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# Hindalco reports consolidated Q4 and FY20 results

Quarter 4 2020



[Click here to view the presentation \(/upload/pdf/hindalco-Q4FY19-20-investor-presentation.pdf\)](/upload/pdf/hindalco-Q4FY19-20-investor-presentation.pdf)

[Click here to view the results \(/upload/pdf/hindalco-q4-fy20-results.pdf\)](/upload/pdf/hindalco-q4-fy20-results.pdf)

***Novelis records best-ever quarterly EBITDA and EBITDA per ton***

***Hindalco Aluminium Business' Q4 and FY20 EBITDA margins best in the industry***

## Key Highlights of Q4FY20 (vs. Q4 FY19)

Record quarterly Novelis Adjusted EBITDA at US\$383 million, up 7 per cent YoY

Record quarterly Novelis Adjusted EBITDA per ton at US\$472\*, up 15 per cent YoY

Novelis Net Income (excluding tax-effected special items<sup>1</sup>) at US\$153\* million, up 18 per cent YoY

Hindalco Aluminium Business (including Utkal Alumina) EBITDA at Rs.1,039 crore, up 3 per cent YoY; EBITDA margin at an industry high of 20 per cent

Copper EBITDA at Rs.406 crore, up 9 per cent YoY; EBITDA margin at 9 per cent

Consolidated EBITDA at Rs.4,173 crore (vs. Rs.3,938 crore), up 6 per cent YoY; EBITDA margin at 14 per cent

## Key Highlights of FY2020 (vs. FY2019)

4th consecutive year of record Novelis Adjusted EBITDA at US\$1,472\* million, up 8 per cent YoY

Highest-ever Novelis Adjusted EBITDA per ton at US\$450\*, up 7 per cent YoY

Highest metal sales for Hindalco Aluminium (including Utkal Alumina) at 1,290 Kt (vs. 1,274 Kt), up 1 per cent YoY

Hindalco Aluminium (including Utkal Alumina) EBITDA margin at an industry high of 17 per cent

Hindalco Consolidated EBITDA at Rs.15,536 crore (vs. Rs.16,627 crore), down 7 per cent

Hindalco Consolidated Net Debt to EBITDA at 2.61x as of 31 March 2020 (vs. 2.48x as of 31 March 2019)

\*As per US GAAP



ected special items include restructuring and impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt, loss/gain on sale of business

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co Industries Ltd., a global leader in aluminium and copper, today announced consolidated results for the fourth quarter  
ll-year ended 31 March 2020.

(/) The company reported strong quarterly results driven by a record performance by Novelis, supported by lower input costs and stable operations in the Indian businesses. Despite rising uncertainty on account of COVID-19, Novelis recorded its best-ever EBITDA, while the Indian Aluminium business delivered EBITDA margins for the quarter and full-year, that outperformed the industry.

### Consolidated financial highlights for the quarter and full year ended 31 March 2020

(Rs. crore)					
Particulars	Q4 FY19	Q3 FY20	Q4 FY20	FY19	FY20
<b>Revenue from Operations</b>	33,745	29,197	29,318	1,30,542	1,18,144
<b>Earning Before Interest, Tax, Depreciation &amp; Amortisation (EBITDA)</b>					
Novelis*	2,517	2,446	2,773	9,565	10,435
Aluminium	1,010	1,036	1,039	5,096	3,729
Copper	373	256	406	1,683	1,276
All Other Segments	(34)	(6)	(1)	(76)	(16)
Unallocable Income/ (Expense) - (Net) & GAAP Adjustments	72	(56)	(44)	359	112
<b>Total EBITDA</b>	3,938	3,676	4,173	16,627	15,536
Finance Costs	975	889	1,429	3,778	4,197
<b>PBDT</b>	2,963	2,787	2,744	12,849	11,339
Depreciation & Amortisation (including impairment)	1,236	1,302	1,349	4,766	5,135
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	(2)	2			4

Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)		(₹)	₹	-	-	4
	before Exceptional Items and Tax	1,725	1,487	1,395	8,083	6,208
	Exceptional Income/ (Expenses) (Net)	-	(6)	-	-	(284)
<b>Profit Before Tax (After Exceptional Item)</b>		1,725	1,481	1,395	8,083	5,924
<b>Profit/ (Loss) After Tax</b>		1,178	1,062	668	5,495	3,767
<b>Note:</b> *As per US GAAP						

Commenting on the results, Mr. Satish Pai, Managing Director, Hindalco Industries Ltd., said, “We attribute our strong fourth quarter results to our sustained focus on cost control and better efficiencies, as well as, our proactive and precautionary measures during the pandemic. Our EBITDA margins were the best in the industry despite significant market uncertainty. This shows the extent of Hindalco’s resilience to perform in all market environments. Currently, around 80 per cent of Hindalco’s consolidated FY20 EBITDA is LME-delinked, a clear affirmation of our diversified, value-added portfolio. We are confident our business model and strategic critical investments will strengthen business for the long-term. Volatile environments will continue to test the industry but we believe our strategic focus on future proofing operations will continue to raise our performance above the sector.”

## Business segment performance in Q4FY20 (vs. Q4FY19)

### Novelis Inc.

Novelis delivered yet another record quarterly performance for Q4FY20, driven by portfolio optimisation efforts and better cost efficiencies coupled with favourable demand for lightweight, sustainable aluminium solutions across end-markets. Novelis recorded its highest-ever quarterly adjusted EBITDA of US\$383 million, a growth of 7 per cent over the prior year. Q4FY20 Adjusted EBITDA per ton touched a record high of US\$472, up 15 per cent year-on-year. Novelis reported a Net Income (excluding tax-effected special items) of US\$153 million in Q4FY20, an increase of 18 per cent over Q4FY19. Revenue was down 12 per cent year-on-year at US\$2.7 billion in Q4FY20, mainly driven by lower average global aluminium prices and local market premiums. Total shipments of flat rolled products (FRPs) were at 811 Kt, in Q4FY20, lower by 7 per cent year-on-year.



## Aluminium (including Utkal Alumina)

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Aluminium stood at Rs.1,039 crore in Q4FY20, compared to Rs.1,010 crore in Q4FY19, up 3 per cent year-on-year. EBITDA margin of 14 per cent in the fourth quarter set an industry benchmark amid a challenging macro environment. Reported revenue of Rs.5,284 crore in Q4FY20 (vs. Rs.5,953 crore in Q4 FY19) was down 11 per cent due to low aluminium prices. Stable operations in the Indian Aluminium Business helped achieve Aluminium metal production of 327 Kt, up 2 per cent year-on-year. Aluminium Metal sales were at 314 Kt in Q4FY20, down 3 per cent year-on-year, due to the lockdown effect. Aluminium VAP (excluding wire rods) sales volumes in the fourth quarter were at 76 Kt vs. 83 Kt for the same quarter last year. Utkal Alumina refinery recorded its highest-ever quarterly production of 441 Kt in this quarter.

### Copper

EBITDA in Q4FY20 was at Rs.406 crore compared to Rs.373 crore in Q4FY19, higher by 9 per cent year-on-year. Revenue from the Copper Business was Rs.4,717 crore in the fourth quarter compared to Rs.6,513 crore in the same quarter last year, lower by 28 per cent due to lower realisations and volumes. Total copper metal sales were lower by 14 per cent, at 86 Kt in Q4FY20, vs. 100 Kt in the year-ago quarter, impacted by the lockdown effect in March'20. Copper Value Added Product (VAP) recorded the highest-ever quarterly production at 71 Kt, up 15 per cent year-on-year. Copper VAP sales in Q4FY20 were up 4 per cent at 73 Kt vs. 70 Kt in the year-ago quarter, despite tough market conditions. The share of VAP to total metal sales rose to 86 per cent in this quarter.

### Fourth Quarter Consolidated Results

Total EBITDA was at Rs.4,173 crore in Q4FY20 (vs. Rs.3,938 crore in Q4FY19), higher by 6 per cent year-on-year. Consolidated EBITDA margin in Q4FY20 stood at 14 per cent vs. 12 per cent in Q4FY19. Consolidated Revenue for the fourth quarter of FY20 stood at Rs.29,318 crore compared to Rs.33,745 crore for the same quarter last year. Consolidated Profit before Exceptional Items and Tax (PBT) was Rs.1,395 crore in Q4FY20 compared to Rs.1,725 crore in the same quarter of the previous year, down 19 per cent, mainly due to Novelis' refinancing cost of Rs.568 crore in Q4FY20. Profit After Tax (PAT) in the fourth quarter stood at Rs.668 crore, down 43 per cent, compared to the corresponding quarter of the previous year. The consolidated net debt to EBITDA ratio was 2.61x as of 31 March 2020 vs. 2.48x on 31 March 2019.

### Covid-19 Update



ndalco ecosystem comprises integrated operations from mining, refining, smelting to downstream plants for value-added products.

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### (i) Operations

As part of continuous process manufacturing, Hindalco's four aluminium smelters and the Utkal alumina refinery in India operated at near full capacity during the lockdown. The company's coal and bauxite mines also operated at regular scale. More than 80 per cent of the total output is being exported to minimise inventory build-up and to absorb plant fixed costs.

Aluminium downstream plants had shut down initially, except for two that continued to operate and serve essential sector customers. Downstream operations have resumed at reduced capacity to meet existing market demand.

After initial temporary shutdowns, Hindalco's Copper smelters, CC Rods and DAP plants have re-started operations and are now stabilising to reach optimal levels.

In the U.S., Novelis has experienced increased disruption to its global aluminium production and supply chain – including the shutdown of some of its plants – due to government decrees and some customers temporarily shutting down their own manufacturing facilities.

### (ii) Customers

In spite of the operational challenges, Hindalco continued to serve its customers in essential industries, by reorienting supply chains to offer uninterrupted supplies from its warehouses and its operating plants. During the lockdown, Hindalco produced aluminium foil for pharmaceutical packaging of Chloroquine Phosphate and Hydroxychloroquine sulphate tablets and other critical drugs. Hindalco aluminium was used in manufacturing components of life-saving ventilators, components of X-ray and CT scan machines, COVID testing booths and other hospital equipment, Personal Protection Equipment (PPE) kits and sanitiser stands.

### (iii) Employees

Hindalco-Novelis prioritised the health and safety of the workforce by providing work-from-home option to majority of employees in offices, running plant operations with reduced staff, moving a number of employees into the plants to minimise

travel, staggering shifts in plants, following strict social distancing, hygiene and safety protocols, and ensuring rigorous cleaning



initiation of all facilities, colonies, staff buses, etc. The company continues to take all possible precautions to keep employees safe and operations at bay.

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## Communities

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Hindalco has taken on the responsibility of sanitising and supporting villages around its plants. The company supplied food, groceries and other essentials to the communities through its CSR teams. In addition, the company has distributed over 3,72,000 masks till date, is managing 51 quarantine centres, and has converted its hospital at Utkal Alumina in Odisha into a Level-1 COVID hospital. The company's Renukoot plant hospital in Uttar Pradesh has been notified for preparedness as a Level-2 COVID hospital.

Novelis extended strong support to response and recovery efforts, and has directly provided 28 non-profits including local hospitals and food banks, with resources to keep communities safe. Novelis has also made an in-kind contribution of aluminium to manufacture 76 ventilator cradles to aid medical professionals in providing care for COVID-19 patients in Brazil.

## Business Updates

Novelis completed the acquisition of Aleris on 14 April 2020, and the integration process to drive synergies and unlock value, has begun. Divestment procedures for automotive assets in Lewisport in the US and Duffel in Europe are underway.

Novelis remains committed to advancing all organic expansion projects in the U.S., China and Brazil.

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

Muri Alumina refinery re-started operations in December 2019 and is ramping-up production.

## About Hindalco Industries Limited

Hindalco Industries Limited is the metals flagship company of the Aditya Birla Group. A US\$ 16.7 billion metals powerhouse, Hindalco is the world's largest aluminium rolling and recycling company, and a major copper player. 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 es, a fertiliser plant and a captive jetty. The copper smelter is among the world's largest custom smelters at a single on. Hindalco's global footprint spans 47 manufacturing units across 10 countries.

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