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[BUSINESSES \(/OUR-BUSINESSES\)](/our-businesses) |
 [INDUSTRIES \(/INDUSTRIES\)](/industries) |
 [SUSTAINABILITY \(/SUSTAINABILITY\)](/sustainability) |
 [INVESTOR CENTRE](/investor-centre) |
 [MEDIA \(/MEDIA\)](/media) |
 [ABOUT US \(/ABOUT-US\)](/about-us)

Hindalco reports Q1 FY19 results

10 August 2018

[Click here to view the results \(/upload/pdf/Q1FY19-Results.pdf\)](/upload/pdf/Q1FY19-Results.pdf)

[Click here to view the presentation \(/upload/pdf/Q1FY19-investor-presentation.pdf\)](/upload/pdf/Q1FY19-investor-presentation.pdf)

Key highlights of Q1 FY19:

PAT doubles to Rs.734 crore for Hindalco standalone plus Utkal Alumina

Highest ever quarterly EBITDA of Rs.1,951 crore for Hindalco standalone plus Utkal Alumina

EBITDA margin at 27 per cent, highest in the last 28 quarters, for Hindalco Aluminium Business including Utkal Alumina

Hindalco standalone plus Utkal Alumina net debt to EBITDA (on TTM basis) improves to 2.57x as on 30 June 2018 from 2.67x as on 31 March 2018

Excellent operational performance at both the businesses; the new copper CCR-3 plant is ramping up as per schedule

Novelis reports highest ever quarterly adjusted EBITDA[#] of US\$332 million; highest ever adjusted EBITDA[#] of US\$417 per tonne this quarter

Novelis PAT at US\$137 million, up 36 per cent vs Q1 FY18

Novelis to acquire Aleris Corp, for an Enterprise Value of US\$2.58 billion

Financial Summary – Q1 FY19

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HIL Standalone plus Utkal Alumina*

	Q1 FY18	Q4 FY18	Q1 FY19
Operations	10,414	11,681	10,670

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OPERATIONS (/OPERATIONS)

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Aluminium	1,132	1,265	1,531
Copper	322	329	335
Others	207	213	85
Total EBITDA	1,661	1,807	1,951
Profit before Exceptional Items and Tax	599	773	1,007
Exceptional Income/ (Expenses) (Net)	(104)	-	-
Profit After Tax	364	616	734

Note:

*The above financials include the relevant numbers of Utkal Alumina International Ltd. (Utkal Alumina) from its unaudited accounts to present a comprehensive view of the business. For this purpose, standard principles of consolidation have been applied by elimination of inter-company transactions and unrealized profit or loss in the inventory. For comparison, previous year numbers have also been presented in a similar manner.

Adjusted EBITDA excludes metal price lag.

Post the applicability of GST with effect from 1 July 2017, revenue is required to be disclosed net of GST as per requirement of Ind AS 18, 'Revenue'. Accordingly, the revenue figures are not comparable with those of the previous periods.

India Business (Hindalco Standalone Plus Utkal Alumina)

The company's revenue (India operations) stood at Rs.10,670 crore for Q1 FY19. It achieved the highest ever quarterly EBITDA



Interest, Tax, Depreciation and Amortisation) of up by 17 per cent compared to Q1 FY18, on the SRM (http://crm.hindalco.com:8010/OA_HTML/hilcrm/login.jsp) Careers (/careers) ng maps, operating excellence and higher by (https://www.linkedin.com/company/hindalco) (https://www.facebook.com/HindalcoIndustries/) tion in the Copper Business. This was despite Contact us (/contact-us)

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interest expense has decreased by 10 per cent and on account of re-pricing of long term project loans and lower payments made during last year. Profit After Tax has doubled to Rs.734 crore in Q1 FY19, up by 102 per cent vs Rs.364 crore in Q1 FY18, driven by higher EBITDA and lower finance costs. Net debt to EBITDA (on TTM basis) at end June 2018 improves to 2.57x from 2.67x at end March 2018.

Key initiatives and project updates

The new Copper Continuous Cast Rod Plant (CCR-3) ramp up is on schedule.

Utkal Alumina's brownfield capacity expansion of 500 Kt is on schedule and is expected to be completed by FY21.

Novelis announced plans of 200 Kt expansion of automotive finishing facility in Guthrie, Kentucky, U.S. and 100 kt in Changzhou, China which are on schedule and are expected to be commissioned in FY21.

Novelis signed a definitive agreement to acquire Aleris Corp of U.S, for an Enterprise Value of US\$2.58 billion. This will further strengthen Novelis' leadership position in the automotive segment and will mark its entry into the high-end aerospace segment.

Business highlights – Q1 FY19

Aluminium (Hindalco Plus Utkal Alumina)

The Aluminium revenue for Q1 FY19 stood at Rs.5,667 crore. EBITDA was Rs.1,531 crore in Q1 FY19, up 35 per cent compared to Rs.1,132 crore in Q1 FY18. This increase was on account of better realisations and stable plant operations. The company achieved consistent Aluminium metal production of 323 Kt in Q1 FY19, as its plants continued to operate at peak designed capacities. Alumina (including Utkal Alumina) production was marginally lower at 695 Kt vs 724 Kt in the corresponding period last year. Aluminium Value Added Products (VAP, including wire rod) production was at 113 Kt

Q1 FY19 results Q1 FY18. This level was sustained, despite challenges



increasing flow of imports.

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in Copper segment was at Rs.5,006 crore in Q1

Q1 FY19 vs Rs.4,923 crore in Q1 FY18. This was impacted due to lower

volumes on account of a planned maintenance shutdown in Q1 FY19, at one of the smelters. The realisations in the by-products viz.

DAP and sulphuric acid were higher, leading a higher EBITDA of

Rs.335 crore in Q1 FY19 vs Rs.322 crore in Q1 FY18. The Tc/Rc

was marginally lower in Q1 FY19 vs the corresponding period of the earlier year.

The overall production in Copper Business was 81 Kt in Q1 FY19 vs

109 kt in Q1 FY18. CC Rod production was at 60 Kt in Q1 FY19

compared to 39 Kt in Q1 FY18, up 55 per cent due to ramp-up of

the new CCR-3 facility. DAP production was getting back to normal

at 70 kt in Q1 FY19 vs 30 kt in Q4 FY18 and 67 kt in Q1 FY18.

Novelis Inc:

Novelis' revenues grew 16 per cent to US\$3.1 billion, on the wings

of higher average aluminium prices, higher shipments and better

product mix. The total shipments of flat rolled products (FRP) is up

by 2 per cent to 797 Kt. It achieved the highest ever quarterly

adjusted EBITDA (excluding metal price lag) of US\$332 million in

Q1 FY19, up 15 per cent, compared to US\$289 million in Q1 FY18.

The key growth stimulants were higher automotive sheet

shipments, operating efficiencies, with higher recycled contents and

better cost management. Novelis achieved its highest ever

quarterly adjusted EBITDA of US\$417 per tonne in Q1 FY19 vs

US\$368 in Q1 FY18, up by 13 per cent YoY.

Novelis' net income was at US\$137 million in Q1 FY19, up by 36 per

cent compared to US\$101 million in Q1 FY18.

Management Comments:

In line with its commitment of continuous and profitable growth,



delivered a strong and robust quarter, with

financial performance on the back of supporting

realisations and stable operations despite

rising from higher input costs and increased in

copper segments.

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[SUSTAINABILITY \(/SUSTAINABILITY\)](/sustainability)

[INVESTORS \(/INVESTOR-CENTRE\)](/investor-centre)

[OPERATIONS \(/OPERATIONS\)](/operations)

[MEDIA \(/MEDIA\)](/media)

[ABOUT US \(/ABOUT-US\)](/about-us)

About Hindalco Industries Limited:

Hindalco Industries Limited (HIL), the metals flagship company of

the Aditya Birla Group, is a leading player in aluminium and copper

manufacturing. It is the world's largest aluminium rolling company

and one of Asia's biggest producers of primary aluminium. In India,

the company's aluminium units across the country encompass the

gamut of operations from bauxite mining, alumina refining, coal

mining, captive power generation and aluminium smelting to

downstream value addition of aluminium rolling, extruding and

foils. Birla Copper, the company's copper facility comprises a world-

class copper smelter, downstream facilities, a fertiliser plant and a

captive jetty. The copper smelter is among the world's largest

custom smelters at a single location. Birla Copper produces copper

cathodes and continuous cast copper rods along with other by-

products. Novelis Inc., HIL's wholly-owned subsidiary, is the global

leader in aluminium rolled products and the world's largest recycler

of aluminium. Novelis has 24 operating plants in 10 countries and

across four continents.

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