

ADITYA BIRLA

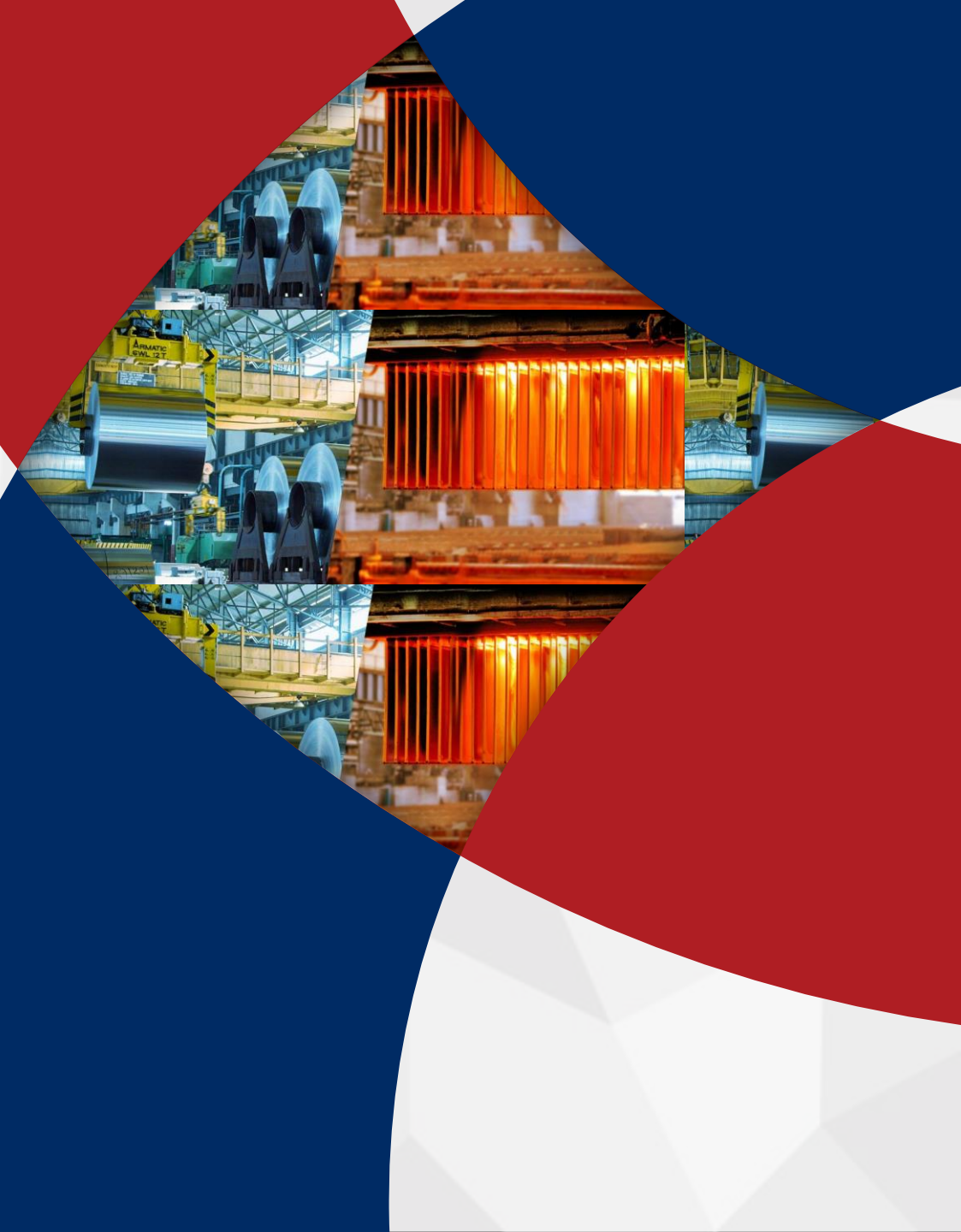


HINDALCO

Hindalco Industries Limited



Q1 FY23 Earnings Presentation
10th August, 2022



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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• **Novelis**

• **Aluminium
(India)**

• **Copper**

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Sustainability Updates

Hindalco : Focus on Conservation: Waste, Water, Biodiversity

Environment

Zero waste to landfill by 2030

- **96% of total waste got recycled** and reused (w/w of generation) in Q1 FY23 .
- **136% of Bauxite Residue from three out of four Alumina Refineries reused** in Cement Industry
- Utkal refinery is conducting pilot projects for mine backfilling and road construction
 - Pit one Ready; Pit two is under construction
- **116% of Ash from Power Plants reused** in Q1 FY23 .
- **Single use plastic free certification for 8 sites completed**, other sites have initiated audits

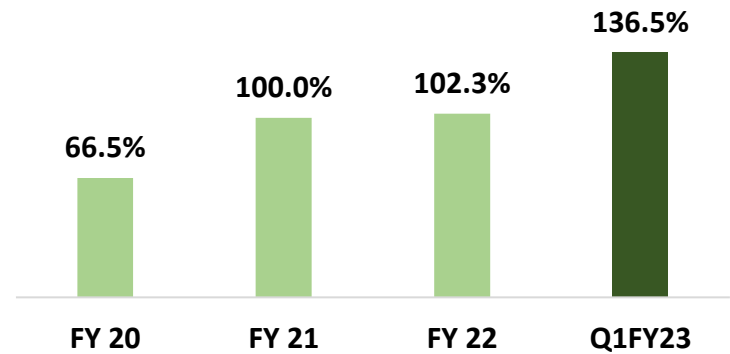
Zero Liquid Discharge (ZLD) & Water Management

- Action plans for water positivity using rainwater harvesting at Mouda, Silvassa, Alupuram and Taloja.
- Modular STPs with innovative technologies at Taloja and Alupuram.
- Water recycling up by 5% in Q1 FY23 (Y-O-Y)
- Committed to **Zero Liquid Discharge at all sites and** of 20% Reduction in Specific Water consumption **by 2025 (form baseline of FY19)**

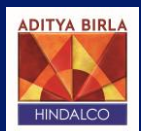
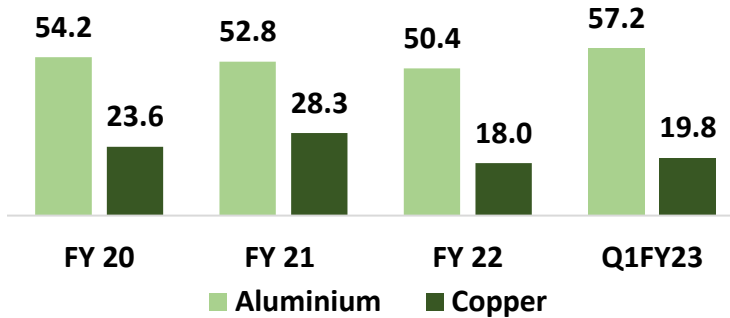
Greenbelt and Biodiversity

- Mass plantation initiatives carried out with recommended local and native species at all sites
- Miyawaki patches implemented at Renusagar, Renukoot, Mahan and Aditya (2nd Miyawaki patch)
- Utkal alumina is piloting charging of Biomass to substitute coal in power plants. Biomass charging was already being implemented by Hirakud, Mahan and Renusagar facilities.

Total Bauxite Residue except from Utkal Refinery



Specific freshwater Consumption (m3/T metal)



Hindalco : Focus on Renewables & Safety

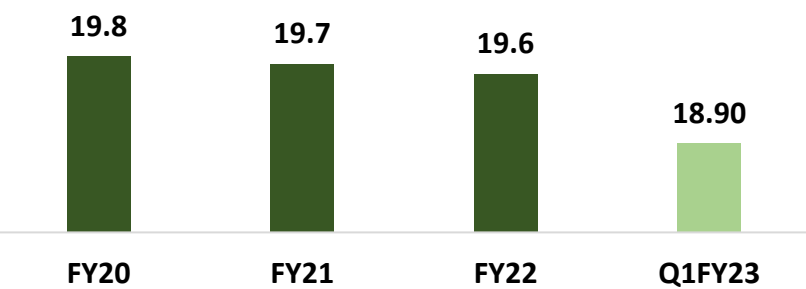
Renewables

- **FY25 Target – 300 MW (200 MW w/o Storage; 100 MW w/storage) ; Of this 100 MW already installed till FY22**
- **Plan for FY23 - 109 MW**
 - 4 MW Power with Biomass boiler at Belagavi –Commissioned in July '22
 - 5 MW Wind Capacity for Taloja – Power flow to commenced in July '22
 - 100 MW Hybrid (Solar + Wind) with Storage at Aditya unit; Target commissioning in March'24
- **Others Under Execution & Finalisation (67 MW) for FY23, FY24 & FY25**
 - 20 MW Renewable Hybrid (Solar + Wind) for Dahej – Target commissioning March'23
 - 13 MW Renewable Hybrid (Solar + Wind) for Belagavi under finalisation
 - 20 MW Solar + 4 MW Wind at Baphlimali Mine under finalisation
 - 10 MW Rooftop Solar at various places
 - Enhancing use of Biomass in Thermal Power Plant. Feasibility study initiated for Odisha Cluster
- **Large Scale Renewable Hybrid (3rd Party)**
 - Renewable Hybrid (Pumped Hydro) with CUF ~85% for RTC power; Planned 100-300 MW for Aditya; Connectivity to 400 KV Grid taken up with a target completion by December 2023

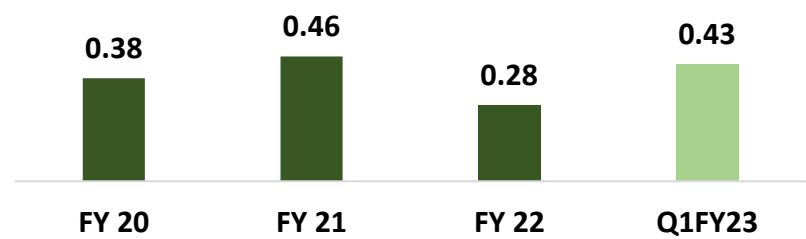
Workforce Health & Safety

- **Serious Injuries and Fatality (SIF) prevention program:** 1,037 situations, having risk of serious Injury and fatality, were identified and action plan for mitigation of 973 prepared and under implementation.
- **In “Line of Fire” work situations:** 1731 situations are identified and control measures for more than 95% situation are put in place
- **Corporate / Cross Entity Safety Audit:** 203 additional SIF situation addressed / liquidated against identified during audit.

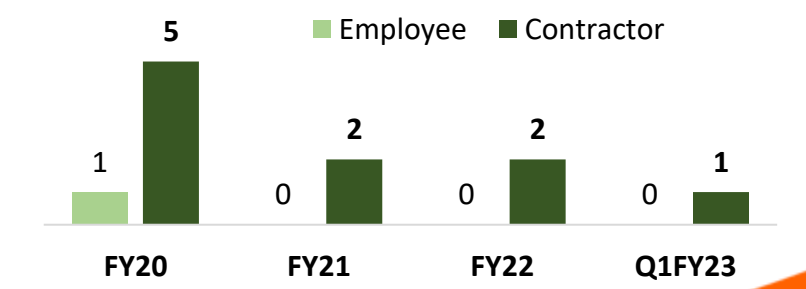
Aluminium Specific GHG Emissions (t CO2e/t)



Lost Time Injury Frequency Rate (LTIFR)



Fatality (in Nos)





Business Performance Key Highlights - Q1 FY23

Key Highlights : Q1 FY23

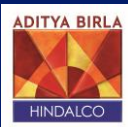
Consolidated

- Record quarterly financial performance supported by thrust on operational efficiencies, and robust performance of copper and downstream businesses, despite rising input costs and inflationary pressures
- **Record Quarterly EBITDA at ₹8,640 crore (₹6,790 crore), up 27% YoY**
- **Record Quarterly PAT from continuing operations at ₹4,119 crore (vs ₹3,254 crore) up 27% YoY**
- Strong Treasury Balance of \$1.04 billion in Novelis and ₹13,580 crore in Hindalco India at the end of June 2022
- **Net Debt to EBITDA at 1.40x at the end of June 30, 2022 (vs 2.36x as at June 30, 2021)**

Novelis*

- **Record adjusted EBITDA at \$561 million* (\$555 million*) up 1% YoY**, primarily due to higher product pricing, favorable product mix and higher recycling benefits
- **Record adjusted EBITDA per ton at \$583* (\$570/t*), up 2% YoY**
- Net Income from continuing operations at \$307 million* (vs \$303 million* in Q1 FY22) up 1%, YoY
- Shipments at 962Kt in Q1FY23, down 1% YoY (973Kt) on account of supply chain disruptions

*Note : Numbers in parenthesis() represent Q1 FY22 unless specified
as per the US GAAP



Aluminium Upstream

- EBITDA at **₹3,272 crore (vs ₹2,317 crore) up 41% YoY** on account of favorable macros, higher volumes and better operational efficiencies, offset by rising input costs
- **EBITDA per ton at \$1,274 in Q1FY23 (vs \$966/ton); up 32% YoY.**
- **EBITDA margin of 38% (vs 38%)** continues to be one of the best in the industry
- **Total shipments of primary aluminium at 333Kt (vs 325Kt), up 2% YoY**
 - Third Party Shipments of 245Kt (vs. 221 kt)
 - Transfer to Downstream Business of 88Kt (vs. 104 kt)
- 350 Kt expansion via debottlenecking is underway at Utkal Alumina

Aluminium Downstream

- **EBITDA at ₹158 crore (₹39 crore) up 305% YoY**, on account of better pricing
- **EBITDA per ton at \$261 (vs \$64/ton) up 306% YoY**
- Sales at 78Kt (82kt) down 5% YoY
- Hindalco, Phinergy and IOP (IOC Phinergy Private Limited) partnered to develop Aluminium-Air batteries

Copper

- Cathode production was at 92Kt (63Kt) up 47% YoY ; **CC Rods production was 79Kt (44Kt) up 80% YoY**
- **Record EBITDA at ₹565 crore (₹261 crore) up 116% YoY**, on the back of higher volumes, better operational efficiencies and improved by-product realizations
- Metal sales volume at 101Kt (80Kt) up 26% YoY ; **Record CC Rod sales at 80kt (46Kt), up 73% YoY**

Note : Numbers in parenthesis() represent Q1FY22 unless specified

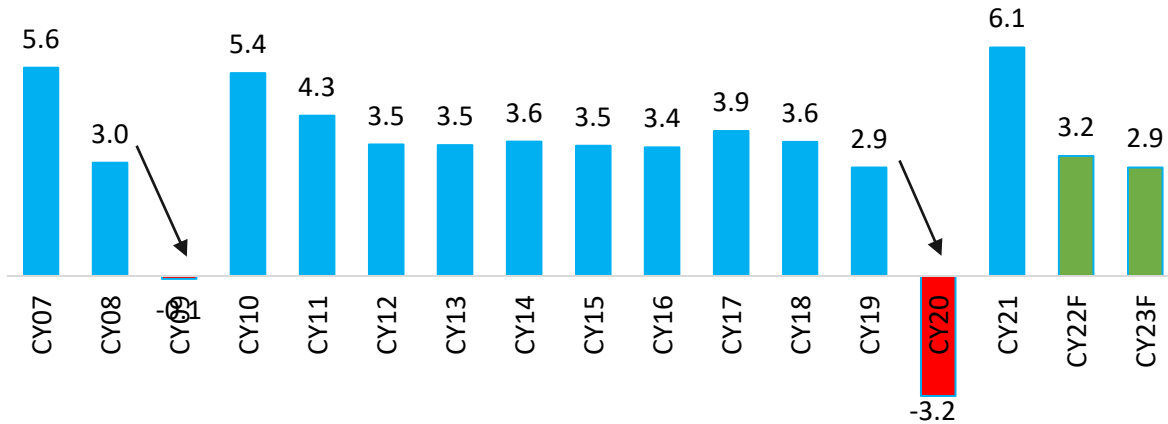
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Economy & Industry Updates Global & Domestic

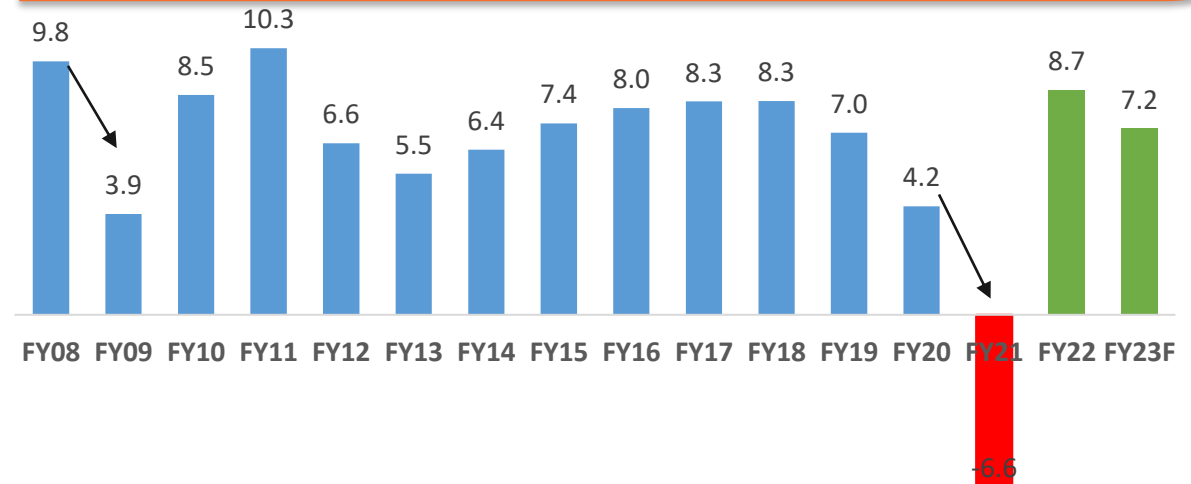
Economy Updates

Global GDP Growth (% YoY)



- Global growth expected to moderate to 3.2% in CY22 from 6.1% in CY21 (IMF)
- Drags from elevated inflation, tightening financial conditions, negative spillovers from Ukraine war and China's slowdown continue to build
- A slowdown in world's three largest economies (US, China and EU) expected to weigh on global growth prospects going forward.
- Global inflation to remain elevated for longer triggering steeper tightening in monetary policy. (Fed hiked rates by cumulative 225bps in 2022)
- Recent deceleration in the pace of input costs indicate easing of global inflationary pressures .

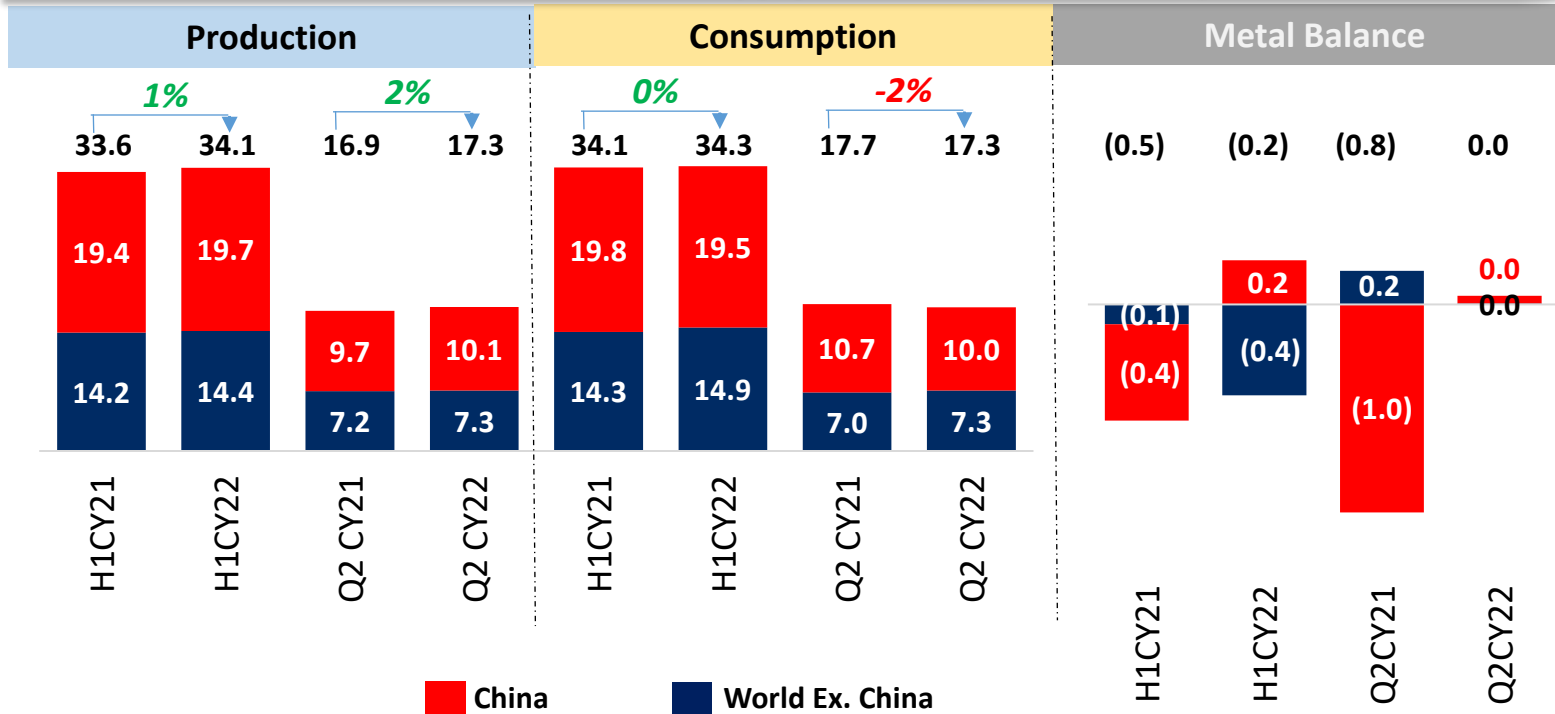
India GDP Growth (% YoY)



- Despite global headwinds, Indian economy continues to be resilient
- High frequency economic indicators are mixed; strong revival seen in contact-intensive services sector. RBI projects FY23 GDP growth at 7.2%yoy
- Inflation though elevated has come off its peak owing to moderation in commodity prices and easing of supply chain pressures. RBI projects inflation at 6.7% in FY23 (above its upper tolerance band of 6%)
- INR under pressure against a strong US dollar; however, its depreciation has been modest compared to other emerging peers
- RBI has hiked key interest rates by a cumulative 140bps in FY23 in the backdrop of tighter global monetary policy

Global Aluminium Industry

Global Demand & Supply Balance (Million Tons)



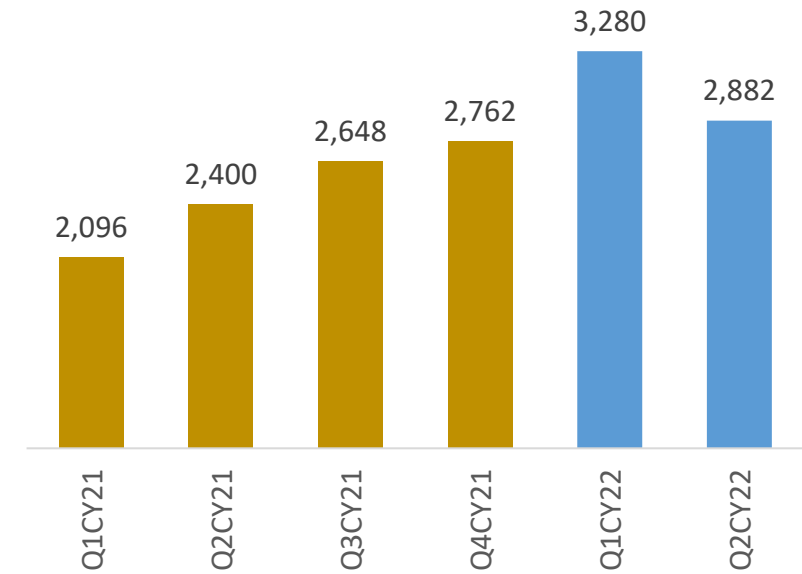
H1 CY22 (vs H1 CY21)

- China: Production was up by 1%, while consumption declined by 2%, resulting in surplus of 0.2 Mt
- World Ex-China: Production grew by 1%, consumption improved by 4%, leading to deficit of 0.4 Mt

Q2 CY22 (vs Q2 CY21)

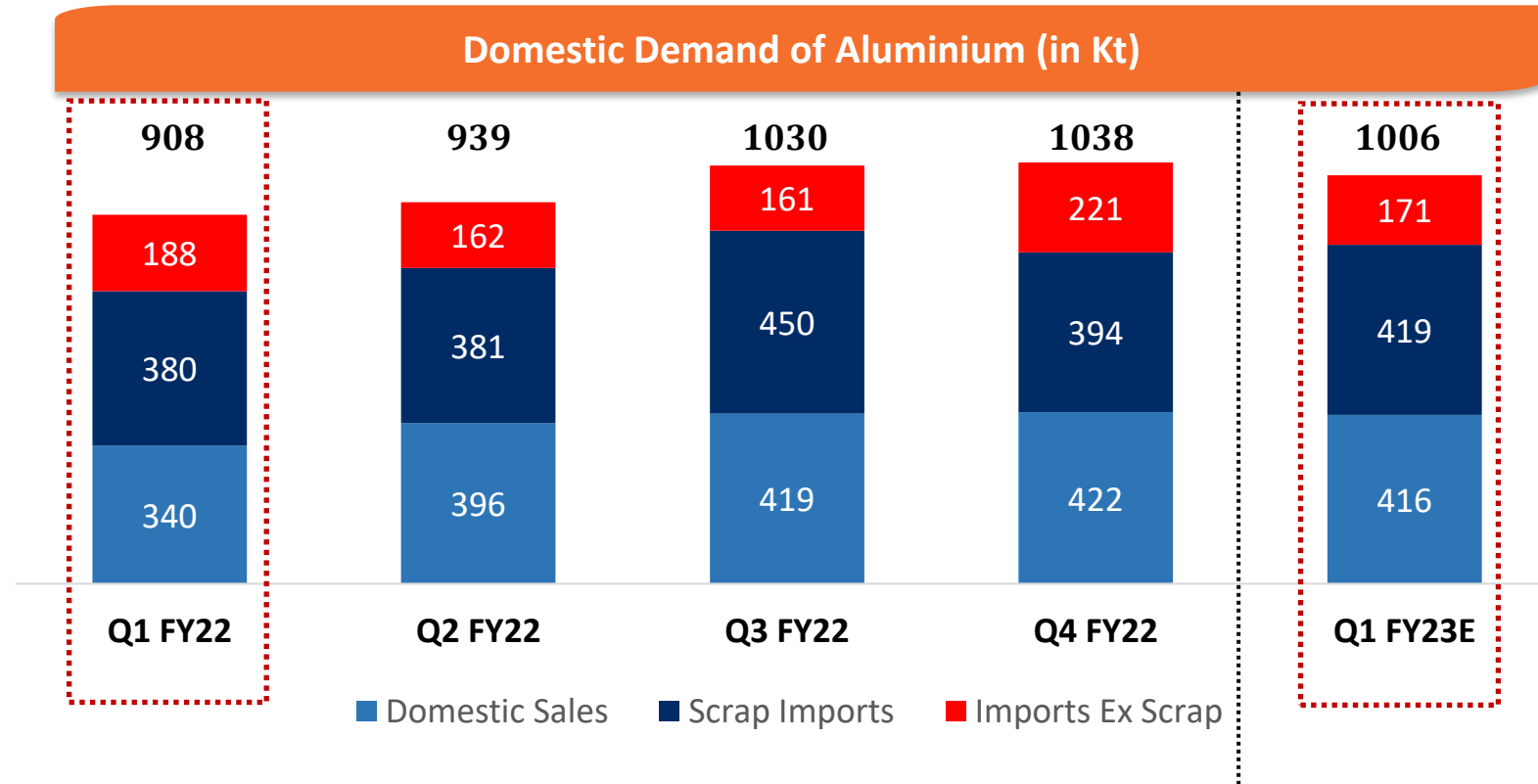
- China: Production increased by 4%, while consumption sharply fell by 7%, causing a balanced market
- World Ex-China: Production grew by 1%, consumption grew by 4%, leading to a balanced market

Global Price of Aluminium (Cash -\$/Ton)



- Q2 CY22 prices declined to \$2,882/ton to from \$3,280/ton in Q1 CY22.
- Global aluminium prices in QTD (Q3CY22) is \$2,400/ton

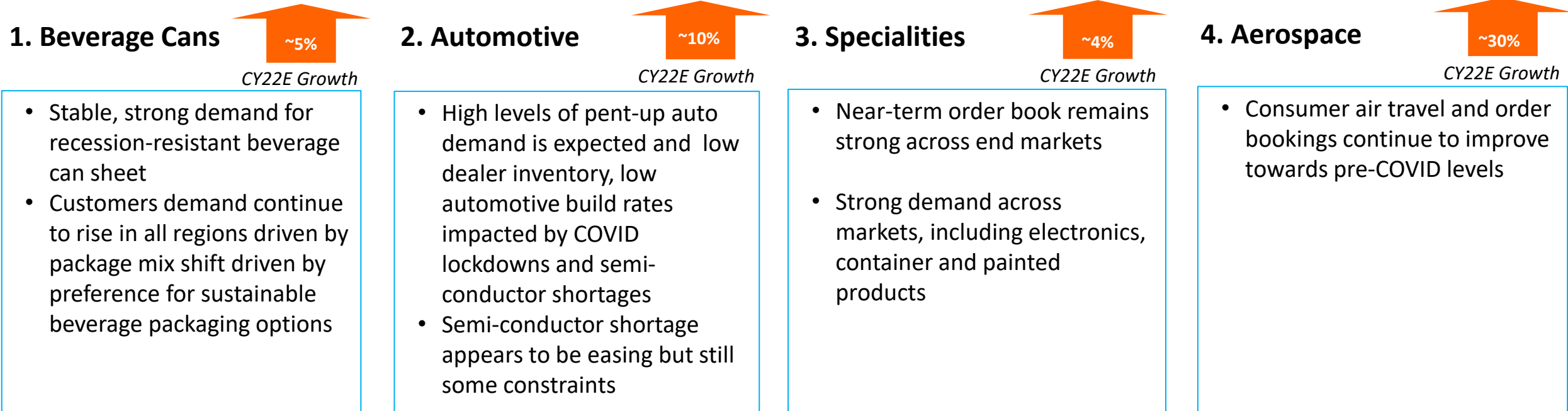
Domestic Aluminium Industry



- In Q1 FY23, the domestic demand is likely to reach 1006 Kt (11% growth YoY) due to base effect.
- This growth in the domestic market is led by improved demand from the sectors like Packaging, Automotive, Building & Construction, Consumer Durables, and Electrical

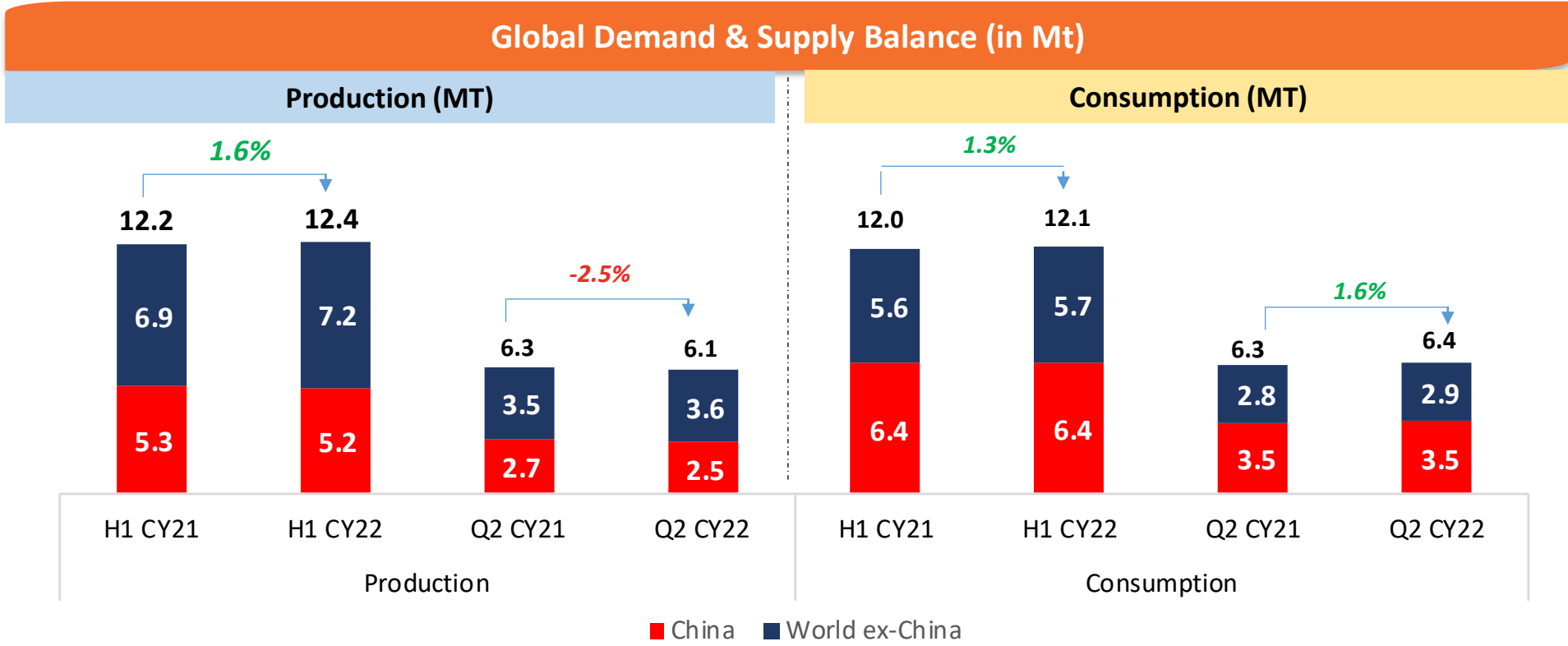
Aluminium Flat Rolled Products (FRP) Industry

- Global FRP Demand is estimated to grow by ~6% in CY22 (vs CY21 growth of ~10%).



- In Q1FY23, India FRP Demand is estimated to grow ~14% YoY due to base effect:**
 - Demand remains strong in packaging. B&C demand improved due to stable Government projects. Auto demand was stable with sharp increase in production, and with greater focus on localization
 - Demand is likely to grow in Q2 FY23 due to stable demand in packaging, Consumer durables, and B&C demand.

Global Copper Industry



H1 CY22 vs H1 CY21

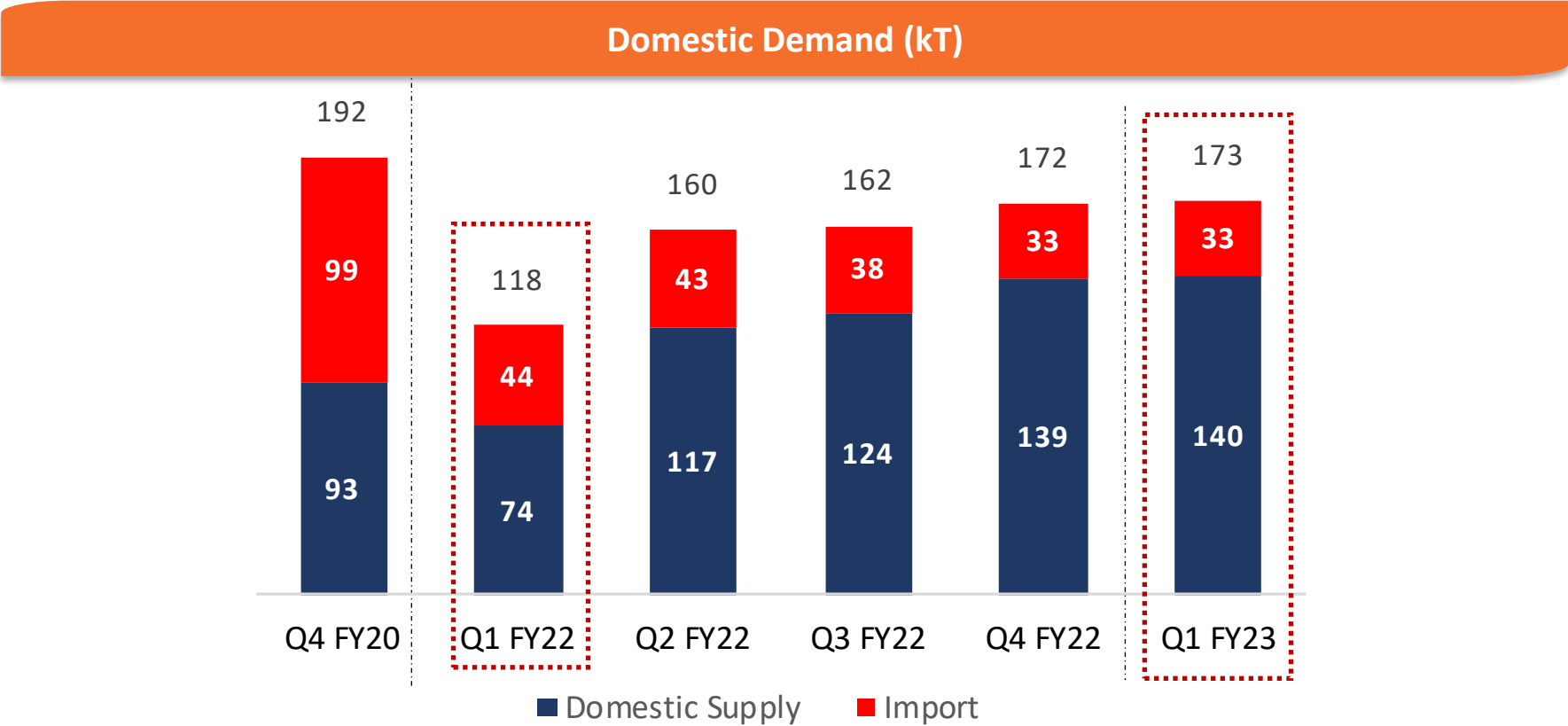
- China’s production declined marginally by ~1.9% and consumption grew by ~0.6% YoY
- World Ex China production increased by 4.3% on a YoY basis, whereas consumption grew by ~2% YoY

Q2 CY22 (vs Q2 CY21)

- China’s production decreased by 8% YoY while consumption was flattish, YoY
- World Ex China Production increased by 2.8% and consumption increased by ~3.6% on a YoY basis



Domestic Copper Industry



- In Q1 FY23, market demand increased by ~47% YoY at 173 kT vs 118 kT in Q1 FY22 while Imports have declined by ~25%, YoY
- On a sequential basis, In Q1 FY23, market demand increased marginally by 0.7% , while Imports increased by 0.5%

Key Macro Drivers (Q1 FY23 vs Q1 FY22)

TC/RC 

S. Acid Price 





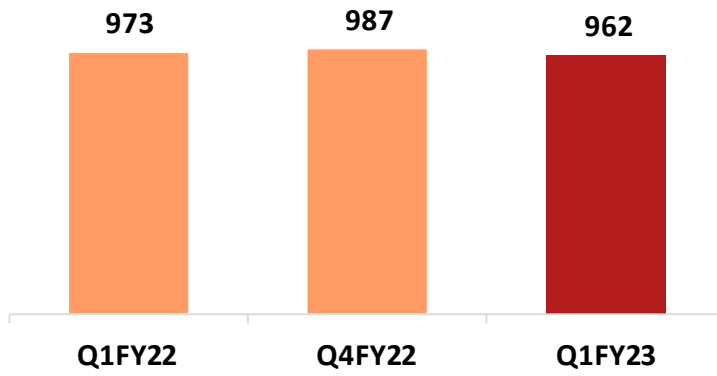
Business Performance : Q1 FY23



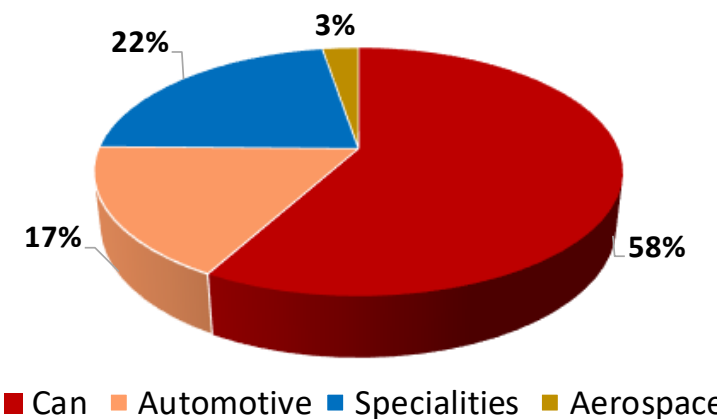
Novelis

Operational Performance – Novelis

Overall Shipments (KT)



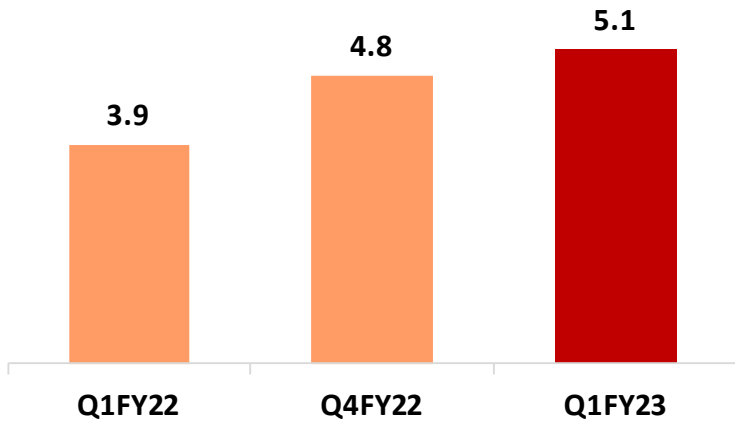
Q1FY23 - Shipments Mix (%)



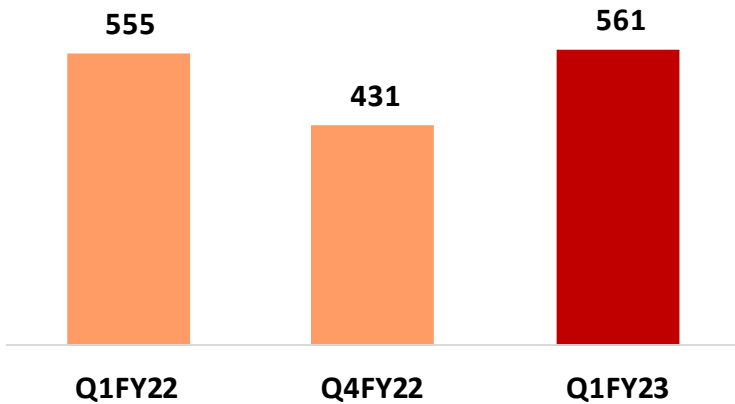
- Diversified product portfolio and capitalizing on solid demand across end markets helped to deliver a strong performance; Mitigating rising operating and energy costs through favorable pricing environment, hedging, and higher recycling benefits.
- Favorable market conditions, increasing customer preference for sustainable packaging options are driving higher demand for aluminium beverage packaging worldwide.
- Automotive long-term demand continues to grow driven by the benefits that result from using lightweight aluminium in vehicle structures and components.
- Shipments in Q1FY23 were at a 962kt, vs. 973 kt in Q1FY22, 1% lower than prior year mainly due to supply chain constraints.
 - North America (+8%, YoY)– Record shipments on account of Can sheet demand and higher Automotive shipments with improving semiconductor supply issues
 - Europe (-3%, YoY) - Improved aerospace and strong Can sheet demand, but automotive & specialty are impacted by semiconductor shortages.
 - Asia (-4%, YoY) - Higher Can & Aerospace shipments on a strong demand, despite some supply chain disruptions; Lower automotive shipments due to COVID-lockdowns in China
 - South America (-6%, YoY)– Can demand continues to be strong. Favorable pricing and metal benefit mitigating cost inflation.
- Identified more than \$4.5 billion of potential investment opportunities over next five years for transformational organic growth Out of this ~\$3.4 billion of strategic capital investments are underway

Financial Performance – Novelis

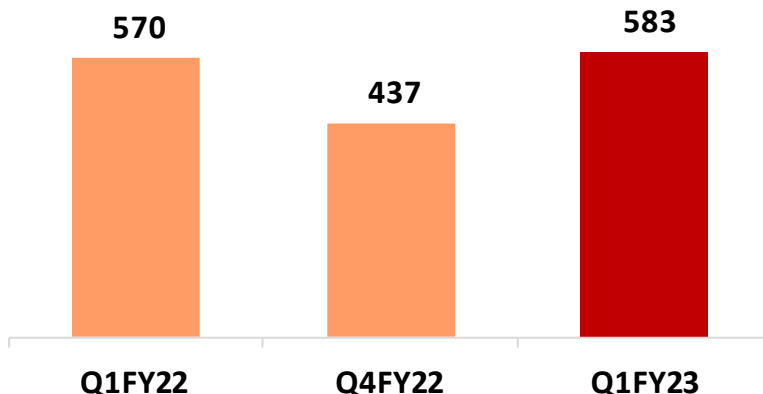
Revenue (\$ Billion)



Adjusted EBITDA (\$ Million)



Adjusted EBITDA (\$/tonne)



- Net sales in Q1FY23 stands at \$5.1 billion up 32% YoY driven by higher average aluminium prices and local market premiums

- Record adjusted EBITDA at \$561 million in Q1FY23, up 1% YoY. This underlying increase is primarily due to higher product pricing, favorable product mix and higher recycling benefits, partially offset by high-cost inflation, unfavorable foreign currency, and a \$47 million prior year tax litigation benefit not recurring in the current year

- Record Adjusted EBITDA per ton at \$583/t in Q1 FY23 vs \$570/t in the corresponding quarter of last year

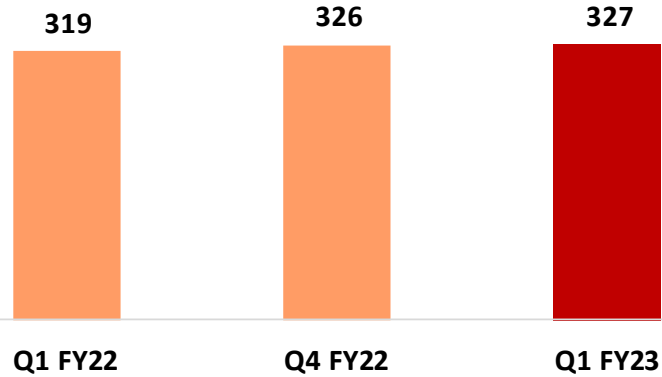
Note: All above numbers are as per the US GAAP



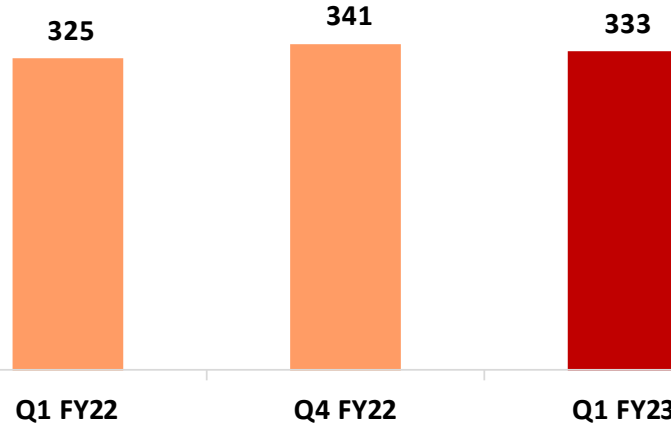
Aluminium : Upstream Performance

Aluminium Upstream Business

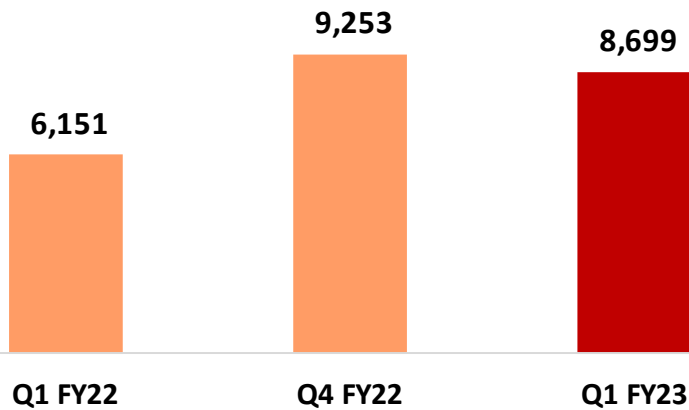
Production (Kt)



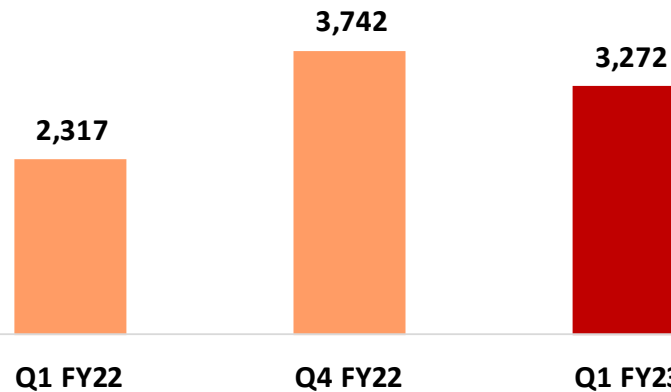
Shipments (Kt)*



Revenue (₹ Crore)



EBITDA (₹ Crore)



- Production up 3% YoY and Shipments were up 2% YoY.
 - Revenue was up 41% YoY, with higher global prices of aluminium and higher volumes in Q1 FY23 vs Q1 FY22
 - EBITDA at ₹3,272 crore, up 41% YoY in Q1 FY23 on account of favorable macros, higher volumes and better efficiencies partially offset by high input costs
- EBITDA margin of 38%, continues to be one of the best in the industry
- EBITDA per ton at \$1,274 in Q1FY23 vs \$966 in Q1FY22; up 32% YoY

*includes third Party sales of upstream business and transfer to India Downstream business

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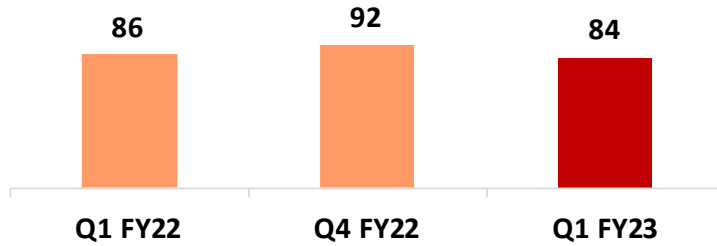


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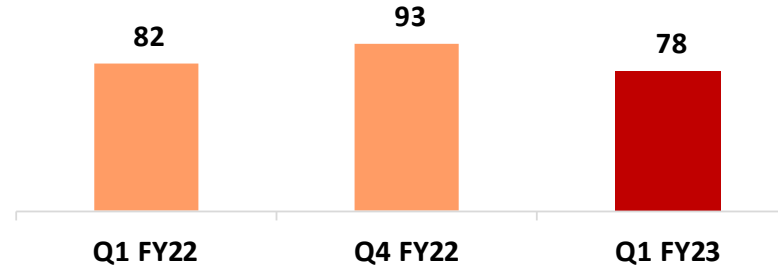
Aluminium : Downstream Performance

Aluminium Downstream# Business

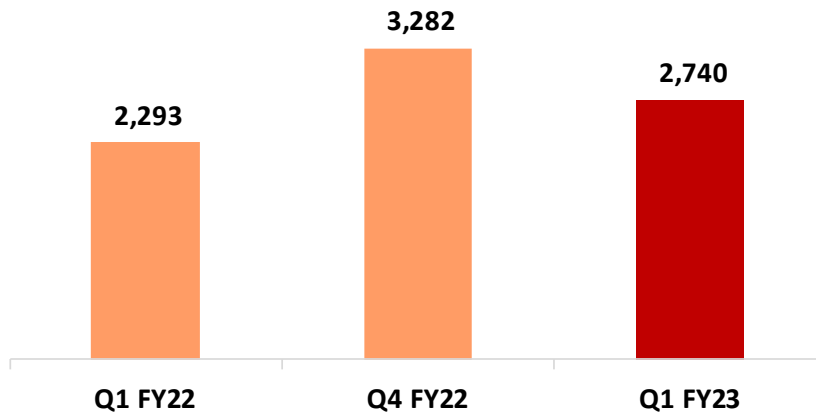
Production (Kt)



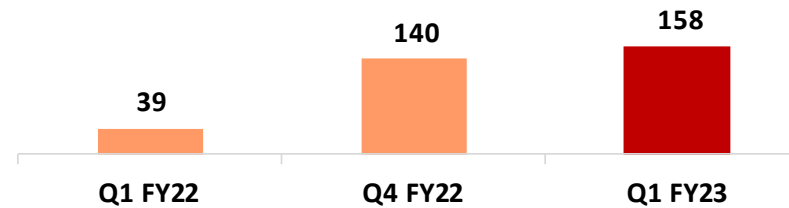
Sales (Kt)



Revenue (₹ Crore)



EBITDA (₹ Crore)



- Production in Q1 FY23 was lower by 2% YoY and Sales were lower by 5% YoY.
- Revenues were up 19% YoY, with higher global prices of aluminium in Q1 FY23 vs Q1 FY22
- EBITDA at ₹158 crore, up 305% YoY in Q1 FY23 on account of better pricing, partially offset by high conversion costs
- EBITDA per ton at \$261 in Q1FY23 vs \$64/ton in Q1FY22; up 306% YoY

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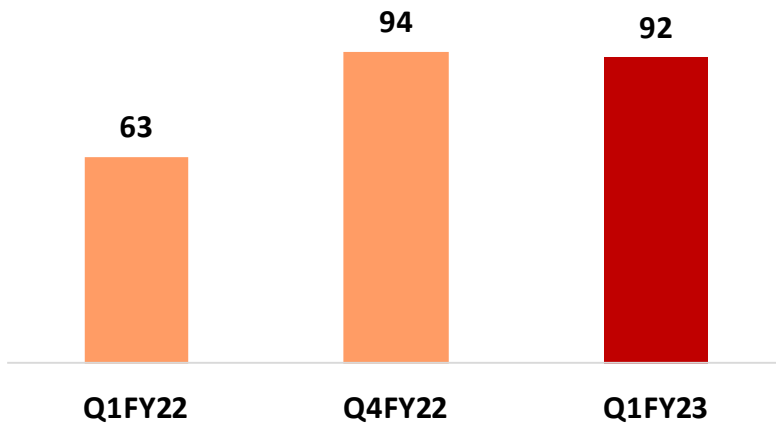


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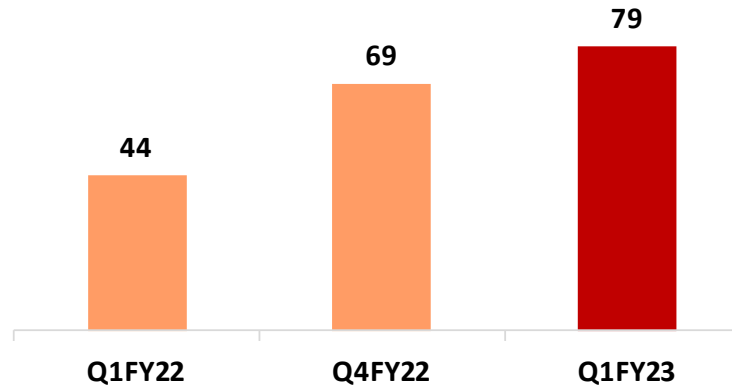
Copper

Copper Metal & VAP - Production and Sales in Kt

Production : Copper Cathode (Kt)

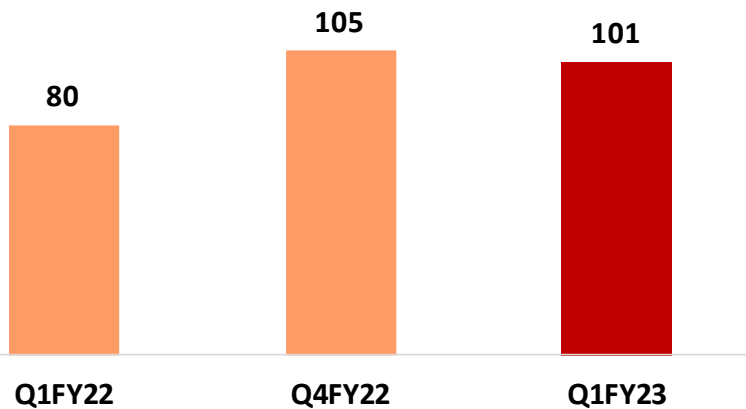


Production : CC Rod (Kt)

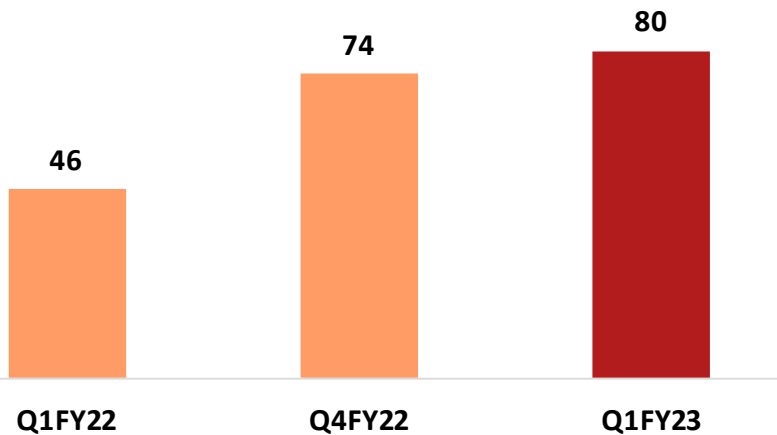


- Quarterly Cathode Production was 92Kt whereas Copper Rods Production was 79Kt in Q1FY23.

Sales : Copper Metal (Kt)



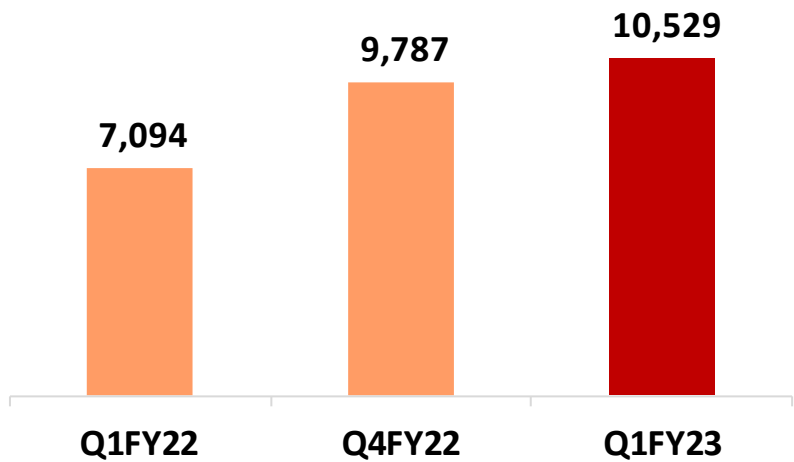
Sales : CC Rods (Kt)



- Quarterly Metal sales in Q1FY23 was at 101 Kt (vs 80 Kt in Q1FY22)
- CC Rod sales were up 73% YoY in Q1 FY23 at 80kt

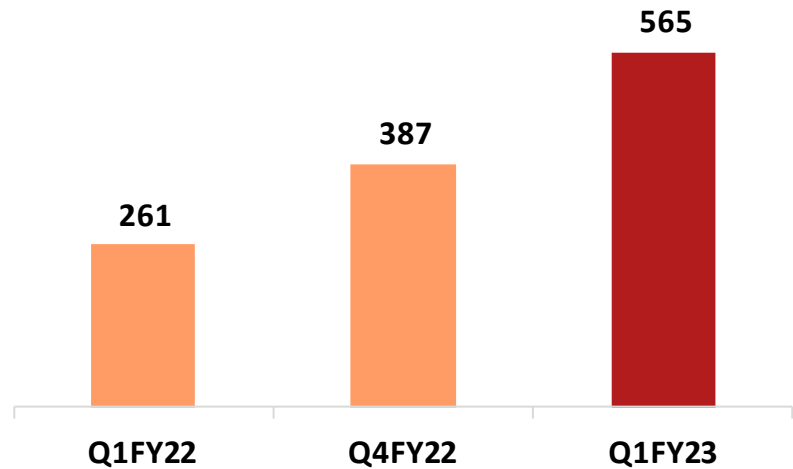
Financial Performance – Copper Business

Revenue (₹ Crore)

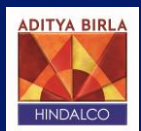


- Revenues were up by 48% YoY in Q1 FY23, on account of higher global prices of copper compared to the corresponding quarter of the last year

EBITDA (₹ Crore)



- Record EBITDA at ₹565 crore in Q1 FY23 compared to ₹261 crore in the corresponding quarter, up 116% YoY on the back of better operational efficiencies and improved by-product realizations.



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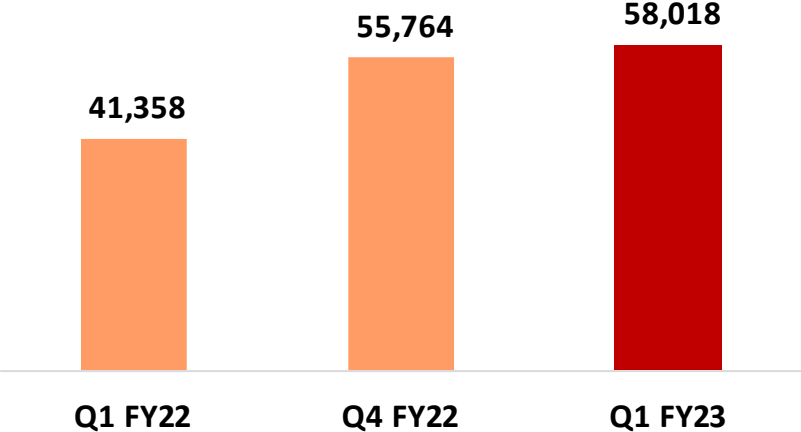


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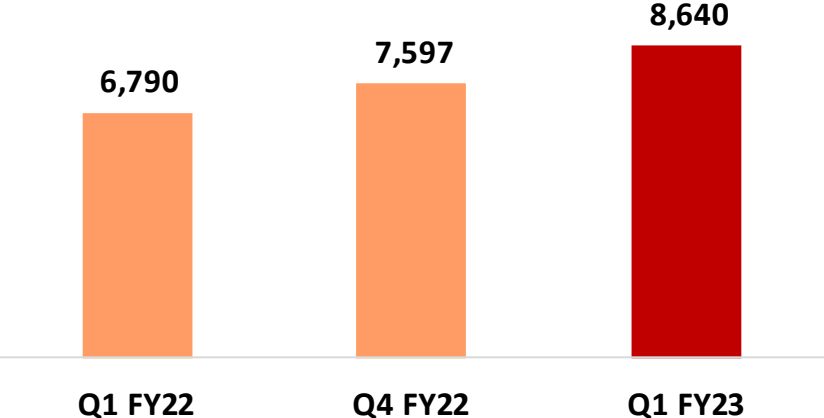
Consolidated Financial Performance

Consolidated Financial Performance

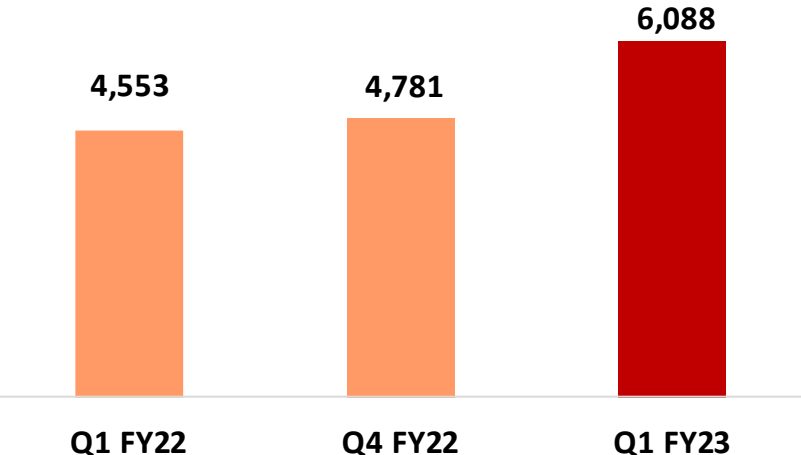
Revenue (₹ Crore)



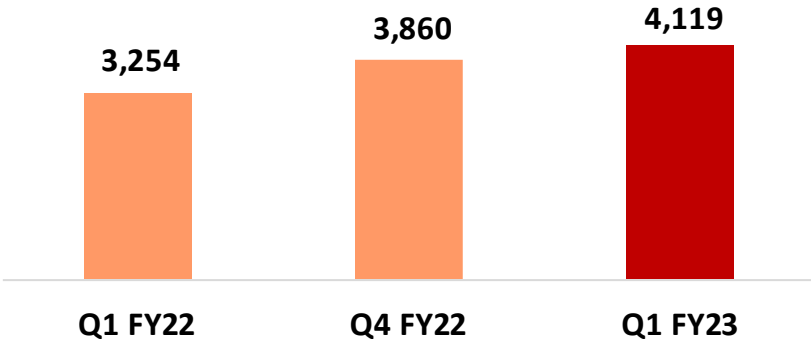
EBITDA (₹ Crore)



PBT after Exceptional Items (₹ Crore)



PAT for Continuing Operations (₹ Crore)

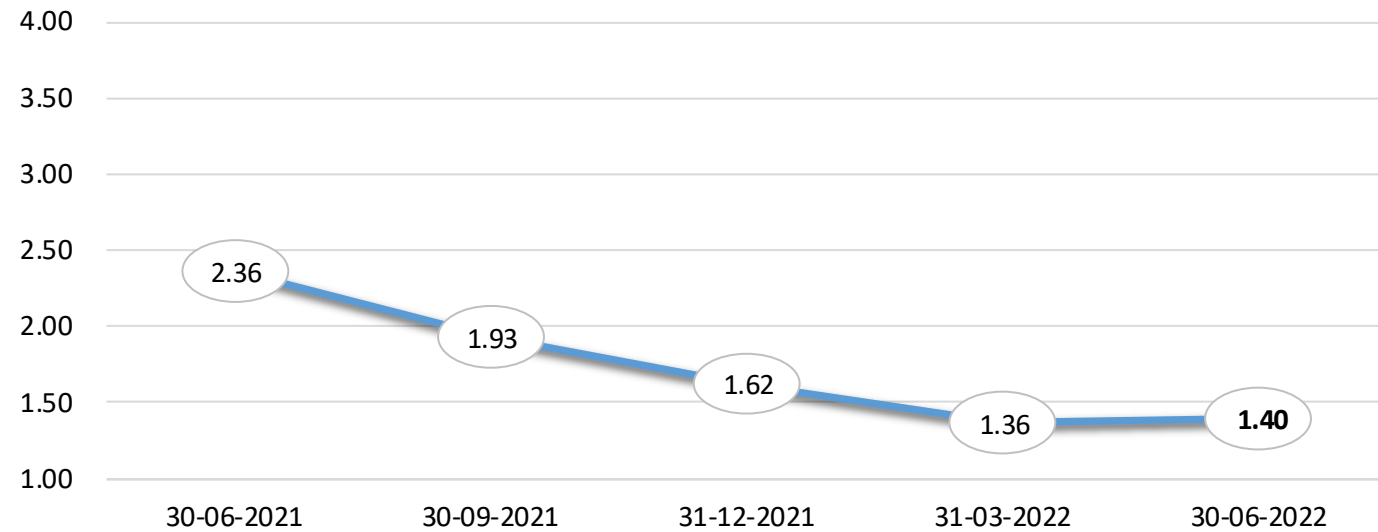


Consolidated (Debt Position)

(₹ Crores)

Particulars	As on	As on	As on	As on	As on
	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22
Gross Debt	67,836	66,831	65,817	63,237	64,023
Cash & Cash Equivalents	15,923	18,820	22,084	24,141	21,830
Net Debt	51,913	48,011	43,733	39,096	42,193
TTM Adjusted EBITDA	21,997	24,865	26,931	28,665	30,120

Net Debt : EBITDA(x)



Our Strategic Priorities

Robust Capital Structure

Our Approach

- *Robust approach to Capital Allocation Framework*
- *With a strong balance sheet, ready to fuel next phase of organic growth*
- *Enhanced focus on Shareholder return*

Value Enhancing Growth

Our Approach

- *Strong focus on expanding capacities in various business segments and diversifying our portfolio to provide products and solutions*
- *Expand Downstream aluminium and Copper businesses organically*

ESG Commitments

Our Approach

- *Focus on ESG by taking sustainability initiatives across the value chain with clear roadmap for achieving our commitments*
- *ESG commitments to become **'The Industry Leader in Sustainability'***

Portfolio Enrichment

Our Approach

- *Advancing from manufacturing company to manufacturing solution provider*
- *Enrich product mix through increasing the share of high-end value-added products*



Thank You

ADITYA BIRLA



HINDALCO

Annexures

Consolidated – Key Financials

Particulars (₹ Crore)	Q1 FY22	Q4 FY22	Q1 FY23	Change YoY %	QoQ Change %
Revenue from Operations	41,358	55,764	58,018	40%	4%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)					
<i>Novelis*</i>	4,090	3,247	4,334	6%	33%
<i>Aluminium Upstream</i>	2,317	3,742	3,272	41%	-13%
<i>Aluminium Downstream</i>	39	140	158	305%	13%
<i>Copper</i>	261	387	565	116%	46%
Business Segment EBITDA	6,707	7,516	8,329	24%	11%
<i>Inter Segment (Profit)/ Loss Elimination (Net)</i>	<i>(83)</i>	<i>(19)</i>	<i>(66)</i>		
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	166	100	377		
EBITDA	6,790	7,597	8,640	27%	14%
Finance Costs	820	805	847	-3%	-5%
PBDT	5,970	6,792	7,793	31%	15%
Depreciation & Amortisation (including impairment)	1,649	1,761	1,749	-6%	1%
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	40%	20%
Exceptional Income/ (Expenses) (Net)#	230	(251)	41		
Profit Before Tax (After Exceptional Item)	4,553	4,781	6,088	34%	27%
Tax	1,299	921	1,969		
Profit/ (Loss) from Continuing Operations	3,254	3,860	4,119	27%	7%
<i>Profit/ (Loss) from Discontinued Operations</i>	<i>(467)</i>	<i>(9)</i>	-		
Profit/ (Loss) After Tax	2,787	3,851	4,119	48%	7%
<i>EPS (₹/Share)</i>	<i>12.5</i>	<i>17.3</i>	<i>18.5</i>		

Hindalco (India) Business – Key Financials

Particulars (₹ Crore)	Q1 FY22	Q4 FY22	Q1 FY23	YOY Change %	QoQ Change%
Revenue from Operations	13,349	19,628	19,733	48%	1%
EBITDA					
<i>Aluminium - Upstream</i>	2,325	3,738	3,272	41%	-12%
<i>Aluminium - Downstream</i>	39	140	158	305%	13%
<i>Copper</i>	261	387	565	116%	46%
Business Segment EBITDA	2,625	4,265	3,995	52%	-6%
<i>Inter Segment (Profit)/ Loss Elimination (Net)</i>	(83)	(19)	(66)		
<i>Unallocable Income/ (Expense) (Net)</i>	(29)	(26)	(223)		
EBITDA	2,513	4,220	3,706	47%	-12%
Finance Costs	373	407	383	-3%	6%
PBDT	2,140	3,813	3,323	55%	-13%
Depreciation	525	554	556	-6%	0%
Profit before Exceptional Items and Tax	1,615	3,259	2,767	71%	-15%
Exceptional Income/ (Expenses) (Net)	-	(107)	41		
Profit Before Tax (After Exceptional Item)	1,615	3,152	2,808	74%	-11%
Profit/ (Loss) After Tax	1,037	2,004	1,786	72%	-11%

Aluminium (India) Business EBITDA and Sales Reconciliation

Aluminium Business EBITDA

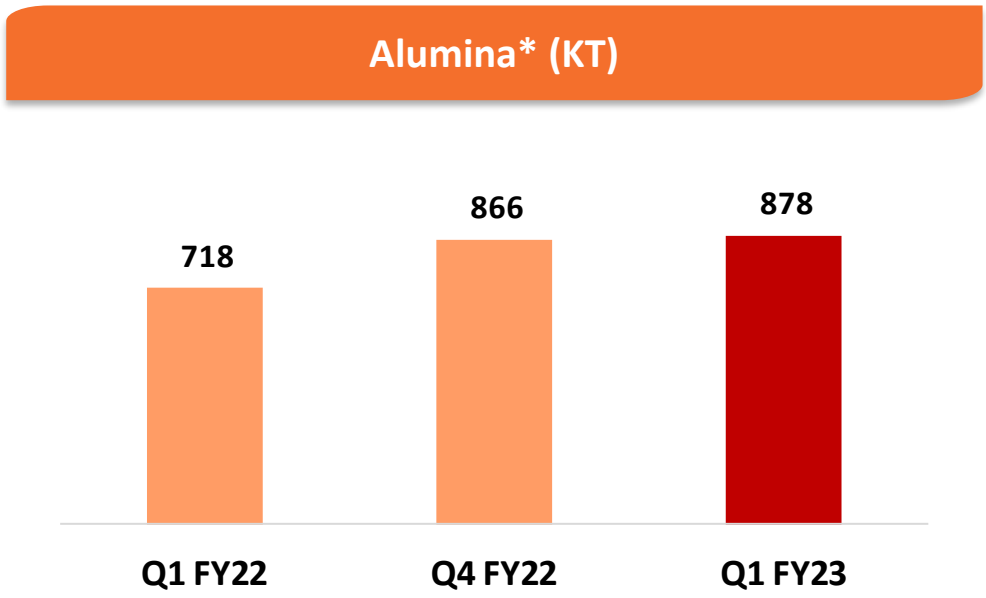
Particulars	Q1 FY22	Q4 FY22	Q1 FY23
EBITDA - Upstream	2,325	3,738	3,272
EBITDA - Downstream	39	140	158
<i>Intersegment (Profit) /Loss Elimination (Net)</i>	<i>(83)</i>	<i>(19)</i>	<i>(66)</i>
<i>Metal Price Lag*</i>	<i>71</i>	<i>191</i>	<i>(43)</i>
Aluminium Business EBITDA	2,352	4,050	3,321

* Part of the Unallocable Income/(Expense) (Net)

Aluminium Sales Reconciliation

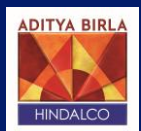
Particulars	Q1 FY22	Q4 FY22	Q1 FY23
Upstream - Sales Third Party (A)	221	243	245
<i>Intersegment Sales</i>	<i>104</i>	<i>98</i>	<i>88</i>
Total Upstream Shipments	325	341	333
Downstream Third Party Sales (B)	82	93	78
Total Third Party Sales (A)+(B)	303	336	323

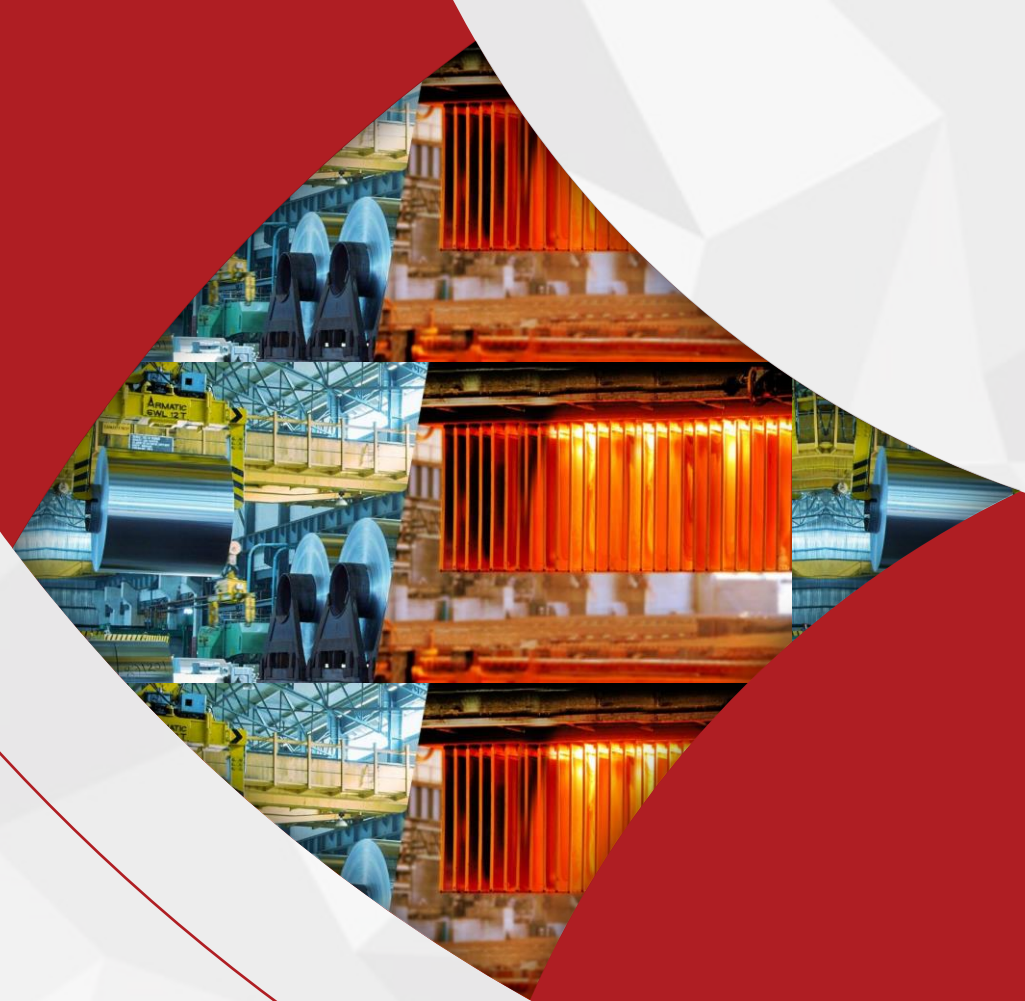
Production – Alumina



- Total Alumina production was up 22% YoY and 1% sequentially in Q1 FY23
- Record Quarterly production at Utkal Alumina refinery at 586 Kt in Q1 FY23

**Hydrate as Alumina*





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