



Hindalco

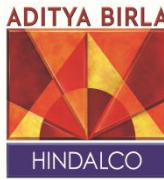
Investor Presentation – Q2 FY18

November 3, 2017

Mumbai



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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Key Highlights

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Economy & Industry

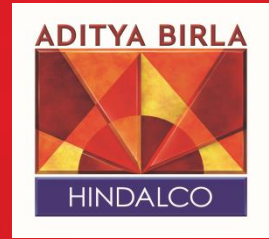
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Result Highlights

4

Operational and Financial Performance

- Aluminium (India)
- Copper
- Novelis



Key Highlights

Key Highlights (1/2)

Financial performance

- Excellent financial performance across segments with Y-o-Y EBT (before exceptional items) up by 30% to Rs. 713 crore

Deleveraging

- Prepaid project debt of Rs. 5,686 crore at Hindalco standalone and Rs. 2,280 crore at Utkal - Till date total prepayment Rs. 7,966 crore in FY18

Aluminium India

- Aluminium standalone EBITDA for Q2 FY18 was Y-o-Y, up by 18% at Rs. 957 crore on the back supporting macros and higher volumes, partly offset by increase in input costs. EBITDA for the quarter was impacted by Rs.~64 crore due to increase in electricity duty in Odisha
- New plants continue to operate at designed capacity and efficiency : In Q2 FY18, Production of Aluminium at 326 Kt and Alumina at 712 Kt
- Quarterly Utkal EBITDA Y-o-Y grew by 18% to Rs. 201 crore vs. Rs. 170 crore mainly due to higher realization, partly offset by increase in input costs
- Awarded new coal linkage of 0.2 million tonne in Q2 FY18 – tightness in coal supplies due to monsoon related disruptions

Key Highlights (2/2)

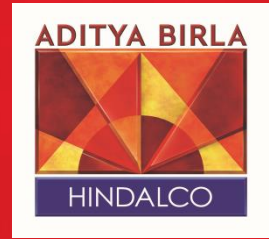
Copper

- Q2 FY18 EBITDA at Rs. 467 crore, increased 28% Y-o-Y on account of favorable macro and higher by-product realization, partly offset by lower volumes due to operational issues
- CC Rod sale at 40 Kt in Q2 FY18 vs 42 Kt in Q2 FY17 due to subdued market demand

Novelis

- Record quarterly Adjusted EBITDA* at USD 302 million, up 12% vs Q2 FY17
- Record Q2 FY18 shipments at 802 Kt, increased by 4% Y-o-Y; automotive shipments increased by 12% & can shipments up by 5%
- Asia and South America can markets showing signs of improvement
- Record Adjusted EBITDA per ton at USD 377
- Successful completion of Kobe joint venture transaction this quarter
- Net income of USD 307 million after accounting for exceptional gain from Kobe deal in Q2 FY18

* Adjusted EBITDA excludes metal price lag



Economy and Industry

Global Economy

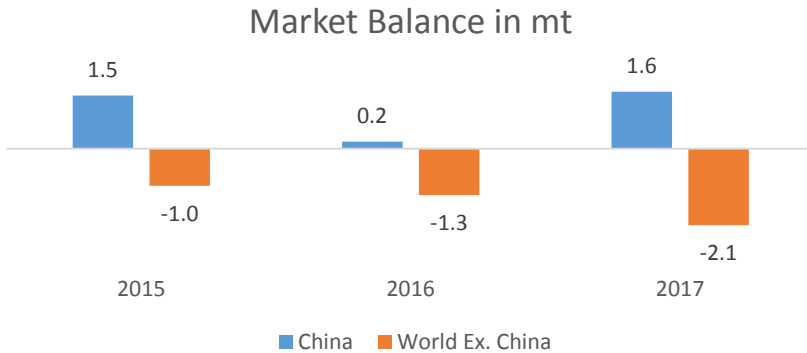
- Global growth is projected to rise to 3.6 % in CY2017 vs. 3.2% in CY2016 and further to 3.7 % in CY2018
- In Euro area, Japan, emerging Asia and Russia growth outcomes in the first half of 2017 were better than expected

Domestic Economy

- Recently RBI has revised the growth forecast downwards for FY18 to 6.7% vs. 7.3% projected earlier
- Government to invest Rs. 6.92 lakh crore infrastructure spending and another Rs. 2.11 lakh crore for bank recapitalization to revive investments as well as growth
- India's industrial production grew by 4.3% Y-o-Y in Aug' 17 and 0.9% in Jul' 17 after contracting in Jun' 17 – indicating greenshoots in the economy
- India's retail inflation (CPI) remained stable at 3.3% Y-o-Y in Sep' 17

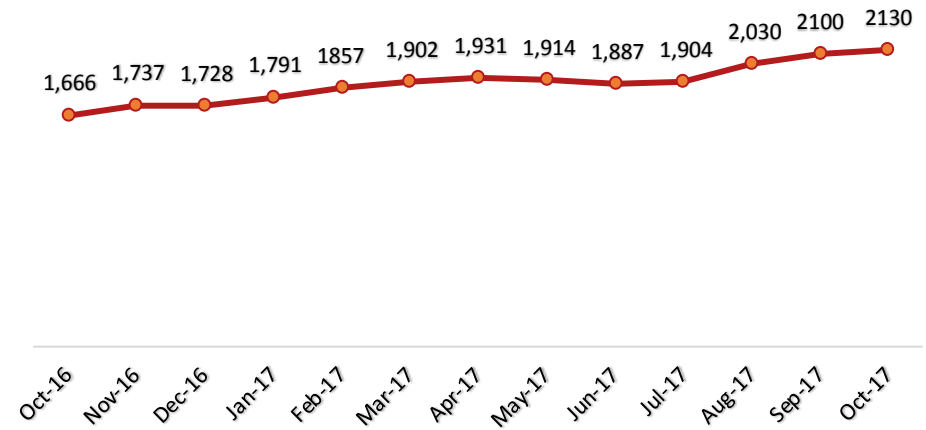
Aluminium Industry

Global Aluminium Demand / Supply is largely balanced



- Demand in World excluding China is expected to grow by 4% and in China at 8% in CY 2017
- World production excluding China is expected to witness a moderate growth of 1% to ~ 27 mt in CY 2017 due to supply side disruptions
- Despite supply side reforms and environmental led closures, production in China is expected to be ~ 36 mt in CY 2017 up 12% y-o-y

Aluminium Price Trend (USD/t)








- Environmental & supply side restrictions in China coupled higher input cost and strong industrial activities supported LME

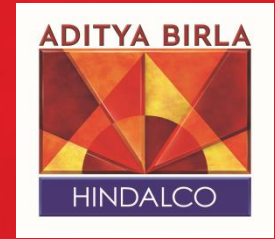
Aluminium Industry Drivers

- Stronger rupee and increase in input costs moderated the impact of increase in Aluminium LME price
- Regional premium moderated as compared to previous quarter
- Demand in domestic market showed signs of improvement from September'17

Key macro drivers	Q2 FY17	Q2 FY18	YoY%	Q1 FY18	QoQ%
LME (US\$ /T)	1620	2011	24%	1911	5%
Premium (MJP) (US\$/T)	75	90	19%	115	-22%
Rs./US\$	67.0	64.3	-4%	64.5	0%

- Rally in copper LME in Q3 CY 2017 mainly driven by robust economic and manufacturing activities in China, Europe and U.S. and demand from financial investors
 - LME price of copper surged from a range of USD 6,400/ t during Sept'17 end to USD 7,000/t in mid Oct'17
- Spot TCRC is lower than last year, however they are started inching up in Sep 17
 - Maintenance shutdown for copper smelters across geographies; at present majority of global smelters are well stocked
 - At end of Sept'17 several larger trading houses released significant quantities of material
- Domestic copper demand remained subdued in Q2 FY18 and duty free imports continue to post challenge for domestic players

Key macro drivers (Q2FY18 vs Q2FY17)				
TCRC (USDc/lb)	LME (USD/MT)	Rs./USD	Acid Price (Rs./MT)	DAP Realization (Rs./MT)
				



Result Highlights

Q2 FY18 - Strong Operating Performance

Q2 FY18 – Standalone Highlights

Revenue
Rs. 10,308 crore

- Higher Aluminium sales partly offset by lower volume in copper segment
- Higher realization for both the segments

EBITDA
Rs. 1,577 crore
(Y-o-Y up 6%)

- Higher aluminium volume, supportive macros and higher by-product realization, partly offset by higher input costs and lower copper volume

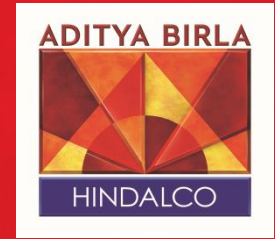
Net Profit
Rs. 393 crore
(Y-o-Y down 11%)

- Exceptional provision of Rs. 106 crore in Q2 FY18 vs. Exceptional gain of Rs. 85 crore in Q2 FY17

Utkal EBITDA
Rs. 201 crore
(Y-o-Y up 18%)

- Higher realization for Utkal partly offset by higher input costs

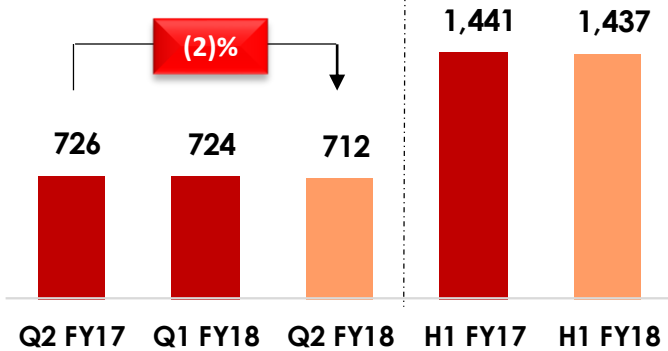
Y-o-Y EBT (before exceptional items) up by 30% to Rs. 713 crore



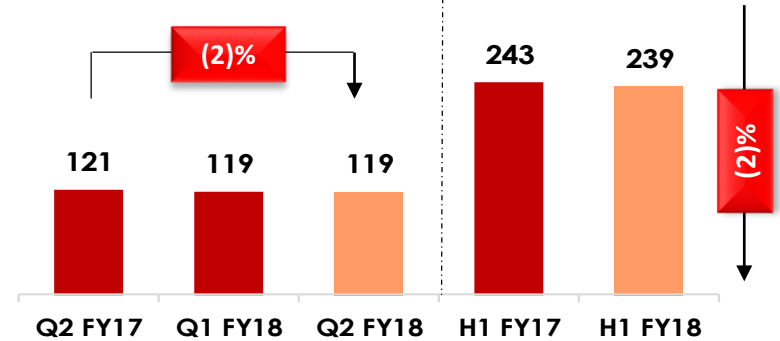
Operational Performance Aluminium (India)

Production Trend

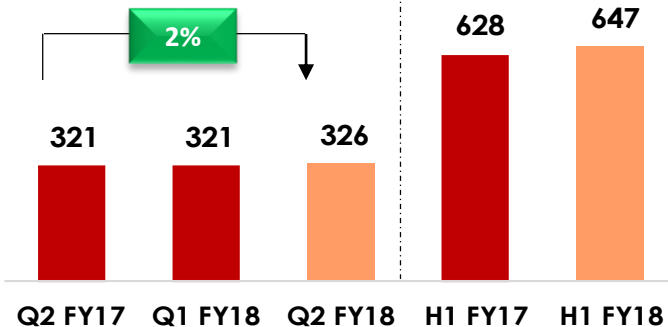
Alumina (KT) including Utkal



VAP incl. Wire Rod (KT)

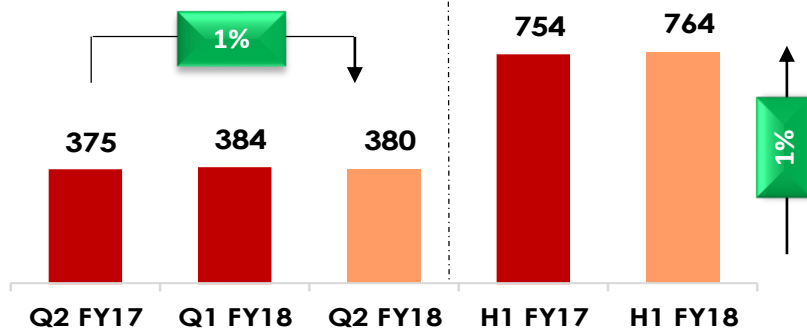


Metal (KT)

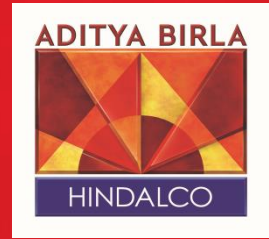


- Metal production up by 2% and Alumina production down by 2%
 - ◇ New plants continue to operate at designed capacities
- VAP production down by 2% due to lower market demand

Production (KT)

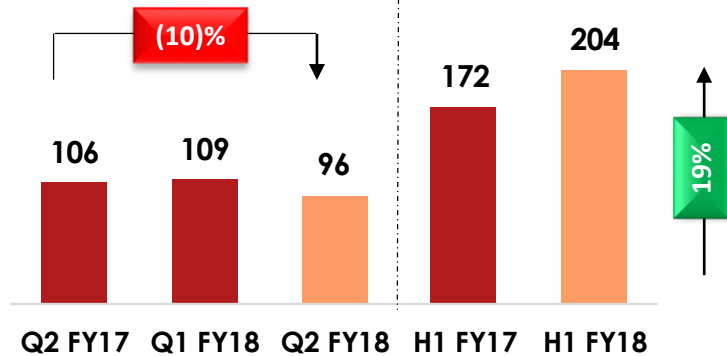


- Plant continues to operate optimally, thereby maintaining its position amongst the lowest cash cost producers in the world

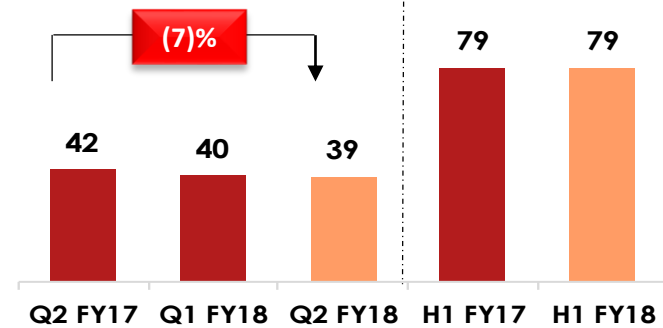


Operational Performance Copper

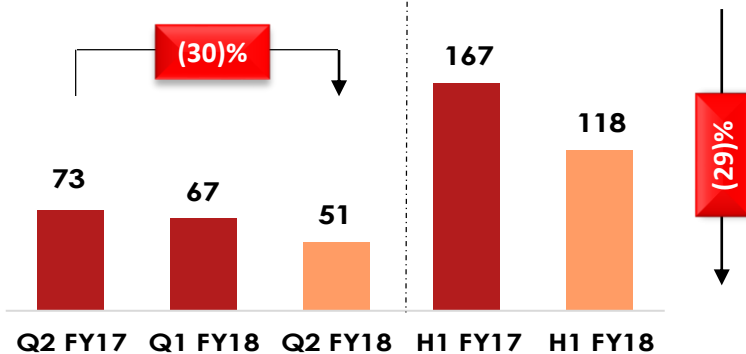
Cathode (KT)



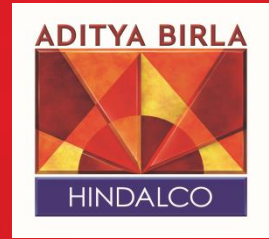
CC Rods (KT)



DAP (KT)



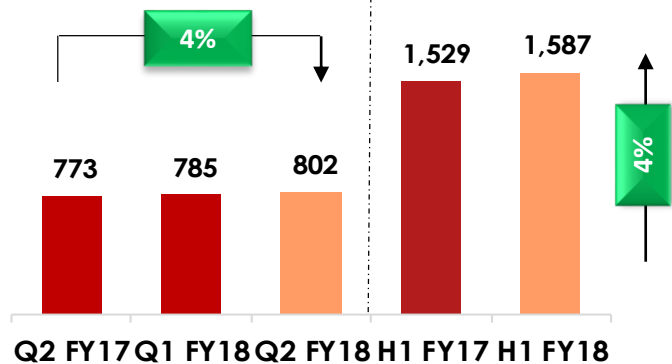
- Cathode & DAP production were impacted due to certain operational issues
- CC rod production was down due to subdued market demand



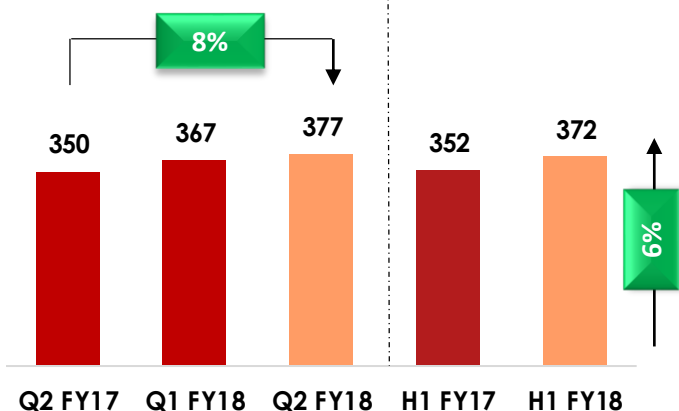
Operational Performance Novelis

Key Highlights

Total Shipments (KT)

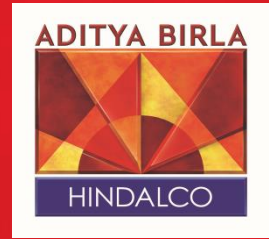


Adjusted EBITDA* per / tonne



* Adjusted EBITDA excludes metal price lag

- Total flat rolled product shipments grew 4% to 802 Kt
- Aluminium Auto Sheet demand continued to be robust
 - Automotive shipments Y-o-Y grew by 12%.
- Can Y-o-Y shipments grew by 5% with positive market conditions
- Adjusted EBITDA per ton at USD 377
- Maintained strong operating and financial performance due to
 - Continued ramp up of automotive capacity
 - Improvement in operational efficiencies
 - Favorable metal cost



Financial Performance

Financial Highlights – Standalone

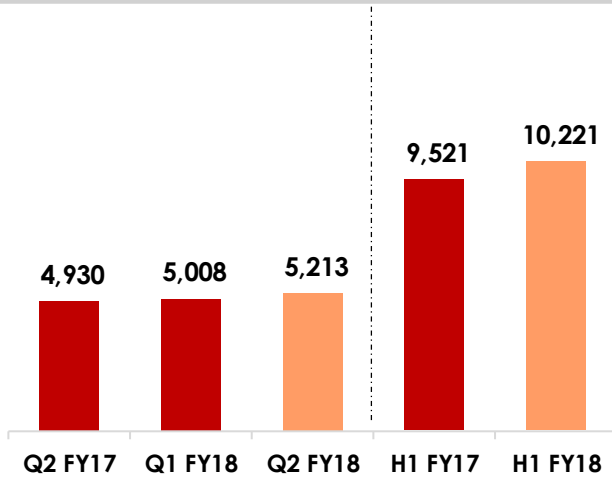
(Rs. crore)

Description	Q2 FY17	Q1 FY18	Q2 FY18	H1 FY17	H1 FY18
Revenue from Operations	9,562	10,407	10,308	17,721	20,715
Earnings Before Interest, Tax and Depreciation (EBITDA)					
Aluminium	808	875	957	1,679	1,832
Copper	366	322	467	630	789
Other Income	319	207	154	535	361
Total EBITDA	1,493	1,404	1,577	2,844	2,981
Depreciation	352	379	380	690	760
Finance Costs	594	488	484	1,194	971
Earnings before Exceptional Items and Tax	547	537	713	960	1,250
Exceptional Income/ (Expenses) (Net)	85	(104)	(106)	85	(210)
Profit Before Tax	632	433	608	1,045	1,040
Profit/ (Loss) After Tax	440	290	393	734	682
Earnings per Share (EPS) - Basic (In Rupees)	2.1	1.3	1.8	3.6	3.1

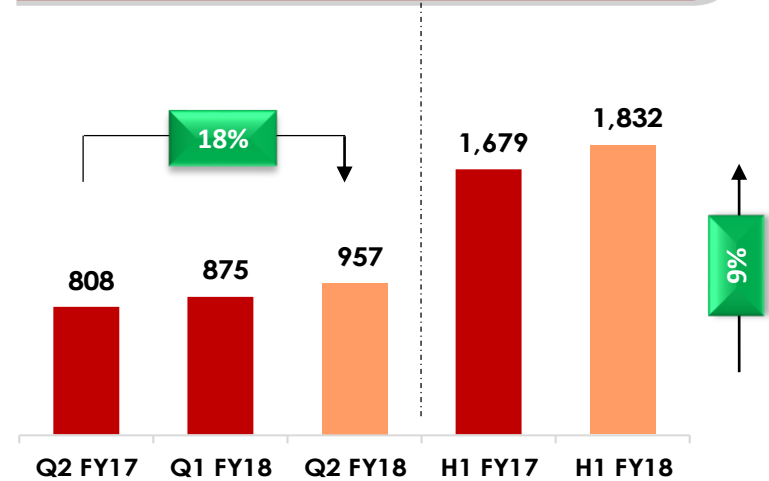
Note: Post the applicability of GST with effect from July 1, 2017, Revenue is required to be disclosed net of GST as per requirement of Ind AS 18, 'Revenue'. Accordingly, the Revenue figures for the quarter and half year ended September 30, 2017 are not comparable with the previous periods.

Aluminium Standalone

Revenue (Rs. crore)

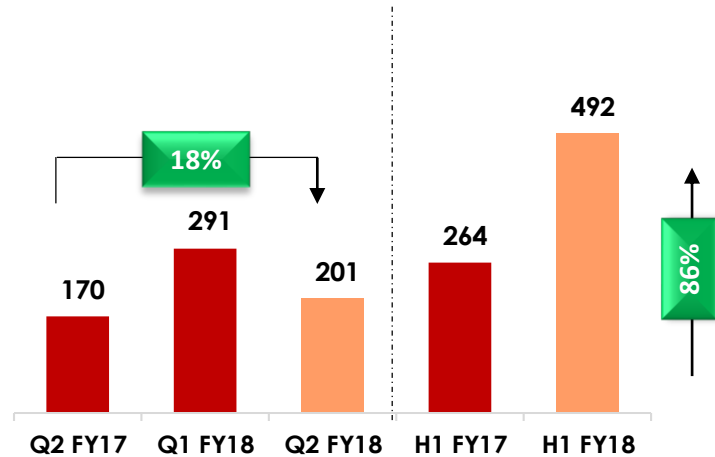


EBITDA (Rs. crore)



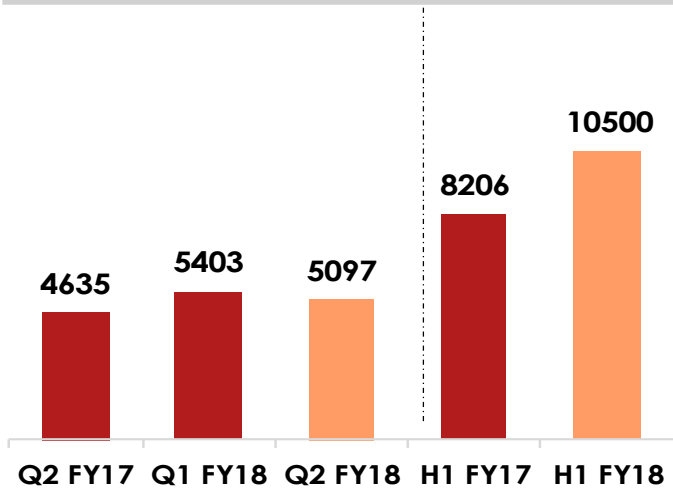
- Y-o-Y Revenue up due to higher volume and realization
- Higher EBITDA on the back of supportive macro, higher volume, stable operations, partly offset by higher input costs

EBITDA (Rs. crore)

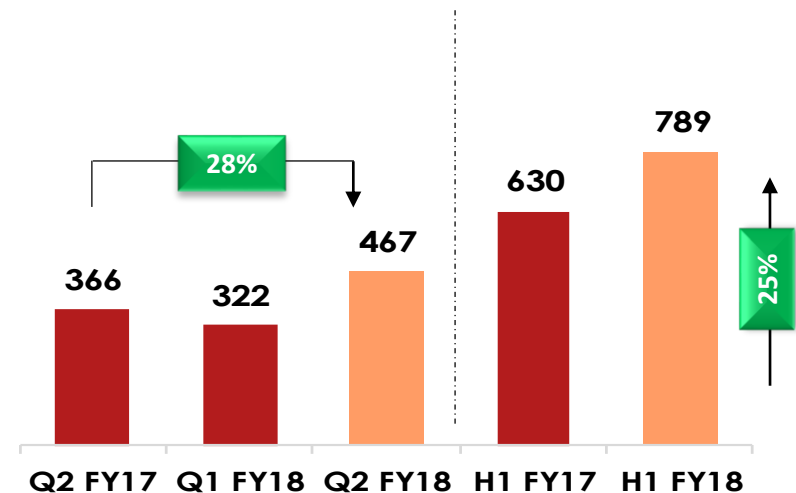


- Strong performance on back of stable operations
- 18% Y-o-Y growth in Q2 FY18 on the back of higher international alumina prices partly offset by higher input costs

Revenue (Rs. crore)

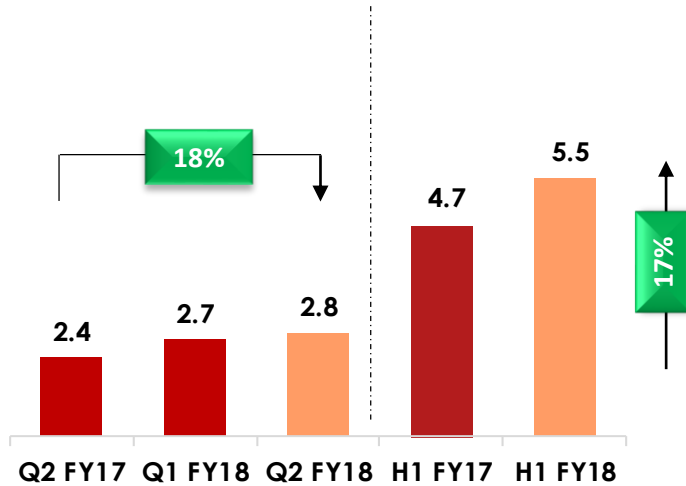


EBITDA (Rs. crore)

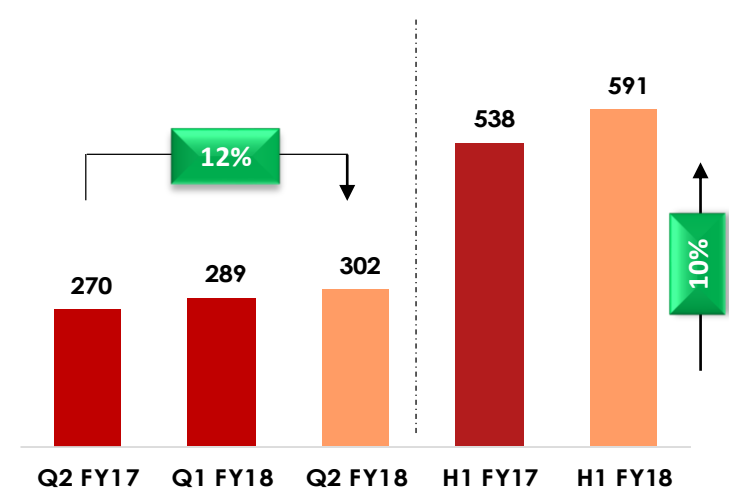


- Higher revenue as compared to Q2 FY17 and EBITDA up by 28% Y-o-Y, on the back of supportive macro and higher by-product realization partly offset by lower volumes

Revenue (USD billion)



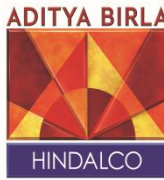
Adjusted EBITDA* (USD million)



- Y-o-Y Revenue up due to higher volumes and Aluminium LME
- EBITDA grew by 12% Y-o-Y primarily on account of higher shipments, ongoing operational improvements and favorable product mix

* Adjusted EBITDA excludes metal price lag

Hindalco: Sustainable Performance



Stronger Balance Sheet

- Deleveraging exercise continues - Rs. 7,966 crore prepaid till date in FY18 + Rs. 1,031 pre paid in FY17

Robust Operational Performance

- Robust performance on the back of stable aluminium plant operations along with supportive macros

Effective Resource Management

- Continuous supply of key raw material for both Aluminium and Copper

Integrated operations

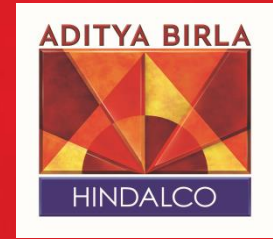
- Integrated aluminium model benefiting overall cost

Novelis - World leader

- Maintained market leadership in Can and Auto Segments and Recycling

Key Risk

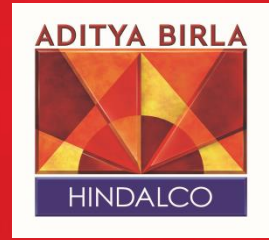
- **Increasing Imports and domestic production**
- **Delay in pickup of domestic demand**
- **Increasing input cost**



Thank You

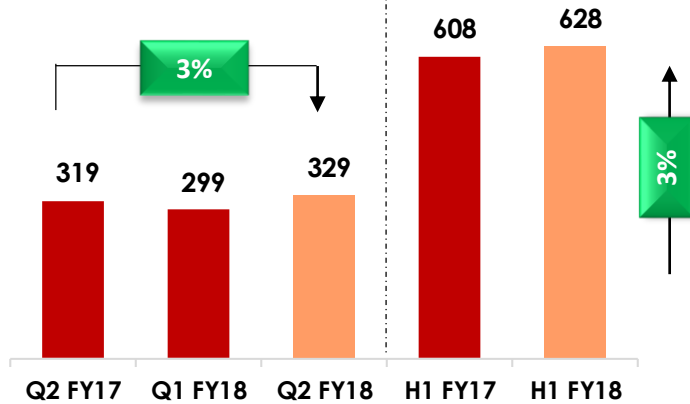
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Appendix

Aluminium Metal sales in all form (KT)



Copper sales (KT)

