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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 16, 2010

**NOVELIS INC.**

(Exact name of Registrant as specified in its charter)

Canada	001-32312	98-0442987
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
3399 Peachtree Road NE, Suite 1500, Atlanta, GA		30326
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code (404) 814-4200

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition." Consequently, it is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or Securities Act of 1933 if such subsequent filing specifically references this Form 8-K.

On February 16, 2010, Novelis Inc. issued a press release reporting the company's financial results for its quarter ended December 31, 2009. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein in its entirety. A copy of investor presentation materials relating to such financial results is attached hereto as Exhibit 99.2 and is incorporated by reference herein in its entirety. The presentation materials use the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, Free Cash Flow, Pre-Tax Income (Loss) Excluding Certain Items and Total Estimated Liquidity.

**EBITDA and Adjusted EBITDA.** EBITDA consists of earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA further adjusts EBITDA for unrealized (gains) losses on change in fair value of derivative instruments, impairment of goodwill, adjustment to eliminate proportional consolidation, restructuring charges and certain other costs. EBITDA and Adjusted EBITDA are measures commonly used in the company's industry, and the company presents EBITDA and Adjusted EBITDA to enhance investors' understanding of the company's operating performance. Novelis believes that EBITDA and Adjusted EBITDA are operating performance measures, and not liquidity measures, that provide investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP, and the company's EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. EBITDA and Adjusted EBITDA have important limitations as an analytical tool, and investors should not consider them in isolation, or as a substitute for analysis of the company's results as reported under GAAP. For example, EBITDA and Adjusted EBITDA:

- do not reflect the company's cash expenditures or requirements for capital expenditures or capital commitments;
- do not reflect changes in, or cash requirements for, the company's working capital needs; and
- do not reflect any costs related to the current or future replacement of assets being depreciated and amortized.

Additionally, a form of adjusted EBITDA, defined in the company's senior secured credit facilities, 7.25% senior notes and 11.5% senior notes, is used for debt covenant compliance purposes, which has additional adjustments to Adjusted EBITDA which may decrease or increase adjusted EBITDA for purposes of these financial covenants.

**Free Cash Flow.** Free Cash Flow consists of: (a) net cash provided by (used in) operating activities; (b) plus net cash provided by (used in) investing activities and (c) less proceeds from sales of assets. Management believes that Free Cash Flow is relevant to investors as it provides a measure of the cash generated internally that is available for debt service and other value creation opportunities. However, Free Cash Flow is not a measurement of financial performance or liquidity under GAAP and does not necessarily represent cash available for discretionary activities, as certain debt service obligations must be funded out of Free Cash Flow. In addition, the company's method of calculating Free Cash Flow may not be consistent with that of other companies.

**Pre-Tax Income (Loss) Excluding Certain Items.** Pre-Tax Income (Loss) Excluding Certain Items adjusts income before income taxes for restructuring charges, unrealized gains (losses) on change in fair value of derivative instruments, gain related to the settlement of tax litigation in Brazil and impairment of goodwill. Novelis believes that Pre-Tax Income (Loss) Excluding Certain Items enhances the overall understanding of the company's current financial performance. Specifically, management believes this non-GAAP financial measure provides useful

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information to investors by excluding or adjusting certain items, which impact the comparability of the company's core operating results. With respect to unrealized gains (losses) on change in fair value of derivative instruments, management adjusts pre-tax income to eliminate the volatility created between periods due to changes in the fair value of derivative instruments before the derivative instruments are settled. With respect to restructuring charges, our gain related to the Brazilian tax settlement and impairment of goodwill, management believes these excluded items are not reflective of fixed costs that the company believes it will incur over the long term. This financial measure should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with GAAP.

**Total Estimated Liquidity.** Total Estimated Liquidity consists of: (a) cash and cash equivalents; (b) less overdrafts; (c) plus gross availability under the ABL facility and (d) less borrowing availability limitation under the ABL facility due to fixed charge coverage ratio. In addition to presenting available cash and cash equivalents, management believes that presenting Total Estimated Liquidity enhances investors' understanding of the liquidity that is actually available to the company. This financial measure should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with GAAP.

All information in the news release and the presentation materials speak as of the date thereof, and Novelis does not assume any obligation to update said information in the future.

### **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press release, dated February 16, 2010 (furnished to the Commission as a part of this Form 8-K).

99.2 Presentation materials, dated February 16, 2010 (furnished to the Commission as a part of this Form 8-K).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**NOVELIS INC.**

Date: February 16, 2010

By: /s/ Leslie J. Parrette, Jr.  
Leslie J. Parrette, Jr.  
General Counsel, Corporate Secretary and Compliance  
Officer

**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated February 16, 2010 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated February 16, 2010 (furnished to the Commission as a part of this Form 8-K).



# News Release

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For Immediate Release

## Novelis Reports Strong Net Income for Third Fiscal Quarter Despite Seasonally Lower Volumes

- **Net income of \$68 million**
- **Adjusted EBITDA increased 55 percent to \$199 million YoY**
- **Liquidity increased 60 percent to \$634 million YoY**
- **Free cash flow increased by \$110 million to \$124 million YoY**

ATLANTA, Feb. 16, 2010 — Novelis Inc., the world's leading producer of aluminum rolled products, today reported net income attributable to its common shareholder of \$68 million for the third quarter of fiscal 2010, a significant increase when compared to the net loss of \$1.8 billion reported for the same period a year ago. The prior year results include non-cash, pre-tax impairment charges of \$1.5 billion and \$463 million of unrealized losses on derivatives.

Net income of \$68 million for the third quarter compares to net income of \$195 million for the previous quarter. It is important to note that third quarter results benefitted from \$62 million of unrealized gains on derivatives compared to \$254 million of unrealized gains on derivatives in the second quarter of fiscal 2010. Pre-tax earnings of \$129 million were 57 percent below the \$301 million in pre-tax earnings recorded for the second quarter of fiscal 2010. Excluding the benefits of unrealized gains on derivatives, on a quarter-over-quarter basis, pre-tax income increased 43 percent.

"I am very pleased with Novelis' results for the third quarter, which represents the best third quarter in our history in terms of adjusted EBITDA and free cash flow," said Phil Martens, Novelis President and COO. "This quarter also represents the first time since the economic downturn that shipments increased year-over-year, reflecting strengthening market fundamentals."

"This performance is largely a result of cost elimination, restructuring initiatives and efficiency improvements the Company began in early 2009. Through these initiatives, we projected to realize annualized cost savings of \$140 million by second quarter of fiscal 2011. We now believe we will meet this target ahead of schedule and we expect the majority of these savings to be sustainable going forward," said Martens. "As part of our focus to continually improve our business model, we are relocating our North American headquarters to our global headquarters in Atlanta, by year-end. This will better align the organization, allow us to realize synergies and increase efficiency."

Shipments of aluminum rolled products totaled 649 kilotonnes for the quarter, a 3 percent increase compared to shipments of 632 kilotonnes in the third quarter of 2009, driven primarily by strong demand in Asia. Shipments decreased 6 percent in the quarter from shipments of 693 kilotonnes in the second quarter, primarily due to seasonality in most of the Company's regions.

Net sales for the third quarter reached \$2.1 billion, a decrease of 3 percent compared to the \$2.2 billion reported in the same period a year ago, a result of lower aluminum prices partially

offset by higher shipped volumes. On a quarter-over-quarter basis, net sales for this year's third quarter were 3 percent lower, driven by a modest decrease in demand.

Pre-tax earnings of \$129 million for the third quarter compares to a pre-tax loss of \$2.0 billion posted for the same period a year ago. The prior year was impacted by the previously mentioned impairment charges totaling \$1.5 billion and \$463 million of unrealized losses on derivatives.

Adjusted EBITDA for the third quarter grew to \$199 million, representing a 55 percent increase from adjusted EBITDA of \$128 million posted for the same period a year ago and essentially flat compared to the second quarter of fiscal 2010. This is primarily due to the Company's focus on cost reductions and restructuring initiatives.

(in \$M)	12/31/2009	Three Months Ended 9/30/2009	12/31/2008
EBITDA	\$ 264	\$ 434	\$ (1,868)
Unrealized gain (loss ) on derivatives	62	254	(463)
Goodwill Impairment	—	—	(1,340)
Proportional consolidation	2	(17)	(174)
Restructuring (charges), net	(1)	(3)	(15)
Other costs, net	2	—	(4)
Adjusted EBITDA	199	200	128

The Company's results are impacted by unrealized gains and losses on derivatives on a quarterly basis. It uses these derivatives primarily to hedge exposures to fluctuations in aluminum prices related to customer fixed-price contracts as well as fluctuations in other commodities and currencies. While fluctuations occur on a quarterly basis, over time, most of the impact of unrealized derivatives will be offset by the realization of the physical underlying commodity hedged.

Steve Fisher, Chief Financial Officer for Novelis, pointed to the progress the Company has made in improving its liquidity position. "We have made significant progress in solidifying our liquidity since our low point of \$346 million on January 31, 2009. Since then, we have increased our liquidity position by \$288 million to \$634 million," said Fisher. "We did this through solid working capital management, realizing the benefits from our cost elimination initiatives and through the proceeds of the \$185 million offering of Senior Unsecured Notes in August."

"As of January 1, 2010, we are no longer subject to metal price ceilings in any of our contracts. This is a significant milestone, and when combined with continued strong operating performance, will help drive stronger cash flow generation," said Fisher.



(in \$M)	12/31/2009	9/30/2009	12/31/2008
Cash and cash equivalents	\$ 252	\$ 246	\$ 176
Overdrafts	(13)	(11)	(22)
Gross availability under the ABL facility	475	400	323
Borrowing availability limitation due to fixed charge coverage ratio	(80)	(80)	(80)
Total Estimated Liquidity	\$ 634	\$ 555	\$ 397

Liquidity improved to \$634 million at the end of the third quarter of fiscal 2010, representing an increase of \$237 million, or 60 percent, from \$397 million in liquidity reported at the end of the third quarter of fiscal 2009. When compared to the second quarter, third quarter liquidity improved by 14 percent.

Third quarter free cash flow was \$124 million, an increase of \$110 million compared to the same period in the previous year and \$126 million compared to the second quarter of fiscal 2010.

### Business Outlook

Despite a tepid market recovery, the Company expects its results to continue to strengthen across all geographic regions, primarily driven by its competitive position, price increases and continued cost management initiatives.

### Quarterly Report on Form 10-Q

The results described in this press release have been reported in detail on the Company's Form 10-Q on file with the SEC, and investors are directed to that document for a complete explanation of the Company's financial position and results through December 31, 2009. The Novelis Form 10-Q and other SEC filings are available for review on the Company's website at [www.novelis.com](http://www.novelis.com).

### Third Quarter Earnings Conference Call

Novelis will discuss its third quarter results via a live webcast and conference call for investors at 10:00 a.m. EST on Tuesday, February 16, 2010. Participants may access the webcast at <https://cc.callinfo.com/r/1wi1p9tpd894j>. To join by telephone, dial toll-free in North America at 800 926 4425 or international toll line +1 212 231 2901. Access information may also be found at [www.novelis.com](http://www.novelis.com).

### About Novelis

Novelis Inc. is the global leader in aluminum rolled products and aluminum can recycling. The Company operates in 11 countries, has approximately 12,000 employees and reported revenue of \$10.2 billion in fiscal year 2009. Novelis supplies premium aluminum sheet and foil products to automotive, transportation, packaging, construction, industrial, electronics and printing markets throughout North America, South America, Europe and Asia. Novelis is a subsidiary of Hindalco Industries Limited (BSE: HINDALCO), one of Asia's largest integrated producers of aluminum and a leading copper producer. Hindalco is a flagship Company of the Aditya Birla Group, a multinational conglomerate based in Mumbai, India. For more information, please visit [www.novelis.com](http://www.novelis.com).

## Non-GAAP Financial Measures

This press release and the presentation slides for the earnings call contain non-GAAP financial measures as defined by SEC rules. We think that these measures are helpful to investors in measuring our financial performance and liquidity and comparing our performance to our peers. However, our non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures used by other companies. These non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for GAAP financial measures. To the extent we discuss any non-GAAP financial measures on the earnings call, a reconciliation of each measure to the most directly comparable GAAP measure will be available in the presentation slides filed as Exhibit 99.2 to our Current Report on Form 8-K furnished to the SEC concurrent with the issuance of this press release. In addition, the Form 8-K includes a more detailed description of each of these non-GAAP financial measures, together with a discussion of the usefulness and purpose of such measures.

Attached to this news release are tables showing the Condensed Consolidated Statements of Operations, Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Cash Flows, Reconciliation to Adjusted EBITDA and Free Cash Flow.

## Forward-Looking Statements

Statements made in this news release which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of such statements in this news release include, among other matters, the positive outlook for our business, improvement in our financial performance, the impact of operational efficiency initiatives, the projected growth in demand for aluminum rolled products, and the positioning of the company to take advantage of such growth in demand for aluminum rolled products. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in global economic conditions, the level of our indebtedness and our ability to generate cash; relationships with, and financial and operating conditions of, our customers and suppliers; changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing for future capital requirements; continuing obligations and other relationships resulting from our spin-off from Rio Tinto Alcan; changes in the relative values of various currencies; factors affecting our operations, such as litigation, environmental remediation and clean-up costs, labor relations and negotiations, breakdown of equipment and other events; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; our ability to maintain effective internal control over financial reporting and disclosure controls and procedures in the future; changes in the

fair value of derivative instruments; cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; changes in government regulations, particularly those affecting taxes, environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our principal credit agreements and other financing arrangements; and the development of the most efficient tax structure for Novelis. The above list of factors is not exhaustive. Other important risk factors included under the caption "Risk Factors" in our Quarterly Report on Form 10-Q for the quarters ended June 30, 2009 and September 30, 2009 and in our Annual Report on Form 10-K for the year ended March 31, 2009 are specifically incorporated by reference into this news release.

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**Novelis Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)  
(In millions)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Net sales	\$ 2,112	\$ 2,176	\$ 6,253	\$ 8,238
Cost of goods sold (exclusive of depreciation and amortization shown below)	1,788	2,023	5,049	7,645
Selling, general and administrative expenses	99	73	260	246
Depreciation and amortization	93	107	285	330
Research and development expenses	10	11	27	33
Interest expense and amortization of debt issuance costs	44	47	131	138
Interest income	(2)	(3)	(8)	(13)
(Gain) loss on change in fair value of derivative instruments, net	(40)	396	(192)	516
Impairment of goodwill	—	1,340	—	1,340
Restructuring charges, net	1	15	7	14
Equity in net (income) loss of non-consolidated affiliates	(8)	166	12	166
Other (income) expenses, net	(2)	20	(21)	53
	<u>1,983</u>	<u>4,195</u>	<u>5,550</u>	<u>10,468</u>
Income (loss) before income taxes	129	(2,019)	703	(2,230)
Income tax provision (benefit)	48	(196)	247	(329)
Net income (loss)	81	(1,823)	456	(1,901)
Net income (loss) attributable to noncontrolling interests	13	(9)	50	(7)
<b>Net income (loss) attributable to our common shareholder</b>	<u>\$ 68</u>	<u>\$ (1,814)</u>	<u>\$ 406</u>	<u>\$ (1,894)</u>

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)  
(in millions, except number of shares)

	December 31, 2009	March 31, 2009
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 252	\$ 248
Accounts receivable (net of allowances of \$4 and \$2 as of December 31, 2009 and March 31, 2009, respectively)		
— third parties	998	1,049
— related parties	11	25
Inventories	1,059	793
Prepaid expenses and other current assets	45	51
Fair value of derivative instruments	235	119
Deferred income tax assets	17	216
<b>Total current assets</b>	<b>2,617</b>	<b>2,501</b>
Property, plant and equipment, net	2,714	2,799
Goodwill	611	582
Intangible assets, net	768	787
Investment in and advances to non-consolidated affiliates	757	719
Fair value of derivative instruments, net of current portion	12	72
Deferred income tax assets	4	4
Other long-term assets		
— third parties	96	80
— related parties	23	23
<b>Total assets</b>	<b>\$ 7,602</b>	<b>\$ 7,567</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 149	\$ 51
Short-term borrowings	61	264
Accounts payable		
— third parties	818	725
— related parties	44	48
Fair value of derivative instruments	112	640
Accrued expenses and other current liabilities	425	516
Deferred income tax liabilities	39	—
<b>Total current liabilities</b>	<b>1,648</b>	<b>2,244</b>
Long-term debt, net of current portion		
— third parties	2,493	2,417
— related parties	—	91
Deferred income tax liabilities	501	469
Accrued postretirement benefits	522	495
Other long-term liabilities	358	342
<b>Total liabilities</b>	<b>5,522</b>	<b>6,058</b>
Commitments and contingencies		
<b>Shareholder's equity</b>		
Common stock, no par value; unlimited number of shares authorized; 77,459,658 shares issued and outstanding as of December 31, 2009 and March 31, 2009	—	—
Additional paid-in capital	3,497	3,497
Accumulated deficit	(1,524)	(1,930)
Accumulated other comprehensive loss	(36)	(148)
<b>Total Novelis shareholder's equity</b>	<b>1,937</b>	<b>1,419</b>
<b>Noncontrolling interests</b>	<b>143</b>	<b>90</b>
<b>Total equity</b>	<b>2,080</b>	<b>1,509</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 7,602</b>	<b>\$ 7,567</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)  
(In millions)

	Nine Months Ended December 31,	
	2009	2008
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 456	\$ (1,901)
Adjustments to determine net cash provided by (used in) operating activities:		
Depreciation and amortization	285	330
(Gain) loss on change in fair value of derivative instruments, net	(192)	516
Deferred income taxes	230	(400)
Write-off and amortization of fair value adjustments, net	(139)	(178)
Impairment of goodwill	—	1,340
Equity in net (income) loss of non-consolidated affiliates	12	166
Foreign exchange remeasurement of debt	(17)	21
Gain on reversal of accrued legal claim	(3)	(26)
Inventory reserves and adjustments	—	38
Other, net	8	4
Changes in assets and liabilities:		
Accounts receivable	107	89
Inventories	(218)	98
Accounts payable	34	(439)
Other current assets	9	(25)
Other current liabilities	35	(45)
Other noncurrent assets	(16)	8
Other noncurrent liabilities	39	(10)
<b>Net cash provided by (used in) operating activities</b>	<u>630</u>	<u>(414)</u>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(74)	(107)
Proceeds from sales of assets	4	4
Changes to investment in and advances to non-consolidated affiliates	3	17
Proceeds from related party loans receivable, net	15	18
Net proceeds (outflow) from settlement of derivative instruments	(432)	160
<b>Net cash provided by (used in) investing activities</b>	<u>(484)</u>	<u>92</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of debt, third parties	177	8
Proceeds from issuance of debt, related parties	4	—
Principal payments, third parties	(20)	(11)
Principal payments, related parties	(95)	—
Short-term borrowings, net	(211)	193
Dividends, noncontrolling interest	(13)	(5)
Debt issuance costs	(1)	—
<b>Net cash provided by (used in) financing activities</b>	<u>(159)</u>	<u>185</u>
Net decrease in cash and cash equivalents	(13)	(137)
<b>Effect of exchange rate changes on cash balances held in foreign currencies</b>	17	(13)
Cash and cash equivalents — beginning of period	248	326
Cash and cash equivalents — end of period	<u>\$ 252</u>	<u>\$ 176</u>

# RECONCILIATION FROM NET INCOME (LOSS) ATTRIBUTABLE TO OUR COMMON SHAREHOLDER TO ADJUSTED EBITDA

Novelis is providing disclosure of the reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

(in millions)	Three Months Ended		
	December 31, 2009	September 30, 2009	December 31, 2008
<b>Net income (loss) attributable to our common shareholder</b>	\$ 68	\$ 195	\$ (1,814)
Noncontrolling interests	(13)	(19)	9
Income tax (provision) benefit	(48)	(87)	196
Interest, net	(42)	(41)	(44)
Depreciation and amortization	(93)	(92)	(107)
<b>EBITDA</b>	264	434	(1,868)
Unrealized gain (loss) on derivatives	62	254	(463)
Goodwill impairment	—	—	(1,340)
Proportional consolidation	2	(17)	(174)
Restructuring charges, net	(1)	(3)	(15)
Others costs, net	2	—	(4)
<b>Adjusted EBITDA</b>	<u>\$ 199</u>	<u>\$ 200</u>	<u>\$ 128</u>

The following table shows the Free cash flow for each of the nine months ended December 31, 2009 and 2008, the change between periods as well as the ending balances of cash and cash equivalents (in millions).

	Nine Months Ended December 31,		Change
	2009	2008	
Net cash provided by (used in) operating activities	\$ 630	\$ (414)	\$ 1,044
Net cash provided by (used in) investing activities	(484)	92	(576)
Less: Proceeds from sales of assets	(4)	(4)	—
Free cash flow	<u>\$ 142</u>	<u>\$ (326)</u>	<u>\$ 468</u>
Ending cash and cash equivalents	<u>\$ 252</u>	<u>\$ 176</u>	<u>\$ 76</u>

The following table shows the Free cash flow for each of the three months ended June 30, 2009 and the six months ended September 30, 2009 as well as the ending balances of cash and cash equivalents (in millions):

	Six Months Ended September 30, 2009	Three Months Ended June 30, 2009
	2009	2009
Net cash provided by (used in) operating activities	\$ 451	\$ 256
Net cash used in investing activities	(429)	(233)
Less: Proceeds from sales of assets	(4)	(3)
Free cash flow	<u>\$ 18</u>	<u>\$ 20</u>
Ending cash and cash equivalents	<u>\$ 246</u>	<u>\$ 237</u>

Brighter ideas with aluminum



## Novelis Third Quarter Fiscal Year 2010 Earnings Conference Call

February 16, 2010

**Philip Martens**  
President & Chief Operating Officer

**Steve Fisher**  
Senior Vice President & Chief Financial Officer



# Safe Harbor Statement



## Forward-Looking Statements

Statements made in this investor presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of such statements in this investor presentation include, among other matters, the positive long-term outlook for our business, the benefit of lower metal and energy prices on our profitability, the changes in currency on our profitability, our ability to increase liquidity, our ability to adjust our production levels, the recovery of losses on hedging instruments through lower commodity costs, the positive outlook for our business, improvement in our financial performance, the impact of operational efficiency initiatives, and the projected growth in demand for aluminum rolled products. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. The above list of factors is not exhaustive. Other important risk factors included under the caption "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and in our Annual Report on Form 10-K for the year ended March 31, 2009 are specifically incorporated by reference into this investor presentation.

## Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures as defined by SEC rules. We think that these measures are helpful to investors in measuring our financial performance and liquidity and comparing our performance to our peers. However, our non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures used by other companies. These non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for GAAP financial measures. We have included reconciliations of each of these measures to the most directly comparable GAAP measure. In addition, a more detailed description of each of the non-GAAP financial measures used in this presentation, together with a discussion of the usefulness and purpose of such measures, is included as Exhibit 99.2 to our Current Report on Form 8-K furnished to the SEC with our earnings press release.

# Agenda



**Financial Highlights**

**Detailed Financial Performance**

**Novelis' Strategy**

**Outlook**

**Questions and Answers**

## Financial Highlights

## Third Quarter Financial Highlights

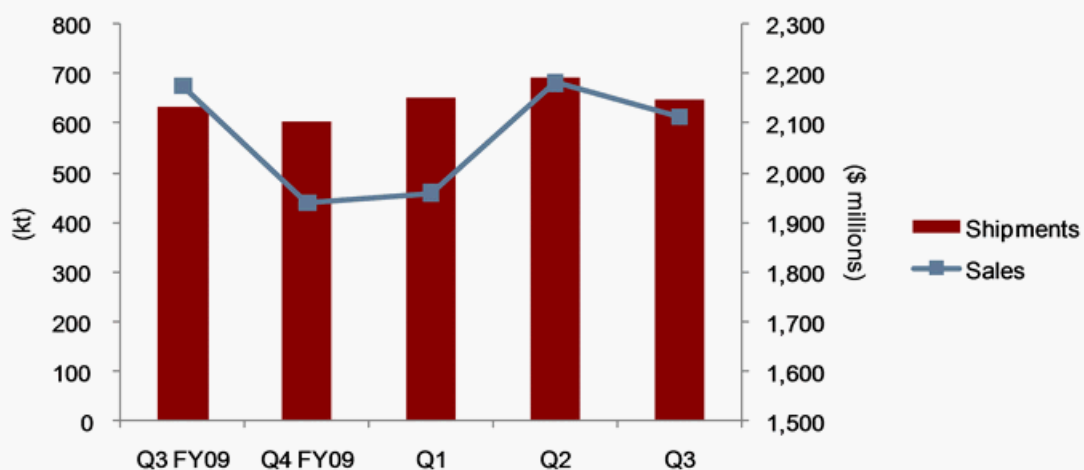
(Q3FY10 vs Q3FY09)



- Shipments up 3% to 649 kilotonnes
- Net sales down 3% to \$2.1 billion
- Adjusted EBITDA up 55% to \$199 million
- Liquidity grew 60% to \$634 million
- FCF grew by \$110 million to \$124
- Can price ceilings eliminated January 1, 2010

**Solid Q3 FY10 Results**

## Shipments & Sales



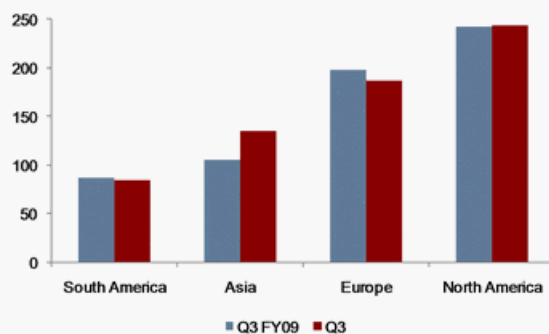
- Sales decreased 3% and Shipments increased 3% YoY
- Fourth quarter will rebound in terms of Shipments and sales
- Confidence in gradual long term growth in demand

# Shipments by Region

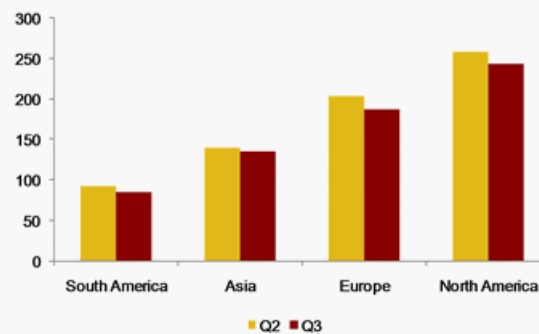
(in Kilotonnes)



YoY Shipments



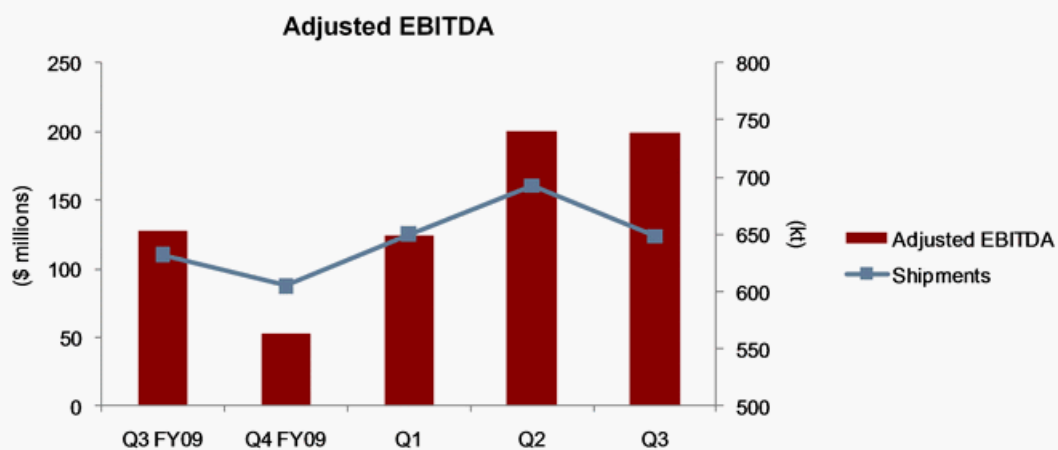
QoQ Shipments



Shipments increased 3% YoY, driven by Asian market

Decrease in QoQ shipments primarily due to market seasonality

## Quarterly Financial Performance



### Solid Operating Performance:

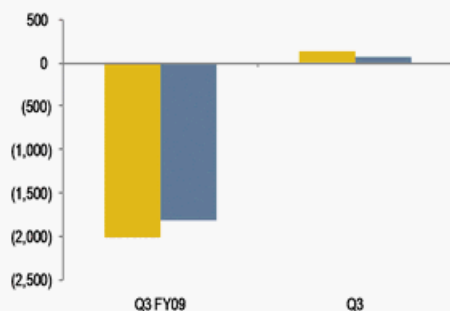
- Adjusted EBITDA up 55% to \$199 million YoY
- Adjusted EBITDA essentially flat QoQ

# Quarterly Financial Performance

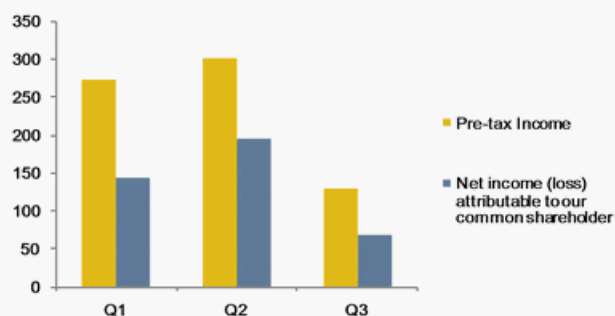
(in Millions)



YoY Financial Performance



QoQ Financial Performance



- Net Income of \$68 million
- Strong pre-tax income of \$129 million

- Net Income & Pre-tax income impacted by unrealized G/L on derivatives
- Excluding this, pre-tax income increased 43% sequentially



## Detailed Financial Performance

# Financial Performance



(\$ millions)	FY10			FY09
	Q1	Q2	Q3	Q3
FRP Shipments (kt)	650	693	649	632
Adjusted EBITDA	124	200	199	128
Free Cash Flow	20	(2)	124	14

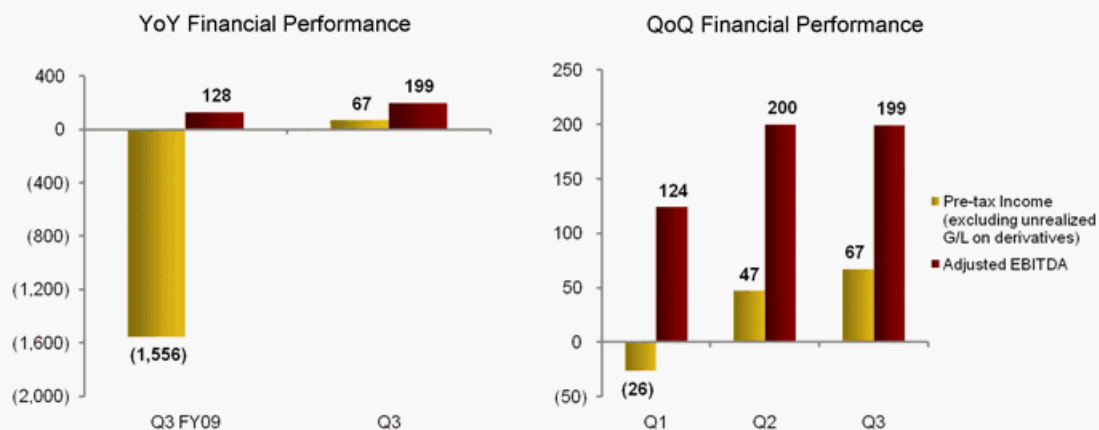
**Solid performance despite seasonally lower volumes as a result of price & mix and continued cost-out initiatives**

# Sequential Income Statement



(\$ millions)	FY10			FY09
	Q1	Q2	Q3	Q3
Income before income taxes	273	301	129	(2,019)
Significant items affecting comparisons:				
Restructuring	(3)	(3)	(1)	(15)
Unrealized gains (losses) on derivatives	299	254	62	(463)
Impairment charges	-	-	-	(1,500)
Tax litigation settlement in Brazil	6	-	-	-
<b>Pre-tax income (loss) excluding above items</b>	<b>(29)</b>	<b>50</b>	<b>68</b>	<b>(41)</b>

# Underlying Financial Performance



**Excluding the benefits of derivatives, pre-tax income increased 43% quarter-over-quarter**

## Cost-Out & Restructuring Initiatives



**Projected to realize annualized cost savings of \$140 million before Q2FY11 target.**

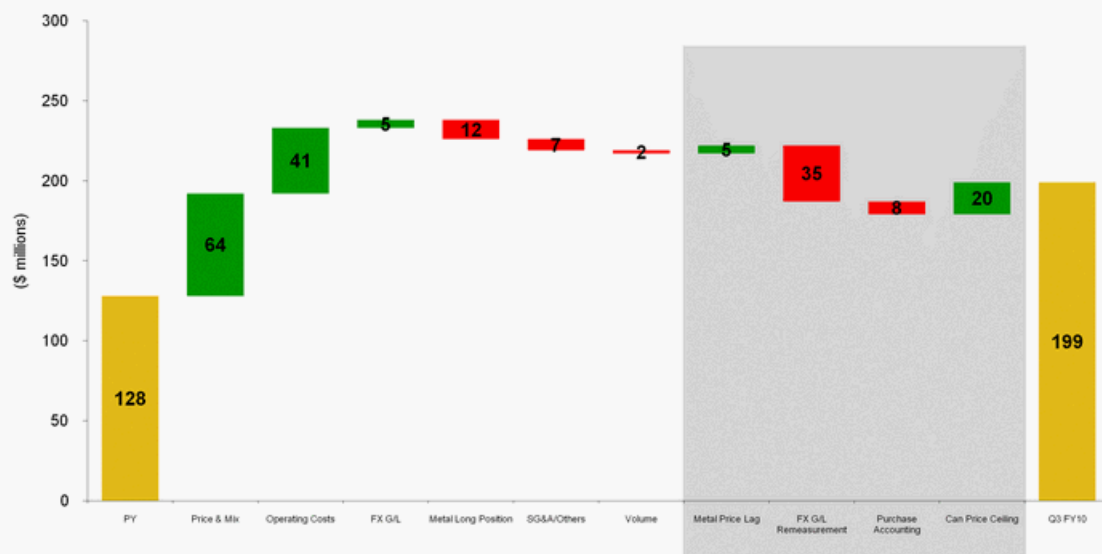
Cost Savings Realized Through:

- Plant Shutdowns
  - UK Rolling Mill
  - SA Alumina Refinery
- Plant Efficiency & Operating Cost Gains Worldwide
- Headcount Reductions (Salaried & Hourly)

**The Majority Of These Cost Savings Will Be Sustainable**

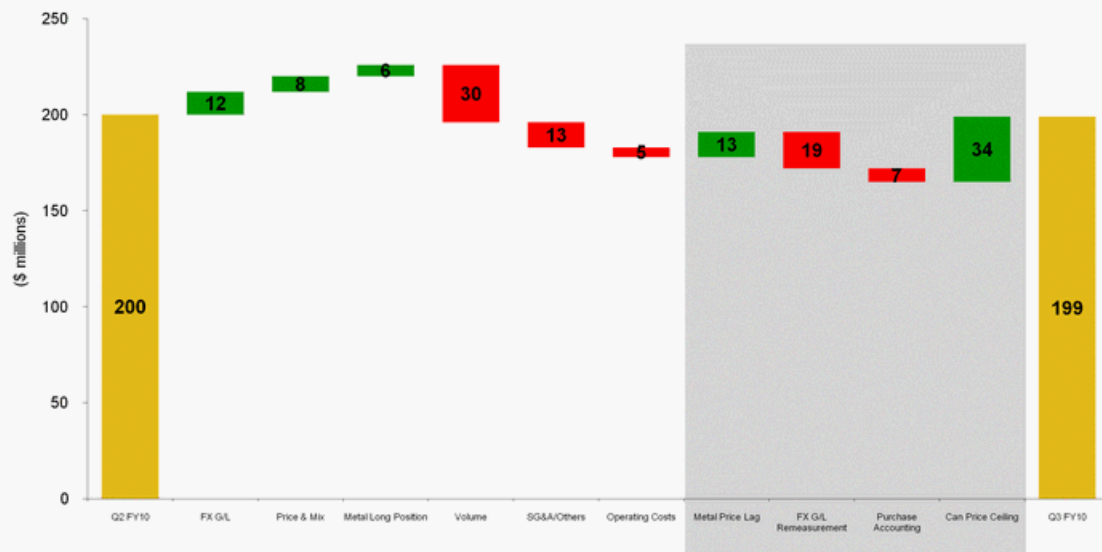
# Adjusted EBITDA

Q3 FY10 vs PY



# Adjusted EBITDA

Q3 FY10 vs Q2 FY10

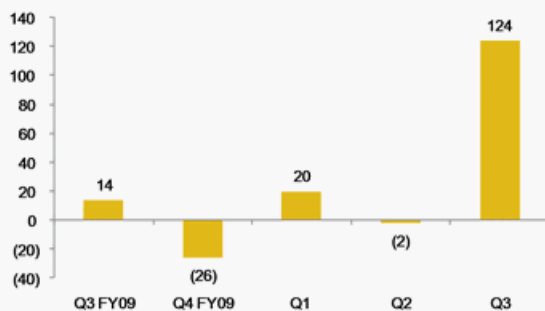


# Free Cash Flow & Liquidity

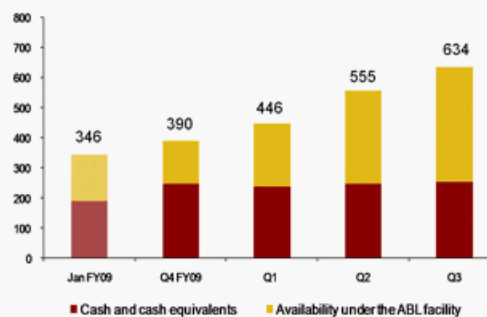
(in Millions)



Free Cash Flow



Total Estimated Liquidity

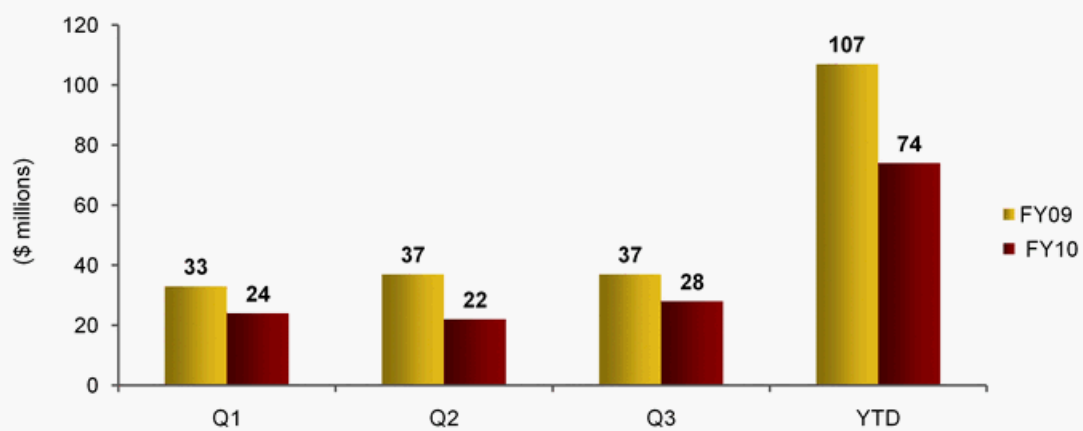


- Improvement of \$110 million YoY
- Expect strong Q4 FCF

Liquidity up \$288 million from Jan. FY09



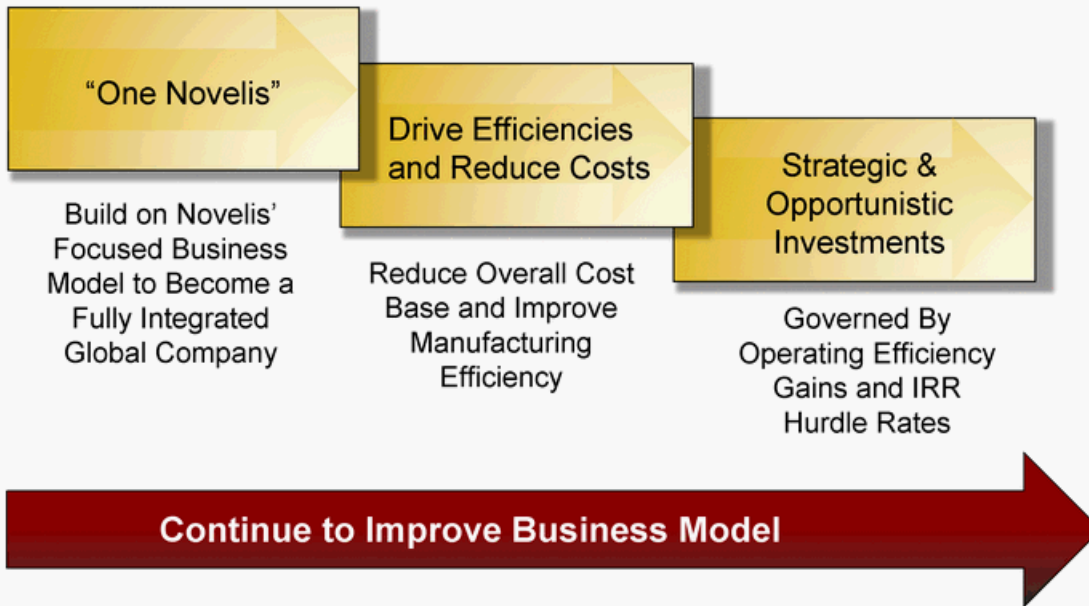
## Capital Expenditures



**Holding firm to our \$100 million Capex  
commitment for Fiscal 2010**

## Novelis' Strategy

## Novelis' Strategy



# Novelis' Strategy



## "One Novelis"

Become A Truly Globally Integrated Company

- Shutdown of Alumina Refinery (Q4FY09)
- Global Reorganization of Key Functional Areas (Q2)
- Realignment In Europe (Q3)
- Realignment In North America (Q4)



Prepare  
Organization For  
Transformational  
Change

**Continue to Improve Business Model**

### Drive Efficiencies and Reduce Costs

Reduce Overall Cost Base And Improve Manufacturing Efficiency

- Standardizing Financial & IT Platforms
- Leveraging & Streamlining Procurement
- Achieving Manufacturing Excellence
- Optimizing Global Footprint



Strengthening  
The Business  
For Future  
Growth

**Continue to Improve Business Model**

### Strategic & Opportunistic Investments

Governed By Operating Efficiency Gains And IRR Hurdle Rates

- Sustainability (i.e. Recycling Opportunities)
- Plant Optimization In Mature Markets
- Focus Strategic Capex On Emerging Markets & Business Model Improvements







Expand And  
Solidify  
Leadership  
Position

**Continue to Improve Business Model**

## Outlook

# Current Trends in Aluminum Demand



	CAN SHEET 	AUTOMOTIVE SECTOR 	CONSTRUCTION SECTOR 	ALUMINUM DEMAND 
ASIA	↑	↑	↑	↑
N. AMERICA	↔	↑	↔	↑
EUROPE	↔	↑	↔	↑
S. AMERICA	↑	↑	↑	↑
GLOBAL	↑	↑	↑	↑



## Business Outlook



- Despite slow market recovery, the Company expects to continue to see steady growth across all geographic regions
- Q4 to see additional benefits as a result of price increases
- Continue to focus on cash conservation and cost-out initiatives
- On track to realize annualized cost saving of \$140 million ahead of schedule
- Continue to drive "One Novelis" and prepare the business for future growth

**Questions?**

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## Appendix

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# Income Statement

## Reconciliation to Adjusted EBITDA



(In \$ m)	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	FY 08	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	FY 09	Q1 FY10	Q2 FY10	Q3 FY10	YTD FY10
<b>Net income (loss) attributable to our common shareholder</b>	<b>(142)</b>	<b>(19)</b>	<b>(73)</b>	<b>117</b>	<b>(117)</b>	<b>24</b>	<b>(104)</b>	<b>(1,814)</b>	<b>(16)</b>	<b>(1,910)</b>	<b>143</b>	<b>195</b>	<b>68</b>	<b>406</b>
- Interest, net	(51)	(56)	(47)	(45)	(199)	(40)	(41)	(64)	(43)	(168)	(40)	(41)	(42)	(123)
- Income tax (provision) benefit	(31)	(20)	(26)	-	(77)	(35)	168	196	(83)	246	(112)	(87)	(48)	(247)
- Depreciation and amortization	(81)	(103)	(108)	(111)	(403)	(116)	(107)	(107)	(109)	(439)	(100)	(92)	(93)	(285)
- Noncontrolling interests	3	-	-	(8)	(3)	(2)	-	9	5	12	(18)	(19)	(13)	(50)
<b>EBITDA</b>	<b>18</b>	<b>160</b>	<b>108</b>	<b>279</b>	<b>565</b>	<b>217</b>	<b>(124)</b>	<b>(1,868)</b>	<b>214</b>	<b>(1,561)</b>	<b>413</b>	<b>434</b>	<b>264</b>	<b>1,111</b>
- Unrealized gain (loss) on derivatives	(10)	(87)	(24)	118	(3)	20	(221)	(483)	145	(519)	299	254	62	615
- Goodwill impairment	-	-	-	-	-	-	-	(1,340)	-	(1,340)	-	-	-	-
- Gain on debt exchange	-	-	-	-	-	-	-	-	122	122	-	-	-	-
- Proportional consolidation	(16)	7	(15)	(19)	(43)	(18)	(18)	(174)	(16)	(226)	(16)	(17)	2	(31)
- Restructuring charges, net	(2)	-	(1)	(4)	(7)	1	-	(15)	(81)	(96)	(3)	(3)	(1)	(7)
- Others costs, net	(34)	11	(4)	1	(26)	(4)	26	(4)	(9)	9	9	-	2	11
<b>Additional Acquisition Related Costs</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted EBITDA</b>	<b>131</b>	<b>229</b>	<b>152</b>	<b>183</b>	<b>695</b>	<b>218</b>	<b>89</b>	<b>128</b>	<b>53</b>	<b>488</b>	<b>124</b>	<b>200</b>	<b>199</b>	<b>523</b>
<b>Other Income (Expense) Included in Adjusted EBITDA</b>														
- Metal price lag	(10)	(11)	(14)	13	(22)	38	(11)	(2)	(5)	20	(30)	(10)	3	(37)
- Foreign currency remeasurement	1	3	(22)	(17)	(35)	(24)	(53)	29	(18)	(86)	5	13	(8)	12
- Purchase accounting	5	77	75	63	220	62	58	50	53	223	52	49	42	143
- Can price ceiling, net	(80)	(64)	(52)	(49)	(245)	(74)	(72)	(40)	(40)	(226)	(54)	(54)	(20)	(128)

# Free Cash Flow



(in \$m)	FY08					FY09					FY10			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	YTD
Cash provided by (used in) operating activities	(274)	51	26	368	171	(351)	(31)	(32)	194	(220)	256	195	179	630
Cash provided by (used in) investing activities	15	12	(72)	(47)	(92)	16	28	48	(219)	(127)	(233)	(196)	(55)	(484)
Less: Proceeds from sales of fixed assets	(1)	-	(3)	(4)	(8)	(1)	(1)	(2)	(1)	(5)	(3)	(1)	-	(4)
<b>Free Cash Flow</b>	<b>(260)</b>	<b>63</b>	<b>(49)</b>	<b>317</b>	<b>71</b>	<b>(336)</b>	<b>(4)</b>	<b>14</b>	<b>(26)</b>	<b>(352)</b>	<b>20</b>	<b>(2)</b>	<b>124</b>	<b>142</b>



## Explanation of Other Income (Expenses) Included in our Adjusted EBITDA

### 1) Metal Price Lag net of related hedges:

On certain sales contracts we experience timing differences on the pass through of changing aluminum prices from our suppliers to our customers. Additional timing differences occur in the flow of metal costs through moving average inventory cost values and cost of goods sold. This timing difference is referred to as Metal Price Lag. We have a risk management programme in place to minimize impact of this "lag".

### 2) Foreign Currency remeasurement net of related hedges:

All non-functional currency denominated Working Capital and Debt gets remeasured every period by the period end exchange rates. This impacts our profitability. Like Metal Price Lag, we have a risk management programme in place to minimize impact of such Remeasurement.

### 3) Purchase Accounting:

Consequent upon acquisition, the consideration and transaction costs paid by Hindalco in connection with the transaction were "pushed down" to us and were allocated to the assets acquired and the liabilities assumed. These allocations are amortized over periods, impacting our profitability. A significant portion of such amortizations pertain to ceiling contracts.

### 4) Can Price ceilings:

Some sales contracts contained a ceiling over which metal prices could not be contractually passed through to certain customers. This negatively impacts our margins and cash flows when the price we paid for metal was above the ceiling price contained in these contracts. These contracts expired December 31, 2009.