

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): November 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.)
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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))

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

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, including Exhibits 99.1 and 99.2, is furnished pursuant to Item 2.02, “Results of Operations and Financial Condition.” Consequently, it is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or Securities Act of 1933 if such subsequent filing specifically references this Form 8-K.

On November 6, 2019, Novelis Inc. issued a press release reporting the company’s financial results for its fiscal quarter ended September 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 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 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	<u>Press release, dated November 6, 2019 (furnished to the Commission as a part of this Form 8-K).</u>
99.2	<u>Presentation materials, dated November 6, 2019 (furnished to the Commission as a part of this Form 8-K).</u>

SIGNATURES

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

NOVELIS INC.

Date: November 6, 2019

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

Leslie J. Parrette, Jr.

General Counsel, Corporate Secretary and
Compliance Officer



News Release

Novelis Reports Second Quarter of Fiscal 2020 Results

Excellent operational performance delivers record second quarter shipments and strong financials

Second Quarter Fiscal Year 2020 Highlights

- Net income attributable to common shareholder of \$123 million, up 6% YoY; excluding special items, net income of \$160 million, up 31% YoY
- Adjusted EBITDA of \$374 million, up 5% YoY
- Net sales of \$2.9 billion, down 9% YoY
- Shipments of 835 kilotonnes, up 3% YoY
- Improved net leverage ratio to 2.4x

ATLANTA, November 6, 2019 – Novelis Inc., the world leader in aluminum rolling and recycling, today reported net income attributable to its common shareholder of \$123 million for the second quarter of fiscal year 2020, compared to \$116 million in the prior year period. Excluding tax-effected special items, such as \$32 million for restructuring actions in the current period, the company reported net income of \$160 million in the second quarter of fiscal 2020, compared to \$122 million in the prior year period. This 31 percent increase is primarily due to higher Adjusted EBITDA and a lower effective tax rate.

Adjusted EBITDA increased five percent over the prior year period to \$374 million in the second quarter of fiscal 2020, primarily driven by higher 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 \$440 in the prior year period.

Net sales decreased nine percent from the prior year period to \$2.9 billion for the second quarter of fiscal 2020, driven by lower average LME aluminum prices and local market premiums, partially offset by higher total shipments. Strong overall operational performance and solid demand for lightweight, sustainable aluminum products led to a three percent increase in flat rolled product shipments to 835 kilotonnes.

"Our outstanding operational performance resulted in record second quarter shipments and strong financials, while we continue to make excellent progress on our strategic growth initiatives," said Steve Fisher, President and CEO, Novelis Inc. "Our customers continue to enhance their sustainability initiatives through more sustainable packaging, automotive closed-loop recycling systems, and adopting more recycled content into their products. I believe we are making the right investments, such as the recent announcement to increase recycling capacity at our Greensboro, Georgia facility, to support our customers and deliver on our purpose of shaping a sustainable world together."

The company reported \$112 million of free cash flow for the second quarter of fiscal 2020. On a year-to-date basis, fiscal 2020 free cash flow of \$18 million includes a significant increase in capital expenditures year-over-year to \$300 million mainly to support strategic investments in incremental rolling, recycling and automotive finishing capacity. Free cash flow before capital expenditures improved 46 percent over the prior year to \$318 million, driven primarily by higher Adjusted EBITDA and a lower use of working capital year-to-date. Each of the three previously announced significant capacity expansion projects underway in the U.S., China and Brazil continue to progress on time and on budget.

(in \$ millions, non-GAAP measures)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
Free cash flow	\$ 112	\$ 108	\$ 18	\$ 104
Capital expenditures	138	60	300	114
Free cash flow before capital expenditures	\$ 250	\$ 168	\$ 318	\$ 218

"Strong financial performance allowed us to further improve our net leverage ratio during the quarter, despite a significant increase in strategic capital investments to meet growing demand for sustainable aluminum solutions," said Devinder Ahuja, Senior Vice President and Chief Financial Officer, Novelis Inc.

As of September 30, 2019, the company reported a strong total liquidity position of \$1.8 billion, and reduced its net leverage ratio to 2.4x as compared to 2.8x in the prior year period.

Aleris Acquisition

On July 26, 2018, Novelis announced it signed a definitive agreement to acquire Aleris Corporation. Having received conditional approval in the European Union, as well as a clear path forward for approval in the U.S., Novelis continues to work closely with the Chinese State Administration for Market Regulation to receive its approval. The company expects to close the transaction by January 21, 2020, the outside date under the merger agreement.

Second Quarter of Fiscal Year 2020 Earnings Conference Call

Novelis will discuss its second quarter of fiscal year 2020 results via a live webcast and conference call for investors at 7:30 a.m. ET on Wednesday, November 6, 2019. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/z3xmd1ss8840&eom>. To join by telephone, dial toll-free in North America at 877 256 3669, India toll-free at 1800 266 0834 or the international toll line at +1 415 226 5361. Presentation materials and access information may also be found at 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.

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 demand for aluminum will continue to grow and support our investments in capacity expansion. 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 September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
Net sales	\$ 2,851	\$ 3,136	\$ 5,776	\$ 6,233
Cost of goods sold (exclusive of depreciation and amortization)	2,348	2,657	4,762	5,248
Selling, general and administrative expenses	122	127	249	244
Depreciation and amortization	88	86	176	172
Interest expense and amortization of debt issuance costs	61	68	126	134
Research and development expenses	18	17	37	32
Restructuring and impairment, net	32	—	33	1
Equity in net (income) loss of non-consolidated affiliates	—	(1)	—	(1)
Other (income) expenses, net	2	(6)	6	23
Business acquisition and other integration related costs	12	8	29	10
	<u>\$ 2,683</u>	<u>\$ 2,956</u>	<u>\$ 5,418</u>	<u>\$ 5,863</u>
Income before income taxes	168	180	358	370
Income tax provision	45	64	108	117
Net income	<u>\$ 123</u>	<u>\$ 116</u>	<u>\$ 250</u>	<u>\$ 253</u>
Net income attributable to noncontrolling interest	—	—	—	—
Net income attributable to our common shareholder	<u><u>\$ 123</u></u>	<u><u>\$ 116</u></u>	<u><u>\$ 250</u></u>	<u><u>\$ 253</u></u>

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

	September 30, 2019	March 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 935	\$ 950
Accounts receivable, net		
— third parties (net of allowance for uncollectible accounts of \$7 as of September 30, 2019 and March 31, 2019, respectively)	1,329	1,417
— related parties	159	164
Inventories	1,454	1,460
Prepaid expenses and other current assets	122	121
Fair value of derivative instruments	101	70
Assets held for sale	5	3
Total current assets	\$ 4,105	\$ 4,185
Property, plant and equipment, net	3,435	3,385
Goodwill	607	607
Intangible assets, net	323	351
Investment in and advances to non-consolidated affiliates	768	792
Deferred income tax assets	136	142
Other long-term assets	203	101
Total assets	\$ 9,577	\$ 9,563
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 19	\$ 19
Short-term borrowings	14	39
Accounts payable		
— third parties	1,827	1,986
— related parties	202	175
Fair value of derivative instruments	102	87
Accrued expenses and other current liabilities	532	616
Total current liabilities	\$ 2,696	\$ 2,922
Long-term debt, net of current portion	4,338	4,328
Deferred income tax liabilities	248	223
Accrued postretirement benefits	811	844
Other long-term liabilities	242	180
Total liabilities	\$ 8,335	\$ 8,497
Commitments and contingencies		
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of September 30, 2019 and March 31, 2019	—	—
Additional paid-in capital	1,404	1,404
Retained earnings	453	203
Accumulated other comprehensive income (loss)	(583)	(506)
Total equity of our common shareholder	\$ 1,274	\$ 1,101
Noncontrolling interest	(32)	(35)
Total equity	\$ 1,242	\$ 1,066
Total liabilities and equity	\$ 9,577	\$ 9,563

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

	Six Months Ended September 30,	
	2019	2018
OPERATING ACTIVITIES		
Net income	\$ 250	\$ 253
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	176	172
(Gain) loss on unrealized derivatives and other realized derivatives in investing activities, net	(21)	(8)
(Gain) loss on sale of assets	(2)	2
Impairment charges	11	—
Deferred income taxes, net	32	21
Equity in net (gain) loss of non-consolidated affiliates	—	(1)
Amortization of debt issuance costs and carrying value adjustments	9	9
Changes in operating assets and liabilities:		
Accounts receivable	51	(70)
Inventories	(22)	(237)
Accounts payable	(57)	141
Other current assets	(4)	(49)
Other current liabilities	(94)	(20)
Other noncurrent assets	2	(10)
Other noncurrent liabilities	(34)	7
Net cash provided by (used in) operating activities	\$ 297	\$ 210
INVESTING ACTIVITIES		
Capital expenditures	(300)	(114)
Acquisition of assets under a capital lease	—	(239)
Proceeds from sales of assets, third party, net of transaction fees and hedging	3	2
Proceeds from investment in and advances to non-consolidated affiliates, net	11	6
Proceeds (outflows) from the settlement of derivative instruments, net	3	(5)
Other	7	7
Net cash provided by (used in) investing activities	\$ (276)	\$ (343)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term and short-term borrowings	12	—
Principal payments of long-term and short-term borrowings	(11)	(40)
Revolving credit facilities and other, net	(23)	103
Debt issuance costs	(2)	(2)
Net cash provided by (used in) financing activities	\$ (24)	\$ 61
Net increase (decrease) in cash, cash equivalents and restricted cash	(3)	(72)
Effect of exchange rate changes on cash	(11)	(19)
Cash, cash equivalents and restricted cash — beginning of period	960	932
Cash, cash equivalents and restricted cash — end of period	\$ 946	\$ 841
Cash and cash equivalents	\$ 935	\$ 829
Restricted cash (Included in "Other long-term assets")	11	12
Cash, cash equivalents and restricted cash — end of period	\$ 946	\$ 841

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.

(in millions)	Three Months Ended September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
Net income attributable to our common shareholder	\$ 123	\$ 116	\$ 250	\$ 253
Income tax provision	45	64	108	117
Interest, net	58	66	120	129
Depreciation and amortization	88	86	176	172
EBITDA	\$ 314	\$ 332	\$ 654	\$ 671
Unrealized (gains) losses on change in fair value of derivative instruments, net	(3)	(1)	(9)	3
Realized (gains) losses on derivative instruments not included in segment income	1	(1)	3	(1)
Adjustment to reconcile proportional consolidation	14	15	29	31
(Gain) loss on sale of fixed assets	(1)	(1)	(2)	2
Restructuring and impairment, net	32	—	33	1
Metal price lag	5	(1)	7	(34)
Business acquisition and other integration related costs	12	8	29	10
Other, net	—	4	2	6
Adjusted EBITDA	\$ 374	\$ 355	\$ 746	\$ 689

Free Cash Flow (unaudited)

The following table presents “Free cash flow”.

(in millions)	Six Months Ended September 30,	
	2019	2018
Net cash provided by (used in) operating activities	\$ 297	\$ 210
Net cash provided by (used in) investing activities	(276)	(343)
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	(3)	(2)
Free cash flow	\$ 18	\$ 104

Cash and Cash Equivalents and Total Liquidity (unaudited)

The following table reconciles the ending balances of cash and cash equivalents to total liquidity.

(in millions)	September 30, 2019	March 31, 2019
Cash and cash equivalents	\$ 935	\$ 950
Availability under committed credit facilities	875	897
Total liquidity	\$ 1,810	\$ 1,847

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 September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
Net income attributable to our common shareholder	\$ 123	\$ 116	\$ 250	\$ 253
Special Items:				
Business acquisition and other integration related costs	12	8	29	10
Metal price lag	5	(1)	7	(34)
Restructuring and impairment, net	32	—	33	1
Tax effect on special items	(12)	(1)	(14)	7
Net income attributable to our common shareholder, excluding special items	\$ 160	\$ 122	\$ 305	\$ 237

Segment Information (unaudited)

The following table presents selected segment financial information (in millions, except shipments which are in kilotonnes).

Selected Operating Results Three Months Ended September 30, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 171	\$ 60	\$ 46	\$ 97	\$ —	\$ 374

Shipments (in kt)						
Rolled products - third party	286	237	176	136	—	835
Rolled products - intersegment	—	8	1	5	(14)	—
Total rolled products	286	245	177	141	(14)	835

Selected Operating Results Three Months Ended September 30, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 151	\$ 59	\$ 47	\$ 98	\$ —	\$ 355

Shipments (in kt)						
Rolled products - third party	295	222	165	125	—	807
Rolled products - intersegment	—	7	3	1	(11)	—
Total rolled products	295	229	168	126	(11)	807

Selected Operating Results Six Months Ended September 30, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 341	\$ 113	\$ 99	\$ 193	\$ —	\$ 746

Shipments (in kt)						
Rolled products - third party	575	460	359	271	—	1,665
Rolled products - intersegment	—	19	2	9	(30)	—
Total rolled products	575	479	361	280	(30)	1,665

Selected Operating Results Six Months Ended September 30, 2018

	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 270	\$ 122	\$ 102	\$ 195	\$ —	\$ 689
Shipments (in kt)						
Rolled products - third party	569	450	338	247	—	1,604
Rolled products - intersegment	—	11	5	5	(21)	—
Total rolled products	569	461	343	252	(21)	1,604

NOVELIS Q2 FISCAL 2020 EARNINGS CONFERENCE CALL

November 6, 2019

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



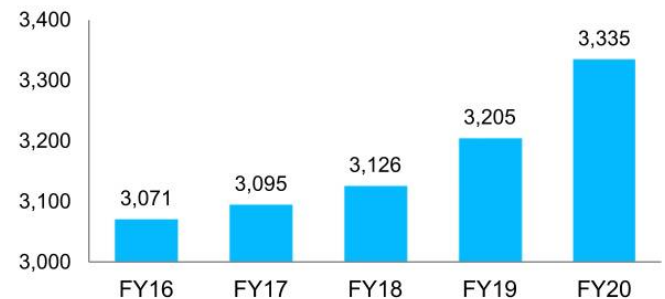
Novelis

Forward-looking statements

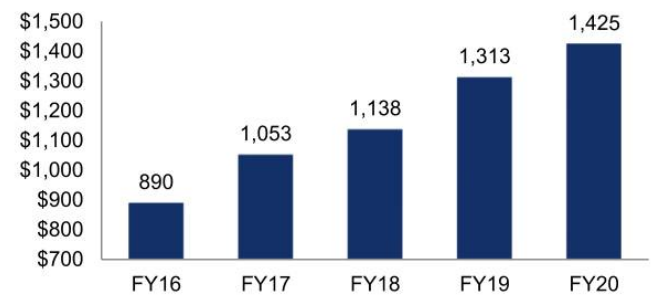
Statements made in this presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "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 by the outside date under the merger agreement, subject to closing conditions and regulatory approvals. 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.

- **Excellent operational performance**
 - Improving recovery & quality
 - Unlocking capacity
 - Increasing customer satisfaction
- **Broadly favorable market conditions and demand, particularly in Beverage Can**
- **Strong financial position**
 - Q2FY20 Adjusted EBITDA/ton \$448
 - Strong liquidity position \$1.8 billion
 - Net leverage further improved to 2.4x
- **All major strategic capacity expansion projects are on track**

Trailing Twelve Month ending September 30 Shipments (kilotonnes)



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



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 sustainable aluminum packaging

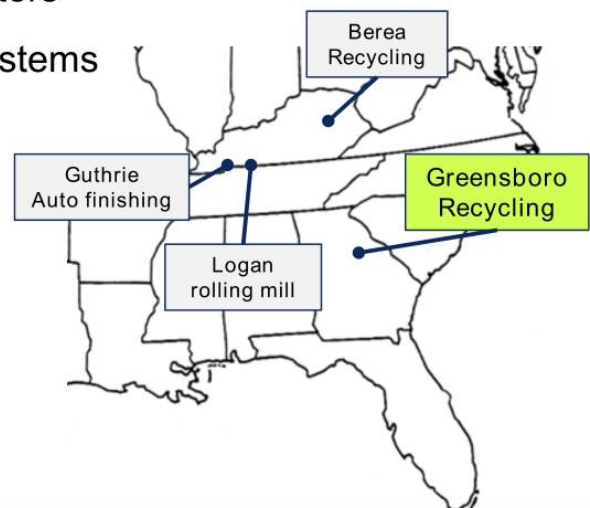
Automotive

- 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

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

- Novelis is the world's largest recycler of aluminum
- Support increased consumer demand for sustainable products in Beverage Packaging, Automotive, and Specialty markets
 - FY19 recycled content in our products at 61%
 - Leveraging Customer Solution Centers
 - Expanding closed-loop recycling systems
- Recently announced US recycling expansion
 - \$36 million capital investment in Greensboro, Georgia
 - Expands capacity to recycle automotive aluminum scrap



Shaping a sustainable world together

- Continue to work through regulatory and closing process
 - Conditional approval granted in Europe, pending divestment of Duffel plant
 - Clear path to approval in the US
 - China discussions in process
- Expected to close the transaction by January 21, 2020, the outside date under the merger agreement, subject to closing conditions and regulatory approvals



FINANCIAL HIGHLIGHTS

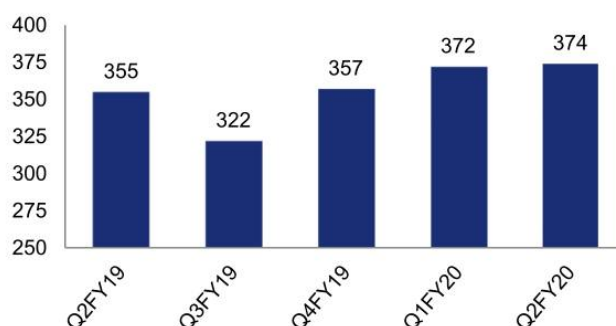
Q2 FISCAL 2020 FINANCIAL HIGHLIGHTS

Novelis

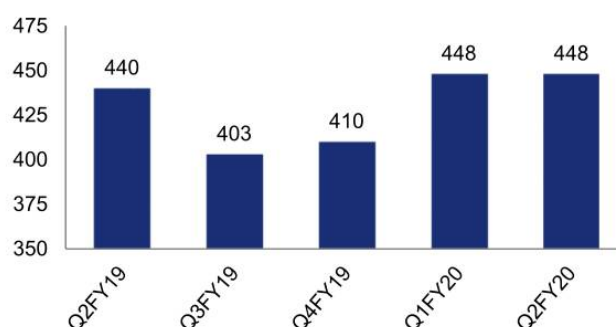
Q2FY20 vs Q2FY19

- Net income of \$123 million
 - Excluding tax-effected special items*, net income of \$160 million compared to \$122 million in the prior year
 - Q2 FY20 \$32 million restructuring
- Adjusted EBITDA up 5% from \$355 million to \$374 million
- Adjusted EBITDA per ton \$448
- Sales down 9% to \$2.9 billion on lower LME prices and local market premiums
- Total FRP Shipments up 3% to 835 kilotonnes

Quarterly Adjusted EBITDA (\$ millions)



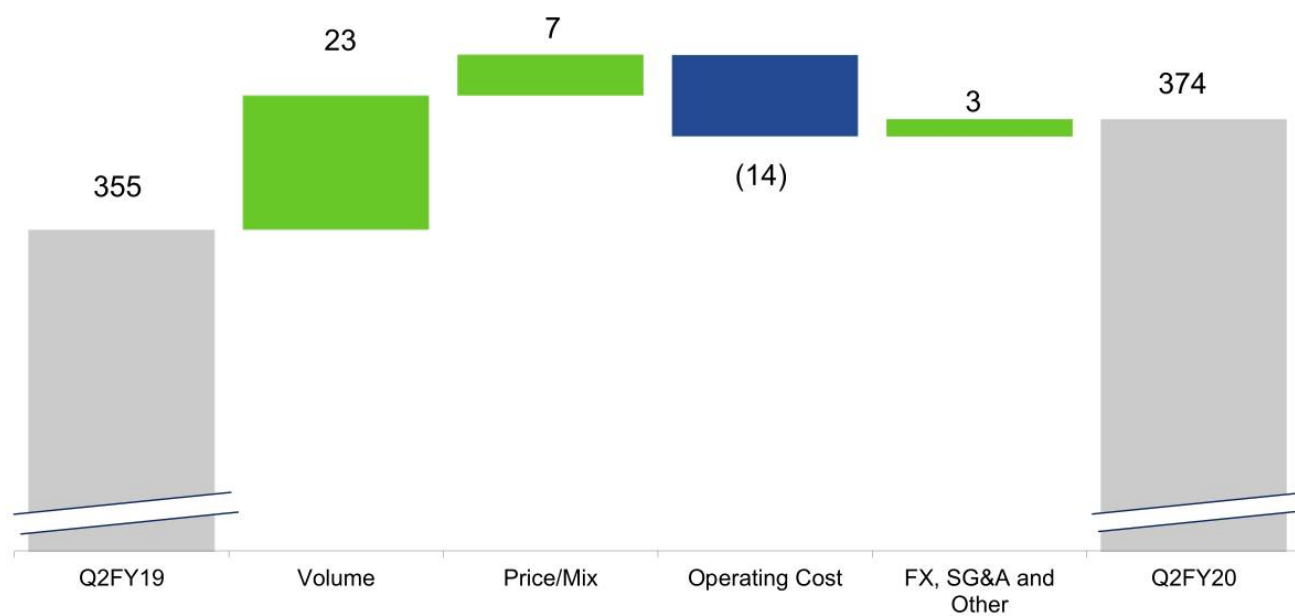
Quarterly Adjusted EBITDA per ton (\$)



Q2 ADJUSTED EBITDA BRIDGE

Novelis

\$ Millions



Maximizing our capacity, optimizing the portfolio

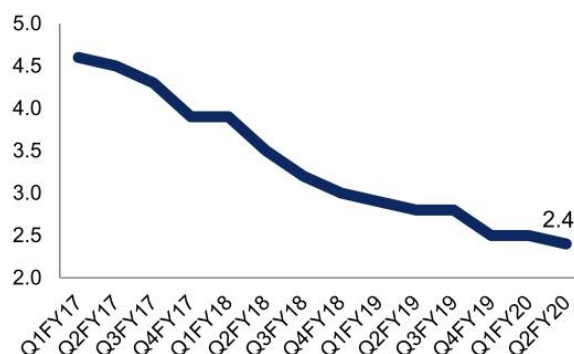
FREE CASH FLOW AND NET LEVERAGE

Novelis

\$ Millions	YTD FY20	YTD FY19
Adjusted EBITDA	746	689
Interest paid	(116)	(122)
Taxes paid	(99)	(95)
Working capital & other	(213)	(254)
Free cash flow before CapEx	318	218
Capital expenditures	(300)	(114)
Free cash flow	18	104

Prior period is adjusted to conform to current presentation

Net Leverage ratio
Net debt/TTM Adjusted EBITDA



- Free cash flow before capital expenditures increased 46%
 - Higher adjusted EBITDA
 - Lower working capital outflow
- YTD capital expenditures \$300 million, primarily to support strategic capacity expansions
- Net leverage ratio decreased to 2.4x

SUMMARY

- Overall excellent operating performance in broadly favorable market conditions driving record results
- Delivering high-quality, sustainable, innovative products to customers
- Strategic investments to enhance our product portfolio, expand recycling operations, and strengthen our business for the long term are on time and on budget



THANK YOU
QUESTIONS?

APPENDIX

NET INCOME RECONCILIATION TO ADJUSTED EBITDA

Novelis

(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20	Q2 FY20
Net income attributable to our common shareholder	137	116	78	103	434	127	123
- Noncontrolling interests	-	-	-	-	-	-	-
- Income tax provision	53	64	37	48	202	63	45
- Interest, net	63	66	64	65	258	62	58
- Depreciation and amortization	86	86	88	90	350	88	88
EBITDA	339	332	267	306	1,244	340	314
- Unrealized (gain) loss on derivatives	4	(1)	6	1	10	(6)	(3)
- Realized (gain) loss on derivative instruments not included in segment income	-	(1)	-	(1)	(2)	2	1
- Proportional consolidation	16	15	14	13	58	15	14
- (Gain) loss on sale of fixed assets	3	(1)	2	2	6	(1)	(1)
- Restructuring and impairment, net	1	-	1	-	2	1	32
- Metal price lag (income) expense	(33)	(1)	13	25	4	2	5
- Business acquisition and other integration costs	2	8	14	9	33	17	12
- Other, net	2	4	5	2	13	2	-
Adjusted EBITDA	\$334	\$355	\$322	\$357	\$1,368	\$372	\$374

FREE CASH FLOW AND LIQUIDITY

(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20	Q2 FY20
Cash provided by (used in) operating activities	48	162	114	404	728	57	240
Cash provided by (used in) investing activities	(52)	(291)	(91)	(123)	(557)	(149)	(127)
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)	(1)
Free cash flow	\$(4)	\$108	\$23	\$281	\$408	\$(94)	\$112
Capital expenditures	54	60	96	141	351	162	138

"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	Q2 FY20
Cash and cash equivalents	853	829	797	950	950	859	935
Availability under committed credit facilities	1,059	907	884	897	897	870	875
Liquidity	\$1,912	\$1,736	\$1,681	\$1,847	\$1,847	\$1,729	\$1,810

