

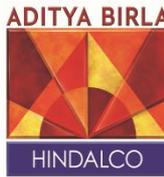


Hindalco

Investor Presentation – Q4 FY17
Mumbai, May 30, 2017



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.

Agenda

1

Key Highlights

2

Economy & Industry

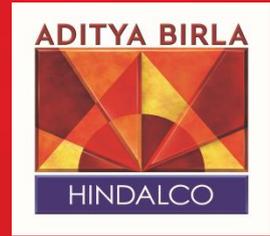
3

Result Highlights

4

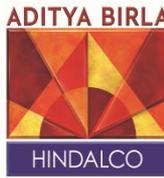
Operational and Financial Performance

- Aluminium (India)
- Copper
- Novelis



Key Highlights

Key Highlights



Strengthening Balance Sheet

- Raised USD 500 mn through Qualified Institutional Placement (QIP)
 - ◇ Largest non bank QIP in last 2 years
 - ◇ Generated demand in excess of USD 1.5 bn (3x Subscription) with strong demand from FII
 - ◇ Priced at 2.7% premium to floor price & zero discount to closing price
- Prepaid Rs. 1,031 crore long term loan in FY 2017 & Rs. 4,505 crore in April 2017 – Till date the total per payment stands at Rs. 5,536 crore
- Refinanced USD 4.3 billion long-term debt at Novelis - annual cash interest reduced by USD 79 mn
- Consolidated Net Debt to EBITDA* as on Mar 31, 2017 improved to 3.74x from 6.29x on Mar 31, 2016

Strategic Divestment

- Divestment of Aditya Birla Minerals Limited (Australia) completed in July 2016
- Novelis entered into a Joint Venture agreement in May 2017 with Kobe Steel to sell 50% of its ownership interest in its Ulsan, South Korea facility for USD 315 mn

* (EBITDA excluding treasury income)

Key Highlights

Coal Security

- With new coal linkage in fiscal year 2017 coal security improved to two thirds of annual coal requirement for Aluminium business

Aluminium India

- Record production of Aluminium at 1,266 Kt and Alumina at 2,886 Kt
- Record EBITDA at Rs. 3,473 crore vs. Rs. 2,009 crore in FY16 on the back of strong operations & supporting macros
- GP IV/4 & GP IV/5 coal mines reached their peak capacity; Kathautia mine commenced operation in February 2017

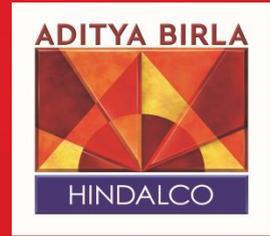
Copper

- Copper EBITDA at Rs. 1,456 crore marginally lower as compared to FY16
- Lower sales volume mainly on account of planned shutdown and subdued wire rod demand
- Reduction in raw material prices offset by lower by-product realization

Novelis

- Operational efficiencies and strategic product shift drive record results – Adjusted EBITDA* up 13% to USD 1.09 billion
- Record free cash flow of USD 361 million
- Auto shipments up 17% FY17 versus FY16 - Share of Auto shipments increase to 20% in Q4FY17

* Adjusted EBITDA excludes metal price lag



Economy and Industry

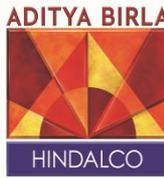
Global Economy – Gaining momentum amidst challenges

- IMF projected world growth is expected to rise from 3.1 % in 2016 to 3.5 % in 2017
- China registered more than expected growth of 6.9% in Q1 CY 2017; Going forward growth is expected to moderate.
- European Commission expects Euro area to grow by 1.7% in 2017 and 1.8% in 2018

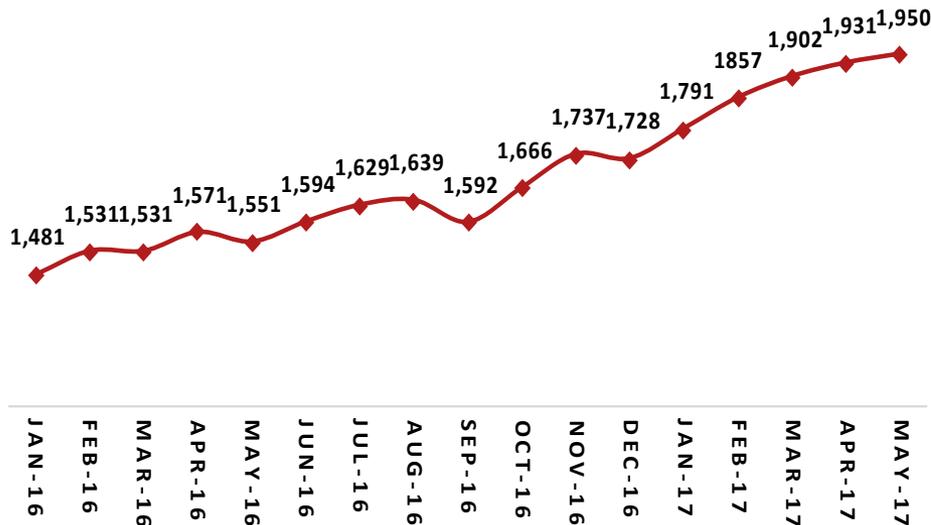
Domestic Economy

- As per the World Bank, the growth of Indian economy is expected to be around 7% in Fiscal Year 2016-17, followed by acceleration to 7.6% in 2017-18
- Enhanced government focus on housing, electrification and infrastructure to drive demand in future

Aluminium Industry



Aluminium Prices Trend (USD/t)



*May'17 Aluminium LME as on 26th May'2017

Global market is expected to be largely balanced in CY 2017

- Environmental & Supply side restrictions in China expected to drive LME up
 - ◇ New smelting capacity growth is expected to slow down significantly
 - ◇ Under construction projects may be delayed
 - ◇ More than 4 mn ton of smelting capacity at risk
- Buoyant demand outlook and lower inventory base to support price outlook
 - ◇ In CY 2017 demand outside China expected to surge as manufacturing PMI in major geographies are on the rise
- Trump Administration Opens Trade Investigation on Aluminium imports

Aluminium Industry Drivers

- Realization improved significantly in H2FY2017 driven by Trump infra plan, surge in input cost and expected production cut in China
- Regional premium moderated in FY2017
- Domestic market remains oversupplied due to imports and production enhancements

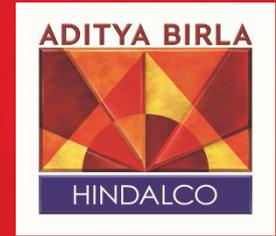
Key macro drivers	FY16	FY17	YoY%
LME (US\$ /T)	1592	1688	↑ 6%
Premium (MJP) (US\$/T)	120	95	↓ -21%
Rs./US\$	65.5	67.1	↑ 2%

Copper Industry

- Mine disruption in Chile and exports ban from Indonesia impacted concentrate supply and thereby affecting TcRc in H2 FY2017
- Increase in scrap availability affecting the refined consumption especially in the developed world - Growth in global refined copper consumption is likely to remain flat at around 2% in CY 2017
- Domestic copper demand remained subdued in FY 2017 - is expected to bounce back in FY 2018

Key macro drivers (FY 17 vs FY 16)				
TCRC (USDc/lb)	LME (USD/MT)	Rs./USD	Acid Price (Rs./MT)	DAP Realization (Rs./MT)





Result Highlights

FY17- Strong operating performance

FY17 – Standalone Highlights

Revenue

Rs. 39,383 crore
(Y-o-Y up 7%)

EBITDA

Rs. 5,819 crore
(Y-o-Y up 35%)

Net Profit

Rs. 1,557 crore
(Y-o-Y up 182%)

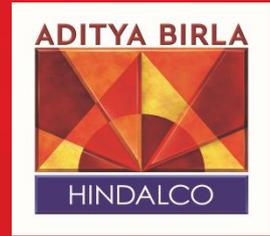
- Higher Aluminium volumes and realization
- Lower input cost
- Stable operations

- Overall strong performance based on stable operations

Utkal EBITDA

Rs. 672 crore
(Y-o-Y down 6%)

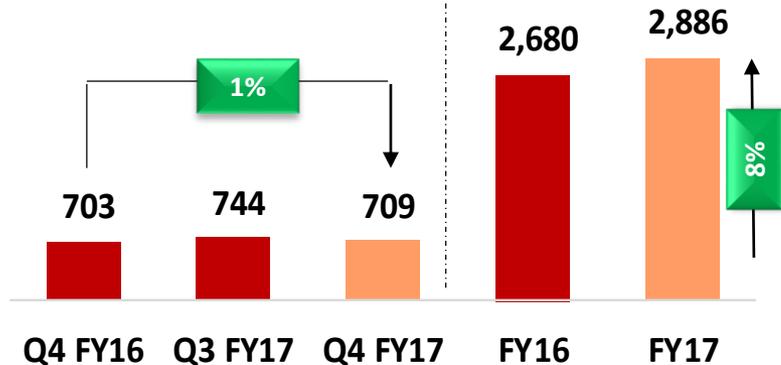
- Lower realization for Utkal resulting in lower input cost for Hindalco



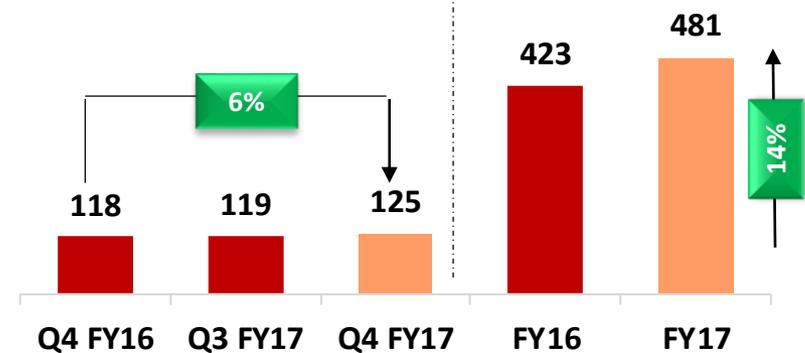
Operational Performance Aluminium (India)

Production Trend

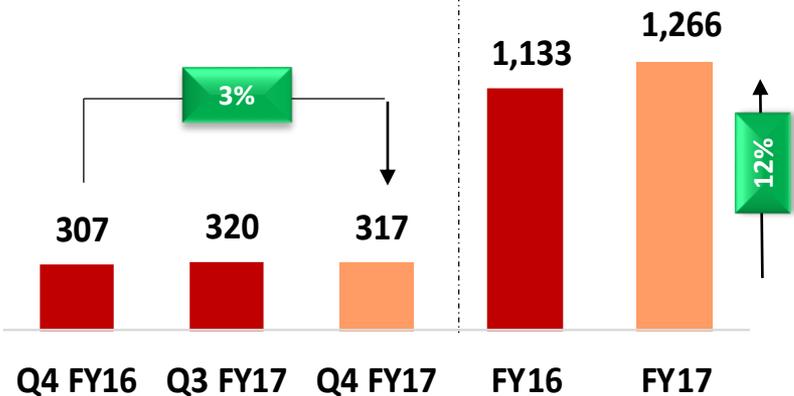
Alumina (KT) includes Utkal



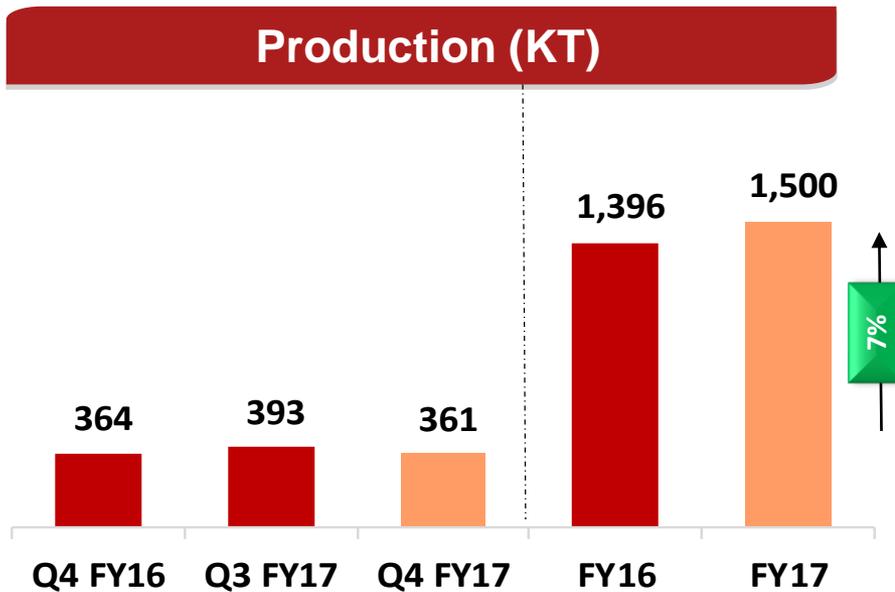
VAP incl. Wire Rod (KT)



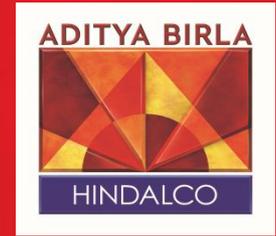
Metal (KT)



- Strong production growth with increase by 8% for Alumina and 12% for Metal - Plants ramped up and operating at designed capacities
- VAP production increased by 14%



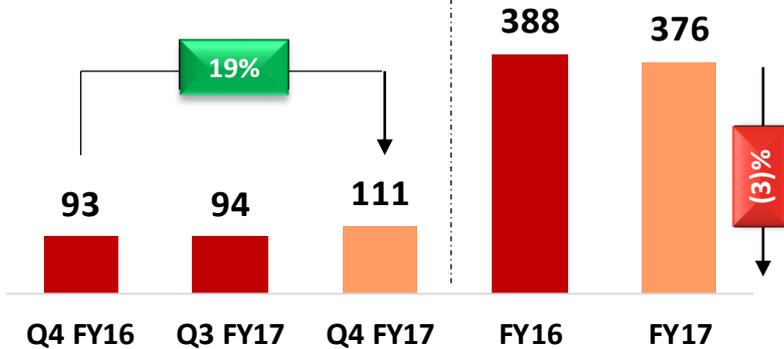
- Plant achieved operations at designed capacity
- Cash cost of Alumina refinery is amongst the lowest in the world



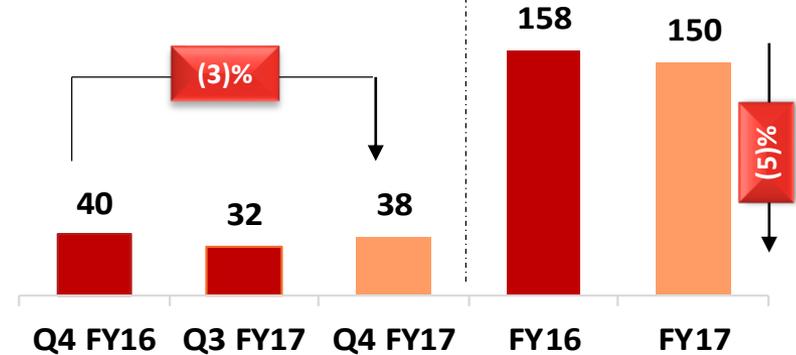
Operational Performance Copper

Production

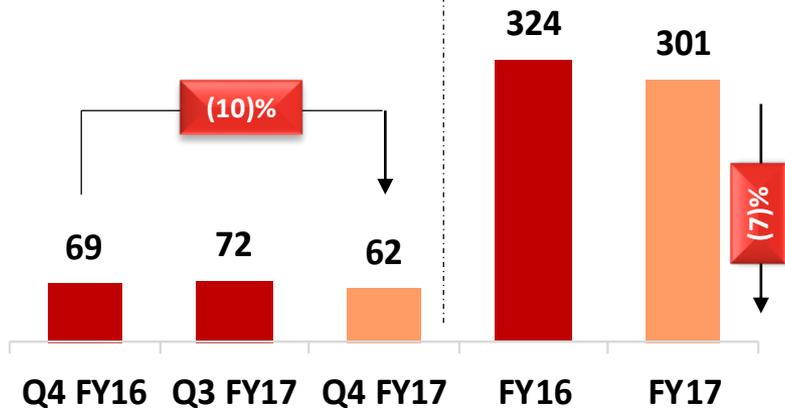
Cathode (KT)



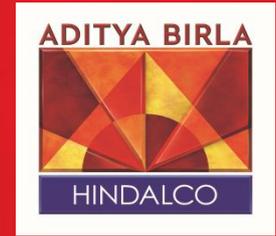
CC Rods (KT)



DAP (KT)



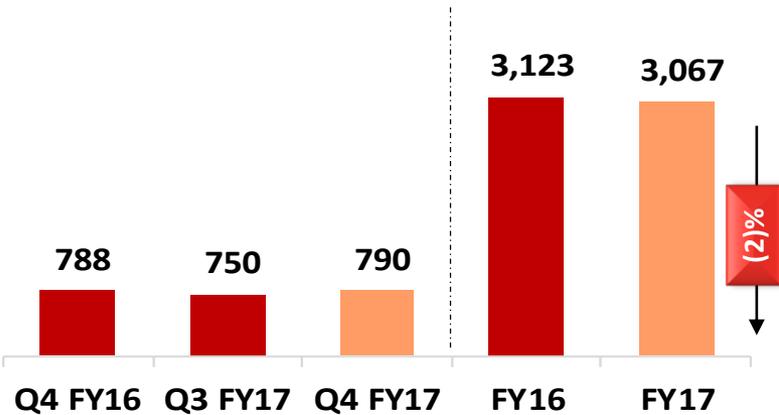
- Cathode & DAP production impacted mainly due to planned shutdown
- CC rod production impacted by lower demand in domestic market



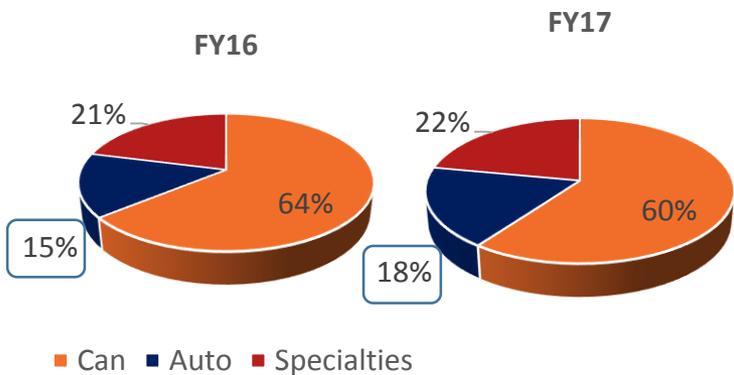
Operational Performance Novelis

Key Highlights

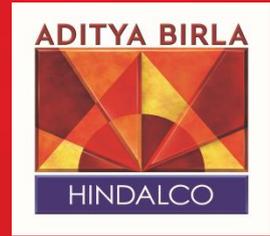
Total Shipments (KT)



Shipment Mix



- Aluminium Auto sheet demand continued to be robust
 - Share of Automotive shipments at 18% up from 15% last year.
- Lower can shipments mainly due to weaker economic conditions in Brazil and the Middle East impacted overall shipments
- Significant cost reduction through improvement in productivity, asset utilization and better metal mix
 - Inputs from recycled materials increased from 51% to 55% for FY2017
- Continued ramp up of automotive capacity and improvement in operational efficiencies



Financial Performance

Financial Highlights – Standalone

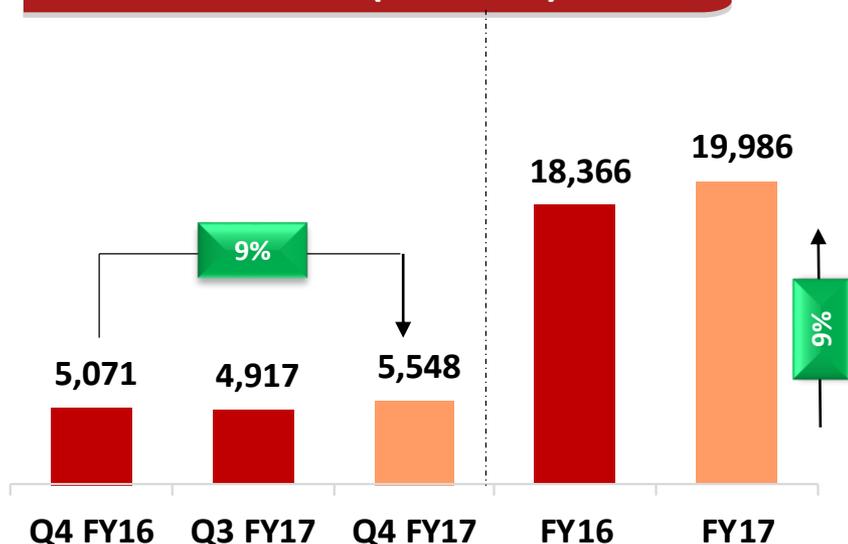
(Rs. crore)

Particulars	Q4		Q3	Full Year	
	FY17	FY16	FY17	FY17	FY16
Revenue from Operations	11,747	9,263	9,915	39,383	36,713
<u>Earning Before Interest, Tax and Depreciation (EBITDA)</u>					
Aluminium	918	837	876	3,473	2,009
Copper	497	384	330	1,456	1,467
Others	155	166	200	890	849
Total EBITDA	1,570	1,387	1,405	5,819	4,325
PBDT	1,029	814	817	3,496	1,935
Earning before Exceptional Items and Tax	648	473	459	2,068	653
Exceptional Income/ (Expenses) (Net)	-	-	-	85	-
Profit Before Tax	648	473	459	2,153	653
Profit/ (Loss) After Tax	503	400	321	1,557	552
Earnings per Share (EPS) - Basic (In Rupees)	2.4	★ (1.2)	1.6	7.6	★ (0.6)

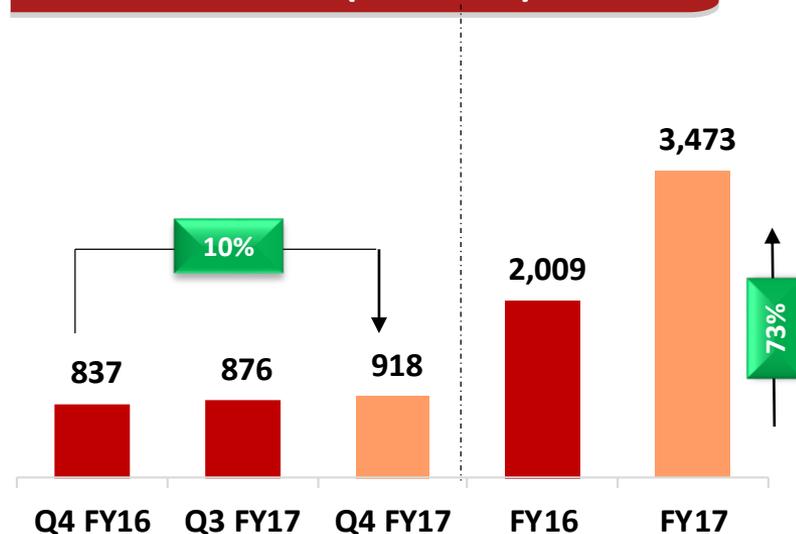
★ After considering impact of expenses/losses not taken through P/L

Aluminium Standalone

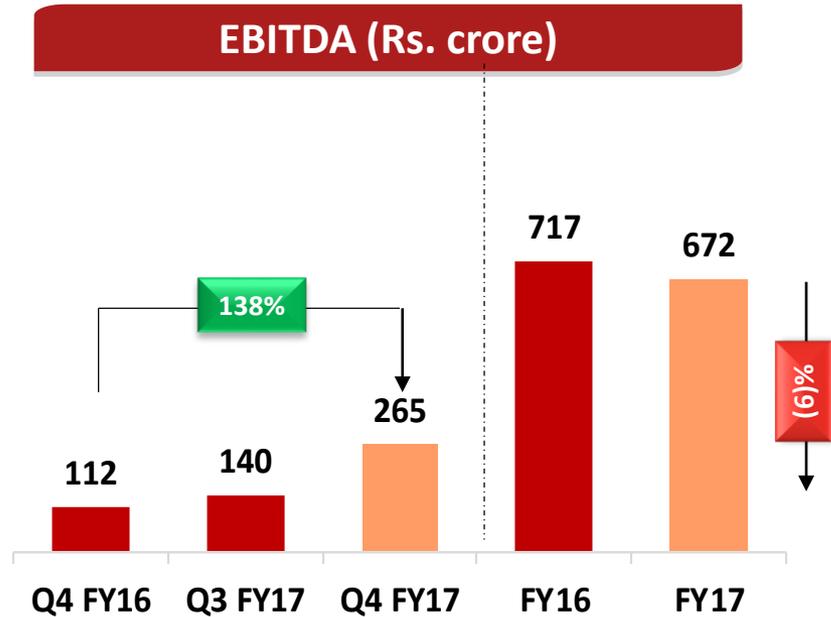
Revenue (Rs. crore)



EBITDA (Rs. crore)

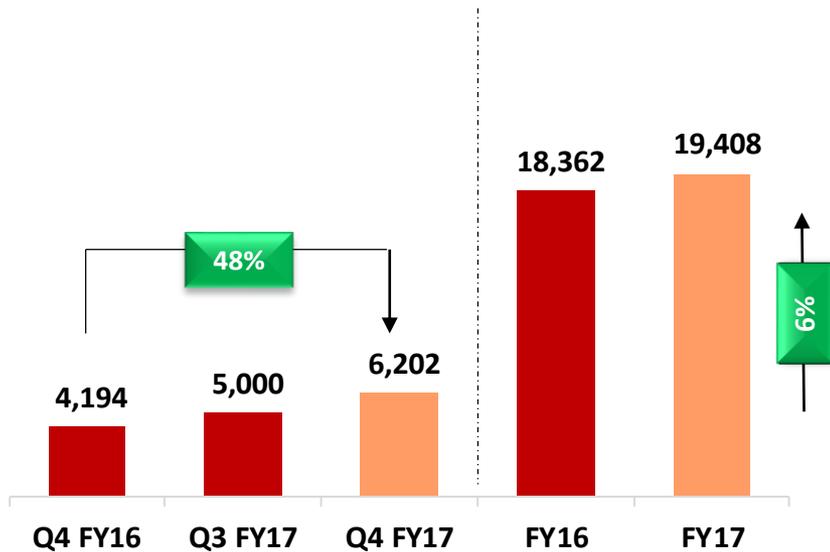


- Strong performance on account of steady plant operations, higher volumes, supportive macro factors and lower input cost; However input cost started hardening in Q4 FY17

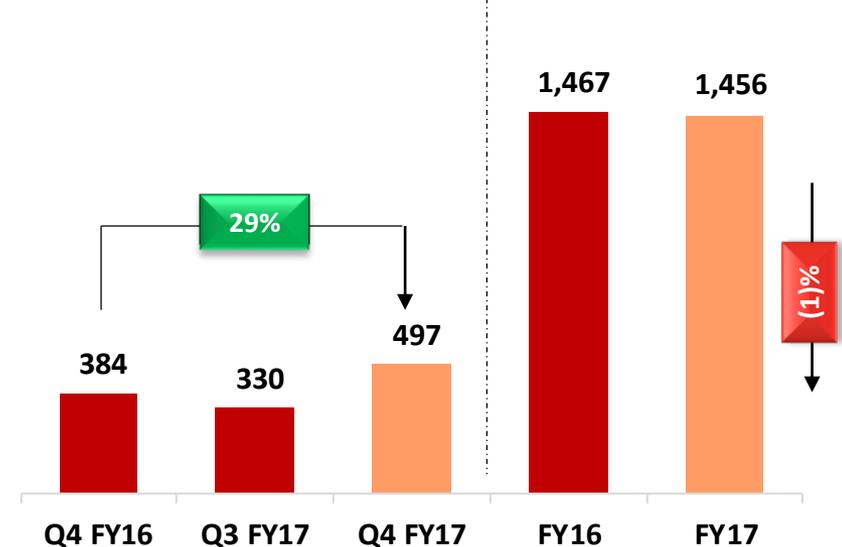


- Strong performance on back of stable operations
- During FY17 international alumina prices were relatively lower impacting Utkal's EBITDA. However lower alumina prices result in lower input cost for Hindalco

Revenue (Rs. crore)

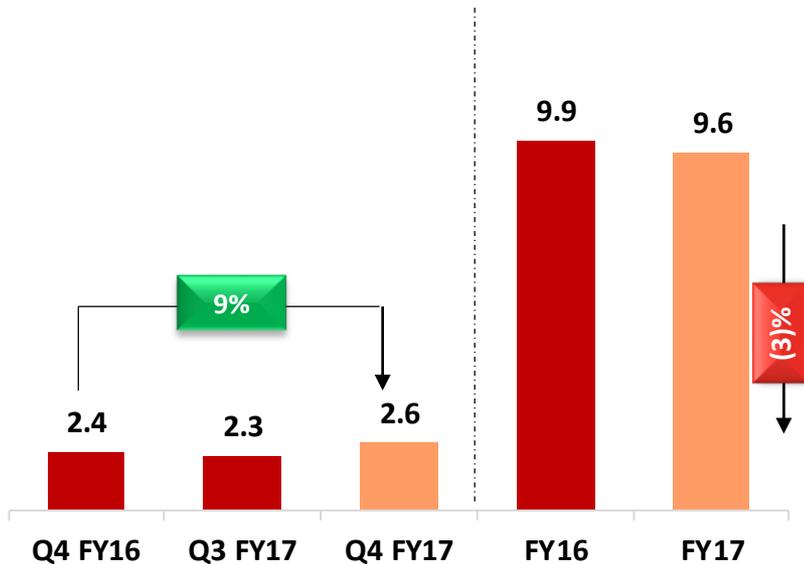


EBITDA (Rs. crore)

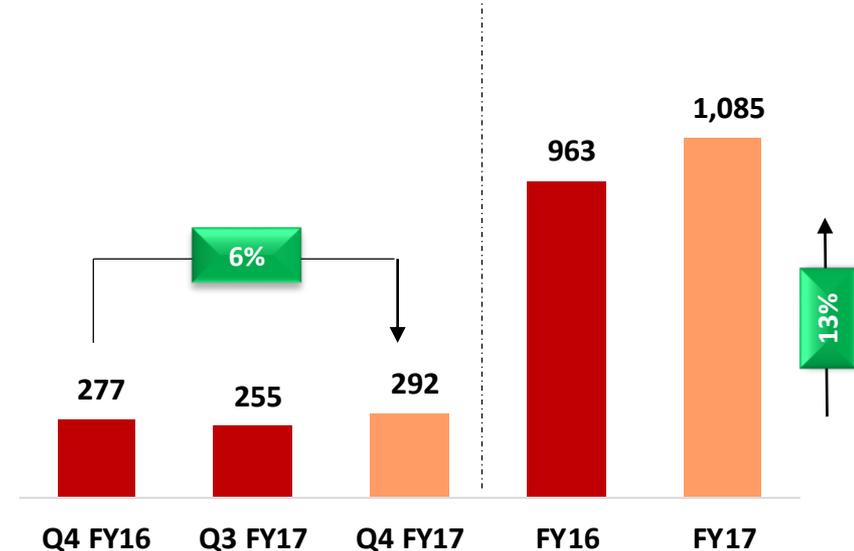


- Revenue up due to higher overall realization
- EBITDA for FY17 slightly lower vs. last year: Lower volumes, lower by-product realization & TcRC offset by lower input cost.

Revenue (USD billion)



Adjusted EBITDA* (USD million)



- EBITDA grew by 13% driven by higher auto shipments, operating efficiencies and better metal mix with higher percentage of recycled content
- Record Adjusted EBITDA per ton at USD 354 in FY17

* Adjusted EBITDA excludes metal price lag

Financial Highlights - Consolidated

(Rs. crore)

Particulars	Full Year	
	FY17	FY16
Revenue from Operations	102,631	101,202
Earning Before Interest, Tax and Depreciation (EBITDA)		
Aluminium	4,033	2,654
Copper	1,438	1,588
Novelis	7,194	5,039
Others	894	723
Total EBITDA	13,558	10,004
PBDT	7,816	4,870
Earning before Exceptional Items and Tax	3,347	362
Exceptional Income/ (Expenses) (Net)	(8)	(577)
Profit Before Tax	3,340	(214)
Profit/ (Loss) After Tax	1,900	(251)
Earnings per Share (EPS) - Basic (In Rupees)	9.2	(4.6)

Hindalco: Sustainable Performance

Stronger Balance Sheet

- Accelerated the pace of deleveraging

Robust Operational Performance

- Robust performance on the back of stable plant operations along with higher Aluminium prices

Improved Coal Security

- GP IV/4 & GP IV/5 coal mines reached their peak capacity
- Kathautia mine commenced operations in Feb'17

World Class Alumina

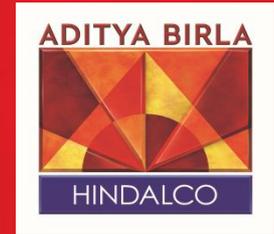
- Continued cost advantage due to close proximity of the bauxite mine and efficient operations

Novelis

- Continued focus on high growth automotive segment and cost optimization

Key Risk

- *Increasing Imports and domestic production*
- *Drop in Aluminium prices, due to sustained high level of production in China*
- *Increasing input cost*



Thank You

REGISTERED OFFICE

Century Bhavan, 3rd Floor, Dr. Annie
Besant Road, Worli, Mumbai 400 030

Telephone- +91 22 6662 6666

Website: www.hindalco.com

E mail: hindalco@adityabirla.com

Corporate Identity No. L27020MH1958PLC011238