

**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 11, 2020**

**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))

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.

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## 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 February 11, 2020, Novelis Inc. issued a press release reporting the company's financial results for its fiscal quarter ended December 31, 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, 5.875% senior notes due 2026 and 4.75% senior notes due 2030 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:

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- 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.

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

99.1	<a href="#">Press release, dated February 11, 2020 (furnished to the Commission as a part of this Form 8-K).</a>
99.2	<a href="#">Presentation materials, dated February 11, 2020 (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: February 11, 2020



# News Release

## **Novelis Reports Third Quarter of Fiscal 2020 Results**

*Advancing strategic initiatives and investments while delivering strong financial results*

### **Third Quarter Fiscal Year 2020 Highlights**

- Net income attributable to common shareholder of \$107 million, up 37% YoY; excluding special items, net income of \$132 million, up 31% YoY
- Adjusted EBITDA of \$343 million, up 7% YoY
- Net sales of \$2.7 billion, down 10% YoY
- Shipments of 797 kilotonnes, flat YoY
- Net leverage ratio of 2.3x

**ATLANTA, February 11, 2020** – Novelis Inc., the world leader in aluminum rolling and recycling, today reported net income attributable to its common shareholder of \$107 million for the third quarter of fiscal year 2020, compared to \$78 million in the prior year period. Excluding tax-effected special items in both years, the company reported net income of \$132 million in the third quarter of fiscal 2020, compared to \$101 million in the prior year period. This 31 percent increase is primarily due to higher Adjusted EBITDA.

Adjusted EBITDA increased seven percent to \$343 million in the third quarter of fiscal 2020 compared to \$322 million in the prior year period, primarily driven by portfolio optimization efforts, operating cost efficiencies, and favorable foreign exchange, partially offset by less favorable recycling benefits due to lower aluminum prices. Adjusted EBITDA per ton reached \$430 in the quarter, as compared to \$403 in the prior year.

Net sales decreased ten percent from the prior year period to \$2.7 billion for the third quarter of fiscal 2020, driven by lower average LME aluminum prices and local market premiums. Flat rolled product shipments were in line with the prior year, at 797 kilotonnes.

"Novelis continues to perform very well both operationally and financially, delivering another set of strong results in the third quarter," said Steve Fisher, President and CEO, Novelis Inc. "At the same time, we have made excellent progress advancing our major organic expansion projects in the U.S., China and Brazil, allowing us to continue to grow with our customers and better compete against steel and other materials."

Each of these projects continue to progress on time and on budget. Notably, the company's greenfield automotive finishing plant in Guthrie, Kentucky, is in the commissioning process, with commercial shipments to customers expected to commence in the coming months.

Fiscal year-to-date free cash flow before capital expenditures improved 43 percent over the prior year to \$483 million, driven primarily by higher Adjusted EBITDA as well as favorable working capital combined with lower aluminum prices. Capital expenditures doubled year-over-year to \$422 million for the first nine months of fiscal 2020, mainly to support strategic investments in incremental rolling, recycling and automotive finishing capacity. As a result of this increased capital spending, fiscal 2020 free cash flow of \$61 million compares to \$127 million in the prior year period.

(in \$ millions, non-GAAP measures)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Free cash flow	\$ 43	\$ 23	\$ 61	\$ 127
Capital expenditures	122	96	422	210
Free cash flow before capital expenditures	\$ 165	\$ 119	\$ 483	\$ 337

"Our recent successful bond issuance in January is a reflection of the consistently strong financial performance Novelis has delivered quarter after quarter, as well as our ability to maintain disciplined net leverage levels despite a significant increase in capital expenditures to fuel future growth," said Devinder Ahuja, Senior Vice President and Chief Financial Officer, Novelis Inc.

As of December 31, 2019, the company reported a strong total liquidity position of \$1.9 billion, and reduced its net leverage ratio to 2.3x 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. Novelis has received approval from antitrust regulators in China, the U.S., and the European Commission (EC) to close the transaction. In the U.S., Novelis' ability to acquire Aleris' automotive plant in Lewisport, Kentucky, will be resolved through an arbitration proceeding in the fourth quarter. The EC's approval is conditioned on Novelis entering into an agreement to divest Aleris' Duffel plant to a buyer approved by the EC. The EC is currently reviewing the proposed buyer of the plant, Liberty House Group, a UK-based industrial conglomerate. Novelis remains fully committed to completing the transaction and continues to work with all relevant parties to do so as quickly as possible.

### Third Quarter of Fiscal Year 2020 Earnings Conference Call

Novelis will discuss its third quarter of fiscal year 2020 results via a live webcast and conference call for investors at 7:30 a.m. ET on Tuesday, February 11, 2020. To view slides and listen only, visit the web at <https://cc.callinfo.com/r/1mkvqup88oyng&eom>. To join by telephone, dial toll-free in North America at 800 918 9577, India toll-free at 1800 266 0834 or the international toll line at +1 212 231 2930. 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 commercial shipments from our new Guthrie, Kentucky plant will commence in the coming months. 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 and related divestitures; 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 December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net sales	\$ 2,715	\$ 3,009	\$ 8,491	\$ 9,242
Cost of goods sold (exclusive of depreciation and amortization)	2,239	2,568	7,001	7,816
Selling, general and administrative expenses	131	129	380	373
Depreciation and amortization	91	88	267	260
Interest expense and amortization of debt issuance costs	59	67	185	201
Research and development expenses	21	18	58	50
Restructuring and impairment, net	3	1	36	2
Equity in net (income) loss of non-consolidated affiliates	1	(1)	1	(2)
Other (income) expenses, net	(3)	10	3	33
Business acquisition and other integration related costs	17	14	46	24
	<b>\$ 2,559</b>	<b>\$ 2,894</b>	<b>\$ 7,977</b>	<b>\$ 8,757</b>
Income before income taxes	156	115	514	485
Income tax provision	49	37	157	154
Net income	<b>\$ 107</b>	<b>\$ 78</b>	<b>\$ 357</b>	<b>\$ 331</b>
Net income attributable to noncontrolling interest	—	—	—	—
<b>Net income attributable to our common shareholder</b>	<b>\$ 107</b>	<b>\$ 78</b>	<b>\$ 357</b>	<b>\$ 331</b>

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

	December 31, 2019	March 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,031	\$ 950
Accounts receivable, net		
— third parties (net of allowance for uncollectible accounts of \$9 and \$7 as of December 31, 2019 and March 31, 2019, respectively)	1,247	1,417
— related parties	170	164
Inventories	1,494	1,460
Prepaid expenses and other current assets	116	121
Fair value of derivative instruments	51	70
Assets held for sale	5	3
<b>Total current assets</b>	<b>\$ 4,114</b>	<b>\$ 4,185</b>
Property, plant and equipment, net	3,524	3,385
Goodwill	607	607
Intangible assets, net	311	351
Investment in and advances to non-consolidated affiliates	794	792
Deferred income tax assets	141	142
Other long-term assets	215	101
<b>Total assets</b>	<b>\$ 9,706</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	51	39
Accounts payable		
— third parties	1,744	1,986
— related parties	200	175
Fair value of derivative instruments	59	87
Accrued expenses and other current liabilities	541	616
<b>Total current liabilities</b>	<b>\$ 2,614</b>	<b>\$ 2,922</b>
Long-term debt, net of current portion	4,355	4,328
Deferred income tax liabilities	252	223
Accrued postretirement benefits	821	844
Other long-term liabilities	240	180
<b>Total liabilities</b>	<b>\$ 8,282</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 December 31, 2019 and March 31, 2019	—	—
Additional paid-in capital	1,404	1,404
Retained earnings	560	203
Accumulated other comprehensive income (loss)	(509)	(506)
<b>Total equity of our common shareholder</b>	<b>\$ 1,455</b>	<b>\$ 1,101</b>
<b>Noncontrolling interest</b>	<b>(31)</b>	<b>(35)</b>
<b>Total equity</b>	<b>\$ 1,424</b>	<b>\$ 1,066</b>
<b>Total liabilities and equity</b>	<b>\$ 9,706</b>	<b>\$ 9,563</b>

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

	Nine Months Ended December 31,	
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 357	\$ 331
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	267	260
(Gain) loss on unrealized derivatives and other realized derivatives in investing activities, net	(32)	(4)
(Gain) loss on sale of assets	(1)	4
Impairment charges	13	—
Deferred income taxes, net	30	38
Equity in net (income) loss of non-consolidated affiliates	1	(2)
Amortization of debt issuance costs and carrying value adjustments	14	14
Other, net	2	(1)
Changes in operating assets and liabilities:		
Accounts receivable	143	—
Inventories	(42)	(214)
Accounts payable	(176)	(17)
Other assets	(3)	(30)
Other liabilities	(109)	(55)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 464</b>	<b>\$ 324</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(422)	(210)
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	6	1
Proceeds (outflows) from the settlement of derivative instruments, net	3	2
Other	10	10
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (400)</b>	<b>\$ (434)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term and short-term borrowings	79	—
Principal payments of long-term and short-term borrowings	(16)	(95)
Revolving credit facilities and other, net	(38)	109
Debt issuance costs	(3)	(2)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 22</b>	<b>\$ 12</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	86	(98)
Effect of exchange rate changes on cash	(4)	(25)
Cash, cash equivalents and restricted cash — beginning of period	960	932
<b>Cash, cash equivalents and restricted cash — end of period</b>	<b>\$ 1,042</b>	<b>\$ 809</b>
<b>Cash and cash equivalents</b>		
	\$ 1,031	\$ 797
<b>Restricted cash (Included in "Other long-term assets")</b>		
	11	12
<b>Cash, cash equivalents and restricted cash — end of period</b>	<b>\$ 1,042</b>	<b>\$ 809</b>

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

The following table reconciles Net income attributable to our common shareholder to Adjusted EBITDA, a non-GAAP financial measure.

(in millions)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net income attributable to our common shareholder	\$ 107	\$ 78	\$ 357	\$ 331
Noncontrolling interests	—	—	—	—
Income tax provision	49	37	157	154
Interest, net	57	64	177	193
Depreciation and amortization	91	88	267	260
EBITDA	\$ 304	\$ 267	\$ 958	\$ 938
Unrealized (gains) losses on change in fair value of derivative instruments, net	(6)	6	(15)	9
Realized (gains) losses on derivative instruments not included in segment income	(1)	—	2	(1)
Adjustment to reconcile proportional consolidation	13	14	42	45
(Gain) loss on sale of fixed assets	1	2	(1)	4
Restructuring and impairment, net	3	1	36	2
Metal price lag	11	13	18	(21)
Business acquisition and other integration related costs	17	14	46	24
Other, net	1	5	3	11
Adjusted EBITDA	\$ 343	\$ 322	\$ 1,089	\$ 1,011

**Free Cash Flow (unaudited)**

The following table presents “Free cash flow”.

(in millions)	Nine Months Ended December 31,	
	2019	2018
Net cash provided by (used in) operating activities	\$ 464	\$ 324
Net cash provided by (used in) investing activities	(400)	(434)
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	\$ 61	\$ 127

**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)	December 31, 2019	March 31, 2019
Cash and cash equivalents	\$ 1,031	\$ 950
Availability under committed credit facilities	838	897
Total liquidity	\$ 1,869	\$ 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 December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net income attributable to our common shareholder	\$ 107	\$ 78	\$ 357	\$ 331
Special Items:				
Business acquisition and other integration related costs	17	14	46	24
Metal price lag	11	13	18	(21)
Restructuring and impairment, net	3	1	36	2
Tax effect on special items	(6)	(5)	(20)	2
Net income attributable to our common shareholder, excluding special items	\$ 132	\$ 101	\$ 437	\$ 338

**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 December 31, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 127	\$ 47	\$ 55	\$ 116	\$ (2)	\$ 343

Shipments (in kt)	North America	Europe	Asia	South America	Eliminations and Other	Total
Rolled products - third party	269	218	170	140	—	797
Rolled products - intersegment	—	6	3	6	(15)	—
Total rolled products	269	224	173	146	(15)	797

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)	North America	Europe	Asia	South America	Eliminations and Other	Total
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 Nine Months Ended December 31, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 468	\$ 160	\$ 154	\$ 309	\$ (2)	\$ 1,089

Shipments (in kt)	North America	Europe	Asia	South America	Eliminations and Other	Total
Rolled products - third party	844	678	529	411	—	2,462
Rolled products - intersegment	—	25	5	15	(45)	—
Total rolled products	844	703	534	426	(45)	2,462

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

# NOVELIS Q3 FISCAL 2020 EARNINGS CONFERENCE CALL

February 11, 2020

**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 commercial shipments from our new Guthrie, Kentucky plant will commence in the coming months. 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 and related divestitures; 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.

# BUSINESS HIGHLIGHTS

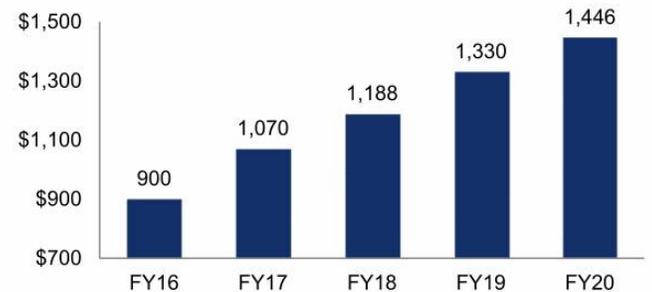


- Strong Q3 operational and financial performance
- Successful \$1.6 billion bond issuance
- Continued strong demand for lightweight, recyclable aluminum flat rolled sheet across end markets
- Organic expansion projects remain on track; commissioning has begun at Guthrie
- Committed to the Aleris acquisition

Trailing Twelve Month ending December 31 Shipments (kilotonnes)



Trailing Twelve Month ending December 31 Adjusted EBITDA (\$ millions)



## Beverage Can

- Overall demand trends strong
- 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

- Continued lightweighting trends globally
- Exposure to trucks, SUVs, electric & premium vehicles
- North America market and auto build rates remain strong
- Europe is overall steady
- Signals that China automotive market is bottoming out, barring coronavirus impact

## Specialties

- Increased non-Chinese competition in North America, but steady demand and outlook
- Increasing competition with Chinese imports in regions outside U.S.
- Novelis capacity constraints create opportunities for portfolio optimization

# NEW GUTHRIE PLANT BEGINS COMMISSIONING

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- Greenfield Kentucky automotive finishing plant is on time and on budget
  - \$300 million strategic capital expenditure investment substantially complete
  - Plant commissioning now underway
  - Capacity of ~200kt pre-treatment and ~100kt heat-treatment to be used in vehicle production
  - Customer shipments in early FY21



- Continue to work through regulatory and closing process
- European Commission approval of buyer of Aleris' Duffel plant is the only pending item to closing the transaction
  - Received approval in the US; will enter arbitration with DoJ to determine our ability to acquire Aleris' automotive plant in Lewisport, Kentucky
  - On December 20, 2019, received approval in China subject to divestment of Duffel plant after the closing of the Aleris acquisition
  - Conditional approval granted in Europe, pending EC approval of a buyer of Aleris' automotive plant in Duffel, Belgium
- Remain fully committed to completing the transaction as quickly as possible



# FINANCIAL HIGHLIGHTS

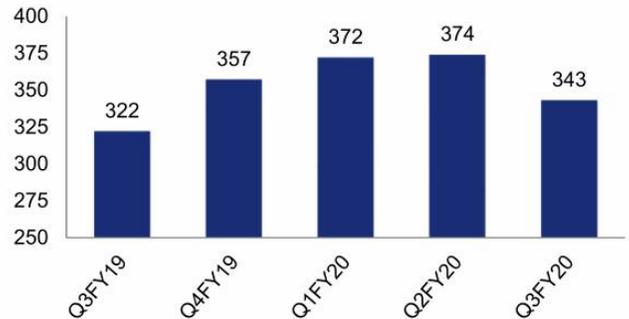
# Q3 FISCAL 2020 FINANCIAL HIGHLIGHTS



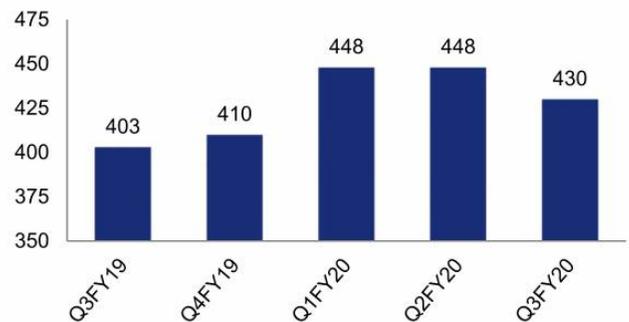
Q3FY20 vs Q3FY19

- Net income of \$107 million
  - Excluding tax-effected special items\*, net income of \$132 million compared to \$101 million in the prior year
- Adjusted EBITDA up 7% from \$322 million to \$343 million
- Adjusted EBITDA per ton \$430
- Sales down 10% to \$2.7 billion on 12% decline in average LME aluminum price and local market premiums
- Total FRP Shipments flat at 797 kilotonnes

Quarterly Adjusted EBITDA (\$ millions)



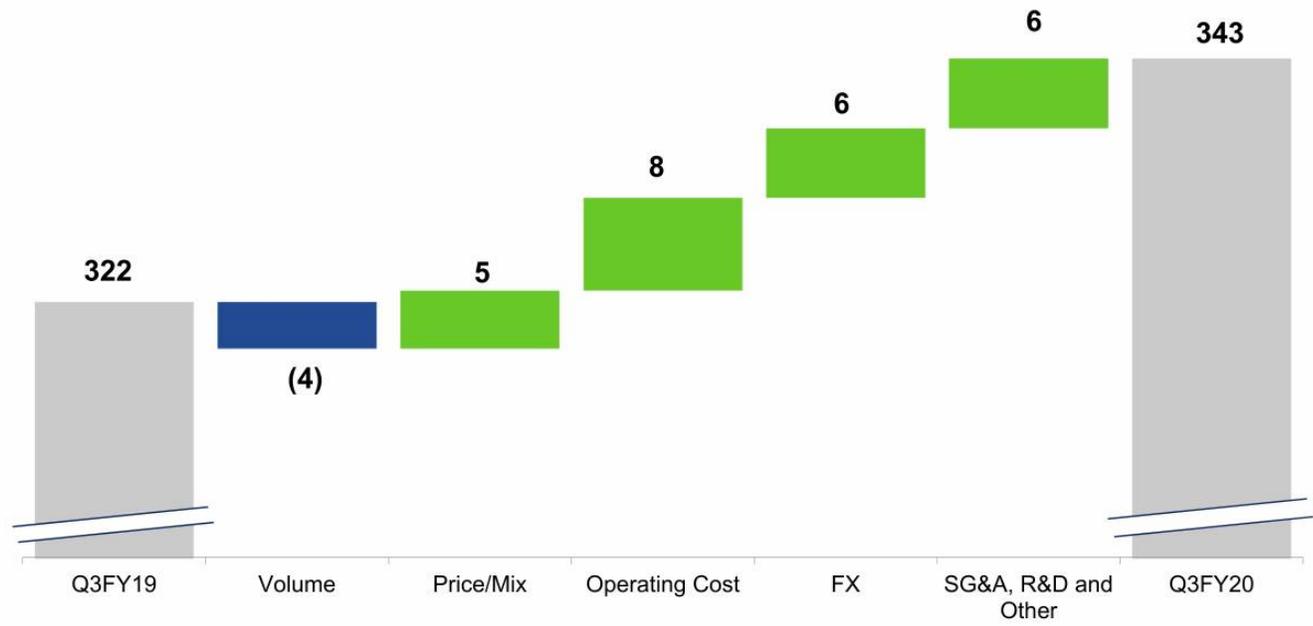
Quarterly Adjusted EBITDA per ton (\$)



\*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



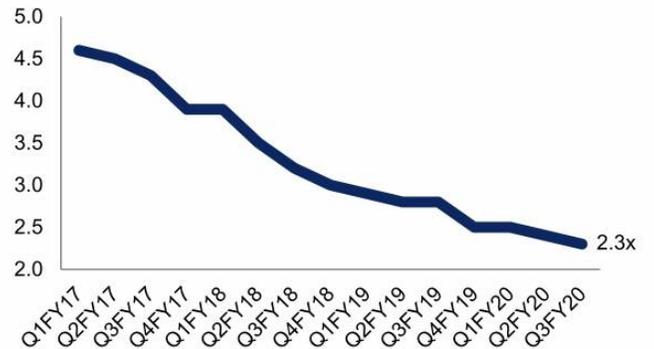
# FREE CASH FLOW AND NET LEVERAGE



\$ Millions	YTD FY20	YTD FY19
Adjusted EBITDA	1,089	1,011
Interest paid	(176)	(189)
Taxes paid	(142)	(125)
Working capital & other	(288)	(360)
<b>Free cash flow before CapEx</b>	<b>483</b>	<b>337</b>
Capital expenditures	(422)	(210)
<b>Free cash flow</b>	<b>61</b>	<b>127</b>

Prior period is adjusted to conform to current presentation

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

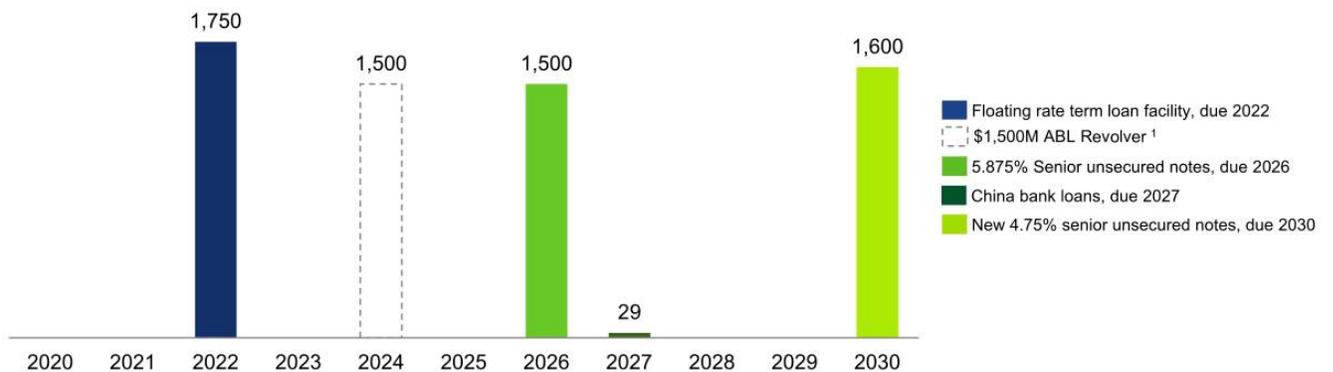


- Free cash flow before capital expenditures increased 43%
- YTD capital expenditures doubled YoY to \$422 million, primarily to support strategic capacity expansions
- Net leverage ratio further reduced to 2.3x
- Strong total liquidity position \$1.9 billion

# SUCCESSFUL BOND ISSUANCE

- In January, issued \$1.6 billion senior unsecured notes due 2030, at 4.75%
- Proceeds used to repay \$1.15 billion 6.25% senior unsecured notes due 2024, and finance portion of pending Aleris transaction
- Extends debt maturity profile at attractive rates

**Novelis debt maturity profile**  
(\$ millions)



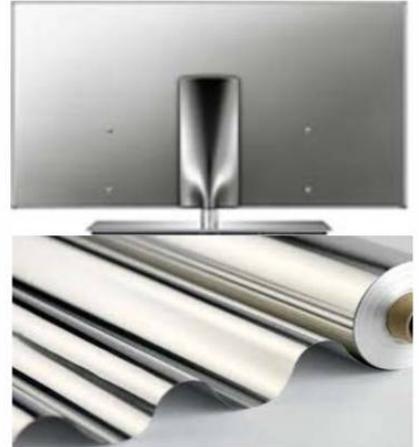
1) On October 15, 2019, we amended and increased our existing \$1,000 million ABL Facility by \$500 million. At December 31, 2019, the ABL revolver had zero balance.

# SUMMARY

## SUMMARY

- Record Q3 Adjusted EBITDA up 7% YoY
- Strong free cash flow before capital expenditures up 43% YoY
- Net leverage falling to 2.3x despite increased capital spending on strategic capacity expansions
- Strategic investments to strengthen our business for the long term continue to progress
- Maintain positive demand outlook for infinitely recyclable, lightweight aluminum FRP

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**THANK YOU**  
QUESTIONS?

# APPENDIX

# NET INCOME RECONCILIATION TO ADJUSTED EBITDA



(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20	Q2 FY20	Q3 FY20
<b>Net income attributable to our common shareholder</b>	<b>137</b>	<b>116</b>	<b>78</b>	<b>103</b>	<b>434</b>	<b>127</b>	<b>123</b>	<b>107</b>
- Noncontrolling interests	-	-	-	-	-	-	-	-
- Income tax provision	53	64	37	48	202	63	45	49
- Interest, net	63	66	64	65	258	62	58	57
- Depreciation and amortization	86	86	88	90	350	88	88	91
<b>EBITDA</b>	<b>339</b>	<b>332</b>	<b>267</b>	<b>306</b>	<b>1,244</b>	<b>340</b>	<b>314</b>	<b>304</b>
- Unrealized (gain) loss on derivatives	4	(1)	6	1	10	(6)	(3)	(6)
- Realized (gain) loss on derivative instruments not included in segment income	-	(1)	-	(1)	(2)	2	1	(1)
- Proportional consolidation	16	15	14	13	58	15	14	13
- (Gain) loss on sale of fixed assets	3	(1)	2	2	6	(1)	(1)	1
- Restructuring and impairment, net	1	-	1	-	2	1	32	3
- Metal price lag (income) expense	(33)	(1)	13	25	4	2	5	11
- Business acquisition and other integration costs	2	8	14	9	33	17	12	17
- Other, net	2	4	5	2	13	2	-	1
<b>Adjusted EBITDA</b>	<b>\$334</b>	<b>\$355</b>	<b>\$322</b>	<b>\$357</b>	<b>\$1,368</b>	<b>\$372</b>	<b>\$374</b>	<b>\$343</b>

## FREE CASH FLOW AND LIQUIDITY

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(in \$ m)	Q1	Q2	Q3	Q4	FY19	Q1 FY20	Q2 FY20	Q3 FY20
Cash provided by (used in) operating activities	48	162	114	404	728	57	240	167
Cash provided by (used in) investing activities	(52)	(291)	(91)	(123)	(557)	(149)	(127)	(124)
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)	-
<b>Free cash flow</b>	<b>\$(4)</b>	<b>\$108</b>	<b>\$23</b>	<b>\$281</b>	<b>\$408</b>	<b>\$(94)</b>	<b>\$112</b>	<b>\$43</b>
Capital expenditures	54	60	96	141	351	162	138	122

"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	Q3 FY20
Cash and cash equivalents	853	829	797	950	950	859	935	1,031
Availability under committed credit facilities	1,059	907	884	897	897	870	875	838
<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>	<b>\$1,810</b>	<b>\$1,869</b>

