

**Novelis Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)**  
**(in millions)**

	<b>Three Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Net sales	\$ 3,097	\$ 2,669
Cost of goods sold (exclusive of depreciation and amortization)	2,591	2,256
Selling, general and administrative expenses	119	101
Depreciation and amortization	86	90
Interest expense and amortization of debt issuance costs	66	64
Research and development expenses	15	15
Restructuring and impairment, net	1	1
Other expense (income), net	29	(2)
	<u>2,907</u>	<u>2,525</u>
Income before income taxes	190	144
Income tax provision	53	43
Net income	137	101
Net income attributable to noncontrolling interests	—	—
<b>Net income attributable to our common shareholder</b>	<u>\$ 137</u>	<u>\$ 101</u>

**Novelis Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)**  
(in millions, except number of shares)

	June 30, 2018	March 31, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 853	\$ 920
Accounts receivable, net		
— third parties (net of uncollectible accounts of \$6 and \$7 as of June 30, 2018 and March 31, 2018, respectively)	1,537	1,353
— related parties	213	242
Inventories	1,723	1,560
Prepaid expenses and other current assets	149	125
Fair value of derivative instruments	119	159
Assets held for sale	5	5
<b>Total current assets</b>	<b>4,599</b>	<b>4,364</b>
Property, plant and equipment, net	3,020	3,110
Goodwill	607	607
Intangible assets, net	397	410
Investment in and advances to non-consolidated affiliates	810	849
Deferred income tax assets	90	63
Other long-term assets		
— third parties	95	97
— related parties	3	3
<b>Total assets</b>	<b>\$ 9,621</b>	<b>\$ 9,503</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 89	\$ 121
Short-term borrowings	39	49
Accounts payable		
— third parties	2,255	2,051
— related parties	214	205
Fair value of derivative instruments	148	106
Accrued expenses and other current liabilities	524	591
<b>Total current liabilities</b>	<b>3,269</b>	<b>3,123</b>
Long-term debt, net of current portion	4,334	4,336
Deferred income tax liabilities	125	164
Accrued postretirement benefits	815	825
Other long-term liabilities	235	232
<b>Total liabilities</b>	<b>8,778</b>	<b>8,680</b>
Commitments and contingencies		
<b>Shareholder's equity</b>		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of June 30, 2018 and March 31, 2018	—	—
Additional paid-in capital	1,404	1,404
Accumulated deficit	(94)	(283)
Accumulated other comprehensive loss	(430)	(261)
<b>Total equity of our common shareholder</b>	<b>880</b>	<b>860</b>
<b>Noncontrolling interests</b>	<b>(37)</b>	<b>(37)</b>
<b>Total equity</b>	<b>843</b>	<b>823</b>
<b>Total liabilities and equity</b>	<b>\$ 9,621</b>	<b>\$ 9,503</b>

**Novelis Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**  
(in millions)

	Three Months Ended June 30,	
	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 137	\$ 101
Adjustments to determine net cash used in operating activities:		
Depreciation and amortization	86	90
Loss (gain) on unrealized derivatives and other realized derivatives in investing activities, net	24	(2)
Loss on sale of assets	3	1
Deferred income taxes	(14)	9
Loss on foreign exchange remeasurement of debt	—	1
Amortization of debt issuance costs and carrying value adjustments	5	5
Other, net	—	(1)
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	(201)	(99)
Inventories	(205)	(137)
Accounts payable	283	72
Other current assets	(29)	8
Other current liabilities	(58)	(105)
Other noncurrent assets	—	(6)
Other noncurrent liabilities	17	15
<b>Net cash provided by (used in) operating activities</b>	<b>48</b>	<b>(48)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(54)	(39)
Proceeds from sales of assets, third party, net of transaction fees and hedging	—	1
Proceeds from investment in and advances to non-consolidated affiliates, net	6	6
(Outflows) proceeds from the settlement of derivative instruments, net	(7)	1
Other	3	3
<b>Net cash used in investing activities</b>	<b>(52)</b>	<b>(28)</b>
<b>FINANCING ACTIVITIES</b>		
Principal payments of long-term and short-term borrowings	(34)	(57)
Revolving credit facilities and other, net	(9)	113
Debt issuance costs	—	(2)
<b>Net cash (used in) provided by financing activities</b>	<b>(43)</b>	<b>54</b>
Net decrease in cash, cash equivalents and restricted cash	(47)	(22)
<b>Effect of exchange rate changes on cash</b>	<b>(19)</b>	<b>(7)</b>
Cash, cash equivalents and restricted cash — beginning of period	932	604
Cash, cash equivalents and restricted cash — end of period	<b>\$ 866</b>	<b>\$ 575</b>

## Reconciliation of Net income attributable to our common shareholder to Adjusted EBITDA (unaudited)

The following table reconciles Net income attributable to our common shareholder to Adjusted EBITDA, a non-GAAP financial measure, for the three months ended June 30, 2018 and 2017.

(in millions)	Three Months Ended June 30,	
	2018	2017
Net income attributable to our common shareholder	\$ 137	\$ 101
Income tax provision	53	43
Interest, net	63	62
Depreciation and amortization	86	90
<b>EBITDA</b>	<b>339</b>	<b>296</b>
Unrealized losses (gains) on change in fair value of derivative instruments, net	4	(16)
Realized gains on derivative instruments not included in segment income	—	(1)
Adjustment to reconcile proportional consolidation	16	8
Loss on sale of fixed assets	3	1
Restructuring and impairment, net	1	1
Metal price lag	(33)	1
Other, net	2	(1)
<b>Adjusted EBITDA</b>	<b>\$ 332</b>	<b>\$ 289</b>

## Free Cash Flow (unaudited)

The following table shows “Free cash flow” for the three months ended June 30, 2018 and 2017.

(in millions)	Three Months Ended June 30,	
	2018	2017
Net cash provided by (used in) operating activities	\$ 48	\$ (48)
Net cash used in investing activities	(52)	(28)
Less: Proceeds from the sales of assets and business, net of transaction fees, cash income taxes and hedging	—	(1)
<b>Free cash flow</b>	<b>\$ (4)</b>	<b>\$ (77)</b>

## Cash and Cash Equivalents and Total Liquidity (unaudited)

The following table reconciles the ending balances of cash and cash equivalents to total liquidity as of June 30, 2018 and March 31, 2018.

(in millions)	June 30, 2018	March 31, 2018
Cash and cash equivalents	\$ 853	\$ 920
Availability under committed credit facilities	1,059	998
<b>Total liquidity</b>	<b>\$ 1,912</b>	<b>\$ 1,918</b>

## Reconciliation of Net income attributable to our common shareholder to Net income attributable to our common shareholder, excluding special items (unaudited)

The following table presents Net income attributable to our common shareholder excluding special items. We adjust for items which may recur in varying magnitude which affect the comparability of the operational results of our underlying business.

(in millions)

	Three Months Ended June 30,	
	2018	2017
Net income attributable to our common shareholder	\$ 137	\$ 101
Special Items:		
Metal price lag	(33)	1
Restructuring and impairment, net	1	1
Tax effect on special items	8	—
Net income attributable to our common shareholder, excluding special items	\$ 113	\$ 103

## Segment Information (unaudited)

The following table shows selected segment financial information (in millions, except shipments which are in kilotonnes).

Selected Operating Results Three Months Ended June 30, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 119	\$ 61	\$ 55	\$ 97	\$ —	\$ 332

### Shipments

Rolled products - third party	274	228	173	122	—	797
Rolled products - intersegment	—	4	2	4	(10)	—
Total rolled products	274	232	175	126	(10)	797

Selected Operating Results Three Months Ended June 30, 2017	North America	Europe	Asia	South America	Eliminations and Other	Total
Adjusted EBITDA	\$ 116	\$ 57	\$ 44	\$ 72	\$ —	\$ 289

### Shipments

Rolled products - third party	271	231	176	107	—	785
Rolled products - intersegment	2	4	4	3	(13)	—
Total rolled products	273	235	180	110	(13)	785