

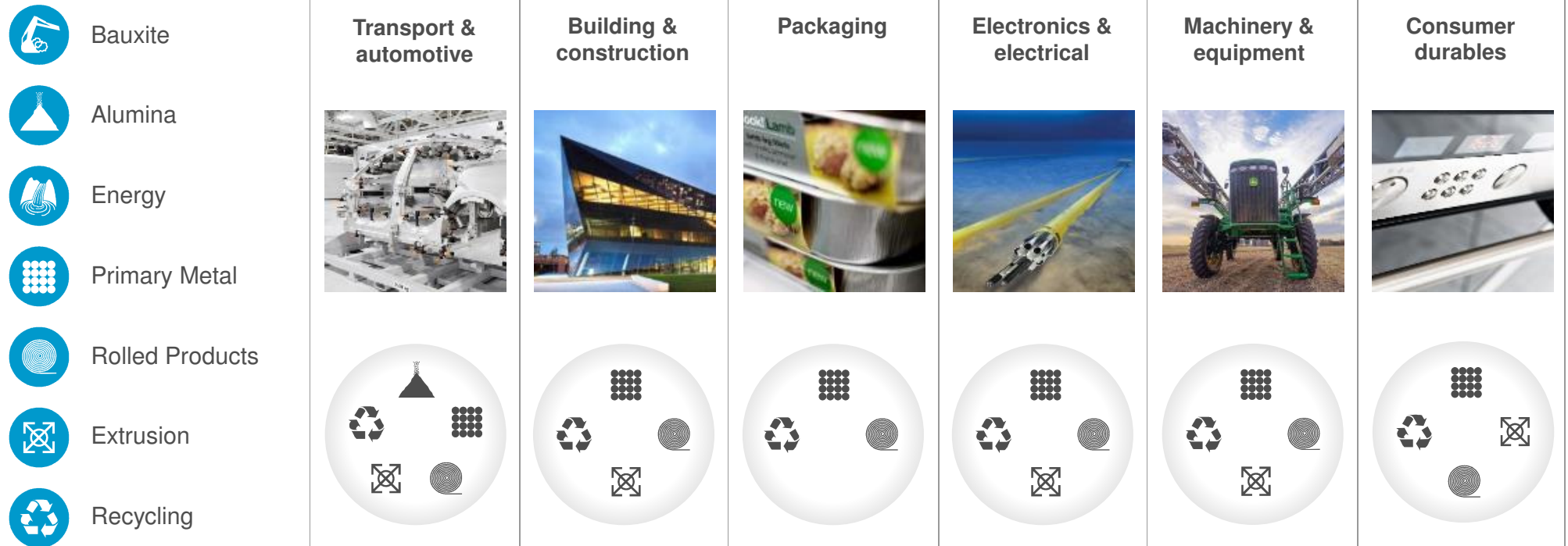
Norsk Hydro

Svein Richard Brandtzæg

2018 Global Metals, Mining & Steel Conference

Fully integrated across the aluminium value chain and markets

Broad products and solutions offering from bauxite to end-user products





Situation in Brazil

Alunorte situation – status and measures

Status

- Alunorte producing at 50% following orders from environmental authorities and court
- Paragominas producing at 50%, due to reduced Alunorte production
- Albras curtailed 50%, due to reduced Alunorte production
- Timing for resuming 100% production still uncertain
- Environmental authorities have confirmed that there was no overflow from the bauxite residue area

Measures

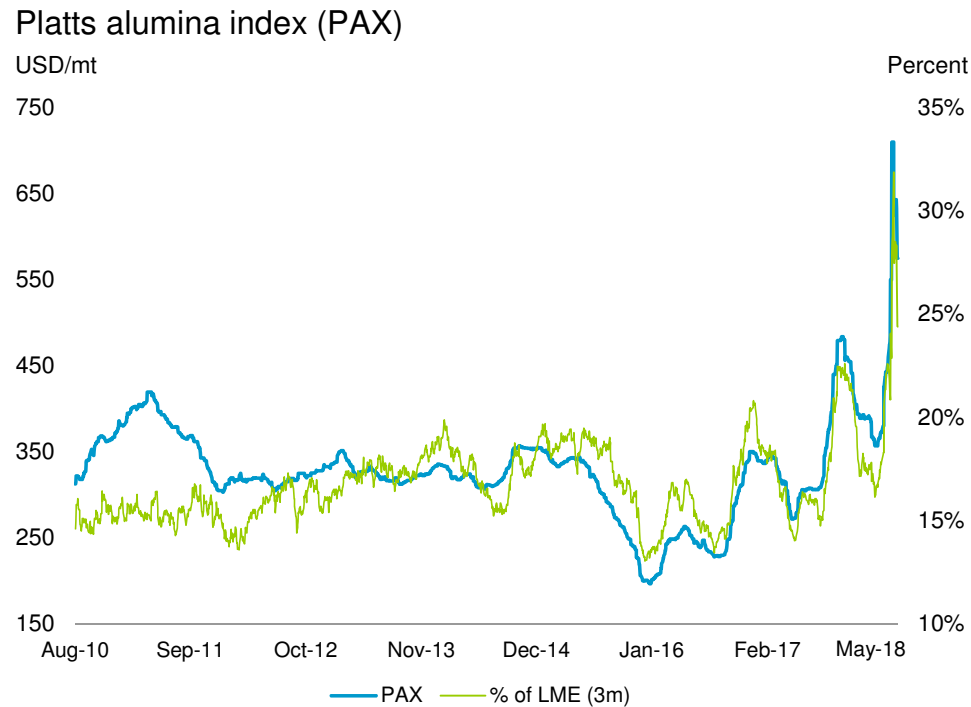
- MNOK ~500 in increasing water treatment capacity by 50%
- MNOK ~250 to support broad collaboration for social change – Sustainable Barcarena Initiative
- Updated emergency preparedness procedures
- Strengthening of local and central environmental resources and competence
- Several other measures and actions already initiated or implemented at Alunorte

Negotiations to resume production progressing

- Hydro seeking dialogue with all relevant authorities to find solutions
- Constructive dialogue with Government of Pará, including state environmental agency SEMAS
- Seeking negotiations with Ministério Público
- Other legal and political processes ongoing at state and federal level



High alumina prices following market uncertainty



- Uncertainty on alumina availability following Alunorte curtailment and Rusal sanctions, triggering price spike and high volatility
- High price arbitrage between China and world outside China incentivizing Chinese exports
 - Some cargos exported from China in March/April
 - Logistical constraints may cause challenges
- Hydro active in the 3rd party market sourcing additional volumes of alumina

Source: Platts, Reuters Ecowin, Hydro analysis



Aluminium
supported by
strong
fundamentals

Demand driven both by substitution and expansion into new markets

Aluminium is the fastest-growing base metal in the world



Marine / Offshore applications



Zero-emission electrical car ferries in 100% aluminium for light-weighting



B&C, e.g. Supertall buildings



Transportation, truck & trailer applications



Aluminium in solar panels



Industrial applications, e.g. furnitures



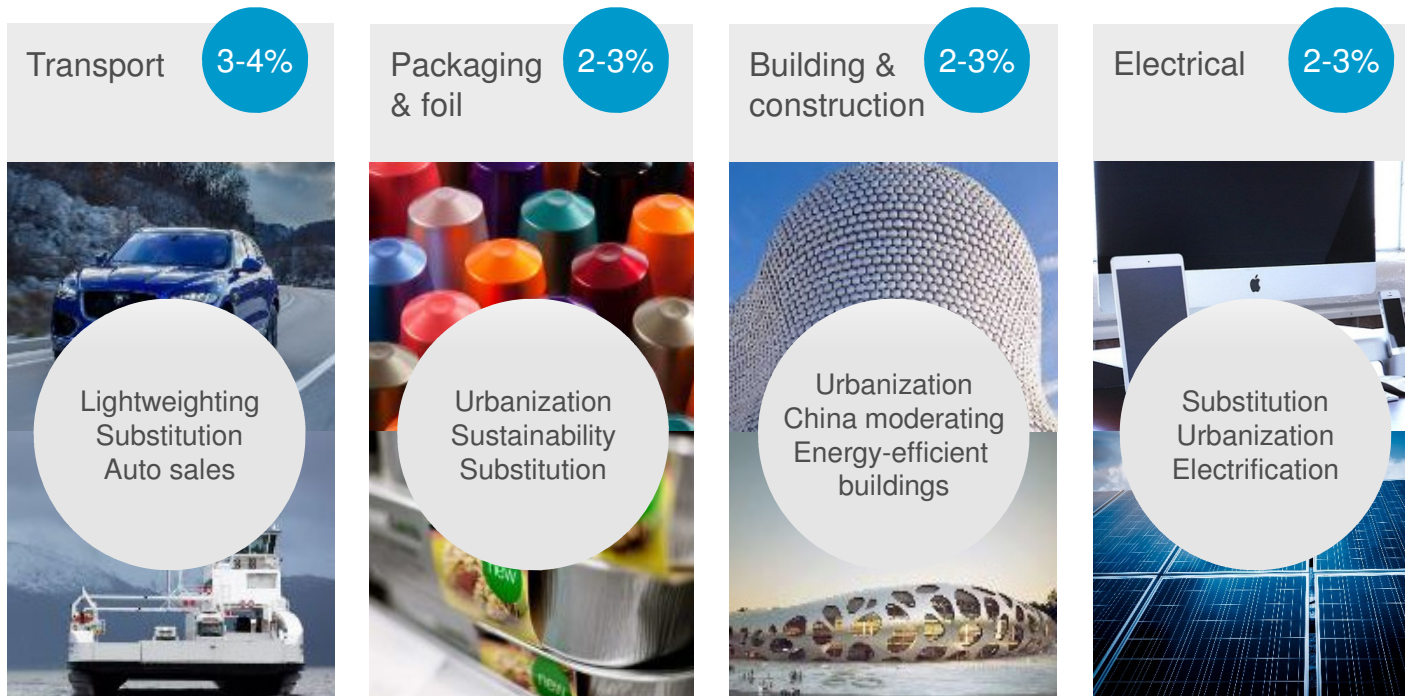
Middle and high voltage cables, wire and cables for electrical applications



Automotive, strong drive towards EV

Aluminium's reach is growing in response to key long-term trends

Substitution continues to be a key driver for aluminium



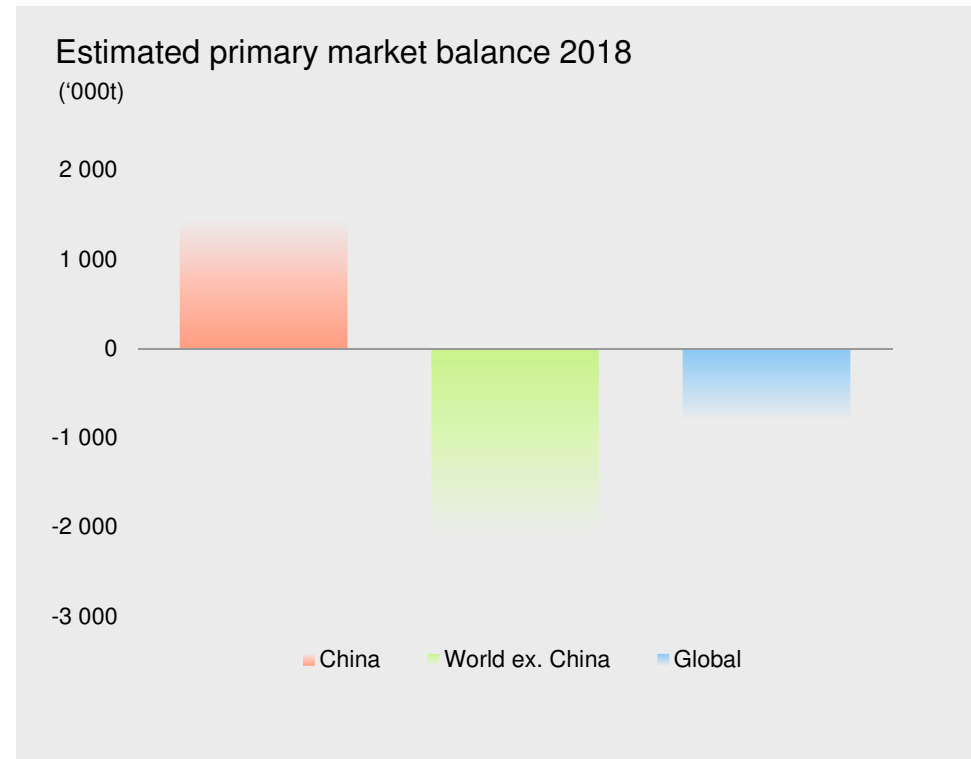
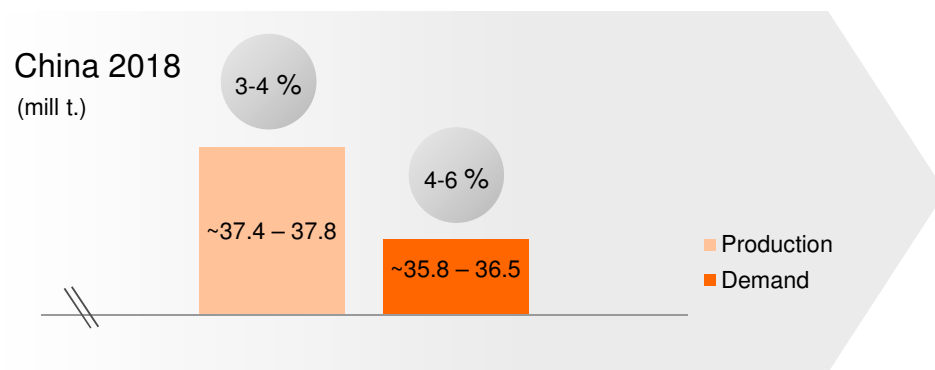
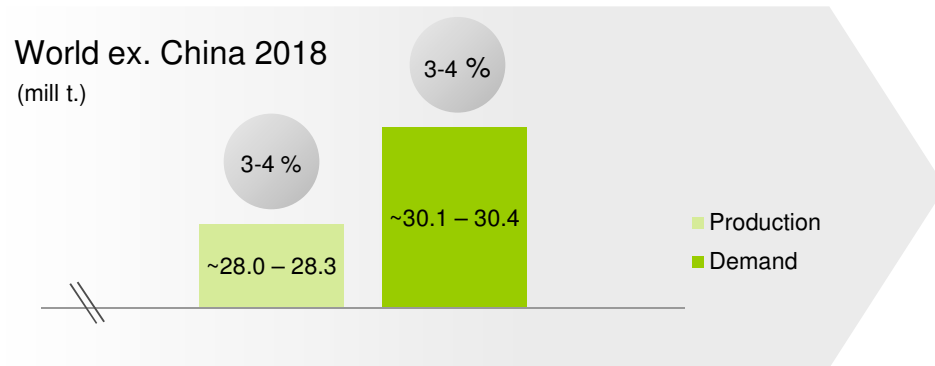
● Global semis demand for segment, CAGR 2017-2027

Source: CRU, Hydro Analysis

* Post-consumer and fabrication scrap

** Unallocated creep estimated at same level as unallocated disruptions

Primary aluminium market moving towards deficit in 2018, increased uncertainty



Source: CRU, Hydro analysis

% Growth from 2017 to 2018



Further
strengthening
Hydro's solid
position

Better, Bigger, Greener

Hydro's aspiration for higher value creation

Better

Raise performance and improve customer offering

- Extend Hydro's leadership in advanced technology and product innovation
- Create value through raw materials access, customer collaboration and integrated model
- Continue benchmark performance and ensure attractive returns over the cycle

Bigger

Expand the use of aluminium and strengthen Hydro's platform for growth

- Promote Hydro and aluminium through value-adding products and solutions for our customers
- Be the preferred partner and most trusted voice of the aluminium industry
- Pursue selective growth from raw materials to products, solutions and recycling

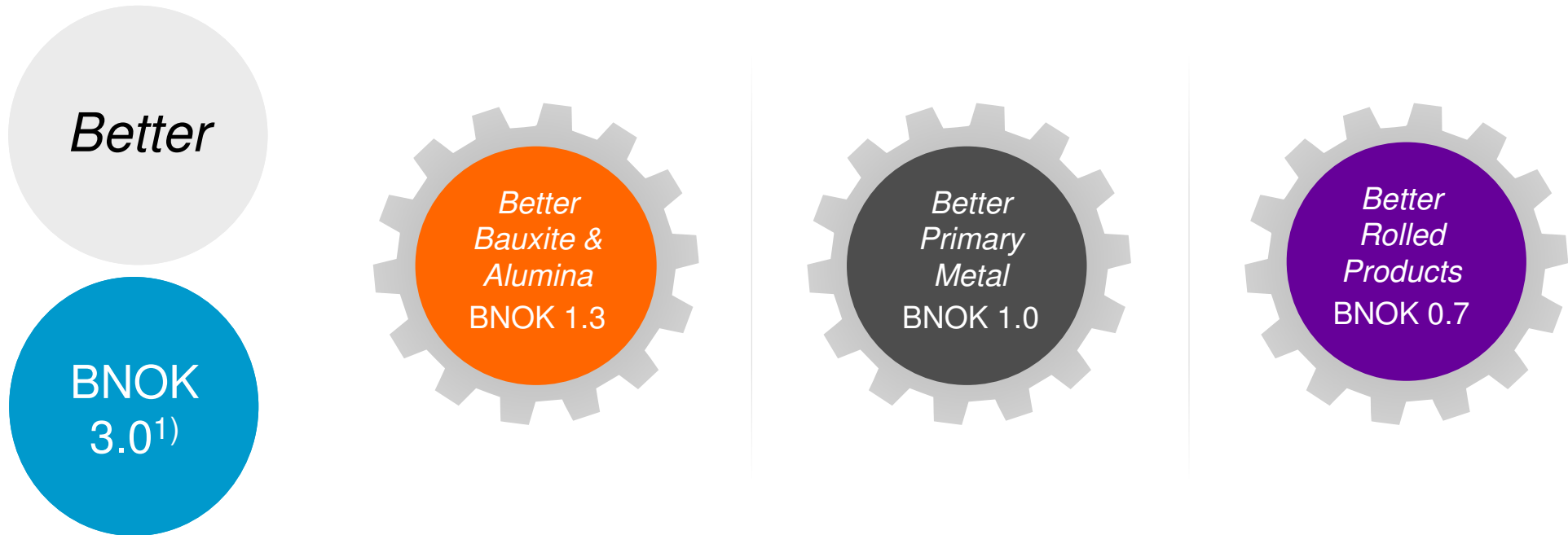
Greener

Lead the transition towards sustainable solutions

- Advocate aluminium as a building block for the low-carbon, circular economy
- Continue to improve footprint from own production, recycling and sustainable solutions
- Making a positive difference by strengthening local communities and our business partners

Industry-leading improvement drive

Better improvement program hit by Brazil situation, not expected to reach 2018 target



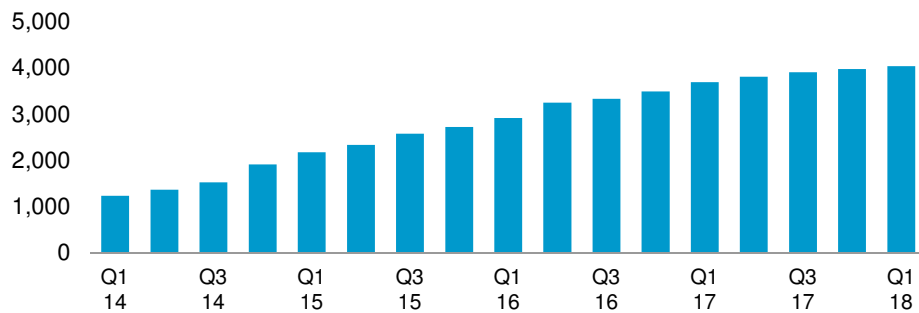
1) Real 2015 terms. Includes some larger investments of NOK 3-3.5 billion NOK in 2015-2019: AL3 and UBC in Rolled Products. Creep projects in Primary Metal. Alunorte debottlenecking in B&A.

Proven track-record of value creation with further potential

Successful value-over-volume strategy, increasing sales within higher-margin segments

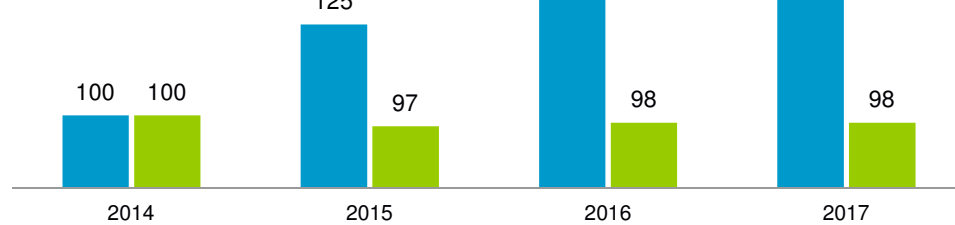
Extruded Solutions

Last 12 months underlying EBITDA (MNOK)



Net added value* per kg

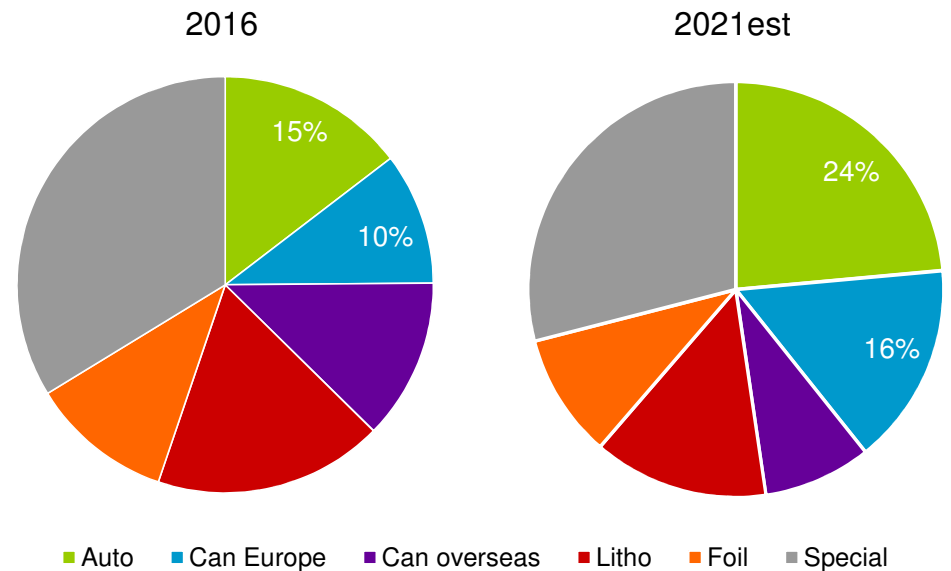
(Indexed to 2014)



NAV Sales volume in mt

Rolled Products

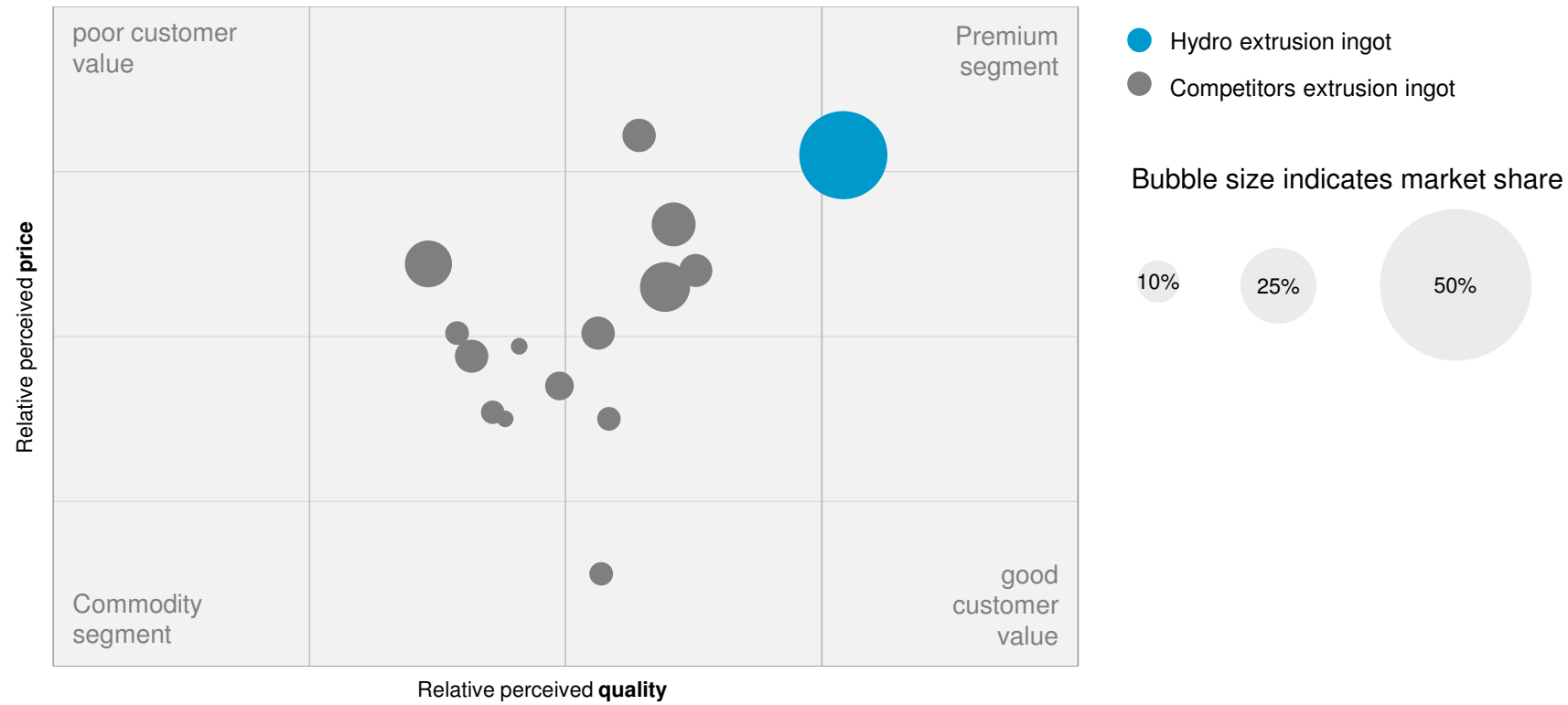
Sales by segment



* Net Added Value: calculated as operating revenues less cost of material, including freight costs out

Hydro in premium segment for casthouse products

Extrusion ingots customer value survey 2017*



* 2017 Customer satisfaction survey for Europe performed by Malik (PIMS)

Karmøy pilot now producing the world's most climate and energy-efficient aluminium



- Ramp-up during first half 2018
- Technology implementation program established to tailor-make spin-off packages/solutions for other electrolysis lines
 - ~50% of 200 000 mt creep ambitions
 - estimated annual EBITDA effect of MNOK ~300*
- Net Hydro capex 2015-2018 BNOK 2.7
 - Total capex BNOK 4.3
 - Enova support BNOK 1.6

* Calculation based on actual EBITDA margin 2017

Hydro acquires ISAL, Aluchemie and Alufluor

Strengthening Hydro's position as Europe's #1 supplier of value-add products

Transaction details

- Binding offer to Rio Tinto to acquire
 - 100 % in Icelandic aluminium plant ISAL
 - Remaining 53 % in Dutch anode facility Aluchemie
 - 50 % in Swedish aluminium fluoride plant Alufluor AB
- Agreed enterprise value of USD 345 million, subject to post-closing adjustments
- Significant improvement potential, including technology, freight and anode investment synergies

Strategic rationale

- Increases Hydro's total primary aluminium capacity to 2.4 million tonnes per year**
- Further improving Hydro's position as the low-carbon aluminium producer by lifting the share of renewables-based aluminium production to more than 70 %
- Strengthens Hydro's position as Europe's leading supplier of extrusion ingot
- Reinforces Hydro's strategic direction as a fully-integrated aluminium company



ISAL



Alufluor



Aluchemie

* Pending statutory consultation with Rio Tinto employees and stakeholders, in accordance with French and Dutch law

** Consolidated capacity

Part of the solution – turning words into action

Industrial strategy, business development and climate ambitions hand in hand



Value-creating, climate friendly investments

Karmøy technology pilot

Primary Metal, Norway

Automotive line 3

Rolled Products, Germany

UBC recycling line

Rolled Products, Germany

Wind power sourcing

Energy, Norway

Fuel switch Project

Bauxite & Alumina, Brazil

Hydro's climate strategy converted into low-carbon products

Our uniqueness is our integrated value chain, share of hydropower and post-consumer scrap recycling

Hydro 4.0



All-in approach

Maximum or below
4.0 kg CO₂e/kg Al

Verified according to
ISO 14064 by DNV GL

Hydro 75R



At least 75% post-consumer
recycled aluminium

Verified by DNV GL based
on traceability and quality
principles developed by Hydro

2018 priorities

- Safety first
- Delivering on short and long-term sustainability agenda in Parà
- Resuming production at Alunorte, Paragominas and Albras
- Value-creating integration
- Technology pilot, automotive line and recycling facility





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