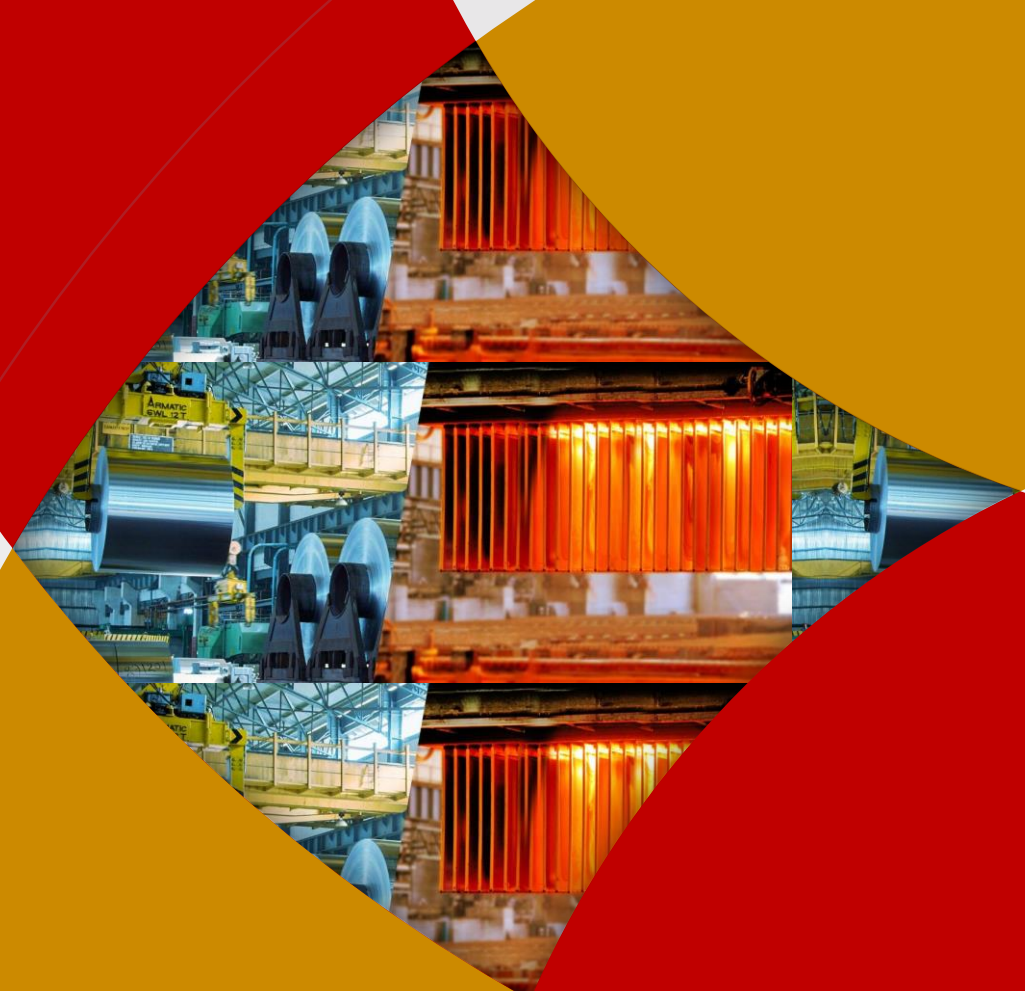


ADITYA BIRLA



HINDALCO

Hindalco Industries Limited



Q3 FY20 Earnings Presentation

12th February, 2020

SAFE HARBOUR

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.



Table of Content

Key Highlights – Q3 FY20	04
Economy & Industry Updates – Global & Domestic	07
Business Performance Highlights : Operational & Financial – Q3 FY20	12
Annexures	27

- **Novelis**
- **Aluminium (India)**
- **Copper**

ADITYA BIRLA



HINDALCO

Key Highlights – Q3 FY20

Key Highlights : Q3 FY20 vs. Q3 FY19

Novelis*

- Record Q3 Adjusted EBITDA of US\$ 343 million up 7% YoY
- Adjusted EBITDA per ton at US \$430 up 7% YoY
- Net Income (excluding special items[#]) at US\$ 132 million up 31% YoY
- Total shipments flat YoY at 797 Kt. Although, Can and Auto sheet shipments were up 4% & 3% YoY respectively
- In January, Novelis issued US \$1.6 billion Bonds at 4.75% due in 2030; extends debt maturity profile at attractive rates
- Aleris acquisition - China's Anti-Trust approval received; European Commission is currently evaluating the suitability of the proposed buyer of the Duffel plant; The US arbitration proceedings are in progress

Aluminium (Hindalco including Utkal Alumina)

- Domestic market for Aluminium has contracted by (-)14% YoY ; (-)5% in 9M
- Global Aluminium prices dropped by ~11%, YoY to \$ 1,754/ton
- Stable operations with Alumina and Aluminium metal production at 662 Kt and 330 Kt respectively
- Muri alumina plant re-started operations in December 2019
- Aluminium metal sales at 328 Kt up 2% YoY
- Aluminium VAP (excluding wire rods) sales was flat YoY at 75 Kt
- EBITDA at Rs. 1,036 crore (vs. Rs. 1,252 crore in Q3 FY19), due to lower realization, partially offset by lower input costs and reduction in Renewable Power Obligation (RPO)
- EBITDA margin at a healthy 19% in Q3 FY20, despite challenging macro economic environment

* As per US GAAP

[#]Tax-effected special items includes restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt, loss on sale of business, business acquisition and other integration costs

Copper

- Domestic Copper market growth in Q3 FY20 moderated to 2% YoY
- Metal Sales volume at 84 Kt lower by 14% YoY, on account of operational issues
- VAP Sales (CC Rods) at 58 kt, up 3% ; share of VAP sales at 69% of total volumes
- EBITDA at Rs. 256 crore (vs. Rs. 490 crore in Q3 FY19) lower by 48% on account of lower volume and realization
- Benchmark Tc/Rc for CY20 is settled at 15.9 cents/lb, lower by 23% from CY19.

Hindalco (Consolidated)

- Consolidated EBITDA at Rs. 3,676 crore (vs. Rs. 4,080 crore in Q3 FY19)
- Consolidated Profit Before Exceptional Items and Tax at Rs. 1,487 crore (vs. Rs. 1,931 crore in Q3 FY19)
- Finance cost at Rs. 889 crore lower by 4% on account of reduction in interest rates
- Consolidated PAT at Rs. 1,062 crore (vs. Rs. 1,394 crore in Q3 FY19)
- Consolidated Net Debt to EBITDA at 2.65x as at 31st Dec. 2019 (vs. 2.48x as at March 31, 2019)

Awards & Recognitions

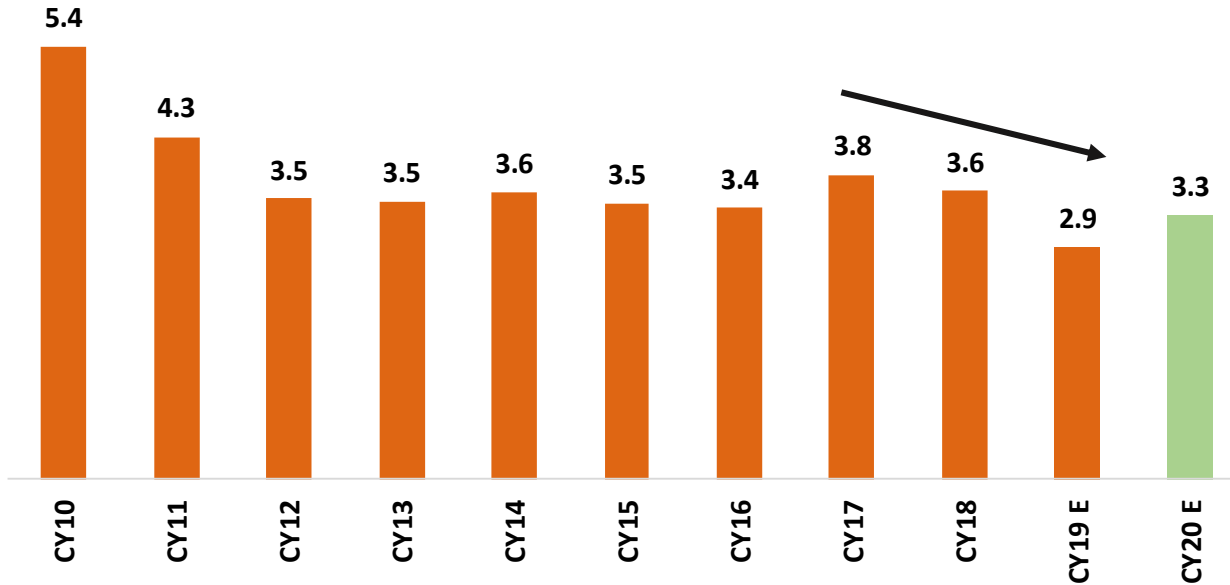
- Hindalco won the “Silver Shield” for Excellence in Financial Reporting for FY 2018-19 by The Institute of Chartered Accountants of India (ICAI)



Economy & Industry : Global & Domestic

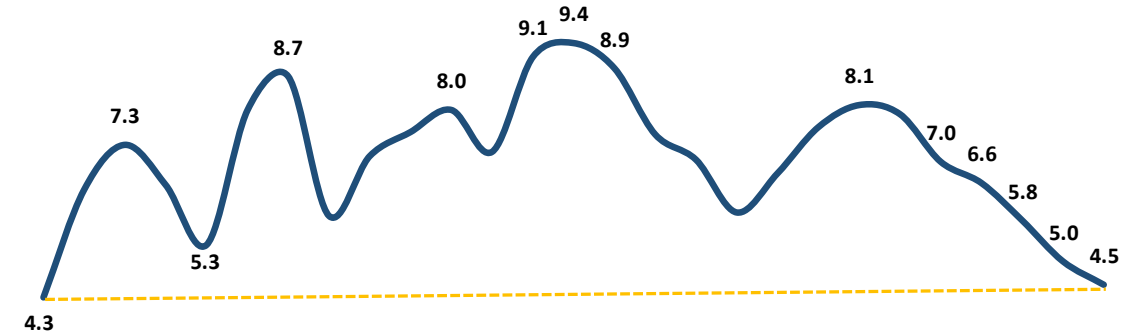
Economy Updates

Global GDP Growth (% YoY)



- According to IMF, global growth is estimated at 2.9% in CY19 vs. 3.6% in CY18 - the steepest yearly fall in past few years as the growth in emerging market economies was weaker than expected
- IMF expects marginal recovery in CY20, global economic growth is expected at 3.3%. The full impact of the Corona virus health crisis on the global growth is not yet known

India GDP Growth (% YoY)

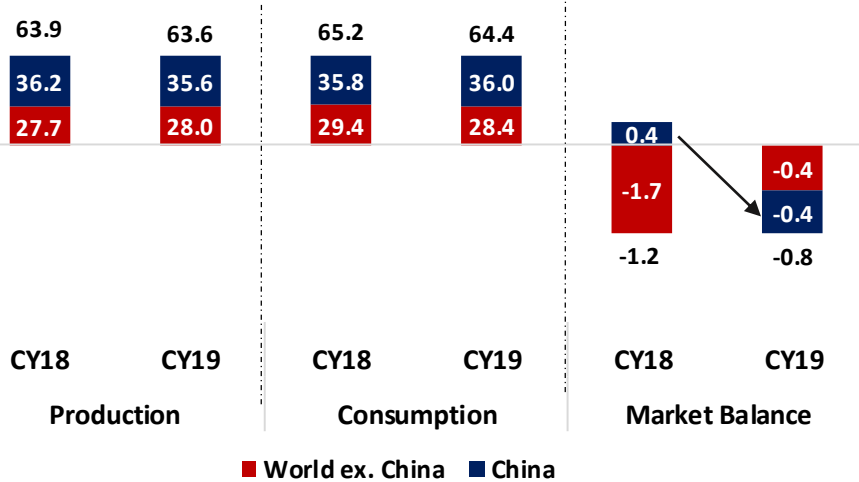


Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
FY13					FY14				FY15				FY16				FY17				FY18		

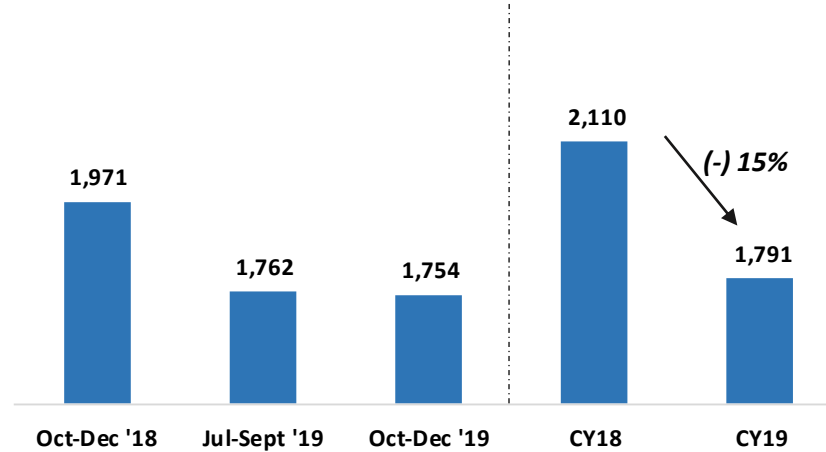
- In Q2 FY20, economic growth touched 26 quarters low to 4.5%. According to the government of India, domestic economy is likely to grow by 5.0% in FY20.
- In the 6th bi-monthly monetary policy meet, the RBI kept policy rate unchanged at 5.15% with accommodative policy stance.
- IIP growth for Apr-Nov-19 period @ 0.6% vs. 5.0% Apr-Nov-18.
- PMI of Dec-19 and Jan-20 at 52.7 and 55.3 points respectively - shows expansion in the economy.

Aluminium Industry

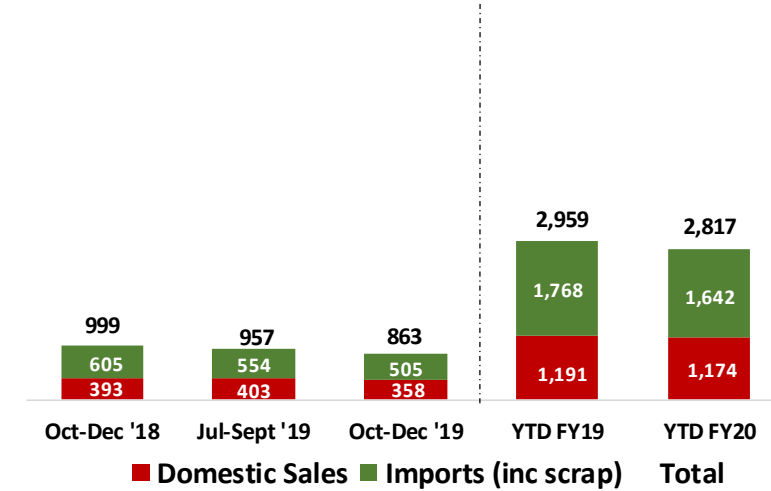
Global Demand & Supply Balance (Mt)



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



Domestic Demand (Kt)



Global Market

- Global consumption in CY19 declined by (-) 1% vs. growth of 3.1% in CY18- lowest since global financial crisis
 - Consumption in World Ex. China declined in CY19 by (-) 3.2% vs. growth of 2% in CY18.
 - In China, consumption grew marginally to 0.5% in CY19 vs. 4.1% in CY18.
- Global aluminium prices also witnessed decline of 15% to US\$ 1,791/ton vs. previous year

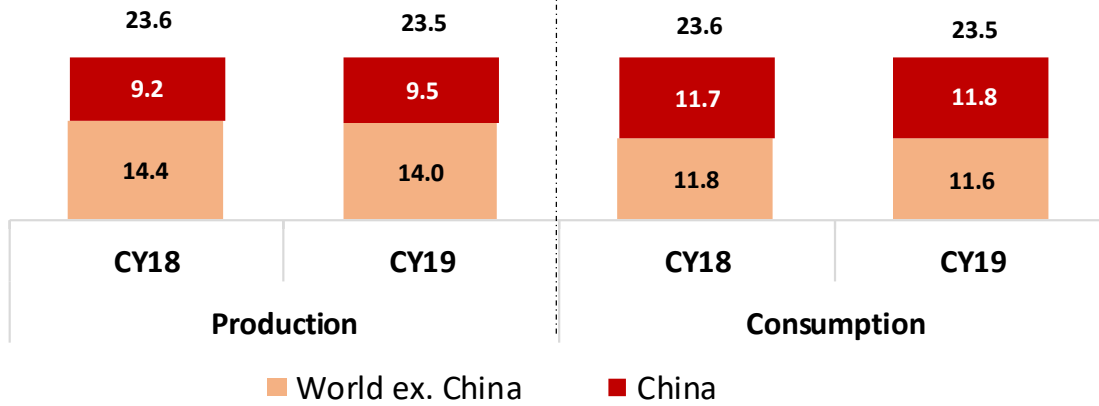
Domestic Market

- Domestic consumption in Q3FY20 declined by (-)14% to 863 Kt and (-)5% to 2.8 Mt in YTD FY20
 - Imports including scrap de-grew by (-)17% to 505 Kt in Q3FY20 and (-) 7% to 1.6 Mt in YTD FY20

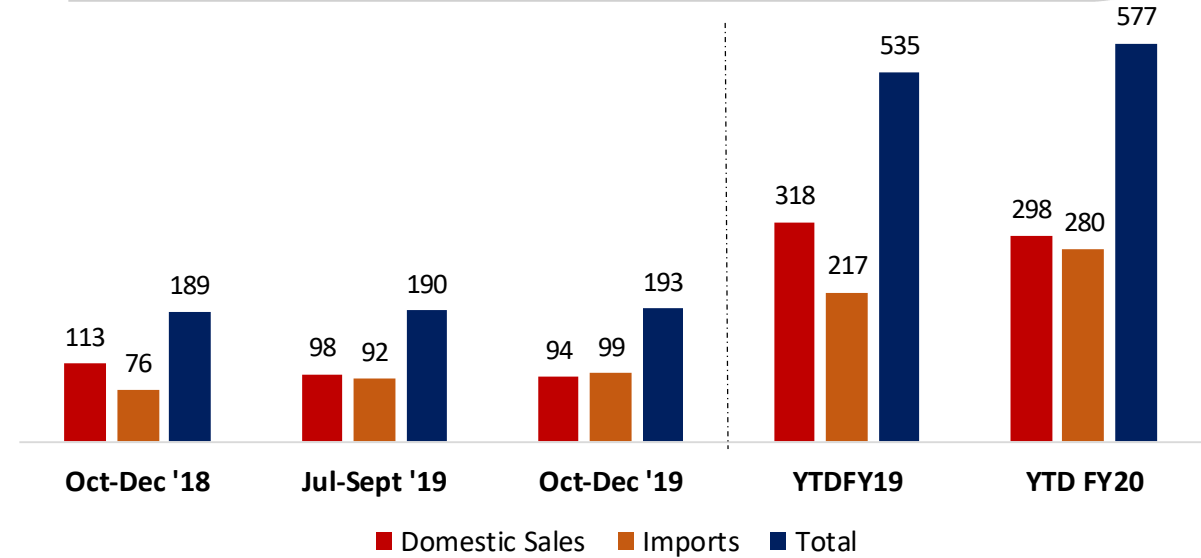
- **Global FRP demand continued to grow at a steady pace of ~3% in CY20**
- Global demand for the beverage cans stock is growing strongly due to packaging material shift to aluminium in the products like new energy drinks, sparkling water & crafted beer. This has led to a global **growth of ~3-4% in the beverage can sheets market**
- Strong and steady demand for the automotive body sheets in the transportation segments like Trucks and also premium vehicles like SUVs and EV on account of global adoption aluminium in vehicle parts and structures. This market is also expected to grow at a **CAGR of 10% (between CY20-CY25E)**
- **Domestic FRP demand** has contracted (-)4% YoY in Q3 FY20 due to subdued demand in the transportation and B&C sectors; On YTD basis this market has contracted (-)1% YoY. Domestic FRP market is expected to grow at a **CAGR of 6% in FY21**

Copper Industry

Global Demand & Supply Balance (in Mt)



Domestic Demand (Kt)



- Global refined copper consumption in CY19 declined by (-) 0.3% vs. growth of 3.1% in CY18.
 - Consumption growth in World Ex. China declined by (-) 1.7% in CY19 vs. a growth of 1.3% in CY18
 - In China, demand grew marginally to 1.0% in CY19 vs. 5.0% in CY18.
- Concentrate consumption in CY19 is grew by 1% to 16.7 Mt; Market deficit in CY19 is 142 Kt vs. surplus of 95 Kt in CY18.
 - The benchmark TC/RC for CY20 settled at \$62/t & c6.2/lb (15.9 cents/lb) - drop of 23% from CY19 levels

- In Q3 FY20, domestic market registered nominal growth of 2% (to 193 Kt)
- In Q3 FY20, sales of domestic producers contracted by (-)17% (to 94 Kt) and imports grew by 30% (to 99 Kt).
- Market share of imports increased to 51% in Q3 FY20 vs. 40% in Q3 FY19

Key Macro Drivers (Q3 FY20 vs Q3 FY19)

TC/RC (US Cents/lb) ↓

S. Acid Price (Rs./Mt) ↓

DAP Realization (Rs./Mt) ↓

ADITYA BIRLA



HINDALCO

Business Performance Highlights : Q3 FY20

ADITYA BIRLA

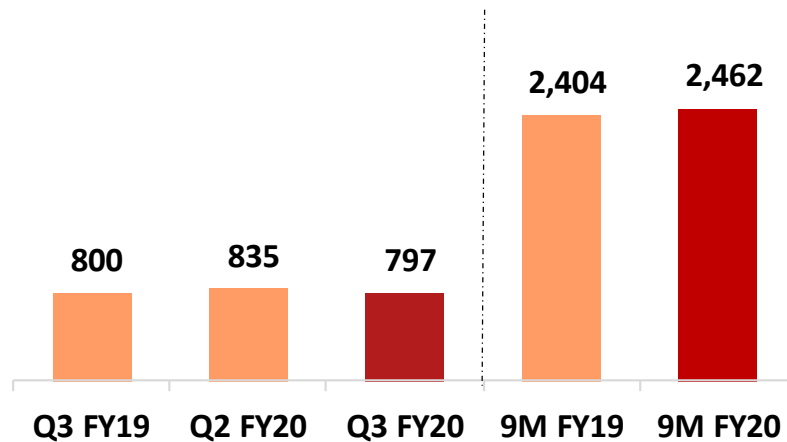


HINDALCO

Novelis

Operational Performance - Novelis

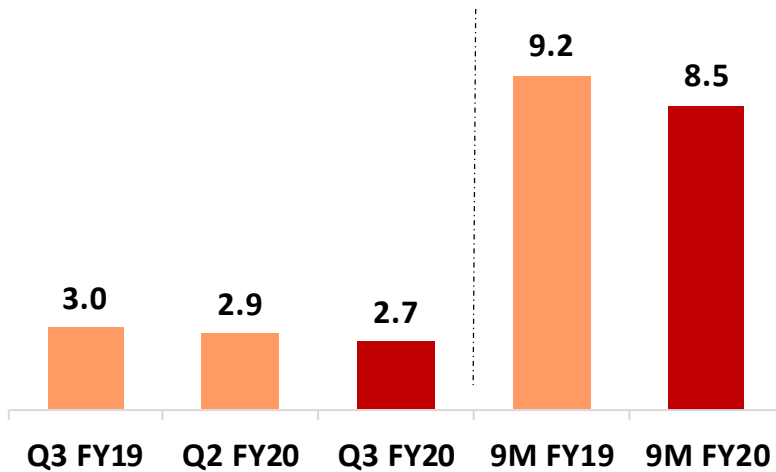
Overall Shipments (KT)



- Total shipments were flat YoY at 797 Kt supported by higher Can and Auto shipments YOY:
 - Beverage Can sheet shipments were up 4% YoY, on account of strong global demand
 - Automotive body sheet were up 3% YoY on account of strong demand of Automotive sheet
- All major expansion projects in US, China and Brazil are on track:
 - Greenfield automotive finishing plant in Guthrie, Kentucky, has begun commissioning, with commercial shipments to commence in the coming months
- Aleris acquisition update :
 - Received the Conditional approval from the European Commission (EC). EC is currently evaluating the suitability of the proposed buyer of the Duffel plant
 - China Anti-trust approval is received
 - In the US, Novelis' ability to acquire Aleris' automotive plant in Lewisport, Kentucky, will be resolved through an arbitration proceeding coming up in the fourth quarter.
- In January 2020, Novelis issued US \$1.6 billion Bonds at 4.75% due in 2030 :
 - Proceeds used to repay existing US \$1.15 billion 6.25% Bonds, due in 2024 with a net interest savings of around US\$ 17 million per annum.
 - Balance proceeds will be used for financing ongoing Aleris's Acquisition.

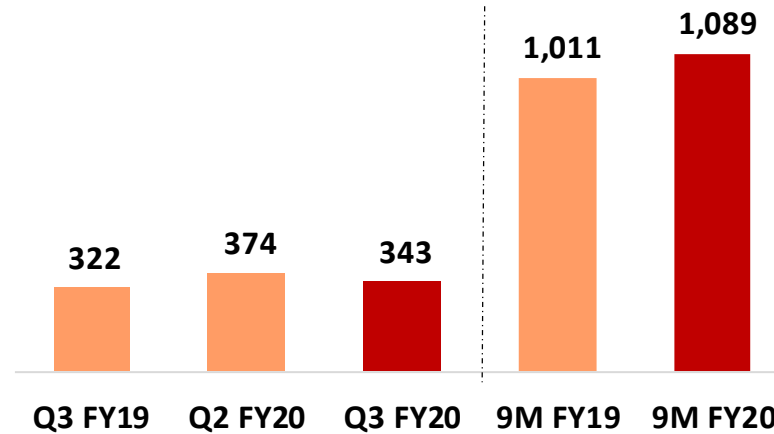
Financial Performance - Novelis

Revenue (USD Billion)



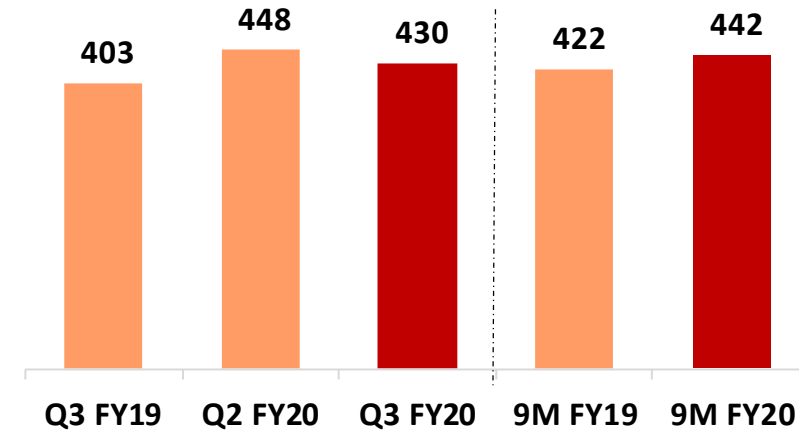
- Revenues at US\$ 2.7 billion in Q3 FY20, down (-)10% YoY, on account of decrease in average base aluminium prices and local market premiums

Adjusted EBITDA (USD Million)



- Adjusted EBITDA up by 7% at US\$ 343 million on account of portfolio optimization efforts, operating cost efficiencies, and favorable foreign exchange, partially offset by less favorable recycling benefits due to lower aluminium prices

Adjusted EBITDA (USD/tonne)



- Adjusted EBITDA per ton up by 7% at US\$ 430/t in Q3 FY20.

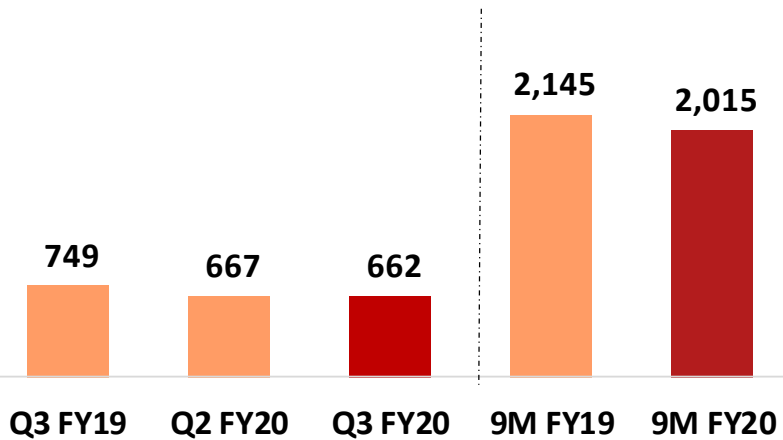
Note: All above numbers are as per the US GAAP



Aluminium Business (Hindalco Aluminium including Utkal)

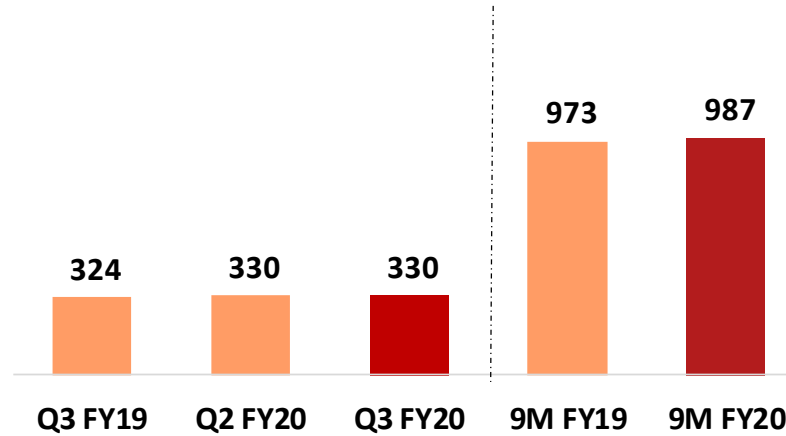
Production – Alumina, Aluminium Metal & VAP

Alumina* (Inc. Utkal Alumina) KT



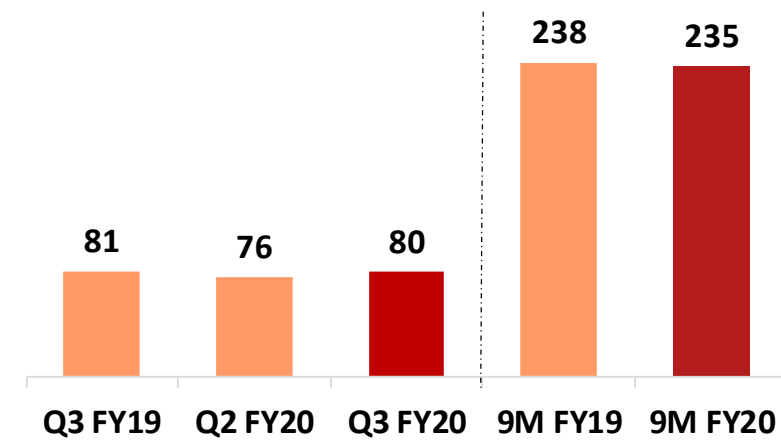
- Stable Alumina production
- Muri Alumina plant re-started production in December 2019

Aluminium Metal (KT)



- Aluminium metal production grew 2% YoY

Aluminium VAP# (KT)

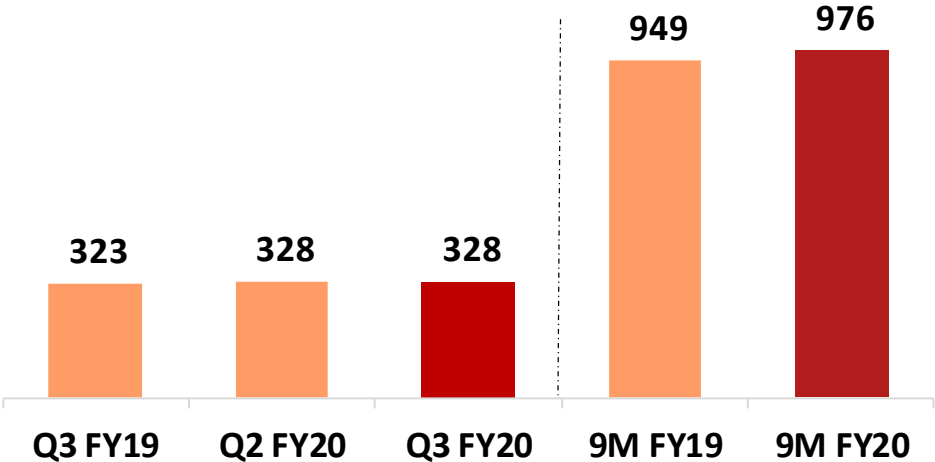


- Aluminium VAP production was lower by 2% YoY in Q3 FY20.

*Hydrate as Alumina
Excluding Wire Rods

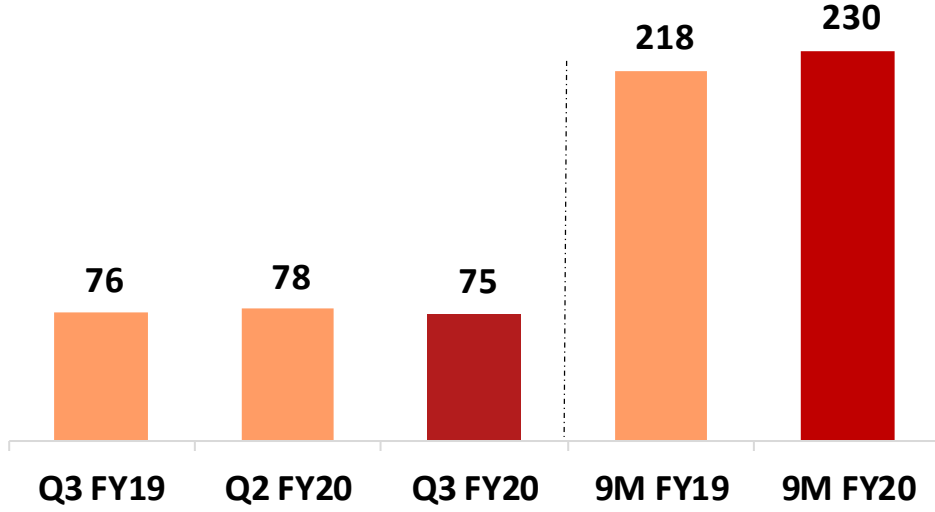
Sales Volume – Aluminium Metal & VAP

Aluminium Metal Sales in all forms (KT)



- Aluminium metal sales higher by 2% YoY in Q3 FY20 and 3% YoY in 9M FY20

Aluminium VAP# (KT)

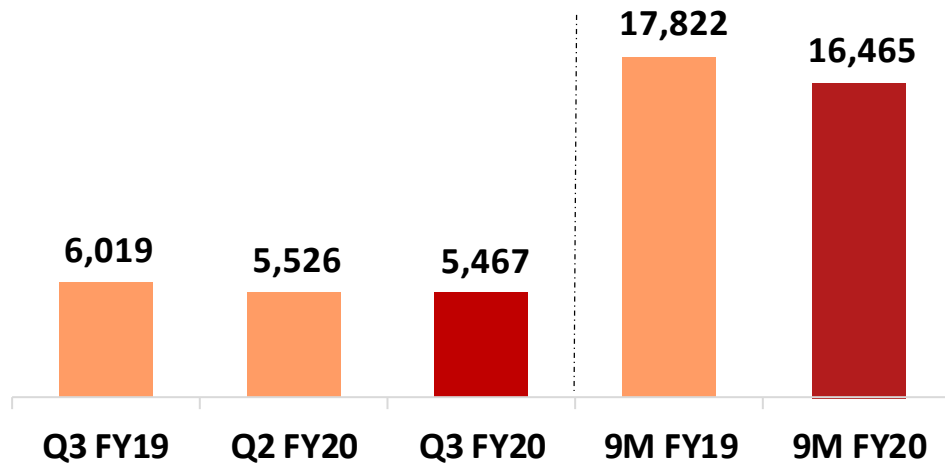


- Aluminium VAP were flat YoY in Q3 but grew 6% YoY in 9M FY20
- Share of Aluminium VAP was 23% and 24% of total metal sales respectively in Q3 and 9M FY20

Excluding Wire Rods

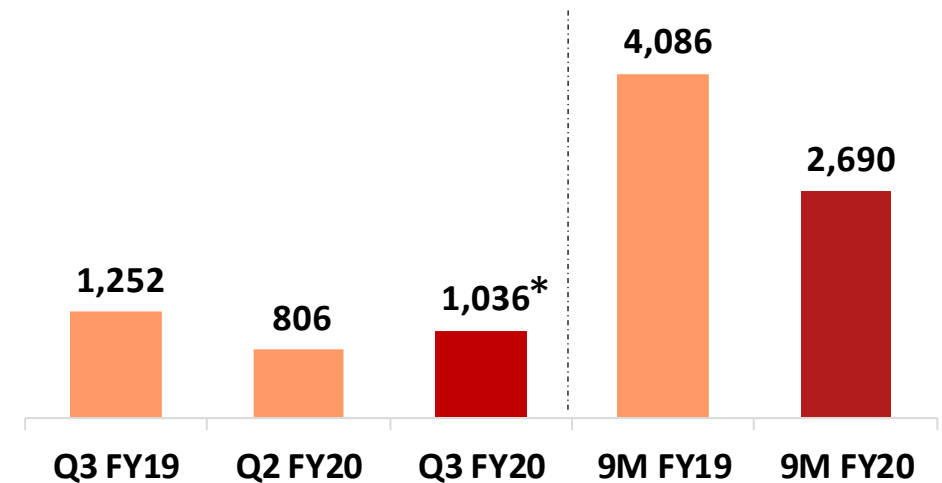
Financial Performance - Hindalco Aluminium including Utkal Alumina

Revenue (Rs. Crore)



- Aluminium revenues were down by 9% YoY in Q3 due to lower realisations

EBITDA (Rs. Crore)



- EBITDA was down 17% YoY in Q3 FY20
- EBITDA margins at 19% in Q3 FY20, despite challenging macro economic environment

* Q3 FY20 -EBITDA includes savings of Rs. 43 crore on account of regulatory changes related to Renewable Power Obligations (RPO) and Rs. 72 crore on account of reversal of provision of such regulatory changes for the first half of FY20.

ADITYA BIRLA

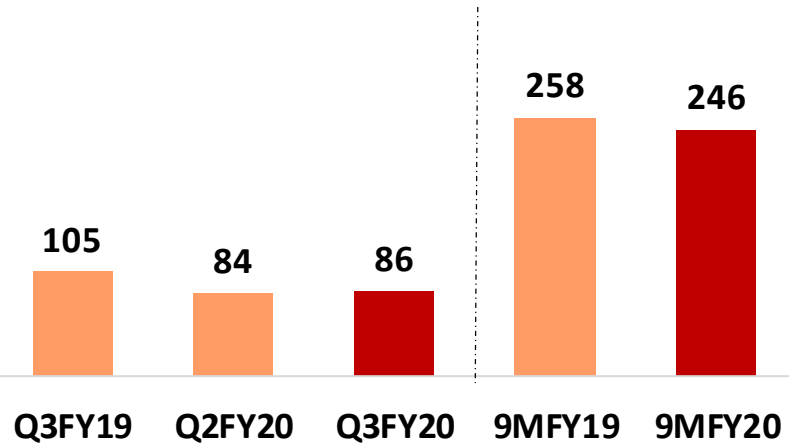


HINDALCO

Copper Business

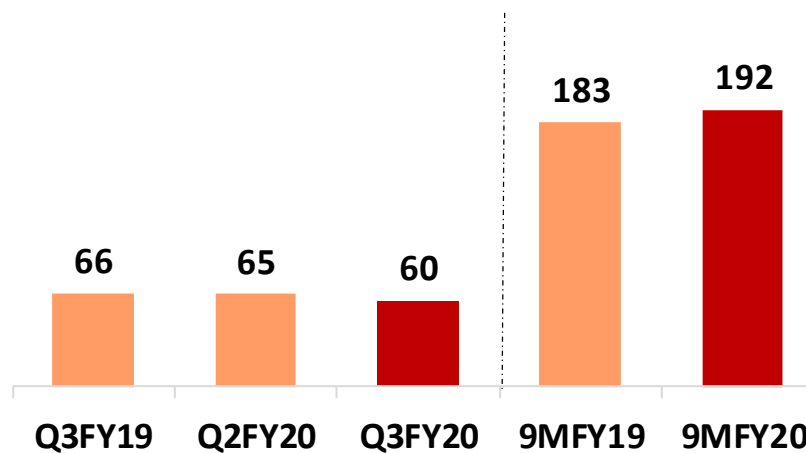
Production – Copper & VAP

Cathode (KT)



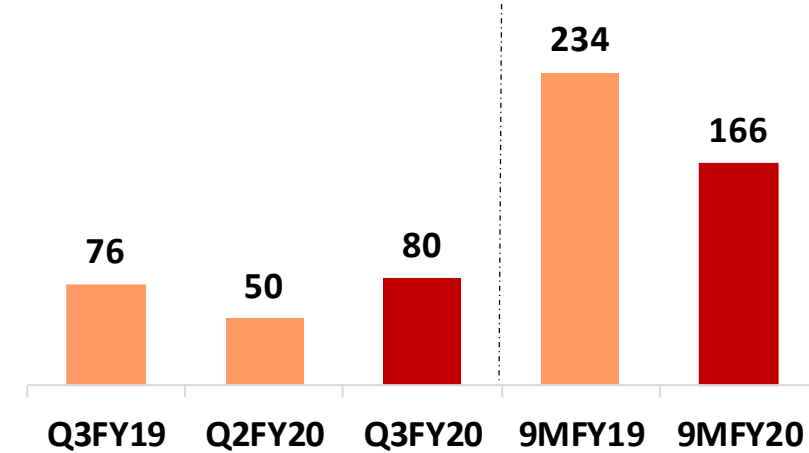
- Cathode production lower by 18% YoY in Q3 FY20 due to operational reasons

CC Rod (KT)



- CC Rod production was lower by (-)8% YoY in Q3 FY20

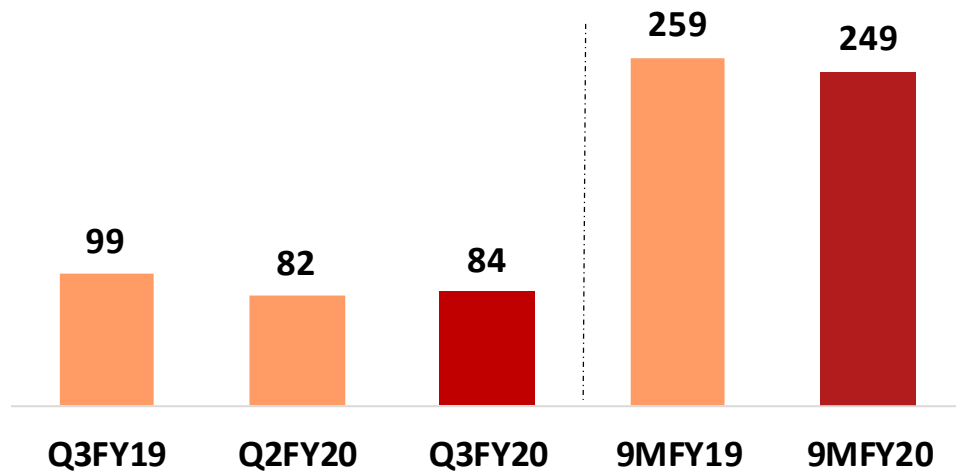
DAP (KT)



- DAP production was higher by 6% in Q3 FY20 on account of stable operations.

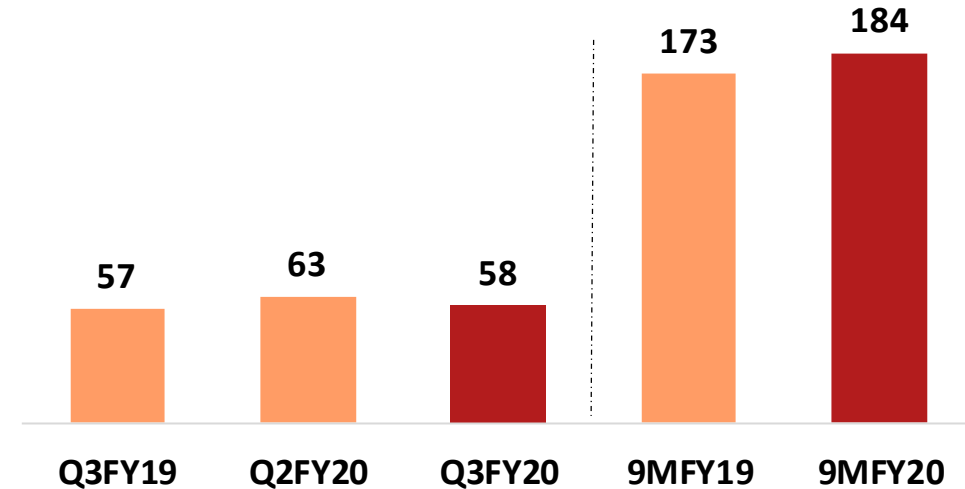
Sales Volume – Copper & VAP

Copper Metal Sales in All Forms (KT)



- Copper metal sales lower by 14% and 4% YoY in Q3 and 9M FY20 respectively due to lower production

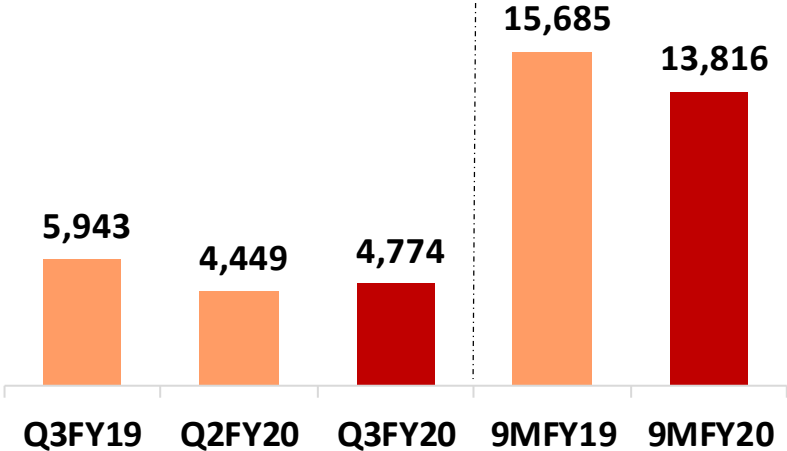
CC Rods (KT)



- Copper Continuous Cast Rods sales volumes were up 3% in Q3 FY20 and 6% in 9M FY20 in line with the market growth.

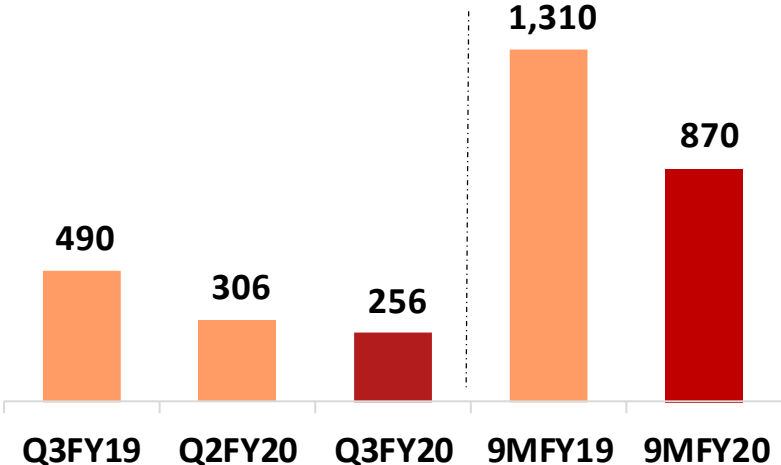
Copper Business – Financial Performance

Revenue (Rs. Crore)#



- Revenues were down by 20% YoY on account of lower realizations and volumes

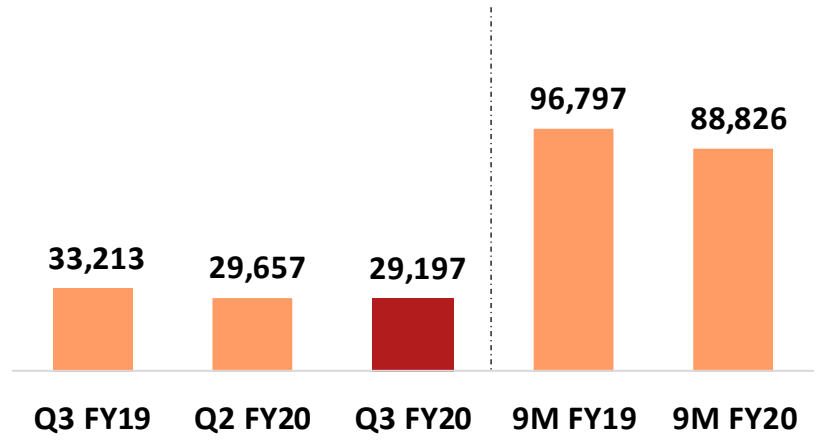
EBITDA (Rs. Crore)



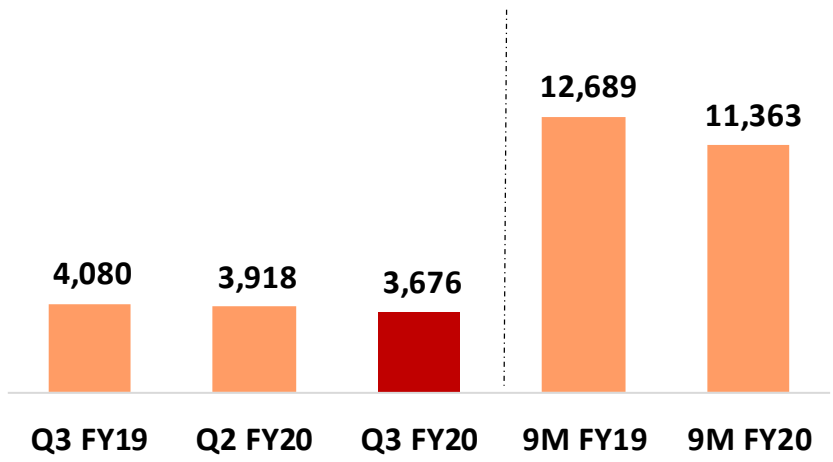
- EBITDA was down 48% YoY in Q3 FY20 and down 34% YoY in 9M FY20 due to lower volumes and realizations

Financial Trend - Consolidated

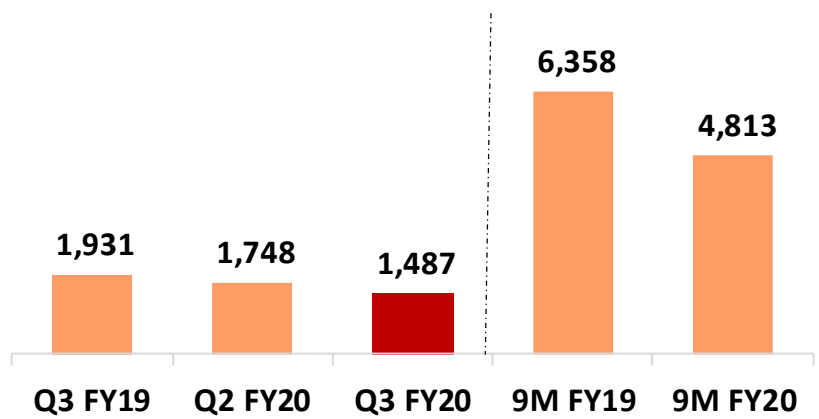
Revenue (Rs. Crore)



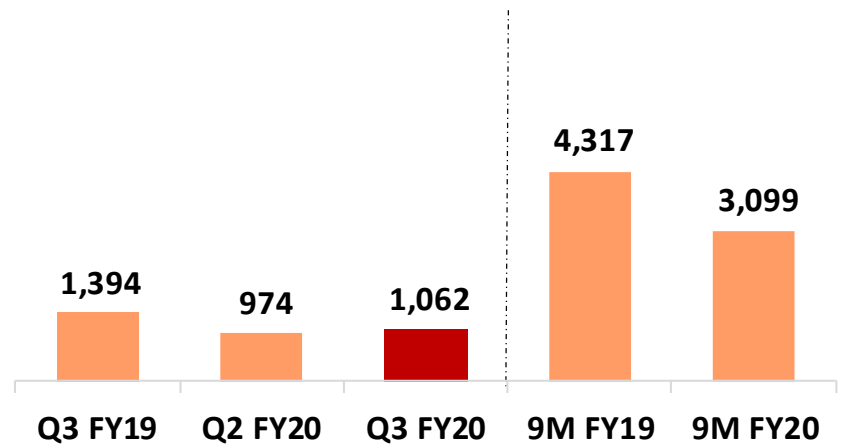
EBITDA (Rs. Crore)



PBT (Before Exceptional Items) (Rs. Crore)



Profit After Tax (Rs. Crore)



Update on Key Focus Areas

Cost Efficiency through Integration & Resource Security

- Capacity expansion at Utkal Alumina (Lowest cost producer) by 500Kt – ~70% work already completed till date
- Dumri - Captive Coal mine to start operations in Q1-FY21

Sustainable Business Model

- India Aluminium Downstream Expansion – FRP (2x) & Extrusions (3x) in next 5-6 years :
 - Already made investments towards enhancing capacities in extrusion press and capabilities in the products such as Circles and Hard Alloys and also invested in the new scrap furnace at Hirakud facility
- Novelis to expand its closed loop recycling – Recycled contents reached ~62% in Q3 FY20
- Continue to Deliver high-quality & innovative products – Launched India’s first All-Aluminium freight trailer
- Environment, Social & Governance (ESG) initiatives :
 - Novelis has achieved ASI certification at its Ohle plant, Germany
 - Investments in Fuel Gas De-Sulphurization (FGD) for control of SOx and Nox

Organic & Inorganic Growth Initiatives

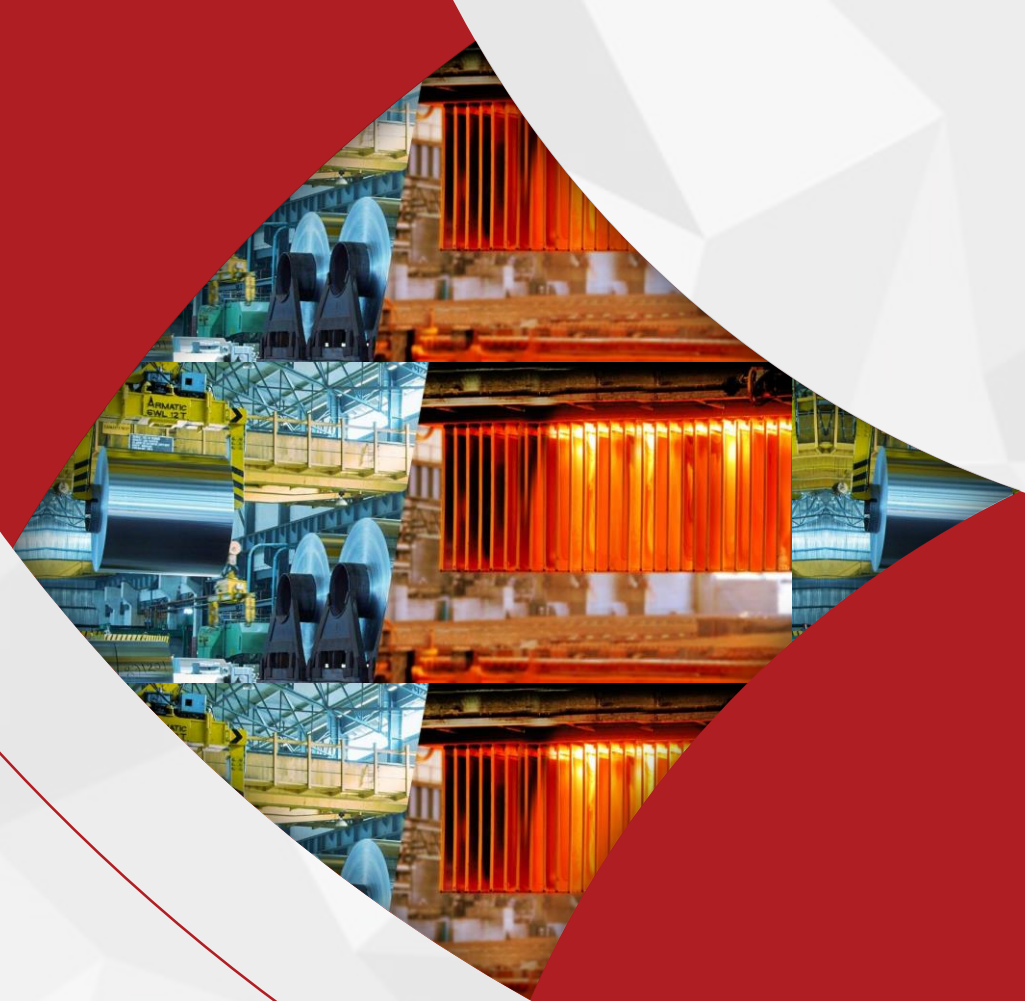
- Investment of \$ 1.2 bn for Aluminium downstream and \$200 mn for Utkal Alumina expansion
- Strategic Expansion projects in Novelis of ~\$700 Million : US – \$336 mn, China – \$180 mn & Brazil - \$ 175 mn
- Aleris acquisition by Novelis for an Enterprise Value of \$ 2.7 bn is in progress

“To become a Resilient, Reliable & Responsible metals major making the World Greener, Smarter & Stronger and delivering returns to its stakeholders”

ADITYA BIRLA



HINDALCO



Thank You



Annexure

Financials – Hindalco Consolidated

(Rs. Crore)

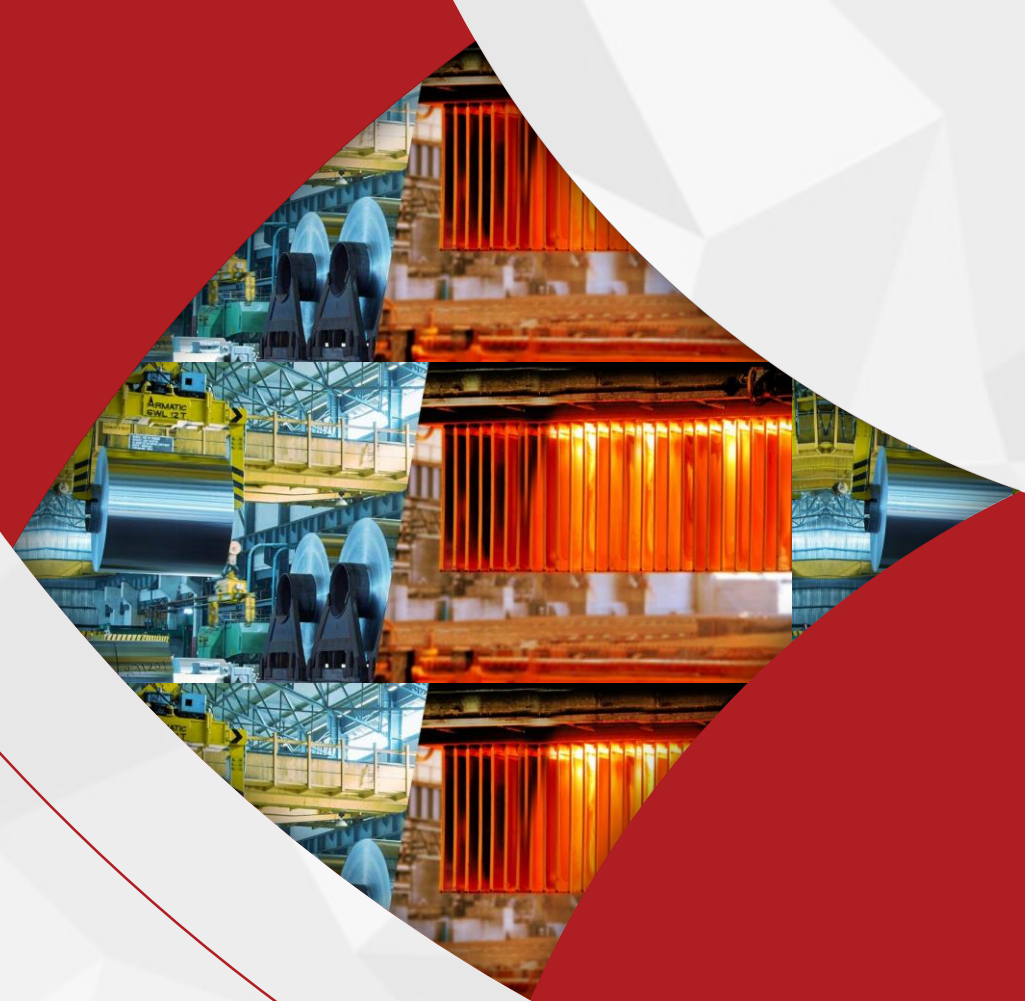
Particulars	Q3 FY19	Q2 FY20	Q3 FY20	Change YoY %	9M FY19	9M FY20	Change YoY %
Revenue from Operations	33,213	29,657	29,197	-12%	96,797	88,826	-8%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)							
<i>Novelis*</i>	2,324	2,629	2,446	5%	7,048	7,662	9%
<i>Aluminium#</i>	1,252	806	1,036	-17%	4,086	2,690	-34%
<i>Copper</i>	490	306	256	-48%	1,310	870	-34%
<i>All Other Segments</i>	(21)	5	(6)		(42)	(15)	
<i>Unallocable Income/ (Expense) - (Net) & GAAP Adjustments</i>	35	172	(56)		287	156	
Total EBITDA	4,080	3,918	3,676	-10%	12,689	11,363	-10%
Finance Costs	929	922	889	4%	2,803	2,768	-1%
PBDT	3,151	2,996	2,787	-12%	9,886	8,595	13%
Depreciation & Amortisation (including impairment)	1,221	1,249	1,302	-7%	3,530	3,786	-7%
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	1	1	2		2	4	
PBT before Exceptional Items and Tax	1,931	1,748	1,487	-23%	6,358	4,813	-24%
Exceptional Income/ (Expenses) (Net)	-	(256)	(6)		-	(284)	
Profit Before Tax (After Exceptional Item)	1,931	1,492	1,481	-23%	6,358	4,529	-29%
Profit/ (Loss) After Tax	1,394	974	1,062	-24%	4,317	3,099	-28%

*As per US GAAP

Financials – Hindalco India Business

(Rs. Crore)

Particulars	Q3 FY19	Q2 FY20	Q3 FY20	YOY Change %	9M FY19	9M FY20	YOY Change %
Revenue from Operations	11,965	9,977	10,254	-14%	33,512	30,310	-10%
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)							
<i>Aluminium (including Utkal)</i>	1,252	806	1,036	-17%	4,086	2,690	-34%
<i>Copper (including DHIL)</i>	490	306	256	-48%	1,310	870	-34%
<i>Others</i>	3	11	9		14	24	74%
<i>Unallocable Income/ (Expense) (Net)</i>	199	147	87	-56%	371	324	
Total EBITDA	1,945	1,270	1,388	-29%	5,781	3,908	-32%
Finance Costs	478	479	455	5%	1,422	1,428	0%
PBDT	1,467	791	933	-36%	4,359	2,480	-43%
Depreciation	507	501	511	-1%	1,466	1,511	-3%
PBT before Exceptional Items and Tax	960	290	422	-56%	2,893	969	-67%
Exceptional Income/ (Expenses) (Net)	-	(31)	(11)		-	(64)	
Profit Before Tax (After Exceptional Item)	960	259	411	-57%	2,893	905	-69%
Profit/ (Loss) After Tax	721	176	262	-64%	2,127	579	-73%



For Further Queries Please Contact :

Subir Sen,
Investor Relations
Telephone- +91 22 6662 6666
E mail: hilinvestors@adityabirla.com
Website: www.hindalco.com

Registered Office

Ahura Centre, 1st Floor, B Wing
Mahakali Caves Road Andheri (East), Mumbai 400 093
Telephone- +91 22 6691 7000
Website: www.hindalco.com
E mail: hindalco@adityabirla.com
Corporate Identity No. L27020MH1958PLC011238