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12th February, 2019

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Dear Sir,

Sub: Q3 FY19-Investor Presentation

Please find enclosed herewith The Investor Presentation for the Third Quarter ended 31st December, 2018.

Thanking you,

Yours faithfully,
For Hindalco Industries Ltd


Anil Malik
President &
Company Secretary

Hindalco Industries Limited

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Corporate ID No.: L27020MH1958PLC011238



Hindalco Industries Limited



Q3 FY19 Earnings Presentation
12th February, 2019



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.

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• Aluminium

• Copper

• Novelis Inc.

Key Highlights – Q3 FY19

Key Highlights – Q3 FY19



Hindalco Standalone (Plus Utkal Alumina)

- EBITDA at Rs. 1,926 crore vs Rs. 1,861 crore in Q3 FY18, up 4% reflecting strong performance, on account of supporting macros and better realization, despite rising input costs
- Significant reduction in Interest Cost, 12% YoY, on account of prepayment of loan
- Profit Before Tax at Rs. 944 crore vs Rs. 858 crore in Q3 FY18 (before exceptional items), up 10%, due to lower interest cost and higher EBITDA
- Profit after Tax at Rs. 713 crore vs Rs. 484 crore in Q3 FY18, up 47% reflecting a strong performance
- Net Debt to EBITDA (on TTM Basis) at end of Dec, 2018 further improves to 2.36x from 2.67x at end of March, 2018
- Focus on deleveraging continues - prepaid long term loan of Rs. 1,575 crore in October 2018

Aluminium (Hindalco Plus Utkal Alumina)

- EBITDA at Rs. 1,286 crore vs Rs. 1,188 crore in Q3 FY18, up 8%, on account of supporting macros and better realisations.
- EBITDA margin at 21% in Q3 FY19, best amongst its peers
- Aluminium Metal Production at 324 Kt through stable operations
- Production of Alumina at 749 Kt, up 2%, due to better operational performance
- Utkal expansion on track, expected to be commissioned by FY21

Key Highlights – Q3 FY19

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Copper

- EBITDA at Rs. 431 crore vs Rs. 421 crore in Q3 FY18, marginally up, on the back of better by-product realization and volume.
- Copper Cathode production at 105 Kt in Q3 FY19 vs 101 Kt in Q3 FY18
- CC Rod production, up 59% at 66 Kt vs. 41 Kt in Q3 last year based on ramp-up of the new CCR-3 facility
- Achieved 58% VAP (CC Rod) sales of the total sales volumes in Q3 FY19 vs 40% last year
- DAP production up 34% to 76 kt in Q3 FY19 vs 57 kt in Q3 FY18

Novelis Inc.

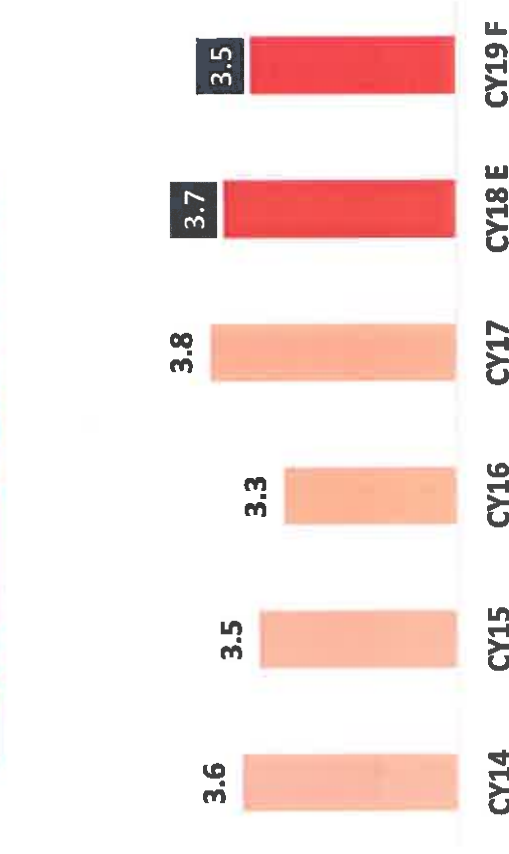
- Record Q3 Adjusted EBITDA at US\$ 322 million and shipments at 800 Kt.
- Can shipment grew 4% YoY in Q3 FY19
- Adjusted EBITDA per ton of US \$ 403 (up 6% vs US\$ 383 in Q3 FY18)
- Net Income at US\$ 78 million in Q3 FY19 (US\$ 121 million in Q3 FY18 including non-cash income tax benefit of \$34 million from the U.S. Tax Cut and Jobs Act of 2017)
- Various regulatory approvals for Aleris acquisition in progress and the transaction is expected to close in Q2 FY20 (Jul-Sept'19)

Economy & Industry : Global & Domestic

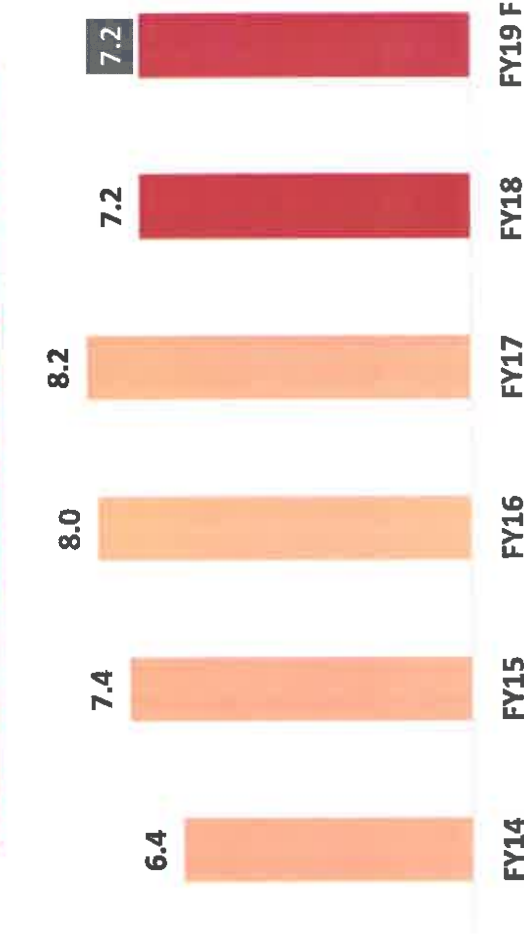
Economy Updates



A Weakening Global Expansion



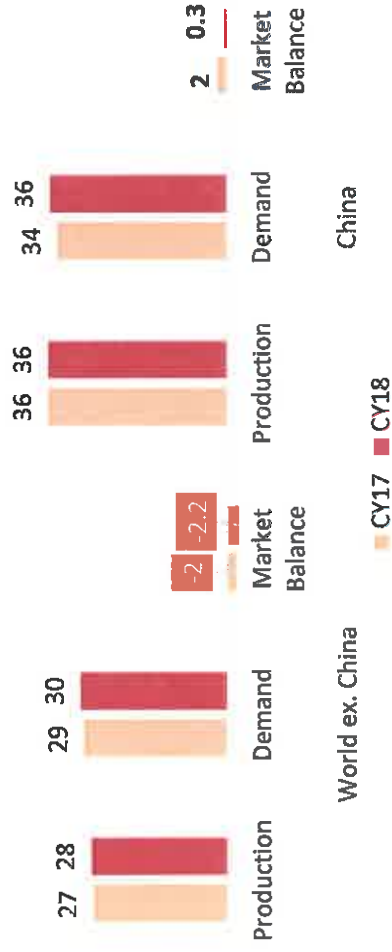
India - Fastest Growing Economy in the World



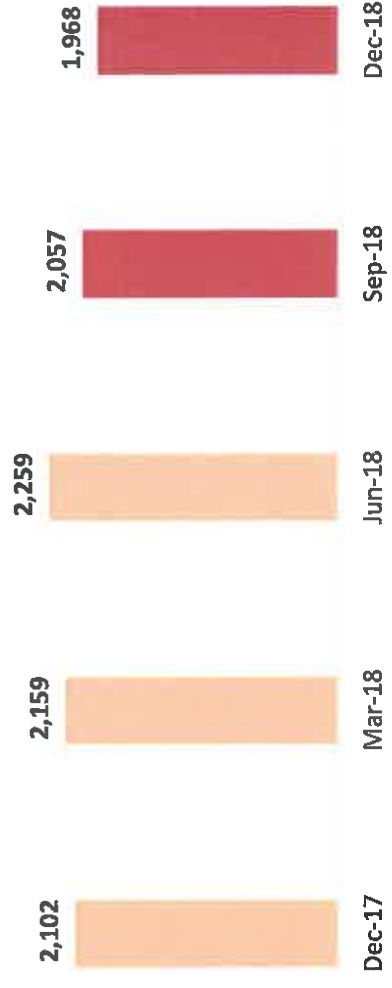
- IMF marginally moderated the global growth due to uncertainties and softening of demand. Trade War, Brexit and geopolitical issues are the key risks to global growth.
- India will likely to continue as the fastest growing economy in the world. However, growth in FY19 is expected to be at the same level as it was in FY18.

Aluminium Industry

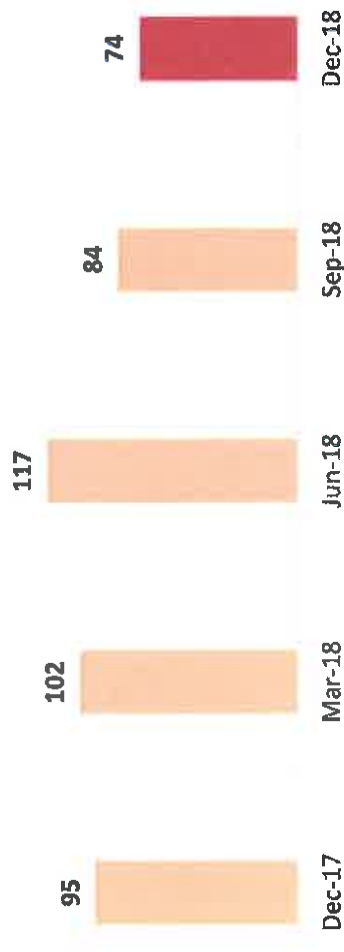
Global Scenario (MnT)



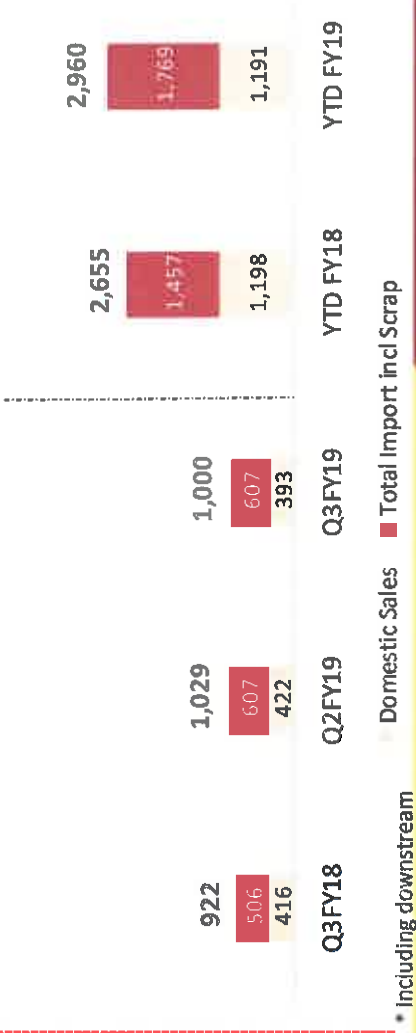
Movement of LME (USD/t)



Movement of Domestic Premium (USD/t)



Domestic Demand (kT)*



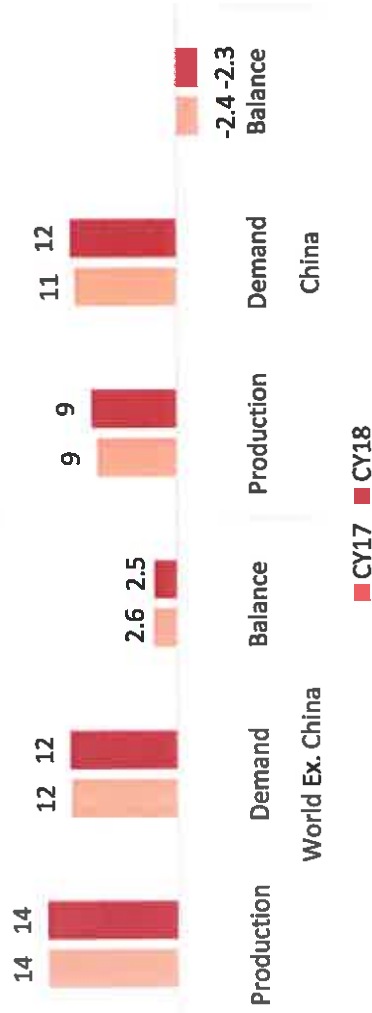
* Including downstream

Domestic Sales ■ Total Import incl Scrap

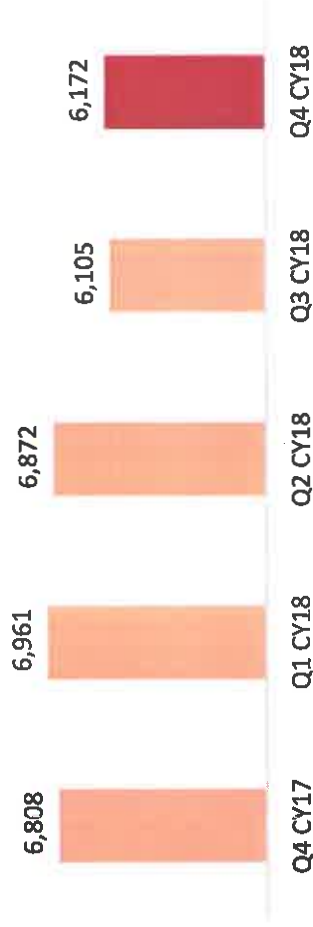
Copper Industry



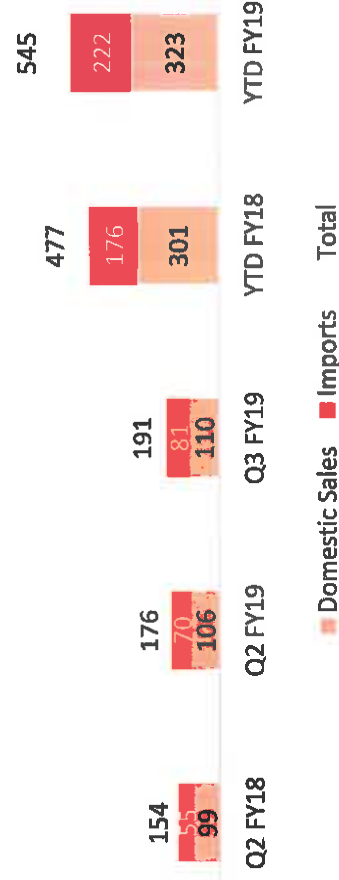
Global Market Scenario (MnT)



LME Price of Copper (USD/t)



Domestic Market Recorded Significant Imports Growth



Key Macro Drivers (Q3 FY18 vs Q3 FY19)

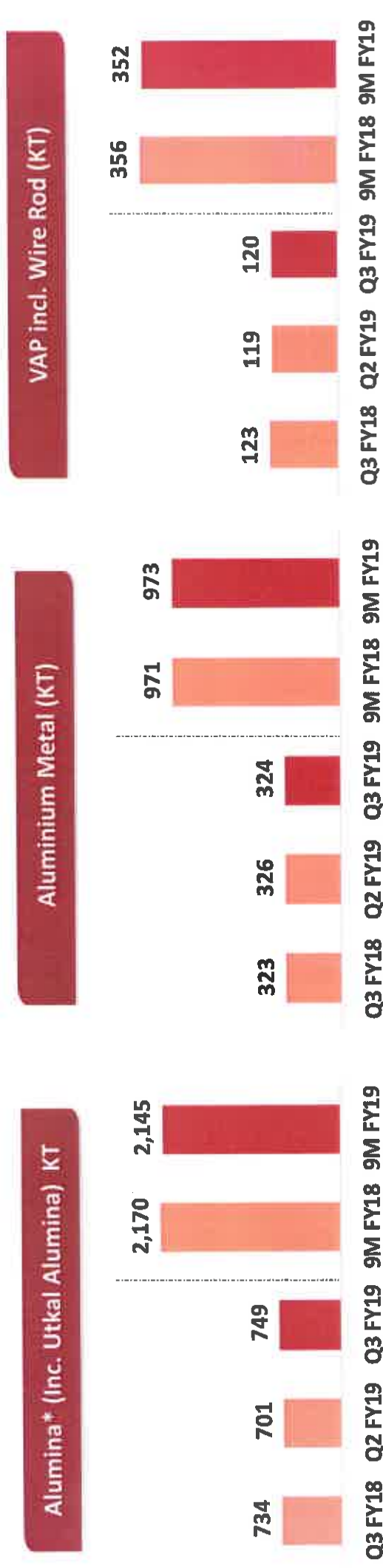
TC/RC (USDc/lb)	S. Acid Price (Rs./MT)	DAP Realization (Rs./MT)



Result Highlights : Operational Performance – Q3 FY19

Operational Performance : Aluminium

Production – Alumina, Aluminium Metal & VAP



- Alumina production reached optimal utilization in Q3 FY19

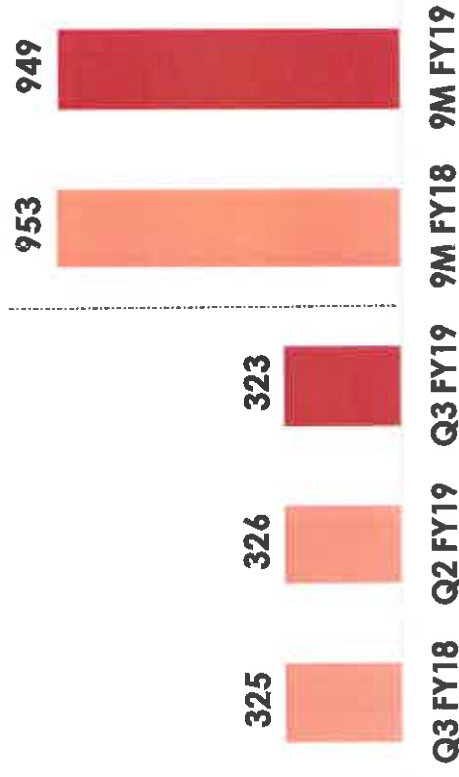
- Stable Aluminium Metal Production

- Value Added Product (VAP) production lower due to lower output of Wire Rods

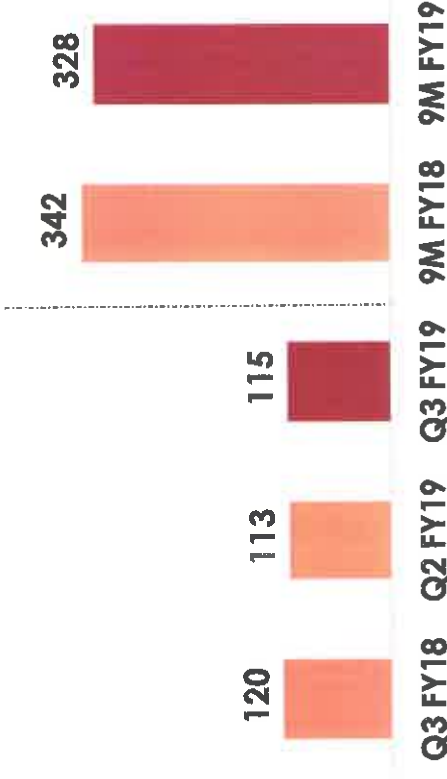
*Hydrate as Alumina

Sales Volume – Aluminium Metal & VAP

Aluminium Metal Sales in all forms (KT)



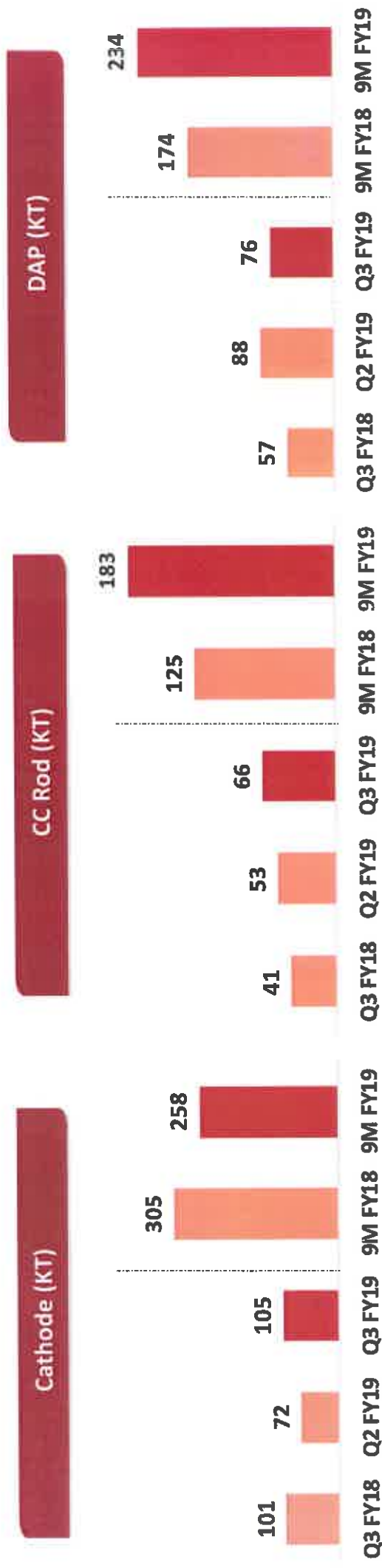
Al. VAP Sales (incl. Wire Rod) - KT



- Aluminium VAP (including wire rods) sales in Q3 FY19 was 35% of total metal sales (Vs 37% in Q3 FY18)

Operational Performance : Copper

Production – Copper & VAP



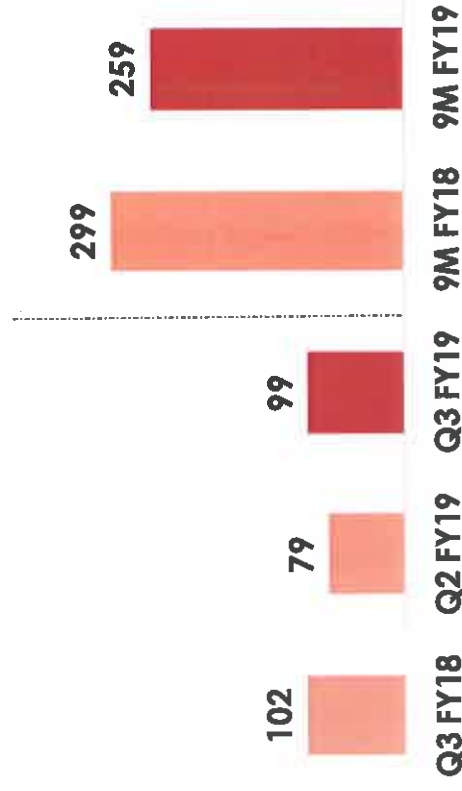
- Cathode production higher with optimal capacity utilization, after maintenance shutdown

- CCR – 3 ramping up as per schedule

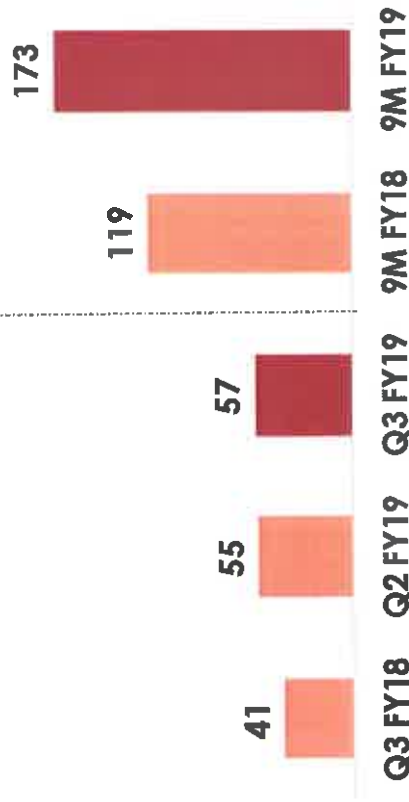
- DAP Production is higher

Sales Volume – Copper & VAP

Copper Metal Sales in All Forms (KT)



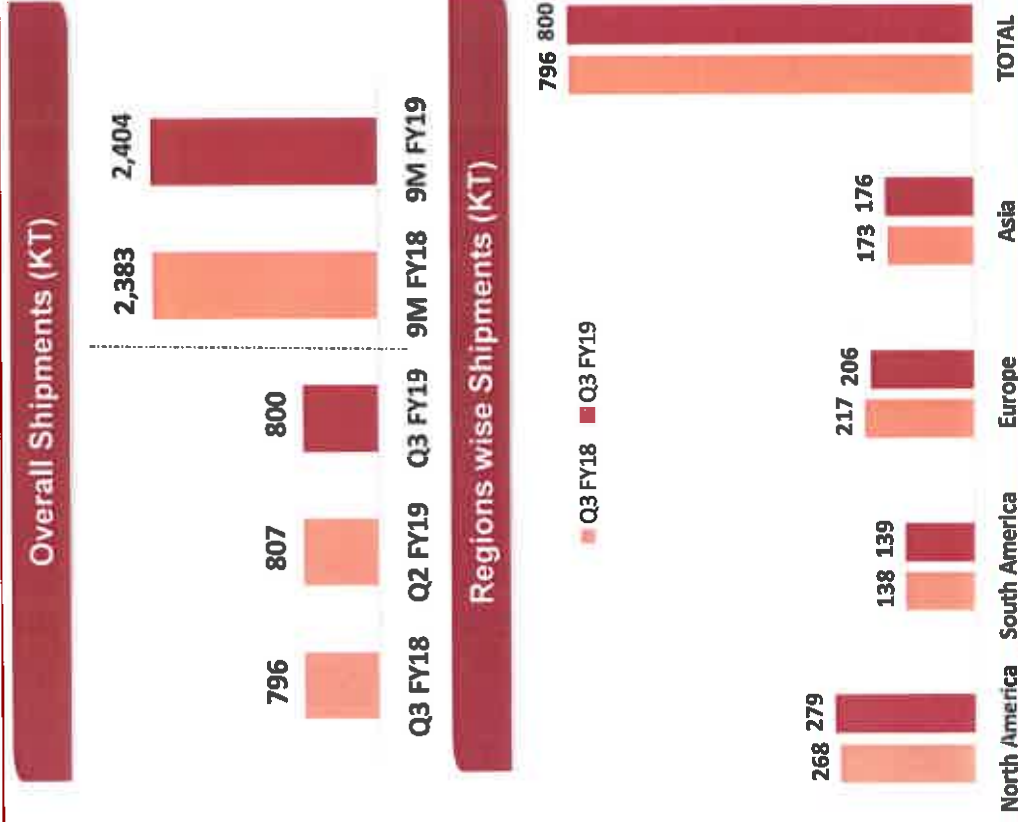
CC Rods (KT)



- CC Rods sales volumes were higher by 40% in Q3 FY19 on account of ramp up CCR -3 vs. corresponding period
- CC Rods sales in Q3 FY19 was 58% of total Sales (Vs 40% in Q3 FY18)

Operational Performance : Novelis Inc

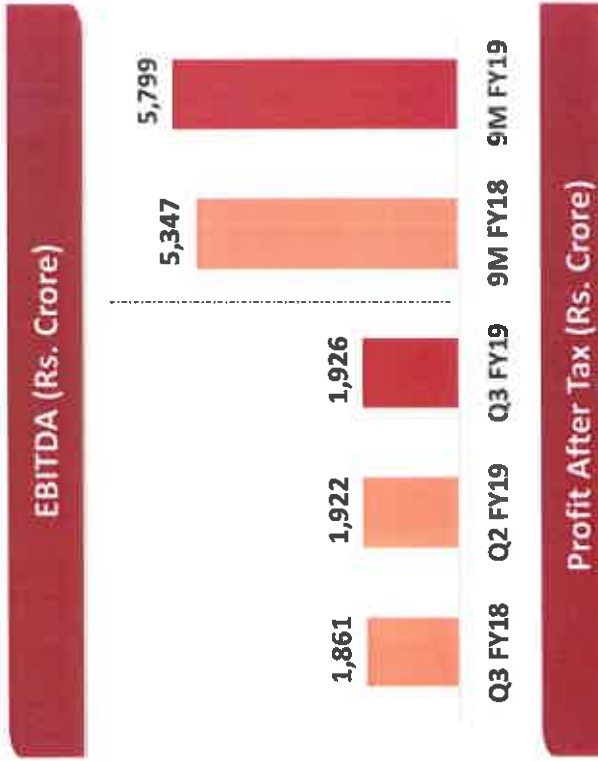
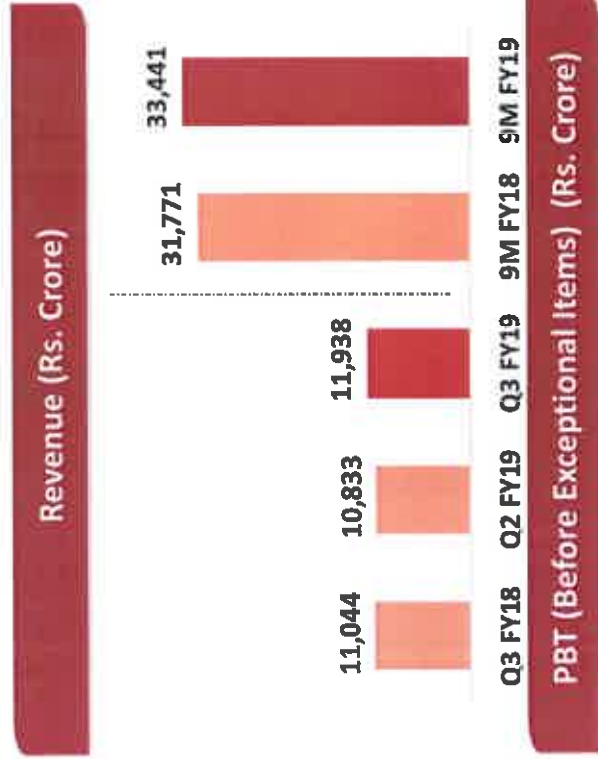
Operational Performance - Novelis Inc.



- Record Q3 performance on the back of :
 - Solid operational performance
 - Strong customer demand for sustainable, lightweight aluminum
 - Optimized product mix
 - Continued cost focus
- Shipments increased 1% to 800 Kt
- Global demand for Aluminum Flat Rolled Product (FRP) was strong
- Automotive shipments remains stable YoY
- Beverage Can market was strong and shipments grew 4% YoY
- Automotive expansion projects in US & China are under construction and on schedule
- Announced expansion plan in Brazil of 100 Kt Rolling Capacity & 60 Kt recycling
- Aleris acquisition regulatory approvals in progress; transaction is expected to close in Q2 FY20.

Result Highlights : Financial Performance – Q3 & 9M FY19

Hindalco Standalone plus Utkal Alumina



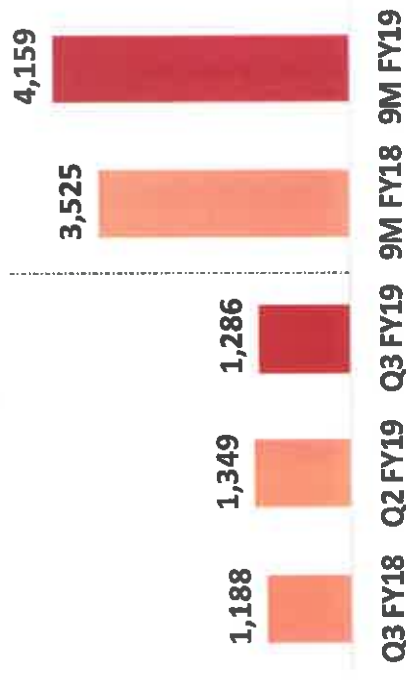
Hindalco Aluminium plus Utkal Alumina



Revenue (Rs. Crore)



EBITDA (Rs. Crore)

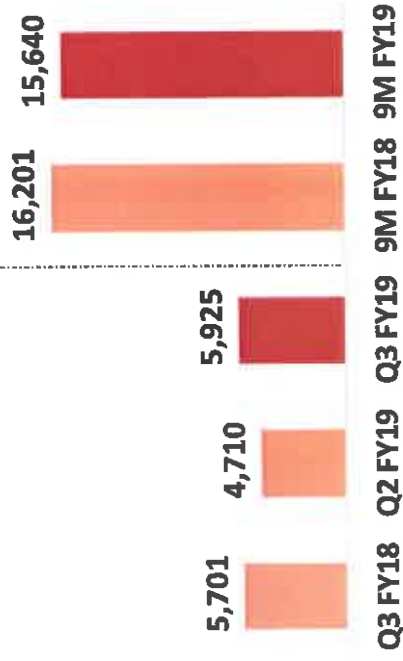


- EBITDA up 8% YoY in Q3 FY18 on account of better macros and stable operations, despite pressure on input cost
- EBITDA up 18% YoY in 9M FY19
- EBITDA margins at 21% in Q3 FY19 and 23% in 9M FY19.

Copper Business



Revenue (Rs. Crore)

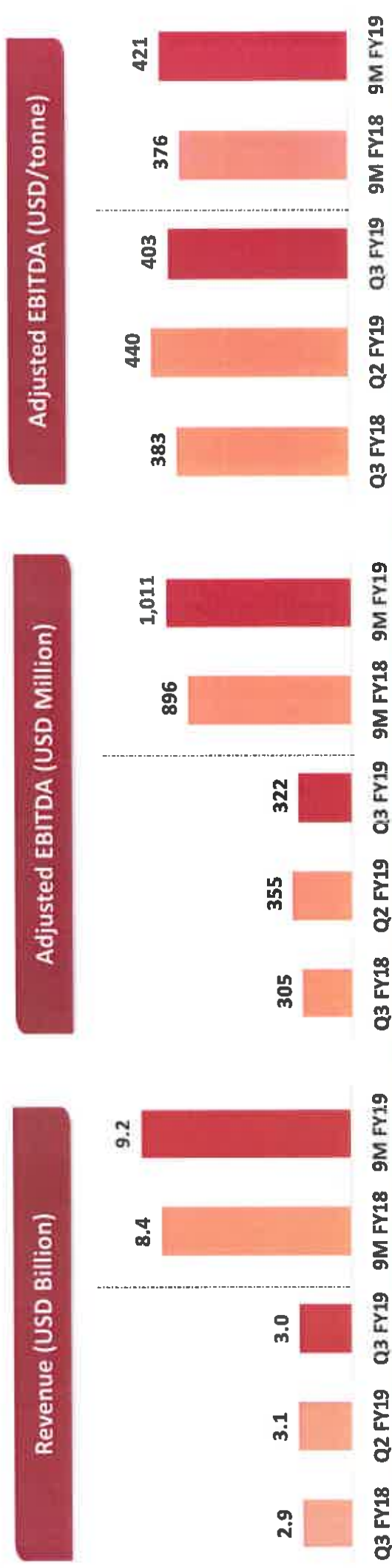


EBITDA (Rs. Crore)



- Revenues were higher on account of better by-product realization and volume
- EBITDA was marginally higher YoY

Novelis Inc.



- Revenues at US\$ 3.0 billion in Q3FY19 vs US\$ 2.9 billion in Q3 FY18, up 3% YoY, driven by higher total shipments and a more favorable product mix
- Adjusted EBITDA up by 6% at US\$ 322 million vs from US\$ 305 million in Q3 FY18 on account of higher shipments, favorable product portfolio mix, favorable metal costs and other cost efficiencies.
- Adjusted EBITDA per ton was higher by 5% at US\$ 403 in Q3 FY19 vs US\$ 383 in Q3 FY18

In Summary

Sustainable Business Performance

- Robust quarterly performance, despite headwinds in business environment
- Profitable growth, aided by significant reduction in financing cost
- strong performance by Novelis, on the back of higher shipments, better product mix and cost efficiencies

Strengthened Balance Sheet

- Consolidated Net Debt to EBITDA at 2.65x at the end of December 2018.
- Deleveraging continues at Hindalco – Prepaid project loans of Rs. 1,575 Crore in Q3 FY19

Growth Opportunities

- Utkal expansion is on track
- Copper CCR-3 expected to cross 100 Kt production in FY19
- Novelis automotive expansion projects on schedule.
- Aleris acquisition is on schedule, various regulatory approvals in progress

Key Risks

- High input costs
- Rising imports of Aluminium & Copper into India
- Weak global demand, led by China
- Impact of Brexit

Thank You



Appendix

Financial Key Figures – Hindalco Standalone plus Utkal Alumina

(Rs. Crore)

Particulars	Q3 FY18	Q2 FY19	Q3 FY19	YOY Change %	9M FY18	9M FY19	YOY Change %
Revenue from Operations	11,044	10,833	11,938	8%	31,771	33,441	5%
Earning Before Interest, Tax and Depreciation (EBITDA)							
Aluminium (includes Utkal)	1,188	1,349	1,286	8%	3,525	4,159	18%
Copper	421	388	431	3%	1,210	1,154	-5%
Others	252	186	209	-17%	612	486	-21%
Total EBITDA	1,861	1,922	1,926	4%	5,347	5,799	8%
Finance Costs	540	479	477	-12%	1,715	1,421	-17%
PBDT	1,321	1,443	1,449	10%	3,632	4,379	21%
Depreciation	462	475	505	9%	1,382	1,459	6%
PBT before Exceptional Items and Tax	858	968	944	10%	2,250	2,919	30%
Exceptional Income/ (Expenses) (Net)	(115)	-	-		(313)	-	-100%
Profit Before Tax (After Exceptional Item)	743	968	944	27%	1,937	2,919	51%
Profit/ (Loss) After Tax	484	725	713	47%	1,318	2,171	65%

Financial Key Figures – Hindalco Standalone

(Rs. Crore)

Particulars	Q3 FY18	Q2 FY19	Q3 FY19	YOY Change %	9M FY18	9M FY19	YOY Change %
Revenue from Operations	11,028	10,833	11,938	8%	31,754	33,364	5%
<u>Earning Before Interest, Tax and Depreciation (EBITDA)</u>							
Aluminium	945	744	515	-46%	2,788	2,270	-19%
Copper	421	388	431	3%	1,210	1,154	-5%
Others	252	160	255		612	500	
Total EBITDA	1,618	1,292	1,201	-26%	4,609	3,924	-15%
Finance Costs	483	424	434	-10%	1,454	1,269	-13%
PBDT	1,135	868	767	-32%	3,155	2,655	-16%
Depreciation	388	400	429	11%	1,158	1,233	7%
Earning before Exceptional Items and Tax	748	468	338	-55%	1,998	1,421	-29%
Exceptional Income/ (Expenses) (Net)	(115)	-	-		(325)	-	-100%
Profit Before Tax	632	468	338	-47%	1,672	1,421	-15%
Profit/ (Loss) After Tax	377	309	247	-34%	1,060	970	-8%
Earnings per Share (EPS) - Basic (In Rupees)	1.70	1.38	1.11	-35%	4.76	4.35	-9%

ADITYA BIRLA



HINDALCO

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