ADITYA BIRLA
HINDALCO

AM/STOX-GN/59 **16th May, 2019**

BSE_Limited PhirozeJeejeebhoy Towers, 25th Floor Dalal Street, **MUMBAI 400 001** (Stock Code –500440).	**The National Stock Exchange of India Ltd** Exchange Plaza Bandra-Kurla Complex Bandra East **Mumbai- 400051**
BanqueInternationale A Luxembourg SocieteAnonyme 69, Route Esch L-2953 Luxembourg **Fax No. 00352 4590 2010** **Tel. 00 352 4590-1**	

Dear Sir,

Sub: Q4 FY19-Investor Presentation

Please find enclosed herewith The Investor Presentation for the fourth Quarter ended 31st March, 2019.

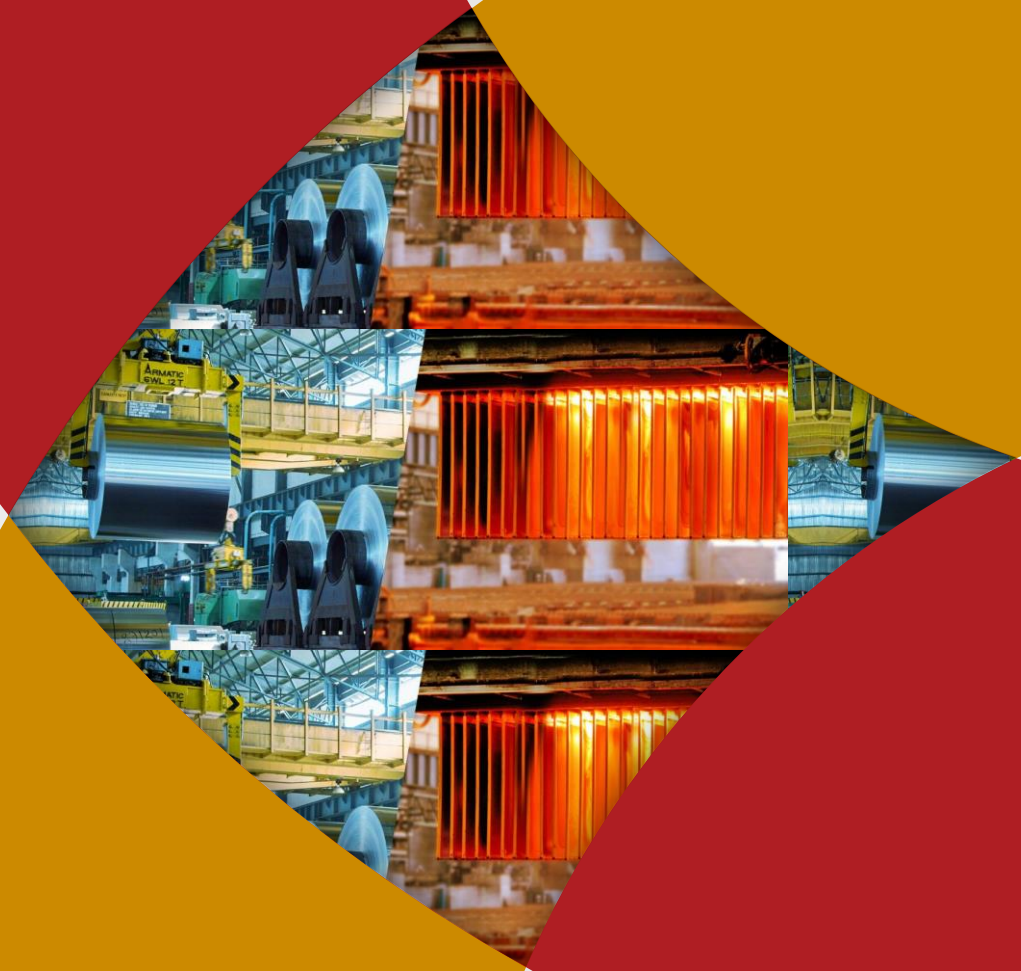
Thanking you,

Yours faithfully,
For Hindalco Industries Ltd

Anil Malik
President &
Company Secretary

Encl: as above

Hindalco Industries Limited



Q4 & FY19 Earnings Presentation

16th May, 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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- Novelis Inc.
- Aluminium (India)
- Copper

Key Highlights – FY19

Key Highlights – FY19

ADITYA BIRLA HINDALCO

Hindalco (Consolidated)

- Highest ever Consolidated PAT at Rs. 5,495 crore, up 22% (Rs. 4,518* crore FY18)
- Highest ever Consolidated PBT (Before Exceptional Items) at Rs. 8,083 crore (up 24% vs FY18)
- Highest Ever Consolidated EBITDA at Rs. 16,627 crore (up 11% vs FY18)
- Highest ever Aluminium metal production and Novelis overall shipments in FY19
- Stronger Balance Sheet - prepaid Rs. 1,575 crore long term loans in India
- Consolidated Net Debt to EBITDA at 2.48x (2.82x as at March 31 , 2018)

Novelis

- Overall shipments stood at 3,274 Kt, up 3% YoY; Beverage Can shipments up 7% YoY; Automotive shipments up 2% YoY
- Net Income (excluding special items#) at US$ 468 million in FY19 up 11% vs US$ 420 million in FY18.
- Record Adjusted EBITDA at US$ 1,368 million up 13% YoY
- Adjusted EBITDA per ton of US $418 up 10% YoY
- Increased recycled contents to 61% in FY19 from 57% in FY18
- Regulatory approvals for Aleris acquisition continues to progress in line with expectations and is expected to close in Q2 FY20

Hindalco Standalone (Plus Utkal Alumina)

- PAT at Rs. 2,678 crore (Rs. 2,197* crore in FY18), up 22% YoY
- Record PBT (before exceptional items) at Rs. 3,659 crore (Rs. 3,023 crore in FY18), up 21%, due to lower interest cost and higher EBITDA
- Record EBITDA at Rs. 7,532 crore, up 5% on account of stable operations and supporting macros, despite significant rise in input costs
- Significant reduction in Interest cost, 15% YoY, through prepayment and repricing of long term loans

**Adjusted for Tax-effected Exceptional Items in FY18*
#Tax-effected special items may include restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt, loss/gain on sale of business

Key Highlights – FY19 ..Contd.

ADITYA BIRLA HINDALCO

Aluminium (Hindalco Plus Utkal Alumina)

- Highest ever EBITDA at Rs. 5,202 crore (Rs. 4,790 crore in FY18), up 9% on account of supporting macros and stable operations
- EBITDA margin at 22% in FY19
- Record Alumina and Aluminium Metal production
- Aluminium VAP (excluding wire rods) production at 321 Kt (307 kt in FY18), up 5%
- Utkal expansion on track, expected to be commissioned by FY21

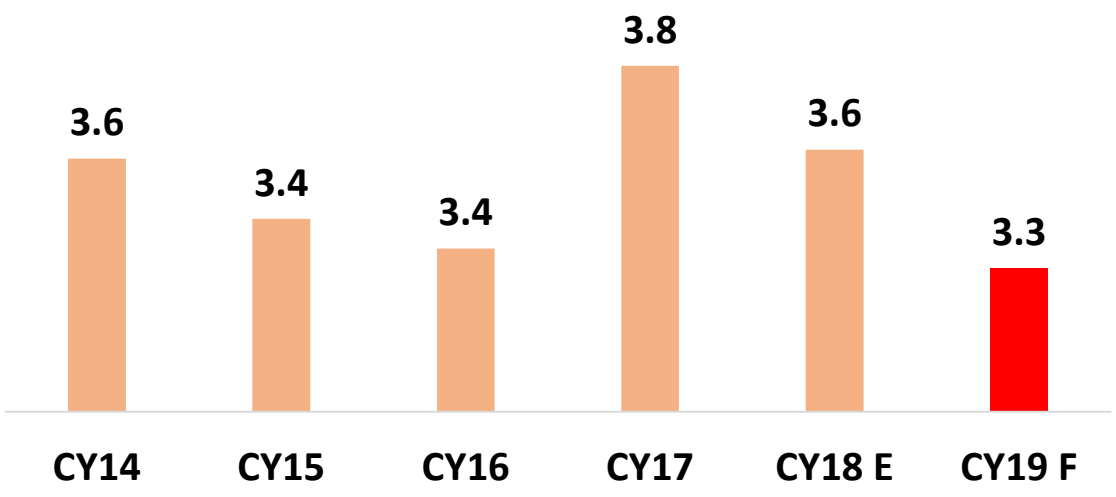
Copper

- EBITDA at Rs. 1,469 crore vs Rs. 1,539 crore in FY18, due to lower Tc/Rc, planned maintenance shutdown, supported by better by-product realizations
- Copper Cathode production at 347 Kt vs. 410 Kt in FY18 lower by 15%, on account of planned maintenance shutdown and related issues.
- CC Rod production up 47% at 245 Kt vs. 166 Kt in FY18 on the back of ramp-up of the new CCR-3 facility
- CCR-3 is ramping up well and reached production level of 117 Kt in FY19. This is expected to reach its designed capacity soon
- DAP production at 303 kt vs 205 kt in FY18, higher by 48%

Economy & Industry : Global & Domestic

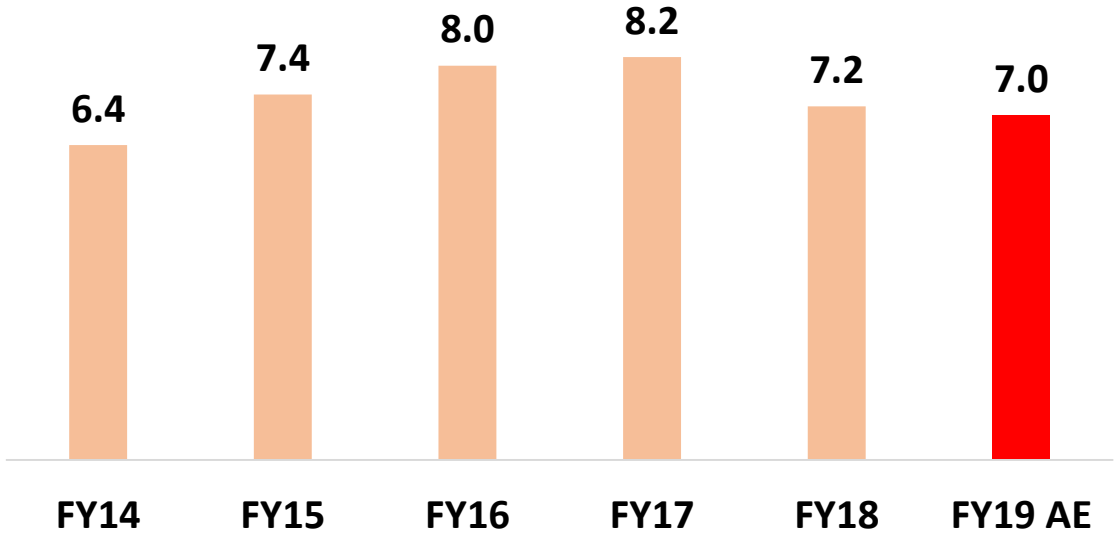
Economy Updates

Concern Over Global Growth (% y-o-y)



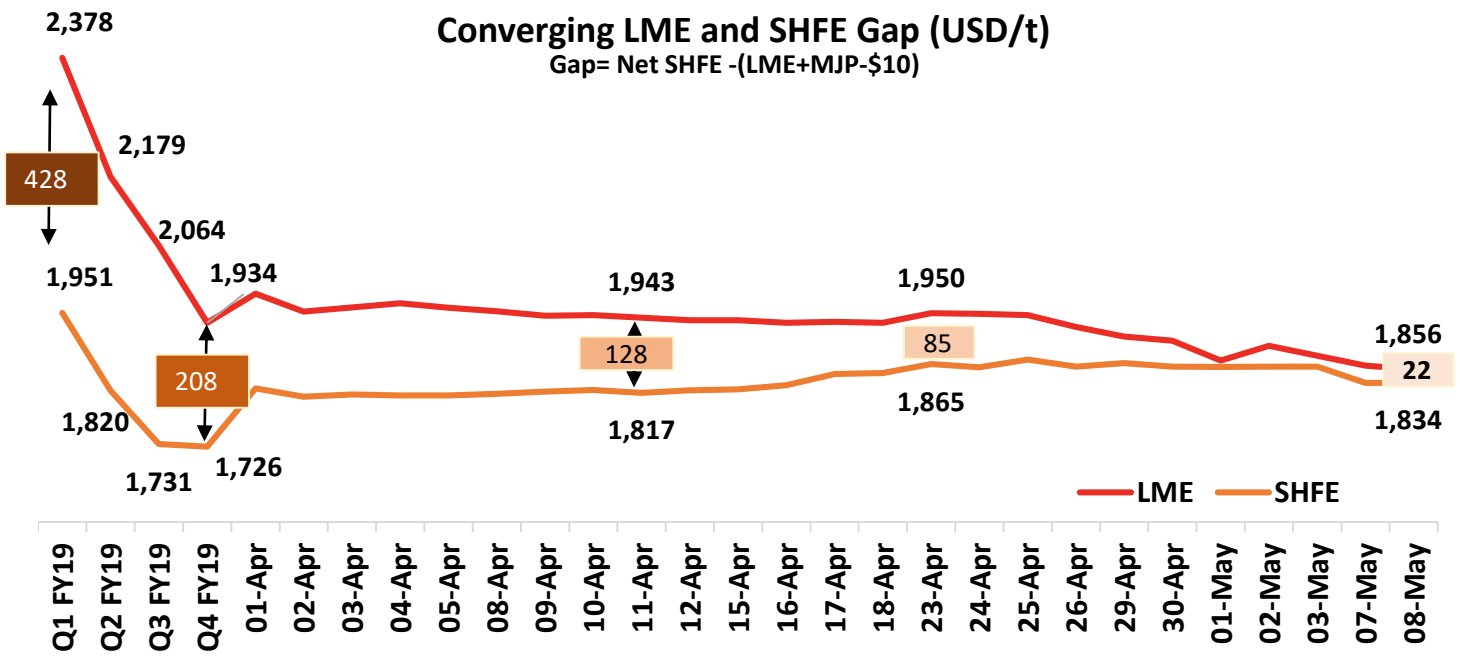
- Trade war between the US -China & US- Europe
- Growth concern in China and Europe
- Brexit-Deal or No-Deal
- Stimulus support

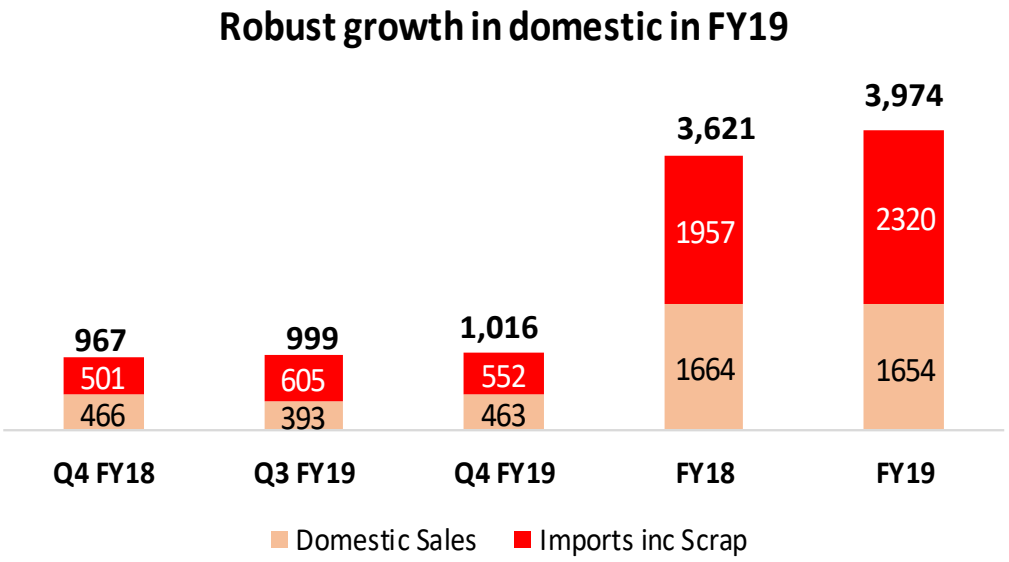
Indian Economic Growth Also under Pressure (% y-o-y)



- Monsoon dependency
- Expectation of further rate reduction
- Volatility in trade and financial market
- Recovery in industrial growth and investment cycle

Aluminium Industry





- Uncertain trade and global economic environment adversely impacting prices of aluminium
- In the recent scenario, gap between LME and SHFE prices is negligible, thereby putting pressure on Chinese exporters.
- With the fall in LME price of Aluminium, Smelters across the globe are under pressure.
- Global market is expected to be in deficit of around 1.5 MnT to 1.7 MnT in 2019; This deficit is expected in China as well.

- Domestic demand in FY19 continued to grow above 9% for the second year in a row.
- Besides electrical sector, transportation, construction and consumer durables sectors were the major demand drivers in FY19.
- Imports continued to be the concern area for domestic players as the market share of imports peaked at 58% in FY19.

FRP Industry

- **In CY19, the Global FRP demand continued to grow at a steady pace of 4-5% & 3-4% ex. China**

- Global Can Stock market has started to show growth, majorly benefitting from the emerging markets like Asia and South America

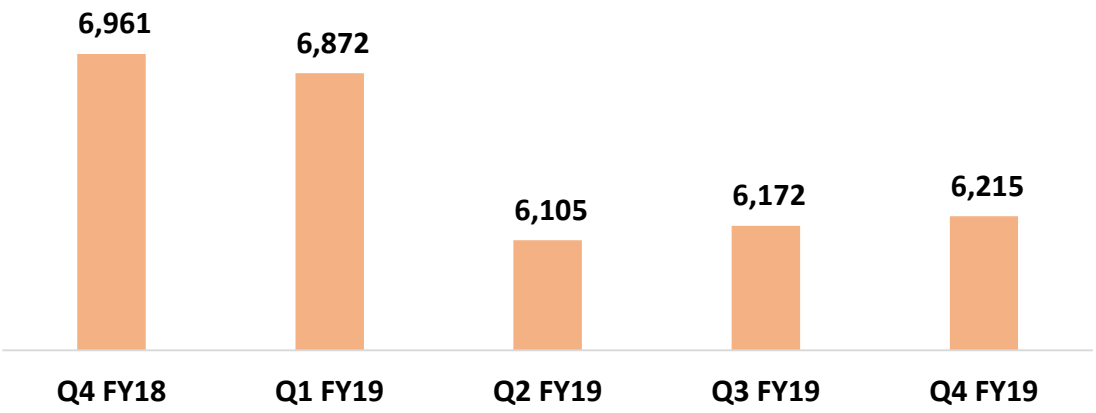
- In CY19, Demand from continuous shift from glass to the Cans, new end-use segments like sparkling water in aluminium packaging are resulting in a **strong growth of 3-4% in the Beverage Cans market**

- Global adoption of strong, lightweight, formable aluminium in vehicle parts and structures, has led to continuous growth in the Automotive Body Sheet demand. This is expected to grow at a **CAGR of ~12-15% (between CY18-CY25E)** despite some softening in the European Region and China.

- **Domestic FRP demand** is currently growing at steady pace of **7-8%,** primarily driven by transportation, construction and packaging segments. This is expected to grow at a **CAGR of ~7% (between CY18-CY22E)** .

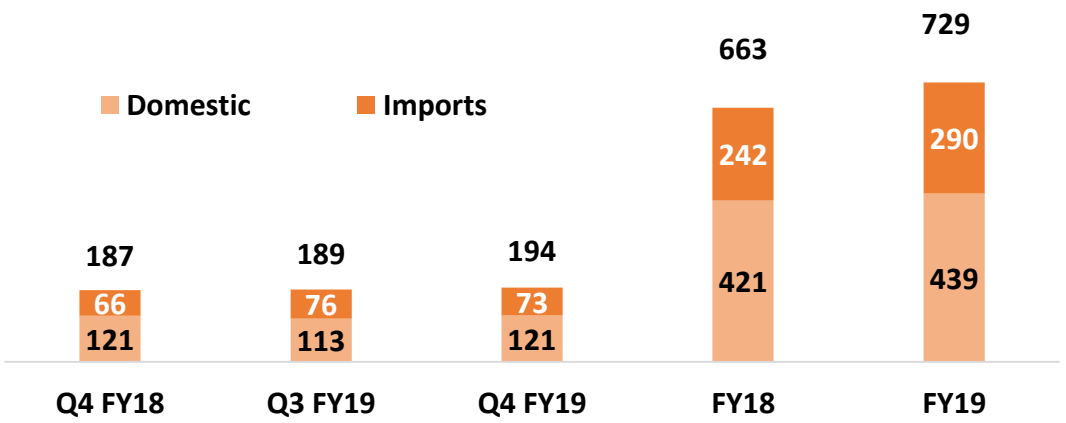
Copper Industry

LME Price of Copper (USD/t)



- Intensification of trade war and uncertain global economic slowdown putting pressure on copper prices
- CY19, Global refined copper demand likely to touch 24 MnT up 2%
- CY19, Copper concentrate demand likely to touch 16.5 - 16.7 MnT with deficit of ~100 Kt

Domestic Demand Grew by 10% (KT)



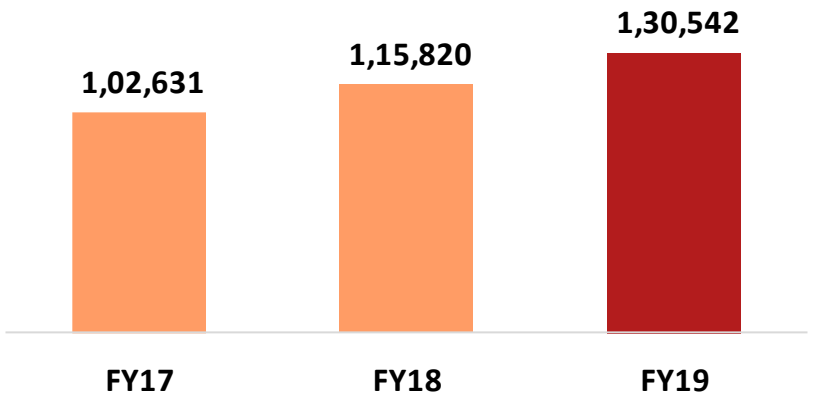
- Demand surged to 10% in FY19 vs 2% in FY18, driven by growth in electrical & electronics and consumer durables.
- Imports from ASEAN and FTA countries continues to put pressure.

Key Macro Drivers (Q4 FY18 vs Q4 FY19)		
TC/RC (USDc/lb)	S. Acid Price (Rs./MT)	DAP Realization (Rs./MT)

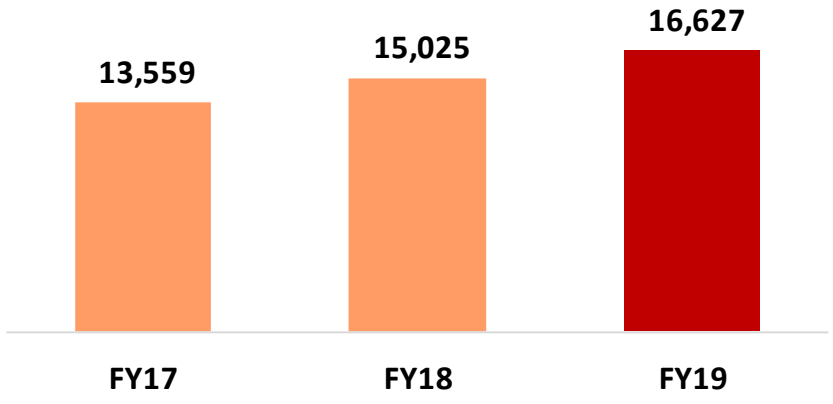
Business Performance Highlights : Q4 & FY19

Financial Trend - Consolidated

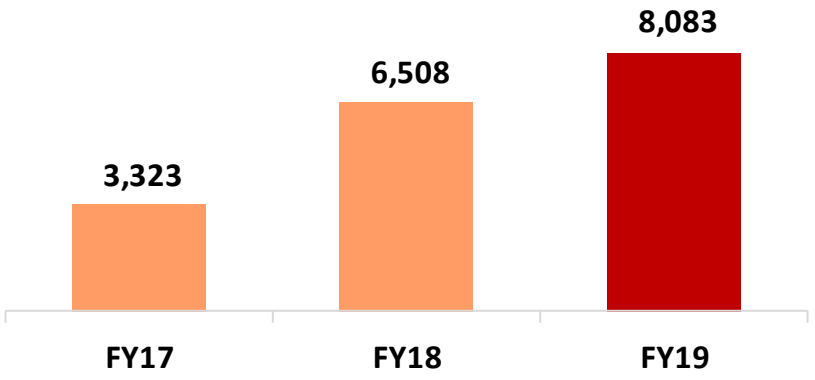
Revenue (Rs. Crore)



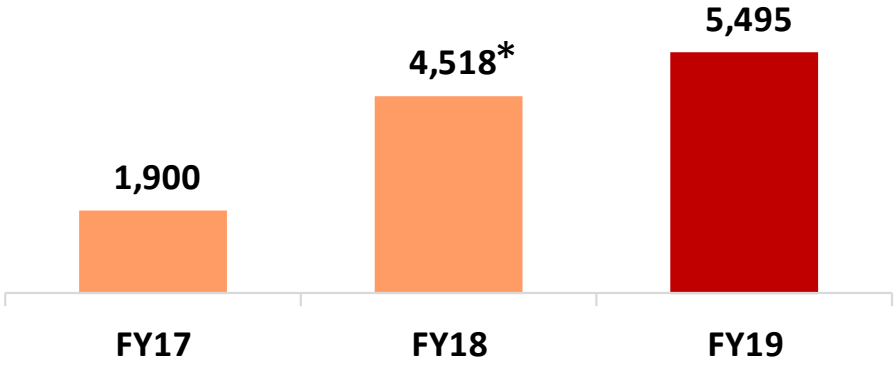
EBITDA (Rs. Crore)



PBT (Before Exceptional Items) (Rs. Crore)



Profit After Tax (Rs. Crore)

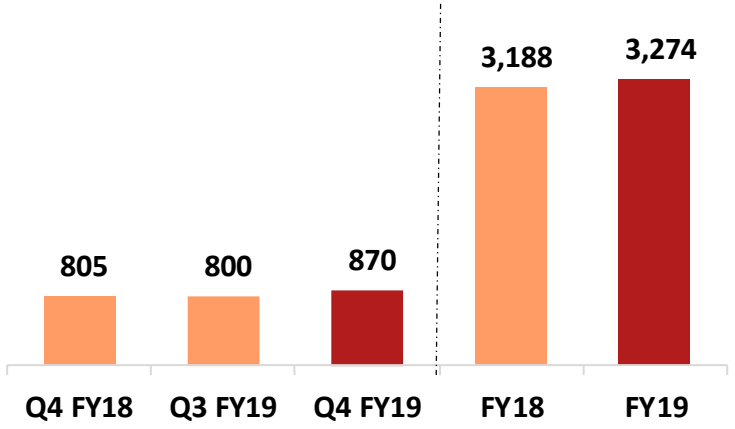


** Adjusted for Tax-effected Exceptional Items in FY18*

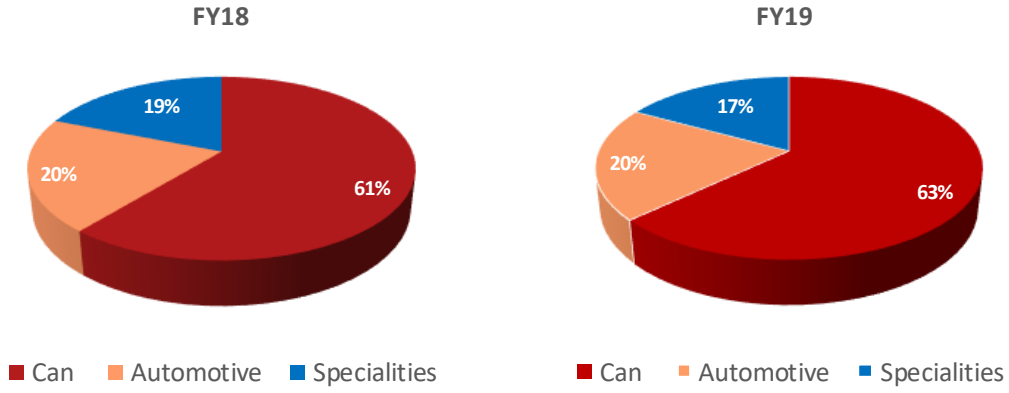
Novelis Inc.

Operational Performance - Novelis Inc.

Overall Shipments (KT)



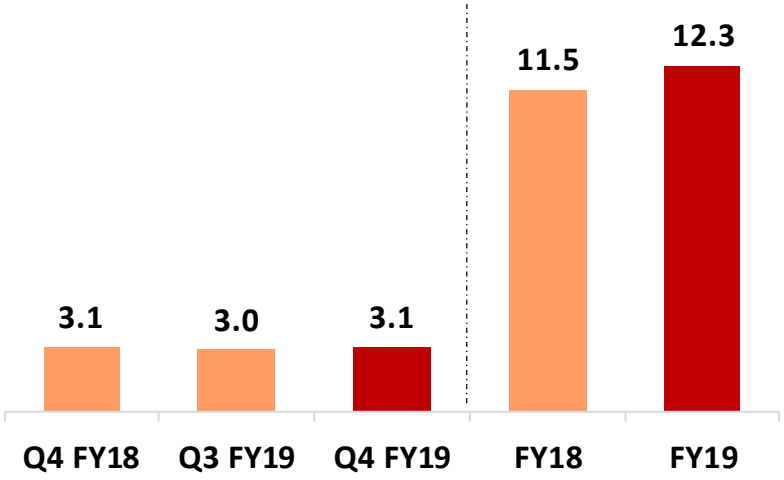
Shipment Mix (%)



- Strong operating performance and favorable market conditions driving financial growth:
  - Solid Operational performance with Improved production recovery rates leading to incremental capacity
  - Cost Efficiencies
  - Better product mix
  - Enhancing sustainability initiatives with Increased the percentage of recycled content to 61% in FY19 (Vs 57% in FY18).
- Global demand for Aluminium Flat Rolled Product (FRP) was strong :
  - Automotive shipments grew 2% YoY with strong US conditions and adoption of lightweight aluminium in vehicle parts
  - Beverage Can shipments grew 7% YoY on strong global demand
- Organic Expansion projects in US, China and Brazil are under construction and on schedule.
- Aleris acquisition regulatory approvals in progress; transaction is expected to close in Q2 FY20.

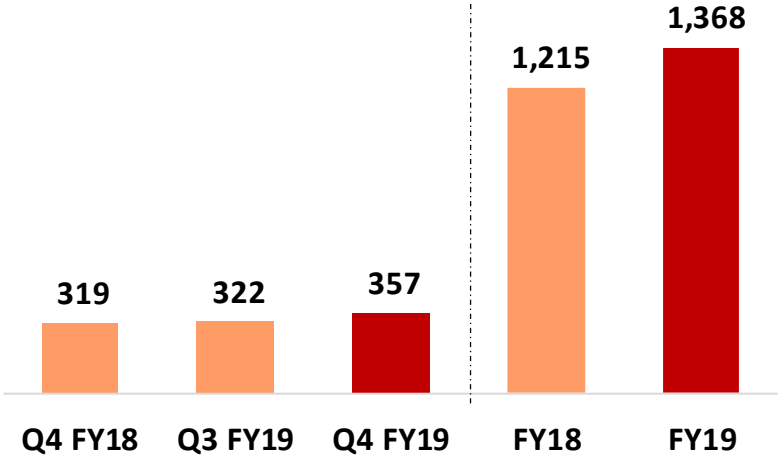
Financial Performance - Novelis Inc.

Revenue (USD Billion)



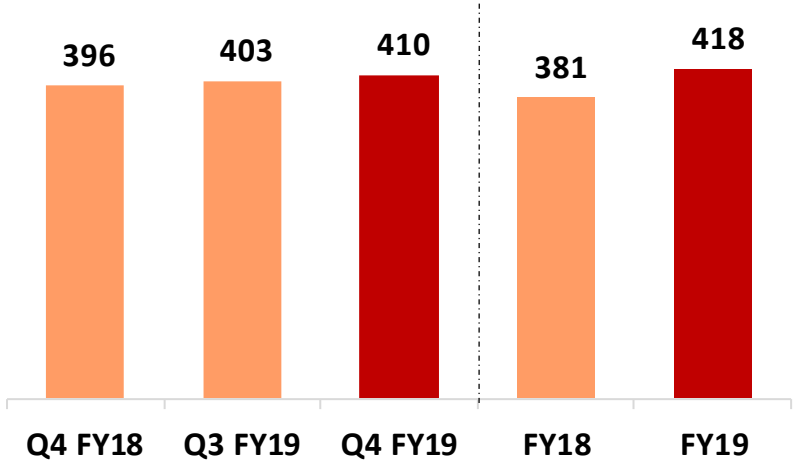
- Revenues at US$ 12.3 billion in FY19 vs US$ 11.5 billion in FY18, up 8% YoY, driven by higher total shipments and favorable product mix

Adjusted EBITDA (USD Million)



- Adjusted EBITDA up by 13% at US$ 1,368 million vs from US$ 1,215 million in FY18 on account of higher shipments, favorable product portfolio mix, favorable metal costs.

Adjusted EBITDA (USD/tonne)



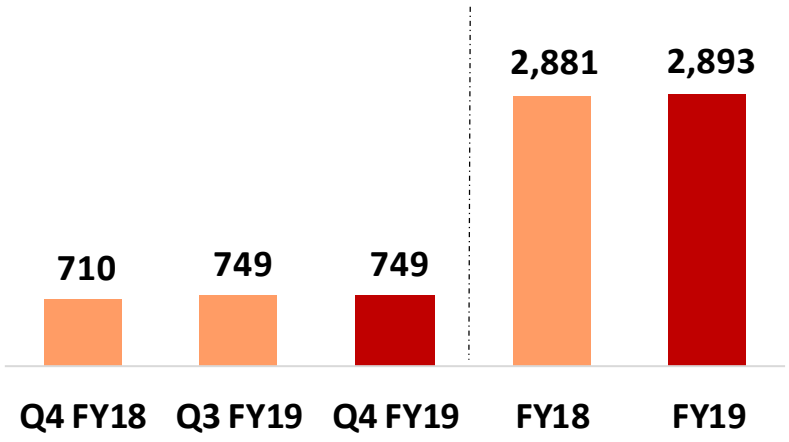
- Adjusted EBITDA per ton was higher by 10% at US$ 418 in FY19 vs US$ 381 in FY18

Aluminium Business

(Hindalco Aluminium plus Utkal)

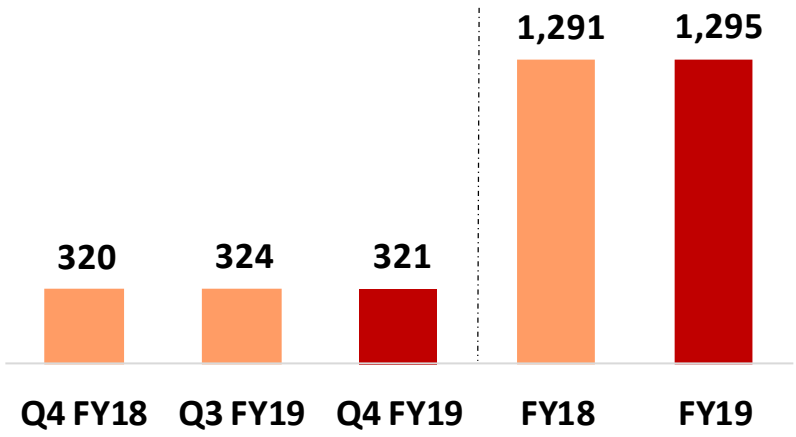
Production – Alumina, Aluminium Metal & VAP

Alumina* (Inc. Utkal Alumina) KT



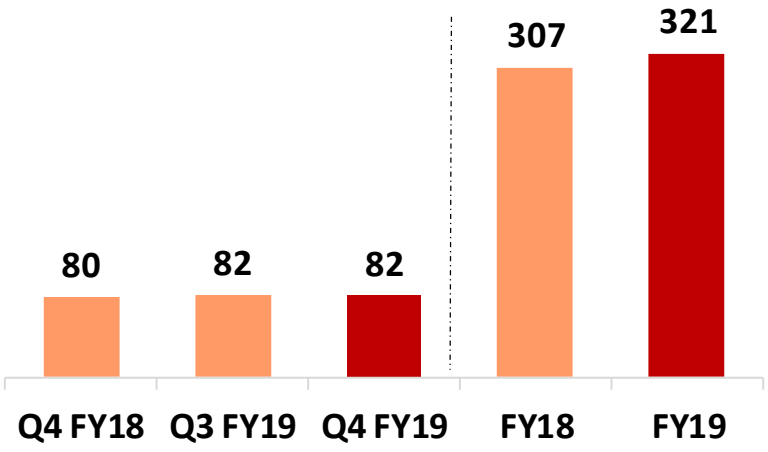
- Highest Alumina production in FY19
- Utkal continue to be the most economical cost producer of alumina globally.

Aluminium Metal (KT)



- Stable Aluminium Metal Production
- Highest Metal Production in FY19

Aluminium VAP# (KT)

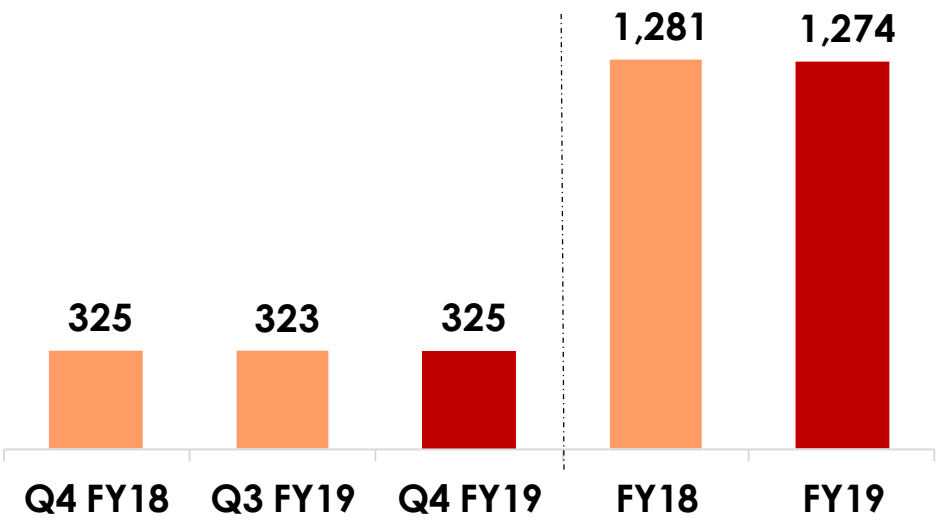


- Downstream Value Added Product grew 5% YoY in FY19

**Hydrate as Alumina*
 # Excluding Wire Rods

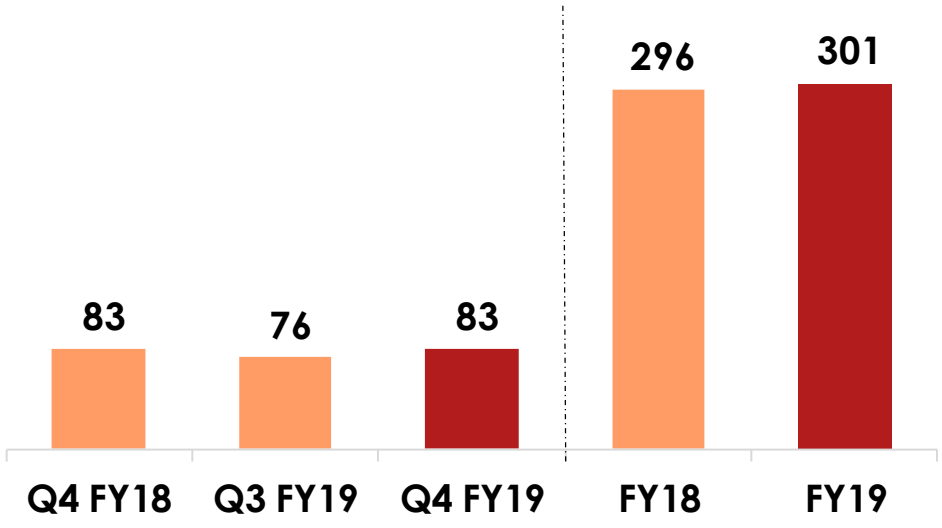
Sales Volume – Aluminium Metal & VAP

Aluminium Metal Sales in all forms (KT)



- Aluminium Metal Sales maintained

Aluminium VAP# (KT)

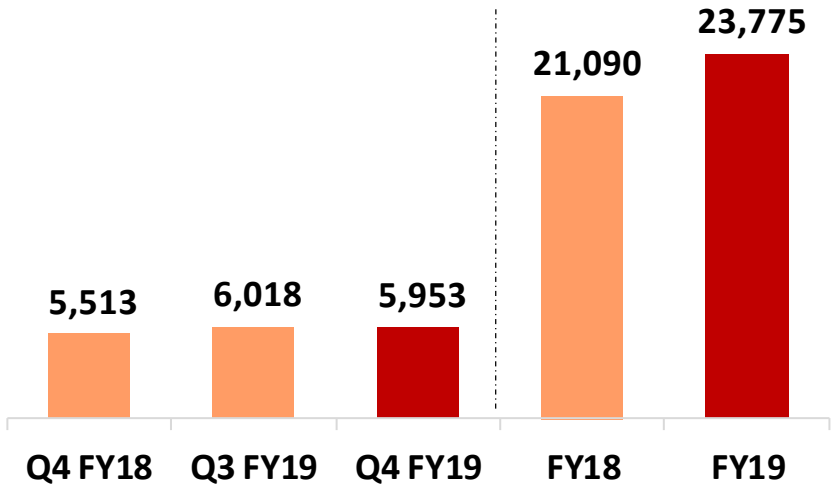


- Aluminium VAP in FY19 was 24% of total metal sales (Vs 23% in FY18)
- Aluminium VAP shipments has grown 2% YoY in FY19

 # Excluding Wire Rods

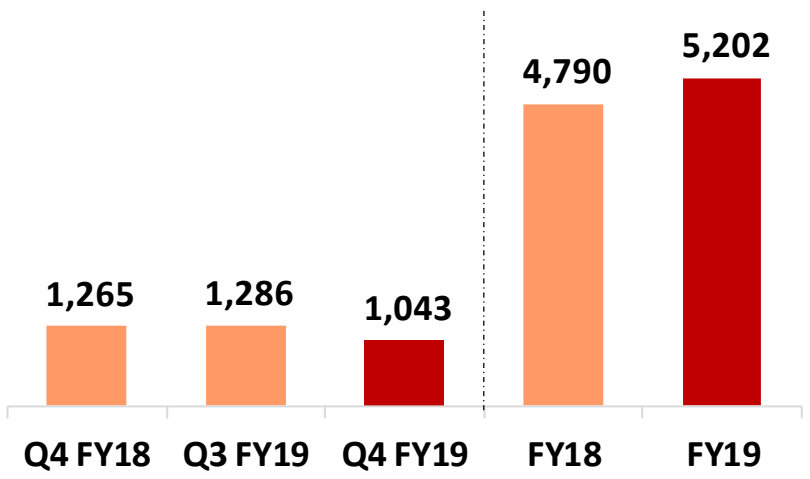
Financial Performance - Hindalco Aluminium plus Utkal Alumina

Revenue (Rs. Crore)



- FY19 Aluminium revenue up by 13% YoY
- Q4 FY19 revenues down due to lower realisations

EBITDA (Rs. Crore)

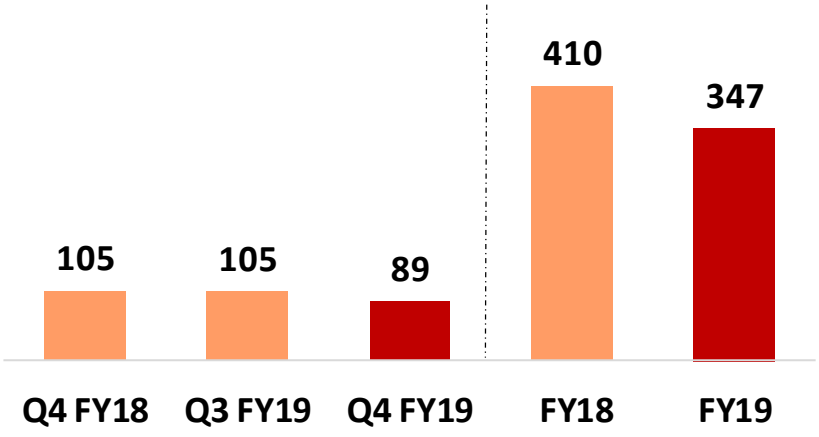


- FY19 EBITDA up 9% YoY on account of better macros and stable operations, despite pressure on input cost ; FY19 EBITDA margins at 22%
- Q4 FY19 EBITDA down 18% YoY, due lower realisations and stronger rupee

Copper Business

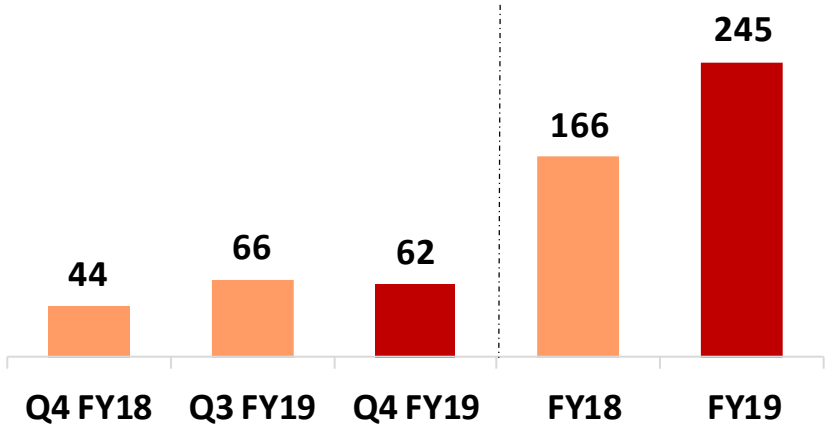
Production – Copper & VAP

Cathode (KT)



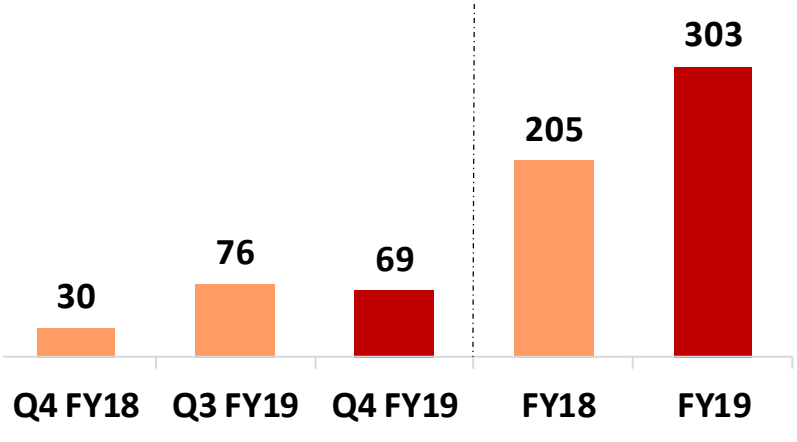
- Cathode production impacted due to the planned maintenance shutdown and related issues

CC Rod (KT)



- CCR#3 ramping up as per schedule
- CCR#3 production at 117Kt

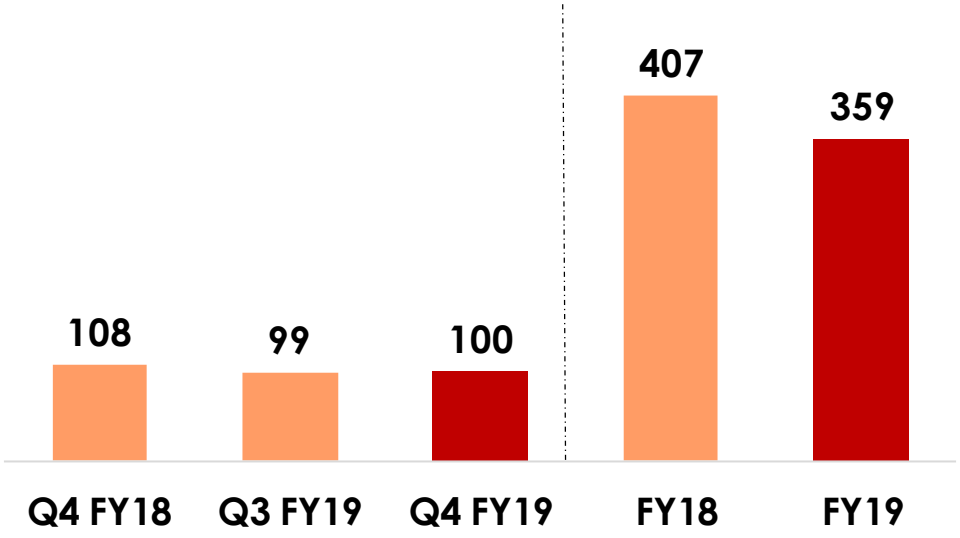
DAP (KT)



- DAP Production higher due to stable operations in FY19

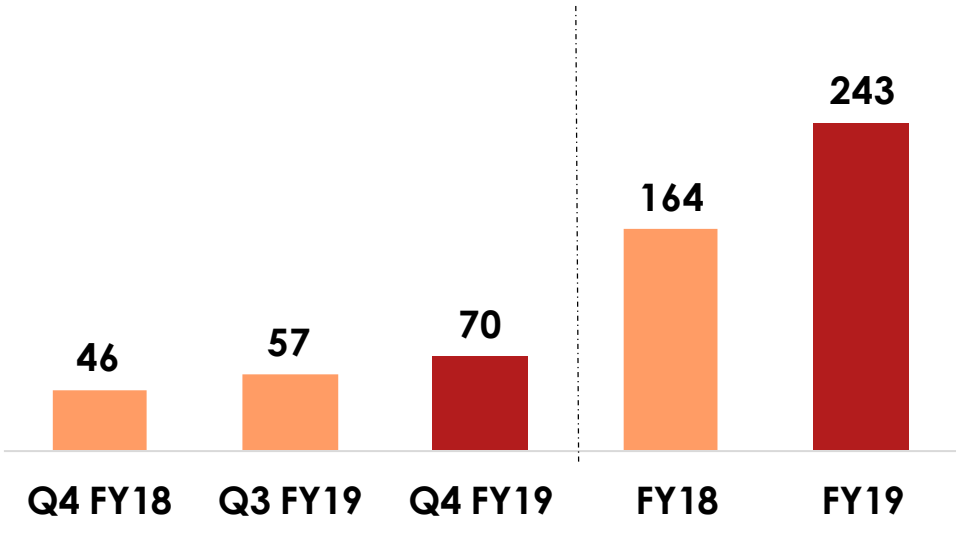
Sales Volume – Copper & VAP

Copper Metal Sales in All Forms (KT)



- Copper Sales in FY19 were down due to lower production impacted by planned maintenance shutdown and related issues

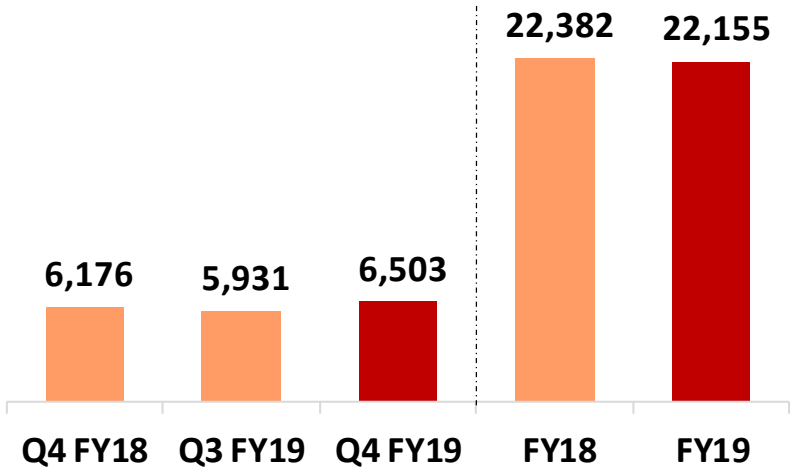
CC Rods (KT)



- CC Rods sales volumes were higher by 48% in FY19 on account of ramp up CCR -3 vs. FY18

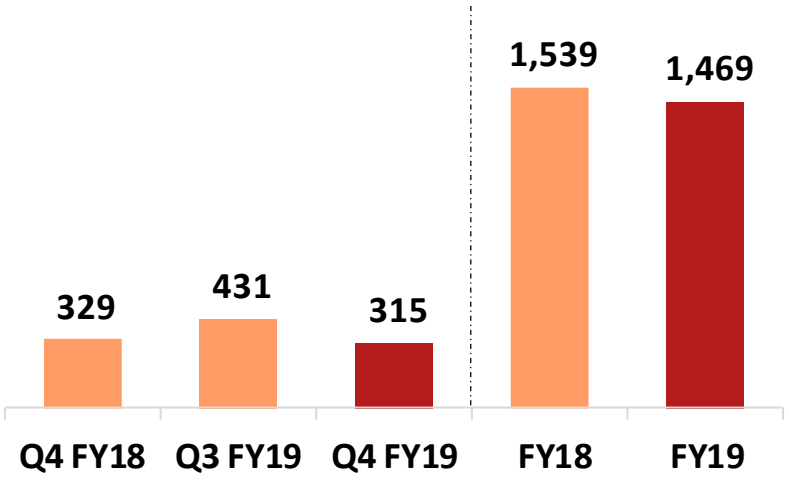
Copper Business – Financial Performance

Revenue (Rs. Crore)



- Revenues were marginally lower in FY19 on account of lower volumes, partially offset by higher by-product realisations

EBITDA (Rs. Crore)

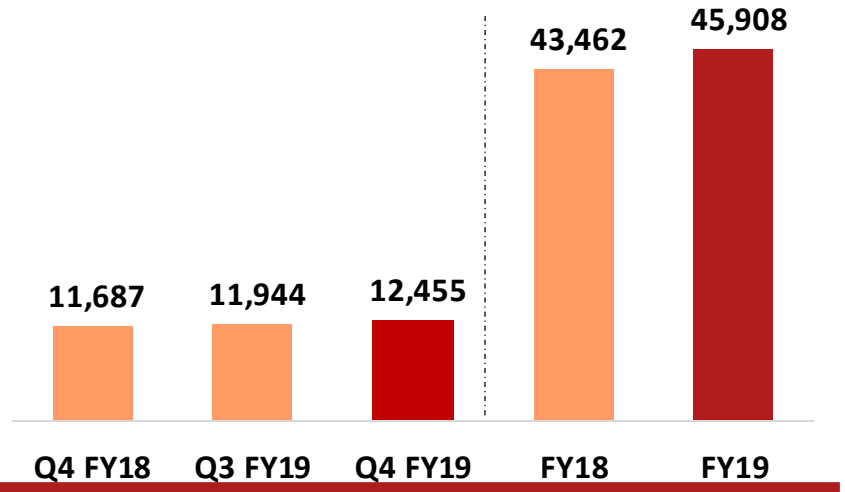


- EBITDA was maintained in FY19 despite lower volumes due to maintenance shutdown and lower realizations

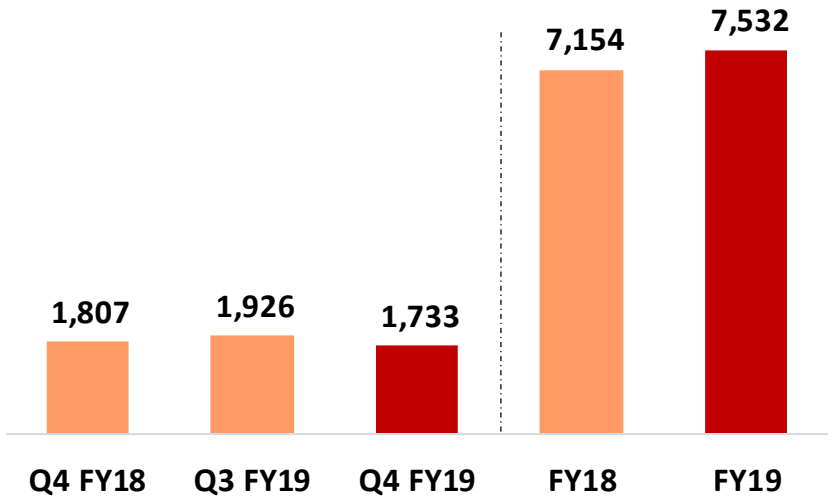
Hindalco : Standalone plus Utkal Alumina

Financial Performance - Hindalco Standalone plus Utkal Alumina

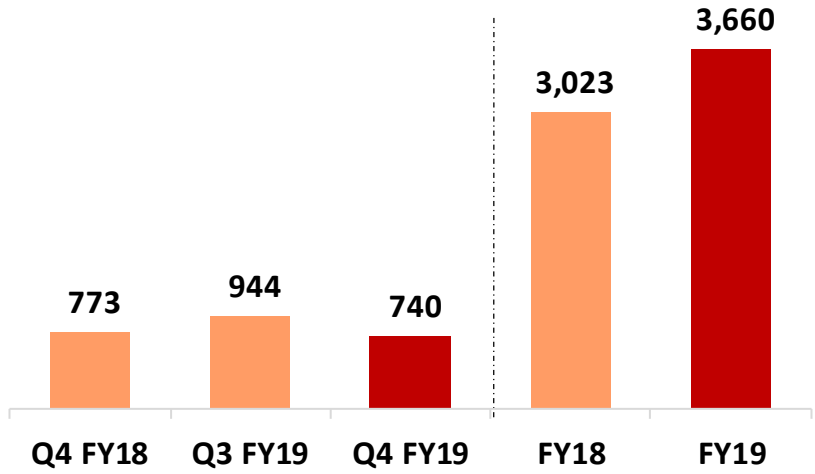
Revenue (Rs. Crore)



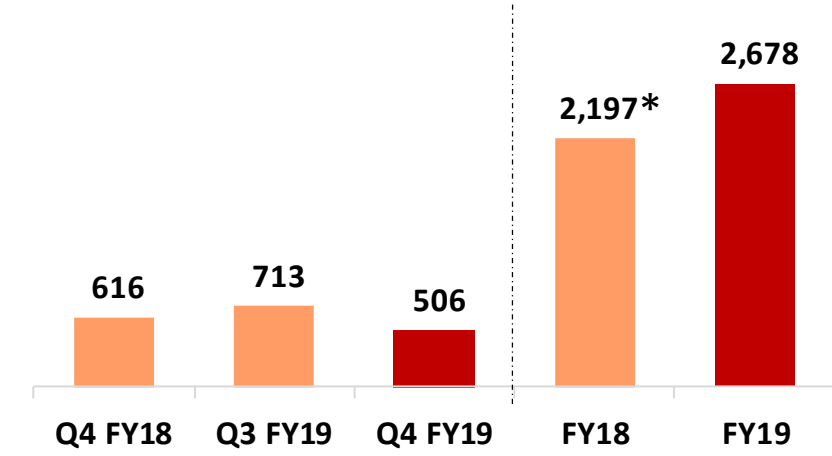
EBITDA (Rs. Crore)



PBT (Before Exceptional Items) (Rs. Crore)



Profit After Tax (Rs. Crore)



*Adjusted for Tax-effected Exceptional Items in FY18

In Summary

Sustainable Business Performance

- Excellent consolidated performance, despite headwinds & uncertainties
- Best ever Financial & Operational performance by Novelis, on the back of higher shipments, better product mix and cost efficiencies
- Continuous focus on improvising operational efficiencies, leading to excellence

Strengthened Balance Sheet

- Consolidated Net Debt to EBITDA at 2.48x at end of March 2019.
- Deleveraging continues at Hindalco – Prepaid project loans of Rs. 1,575 Crore in October 2018

Growth Opportunities

- Novelis all organic expansion projects on schedule.
- Aleris acquisition process is on schedule, various regulatory approvals in progress
- Utkal expansion is on track
- Copper CCR-3 is ramping up well and expected to reach its optimal level

Key Risks

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

Thank You

Appendix

Financial Key Figures – Hindalco Consolidated

(Rs. Crore)

Particulars	FY18	FY19	Change %
Revenue from Operations	**1,15,820**	**1,30,542**	
Business EBITDA			
Aluminium	*4,691*	*5,107*	9%
Copper	*1,594*	*1,516*	-5%
Novelis	*7,903*	*9,194*	16%
Other Income	*837*	*810*	-3%
Total EBITDA	**15,025**	**16,627**	11%
Finance Costs	3,911	3,778	-3%
PBDT	**11,114**	**12,849**	16%
Depreciation	4,606	4,766	3%
Earning before Exceptional Items and Tax	**6,508**	**8,083**	24%
Exceptional Income/ (Expenses) (Net)	1,774	-	
Profit Before Tax (After Exp)	**8,282**	**8,083**	-2%
Tax	2,074	2,588	
Profit/ (Loss) from Continuing Operations	**6,208**	**5,495**	-11%
Associate Profit / (Loss)	(125)		
Profit/ (Loss) After Tax	**6,083**	**5,495**	-10%
Earnings per Share (EPS) - Basic (In Rupees)	**27.3**	**24.7**	-10%

Financial Key Figures – Hindalco Standalone plus Utkal Alumina

(Rs. Crore)

Particulars	Q4 FY18	Q3 FY19	Q4 FY19	YOY Change %	FY18	FY19	YOY Change %
Revenue from Operations	**11,687**	**11,944**	**12,455**	**7%**	**43,462**	**45,908**	6%
Earning Before Interest, Tax and Depreciation (EBITDA)							
Aluminium (includes Utkal)	1,265	1,286	1,043	**-18%**	4,790	5,202	9%
Copper	329	431	315	**-4%**	1,539	1,469	-5%
Others	213	209	375	76%	825	861	4%
Total EBITDA	**1,807**	**1,926**	**1,733**	**-4%**	**7,154**	**7,532**	5%
Finance Costs	500	477	458	-8%	2,215	1,878	-15%
PBDT	**1,308**	**1,449**	**1,275**	-2%	**4,939**	**5,654**	14%
Depreciation	535	505	535	0%	1,916	1,994	4%
PBT before Exceptional Items and Tax	**773**	**944**	**740**	-4%	**3,023**	**3,660**	21%
Exceptional Income/ (Expenses) (Net)	-	-	-		(313)	-	
Profit Before Tax (After Exceptional Item)	**773**	**944**	**740**	-4%	**2,709**	**3,660**	35%
Profit/ (Loss) After Tax	**616**	**713**	**506**	**-18%**	**1,934**	**2,678**	38%

Financial Key Figures – Hindalco Standalone

(Rs. Crore)

Particulars	Q4 FY18	Q3 FY19	Q4 FY19	YOY Change %	FY18	FY19	YOY Change %
Revenue from Operations	**11,687**	**11,944**	**12,373**	6%	**43,446**	**45,749**	5%
Earning Before Interest, Tax and Depreciation (EBITDA)							
Aluminium	920	515	615	-33%	3,708	2,885	-22%
Copper	329	431	315	-4%	1,539	1,469	-5%
Others	213	255	333		825	833	
Total EBITDA	**1,463**	**1,201**	**1,263**	-14%	**6,072**	**5,187**	-15%
Finance Costs	446	434	414	-7%	1,901	1,683	-11%
PBDT	**1,016**	**767**	**849**	-16%	**4,171**	**3,504**	-16%
Depreciation	460	429	460	0%	1,617	1,693	5%
Earning before Exceptional Items and Tax	**556**	**338**	**389**	-30%	**2,554**	**1,810**	-29%
Exceptional Income/ (Expenses) (Net)	-	-	-		(325)	-	-100%
Profit Before Tax	**556**	**338**	**389**	-30%	**2,229**	**1,810**	-19%
Profit/ (Loss) After Tax	**377**	**247**	**236**	-37%	**1,436**	**1,205**	-16%
Earnings per Share (EPS) - Basic (In Rupees)	**1.69**	**1.11**	**1.06**	-37%	**6.45**	**5.41**	-16%

Awards & Recognitions

- ‘Leadership Award in Mega Large Business – Metals Sector’ in the Frost & Sullivan and TERI Sustainability Awards 4.0 - 2018
- "Breaking New Grounds" Award at the Global Diversity Equity Inclusion Summit - Business World along with UNDP and Ask Insights
- FICCI CSR Award 2018 for commendable work done in the field of Agricultural Development at the FICCI CSR Summit and Awards held on 21 February 2019 at New Delhi - Mahan Aluminum
- CII-ITC Sustainability awards 2018 in the category of Excellence in CSR - Mahan Aluminum
- India CSR award 2018 for the third consecutive year, presented by India CSR Network, for Sustainable Livelihood Project in agricultural development - Mahan Aluminium
- Frost & Sullivan - India Manufacturing Excellence Award, 2018 in "Gold" category - Aditya Aluminium
- Frost & Sullivan India Manufacturing Excellence Gold Award - 2018 - Aditya Aluminium
- Top plant of the world – in Coal category awarded by Power magazine for the best coal based CPP, amongst the top 6 power plants in the world - Aditya Aluminium
- Renukoot CSR team awarded with “Times National CSR Award-2018” by CSR Times in Livelihood category.
- National Award for Manufacturing Competitiveness (NAMC) Gold Award - Hirakud
- FAME Excellence Gold Award-2018 for Environment Protection – Hirakud
- Awarded winner in the large enterprise category at “ICC Social Impact Award/ Summit” - Hindalco Birla Copper

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