

**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): August 5, 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 August 5, 2016, Novelis Inc. issued a press release reporting the company's financial results for its fiscal quarter ended June 30, 2016. 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 Certain 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 August 5, 2016 (furnished to the Commission as a part of this Form 8-K).

99.2 Presentation materials, dated August 5, 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.

**NOVELIS INC.**

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

Leslie J. Parrette, Jr.

General Counsel, Corporate Secretary and  
Compliance Officer

---

Date: August 5, 2016

## EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release, dated August 5, 2016 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated August 5, 2016 (furnished to the Commission as a part of this Form 8-K).

# News Release

## **Novelis Reports First Quarter of Fiscal Year 2017 Results**

*Positive Portfolio Mix Shift and Productivity Drive Strong Results*

### **First Quarter Fiscal Year 2017 Highlights**

- Net income \$24 million, up \$84 million YoY; excluding special items, net income increased 38% to \$33 million
- Total FRP shipments of 755 kilotonnes; record automotive sheet shipments up 15% YoY
- Adjusted EBITDA, excluding metal price lag, increased 26% YoY to \$268 million

ATLANTA, August 5, 2016 – Novelis, the world leader in aluminum rolling and recycling, today reported net income of \$24 million for the first quarter of fiscal year 2017, compared to a net loss of \$60 million in the prior year period. Excluding tax-effected special items, the company reported net income of \$33 million in the first quarter of fiscal 2017, up from \$24 million reported in the first quarter of fiscal 2016.

"Building on the momentum of a strong close to fiscal 2016, the 26 percent increase in Adjusted EBITDA excluding metal price lag reflects our heightened focus on manufacturing operations, driving productivity gains and asset efficiency while operating with a more complex, premium product portfolio," said Steve Fisher, President and Chief Executive Officer for Novelis. "In addition, we are better able to serve our customers, optimize our portfolio, and leverage our recycling capabilities as a result of the completion of our recent investment phase."

Adjusted EBITDA for the first quarter of fiscal 2017 increased to \$255 million from \$127 million reported in the prior year period primarily as a result of a significant reduction in negative metal price lag and operational improvements. The impact of metal price lag has moderated in recent results due to reduced volatility in local market premiums over the past several months. Metal price lag in the first quarter of fiscal 2017 was negative \$13 million, as compared to negative \$85 million in the prior year.

Excluding metal price lag in both periods, Adjusted EBITDA increased 26 percent to \$268 million. The increase was primarily driven by higher productivity and lower costs associated with the start-up of new automotive finishing and recycling capacity in the prior year. Favorable product mix shift, including a 15 percent increase in automotive sheet shipments to record levels, also contributed to this growth. Partially offsetting these gains was a two percent decline in total shipments of rolled aluminum products to 755 kilotonnes.

Net sales decreased thirteen percent to \$2.3 billion for the first quarter of fiscal 2017. This was driven by lower average aluminum prices and local market premiums, as well as lower total shipments, which was partially offset by increased shipments of higher conversion premium products.

The company reported negative free cash flow of \$146 million for the first quarter of fiscal 2017 as compared to negative \$425 million in the first quarter of fiscal 2016. The \$279 million improvement in free cash flow over the prior year was primarily a result of higher Adjusted EBITDA, better working capital management, and a reduction in capital expenditures to \$44 million as compared to \$129 million in the prior year period.

As of June 30, 2016, the company reported a strong liquidity position of \$1.1 billion.

## **First Quarter of Fiscal Year 2017 Earnings Conference Call**

Novelis will discuss its first quarter of fiscal year 2017 results via a live webcast and conference call for investors at 10:00 a.m. ET on Friday, August 5, 2016. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1bc8s5sjprvra&eom>. To join by telephone, dial toll-free in North America at 800 918 9578, India toll-free at 0008001007932 or the international toll line at +1 212 231 2906. 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 12,000 employees and reported \$10 billion in revenue for its 2016 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. Novelis is a subsidiary of Hindalco Industries Limited, an industry leader in aluminum and copper, and metals flagship company 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 Income excluding Certain 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. Examples of forward looking statements in this news release are statements about the company's ability to leverage its recycling capabilities. 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, 2016 are specifically incorporated by reference into this news release.

---

**Media Contact:**

Matthew Bianco  
+1 404 760 4159  
matthew.bianco@novelis.adityabirla.com

**Investor Contact:**

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

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

	Three Months Ended June 30,	
	2016	2015
Net sales	\$ 2,296	\$ 2,634
Cost of goods sold (exclusive of depreciation and amortization)	1,930	2,400
Selling, general and administrative expenses	92	100
Depreciation and amortization	89	87
Research and development expenses	13	13
Interest expense and amortization of debt issuance costs	83	80
Gain on assets held for sale	(1)	—
Loss on extinguishment of debt	—	13
Restructuring and impairment, net	2	15
Equity in net loss of non-consolidated affiliates	—	1
Other expense (income), net	28	(30)
	<u>2,236</u>	<u>2,679</u>
Income (loss) before income taxes	60	(45)
Income tax provision	36	15
Net income (loss)	24	(60)
Net income attributable to noncontrolling interests	—	—
<b>Net income (loss) attributable to our common shareholder</b>	<u>\$ 24</u>	<u>\$ (60)</u>

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

ASSETS	June 30, 2016	March 31, 2016
<b>Current assets</b>		
Cash and cash equivalents	\$ 457	\$ 556
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$4 as of June 30, 2016 and \$3 as of March 31, 2016)	998	956
— related parties	57	59
Inventories	1,224	1,180
Prepaid expenses and other current assets	130	127
Fair value of derivative instruments	131	88
Assets held for sale	4	5
<b>Total current assets</b>	<b>3,001</b>	<b>2,971</b>
Property, plant and equipment, net	3,437	3,506
Goodwill	607	607
Intangible assets, net	505	523
Investment in and advances to non-consolidated affiliate	475	488
Deferred income tax assets	93	87
Other long-term assets		
— third parties	89	82
— related parties	14	16
<b>Total assets</b>	<b>\$ 8,221</b>	<b>\$ 8,280</b>
<b>LIABILITIES AND SHAREHOLDER'S DEFICIT</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 48	\$ 47
Short-term borrowings	630	579
Accounts payable		
— third parties	1,447	1,506
— related parties	47	48
Fair value of derivative instruments	142	85
Accrued expenses and other current liabilities	457	569
<b>Total current liabilities</b>	<b>2,771</b>	<b>2,834</b>
Long-term debt, net of current portion	4,416	4,421
Deferred income tax liabilities	111	89
Accrued postretirement benefits	815	820
Other long-term liabilities	188	175
<b>Total liabilities</b>	<b>8,301</b>	<b>8,339</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 June 30, 2016 and March 31, 2016	—	—
Additional paid-in capital	1,404	1,404
Accumulated deficit	(939)	(963)

Accumulated other comprehensive loss	(545)	(500)
<b>Total deficit of our common shareholder</b>	<b>(80)</b>	<b>(59)</b>
<b>Noncontrolling interests</b>	<b>—</b>	<b>—</b>
<b>Total deficit</b>	<b>(80)</b>	<b>(59)</b>
<b>Total liabilities and deficit</b>	<b>\$ 8,221</b>	<b>\$ 8,280</b>

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

	Three Months Ended June 30,	
	2016	2015
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 24	\$ (60)
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	89	87
Gain on unrealized derivatives and other realized derivatives in investing activities, net	—	(32)
Gain on assets held for sale	(1)	—
Loss on sale of assets	4	1
Impairment charges	—	1
Loss on extinguishment of debt	—	13
Deferred income taxes	7	3
Amortization of fair value adjustments, net	3	3
Equity in net loss of non-consolidated affiliates	—	1
Gain on foreign exchange remeasurement of debt	—	(2)
Amortization of debt issuance costs and carrying value adjustments	5	5
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	(55)	(130)
Inventories	(59)	(75)
Accounts payable	(39)	(29)
Other current assets	(6)	(15)
Other current liabilities	(100)	(66)
Other noncurrent assets	(8)	12
Other noncurrent liabilities	29	(5)
<b>Net cash used in operating activities</b>	<b>(107)</b>	<b>(288)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(44)	(129)
Proceeds (outflows) from investment in and advances to non-consolidated affiliates, net	2	(1)
Proceeds (outflows) from settlement of other undesignated derivative instruments, net	3	(7)
<b>Net cash used in investing activities</b>	<b>(39)</b>	<b>(137)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term and short-term borrowings	87	139
Principal payments of long-term and short-term borrowings	(72)	(68)
Revolving credit facilities and other, net	35	182
Debt issuance costs	—	(10)
<b>Net cash provided by financing activities</b>	<b>50</b>	<b>243</b>
Net decrease in cash and cash equivalents	(96)	(182)
<b>Effect of exchange rate changes on cash</b>	<b>(3)</b>	<b>10</b>
Cash and cash equivalents — beginning of period	556	628
Cash and cash equivalents — end of period	<b>\$ 457</b>	<b>\$ 456</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. 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.

(in millions)	Three Months Ended June 30,	
	2016	2015
<b>Net income (loss) attributable to our common shareholder</b>	\$ 24	\$ (60)
Income tax provision	(36)	(15)
Interest, net	(80)	(78)
Depreciation and amortization	(89)	(87)
<b>EBITDA</b>	229	120
Unrealized (losses) gains on derivative instruments not included in segment income	(7)	35
Realized gains on derivative instruments not included in segment income	1	1
Adjustment to eliminate proportional consolidation	(8)	(7)
Loss on sale of fixed assets	(4)	(1)
Gain on assets held for sale	1	—
Loss on extinguishment of debt	—	(13)
Restructuring and impairment, net	(2)	(15)
Other expense, net	(7)	(7)
<b>Adjusted EBITDA</b>	\$ 255	\$ 127
Metal price lag	(13)	(85)
<b>Adjusted EBITDA excluding metal price lag</b>	<b>\$ 268</b>	<b>\$ 212</b>

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

The following table shows the "Free cash flow" for the three months ended June 30, 2016 and 2015 and the ending balances of cash and cash equivalents (in millions).

	Three Months Ended June 30,	
	2016	2015
Net cash used in operating activities	\$ (107)	\$ (288)
Net cash used in investing activities	(39)	(137)
Less: Proceeds from sales of assets, net of transaction fees and hedging	—	—
Free cash flow	\$ (146)	\$ (425)
Ending cash and cash equivalents	\$ 457	\$ 456

**Total Liquidity (unaudited)**

The following table shows available liquidity as of June 30, 2016 and March 31, 2016 (in millions).

	June 30,	March 31,
	2016	2016
Cash and cash equivalents	\$ 457	\$ 556
Availability under committed credit facilities	633	640
<b>Total liquidity</b>	<b>\$ 1,090</b>	<b>\$ 1,196</b>

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

The following table shows Net 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 June 30,	
	2016	2015
Net (loss) income attributable to our common shareholder	\$ 24	\$ (60)
Special Items:		
Gain on assets held for sale	(1)	—
Loss on extinguishment of debt	—	13
Metal price lag	13	85
Restructuring and impairment, net	2	15
Tax effect on special items	(5)	(29)
Net income attributable to our common shareholder, excluding special items	\$ 33	\$ 24

**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 June 30, 2016	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 86	\$ 52	\$ 45	\$ 72	\$ —	\$ 255
Metal price lag	(6)	(5)	(1)	(1)	—	(13)
Adjusted EBITDA excluding metal price lag	92	57	46	73	—	268
Shipments						
Rolled products - third party	241	241	176	97	—	755
Rolled products - intersegment	1	5	2	6	(14)	—
Total rolled products	242	246	178	103	(14)	755
Selected Operating Results Three Months Ended June 30, 2015						
Adjusted EBITDA	\$ 42	\$ (9)	\$ 36	\$ 59	\$ (1)	\$ 127
Metal price lag	(27)	(54)	(3)	(1)	—	(85)
Adjusted EBITDA excluding metal price lag	69	45	39	60	(1)	212
Shipments						
Rolled products - third party	261	231	182	94	—	768
Rolled products - intersegment	—	21	11	13	(45)	—
Total rolled products	261	252	193	107	(45)	768



# Novelis Q1 Fiscal Year 2017 Earnings Conference Call

August 5, 2016

**Steve Fisher**

President and Chief Executive Officer

**Steve Pohl**

Interim Chief Financial Officer and SVP Business  
Performance and Execution

# 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 for projected strong demand for automotive sheet. 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, 2016 are specifically incorporated by reference into this presentation.

# First Quarter Business Highlights

- Strategy to focus on fundamentals of manufacturing operations is delivering results
  - Positive product mix towards premium products
  - Increased productivity and recovery of new and existing assets
  - Lower cost of metal on favorable metal mix
- Adjusted EBITDA\* grew 26% YoY to \$268M
- Free cash flow improved \$279M YoY

Adjusted EBITDA trend\* (\$ millions)

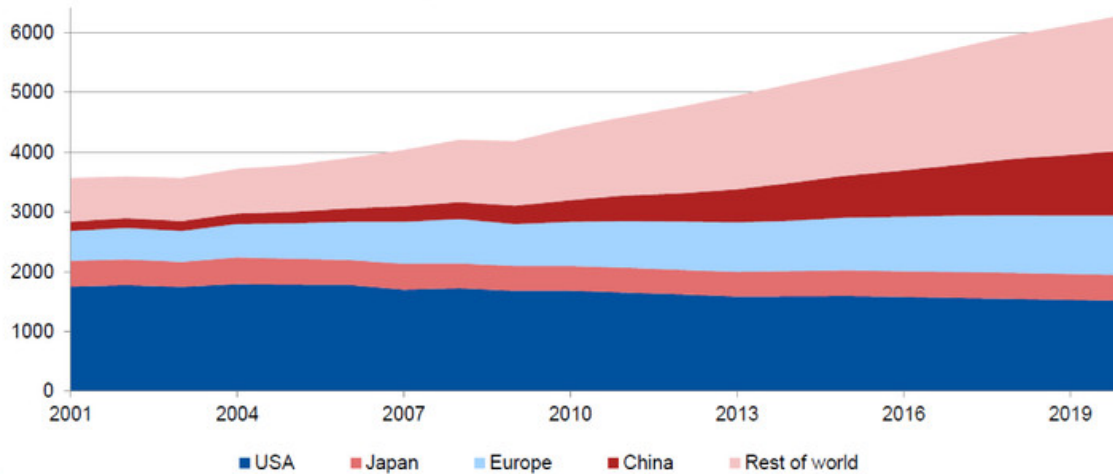


Building momentum, driving growth

# Can Outlook

- Global demand for beverage can remains strong, primarily in developing regions

Global beverage can demand (kt)



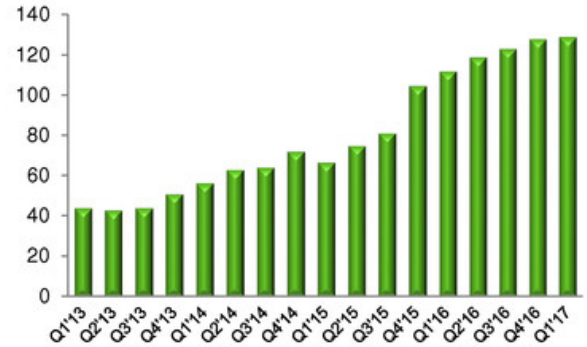
- But the maturing market faces challenges including overcapacity and economic weakness, increasing competition and pricing pressure

Novelis views Can as a core product and remains committed to its Can customers

# Automotive Growth

- All our new automotive sheet finishing lines are shipping product
- Achieved record automotive sheet shipments in Q1, up 15% YoY
- Auto shipments to continue to grow with demand over the next 24 months
- Current and projected demand for automotive sheet remains very strong

Novelis quarterly automotive shipments (kt)



Mass reduction is key to auto manufacturers' success; aluminum will play a key role

## Financial Highlights

# Novelis

---

# Q1 Fiscal 2017 Highlights

---

Q1FY17 vs Q1FY16

- Net income increased \$84 million to \$24 million; Excluding tax-effected special items\*, net income was \$33 million, up 38%
- Adjusted EBITDA, excluding metal price lag, up 26% to \$268 million
  - Significant reduction in metal price lag to negative \$13 million in Q1FY17 vs. negative \$85 million Q1FY16
  - Adjusted EBITDA \$255 million, up from \$127 million
- Sales down 13% to \$2.2 billion
  - Primarily driven by 46% lower average local market premiums and 11% lower average LME aluminum prices
  - FRP shipments down 2% to 755kt
- Strong liquidity position of \$1.1 billion

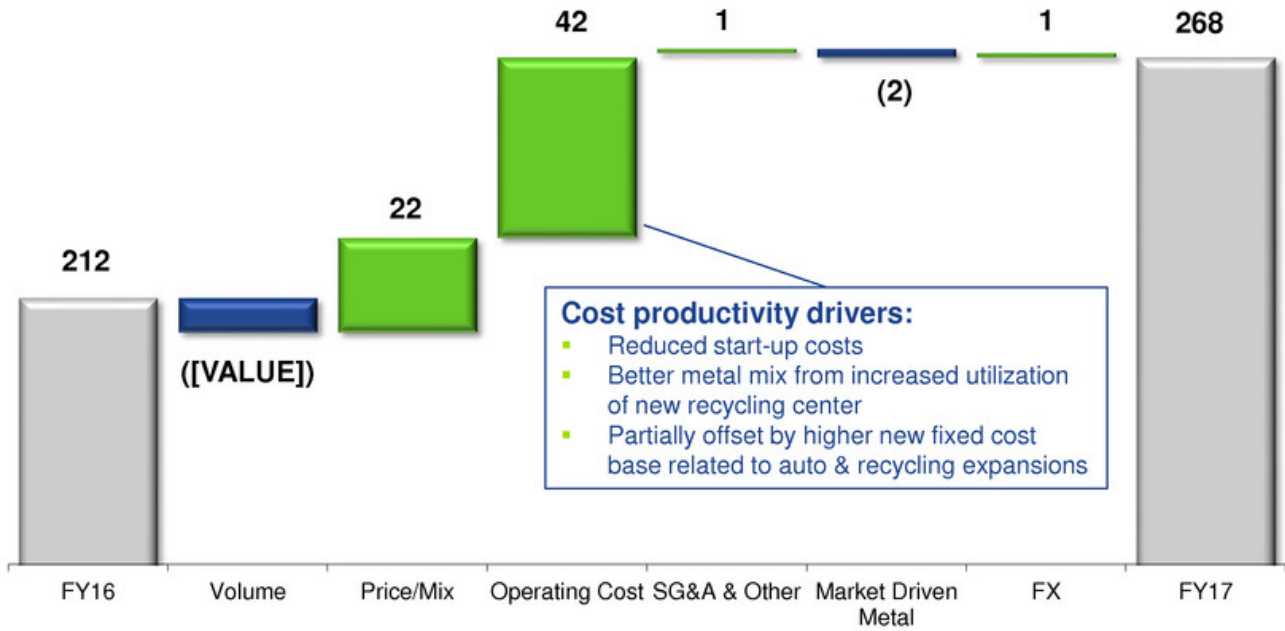
\*Tax-effected special items may include restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt

©2016 Novelis Inc.

**Not just aluminum, Novelis Aluminum.**

# Q1 Adjusted EBITDA\* Bridge

\$ Millions



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

Not just aluminum, Novelis Aluminum.

# Capital Spending & Free Cash Flow

- Q1 FCF includes \$107 million of semi-annual Senior Note interest payments
- FY17 full year outlook
  - Capex ~\$250 million
  - Positive free cash flow ~\$250 million



US \$M	Q1 FY17	Q1 FY16
Free Cash Flow	(146)	(425)
Capital Expenditures	44	129



Summary

Novelis

---

# Summary

---

- Strategy to focus on fundamentals of manufacturing operations is delivering results
- Overall global FRP demand outlook remains positive
  - Auto shipments to continue to grow with demand

**PREMIUM PRODUCT  
PORTFOLIO**



**OPERATIONAL  
EXCELLENCE**



**COST  
MANAGEMENT**



**WORKING CAPITAL  
DISCIPLINE**



## Questions & Answers

# Novelis

---

Appendix

Novelis

---

# Income Statement Reconciliation To Adjusted EBITDA

(in \$ m)	Q1	Q2	Q3	Q4	FY16	Q1 FY17
<b>Net income (loss) attributable to our common shareholder</b>	<b>(60)</b>	<b>(13)</b>	<b>6</b>	<b>29</b>	<b>(38)</b>	<b>24</b>
- Interest, net	(78)	(80)	(77)	(79)	(314)	(80)
- Income tax (provision) benefit	(15)	3	(16)	(18)	(46)	(36)
- Depreciation and amortization	(87)	(89)	(88)	(89)	(353)	(89)
<b>EBITDA</b>	<b>120</b>	<b>153</b>	<b>187</b>	<b>215</b>	<b>675</b>	<b>229</b>
- Unrealized gain (loss) on derivatives	35	(15)	(2)	(22)	(4)	(7)
- Realized gain (loss) on derivative instruments not included in segment income	1	(3)	1	-	(1)	1
- Proportional consolidation	(7)	(8)	(7)	(9)	(30)	(8)
- Loss on extinguishment of debt	(13)	-	-	-	(13)	-
- Restructuring and impairment, net	(15)	(4)	(10)	(19)	(48)	(2)
- Loss on sale of fixed assets	(1)	-	(1)	(2)	(4)	(4)
- Gain on assets held for sale, net	-	-	-	-	-	1
- Others costs, net	(7)	1	(6)	(3)	(16)	(7)
<b>Adjusted EBITDA</b>	<b>127</b>	<b>182</b>	<b>212</b>	<b>270</b>	<b>791</b>	<b>255</b>
<b>Other income (expense) included in adjusted EBITDA</b>						
- Metal price lag	(85)	(54)	(26)	(7)	(172)	(13)
- Foreign currency remeasurement	4	(3)	4	(3)	2	(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 and Liquidity

(in \$ m)	Q1	Q2	Q3	Q4	FY16	Q1 FY17
Cash (used in) provided by operating activities	(288)	225	64	540	541	(107)
Cash used in investing activities	(137)	(84)	(75)	(82)	(378)	(39)
Less: proceeds from sales of assets	-	(1)	(1)	(1)	(3)	-
<b>Free cash flow</b>	<b>(425)</b>	<b>140</b>	<b>(12)</b>	<b>457</b>	<b>160</b>	<b>(146)</b>
<b>Capital expenditures</b>	<b>129</b>	<b>75</b>	<b>78</b>	<b>88</b>	<b>370</b>	<b>44</b>
<b>Free cash flow before capital expenditures</b>	<b>(296)</b>	<b>215</b>	<b>66</b>	<b>545</b>	<b>530</b>	<b>(102)</b>

(in \$ m)	Q1	Q2	Q3	Q4	FY16	Q1 FY17
Cash and cash equivalents	456	462	457	556	556	457
Availability under committed credit facilities	708	506	489	640	640	633
<b>Liquidity</b>	<b>1,164</b>	<b>968</b>	<b>946</b>	<b>1,196</b>	<b>1,196</b>	<b>1,090</b>

