

**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 9, 2016**

**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 February 9, 2016, Novelis Inc. issued a press release reporting the company's financial results for its fiscal quarter ended December 31, 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:

---

- 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 February 9, 2016 (furnished to the Commission as a part of this Form 8-K).

99.2 Presentation materials, dated February 9, 2016 (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.

Date: February 9, 2016

**NOVELIS INC.**

By: /s/ Leslie J. Parrette, Jr.

Leslie J. Parrette, Jr.  
General Counsel, Corporate Secretary and  
Compliance Officer

---

## EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release, dated February 9, 2016 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated February 9, 2016 (furnished to the Commission as a part of this Form 8-K).

# News Release

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

*Record Automotive Shipments and Solid Execution Deliver Strong Quarterly Results*

### **Third Quarter Fiscal Year 2016 Highlights**

- **Net income of \$6 million; excluding special items, net income \$32 million**
- **Excluding metal price lag, Adjusted EBITDA increased 4% YoY to \$238 million**
- **Record automotive shipments up 52% YoY**
- **Global FRP shipments of 779 kilotonnes, up 3% YoY**

ATLANTA, February 9, 2016 – Novelis, the world leader in aluminum rolling and recycling, today reported net income of \$6 million for the third quarter of fiscal year 2016. Excluding tax-effected special items, the company reported net income of \$32 million in the third quarter of fiscal 2016 compared to \$54 million in the third quarter of fiscal 2015.

Excluding the impact of metal price lag in both quarters, Adjusted EBITDA was \$238 million in the third quarter of fiscal 2016, up four percent compared to \$228 million in the prior year. The increase was driven by higher shipments of automotive and beverage can sheet, partially offset by less favorable recycling benefits due to depressed aluminum prices as compared to the prior year. Current year results also reflect higher fixed costs associated with new automotive and recycling operations.

"Our good performance this quarter validates our strategy to grow aluminum rolled products capabilities around the world to serve high growth, high value industries including automotive and packaging," said Steve Fisher, President and Chief Executive Officer for Novelis. "The success of our expansion projects coupled with our steady improvement in operational performance positions Novelis for continued growth and profitability."

Shipments of rolled aluminum products grew three percent to 779 kilotonnes in the third quarter of fiscal 2016, as compared to 757 kilotonnes reported in the prior year period. Despite higher shipments, revenues decreased 17 percent to \$2.4 billion for the third quarter of fiscal 2016 driven by significantly lower average aluminum prices and local market premiums.

While average local market metal premiums stabilized during the third quarter of fiscal 2016, the company reported negative metal price lag of \$26 million as it continued to turn higher average metal cost inventory from previous months. Although the company uses derivatives contracts to minimize the price lag associated with LME base aluminum prices, adequate cost-effective hedges are not available for local market premiums. Adjusted EBITDA for the third quarter of fiscal 2016 including metal price lag was \$212 million.

The company reported negative \$12 million of free cash flow in the third quarter of fiscal 2016 as compared to negative \$12 million in the third quarter of fiscal 2015. Capital expenditures totaled \$78 million in the third quarter of fiscal 2016, down from \$104 million reported in the prior year period. The company continues to expect positive free cash flow for the full fiscal year, and capital expenditures slightly below \$400 million in fiscal 2016.

As of December 31, 2015, the company reported solid liquidity of \$946 million.

### **Third Quarter of Fiscal Year 2016 Earnings Conference Call**

Novelis will discuss its third quarter of fiscal year 2016 results via a live webcast and conference call for investors at 8:00 a.m. ET on Tuesday, February 9, 2016. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1jziyt410jabm&eom>. To join by telephone, dial toll-free in North America at 800 918 9478, India toll-free at 0008008521493 or the international toll line at +1 303 223 0117. 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.

---

**Media Contact:**

Charles Belbin  
+1 404 760 4122  
charles.belbin@novelis.com

**Investor Contact:**

Megan Cochard  
+1 404 760 4170  
megan.cochard@novelis.com



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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2015	2014	2015	2014
Net sales	\$ 2,354	\$ 2,847	\$ 7,470	\$ 8,358
Cost of goods sold (exclusive of depreciation and amortization)	2,051	2,498	6,692	7,310
Selling, general and administrative expenses	104	108	304	319
Depreciation and amortization	88	87	264	266
Interest expense and amortization of debt issuance costs	82	85	244	248
Research and development expenses	13	14	39	38
Gain on assets held for sale	—	(12)	—	(23)
Loss on extinguishment of debt	—	—	13	—
Restructuring and impairment, net	10	25	29	38
Equity in net loss of non-consolidated affiliates	—	2	2	4
Other (income) expense, net	(16)	(9)	(78)	14
	<u>2,332</u>	<u>2,798</u>	<u>7,509</u>	<u>8,214</u>
Income (loss) before income taxes	22	49	(39)	144
Income tax provision	16	3	28	25
Net income (loss)	6	46	(67)	119
Net income attributable to noncontrolling interests	—	—	—	—
<b>Net income (loss) attributable to our common shareholder</b>	<u>\$ 6</u>	<u>\$ 46</u>	<u>\$ (67)</u>	<u>\$ 119</u>

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

<b>ASSETS</b>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 457	\$ 628
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$3 as of December 31, 2015 and March 31, 2015)	1,110	1,289
— related parties	56	53
Inventories	1,277	1,431
Prepaid expenses and other current assets	107	112
Fair value of derivative instruments	64	77
Deferred income tax assets	95	79
Assets held for sale	5	6
<b>Total current assets</b>	<u>3,171</u>	<u>3,675</u>
Property, plant and equipment, net	3,465	3,542
Goodwill	607	607
Intangible assets, net	545	584
Investment in and advances to non-consolidated affiliate	452	447
Deferred income tax assets	109	95
Other long-term assets		
— third parties	109	137
— related parties	17	15
<b>Total assets</b>	<u>\$ 8,475</u>	<u>\$ 9,102</u>
<b>LIABILITIES AND SHAREHOLDER'S DEFICIT</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 47	\$ 108
Short-term borrowings	932	846
Accounts payable		
— third parties	1,384	1,854
— related parties	49	44
Fair value of derivative instruments	111	149
Accrued expenses and other current liabilities	514	572
Deferred income tax liabilities	8	20
<b>Total current liabilities</b>	<u>3,045</u>	<u>3,593</u>
Long-term debt, net of current portion	4,442	4,349
Deferred income tax liabilities	243	261
Accrued postretirement benefits	749	748
Other long-term liabilities	168	221
<b>Total liabilities</b>	<u>8,647</u>	<u>9,172</u>
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 December 31, 2015 and March 31, 2015	—	—

Additional paid-in capital	1,404	1,404
Accumulated deficit	(992)	(925)
Accumulated other comprehensive loss	(594)	(561)
<b>Total deficit of our common shareholder</b>	<b>(182)</b>	<b>(82)</b>
<b>Noncontrolling interests</b>	<b>10</b>	<b>12</b>
<b>Total deficit</b>	<b>(172)</b>	<b>(70)</b>
<b>Total liabilities and deficit</b>	<b>\$ 8,475</b>	<b>\$ 9,102</b>

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

	Nine Months Ended December 31,	
	2015	2014
<b>OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (67)	\$ 119
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	264	266
(Gain) loss on unrealized derivatives and other realized derivatives in investing activities, net	(25)	6
Gain on assets held for sale	—	(23)
Loss on sale of assets	2	4
Impairment charges	8	7
Loss on extinguishment of debt	13	—
Deferred income taxes	(60)	(46)
Amortization of fair value adjustments, net	9	9
Equity in net loss of non-consolidated affiliates	2	4
Gain on foreign exchange remeasurement of debt	(5)	(4)
Amortization of debt issuance costs and carrying value adjustments	15	19
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	166	(176)
Inventories	146	(437)
Accounts payable	(422)	427
Other current assets	6	(62)
Other current liabilities	(42)	(6)
Other noncurrent assets	21	3
Other noncurrent liabilities	(30)	(23)
<b>Net cash provided by operating activities</b>	<b>1</b>	<b>87</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(282)	(368)
Proceeds from sales of assets, third party, net of transaction fees and hedging	2	100
Outflows from investments in and advances to non-consolidated affiliates, net	(5)	(17)
(Outflows) proceeds from settlement of other undesignated derivative instruments, net	(11)	1
<b>Net cash used in investing activities</b>	<b>(296)</b>	<b>(284)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term and short-term borrowings	151	303
Principal payments of long-term and short-term borrowings	(194)	(209)
Revolving credit facilities and other, net	178	238
Return of capital to our common shareholder	—	(250)
Dividends, noncontrolling interest	(1)	(1)
Debt issuance costs	(15)	(3)
<b>Net cash provided by financing activities</b>	<b>119</b>	<b>78</b>
Net decrease in cash and cash equivalents	(176)	(119)
<b>Effect of exchange rate changes on cash</b>	<b>5</b>	<b>(3)</b>
Cash and cash equivalents — beginning of period	628	509
Cash and cash equivalents — end of period	<b>\$ 457</b>	<b>\$ 387</b>

**Reconciliation from Net income (loss) 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 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 December 31,		Nine Months Ended December 31,	
	2015	2014	2015	2014
<b>Net income (loss) attributable to our common shareholder</b>	\$ 6	\$ 46	\$ (67)	\$ 119
Income tax provision	(16)	(3)	(28)	(25)
Interest, net	(77)	(84)	(235)	(244)
Depreciation and amortization	(88)	(87)	(264)	(266)
<b>EBITDA</b>	<b>187</b>	<b>220</b>	<b>460</b>	<b>654</b>
Unrealized (losses) gains on change in fair value of derivative instruments, net	(2)	12	18	12
Realized gains (losses) on derivative instruments not included in segment income	1	(3)	(1)	(4)
Adjustment to eliminate proportional consolidation	(7)	(10)	(22)	(27)
Loss on sale of fixed assets	(1)	(1)	(2)	(4)
Gain on assets held for sale	—	12	—	23
Loss on extinguishment of debt	—	—	(13)	—
Restructuring and impairment, net	(10)	(25)	(29)	(38)
Other expense, net	(6)	(1)	(12)	(9)
<b>Adjusted EBITDA</b>	<b>\$ 212</b>	<b>\$ 236</b>	<b>\$ 521</b>	<b>\$ 701</b>
Metal price lag	(26)	8	(165)	19
<b>Adjusted EBITDA excluding metal price lag</b>	<b>\$ 238</b>	<b>\$ 228</b>	<b>\$ 686</b>	<b>\$ 682</b>

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

The following table shows the "Free cash flow" for the nine months ended December 31, 2015 and 2014 and the ending balances of cash and cash equivalents (in millions).

	Nine Months Ended December 31,	
	2015	2014
Net cash provided by operating activities	\$ 1	\$ 87
Net cash used in investing activities	(296)	(284)
Less: Proceeds from sales of assets, net of transaction fees and hedging	(2)	(100)
Free cash flow	\$ (297)	\$ (297)
Ending cash and cash equivalents	\$ 457	\$ 387

**Total Liquidity (unaudited)**

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

	December 31,	March 31,
	2015	2015
Cash and cash equivalents	\$ 457	\$ 628
Availability under committed credit facilities	489	510
<b>Total liquidity</b>	<b>\$ 946</b>	<b>\$ 1,138</b>

### Reconciliation of Net income (loss) to Net income, excluding Special Items (unaudited)

The following table shows Net income (loss) 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 December 31,		Nine Months Ended December 31,	
	2015	2014	2015	2014
<b>Net income (loss) attributable to our common shareholder</b>	\$ 6	\$ 46	\$ (67)	\$ 119
Special Items:				
Gain on assets held for sale	—	12	—	23
Loss on extinguishment of debt	—	—	(13)	—
Metal price lag	(26)	8	(165)	19
Restructuring and impairment, net	(10)	(25)	(29)	(38)
Tax effect on Special Items	10	(3)	59	(3)
Net income attributable to our common shareholder, excluding special items	\$ 32	\$ 54	\$ 81	\$ 118

### 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 December 31, 2015	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 68	\$ 37	\$ 30	\$ 77	\$ —	\$ 212
Metal price lag	(16)	(8)	(3)	1	—	(26)
Adjusted EBITDA excluding metal price lag	\$ 84	\$ 45	\$ 33	\$ 76	\$ —	\$ 238
Shipments						
Rolled products - third party	253	220	183	123	—	779
Rolled products - intersegment	—	12	10	9	(31)	—
Total rolled products	253	232	193	132	(31)	779
Selected Operating Results Three Months Ended December 31, 2014	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 71	\$ 57	\$ 33	\$ 75	\$ —	\$ 236
Metal price lag	2	(5)	8	3	—	8
Adjusted EBITDA excluding metal price lag	\$ 69	\$ 62	\$ 25	\$ 72	\$ —	\$ 228
Shipments						
Rolled products - third party	255	205	177	120	—	757
Rolled products - intersegment	—	13	21	9	(43)	—
Total rolled products	255	218	198	129	(43)	757
Selected Operating Results Nine Months Ended December 31, 2015	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 163	\$ 69	\$ 100	\$ 190	\$ (1)	\$ 521
Metal price lag	(79)	(78)	(10)	2	—	(165)
Adjusted EBITDA excluding metal price lag	\$ 242	\$ 147	\$ 110	\$ 188	\$ (1)	\$ 686
Shipments						
Rolled products - third party	782	686	538	329	—	2,335
Rolled products - intersegment	1	48	35	27	(111)	—
Total rolled products	783	734	573	356	(111)	2,335

<b>Selected Operating Results Nine Months Ended December 31, 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	\$ 211	\$ 211	\$ 106	\$ 171	\$ 2	\$ 701
Metal price lag	7	2	9	1	—	19
Adjusted EBITDA excluding metal price lag	\$ 204	\$ 209	\$ 97	\$ 170	\$ 2	\$ 682
<b>Shipments</b>						
Rolled products - third party	762	665	528	337	—	2,292
Rolled products - intersegment	2	33	44	22	(101)	—
Total rolled products	764	698	572	359	(101)	2,292



# Novelis Q3 Fiscal Year 2016 Earnings Conference Call

February 9, 2016

**Steve Fisher**

President and Chief Executive Officer

**Steve Pohl**

Vice President and Interim Chief Financial Officer

# Novelis



# Safe Harbor Statement

---

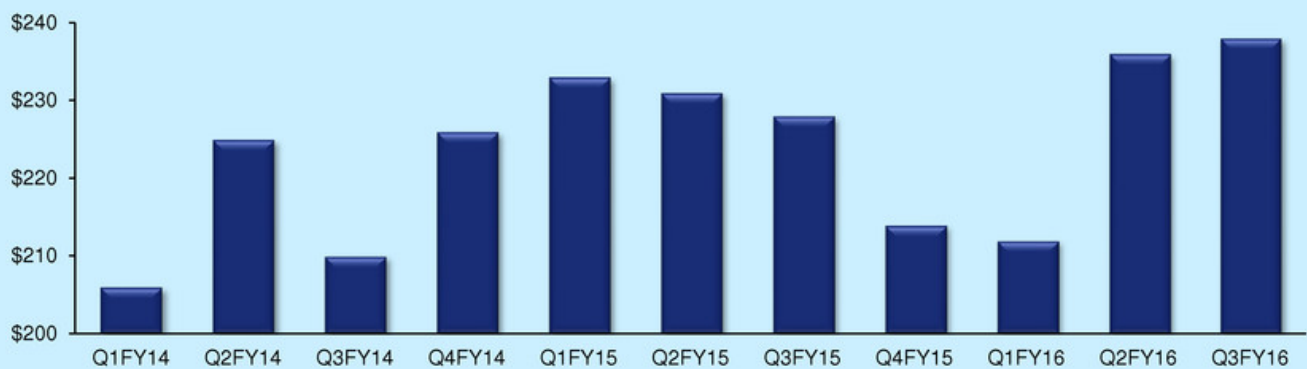
## Forward-looking statements

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 just below \$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.

## Third Quarter Fiscal 2016 Highlights

- Strategy to grow global shipments of aluminum rolled products in high-growth, high-value industries delivering results
- Improved operational performance in the face of low aluminum prices and sluggish economic conditions
- Adjusted EBITDA\* grew 4% YoY and 1% sequentially to \$238 million
  - Record third quarter EBITDA\*; highest level in last eleven quarters

Quarterly Adjusted EBITDA excluding Metal Price Lag (\$M)



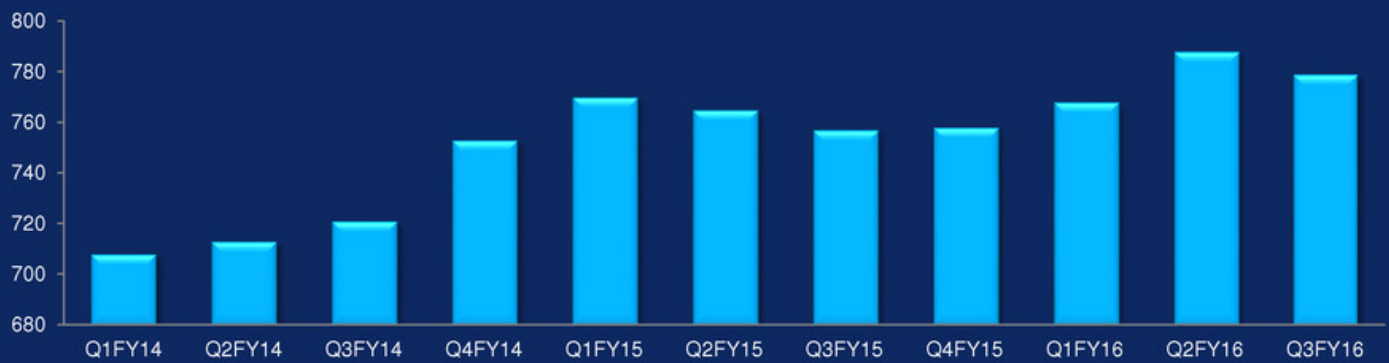
\*Excluding metal price lag  
©2016 Novelis Inc.

Not just aluminum, Novelis Aluminum.

## Building Momentum in the Business

- FRP shipments increased 3% YoY to record third quarter level
- Q3 seasonally low but global demand in key end markets remain strong
- Focus on our core business of can, auto and high end specialty products
- Trailing 12 month shipments nearly 3.1 million tonnes

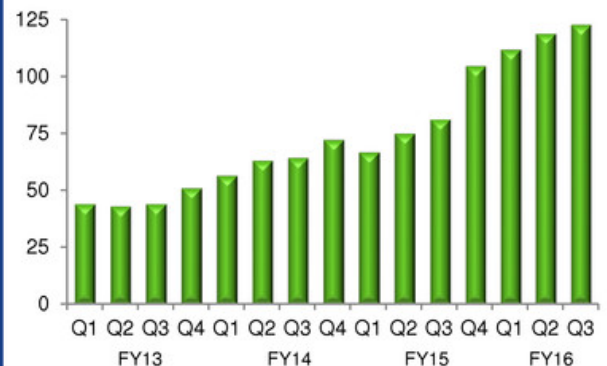
Quarterly total FRP shipments (kt)



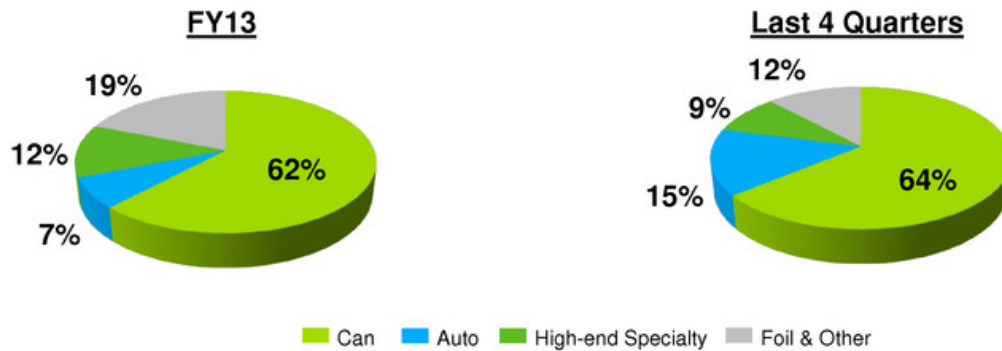
# Increased Focus on High-End Products

- Achieved record automotive sheet shipments in Q3, up 52% YoY
- Additional lines commissioning in US and Germany on schedule to produce shipments late CY16
- Beverage Can expected to maintain largest share of Novelis portfolio

Quarterly Automotive shipments (kt)



Novelis portfolio evolution: Percentage of Total FRP Shipments





# Regional Demand Drivers & Business Environment

---



## North America

- Beverage can sheet market flat to slightly declining
- Full production on first two automotive finishing lines; 3<sup>rd</sup> line to begin shipping product this calendar year



## Europe

- Material substitution driving growth in beverage can market
- Auto market strong regionally; new auto line on track to ship product this calendar year
- Specialties portfolio optimization
- Improved performance at Nachterstedt recycling center



## Asia

- Excess capacity and pricing pressures in many markets
- Targeted portfolio shift within Specialties segment
- Auto production as differentiator



## South America

- Declining GDP driving weak specialties market
- Benefitting from beverage packaging mix shift towards aluminum can

## Financial Highlights

# Novelis

---

# Third Quarter Fiscal 2016 Highlights

---

Q3FY16 vs Q3FY15

- Shipments up 3% YoY to 779kt
- Significantly lower aluminum prices drove 17% decline in Sales to \$2.4 billion
  - Average LME aluminum price 24% lower than prior year
  - Average local market premium 65% lower than prior year
- Excluding metal price lag, Adjusted EBITDA \$238 million up 4% YoY, up 1% sequentially from Q2FY16
  - Including \$26 million negative metal price lag, Q3FY16 Adjusted EBITDA \$212 million
- Net income \$6 million; Excluding tax-effected special items\*, net income \$32 million compared to \$54 million in prior year
- Solid liquidity position of \$946 million

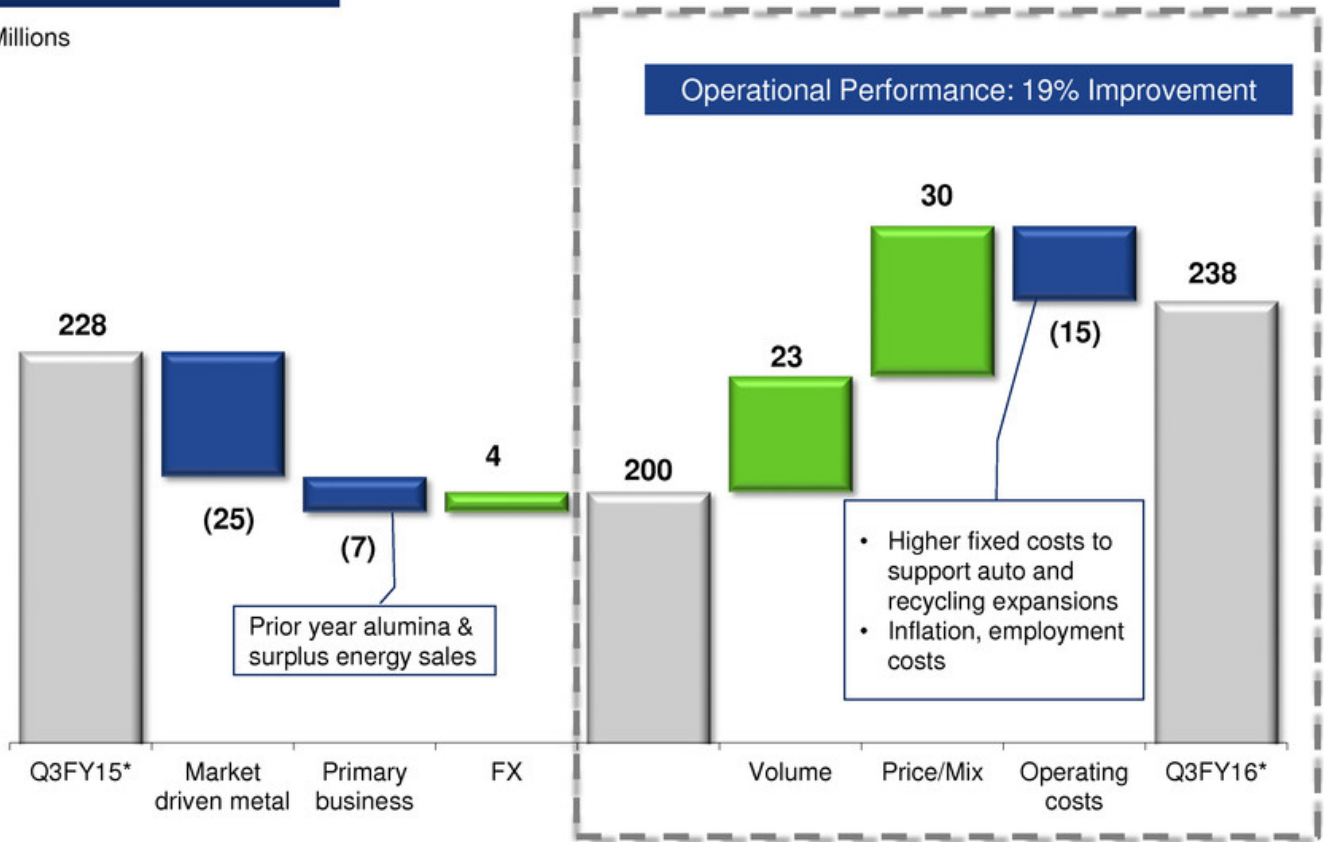
\*Tax-effected special items may include restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt

©2016 Novelis Inc.

**Not just aluminum, Novelis Aluminum.**

# Q3 Adjusted EBITDA\* Bridge

\$ Millions



**Excellent Business Momentum**

\*EBITDA excluding metal price lag in both periods  
©2016 Novelis Inc.

**Not just aluminum, Novelis Aluminum.**



# Capital Spending & Free Cash Flow

- Q3 FCF includes \$107 million of semi-annual Senior Note interest payments
- FY16 Outlook
  - FY16 capex just below \$400 million
  - Positive free cash flow for the full year



US \$M	Q3 FY16	YTD FY16
Free Cash Flow	(12)	(297)
Capital Expenditures	78	282

Summary

Novelis

---

# Summary

---

- Some economic uncertainty in emerging markets but overall demand outlook remains positive and operations performing well
- Record automotive shipments achieved in Q3; continued growth ahead as third US line and German line begin shipping product
- Strategy to focus on fundamentals of manufacturing operations is delivering results
  - Grow premium product portfolio
  - Manage costs and working capital
  - Deliver operational excellence



## Questions & Answers

# Novelis

---

Appendix

---

Novelis

---

# Income Statement Reconciliation To Adjusted EBITDA

(in \$ m)	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15	Q1 FY16	Q2 FY16	Q3 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>	<b>6</b>
- Interest, net	(80)	(80)	(84)	(76)	(320)	(78)	(80)	(77)
- Income tax (provision) benefit	(24)	2	(3)	11	(14)	(15)	3	(16)
- Depreciation and amortization	(89)	(90)	(87)	(86)	(352)	(87)	(89)	(88)
<b>EBITDA</b>	<b>228</b>	<b>206</b>	<b>220</b>	<b>180</b>	<b>834</b>	<b>120</b>	<b>153</b>	<b>187</b>
- Unrealized gain (loss) on derivatives	1	(1)	12	(12)	-	35	(15)	(2)
- Realized (loss) gain on derivative instruments not included in segment income	(1)	-	(3)	(2)	(6)	1	(3)	1
- Proportional consolidation	(8)	(9)	(10)	(6)	(33)	(7)	(8)	(7)
- Loss on extinguishment of debt	-	-	-	-	-	(13)	-	-
- Restructuring and impairment, net	(6)	(7)	(25)	1	(37)	(15)	(4)	(10)
- Loss on sale of fixed assets	(1)	(2)	(1)	(1)	(5)	(1)	-	(1)
- Gain (loss) on assets held for sale, net	11	-	12	(1)	22	-	-	-
- Others costs, net	(3)	(5)	(1)	-	(9)	(7)	1	(6)
<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>212</b>
<b>Other income (expense) included in adjusted EBITDA</b>								
- Metal price lag	2	9	8	(12)	5	(85)	(54)	(26)
- Foreign currency remeasurement	1	(3)	(4)	(21)	(27)	4	(3)	4

## 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	Q3 FY16
Cash (used in) provided by operating activities	(24)	11	100	517	604	(288)	225	64
Cash used in investing activities	(119)	(119)	(46)	(132)	(416)	(137)	(84)	(75)
Less: proceeds from sales of assets	(34)	-	(66)	(17)	(117)	-	(1)	(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>(12)</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>78</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>	<b>66</b>

