



Media Release

Mumbai, July 26, 2018

Hindalco to Acquire Aleris at an EV of US\$ 2.58 Billion

***“This will solidify our position as the World’s No.1 Aluminium Value-Added Products player”,
says Mr. Kumar Mangalam Birla, Chairman, Aditya Birla Group.***

- Acquisition multiple of 7.2x at an expected EBITDA of US\$ 360 million
- Consolidated Net Debt to EBITDA expected to be below 3.5x at the time of closing
- Aleris has a global footprint with manufacturing facilities in Europe, the U.S. and Asia
- Strengthens Novelis’ leadership position in the fastest growing automotive segment with best in class assets in Lewisport, U.S. and Duffel, Belgium
- Marks Novelis’ entry into the high-end aerospace segment, with technological capabilities in manufacturing and research & development in Aleris’ facility in Koblenz, Germany
- Fully integrated metal value-chain play in high growth Asian market with Aleris’ modern Zhenjiang China facility
- The Indian Aluminium Value Added Products (VAP) business will draw capabilities for the Building & Construction (B&C) segment

Hindalco’s wholly owned subsidiary, Novelis Inc, today announced signing of a definitive agreement to purchase Aleris Corporation, a global aluminium rolled products major, headquartered in the United States, for US\$ 2.58 billion in a debt finance deal.

Says Mr. Kumar Mangalam Birla, Chairman, Hindalco “Over a decade ago, with the Novelis acquisition Hindalco leap frogged into the global arena of the Aluminium Industry. It made Hindalco a global multinational and brought with it top-tier international customers and best in class capabilities in aluminium value-added products. Since then, Novelis has grown significantly and continues to be the global leader in its markets. The acquisition of Aleris is the next phase of our aluminium value added products growth strategy. This will solidify our position as the world’s No.1 aluminium Value-Added Products player. Post this acquisition, we are well placed to serve our customers across geographies in automotive and now the high-end aerospace segments. We will have presence throughout the downstream aluminium value chain in Asia, positioning us for future growth in the region. This also enhances the access to world class



manufacturing capabilities for our existing Indian aluminium value added operations and accelerates our path to making world class products in India.”

Since Hindalco’s US\$ 6 Billion acquisition of Novelis in August 2007, Novelis has further invested US\$ 2 Billion in the business over the last decade. The focus has been on building an early mover position in the automotive markets, creating differentiation through its sustainable operating model of recycling and deepening its commitment to future growth markets in South America and Asia. As a result, Novelis today is the world’s number 1 Company in the aluminium value added products segment in terms of size and in segments like Automotive and Beverage Can and its earnings have grown many fold since its acquisition.

At a market segment level, the acquisition enriches the portfolio with the fast growing automotive segment and entry into the high-end technology driven aerospace segment. Moreover, access to the continuous-cast capabilities would enhance Hindalco’s competitive position in the Building and Construction (B&C) segment. From a footprint perspective, Aleris has a wide base of manufacturing locations. This not only deepens the combined entity’s presence in developed markets like the US and Europe, but it also positions Novelis well in the emerging markets of Asia. Aleris has invested approximately US\$ 900 million in the last few years in the automotive and aerospace businesses. The ramp-up of these capacities in the near-term will significantly bolster Novelis’ growth across regions and market segments. As a result, Novelis will have a further diversified business portfolio across regions, segments and customers.

The calibre of Aleris’s capabilities is validated by long-term contracted business from blue chip-customers in sectors like Automotive and Aerospace. Koblenz, Germany is Aleris’ global hub of research & development and has the vintage and track record of developing and producing world class products for more than 50 years – this will significantly add to Novelis’ strength in its R&D Centre across the Atlantic in Kennesaw, US, bringing new alloy and manufacturing expertise enabling it to stay ahead of the markets in the future.

Aleris’ modern Zhenjiang facility located proximate to Novelis’ facility in Changzhou enhances Novelis’ competitive position in Asia by giving it access to SHFE (Shanghai Futures Exchange) metal integration and strengthening its market leadership as an aluminium sheet supplier in the world’s largest and fastest growing automotive market where electric vehicle demand is expected to grow significantly requiring lightweight materials like aluminium for both batteries and car bodies.

Aleris is the market leader in the B&C segment in the US, driven mainly by its unique recycling enabled continuous cast technology at Uhrichsville and other plants in the US. This is traditionally a highly



competitive market segment, but Aleris' quality and responsiveness has helped it sustain leadership in these markets over the years.

Aleris is in early stages of ramping up its automotive investments in Lewisport, US. This plant draws its technological and manufacturing expertise in automotive from the well-established auto plant in Duffel, Belgium. This ramping up of asset overcomes the time lag for Novelis to build new plants and helps it serve customers in the fast growing US aluminium automotive market.

The acquisition adds to Hindalco's ability to bring in the latest capabilities in aluminium value added products to India. The Indian aluminium market is at the cusp of growth given the evolving state of per capita GDP vs Aluminium consumption in the country - similar exponential growth was witnessed in China a decade ago. In these early stages of growth and fuelled by the government's Make-in-India campaign, segments like B&C and transportation are likely to grow significantly. Given its synergy with Novelis, Hindalco has become the market leader in aluminium value added products in India and is poised to capture this growth in the future. Further, Aleris' expertise in this segment will give Hindalco's India Aluminium value added products business an edge over local competition while enabling it to compete with global players foraying into the lucrative Indian market.

Proforma Consolidated revenues will be at approximately \$21 billion with an employee base of around 40,000. The details of the major manufacturing facilities are listed below.

This acquisition of Aleris Corp. by Novelis Inc. is subject to customary closing conditions and regulatory approvals.

Statements in this "Media Release" describing the company's objectives, projections, estimates, expectations or predictions 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.

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.

About Novelis Inc:



Novelis Inc., HIL's wholly-owned subsidiary, Novelis Inc. is the global leader in aluminium rolled products and the world's largest recycler of aluminium. The company is headquartered in Atlanta, Georgia, operates in 10 countries, has approximately 11,000 employees and had \$11.5 billion in revenue for its 2018 fiscal year. Novelis supplies premium aluminium sheet and foil products to transportation, packaging, construction, industrial and consumer electronics markets throughout North America, Europe, Asia and South America

About Aleris Corp:

Aleris is a privately held company and is amongst the leading producers in aluminium rolled products globally. Headquartered in Cleveland, Ohio, Aleris operates 13 production facilities in North America, Europe and Asia. For more information, visit www.aleris.com.

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On Completion of acquisition of Aleris the overall capacities across location and geographies will be as under:

<u>Novelis Inc – 3.3 Million Tonne*</u>	<u>Aleris Corp – 1.0 Million Tonne*</u>
<p>North America</p> <ol style="list-style-type: none"> 1. Berea, Kentucky 2. Fairmont, West Virginia 3. Greensboro, Georgia 4. Kingston, Ontario 5. Logan, Kentucky (JV) 6. Oswego, New York 7. Terre Haute, Indiana 8. Warren, Ohio <p>South America</p> <ol style="list-style-type: none"> 9. Pindamonhangaba, Brazil 10. Santo Andre, Brazil <p>Europe</p> <ol style="list-style-type: none"> 11. Bresso, Italy 12. Crick, United Kingdom 13. Göttingen, Germany 14. Latchford, United Kingdom 15. Ludenscheid, Germany 16. Nachterstedt, Germany 17. Neuss, Germany (JV) 18. Ohle, Germany 19. Pieve, Italy 20. Sierre, Switzerland <p>Asia</p>	<p>Automotive</p> <ol style="list-style-type: none"> 1. Duffel, Belgium (Europe) 2. Lewisport, Kentucky (U.S.) 3. Voerde, Germany (Europe) <p>Aerospace</p> <ol style="list-style-type: none"> 4. Koblenz, Germany (Europe) 5. Zhenjiang, China (Asia) <p>Continuous Cast (Building & Construction and Recycling)</p> <ol style="list-style-type: none"> 6. Ashville, U.S. 7. Buckhannon, U.S. 8. Clayton, U.S. 9. Davenport, U.S. (Facility-1) 10. Davenport, U.S. (Facility-2) 11. Lincolnshire, U.S. 12. Richmond, U.S. 13. Uhrichsville, U.S. <p><u>Hindalco India# (Value Added Products) – 0.4 Million Tonne*</u></p> <ol style="list-style-type: none"> 1. Alupuram, Kerala 2. Belur, West Bengal 3. Hirakud, Odisha 4. Mouda, Maharashtra



<p><u>21.</u> Binh Doung, Vietnam</p> <p>22. Changzhou, China</p> <p>23. Ulsan, South Korea (JV)</p> <p><u>24.</u> Yeongju, South Korea</p>	<p>5. Renukoot, Uttar Pradesh</p> <p>6. Taloja, Maharashtra</p>
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* Production will depend on actual product-mix.

India Aluminium Upstream, Mining and Copper facilities not shown above