

Media Release

Hindalco Reports First Quarter FY23 Results

Diversified business model once again delivers record-breaking profitability

Quarterly Net Profit at an all-time high of ₹4,119 crore, up 48% YoY

Key Highlights of Q1 FY23 (vs Q1 FY22)

- All-time high quarterly Consolidated PAT at ₹4,119 crore, up 48% YoY
- All-time high quarterly Consolidated EBITDA at ₹8,640 crore, up 27% YoY
- Record quarterly Novelis Adjusted EBITDA at \$561* million, up 1% YoY
- Record quarterly Novelis Adjusted EBITDA per ton at \$583*, up 2% YoY
- Quarterly Aluminium Upstream EBITDA at ₹3,272 crore, up 41% YoY; EBITDA margins at 38%
- Quarterly Aluminium Downstream EBITDA at ₹158 crore, up 305% YoY; EBITDA per ton at \$261, up 306% YoY
- Record quarterly Copper EBITDA at ₹565 crore, up 116% YoY; All-time high Copper Rod sales at 80 Kt, up 73% YoY
- Consolidated Net Debt to EBITDA at a strong 1.40x as of June 30, 2022 vs 2.36x as of June 30, 2021

**As per US GAAP*

MUMBAI, August 10, 2022

Hindalco Industries Limited, the Aditya Birla Group metals flagship, once again reported its highest Net Profit in Q1 FY23, surpassing its record performance in Q4 FY22. The Company's consolidated PAT peaked to an all-time high of ₹4,119 crore, a 48% growth YoY, and 7% sequentially despite rising costs and inflationary pressures.

The results were driven by an excellent performance by Novelis, and a robust performance by Aluminium Downstream and Copper businesses, supported by operational efficiencies and higher volumes.

Novelis reported its best-ever quarterly EBITDA and EBITDA per ton, primarily due to higher product pricing, favourable product mix and recycling benefits.

Consolidated Financial Highlights for the Quarter ended June 30, 2022

(₹ Crore)

Particulars	Q1 FY22	Q4 FY22	Q1 FY23
Revenue from Operations	41,358	55,764	58,018
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)			
<i>Novelis*</i>	4,090	3,247	4,334
<i>Aluminium Upstream</i>	2,317	3,742	3,272
<i>Aluminium Downstream</i>	39	140	158
<i>Copper</i>	261	387	565
Business Segment EBITDA	6,707	7,516	8,329
<i>Inter Segment (Profit)/ Loss Elimination (Net)</i>	(83)	(19)	(66)
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	166	100	377
EBITDA	6,790	7,597	8,640
Finance Costs	820	805	847
PBDT	5,970	6,792	7,793
Depreciation & Amortisation (including impairment)	1,649	1,761	1,749
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	2	1	3
Profit before Exceptional Items and Tax	4,323	5,032	6,047
Exceptional Income/ (Expenses) (Net)#	230	(251)	41
Profit Before Tax (After Exceptional Item)	4,553	4,781	6,088
Tax	1,299	921	1,969
Profit/ (Loss) from Continuing Operations	3,254	3,860	4,119
<i>Profit/ (Loss) from Discontinued Operations</i>	(467)	(9)	-
Profit/ (Loss) After Tax	2,787	3,851	4,119
<i>EPS (₹/Share)</i>	12.5	17.3	18.5

*As per US GAAP

Commenting on the results, Mr. Satish Pai, Managing Director, Hindalco Industries, said:

“After the record profitability of the fourth quarter, I am pleased to share that we delivered an even stronger first quarter despite rising input costs and inflationary pressures. Our performance was backed by strong operational efficiencies and pre-emptive sourcing of critical raw material, thus ensuring stable operations and higher margins. Our business model supports our position as an integrated aluminium producer with one of the world’s best EBITDA margins.

Our product mix enhancement strategy is working well with the Aluminium Downstream EBITDA growing four-fold YoY. Novelis reported its highest ever EBITDA per ton driven by higher product pricing, favourable product mix and higher recycling benefits. Looking ahead, we remain focused on riding all market cycles with our greener, stronger, smarter approach.”

Consolidated Results

Hindalco reported an all-time high EBITDA of ₹8,640 crore (vs ₹6,790 crore) in Q1 FY23, up 27% YoY. The excellent results were driven by better macros, robust performance of Aluminium Downstream and Copper businesses along with better operating efficiencies.

Consolidated revenue for the first quarter stood at ₹58,018 crore (vs ₹41,358 crore), up 40% YoY. Consolidated PAT in Q1 FY23 was at a record ₹4,119 crore up from ₹2,787 crore in Q1 FY22, a jump of 48% YoY. Consolidated Net Debt to EBITDA remained strong at 1.40x on June 30, 2022 compared to 2.36x on June 30, 2021.

Business Segment Performance in Q1 FY23 (vs Q1 FY22)

Novelis

Novelis reported its best ever quarterly adjusted EBITDA of \$561 million (vs \$555 million), up 1% YoY, primarily due to higher product pricing, favourable product mix and higher recycling benefits. Novelis reported record adjusted EBITDA per ton of \$583 in Q1 FY23, compared to \$570 in the prior year quarter.

Novelis' Net Income from continuing operations in Q1 FY23 was \$307 million, up 1% YoY, mainly driven by underlying Adjusted EBITDA, unrealized derivative gains, and a lower tax provision in the current year. Revenue was at \$5.1 billion (vs \$3.9 billion), up 32% YoY, driven by higher global aluminium prices. Total shipments of flat rolled products (FRPs) were at 962 Kt vs 973 Kt in Q1 FY22, marginally lower due to supply chain constraints.

Aluminium

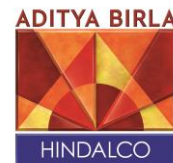
Aluminium Upstream EBITDA stood at ₹3,272 crore in Q1 FY23, compared with ₹2,317 crore for Q1 FY22, an increase of 41% YoY, primarily due to favourable macros, higher volumes, better operational efficiencies, partially offset by higher input costs. Upstream EBITDA margins were at 38% and continue to be the best in the industry. Upstream revenue was ₹8,699 crore in Q1 FY23 vs ₹6,151 crore in the prior year period. Third party shipments of primary aluminium stood at 333 Kt (325 Kt), up 2% YoY in Q1 FY23.

Aluminium Downstream EBITDA stood at ₹158 crore in Q1 FY23, compared with ₹39 crore for Q1 FY22, an increase of 305% YoY, primarily due to better pricing of downstream products. EBITDA per ton for Aluminium Downstream stood at \$261 vs \$64 in Q1 FY22, an increase of 306% YoY. Downstream revenue was ₹2,740 crore in Q1 FY23 vs ₹2,293 crore in the prior year period. Sales of downstream aluminium stood at 78 Kt vs 82 Kt in Q1 FY23.

Copper

EBITDA for the business was at a record ₹565 crore in Q1 FY23 compared to ₹261 crore in Q1 FY22, up 116% YoY, on the back of higher domestic sales, better operational efficiencies and improved by-product margins. Revenue from the Copper Business was ₹10,529 crore this quarter, up 48% YoY, primarily due to higher global prices of copper and higher volumes.

Copper Cathode production was at 92 Kt in Q1 FY23 (vs 63 Kt in Q1 FY22) while copper rod production was 79 Kt in Q1 FY23 (vs 44 Kt in Q1 FY22). Overall copper metal sales were at 101 Kt (vs 80 Kt in Q1 FY22). Copper Continuous Cast Rod (CCR) sales at a record 80 Kt in Q1 FY23 (vs 46 Kt in Q1 FY22), were up 73% YoY driven by improved quality and reliable operations.



Business Updates & Recognition

- Additional 350 Kt expansion via debottlenecking at Utkal Alumina in progress.
- Novelis' ~\$3.4 billion of strategic capital investment projects have commenced.
- Hindalco signed an MoU with Phinergy, a leading Israel-based pioneer in metal-air battery technology, and IOC Phinergy Private Limited (IOP), for R&D and pilot production of aluminium plates for Aluminium-Air batteries.

About Hindalco Industries Limited

Hindalco Industries Limited is the metals flagship company of the Aditya Birla Group. A \$26 billion metals powerhouse, Hindalco is the world's largest aluminium company by revenues, and a major player in copper. It is also one of Asia's largest producers of primary aluminium.

Guided by its purpose of building a greener, stronger, smarter world, Hindalco provides innovative solutions for a sustainable planet. Its wholly-owned subsidiary Novelis Inc. is the world's largest producer of aluminium beverage can stock and the largest recycler of used beverage cans (UBCs).

Hindalco's copper facility in India comprises a world-class copper smelter, downstream facilities, and a captive jetty. The copper smelter is among the world's largest custom smelters at a single location. Hindalco's global footprint spans 50 manufacturing units across 10 countries.

Hindalco was named the world's most sustainable aluminium company in the Dow Jones Sustainability Indices (DJSI) in 2020 and 2021.

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