

**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): November 9, 2015**

**NOVELIS INC.**

(Exact name of Registrant as specified in its charter)

Canada

001-32312

98-0442987

(State or Other Jurisdiction of Incorporation)

(Commission File No.)

(IRS Employer Identification No.)

3560 Lenox Road, Suite 2000, Atlanta, GA 30326, Atlanta, GA

30326

(Address of Principal Executive Offices)

(Zip Code)

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))

## 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 November 9, 2015, Novelis Inc. issued a press release reporting the company's financial results for its fiscal quarter ended September 30, 2015. 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: Adjusted EBITDA, Adjusted EBITDA Excluding Metal Price Lag, Free Cash Flow, Free Cash Flow Before CapEx, Net Income (Loss) Excluding Special Items and Liquidity.

**EBITDA, Adjusted EBITDA and Adjusted EBITDA Excluding Metal Price Lag.** 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, net, except for foreign currency remeasurement hedging activities; impairment of goodwill; gains (losses) on extinguishment of debt; adjustment to include proportional consolidation; restructuring and impairment charges; gains or losses on disposals of property, plant and equipment and businesses; and certain other costs. Adjusted EBITDA Excluding Metal Price Lag further adjusts Adjusted EBITDA for the impact of timing differences between the prices we pay for metal and the prices we charge our customers for metal. EBITDA and Adjusted EBITDA are measures commonly used in the company's industry. The company presents EBITDA, Adjusted EBITDA and Adjusted EBITDA Excluding Metal Price Lag to enhance investors' understanding of the company's operating performance. Novelis believes that EBITDA, Adjusted EBITDA and Adjusted EBITDA Excluding Metal Price Lag 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, neither EBITDA, Adjusted EBITDA nor Adjusted EBITDA Excluding Metal Price Lag are measurements of financial performance under GAAP, and the company's EBITDA, Adjusted EBITDA and Adjusted EBITDA Excluding Metal Price Lag may not be comparable to similarly titled measures of other companies. EBITDA, Adjusted EBITDA and Adjusted EBITDA Excluding Metal Price Lag have important limitations as analytical tools, 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, Adjusted EBITDA and Adjusted EBITDA Excluding Metal Price Lag:

- 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.

Management believes that investors' understanding of the company's performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing the company's ongoing results of operations. Many investors are interested in understanding the performance of the company's business by comparing its results from ongoing operations from one period to the next and would ordinarily add back items that are not part of normal day-to-day operations of the company's business. By providing these non-GAAP financial measures, together with reconciliations, the company believes it is enhancing investors' understanding of its business and its results of operations, as well as assisting investors in evaluating how well it is executing strategic initiatives.

Additionally, a form of adjusted EBITDA, defined in the company's senior secured credit facilities, 8.375% senior notes and 8.75% 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.

The company also uses EBITDA, Adjusted EBITDA and Adjusted EBITDA Excluding Metal Price Lag:

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- as measures of operating performance to assist the company in comparing its operating performance on a consistent basis because it removes the impact of items not directly resulting from the company's core operations;
- for planning purposes, including the preparation of the company's internal annual operating budgets and financial projections;
- to evaluate the performance and effectiveness of the company's operational strategies; and
- to calculate incentive compensation payments for the company's key employees.

**Free Cash Flow and Free Cash Flow Before CapEx.** 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. Free Cash Flow before Cap Ex consists of: (a) Free Cash Flow, plus (b) capital expenditures. Management believes that Free Cash Flow and Free Cash Flow Before CapEx are relevant to investors as they provide a measure of the cash generated internally that is available for debt service and other value creation opportunities. However, Free Cash Flow and Free Cash Flow Before CapEx are not measurements of financial performance or liquidity under GAAP and do 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 and Free Cash Flow Before CapEx may not be consistent with that of other companies.

**Net Income (Loss) Excluding Special Items.** Net income (loss) excluding special items adjusts net income (loss) for restructuring and impairment charges, loss on extinguishment of debt, metal price lag, gains (losses) on sale of assets held for sale, and the tax effect of such items. We adjust for items which may recur in varying magnitude which affect the comparability of the operational results of our underlying business. Novelis believes that net income (loss) excluding special items enhances the overall understanding of the company's current financial performance. Specifically, management believes this non-GAAP financial measure provides useful information to investors by excluding or adjusting certain items, which impact the comparability of the company's core operating results. With respect to gains (losses) on sale of assets held for sale, and the tax effect of such special items, management believes these excluded items are not reflective of fixed costs that the company believes it will incur over the long term. Management also adjusts for loss on extinguishment of debt, metal price lag, restructuring and impairment charges to enhance the comparability of the company's operating results between periods. However, the company has recorded similar charges in prior periods. The company will incur additional restructuring charges in connection with ongoing restructuring initiatives announced previously and may also incur additional restructuring and impairment charges in connection with future streamlining measures. The company may also incur additional impairment charges unrelated to restructuring initiatives. Net income (loss) excluding special items should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

**Liquidity.** Liquidity consists of cash and cash equivalents plus availability under our committed credit facilities. In addition to presenting available cash and cash equivalents, management believes that presenting 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 U.S. 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 November 9, 2015 (furnished to the Commission as a part of this Form 8-K).

99.2 Presentation materials, dated November 9, 2015 (furnished to the Commission as a part of this Form 8-K).

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## EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release, dated November 9, 2015 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated November 9, 2015 (furnished to the Commission as a part of this Form 8-K).

# News Release

## **Novelis Reports Second Quarter of Fiscal Year 2016 Results**

*Strategic portfolio shift towards premium products delivering results*

### **Second Quarter Fiscal Year 2016 Highlights**

- **Net loss of \$13 million; excluding special items, net income \$25 million**
- **Adjusted EBITDA excluding metal price lag of \$236 million, up 7% YoY, up 11% versus Q1**
- **Record global FRP shipments of 788 kilotonnes up 3% YoY and versus Q1**
- **Record automotive shipments up 59% YoY, up 6% versus Q1**
- **Generated \$140 million of free cash flow**

ATLANTA, November 9, 2015 – Novelis, the world leader in aluminum rolling and recycling, today reported a net loss of \$13 million for second quarter of fiscal year 2016. Excluding tax-effected special items, the company reported net income of \$25 million in the second quarter of fiscal 2016 compared to \$36 million in the second quarter of fiscal 2015.

Excluding the impact of metal price lag in both periods, Adjusted EBITDA was \$236 million in the second quarter of fiscal 2016, up seven percent compared to \$221 million in the prior year. The increase was driven by higher shipments of premium automotive and beverage can sheet, partially offset by less favorable recycling benefits due to lower aluminum prices as compared to the prior year. Current year results also reflect higher costs associated with the start-up and support of new automotive finishing and recycling capacity. However, the company has made good progress reducing new asset start-up costs on a sequential basis. Adjusted EBITDA excluding metal price lag increased eleven percent in the second quarter of fiscal 2016 from \$212 million reported in the first quarter of fiscal 2016, primarily driven by higher shipments, better product mix and lower start-up costs.

"Our focus on growing premium can, automotive and high-end specialty shipments, managing costs and reducing working capital is delivering results," said Steve Fisher, President and Chief Executive Officer for Novelis. "We are leveraging new assets, reducing start-up costs, and building momentum in our expanded automotive and can sheet businesses. We are now commissioning our two most recently constructed automotive lines in the US and Germany and solidifying our position as the global leader in aluminum flat rolled products."

Shipments of rolled aluminum products totaled a record 788 kilotonnes in the second quarter of fiscal 2016, a three percent increase compared to 765 kilotonnes reported in the prior year period. However, sharply lower average aluminum prices and local market premiums drove a twelve percent decrease in revenues to \$2.5 billion for the second quarter of fiscal 2016 compared to \$2.8 billion in fiscal 2015.

Average local market metal premiums continued to decline in the second quarter of fiscal 2016 creating negative metal price lag of \$54 million. Although the company uses derivatives contracts to minimize the price lag associated with LME base aluminum prices, it does not use derivative contracts for local market premiums, as adequate cost-effective hedges are not available. Adjusted EBITDA for the second quarter of fiscal 2016 including metal price lag was \$182 million.

(in \$M)	Three Months Ended			
	9/30/2015		9/30/2014	
Free Cash Flow	\$	140	\$	(108)
Capital Expenditures	\$	75	\$	126

The company generated \$140 million of free cash flow in the second quarter of fiscal 2016 as compared to negative \$108 million in the second quarter of fiscal 2015. The increase over the prior year was primarily a result of lower capital expenditures, as well as a reduction in working capital attributed to lower metal prices and the company's focus on reducing inventory levels. The company continues to expect positive free cash flow for the full fiscal year after spending approximately \$400 million on capital expenditures.

As of September 30, 2015, the company reported solid liquidity of \$968 million.

#### Second Quarter of Fiscal Year 2016 Earnings Conference Call

Novelis will discuss its second quarter of fiscal year 2016 results via a live webcast and conference call for investors at 8:00 a.m. ET on Monday, November 9, 2015. To view slides and listen only, visit the web at

<https://cc.callinfo.com/r/1n2iqpaihaa3e&eom>. To join by telephone, dial toll-free in North America at 800 954 0625, India toll-free at 0008008521504 or the international toll line at +1 212 231 2936. Presentation materials and access information may also be found at [novelis.com/investors](http://novelis.com/investors).

#### About Novelis

Novelis Inc. is the global leader in aluminum rolled products and the world's largest recycler of aluminum. The company operates in 11 countries, has approximately 11,500 employees and reported \$11.1 billion in revenue for its 2015 fiscal year. Novelis supplies premium aluminum sheet and foil products to transportation, packaging, construction, industrial and consumer electronics markets throughout North America, Europe, Asia and South America. The company is a subsidiary of Hindalco Industries Limited, part of the Aditya Birla Group, a multinational conglomerate based in Mumbai, India. For more information, visit [novelis.com](http://novelis.com) and follow us on Facebook at [facebook.com/NovelisInc](https://facebook.com/NovelisInc) and Twitter at [twitter.com/Novelis](https://twitter.com/Novelis).

#### 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 believe 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 concurrently 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 Adjusted EBITDA excluding Metal Price Lag, Free Cash Flow, Reconciliation to Liquidity, Reconciliation to Net (Loss) Income excluding Special Items, and Segment Information.

#### 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. An example of forward looking statements in this news release is the company's expectation for positive free cash flow for the full fiscal year. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and 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 the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; 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; changes in the relative values of various currencies and the effectiveness of our currency hedging activities; factors affecting our operations, such as litigation, environmental remediation and clean-up costs, labor relations and negotiations, breakdown of equipment and other events; the impact of restructuring efforts in the future; 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; changes in general economic conditions including deterioration in the global economy, particularly sectors in which our customers operate; 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, derivative instruments, environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our credit facilities and other financing agreements; the effect of taxes and changes in tax rates; our level of indebtedness and our ability to generate cash. The above list of factors is not exhaustive. Other important risk factors included under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015 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 September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 2,482	\$ 2,831	\$ 5,116	\$ 5,511
Cost of goods sold (exclusive of depreciation and amortization)	2,241	2,483	4,641	4,812
Selling, general and administrative expenses	100	103	200	211
Depreciation and amortization	89	90	176	179
Interest expense and amortization of debt issuance costs	82	82	162	163
Research and development expenses	13	12	26	24
Gain on assets held for sale	—	—	—	(11)
Loss on extinguishment of debt	—	—	13	—
Restructuring and impairment, net	4	7	19	13
Equity in net loss of non-consolidated affiliates	1	—	2	2
Other (income) expense, net	(32)	18	(62)	23
	<u>2,498</u>	<u>2,795</u>	<u>5,177</u>	<u>5,416</u>
(Loss) income before income taxes	(16)	36	(61)	95
Income tax (benefit) provision	(3)	(2)	12	22
Net (loss) income	(13)	38	(73)	73
Net income attributable to noncontrolling interests	—	—	—	—
Net (loss) income attributable to our common shareholder	<u>\$ (13)</u>	<u>\$ 38</u>	<u>\$ (73)</u>	<u>\$ 73</u>

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

ASSETS	September 30, 2015	March 31, 2015
<b>Current assets</b>		
Cash and cash equivalents	\$ 462	\$ 628
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$3 as of September 30, 2015 and March 31, 2015)	1,155	1,289
— related parties	55	53
Inventories	1,349	1,431
Prepaid expenses and other current assets	104	112
Fair value of derivative instruments	102	77
Deferred income tax assets	43	79
Assets held for sale	5	6
<b>Total current assets</b>	<b>3,275</b>	<b>3,675</b>
Property, plant and equipment, net	3,488	3,542
Goodwill	607	607
Intangible assets, net	566	584
Investment in and advances to non-consolidated affiliate	464	447
Deferred income tax assets	95	95
Other long-term assets		
— third parties	116	137
— related parties	19	15
<b>Total assets</b>	<b>\$ 8,630</b>	<b>\$ 9,102</b>
<b>LIABILITIES AND SHAREHOLDER'S DEFICIT</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 102	\$ 108
Short-term borrowings	901	846
Accounts payable		
— third parties	1,435	1,854
— related parties	49	44
Fair value of derivative instruments	159	149
Accrued expenses and other current liabilities	593	572
Deferred income tax liabilities	1	20
<b>Total current liabilities</b>	<b>3,240</b>	<b>3,593</b>
Long-term debt, net of current portion	4,418	4,349
Deferred income tax liabilities	196	261
Accrued postretirement benefits	765	748
Other long-term liabilities	185	221
<b>Total liabilities</b>	<b>8,804</b>	<b>9,172</b>
Commitments and contingencies		
<b>Shareholder's deficit</b>		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of September 30, 2015 and March 31, 2015	—	—

Additional paid-in capital	1,404	1,404
Accumulated deficit	(998)	(925)
Accumulated other comprehensive loss	(589)	(561)
<b>Total deficit of our common shareholder</b>	<b>(183)</b>	<b>(82)</b>
<b>Noncontrolling interests</b>	<b>9</b>	<b>12</b>
<b>Total deficit</b>	<b>(174)</b>	<b>(70)</b>
<b>Total liabilities and deficit</b>	<b>\$ 8,630</b>	<b>\$ 9,102</b>

**Novelis Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**  
(in millions)

	Six Months Ended September 30,	
	2015	2014
<b>OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (73)	\$ 73
Adjustments to determine net cash used in operating activities:		
Depreciation and amortization	176	179
(Gain) loss on unrealized derivatives and other realized derivatives in investing activities, net	(12)	14
Gain on assets held for sale	—	(11)
Loss on sale of assets	1	3
Impairment charges	2	—
Loss on extinguishment of debt	13	—
Deferred income taxes	(44)	(18)
Amortization of fair value adjustments, net	6	6
Equity in net loss of non-consolidated affiliates	2	2
Gain on foreign exchange remeasurement of debt	(6)	(3)
Amortization of debt issuance costs and carrying value adjustments	10	13
Other, net	—	(1)
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	127	(187)
Inventories	87	(369)
Accounts payable	(384)	295
Other current assets	10	(29)
Other current liabilities	25	27
Other noncurrent assets	19	(2)
Other noncurrent liabilities	(22)	(5)
<b>Net cash used in operating activities</b>	<b>(63)</b>	<b>(13)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(204)	(264)
Proceeds from sales of assets, third party, net of transaction fees and hedging	1	34
Outflows from investments in and advances to non-consolidated affiliates, net	(4)	(11)
(Outflows) proceeds from settlement of other undesignated derivative instruments, net	(14)	3
<b>Net cash used in investing activities</b>	<b>(221)</b>	<b>(238)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term and short-term borrowings	140	198
Principal payments of long-term and short-term borrowings	(135)	(126)
Revolving credit facilities and other, net	123	248
Return of capital to our common shareholder	—	(250)
Dividends, noncontrolling interest	(1)	(1)
Debt issuance costs	(13)	—
<b>Net cash provided by financing activities</b>	<b>114</b>	<b>69</b>
Net decrease in cash and cash equivalents	(170)	(182)
<b>Effect of exchange rate changes on cash</b>	<b>4</b>	<b>(1)</b>
Cash and cash equivalents — beginning of period	628	509
Cash and cash equivalents — end of period	<b>\$ 462</b>	<b>\$ 326</b>

### Reconciliation from Net (Loss) Income Attributable to our Common Shareholder to Adjusted EBITDA, and Adjusted EBITDA excluding Metal Price Lag (unaudited)

Novelis is providing disclosure of the reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis. To better analyze underlying operational results, the following table also shows Adjusted EBITDA to Adjusted EBITDA excluding the impact of non-operational Metal Price Lag. 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.

(in millions)	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
<b>Net (loss) income attributable to our common shareholder</b>	\$ (13)	\$ 38	\$ (73)	\$ 73
Income tax benefit (provision)	3	2	(12)	(22)
Interest, net	(80)	(80)	(158)	(160)
Depreciation and amortization	(89)	(90)	(176)	(179)
<b>EBITDA</b>	<b>153</b>	<b>206</b>	<b>273</b>	<b>434</b>
Unrealized (losses) gains on change in fair value of derivative instruments, net	(15)	(1)	20	—
Realized losses on derivative instruments not included in segment income	(3)	—	(2)	(1)
Adjustment to eliminate proportional consolidation	(8)	(9)	(15)	(17)
Loss on sale of fixed assets	—	(2)	(1)	(3)
Gain on assets held for sale	—	—	—	11
Loss on extinguishment of debt	—	—	(13)	—
Restructuring and impairment, net	(4)	(7)	(19)	(13)
Other expense, net	1	(5)	(6)	(8)
<b>Adjusted EBITDA</b>	<b>\$ 182</b>	<b>\$ 230</b>	<b>\$ 309</b>	<b>\$ 465</b>
Metal price lag	(54)	9	(139)	11
<b>Adjusted EBITDA excluding metal price lag</b>	<b>\$ 236</b>	<b>\$ 221</b>	<b>\$ 448</b>	<b>\$ 454</b>

### Free Cash Flow and Cash and Cash Equivalents (unaudited)

The following table shows the "Free cash flow" for the six months ended September 30, 2015 and 2014 and the ending balances of cash and cash equivalents (in millions).

	Six Months Ended September 30,	
	2015	2014
Net cash used in operating activities	\$ (63)	\$ (13)
Net cash used in investing activities	(221)	(238)
Less: Proceeds from sales of assets, net of transaction fees and hedging	(1)	(34)
Free cash flow	\$ (285)	\$ (285)
Ending cash and cash equivalents	\$ 462	\$ 326

### Total Liquidity (unaudited)

The following table shows available liquidity as of September 30, 2015 and March 31, 2015 (in millions).

	September 30,	March 31,
	2015	2015
Cash and cash equivalents	\$ 462	\$ 628
Availability under committed credit facilities	506	510
<b>Total liquidity</b>	<b>\$ 968</b>	<b>\$ 1,138</b>

### Reconciliation of Net (Loss) Income to Net Income, excluding Special Items (unaudited)

The following table shows Net (Loss) Income attributable to our common shareholder excluding special items (in millions). We adjust for items which may recur in varying magnitude which affect the comparability of the operational results of our underlying business.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
Net (loss) income attributable to our common shareholder	\$ (13)	\$ 38	\$ (73)	\$ 73
Special Items:				
Gain on assets held for sale	—	—	—	(11)
Loss on extinguishment of debt	—	—	13	—
Metal price lag	54	(9)	139	(11)
Restructuring and impairment, net	4	7	19	13
Tax effect on Special Items	(20)	—	(49)	—
Net income attributable to our common shareholder, excluding special items	\$ 25	\$ 36	\$ 49	\$ 64

### Segment Information (unaudited)

The following table shows selected segment financial information (in millions, except shipments which are in kilotonnes).

Selected Operating Results Three Months Ended September 30, 2015	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 53	\$ 41	\$ 34	\$ 54	\$ —	\$ 182
Metal price lag	(37)	(15)	(5)	3	—	(54)
Adjusted EBITDA excluding metal price lag	\$ 90	\$ 56	\$ 39	\$ 51	\$ —	\$ 236
Shipments						
Rolled products - third party	268	235	173	112	—	788
Rolled products - intersegment	1	15	14	5	(35)	—
Total rolled products	269	250	187	117	(35)	788
Selected Operating Results Three Months Ended September 30, 2014	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 76	\$ 75	\$ 36	\$ 41	\$ 2	\$ 230
Metal price lag	6	2	—	1	—	9
Adjusted EBITDA excluding metal price lag	\$ 70	\$ 73	\$ 36	\$ 40	\$ 2	\$ 221
Shipments						
Rolled products - third party	259	225	173	108	—	765
Rolled products - intersegment	1	9	13	8	(31)	—
Total rolled products	260	234	186	116	(31)	765
Selected Operating Results Six Months Ended September 30, 2015	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 95	\$ 32	\$ 70	\$ 113	\$ (1)	\$ 309
Metal price lag	(63)	(70)	(8)	2	—	(139)
Adjusted EBITDA excluding metal price lag	\$ 158	\$ 102	\$ 78	\$ 111	\$ (1)	\$ 448
Shipments						
Rolled products - third party	529	466	355	206	—	1,556
Rolled products - intersegment	1	36	25	18	(80)	—
Total rolled products	530	502	380	224	(80)	1,556

<b>Selected Operating Results Six Months Ended September 30, 2014</b>	<b>North America</b>	<b>Europe</b>	<b>Asia</b>	<b>South America</b>	<b>Eliminations and Other</b>	<b>Total</b>
Adjusted EBITDA	\$ 140	\$ 154	\$ 73	\$ 96	\$ 2	\$ 465
Metal price lag	5	7	—	(1)	—	11
Adjusted EBITDA excluding metal price lag	\$ 135	\$ 147	\$ 73	\$ 97	\$ 2	\$ 454
<b>Shipments</b>						
Rolled products - third party	507	460	351	217	—	1,535
Rolled products - intersegment	2	20	23	13	(58)	—
Total rolled products	509	480	374	230	(58)	1,535





# Novelis Q2 Fiscal Year 2016 Earnings Conference Call

November 9, 2015

**Steve Fisher**

President and Chief Executive Officer

**Steve Pohl**

Vice President and Interim Chief Financial Officer

# Novelis

# Safe Harbor Statement

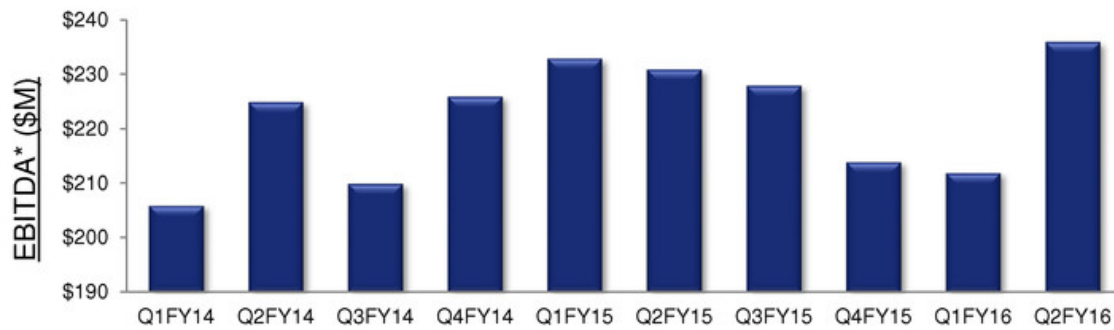
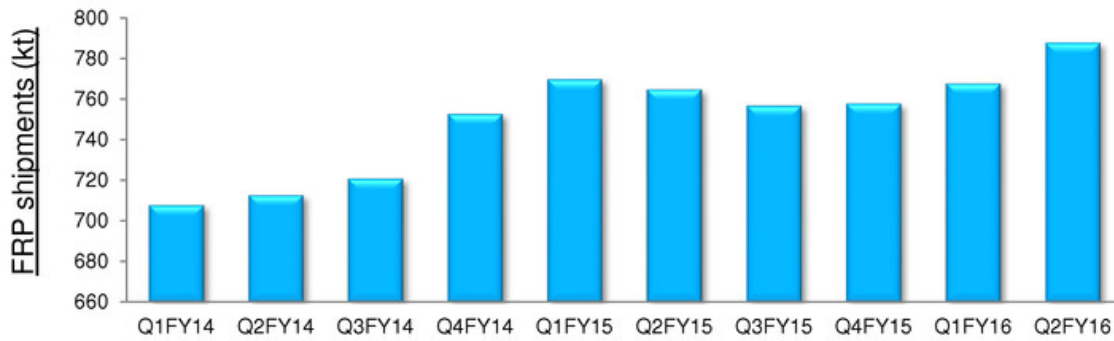
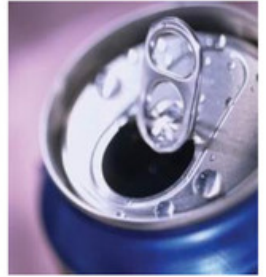
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## Forward-looking statements

Statements made in this 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 forward-looking statements in this presentation are statements about the company's expectations that capital expenditures for the fiscal year will be approximately \$400 million and free cash flow will be positive for the full fiscal year. 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 the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; 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; changes in the relative values of various currencies and the effectiveness of our currency hedging activities; factors affecting our operations, such as litigation, environmental remediation and clean-up costs, labor relations and negotiations, breakdown of equipment and other events; the impact of restructuring efforts in the future; 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; changes in general economic conditions including deterioration in the global economy, particularly sectors in which our customers operate; 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 credit facilities and other financing agreements; the effect of taxes and changes in tax rates; and our level of indebtedness and our ability to generate cash. The above list of factors is not exhaustive. Other important risk factors included under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015 are specifically incorporated by reference into this presentation.

# Business Highlights

- Strategic portfolio shift delivering results
  - Strong production, demand & mix shift driving record shipments
  - Highest EBITDA\* levels in over two years



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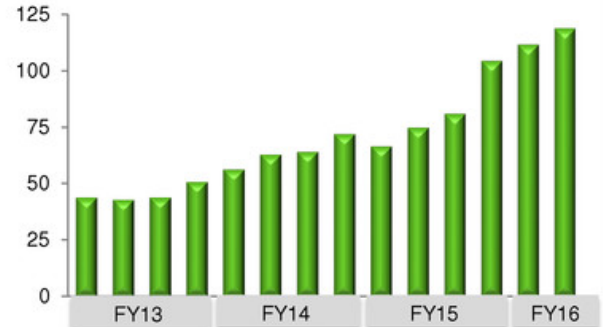
\*EBITDA excluding metal price lag

Not just aluminum, Novelis Aluminum.

# Automotive Game Changer

- Automotive demand projections for aluminum remain strong
- Achieved record automotive sheet shipments in Q2, up 59% YoY
- Began commissioning newest German and US lines ahead of schedule
- Project auto will grow to 25% of Novelis portfolio with current investments

Novelis quarterly automotive shipments (kt)



Oswego, US

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Nachterstedt, Germany



Supply Ford Super Duty

**Not just aluminum, Novelis Aluminum.**

# Regional Aluminum FRP Demand



## Financial Highlights

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# Second Quarter Fiscal 2016 Financial Highlights

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Q2FY16 vs Q2FY15

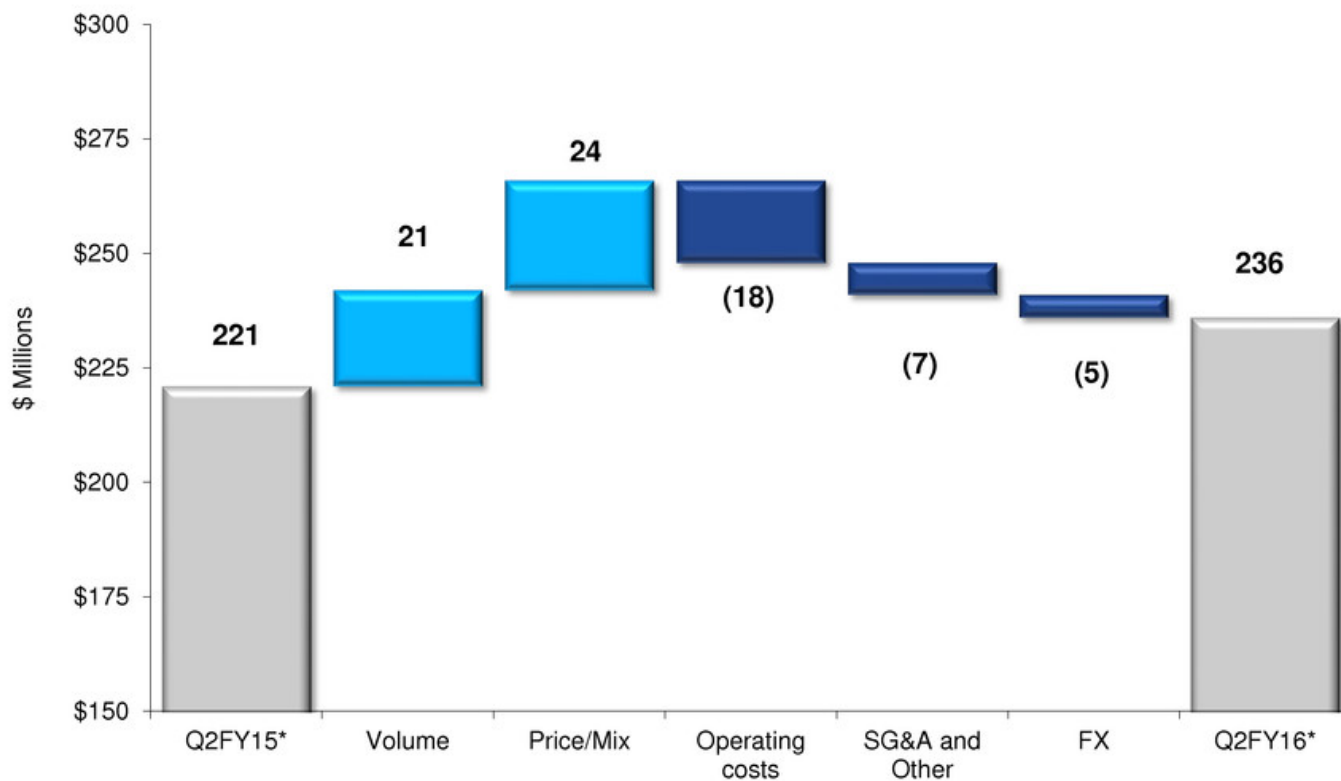
- Record total FRP shipments of 788kt, up 3%
- Lower metal prices drove sales down 12% to \$2.5 billion
- Excluding metal price lag, Adjusted EBITDA \$236 million up 7%
  - Including negative \$54 million of metal price lag, Adjusted EBITDA was \$182 million
- Net loss \$13 million; Excluding tax-effected special items\*, net income \$25 million compared to \$36 million in prior year
- Generated \$140 million of free cash flow
- Solid liquidity \$968 million

*\*Tax-effected special items may include restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt*

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**Not just aluminum, Novelis Aluminum.**

## Q2 Adjusted EBITDA\* Bridge



Strategic portfolio shift delivering results

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\*EBITDA excluding metal price lag in both periods

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Not just aluminum, Novelis Aluminum.



# Capital Spending & Free Cash Flow

- FCF grew YoY driven by working capital improvements and lower capital spending, partially offset by higher metal price lag
- Expect FY16 capital expenditures ~\$400 million and positive free cash flow for the full year FY16



US \$M	Q2 FY16	YTD FY16
Free Cash Flow	140	(285)
Capital Expenditures	75	204

Summary

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# Summary

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- Some economic uncertainty in emerging markets but overall demand outlook remains positive
- Strategy to focus on fundamentals of manufacturing operations is delivering results

**PREMIUM PRODUCT  
PORTFOLIO**



**OPERATIONAL  
EXCELLENCE**



**COST  
MANAGEMENT**



**WORKING CAPITAL  
DISCIPLINE**



## Questions & Answers

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Appendix

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# Income Statement Reconciliation To Adjusted EBITDA

(in \$ m)	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15	Q1 FY16	Q2 FY16
<b>Net income (loss) attributable to our common shareholder</b>	<b>35</b>	<b>38</b>	<b>46</b>	<b>29</b>	<b>148</b>	<b>(60)</b>	<b>(13)</b>
- Interest, net	(80)	(80)	(84)	(76)	(320)	(78)	(80)
- Income tax (provision) benefit	(24)	2	(3)	11	(14)	(15)	3
- Depreciation and amortization	(89)	(90)	(87)	(86)	(352)	(87)	(89)
<b>EBITDA</b>	<b>228</b>	<b>206</b>	<b>220</b>	<b>180</b>	<b>834</b>	<b>120</b>	<b>153</b>
- Unrealized gain (loss) on derivatives	1	(1)	12	(12)	-	35	(15)
- Realized (loss) gain on derivative instruments not included in segment income	(1)	-	(3)	(2)	(6)	1	(3)
- Proportional consolidation	(8)	(9)	(10)	(6)	(33)	(7)	(8)
- Loss on extinguishment of debt	-	-	-	-	-	(13)	-
- Restructuring and impairment, net	(6)	(7)	(25)	1	(37)	(15)	(4)
- Loss on sale of fixed assets	(1)	(2)	(1)	(1)	(5)	(1)	-
- Gain (loss) on assets held for sale, net	11	-	12	(1)	22	-	-
- Others costs, net	(3)	(5)	(1)	-	(9)	(7)	1
<b>Adjusted EBITDA</b>	<b>235</b>	<b>230</b>	<b>236</b>	<b>201</b>	<b>902</b>	<b>127</b>	<b>182</b>
<b>Other income (expense) included in adjusted EBITDA</b>							
- Metal price lag	2	9	8	(12)	5	(85)	(54)
- Foreign currency remeasurement	1	(3)	(4)	(21)	(27)	4	(3)

## Explanation of other income (expense) included in 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. Although we use derivatives contracts to minimize the price lag associated with LME base aluminum prices, we do not use derivative contracts for local market premiums, as these are not prevalent in the market.

**2) Foreign currency remeasurement net of related hedges:** All balance sheet accounts not denominated in the functional currency are remeasured every period to the period end exchange rates. This impacts our profitability. Like metal price lag, we have a risk management program in place to minimize the impact of such remeasurement.

# Free Cash Flow

(in \$ m)	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15	Q1 FY16	Q2 FY16
Cash (used in) provided by operating activities	(24)	11	100	517	604	(288)	225
Cash used in investing activities	(119)	(119)	(46)	(132)	(416)	(137)	(84)
Less: proceeds from sales of assets	(34)	-	(66)	(17)	(117)	-	(1)
<b>Free cash flow</b>	<b>(177)</b>	<b>(108)</b>	<b>(12)</b>	<b>368</b>	<b>71</b>	<b>(425)</b>	<b>140</b>
<b>Capital expenditures</b>	<b>138</b>	<b>126</b>	<b>104</b>	<b>150</b>	<b>518</b>	<b>129</b>	<b>75</b>
<b>Free cash flow before capital expenditures</b>	<b>(39)</b>	<b>18</b>	<b>92</b>	<b>518</b>	<b>589</b>	<b>(296)</b>	<b>215</b>

