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Hindalco reports Consolidated Q1FY21 Results

just 2020



Steady operational performance and diversified product portfolio help mitigate the impact of COVID-19

[Click here to view the results \(/upload/pdf/hindalco-q1fy20-21-financial-results.pdf\)](/upload/pdf/hindalco-q1fy20-21-financial-results.pdf)

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Key Highlights of Q1FY21 (vs Q1 FY20)

Steady Aluminium India metal sales at 303 Kt (vs 320 Kt)

Sustained Aluminium India Business EBITDA at Rs.856 crore (vs Rs.853 crore)

An industry-best EBITDA margin of 19.3%, up 380 bps in Aluminium India Business

Achieved record automotive shipments in Asia in Novelis

Novelis Adjusted EBITDA² at \$253* million; Adjusted EBITDA per ton² at \$327*

Completed acquisition of Aleris on April 14 and began integration to drive synergies

Consolidated Business EBITDA at Rs. 2,813 crore (vs Rs.3,730 crore)

Consolidated PAT for continuing businesses before tax-effected exceptional³ and special items¹ at .139 crore (vs Rs.1,189 crore)

MUMBAI, August 14, 2020: Hindalco Industries Limited, a global leader in aluminium and copper, today announced consolidated results for the quarter ended June 30, 2020. The Company reported steady quarterly results, driven by a strong performance by India Aluminium Business, supported by lower input costs, stability in operations, and cost-saving actions.

After four consecutive years of record earnings, Novelis reported a net income (excluding tax-effected items) of \$22 million in Q1FY21. While Novelis' financial results were impacted by the COVID-19 pandemic, its performance was steadied by beverage can market resiliency and encouraged by the upward monthly demand trend in the automotive and specialty markets.

*As per US GAAP

¹Tax-effected special items includes purchase price accounting adjustments, restructuring & impairment costs, metal price lag, charitable donations and business acquisition & integration



lovelis.


numbers include Aleris.

for post-tax impact of exceptional item of ex-gratia paid to employees for their contribution during COVID-19 pandemic in India.

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Consolidated Financial Highlights for the Quarter ended 30 June 2019

Particulars	(Rs. crore)		
	Q1 FY20	Q4 FY20	Q1 FY21
Revenue from Operations	29,972	29,318	25,283
Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA)			
Novelis*	2,587	2,773	1,919
Aluminium	853	1,043	856
Copper	307	406	37
All Other Segments	(17)	(6)	1
Business EBITDA	3,730	4,216	2,813
Unallocable Income/ (Expense) - (Net) & GAAP Adjustments	39	(43)	(454)
EBITDA	3,769	4,173	2,359
Finance Costs	957	1,429	992
PBDT	2,812	2,744	1,367
Depreciation & Amortisation (including impairment)	1,235	1,349	1,551
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	1	-	3
PBT before Exceptional Items and Tax	1,578	1,395	(181)
Exceptional Income/ (Expenses) (Net)	(22)	-	(419)



: Before Tax (After Exceptional Item)	1,556	1,395	(600)
	493	727	(31)
/ (Loss) from Continuing Operations	1,063	668	(569)
Profit/ (Loss) from Discontinued Operations	-	-	(140)
Profit/ (Loss) After Tax	1,063	668	(709)

**As per US GAAP; Q1 FY21 Hindalco consolidated financials include Aleris*

Commenting on the results, Mr. Satish Pai, Managing Director, Hindalco Industries Ltd., said, "I am pleased at our ability to forge ahead despite the weak post-COVID market scenario. All our Aluminium India smelters operated at more than 90% capacity during the lockdown. We maintained our sales volumes, with exports accounting for nearly 80% of sales. This performance led to our Indian Aluminium Business recording an industry-high EBITDA margin.

Novelis also delivered an industry-high EBITDA per ton, amidst a challenging business environment, partly due to strong contribution by Aleris. Novelis' automotive customers across regions are trending upwards, towards reaching pre-pandemic production levels, with record automotive shipments in China. We are seeing green shoots both in domestic and international markets and we are ready to handle the rise in demand."

Business segment performance in Q1FY21 (vs. Q1FY20)

Novelis (including Aleris).

Novelis recorded a quarterly adjusted EBITDA of \$253 million in Q1 FY21 vs \$372 million, and an Adjusted EBITDA per ton of \$327 vs \$448/ton in the year-ago quarter. This was impacted by lower shipments and unfavourable product mix, but partially offset by good cost control and EBITDA contribution from the acquired Aleris business. Novelis reported a Net Income (excluding tax-effected special items¹) of \$22 million in Q1FY21 vs \$145 million. Revenue was at \$2.4 billion in Q1FY21 (vs \$2.9 billion). Total shipments of flat rolled products (FRPs), at 774 Kt in Q1FY21 (vs 830Kt), were impacted by subdued market conditions on account of COVID.

Aluminium (India)



EBITDA stood at Rs.856 crore in Q1FY21, compared with Rs.853 crore for the same quarter last year. The EBITDA was

ained despite macro uncertainties amid COVID-19. The EBITDA margin of 19.3% was one of the best in the industry. All

rs and major refineries continued to operate during the lockdown. Reported revenue of ₹4,436 crore in Q1FY21 vs

90 crore in Q1FY20, was down 19% due to lower aluminium prices. With smelter utilisation at 90% in Q1FY21, Indian

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Aluminium Business achieved aluminium metal production of 291 Kt (vs 326 Kt). Aluminium metal sales were at 303 Kt in Q1FY21, down 5% year-on-year, due to the impact of the subdued domestic market, which was offset by higher exports.

Enhanced thrust on fixed cost reduction, better operational efficiencies and lower input costs led to a reduction in cost of production of aluminium metal in Q1 FY21. Aluminium VAP (excluding wire rods) sales volumes in the first quarter were at 35 Kt vs 77 Kt same quarter last year, down 55%, due to subdued market conditions.

Copper

Copper cathode production in Q1FY21 was impacted by disruptions in operations due to COVID-19, leading to lower production at 41 Kt, down 46%. Total copper metal sales were lower by 29%, at 58 Kt, and Copper Value Added Product (CC Rods) sales were down 51% at 31Kt, impacted by lower domestic demand. However, cathode exports in Q1FY21 were higher at 25Kt. DAP (fertiliser) sales volume was up 230% driven by robust demand in Q1FY21. The higher volumes were met through imports as the DAP plant was under planned maintenance shutdown. EBITDA in Q1FY21 was Rs.37 crore compared to Rs. 307 crore in the corresponding quarter last year. Revenue from the Copper Business stood at Rs.3,031 crore in the first quarter compared to Rs. 4,593 crore in the same quarter last year, lower by 34%, due to lower volumes and realisation, both of copper and by-products.

Consolidated²

Consolidated Business EBITDA was at Rs.2,813 crore in Q1FY21 (vs Rs. 3,730 crore). Consolidated Revenue for the first quarter of FY21 stood at Rs. 25,283 crore (vs Rs. 29,972 crore). PBT for continuing operations before exceptional and special items¹ was Rs.274 crore (vs Rs.1,718 crore), PAT for continuing operations before tax-effected exceptional³ and special items¹ was Rs.139 crore (vs Rs.1,189 crore). The consolidated net debt to EBITDA ratio was 3.83x on June 30, 2020, vs 2.61x on March 31, 2020.

COVID-19 Update

Hindalco has been mitigating the impact of the pandemic through planned initiatives, along with strict precautionary actions to protect its people and operations.

All the aluminium smelters and major refineries operated at near full-scale. Its downstream plants operated at optimal capacity



to meet existing market demand. The Indian aluminium operations exported nearly 80% of its production and maintained its volumes. To keep its cash position strong against market volatility, the Company implemented various cost-saving measures by optimizing expenditure.

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With the lockdown restrictions started easing in phases, Hindalco exercised utmost caution and continued to operate its plants with minimal staff and stringent safety measures in place.

Early in the quarter, Novelis had had to temporarily shut down some of its facilities to align with customer demand and reduce operating costs. However, as many customers resumed production in May, Novelis was able to safely and reliably ramp back production to meet increasing order levels. Today, all of its plants are operational and many are running at almost full capacity utilization.

Business Updates

Novelis completed the acquisition of Aleris on April 14, 2020, and the integration process has begun. Divestment procedures for automotive assets in Lewisport in the U.S. and Duffel in Europe are underway.

The expansion in Brazil to support Novelis' beverage can business continues to progress with commissioning expected in FY22.

Novelis' Automotive finishing line expansion at Guthrie, Kentucky, expected to commission in early FY22.

With demand from Automotive Customers in China at near pre-COVID levels, Novelis re-started the final commissioning phase of the Changzhou, China, expansion, targeting customer qualification in Q3FY21.

Utkal Alumina's capacity expansion of 500 Kt is expected to be commissioned in Q4FY21.

About Hindalco Industries Limited

Hindalco Industries Limited is the metals flagship company of the Aditya Birla Group. A \$16.7 billion metals powerhouse, Hindalco is the world's largest aluminium rolling and recycling company, and a major player in copper. It is also one of Asia's largest producers of primary aluminium. Guided by its purpose of building a greener, stronger, smarter world, Hindalco provides innovative solutions for a sustainable planet. Its wholly-owned subsidiary Novelis Inc. is the world's largest producer of aluminium beverage can stock and the largest recycler of used beverage cans (UBCs). Hindalco's copper facility in India 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. Hindalco's global footprint spans 47 manufacturing units across 10 countries.



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