

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 2, 2017

NOVELIS INC.
(Exact name of registrant as specified in its charter)

Canada
(State or Other Jurisdiction of Incorporation)

001-32312
(Commission File No.)

98-0442987
(IRS Employer Identification No.)

3560 Lenox Road, Suite 2000, Atlanta, Georgia 30326
(Address of Principal Executive Offices)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 2, 2017, Novelis Inc. issued a press release reporting the company’s financial results for its fiscal quarter ended September 30, 2017. 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, Free Cash Flow, Net Income (Loss) Excluding Special Items and Liquidity.

Adjusted EBITDA. EBITDA consists of earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA further adjusts EBITDA for unrealized gains (losses) on change in fair value of derivative instruments, 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. EBITDA and Adjusted EBITDA are measures commonly used in the company’s industry. The company presents Adjusted EBITDA to enhance investors’ understanding of the company’s operating performance. Novelis believes that Adjusted EBITDA is an operating performance measure, and not a liquidity measure, that provides 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. Effective in the first quarter of fiscal 2018, management removed the impact of metal price lag from Adjusted EBITDA in order to enhance the visibility of the underlying operating performance of the company.

Adjusted EBITDA is not a measurement of financial performance under GAAP, and the company’s Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Adjusted EBITDA has important limitations as analytical tools, and investors should not consider it in isolation, or as a substitute for analysis of the company’s results as reported under GAAP. For example, Adjusted EBITDA:

- does not reflect the company’s cash expenditures or requirements for capital expenditures or capital commitments;
- does not reflect changes in, or cash requirements for, the company’s working capital needs; and
- does 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 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 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, the company's senior secured credit facilities, 6.25% senior notes and 5.875% senior notes provide for adjustments to EBITDA, which may decrease or increase adjusted EBITDA for purposes of compliance with certain covenants under such facilities and notes.

The company also uses Adjusted EBITDA:

- as a measure 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. Free Cash Flow consists of: (a) net cash provided by (used in) operating activities; (b) plus net cash provided by (used in) investing activities and (c) less proceeds from sales of assets. Management believes that Free Cash Flow is relevant to investors as it provides a measure of the cash generated internally that is available for debt service and other value creation opportunities. However, Free Cash Flow is not a measurement of financial performance or liquidity under GAAP and does not necessarily represent cash available for discretionary activities, as certain debt service obligations must be funded out of Free Cash Flow. In addition, the company's method of calculating Free Cash Flow may not be consistent with that of other companies. Effective in the second quarter of fiscal 2018, management clarified the definition of "Free cash flow" (a non-GAAP measure) to reduce "Proceeds on the sale of assets, net of transaction fees and hedging" by cash income taxes to further enable users of the financial statements to understand cash generated internally by the Company.

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, gains (losses) on sale of a business, 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 gains (losses) on sale of a business, 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 and 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 may 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 US 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 US 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.

99.1	Press release, dated November 2, 2017 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated November 2, 2017 (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: November 2, 2017

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated November 2, 2017 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated November 2, 2017 (furnished to the Commission as a part of this Form 8-K).



News Release

Novelis Reports Record Fiscal 2018 Second Quarter Results

Company performance delivers best-ever quarterly results; raises FY18 guidance

Second Quarter Fiscal Year 2018 Highlights

- Net income a record \$307 million; excluding special items, net income increased 30% YoY
- Record Adjusted EBITDA increased 12% YoY from \$270 million to \$302 million
- Net Sales increased 18% YoY to \$2.8 billion
- Record shipments of 802 kilotonnes increased 4% YoY; automotive shipments increased 12%
- Received \$314 million in cash proceeds for joint venture transaction at Ulsan Aluminum
- Raised full fiscal year 2018 Adjusted EBITDA guidance to \$1,150-\$1,200 million

ATLANTA, November 2, 2017 – Novelis, the world leader in aluminum rolling and recycling, today reported net income of \$307 million for the second quarter of fiscal year 2018, compared to a net loss of \$89 million in the prior year period. Excluding tax-affected special items in both years, the company reported net income of \$78 million in the second quarter of fiscal 2018, up from \$60 million reported in the second quarter of fiscal 2017.

The increase in net income, excluding special items, is mainly due to a 12 percent increase in Adjusted EBITDA to a record high \$302 million for the second quarter of fiscal 2018. The year-over-year improvement in Adjusted EBITDA is primarily a result of higher shipments, favorable metal costs and operational efficiencies, partially offset by lower beverage can pricing. Adjusted EBITDA reached \$377 per ton in the quarter.

Net sales increased 18 percent over the prior year to \$2.8 billion for the second quarter of fiscal 2018, driven by higher average aluminum prices and higher total shipments. Shipments of flat rolled products increased four percent to an all-time quarterly record 802 kilotonnes. All regions reported higher total shipments year-over-year. Automotive sheet shipments increased 12 percent, as production has continued to successfully ramp to meet strong customer demand in this growing market.

“As an industry, we are seeing increasing demand for lightweight, high-strength aluminum from global automotive customers based on aluminum’s ability to provide equal or better quality, strength and safety compared to other materials,” said Steve Fisher, President and Chief Executive Officer for Novelis. “At Novelis, our strategy to grow alongside our customers who are adopting innovative aluminum solutions to meet their design, performance and sustainability needs has resulted in a strong balance sheet and the ability to raise our full year guidance. With this increased strategic flexibility we are now actively seeking organic investment opportunities to further expand our leadership position in the growing automotive aluminum sector.”

The company reported free cash flow of \$101 million for the second quarter of fiscal 2018, despite a significant rise in aluminum prices during the quarter. The \$57 million improvement in free cash flow over the prior year is primarily a result of higher Adjusted EBITDA and lower cash interest payments due to refinancing savings and timing. Capital expenditures in the second quarter of fiscal 2018 were \$43 million, \$3 million less than the prior year.

"Our continued strong financial performance and proceeds from the Ulsan joint venture transaction further improved our net leverage position in the quarter, and we remain on track to generate record free cash flow this fiscal year," said Devinder Ahuja, Senior Vice President and Chief Financial Officer for Novelis.

As of September 30, 2017, the company reported a very strong liquidity position of \$1.6 billion.

Full Year Fiscal 2018 Guidance

With strong first half performance and positive momentum going into the second half of the fiscal year, the company raises its fiscal 2018 Adjusted EBITDA guidance to be between \$1,150-\$1,200 million for the full year. The guidance for fiscal 2018 free cash flow to be between \$400-450 million is unchanged, as the company balances working capital headwinds due to higher average aluminum prices with a stronger Adjusted EBITDA outlook.

(in \$ millions)	Revised Guidance	Previous Guidance
Adjusted EBITDA	\$1,150-\$1,200	\$1,100-\$1,150
Free Cash Flow	\$400-\$450	\$400-\$450

Second Quarter of Fiscal Year 2018 Earnings Conference Call

Novelis will discuss its second quarter of fiscal year 2018 results via a live webcast and conference call for investors at 10:30 a.m. ET on Thursday, November 2, 2017. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1erixr8ypzgbq&eom>. To join by telephone, dial toll-free in North America at 800 920 4317, India toll-free at 18002662118 or the international toll line at +1 212 231 2925. Presentation materials and access information may also be found at 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 10 countries, has approximately 11,000 employees and reported \$10 billion in revenue for its 2017 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 and follow us on Facebook at facebook.com/NovelisInc and Twitter at 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, 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 achieve record free cash flow for fiscal 2018. 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; 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, 2017 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 September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Net sales	\$ 2,794	\$ 2,361	\$ 5,463	\$ 4,657
Cost of goods sold (exclusive of depreciation and amortization)	2,361	1,980	4,622	3,910
Selling, general and administrative expenses	124	108	230	200
Depreciation and amortization	91	90	181	179
Interest expense and amortization of debt issuance costs	64	81	128	164
Research and development expenses	16	14	31	27
Gain on assets held for sale	—	(1)	—	(2)
(Gain) loss on sale of a business, net	(318)	27	(318)	27
Loss on extinguishment of debt	—	112	—	112
Restructuring and impairment, net	7	1	8	3
Equity in net loss of non-consolidated affiliates	1	—	1	—
Other expense, net	25	11	13	39
	<u>2,371</u>	<u>2,423</u>	<u>4,896</u>	<u>4,659</u>
Income (loss) before income taxes	423	(62)	567	(2)
Income tax provision	116	27	159	63
Net income (loss)	<u>307</u>	<u>(89)</u>	<u>408</u>	<u>(65)</u>
Net income attributable to noncontrolling interests	—	—	—	—
Net income (loss) attributable to our common shareholder	<u>\$ 307</u>	<u>\$ (89)</u>	<u>\$ 408</u>	<u>\$ (65)</u>

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

	September 30, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 949	\$ 594
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$7 and \$6 as of September 30, 2017 and March 31, 2017)	1,290	1,067
— related parties	180	60
Inventories	1,488	1,333
Prepaid expenses and other current assets	118	137
Fair value of derivative instruments	71	113
Assets held for sale	3	3
Total current assets	4,099	3,307
Property, plant and equipment, net	3,067	3,357
Goodwill	607	607
Intangible assets, net	433	457
Investment in and advances to non-consolidated affiliates	799	451
Deferred income tax assets	80	86
Other long-term assets		
— third parties	96	94
— related parties	8	15
Total assets	\$ 9,189	\$ 8,374
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		
Current liabilities		
Current portion of long-term debt	\$ 144	\$ 121
Short-term borrowings	342	294
Accounts payable		
— third parties	1,957	1,722
— related parties	57	51
Fair value of derivative instruments	125	151
Accrued expenses and other current liabilities	558	580
Total current liabilities	3,183	2,919
Long-term debt, net of current portion	4,403	4,437
Deferred income tax liabilities	142	98
Accrued postretirement benefits	803	799
Other long-term liabilities	232	198
Total liabilities	8,763	8,451
Commitments and contingencies		
Shareholder's equity (deficit)		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of September 30, 2017 and March 31, 2017	—	—
Additional paid-in capital	1,404	1,404
Accumulated deficit	(510)	(918)
Accumulated other comprehensive loss	(450)	(545)
Total equity (deficit) of our common shareholder	444	(59)
Noncontrolling interests	(18)	(18)
Total equity (deficit)	426	(77)
Total liabilities and equity (deficit)	\$ 9,189	\$ 8,374

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

	Six Months Ended September 30,	
	2017	2016
OPERATING ACTIVITIES		
Net income (loss)	\$ 408	\$ (65)
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	181	179
Loss (gain) on unrealized derivatives and other realized derivatives in investing activities, net	12	(1)
Gain on assets held for sale	—	(2)
(Gain) loss on sale of business	(318)	27
Loss on sale of assets	2	6
Impairment charges	6	—
Loss on extinguishment of debt	—	112
Deferred income taxes	47	(4)
Amortization of fair value adjustments, net	—	6
Equity in net loss of non-consolidated affiliates	1	—
(Gain) loss on foreign exchange remeasurement of debt	(2)	2
Amortization of debt issuance costs and carrying value adjustments	10	9
Other, net	4	—
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	(310)	(159)
Inventories	(107)	(115)
Accounts payable	163	22
Other current assets	26	6
Other current liabilities	(31)	(90)
Other noncurrent assets	(2)	(9)
Other noncurrent liabilities	4	49
Net cash provided by (used in) operating activities	94	(27)
INVESTING ACTIVITIES		
Capital expenditures	(82)	(90)
Proceeds from sales of assets, third party, net of transaction fees and hedging	1	1
Proceeds (outflows) from the sale of a business, net of certain transaction fees	314	(13)
Proceeds from investment in and advances to non-consolidated affiliates, net	8	9
Proceeds from settlement of other undesignated derivative instruments, net	1	6
Net cash provided by (used in) investing activities	242	(87)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term and short-term borrowings	—	2,765
Principal payments of long-term and short-term borrowings	(64)	(2,609)
Revolving credit facilities and other, net	88	(3)
Debt issuance costs	(4)	(134)
Net cash provided by financing activities	20	19
Net increase (decrease) in cash and cash equivalents	356	(95)
Effect of exchange rate changes on cash	(1)	12
Cash and cash equivalents — beginning of period	594	556
Cash and cash equivalents — end of period	<u>\$ 949</u>	<u>\$ 473</u>

Reconciliation of Net income (loss) attributable to our common shareholder to Adjusted EBITDA (unaudited)

The following table reconciles Net income (loss) attributable to our common shareholder to Adjusted EBITDA, a non-GAAP financial measure, for the three and six months ended September 30, 2017 and 2016.

(in millions)	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Net income (loss) attributable to our common shareholder	\$ 307	\$ (89)	\$ 408	\$ (65)
Income tax provision	116	27	159	63
Interest, net	62	79	124	159
Depreciation and amortization	91	90	181	179
EBITDA	576	107	872	336
Unrealized losses (gains) on change in fair value of derivative instruments, net	18	(4)	2	3
Realized gains on derivative instruments not included in segment income	—	—	(1)	(1)
Adjustment to reconcile proportional consolidation	8	8	16	16
Loss on sale of fixed assets	1	2	2	6
Gain on assets held for sale	—	(1)	—	(2)
Loss on extinguishment of debt	—	112	—	112
Restructuring and impairment, net	7	1	8	3
(Gain) loss on sale of a business, net	(318)	27	(318)	27
Metal price lag (A)	5	14	6	27
Other, net	5	4	4	11
Adjusted EBITDA	\$ 302	\$ 270	\$ 591	\$ 538

- (A) Effective in the first quarter of fiscal 2018, management removed the impact of metal price lag from Adjusted EBITDA in order to enhance the visibility of the underlying operating performance of the company. The impact of metal price lag is now reported as a separate line item in this reconciliation. This change does not impact our condensed consolidated financial statements. Adjusted EBITDA for the prior period presented has been updated to reflect this change.

Free Cash Flow (unaudited)

The following table shows "Free cash flow" for the six months ended September 30, 2017 and 2016.

(in millions)	Six Months Ended September 30,	
	2017	2016
Net cash used in operating activities	\$ 94	(27)
Net cash used in investing activities	242	(87)
Less: Proceeds from the sale of a business, net of transaction fees, cash income taxes and hedging	(312)	12
Free cash flow (A)	\$ 24	\$ (102)

- (A) Effective in the second quarter of fiscal 2018, management clarified the definition of "Free cash flow" (a non-GAAP measure) to reduce "Proceeds on the sale of assets, net of transaction fees and hedging" by cash income taxes to further enable users of the financial statements to understand cash generated internally by the company. This change does not impact the condensed consolidated financial statements or significantly impact prior periods.

Cash and Cash Equivalents and Total Liquidity (unaudited)

The following table reconciles the ending balances of cash and cash equivalents to total liquidity as of September 30, 2017 and March 31, 2017.

(in millions)	September 30, 2017		March 31, 2017	
Cash and cash equivalents	\$	949	\$	594
Availability under committed credit facilities		700		701
Total liquidity	\$	1,649	\$	1,295

Reconciliation of Net income (loss) attributable to our common shareholder to Net income attributable to our common shareholder, excluding special items (unaudited)

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

(in millions)	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Net income (loss) attributable to our common shareholder	\$ 307	\$ (89)	\$ 408	\$ (65)
Special Items:				
Gain on assets held for sale	—	(1)	—	(2)
(Gain) loss on sale of a business, net	(318)	27	(318)	27
Loss on extinguishment of debt	—	112	—	112
Metal price lag	5	14	6	27
Restructuring and impairment, net	7	1	8	3
Tax effect on special items	77	(4)	77	(9)
Net income attributable to our common shareholder, excluding special items	\$ 78	\$ 60	\$ 181	\$ 93

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, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 124	\$ 51	\$ 37	\$ 90	\$ —	\$ 302
Shipments						
Rolled products - third party	270	234	178	120	—	802
Rolled products - intersegment	4	3	2	11	(20)	—
Total rolled products	274	237	180	131	(20)	802

Selected Operating Results Three Months Ended September 30, 2016	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 93	\$ 49	\$ 46	\$ 82	\$ —	\$ 270

Shipments

Rolled products - third party	252	232	175	114	—	773
Rolled products - intersegment	—	4	1	7	(12)	—
Total rolled products	252	236	176	121	(12)	773

Selected Operating Results Six Months Ended September 30, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 240	\$ 108	\$ 81	\$ 162	\$ —	\$ 591

Shipments

Rolled products - third party	541	465	354	227	—	1,587
Rolled products - intersegment	6	7	6	14	(33)	—
Total rolled products	547	472	360	241	(33)	1,587

Selected Operating Results Six Months Ended September 30, 2016	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 186	\$ 106	\$ 92	\$ 154	\$ —	\$ 538

Shipments

Rolled products - third party	493	473	351	211	—	1,528
Rolled products - intersegment	1	9	3	13	(26)	—
Total rolled products	494	482	354	224	(26)	1,528

(A)Effective in the first quarter of fiscal 2018, management removed the impact of metal price lag from Adjusted EBITDA. Adjusted EBITDA for prior periods presented has been updated to reflect this change.

NOVELIS Q2 FISCAL 2018 EARNINGS CONFERENCE CALL

November 2, 2017

Steve Fisher

President and Chief Executive Officer

Devinder Ahuja

Senior Vice President and Chief Financial Officer



Novelis

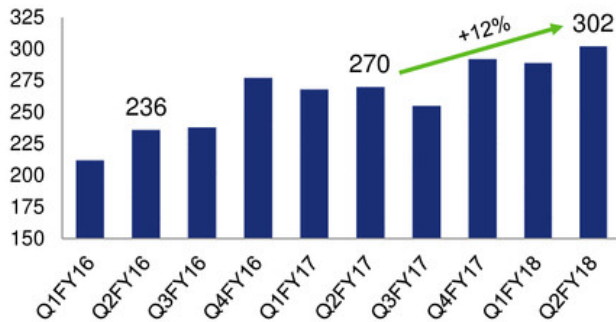
Forward-looking statements

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 including statements concerning our expectation that we will achieve record free cash flow this 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 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, 2017 are specifically incorporated by reference into this presentation.

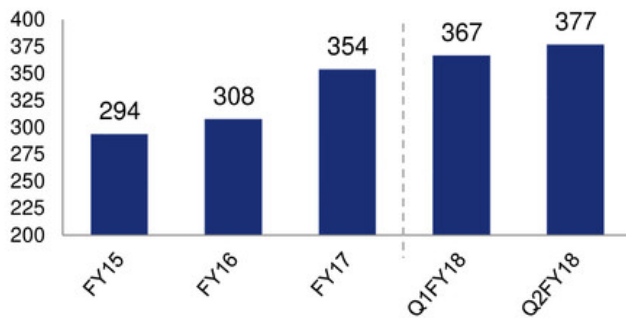
SECOND QUARTER FY18 HIGHLIGHTS

Novelis

Quarterly Adjusted EBITDA (\$M)



Adjusted EBITDA/ton (\$)



- Achieved record shipments and Adjusted EBITDA in Q2, supported by:
 - Automotive shipments growth 12% YoY as available capacity is able to meet rising demand for lightweight aluminum materials
 - Beverage can shipments growth 5% YoY with positive market conditions
 - Operational efficiencies and metal management
- Received \$314 million of cash proceeds for the joint venture transaction at Ulsan Aluminum
- Q2 Adjusted EBITDA/ton increased to \$377

Strategy driving a notable step change in performance



North America

- Improving can volumes
- Favorable metal costs and operating efficiencies
- Outlook: Continued penetration of aluminum in automotive

Europe

- Stable volumes and market conditions
- Positive impact from strengthening Euro
- Outlook: Continued penetration of aluminum in automotive

South America

- Expanded volumes through specialties exports
- Outlook: Signals of economic recovery leading to beverage can supply chain restocking

Asia

- Offsetting lower can prices with higher volume and cost efficiency gains
- Successfully completed joint venture transaction
- Outlook: Continued penetration of aluminum in automotive

FINANCIAL HIGHLIGHTS

Q2 FISCAL 2018 FINANCIAL HIGHLIGHTS



Q2FY18 vs Q2FY17

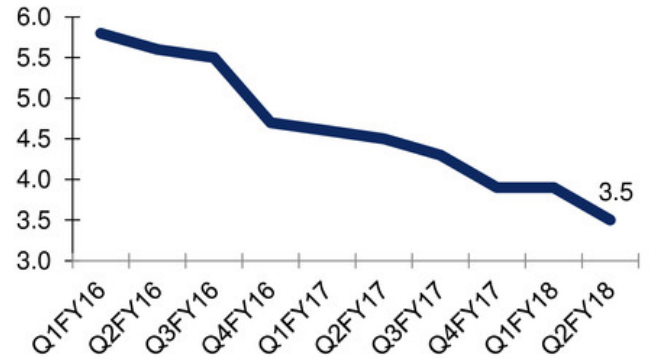
- Net income of \$307 million up from negative \$89 million in prior year
 - Excluding tax-effected special items*, net income up 30% from \$60 million to \$78 million
- Adjusted EBITDA up 12% from \$270 million to record \$302 million
- Sales up 18% to \$2.8 billion
- Total FRP Shipments up 4% to record 802 kilotonnes
- Strong liquidity position at \$1.6 billion
- Reduced net leverage ratio to 3.5x

TTM Adjusted EBITDA (\$M)



Net Leverage ratio

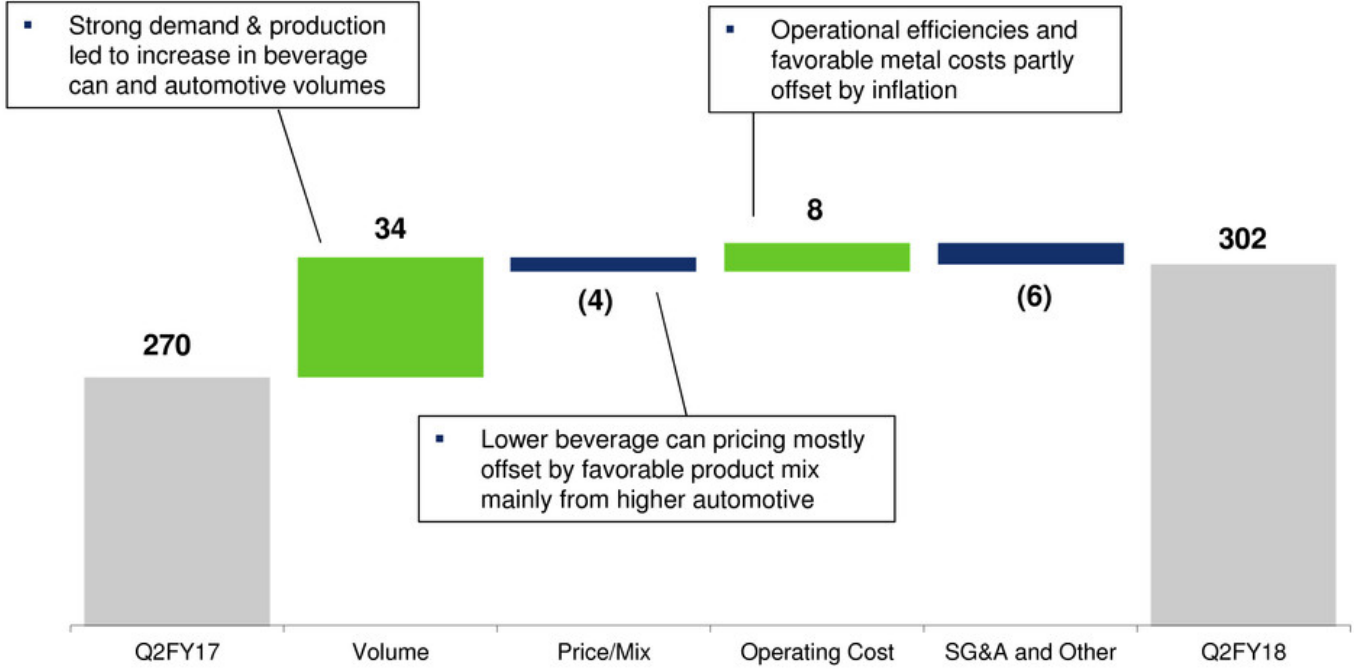
TTM Adjusted EBITDA/net debt



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

Q2 ADJUSTED EBITDA BRIDGE

\$ Millions



FREE CASH FLOW

Novelis

\$ Millions

	YTD FY18	YTD FY17
Adjusted EBITDA	591	538
Capital expenditures	(82)	(90)
Interest paid	(135)	(208)
Taxes paid	(68)	(44)
Working capital & other	(282)	(298)
Free cash flow	\$24	(\$102)

- Q2FY18 free cash flow \$101 million
- Positive YTD free cash flow despite sharply rising aluminum prices
- \$126 million YoY improvement in YTD FCF driven by:
 - Higher adjusted EBITDA
 - Lower interest due to refinancing actions in FY17 and timing of payments
- Working capital outflow related to higher metal prices and timing of customer payments

Continue to expect record free cash flow in FY18 \$400-450 million

Free cash flow excludes the gain from Ulsan Aluminum JV transaction; see definition of Free Cash Flow in Appendix

© 2017 Novelis

8

JOINT VENTURE TRANSACTION SUMMARY

Novelis



Ulsan Aluminum
A NOVELIS & KOBELCO COMPANY

- In September, Novelis completed the transaction to sell approximately 50% of its ownership interest in its Ulsan, South Korea facility to Kobe Steel for US \$314 million, recognizing after-tax P&L gain of \$241 million
- This joint venture, named Ulsan Aluminum Ltd., will allow Novelis to:
 - More efficiently utilize our rolling assets in Korea
 - Deepen the plant's focus on the growing automotive aluminum sheet market and enhance our customer service
 - Provide cash proceeds to increase our strategic flexibility and reduce debt

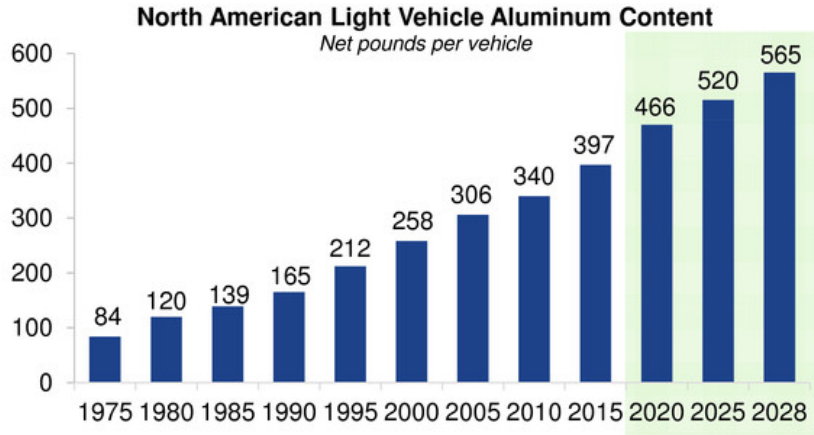
Cash flow impacts

(US\$ millions)

Q2 proceeds from sale of a business	\$314
Expected cash taxes & fees paid in FY18	(50)
Expected total cash proceeds, net of taxes & fees	\$264

OUTLOOK AND SUMMARY

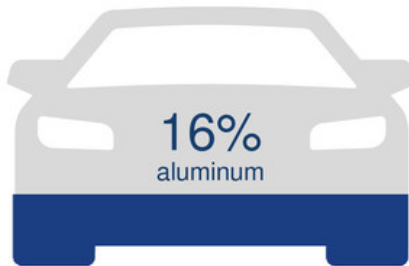
ALUMINUM AUTOMOTIVE OUTLOOK



2015
CURB WEIGHT: 3,835 LBS



2028
CURB WEIGHT: 3,465 LBS



Source: Ducker Worldwide
© 2017 Novelis

- Lightweighting improves performance, increases fuel economy, reduces emissions and extends battery range
- Aluminum is a growing metal of choice for lightweighting vehicles and provides equal or better quality, strength and durability compared to other materials
- Ability to deliver consistent, quality products on a global scale makes Novelis a partner of choice for automotive sheet solutions

SUMMARY

- Record shipments and operating performance drove record Q2 Adjusted EBITDA
- Raise FY18 full year guidance for Adjusted EBITDA to \$1,150-\$1,200 million
 - Previous guidance \$1,100-\$1,150 million
- Maintain FY18 free cash flow guidance \$400-\$450 million
 - Monitoring higher aluminum price pressure on working capital
- Solid cash flow and net leverage trending to 3x by fiscal year end
- Maintain positive outlook for automotive aluminum sheet demand in near and long term; reviewing organic growth options to meet customer needs

Novelis



THANK YOU
QUESTIONS?

APPENDIX

INCOME STATEMENT RECONCILIATION TO ADJUSTED EBITDA

Novelis

	(In \$ m)	Q1	Q2	Q3	Q4	FY17	Q1 FY18	Q2 FY18
Net income (loss) attributable to our common shareholder		24	(89)	63	47	45	101	307
- Noncontrolling interests		-	-	1	-	1	-	-
- Interest, net		80	79	65	59	283	62	66
- Income tax provision		36	27	47	41	151	43	116
- Depreciation and amortization		89	90	88	93	360	90	91
EBITDA		229	107	264	240	840	296	576
- Unrealized loss (gain) on derivatives		7	(4)	(21)	13	(5)	(16)	18
- Realized gain on derivative instruments not included in segment income		(1)	-	(1)	(3)	(5)	(1)	-
- Proportional consolidation		8	8	4	8	28	8	8
- Loss on extinguishment of debt		-	112	-	22	134	-	-
- Restructuring and impairment, net		2	1	1	6	10	1	7
- Loss (gain) on sale of business		-	27	-	-	27	-	(318)
- Loss (gain) on sale of fixed assets		4	2	(2)	2	6	1	1
- Gain on assets held for sale, net		(1)	(1)	-	-	(2)	-	-
- Metal price lag (A)		13	14	4	-	31	1	5
- Others costs (income), net		7	4	6	4	21	(1)	5
Adjusted EBITDA		268	270	255	292	1,085	289	302

(A) Effective in the first quarter of fiscal 2018, management removed the impact of metal price lag from Adjusted EBITDA (Segment Income) in order to provide more transparency and visibility for our stakeholders on the underlying performance of the business. 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. The company will continue to report metal price lag as a separate line item in Reconciliation from Net Income (loss) attributable to our common shareholder to Adjusted EBITDA. Segment information for all prior periods presented has been updated to reflect this change.

FREE CASH FLOW AND LIQUIDITY

Novelis

(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1 FY18	Q2 FY18
Cash (used in) provided by operating activities	(107)	80	178	424	575	(45)	139
Cash used in investing activities	(39)	(48)	(35)	(90)	(212)	(31)	273
Less: outflows (proceeds) from sale of a business, net of transaction fees, cash income taxes and hedging (A)	-	12	(12)	(2)	(2)	(1)	(311)
Free cash flow	(146)	44	131	332	361	(77)	101
Capital expenditures	44	46	48	86	224	39	43

(A) This line item includes the proceeds from the sale of shares in Ulsan Aluminum Ltd., to Kobe Steel Ltd. during the three months ended September 30, 2017 in the amount of \$314 million. We expect additional cash taxes and transaction fees related to Ulsan Aluminum Ltd. of approximately \$39 million and \$9 million, respectively, to be paid during the remainder of fiscal 2018.

(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1 FY18	Q2 FY18
Cash and cash equivalents	457	473	505	594	594	565	949
Availability under committed credit facilities	633	573	534	701	701	671	700
Liquidity	1,090	1,046	1,039	1,295	1,295	1,236	1,649

