

NOVELIS Q1 FISCAL YEAR 2021 EARNINGS CONFERENCE CALL

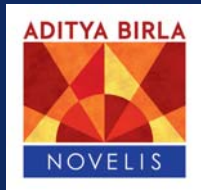
August 12, 2020

Steve Fisher

President and Chief Executive Officer

Dev Ahuja

Senior Vice President and Chief Financial Officer



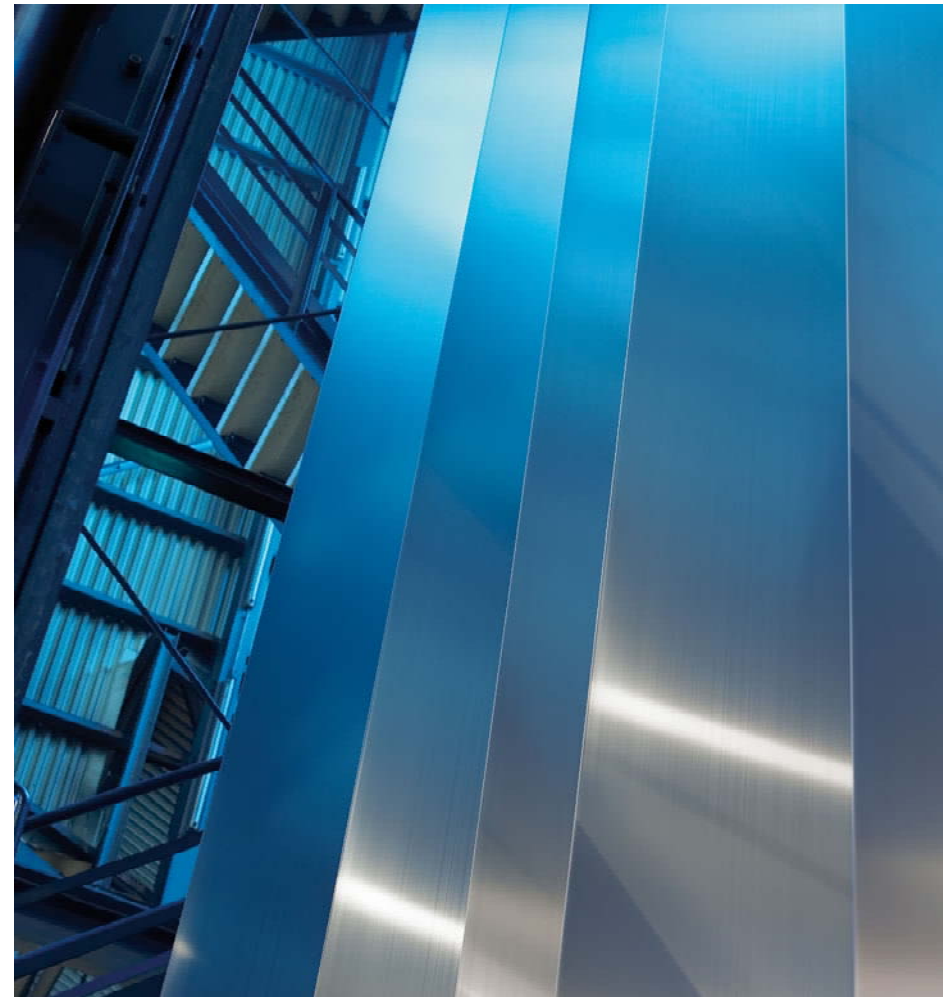
Novelis

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 expectations about strengthening and growing the business with expansion projects and that our net leverage ratio will be below 3x within two years. 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; 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; the risks of pandemics or other public health emergencies, including the continued spread and impact of, and the governmental and third-party responses to risks arising out of our acquisition of Aleris Corporation and related divestiture requirements; disruption to our global aluminum production and supply chain as a result of COVID-19; 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 upcoming Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

Q1FY21 HIGHLIGHTS

- Maintained employee safety and business continuity despite COVID disruptions
- Can demand remained resilient across regions throughout quarter
- Month-to-month improvement in demand in auto and specialties, but visibility remains limited
- Focused on reduction of fixed operating, SG&A and R&D costs, and non-strategic capital spending
- Closed acquisition of Aleris and have begun integration to drive synergies
- Maintaining strong liquidity and balance sheet
- Strong customer relationships and unmatched footprint make us well positioned to navigate near-term uncertainty





Protecting our Employees

- Top priority to help ensure the safety, health and well-being of our employees, facilities and communities



Operational Impact

- All plants are operational
- Adjusting plant schedules in line with customer demand
- Temporary commissioning delays at Guthrie and Changzhou



Strengthening our Financial Position

- Implemented operating fixed cost, SG&A and R&D reductions
- Prioritizing strategic and maintenance capex
- Strong liquidity and cash position



Customer Demand Impact

Beverage can:

- Higher at-home consumption favors can
- Resilience in North America and Europe, improving trend in South America
- Reduced tourism, public events, trade restrictions and temporary canmaker plant shutdowns

Automotive:

- US & European OEMs resumed operations and rebuilding inventories
- China achieved record shipments in Q1
- Limited medium-term visibility

Specialties:

- Strengthening B&C, painted, consumer electronics, EV battery enclosures and foil packaging
- Softer heat exchanger & transportation markets

Aerospace:

- Reduced production and consumer travel

- On April 14, 2020, Novelis completed its acquisition of Aleris
 - The safe integration of our new employees and facilities is underway
 - Initial progress against \$150 million in total cost and strategic synergies
- Q1 FY21 results include the acquired businesses
 - Lewisport, Duffel reflected as discontinued operations
 - Continue to work with relevant parties to divest Lewisport and Duffel



FINANCIAL HIGHLIGHTS

Q1 FISCAL 2021 NET INCOME

Q1FY21 vs Q1FY20

\$ Millions	Q1 FY21	Q1 FY20
Net (Loss) Income	(79)	127
Net loss from discontinued operations	(18)	-
Net (loss) income from continuing operations	(61)	127
Special Items:		
Purchase price accounting adjustments	28	-
Metal price lag	20	2
Business acquisition & integration costs	11	17
Restructuring & Impairment	1	1
COVID-19 relief donation	50	-
Tax effect on Special Items	(27)	(2)
Net Income excluding Special Items	22	145

Net income excluding Special Items down 85% YoY to \$22 million

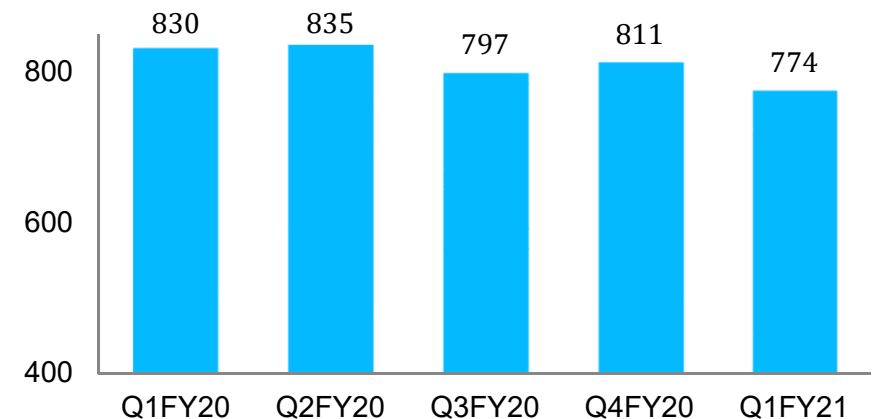
- 32% decline in adjusted EBITDA
- 34% increase in depreciation & amortization
- \$33 million unrealized losses on derivatives versus \$6 million gain PY
- Partially offset by tax

Q1 FISCAL 2021 FINANCIAL HIGHLIGHTS

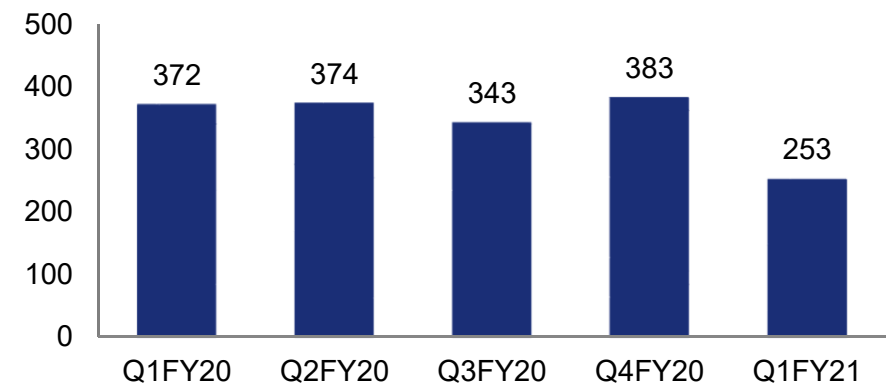
Q1FY21 vs Q1FY20

- Adjusted EBITDA down 32% from \$372 million to \$253 million
- Adjusted EBITDA per ton \$327
- Sales down 17% to \$2.4 billion
- Total FRP Shipments down 7% to 774 kilotonnes
 - Can shipments down low single digits
 - Automotive shipments down ~50%
 - Specialties shipments up double digits as a result of acquisition
 - Addition of acquired Aerospace business

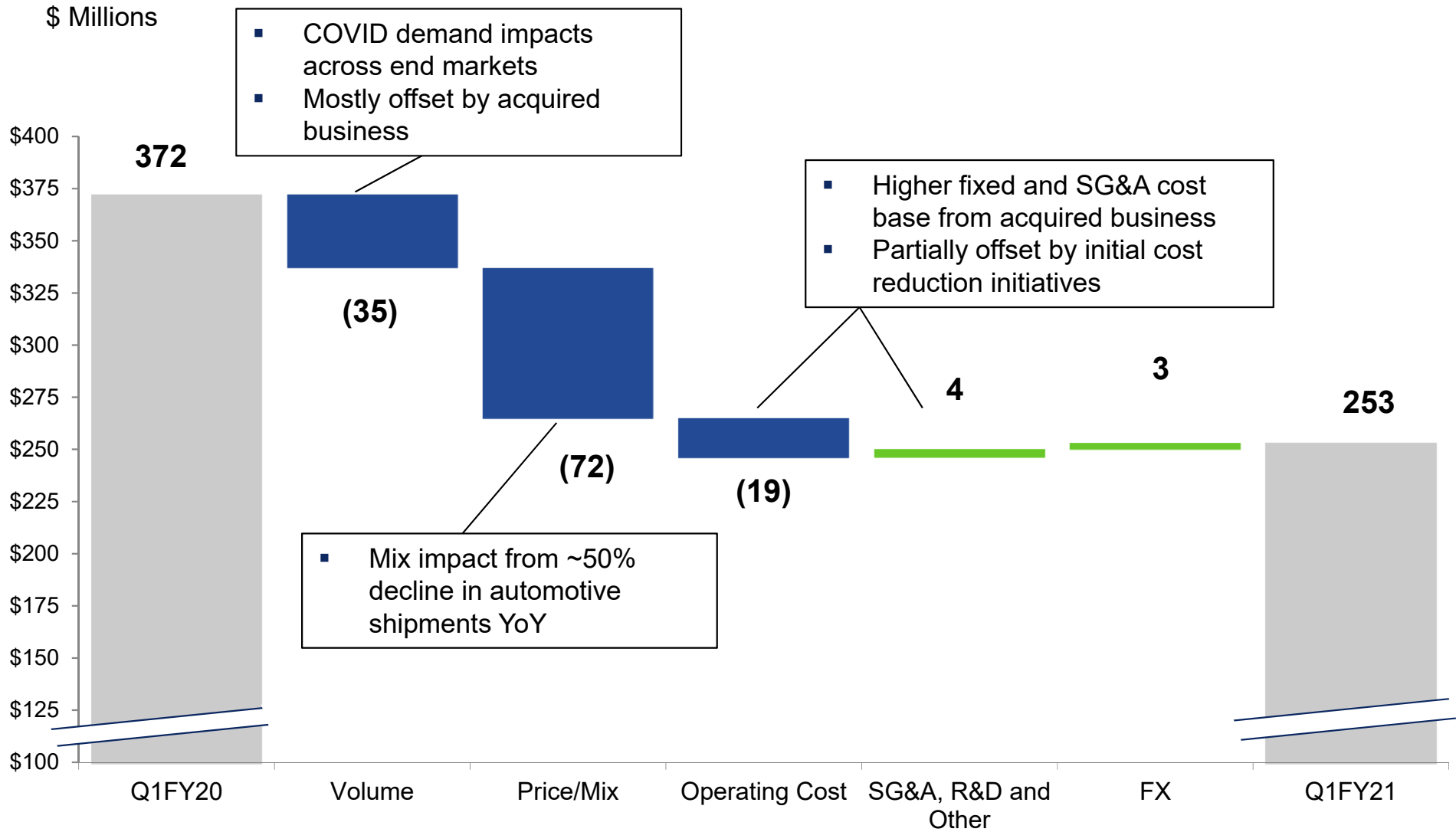
Quarterly Shipments trend
(kilotonnes)



Quarterly Adjusted EBITDA trend
(\$ millions)



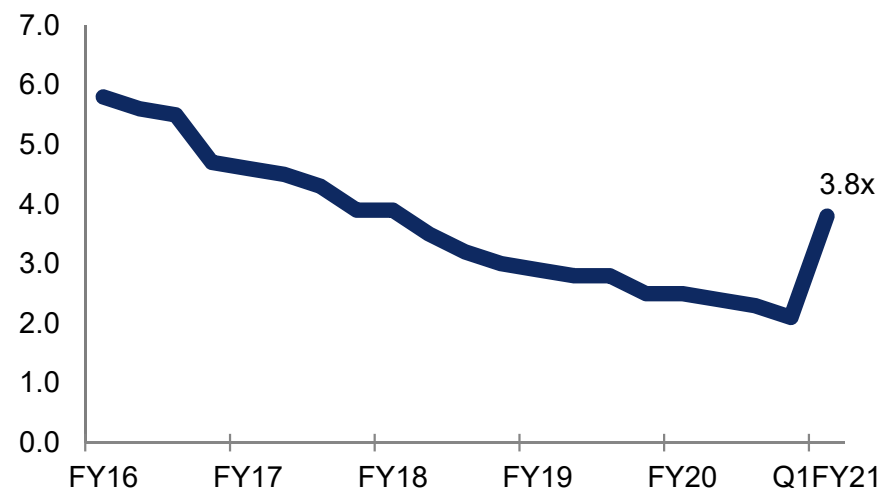
Q1 ADJUSTED EBITDA BRIDGE



FREE CASH FLOW AND NET LEVERAGE

\$ Millions	Q1 FY21	Q1 FY20
Adjusted EBITDA	253	372
Interest paid	(65)	(64)
Taxes paid	(61)	(40)
Capital expenditures	(106)	(162)
Working capital & other	(167)	(200)
Free cash flow from continuing operations	(146)	(94)
Free cash flow from discontinued operations	(5)	-
Free cash flow	(151)	(94)

Net Leverage ratio
Net debt/TTM Adjusted EBITDA



- Mitigating reduced EBITDA impacts on free cash flow through working capital initiatives and reduced capital expenditures
- Q1FY21 other exceptional items include \$50 million donation and \$20 million metal price lag
- Net leverage ratio of 3.8x reflects acquisition of Aleris in line with guidance of below 4x at acquisition close; committed to bringing below 3x within two years
- Strong liquidity levels \$2.1 billion as of June 30

SUMMARY

SUMMARY

Novelis

- Business model durability and liquidity position to sustain operations and provide flexibility during COVID-related uncertainty
- Can demand resilient across regions throughout the quarter
- Well positioned to respond to strengthening near-term order book across end-markets
- Continue to implement appropriate cost reduction actions should market uncertainty associated with COVID remain
- Integration of Aleris and completion of organic expansion projects to strengthen and grow our business for the long term



THANK YOU
QUESTIONS?

APPENDIX

NET INCOME RECONCILIATION TO ADJUSTED EBITDA

(in \$ m)	Q1	Q2	Q3	Q4	FY20	Q1 FY21
Net income attributable to our common shareholder	127	123	107	63	420	(79)
- Noncontrolling interests	-	-	-	-	-	-
- Income tax provision	63	45	49	21	178	(29)
- Interest, net	62	58	57	57	234	(67)
- Depreciation and amortization	88	88	91	94	361	118
EBITDA	340	314	304	235	1,193	77
- Unrealized (gain) loss on derivatives	(6)	(3)	(6)	11	(4)	33
- Realized (gain) loss on derivative instruments not included in segment income	2	1	(1)	(2)	-	3
- Adjustment to reconcile proportional consolidation	15	14	13	15	13	14
- (Gain) loss on sale of fixed assets	(1)	(1)	1	2	1	(2)
- Loss on extinguishment of debt	-	-	-	71	71	-
- Purchase price accounting adjustments	-	-	-	-	-	28
- Loss from discontinued operations, net of tax	-	-	-	-	-	18
- Restructuring and impairment, net	1	32	3	7	43	1
- Metal price lag (income) expense	2	5	11	20	38	20
- Business acquisition and other integration costs	17	12	17	17	63	11
- Other, net	2	-	1	7	10	50
Adjusted EBITDA	\$372	\$374	\$343	\$383	\$1,472	\$253

FREE CASH FLOW AND LIQUIDITY

	(in \$ m)	Q1	Q2	Q3	Q4	FY20	Q1 FY21
Cash provided by (used in) operating activities – continuing operations		57	240	167	493	962	(129)
Cash provided by (used in) investing activities – continuing operations		(149)	(127)	(124)	(175)	(575)	(2,637)
Plus: Cash used in Acquisition of a business, net of cash acquired		-	-	-	-	-	2,550
Plus: Accrued merger consideration		-	-	-	-	-	70
Less: (proceeds) outflows from sale of assets, net of transaction fees, cash income taxes and hedging		(2)	(1)	-	-	(3)	-
Free cash flow from continuing operations		\$(94)	\$112	\$43	\$318	\$384	\$(146)
Net cash used in operating activities – discontinued operations		-	-	-	-	-	(15)
Net cash provided by investing activities – discontinued operations		-	-	-	-	-	10
Free cash flow		\$(94)	\$112	\$43	\$318	\$384	\$(151)
Capital expenditures		162	138	122	177	599	106

	(in \$ m)	Q1	Q2	Q3	Q4	FY20	Q1 FY21
Cash and cash equivalents		859	935	1,031	2,392	2,392	1,729
Cash and cash equivalents of discontinued operations		-	-	-	-	-	89
Availability under committed credit facilities		870	875	838	186	186	308
Liquidity		\$1,729	\$1,810	\$1,869	\$2,578	\$2,578	\$2,126