



**Hindustan Zinc**  
A Zinc & Silver company



## Investor Meet



20 February 2018

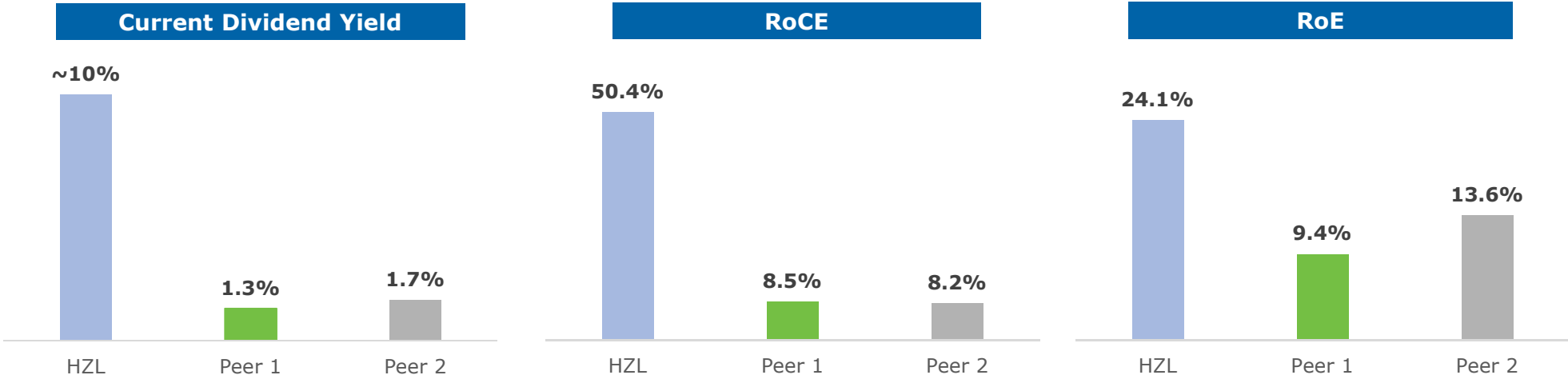
# Hindustan Zinc: A premium Zinc & Silver company



Strong balance sheet	Sustainable Enterprise	High profitability	Accelerating growth	Derisked business
<ul style="list-style-type: none"> <li>•Zero debt</li> <li>•Surplus cash</li> <li>•Crisil AAA rated</li> </ul>	<ul style="list-style-type: none"> <li>•Globally 3<sup>rd</sup> in Environment*</li> <li>•325MW Renewable energy</li> <li>•Best-in-class CSR</li> </ul>	<ul style="list-style-type: none"> <li>•RoCE of 50%+</li> <li>•\$2bn+annual FCF**</li> <li>•60% IRR on mining projects</li> </ul>	<ul style="list-style-type: none"> <li>•39% 5-yr CAGR of underground mines</li> <li>•20%+CAGR in silver volume</li> </ul>	<ul style="list-style-type: none"> <li>•Low cost (1st quartile)</li> <li>•25+ yr mine life</li> <li>•Growing R&amp;R</li> </ul>

\*Dow Jones Sustainability Index, Metals & Mining; \*\* @ current LME and 1.2mt MIC

## KEY RETURN INDICATORS



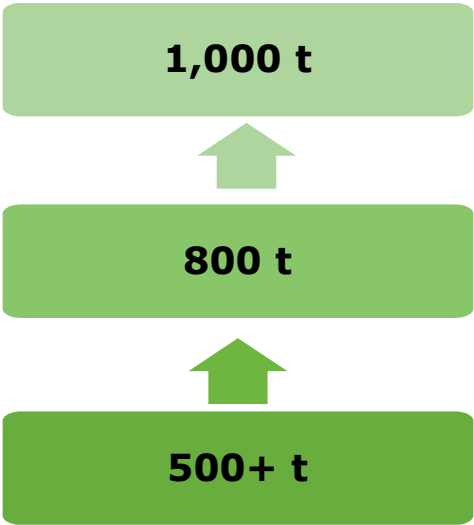
Source: Bloomberg, HZL

Zinc - Lead



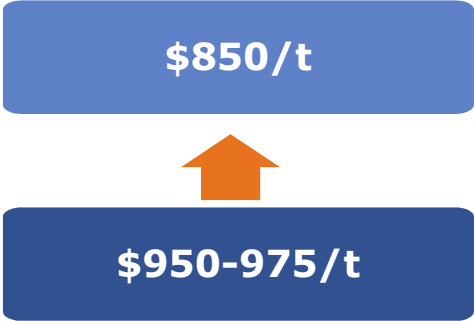
- Brownfield exploration growth to 1.5mt
- Incremental MIC from all 5 mines

Silver

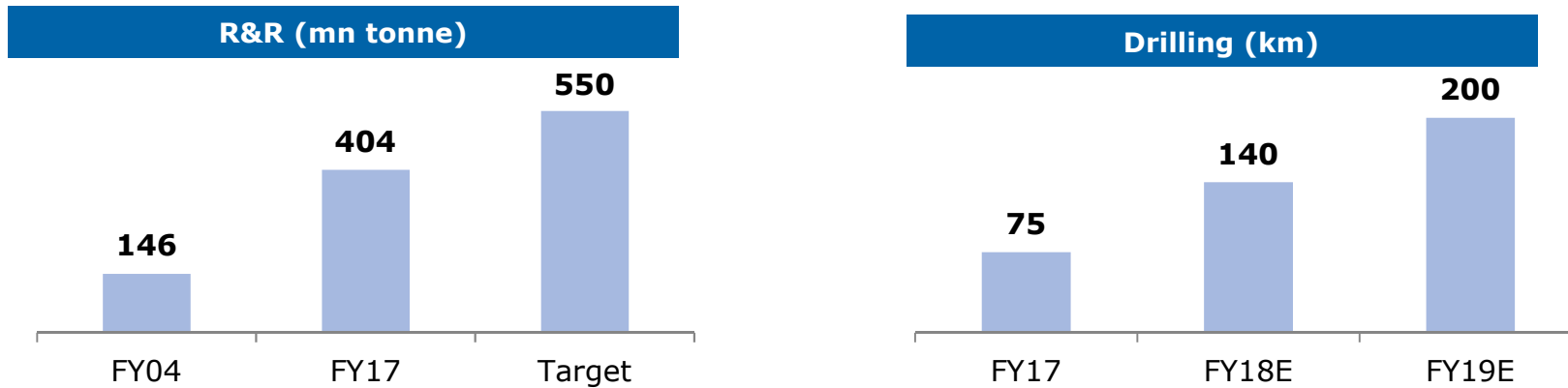


- Higher silver recovery in lead, three fumers and tailings retreatment: Doubling silver portfolio

Costs



- Key structural initiatives on technology, productivity, power source, shaft hauling, logistics



<p><b>Rampura Agucha</b> Galena Zone</p>	<ul style="list-style-type: none"> <li>• Current Resource 11.7Mt @ 5.3% lead, 147g/t silver</li> <li>• Galena Zone ore lenses are open</li> <li>• Fast track drilling from underground</li> </ul>
<p><b>Zawar</b> New Orebodies</p>	<ul style="list-style-type: none"> <li>• 4 new prospects over 5km of host dolomite</li> <li>• High grade zinc, lead and silver in soils</li> <li>• Surface geophysics in progress &amp; drilling planned</li> </ul>
<p><b>Kayad</b> Potential to Double R&amp;R</p>	<ul style="list-style-type: none"> <li>• Orebody open to north, south and east</li> <li>• Drilling confirmed ore 700m to east – need to fill in gaps</li> </ul>

**Hindustan Zinc is the largest and the most active mineral explorer in India**

## Environment Health & Safety

- Positive water footprint
- 325 MW green power
- 9% specific energy reduction
- Zero occupational illness
- 4 fold reduction in LTIFR

**Annual sustainability reporting**

## Business Model

- Integrated metal producer with captive power
- 1<sup>st</sup> quartile cost position
- Leader in the domestic market
- Expanding silver portfolio
- Strong community footprint

**2nd largest zinc-lead miner globally**

## People

- Proven management track record
- Empowered IBUs
- Diversified skillsets with expats, global contractors and advisory boards

**Nurturing innovation & an entrepreneurial mindset**

## Operational Excellence

- Productivity increases
  - Advanced technologies
  - Digitisation of mines
- Debottlenecking & recovery enhancement in mills & smelters

**20% productivity increase**

## Growth

- >25 year mine life
- 1.2 mtpa expansion
- Key steps taken for 1.5 mtpa

**Growth path on track**

**Ranked 3rd Globally in Dow Jones Sustainability Index (Environment); Only Indian mining company in Global Sustainability Yearbook 2018**

## Uses

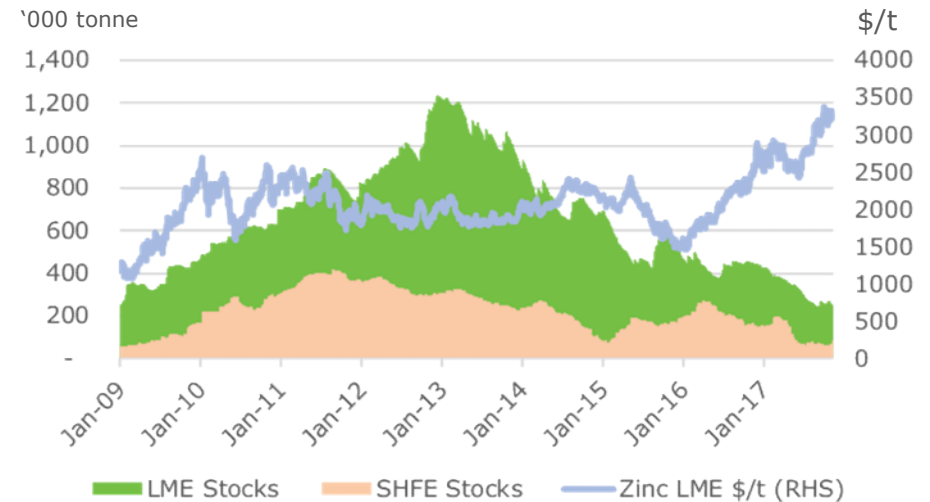
- Zinc is the key middle income development metal and is the #4 most consumed metal in the world
- Galvanizing is key use for zinc - 50%+ of global zinc usage across construction, infrastructure & transport
- Automotive sector: ~10% zinc coating in domestic market vs 85% in Europe

## Commentary

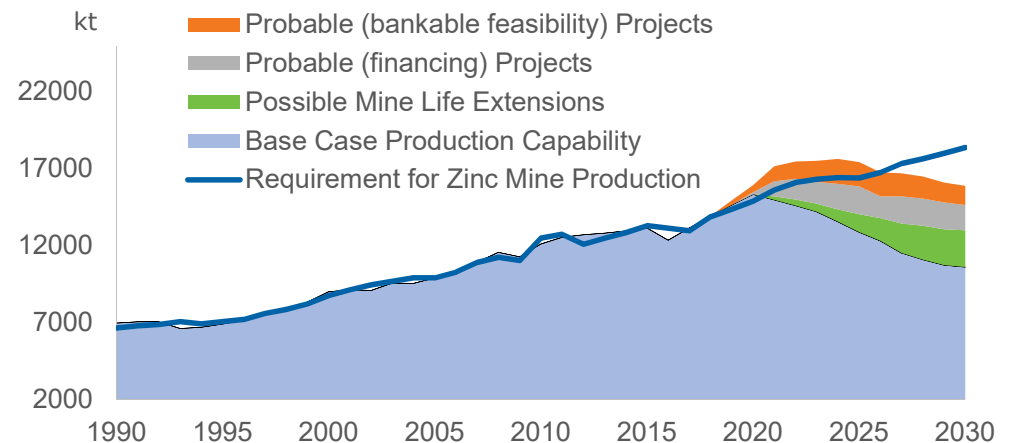
- **Mine Supply Growth is Subdued:** China production subdued because of environmental regulations on smaller mines
- **Robust demand:** Rising consumer and business confidence in Europe boosted zinc demand from the automotive, white goods and construction sectors; In China, the particularly strong start to the year has prompted near term growth momentum
- **Depleted Inventories:** Multi-year lows, with Shanghai stocks close to zero

Source: Wood Mackenzie

## Declining stocks at LME & SHFE warehouses



## Requirement of future mine production





**Hindustan Zinc**



**Thank you**

