

NOVELIS Q4 & FY FISCAL 2018 EARNINGS CONFERENCE CALL

May 8, 2018

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NOVELIS

Forward-looking statements

Statements made in this presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of forward-looking statements in this presentation including statements that core end market growth remains strong. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim, any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing for future capital requirements; changes in the relative values of various currencies and the effectiveness of our currency hedging activities; factors affecting our operations, such as litigation, environmental remediation and clean-up costs, labor relations and negotiations, breakdown of equipment and other events; the impact of restructuring efforts in the future; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; changes in general economic conditions including deterioration in the global economy, particularly sectors in which our customers operate; changes in government regulations, particularly those affecting taxes, environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our credit facilities and other financing agreements; the effect of taxes and changes in tax rates; and our ability to generate cash. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in our upcoming Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

FISCAL 2018 HIGHLIGHTS

Completed strategic transactions to unlock value and solidify market leading position in automotive aluminum sheet

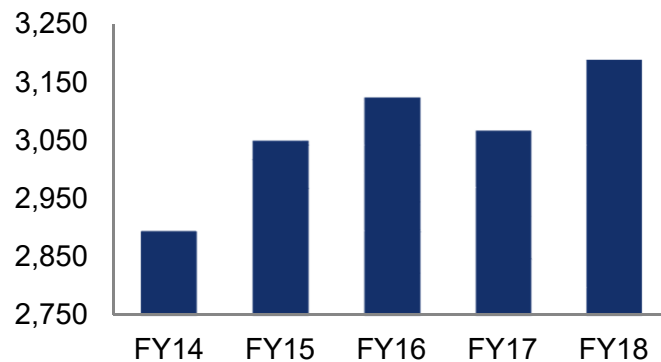
- Completed transaction to create Ulsan Aluminum JV
- Announced investment in new US automotive finishing line
- Agreed to acquire key automotive finishing assets in Sierre, Switzerland

Achieved record operating and financial results

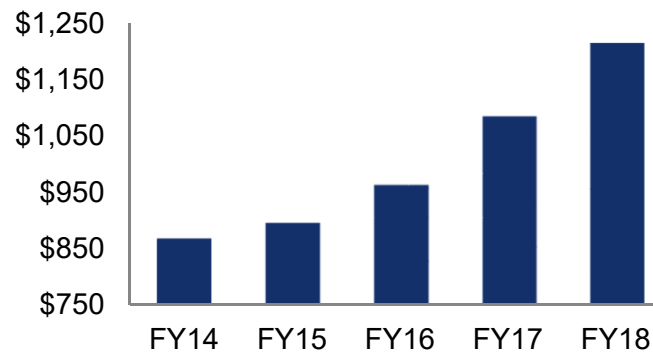


Beginning to break ground in Guthrie, Kentucky

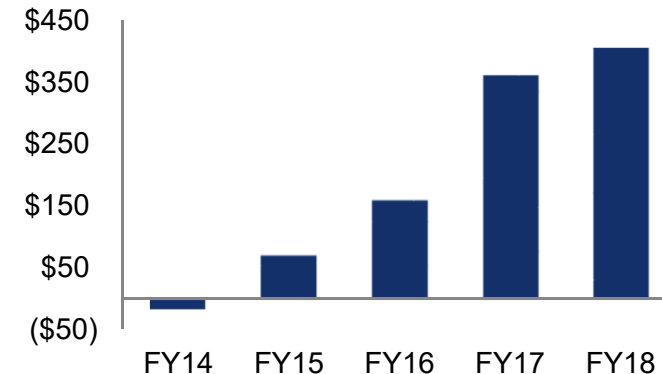
Shipments (kts)



Adjusted EBITDA (\$ millions)



Free cash flow (\$ millions)



■ Operational excellence

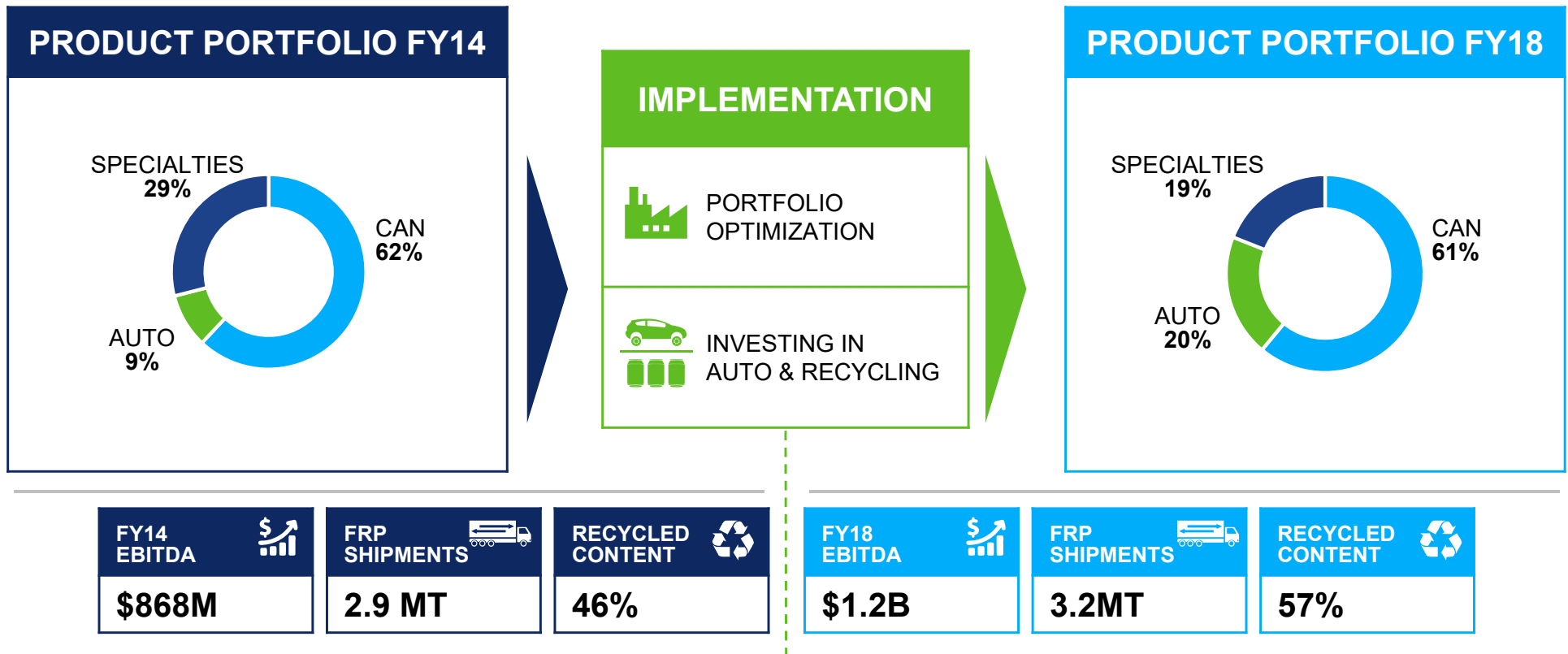
- Safety rates at industry-leading low levels
- Improved end-to-end recovery leading to increased asset utilization and uptime
- Reduced customer reject rate by half in past two years
- Increased overall customer satisfaction scores by 33% since FY16

■ Market-leader in automotive aluminum sheet

- Strategically investing in automotive assets to grow with our customers and advance the continued penetration of aluminum sheet in the automotive market



“Aluminum remains the fastest growing automotive material over competing materials and is entering its most unprecedented growth phase since we’ve been tracking the shifting mix of automotive materials.” - Ducker Worldwide



Strategic transformation driving record results and financial flexibility

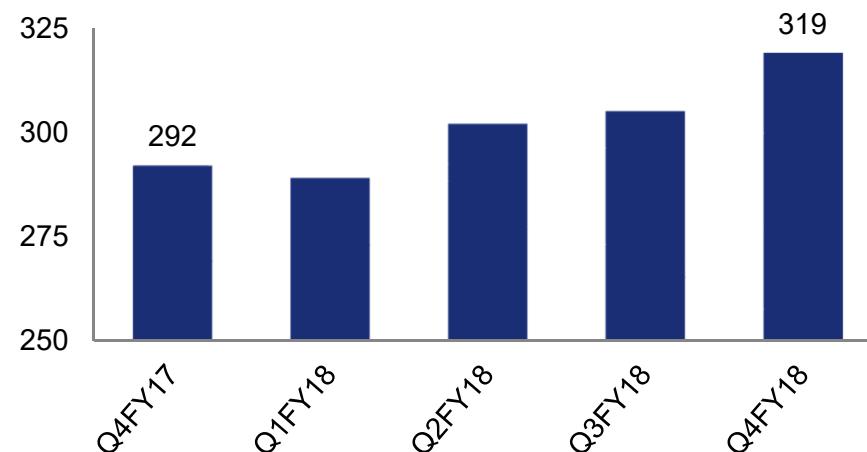
FINANCIAL HIGHLIGHTS

Q4 FISCAL 2018 FINANCIAL HIGHLIGHTS

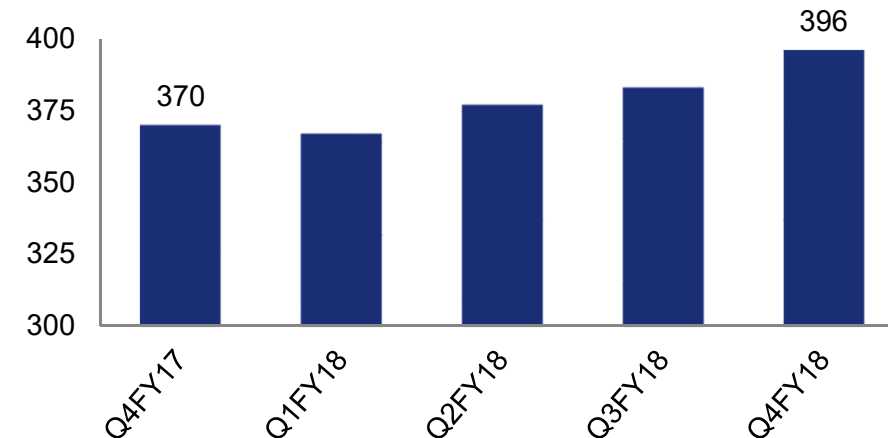
Q4FY18 vs Q4FY17

- Net income attributable to our common shareholder \$106 million
 - Net income excluding tax-effected special items* increased 38% to \$101 million
- Adjusted EBITDA up 9% from \$292 million to record \$319 million
 - Third consecutive quarterly record result
- Total FRP Shipments up 2% to 805 kilotonnes
- Adjusted EBITDA per ton increased to record \$396 per ton
- Net sales up 17% to \$3.1 billion

Quarterly Adjusted EBITDA (\$M)

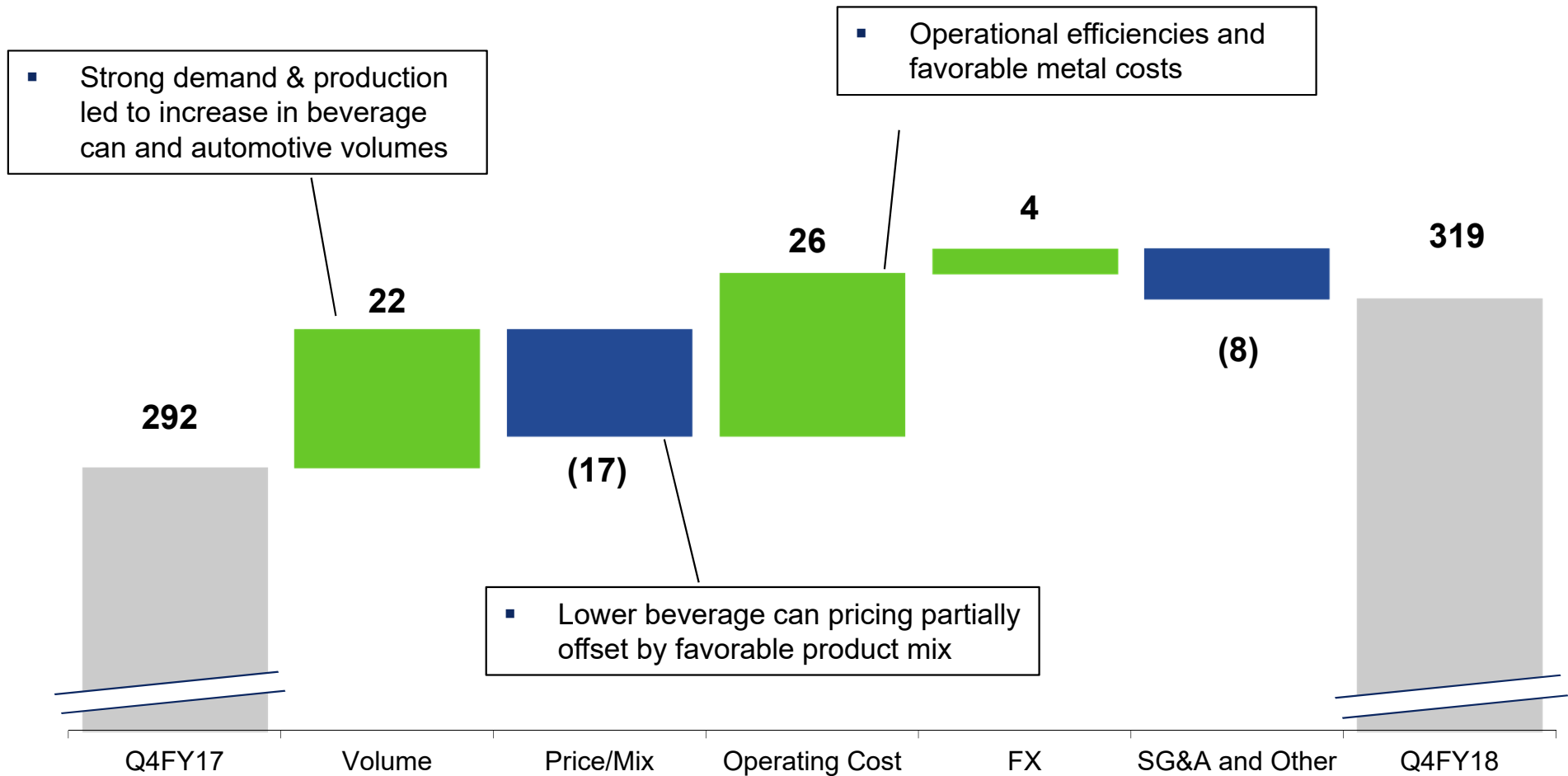


Adjusted EBITDA/ton (\$)



Q4 ADJUSTED EBITDA BRIDGE

\$ Millions



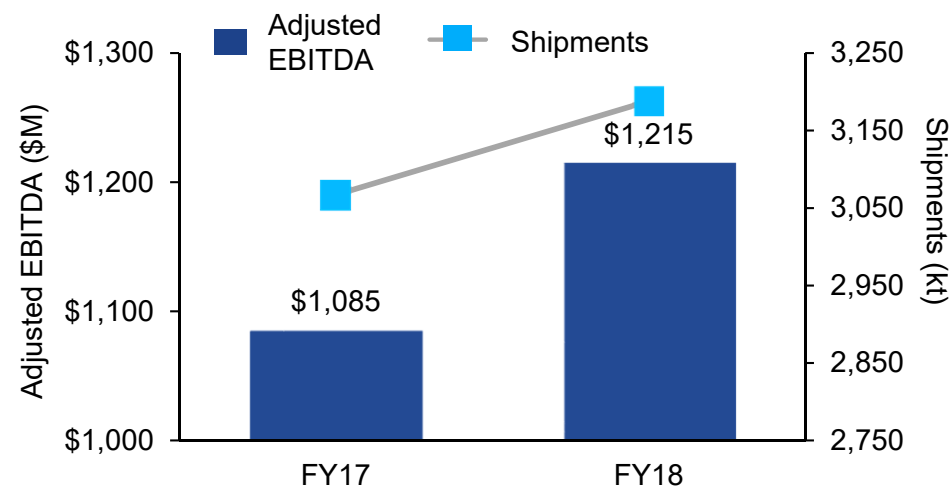
Third consecutive quarter of record quarterly Adjusted EBITDA

FULL YEAR FY18 FINANCIAL HIGHLIGHTS

FY18 vs FY17

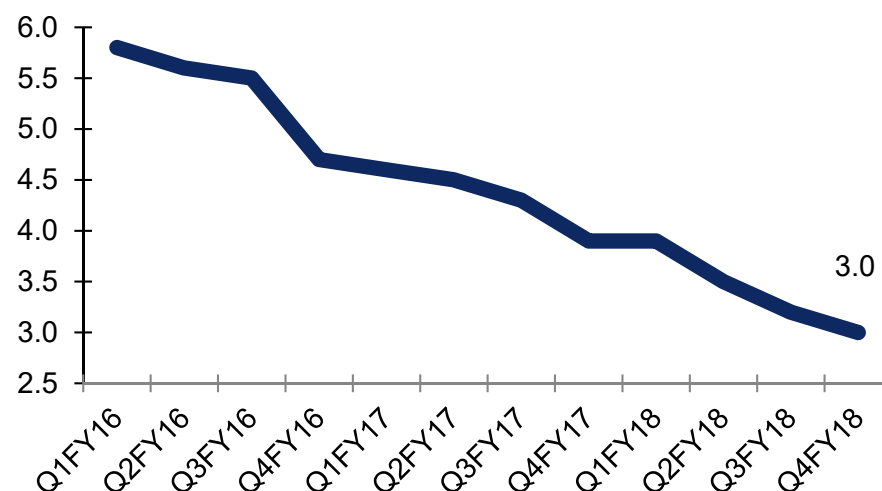
- Net income attributable to our common shareholder \$635 million
 - After-tax gain of \$241 million for sale of ~50% share of Ulsan, South Korea facility
 - Non-cash income tax benefit \$33 million attributable to common shareholder related to US tax reform
 - Net income excluding tax-effected special items* increased 80% to \$420 million
- Adjusted EBITDA up 12% from \$1,085 million to \$1,215 million
- Total FRP Shipments up 4% to 3,188 kilotonnes
- Net sales up 20% to \$11.5 billion
- Very strong liquidity of \$1.9 billion
- Net leverage reduced to 3.0x from 3.9x

Shipments & Adjusted EBITDA



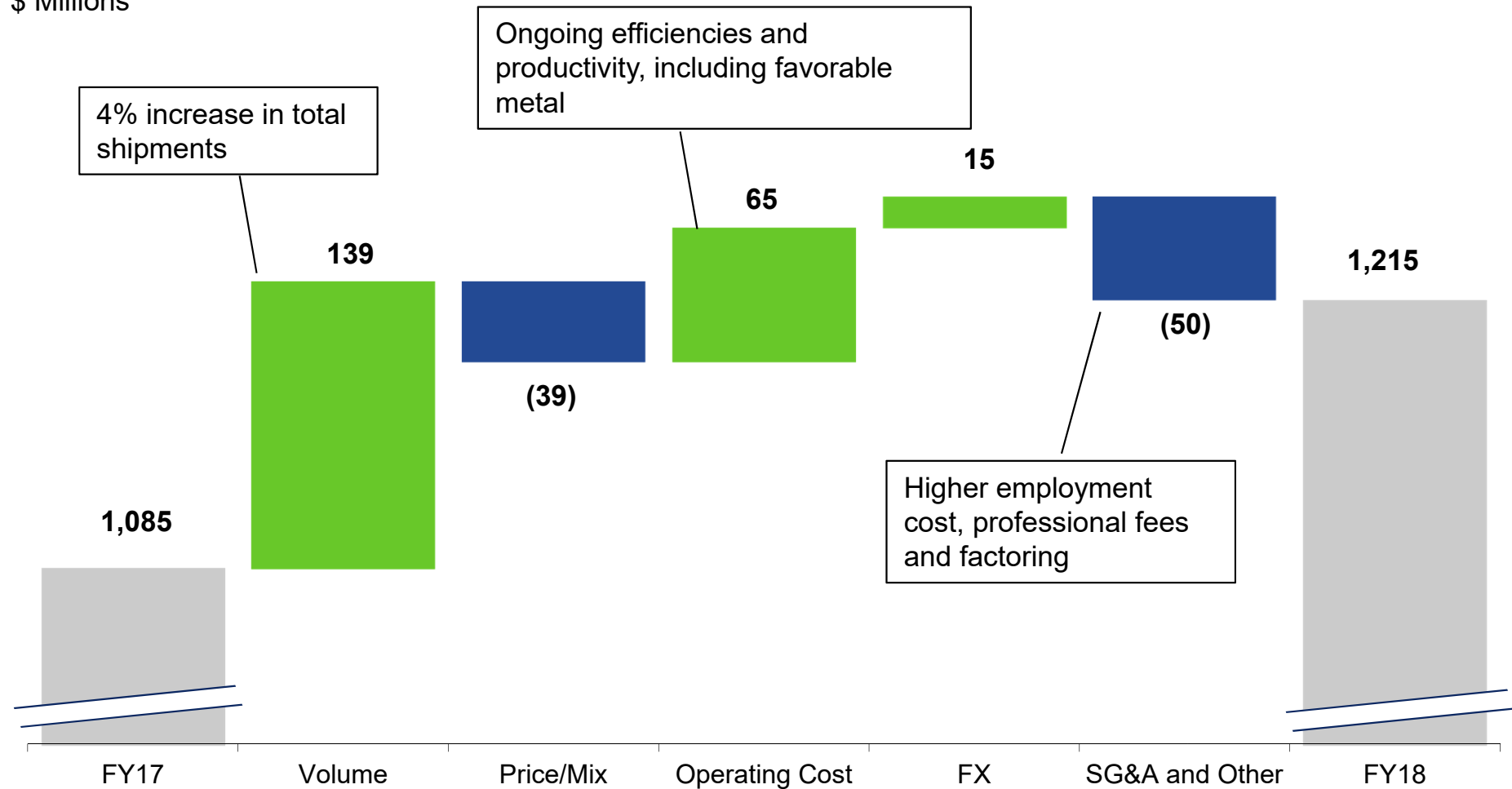
Net Leverage ratio

Net debt/TTM Adjusted EBITDA



FULL YEAR ADJUSTED EBITDA BRIDGE

\$ Millions



Increased shipments, portfolio shift and operational efficiencies

FREE CASH FLOW

\$ Millions

	FY18	FY17
Adjusted EBITDA	1,215	1,085
Capital expenditures	(226)	(224)
Interest paid	(254)	(288)
Taxes paid	(148)	(128)
Working capital & other	(181)	(84)
Free cash flow*	\$406	\$361

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

- Record free cash flow despite rising aluminum prices, driven by
 - Higher adjusted EBITDA
 - Lower interest related to refinancing actions in FY17
 - Efficiency in managing core working capital
 - Partially offset by higher taxes on higher EBITDA and strategic inventory increase to meet sales demand

Disciplined cash flow management offsetting metal price pressures

STRATEGY & OUTLOOK

Lead the aluminum industry as the partner of choice for innovative solutions

Defend the Core

- Protect market leading position in can & automotive
- Continue driving customer centricity
- Maintain low-cost position through recycling & productivity

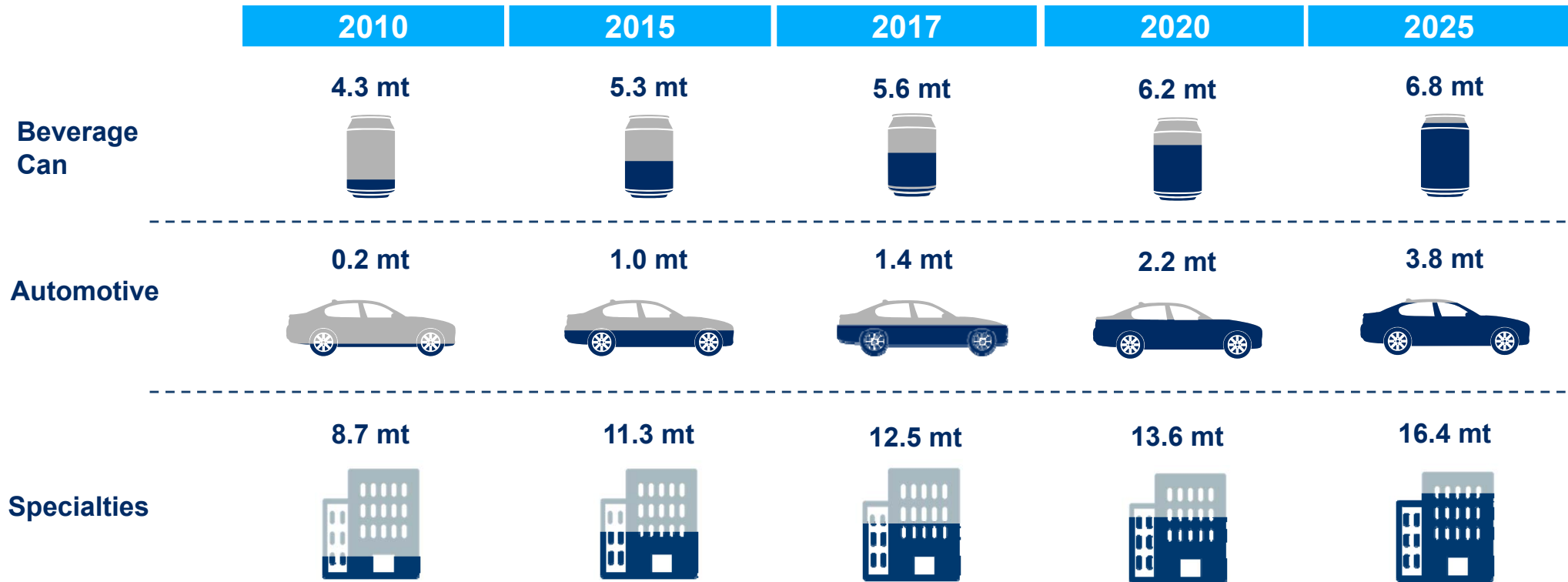
Strengthen our Product Portfolio

- Broaden customer base
- Grow in higher margin specialties markets
- Explore new verticals and markets

Invest in Growth Opportunities

- Bold yet balanced approach
- Pursue opportunities for growth

MARKET AND INDUSTRY OUTLOOK



Source: CRU and Novelis estimates

Core market growth remains strong

- Transformational strategy and strong operating performance driving record financial results
- Demand for aluminum flat rolled products remains high
- Strategically investing in automotive assets to grow with our customers and advance the continued penetration of aluminum sheet in the automotive market
- Increase FY19 capital expenditures to ~\$450 million
- Continue to evaluate further opportunities to capture growth



THANK YOU
QUESTIONS?

APPENDIX

NET INCOME RECONCILIATION TO ADJUSTED EBITDA



	(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1	Q2	Q3	Q4	FY18
Net income (loss) attributable to our common shareholder		24	(89)	63	47	45	101	307	121	106	635
- Noncontrolling interests		-	-	1	-	1	-	-	(16)	3	(13)
- Interest, net		80	79	65	59	283	62	62	62	60	246
- Income tax provision		36	27	47	41	151	43	116	20	54	233
- Depreciation and amortization		89	90	88	93	360	90	91	86	87	354
EBITDA		229	107	264	240	840	296	576	273	310	1,455
- Unrealized loss (gain) on derivatives		7	(4)	(21)	13	(5)	(16)	18	(15)	(7)	(20)
- Realized (loss) gain on derivative instruments not included in segment income		(1)	-	(1)	(3)	(5)	(1)	-	1	-	-
- Proportional consolidation		8	8	4	8	28	8	8	17	18	51
- Loss on extinguishment of debt		-	112	-	22	134	-	-	-	-	-
- Restructuring and impairment, net		2	1	1	6	10	1	7	25	1	34
- Loss (gain) on sale of business		-	27	-	-	27	-	(318)	-	-	(318)
- Loss (gain) on sale of fixed assets		4	2	(2)	2	6	1	1	2	3	7
- Gain on assets held for sale, net		(1)	(1)	-	-	(2)	-	-	-	-	-
- Metal price lag (A)		13	14	4	-	31	1	5	(1)	(9)	(4)
- Others costs (income), net		7	4	6	4	21	(1)	5	3	3	10
Adjusted EBITDA		\$268	\$270	\$255	\$292	\$1,085	\$289	\$302	\$305	\$319	\$1,215

(A) Effective in the first quarter of fiscal 2018, management removed the impact of metal price lag from Adjusted EBITDA (segment income) in order to enhance the visibility of the underlying operating performance of the Company. On certain sales contracts, we experience timing differences on the pass through of changing aluminum prices from our suppliers to our customers. Additional timing differences occur in the flow of metal costs through moving average inventory cost values and cost of goods sold. This timing difference is referred to as metal price lag. The impact of metal price lag is now reported as a separate line item in this reconciliation. Adjusted EBITDA for all prior periods presented has been updated to reflect this change.

FREE CASH FLOW AND LIQUIDITY

	(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1	Q2	Q3	Q4	FY18
Cash (used in) provided by operating activities	(107)	80	178	424	575	(45)	139	143	349	586	
Cash (used in) provided by investing activities	(39)	(48)	(35)	(90)	(212)	(31)	273	(72)	(87)	83	
Less: outflows (proceeds) from sale of assets, net of transaction fees, cash income taxes and hedging (A)	-	12	(12)	(2)	(2)	(1)	(311)	8	41	(263)	
Free cash flow	\$(146)	\$44	\$131	\$332	\$361	\$(77)	\$101	\$79	\$303	\$406	
Capital expenditures	44	46	48	86	224	39	43	54	90	226	

(A) Effective in the second quarter of fiscal 2018, management clarified the definition of "Free cash flow" (a non-GAAP measure) to reduce "Proceeds on the sale of assets, net of transaction fees and hedging" by cash income taxes to further enable users of the financial statements to understand cash generated internally by the Company. This change does not impact the condensed consolidated financial statements or significantly impact prior periods. In addition, this line item includes the proceeds from the sale of shares in Ulsan Aluminum Ltd., to Kobe Steel Ltd. during the year ended March 31, 2018 in the amount of \$314 million, net of \$42 million and \$11 million, in cash taxes and transaction fees paid, respectively. This line item also includes "Outflows from the sale of a business, net of transaction fees" which is comprised of cash of \$13 million held by ALCOM, which was a consolidated entity sold during fiscal 2017.

	(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1	Q2	Q3	Q4	FY18
Cash and cash equivalents	457	473	505	594	594	565	949	757	920	920	
Availability under committed credit facilities	633	573	534	701	701	671	700	967	998	998	
Liquidity	\$1,090	\$1,046	\$1,039	\$1,295	\$1,295	\$1,236	\$1,649	\$1,724	\$1,918	\$1,918	