

Hindalco Industries Ltd

Investor Presentation

Standalone FY12

May 8, 2012

Presentation Structure

Highlights

Performance Review

Projects Progress

Highlights and Financial Performance



FY12: Highlights

Strong performance despite severe cost pressures

Portfolio strategy depicted its benefits as upstream business witnessed margin squeeze

Aluminium – Record production, efficiency gains

Copper – Strong all-round performance

Financing strengthened...

- ❖ **Largest NCD offering in the recent times (Rs 3,000 Crore)**
- ❖ **Long Tenor, Attractive pricing**
- ❖ **Preferential warrant allotment to promoter (~ Rs 2,160 Crore)**

Projects - In advanced stages

Financial Performance (Standalone, FY 12)

(Unaudited)

₹ Cr	FY11	FY12	Change (%)
Net Sales	23,859	26,597	11.5
PBITDA	3,502	3,721	6.2
PBT	2,595	2,737	5.5
PAT	2,137	2,237	4.7
EPS (₹)	11.17	11.69	4.7

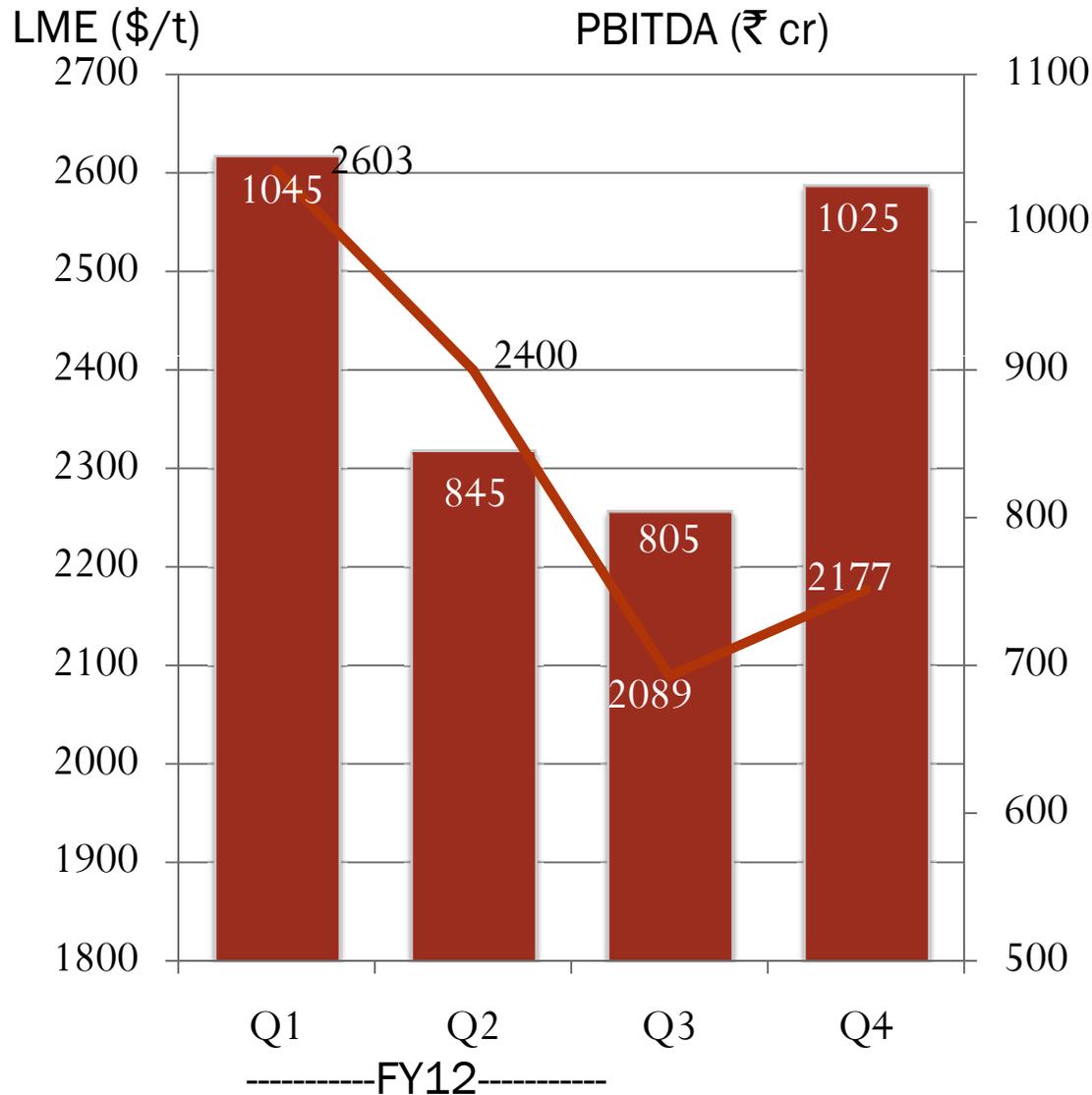
Financial Performance (Standalone, Q4)

(Unaudited)

₹ Cr	Q4 FY11	Q4 FY12	Change (%)
Net Sales	6,846	7,647	11.7
PBITDA	1,019	1,025	0.6
PBT	787	779	(1.0)
PAT	708	640	(9.7)
EPS (₹)	3.70	3.34	(9.7)

- *Q4 PBITDA maintained despite lower rupee LME and input cost surge*

Robust Financial Performance...



Improved quarterly performance through...

- ✓ Higher volumes & VAP
- ✓ Better efficiencies

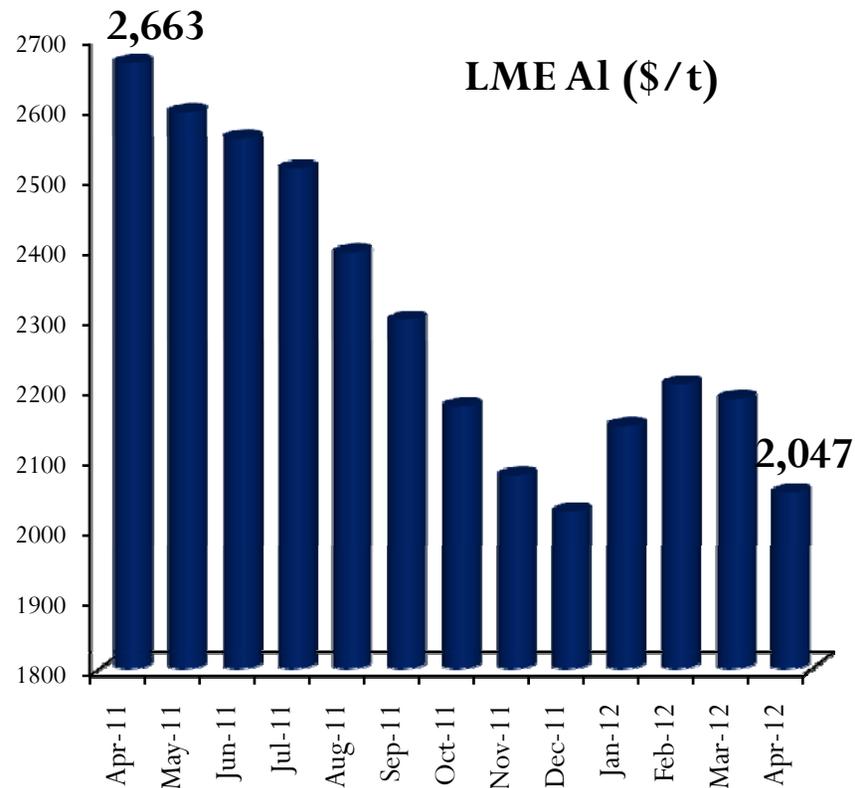
Business Environment



FY12: A Challenging Year

- ◉ Year started on an optimistic note with strong LME pricing amidst strong investor appetite
- ◉ During the year LME rally fizzled out as global macro economic concerns re-emerged
- ◉ Cost push however continued, especially energy push due to geo-political concerns & India specific coal issues
- ◉ Physical demand continued to remain strong even as inventory overhang continued...
- ◉ Of late, slowdown in China has clouded the demand outlook

Al. LME: Softened again

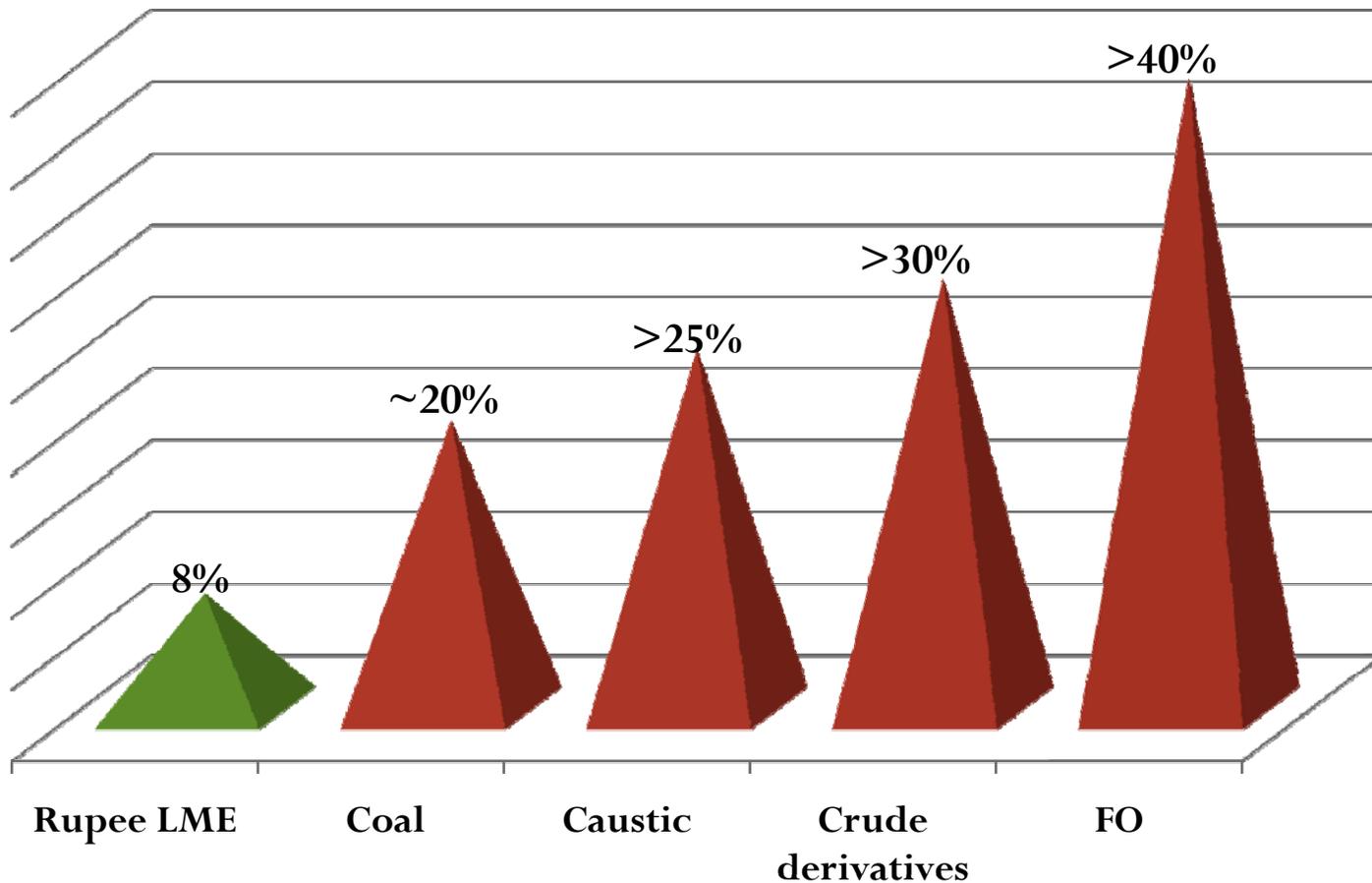


*Cost curve supports current
LME level*

- World aluminium market had a 750+kt surplus in Q1, 2012
- Consumption growth only 3.3% in Q1 vs. 9.6% in 2011
- Macro-risks holding back LME when 25-30% of global capacity has cost above ruling LME
- Global inventory at 12.7 mn tonne (102 days); return on warehousing deals positive at present

AI: Cost pressures way ahead of LME

Relative Increase (FY12 over FY11)

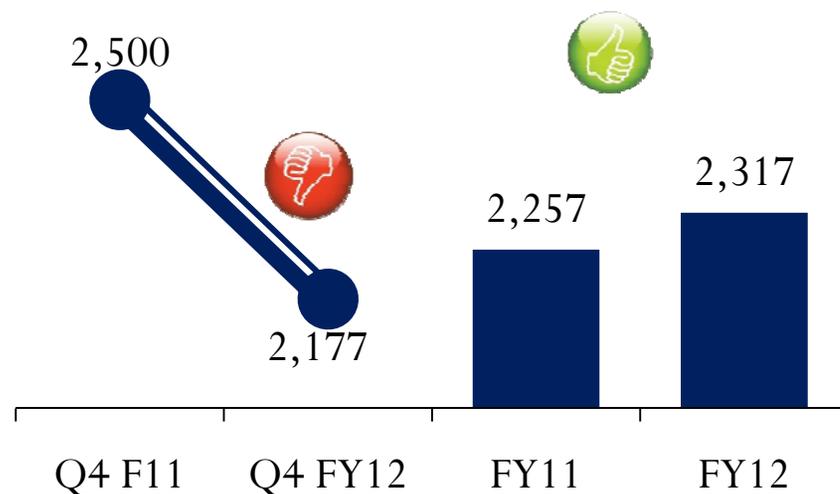


Performance Review

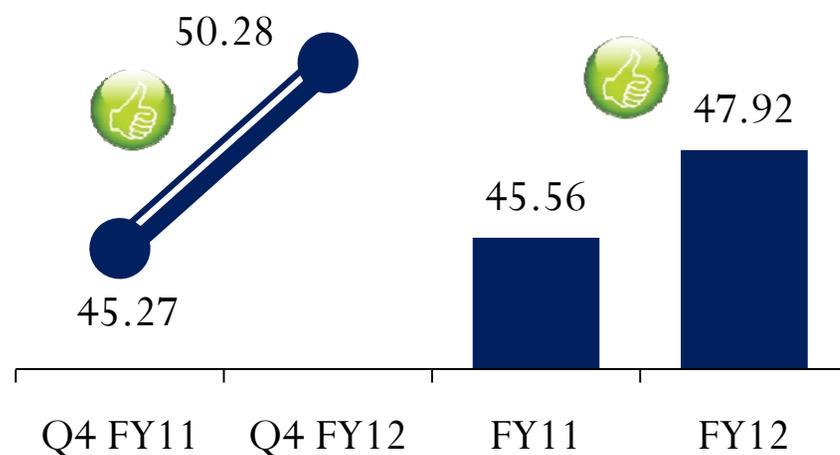


Key External Drivers

Aluminium LME (\$/t)



Exchange Rate (₹/\$)



Other Drivers

	Q4 FY12	FY12
Coal	Thumbs Down	Thumbs Down
FO and carbon costs	Thumbs Down	Thumbs Down
Copper TCRC	Thumbs Up	Thumbs Up
Sulphuric Acid realization	Thumbs Down	Thumbs Up

Significant Cost pressure continues

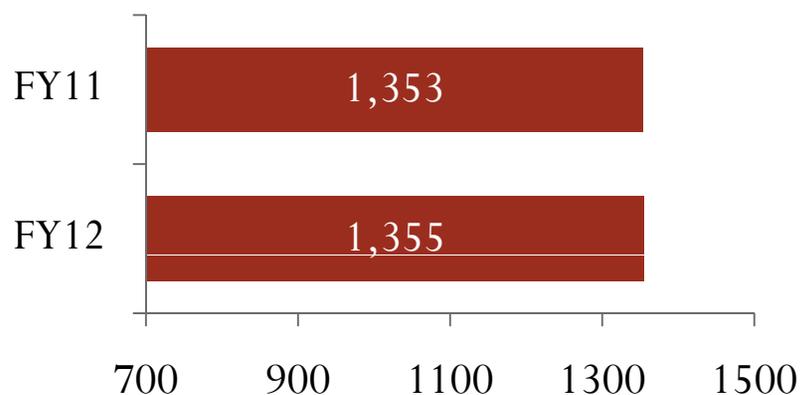
AI: Mitigating cost pressures

- ⦿ Higher production through asset sweating and continuous improvement in efficiencies
- ⦿ Domestic sales up 5% to 489 kt
- ⦿ Overall metal sales up 6% to 568 kt
- ⦿ 8% increase in special alumina /hydrate sale, even as standard alumina sale declined on higher captive use

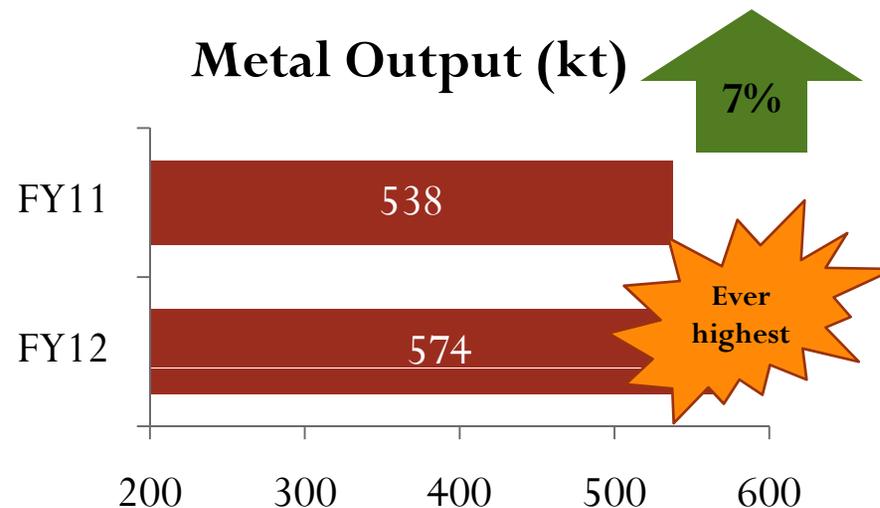
Strong operational performance helped us tide over the rough external environment

Al: Physical Performance - Annual

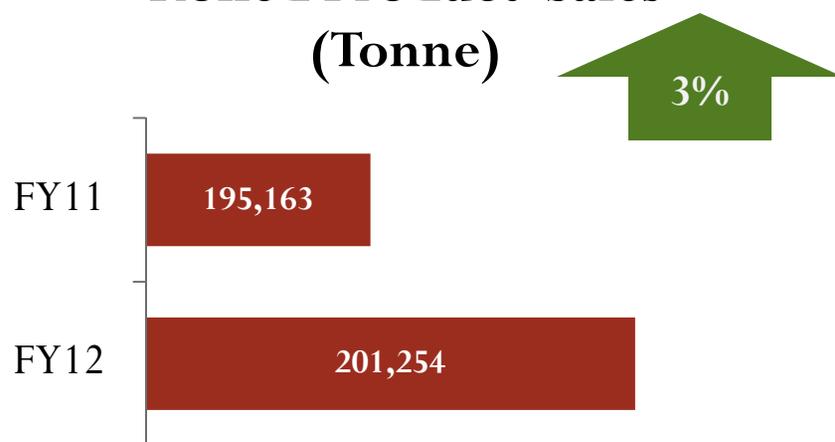
Alumina Output (kt)



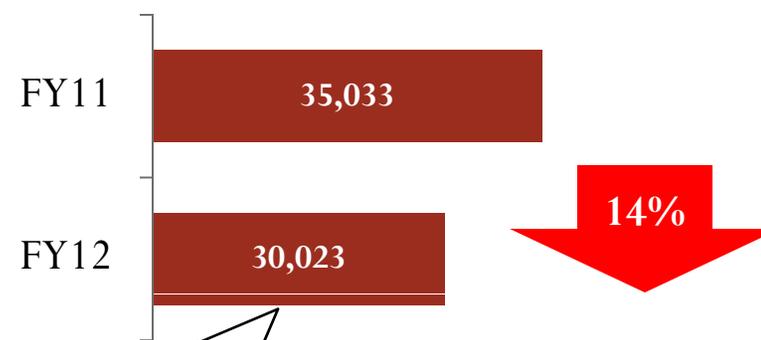
Metal Output (kt)



Rolled Product Sales (Tonne)



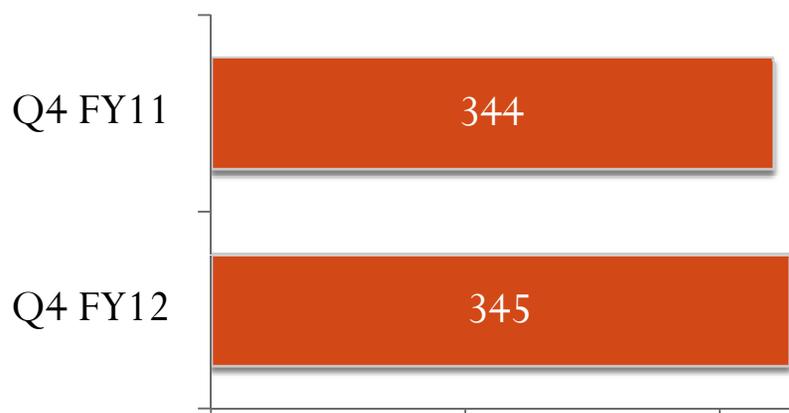
Extrusion Sales (Tonne)



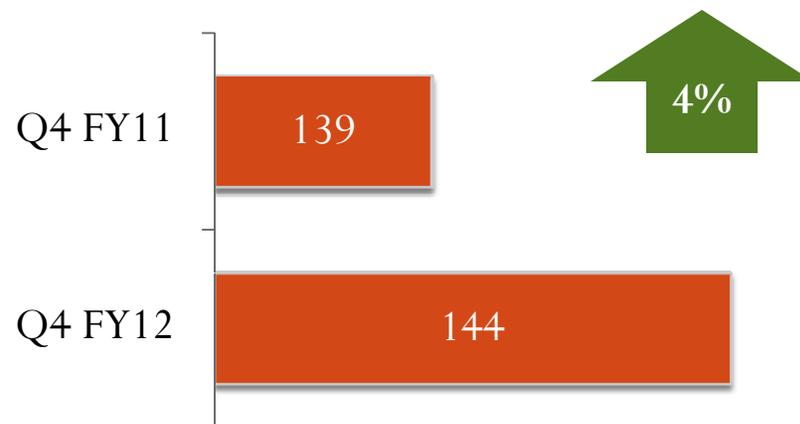
Alupuram plant under lockout till Q3

AI: Physical Performance – Quarter

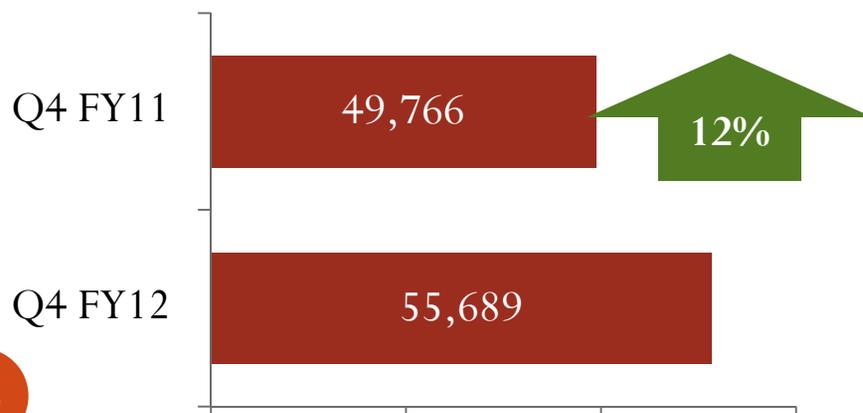
Alumina Output (kt)



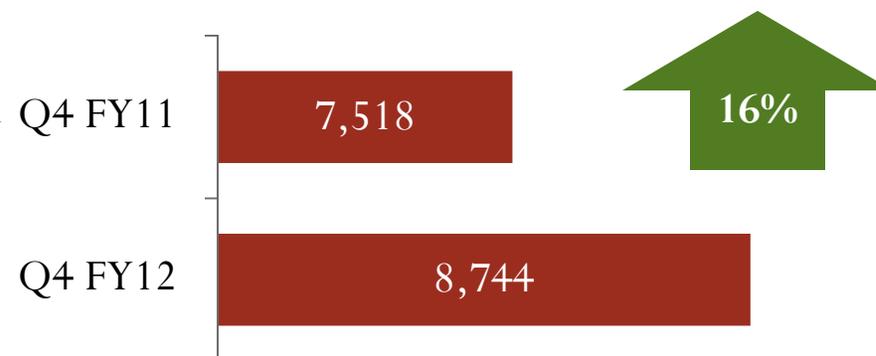
Metal Output (kt)



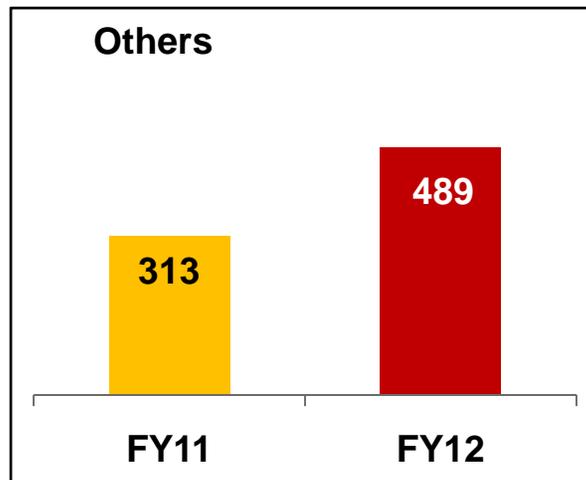
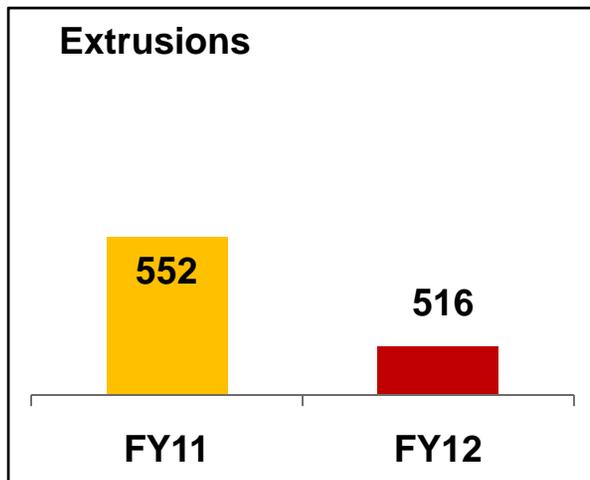
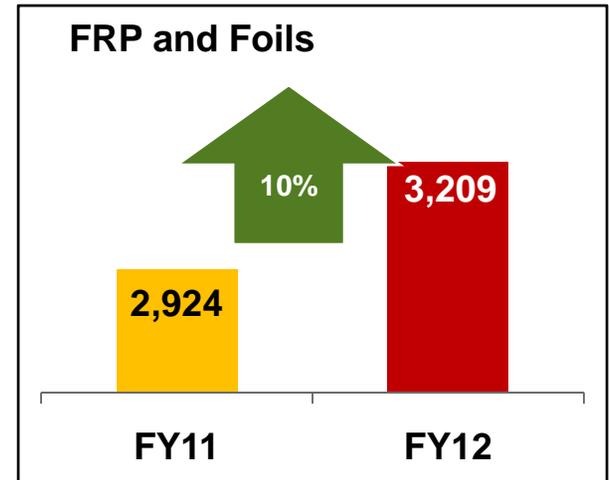
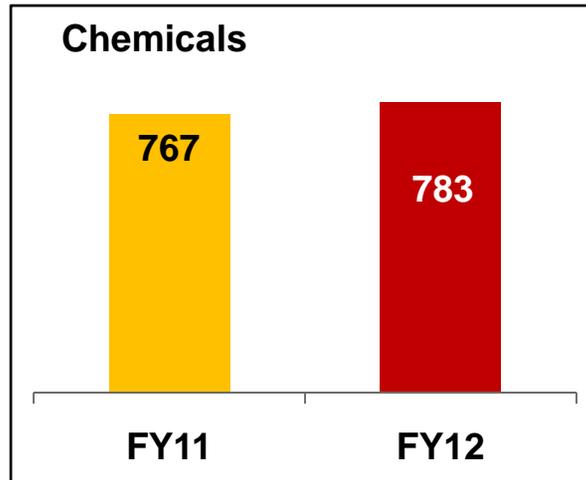
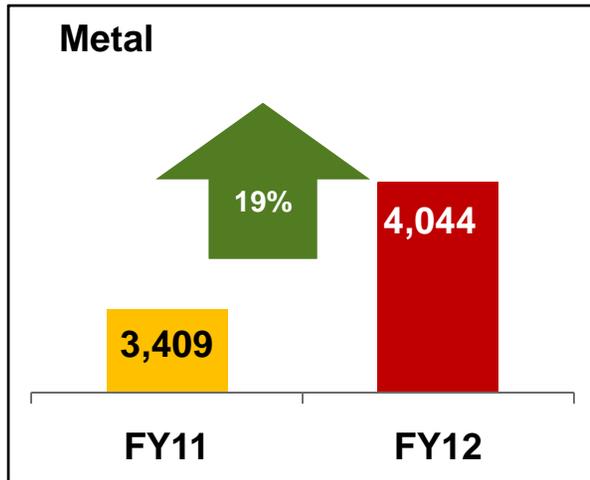
Rolled Sales (Tonne)



Extrusions Sales (Tonne)



Al: Revenue break up (Rs Crore)



Strong top line growth...
Primarily driven by higher volumes & improved mix

Aluminium Financials

₹ Cr	FY11	FY12	Change (%)
Net Sales	7,965	9,041	13.5
EBIT	2,004	1,822	(9.1)

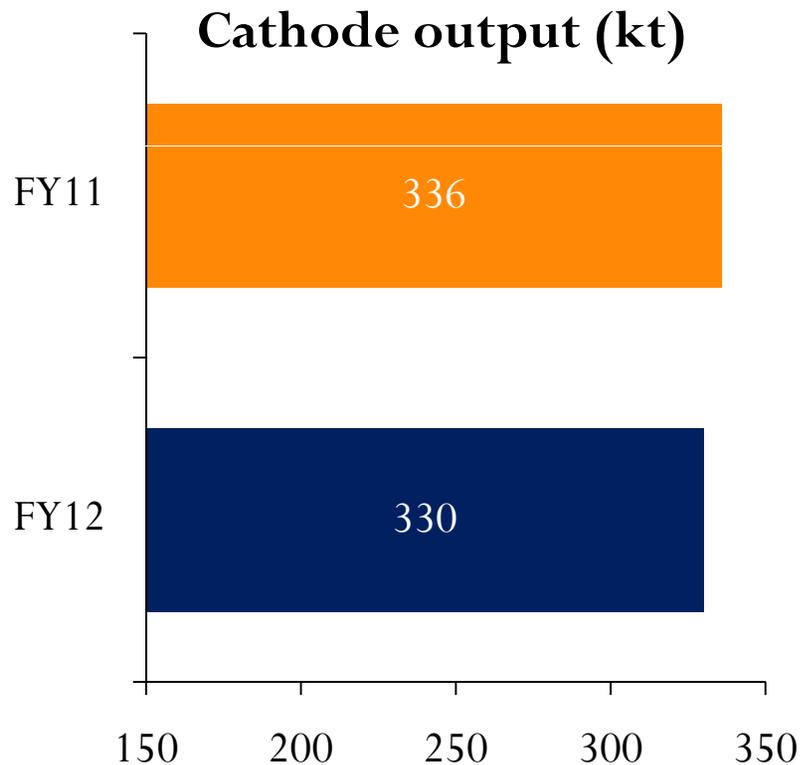
₹ Cr	Q4 FY11	Q4 FY12	Change (%)
Net Sales	2,211	2,499	13.0
EBIT	562	484	(14.0)

Copper Performance



Cu: Performance Drivers

Output was affected by inferior concentrate grade & planned shutdown ...



But performance lifted through various initiatives ...

More VAP: Higher proportion of CCR production

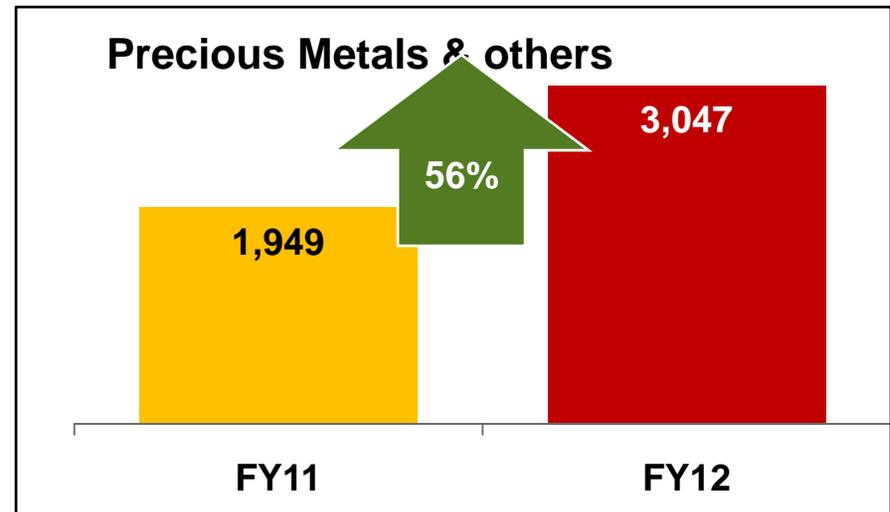
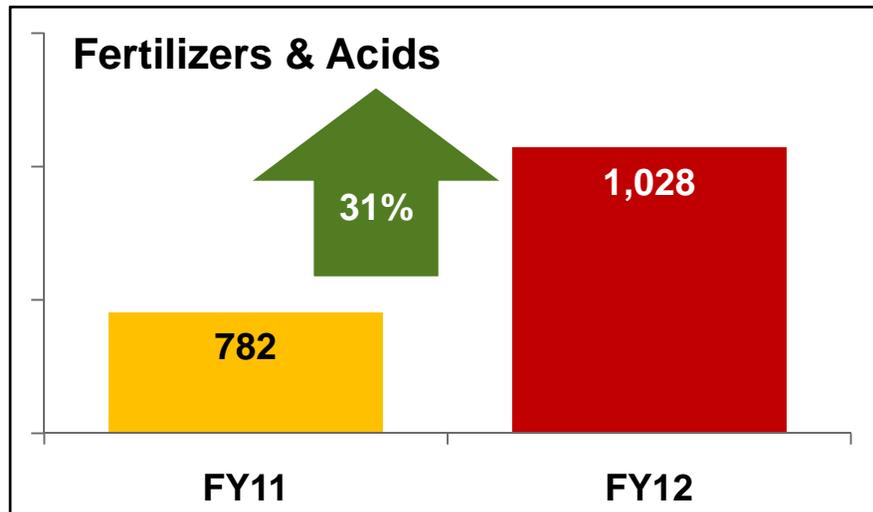
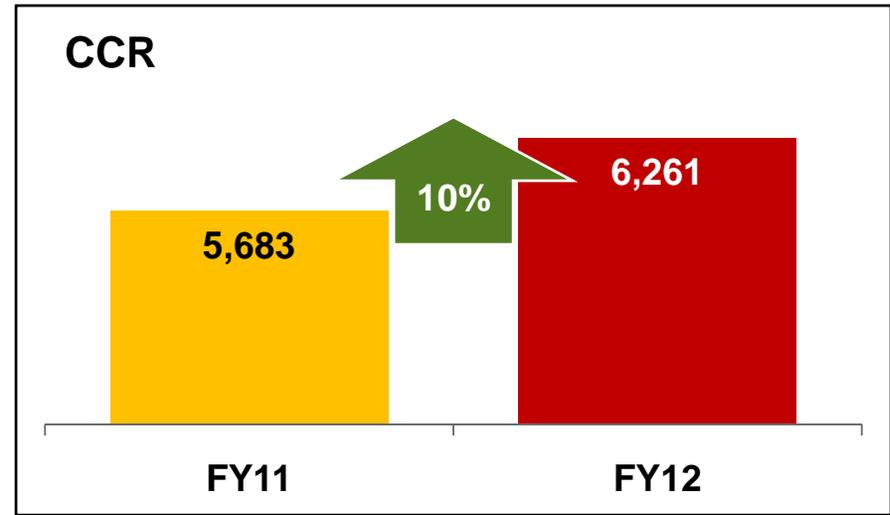
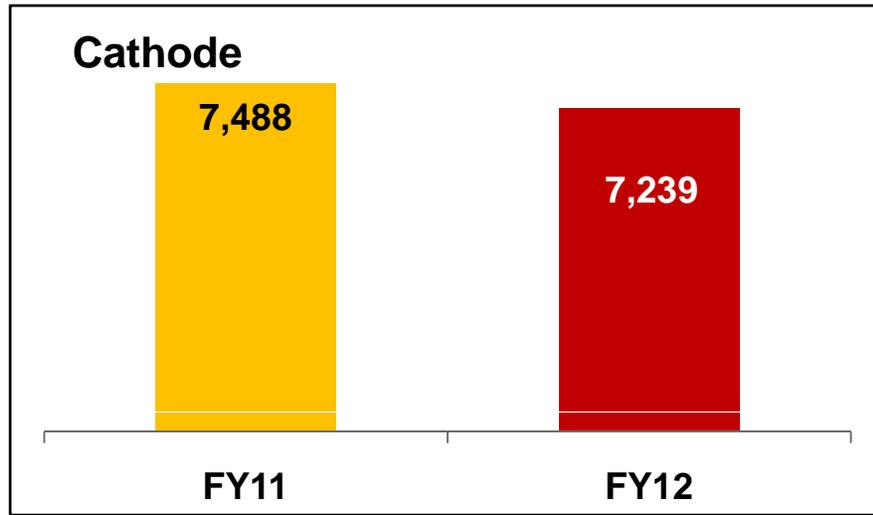
Optimization of the marketing mix

Greater value from selenium and 'waste-to-wealth' initiatives

Increased usage of external scrap

Improved recovery and efficiencies

Cu: Revenue Drivers (Rs Crore)



Copper Financials

₹Cr	FY11	FY12	Change (%)
Net Sales	15,902	17,575	10.5
EBIT	602	802	33.2

₹ Cr	Q4 FY11	Q4 FY12	Change (%)
Net Sales	4,637	5,154	11.1
EBIT	206	293	42.5

Projects Progress



Utkal Refinery

Heat Exchanger erected



Turbine alignment in progress



CHP Stacker and Reclaimer



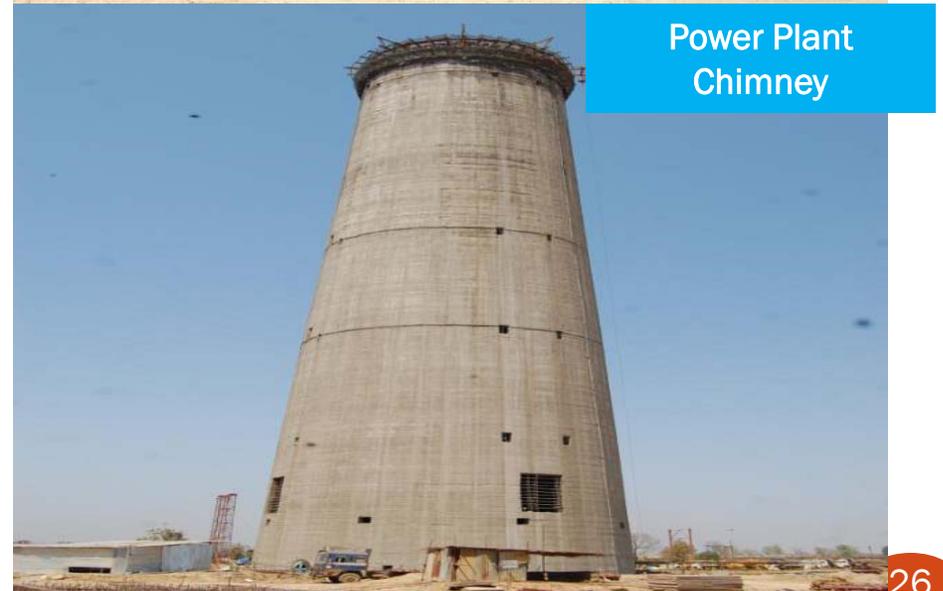
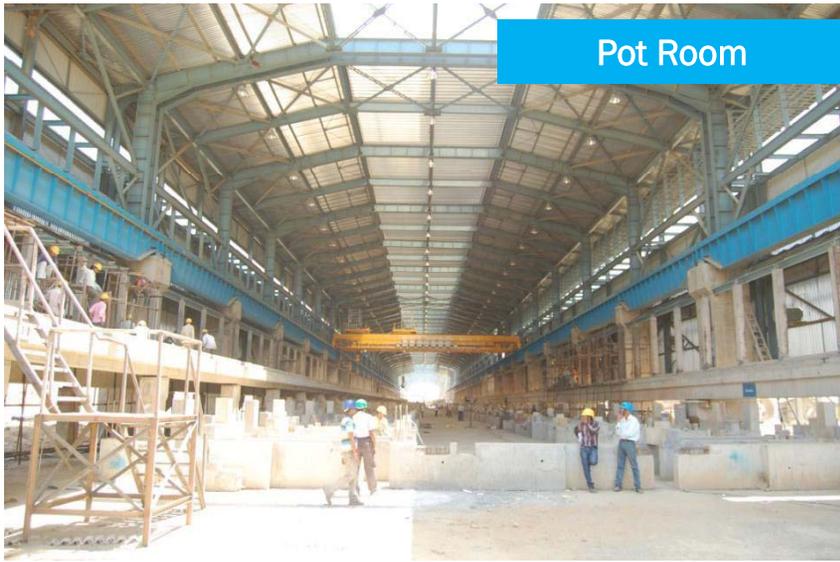
Erection of Rod Mill



Mahan Smelter & CPP



Aditya Smelter & CPP



Hirakud FRP

Hot Mill



Cold Mill



Summary....

India-specific cost pressures continue – especially relating to coal

Operational excellence helped us tide over these challenging times

Robust business model delivering results

ADITYA BIRLA



Thank you