

A large, solid green circle on the left side of the slide, containing white text.

Lifting performance,
creating value
in tight markets

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SEB Nordic Seminar

Copenhagen 2015



Better Bigger Greener

Cautionary note in relation to certain forward-looking statements

Certain statements included within this announcement contain forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management's plans, objectives and strategies for Hydro, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

A highly attractive asset base

High-quality bauxite and alumina



Captive hydropower



Competitive smelter portfolio



World-class Qatalum



European leader in rolling



A global extrusion champion

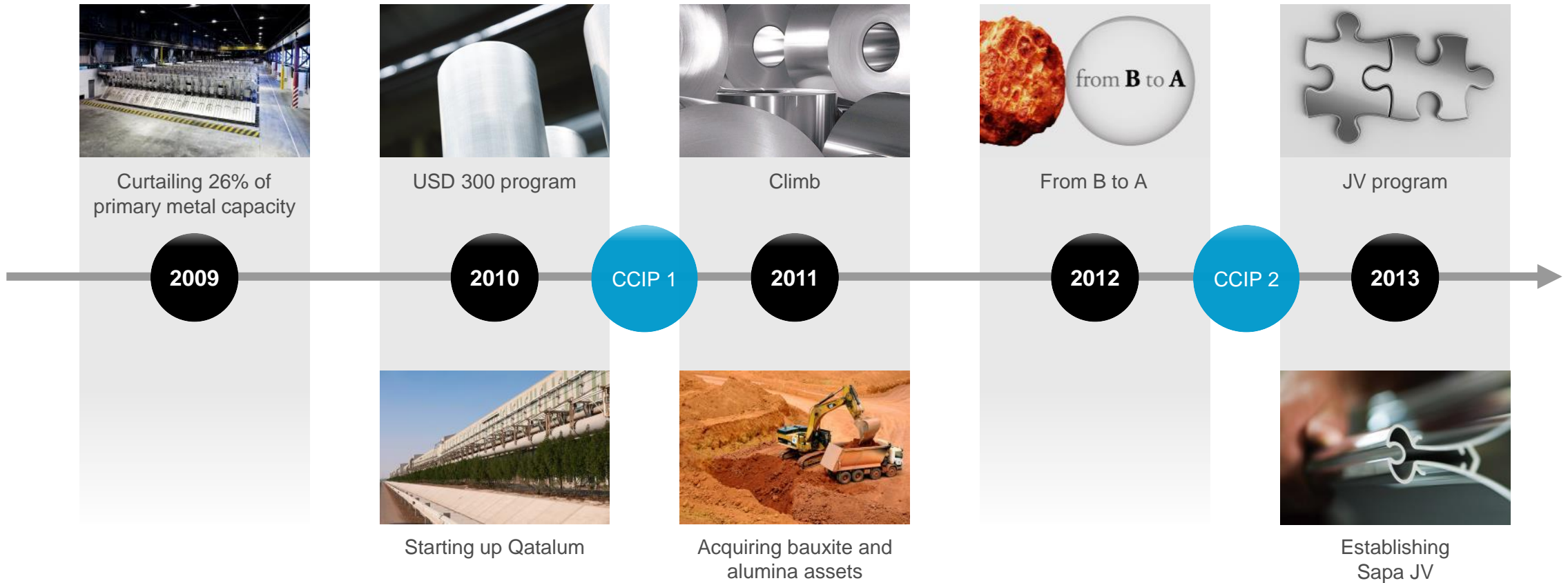


Hydro has maintained a robust financial position through the downturn



1) Net pension liability, operating lease commitments and other.

Our agenda for value creation



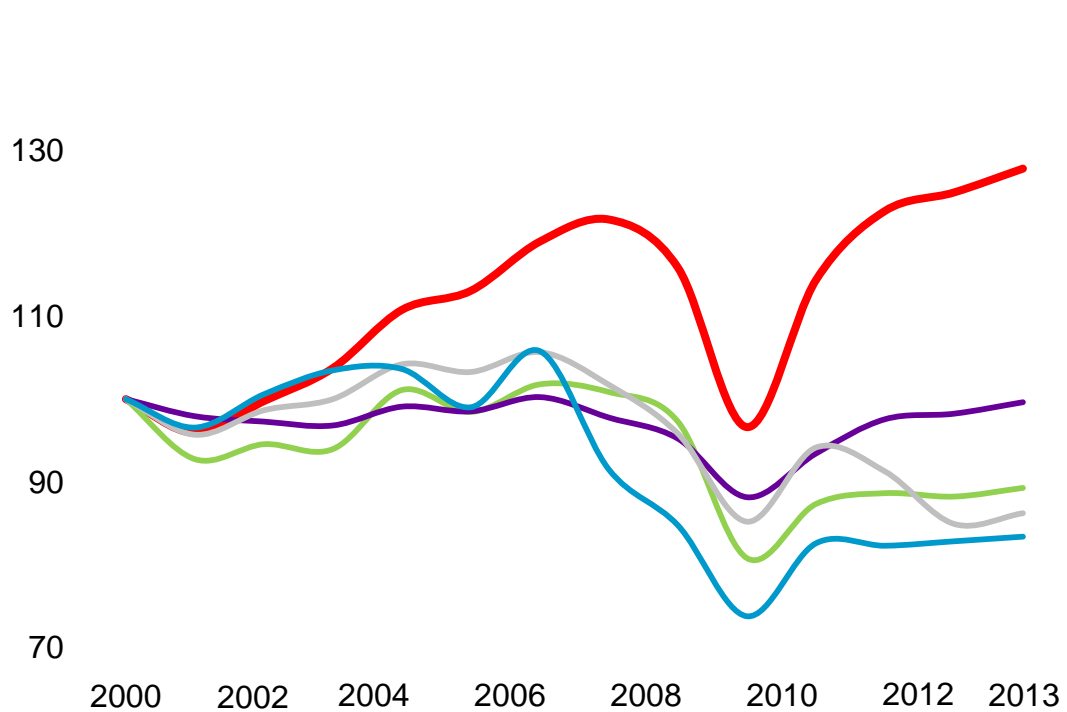
Where is the Business Cycle?



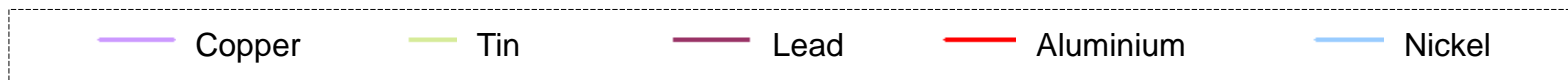
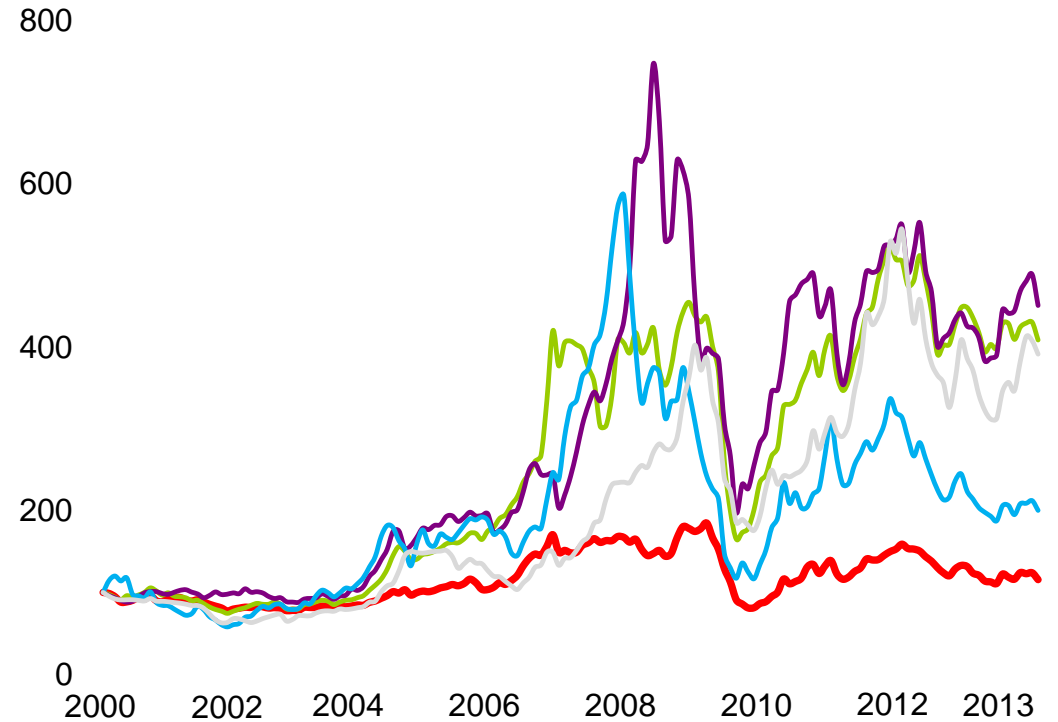
The paradox of the aluminium industry

Demand winner – yet price laggard

Yearly consumption (Index 2000=100), global
150



3-month LME price (Index 2000=100)

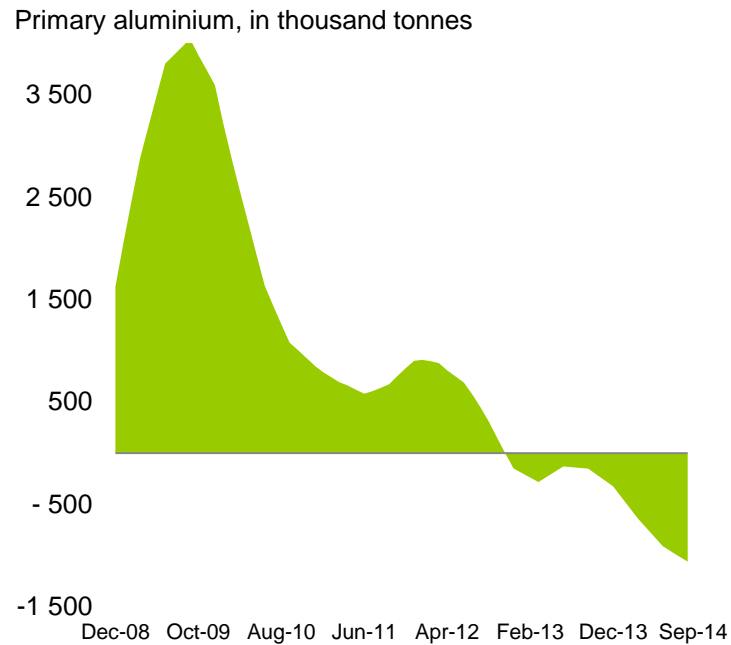


Source: CRU/Global Insight

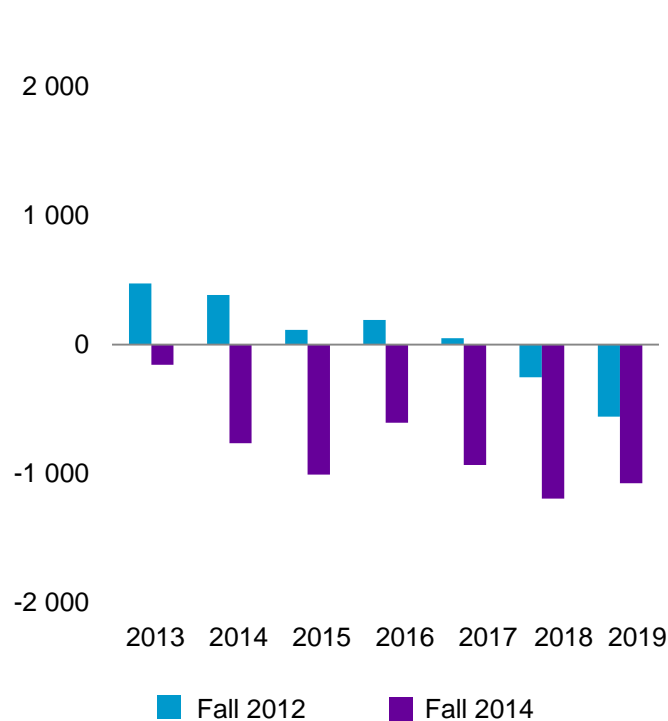
Improved market balance

Brighter outlook after years of overproduction, world ex-China

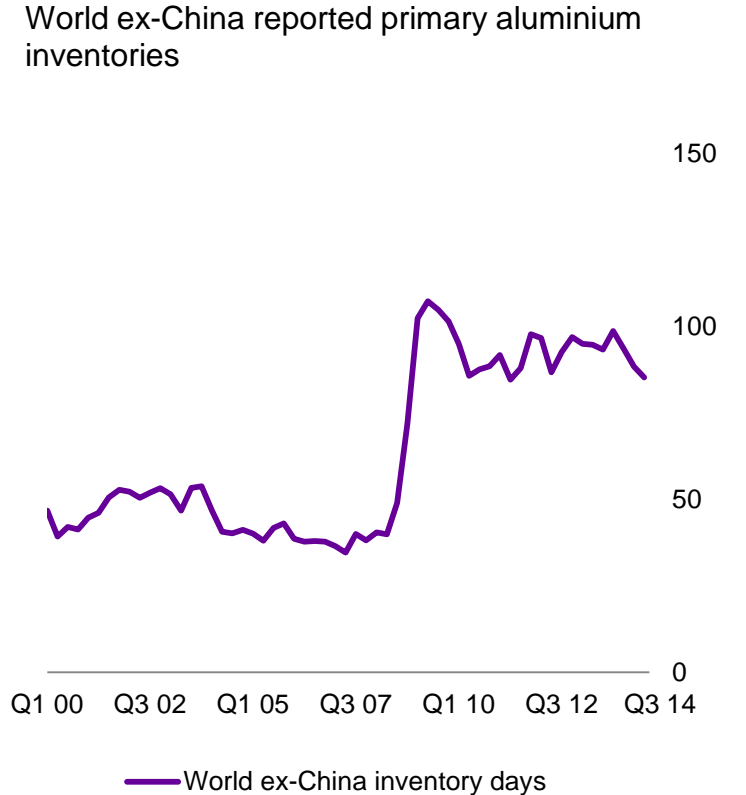
Production less demand world ex-China
Quarterly annualized*



Supply/demand world ex-China**
Primary aluminium, in thousand tonnes



Inventory days

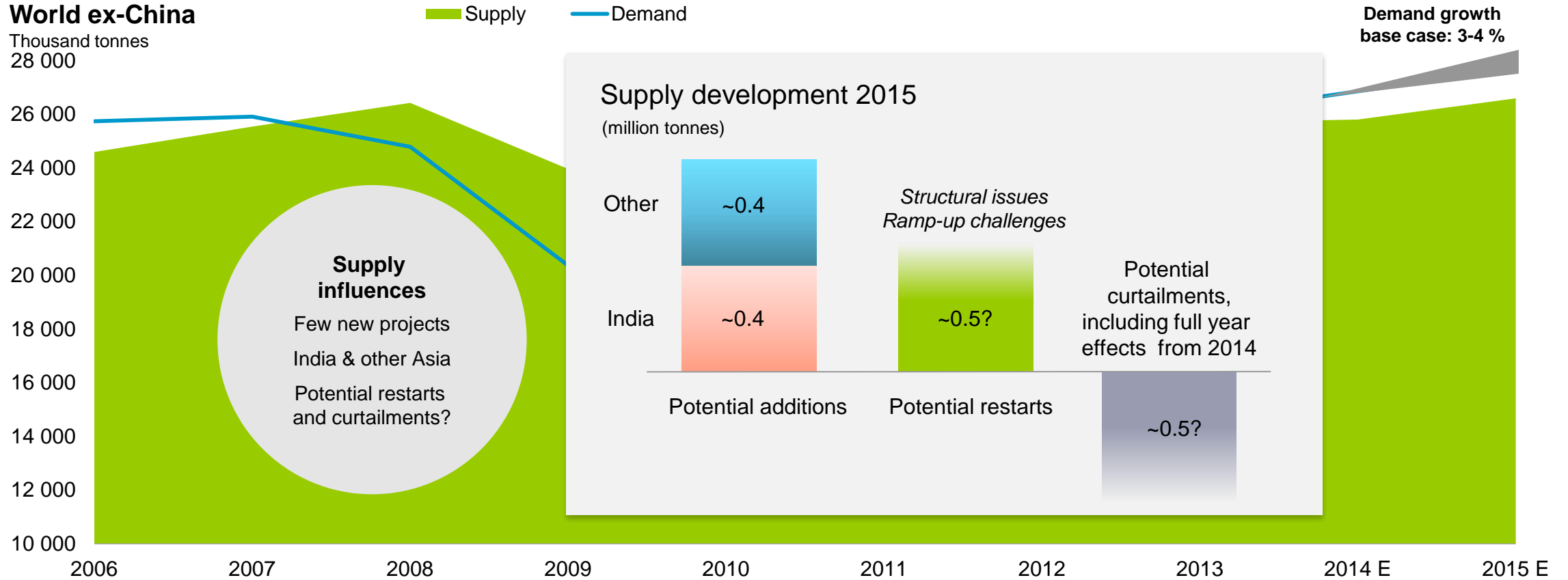


Source: CRU/Hydro
*12 month rolling average ** CRU estimates

Supply growth next year mainly in Asian regions

World ex-China

Thousand tonnes
28 000



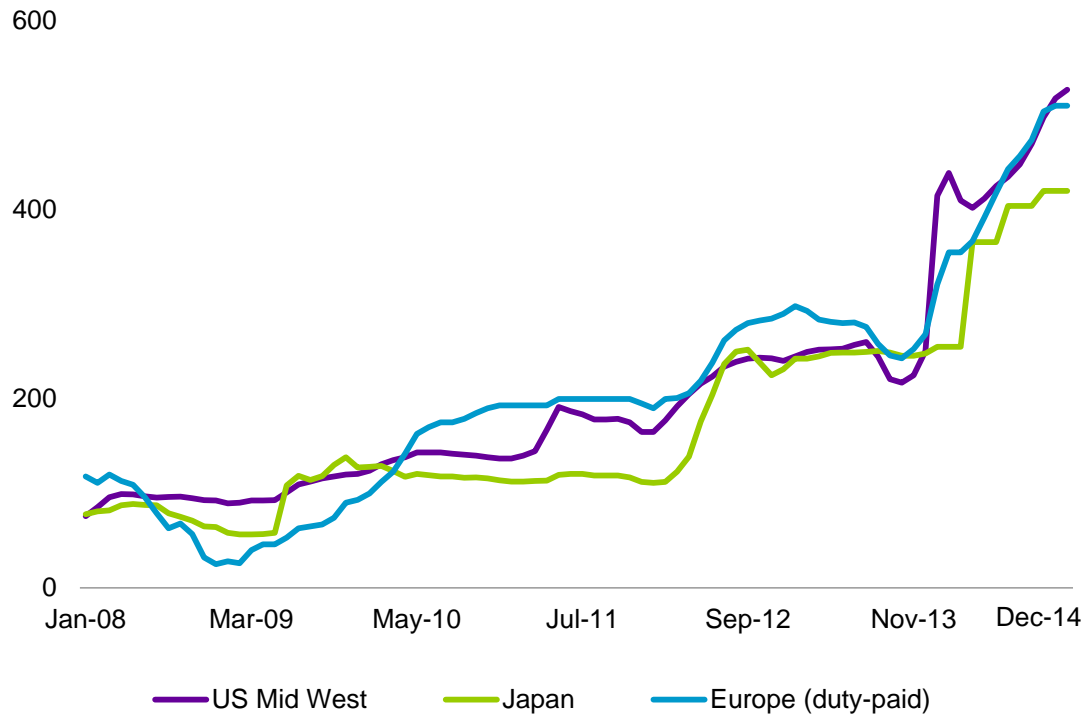
Source: CRU, Hydro Analysis

All-in price of aluminium in upward trend

All-in ingot price exceeds USD 2 500/tonne as premiums continue to rise to new records

Regional standard ingot premiums

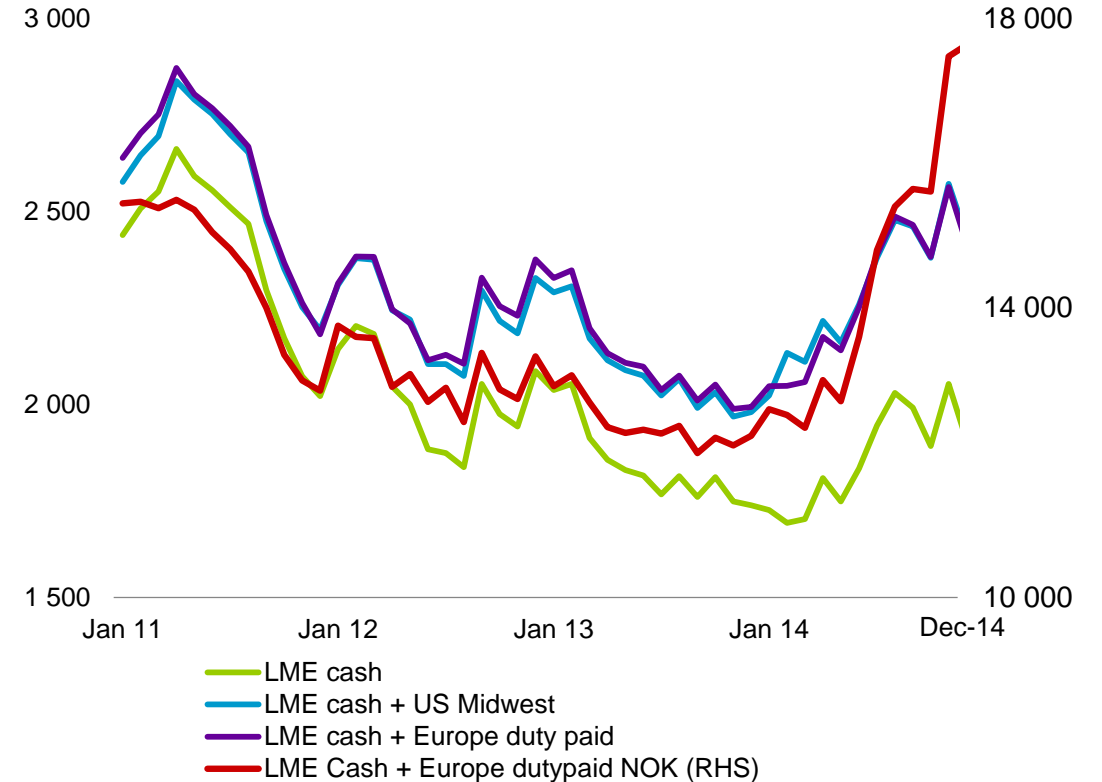
USD per tonne



All-in ingot aluminium price

USD per tonne

NOK per tonne



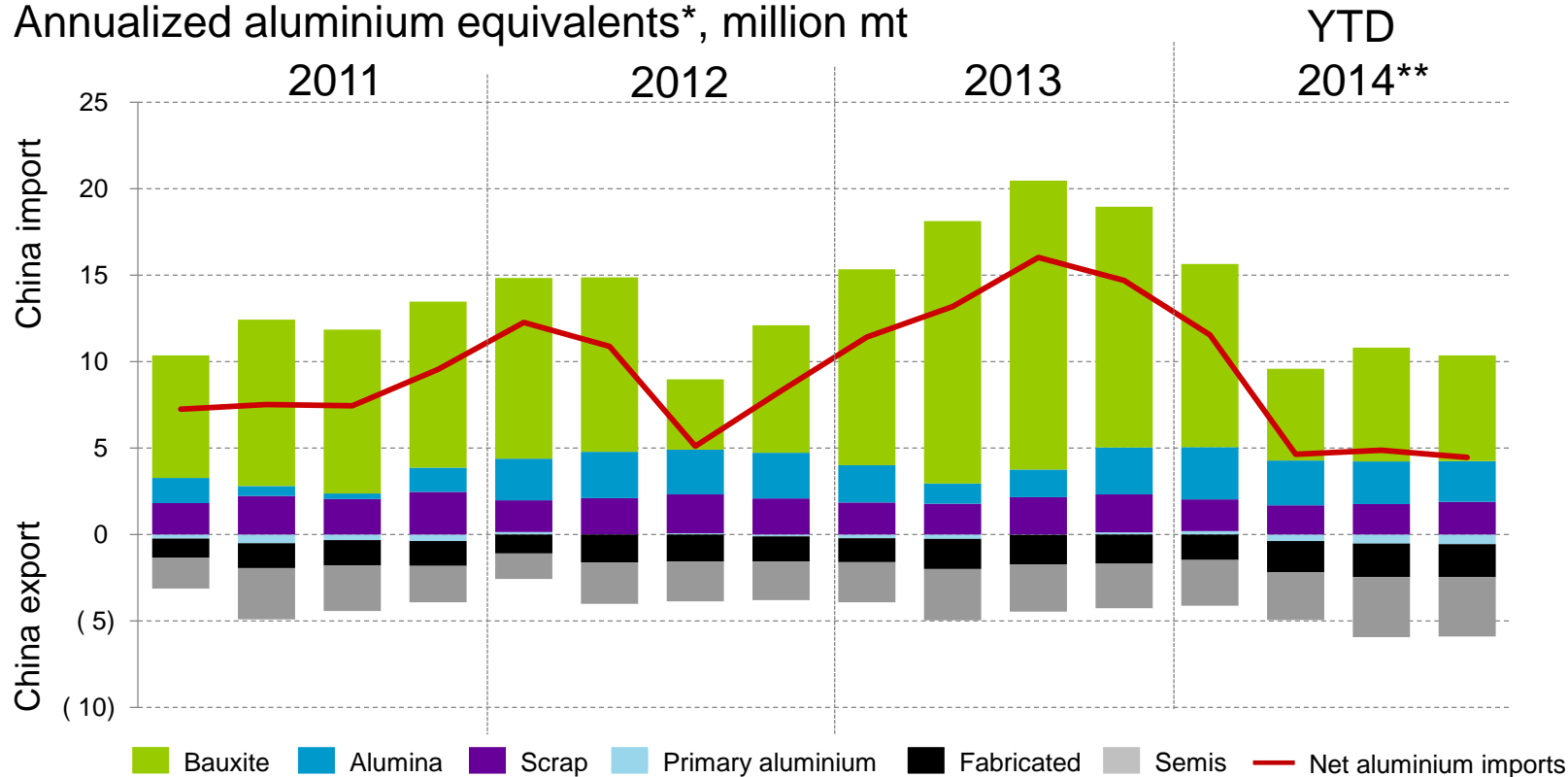
Source: Metal Bulletin, MW/MJP: Platts

Source: Metal Bulletin, MW/MJP: Platts, Reuters Ecowin

China to remain balanced on imports/exports of primary aluminium

Bauxite import declined amid Indonesian export ban

Annualized aluminium equivalents*, million mt



- Bauxite and alumina
 - Significant drop in bauxite imports since January
 - Alumina imports increasing 33% YTD
- Primary aluminium
 - No significant import or export expected in 2015. Export duties remains at 15% as before.
- Semis and fabricated
 - Uptick in export of semis and fabricated products

Source: CRU/Antaika/Hydro

* Bauxite/alumina to aluminium conversion factor: 5.0/1.925

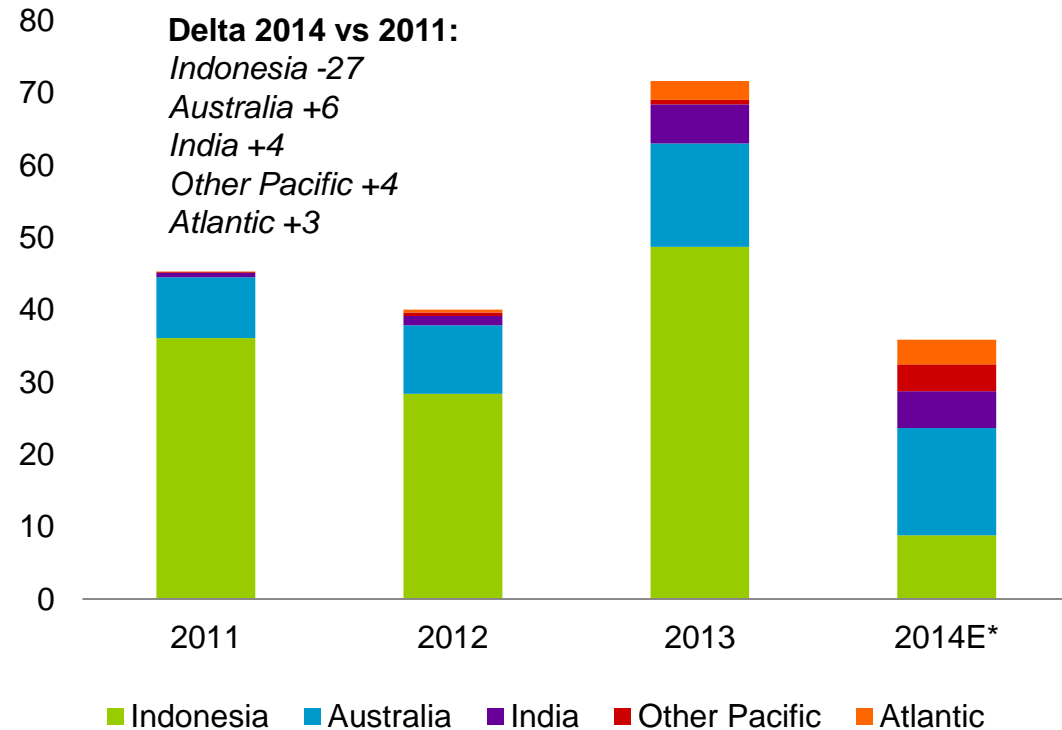
**December estimated to be same as November

China developing new bauxite import sources

No Indonesian bauxite exports translates to higher prices average CIF China

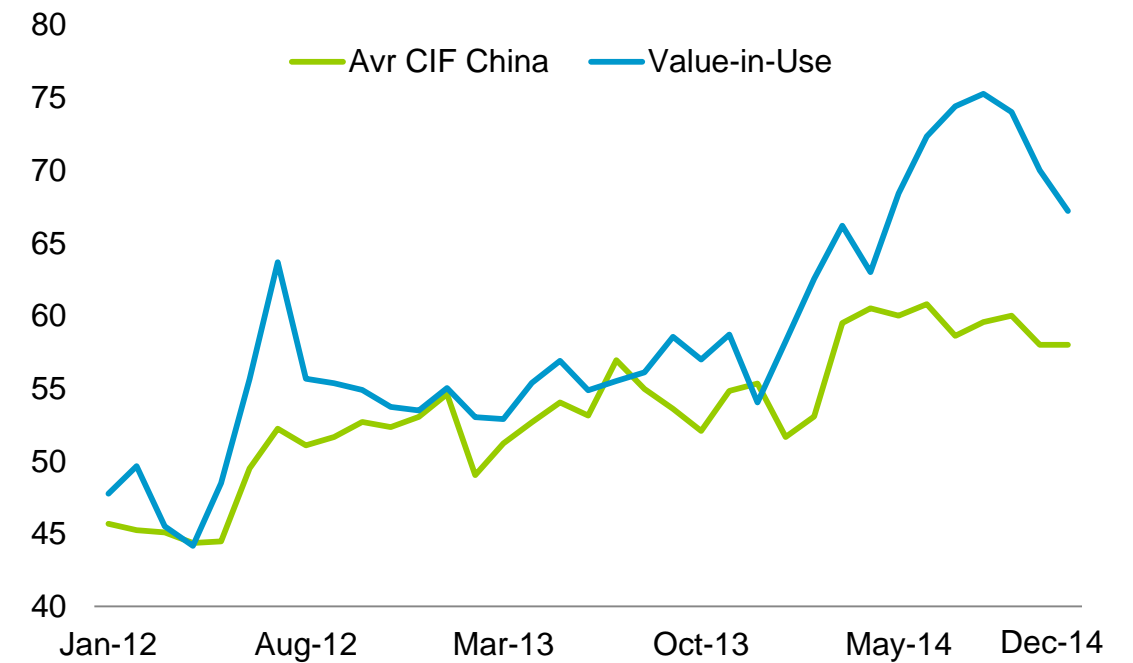
Import volume by origin

Million tonnes



Value-in-use bauxite price increasing more

USD per tonne

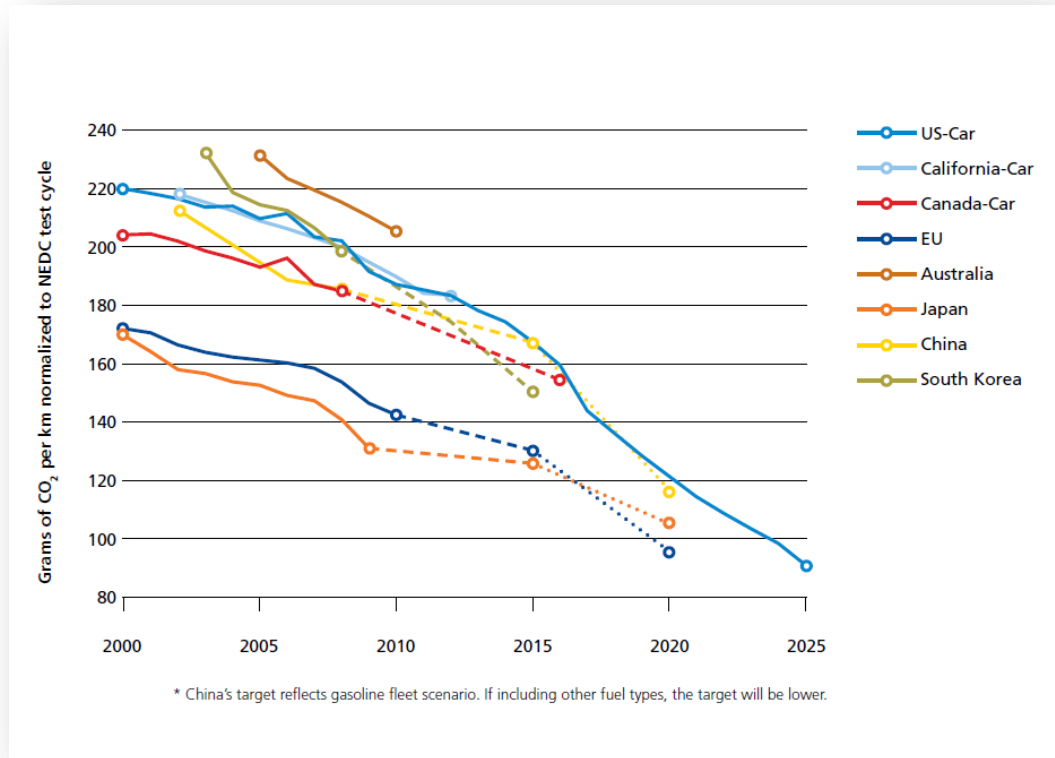


Source: China Custom, CMgroup, Hydro Analysis, * assuming Dec 14 imports same as Nov 14

Lighter vehicles make a big impact on the climate challenge

Aluminium – part of the solution

Declining CO₂ emission targets around the world



For each **10%** reduction in vehicle weight, car manufacturers achieve fuel-savings of **5-7%**



Land Rover Sport 2010

3,100 kg

CO₂ emissions
327 g/100 km



Land Rover Sport 2014

2,200 kg

CO₂ emissions
194 g/100 km

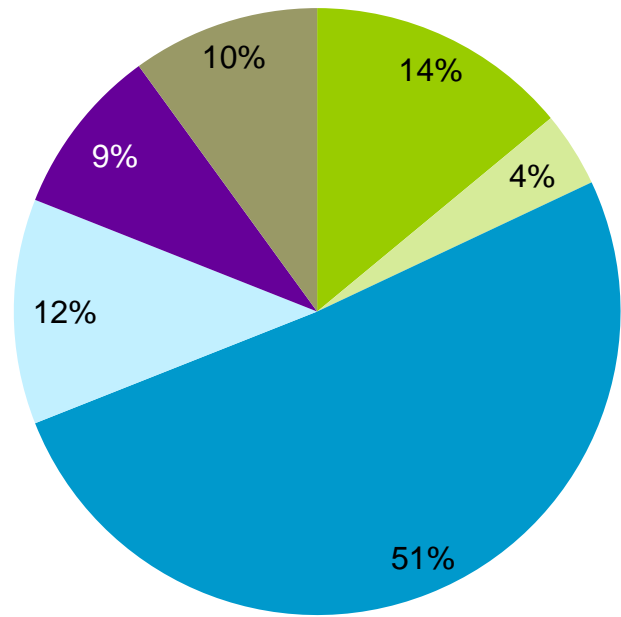
Sources: EAA, ICCT, IAI



Robust long-term growth outlook for flat rolled products worldwide

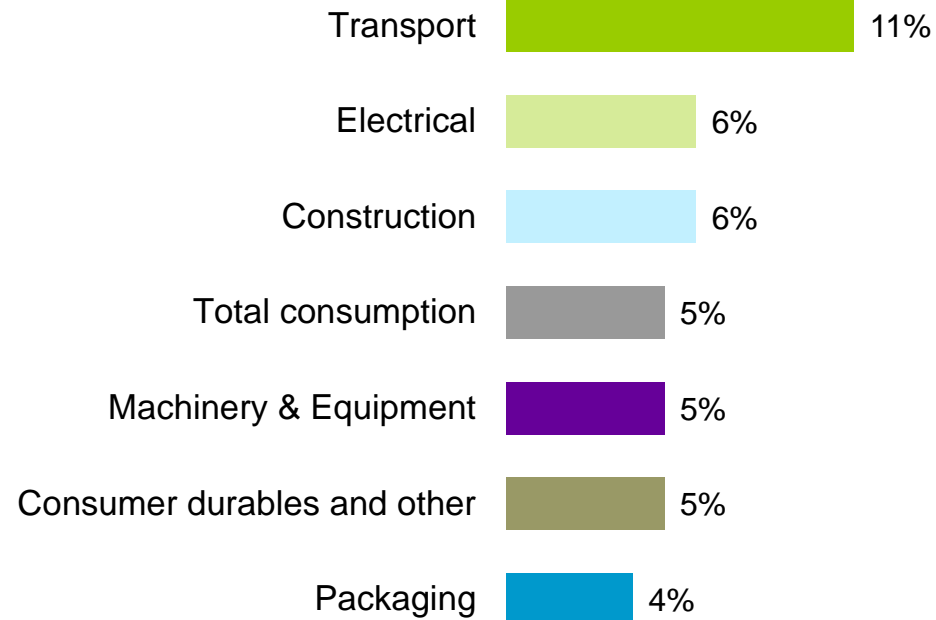
Transport is main driver for growth – Body-in-White consumption growth outperforming all other segments

Global FRP consumption by end-use 2014

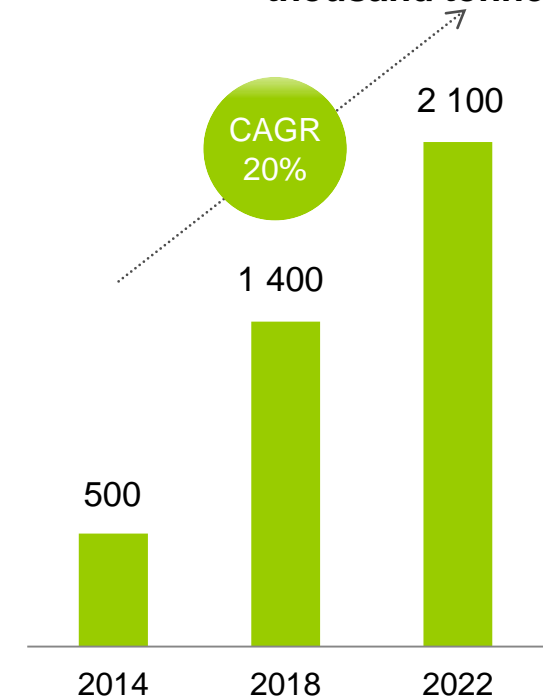


Total consumption around 23 million tonnes

CAGR 2014-2018



Body-in-White demand in thousand tonnes



Source: CRU FRP quarterly August 2014, Rolled Products analysis
 FRP - Flat rolled products
 CAGR – Compound annual growth rate

Hydro's aspiration for higher value creation



Better Bigger Greener

Better

- Continue improvements drive
- Capture commercial opportunities
- Extend technology and innovation lead

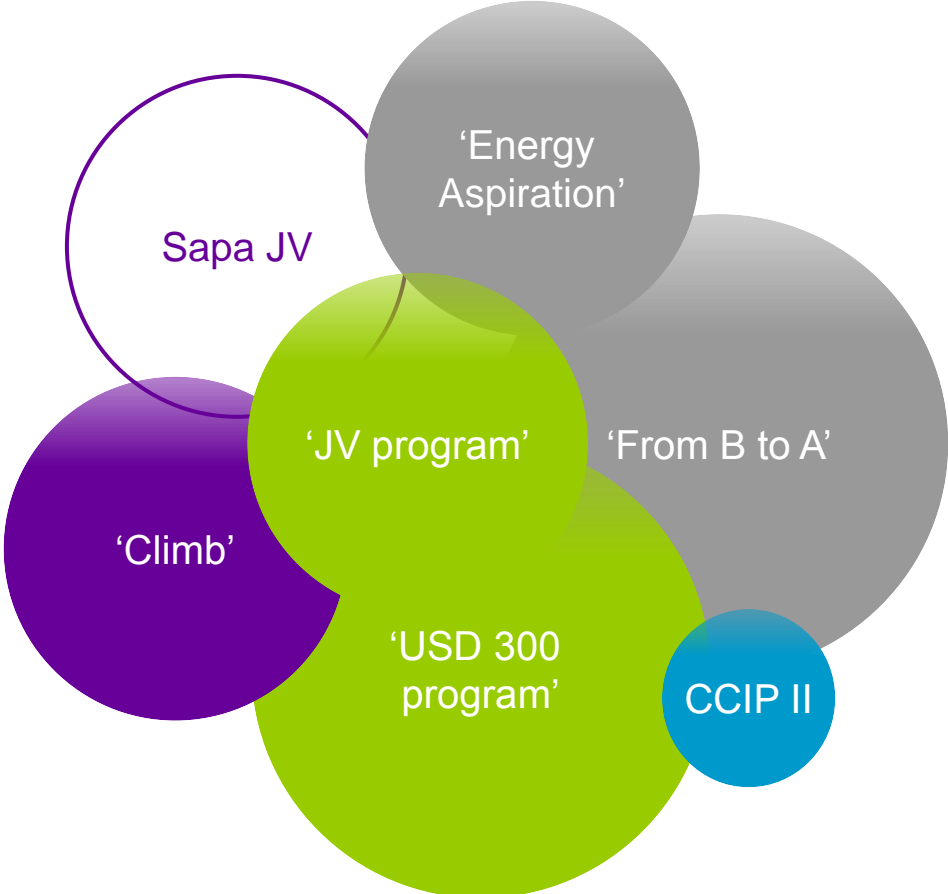
Bigger

- Further strengthen relative industry position
- Enhance market positions and high-grade portfolio
- Mature selective growth projects for when time is right

Greener

- Turn leading HSE/CSR position into competitive advantage
- Deliver on fast-developing customer demands
- Capitalize on strong climate position over time

Hydro improvement drive continues at full pace



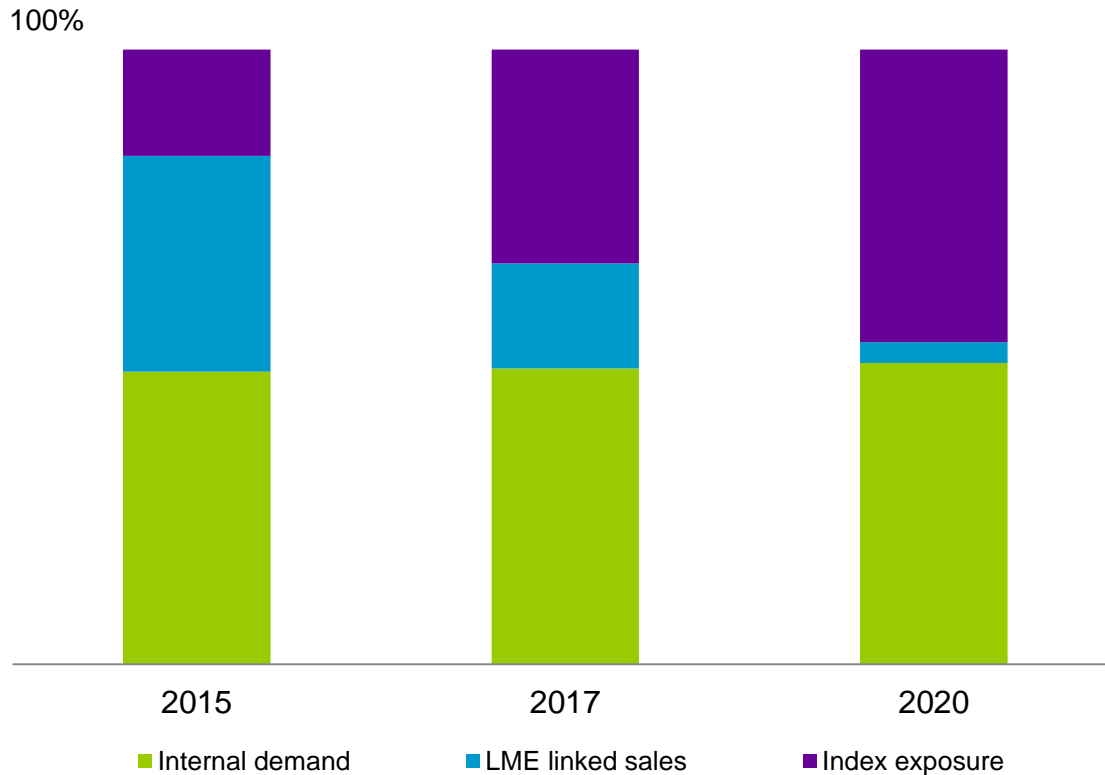
Total contribution from Hydro's improvement programs (excl. Sapa)

2011*-2014	2015-2016**
BNOK 3.7	BNOK 1.5

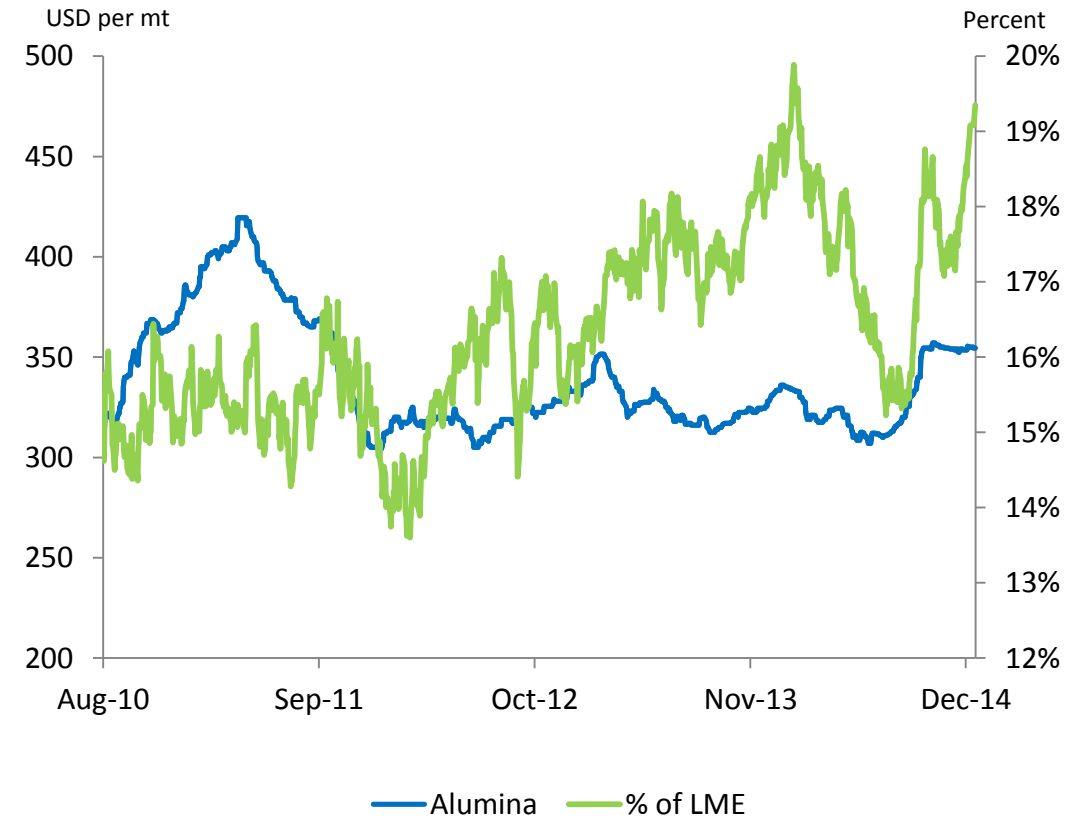
* USD 300 from 2009
** Real 2014 terms
Realized improvement efforts is YTD Q314 annualized.

Alumina pricing on own fundamentals

Index spot price exposure



Alumina price



Bigger: A solid platform for building an even stronger Hydro



Bauxite & Alumina

- Move beyond nameplate capacity
- Further improve bauxite positions
- Mature CAP project and Paragominas expansion for when time is right



Energy

- Mature captive growth opportunities
- Raise income potential from market operations
- Leverage value from Nordic power surplus



Primary Aluminium

- Enhance position in high-margin segments
- Realize 100,000 tonnes creep in fully-owned smelters
- Extend technology lead with Karmøy pilot plant
- Mature Qatalum 2 and Alouette expansion for when time is right



Rolled Products

- Expand automotive capacity to 200,000 t/yr by end-2016
- Increase recycling of post-consumed scrap above 250,000 t/year*
- Build positions and lift margins through technology leadership and innovation

* Includes recycling ambition in Primary Metal

The industry's most ambitious climate strategy: Carbon-neutral by 2020

Supported by the three pillars of Hydro's technology strategy



Energy and primary production

Reduce emissions, increase efficiency



Aluminium in use

Maximize user-phase benefits



'End-of-life'

Increase recycling, back to the loop



Hydro 2015

Lifting performance and shareholder value in tight physical markets

- Delivering on improvement programs
- Targeting high-margin markets and maturing growth portfolio, while maintaining tight capital discipline
- Increasing energy-efficiency and lowering climate footprint

Better Bigger Greener

