

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 5, 2019

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 5, 2019, Novelis Inc. issued a press release reporting the company's financial results for its fiscal quarter ended December 31, 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 and Free Cash Flow Before Capital Expenditures, 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 by measures commonly used in the company's industry. The company defines Adjusted EBITDA as: earnings before (a) "Depreciation and amortization"; (b) "Interest expense and amortization of debt issuance costs"; (c) interest income; (d) "Unrealized gains (losses) on change in fair value of derivative instruments, net", except for foreign currency remeasurement hedging activities, which are included in segment income; (e) impairment of goodwill; (f) gain or loss on extinguishment of debt; (g) noncontrolling interests' share; (h) adjustments to reconcile our proportional share of "Adjusted EBITDA" from non-consolidated affiliates to income as determined on the equity method of accounting; (i) "Restructuring and impairment, net"; (j) gains or losses on disposals of property, plant and equipment and businesses, net; (k) other costs, net; (l) litigation settlement, net of insurance recoveries; (m) sale transaction fees; (n) provision or benefit for taxes on income (loss); (o) cumulative effect of accounting change, net of tax; (p) metal price lag; and (q) business acquisition and other integration costs. 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.

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 and Free Cash Flow Before Capital Expenditures. "Free cash flow" consists of: (a) "net cash provided by (used in) operating activities," (b) plus "net cash provided by (used in) investing activities," (c) plus cash used in the "Acquisition of assets under a capital lease", and (d) less "proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging". "Free cash flow before capital expenditures" consists of: (a) Free cash flow, plus (b) capital expenditures. Management believes Free cash flow and Free cash flow before capital expenditures are relevant to investors as they provide measures of the cash generated internally that is available for debt service and other value creation opportunities. Management also uses Free cash flow and Free cash flow before capital expenditures to measure the profitability and financial performance of our business. However, Free cash flow and Free cash flow before capital expenditures do not necessarily represent cash available for discretionary activities, as certain debt service obligations must be funded out of Free cash flow. Our method of calculating Free cash flow and Free cash flow before capital expenditures 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, business acquisition and other integration related costs, 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, gains (losses) on sale of a business, business acquisition and other integration related costs, 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.

<u>Exhibit</u>	
<u>Number</u>	<u>Description</u>
99.1	Press release, dated February 5, 2019 (furnished to the Commission as a part of this Form 8-K).
99.2	Presentation materials, dated February 5, 2019 (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.

February 5, 2019

NOVELIS INC.

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

Leslie J. Parrette, Jr.

General Counsel, Corporate Secretary and
Compliance Officer



News Release

Novelis Reports Third Quarter of Fiscal 2019 Results

Customer demand for sustainable solutions and proven operational performance deliver strong results

Third Quarter Fiscal Year 2019 Highlights

- Net income attributable to common shareholder of \$78 million; excluding special items, net income \$101 million
- Adjusted EBITDA of \$322 million
- Net Sales of \$3.0 billion
- Shipments of 800 kilotonnes

ATLANTA, February 5, 2019 – Novelis Inc., the world leader in aluminum rolling and recycling, today reported net income attributable to its common shareholder of \$78 million for the third quarter of fiscal year 2019, compared to \$121 million in the prior year period. Excluding tax-effected special items, the company reported net income of \$101 million in the third quarter of fiscal 2019, compared to \$138 million in the prior year period. This decline is primarily due to a \$34 million non-cash income tax benefit in the prior year resulting from the U.S. Tax Cut and Jobs Act of 2017.

Adjusted EBITDA increased six percent over the prior year to \$322 million in the third quarter of fiscal 2019, primarily driven by higher shipments, favorable product portfolio mix, favorable metal costs and other cost efficiencies. Adjusted EBITDA per ton reached \$403 in the quarter, as compared to \$383 in the prior year period.

Net sales increased three percent over the prior year to \$3.0 billion for the third quarter of fiscal 2019, driven by higher total shipments and a more favorable product mix. Shipments of flat rolled products increased one percent to 800 kilotonnes.

Demand for innovative, high-strength, lightweight aluminum solutions continues to increase as customers benefit from using a highly recyclable material that improves consumer products. Automakers are adopting more aluminum to build safer, stronger, and lighter vehicles, while beverage companies continue to innovate sustainable aluminum packaging options.

“Continued customer demand from automakers and favorable market conditions in beverage can contributed to this quarter’s strong financial results,” said Steve Fisher, President and CEO, Novelis Inc. “Our proven operational performance and strategic growth initiatives have positioned the company to make our customers more successful today and well into the future.”

The company generated \$23 million of free cash flow for the third quarter of fiscal 2019, or \$119 million of free cash flow before capital expenditures of \$96 million. Year-to-date free cash flow before capital expenditures improved \$98 million over the prior year to \$337 million, driven primarily by higher Adjusted EBITDA.

(in \$ millions, non-GAAP measures)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Free cash flow	23	79	127	103
Capital expenditures	96	54	210	136
Free cash flow before capital expenditures	119	133	337	239

"With strong free cash flow generation, we are able to fund organic investments in order to supply customers for the long term," said Devinder Ahuja, Senior Vice President and Chief Financial Officer, Novelis Inc. "Further, our diverse global footprint and product portfolio positions us to navigate near-term global economic uncertainties while maintaining our commitment to disciplined net leverage levels."

As of December 31, 2018, the company reported a strong liquidity position of \$1.7 billion and a net leverage ratio of 2.8x.

Aleris Acquisition

On July 26, 2018, Novelis announced it signed a definitive agreement to acquire Aleris Corporation. The acquisition continues to progress and is expected to close in the third quarter of calendar year 2019, subject to customary closing conditions and regulatory approvals.

Third Quarter of Fiscal Year 2019 Earnings Conference Call

Novelis will discuss its third quarter of fiscal year 2019 results via a live webcast and conference call for investors at 7:30 a.m. ET on Tuesday, February 5, 2019. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1gquhhoy2qiet&eom>. To join by telephone, dial toll-free in North America at 800 754 1366, India toll-free at 1800 266 0841 or the international toll line at +1 303 223 0120. 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 ten countries, has approximately 11,000 employees and reported \$11.5 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 and follow us on Facebook at facebook.com/NovelisInc and Twitter at 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, Liquidity, 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 navigate global economic uncertainties while maintaining committed net leverage. 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 including in connection with potential acquisitions and investments; risks relating to, and our ability to consummate, pending and future acquisitions, investments or divestitures, including the pending acquisition of Aleris Corporation; 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, breakdown of equipment and other events; 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; 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; 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 December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Net sales	\$ 3,009	\$ 2,933	\$ 9,242	\$ 8,396
Cost of goods sold (exclusive of depreciation and amortization)	2,568	2,490	7,816	7,100
Selling, general and administrative expenses	129	122	373	341
Depreciation and amortization	88	86	260	267
Interest expense and amortization of debt issuance costs	67	64	201	192
Research and development expenses	18	17	50	48
Restructuring and impairment, net	1	25	2	33
Gain on sale of a business, net	—	—	—	(318)
Equity in net (income) loss of non-consolidated affiliates	(1)	—	(2)	1
Other expenses, net	10	4	33	40
Business acquisition and other integration related costs	14	—	24	—
	<u>2,894</u>	<u>2,808</u>	<u>8,757</u>	<u>7,704</u>
Income before income taxes	115	125	485	692
Income tax provision	37	20	154	179
Net income	<u>78</u>	<u>105</u>	<u>331</u>	<u>513</u>
Net loss attributable to noncontrolling interests	—	(16)	—	(16)
Net income attributable to our common shareholder	<u>\$ 78</u>	<u>\$ 121</u>	<u>\$ 331</u>	<u>\$ 529</u>

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

	December 31, 2018	March 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 797	\$ 920
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$6 and \$7 as of December 31, 2018 and March 31, 2018, respectively)	1,370	1,353
— related parties	169	242
Inventories	1,716	1,560
Prepaid expenses and other current assets	150	125
Fair value of derivative instruments	173	159
Assets held for sale	5	5
Total current assets	4,380	4,364
Property, plant and equipment, net	3,276	3,110
Goodwill	607	607
Intangible assets, net	366	410
Investment in and advances to non-consolidated affiliates	810	849
Deferred income tax assets	72	75
Other long-term assets		
— third parties	94	97
— related parties	—	3
Total assets	\$ 9,605	\$ 9,515
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 32	\$ 121
Short-term borrowings	153	49
Accounts payable		
— third parties	2,032	2,051
— related parties	147	205
Fair value of derivative instruments	111	106
Accrued expenses and other current liabilities	525	591
Total current liabilities	3,000	3,123
Long-term debt, net of current portion	4,329	4,336
Deferred income tax liabilities	171	164
Accrued postretirement benefits	802	825
Other long-term liabilities	223	244
Total liabilities	8,525	8,692
Commitments and contingencies		
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of December 31, 2018 and March 31, 2018	—	—
Additional paid-in capital	1,404	1,404
Accumulated equity (deficit)	100	(283)
Accumulated other comprehensive loss	(389)	(261)
Total equity of our common shareholder	1,115	860
Noncontrolling interests	(35)	(37)
Total equity	1,080	823
Total liabilities and equity	\$ 9,605	\$ 9,515

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

	Nine Months Ended December 31,	
	2018	2017
OPERATING ACTIVITIES		
Net income	\$ 331	\$ 513
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	260	267
(Gain) loss on unrealized derivatives and other realized derivatives in investing activities, net	(4)	4
Gain on sale of business	—	(318)
Loss on sale of assets	4	4
Impairment charges	—	15
Deferred income taxes, net	38	41
Equity in net (gain) loss of non-consolidated affiliates	(2)	1
Loss on foreign exchange remeasurement of debt	—	3
Amortization of debt issuance costs and carrying value adjustments	14	15
Other, net	(1)	(1)
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	—	(413)
Inventories	(214)	(175)
Accounts payable	(17)	221
Other current assets	(31)	24
Other current liabilities	(58)	12
Other noncurrent assets	1	(4)
Other noncurrent liabilities	3	18
Net cash provided by operating activities	324	227
INVESTING ACTIVITIES		
Capital expenditures	(210)	(136)
Acquisition of assets under a capital lease	(239)	—
Proceeds from sales of assets, third party, net of transaction fees and hedging	2	1
Proceeds from the sale of a business	—	314
Proceeds from investment in and advances to non-consolidated affiliates, net	1	9
Outflows from the settlement of derivative instruments, net	2	(18)
Other	10	10
Net cash (used in) provided by investing activities	(434)	180
FINANCING ACTIVITIES		
Principal payments of long-term and short-term borrowings	(95)	(138)
Revolving credit facilities and other, net	109	(140)
Debt issuance costs	(2)	(5)
Net cash provided by (used in) financing activities	12	(283)
Net (decrease) increase in cash, cash equivalents and restricted cash	(98)	124
Effect of exchange rate changes on cash	(25)	39
Cash, cash equivalents and restricted cash — beginning of period	932	604
Cash, cash equivalents and restricted cash — end of period	\$ 809	\$ 767

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 and nine months ended December 31, 2018 and 2017.

(in millions)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Net income attributable to our common shareholder	\$ 78	\$ 121	\$ 331	\$ 529
Noncontrolling interests	—	(16)	—	(16)
Income tax provision	37	20	154	179
Interest, net	64	62	193	186
Depreciation and amortization	88	86	260	267
EBITDA	267	273	938	1,145
Unrealized losses (gains) on change in fair value of derivative instruments, net	6	(15)	9	(13)
Realized losses (gains) on derivative instruments not included in segment income	—	1	(1)	—
Adjustment to reconcile proportional consolidation	14	17	45	33
Loss on sale of fixed assets	2	2	4	4
Restructuring and impairment, net	1	25	2	33
Gain on sale of a business, net (A)	—	—	—	(318)
Metal price lag expense (income)	13	(1)	(21)	5
Business acquisition and other integration costs (B)	14	—	24	—
Other, net	5	3	11	7
Adjusted EBITDA	\$ 322	\$ 305	\$ 1,011	\$ 896

(A) In September 2017, Novelis Korea, Ltd, a subsidiary of Novelis, sold a portion of its shares in Ulsan Aluminum, Ltd., which resulted in a gain.

(B) Effective in the second quarter of fiscal 2019, management removed the impact of business acquisition and other integration costs from Adjusted EBITDA in order to enhance the visibility of the underlying operating performance of the Company. The impact of "Business acquisition and other integration costs", which are costs presented above associated with our pending acquisition of Aleris, is now reported as a separate line item in this reconciliation and on our condensed consolidated statement of operations. This change in presentation does not impact our condensed consolidated financial statements.

Free Cash Flow (unaudited)

The following table shows "Free cash flow" for the nine months ended December 31, 2018 and 2017.

(in millions)	Nine Months Ended December 31,			
	2018		2017	
Net cash provided by operating activities	\$	324	\$	227
Net cash (used in) provided by investing activities		(434)		180
Plus: Cash used in the acquisition of assets under a capital lease		239		—
Less: Proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging		(2)		(304)
Free cash flow (A)	\$	127	\$	103

(A) Effective in the second quarter of fiscal 2019, management clarified the definition of "Free cash flow" (a non-GAAP measure) to exclude the impact of cash outflows related to the "Acquisition of assets under a capital lease". This change further enables users of the financial statements to understand cash generated internally by the Company. This change does not impact the condensed consolidated financial statements or prior periods reported.

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, 2018 and March 31, 2018.

(in millions)	December 31, 2018		March 31, 2018	
Cash and cash equivalents	\$	797	\$	920
Availability under committed credit facilities		884		998
Total liquidity	\$	1,681	\$	1,918

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 December 31,		Nine Months Ended December 31,					
	2018	2017	2018	2017				
Net income attributable to our common shareholder	\$	78	\$	121	\$	331	\$	529
Special Items:								
Business acquisition and other integration related costs		14		—		24		—
Gain on sale of a business		—		—		—		(318)
Metal price lag expense (income)		13		(1)		(21)		5
Restructuring and impairment, net		1		25		2		33
Tax effect on special items		(5)		(7)		2		70
Net income attributable to our common shareholder, excluding special items	\$	101	\$	138	\$	338	\$	319

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, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 125	\$ 48	\$ 49	\$ 100	\$ —	\$ 322
Shipments (in kt)						
Rolled products - third party	279	206	176	139	—	800
Rolled products - intersegment	—	5	6	3	(14)	—
Total rolled products	279	211	182	142	(14)	800
Selected Operating Results Three Months Ended December 31, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 111	\$ 50	\$ 43	\$ 107	\$ (6)	\$ 305
Shipments (in kt)						
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 Nine Months Ended December 31, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 395	\$ 170	\$ 151	\$ 295	\$ —	\$ 1,011
Shipments (in kt)						
Rolled products - third party	848	656	514	386	—	2,404
Rolled products - intersegment	—	16	11	8	(35)	—
Total rolled products	848	672	525	394	(35)	2,404
Selected Operating Results Nine Months Ended December 31, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 351	\$ 158	\$ 124	\$ 269	\$ (6)	\$ 896
Shipments (in kt)						
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

NOVELIS Q3 FISCAL 2019 EARNINGS CONFERENCE CALL

February 5, 2019

Steve Fisher

President and Chief Executive Officer

Dev Ahuja

Senior Vice President and Chief Financial Officer



Novelis

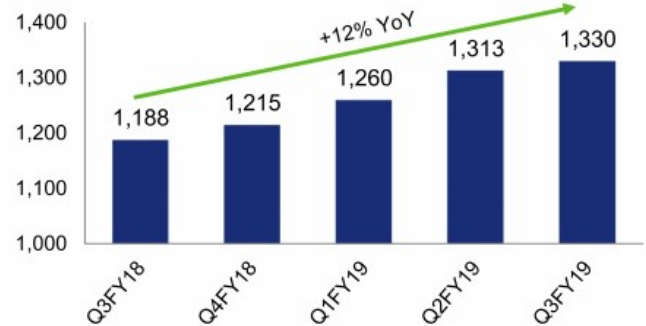
Forward-looking statements

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 news release are statements about our expectation that the pending Aleris acquisition will close in the third quarter of this year. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing including in connection with potential acquisitions and investments; risks relating to, and our ability to consummate, pending and future acquisitions, investments or divestitures, including the pending acquisition of Aleris Corporation; 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, breakdown of equipment and other events; 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; 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; 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.

HIGHLIGHTS

- Record third quarter Adjusted EBITDA and shipments
 - Solid operational performance
 - Strong customer demand for sustainable, lightweight aluminum in a seasonally low quarter
 - Optimizing product mix
 - Continued cost focus, including through metal mix
- Automotive expansion projects in US and China are under construction and on schedule
- Announced expansion plans in Brazil to meet growing customer demand
- Pending Aleris acquisition continues to progress forward

Trailing Twelve Month Adjusted EBITDA (\$M)



Pindamonhangaba, Brazil



- Supporting our customers' growth
 - 4-5% local beverage can growth
 - Package mix shift toward sustainable aluminum solutions
 - Economic growth
- \$175 million investment
- 100kt of additional rolling capacity and 60kt of recycling capacity
- Opening in 2021

Increases global rolling capacity to ~3.4 million tonnes

ALERIS ACQUISITION UPDATE

- On July 26, 2018, signed definitive agreement to purchase Aleris for \$2.58B (\$775M in cash for the equity, and the assumption of debt¹)
- Continue to work through regulatory and closing process
- Expect to close the transaction in Q3 calendar year 2019 (Jul-Sep)
- Commitment to Net Debt/Adjusted EBITDA forecasted to peak below 4x at close; return to 3x within two years
- Secured bridge financing in December 2018



FINANCIAL HIGHLIGHTS

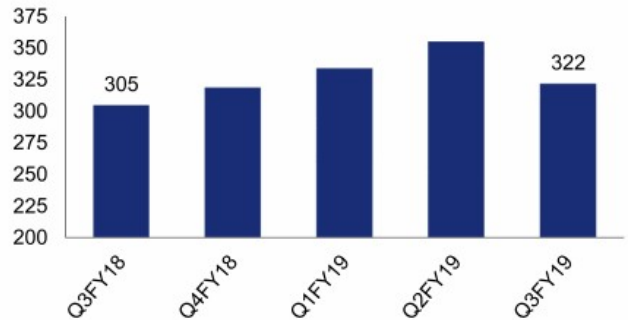
Q3 FISCAL 2019 FINANCIAL HIGHLIGHTS



Q3FY19 vs Q3FY18

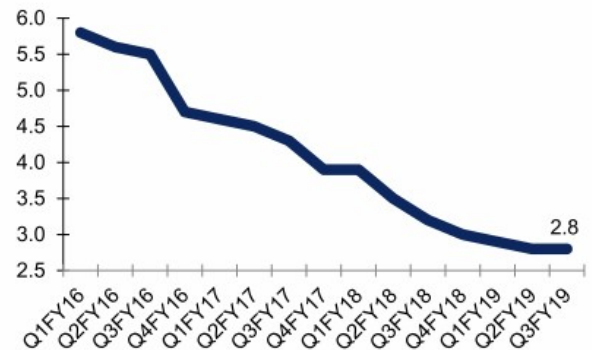
- Net income of \$78 million
 - Excluding tax-effected special items*, net income \$101 million compared to \$138 million PY
 - \$34 million prior year benefit from US tax reform
- Adjusted EBITDA up 6% from \$305 million to \$322 million
- Sales up 3% to \$3.0 billion
- Total FRP Shipments up 1% to 800 kilotonnes
- Strong liquidity position at \$1.7 billion
- Net leverage ratio 2.8x

Quarterly Adjusted EBITDA (\$M)



Net Leverage ratio

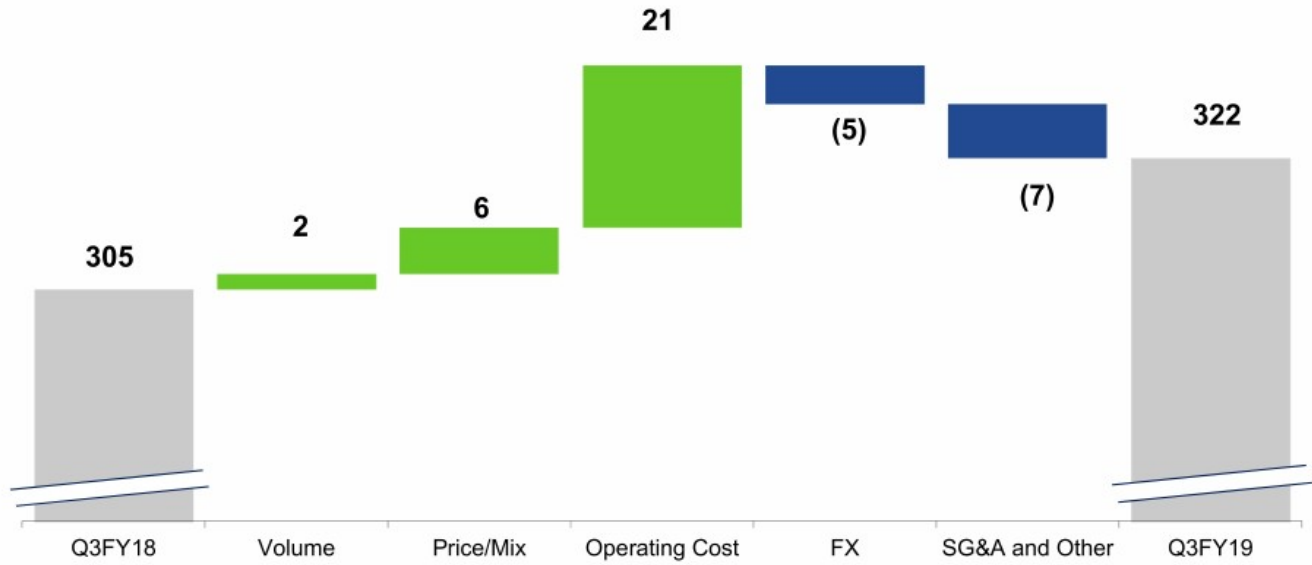
Net debt/TTM Adjusted EBITDA



*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, business acquisition and other integration costs.

Q3 ADJUSTED EBITDA BRIDGE

\$ Millions



Proven operational performance and strong market conditions

FREE CASH FLOW

Novelis

\$ Millions

	YTD FY19	YTD FY18
Adjusted EBITDA	1,011	896
Interest paid	(189)	(197)
Taxes paid	(125)	(107)
Working capital & other	(360)	(353)
Free cash flow before CapEx	337	239
Capital expenditures	(210)	(136)
Free cash flow*	127	103

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

- YTD free cash flow before capital expenditures increased \$98 million:
 - 13% increase in Adjusted EBITDA
 - Partially offset by higher taxes
- Funding increased capital expenditures for organic growth
- Expect FY19 full year capital expenditures ~\$400 million

- 100% debt-funded deal at Novelis
- Net Debt/Adjusted EBITDA forecasted to peak below 4x at close; return to 3x within two years
- Secured bridge financing in December 2018
 - \$775 million incremental secured term loan with a five year maturity to fund equity
 - \$1.5 billion short-term unsecured bridge loan with up to one year maturity for refinancing



OUTLOOK & SUMMARY

SUMMARY

- Strong operating performance and favorable market conditions driving financial growth
- Positive market conditions near and long term in key end markets
- Making disciplined strategic investments to diversify our product portfolio and strengthen our business
- Pending Aleris acquisition continues to progress



THANK YOU
QUESTIONS?

APPENDIX

NET INCOME RECONCILIATION TO ADJUSTED EBITDA

Novelis

(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1 FY19	Q2 FY19	Q3 FY19
Net income attributable to our common shareholder	101	307	121	106	635	137	116	78
- Noncontrolling interests	-	-	(16)	3	(13)	-	-	-
- Income tax provision	43	116	20	54	233	53	64	37
- Interest, net	62	62	62	60	246	63	66	64
- Depreciation and amortization	90	91	86	87	354	86	86	88
EBITDA	296	576	273	310	1,455	339	332	267
- Unrealized (gain) loss on derivatives	(16)	18	(15)	(7)	(20)	4	(1)	6
- Realized (gain) loss on derivative instruments not included in segment income	(1)	-	1	-	-	-	(1)	-
- Proportional consolidation	8	8	17	18	51	16	15	14
- Loss (gain) on sale of fixed assets	1	1	2	3	7	3	(1)	2
- Restructuring and impairment, net	1	7	25	1	34	1	-	1
- Metal price lag expense (income)	1	5	(1)	(9)	(4)	(33)	(1)	13
- Gain on sale of business	-	(318)	-	-	(318)	-	-	-
- Business acquisition and other integration costs (A)	-	-	-	-	-	2	8	14
- Other, net	(1)	5	3	3	10	2	4	5
Adjusted EBITDA	\$289	\$302	\$305	\$319	\$1,215	\$334	\$355	\$322

(A) Effective in the second quarter of fiscal 2019, management removed the impact of business acquisition and other integration costs from Adjusted EBITDA in order to enhance the visibility of the underlying operating performance of the Company. The impact of "Business acquisition and other integration costs", which are costs, primarily legal and professional fees, presented above associated with our pending acquisition of Aleris, is now reported as a separate line item in this reconciliation and on our condensed consolidated statement of operations. This change in presentation does not impact our condensed consolidated financial statements.

FREE CASH FLOW AND LIQUIDITY

Novelis

(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1 FY19	Q2 FY19	Q3 FY19
Cash (used in) provided by operating activities	(45)	139	143	349	586	48	162	114
Cash (used in) provided by investing activities	(31)	273	(72)	(87)	83	(52)	(291)	(91)
Plus: Cash used in the acquisition of assets under a capital lease	-	-	-	-	-	-	239	-
Less: (proceeds) outflows from sale of assets, net of transaction fees, cash income taxes and hedging	(1)	(311)	8	41	(263)	-	(2)	-
Free cash flow	\$(77)	\$101	\$79	\$303	\$406	\$(4)	\$108	\$23
Capital expenditures	39	43	54	90	226	54	60	96

"Free cash flow" consists of: (a) "net cash provided by (used in) operating activities," (b) plus "net cash provided by (used in) investing activities" (c) plus cash used in the "Acquisition of assets under a capital lease", and (d) less "proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging". All prior periods presented conform to the presentation adopted for the current period.

(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1 FY19	Q2 FY19	Q3 FY19
Cash and cash equivalents	565	949	757	920	920	853	829	797
Availability under committed credit facilities	671	700	967	998	998	1,059	907	884
Liquidity	\$1,236	\$1,649	\$1,724	\$1,918	\$1,918	\$1,912	\$1,736	\$1,681

