



Investor Presentation

HINDALCO INDUSTRIES LTD

Q2 FY2016

Contents...

Highlights and Financial Performance

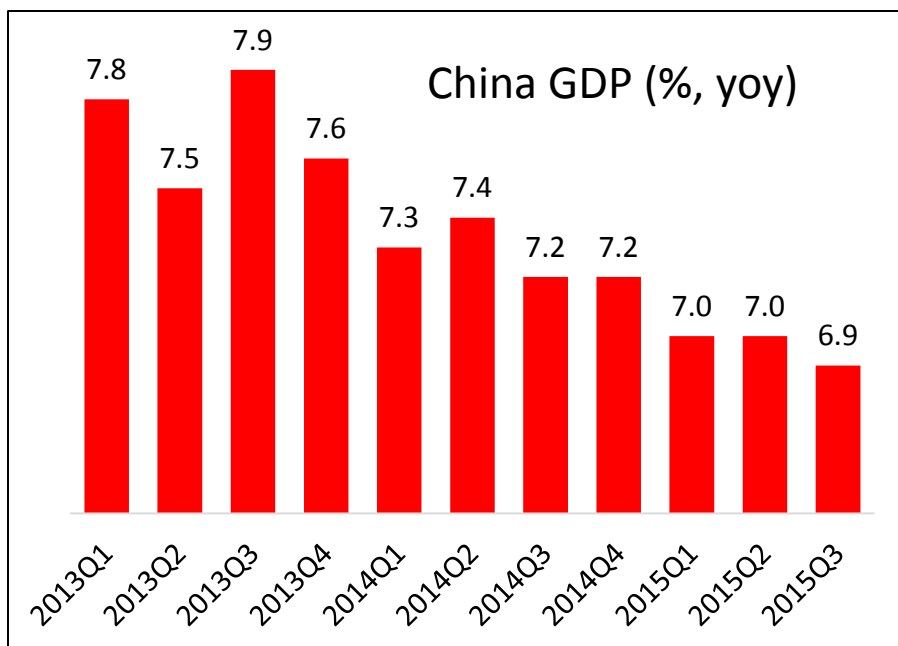
Review -

Aluminium Business

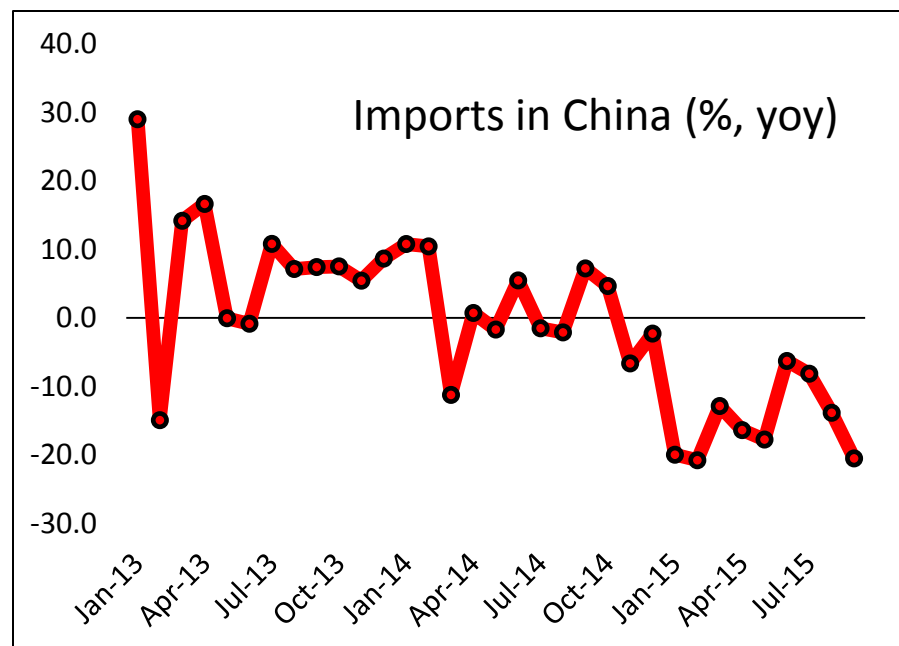
Copper Business

Global Economy – Slowing China a big overhang

- ◉ RMB devaluation and sharp correction in Chinese equity markets have raised the risk perception about China, along with slowing growth
- ◉ Recovery strengthening in Euro area and US, but emerging markets under strain – Brazil & Russia grappling with recession
- ◉ Central banks remain in accommodative mode

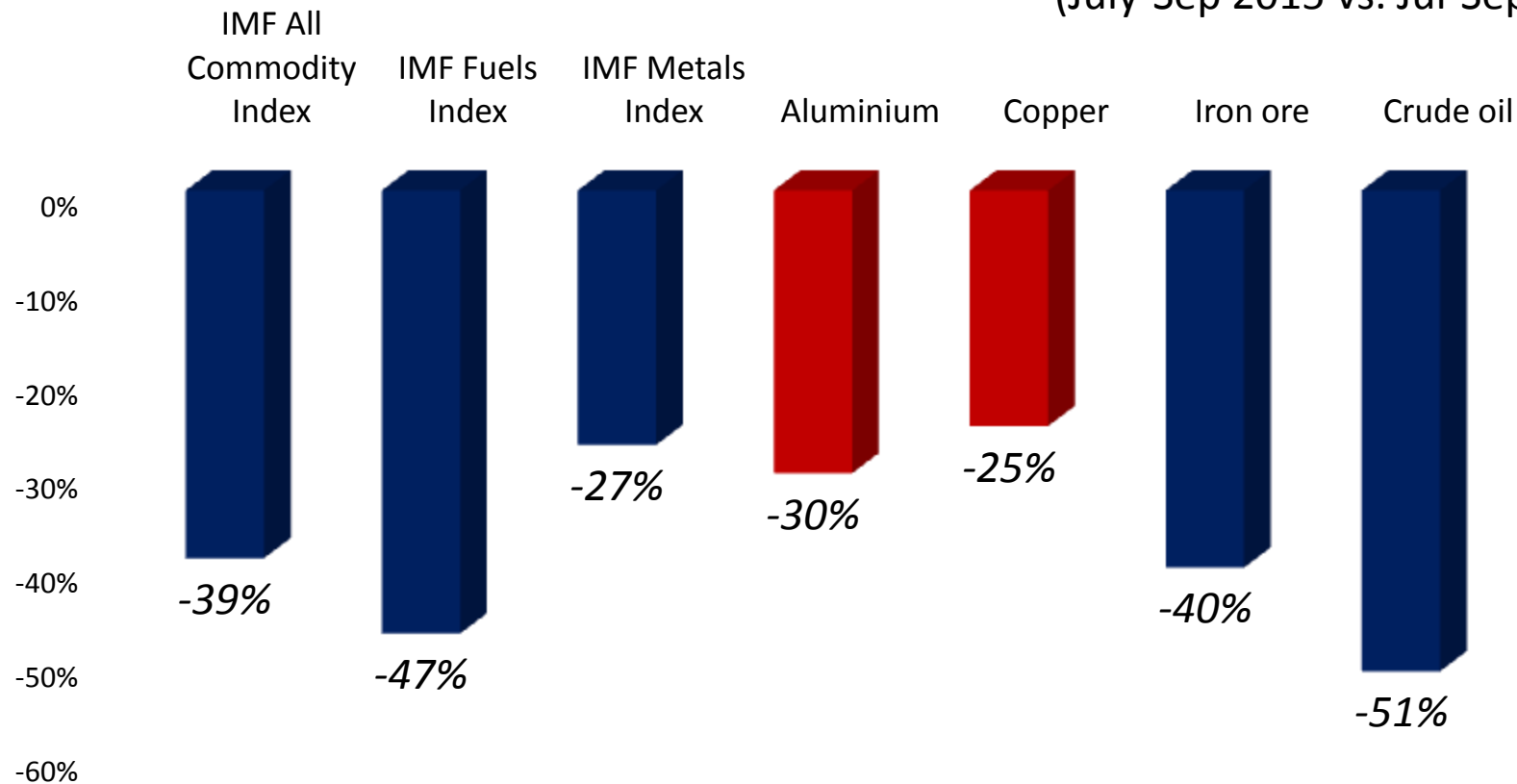


Source - Industry



Commodities Meltdown...

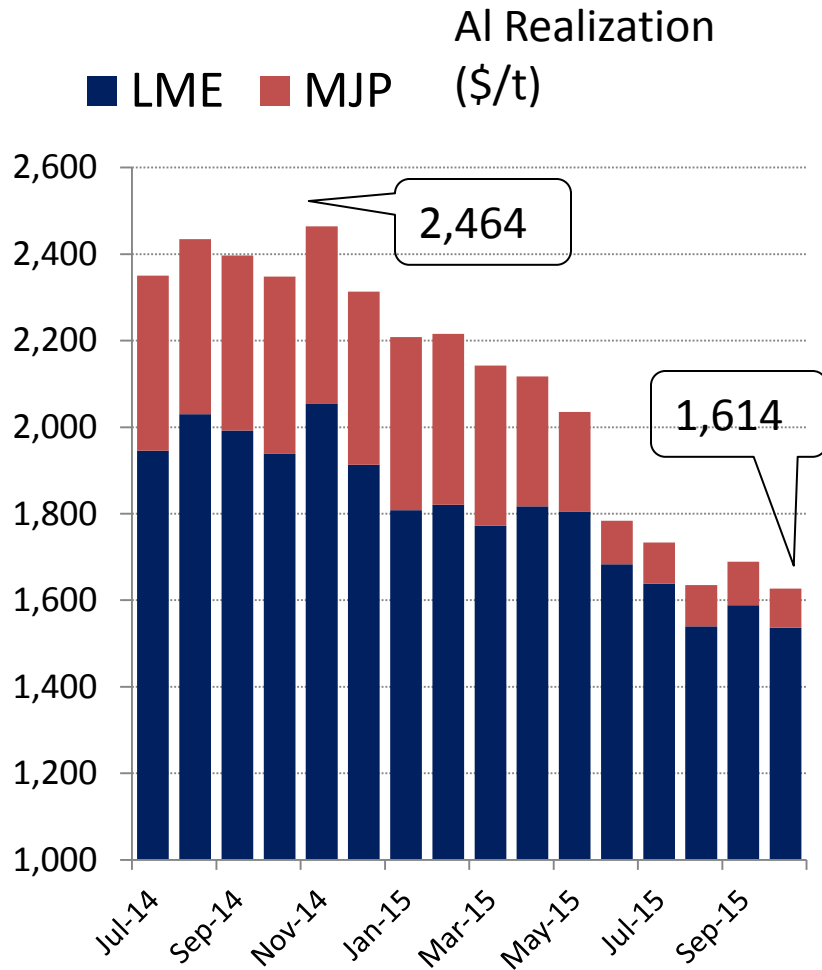
(July-Sep 2015 vs. Jul-Sep 2014)



Sharp decline across commodities...

Source – IMF, Industry

Al: Realisations under Pressure



- Global aluminium consumption growth @~4% in 2015
- But, market expected to be in surplus of 1Mt+ in 2015 with strong supply growth (mainly China)
- Nearly 25% of global capacity incurring cash losses at current realization; however power subsidies in China delaying supply side response
- Global inventory remains high at 91 days of consumption

Source - Industry

Q2 FY16: Highlights... Strong Operational Performance

Aluminium (India)

- ◉ Strong Volume growth as facilities ramp up
 - ◉ Highest ever Metal sales , Volumes up 51%
-

Novelis

- ◉ Strong Auto sheet Ramp up
 - ◉ Record Global FRP shipments at 788 KT
-

Copper (India)

- ◉ Robust Operational performance
- ◉ Sales Volumes up 8%

All round improvement in performance

Q2 FY16: Standalone Highlights...

YOY

- ⦿ Revenue up 4% even as commodity prices nosedive
 - ⦿ Aluminium revenues up 26% despite over 20% drop in LME and 75% decline in Premium
 - ⦿ Copper revenues decline 10% on account of 23% decline in LME
- ⦿ PBIDTA at Rs 1020 Cr, supported by robust operational performance under adverse macro economic conditions
- ⦿ Interest & Finance charges increased over 50%
- ⦿ Net Profit at Rs 103 Crores

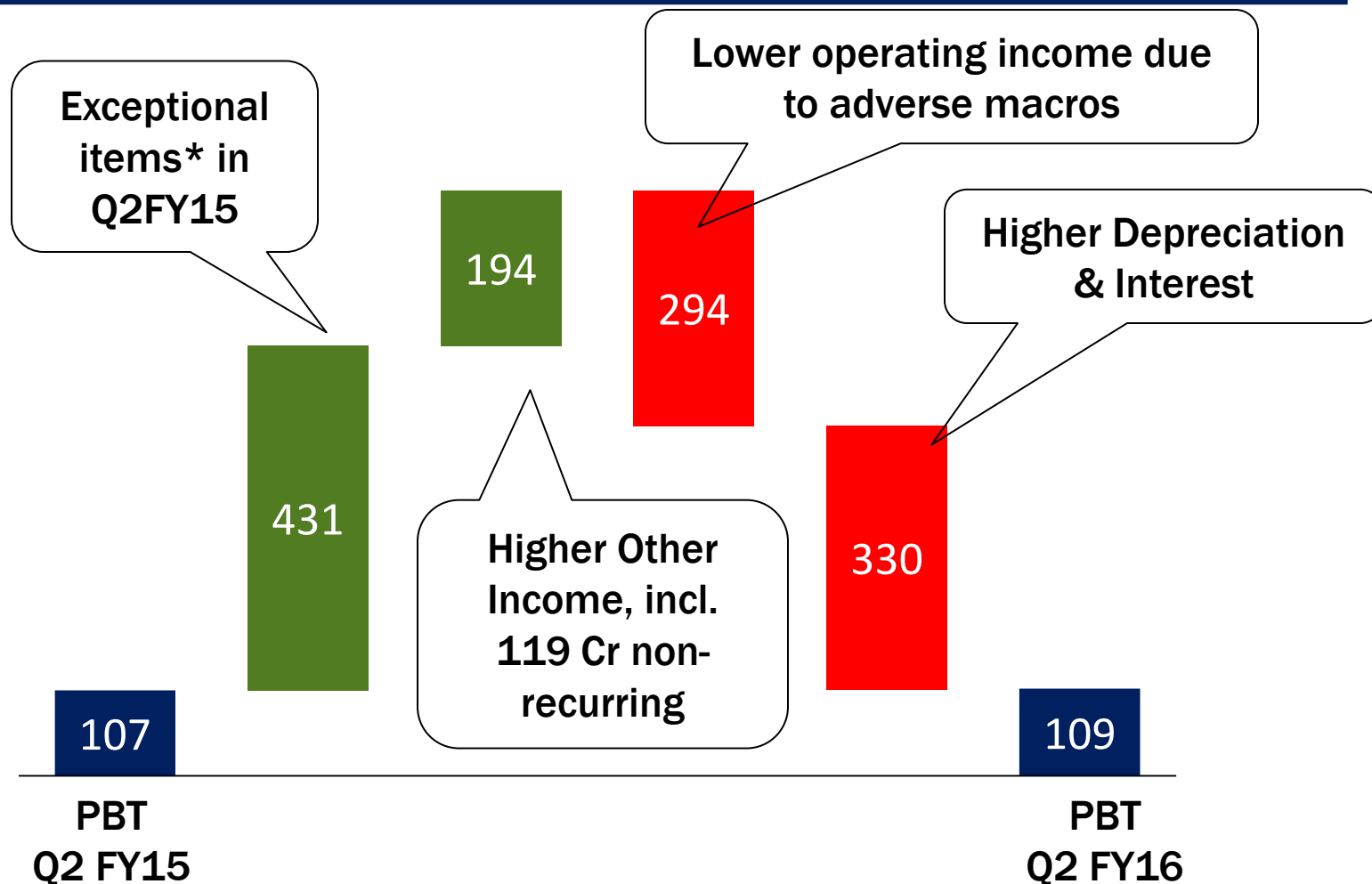
Financial Performance: Standalone Hindalco



(₹) Cr	Q2 FY16	Q2 FY15	Change % YoY	Q1 FY16	Change %QOQ
Net Sales	8,925	8,554	4%	8,575	4%
Other Income	418	223	87%	194	115%
PBITDA	1,020	1120	(9%)	1,072	(5%)
Depreciation	(296)	(196)	51%	(332)	(11%)
Interest	(616)	(386)	60%	(602)	2%
PBT before exceptional	109	539	(80)%	138	(21%)
Exceptional items	(431)	
PBT	109	107	1%	138	(21%)
PAT	103	79	31%	107	(4%)
EPS (₹)	0.50	0.38	31%	0.52	(4%)

Profit Before Tax Bridge - YoY

(₹ Crore)



* Prov. for Talabira coal levy and diminution in ABML carrying value, adjusted for exchange fluctuation and writeback

Recent Initiatives...

- ❖ Refinancing of project debt -
 - ❖ Repayment tenor has been extended till 2030
- ❖ Cost saving and cash conservation initiatives across operations
 - ❖ Focus on logistics
 - ❖ Operational efficiencies
 - ❖ Inventory reduction
- ❖ Leverage tail winds in the downstream business



Aluminium Business

AI: External Drivers

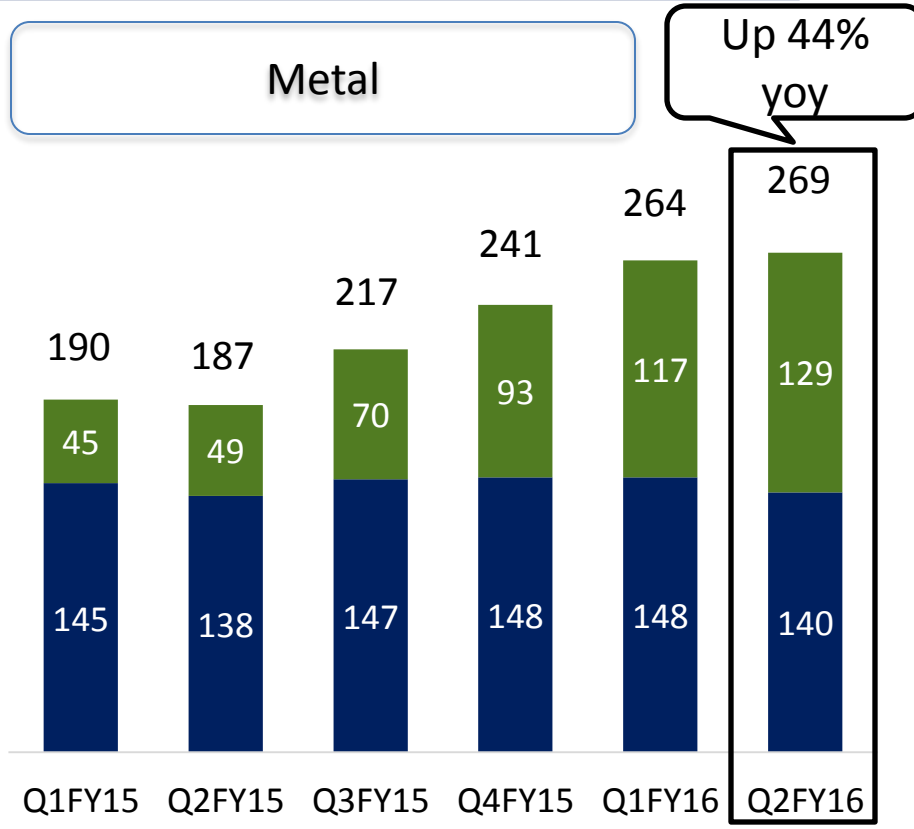
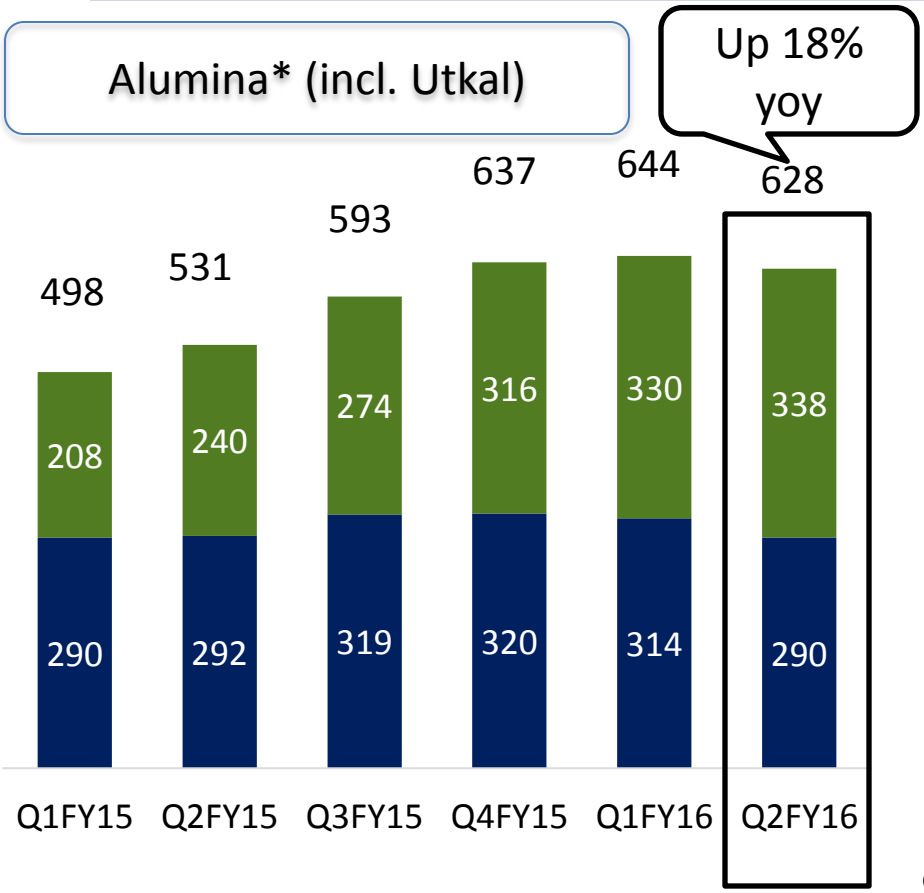
	Q2FY16	Q2 FY15	Q1 FY 16
LME (\$/t)	1,589	1,989	1,769
INRUSD	65.0	60.6	63.5
MJP	100	404	210

- ❖ Realisations declined as both LME and Premium dropped
- ❖ Re mildly supportive but much higher depreciation in other currencies led to sharp fall in global cost curve.. Negating any benefit
- ❖ Coal cost at Hirakud increased sharply due to loss of Talabira 1 Mine

AI: Robust Production Performance

From Greenfield projects

(Figures in Kt = '000 tonnes)



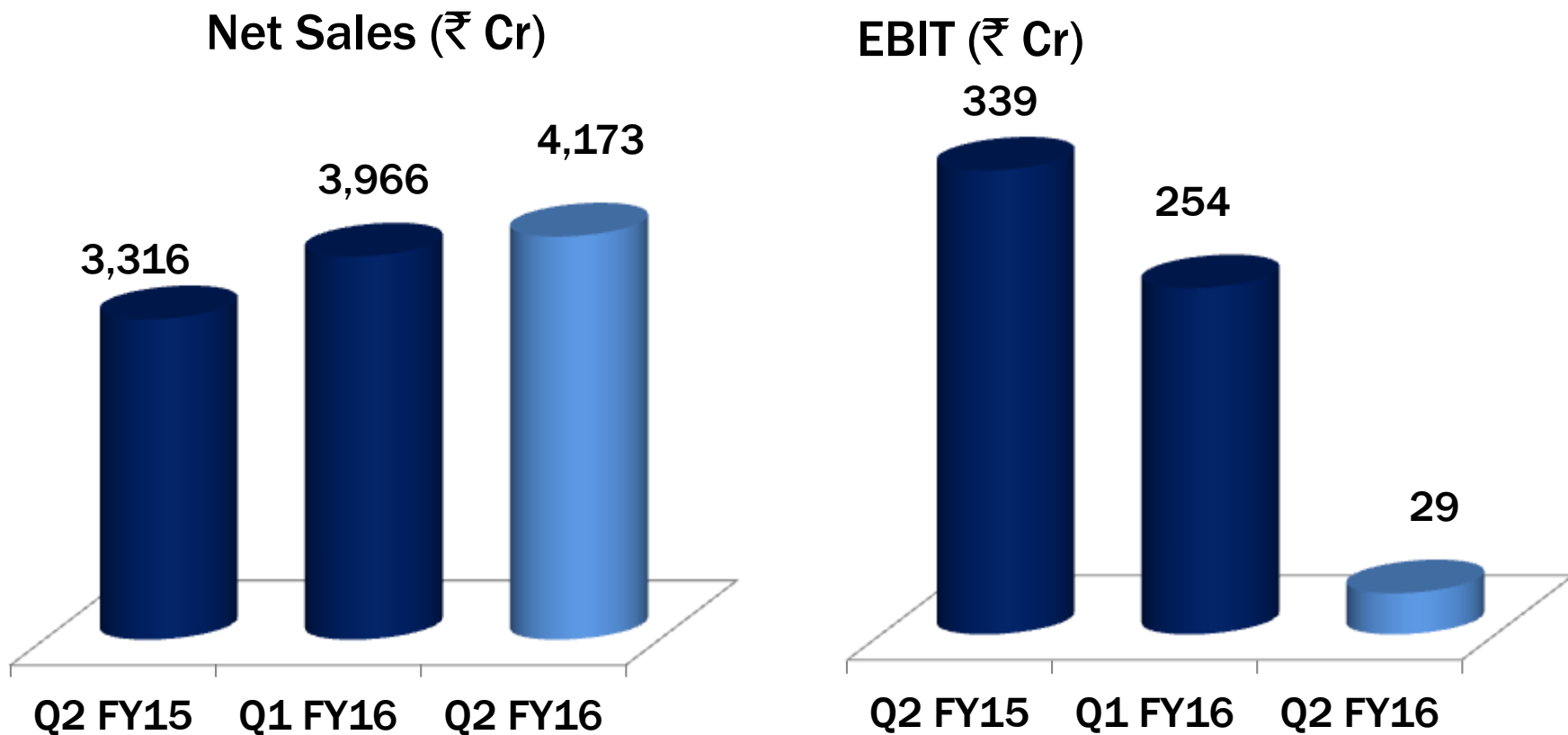
* Production of hydrate, as alumina

- Mahan: all 360 pots in production
- Aditya: close to 60% capacity (214 pots) as of Sept 15
- Hirakud: ~40% of old pots idled

AI: Operational Performance...

- ❖ Mahan & Aditya operating at design efficiencies
- ❖ COP on declining trend
- ❖ Utkal among the lowest cost alumina refineries globally
- ❖ Gare Palma mines – Mining to commence shortly...
- ❖ Wire rod and Billets – Production started at Mahan
- ❖ VAP sales picking up

Aluminium: Financial Performance



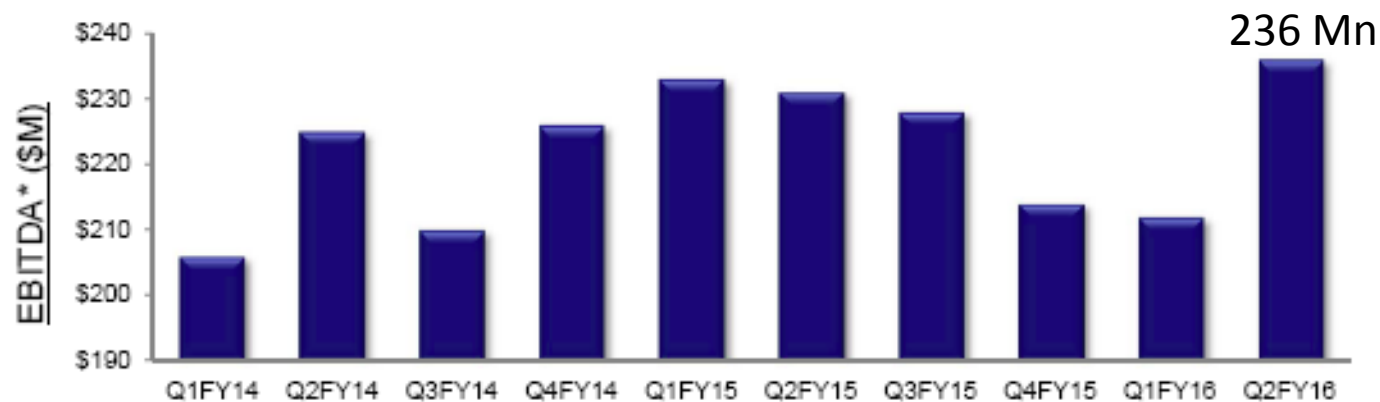
- ❖ YOY – Revenue up 26% on the back of higher volumes
- ❖ EBIT declined on account of sharp drop in realisation & jump in depreciation

Novelis



Novelis- Q2 FY 16 Highlights

- Strategic portfolio shift delivering results
 - Strong production, demand & mix shift driving record shipments
 - Highest EBITDA* levels in over two years








*EBITDA excluding metal price lag



Copper Business



Cu: Supportive Industry Trends...

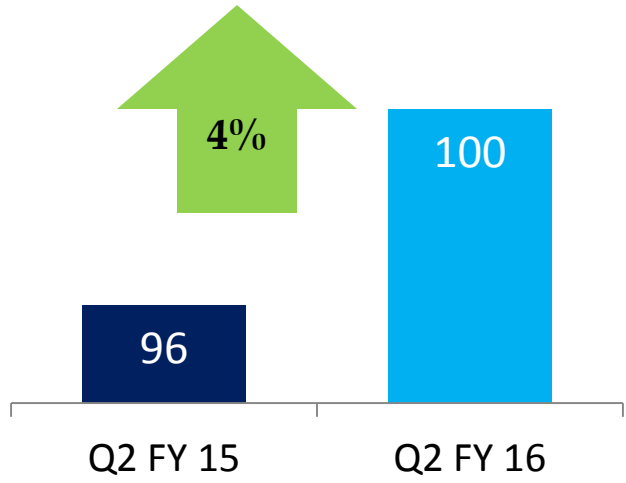
	Q2 FY 16 Vs. Q2 FY 15	Impact (YoY)
TCRC	Higher	
LME (\$/t)	Lower	
Exch. Rate (₹/\$)	Favorable	
Acid Price	Higher	
DAP Realization	Higher	

Cu: Robust Production Performance

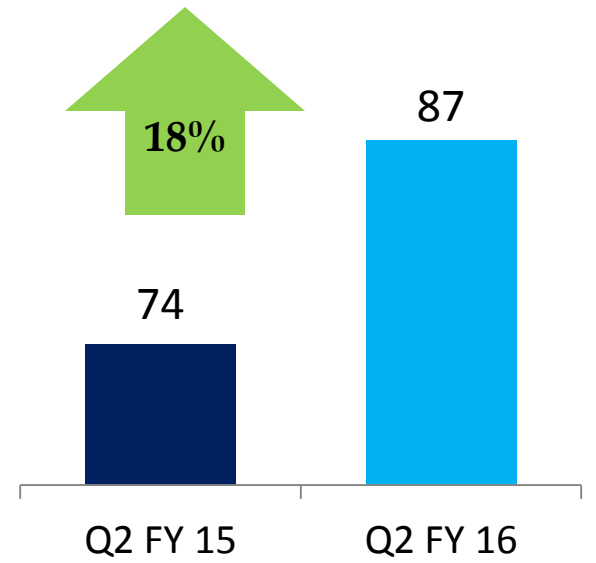
Volumes in Kt = '000 t



Cathode



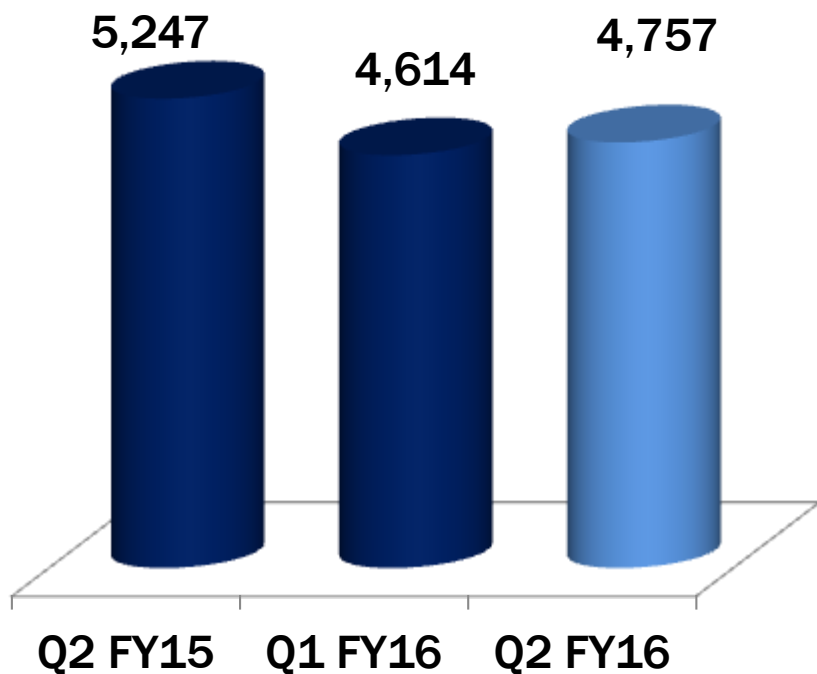
DAP



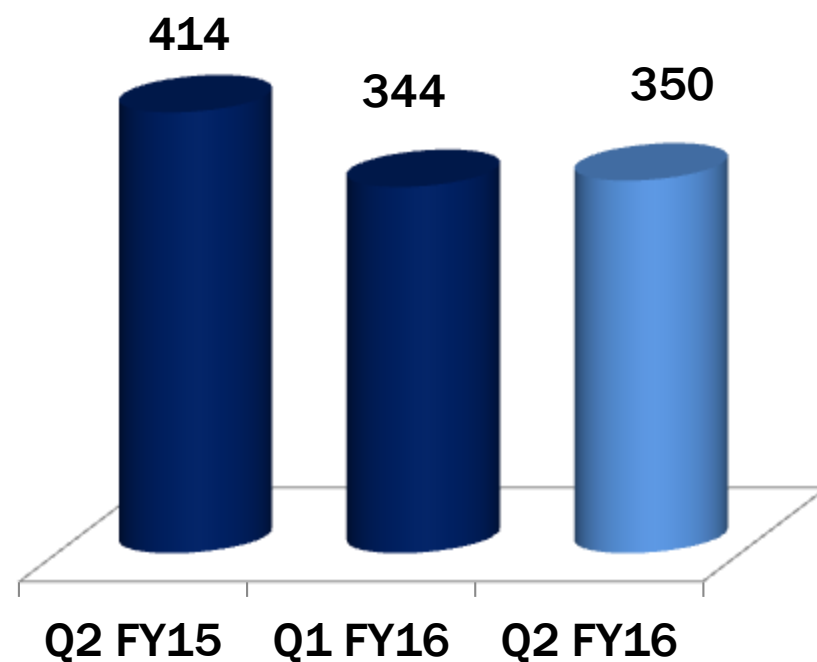
Strong Production growth

Copper: Financial Performance

Net Sales (₹ Cr)



EBIT (₹ Cr)



Consistent Performance

- Mt Gordon mine operation sold to Lighthouse Minerals for a consideration of A\$15 Mn (A\$5 Mn upfront and A\$10 Mn deferred and contingent)
 - *Transaction releases A\$41.7 Mn of encumbered cash for ABML*
- Strategic options, including a sale of ABML, being considered; Financial Advisor appointed for the purpose
- Nifty mines operating as per guidance and expected to produce 25-28 Kt Cu during FY 16

In Summary ...

Strong operational performance in Q2FY16, but external environment worsened further

New factories ramping up well, Depreciation & Interest have eroded bottom line

Copper business likely to maintain its performance on the back of robust operations and favourable value drivers

Novelis' strategic goals on track; strong growth in auto market to enrich product mix

Focus on operational excellence & cash conservation

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.



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