

**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 6, 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)

**(404) 760-4000**  
(Registrant's Telephone Number, Including Area Code)

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. ☐

Securities registered pursuant to Section 12(b) of the Act: None

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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 6, 2019, Novelis Inc. issued a press release reporting the company’s financial results for its fiscal quarter ended June 30, 2019. 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 Attributable to our Common Shareholder 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 related 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

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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 due 2024 and 5.875% senior notes due 2026 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 Attributable to our Common Shareholder Excluding Special Items.** Net income attributable to our common shareholder excluding special items adjusts net income 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 attributable to our common shareholder 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

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initiatives. Net income 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	<a href="#">Press release, dated August 6, 2019 (furnished to the Commission as a part of this Form 8-K).</a>
99.2	<a href="#">Presentation materials, dated August 6, 2019 (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.

**NOVELIS INC.**

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

Leslie J. Parrette, Jr.

General Counsel, Corporate Secretary and  
Compliance Officer

Date: August 6, 2019



# News Release

## Novelis Reports First Quarter of Fiscal 2020 Results

*Strong operational performance in favorable market conditions deliver exceptional results*

### First Quarter Fiscal Year 2020 Highlights

- Net income attributable to common shareholder of \$127 million; excluding special items, net income of \$145 million
- Adjusted EBITDA of \$372 million
- Net sales of \$2.9 billion
- Shipments of 830 kilotonnes

**ATLANTA, August 6, 2019** – Novelis Inc., the world leader in aluminum rolling and recycling, today reported net income attributable to its common shareholder of \$127 million for the first quarter of fiscal year 2020, compared to \$137 million in the prior year period. Excluding tax-effected special items, such as \$33 million in favorable metal price lag in the prior year, the company reported net income of \$145 million in the first quarter of fiscal 2020, compared to \$115 million in the prior year period. This 26 percent increase is primarily due to higher Adjusted EBITDA.

Adjusted EBITDA increased 11 percent over the prior year period to \$372 million in the first quarter of fiscal 2020, primarily driven by higher total shipments as well as favorable price and product mix, partially offset by less favorable recycling benefits due to lower aluminum prices. Adjusted EBITDA per ton reached \$448 in the quarter, as compared to \$419 in the prior year period.

Net sales decreased six percent over the prior year period to \$2.9 billion for the first quarter of fiscal 2020, driven by lower average aluminum prices and local market premiums, partially offset by higher total shipments and more favorable product price and mix. Shipments of flat rolled products increased four percent over the prior year to 830 kilotonnes.

“Novelis’ continued success is based on its ability to deliver high-quality products to customers and its focus on optimizing manufacturing operations,” said Steve Fisher, President and CEO, Novelis Inc. “With a strong balance sheet and commitment to sustainable innovation, we are well positioned to make strategic investments in capacity as well as R&D to meet growing demand for lightweight aluminum solutions.”

The company reported negative \$94 million of free cash flow for the first quarter of fiscal 2020, including a three-fold increase in capital expenditures year-over-year to \$162 million mainly to support strategic capacity expansion projects underway in the US, China and Brazil. Free cash flow before capital expenditures improved 36 percent over the prior year period to \$68 million, driven primarily by higher Adjusted EBITDA and favorable working capital from lower aluminum prices and inventory levels.

(in \$ millions, non-GAAP measures)

	Three Months Ended June 30,	
	2019	2018
Free cash flow	(94)	(4)
Capital expenditures	162	54
Free cash flow before capital expenditures	68	50

"Our strategic capital projects to increase rolling, recycling and finishing capacity continue to progress on time and on budget," said Devinder Ahuja, Senior Vice President and Chief Financial Officer, Novelis Inc. "Our focus on continuous operational improvement to fully leverage our existing capacity will allow us to continue to deliver strong results in favorable market conditions."

As of June 30, 2019, the company reported a strong total liquidity position of \$1.7 billion and a net leverage ratio of 2.5x.

#### **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 fourth quarter of calendar year 2019, subject to customary closing conditions and regulatory approvals.

#### **First Quarter of Fiscal Year 2020 Earnings Conference Call**

Novelis will discuss its first quarter of fiscal year 2020 results via a live webcast and conference call for investors at 8:00 a.m. ET on Tuesday, August 6, 2019. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1w8nrkn5uwjtq&eom>. To join by telephone, dial toll-free in North America at 800 582 4086, India toll-free at 1800 266 2125 or the international toll line at +1 212 231 2911. Presentation materials and access information may also be found at [novelis.com/investors](http://novelis.com/investors).

#### **About Novelis**

Novelis Inc. is driven by its purpose to shape a sustainable world together. As a global leader in innovative products and services and the world's largest recycler of aluminum, we partner with customers in the automotive, beverage can and specialties industries to deliver solutions that maximize the benefits of lightweight aluminum throughout North America, Europe, Asia and South America. The company is headquartered in Atlanta, Georgia, operates 23 facilities in nine countries, has approximately 11,000 employees and recorded \$12.3 billion in revenue for its 2019 fiscal year. Novelis is a subsidiary of Hindalco Industries Limited, an industry leader in aluminum and copper, and the metals flagship company of the Aditya Birla Group, a multinational conglomerate based in Mumbai, India. For more information, visit [novelis.com](http://novelis.com).

#### **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 expectation that we will be able to make strategic investments in capacity and R&D. 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 proposed 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 are included under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2019.

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

	Three Months Ended June 30,	
	2019	2018
Net sales	\$ 2,925	\$ 3,097
Cost of goods sold (exclusive of depreciation and amortization)	2,414	2,591
Selling, general and administrative expenses	127	117
Depreciation and amortization	88	86
Interest expense and amortization of debt issuance costs	65	66
Research and development expenses	19	15
Restructuring and impairment, net	1	1
Other (income) expenses, net	4	29
Business acquisition and other integration related costs	17	2
	<u>\$ 2,735</u>	<u>\$ 2,907</u>
Income before income taxes	190	190
Income tax provision	63	53
Net income	<u>\$ 127</u>	<u>\$ 137</u>
Net income attributable to noncontrolling interest	—	—
<b>Net income attributable to our common shareholder</b>	<u><u>\$ 127</u></u>	<u><u>\$ 137</u></u>



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

	June 30, 2019	March 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 859	\$ 950
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$7 as of June 30, 2019 and March 31, 2019)	1,485	1,417
— related parties	172	164
Inventories	1,499	1,460
Prepaid expenses and other current assets	128	121
Fair value of derivative instruments	94	70
Assets held for sale	5	3
<b>Total current assets</b>	<b>\$ 4,242</b>	<b>\$ 4,185</b>
Property, plant and equipment, net	3,423	3,385
Goodwill	607	607
Intangible assets, net	340	351
Investment in and advances to non-consolidated affiliates	796	792
Deferred income tax assets	137	142
Other long-term assets — third parties	197	101
<b>Total assets</b>	<b>\$ 9,742</b>	<b>\$ 9,563</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 19	\$ 19
Short-term borrowings	53	39
Accounts payable		
— third parties	1,972	1,986
— related parties	192	175
Fair value of derivative instruments	76	87
Accrued expenses and other current liabilities	537	616
<b>Total current liabilities</b>	<b>\$ 2,849</b>	<b>\$ 2,922</b>
Long-term debt, net of current portion	4,327	4,328
Deferred income tax liabilities	254	223
Accrued postretirement benefits	852	844
Other long-term liabilities	242	180
<b>Total liabilities</b>	<b>\$ 8,524</b>	<b>\$ 8,497</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, 2019 and March 31, 2019	—	—
Additional paid-in capital	1,404	1,404
Retained earnings	330	203
Accumulated other comprehensive income (loss)	(483)	(506)
<b>Total equity of our common shareholder</b>	<b>\$ 1,251</b>	<b>\$ 1,101</b>
<b>Noncontrolling interest</b>	<b>(33)</b>	<b>(35)</b>
<b>Total equity</b>	<b>\$ 1,218</b>	<b>\$ 1,066</b>
<b>Total liabilities and equity</b>	<b>\$ 9,742</b>	<b>\$ 9,563</b>

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

	Three Months Ended June 30,	
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 127	\$ 137
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	88	86
(Gain) loss on unrealized derivatives and other realized derivatives in investing activities, net	(14)	24
(Gain) loss on sale of assets	(1)	3
Deferred income taxes, net	28	(14)
Amortization of debt issuance costs and carrying value adjustments	5	5
Changes in operating assets and liabilities:		
Accounts receivable	(81)	(201)
Inventories	(36)	(205)
Accounts payable	43	283
Other current assets	(5)	(29)
Other current liabilities	(80)	(58)
Other noncurrent assets	3	—
Other noncurrent liabilities	(20)	17
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 57</b>	<b>\$ 48</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(162)	(54)
Proceeds from sales of assets, third party, net of transaction fees and hedging	2	—
Proceeds from investment in and advances to non-consolidated affiliates, net	6	6
Proceeds (outflows) from the settlement of derivative instruments, net	1	(7)
Other	4	3
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (149)</b>	<b>\$ (52)</b>
<b>FINANCING ACTIVITIES</b>		
Principal payments of long-term and short-term borrowings	(6)	(34)
Revolving credit facilities and other, net	12	(9)
Debt issuance costs	(1)	—
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 5</b>	<b>\$ (43)</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	(87)	(47)
<b>Effect of exchange rate changes on cash</b>	<b>(3)</b>	<b>(19)</b>
Cash, cash equivalents and restricted cash — beginning of period	960	932
Cash, cash equivalents and restricted cash — end of period	<u>\$ 870</u>	<u>\$ 866</u>

**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, 2019 and 2018.

	Three Months Ended June 30,	
	2019	2018
Net income attributable to our common shareholder	\$ 127	\$ 137
Noncontrolling interests	—	—
Income tax provision	63	53
Interest, net	62	63
Depreciation and amortization	88	86
EBITDA	\$ 340	\$ 339
Unrealized (gains) losses on change in fair value of derivative instruments, net	(6)	4
Realized (gains) losses on derivative instruments not included in segment income	2	—
Adjustment to reconcile proportional consolidation	15	16
(Gain) loss on sale of fixed assets	(1)	3
Restructuring and impairment, net	1	1
Metal price lag	2	(33)
Business acquisition and other integration related costs (A)	17	2
Other, net	2	2
Adjusted EBITDA	\$ 372	\$ 334

(A) Management reclassified \$2 million from "Selling, general and administrative expenses" to "Business acquisition and other integration related costs" for the three months ended June 30, 2018 to remove the impact of business acquisition and other integration related costs from Adjusted EBITDA. This reclassification had no impact on the condensed consolidated statement of operations, condensed consolidated balance sheets or condensed consolidated statements of cash flow during the respective period.

**Free Cash Flow (unaudited)**

The following table shows “Free cash flow” for the three months ended June 30, 2019 and 2018.

(in millions)	Three Months Ended June 30,	
	2019	2018
Net cash provided by (used in) operating activities	\$ 57	\$ 48
Net cash provided by (used in) investing activities	(149)	(52)
Less: Proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging	(2)	—
Free cash flow	<u>\$ (94)</u>	<u>\$ (4)</u>

**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, 2019 and March 31, 2019.

(in millions)	June 30, 2019	March 31, 2019
Cash and cash equivalents	\$ 859	\$ 950
Availability under committed credit facilities	870	897
Total liquidity	<u>\$ 1,729</u>	<u>\$ 1,847</u>

**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,	
	2019	2018
Net income attributable to our common shareholder	\$ 127	\$ 137
Special Items:		
Business acquisition and other integration related costs	17	2
Metal price lag	2	(33)
Restructuring and impairment, net	1	1
Tax effect on special items	(2)	8
Net income attributable to our common shareholder, excluding special items	<u>\$ 145</u>	<u>\$ 115</u>

**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, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	<u>\$ 170</u>	<u>\$ 53</u>	<u>\$ 53</u>	<u>\$ 96</u>	<u>\$ —</u>	<u>\$ 372</u>
Shipments (in kt)						
Rolled products - third party	289	223	183	135	—	830
Rolled products - intersegment	—	11	1	4	(16)	—
Total rolled products	<u>289</u>	<u>234</u>	<u>184</u>	<u>139</u>	<u>(16)</u>	<u>830</u>

Selected Operating Results Three Months Ended June 30, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 119	\$ 63	\$ 55	\$ 97	\$ —	\$ 334
Shipments (in kt)						
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

# NOVELIS Q1 FISCAL 2020 EARNINGS CONFERENCE CALL

August 6, 2019

Steve Fisher  
President and Chief Executive Officer  
Dev Ahuja  
Senior Vice President and Chief Financial Officer



Novelis

## Forward-looking statements

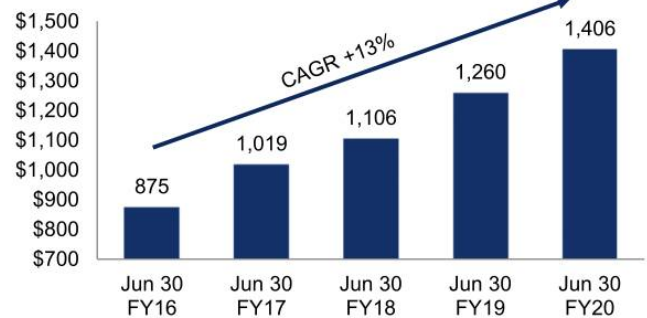
Statements made in this presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of forward looking statements in this news release are statements about our expectation that the proposed Aleris acquisition will close in the fourth 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 proposed 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, labor relations and negotiations; 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 are included under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2019.

# FIRST QUARTER HIGHLIGHTS

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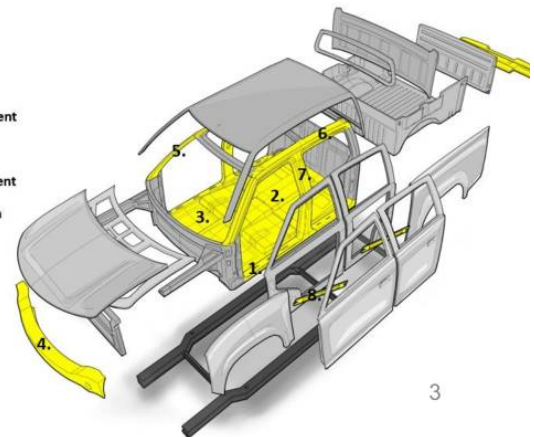
- Strong operational & financial performance
- Organic expansion projects progressing on time and on budget
- Increasing focus on delivering next-generation automotive aluminum solutions
  - Sheet-intensive battery enclosures
  - High-strength, lightweight 6HS-s650 alloy for structural applications
- Digital transformation underway to drive world class manufacturing operations

Trailing Twelve Month ending June 30 Adjusted EBITDA  
(\$ millions)



Novelis Advanz™ 6HS-s650 potential applications

1. Rocker
2. Tunnel
3. Floor panel
4. Bumpers
5. A pillar Reinforcement
6. Roof rail Inserts
7. B pillar Reinforcement
8. Anti intrusion beam





### Beverage Can

- Demand trends strong globally
- Growth in emerging markets
- Package mix shift from other substrates to aluminum
- New beverage types released in aluminum
- Rising consumer preference favors aluminum sustainable package

### Automotive

- Exposure to trucks, SUVs, electric & premium vehicles
- North America market remains strong
- Broad aluminization trend throughout Europe
- Some challenges in Europe due to exposure to one large customer
- Trade war/weak consumer confidence in China

### Specialties

- Strong demand in North America
- Increasing competition with Chinese imports in regions outside U.S.
- Novelis capacity constraints create opportunities for portfolio optimization

- Continue to work through regulatory and closing process
- Expected to close the transaction in the fourth quarter of calendar 2019, subject to customary closing conditions and regulatory approvals
- Commitment to Net Debt/Adjusted EBITDA forecasted to peak below 4x at close; return to 3x within two years

Novelis



# FINANCIAL HIGHLIGHTS

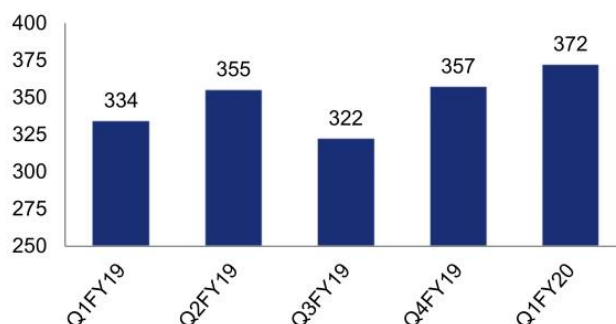
# Q1 FISCAL 2020 FINANCIAL HIGHLIGHTS

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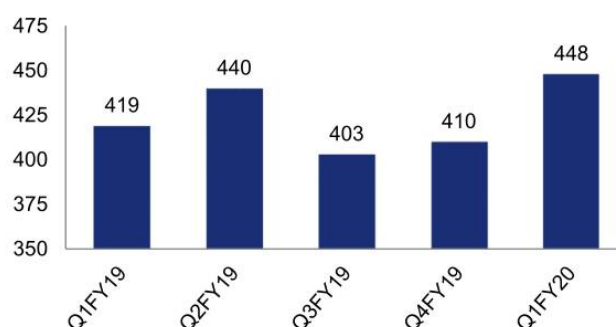
Q1FY20 vs Q1FY19

- Net income of \$127 million
  - Excluding tax-effected special items\*, net income of \$145 million compared to \$115 million in the prior year
- Adjusted EBITDA up 11% from \$334 million to \$372 million
- Adjusted EBITDA per ton up 7% to \$448
- Sales down 6% to \$2.9 billion on lower LME prices
- Total FRP Shipments up 4% to 830 kilotonnes

Quarterly Adjusted EBITDA (\$ millions)



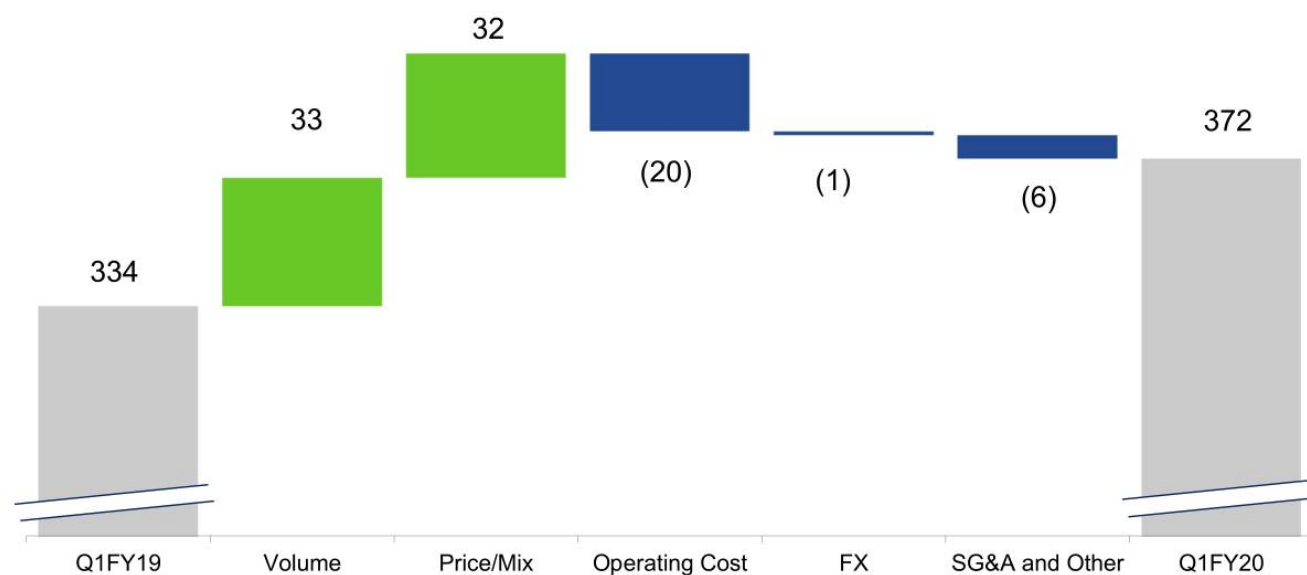
Quarterly Adjusted EBITDA per ton (\$)



## Q1 ADJUSTED EBITDA BRIDGE

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\$ Millions



Strong operational performance in favorable market conditions

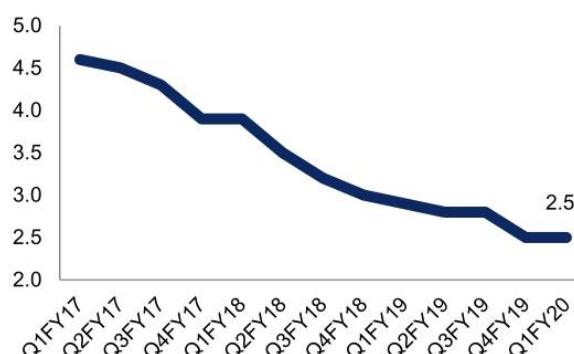
# FREE CASH FLOW AND NET LEVERAGE

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\$ Millions	Q1 FY20	Q1 FY19
Adjusted EBITDA	372	334
Interest paid	(64)	(65)
Taxes paid	(40)	(41)
Working capital & other	(200)	(178)
Free cash flow before CapEx	68	50
Capital expenditures	(162)	(54)
Free cash flow	(94)	(4)

Prior period is adjusted to conform to current presentation

**Net Leverage ratio**  
Net debt/TTM Adjusted EBITDA



- Free cash flow before capital expenditures increased 36%
  - Higher adjusted EBITDA
  - Lower working capital from lower aluminum prices and inventory
  - Offsetting factors include prior year \$33 million metal price lag benefit and other non-operational items
- Capital expenditures tripled YoY, primarily to support strategic capacity expansions
- Strong liquidity of \$1.7 billion
- Net leverage ratio of 2.5x



## STRATEGIC CAPACITY INVESTMENTS ON TRACK

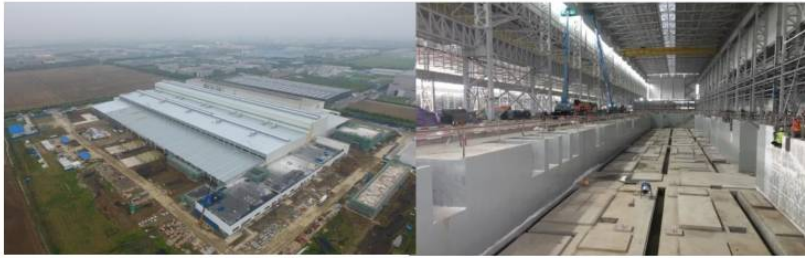
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- Organic expansions progressing on time and on budget
- Construction is well underway with all three significant projects
  - 200kt greenfield automotive finishing lines in the U.S. to begin customer qualification late FY20
  - 100kt automotive finishing expansion in China commissioning in FY21
  - 100kt rolling and 60kt recycling expansion in Brazil commissioning in FY21

Guthrie, Kentucky, US



Changzhou, China



Pinda, Brazil



# SUMMARY



- Delivering high-quality, sustainable, innovative products to customers in broadly positive market conditions for the near and long term
- Continued focus on optimizing manufacturing operations and product portfolio to maximize existing capacity in favorable market conditions
- Strategic investments to diversify our product portfolio and strengthen our business for the long term are on track
- Continue working with regulatory agencies to close the Aleris transaction in a timely manner



THANK YOU  
QUESTIONS?

# APPENDIX

# NET INCOME RECONCILIATION TO ADJUSTED EBITDA

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(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20
Net income attributable to our common shareholder	137	116	78	103	434	127
- Noncontrolling interests	-	-	-	-	-	-
- Income tax provision	53	64	37	48	202	63
- Interest, net	63	66	64	65	258	62
- Depreciation and amortization	86	86	88	90	350	88
EBITDA	339	332	267	306	1,244	340
- Unrealized (gain) loss on derivatives	4	(1)	6	1	10	(6)
- Realized (gain) loss on derivative instruments not included in segment income	-	(1)	-	(1)	(2)	2
- Proportional consolidation	16	15	14	13	58	15
- (Gain) loss on sale of fixed assets	3	(1)	2	2	6	(1)
- Restructuring and impairment, net	1	-	1	-	2	1
- Metal price lag (income) expense	(33)	(1)	13	25	4	2
- Business acquisition and other integration costs (A)	2	8	14	9	33	17
- Other, net	2	4	5	2	13	2
Adjusted EBITDA	\$334	\$355	\$322	\$357	\$1,368	\$372

(A) Effective in the first 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 proposed acquisition of Aleris, is now reported as a separate line item in this reconciliation and on our condensed consolidated statement of operations. Management reclassified \$2 million for the three months ending 6/30/18 from SG&A to "Business acquisition and other integration costs". This change in presentation does not impact our condensed consolidated financial statements.

## FREE CASH FLOW AND LIQUIDITY

(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20
Cash provided by (used in) operating activities	48	162	114	404	728	57
Cash provided by (used in) investing activities	(52)	(291)	(91)	(123)	(557)	(149)
Plus: Cash used in the acquisition of assets under a capital lease	-	239	-	-	239	-
Less: (proceeds) outflows from sale of assets, net of transaction fees, cash income taxes and hedging	-	(2)	-	-	(2)	(2)
<b>Free cash flow</b>	<b>\$(4)</b>	<b>\$108</b>	<b>\$23</b>	<b>\$281</b>	<b>\$408</b>	<b>\$(94)</b>
<b>Capital expenditures</b>	<b>54</b>	<b>60</b>	<b>96</b>	<b>141</b>	<b>351</b>	<b>162</b>

"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	FY19	Q1 FY20
Cash and cash equivalents	853	829	797	950	950	859
Availability under committed credit facilities	1,059	907	884	897	897	870
<b>Liquidity</b>	<b>\$1,912</b>	<b>\$1,736</b>	<b>\$1,681</b>	<b>\$1,847</b>	<b>\$1,847</b>	<b>\$1,729</b>

