

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 1, 2018

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 February 1, 2018, Novelis Inc. issued a press release reporting the company’s financial results for its fiscal quarter ended December 31, 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 February 1, 2018 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated February 1, 2018 (furnished to the Commission as a part of this Form 8-K).

SIGNATURES

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

NOVELIS INC.

Date: February 1, 2018

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

Leslie J. Parrette, Jr.

General Counsel, Corporate Secretary and
Compliance Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated February 1, 2018 (furnished to the Commission as a part of this Form 8-K).
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News Release

Novelis Reports Fiscal 2018 Third Quarter Results

Financial strength, strategic investments in automotive capabilities to grow its leadership position

Third Quarter Fiscal Year 2018 Highlights

- Net income attributable to common shareholder of \$121 million; excluding special items, net income increased 106% YoY
- Adjusted EBITDA increased 20% YoY to record \$305 million
- Net Sales increased 33% YoY to \$3.1 billion
- Shipments of 796 kilotonnes increased 6% YoY; automotive shipments increased 12%
- Leveraging strength of balance sheet to make key strategic investments in automotive aluminum

ATLANTA, February 1, 2018 – Novelis, the world leader in aluminum rolling and recycling, today reported net income attributable to its common shareholder of \$121 million for the third quarter of fiscal year 2018, compared to \$63 million in the prior year period. Excluding tax-affected special items in both years, the company reported net income of \$138 million in the third quarter of fiscal 2018, more than double the \$67 million reported in the third quarter of fiscal 2017.

The increase in net income, excluding special items, is mainly due to a 20 percent increase in Adjusted EBITDA over the prior year to a record \$305 million in the third quarter of fiscal 2018. This increase reflects higher shipments and the company's strategy to deliver a more favorable product mix with higher automotive shipments and increased operational efficiencies. Adjusted EBITDA reached \$383 per ton in the quarter.

Net sales increased 33 percent over the prior year to \$3.1 billion for the third quarter of fiscal 2018, driven by higher average aluminum prices, higher total shipments, and a favorable impact from the strategic portfolio shift to higher conversion premium products. Shipments of flat rolled products increased six percent to 796 kilotonnes. Automotive sheet shipments increased 12 percent year-over-year, as production has continued to successfully ramp to meet strong customer demand.

"Aluminum is increasingly the material of choice for our customers. Following another quarter of record-setting financial results, we are making strategic investments to grow with our customers and advance the continued penetration of aluminum sheet in the broad automotive market of competing materials," said Steve Fisher, President and CEO of Novelis. "These investments, coupled with the most advanced manufacturing processes and largest footprint in the industry, solidify our global leadership position and strengthen our diverse portfolio of lightweight, high-strength aluminum solutions."

The company recently announced plans to expand its production footprint in the US with an approximately \$300 million investment in automotive finishing capacity in Guthrie, Kentucky. Novelis also has agreed to acquire operating facilities and manufacturing assets for €200 million at its Sierre, Switzerland, plant that have historically been leased.

The company reported free cash flow of \$79 million for the third quarter of fiscal 2018, including \$54 million of capital expenditures. Year-to-date free cash flow has improved \$74 million over the prior year, primarily a result of higher Adjusted EBITDA, lower cash interest payments due to refinancing savings and

lower metal price lag, partially offset by higher taxes and working capital requirements due to rising aluminum prices.

"Record Adjusted EBITDA for the second consecutive quarter has put us on track to achieve record free cash flow this fiscal year, and is providing the financial flexibility to reduce net debt and seek strategic investments, particularly in the growing automotive segment," said Devinder Ahuja, Senior Vice President and Chief Financial Officer for Novelis.

As of December 31, 2017, the company reported a strong liquidity position of \$1,724 million.

U.S. Tax Cuts and Jobs Act of 2017

During the third quarter of fiscal 2018, the company recorded a net \$18 million non-cash income tax benefit for the remeasurement of deferred tax assets and liabilities in accordance with the recently enacted US tax reform. The tax benefit attributable to the common shareholder is \$34 million, as \$16 million of tax expense is attributable to non-controlling interest related to Logan Aluminum as reflected in the net loss attributable to noncontrolling interests in our financial statements. Other provisions of the Act are not expected to have a material impact on fiscal year 2018.

Full Year Fiscal 2018 Guidance

The company expects to be on the upper end of its previously guided fiscal 2018 Adjusted EBITDA range of \$1,150-\$1,200 million. Fiscal 2018 free cash flow is expected to be on the lower end of its previously guided range of \$400-450 million, driven by the impact of higher aluminum prices. The recently announced automotive investments in the US and Switzerland will not impact fiscal 2018 free cash flow.

Third Quarter of Fiscal Year 2018 Earnings Conference Call

Novelis will discuss its third quarter of fiscal year 2018 results via a live webcast and conference call for investors at 8:30 a.m. ET on Thursday, February 1, 2018. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1tp4eeb1fnqp&eom>. To join by telephone, dial toll-free in North America at 800 928 9281, India toll-free at 18002660843 or the international toll line at +1 212 231 2920. 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 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. 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.

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

	Three Months Ended December 31, 2017		Nine Months Ended December 31,	
	2017	2016	2017	2016
Net sales	\$ 3,085	\$ 2,313	\$ 8,548	\$ 6,970
Cost of goods sold (exclusive of depreciation and amortization)	2,646	1,924	7,268	5,834
Selling, general and administrative expenses	128	103	358	303
Depreciation and amortization	86	88	267	267
Interest expense and amortization of debt issuance costs	64	67	192	231
Loss on extinguishment of debt	—	—	—	112
Research and development expenses	17	14	48	41
Gain on assets held for sale	—	—	—	(2)
(Gain) loss on sale of a business, net	—	—	(318)	27
Restructuring and impairment, net	25	1	33	4
Equity in net loss of non-consolidated affiliates	—	8	1	8
Other (income) expense, net	(6)	(3)	7	36
	<u>2,960</u>	<u>2,202</u>	<u>7,856</u>	<u>6,861</u>
Income before income taxes	125	111	692	109
Income tax provision	20	47	179	110
Net income (loss)	105	64	513	(1)
Net (loss) income attributable to noncontrolling interests	(16)	1	(16)	1
Net income (loss) attributable to our common shareholder	<u>\$ 121</u>	<u>\$ 63</u>	<u>\$ 529</u>	<u>\$ (2)</u>

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

	December 31, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 757	\$ 594
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$6 as of December 31, 2017 and March 31, 2017)	1,331	1,067
— related parties	253	60
Inventories	1,572	1,333
Prepaid expenses and other current assets	120	137
Fair value of derivative instruments	115	113
Assets held for sale	3	3
Total current assets	4,151	3,307
Property, plant and equipment, net	3,073	3,357
Goodwill	607	607
Intangible assets, net	420	457
Investment in and advances to non-consolidated affiliates	831	451
Deferred income tax assets	90	86
Other long-term assets		
— third parties	93	94
— related parties	10	15
Total assets	\$ 9,275	\$ 8,374
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		
Current liabilities		
Current portion of long-term debt	\$ 136	\$ 121
Short-term borrowings	116	294
Accounts payable		
— third parties	1,909	1,722
— related parties	206	51
Fair value of derivative instruments	192	151
Accrued expenses and other current liabilities	607	580
Total current liabilities	3,166	2,919
Long-term debt, net of current portion	4,352	4,437
Deferred income tax liabilities	137	98
Accrued postretirement benefits	813	799
Other long-term liabilities	241	198
Total liabilities	8,709	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 December 31, 2017 and March 31, 2017	—	—
Additional paid-in capital	1,404	1,404
Accumulated deficit	(389)	(918)
Accumulated other comprehensive loss	(415)	(545)
Total equity (deficit) of our common shareholder	600	(59)
Noncontrolling interests	(34)	(18)
Total equity (deficit)	566	(77)
Total liabilities and equity (deficit)	\$ 9,275	\$ 8,374

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

	Nine Months Ended December 31,	
	2017	2016
OPERATING ACTIVITIES		
Net income (loss)	\$ 513	\$ (1)
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	267	267
Loss (gain) on unrealized derivatives and other realized derivatives in investing activities, net	4	(23)
Gain on assets held for sale	—	(2)
(Gain) loss on sale of business	(318)	27
Loss on sale of assets	4	4
Impairment charges	15	—
Loss on extinguishment of debt	—	112
Deferred income taxes	41	15
Amortization of fair value adjustments, net	—	7
Equity in net loss of non-consolidated affiliates	1	8
Loss on foreign exchange remeasurement of debt	3	—
Amortization of debt issuance costs and carrying value adjustments	15	10
Other, net	(1)	1
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	(403)	(108)
Inventories	(175)	(200)
Accounts payable	221	59
Other current assets	24	(3)
Other current liabilities	12	(55)
Other noncurrent assets	(4)	(17)
Other noncurrent liabilities	18	50
Net cash provided by operating activities	237	151
INVESTING ACTIVITIES		
Capital expenditures	(136)	(138)
Proceeds from sales of assets, third party, net of transaction fees and hedging	1	2
Proceeds (outflows) from the sale of a business	314	(2)
Proceeds from investment in and advances to non-consolidated affiliates, net	9	12
(Outflows) proceeds from the settlement of derivative instruments, net	(18)	7
Net cash provided by (used in) investing activities	170	(122)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term and short-term borrowings	—	2,770
Principal payments of long-term and short-term borrowings	(138)	(2,676)
Revolving credit facilities and other, net	(140)	(20)
Debt issuance costs	(5)	(139)
Net cash used in financing activities	(283)	(65)
Net increase (decrease) in cash and cash equivalents	124	(36)
Effect of exchange rate changes on cash	39	(15)
Cash and cash equivalents — beginning of period	594	556
Cash and cash equivalents — end of period	<u>\$ 757</u>	<u>\$ 505</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 nine months ended December 31, 2017 and 2016.

(in millions)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2017	2016	2017	2016
Net income (loss) attributable to our common shareholder	\$ 121	\$ 63	\$ 529	\$ (2)
Noncontrolling interests	(16)	1	(16)	1
Income tax provision	20	47	179	110
Interest, net	62	65	186	224
Depreciation and amortization	86	88	267	267
EBITDA	273	264	1,145	600
Unrealized gains on change in fair value of derivative instruments, net	(15)	(21)	(13)	(18)
Realized losses (gains) on derivative instruments not included in segment income	1	(1)	—	(2)
Adjustment to reconcile proportional consolidation	17	4	33	20
Losses (gains) on sale of fixed assets	2	(2)	4	4
Gain on assets held for sale	—	—	—	(2)
Loss on extinguishment of debt	—	—	—	112
Restructuring and impairment, net	25	1	33	4
(Gain) loss on sale of a business, net	—	—	(318)	27
Metal price lag (A)	(1)	4	5	32
Other, net	3	6	7	17
Adjusted EBITDA	\$ 305	\$ 255	\$ 896	\$ 794

- (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 nine months ended December 31, 2017 and 2016.

(in millions)	Nine Months Ended December 31,	
	2017	2016
Net cash provided by operating activities	\$ 237	\$ 151
Net cash provided by (used in) investing activities	170	(122)
Less: Proceeds from the sales of assets, net of transaction fees, cash income taxes and hedging	(304)	—
Free cash flow (A)	\$ 103	\$ 29

- (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 December 31, 2017 and March 31, 2017.

(in millions)	December 31, 2017	March 31, 2017
Cash and cash equivalents	\$ 757	\$ 594
Availability under committed credit facilities	967	701
Total liquidity	\$ 1,724	\$ 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 December 31,		Nine Months Ended December 31,	
	2017	2016	2017	2016
Net income (loss) attributable to our common shareholder	\$ 121	\$ 63	\$ 529	\$ (2)
Special Items:				
Gain on assets held for sale	—	—	—	(2)
(Gain) loss on sale of a business	—	—	(318)	27
Loss on extinguishment of debt	—	—	—	112
Metal price lag	(1)	4	5	32
Restructuring and impairment, net	25	1	33	4
Tax effect on special items	(7)	(1)	70	(10)
Net income attributable to our common shareholder, excluding special items	\$ 138	\$ 67	\$ 319	\$ 161

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, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 111	\$ 50	\$ 43	\$ 107	\$ (6)	\$ 305
Shipments						
Rolled products - third party	268	217	173	138	—	796
Rolled products - intersegment	1	5	4	8	(18)	—
Total rolled products	269	222	177	146	(18)	796

Selected Operating Results Three Months Ended December 31, 2016	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 90	\$ 44	\$ 40	\$ 81	\$ —	\$ 255

Shipments

Rolled products - third party	247	222	161	120	—	750
Rolled products - intersegment	—	4	1	5	(10)	—
Total rolled products	247	226	162	125	(10)	750

Selected Operating Results Nine Months Ended December 31, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 351	\$ 158	\$ 124	\$ 269	\$ (6)	\$ 896

Shipments

Rolled products - third party	809	682	527	365	—	2,383
Rolled products - intersegment	7	12	10	22	(51)	—
Total rolled products	816	694	537	387	(51)	2,383

Selected Operating Results Nine Months Ended December 31, 2016	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA (A)	\$ 276	\$ 150	\$ 132	\$ 236	\$ —	\$ 794

Shipments

Rolled products - third party	740	695	512	331	—	2,278
Rolled products - intersegment	1	13	4	18	(36)	—
Total rolled products	741	708	516	349	(36)	2,278

(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 Q3 FISCAL 2018 EARNINGS CONFERENCE CALL

February 1, 2018

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 the ranges for Adjusted EBITDA and free cash flow we expect to achieve 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.

HIGHLIGHTS

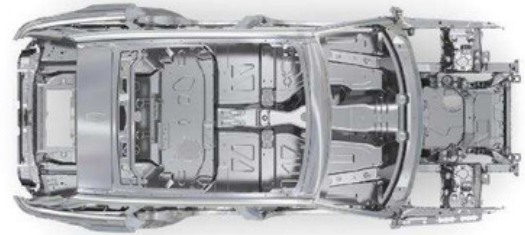
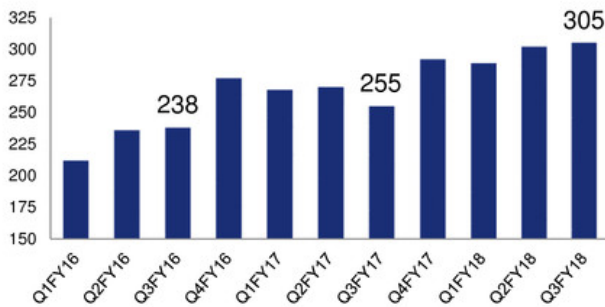
Financial & Operational Highlights

- Achieved 20% YoY increase in Q3 Adjusted EBITDA to record \$305 million
 - Q3 shipments increased 6% YoY
 - Positive product mix shift towards auto
 - Operating efficiencies
- TTM Adjusted EBITDA \$1,188 million

Strategic Activities

- Strengthening our product portfolio
 - Expanding & securing global automotive capabilities with investments in North America and Europe
 - Exiting European litho business

Quarterly Adjusted EBITDA (\$M)



Strategically investing to grow with our customers

FINANCIAL HIGHLIGHTS

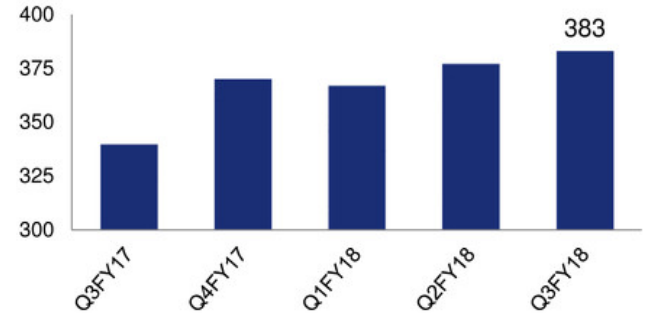
Q3 FISCAL 2018 FINANCIAL HIGHLIGHTS



Q3FY18 vs Q3FY17

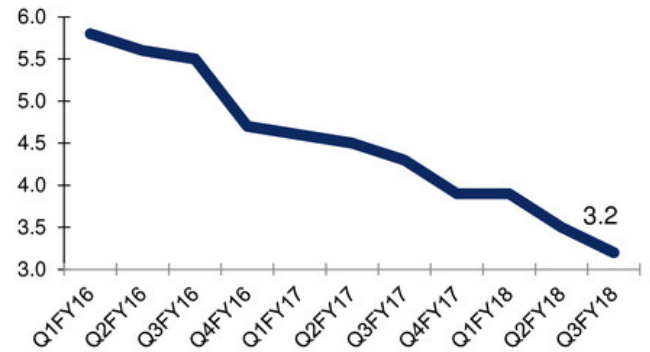
- Net income attributable to our common shareholder \$121 million
 - Excluding tax-effected special items*, net income more than doubled from \$67 million to \$138 million
 - FY18 includes non-cash income tax benefit \$34 million attributable to common shareholder related to US tax reform
- Adjusted EBITDA up 20% from \$255 million to record \$305 million
- Total FRP Shipments up 6% to 796 kilotonnes
- Adjusted EBITDA per ton increased \$43
- Net sales up 33% to \$3.1 billion
- Very strong liquidity of \$1.7 billion
- Reduced net leverage ratio by 1.1 turns

Adjusted EBITDA/ton (\$)



Net Leverage ratio

Net debt/TTM Adjusted EBITDA



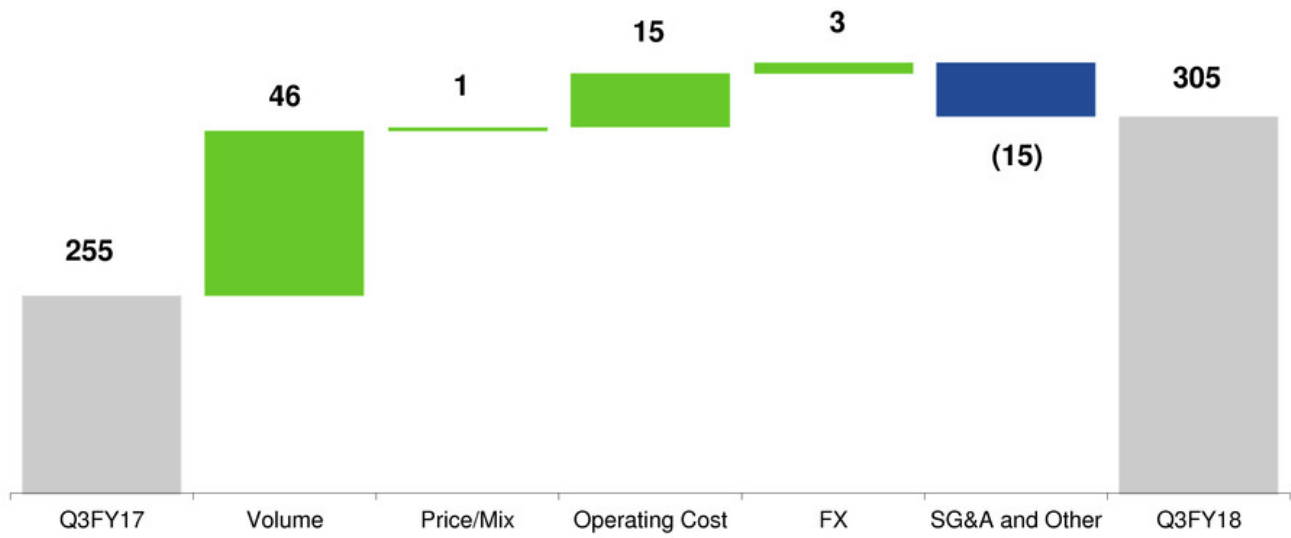
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*Tax-effected special items may include restructuring & impairment, metal price lag, gain/loss on assets held for sale, loss on extinguishment of debt, loss/gain on sale of business

Q3 ADJUSTED EBITDA BRIDGE

\$ Millions



Strategy to drive volume, mix and cost efficiencies delivers record results

FREE CASH FLOW

Novelis

\$ Millions

	YTD FY18	YTD FY17
Adjusted EBITDA	896	794
Capital expenditures	(136)	(138)
Interest paid	(197)	(236)
Taxes paid	(107)	(70)
Working capital & other	(353)	(321)
Free cash flow	\$103	\$29

- Strong YTD free cash flow despite sharply rising aluminum prices
- \$74 million YoY improvement in YTD FCF
 - Higher adjusted EBITDA
 - Lower interest related to refinancing actions in FY17
 - Higher taxes on higher EBITDA
 - Working capital outflow related to higher metal prices, strategic inventory increase to meet sales demand, and timing of customer payments

On track to deliver record FCF in FY18, on low-end of \$400-\$450M guidance

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

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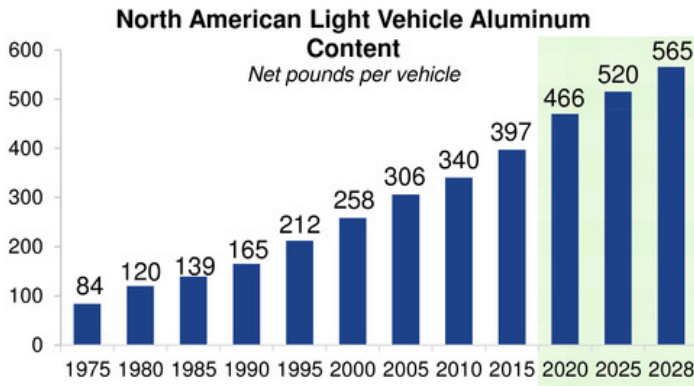
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- US corporate tax rate reduction to 21% effective January 1, 2018
- In Q3FY18, recorded non-cash income tax benefit attributable to common shareholder of \$34 million for the remeasurement of deferred tax assets and liabilities
- No cash impact from rate change expected before FY20
 - FY18 cash taxes ~\$165 million
- Additional considerations going forward
 - Treatment of capital expenditure acceleration – neutral to positive
 - Interest deduction limitation – slight negative

Overall, US tax reform a net positive for Novelis

AUTOMOTIVE INVESTMENTS

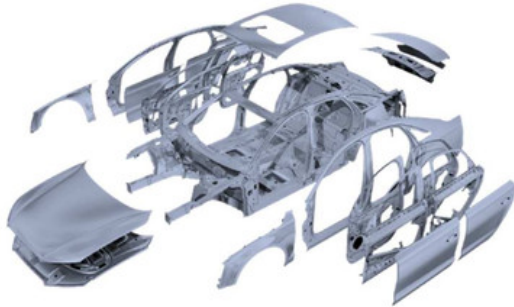
ALUMINUM AUTOMOTIVE OUTLOOK



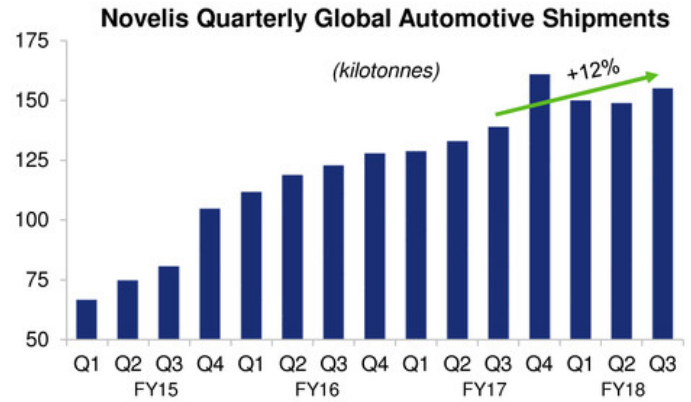
- Lightweight aluminum empowers automakers to meet ever-increasing fuel efficiency and emission standards while also delivering vital safety, performance and design solutions
- Novelis aluminum is featured in more than 200 vehicle models
- Novelis is the world's largest supplier of aluminum sheet to the automotive industry

Growth in Body-in-White and closure applications such as:

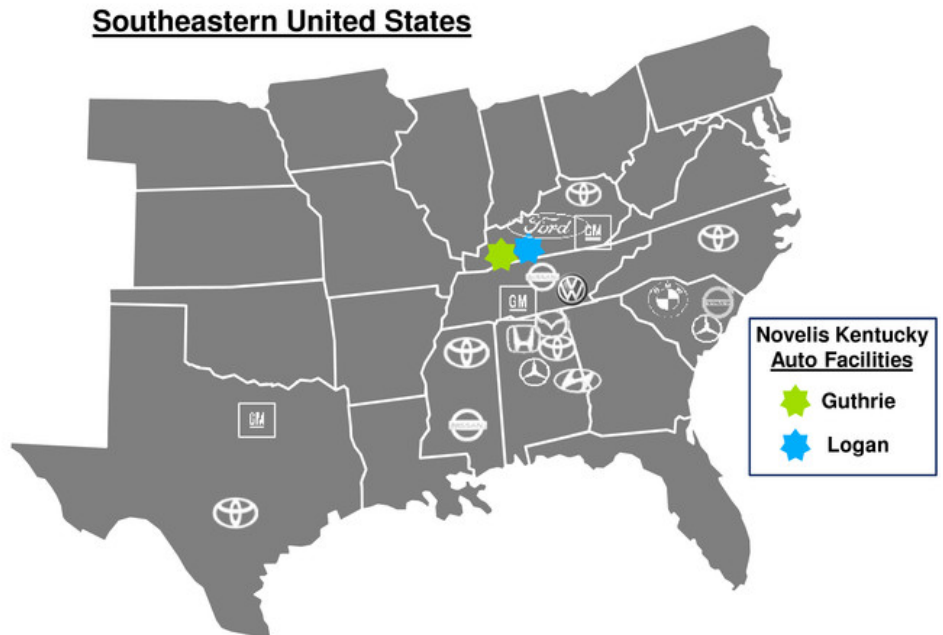
- Hoods
- Trunks
- Lift gates
- Doors
- Fenders



Source: Ducker Worldwide
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- ~\$300 million investment in Guthrie, Kentucky for 200kt nameplate capacity
 - Strategically located greenfield site will house pre-treatment and heat-treatment lines to be used in vehicle production
 - Will receive rolled coils for finishing from nearby Logan plant; investment includes additional furnace capabilities at Logan
 - Groundbreaking early 2018, opening in 2020



Solidifying our global leadership position in automotive aluminum sheet

- Agreed to acquire operating facilities and manufacturing assets in Siere, Switzerland, for €200 million to provide security, stability and strategic flexibility

Novelis Global Automotive Footprint

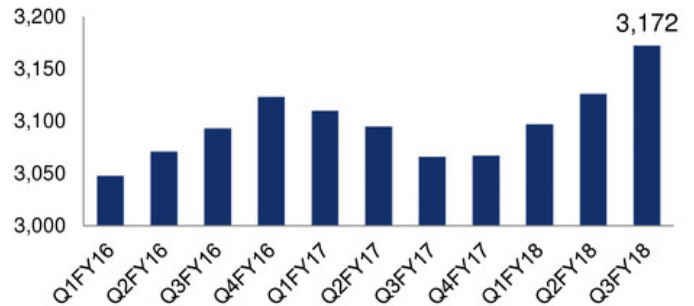


Expanding and securing our global automotive capabilities

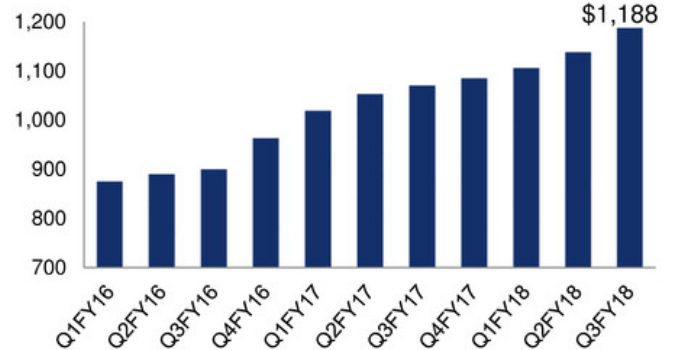
SUMMARY & OUTLOOK

- Strong operating performance drove record Q3 Adjusted EBITDA
- On track to deliver a record year
 - FY18 Adjusted EBITDA on high end of previously guided \$1,150-\$1,200 million range
 - Free cash flow on low end of previously guided \$400-\$450 million range
- Demand for automotive aluminum sheet remains high
- Strategically investing in automotive assets to grow with our customers and advance the continued penetration of aluminum sheet in the automotive market

TTM shipment trend (kt)



TTM Adjusted EBITDA (\$M)



THANK YOU
QUESTIONS?

APPENDIX

INCOME STATEMENT RECONCILIATION TO ADJUSTED EBITDA

Novelis

	(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1 FY18	Q2 FY18	Q3 FY18
Net income (loss) attributable to our common shareholder		24	(89)	63	47	45	101	307	121
- Noncontrolling interests		-	-	1	-	1	-	-	(16)
- Interest, net		80	79	65	59	283	62	66	62
- Income tax provision		36	27	47	41	151	43	116	20
- Depreciation and amortization		89	90	88	93	360	90	91	86
EBITDA		229	107	264	240	840	296	576	273
- Unrealized loss (gain) on derivatives		7	(4)	(21)	13	(5)	(16)	18	(15)
- Realized gain (loss) on derivative instruments not included in segment income		(1)	-	(1)	(3)	(5)	(1)	-	1
- Proportional consolidation		8	8	4	8	28	8	8	17
- Loss on extinguishment of debt		-	112	-	22	134	-	-	-
- Restructuring and impairment, net		2	1	1	6	10	1	7	25
- Loss (gain) on sale of business		-	27	-	-	27	-	(318)	-
- Loss (gain) on sale of fixed assets		4	2	(2)	2	6	1	1	2
- Gain on assets held for sale, net		(1)	(1)	-	-	(2)	-	-	-
- Metal price lag (A)		13	14	4	-	31	1	5	(1)
- Others costs (income), net		7	4	6	4	21	(1)	5	3
Adjusted EBITDA		\$268	\$270	\$255	\$292	\$1,085	\$289	\$302	\$305

(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 enhance the visibility of the underlying operating performance of the Company. 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 impact of metal price lag is now reported as a separate line item in this reconciliation. Segment income 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	Q3 FY18
Cash (used in) provided by operating activities	(107)	80	178	424	575	(45)	139	143
Cash used in investing activities	(39)	(48)	(35)	(90)	(212)	(31)	273	(72)
Less: outflows (proceeds) from sale of assets, net of transaction fees, cash income taxes and hedging (A)	-	12	(12)	(2)	(2)	(1)	(311)	8
Free cash flow	\$(146)	\$44	\$131	\$332	\$361	\$(77)	\$101	\$79
Capital expenditures	44	46	48	86	224	39	43	54

(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. In addition, this line item includes the proceeds from the sale of shares in Ulsan Aluminum Ltd., to Kobe Steel Ltd. during the three months ended December 31, 2017 in the amount of \$314 million. This line item also includes "Outflows from the sale of a business, net of transaction fees," which is comprised of cash of \$13 million held by ALCOM, which was a consolidated entity sold during the nine months ended September 30, 2016. We expect additional cash taxes and transaction fees related to Ulsan Aluminum Ltd. of approximately \$41 million and \$2 million, respectively, to be paid during the remainder of fiscal 2018.

(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1 FY18	Q2 FY18	Q3 FY18
Cash and cash equivalents	457	473	505	594	594	565	949	757
Availability under committed credit facilities	633	573	534	701	701	671	700	967
Liquidity	\$1,090	\$1,046	\$1,039	\$1,295	\$1,295	\$1,236	\$1,649	\$1,724

