

**ADITYA BIRLA**



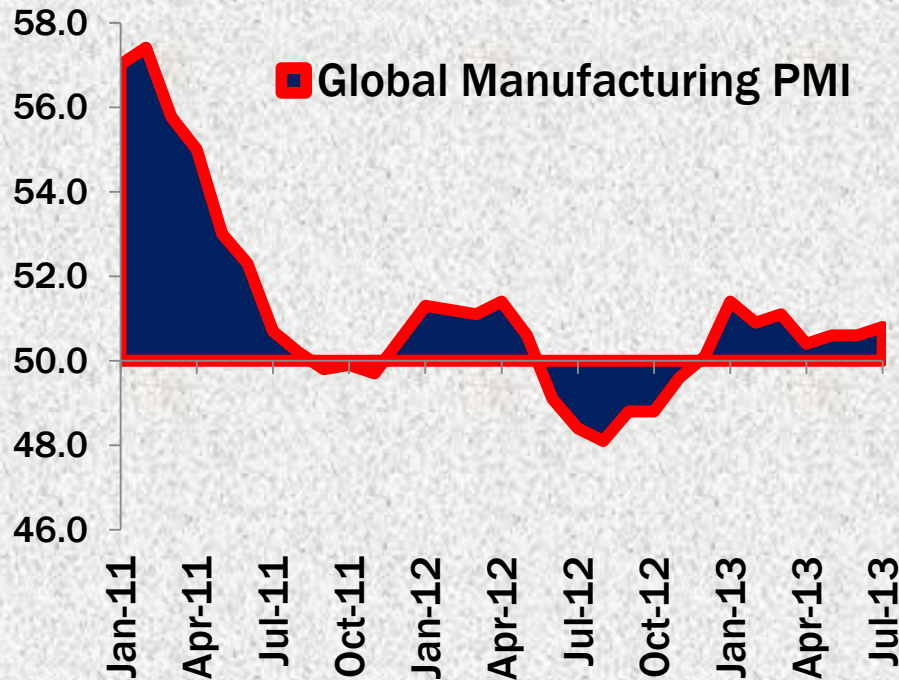
**HINDALCO**

# **INVESTOR PRESENTATION**

***Q1 FY14***

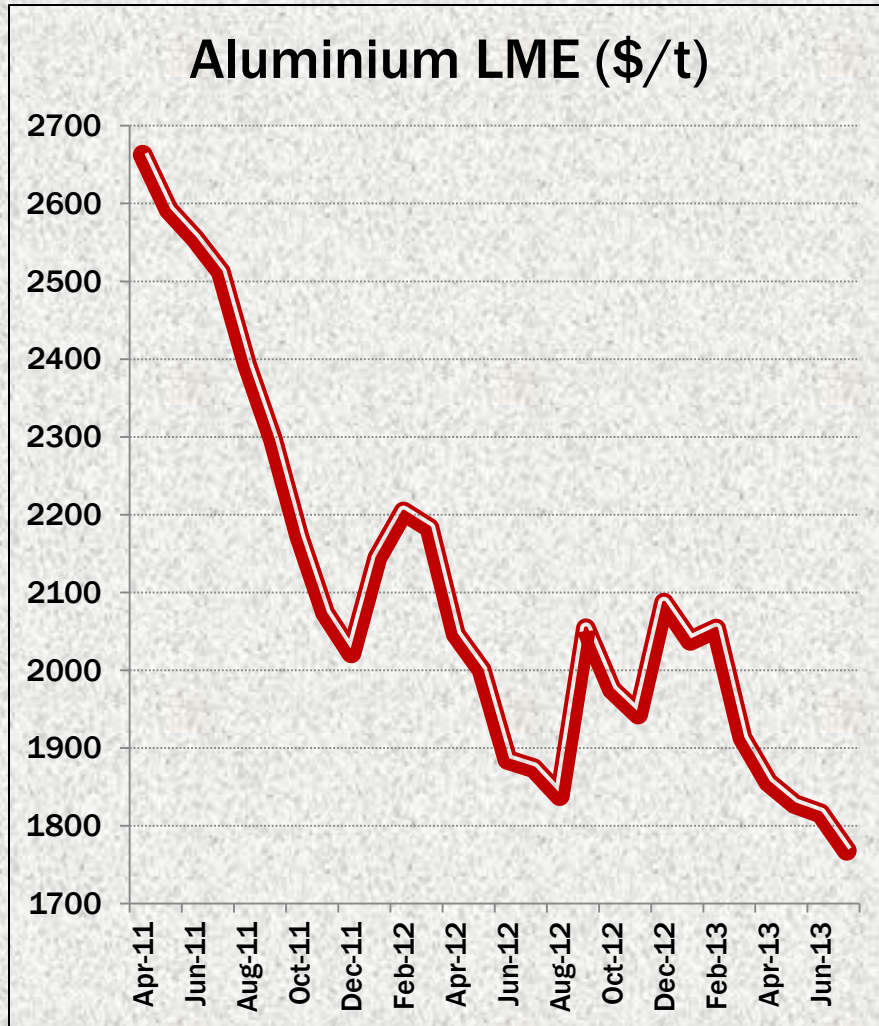
***August 13, 2013***

# Global Economy: Recovery still elusive



- ◎ Signs of modest recovery in developed markets, but heightened risks to growth in emerging markets
- ◎ Commodity markets have been nervous on account of the uncertainty of QE tapering timing..

# Al LME at lowest level since 2009



- Global inventory still very high, but has come down from 94 days in Dec'12 to 86 days in Jun'13
- Market was in a deficit of ~600 kt in Q2 -CY 13, though 2013 likely to be near-balanced
- Nearly 30% of world capacity making cash losses

**Closures have accelerated in the current LME environment**

# HIGHLIGHTS ...

## Financial Highlights Q1 FY 14 (YOY)...

**EBIDTA**



**3%**

**PBITDA**



**19%**

**PAT**



**12%**

- ❑ Mahan under ramp up
- ❑ Utkal Refinery goes on stream
- ❑ Planned shutdown at Dahej affected copper volumes
- ❑ First Metal tapped at Hirakud's expanded facility, Hirakud FRP commissioned
- ❑ Utkal debt refinanced in Jul'13 amidst tough financial markets – Interest saving of ₹150 cr p.a.



# Financial Performance: Q1

₹ Cr	Q1 FY14	Q1 FY13	Change
Net Sales	5,838	6,028	(3.2%)
EBITDA	478	463	3.2%
PBITDA	906	765	18.4%
PBT	575	513	12.1%
PAT	474	425	11.6%
EPS (₹`)	2.48	2.22	11.6%





*Q1, FY14 includes other income of ₹428 crore (Vs ₹301 cr in Q1 FY 13) – mainly related to higher treasury balance, dividend from subsidiaries and certain non recurring income*

# PERFORMANCE REVIEW: ALUMINIUM

***Margin squeeze in the industry continues***



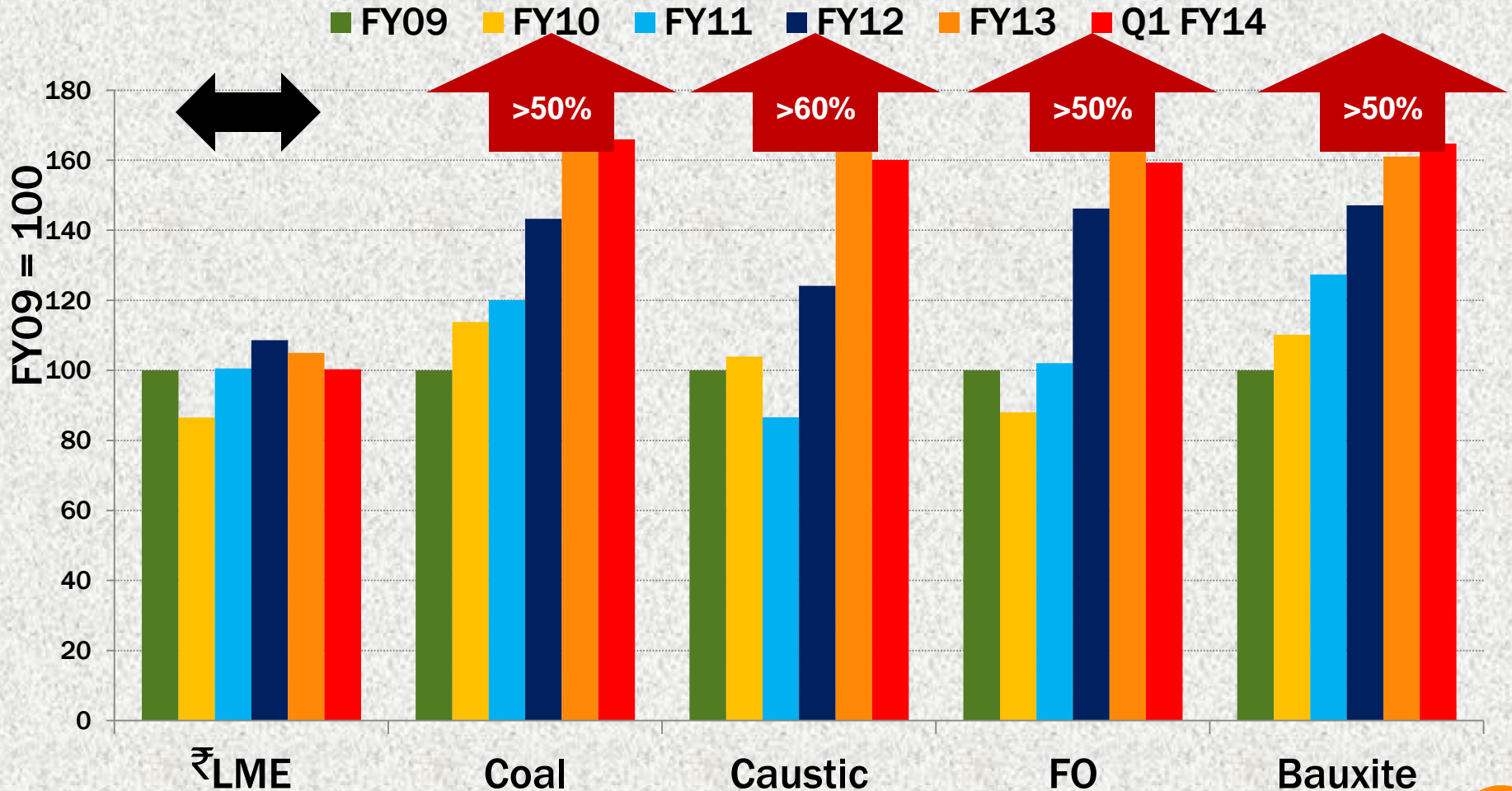
# AI: External factors

	Q1 FY14 vs. Q1 FY13 Impact
LME (\$/t)	
Exch. Rate (₹/\$)	
Ingot Premium	
Rising Key Input Prices	



# AI input costs vis a vis LME....

*Movement in LME and Input Costs since the global financial crisis*





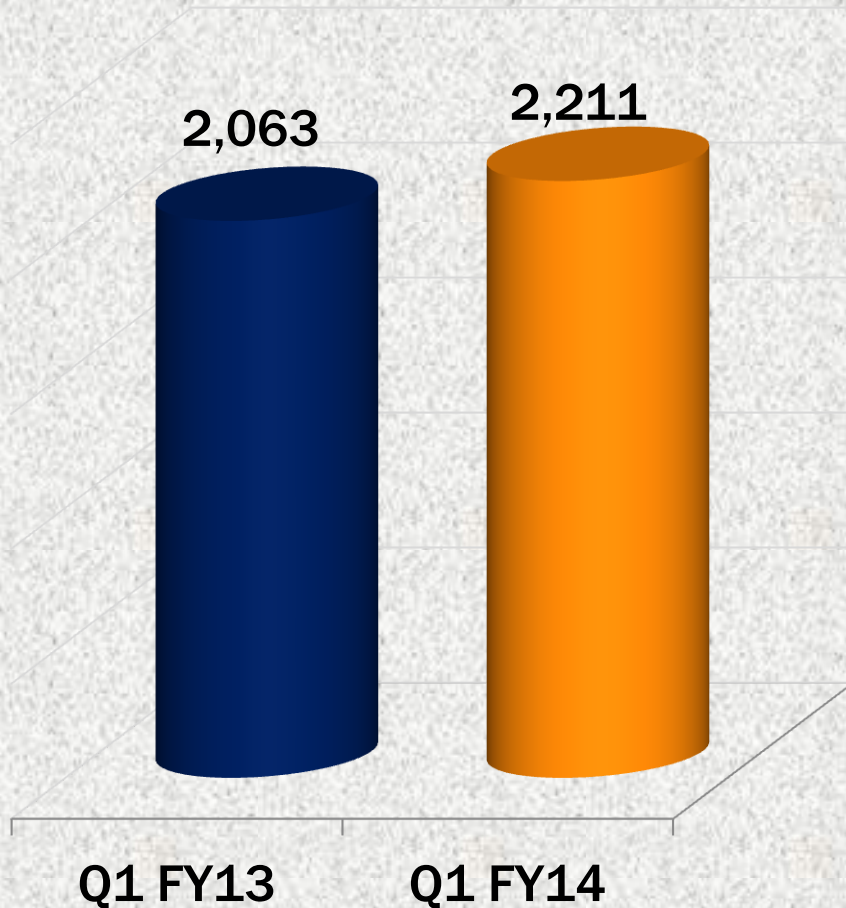
# Al: Production Performance

(Kt)	Q1 FY14	Q1 FY13	Change (%)
Alumina	348	335	3.9
Metal	139	132	5.4
FRP	56.4	55.8	1.1
Extrusions	9.2	8.9	3.2

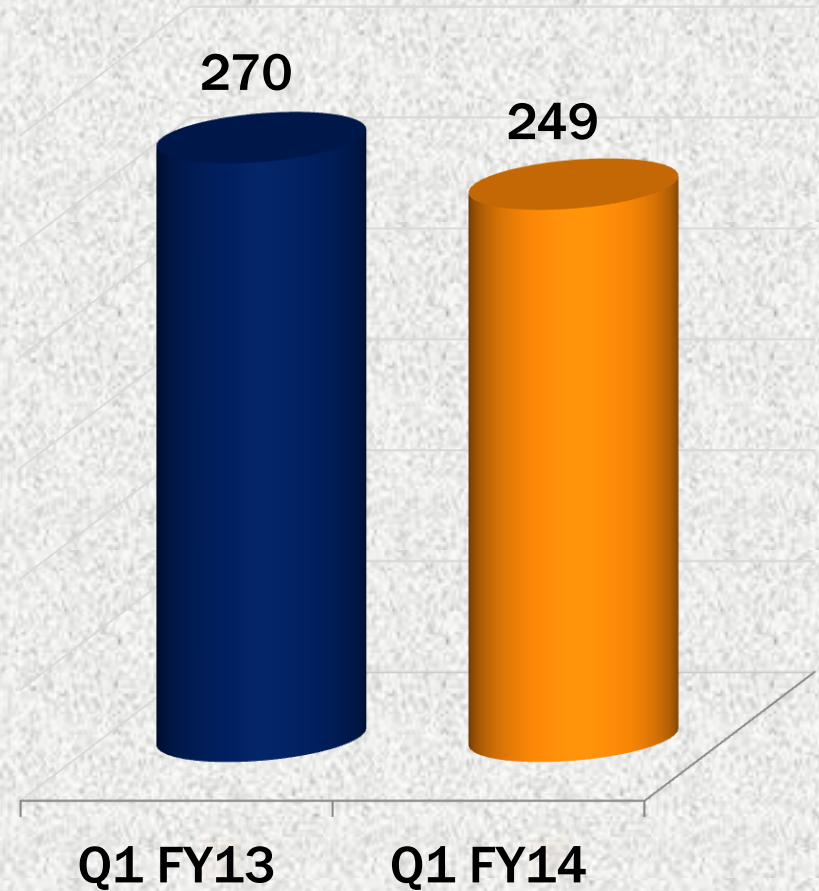
- Metal output includes 2.1 kt trial production at Mahan

# AI: Financial Performance

Net Sales (₹ Crore)



EBIT (₹ Crore)



# Novelis Q1 FY14 : Highlights

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- ◎ Shipments at 708 kt, down 2% YoY
- ◎ Adjusted EBIDTA \$204 Million, down 21% YoY
  - ◎ *Impact of pricing pressures and softer than expected Can customer demand driven by unfavorable weather conditions*
  - ◎ *Also, includes one time adjustment to company's LT incentive plan*
- ◎ Strong Liquidity of \$730 Million
- ◎ Commissioning of Korean Rolling and North American Auto finishing line started
- ◎ Brazil expansion accelerates production; Customer qualification largely complete






# PERFORMANCE REVIEW: COPPER

***Major overhaul of Cu - 3 completed***





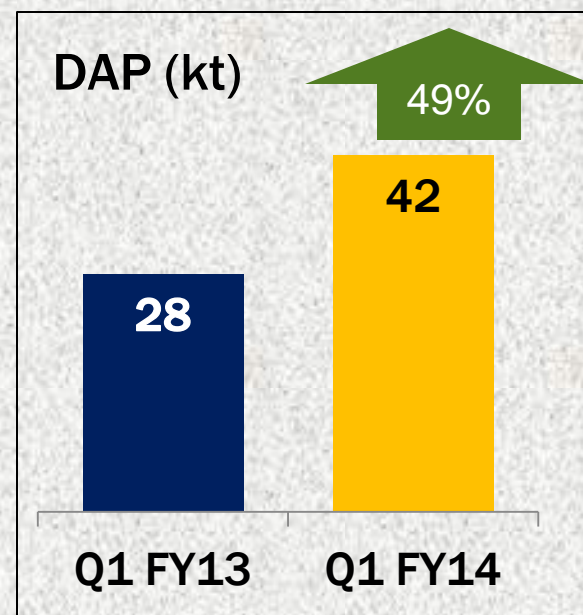
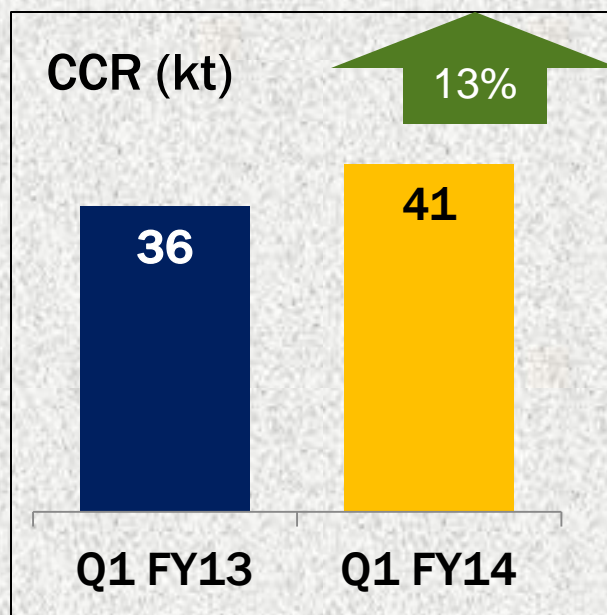
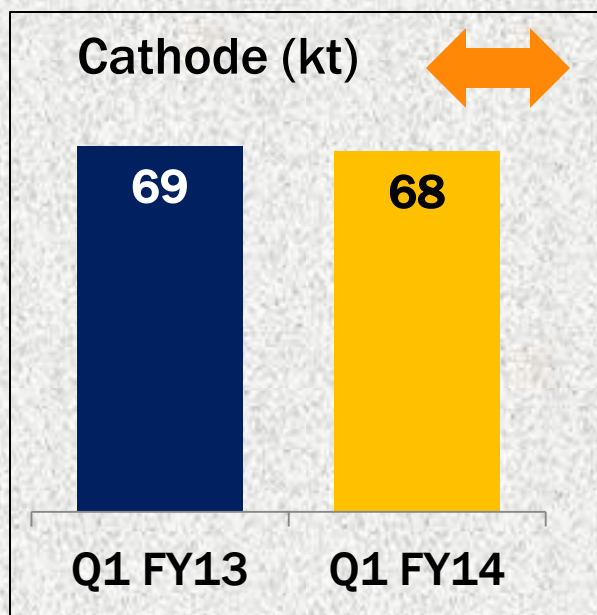
# Cu: External factors were mixed

	Q1 FY14 vs. Q1 FY13	Impact
TCRC	Slightly higher	
LME (\$/t)	Sharply lower	
Exch. Rate (₹/\$)	Favourable	
Acid Price	Significantly lower	
DAP Realization	Weaker	

*Sharp drop in acid realizations and fall in DAP realisations key challenges in the coming months*

# Cu: Production Performance

- A major overhaul of Copper-III was undertaken in Q1 wherein plant health issues were addressed through a 61 days planned shutdown
  - Q1 FY13 also had a planned shutdown of both smelters and fertilizer plant

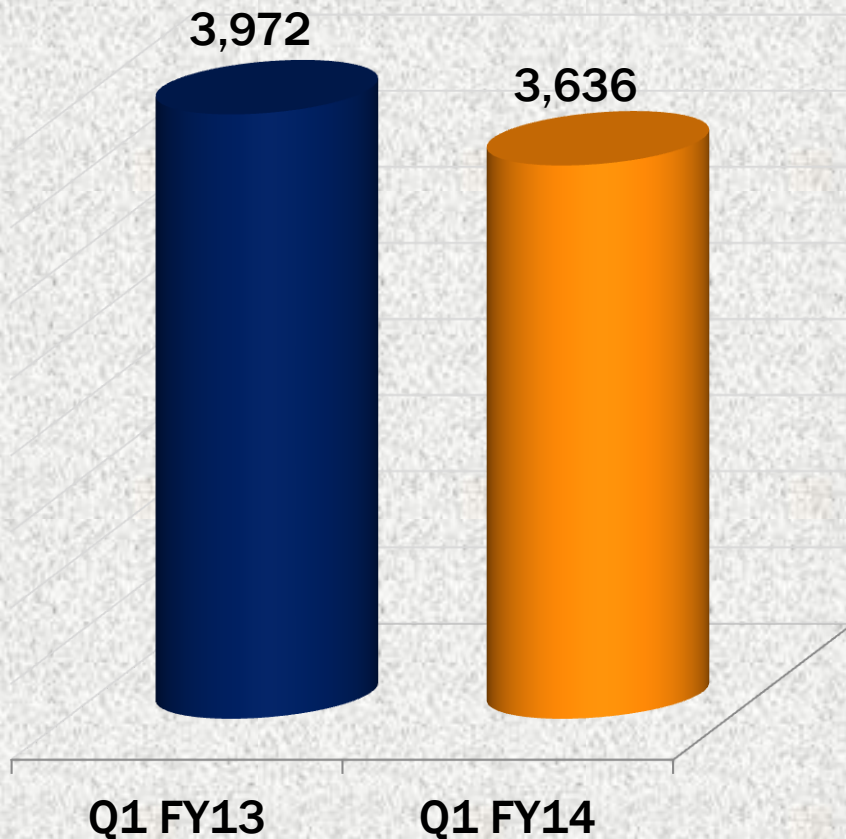


*Mega shutdown is expected to yield an improvement in Dahej's copper output rate in the coming quarters*

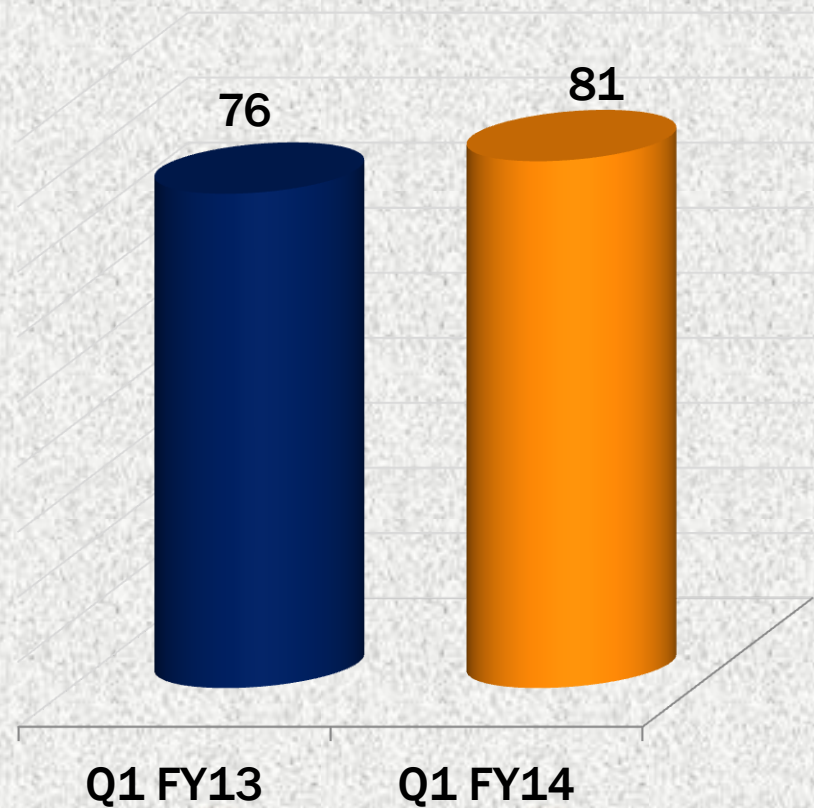
# Cu: Financial Performance

*Volumes were affected in Q1 FY13 and Q1 FY14 by planned shutdowns*

Net Sales (₹ Crore)

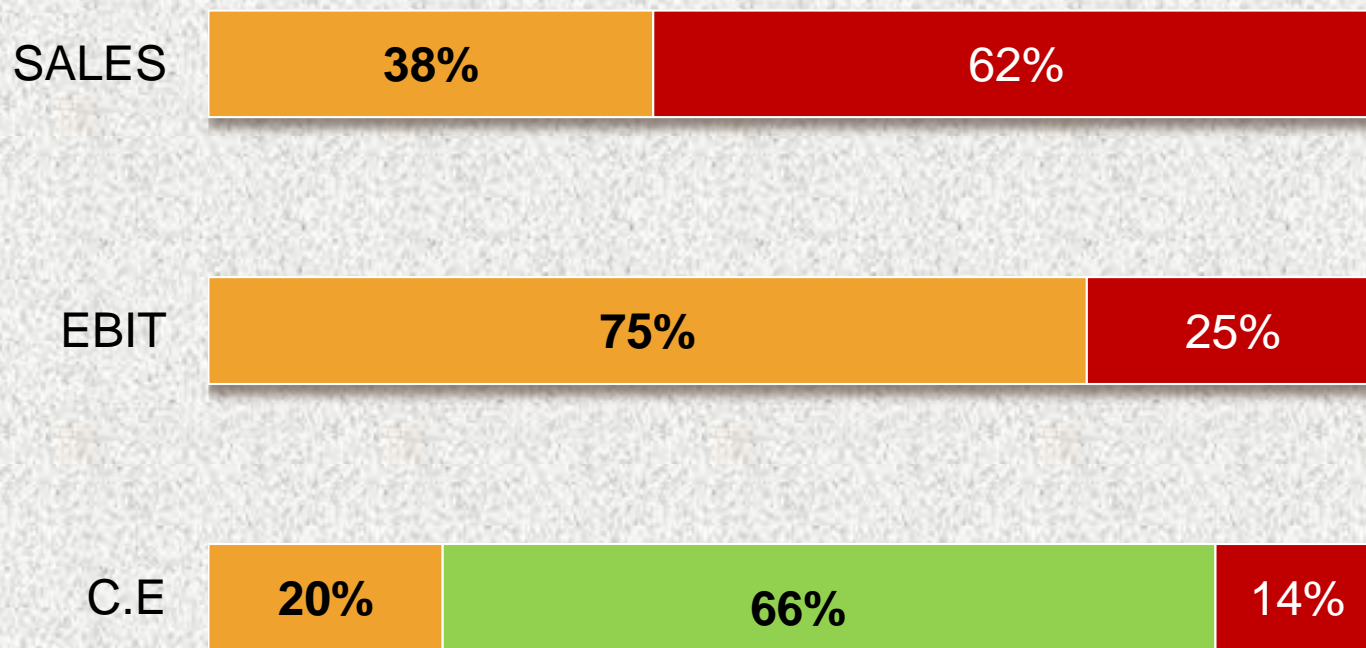


EBIT (₹ Crore)



# Segmental Performance – Q1 FY 14

■ Aluminium ■ Greenfield ■ Copper





# PROJECTS UPDATE





# Mahan: Trial Production on; Ramping Up



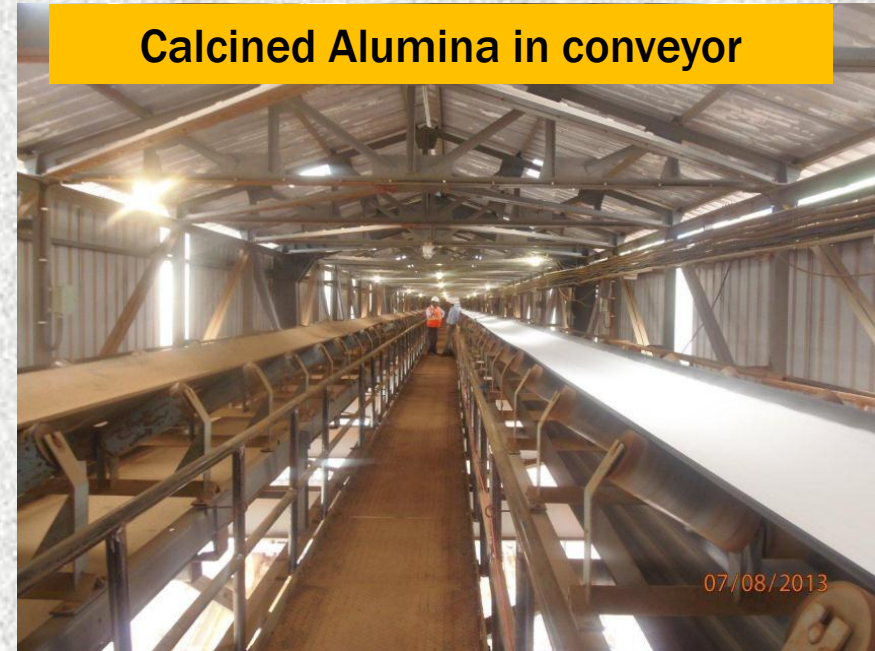


# Utkal: CPP and Refinery Operational

Bauxite Stock at Refinery



Calcined Alumina in conveyor



## *Utkal Debt Refinancing*

- ❑ Flexibility negotiated in loan agreement as project-execution risks are over
- ❑ Entire debt refinanced @10.15% (vs. 13.2% earlier) – saving of ₹150 cr p.a.
- ❑ Refinancing executed in extremely tough market conditions, even after RBI measures choked off rupee liquidity

# Hirakud Smelter Expansion





# Aditya Aluminium: Strong Progress

Pot Room



Turbine Unit








- ◎ ~ 11,000 people at site
- ◎ 220KV line charged, Intake water line and Fuel oil system commissioned
- ◎ Construction progressing in full stream



# Novelis - US Auto Line 1 commissioning started



# KEY EXTERNAL DRIVERS - OUTLOOK

Driver	Current Assessment	Impact
LME	<ul style="list-style-type: none"> <li>• Demand is supportive, but concerns galore..</li> <li>• Over capacity, declining premium...</li> </ul>	
INR USD	<ul style="list-style-type: none"> <li>• Uncertainty over FII flows may keep rupee depressed.....</li> </ul>	
Energy, Input prices	<ul style="list-style-type: none"> <li>• Upward pressure related to Energy costs</li> </ul>	
TcRc	<ul style="list-style-type: none"> <li>• 2013 terms favourable for smelters</li> </ul>	
By products	<ul style="list-style-type: none"> <li>• Realizations turning soft</li> </ul>	

# Overall Outlook

Macro headwinds are likely to continue, although further downside risk to LME could be limited

Stabilization of new facilities will continue to be the most important focus area for Aluminium Business in the coming quarters

Copper Business expected to bounce back after the overhaul of Cu-3

***With Projects flagging off, Hindalco on an inflexion point of its growth trajectory***





Thank you

## Forward Looking & Cautionary Statement

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*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.*