

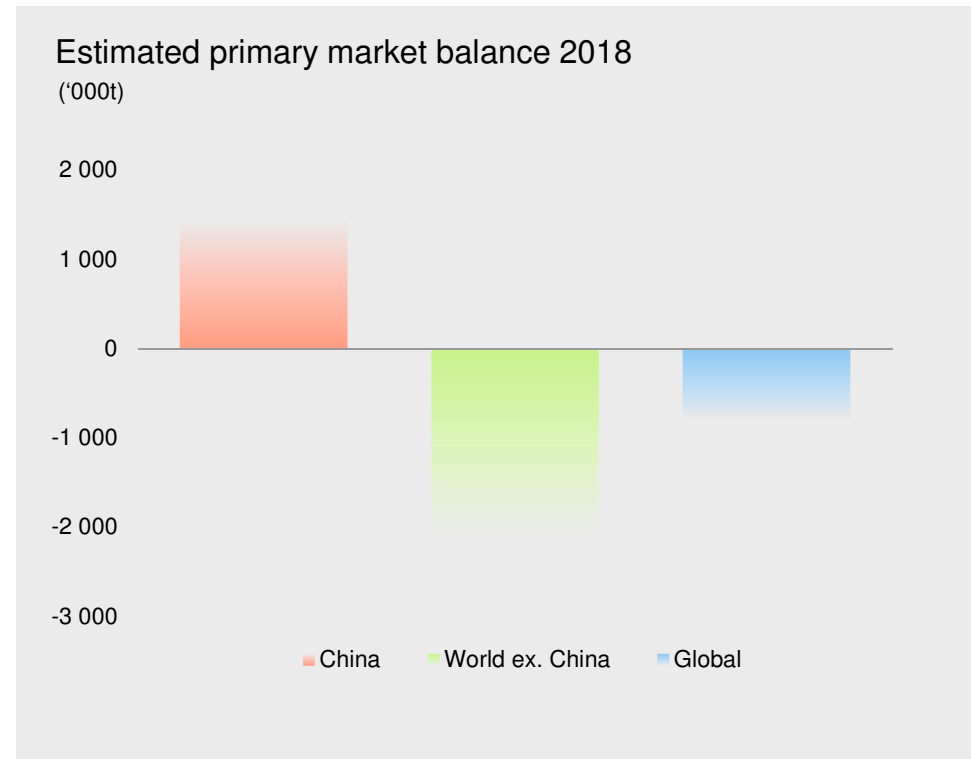
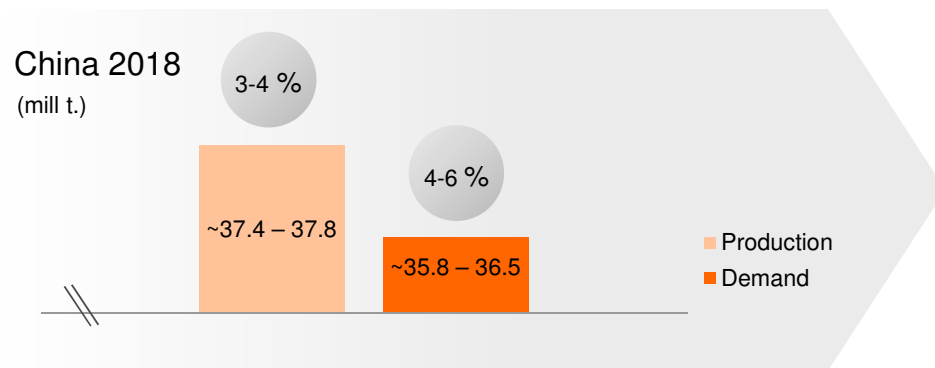
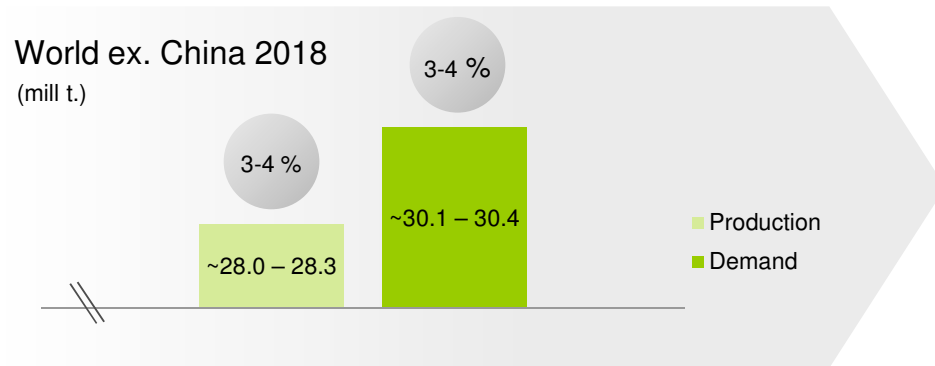


Market update

High uncertainty in 2018

Kathrine Fog
SVP Corporate Strategy & Analysis
May 7, 2018

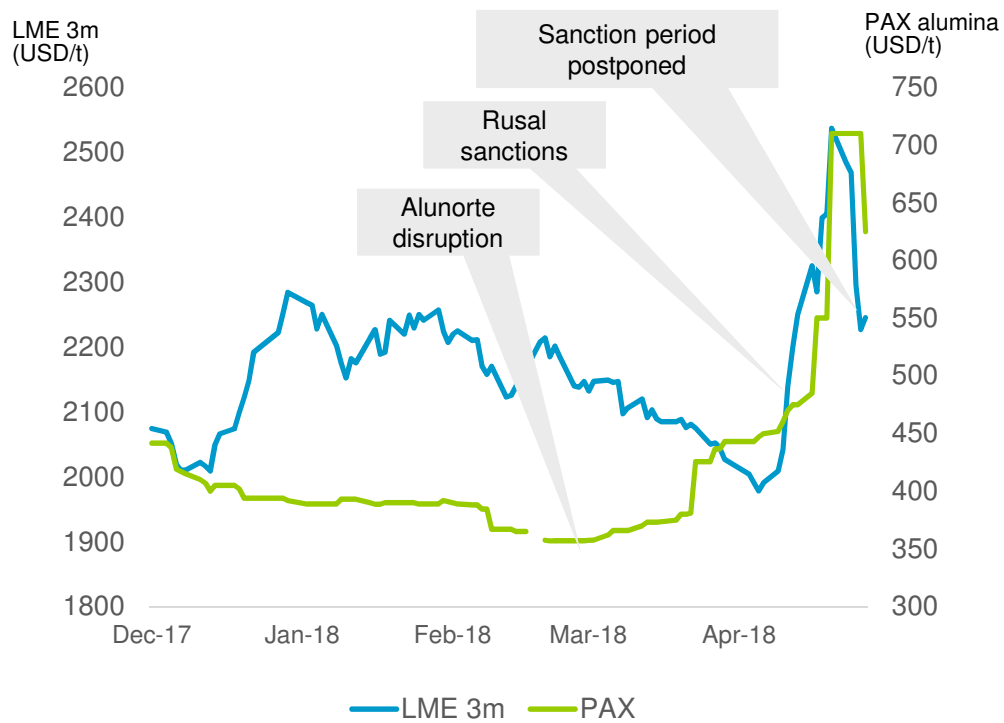
Primary aluminium market moving towards deficit in 2018, increased uncertainty



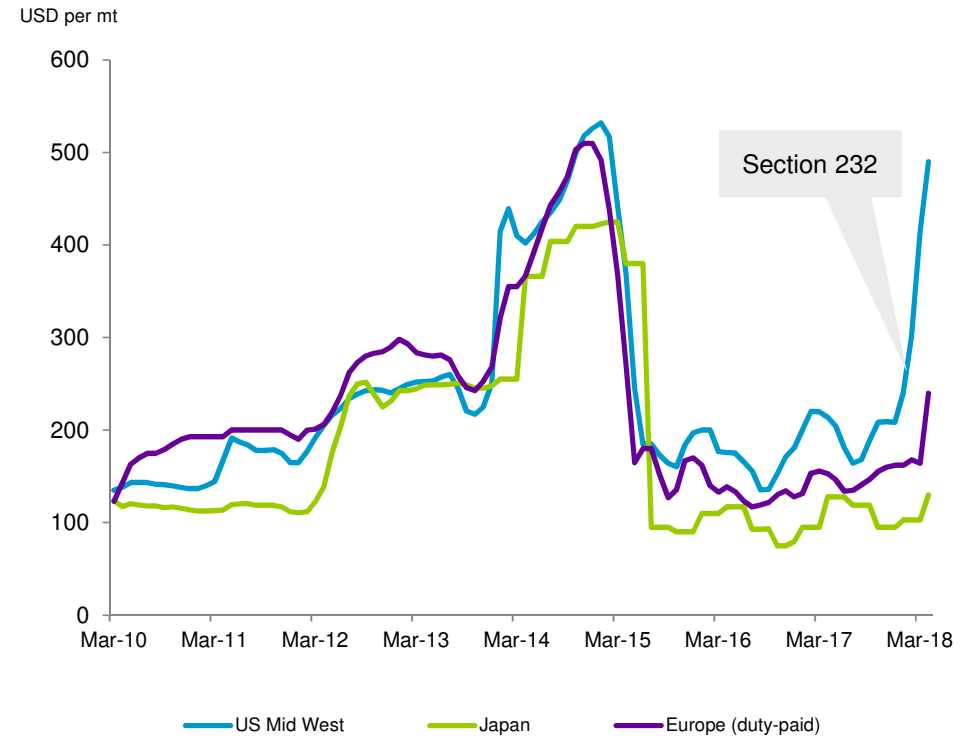
Source: CRU, Hydro analysis

% Growth from 2017 to 2018

LME, premia and alumina price volatility record high in 2018...



Regional standard ingot premiums



Source: Metal Bulletin, MW/MJP: Platts

Challenging global aluminium market

US sanctions against Russia

- Includes world's 2nd biggest producer Rusal



US sanctions against Oleg Deripaska-controlled Rusal announced April 6, causing much uncertainty and market volatility throughout Western aluminium markets

US import tariffs on aluminium

- Trump with protectionist 10 % import tariff



US President Trump announced import tariffs on steel and aluminium in March for reasons of security and national defense. The tariffs will affect Europe and other allies, sparking worries of a trade war

Hydro's Brazil challenge

- Half production at Alunorte and Albras

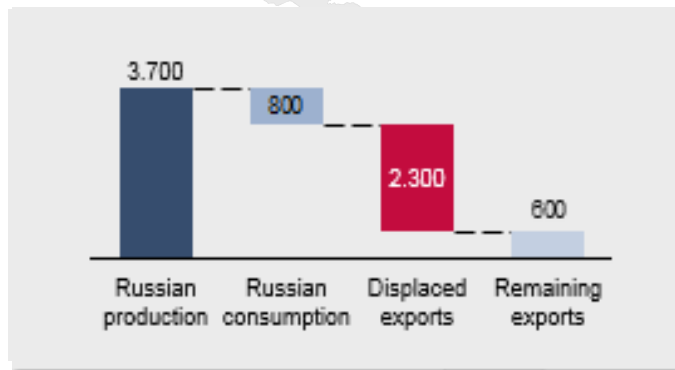
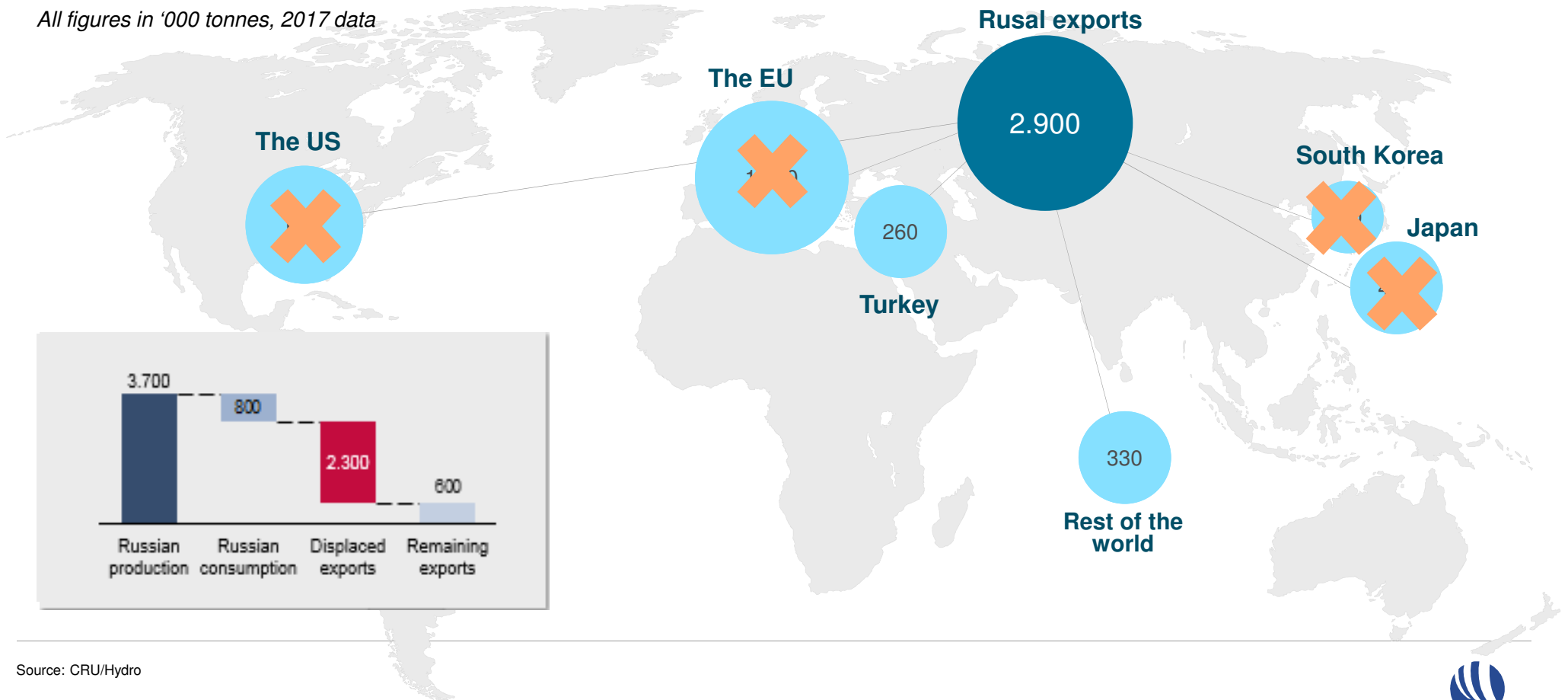


Alunorte ordered to half alumina production operations following February extreme rain event, leading to Albras and Paragominas curtailments and aggravating global alumina shortfall

Rusal exported ~1.8 million tonnes to EU & the US in 2017

Following the sanctions (post Oct), metal flows to US, EU, Japan and South Korea not likely to occur

All figures in '000 tonnes, 2017 data



Source: GRU/Hydro

