Novelis Q2 Fiscal Year 2025 Earnings Presentation

November 6, 2024

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Safe Harbor Statement

Forward-looking statements

Statements made in this presentation which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking 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 are statements about our expectations regarding capital investments and expansion projects, statements regarding our expectations for market trends and market outlook, statements regarding expectations and impacts related to flooding disruption at our Sierre plant, our projections regarding financial performance, liquidity, capital expenditures, and investments; our expectations regarding trends in demand for aluminum flat-rolled products, and our expectations regarding the impact of lower availabilities and higher corresponding prices of scrap metal inputs on our business. 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: disruptions or changes in the business or financial condition of our significant customers or the loss of their business or reduction in their requirements; price and other forms of competition from other aluminum rolled products producers and potential new market entrants; competition in our end-markets, and the willingness of our customer to accept substitutes for our products, including steel, plastics, composite materials and glass; our failure to realize the anticipated benefits of strategic investments; increases in the cost of volatility in the availability of primary aluminum, scrap aluminum, sheet ingot, or other raw materials used in the production of our products; risks related to the energy-intensive nature of our operations, including increases to energy costs or disruptions to our energy supplies; downturns in the automotive and ground transportation industries or changes in consumer demand; union disputes and other employee relations issues; the impact of labor disputes and strikes on our customers; loss of our key management and other personnel, or an inability to attract and retain such management and other personnel; unplanned disruptions at our operating facilities, including as a result of flooding or other adverse weather phenomena; economic uncertainty, capital markets disruption and supply chain interruptions, including as a result of geopolitical instability due to the ongoing military conflict between Russia and Ukraine, attacks on shipping vessels in the Red Sea, and the ongoing conflicts in the Gaza Strip and the surrounding regions; risks relating to certain joint ventures, subsidiaries and assets that we do not entirely control; cybersecurity attacks against, disruptions, failures or security breaches and other disruptions to our information technology networks and systems; risks related to rising inflation and prolonged periods of elevated interest rates; timing differences between the prices we pay under purchase contracts and metal prices we charge our customers; a deterioration of our financial condition, a downgrade of our ratings by a credit rating agency or other factors which could limit our ability to enter into, or increase our costs of, financing and hedging transactions; risks related to variable rate indebtedness, including interest rate risk; adverse changes in currency exchange rates; our inability to transact in derivative instruments, if our exposure to price fluctuations is not adequately hedged under derivative instruments, or if counterparties to our derivative instruments fail to honor their agreements; an adverse decline in the liability discount rate, lower-than-expected investment return on pension assets; impairments to our goodwill, other intangible assets and other long-lived assets; tax expense, tax liabilities or tax compliance costs; operating and financial restrictions imposed on us by the covenants in our credit facilities and the indentures governing our Senior Notes; our inability to protect our intellectual property, the confidentiality of our know-how, trade secrets, technology, and other proprietary information; risks related to our global operations, including the impact of complex and stringent laws and government regulations; global climate change or the legal, regulatory or market responses to such change; and conflicts of interest and disputes arising between Hindalco, our parent company, and the Company that could be resolve in a manner unfavorable to the Company. Other important factors are discussed under the captions "Risk Factors" and “Management’s Discussion and Analysis” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 and as the same may be updated from time to time in our quarterly reports on Form 10-Q, or in other reports which we from time to time file with the SEC.

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Q2FY25 Highlights

- Global footprint supported a 1% increase in shipments YoY; Adjusted EBITDA decreased 5% YoY, but up 1% excluding Sierre impact
  - Record beverage packaging shipments
  - Severe flooding at Sierre plant negatively impacted Q2FY25 results; key assets partially restarted in September
  - Increasing demand for aluminum scrap, primarily from China, driving up scrap prices
- Maintain focus on long-term value creation
  - Prioritized strategic investments underway
  - Guthrie, Kentucky, U.S., automotive recycling center in initial production & ramp up phase
  - Continue advancing circularity
    - 27% reduction in absolute CO2e emissions FY16-24
    - 63% average recycled content in our products in FY24

Bay Minette Project Update

- $4.1 billion rolling & recycling facility in Bay Minette, Alabama, in the US
  - $1.1 billion capital expenditures spent through end of Q2FY25
  - Commissioning to begin in 2nd half CY2026
- 600kt anticipated total finished good capacity upon completion
  - ~420kt initially targeted to beverage packaging is fully contracted
  - ~180kt capacity targeted primarily for automotive and flexible for specialties production

Bay Minette site and construction, October 24, 2024

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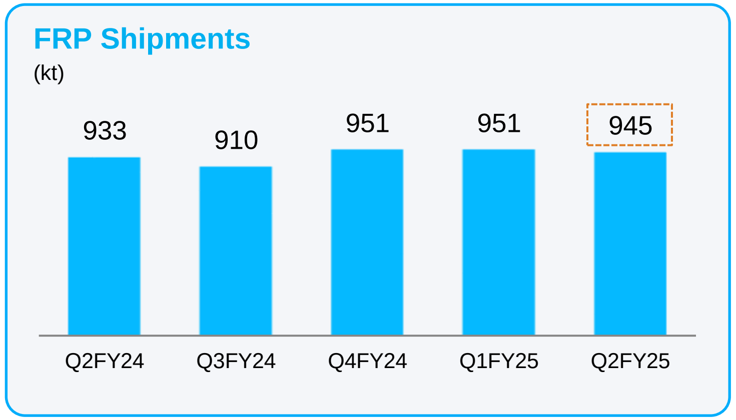
Financial Highlights

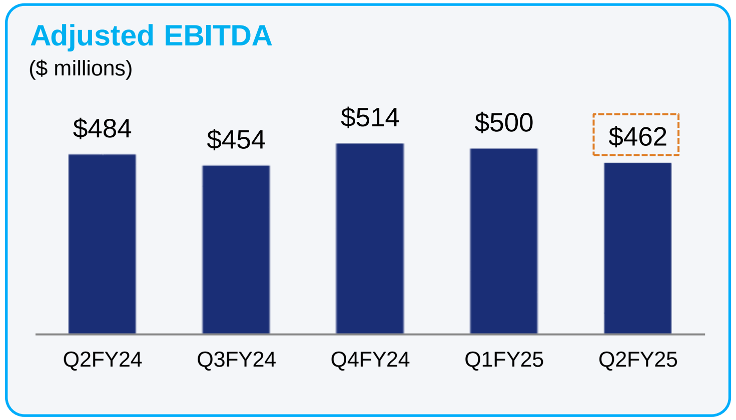
Q2 Financial Highlights

Q2FY25 vs Q2FY24

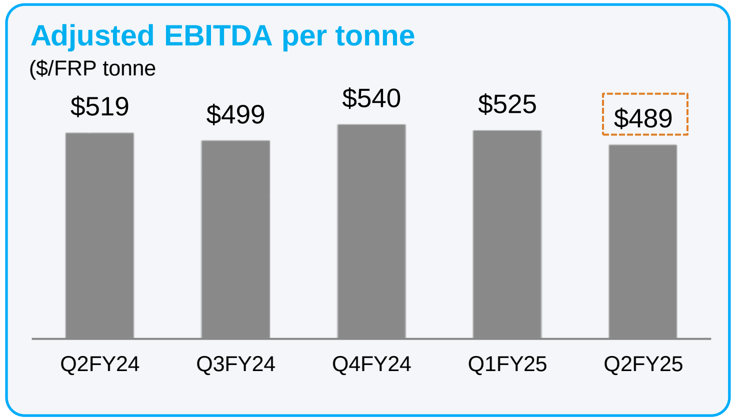
- Net Sales up 5% YoY to $4.3 billion
- Total FRP shipments of 945kt are up 1% versus the prior year
  - Record beverage packaging shipments, grew double digit YoY
  - Lower specialties & automotive shipments, including impact from Sierre outage
- Adjusted EBITDA down 5% YoY to $462 million; up 1% excluding negative $25 million Sierre impact
- Adjusted EBITDA per tonne down 6% to $489
- Net income attributable to our common shareholder down 18% to $128 million
  - Net Income attributable to common shareholder, excluding special items, was $179 million, down 1% YoY



Q2FY25 shipments excluding 26kt Sierre impact is 971kt



Q2FY25 Adjusted EBITDA excluding $25 million Sierre impact is $487 million



Q2FY25 Adjusted EBITDA/tonne excluding Sierre impact is $502/t

Notes:
1. Special items includes restructuring & impairment, other exceptional, unusual or generally non-recurring items, metal price lag, gain/loss on assets held for sale. See appendix for a reconciliation of special items.

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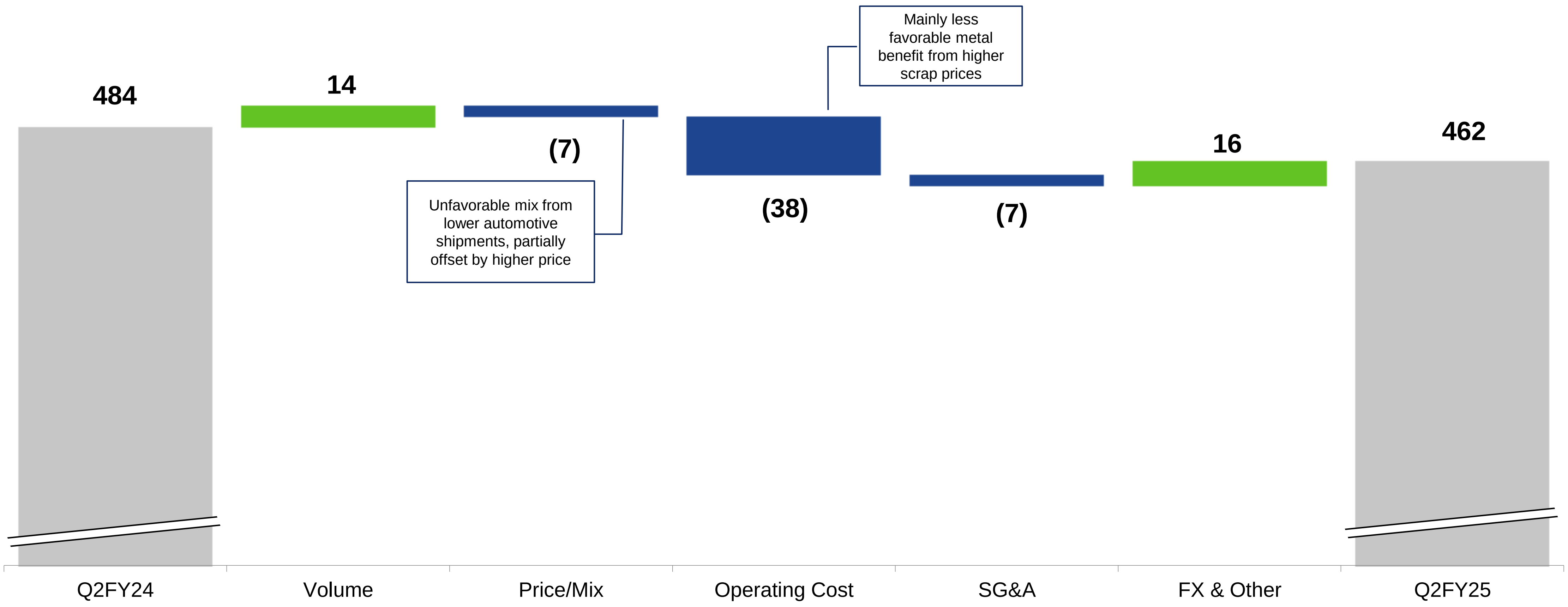
Q2 Adjusted EBITDA Bridge vs. prior year

$ millions



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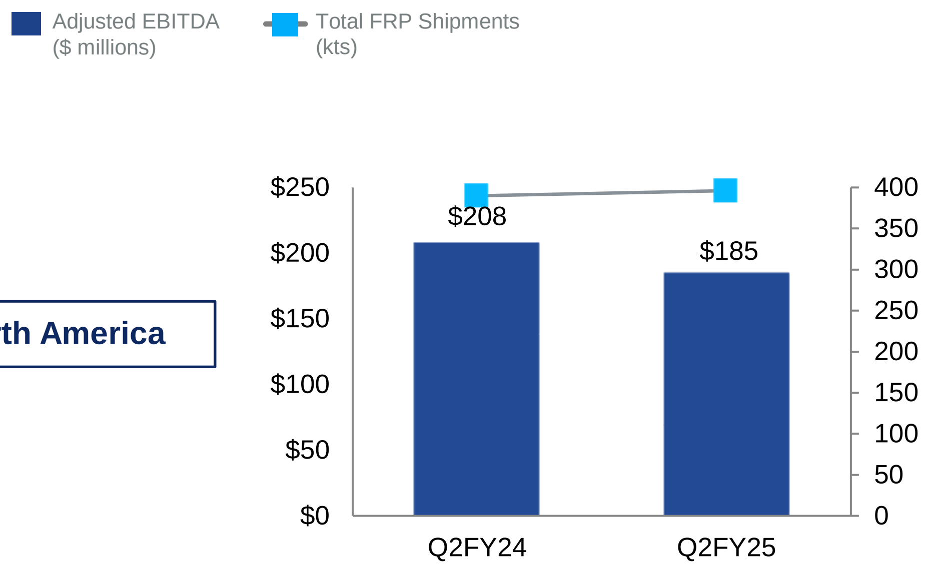
Q2 Segment Results

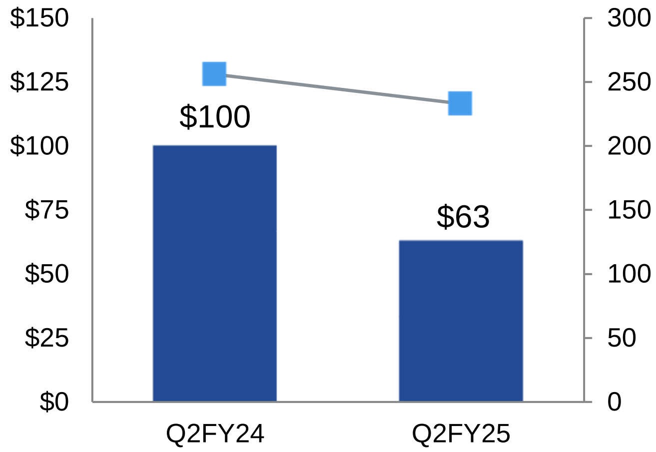
North America



Q2 Shipments +2%, Adjusted EBITDA -11%

- Higher beverage packaging shipments on strong demand
- Lower specialty and automotive shipments
- Lower metal benefit due to higher scrap prices
- Less favorable product mix

Europe



Q2 Shipments -9%, Adjusted EBITDA -37%

- Flooding-related production interruption at Sierre plant drove lower automotive shipments
- Adjusted EBITDA includes negative $25 million flood impact
- Lower metal benefit

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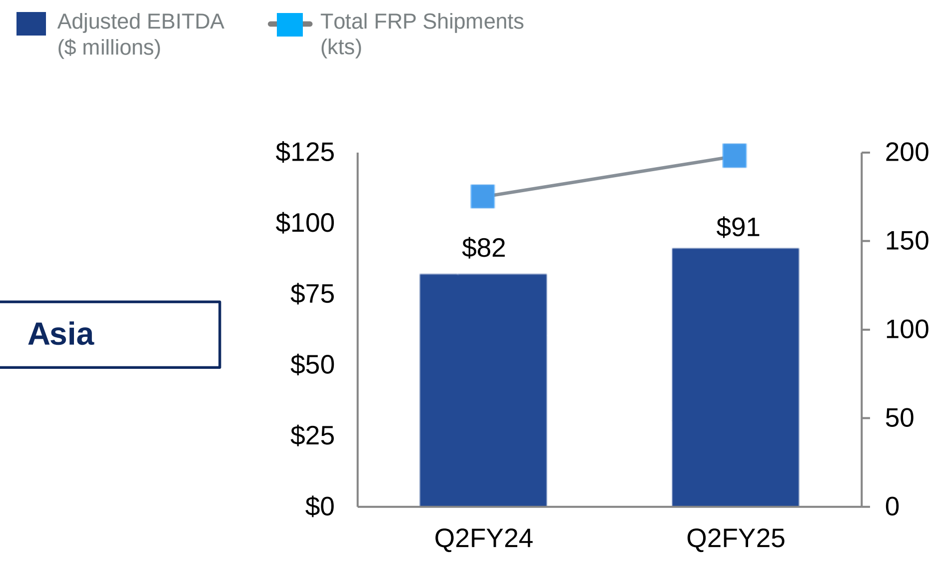
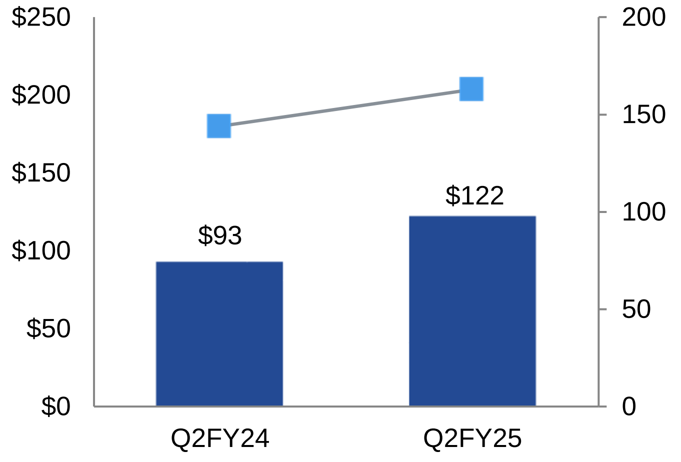
Q2 Segment Results



Asia

Q2 Shipments +13%, Adjusted EBITDA +11%

- Higher beverage packaging shipments to support strong N. America demand and higher automotive shipments to support European customers
- Lower specialty shipments
- Unfavorable product mix
- Lower metal benefit



South America

Q2 Shipments +13%, Adjusted EBITDA +31%

- Higher beverage packaging shipments
- Favorable product mix
- Unfavorable FX

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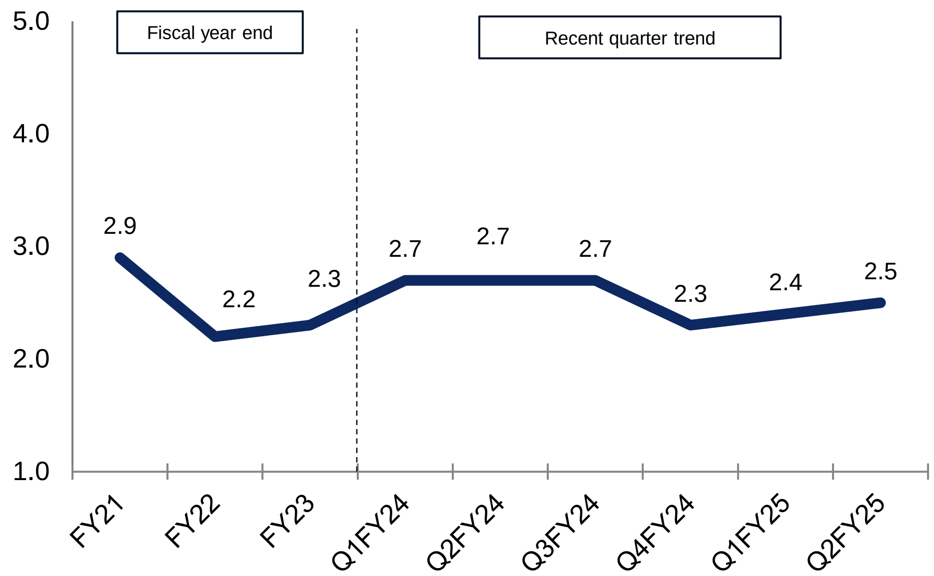
Adj Free Cash Flow and Net Leverage

Adjusted free cash flow

	YTD FY25	YTD FY24
Adjusted EBITDA	962	905
Interest paid	(133)	(141)
Taxes paid	(137)	(84)
Capital expenditures	(717)	(618)
Metal price lag	14	(17)
Working capital & other	(334)	(345)
Adjusted free cash flow	**($345)**	**($300)**
Adjusted free cash flow before capex	**$372**	**$318**

Net leverage ratio (Adj. Net debt/TTM Adj. EBITDA)



- Balanced capital allocation framework with focus on strategic organic investment
  - Net leverage ratio at 2.5x and liquidity of $2.1 billion at September 30, 2024
  - FY25 capital expenditures expected be on low end of a range of $1.8 billion to $2.1 billion

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Sierre, Switzerland, Flooding Update

- On June 30, the Rhône river overflowed, flooding the city of Sierre and Valais region in Switzerland, including Novelis' Sierre plant
- No employees were injured but the plant experienced extensive flooding and production was halted
- Safely restarted some asset in September; ramp up continues in Q3FY25
- Recognized $101 million in charges in FY25 year-to-date
- The plant is insured for property damage and business interruption losses related to such events
- Estimated total net cash impact from this event, after insurance, is $80 million; Estimated net impact to Adjusted EBITDA from this event is $30 million, of which $25 million occurred in Q2FY25

Sierre plant on June 30, 2024

Celebrating first ACL coil in Sierre after restart in September

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Outlook

End Market Trends

	Long-term demand growth rate (1)	Near-term market trends
BEVERAGE PACKAGING *(57% of FY24 Shipments)*	**~4%**	• Global can demand remains strong • Positive end market outlook supported by sustainability trends
AUTOMOTIVE *(21% FY24 Shipments)*	**~6%**	• Sierre outage impacts to continue through the end of CY2024 • Weaker macro environment in Europe • Favorable vehicle mix in N America (trucks, SUVs) that use higher share of aluminum • Electric vehicles continue to grow share, but at a tempered pace
AEROSPACE *(3% FY24 Shipments)*	**~5%**	• Demand for new aircraft remains strong, with high order backlog • Constraints in the supply chain are impacting OEM production of new aircraft
SPECIALTY *(19% FY24 Shipments)*	**GDP+**	• Building & Construction demand improving; declining interest rates a favorable factor • Softer automotive industry dynamics impacting automotive specialty products demand, such as for EV batteries, truck/trailer

Notes:
1. Can CRU Aluminum Beverage Can Sheet Market Outlook 2024 (excluding China), 2023-2031; Automotive Management Estimates FY2025 – 2030; Aerospace Management Estimates 2023 – 2030

Rising scrap prices

- Intensifying competition for scrap aluminum largely from liberalization of scrap importation policies in China are significantly increasing the price of scrap aluminum inputs
- With over 60% recycled content in our products, higher scrap prices will increase input costs and negatively impact Adjusted EBITDA
- We have initiatives already underway to protect our benefit from utilizing scrap aluminum over time
  - Using new technologies to diversify & expand scrap inputs
  - Increasing pre & post consumer scrap

Summary

- Resilient market demand, with strong growth expected to continue in beverage packaging
- Novelis unmatched geographic and end market presence a competitive advantage
- Revisiting near-term Adjusted EBITDA per tonne guidance until further clarity on metal markets and impact of mitigation actions
- Prioritizing and advancing investments that drive value, achieve sustainability goals and capture growing demand for sustainable aluminum FRP

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Thank You

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Appendix

Net Income Reconciliation to Adjusted EBITDA

(in $ millions)	Q1	Q2	Q3	Q4	FY24	Q1 FY25	Q2 FY25
Net income attributable to our common shareholder	**156**	**157**	**121**	**166**	**600**	**151**	**128**
Noncontrolling interests	-	-	-	-	-	(1)	1
Income tax provision	54	51	54	59	218	60	51
Interest, net	70	74	67	64	275	64	67
Depreciation and amortization	131	136	139	148	554	140	141
EBITDA	**411**	**418**	**381**	**437**	**1,647**	**414**	**388**
Unrealized loss (gain) on derivatives	(4)	23	(15)	32	36	(7)	(9)
Realized (gain) loss on derivative instruments not included in segment income	(3)	(1)	-	(2)	(6)	2	3
Adjustment to reconcile proportional consolidation	14	11	8	11	44	13	12
Loss on sale of fixed assets	-	-	4	2	6	1	1
(Gain) loss on extinguishment of debt	-	5	-	-	5	-	-
Restructuring and impairment expenses, net	3	4	26	9	42	19	21
Metal price lag (income) expense	(5)	22	45	8	70	7	(21)
Sierre flood charges	-	-	-	-	-	40	61
Other, net	5	2	5	17	29	11	6
Adjusted EBITDA	**$421**	**$484**	**$454**	**$514**	**$1,873**	**$500**	**$462**
Rolled product shipments (kt)	**879**	**933**	**910**	**951**	**3,673**	**951**	**945**
Adjusted EBITDA /tonne ($/tonne)	**$479**	**$519**	**$499**	**$540**	**$510**	**$525**	**$489**

Adjusted EBITDA per tonne may not recalculate due to rounding.

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Cash Provided By Operating Activities Reconciliation to Adjusted Free Cash Flow

(in $ m)	Q1	Q2	Q3	Q4	FY24	Q1 FY25	Q2 FY25
Cash provided by operating activities	(32)	322	130	895	1,315	74	300
Cash used in investing activities	(317)	(273)	(345)	(453)	(1,388)	(354)	(365)
Less: Proceeds from sale of assets and business, net of transaction fees, cash income taxes and hedging	-	-	(2)	-	(2)	-	-
Adjusted free cash flow	**$(349)**	**$49**	**$(217)**	**$442**	**$(75)**	**$(280)**	**$(65)**
Capital expenditures	333	285	342	398	1,358	348	369
Adjusted free cash flow before capex	**$(16)**	**$334**	**$125**	**$840**	**$1,283**	**$68**	**$304**

Adjusted Net Debt and Liquidity

(in $ m)	Q1	Q2	Q3	Q4	FY24	Q1 FY25	Q2 FY25
Long-term debt, net of current portion	4,878	4,859	4,883	4,866	4,866	4,859	4,889
Current portion of long-term debt	57	51	31	33	33	33	30
Short-term borrowings	601	692	552	759	759	623	868
Unamortized carrying value adjustments (1)	58	53	51	48	48	46	44
Cash and cash equivalents	(1,041)	(1,158)	(787)	(1,309)	(1,309)	(886)	(1,071)
Adjusted Net debt	**$4,553**	**$4,497**	**$4,730**	**$4,397**	**$4,397**	**$4,675**	**$4,760**

(1) Prior to the Form 8-K in connection with the press release reporting the company's financial results for its fiscal quarter ended September 30, 2024, the company included net debt in its definition of Net Leverage ratio, which has been replaced with adjusted net debt. Adjusted net debt adds back unamortized carrying value adjustments, whereas net debt calculation did not include this amount. The change reflects the measure as currently assessed by management. Any prior period instances of Net Leverage Ratio in the table above and within this presentation reflect the new calculation.

(in $ m)	Q1	Q2	Q3	Q4	FY24	Q1 FY25	Q2 FY25
Cash and cash equivalents	1,041	1,158	787	1,309	1,309	886	1,071
Availability under committed credit facilities	1,403	1,145	1,353	1,008	1,008	1,288	988
Liquidity	**$2,444**	**$2,303**	**$2,140**	**$2,317**	**$2,317**	**$2,174**	**$2,059**

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Reconciliation of Net Income Attributable to our Common Shareholder, Excluding Special Items

(in $ m)	Q1	Q2	Q3	Q4	FY24	Q1 FY25	Q2 FY25
Net income attributable to our common shareholder	$156	$157	$121	$166	$600	$151	$128
Special Items:							
Loss on extinguishment of debt, net	-	5	-	-	5	-	-
Metal price lag loss (gain)	(5)	22	45	8	70	7	(21)
Restructuring and impairment expenses, net	3	4	26	9	42	19	21
Sierre flooding (1)	-	-	-	-	-	40	61
Tax effect on special items	1	(8)	(18)	(4)	(29)	(13)	(10)
Net income attributable to our common shareholder, excluding special items	**$155**	**$180**	**$174**	**$179**	**$688**	**$204**	**$179**

1. On June 30, 2024, our plant located in Sierre, Switzerland was impacted by exceptional flooding caused by unprecedented heavy rainfalls. As a result of this event, the Company recognized charges of $61 million and $101 million in the three and six months ended September 30, 2024, respectively.

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