



Investor Presentation

HINDALCO INDUSTRIES LTD

Q2 FY 2015

Contents



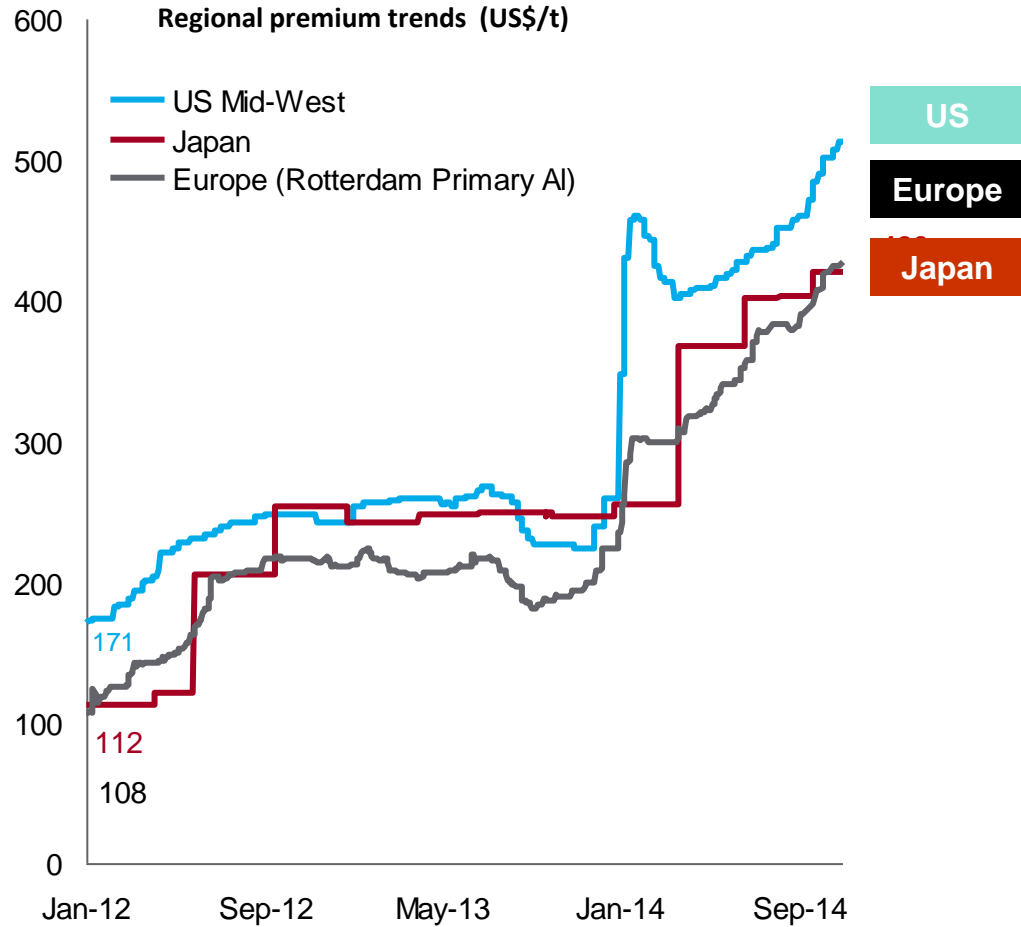
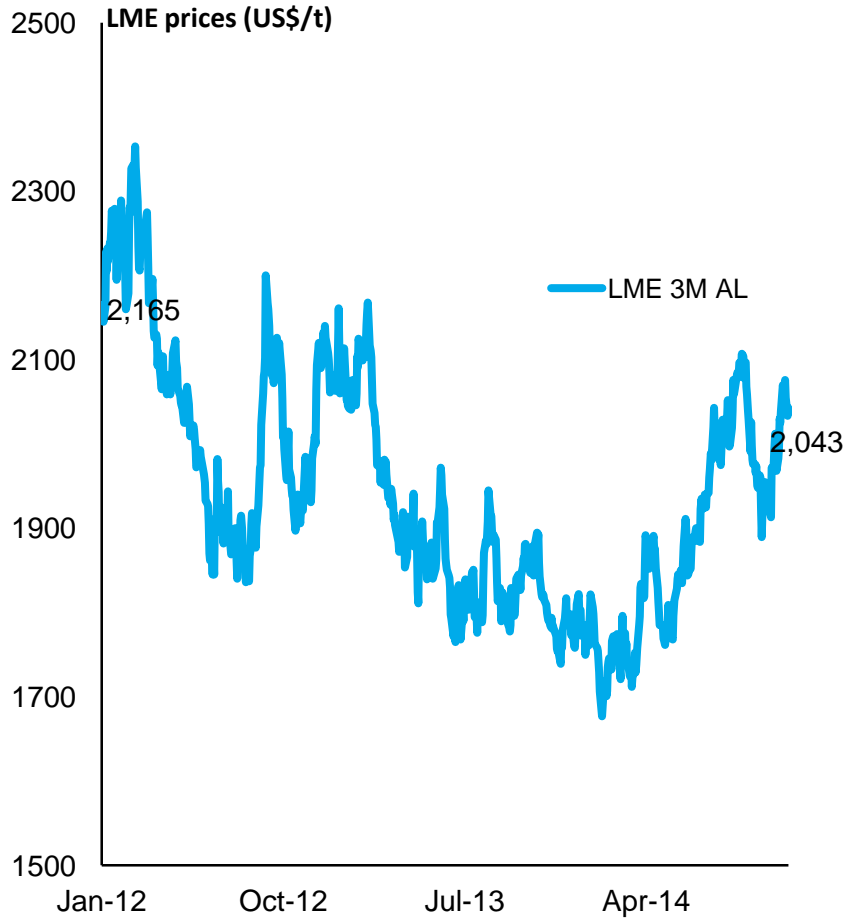
Highlights

Aluminium Business Review

Copper Business Review

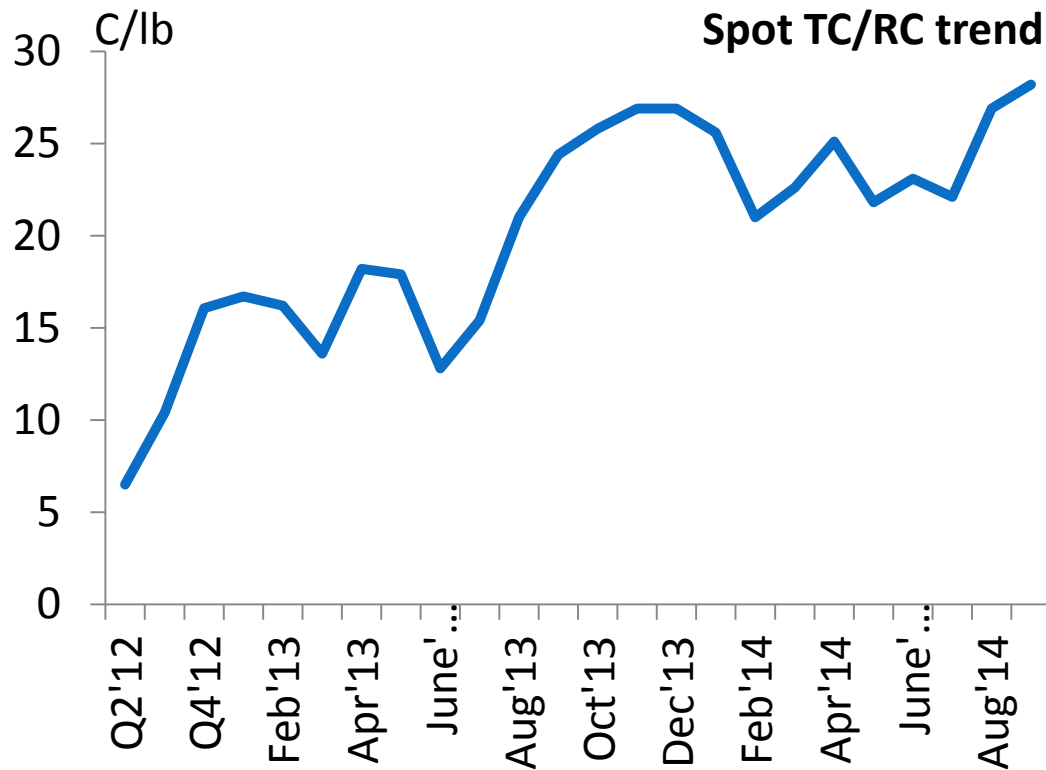
Aluminium Prices: Premium continues to provide support

Recent rise in aluminium prices further supported by rising regional premiums (US\$/t)



Financing deals, curtailed aluminium supply and demand recovery likely to restrict availability

Cu – TC/RC .. Supportive

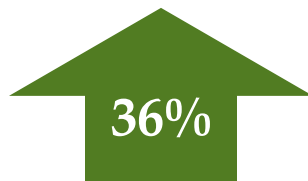


- Favourable TC/RC
- Higher mine supply and lower Chinese demand expected to keep TC/Rc strong

Highlights: Q2 FY15

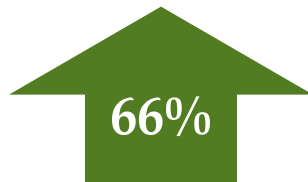
(yoy %)

Net Sales



Driven by higher volumes and realizations

EBITDA



Contributed by both Al and Cu segments

PBITDA



Led by operational improvements even as other income fell 20%

PBT (before exceptional items)



Robust result, despite more than doubling of financing charges

Net Profit



One timers such as Provisioning for coal levy and diminution in carrying value of investment in ABML

Financial Performance: Standalone

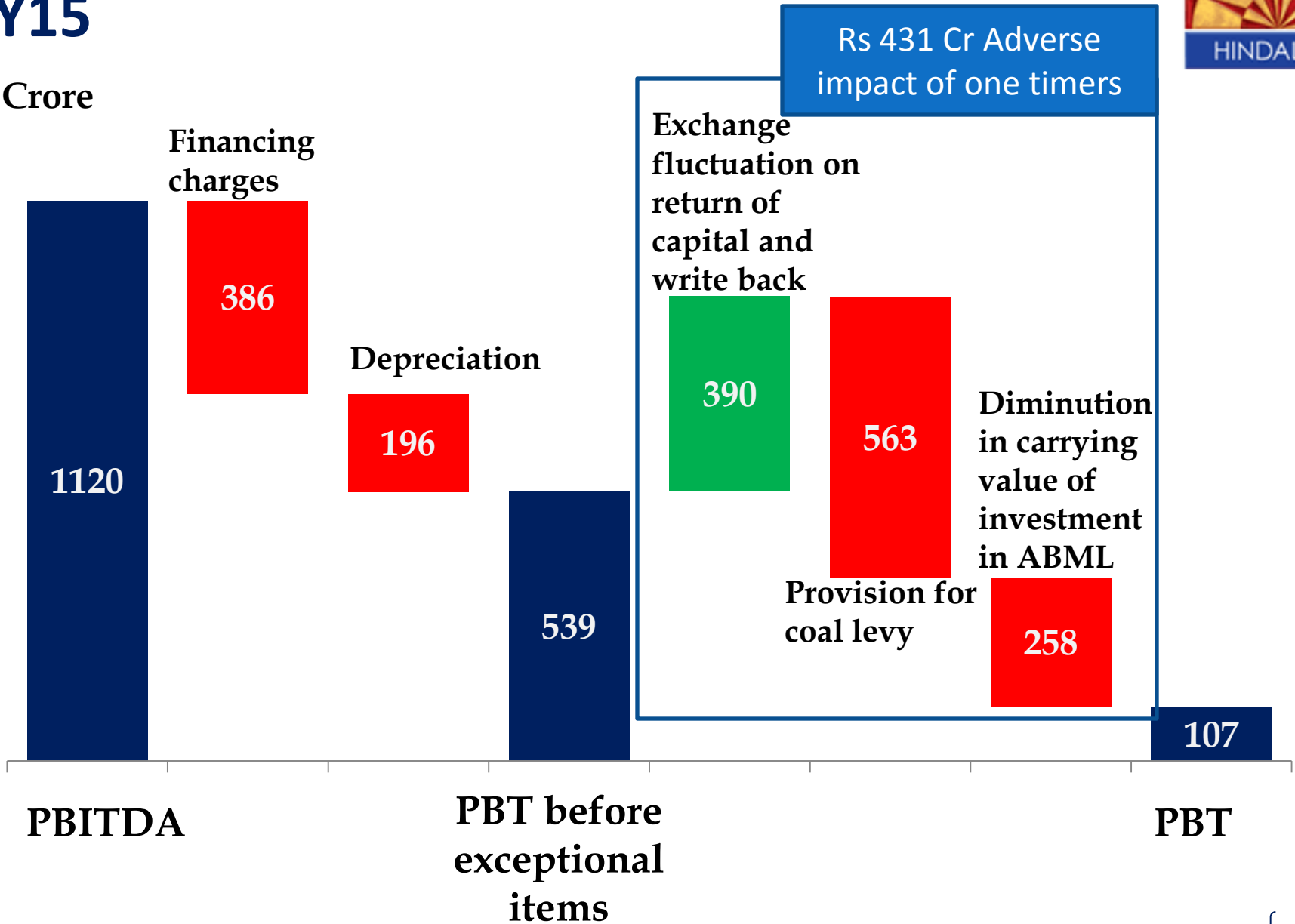
(₹) Cr	Q2 FY15	Q2 FY14	Change % YoY	Q1 FY15	Change %QOQ
Net Sales	8,554	6,305	36	7,996	7
Other Income	223	280	(20)	216	3
PBITDA	1,120	820	36.6	965	16
Depreciation	(196)	(196)	...	(187)	5
Interest	(386)	(183)	111	(338)	14
PBT before exceptional	539	440	22	440	22
Exceptional items	(431)
PBT	107	440	(76)	440	(76)
PAT	79	357	(78)	328	(76)
EPS (₹)	0.38	1.85		1.59	

Exceptional items eroded profitability in Q2

FY15



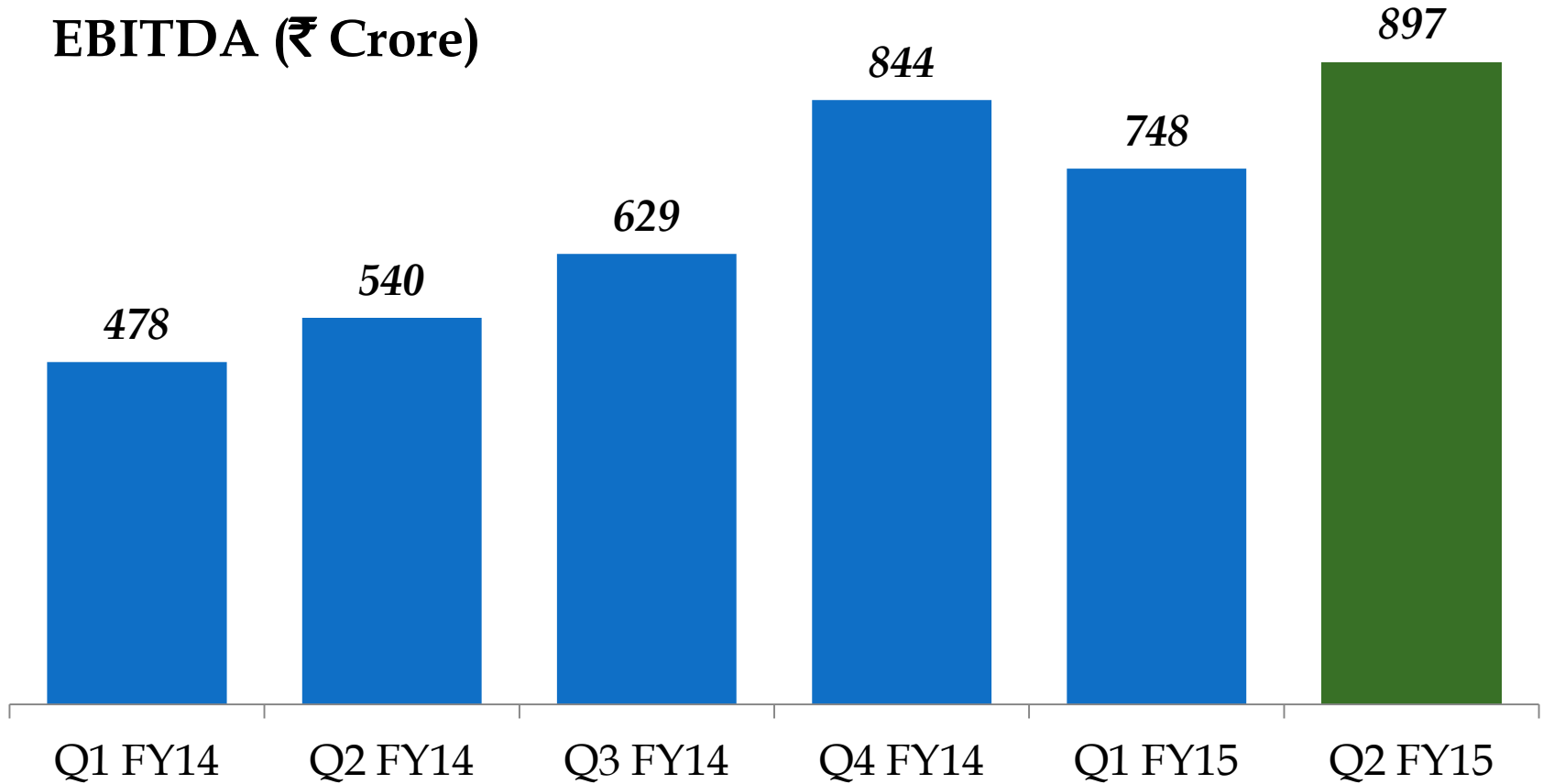
₹ Crore



EBITDA Trend



EBITDA (₹ Crore)



Driven by larger Aluminium volumes and record performance by Copper business



Aluminium Business

AI: Key Industry Drivers

- ⊙ LME and Premium strong, Stronger Rupee negated some gains

	Q2FY15	Q2FY14
LME (\$/t)	1,989	1,781
INRUSD	60.6	62.25
Premium (MJP) \$/T	404	252



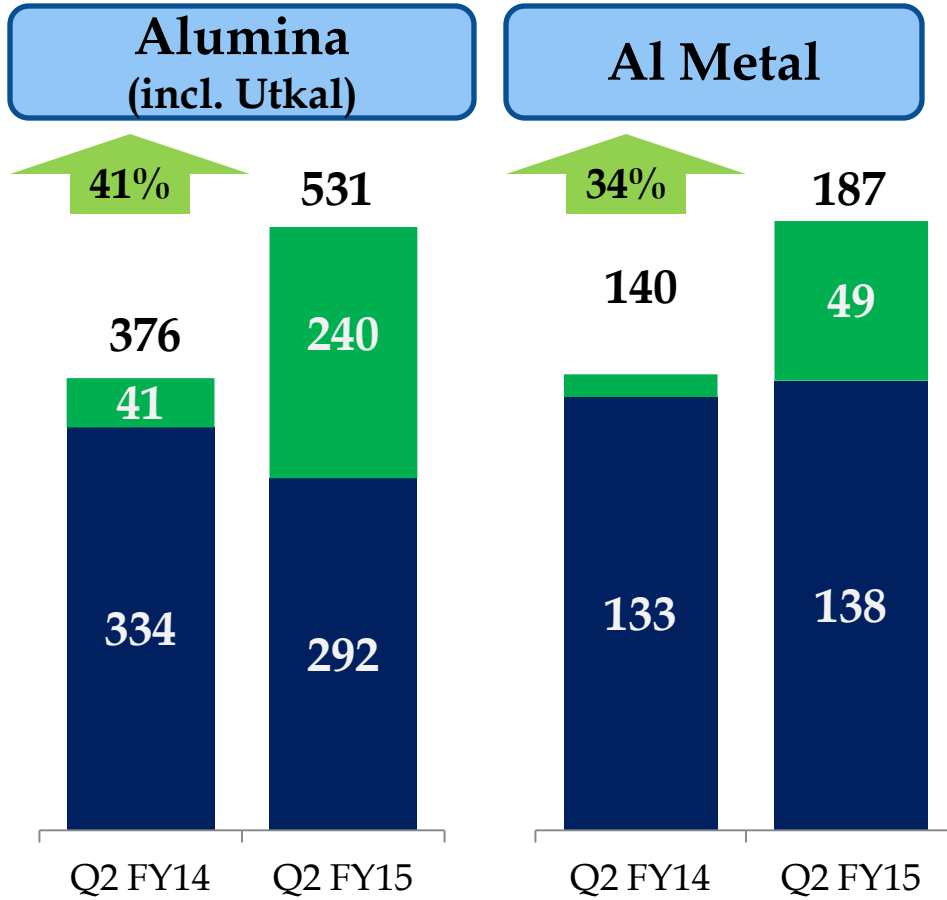
- ⊙ E auction Coal costs spiked up



Al: Volumes growth continued, despite some setbacks



(Figures in Kt = '000 t)

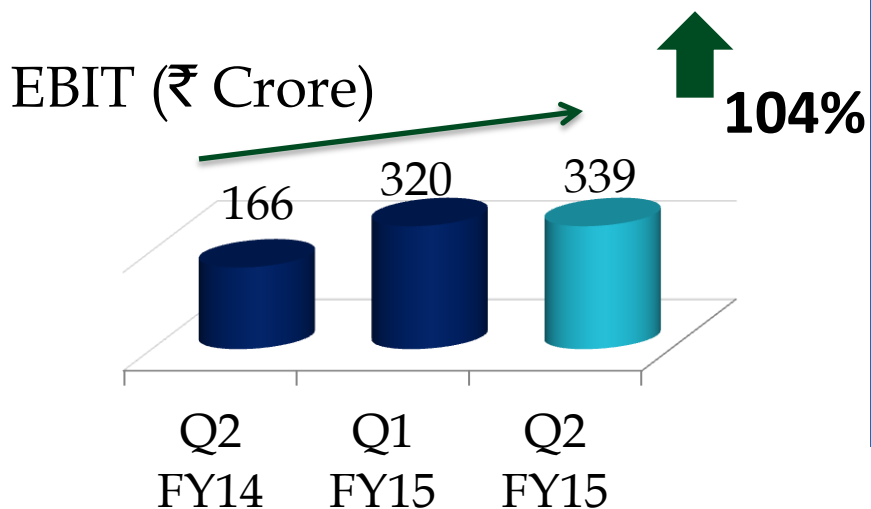
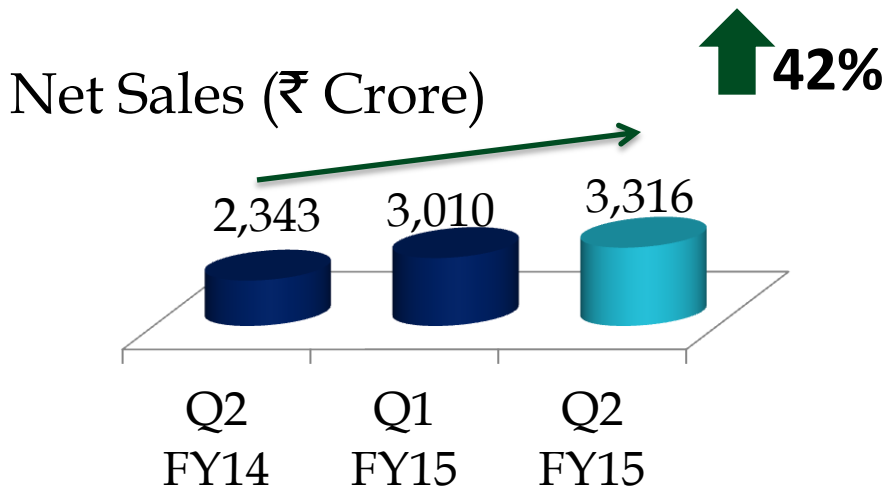


- **Alumina:** Higher volumes from Utkal led to production gains
- **Aluminium:** Greenfield projects led to volume growth despite setbacks
 - **Hirakud:** Output loss due to flooding-related blackout in early August
 - **Aditya:** Massive grid failure in August
- Operations largely restored

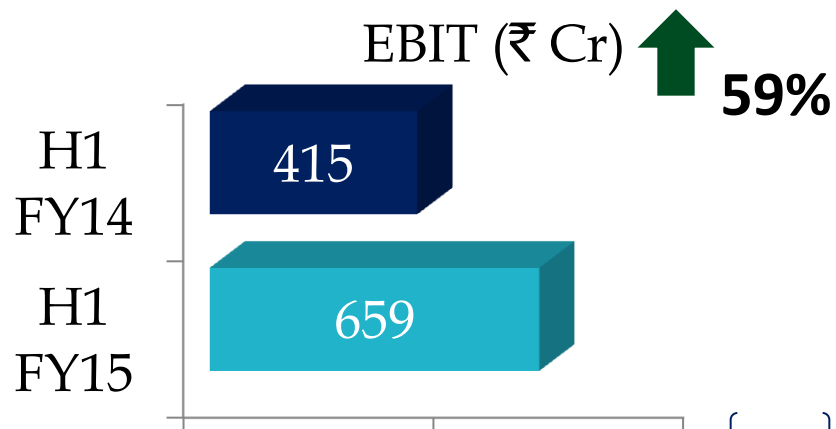
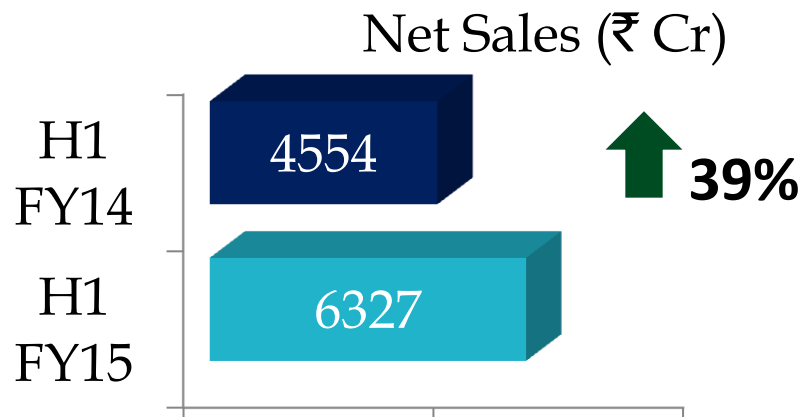
Volume from Greenfield Projects

AI: Financial Performance

Q2 Performance



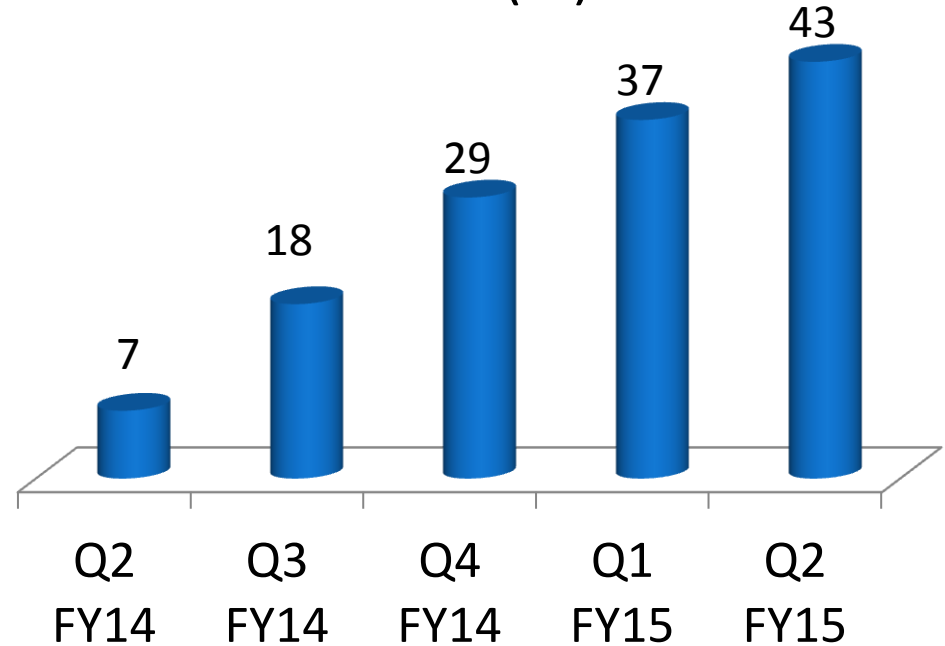
H1 Performance





Mahan – Ramping Up

Metal Production (kt)



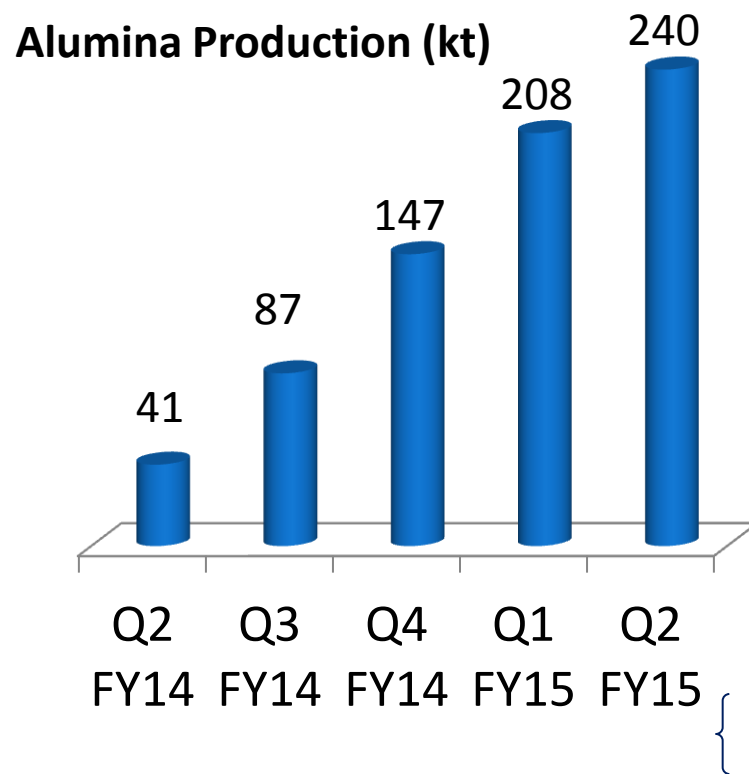
Aditya Smelter

- Plant has been ramping up well after the July grid failure incident
- Two CPP units in operation
- Baked anode production facility for Hirakud smelter gearing up to start

Utkal Alumina...



Utkal Alumina- Already in the lowest quartile on the cost curve



Key Updates

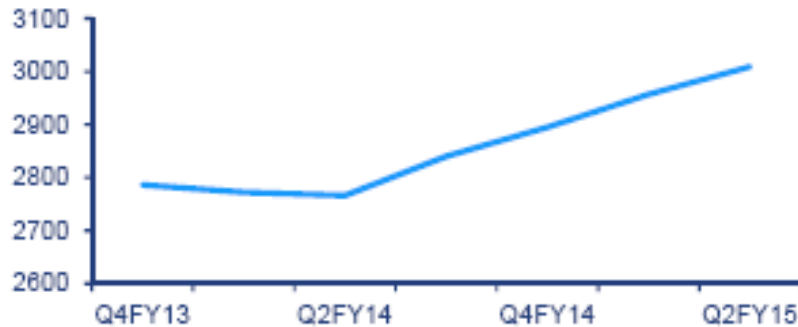
- ❑ Shipments up 7% YoY to 765 kilotonnes
- ❑ Sales up 17% to \$2.8 billion
- ❑ Adjusted EBITDA up 1% to \$230 million
- ❑ Net income of \$38 million, up 65%; net income excluding certain items of \$42 million, up 14%
- ❑ Free cash flow before CapEx \$18 million
- ❑ Liquidity of \$734 million
- ❑ Amended and extended ABL in October

Novelis - Robust Business Model

Growing Shipments

- Record auto & can shipments in Q2
- Strong aluminum FRP demand in short and long term
- Added capacity from expansions to capture growth
- Contracting future well

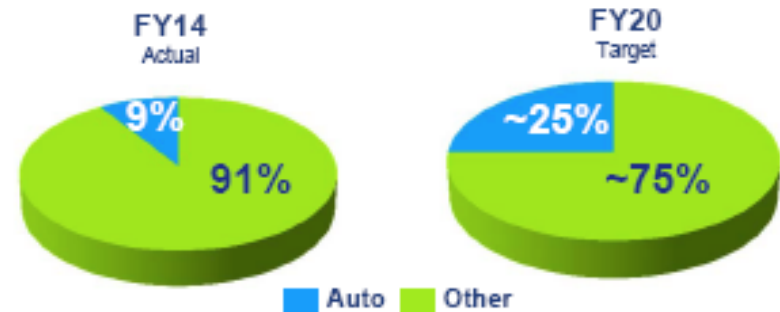
TTM Total FRP Shipment Trend (kt)



Portfolio Shift

- Sold North American consumer foil business
- Growing global automotive finishing capacity
 - Official China opening
 - Oswego readiness






Auto as % of Total FRP Shipments



Copper Business...



Cu: Mixed Industry Trends...

	Q2 FY15 vs. Q2 FY14	Impact (YoY)
TCRC	Higher	
LME (\$/t)	Stable	
Exch. Rate (₹/\$)	Unfavourable	
Acid Price	Higher	
Imported coal	Stable	

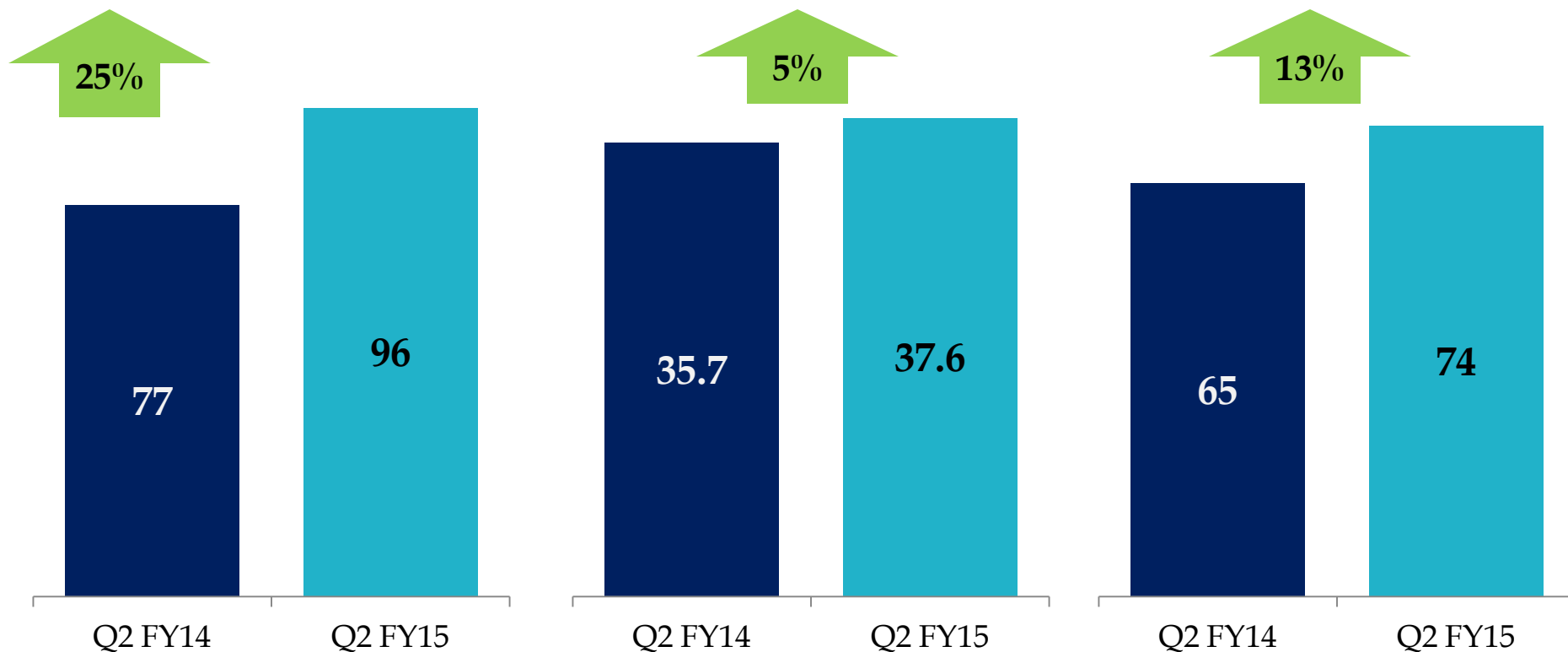
Cu: Robust Production Performance

KT

Cathode

CCR

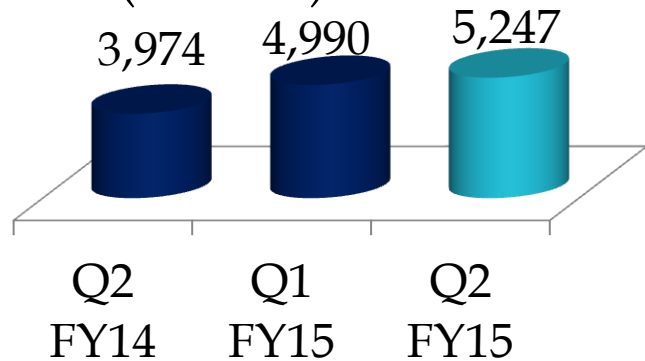
DAP



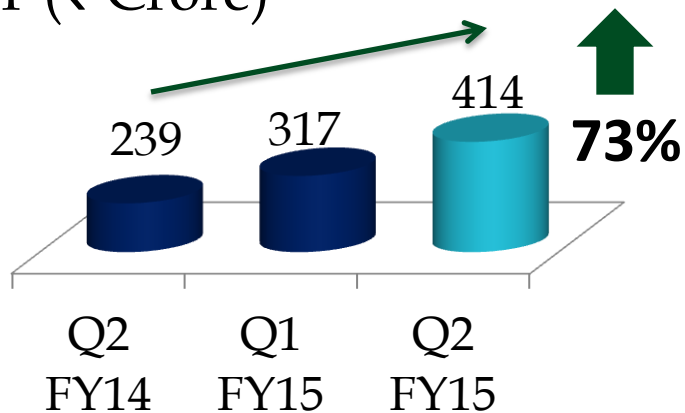
Cu: Strong Financial Performance

Q2 Performance

Net Sales (₹ Crore)

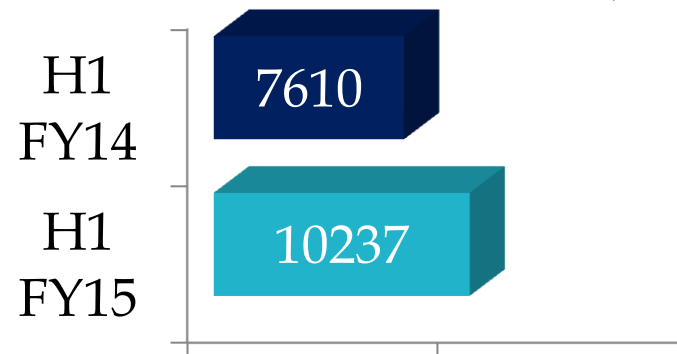


EBIT (₹ Crore)

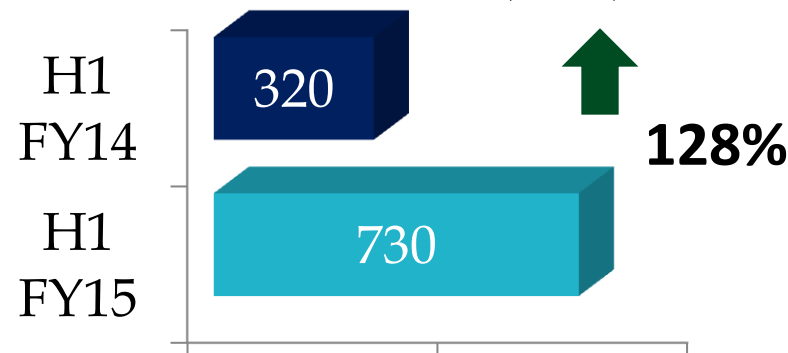


H1 Performance

Net Sales (₹ Cr)



EBIT (₹ Cr)



Another quarter of record profitability

ABML: Updates

- Nifty mines operations re-started in mid-July after lifting of the prohibition notice by the Department of Mines and Petroleum (DMP) following the Sink hole incident.
- Mine activity and processing plant being ramped up gradually; 241 kt of ore mined and 2.7 kt of copper in concentrate produced till end-Sep'14
- There has been a depletion of ore reserve on account of sink hole incident. As of Oct 1st 2014, Nifty Reserves stood at 12.2 Mn tonnes at 1.78% Cu or around 217 KT of Cu
- Mt Gordon mines remain under care & maintenance; strategic options under examination
- Impairment charges anticipated to the tune of AUD 175 - 225 Mn

Company Outlook



Greenfield projects are stabilizing well; Volumes and COP expected to be on an improving trajectory

**Aluminium sector environment gradually improving
Strong Pricing & Demand outlook**

Copper business expected to continue to contribute significantly with favourable trend in TCRC

Novelis' shipments and EBITDA expected to keep moving north, driving benefits of its expansion projects

Even as coal-related challenges remain, other elements of the growth jigsaw falling in place



Thank you

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