

NOVELIS Q1 FISCAL 2018 EARNINGS CONFERENCE CALL

August 7, 2017

Steve Fisher

President and Chief Executive Officer

Devinder Ahuja

Senior Vice President and Chief Financial Officer



Novelis

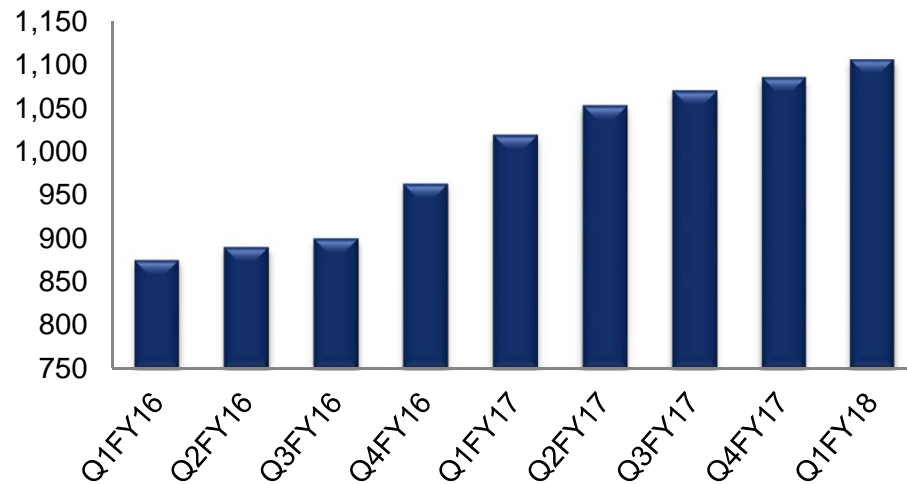
Forward-looking statements

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 presentation including statements concerning our expectation that trucks, SUVs and EVs will continue to grow faster than the overall market. 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; cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; 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 level of indebtedness and our ability to generate cash. The above list of factors is not exhaustive. Other important risk factors included under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017 are specifically incorporated by reference into this presentation.

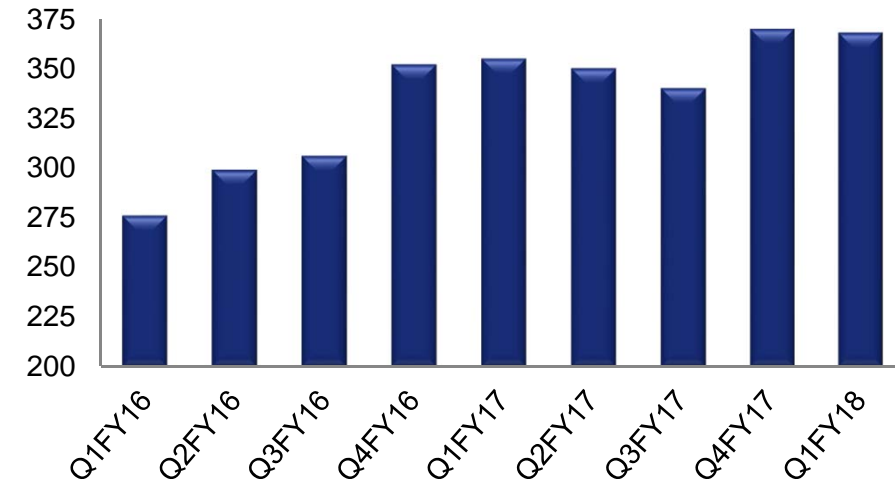
FIRST QUARTER FY18 HIGHLIGHTS

- Record Q1 shipments, continued auto growth and operational efficiencies driving strong performance
 - Total shipments up 4%
 - Global auto shipments up 16%; global can shipments up 2%
 - Adjusted EBITDA/ton up 4% to \$368

TTM Adjusted EBITDA (\$M)



Quarterly Adjusted EBITDA/ton (\$)

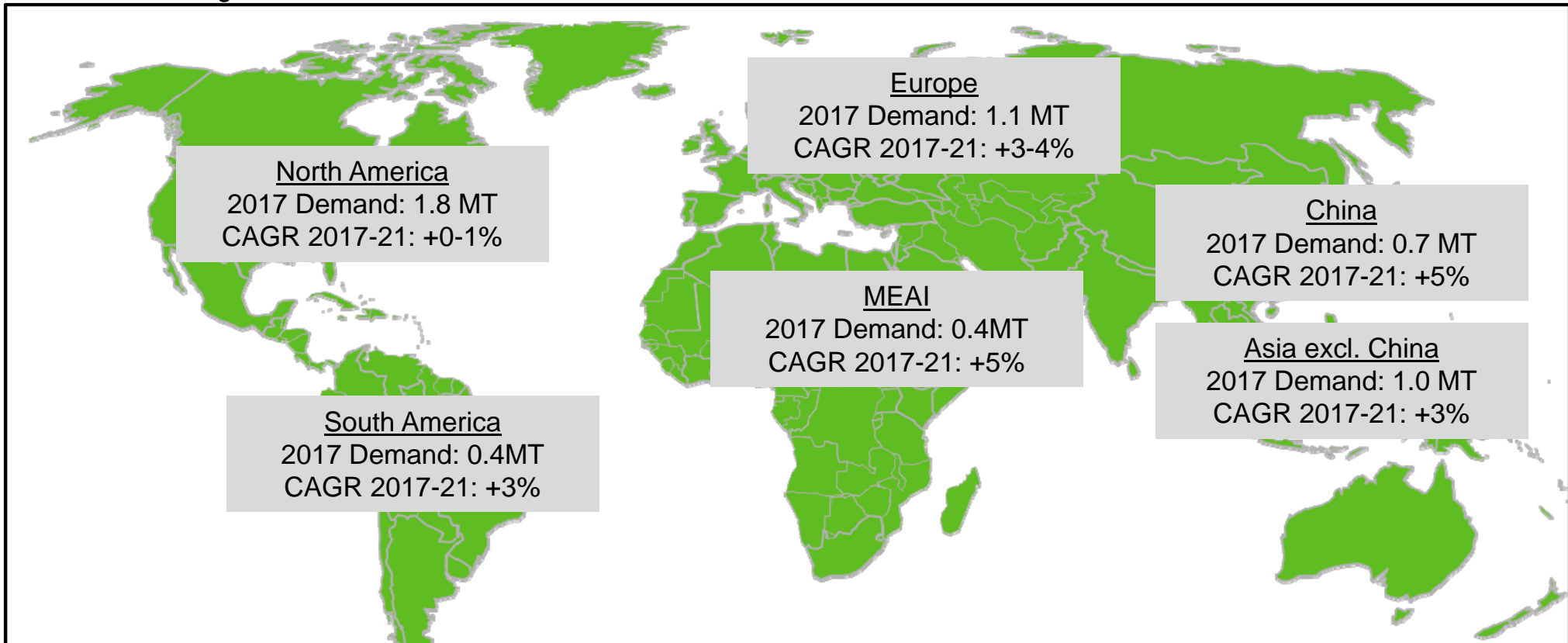


On track to achieve record Adjusted EBITDA in FY18

GLOBAL CAN SHEET MARKET

- Demand for 5.4 million tonne global aluminum can sheet market remains unchanged, expected to grow low single digits through 2021
- Novelis Q1 EBITDA results reflect majority of new can pricing with secured longer term volume at sustained market share

Aluminum beverage can sheet demand

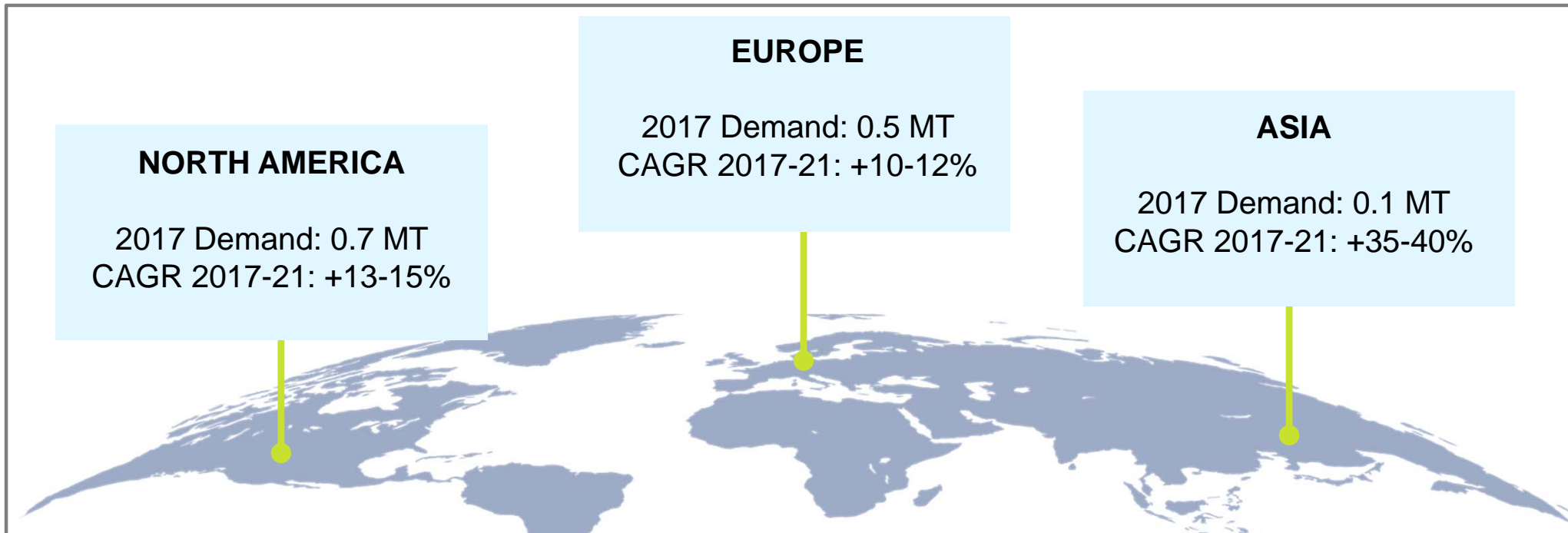


Committed to our Can sheet customers and market

GLOBAL AUTOMOTIVE SHEET MARKET

- Ducker Worldwide and IHS project increased penetration of aluminum sheet, mainly through hang-on parts, leading to higher demand
- Aluminum penetration is higher in Trucks, SUVs, and EVs globally
- China automotive FRP market is growing at the highest CAGR supported by government policies and EV market development
- Trucks, SUVs and EVs will continue to grow faster than the overall market

Automotive Aluminum Sheet Demand



Novelis is the preferred choice for automotive aluminum sheet solutions

FINANCIAL HIGHLIGHTS

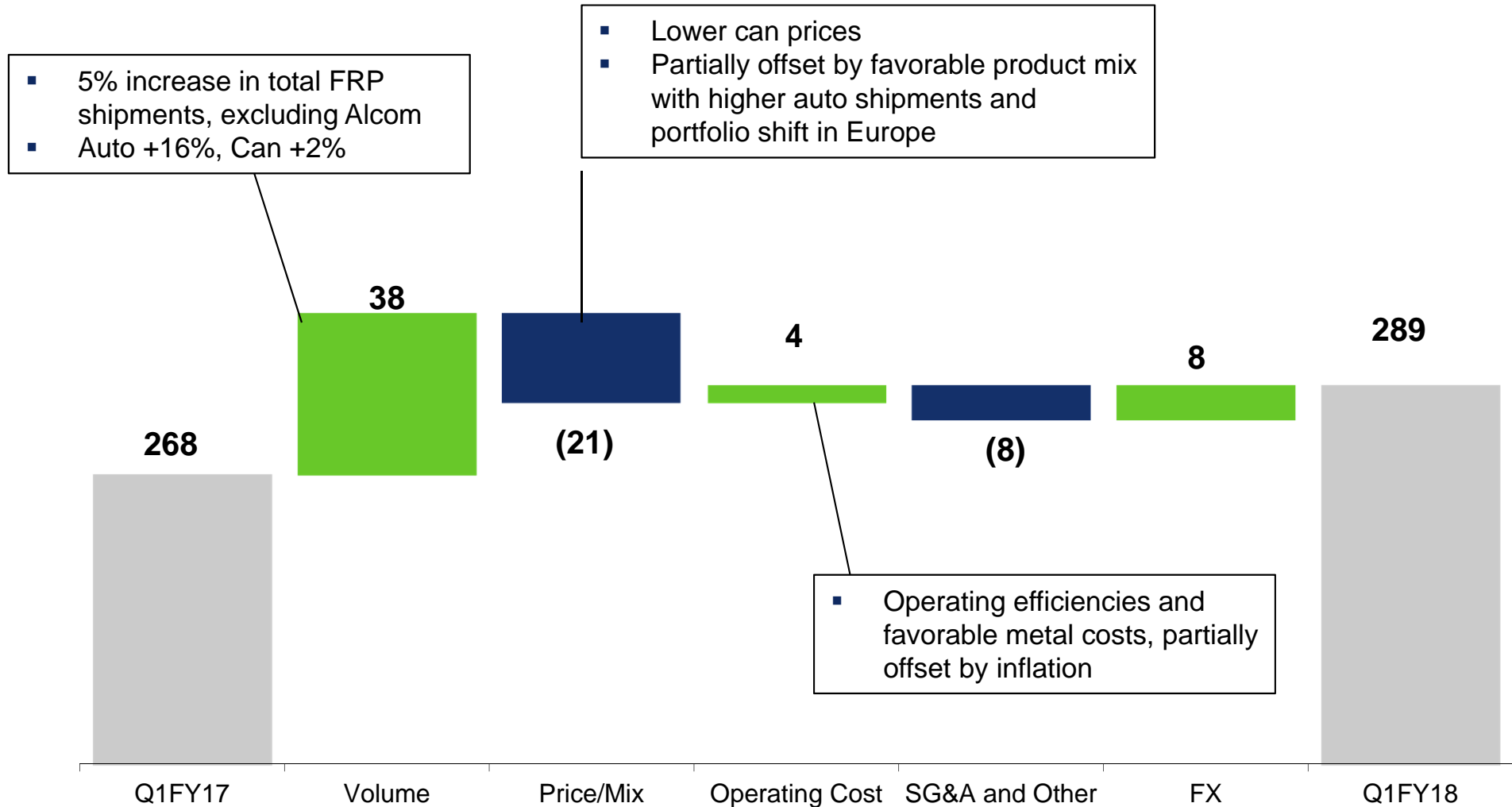
Q1 FISCAL 2018 FINANCIAL HIGHLIGHTS

Q1FY18 vs Q1FY17

- Net income of \$101 million up from \$24 million in prior year
 - Excluding tax-effected special items*, net income up 212% from \$33 million to \$103 million
 - \$19 million lower interest expense mainly a result of FY17 refinancing actions
- Adjusted EBITDA up 8% from \$268 million to \$289 million
- Sales up 16% to \$2.7 billion
- Total FRP Shipments up 4% to 785 kilotonnes
 - Automotive shipments up 16% YoY
- Strong liquidity position at \$1.2 billion

Q1 ADJUSTED EBITDA BRIDGE

\$ Millions



FREE CASH FLOW

\$ Millions

	Q1 FY18	Q1 FY17
Adjusted EBITDA	289	268
Capital expenditures	(39)	(44)
Interest paid	(81)	(133)
Taxes paid	(27)	(28)
Working capital & other	(219)	(209)
Free cash flow	(77)	(146)

- Free cash flow improved year over year driven by higher Adjusted EBITDA and refinancing driven interest savings
- Q1 working capital outflow due to seasonally higher inventory, rising aluminum prices, timing of customer payments

Expect record FY18 free cash flow

- Demonstrating continued strong operating & financial performance
- Well poised for record Adjusted EBITDA and free cash flow for the full year FY18
 - FY18 Adjusted EBITDA \$1,100-\$1,150 million
 - FY18 free cash flow \$400-\$450 million
- Positive outlook for automotive aluminum sheet demand
- Strong financial position allows us to evaluate potential growth opportunities to meet customer needs



THANK YOU
QUESTIONS?

APPENDIX

INCOME STATEMENT RECONCILIATION TO ADJUSTED EBITDA

(in \$ m)	Q1	Q2	Q3	Q4	FY17	Q1 FY18
Net income (loss) attributable to our common shareholder	24	(89)	63	47	45	101
- Noncontrolling interests	-	-	1	-	1	-
- Interest, net	80	79	65	59	283	62
- Income tax provision	36	27	47	41	151	43
- Depreciation and amortization	89	90	88	93	360	90
EBITDA	229	107	264	240	840	296
- Unrealized loss (gain) on derivatives	7	(4)	(21)	13	(5)	(16)
- Realized gain on derivative instruments not included in segment income	(1)	-	(1)	(3)	(5)	(1)
- Proportional consolidation	8	8	4	8	28	8
- Loss on extinguishment of debt	-	112	-	22	134	-
- Restructuring and impairment, net	2	1	1	6	10	1
- Loss on sale of business	-	27	-	-	27	-
- Loss (gain) on sale of fixed assets	4	2	(2)	2	6	1
- Gain on assets held for sale, net	(1)	(1)	-	-	(2)	-
- Metal price lag (A)	13	14	4	-	31	1
- Others costs (income), net	7	4	6	4	21	(1)
Adjusted EBITDA	268	270	255	292	1,085	289

(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 provide more transparency and visibility for our stakeholders on the underlying performance of the business. 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 company will continue to report metal price lag as a separate line item in Reconciliation from Net Income (loss) attributable to our common shareholder to Adjusted EBITDA. Segment information 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 FY18
Cash (used in) provided by operating activities		(107)	80	178	424	575	(45)
Cash used in investing activities		(39)	(48)	(35)	(90)	(212)	(31)
Less: outflows (proceeds) from sales of assets		-	12	(12)	(2)	(2)	(1)
Free cash flow		(146)	44	131	332	361	(77)
Capital expenditures		44	46	48	86	224	39

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