Novelis Deutschland GmbH

Goettingen

Annual Financial Statements as of March 31, 2018
and Management Report for Financial Year 2017/2018

Auditor's Report

(Translation - the German text is authoritative)

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Auditors' Report 1

Novelis Deutschland GmbH, Goettingen

Management Report for Financial Year 2017/2018

1. Markets and business

Novelis Deutschland GmbH is a worldwide leading manufacturer of aluminum semi-finished products and has 5 production sites in Germany. We offer market-leading solutions in aluminum production. We continually design, innovate and improve our products according to the wishes and requirements of our customers. Novelis also helps to utilize the typical properties of aluminum to improve the sustainability profiles of their products.

The plant in Goettingen is a supplier specialized in flat-rolled aluminum sheets. The core products manufactured in Goettingen include high-quality sheets for the lithography and packaging market as well as coated tape for numerous applications. Furthermore, bottles, cartridges, cans and casings made of aluminum are produced by extrusion molding at the Goettingen plant.

The plant in Luedenscheid has a foil rolling mill and a processing facility. At the Luedenscheid plant, high-quality foil is produced for the packaging market. It also produces untreated and coated foil for pipeline and cable applications as well as metallized paper for bottle labels.

The Nachterstedt plant has state-of-the-art production facilities and supplies global customers in the manufactured goods, packaging, building technology and automotive industries. In addition, the plant is equipped with the latest cold rolling technology and has a state-of-the-art robotic factory workshop for laser cutting of car body parts for the automotive industry. With the continuous annealing and finishing line as well as additional machinery for finishing, Nachterstedt can supply annealed, degreased, stained, (anodically or chemically) pre-treated, coated or post-lubricated material.

The plant in Plettenberg-Ohle specializes in the rolling of high-performance alloys for various applications such as containers, ACF and industrial products. For example, foils are produced for smooth-walled and pleated, untreated and lacquered containers. In addition, the plant has a combined chemical degreasing and continuous annealing line for containers and other applications that require highest standards with regard to surface cleanliness and mechanical precision.

The Alu Norf plant in Neuss is a joint venture with 50% stake. It is the center for the rolling production of the Novelis plants in Europe and supplies hot and cold rolled aluminum strips to external customers and to the finishing lines.

In the financial year 2017/2018 the global economic activity was, in our opinion, positively affected by the US tax reform and the progress in Brexit negotiations. Despite ongoing political tensions, global economic growth was 3.7% and at prior year level. China grew by 6.8% and once again

contributed the most to the global economic growth. In the Eurozone, growth was 2.3% (Germany 2.2%), which was a strong economic upturn. Growth continued also in the USA at the rate of 2.2% (Source: Commerzbank Research, Growth and inflation 2017).

Daily prices for aluminum on the London Metal Exchange (LME) were very volatile in the financial year. On a monthly basis, the price range was from US$ 1,887 per tonne in June 2017 to US$ 2,215 per tonne in January 2018. The average price for the financial year was US$ 2,045 per tonne. Aluminum price as of March 31, 2018 was US$ 2,077 per tonne which represents a price increase of 9% compared to March 31, 2017 (US$ 1,902 per tonne). In Euro the price decreased by 5% due to the change in the currency relation.

2. Business Performance

In general, all plants supplied by Novelis Deutschland GmbH were in good condition in the financial year 2017/2018 except for the loss of a customer in segment lithography which caused restructuring measures in plant Goettingen and 130 job cuts. However, demand and production of aluminum products increased overall. Sales volume of Novelis Deutschland GmbH in segment aluminum beverage can (**Can**) did not reach prior year level. Increasing imports from non-EU regions as well as capacity increases of European competitors led to increasing competitive pressure.

In the automotive industry (**Automotive**) Novelis benefited, in particular, from higher usage of aluminum, which was further strengthened by the strong growth of a core customer in this segment. Demand in segment **Specialties** was overall stable except for the reduction in lithography. Sales volume in this market segment further decreased due to capacity shifts within the European system. Segment Packaging was under slight pressure due to an anti-aluminum discussion in Germany.

From 2013 to 2017, Novelis Europe invested about € 250 million in the expansion of the recycling capacities of its plant in Nachterstedt. The world's largest recycling plant was constructed with an annual capacity of ready-to-ship aluminum ingots of about 400 kt. Ingots production almost met the production targets. The facility is within a separate legal entity, Novelis Sheet Ingot GmbH (SIG GmbH), which is a 100% subsidiary of Novelis Deutschland GmbH and integrated by a fiscal unity.

3. Earning position

Total shipment of 1,068.3 kt is 0.6 % lower than in the prior year. The core business Rolled Products is below plan caused mainly by lower sales in product segments Can, Automotive and Specialties including the loss in lithography.

In **plant Goettingen**, with a share of approximately 66% of total sales volume, production and sales volumes were lower compared to the prior year. This results from a decrease in segment Can and slight decrease in segment Specialties, which was partially compensated by volume growth in segments Painted. Segment Painted continued to be stable and therefore our sales volumes were slightly above prior year. On the other hand, segment Specialties was less stable and developed negatively compared to the previous year, especially the products compound tubes and anodized quality. In segment Can, we were significantly below prior year shipments, which was driven by

volume decrease of product can end stock and food. Segment Litho was below expectations due to the loss of major customer Agfa. Lower shipment volume of highly refined products deteriorated the product mix compared to prior year. After a strong development in the prior years, sales in the separate segment Industrial Products decreased by 4 %, which was mainly caused by lower demand for cartridges.

The **plant in Nachterstedt**, with a share of approximately 29% of total sales volume, increased sales volume slightly compared to prior year. The operating result also increased compared to the prior year. The increase in sales volume was again primarily due to the positive development in segment Automotive. Sales volume to our largest customers Jaguar and Land Rover (JLR) increased. The SUV business is still booming and grew disproportionately in 2017. However, sales volume was overall below plan. Sales volume to third party customers in the Can segment further declined significantly compared to prior year. This was partly compensated by inter-company sales with lower margins. Overall, production equipment was well-utilized. During the summer months, low orders caused small production standstills. The higher sales volumes had an enhancing effect on production yield.

Sales volume of **Plant Luedenscheid**, with a share of approximately 2% of total sales volume, grew by 9% compared to prior year. The positive impact on operating results was partially negated by a decline in conversion premiums of 3%.

Sales volume of rolled products of **plant Plettenberg-Ohle**, with a share of approximately 3% of total sales volume, was 6% above prior year while metal cost increased by 13%. Energy cost increased corresponding to the volume increase. Freight and expenses for consumables were disproportionately high. All other expenses (such as personnel and repair and maintenance expenses) except selling expenses increased but only marginally. Selling expenses slightly decreased.

At **Ohler packaging,** the very positive operating result of the prior year could not be achieved. Sales volume declined by 1% and conversion premium decreased significantly by almost 6%. While freight cost developed correspondingly to sales volumes, energy cost increased. All other expenses (such as repair and maintenance and consumables expenses) increased except personnel expenses which decreased by almost 7%. However, such cost reduction measures were not sufficient to compensate negative developments.

All plants combined generated **sales** of € 3,150.6 million (prior year € 2,933.8 million) in the reporting period. This is 7% increase compared to the prior year. The increase was mainly due to higher metal prices, which were passed on via sales.

The **earnings before taxes** was € 15.0 million in 2016/2017 (prior year: € -43.5 million) and is based on the operating result € 48.8 million (prior year: € -19.9 million).

The increase in the operating result was primarily due to higher gross profit, which was driven by lower metal expenses. Due to applying the Last-in First-out method in accordance with German GAAP, hidden reserves in inventories decreased significantly.

Furthermore, general administrative expenses decreased due to lower charges from Novelis Inc. Other operating income includes mainly income from the release of provisions and currency gains. The decrease in selling expenses was due to lower freight cost. Significant items in other operating expenses are expenses for services, research and development as well as expenses for anticipated losses. Expenses from onerous derivative metal contracts amounted to € 9.2 million (prior year € 27.0 million). Due to the shutdown of the lithographic business, impairment charges of € 5.9 have been incurred.

The loss of major customer Agfa caused restructuring measures in plant Goettingen and 130 job cuts. This resulted in extraordinary expenses of € 19.1 million (€ 13 million in severance payments, € 5.9 million for impairment charges and € 0.2 million for other expenses). Furthermore, we recorded an impairment loss of € 15 million on our investment in Novelis Italy with a book value of € 39.75 before impairment loss.

The financial result decreased by € 10.3 million to € -33.8 million (prior year € -23.5 million) due to the impairment loss of € 15 million on our investment in Novelis Italy. After the production startup, subsidiary SIG GmbH did not fully meet the expected production volume. This was primarily caused by an explosion in April, logistic issues at the hot mill in Norf and lower orders than expected from JLR. Meanwhile, the guaranteed quality could be achieved through machinery improvements. These reasons caused SIG GmbH a loss amounting to € -4.0 million (prior year: € -9.6 million).

Our financial key performance indicator for our worldwide business is Operating EBITDA (operating profit in accordance with US GAAP before amortization and depreciation, interest, taxes and intra-group charges).

In the financial year, we achieved an Operating EBITDA of € 126.8 million. This is slightly below our prognosis of € 129.7 million for the year. The main reasons were lower sales which were partially compensated by lower personnel expenses. This resulted in a lower gross profit. A positive metal effect of € 7.7 million reduced the EBITDA gap.

Operating EBITDA in accordance with German GAAP is € 112.4 million. Significant deviations versus US GAAP resulted from different measurement of inventories, by applying the Last-in First-out method, in the amount of € 5.7 million and different measurement of pension provisions in the amount of € 12.0 million.

Furthermore, the loss of Novelis Sheet Ingot GmbH in the amount of € 4.0 million is included in Earnings before tax in accordance with German GAAP.

4. Net assets and financial position

Total assets decreased by € 52.3 million to € 756.6 million. Current assets decreased by € 28.1 million to € 483.2 million. The decrease in current assets primarily resulted from lower trade receivables from third parties as well as receivables from the shareholder due to the profit and loss transfer agreement. Prepaid expenses decreased by € 0.9 million. Non-current assets decreased by € 23.6 million to € 271.0 million.

Equity remained unchanged due to the profit and loss transfer agreement. The ratio of equity to total assets is 17 % as of balance sheet date. Provisions for pensions and similar obligations increased by € 10.6 million. This was primarily due to accrued interest on pension obligations and changes in assumptions. Provisions for anticipated losses decreased due to lower metal price risks by € 15.5 million. Trade payables to third as well as affiliated parties increased by € 14.5 million due to higher purchasing volume.

The credit facility of Alunorf GmbH is € 81.8 million. The sum of € 46.4 million was drawn to finance strategic expansion projects as well as higher production and purchasing volumes and was necessary to meet higher demand for aluminum products.

Novelis Deutschland GmbH arranged a cash pooling agreement with Novelis AG, Zurich, Switzerland, in 2007. Bank balances are transferred to bank accounts of the Novelis AG on a daily basis and are interest-bearing at market rates.

In financial year 2017/2018, cash inflows from operating activities were offset by cash outflows from investing and financing activities. In total cash and cash equivalents decreased by € 0.9 million. The cash outflow from investing activities primarily resulted from capital expenditures in the amount of € 19.5 million, a short term loan of loan of € 10 million to Novelis Aluminum Holding Unlimited Company, Dublin, Ireland, and payment of the loss absorption liability against SIG GmbH for the financial year 2016/2017 in the amount of € 9.6 million. Cash flow from financing activities comprise a cash outflow of € 50 million to repay bank liabilities and cash inflows from Novelis Aluminum Holding Unlimited to pay for the loss absorption receivable for the financial year 2016/2017.

Interest-bearing funding can be obtained if needed. In addition, as in the prior year, trade receivables were sold to a Novelis company and a foreign bank to finance sales on a short term basis. The legally sold trade receivables are no longer refelcted in the financial statements.

5 Environment, Health and Safety

At Novelis, we focus on the success of our stakeholders, in particular customers, employees, shareholders and communities by aligning enterprise value to environment, health, safety and quality (EHS&Q). At our plants, we have systems to avoid accidents and to constantly improve our environment and safety performance and dedicate financial and personnel resources to

- reduce accidents and health incidents by prevention and risk awareness to zero,

- minimize impacts on environment by reducing input of natural resources and avoiding pollution, and
- improve quality and advantages of our products and services throughout the entire life cycle, especially via increased recycling.

A key part of the integrated Business Management System of Novelis is the EHS-Management System (Environment, Health & Safety). It provides fixed standards for all business divisions aimed at constantly improving the high quality of environment protection and work safety on all sites. The objective for all sites regarding work safety is **avoidance of accidents**. In the reporting period, additional risk analyses were performed to develop measures and behavioral standards to further reduce and avoid accident risks completely. Intensive training courses and workshops with regard to various Novelis EHS-topics were further extended. Furthermore, a set of projects to increase **health care** were implemented.

Protection of **resources** and environment are natural to us. Environment protection is an integral part of our business and is monitored constantly. Novelis applies its expertise and experience in developing innovative products for the protection of environment, nature and climate as well as in the continued optimization of technologies and processes. No significant environmental incidents occurred during the reporting period.

Accidents and environmental incidents are key indicators in measuring the performance of safety and environmental work. Safety and environmental work is integrated in daily processes. Each person in authority is responsible for involving all employees in those activities.

6. Risk Management

Novelis Inc. further optimized its activities in central coordination of risk management in the current reporting period

The Novelis group has to comply with the **provisions of SOX 404** (Sarbanes Oxley Act). SOX 404 requires establishing a functioning internal control system and a review of this system by the auditors.

The main risks in order of priority are:

Risks of Novelis Deutschland GmbH primarily result from the procurement markets' trends, foreign currency fluctuations and specific customer risks. Increase in raw material price must be passed on promptly via sales prices of our products. Price risks are eliminated either by provision of aluminum by the customers or in case of own raw material purchases reduced to an acceptable risk via extensive coordination of the LME-price basis for purchase and sale prices. This is realized by commodity forward contracts (LME futures). We are working continually on reviewing and improving the effectiveness of our offset-hedging processes. Aluminum price is denominated in US$, which results in a currency risk. Further currency risks exist on the purchasing and selling side. To hedge these risks, hedging contracts are closed. These economic hedging relationships are not recognized as valuation units in the financial statements. Through early and systematic control of credit risk, bad

debt losses remain on a low level. Furthermore, credit risks are mitigated significantly due to the factoring agreement with Novelis AG.

The new purchasing source for recycled ingots, SIG GmbH, will provide an extended portion of the ingot supply of Novelis Deutschland GmbH also for the upcoming financial year. In addition to the UBC line, a further production line (“Flex line”) operates with high outputs. The manufactured rolled products meet the markets' quality standards. The portion of scrap as an input material and the manufacturing process up to the delivered ingot must be improved. To achieve this, experts have been hired in plant Nachterstedt. Novelis absorbs profit and loss of SIG GmbH on the basis of the profit and loss transfer agreement. Besides securing the supply with high quality aluminum, bottlenecks in quantity or quality of metal supply could directly affect the result of Novelis Deutschland GmbH. In case the sole customer Novelis AG does not order the contracted minimum volumes of 54 kt per quarter, a premium of 50 per €/mt on the quarterly order volume is imposed.

Our value streams Can and Automotive concentrate on few significant customers with mostly long-term supply contracts.

We expect for the year 2018 risks caused by inflation. In our view, the inflation rate is still on a low level. This could change rapidly due to salary increases. Furthermore, interest rate increases could surprise the economy. Inflation and interest rate increases could adversely impact demand.

In connection with securities given, as described under “Contingencies” in the notes to the financial statements, Novelis Deutschland GmbH is exposed to potential claims. However, no collateral was utilized until the preparation of the financial statements and management does not expect any claims in the FY 2018/2019. It is assumed that the original obligor will be able to fulfill its contractual obligations.

7. Research and Development

The research and development functions of the region Novelis Europe are primarily concentrated in two facilities. The objective is to stand out from competition by focusing on customer service, innovation and faster implementation. The **research and technology center** in Goettingen focuses on the market segments Can, Specialties (Painted, Litho, AQ) and Recycling while the plant Sierre, Switzerland, serves the market segments Automotive and Specialties.

On the Goettingen site, **development activities** in the area of Recycling, Architecture, Packaging, Litho, Anodizing quality and Painted semi-finished goods are carried out. With this facility, the leading position in upmarket products on the global market shall be secured. Moreover, the other Novelis-sites partake of the results. In addition, the **research and technology center** cooperates with the universities in Germany (RWTH Aachen, Helmholtz Zentrum Berlin, IOM Leipzig) and other international institutions.

Research and development expenses were € 14.5 million (prior year € 13.1 million), thereof € 3.0 million (prior year € 2.9 million) are recognized in cost of sales and € 11.5 million (prior year € 10.2 million) in other operating expenses. In research and development, 16 persons are employed.

8. Employees

Novelis has high interest in investing in its employees and enhancing their skills. We offer internal and external training programs for employees and university graduates. Training programs are provided on regional and global level. Examples are Global Leadership Program, Global Engineering Development Program, Leadership Essential as well as across sites and modular managers-curriculums.

The company had 2,105 employees at year-end. Headcount is subdivided in 1,874 employees in production, 188 employees in sales and administration and 43 non-active employment contracts. At year-end, 95 young apprentices were employed. The apprentice ratio is 4.3 %.

9. Branches

Novelis Deutschland GmbH has branches in Goettingen, Nachterstedt, Luedenscheid and Plettenberg-Ohle. In addition, distribution offices are also located in Dordrecht (Netherland), Espoo (Finland).

10. Cooperate governance statement (Information on women's quota)

Based on the law for equal participation of men and women in executive positions in the private and public sector, the supervisory board aims to achieve that of its 12 members one woman shall have a seat up to June 30, 2017. This target was achieved as of March 31, 2017. Furthermore, the supervisory board aims to achieve up to June 30, 2017 that, in case the number of managing directors of Novels Deutschland GmbH is 3, one woman shall be managing director. As of March 31, 2018 just two managing directors were appointed.

The managing directors, with approval of the supervisory board, aim to achieve that up to June 30, 2017 the ratio of women within the two next lower executive levels shall remain at the level of September 2015. As of March 31, 2017 the ratio was increased. On the level below the managing directors, the ratio increased from 12% to 15%. On the next lower level the ratio increased from 19% to 20%. On the level below the managing directors, the ratio was increased to 18% as of 31 March 2018. On the next level, the ratio was 19%.

11. Forecast

For the year 2018 global macroeconomic growth is expected to be at 3.7% and at prior year level. The EU region and USA should be slightly above prior year and growth in China should slightly decrease (Source: Commerzbank Research, Growth and Inflation 2017).

Market sentiment of beverage can producers remains positive in our view. Announced investments in new beverage can plants more specifically the transition from steel to aluminum were implemented in 2017. Further line conversions in Spain and England and the football world championship will, in our view, push demand in product segment **Can**.

Under the given conditions, Novelis Deutschland GmbH expects a stable sales development in segment **Automotive** for the upcoming financial year 2018/2019. IHS expects car sales to increase in Europe by 2.8% in 2018 and 1.4% in 2019.

It should also be highlighted that registration of new cars increased by 12.8% in new European Union member states (Source: ACEA).

In the Great Britain, the planned withdrawal from the EU still caused uncertainty. Respectively, new registrations declined by 5.7% (Source: ACEA).

Despite new models JLR merely increase sales volumes. Sales volume of Jaguar grew by 2% while sales volume of Land Rover decreased by 0.7%. This is primarily caused by lower domestic demand and lower acceptance of diesel engines.

The expected volume growth of over 10% was not achieved in fiscal year 2017/2018 also due to the difficulties of JLR mentioned above. Novelis will be involved in important launches of new vehicles with conventional drive units (Jaguar E-Pace, Porsche 911 and Cayenne Coupe) in fiscal year 2018/2019 but also for electric volume vehicles (Jaguar I-Pace, Audi C-Bev) wherein Novelis is the major supplier of aluminum sheet. Given those projects, we expect to grow by 8% in the automotive sector (Shipments to Novelis Asia and North America not included).

Potential additional demand in other regions and already fully-utilized production capacities there offer the possibility to use our free capacities to cover overseas demand.

In segment **Specialties** for product Litho, the last year was completed at the expected and prior year level. Due to the loss of the important major customer Agfa, we decided to withdraw from the Litho-market in the current fiscal year.

The product Compound Tubes again had quality issues, which resulted in sales volume being below forecast and customers needing to find alternative supply sources. The upcoming relocation of the production to Nachterstedt is expected to have a positive trend on quality and therefore sales volume.

The sector Anodized Qualities was under pressure due to rolling plant overcapacities in 2017. With regard to 2018 strategic partnerships with selected major customers and the implementation of storage with standardized specifications similar to the sector anodized products should strengthen sector anodized qualities.

Anodized Products remained almost stable with regard to sales volume and price. Particular trend products like G77Ac proved to be good conversation topics with customers. For 2018, the primary goal is to maintain a stable supply chain in conjunction with service providers. The implementation of storage with standardized specifications assisted customers to fulfill short term order increases and had a favorable impact.

In sector Painted Products, we experienced significant price pressure at the end of 2017 and decrease prices to keep a major customer. Furthermore, an A-customer was lost. Simultaneously, a

new major customer was acquired, which will essentially compensate the loss in 2018. For the upcoming fiscal year, we will have to compensate increasing expenses for wages and paint.

In sector **Industrial Products,** demand for aluminum cartridges remained at prior year level. However, competition increased due to capacity extension. For the current financial year, we closed agreements with our customers which will ensure unchanged capacity utilization.

In sector **Technical Products** (Containers, bottles, aerosol cans for technical fillers, seamless cans) our sales volumes increased slightly. We worked on innovations to attract new customers.

The **Container Strap** market is heavily subdivided. The product tea light is subject to considerable price pressure despite consolidation. We focus on improved quality and supply reliability to gain market shares. The development in the pharmaceutical sector is expected to be stable based on the close cooperation with customers. With regard to aluminum coffee capsules, we expect stable sales volumes.

The market for **Foil** competitive pressure from Far East is the highest. This resulted in consolidation of European capacities. European manufacturers of rolled aluminum products are requesting anti-dumping measures.

The demand for **Technical Products** in the cable industry fluctuated significantly in the last year. Competitive pressure in particular from China will increase in our view. Despite that, we will maintain our offer of individual solutions with regard to alloying, length and coating. Only technical advantage, prompt supply and high quality will ensure our position permanently.

Demand on the market for **Packaging Products** was overall satisfying. The topic aluminum and health is still relevant for the German market. Due to the health discussions, some customer changed to internally-painted aluminum shells. The change to BPA-free paint resulted in limitations at paint-suppliers. We will work on sustainable specifications.

In the operating area of OHLER® **Flexpipes,** demand continues to be extremely high. Sales and sales volumes are substantially over plan. Especially due to the ongoing debate about diesel emissions, new registrations shifted to petrol-operated cars. Petrol-operated cars use higher portion of OHLER heat protection tubes. In the market segment **Caravan**, the general trend to individual and safe vacation contributed to increased sales and sales volume for the fifth consecutive year. We expect this positive trend to continue in the upcoming financial year.

To assess the safety standards at our plants, we regularly give an account of key figures pertaining to “Total Recordable Incident Rate (TRI Rate)” - accidents to be reported - and also “Days Away From Work Rate (DAFW Rate)” - absence time due to work related accidents. Our TRI Rate for the financial year 2017/2018 was 0.6, which was above our prognosis of 0.4, and DAFW was 0.1 and met the planned rate of 0.1.

“Zero accidents” is still the ultimate objective in the area of work safety in all Novelis plants worldwide. With regard to financial year 2018/2019, we will focus on the avoidance of severe

accidents (SIF = Severe Injuries & Fatalities) and of accidents with down time (DAFW = Day Away From Work). The planned rates are SIF = 0 and DAFW = 0.11.

For the financial year 2018/2019, we expect a slight increase in shipments and to maintain sales on prior year level. We expect an improvement of Operating EBITDA in the range from € 4 to € 7 million. The increase is based primarily on a positive effect of scrap purchases and reduced cost to convert scrap.

This improvement is supported by the worldwide short-term strategy of Novelis, the Focused 5-Guidelines. Five key issues – safety, customer focus, quality, excellent production and capital-return-ration (ROCE) – are the deciding factors in improving our results.

Goettingen, April 25, 2018

Novelis Deutschland GmbH

Eric Tonkowski Thomas Foerster

Annual Financial Statements
from April 1, 2017
to March 31, 2018

Novelis Deutschland GmbH, Goettingen

Balance Sheet as of March 31, 2018

Assets

	Notes	2018	2017
		K€	K€
A. Non-current assets	(3.1)		
I. Intangible assets	(3.2)	7,862	8,378
II. Property, plant and equipment		144,292	151,098
III. Financial assets	(3.3)	118,889	135,120
		271,043	**294,596**
B. Current assets			
I. Inventories	(3.4)	242,837	238,570
II. Receivables and other assets	(3.5)	238,256	269,447
		481,093	508,017
III. Cash and cash equivalents		2,494	3,344
		483,587	**511,361**
C. Prepaid expenses		**1,931**	**2,859**
		756,561	**808,816**

Equity and Liabilities

	Notes	2018	2017
		K€	K€
A. Equity	(3.6)		
I. Share capital		111,500	111,500
II. Additional paid-in capital		9,296	9,296
III. Retained earnings		4,471	4,471
		125,267	**125,267**
B. Provisions and accruals	(3.7)	**236,498**	**242,416**
C. Liabilities	(3.8)	**394,792**	**441,129**
D. Deferred income		**4**	**4**
		756,561	**808,816**

Novelis Deutschland GmbH, Goettingen

Income Statement for Financial Year April 1, 2017 to March 31, 2018

		Notes	2017/18	2016/17
			T€	T€
1.	Sales	(4.1)	3,150,591	2,933,765
2.	Cost of sales		-2,882,106	-2,719,719
3.	**Gross profit / (loss)**		**268,485**	**214,046**
4.	Selling expenses		-101,492	-106,138
5.	General and administrative expenses	(4.2)	-43,660	-47,674
6.	Other operating income	(4.3)	21,803	10,433
7.	Other operating expenses	(4.4)	-96,363	-90,526
	Operating profit / (loss)		**48,773**	**-19,859**
8.	Expenses from profit and loss transfer agreements		-4,002	-9,649
9.	Income from long-term loans	(4.5)	2,969	3,005
10.	Other interest and similar income	(4.5)	1,544	2,401
11.	Write-down financial assets	(4.5)	-15,000	0
12.	Interest and similar expenses	(4.5)	-19,274	-19,350
	Financial result		**-33,763**	**-23,593**
	Profit / (Loss) from ordinary activities		**15,010**	**-43,452**
13.	Income taxes	(4.6)	0	-4
14.	**Profit / (Loss) after tax**		**15,010**	**-43,456**
15.	(Profit) / Loss transferred due to profit and loss transfer agreement		-15,010	43,456
16.	**Profit / (Loss) for the year**		0	**0**

Novelis Deutschland GmbH, Goettingen

Notes to the Financial Statements for Financial Year 2017/2018

(1) GENERAL BASIS OF PRESENTATION

The company is subject to the German Commercial Code. The company is registered in the commercial register as follows:

Company name	Novelis Deutschland GmbH
Seat	Goettingen
Registration court	Amtsgericht Goettingen
Commercial register number	HRB 7722

In accordance with § 267 German Commercial Code (HGB), Novelis Deutschland GmbH is a large corporation with balance sheet date as of March 31, 2018. The annual financial statements are prepared in compliance with the provisions of the Commercial Law (HGB) for large corporations and the Limited Liability Company Law (GmbHG). Financial year is the 12 month-period ending March 31.

Novelis Deutschland GmbH is included in the consolidated financial statements of Hindalco Industries Ltd., Mumbai, India (largest group of consolidated companies), as well as Novelis Inc., Toronto, Canada (smallest group of consolidated companies). The consolidated financial statements are available at the registered seat of the companies or at www.hindalco.com alternatively www.novelis.com.

In accordance with § 271 Section 2 HGB, affiliated companies of Novelis Deutschland GmbH are the ultimate parent company Hindalco Industries Ltd., Mumbai, India and all subsidiaries of this parent company.

Pursuant to § 292 (2) HGB, our company did not prepare consolidated financial statements for the subgroup. The exempting consolidated financial statements of Novelis Inc. are prepared in accordance with the United States General Accepted Accounting Principles (US-GAAP). The exempting consolidated financial statements and the exempting group management report of Novelis Inc. are equivalent to consolidated financial statements and a group management report prepared in accordance with § 291 (2) No. 1 HGB and the exempting consolidated financial statements are audited. The differences between US GAAP and the German accounting standards primarily result from differences in recognition and measurement of non-current assets, different criteria for the allocation of economic ownership of leases, differences in recognition and measurement of provisions and differences in the date of profit realization. The consolidated financial statements of Novelis Inc. are published in German in the German Electronic Federal Gazette.

(2) ACCOUNTING POLICIES

Assets

Acquired intangible and fixed assets are valued at acquisition or production cost less ordinary accumulated amortization or depreciation. Grants received are recognized as a reduction of acquisition cost.

Buildings are depreciated straight-line over 25 to 50 years. Additions to property, plant and equipment before December 31, 2007 and within the period January 1, 2009 to March 31, 2010 are initially depreciated with declining balances and subsequently straight-line over 3 to 25 years. Additions within the period January 1, 2008 to December 31, 2008 as well as additions from April 1, 2010 onwards are depreciated straight-line. Unplanned depreciation is recognized if necessary. Extensive wear and tear due to multi-shift working is considered. In general intangible assets are amortized over 3 years. A capitalized supply right is amortized over an operating life of 10 years.

Low-value items up to € 150 excluding VAT are fully expensed in the year of addition. Moveable assets with acquisition or production cost over € 150 and up to € 1,000 (excluding VAT) are grouped according to § 6 section 2a Income Tax Law (EStG) and expensed in equal portions over 5 years.

Investments in affiliates and in associated companies are stated at acquisition cost or lower recoverable amounts as of balance sheet date.

Loans to affiliated and to associated companies are stated at acquisition cost less redemptions.

Inventory, except for aluminum included, is measured at average acquisition respectively production cost. Production cost comprises all direct cost as well appropriate portions of indirect cost and general administrative cost. Selling costs are not capitalized. Aluminum is measured using the LIFO-Method or at lower cost of replacement. Risks due to slow-moving items or limited usability are considered by appropriate allowances.

Receivables and other assets are measured at nominal values less allowances for specific and general foreseeable risks. Receivables from and payables to affiliated companies are netted to the extent the requirements of § 387 German Civil Law (BGB) are met.

Cash, cash equivalents and restricted cash as well as cash-in-transit are stated at nominal value.

Prepaid expenses are payments before the balance sheet date to the extent that they represent expenses for a certain period after the balance sheet date.

Equity and Liabilities

Equity is stated at nominal value.

Pension obligations are measured using the projected unit credit method. The discount rate, as provided by the German Federal Reserve Bank, is the average market interest rate of the last 10 years assuming a remaining term of 15 years for the pension obligations. Assumed annual salary increase was 2.75 % and annual pension increase was 1.75 %. Life expectancy statistics 2005G of Prof. Dr. K. Heubeck are applied.

Up to March 31, 2010 pension obligations were measured applying the going-concern value method pursuant to § 6a EStG and a discount rate of 6 %. The conversion to the accounting rules of the accounting modernization law as of April 1, 2010 resulted in K€

25,116 higher pension obligations. The amount will be recognized on March 31, 2024 at the latest, with annual minimum charges to extra ordinary expenses of K€ 1,757. As of March 31, 2018 the unrecognized amount was K€ 10,540.

As part of the law to implement the residential real estate credit directives, the rules of the German Commercial Code with regard to discounting of pension obligations were also modified. The amendment extends the time period over which the German Federal Reserve Bank determines the average market interest rate. For financial years ending after December 31, 2015, the time period is 10 years (previously: 7 years). An interest rate of 3.57 % was applied to calculate the pension provision as of March 31, 2018.

The average market interest rate published by the German Federal Reserve Bank for the last seven years assuming a remaining term of 15 years for the obligation as of March 31, 2018 is 2.68 % (prior years: 3.12 %). The difference in the pension provision due to the application of the average market interest rate of the last 10 years instead of the last 7 years is recognized in the financial result or the operating result in accordance with IDW RS HFA 30.

The difference in accordance with § 253 (2) Sentence 1 HGB amounts to K€ 24,789 as of March 31, 2018.

Pension and similar obligations are netted with assets, which are solely available to fund pension and similar obligations and are not subject to potential third party claims (plan assets). Plan assets are measured at fair value. Fair value is equivalent to acquisition cost.

Other provisions and accruals are measured taking into account all identifiable risks. They are recognized at the amount reasonably necessary to settle the obligation. Other provisions and accruals with a remaining term of more than a year are discounted with the average market interest rate of the last 7 years equivalent to the remaining term of the obligation.

Long-term provisions exist for early retirement benefits and jubilee benefits and are measured applying actuarial principles. The planned annual salary increase was set at 2.75%.

Actuarial assumptions to measure early retirement and jubilee benefit obligations use the average market interest rate of the last 7 years. For both obligations, a remaining term of 15 years was assumed.

Early retirement obligations are based on the so called “Block Modell“. The likelihood of exercising the early retirement plan was assumed to be 6 %. This assumption is based on the actual usage in prior years. Early retirement obligations are netted with plan assets. Plan assets are measured at fair value. Fair value is equivalent to acquisition cost.

Liabilities are stated at their settlement amount.

Foreign currency

Receivables and payables denominated in a foreign currency are usually hedged by a currency forward contract. Foreign currency liabilities are converted at the exchange rate of the designated hedging instrument. Receivables and liabilities denominated in a foreign currency, which are not hedged, are converted with the historical exchange rate of the transaction date.

Long-term foreign currency receivables are converted with the spot exchange rate at the transaction date or the lower spot exchange rate as of balance sheet date (principle of

prudence). Short-term foreign currency receivables (due within a year) as well as cash, cash equivalents and other short-term assets denominated in foreign currencies are converted with the spot exchange rate as of balance sheet date.

Long-term foreign currency liabilities are measured with the spot exchange rate of the transaction date or the higher spot exchange rate as of balance sheet date (principle of prudence). Short-term foreign currency liabilities (due within a year) are converted with the spot exchange rate as of balance sheet date.

Aluminum forward contracts

Novelis closes with its customers so called fixed-forward-price contracts over the sale of aluminum finished goods. The production costs of those finished goods result materially from costs of aluminum. Aluminum is purchased by Novelis at the average industry price LME cash of the delivery month. Consequently, Novelis is exposed to aluminum price risk due to fixed selling price and variable purchasing price. In order to avoid this, Novelis closes commodity forward purchasing contracts (LME Future) at a fixed forward price. The fixed forward price is passed on to the customer. Later the forward purchasing contract is settled in cash (Cash Settlement). Approximately 2 months prior to the sale of the finished goods, Novelis closes a physical purchasing contract over the required amount of aluminum at the average price (LME cash) of the delivery month. The fixed selling price results in aluminum price risk. The exposure is compensated by the commodity forward contract.

Deferred taxes

A fiscal unity with Novelis Aluminium Holding Unlimited Company, Dublin, Ireland, as well as Novelis Sheet Ingot GmbH, Goettingen, exists. Novelis Aluminium Holding Unlimited Company is the fiscal unity parent. Novelis Deutschland GmbH and Novelis Sheet Ingot GmbH are the subsidiary companies. Deferred taxes relating to the subsidiary company are accounted for in the financial statements of the parent company as the parent company is solely subject to income taxes.

(3) BALANCE SHEET

(3.1) Non-current assets movement schedule

The development of non-current assets is disclosed in an attachment to the notes. In financial year 2018, impairment losses of € 5,857 million have been recorded in relation to the shutdown of the lithographic business.

(3.2) Intangible Assets

Intangible assets comprise primarily of a supply contract with an initial value of € 13.8 million. Furthermore, software licenses are included.

(3.3) Shareholdings

	Equity K€	Participation	Result K€
Novelis Sheet Ingot GmbH, Goettingen	20,000	100.0%	-4,002 [1)]
ALUMINIUM NORF GmbH, Neuss	83,022	50.0 %	4,651 [2)]
Novelis Italia S.p.A., Bresso	66,526	37.5 %	-867 [3)]
Deutsche Aluminium Verpackung Recycling GmbH, Grevenbroich	78	30.0 %	0 [4)]
France Aluminium Recyclage S.A., Paris, France	157	20.0%	9 [5)]

[1)] Before profit and loss transfer for the period April 1, 2017 to March 31, 2018

[2)] For the period January 1, 2017 to December 31, 2017

[3)] For the period April 1, 2016 to March 31, 2017

[4)] For the period January 1, 2017 to December 31, 2017

[5)] For the period January 1, 2017 to December 31, 2017

In the financial year 2012/2013, Novelis Sheet Ingot GmbH was newly established. A profit and loss transfer agreement with Novelis Deutschland GmbH exists.

As at October 25, 2013, the company granted a loan in the amount € 40 million to Novelis Sheet Ingot GmbH. The loan expires on October 1, 2023.

An impairment loss of € 15 million on the investment in Novelis Italia S.p.A. has been recorded.

(3.4) Inventories

	2018 K€	2017 K€
Raw material	122,237	99,217
Work in progress / Unfinished goods	26,278	48,113
Finished goods and merchandise	94,322	91,240
	242,837	238,570

Compared to the relevant stock price inventories are stated € 74.1 million lower (prior year € 101.8 million).

(3.5) Receivables and other assets

	2018 K€	2017 K€
Trade receivables	33,894	55,997
Receivables from affiliated companies	136,090	136,269
Receivables from associated companies	46,367	58,997
Other assets	21,905	18,184
	238,256	**269,447**

Certain trade receivables are sold on a monthly basis to Novelis AG, Zurich, Switzerland, based on a factoring contract closed in 2007 (please refer also to note 10 and 11 “Contingencies”).

Furthermore, trade receivables are sold to a foreign bank to finance sales on a short-term basis. Legally sold receivables are no longer recognized in the financial statements of the company.

All receivables and other assets are due within a year. To account for general credit risks relating to trade receivables, a bad debt provision has been set up. The percentage of provision ranges from 0.5 % to 1.32 %.

Receivables from affiliated companies include receivables from financing activities in the amount of K€ 91,074 (prior year K€ 56,552). Thereof is K€ 60,000 from a loan to the sole shareholder Novelis Aluminium Holding Unlimited Company. In addition, cash-pooling receivables from Novelis AG, Zuerich, Switzerland, in the amount of K€ 31,074 exist.

The remaining receivables result from sale of goods and services in the amount of K€ 45,016 (prior year K€ 36,261). Trade receivables from affiliated companies are due within a year.

Receivables from associated companies in the amount of K€ 46,367 (prior year K€ 58,997) result from short-term loans.

(3.6) Equity

The sole shareholder of Novelis Deutschland GmbH is Novelis Aluminium Holding Unlimited Company, Dublin, Ireland.

(3.7) Provisions and accruals

	2018 K€	2017 K€
Pensions and similar obligations	159,089	148,520
Taxes	0	3,901
Other provisions and accruals	77,409	89,995
	236,498	**242,416**

Provisions for pension obligations are K€ 159,089 as of March 31, 2018 (prior year K€ 148,520). The underlying interest rate is 3.57%. Planned annual salary and pension increase is set at 2.75 % and 1.75 % respectively.

Pension obligations are net of plan assets in the amount of K€ 848. The settlement amount is K€ 170,478 including the unrecognized amount of K€ 10,539 (K€ 12,296). Income from plan assets (K€ 28) was netted with interest expense on the provision (K€ 15,107) in accordance with § 246 Section 2 Sentence 2 HGB. The net expense of K€ 15,079 is included in “Other interest and similar expenses”.

Pension provisions for former managing directors of the company and of former subsidiaries are K€ 6,287 as of March 31, 2018 (prior year K€ 6,859).

The difference in the pension provision in accordance with § 253 section 6 sentence 1 HGB due to the application of the average market interest rate of the last 10 years instead of the last 7 years amounts to K€ 24,789.

Actuarial assumptions in measuring early retirement and jubilee obligations are the average market interest of the last 7 years. For both obligations, a remaining term of 15 years and a salary increase of 2.75% are assumed.

Provisions for early retirement obligations as of March 31, 2018 are net of plan assets in the amount of K€ 5,856. The settlement amount is K€ 14,288. No income from plan assets was realized. Therefore no income was netted with interest expense on the provision in accordance with § 246 Section 2 Sentence 2 HGB. The interest expense of K€ 382 is included in “Other interest and similar expenses”.

Other provisions and accruals comprise primarily of accruals for goods and services received but not invoiced (K€ 20,566; prior year K€ 20,857), restructuring (K€ 14,273; prior year K€ 2,076) overtime and vacation (K€ 7,176; prior year K€ 8,204) as well as early retirement provisions net of plan assets (K€ 8,432 prior year K€ 7,310).

Provisions for onerous contracts (K€ 447; prior year K€ 469) were calculated based on the selling price of the contracts and the full production cost. Furthermore, provisions were set up for anticipated losses from foreign currency and aluminum forward contracts (K€ 13,195; prior year K€ 28,694).

(3.8) Liabilities

	2018 K€	Due within a year K€	Due after more than a year K€	2017 K€	Due within a year K€
Trade payables	194,740	194.740	0	186,885	186,885
Bank liabilities	10,001	10.001	0	60,003	60,003
Liabilities to affiliated companies [1), 2), 3)]	135,379	135,379	0	137,367	137,367
Liabilities to associated companies [4)]	42,299	42.299	0	41,846	41,846
Other liabilities [5)]	12,373	12,028	345	15,028	15,028
	394,792	**394,447**	**345**	**441,129**	**441,129**

[1)] Thereof from purchase of goods and services	116,367	109,741
[2)] Thereof to shareholder	0	17,977
[3)] Thereof from profit and loss transfer agreement	4,002	9,649
[4)] Thereof from purchase of goods and services	42,299	41,846
[5)] Thereof from taxes	10,744	13,686

As of the balance sheet date no liabilities are due in more than five years.

As of the balance sheet date, a liability of K€ 15,010 (prior year receivable of K€ 43,456) due to the profit and loss transfer agreement with the shareholder exists.

INCOME STATEMENT

(4.1) Sales

Sales by region	2017/18	2016/17
	K€	K€
Germany	581,576	571,220
European Union - excluding Germany	1,935,073	1,812,639
Rest of Europe	480,826	396,486
Far East	82,535	87,832
North America	57,331	49,540
Other foreign countries	13,250	16,048
	3,150,591	**2,933,765**

Sales by product line	2017/18	2016/17
	K€	K€
Rolled products	2,974,120	2,765,238
Foil and foil products	138,836	131,613
Industrial products	22,537	23,352
Other	15,098	13,562
	3,150,591	**2,933,765**

(4.2) General and administrative expenses

General and administrative expenses comprise, among other expenses, allocation charges from Novelis Inc. Material prior period expenses have not been incurred during the reporting period.

(4.3) Other operating income

Other operating income comprises prior period income in the amount to K€ 18,324 (prior year K€ 6,824). Prior period income results from the release of provisions, foreign currency translation (K€ 1,895; prior year K€ 3,018), income from damages (K€ 1,683) and, to a smaller extent, from the sale of property, plant and equipment. With regard to income from foreign exchange differences and metal hedge contracts, please refer to (12) derivative financial instruments.

Exceptional high amounts of income are income from release of provisions in the amount of K€ 18,234 (prior year K€ 6,824). Thereof is K€ 13,081 (prior year K€ 5,596) from the release of provisions in relation to anticipated losses from foreign currency and metal contracts.

(4.4) Other operating expenses

Other operating expenses include primarily service expenses, research and development expenses charged by affiliated companies, expenses to set up provisions for hedging transactions, restructuring expenses as well as impairment losses. Significant expenses relating to other periods have not been incurred in this reporting period. Other taxes included in other operating expenses are K€ 486 (prior year K€ 535). Expenses from foreign currency translation amount to K€ 9,179 (prior year K€ 995. Exceptional high amounts of expenses are expenses from anticipated losses from metal derivative contracts in the amount of K€ 9,159 (prior year K€ 26,977). Due to the shutdown of the lithographic business, an impairment loss of K€ 5,857 has been incurred. In addition, provisions for restructuring measures of K€ 13,187 were recognized in the operating expenses.

On particular importance is the allowance on the investment on Novelis Italia with an amount of K€ 15,000, which is expelled under “Write-down financial assets”.

Furthermore, expenses due to recognition of settlement amounts for pension obligations in accordance with of new accounting rules (BilMoG) in the amount K€ 1,757 (prior year 1,757) have been recorded.

(4.5) Expenses from loss absorption, income from long-term loans, other interest and similar income as well as interest and similar expenses

Income from long-term loans results from interest income on loans to associated companies in the amount of K€ 2,969 (prior year K€ 3,005) and to affiliated companies in the amount of K€ 2,433 (prior year K€ 2,433) is included.

Other interest and similar income include interest income from loans to affiliated companies in the amount of K€ 1,534 (prior year K€2,398).

Interest and similar expenses include interest payable to affiliated companies in the amount of K€ 2,739 (prior year K€ 2,574).

The accumulation of interest expense on long-term provisions net of interest income from the respective plan assets resulted in K€ 15,627 (prior year K€ 13,865) expenses.

Exceptional high amounts of expenses are the expenses from loss absorption of Novelis Sheet Ingot GmbH in the amount of K€ 4,002 (prior year K€ 9,946).

(4.6) Income taxes

Due to the fiscal unity with Novelis Aluminium Holding Unlimited Company, a tax profit of the reporting year is not subject to income taxes. Tax expenses in relation to Novelis Deutschland GmbH’s foreign distribution offices did not occur.

(5) MATERIAL EXPENSES

	2017/18	2016/17
	K€	K€
Raw materials	2,610,079	2,440,401
Merchandise	6,127	6,731
	2,616,206	**2,447,132**
Services received	241,433	241,525
	2,857,639	**2,688,657**

(6) PERSONNEL EXPENSES

	2017/18	2016/17
	K€	K€
Salaries and wages	132,062	130,971
Social security	28,656	29,107
Thereof pension costs	3,941	4,583
	160,718	**160,078**

(7) EXPENSES FOR INSTITUTIONS OF THE COMPANY

	2017/18
	K€
Supervisory board	64
Insurance premiums for former managing directors and surviving family members	10
	74

The managing directors did not receive any remuneration from the company. The remuneration of former managing directors and their surviving family members amounted to K€ 1,074.

(8) INSTITUTIONS OF THE COMPANY

Members of the supervisory board

Emilio Braghi	Senior Vice President of Novelis Inc. and President of Novelis Europe, Chairman supervisory board
Ralf Fischbach *	Chairman Workers' Council Ohle
Axel Weber *	1. Authorized Secretary of Labour Union, IG Metall Schoenebeck
Dieter Salewski*	Workers' Council, Vice Chairman
Fortunato Llamido Lucido	Regional Counsel of Novelis Europe
Ulf Halbauer*	2. Authorized Secretary of Labour Union IG Metall Süd-Niedersachsen-Harz
Dr. Sabine Schauer	Director Communications, Novelis Europe
Dr. Markus Gaertner	VP & Value Stream General Manager Specialties, Novelis Europe
Michael Hahne	VP & Value Stream General Manager Automotive, Novelis Europe
Andreas Rudolph-Kastner*	Senior Manager Engineering Goettingen, Ohle & Luedenscheid
Stefan Mross*	Vice Chairman Workers' Council Aluminium Norf GmbH
Marco Truss	VP Finance, Novelis Europe

* Representative of employees

Managing Directors

Eric Tonkowski	Managing Director Purchasing, Production, Sales, Finance, IT
Gottfried Weindl (until January 18, 2018)	Managing Director Human Resources, EHS, Legal, Labour director
Thomas Foerster (from January 18, 2018)	Managing Director Human Resources, EHS, Legal, Labour director

(9) EMPLOYEES (average number of employees)

	2017/18	2016/17
Production	1,885	1,908
Administration and sales	189	194
Other	44	53
	2,118	2,155
Apprentices / Trainees	108	118
	2,226	**2,273**

(10) CONTINGENCIES

Novelis Inc. refinanced two Unsecured Senior Notes in the amount of US$ 2,700 in August and September at significantly better terms. Furthermore, the existing Term Loan Facility in the amount of US$ 1,800 million was refinanced at significantly better terms in January 2017. In addition, an Asset Based Revolving Credit Facility in the amount of US$ 1,200 million is available. In total, financial capital in the amount of US$ 5,700 million is available to the group.

The refinancing did not change the contingencies. The company continues to sell a major portion of its existing and future trade receivables to Novelis AG, Switzerland. Novelis AG assigns the acquired receivables to the secured party by way of security. The company still administrates the receivables and payments are made to an account of Novelis AG.

The company assigned all moveable assets which are legal property of Novelis Deutschland GmbH by way of security to the secured party.

The company assigned all receivables not sold to Novelis AG by way of security to the secured party (global assignment). The profit and loss transfer agreement between Novelis Deutschland GmbH and Novelis Aluminium Holding Unlimited Company must stay in place. Receivables must be free of claims of third parties. Any claims have to be reported immediately to the secured party.

The company pledged all bank accounts in favor of the secured party.

The company is obliged not to create mortgages on land and similar property rights. Mortgages in favor of the secured party have not been created.

The company assigned all intellectual property rights by way of security to the secured party.

In the ordinary course of business, the security provider has extensive disposition rights.

Due to the guarantees and securities given, Novelis Deutschland GmbH is exposed to potential claims. However, no claims have been made at the date of the preparation of the financial statements and management does not expect claims in the future given that the relevant company's expected liquidity has a high likelihood to provide sufficient funds to fulfill the agreement in time.

(11) OTHER FINANCIAL COMMITMENTS AND OFF-BALANCE-SHEET TRANSACTIONS

Financial commitments from rent and lease contracts and other purchase contracts amount to € 20.7 million (prior year € 24.5 million) and result from the on-going business. Thereof € 10.45 million will result in cash payments in the financial year 2018/19. € 10.3 million will result in cash payments until March 31, 2024. To a large extent, commitments are operating lease contracts which do not result in recognition of assets. The benefits of those contracts are lower financing needs and no risks of disposal. Risks may occur during the term of the agreements if the items are not fully used. Currently, no indication of risks exists.

As of March 31, 2018, purchase commitments for investing activities amount to € 0.8 million (prior year € 5.9 million).

Novelis Deutschland GmbH concluded in 2003 a Joint Venture Agreement with ALUMINIUM NORF GmbH, Neuss. As a subcontractor, ALUMINIUM NORF GmbH will provide production services. Benefits from the agreement due to the construction of the world's largest aluminum rolling and melting plant are lower average cost, efficient processes and extensive production know-how. Risks and opportunities resulting from the market and product development as well as aluminum supply remain directly with Novelis Deutschland GmbH.

According to an agreement with the co-shareholder of Hydro Rolled Products GmbH, the shareholders are obliged to pay a commitment fee to ALUMINIUM NORF GmbH, Neuss, corresponding to their shareholdings. The commitment fee will be € 72.2 million in the financial year 2018/2019.

In 2007, the company concluded a factoring agreement with the affiliated company Novelis AG, Zurich/ Switzerland and an additional factoring agreement with a foreign bank in 2015. Liquidity and financing are strengthened due to the factoring. The credit risk is fully transferred to Novelis AG, Zurich, Switzerland or the foreign bank.

(12) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to hedge raw material prices and foreign currency risks.

As of balance sheet date, aluminum forward contracts hedge aluminum price risks from contracted underlying transactions. Up to March 31, 2012, the underlying transaction and the hedging instrument represented a valuation unit. In 2013, it was opted not to designate a hedging relationship.

Market values of raw material price hedging instruments comprise negative fair values in the amount of € 11.2 million for which onerous contract provisions are recognized.

At the balance sheet date currency forward contracts hedge foreign currency risks from contracted underlying transactions. Currency forward contracts mainly provide for the purchase of US$ (€ 91.6 million) and the sale of US$ (€ 38.1 million). Market values of the currency forward contracts comprise negative fair values of € 2.0 million for which onerous contract provisions are recognized. As of balance sheet date, no hedge relationship was designated.

As of balance sheet date, the nominal and fair values of existing derivatives are as follows:

Mio €	Nominal volume			Market Value	
	Purchase	Sale	Total	Total	Total Prior Year
Currency exchange forwards	129.5	52.6	182.1	0.99	-0.04
Currency swaps	0.0	0.0	0.0	0.0	0.0
Currency hedge contracts	**129.5**	**52.6**	**182.1**	**0.99**	**-0.04**
Aluminum forward contracts	38.0	483.6	521.6	-15.29	20.16
Raw material hedge contracts	**38.0**	**483.6**	**521.6**	**-15.29**	**20.16**

Nominal values are the total of all purchasing or sale contracts. Market value is the net amount of positive and negative market values. Market values match fair values which have been derived from Bloomberg-rates.

Currency exchange gains and losses from derivatives and underlying transactions are netted in the income statement. As of balance sheet date, currency exchange gains disclosed under other operating income are as follows:

Mio €	Expense	Income	Total	Total Prior year
Underlying transactions	-17.8	24.4	6.6	-6.8
Currency derivatives	-44.2	30.4	-13.9	8.8
			-7.3	**2.0**

Currency losses include unrealized losses from the conversion with the spot exchange rate in the amount of K€ 516 (prior year K€ 1,571).

(13) OTHER INFORMATION

The Lifo-method is applied for measuring aluminum included in cost of sales. As a result, pre-tax income is approximately € 7.2 million higher (prior year € 34.2 million higher) compared to a measurement in accordance with the moving average price method.

(14) TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of the business, Novelis Deutschland GmbH has business relationships with numerous companies including affiliated and associated companies. Affiliated and associated companies are considered related parties.

Purchases from the associated company ALUMINIUM NORF GmbH are invoiced applying the cost-plus-method. The risk mark-up is 0.7 %. The production costs are € 202.2 million in 2017/2018 (prior year € 196.3 million). Furthermore, ALUMINIUM NORF GmbH received a loan with a fixed interest rate of 1.1 %. Interest income was € 0.5 million.

(15) AUDITOR RENUMERATION

Total auditor fees for audit services in the financial year were K€ 535 (prior year K€ 524). No other assurance services, tax consulting services or other services have been rendered to Novelis Deutschland GmbH.

(16) APPROBRIATION OF THE EARNINGS

The result for the financial year April 1, 2017 to March 31, 2018 will be transferred to Novelis Aluminium Holding Unlimited Company due to the existing profit and loss transfer agreement. A corresponding liability is recorded.

(15) SUBSEQUENT EVENTS

No significant events with a financial impact on the profit and loss statement or the balance sheet occurred after the end of the financial year.

Goettingen, April 25, 2018

Novelis Deutschland GmbH

Eric Tonkowski Thomas Foerster

Movement in Fixed Assets

(Appendix to the Notes)

Novelis Deutschland GmbH, Goettingen

Movement in Fixed Assets
Financial year 2017/18

	Historical cost				
	April 1, 2017	**Additions**	**Reclassi-fications**	**Disposals**	**March 31, 2018**
	K€	**K€**	**K€**	**K€**	**K€**
I. Intangible assets					
1. Concessions, intellectual property rights, licences and similar rights	**31,025**	0	60	0	**31,085**
2. Advance payments	**0**	861	0	0	**861**
	31,025	861	60	0	**31.946**
II. Property, plant and equipment					
1. Property, buildings and similar property rights	**118,880**	0	2,892	0	**121,772**
2. Technical equipment and machinery	**445,496**	579	16,751	179	**462,647**
3. Other plant, furniture and office equipment	**90,248**	0	5,755	295	**95,708**
4. Advance payments and construction in progress	**26,024**	18,019	-25,458	0	**18,585**
	680,648	18,598	-60	474	**698.712**
III. Financial assets					
1. Investments in affiliated companies	**59,750**	0	0	0	**59,750**
2. Loans to affiliated companies	**40,000**	0	0	0	**40,000**
3. Investments in associated companies	**30,836**	0	0	0	**30,836**
4. Loans to associated companies	**4,640**	0	0	1,231	**3,409**
	135,226	**0**	**0**	**1,231**	**133,995**
	846,899	**19,459**	**0**	**1,705**	**864,653**

Amortization and depreciation				Book value	
April 1, 2017	Additions	Disposals	March 31, 2018	March 31, 2018	March 31, 2017
K€	K€	K€	K€	K€	K€
22,647	1,437	0	24,084	7,001	8,378
0	0	0	0	861	0
22.647	1,437	0	24,084	7,862	8,378
76,444	3,314	0	79,759	42,013	42,436
374,554	16,973	131	391,397	71,250	70,942
78,552	5,005	294	83,264	12,444	11,696
0	0	0	0	18,585	26,024
529,550	25,292	425	554,420	144,292	151,098
0	15,000	0	15,000	44,750	59,750
0	0	0	0	40,000	40,000
106	0	0	106	30,730	30,730
0	0	0	0	3,409	4,640
106	15,000	0	15,106	118,889	135,120
552,303	41,729	425	593,610	271,043	294,596

INDEPENDENT AUDITOR'S REPORT

To Novelis Deutschland GmbH, Goettingen

Audit Opinions

We have audited the annual financial statements of Novelis Deutschland GmbH, Goettingen, which comprise the balance sheet as at March 31, 2018**,** and the statement of profit and loss for the financial year from April 1, 2017 to March 31, 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Novelis Deutschland GmbH for the financial year from April 1, 2017 to March 31, 2018. We have not audited the content of the statement on corporate governance pursuant to Article 289f paragraph 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards) in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at March 31, 2018 and of its financial performance for the financial year from April 1, 2017 to March 31, 2018 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Article 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate

to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence ob-

tained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, April 25, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Holger Plaum	(sgd.) ppa. Georg Rogowski
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)