

NOVELIS Q4 AND FISCAL 2019 EARNINGS CONFERENCE CALL

May 8, 2019

Steve Fisher

President and Chief Executive Officer

Dev Ahuja

Senior Vice President and Chief Financial Officer



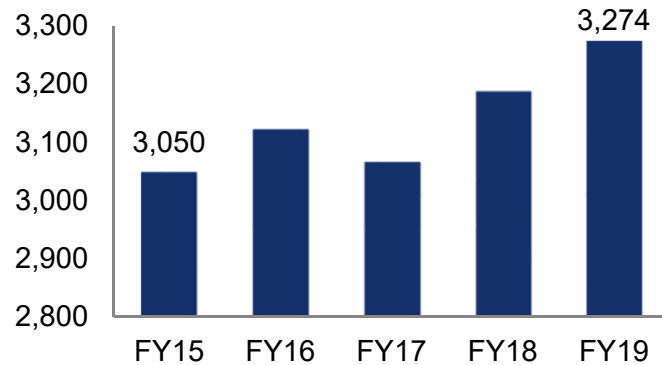
Novelis

Forward-looking statements

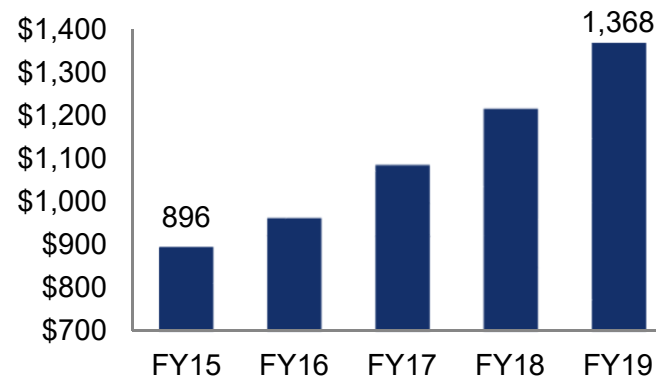
Statements made in this presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of forward looking statements in this news release are statements about our expectation that the pending Aleris acquisition will close in the third quarter of this year. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing including in connection with potential acquisitions and investments; risks relating to, and our ability to consummate, pending and future acquisitions, investments or divestitures, including the pending 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 included under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2019 are specifically incorporated by reference into this news release.

FISCAL 2019 HIGHLIGHTS

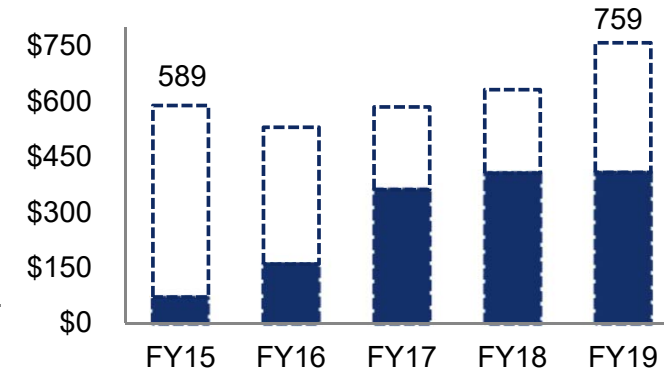
FRP Shipments (kts)



Adjusted EBITDA (\$ millions)



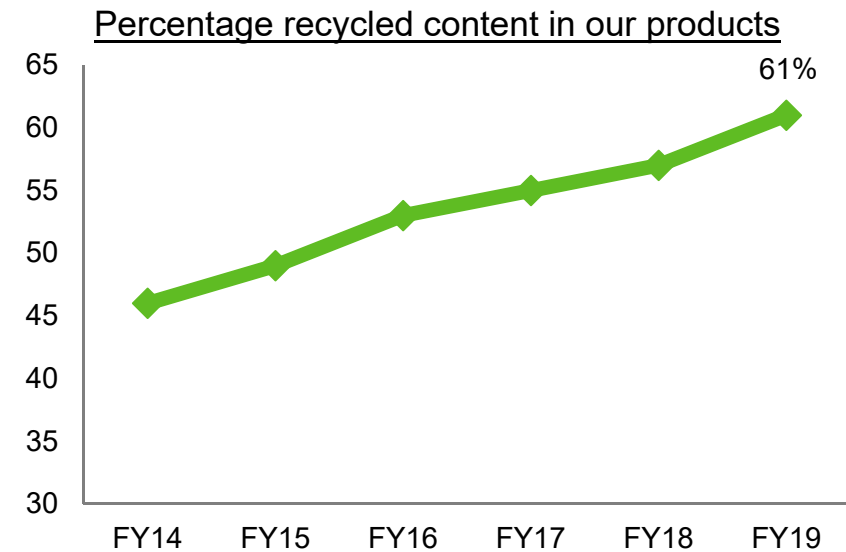
Free cash flow, and
FCF before capex (\$ millions)



- Strengthening customer partnerships and delivering:
 - Record financial performance
 - Operational improvements
 - Innovative, sustainable products and processes to growing end markets
 - Opportunities to grow our capacity and capabilities through organic and inorganic investment

Shaping a sustainable world together

- Safety mindset leading to rates at industry-leading low levels
- Improved production recovery rates leading to incremental capacity
- Increasing quality & customer service
 - Improved on-time-in-full (OTIF) delivery rates
- Enhancing sustainability initiatives
 - Increased the percentage of recycled content in our FRP shipments to 61%
 - Reduced CO2 emissions by 5% YoY



Improving product quality, managing costs and unlocking capacity



- Established automotive closed loop recycling system with Volvo Car Group in Europe
- Enhanced product and process solutions to customers
- Established Customer Solution Centers in the US, Europe and China
- Created first aluminum sheet battery enclosure solution
- Developing innovative, high-strength alloys



Beverage Can

- FY19 shipments +7%
- Remains a core business
- Strong global demand worldwide
- Sustainability trends favoring infinitely recyclable aluminum



Automotive

- FY19 shipments +2%
- Strong demand trends driven by continued adoption of lightweight aluminum in vehicle parts
- Strong US conditions, while China impacted by short term trade driven headwinds



Specialties

- FY19 shipments -11%
- Improving portfolio mix across regions as rolling capacity tightens
- Favorable market conditions in North America driving increased demand and pricing

INVESTMENTS ON TRACK

- Organic expansions progressing on time and on budget
 - Construction is well underway with all three significant projects
 - 200kt greenfield automotive finishing lines in the U.S. to begin customer qualification late FY20
 - 100kt automotive finishing expansion in China commissioning in FY21
 - Rolling, casting and recycling expansion in Brazil commissioning in FY21
- Regulatory process related to the proposed acquisition of Aleris continues to progress in line with expectations
 - Transaction close expected in Q3 calendar year 2019, subject to customary closing conditions and regulatory approvals



Greenfield finishing line in Guthrie, Kentucky



CASH line pit foundation in Changzhou, China



New dross house in Pinda, Brazil

FINANCIAL HIGHLIGHTS

Q4 FISCAL 2019 FINANCIAL HIGHLIGHTS

Q4FY19 vs Q4FY18

- Net income of \$103 million
 - Excluding tax-effected special items*, net income \$130 million compared to \$101 million PY
 - Metal price lag negative \$25 million versus positive \$9 million PY

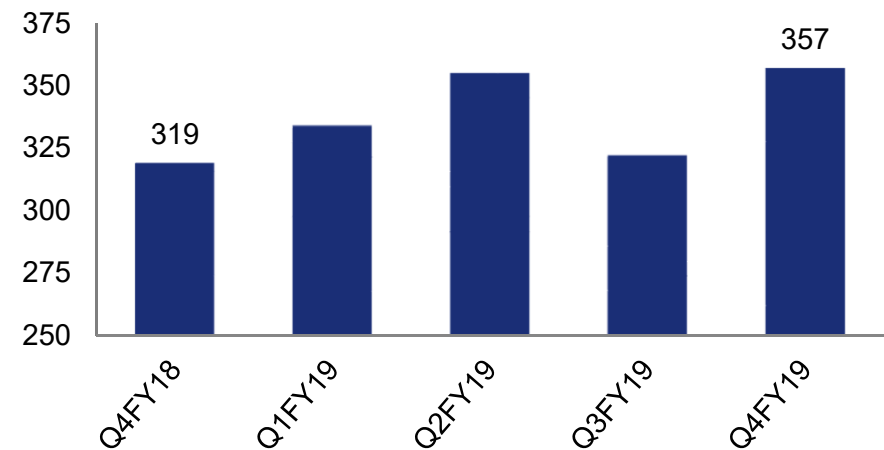
- Adjusted EBITDA up 12% from \$319 million to \$357 million

- Sales up 1% to \$3.1 billion

- Total FRP Shipments up 8% to 870 kilotonnes

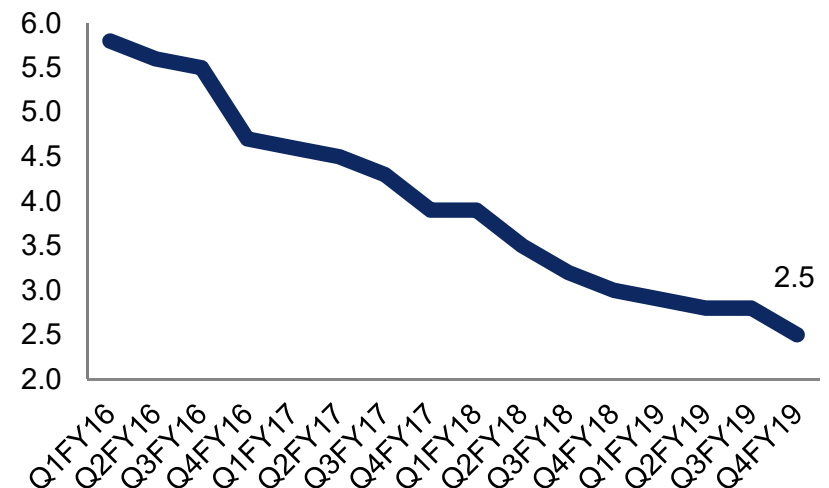
- Net leverage ratio 2.5x

Quarterly Adjusted EBITDA (\$M)



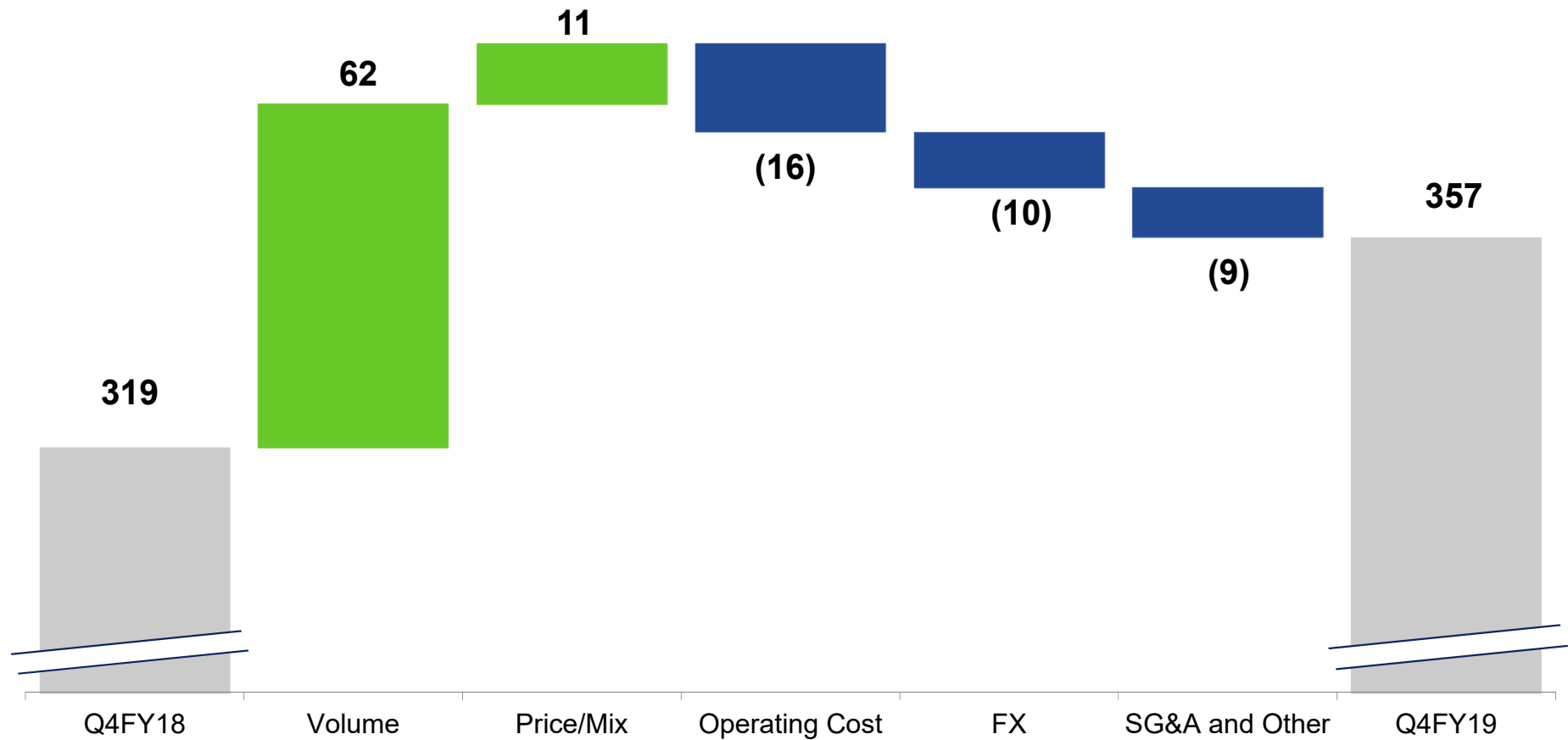
Net Leverage ratio

Net debt/TTM Adjusted EBITDA



Q4 ADJUSTED EBITDA BRIDGE

\$ Millions



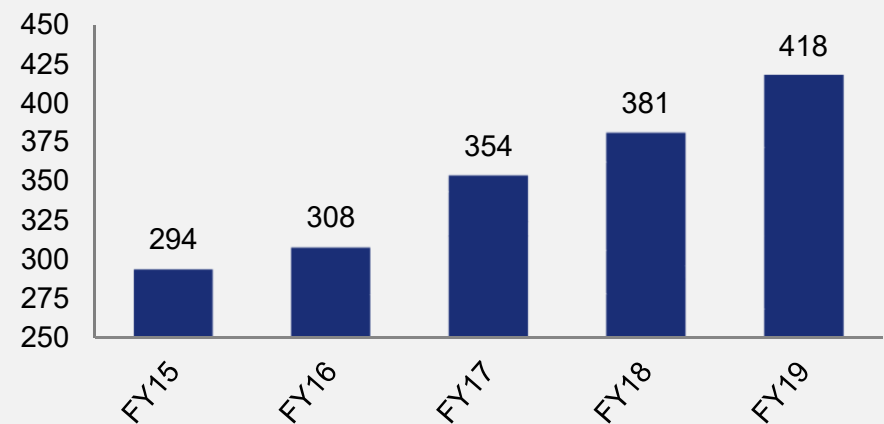
8% increase in total shipments driving record quarterly Adjusted EBITDA

FULL YEAR FY19 FINANCIAL HIGHLIGHTS

FY19 vs FY18

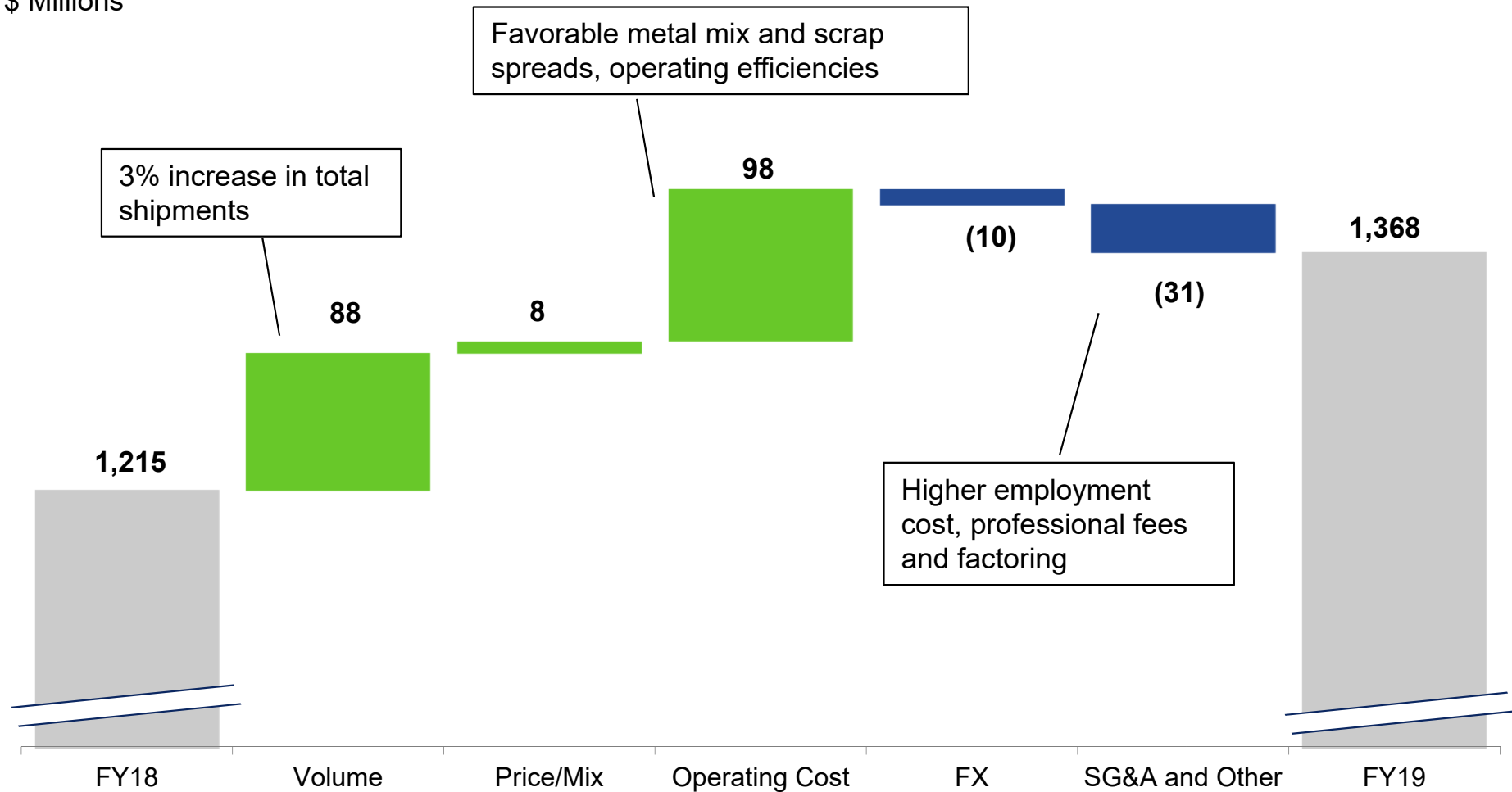
- Net income attributable to our common shareholder \$434 million
 - FY18 non-recurring items included
 - \$318 million pre-tax gain for sale of ~50% share of UAL
 - \$33 million non-cash income tax benefit related to US tax reform
 - Net income excluding tax-effected special items* increased 12% to \$468 million from \$420 million FY
- Adjusted EBITDA up 13% from \$1,215 million to \$1,368 million
- Total FRP Shipments up 3% to 3,274 kilotonnes
- Net sales up 8% to \$12.3 billion
- Very strong liquidity of \$1.8 billion

Annual Adjusted EBITDA per tonne (\$)



FULL YEAR ADJUSTED EBITDA BRIDGE

\$ Millions



FREE CASH FLOW

\$ Millions

	FY19	FY18
Adjusted EBITDA	1,368	1,215
Interest paid	(248)	(254)
Taxes paid	(159)	(148)
Working capital & other	(202)	(181)
Free cash flow before CapEx	759	632
Capital expenditures	(351)	(226)
Free cash flow*	408	406

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

- Free cash flow before capital expenditures increased \$127 million
 - Higher adjusted EBITDA
- FY20 Guidance
 - Capital expenditures ~\$700 million in FY20 to support strategic investment
 - Robust growth in free cash flow before capex, at current metal prices
 - Free cash flow lower than FY19, but remain significantly positive

SUMMARY

SUMMARY

- Strong operating performance and favorable market conditions driving financial growth
- Positive market conditions near and long term in key end markets
- Making disciplined strategic investments to diversify our product portfolio and strengthen our business
- Pending Aleris acquisition continues to progress



THANK YOU
QUESTIONS?

APPENDIX

NET INCOME RECONCILIATION TO ADJUSTED EBITDA



(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1	Q2	Q3	Q4	FY19
Net income attributable to our common shareholder	101	307	121	106	635	137	116	78	103	434
- Noncontrolling interests	-	-	(16)	3	(13)	-	-	-	-	-
- Income tax provision	43	116	20	54	233	53	64	37	48	202
- Interest, net	62	62	62	60	246	63	66	64	65	258
- Depreciation and amortization	90	91	86	87	354	86	86	88	90	350
EBITDA	296	576	273	310	1,455	339	332	267	306	1,244
- Unrealized (gain) loss on derivatives	(16)	18	(15)	(7)	(20)	4	(1)	6	1	10
- Realized (gain) loss on derivative instruments not included in segment income	(1)	-	1	-	-	-	(1)	-	(1)	(2)
- Proportional consolidation	8	8	17	18	51	16	15	14	13	58
- Loss (gain) on sale of fixed assets	1	1	2	3	7	3	(1)	2	2	6
- Restructuring and impairment, net	1	7	25	1	34	1	-	1	-	2
- Metal price lag expense (income)	1	5	(1)	(9)	(4)	(33)	(1)	13	25	4
- Gain on sale of business	-	(318)	-	-	(318)	-	-	-	-	-
- Business acquisition and other integration costs (A)	-	-	-	-	-	2	8	14	9	33
- Other, net	(1)	5	3	3	10	2	4	5	2	13
Adjusted EBITDA	\$289	\$302	\$305	\$319	\$1,215	\$334	\$355	\$322	\$357	\$1,368

(A) Effective in the second quarter of fiscal 2019, management removed the impact of business acquisition and other integration costs from Adjusted EBITDA in order to enhance the visibility of the underlying operating performance of the Company. The impact of "Business acquisition and other integration costs", which are costs, primarily legal and professional fees, presented above associated with our pending acquisition of Aleris, is now reported as a separate line item in this reconciliation and on our condensed consolidated statement of operations. This change in presentation does not impact our condensed consolidated financial statements.

FREE CASH FLOW AND LIQUIDITY

	(in \$ m)	Q1	Q2	Q3	Q4	FY18	Q1	Q2	Q3	Q4	FY19
Cash (used in) provided by operating activities		(45)	139	143	349	586	48	162	114	404	728
Cash (used in) provided by investing activities		(31)	273	(72)	(87)	83	(52)	(291)	(91)	(123)	(557)
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		(1)	(311)	8	41	(263)	-	(2)	-	-	(2)
Free cash flow		\$(77)	\$101	\$79	\$303	\$406	\$(4)	\$108	\$23	\$281	\$408
Capital expenditures		39	43	54	90	226	54	60	96	141	351

“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	FY18	Q1	Q2	Q3	Q4	FY19
Cash and cash equivalents		565	949	757	920	920	853	829	797	950	950
Availability under committed credit facilities		671	700	967	998	998	1,059	907	884	897	897
Liquidity		\$1,236	\$1,649	\$1,724	\$1,918	\$1,918	\$1,912	\$1,736	\$1,681	\$1,847	\$1,847