



Profitability and sustainability

- Seizing opportunities where our capabilities match the megatrends

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Hydro's strategic direction toward 2025



Seizing opportunities where our capabilities match megatrends

I Strengthen position in low-carbon aluminium



II Diversify and grow in recycling and new energy



Profitability & Sustainability

Three levers driving Hydro value creation potential to 2025

BNOK 8.5 Improvement program

Maximizing value-creation from current assets/operations

- Operational excellence
- Commercial excellence in daily operations
- Raw material efficiency, procurement
- Volume creep and capacity utilization
- Fixed cost optimization

Initiatives focused on influenceable parameters and continuous improvement

BNOK 2.0 Commercial ambitions

Pursuing market and customer-driven growth opportunities

- Pricing and share of the wallet
- Upgrading and developing product portfolio
- Customer-driven incremental growth

Initiatives within the current business portfolio, dependent on market conditions

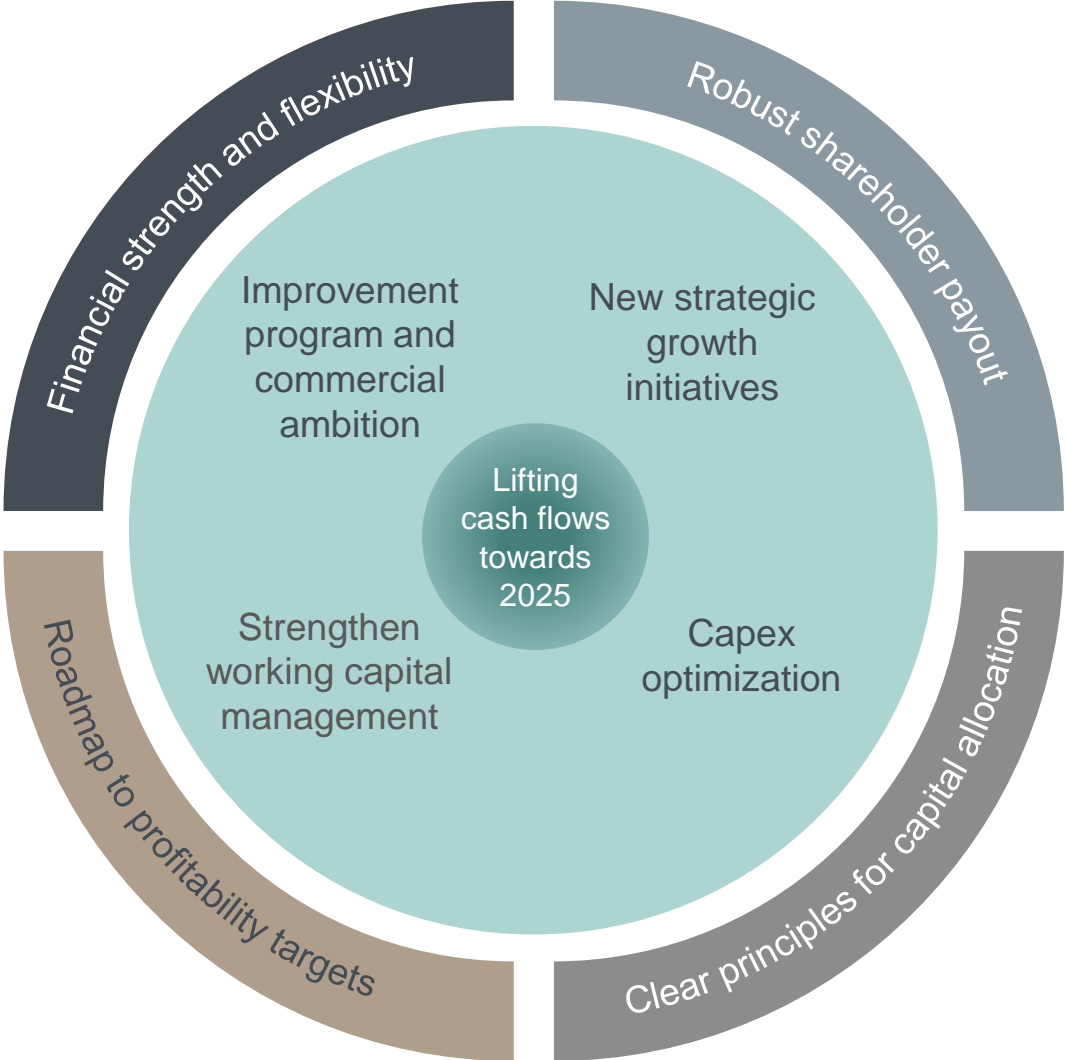
Growth and strategic initiatives

Larger changes in business portfolio and/or strategic direction

- Recycling: more than doubling post-consumer scrap utilization, creating EBITDA uplift of BNOK 1.0 to 1.5 by 2025
- Renewable Growth: investing into more than 1GW of renewable power projects in 2021
- Battery: Generating pro-rata EBITDA of MNOK 600 – 700

Initiatives outside the current business portfolio or representing a significant strategic move

Key priority last year to improve cash flow and returns

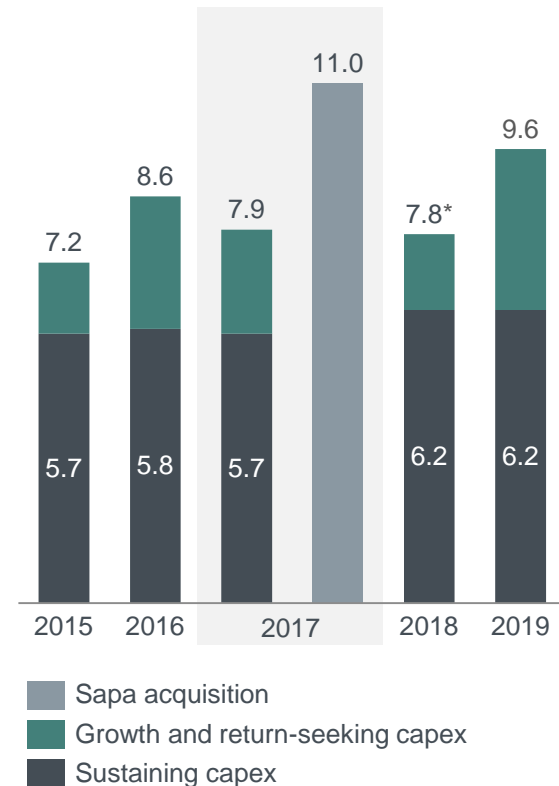


Capex guidance of BNOK 9-9.5 for 2022-2025

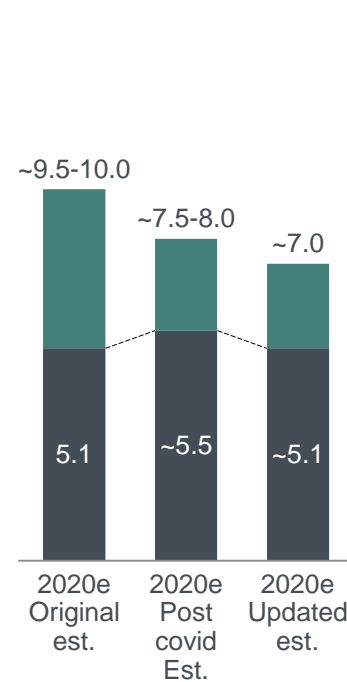


- Investments based on strategic priorities and capital allocation framework

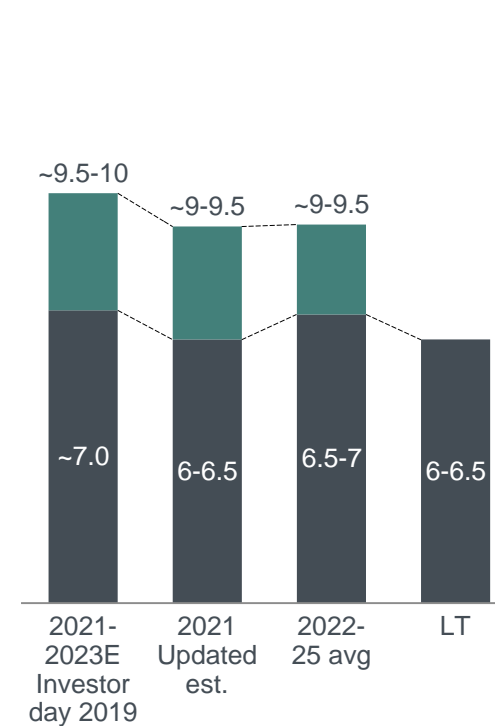
Historical capex
BNOK



Updated capex
guidance for 2020,
BNOK



Guidance capex LT,
BNOK



Sustaining projects

- New mining area in Paragominas (from 2022)
- Pipeline replacement
- Upgrades to Alunorte
- Smelter relining and asset integrity in Primary Metal

Growth and return-seeking

- Selected customer-driven projects in Extruded Solutions
- Recycling
- Energy wind and battery storage
- Fuel switch project

Capex including Extruded Solutions

*Excluding the Pis/Cofins adjustments in Brazil in 2018. Including the adjustment, 2018 capex amounted to BNOK 7.0

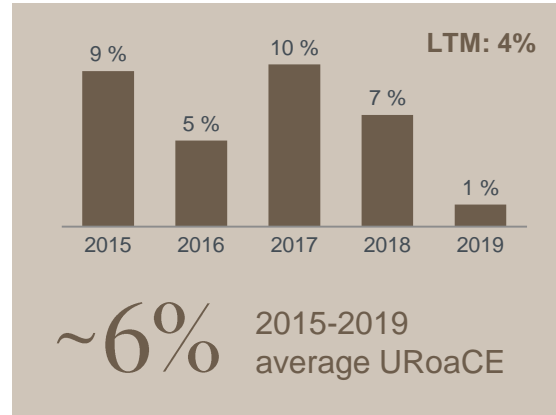
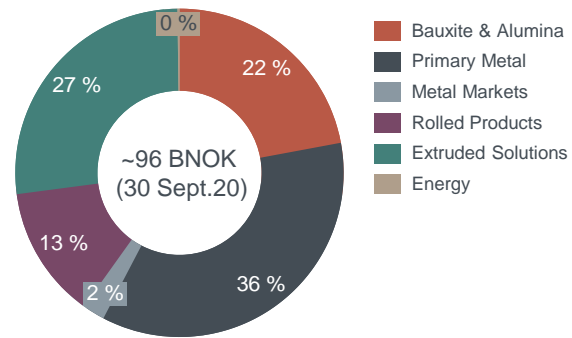
Growth and return-seeking capex guidance 2022-25 avg only includes capex necessary for delivering on targeted improvement ambitions and commercial initiatives

Capital return dashboard for Hydro



- Hydro targets URoaCE above 10% over the cycle

Capital employed¹⁾



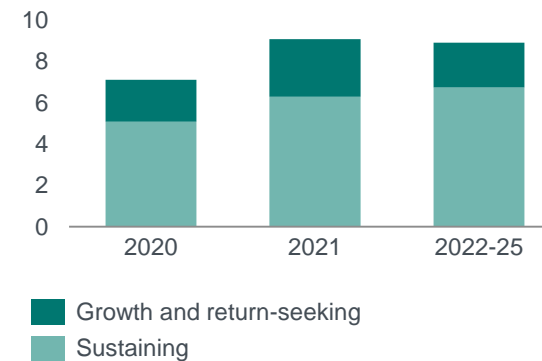
10%
URoaCE target over the cycle

9%
Nominal long-term cost of capital

8.5 + 2.0
BNOK
on EBITDA by 2025 in improvement potential and commercial ambitions

Additional earnings potential represented through strategic growth initiatives

Capex, BNOK



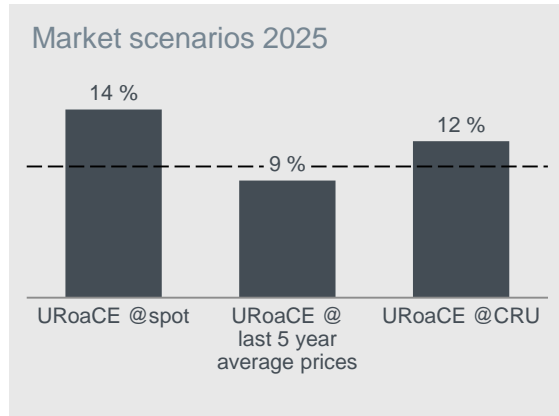
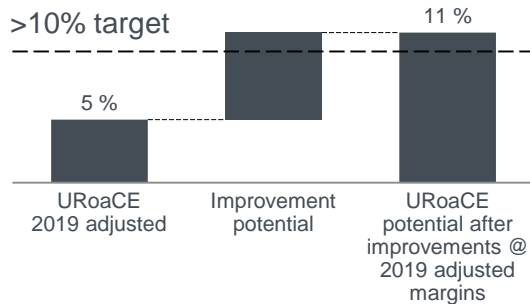
1) Graph excludes (6.8) BNOK in capital employed in Other & Elimination

Hydro roadmap to profitability



- Main drivers – improvement measures and market developments

URoaCE potential



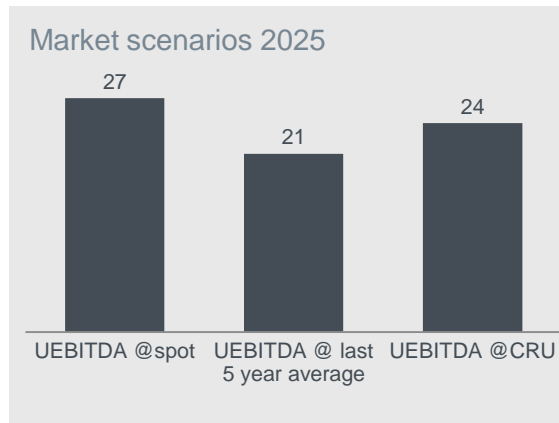
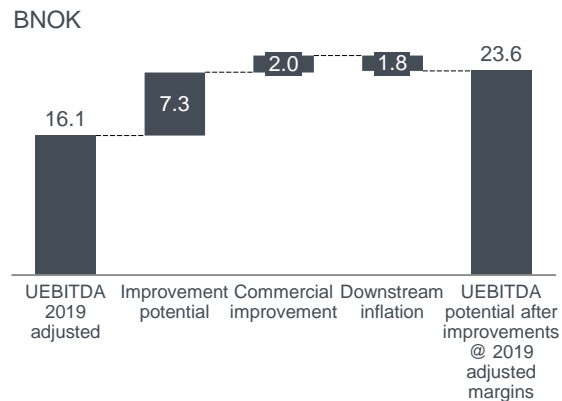
Main further upside drivers

- Sustainability differentiation and premium
- Positive market and macro developments
- Additional CO2 compensation from 2021
- High-return growth projects
- Technology and digitization
- Portfolio optimization

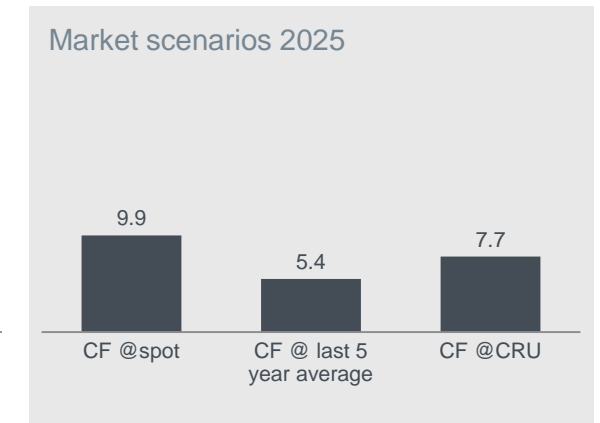
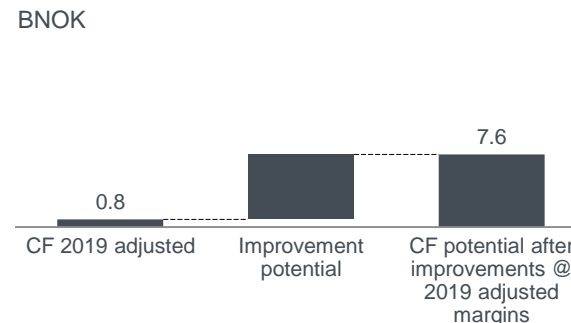
Main downside risks

- Negative market and macro developments, incl. trade restrictions
- Operational disruptions
- Project execution and performance
- Deteriorating relative positions
- Regulatory frameworks, CSR and compliance

UEBITDA potential



Cash flow potential after capex, tax and dividend floor



To conclude - Why invest in Hydro?



Attractive asset base

1st and 2nd
quartile cost
performance
upstream



Strong market positions downstream

~45%
of total downstream
volumes in growth
segments¹⁾



Greener products leadership

2.3 and 4.0
tons CO2 per ton
aluminium in
greener products



Robust cash position and balance sheet

2x
Adjusted net debt
excl. EAI / uEBITDA
and IG²⁾ rating



Strong shareholder focus

11
consecutive years of
dividend payout



Sustainable growth journey

Investment in
recycling, renewable
growth, and battery
value chain



1) Growth segments including automotive, can and building & construction, based on 2019 exposures 2) Investment grade



Hydro

Industries that matter