

**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 7, 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.

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## 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 7, 2018, Novelis Inc. issued a press release reporting the company's financial results for its fiscal quarter ended June 30, 2018. 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; metal price lag; 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.

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.

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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 and business, net of transaction fees, cash income taxes and hedging. 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.

**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.

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**Item 9.01. Financial Statements and Exhibits.**

99.1	<a href="#">Press release, dated August 7, 2018 (furnished to the Commission as a part of this Form 8-K).</a>
99.2	<a href="#">Presentation materials, dated August 7, 2018 (furnished to the Commission as a part of this Form 8-K).</a>

**SIGNATURES**

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

Date: August 7, 2018

**NOVELIS INC.**

By: /s/ Leslie J. Parrette, Jr.  
Leslie J. Parrette, Jr.  
General Counsel, Corporate Secretary and  
Compliance Officer

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
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# News Release

## **Novelis Reports First Quarter of Fiscal 2019 Results**

*Disciplined strategy and excellent operating performance drive strong results*

### **First Quarter Fiscal Year 2019 Highlights**

- Net income attributable to common shareholder of \$137 million; excluding special items, net income increased 10% YoY
- Adjusted EBITDA increased 15% YoY to \$332 million
- Net Sales increased 16% YoY to \$3.1 billion
- Shipments increased 2% YoY to 797 kilotonnes
- Free cash flow improved \$73 million YoY

**ATLANTA, August 7, 2018** – Novelis, the world leader in aluminum rolling and recycling, today reported net income attributable to its common shareholder of \$137 million for the first quarter of fiscal year 2019, compared to \$101 million in the first quarter of fiscal 2018. Excluding tax-affected special items, the company reported net income of \$113 million in the first quarter of fiscal 2019, up from \$103 million in the prior period.

The increase in net income, excluding special items, is mainly due to a 15 percent increase in Adjusted EBITDA over the prior year to \$332 million in the first quarter of fiscal 2019. This increase is attributed to the continued optimization of the investments the company has made to increase global rolling, automotive finishing, and recycling capacity to drive higher shipments, strengthen its product portfolio, and manage costs. Adjusted EBITDA per ton reached \$417 in the quarter, as compared to \$368 in the prior year period.

Net sales increased 16 percent over the prior year to \$3.1 billion for the first quarter of fiscal 2019, driven by higher average aluminum prices, higher shipments, and more favorable product mix, partially offset by lower conversion premiums on some products. Shipments of flat rolled products increased two percent to 797 kilotonnes.

"Outstanding operational performance with increased asset optimization and favorable market conditions contributed to another strong quarter," said Steve Fisher, President and CEO of Novelis. "Our recent investment announcements in North America and Asia, along with the pending acquisition of Aleris, will diversify our product portfolio and increase our participation in high-demand, high-value markets to meet growing customer demand."

The company reported negative \$4 million of free cash flow for the first quarter of fiscal 2019, a \$73 million improvement over the prior year. This increase is primarily a result of higher Adjusted EBITDA, lower cash interest due to the timing of payments in the prior year, and favorable metal price lag. These favorable items were partially offset by higher taxes and an increase in capital expenditures to \$54 million in fiscal 2019, as compared to \$39 million in the prior year period.

"The progress Novelis has made to improve and transform the business is clearly reflected in our improved financial results, enabling us to make both organic and inorganic strategic growth investments," said Devinder Ahuja, Senior Vice President and Chief Financial Officer for Novelis.

As of June 30, 2018, the company reported a strong liquidity position of \$1.9 billion.

In July, Standard & Poors rating agency upgraded the Novelis Corporate Family rating from B+ to BB-, and its senior unsecured rating from B to B+.

### **First Quarter of Fiscal Year 2019 Earnings Conference Call**

Novelis will discuss its first quarter of fiscal year 2019 results via a live webcast and conference call for investors at 8:00 a.m. ET on Tuesday, August 7, 2018. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1jxs03cgb0jla&eom>. To join by telephone, dial toll-free in North America at 800 909 4147, India toll-free at 18002662124 or the international toll line at +1 212 231 2933. 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 ten countries, has approximately 11,000 employees and reported \$11.4 billion in revenue for its 2018 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 news 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 our ability to make organic or inorganic strategic growth investments. 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, 2018 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 June 30,	
	2018	2017
Net sales	\$ 3,097	\$ 2,669
Cost of goods sold (exclusive of depreciation and amortization)	2,591	2,256
Selling, general and administrative expenses	119	101
Depreciation and amortization	86	90
Interest expense and amortization of debt issuance costs	66	64
Research and development expenses	15	15
Restructuring and impairment, net	1	1
Other expense (income), net	29	(2)
	<u>2,907</u>	<u>2,525</u>
Income before income taxes	190	144
Income tax provision	53	43
Net income	137	101
Net income attributable to noncontrolling interests	—	—
<b>Net income attributable to our common shareholder</b>	<u>\$ 137</u>	<u>\$ 101</u>

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

	June 30, 2018	March 31, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 853	\$ 920
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$6 and \$7 as of June 30, 2018 and March 31, 2018, respectively)	1,537	1,353
— related parties	213	242
Inventories	1,723	1,560
Prepaid expenses and other current assets	149	125
Fair value of derivative instruments	119	159
Assets held for sale	5	5
<b>Total current assets</b>	<b>4,599</b>	<b>4,364</b>
Property, plant and equipment, net	3,020	3,110
Goodwill	607	607
Intangible assets, net	397	410
Investment in and advances to non-consolidated affiliates	810	849
Deferred income tax assets	90	63
Other long-term assets		
— third parties	95	97
— related parties	3	3
<b>Total assets</b>	<b>\$ 9,621</b>	<b>\$ 9,503</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 89	\$ 121
Short-term borrowings	39	49
Accounts payable		
— third parties	2,255	2,051
— related parties	214	205
Fair value of derivative instruments	148	106
Accrued expenses and other current liabilities	524	591
<b>Total current liabilities</b>	<b>3,269</b>	<b>3,123</b>
Long-term debt, net of current portion	4,334	4,336
Deferred income tax liabilities	125	164
Accrued postretirement benefits	815	825
Other long-term liabilities	235	232
<b>Total liabilities</b>	<b>8,778</b>	<b>8,680</b>
Commitments and contingencies		
<b>Shareholder's equity</b>		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of June 30, 2018 and March 31, 2018	—	—
Additional paid-in capital	1,404	1,404
Accumulated deficit	(94)	(283)
Accumulated other comprehensive loss	(430)	(261)
<b>Total equity of our common shareholder</b>	<b>880</b>	<b>860</b>
<b>Noncontrolling interests</b>	<b>(37)</b>	<b>(37)</b>
<b>Total equity</b>	<b>843</b>	<b>823</b>
<b>Total liabilities and equity</b>	<b>\$ 9,621</b>	<b>\$ 9,503</b>

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

	Three Months Ended June 30,	
	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 137	\$ 101
Adjustments to determine net cash used in operating activities:		
Depreciation and amortization	86	90
Loss (gain) on unrealized derivatives and other realized derivatives in investing activities, net	24	(2)
Loss on sale of assets	3	1
Deferred income taxes	(14)	9
Loss on foreign exchange remeasurement of debt	—	1
Amortization of debt issuance costs and carrying value adjustments	5	5
Other, net	—	(1)
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	(201)	(99)
Inventories	(205)	(137)
Accounts payable	283	72
Other current assets	(29)	8
Other current liabilities	(58)	(105)
Other noncurrent assets	—	(6)
Other noncurrent liabilities	17	15
<b>Net cash provided by (used in) operating activities</b>	<b>48</b>	<b>(48)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(54)	(39)
Proceeds from sales of assets, third party, net of transaction fees and hedging	—	1
Proceeds from investment in and advances to non-consolidated affiliates, net	6	6
(Outflows) proceeds from the settlement of derivative instruments, net	(7)	1
Other	3	3
<b>Net cash used in investing activities</b>	<b>(52)</b>	<b>(28)</b>
<b>FINANCING ACTIVITIES</b>		
Principal payments of long-term and short-term borrowings	(34)	(57)
Revolving credit facilities and other, net	(9)	113
Debt issuance costs	—	(2)
<b>Net cash (used in) provided by financing activities</b>	<b>(43)</b>	<b>54</b>
Net decrease in cash, cash equivalents and restricted cash	(47)	(22)
<b>Effect of exchange rate changes on cash</b>	<b>(19)</b>	<b>(7)</b>
Cash, cash equivalents and restricted cash — beginning of period	932	604
Cash, cash equivalents and restricted cash — end of period	<b>\$ 866</b>	<b>\$ 575</b>

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

The following table reconciles Net income attributable to our common shareholder to Adjusted EBITDA, a non-GAAP financial measure, for the three months ended June 30, 2018 and 2017.

(in millions)	Three Months Ended June 30,	
	2018	2017
Net income attributable to our common shareholder	\$ 137	\$ 101
Income tax provision	53	43
Interest, net	63	62
Depreciation and amortization	86	90
<b>EBITDA</b>	<b>339</b>	<b>296</b>
Unrealized losses (gains) on change in fair value of derivative instruments, net	4	(16)
Realized gains on derivative instruments not included in segment income	—	(1)
Adjustment to reconcile proportional consolidation	16	8
Loss on sale of fixed assets	3	1
Restructuring and impairment, net	1	1
Metal price lag	(33)	1
Other, net	2	(1)
<b>Adjusted EBITDA</b>	<b>\$ 332</b>	<b>\$ 289</b>

### Free Cash Flow (unaudited)

The following table shows "Free cash flow" for the three months ended June 30, 2018 and 2017.

(in millions)	Three Months Ended June 30,	
	2018	2017
Net cash provided by (used in) operating activities	\$ 48	\$ (48)
Net cash used in investing activities	(52)	(28)
Less: Proceeds from the sales of assets and business, net of transaction fees, cash income taxes and hedging	—	(1)
<b>Free cash flow</b>	<b>\$ (4)</b>	<b>\$ (77)</b>

### 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 June 30, 2018 and March 31, 2018.

(in millions)	June 30, 2018	March 31, 2018
	Cash and cash equivalents	\$ 853
Availability under committed credit facilities	1,059	998
<b>Total liquidity</b>	<b>\$ 1,912</b>	<b>\$ 1,918</b>

**Reconciliation of Net income 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 June 30,	
	2018	2017
Net income attributable to our common shareholder	\$ 137	\$ 101
Special Items:		
Metal price lag	(33)	1
Restructuring and impairment, net	1	1
Tax effect on special items	8	—
Net income attributable to our common shareholder, excluding special items	\$ 113	\$ 103

**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, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 119	\$ 61	\$ 55	\$ 97	\$ —	\$ 332

Shipments						
Rolled products - third party	274	228	173	122	—	797
Rolled products - intersegment	—	4	2	4	(10)	—
Total rolled products	274	232	175	126	(10)	797

Selected Operating Results Three Months Ended June 30, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 116	\$ 57	\$ 44	\$ 72	\$ —	\$ 289

Shipments						
Rolled products - third party	271	231	176	107	—	785
Rolled products - intersegment	2	4	4	3	(13)	—
Total rolled products	273	235	180	110	(13)	785

# NOVELIS Q1 FISCAL 2019 EARNINGS CONFERENCE CALL

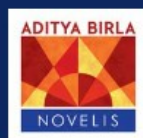
August 7, 2018

**Steve Fisher**

President and Chief Executive Officer

**Devinder Ahuja**

Senior Vice President and Chief Financial Officer



# Novelis

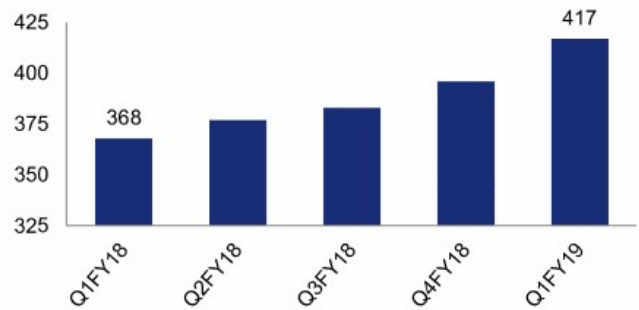
## Forward-looking statements

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 that end market demand remains strong. 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; 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 are included under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

# HIGHLIGHTS

- Excellent operational performance in favorable market conditions
- Optimizing global rolling, automotive and recycling capacity
- Executing on our strategy
  - Defend our core businesses
  - Strengthen our product portfolio
  - Invest in growth opportunities

Adjusted EBITDA/ton (\$)



Strategy and operational focus delivering results



- Geo-political and trade uncertainty
- One-time Q1FY19 events; expect little to no full year impact
  - National truckers strike in Brazil
  - North American auto customer unplanned downtime
- End market demand outlook remains strong in near and long term



# FINANCIAL HIGHLIGHTS

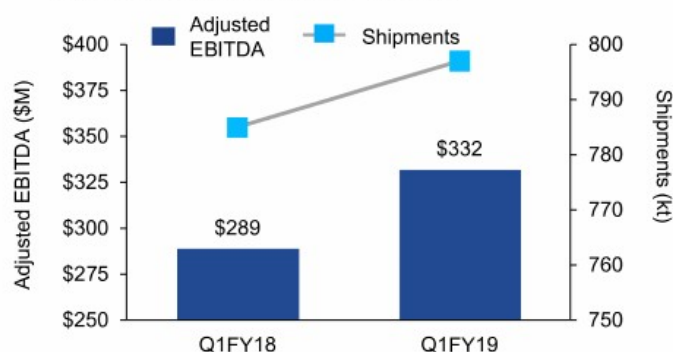
# Q1 FISCAL 2019 FINANCIAL HIGHLIGHTS



Q1FY19 vs Q1FY18

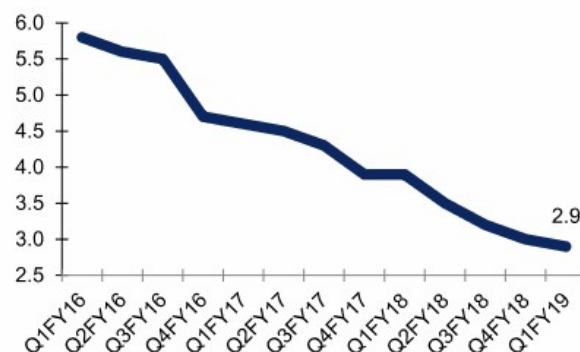
- Net income of \$137 million up from \$101 million in prior year
  - Favorable metal price lag \$33 million
  - Excluding tax-effected special items\*, net income up 10% from \$103 million to \$113 million
- Adjusted EBITDA up 15% from \$289 million to \$332 million
- Sales up 16% to \$3.1 billion
- Total FRP Shipments up 2% to 797 kilotonnes
- Strong liquidity position at \$1.9 billion
- Net leverage ratio at 2.9x

Shipments & Adjusted EBITDA



Net Leverage ratio

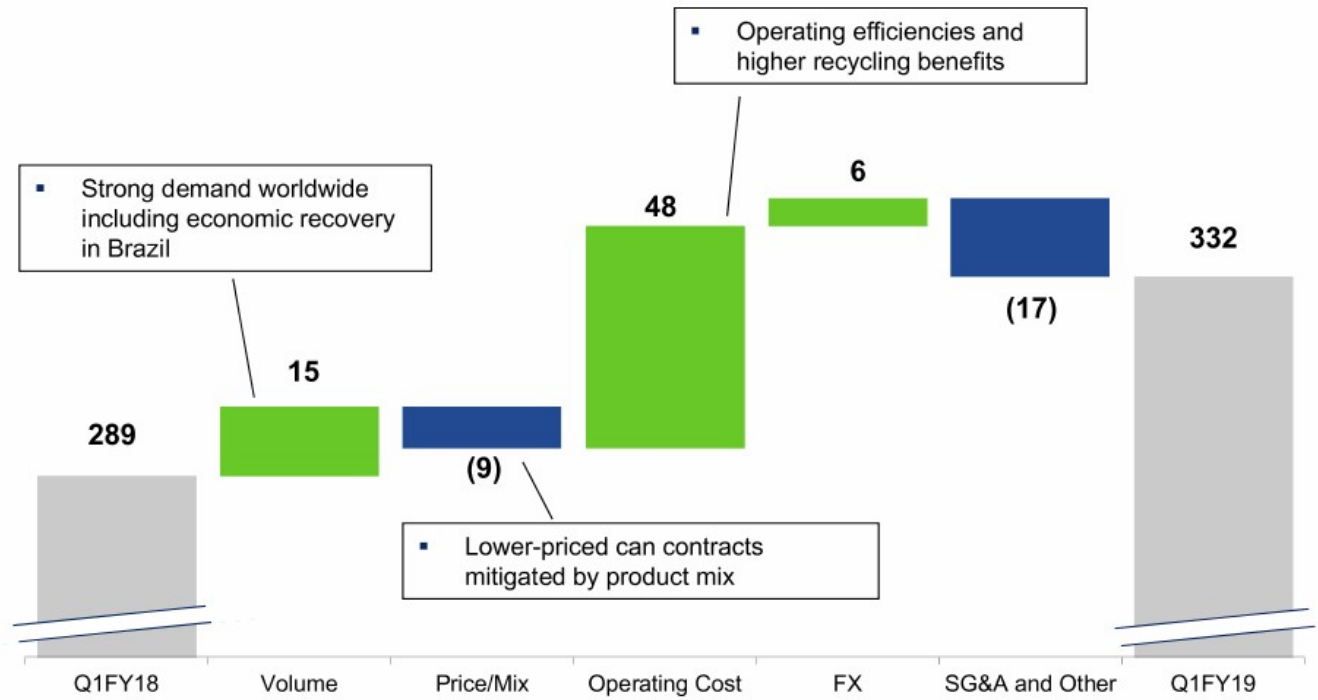
Net debt/TTM Adjusted EBITDA



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

# Q1 ADJUSTED EBITDA BRIDGE

\$ Millions



Realizing benefits from investments and efficiencies

# FREE CASH FLOW

\$ Millions

	Q1 FY19	Q1 FY18
Adjusted EBITDA	332	289
Capital expenditures	(54)	(39)
Interest paid	(65)	(81)
Taxes paid	(41)	(27)
Working capital & other	(176)	(219)
<b>Free cash flow*</b>	<b>(4)</b>	<b>(77)</b>

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

- \$73 million improvement in free cash flow YoY
- Maintain FY19 capex guidance ~\$450 million
- S&P Rating agency upgrade to BB-

Maintaining financial discipline while investing in the future

# SUMMARY

## SUMMARY

- Strong operating performance continues
- Navigating through geo-political and trade uncertainty
- Demand for aluminum flat rolled products remains high
- Making disciplined strategic investments to diversify our product portfolio and strengthen our business



**THANK YOU**  
QUESTIONS?



# APPENDIX

## NET INCOME RECONCILIATION TO ADJUSTED EBITDA

Novelis

(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1 FY19
<b>Net income attributable to our common shareholder</b>	<b>101</b>	<b>307</b>	<b>121</b>	<b>106</b>	<b>635</b>	<b>137</b>
- Noncontrolling interests	-	-	(16)	3	(13)	-
- Income tax provision	43	116	20	54	233	53
- Interest, net	62	62	62	60	246	63
- Depreciation and amortization	90	91	86	87	354	86
<b>EBITDA</b>	<b>296</b>	<b>576</b>	<b>273</b>	<b>310</b>	<b>1,455</b>	<b>339</b>
- Unrealized (gain) loss on derivatives	(16)	18	(15)	(7)	(20)	4
- Realized (gain) loss on derivative instruments not included in segment income	(1)	-	1	-	-	-
- Proportional consolidation	8	8	17	18	51	16
- Loss on sale of fixed assets	1	1	2	3	7	3
- Restructuring and impairment, net	1	7	25	1	34	1
- Metal price lag	1	5	(1)	(9)	(4)	(33)
- Gain on sale of business	-	(318)	-	-	(318)	-
- Other, net	(1)	5	3	3	10	2
<b>Adjusted EBITDA</b>	<b>\$289</b>	<b>\$302</b>	<b>\$305</b>	<b>\$319</b>	<b>\$1,215</b>	<b>\$332</b>

## FREE CASH FLOW AND LIQUIDITY

Novelis

	(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1 FY19
Cash (used in) provided by operating activities	(45)	139	143	349	586	48	
Cash (used in) provided by investing activities	(31)	273	(72)	(87)	83	(52)	
Less: (proceeds) outflows from sale of assets, net of transaction fees, cash income taxes and hedging (A)	(1)	(311)	8	41	(263)	-	
<b>Free cash flow</b>	<b>\$(77)</b>	<b>\$101</b>	<b>\$79</b>	<b>\$303</b>	<b>\$406</b>	<b>\$(4)</b>	
Capital expenditures	39	43	54	90	226	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 year ended March 31, 2018 in the amount of \$314 million, net of \$42 million and \$11 million, in cash taxes and transaction fees paid, respectively.

	(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1 FY19
Cash and cash equivalents	565	949	757	920	920	853	
Availability under committed credit facilities	671	700	967	998	998	1,059	
<b>Liquidity</b>	<b>\$1,236</b>	<b>\$1,649</b>	<b>\$1,724</b>	<b>\$1,918</b>	<b>\$1,918</b>	<b>\$1,912</b>	

