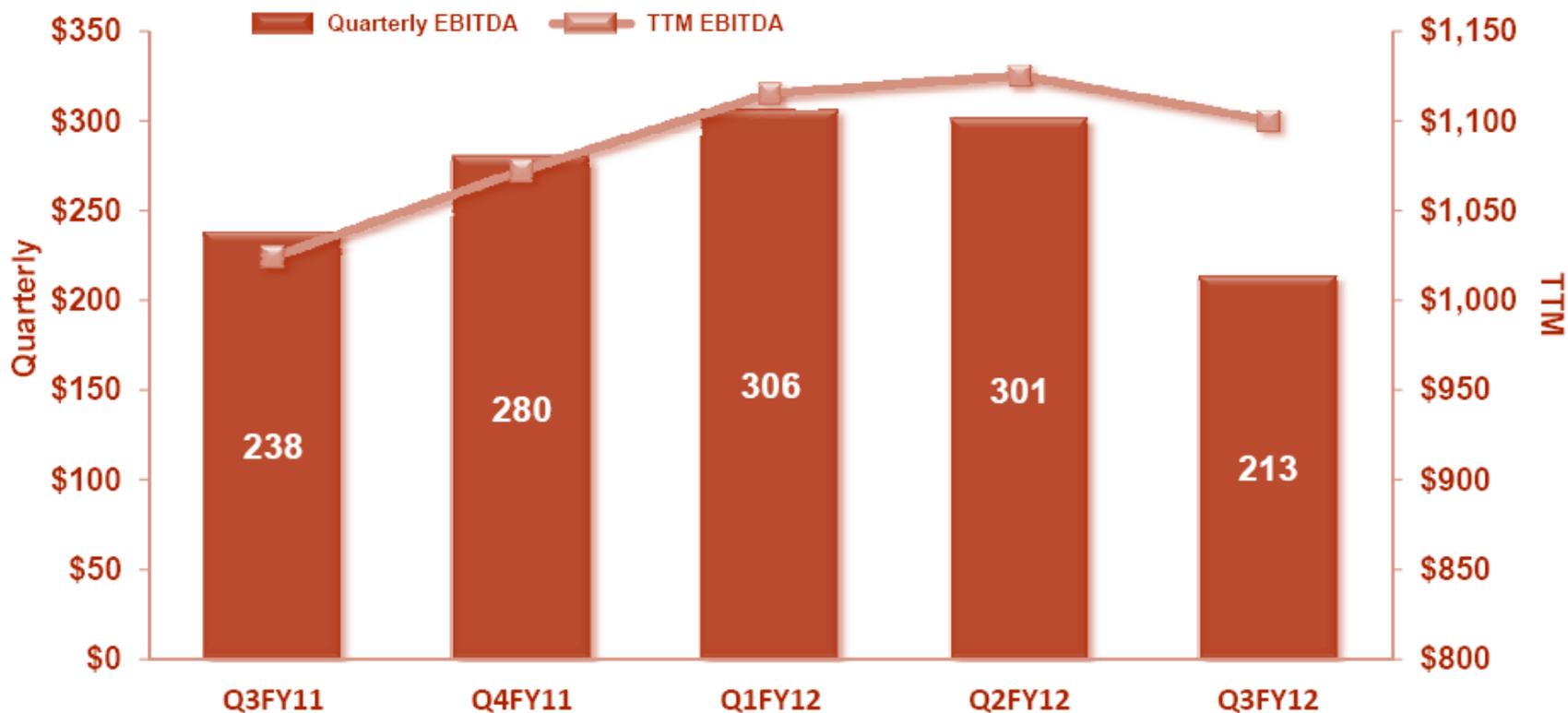


Novelis Highlights

- ❑ **Shipments Down 9% to 648 Kilotonnes**
- ❑ **Net Sales down 4% to \$2.5 Billion**
- ❑ **Adjusted EBITDA down 11% to \$213 Million**
- ❑ **Free Cash Flow Before CapEx of \$ 186 Million**
- ❑ **Liquidity of \$ 857 Million**
- ❑ **Net loss of \$12 Million**
- ❑ **Three large mill expansions (Brazil 220 kt, Korea 350 kt and North America 200 kt) on track and budget**

Novelis Highlights

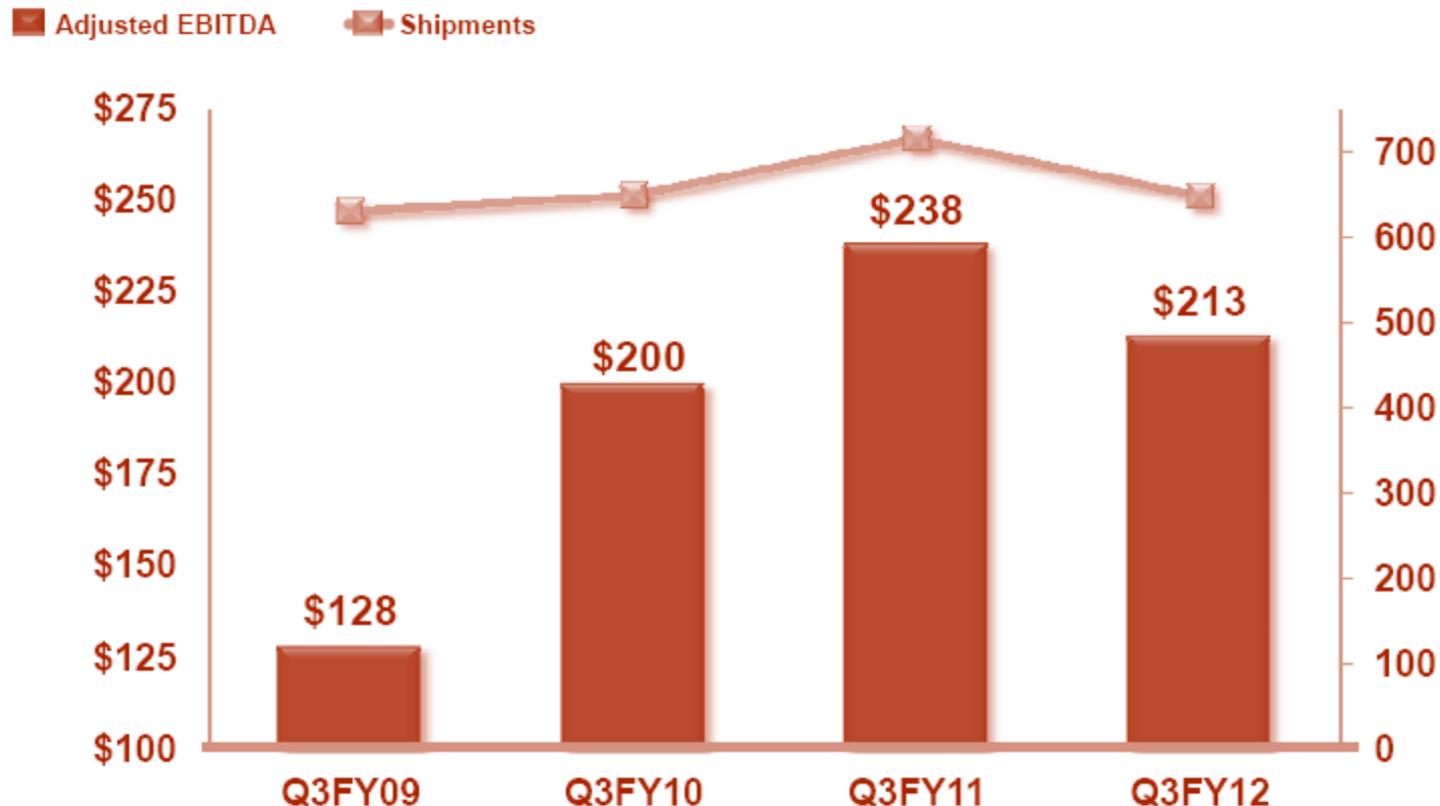
(Millions)



Short term softness impacted EBITDA

Novelis Highlights – Q3 comparisons

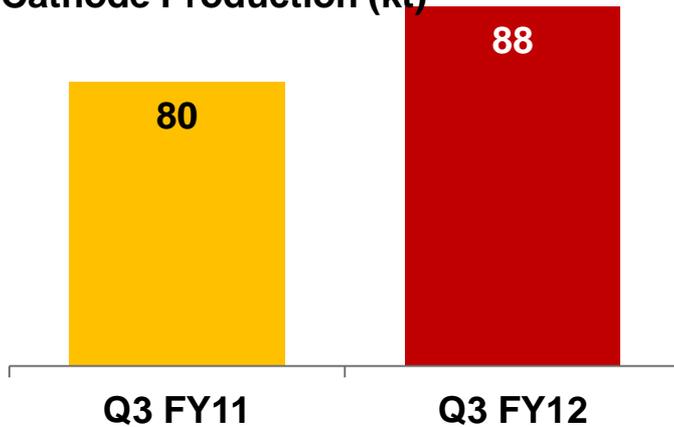
EBITDA (Millions) • Shipments (Kt)



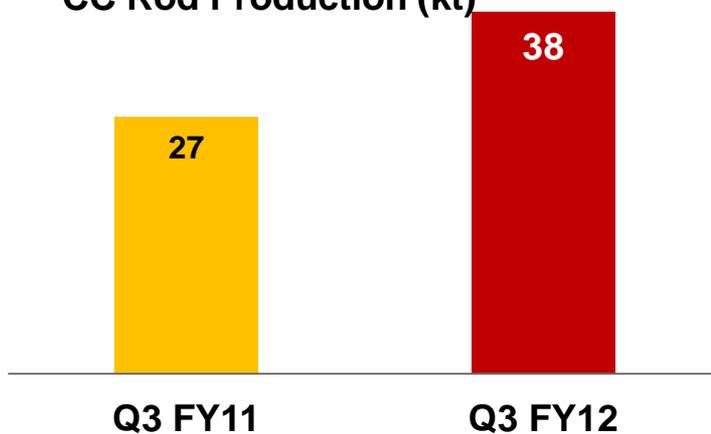
Evident Strength of Improved Business Model

Copper: Operational Performance

Cathode Production (kt)



CC Rod Production (kt)



Strong Operating Performance coupled with

Stronger Tc/Rc

Higher by-product credits

Focused Marketing approach

Led to strong financial performance...

Copper Financials

₹ Cr	Q3 FY11	Q3 FY12	Change (%)
Net Sales	4,000	4,418	10.5
EBIT	143	216	51.1

₹ Cr	9M FY11	9M FY12	Change (%)
Net Sales	11,265	12,420	10.3
EBIT	396	509	28.4



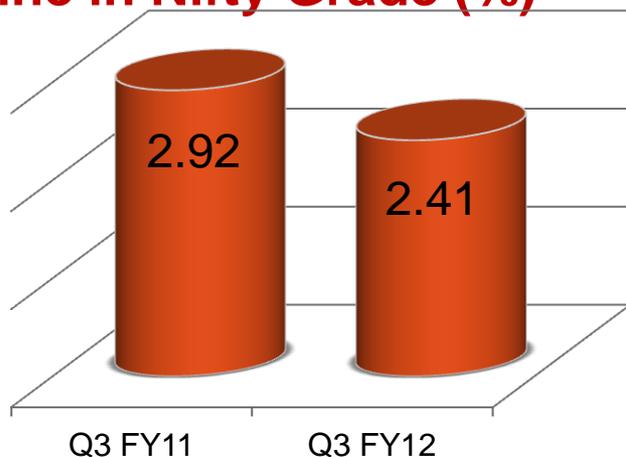
TCRC, Higher output, better Mix, improved recovery, By product revenues



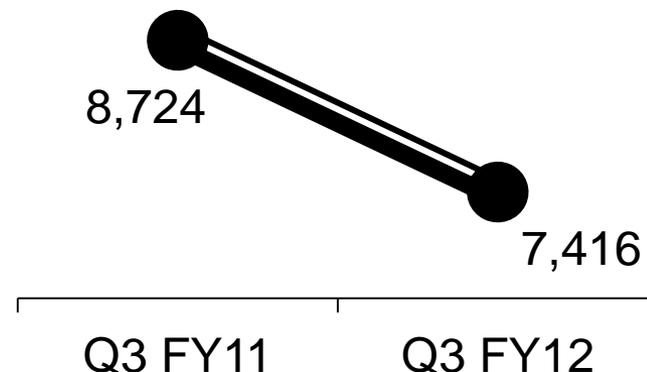
Cost Pressures, declining grades

ABML Performance

Decline in Nifty Grade (%)

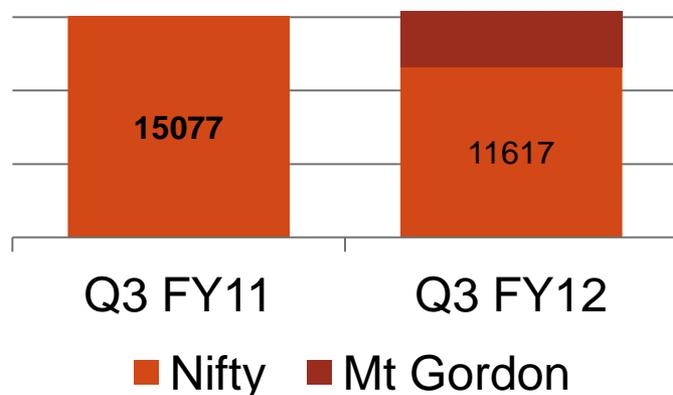


Drop in LME (A\$/t)



Production subdued

Cu in conc. (Tonnes)



Challenging times, especially in the face of cost pressures & subdued LME

Projects



Projects – Strong progress on Ground

Mahan Smelter



Pot Lines



Smelter Pot Tending Machine



Cathode Sealing Shop



Fume Treatment Center

Mahan CPP



Power Plant View



Power House Building



Switch Yard



ESP

Utkal Refinery

Erection of Rod Mill



Digester and Heat Exchanger



Power Plant under erection



Coal Mill



Aditya Smelter & CPP



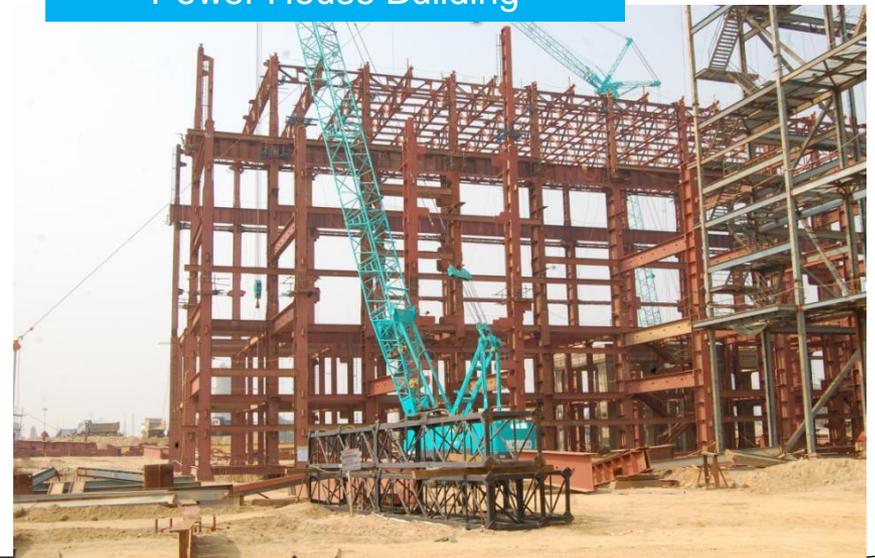
Pot Room



Cathode Sealing Shop



Power Plant Chimney



Power House Building

Other Projects under implementation



Project

Hirakud Expansion Brownfield expansion from 161ktpa to 213 ktpa

Hirakud FRP First Can body stock Project in India

Aditya Refinery 1.5 Mn tpa alumina refinery

Jharhand smelter Third fully backwardly integrated smelter in
pipe line

Hirakud FRP facility



Cold Mill Erection



Cold Mill



Hot Mill



Hot Mill Control Panel

Novelis Projects...



Project

Brazil Expansion

220 KT incremental capacity for can body stock
190 KT Recycling line & 100 KT CES coating line

Korea Expansion

350 KT incremental FRP capacity

North America

200 KT incremental capacity to target Auto segment

Summing Up

- ❑ Macro environment may continue to remain adverse for the next few quarters
- ❑ Cost pressures continuing, especially w.r.t. coal and crude-derivatives
- ❑ Conversion businesses' contribution will become critical if macro risks affect metal prices
- ❑ Managing projects and their ramp-up to be a key priority for the coming year



Thank you

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.

Aluminium Production

In Tonnes	Q3FY11	Q3FY12	Variance
Alumina	320,310	343,086	7%
Metal	135,829	146,374	8%
FRP	46,188	55,598	20%
Extrusions	9,292	7,190	-23%
Wire Rods	23,672	25,247	7%

Copper Production

Production	Units	Q3 FY11	Q3 FY12	variance
Copper Cathodes	MT	80,224	87,748	9%
CC Rods : Own	MT	26,996	38,426	42%

Strong Operational Performance

