

Üdvözöljük Magyarországon (Welcome to Hungary)

Thursday, 14 September 2023

01

Introduction

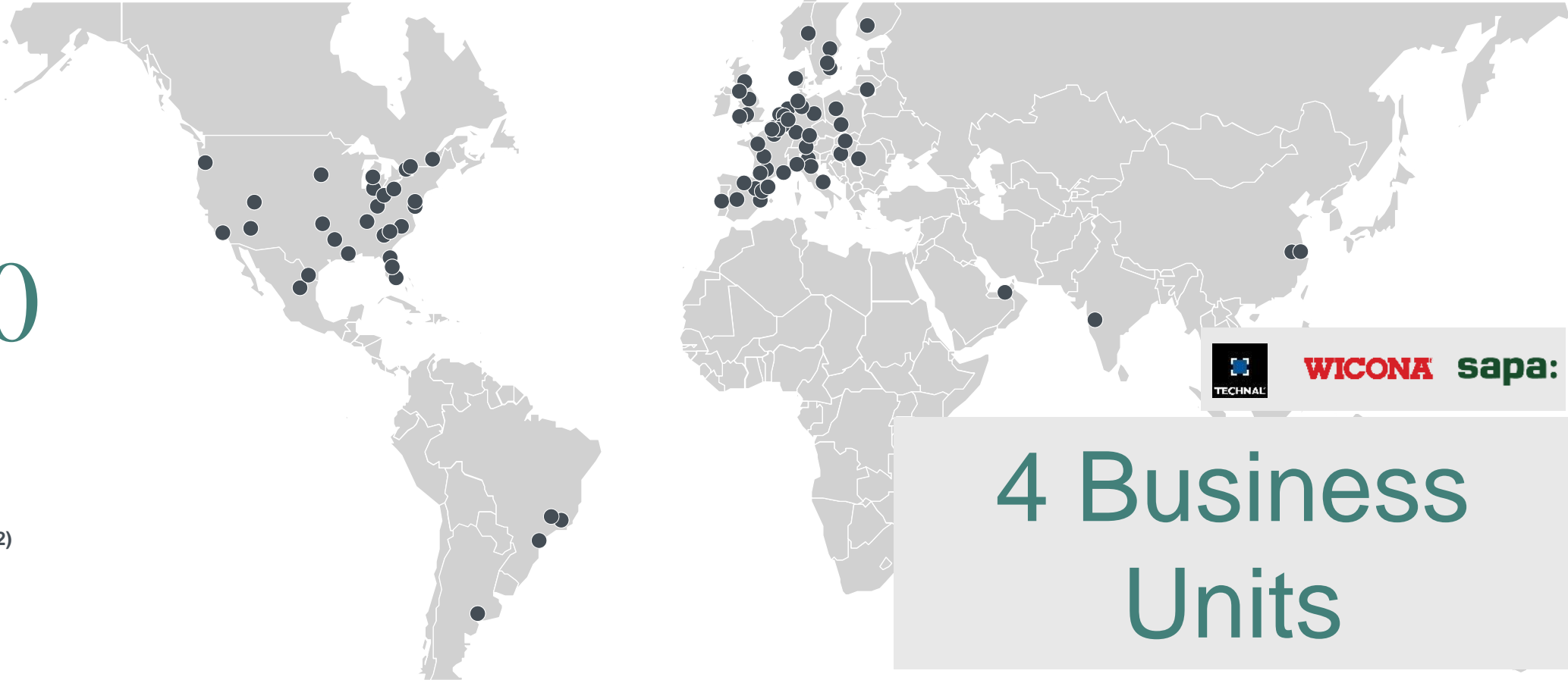
No. 1 in the global aluminium extrusion industry



Present in
40
countries

21,400
people ¹⁾

1.3
Million mt sales²⁾



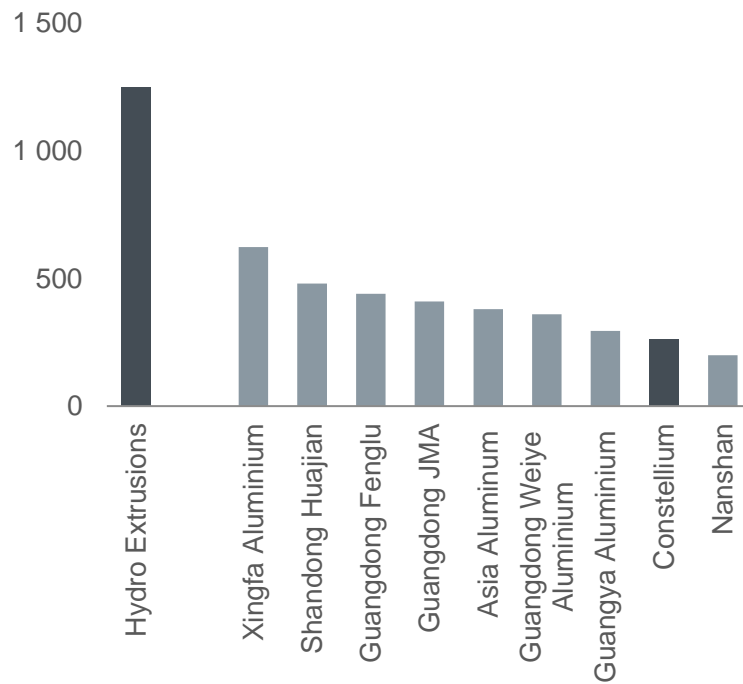
4 Business Units

1) Permanent employees as of end-2022
2) Total sales in 2022

Extrusions with unrivalled position as largest extruder globally with a strong and diversified segment footprint

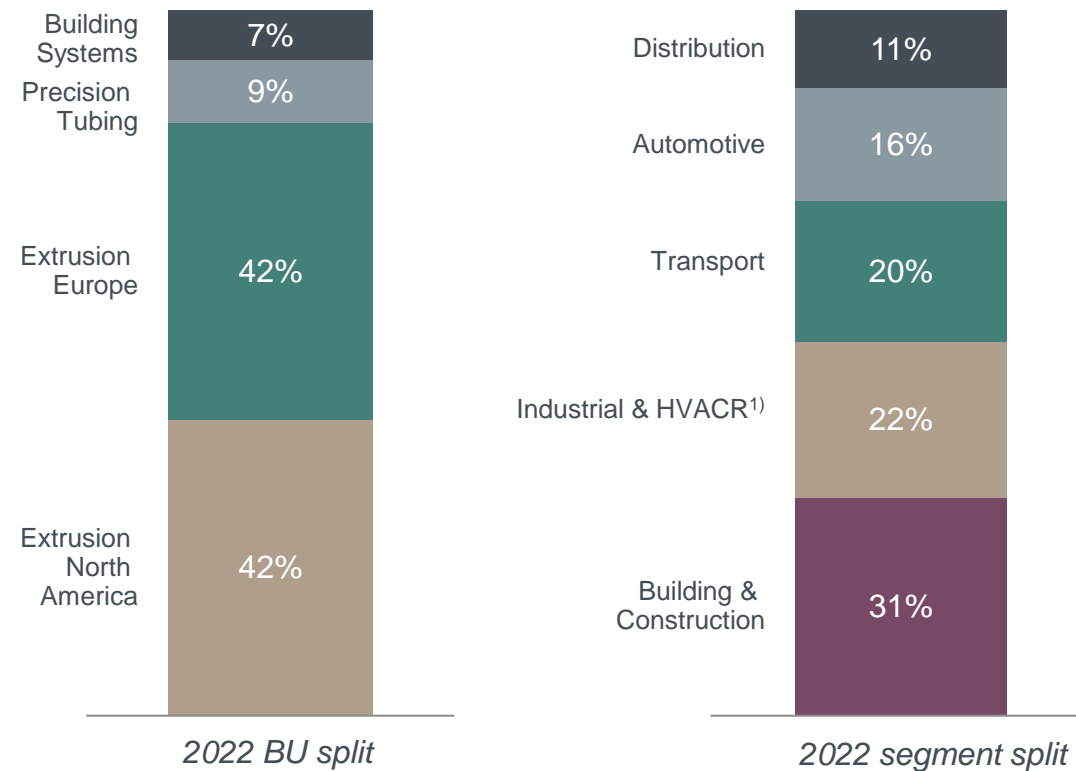
Unrivalled position as #1 extrusions provider globally

Extrusion sales volume (2022), tonnes (000s)



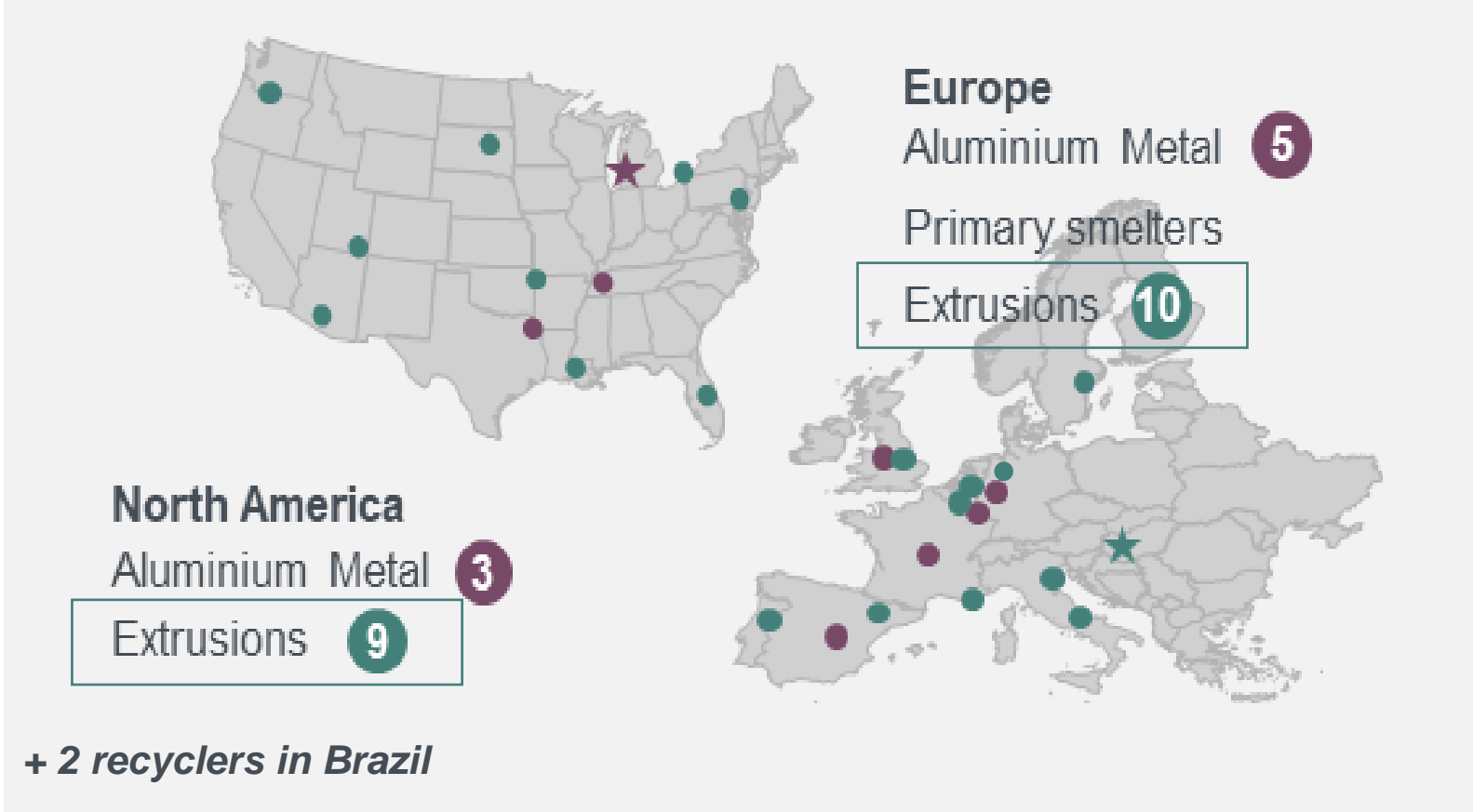
Four distinct Business Units, all with strong segment presence

Total volume 2022: 1.25 million tonnes



1) HVACR: Heat, ventilation, air condition & refrigeration
Source: Company filings, CRU

Hydro Extrusions with a strong network of recyclers across regions supporting extrusion operations



- Combined extrusion billet production of ~1.2 million tons

- Recyclers providing a unique competitive advantage for Extrusions in enabling **flexible energy-efficient & tailor-made metal supply** to large network of extrusion plants and profile customers



Organized in four business units based on products / geography to maximize synergies across



21,400 highly competent people across the world, total turnover of NOK 91 billion

Extrusion Europe



- Market leader focusing on value-added products
- 17% market share
- 32 locations, 9,100 people

| | |
|------------------|-----------------|
| Revenue | UEBITDA |
| BNOK 36.1 | BNOK 3.2 |

Extrusion North America



- Uniquely positioned as the only coast-to-coast supplier
- 20% market share
- 21 locations, 6,100 people

| | |
|------------------|-----------------|
| Revenue | UEBITDA |
| BNOK 36.5 | BNOK 2.7 |

Precision Tubing



- Global Technology market leader in Precision Tubing segment
- 35% market share Europe & the US
- 10 locations, 2,800 people

| | |
|-----------------|-----------------|
| Revenue | UEBITDA |
| BNOK 8.3 | BNOK 0.5 |

Building Systems



- Leading European player with multi-brand portfolio
- 17% market share in Europe*
- Presence in 26 countries, 3,100 people

| | |
|------------------|-----------------|
| Revenue | UEBITDA |
| BNOK 11.3 | BNOK 0.9 |

Attractive value add Systems and Precision Tubing business in addition to strong EU and US extrusion positions



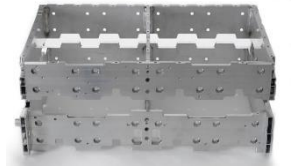
Building Systems and PT offering unique value added and specialty solutions with growth opportunities

Business Unit

Attractive growth and business development opportunities

Extrusion Europe

- Increased penetration in E-mobility supported by substitution
- Recycling capacity to facilitate increased PCS usage



Extrusion North America

- Grow in automotive and commercial transport
- Shape the market for greener products in North America



Building Systems

- Leverage Hydro CIRCAL, increase market share driven by sustainability and brand offerings
- Leverage strong European product and digital platforms in new geographies



Precision Tubing

- Substitution away from copper towards aluminium in HVAC&R
- Higher penetration of aluminium in E-mobility



Aluminium battery cable
Significant advantages in material, weight and cost

Strategic initiatives continue to transform Extrusions into a more robust and customer driven business



More competitive cost base, stronger customer interaction, targeted capacity expansion and sustainability agenda provide for business resilience going forward

Key Initiatives

Key actions

Portfolio restructuring

- **Strong focus on selected segments where Extrusions has competitive advantage**
- Exited non-attractive operations and segments

Cost reductions

- **Several cost reduction initiatives**, including procurement and operational improvements through Hydro Extrusions Business System (EBS)

Customer partnerships and commercial focus

- **Increased customer interaction through value added activities and fabrication**
- Focus on **customer solutions** and service to ensure value creation, long-term interaction and loyalty

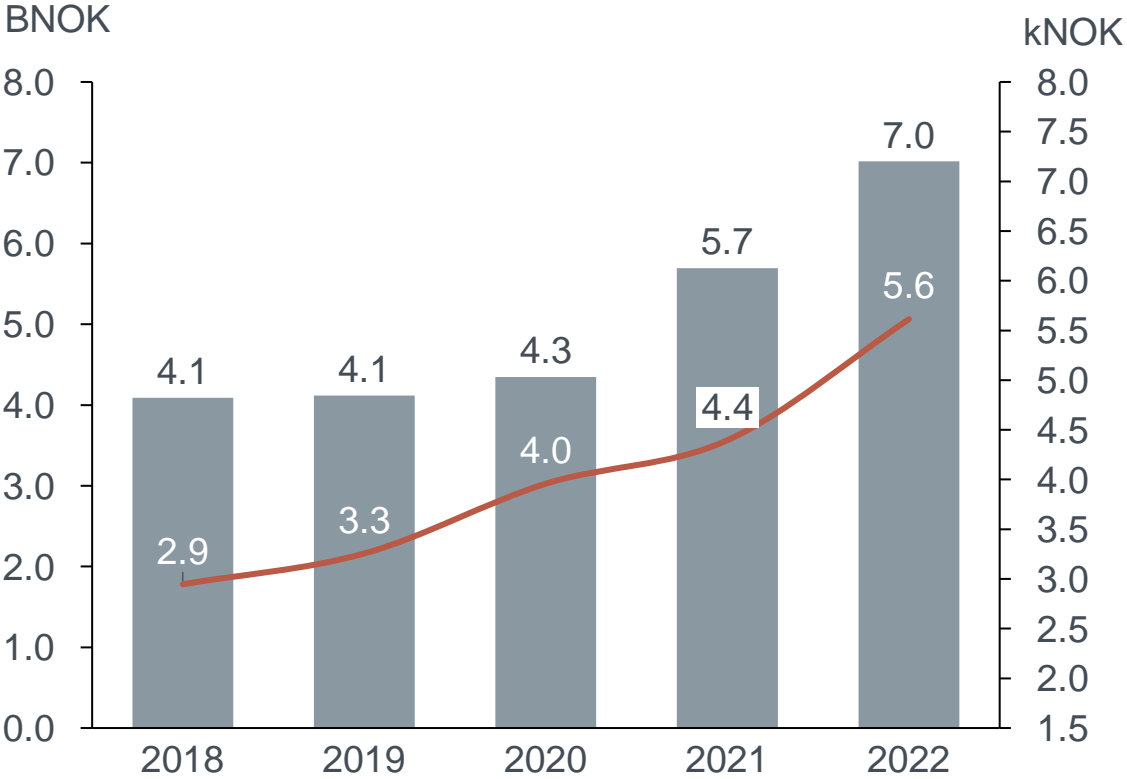
Capacity growth in attractive regions and segments

- **Increase in large press, state-of-the-art technology capacity**
- Focus on growth in attractive geographies

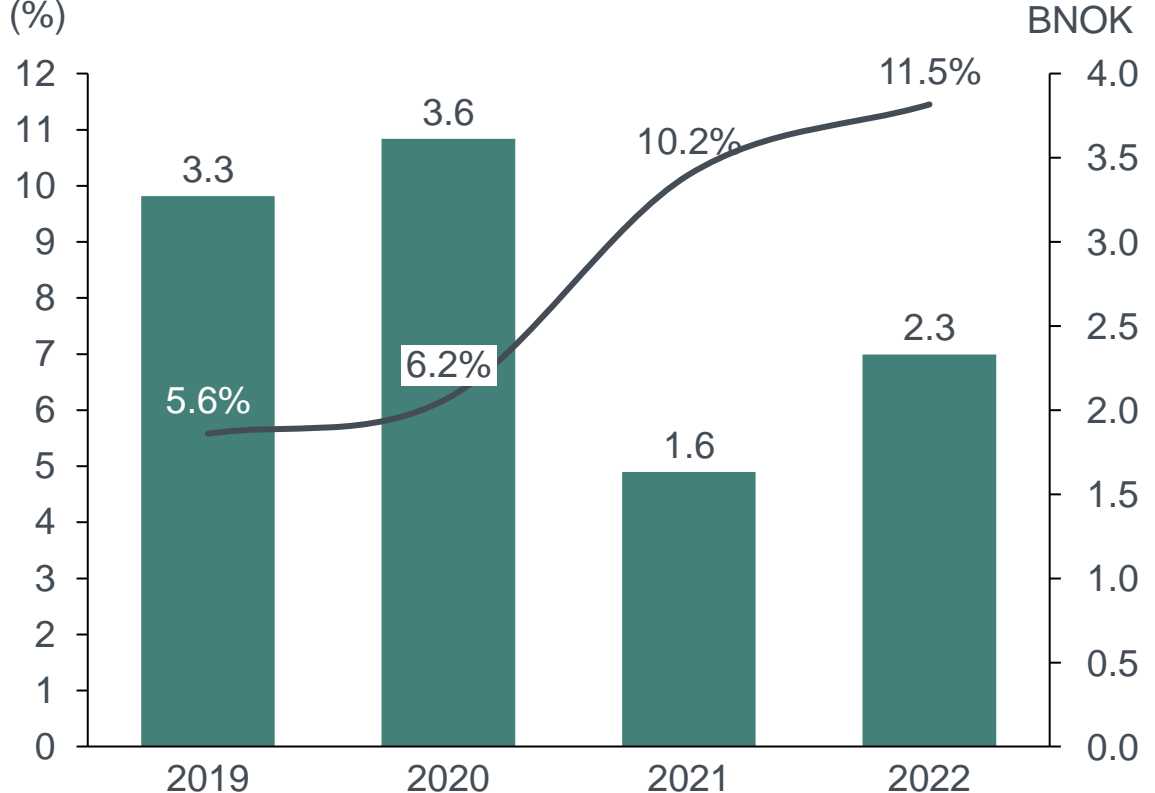
Sustainability platform

- Established competitive advantage in building systems area, **leveraging Hydro CIRCAL**
- **Growth and enhanced position in recycling** capacity to optimize value, scrap flows and PCS

Hydro Extrusions delivering EBITDA growth with positive cash-flow supporting investments



— EBITDA / t (RHS) - kNOK ■ EBITDA (LHS) - bnNOK



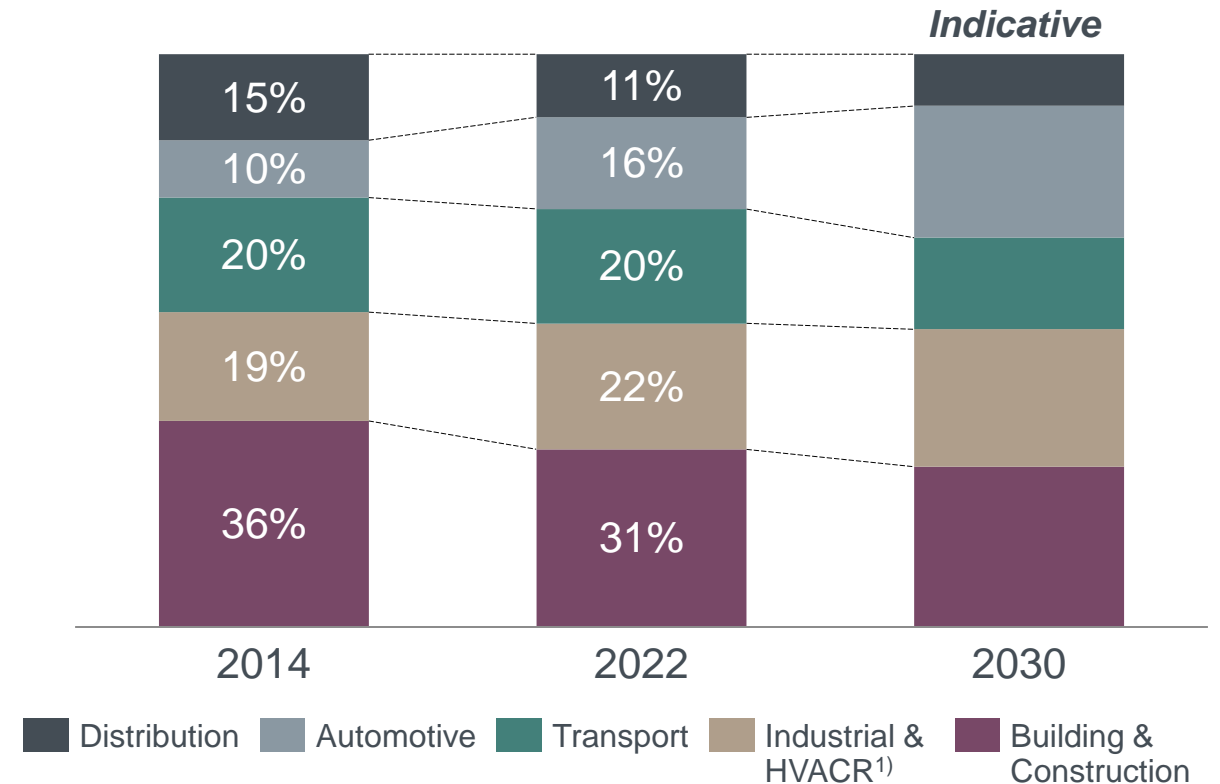
— ROACE in % (LHS) ■ Cash-flow bnNOK (RHS)

Extrusions continue to transform into a more robust, solution and customer-oriented business



- Hydro Extrusions is not a commodity company
 - Portfolio mix change since 2014 reflect this
- Hydro Extrusions sell products and solutions
 - We compete on service and quality to ensure a good offer to our customers
 - We need to price based on number of parts delivered, not kg's
- Target to increase added value activities and further reduce our break-even points
 - Increased automation of production to support
- Global markets support and advancement of the product portfolio

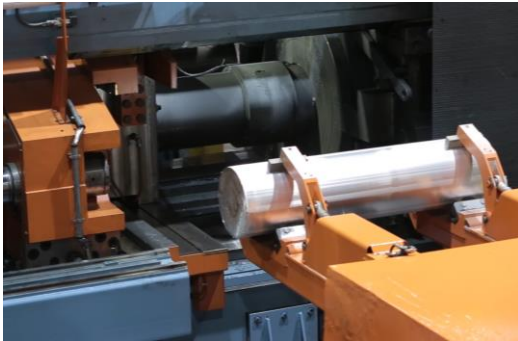
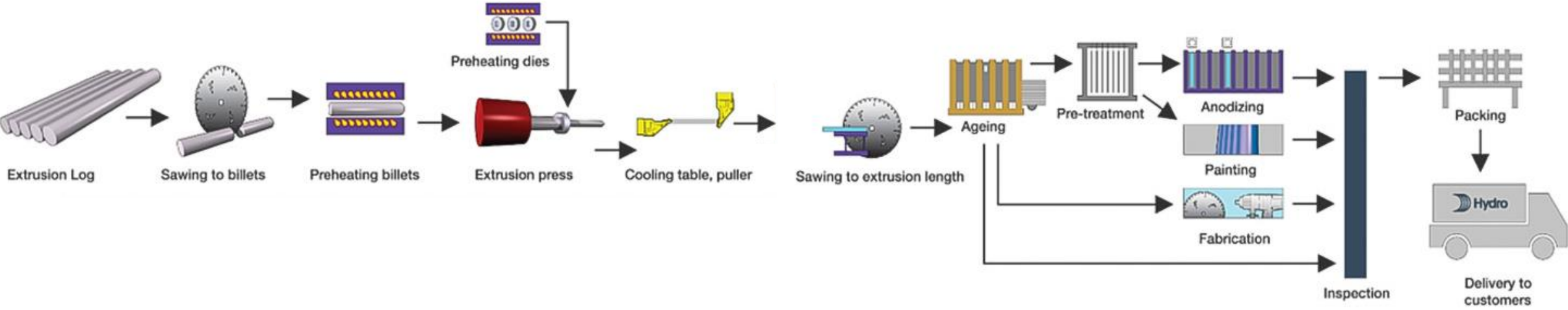
Sales segment split based on tons sold



1) Heating, Ventilation, AC & Refrigeration

02 Value drivers in Extrusions

Extrusions and added value process: Driving value from billet to finished product



Hydro Extrusions follow-up all main production processes based on a profit-center perspective



| Remelt | Extrusion | Anodizing | Painting | Fabrication | Thermal Break | Other | Precision Tubing | Building Systems |
|--------|-----------|-----------|----------|-------------|---------------|-------|------------------|------------------|
|--------|-----------|-----------|----------|-------------|---------------|-------|------------------|------------------|

All variables below followed up for all profit centers

| |
|----------------------------------------------|
| Sales revenues ¹⁾ |
| Variable costs ¹⁾ |
| Fixed production costs ¹⁾ |
| Sales and administration costs ¹⁾ |
| EBITDA |



Operational KPI's 

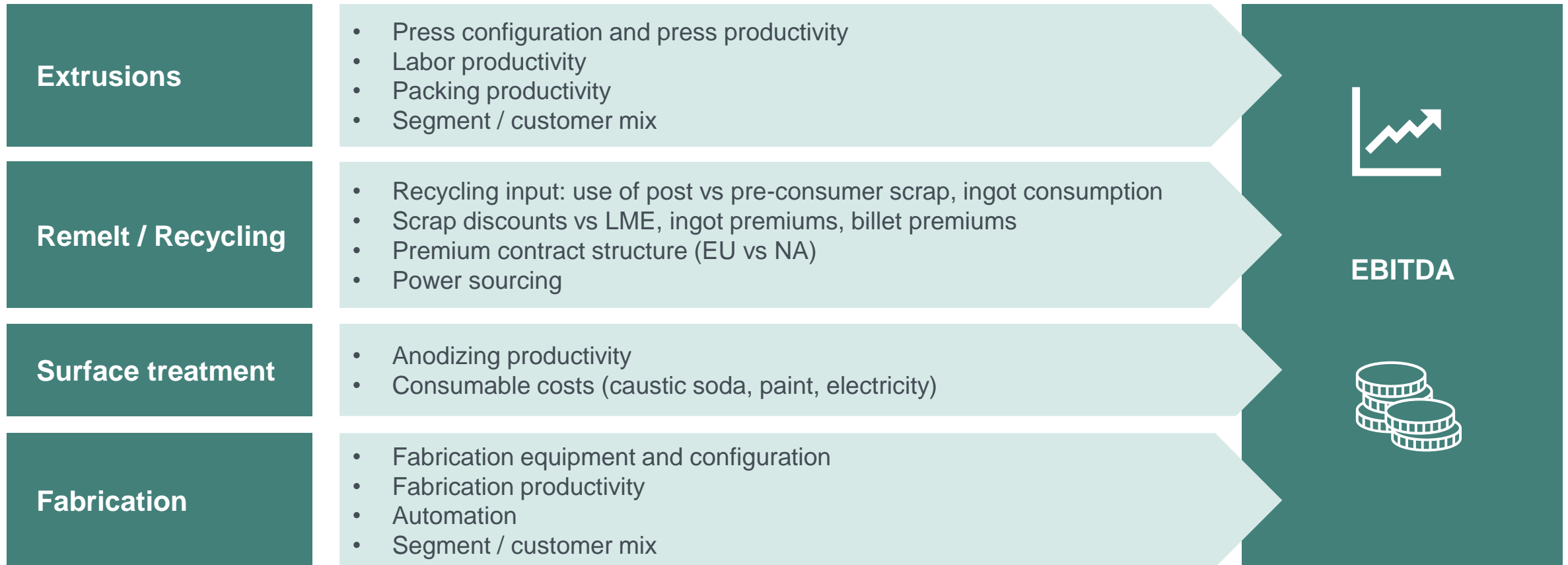
Commercial KPI's 

1) Split into detailed categories

The extrusion industry offers several avenues for driving value, both operationally and commercially

Profit center

Value drivers



03 Performance



Short-term market update



Extrusions is used in a variety of segments

Diversified market portfolio across segments and regions



At home

- Windows and doors
- Furniture
- Electronics
- Greenhouses
- Balconies
- Tents
- Scaffolding
- Shutters
- Medical Applications



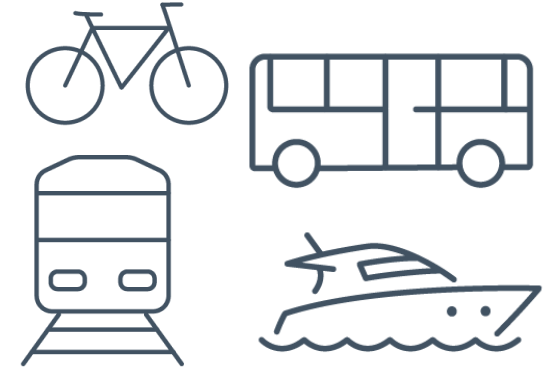
In your car

- Interior
- Exterior
- Chassis
- E-mobility
- Loading stations
- Powertrain
- Battery Packs
- Crash Management
- Bumpers
- Body in white



At the office

- Facades
- Windows
- Walls
- Electronics
- Office furniture
- Heating / Cooling
- Coffee Machines



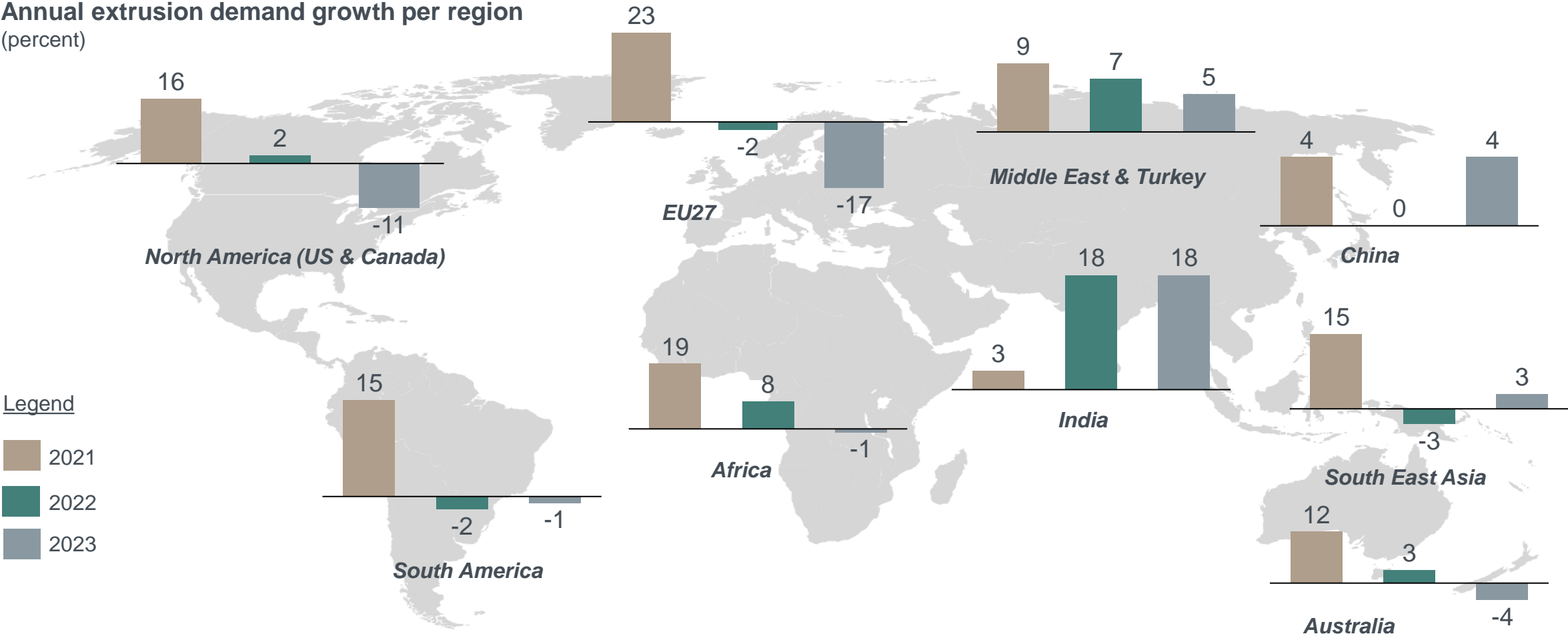
When traveling

- Train and subway sides
- Flooring
- Handrails
- Luggage compartments
- Scuffs
- Corner Posts
- Curtain Sider
- Marine & Offshore Applications

After a strong rebound post-Covid, extrusion demand is facing headwinds in light of weak macro development



Annual extrusion demand growth per region (percent)



Legend

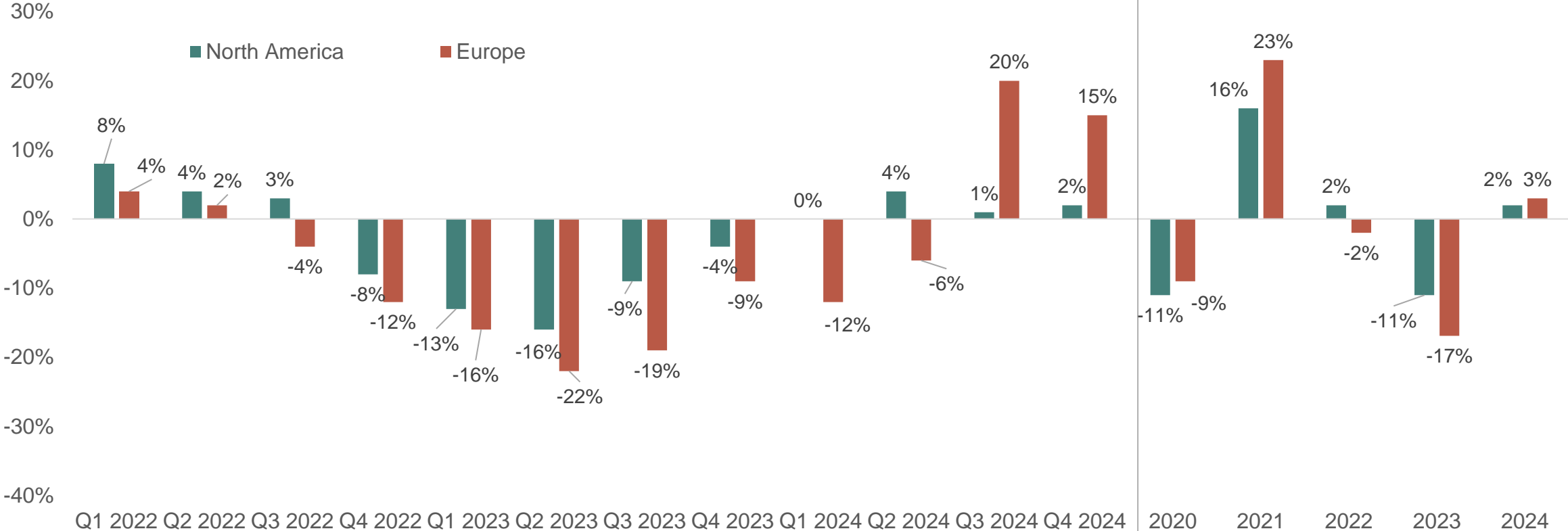
- 2021
- 2022
- 2023

Markets are expected to show continued weakness for the rest of 2023 and into 2024 in Europe and North America



Extrusion demand growth estimates (CRU August 2023)

(YoY growth)

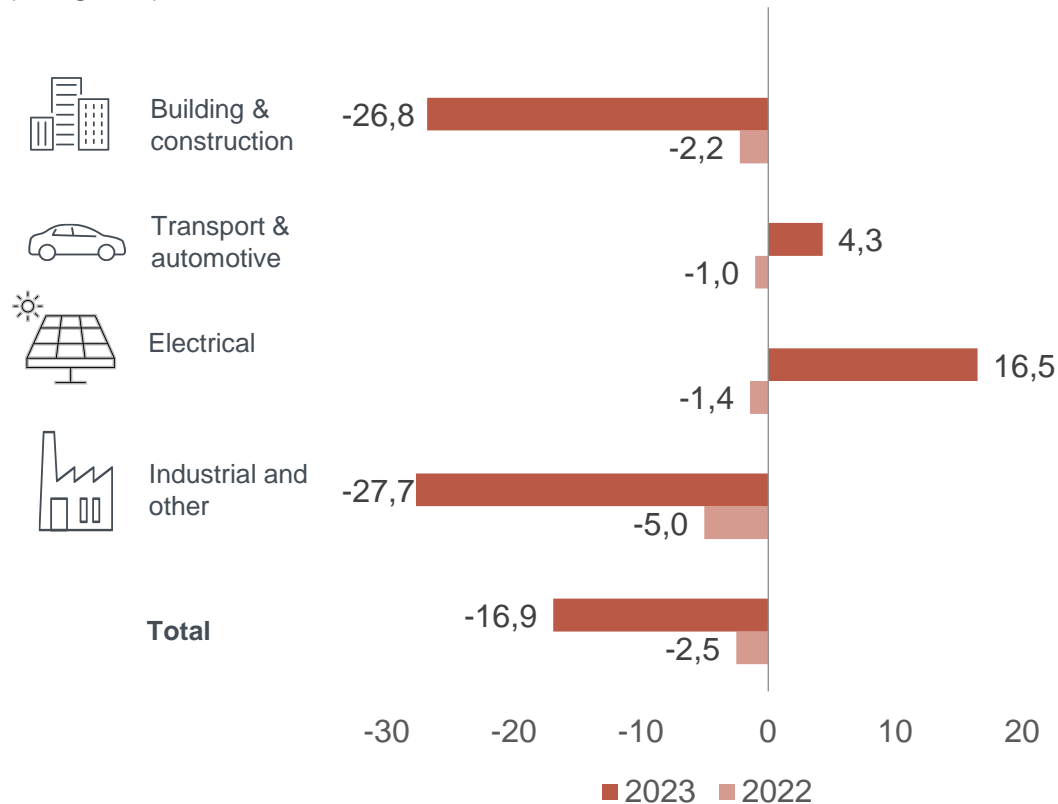


Source: CRU (Europe excluding Russia/Turkey)

Negative demand growth for B&C and industrial segments, while automotive shows continued growth

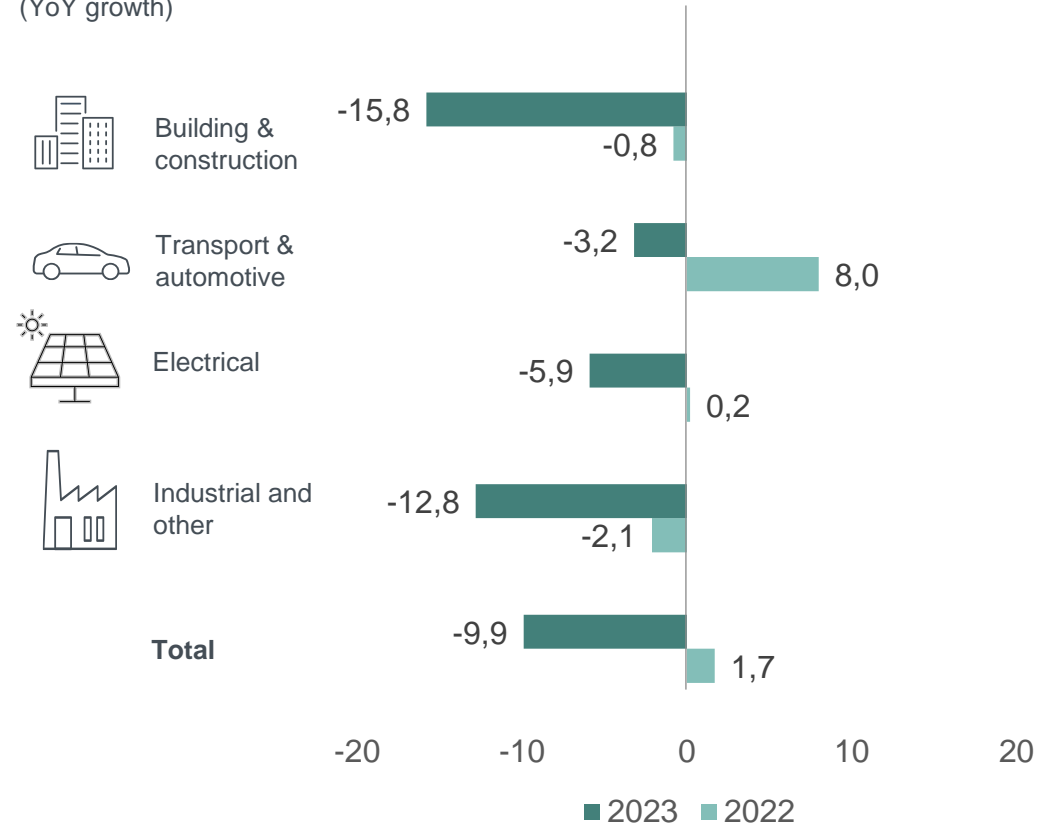
Europe

(YoY growth)



North America

(YoY growth)



Very strong Covid-rebound in Europe for B&C and industrial segments impacting current demand development



Transport and automotive catching up after being impacted by supply-chain shortages

European extrusion demand per segment (Indexed, Q1 2020 = 100)



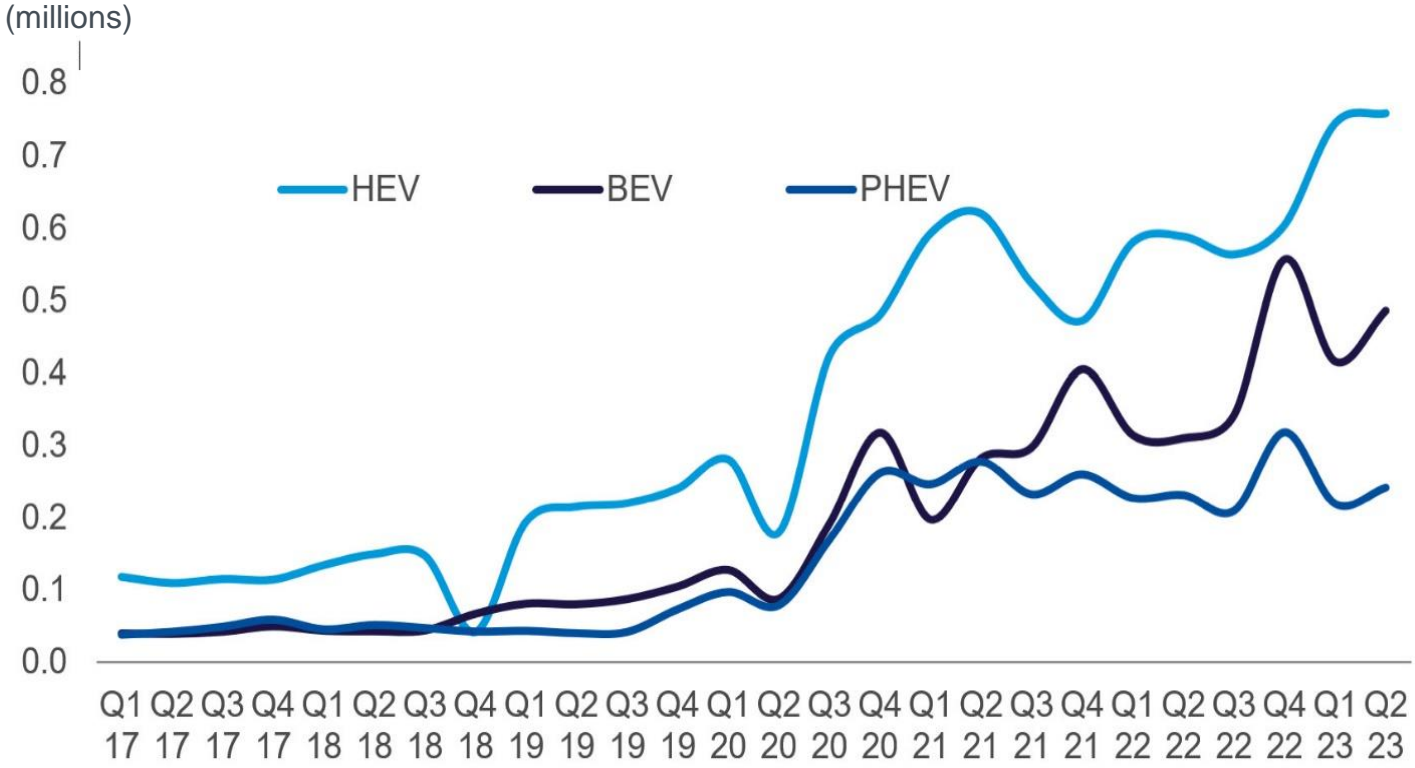
Source: CRU

E-mobility showing strong growth in Europe...



Rapid transition from Internal Combustion Engine (ICE) to growth in Battery Electric Vehicles (BEV) and Hybrid Electric Vehicles (HEV)

Passenger vehicle registrations, Western Europe



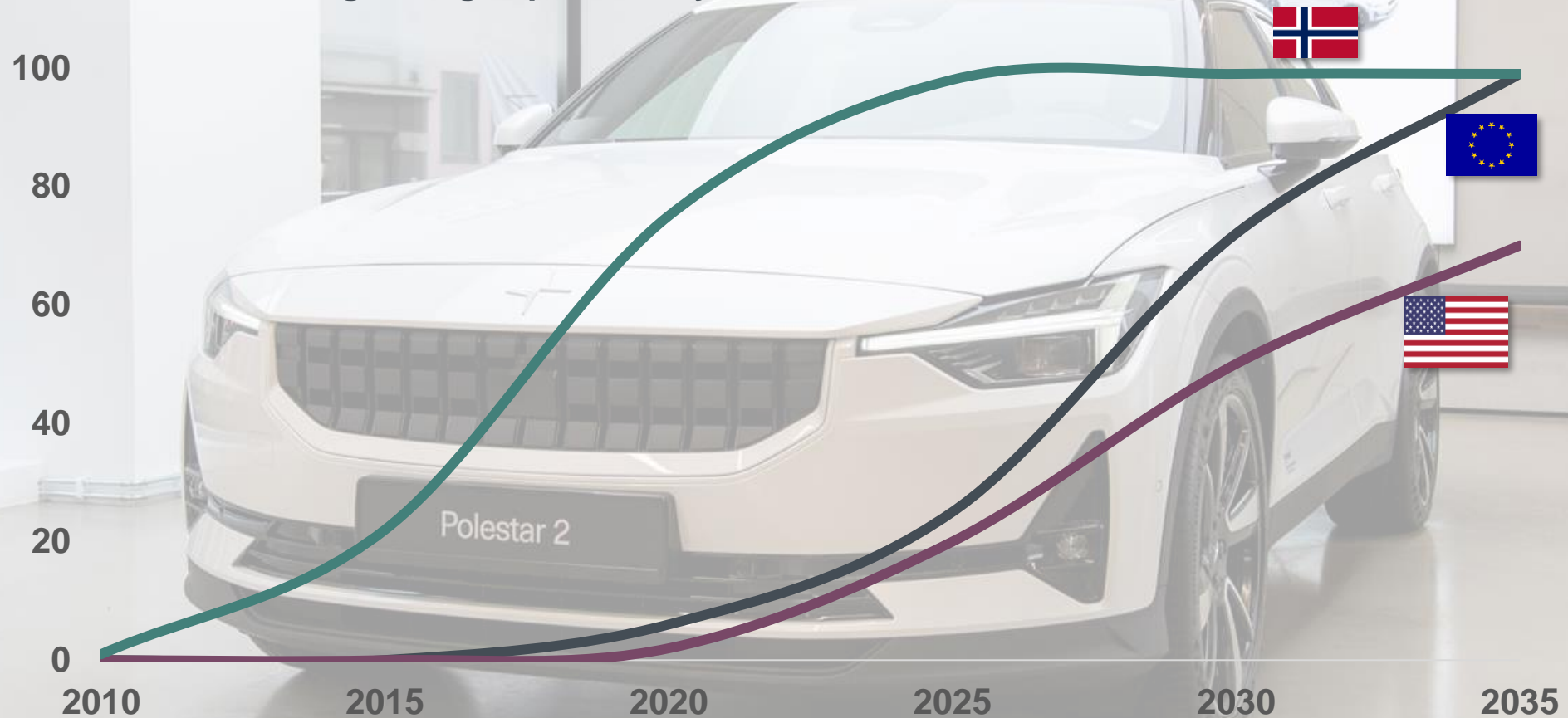
DATA: ACEA



...and US is also catching up in Electric Vehicle transition

Driven by sustainability and geopolitical tensions megatrends

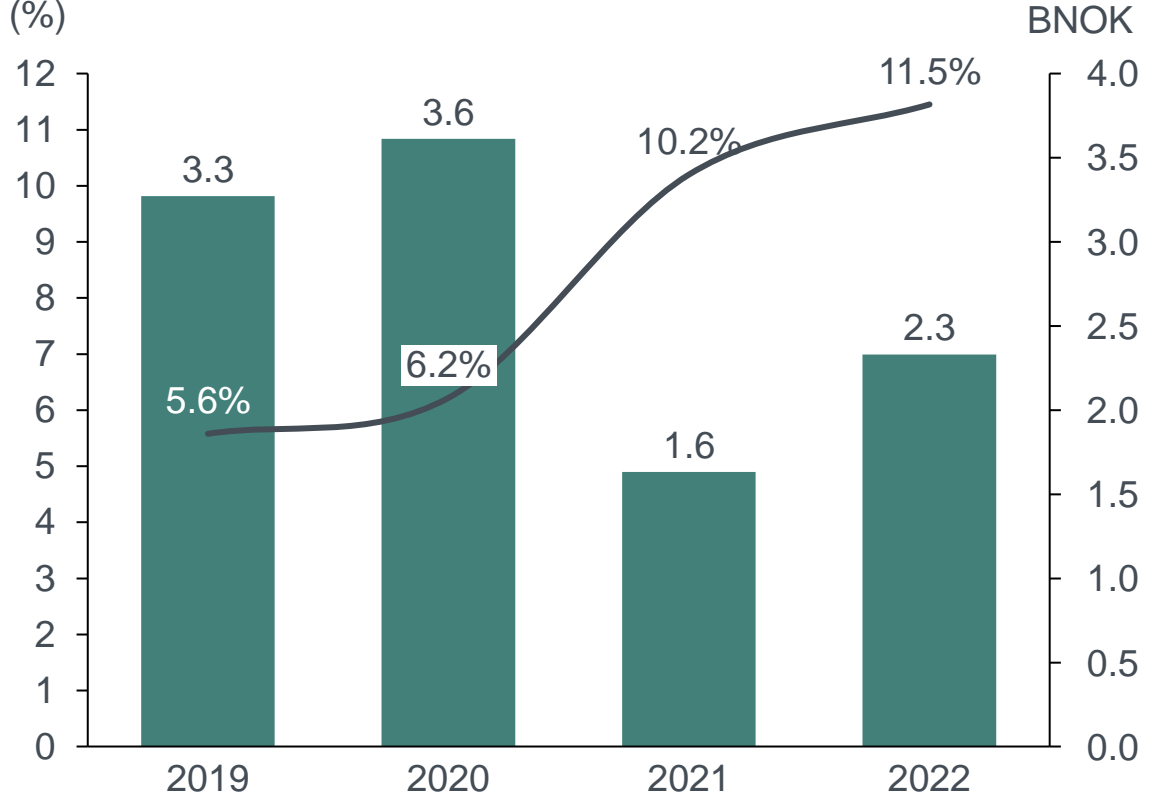
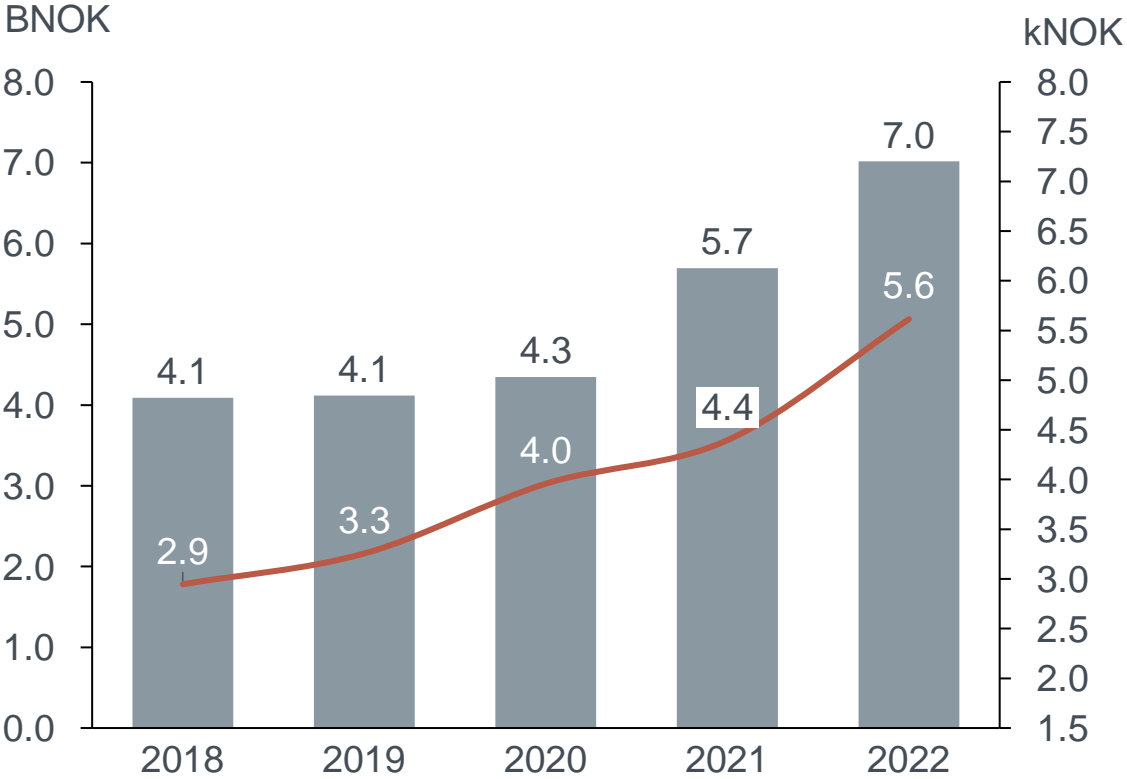
EV share of sales is growing exponentially....





Financial and business update

Hydro Extrusions delivering EBITDA growth with positive cash-flow supporting investments



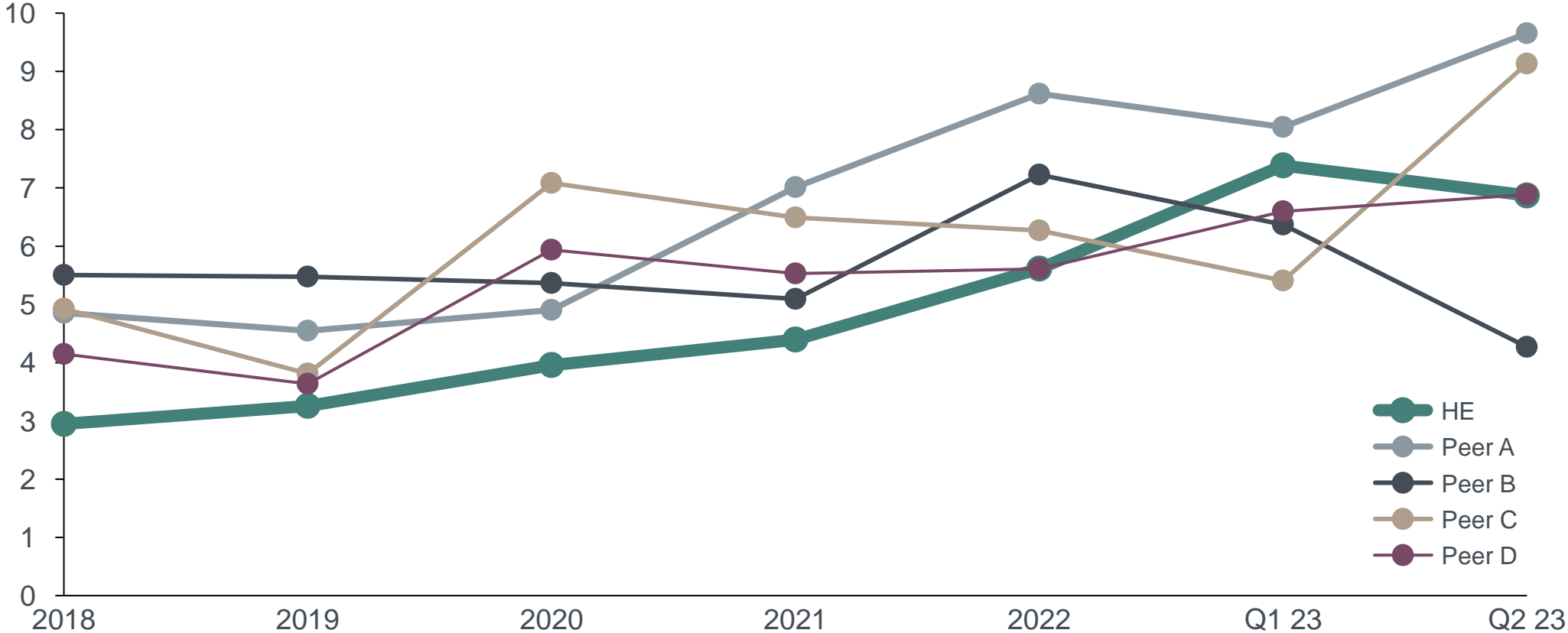
— EBITDA / t (RHS) - kNOK ■ EBITDA (LHS) - bnNOK

— ROACE in % (LHS) ■ Cash-flow bnNOK (RHS)

Hydro Extrusions closing the gap to peers on EBITDA per ton



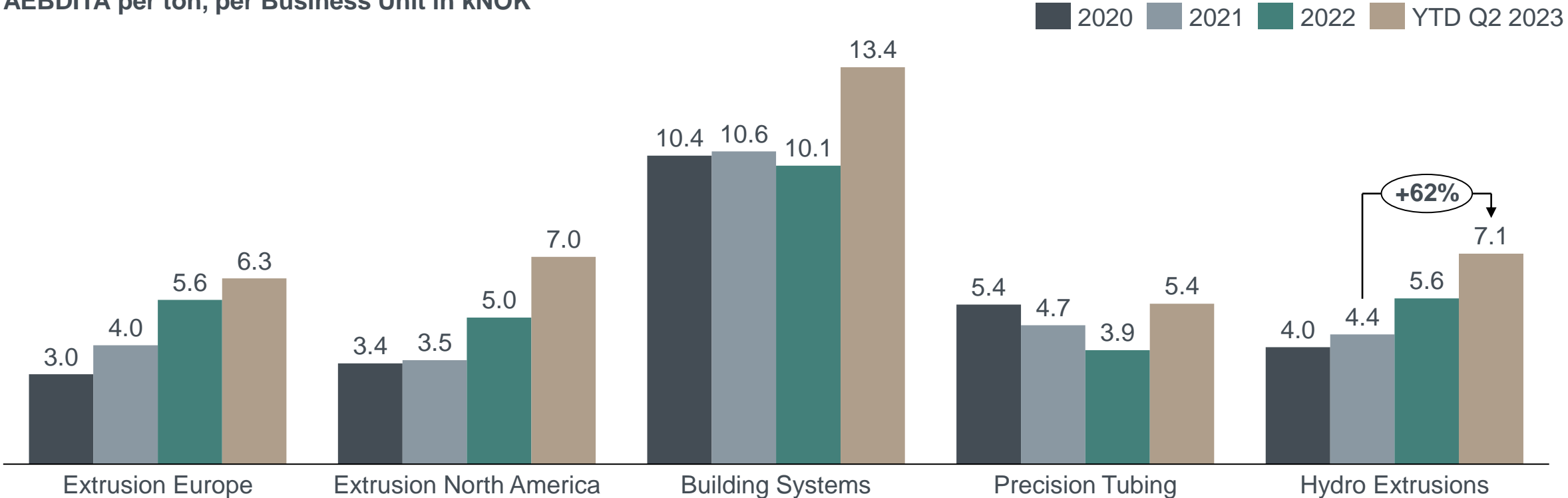
EBITDA per tonne (in 1,000 NOK)



EBITDA per ton improving in all Business Units



AEBDITA per ton, per Business Unit in kNOK

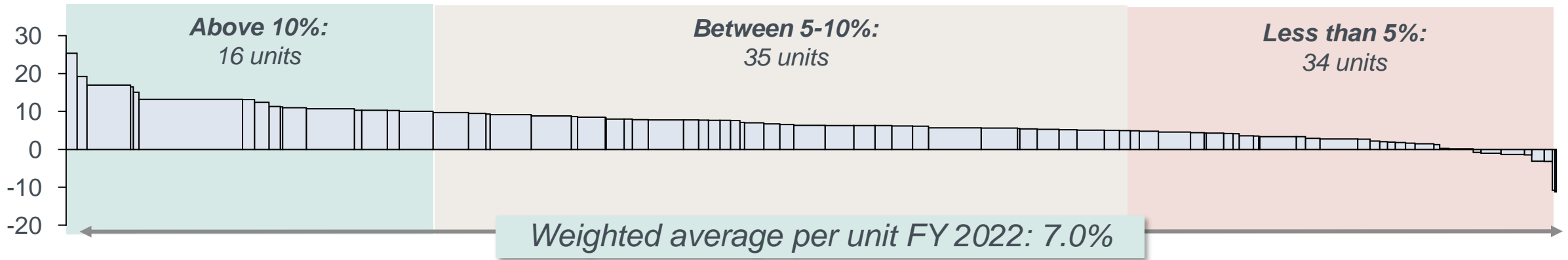


Improving plant profitability, but many plants still delivering moderate EBITDA in strong markets

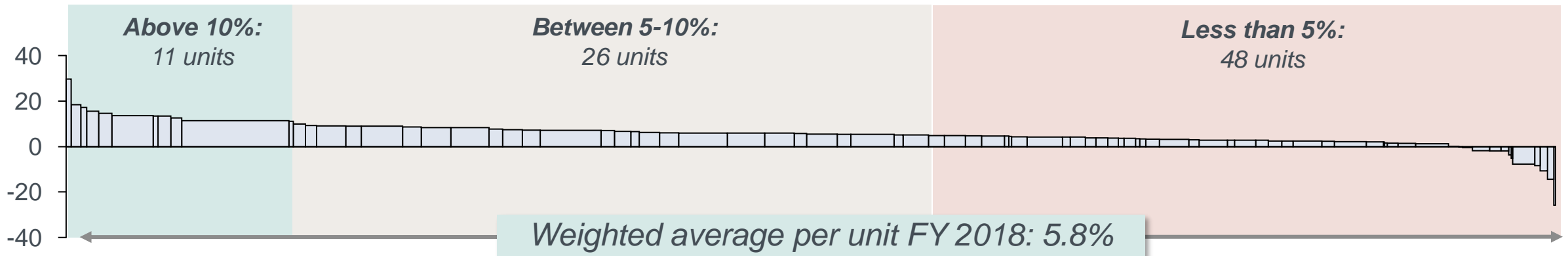


Portfolio restructuring and overall improvement agenda showing clear effects

EBITDA-margin 2022 (%)



EBITDA-margin 2018 (%)

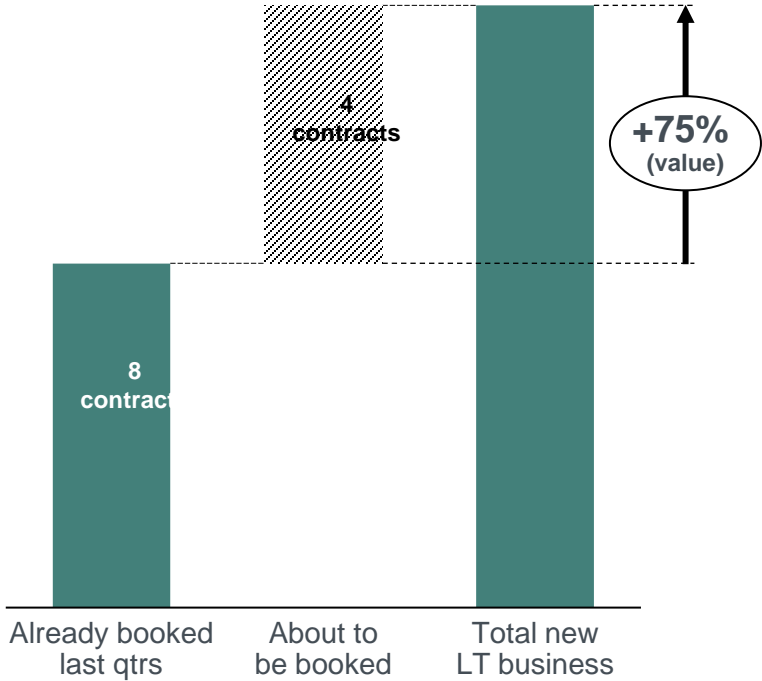


Width of bars = revenue in NOK, i.e area equals EBIT

Significant booking of automotive growth business over the last quarters



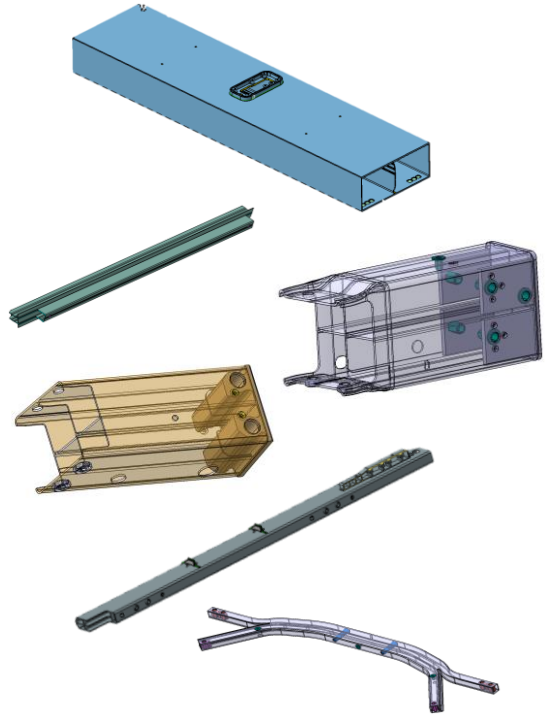
Record levels of Tier One sole supply contracts



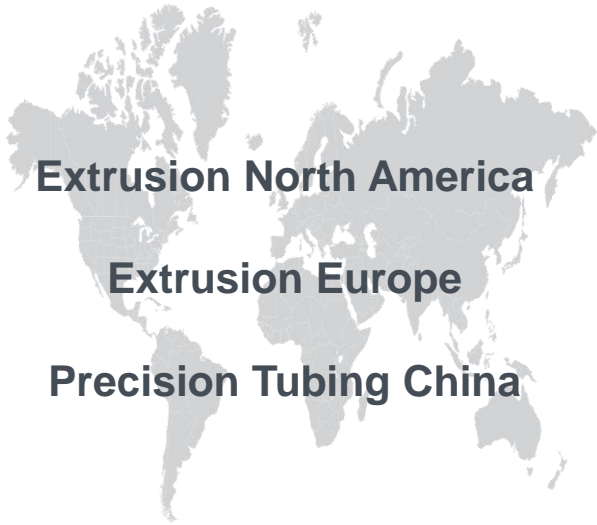
Partnerships with large OEMs



Advanced offering of added value activities and fabrication services...



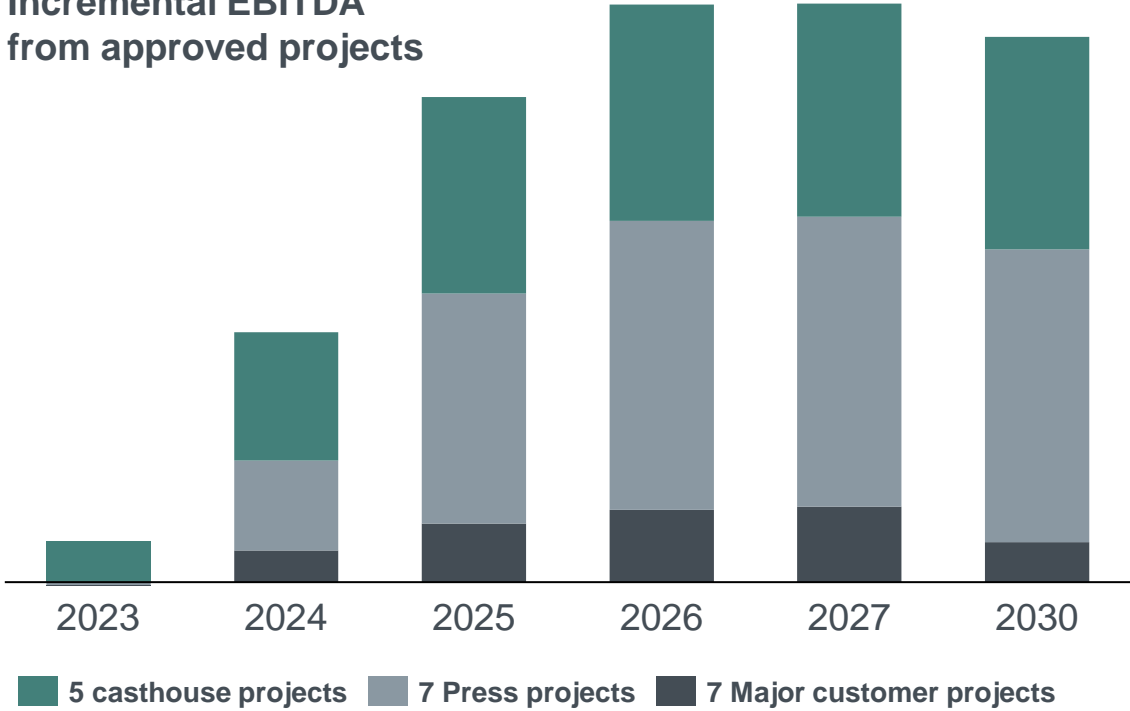
...across geographies and units



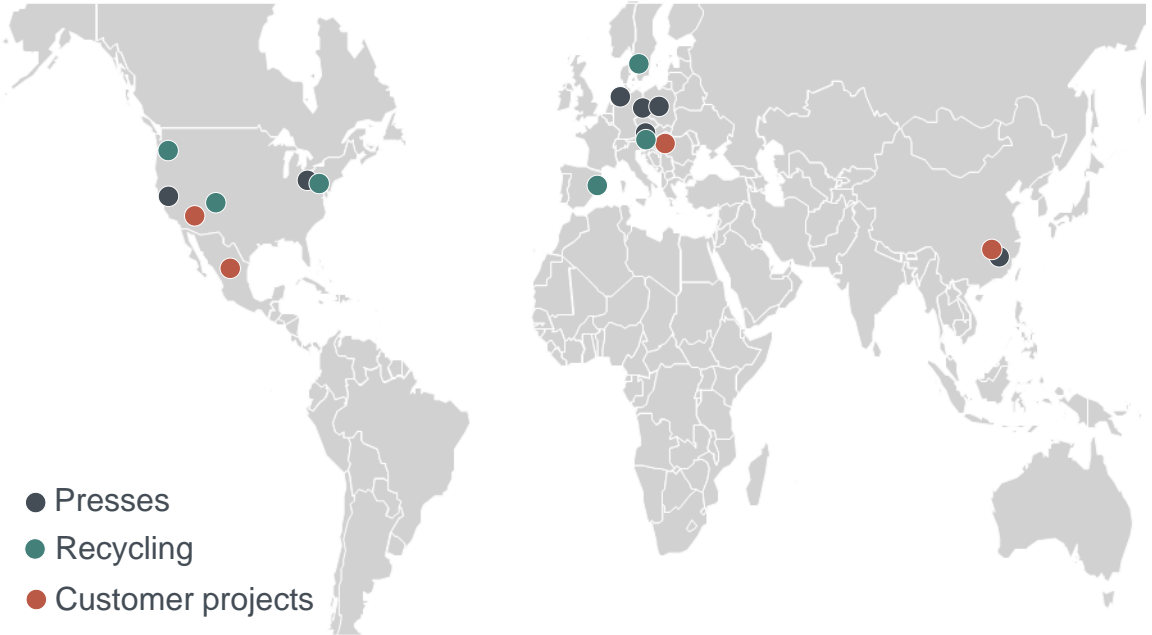
Strong EBITDA uplift through growth projects both in presses, recycling and customer projects





Incremental EBITDA from approved projects



Investment projects developed across key regions and segment



 *Hydro Extrusion need to keep high investment level to upgrade existing assets / meet market demand and keep and grow market share*

 *Standardization of equipment on presses and fabrication equipment across regions*

Critical growth projects under execution, further projects being matured to enable profitable growth



Further strengthening flagship plants in the portfolio, leveraging key trends

Key trends



- Sustainable products with low carbon footprint
- Recyclability and keeping materials “in the loop”
- Greener energy sourcing

Project under execution

- Hungary recycling
- Navarra recycling
- Sjunnen recycling
- US: TDC upgrade and Cressona



- E-mobility
- Light-weighting of vehicles

- PT China press
- PE coating line
- Phoenix press and fabrication ramp-up
- Hungary and Tønder automotive presses



- Customer collaboration: high level of service, tailored solutions, short lead times
- Proximity as clear competitive advantage

- Nenzing press
- Rackwitz press
- Cressona press
- COI press (US)



Project capacity growth since 2021

~250.000 tonnes of recycling capacity

~45.000 tonnes of automotive press capacity

~70.000 tonnes of other press capacity

Investments projects in Extrusions being completed



Successful testing of green hydrogen for producing aluminium at Navarra recycler in Spain

Navarra recycling expansion

World's first batch of recycled aluminium using green hydrogen fueled production



Ramping up recycling capacity, expansion delivering 20,000 tonnes per year

Sjunnen recycling expansion



Ramping up recycling capacity, expansion delivering 20,000 tonnes per year

Suzhou P60 press



First hot billet on automotive press in May, expansion delivering 14,000 tonnes per year

Nenzing 10" Press



First hot billet on press in June, expansion delivering up to 20,000 tonnes per year

Successful testing of hydrogen for producing aluminium



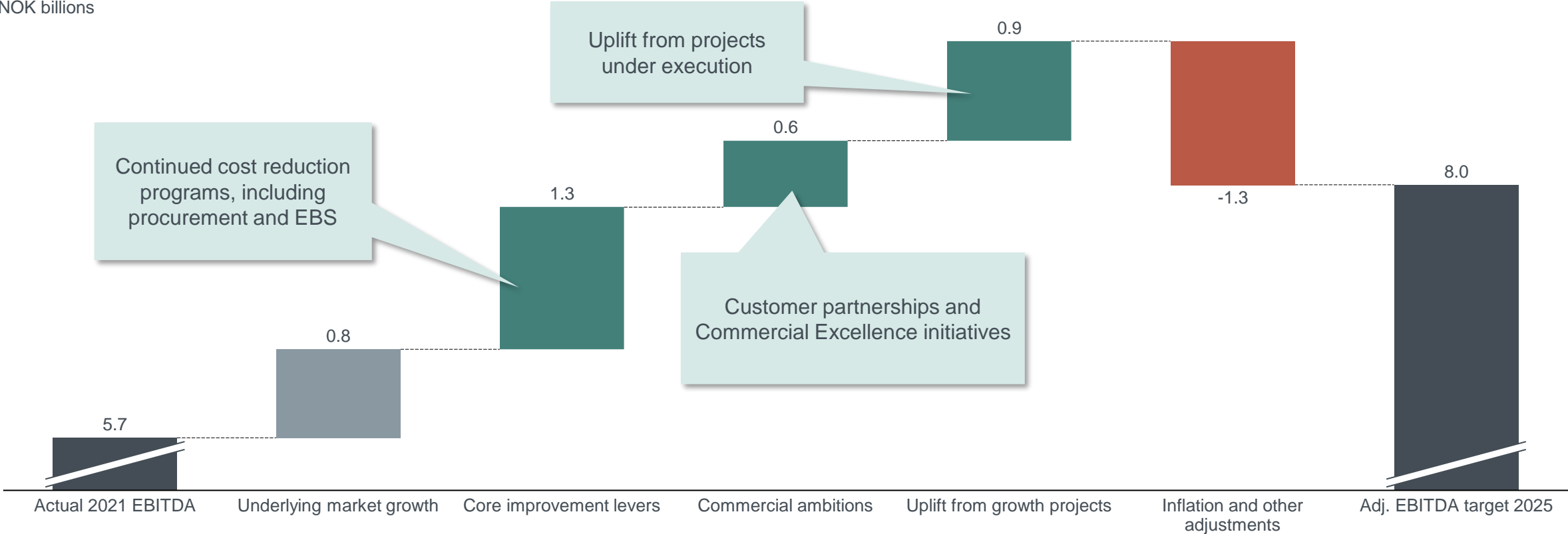
HBS continuing to decarbonize the construction market with Hydro CIRCAL 100R



Extrusions EBITDA towards 2025 through cost improvements and leveraging growth projects



Extrusions EBITDA
NOK billions





Improvement programs: Strong achievement and continued ambitions

Strong improvement drive in Hydro Extrusions

Fall in demand and lower recycling margins offset with additional improvement initiatives

Top line initiatives

- Market share growth
- Margin uplift through commercial excellence and dedicated segment focus
- Stronger market positions through greener product offering

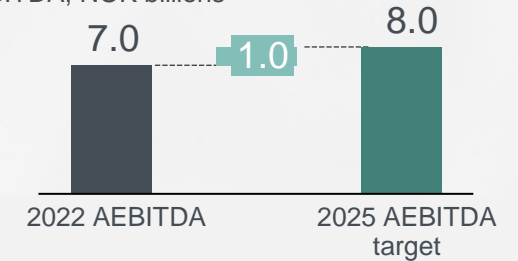
Adjusting cost proactively in response to volume drop

- Restructuring
- SG&A cost review
- Procurement
- Operational improvements through our ways of working, Extrusion Business System (EBS)



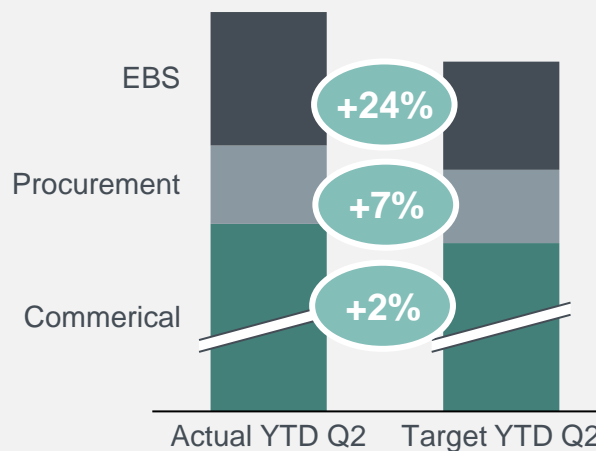
Extrusions 2025 growth target

EBITDA, NOK billions

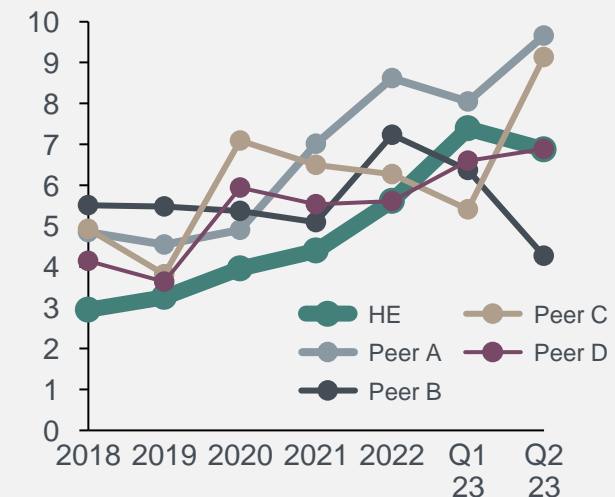


Improvements exceeding targets and closing gaps to peers*

EBITDA



EBITDA per tonne (in 1,000 NOK)



*Peer group: Bonnell extrusions, Profilgruppen, Constellium (AS&I), Grupa Kety- EE

Improvement programs in Hydro Extrusion

Improvement programs in Hydro Extrusions focus on:

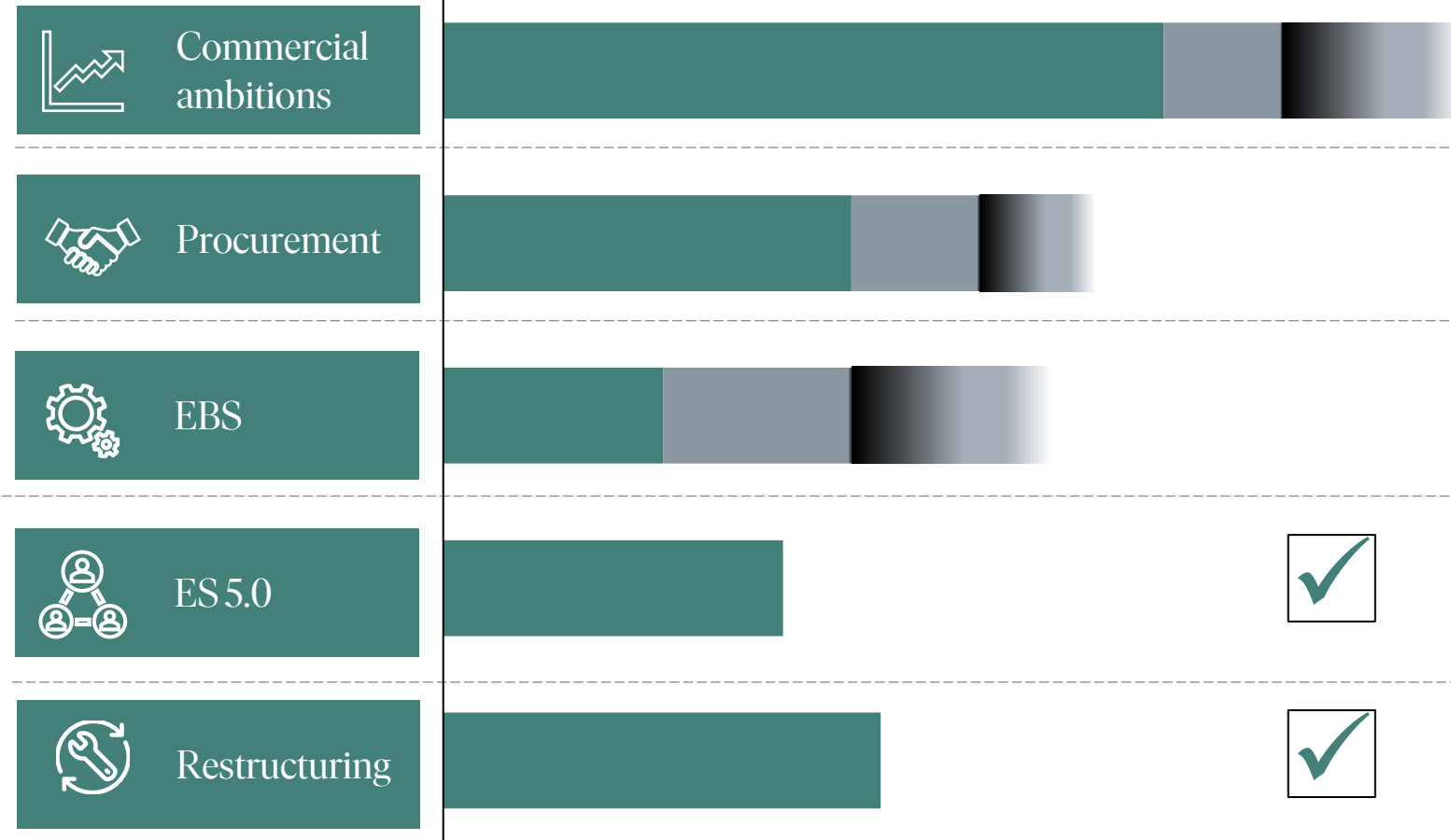
- Use of EBS / training in EBS tools
- Use data for benchmarking
- Standardisation of processes and equipment
- Procurement





Strong achievements in improvement programs across Hydro Extrusion

2025 ambitions and achievements per end 2022
(MNOK)



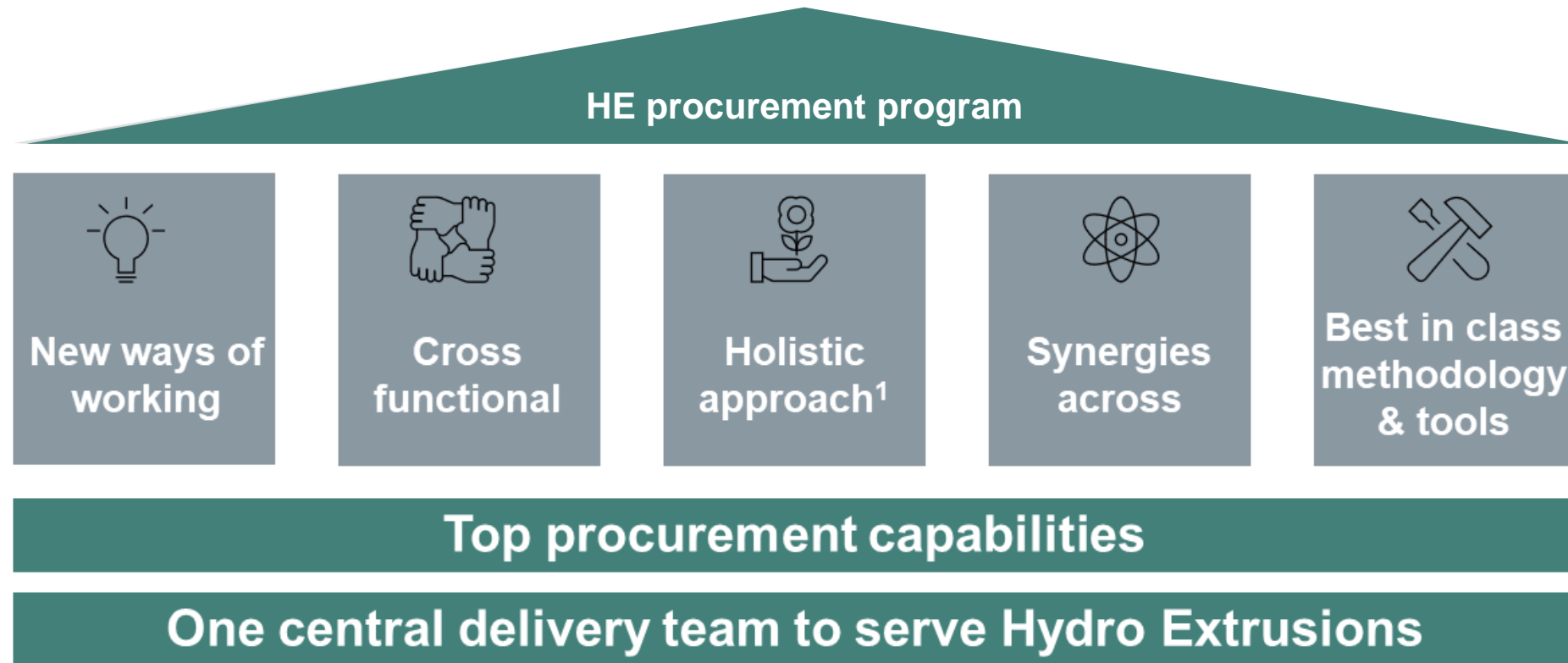
Definition / program drivers

- Margin uplift and market share growth
- CAPEX projects as driver to 2025
- Procurement initiatives and programs at BU / regional / plant level incl. energy savings
- EBS programs and initiatives – including meter-pricing
- Individual KPI and activities per BU
- SG&A cost reductions at plant, region and unit level
- Divestments / closures of assets with poor strategic fit and / or lack of profitability potential

2018-2022 Delivered YTD 2023 Remaining target 2025



Professional procurement is a strong lever to lift profitability in Hydro Extrusion



Professional procurement is not a quick-fix, it requires business and category knowledge, in-depth analysis and EBS way of working, engaging the entire organization

Existing target expected to be reached in 2023, current markets give further improvement potential

Current target reached through projects across HE...

Example categories / projects

Logistics



- **Benchmark and clean-sheet**
- **Renegotiate contracts in place**
- Route optimization, fill rate optimization, etc.

Packaging



- **Tender covering all the subcategories**
- **Spec optimizations** with focus on reducing packaging and green alternatives

Subcontracting



- **Dashboards price vs. market effect gap**
- **Contracts w. automated forward-looking price adjustments**
- **Lean-walkthrough** with main suppliers
- **Insourcing** of relevant categories

...with further potential being explored



- Competence building / excellence across Hydro Extrusion
- Increased **collaboration across**



- We currently have **16.000 suppliers – too many**



- Using **IT-tools more efficiently** better through standardized material master data and automatized processes



- **A full potential analysis has been made on scaling of the Hydro Extrusion procurement – weak markets gives opportunities**




Ambitious EBS / automation projects established across Hydro Extrusion

- Automation has financial, safety, ergonomic and quality benefits
- Increasing automotive volumes leads to more automation through increased fabrication activities
- Automation will counter labor shortage in challenging labor markets
- Example: PT Taicang Fabrication – reducing 95 FTEs through EBS (>20% of work-force):
 - 15 automation units: 39 operators plus increasing efficiency 20%
 - 80 EBS improvement projects: 13 FTE reduction
 - New high efficiency CNCs and FSW machines: 6 FTE reduction
 - Combining quality and maintenance teams: 5 FTE reduction

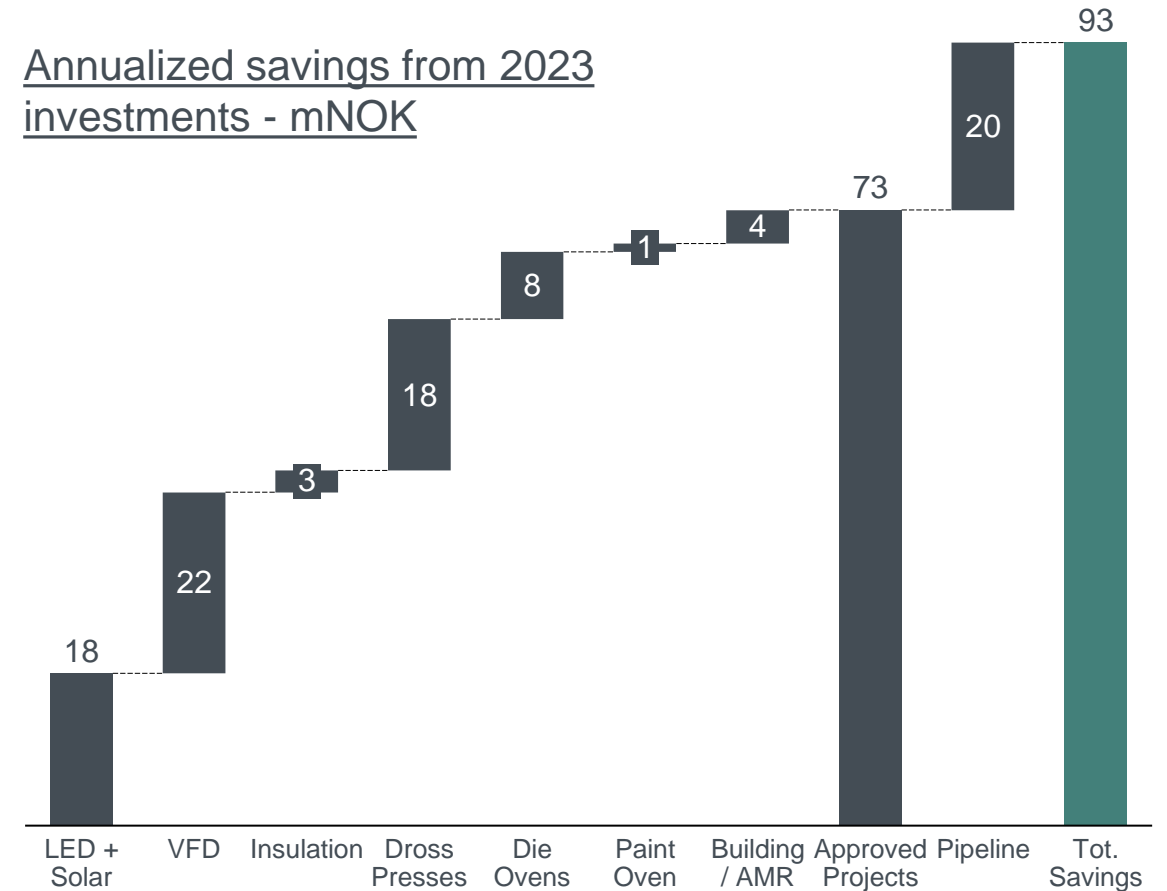
- Increased number of CNC machines
- Hungary +10% CNC machines from 2020 to 2022
- Higher Fabrication Capacity utilization due to increasing automotive orders



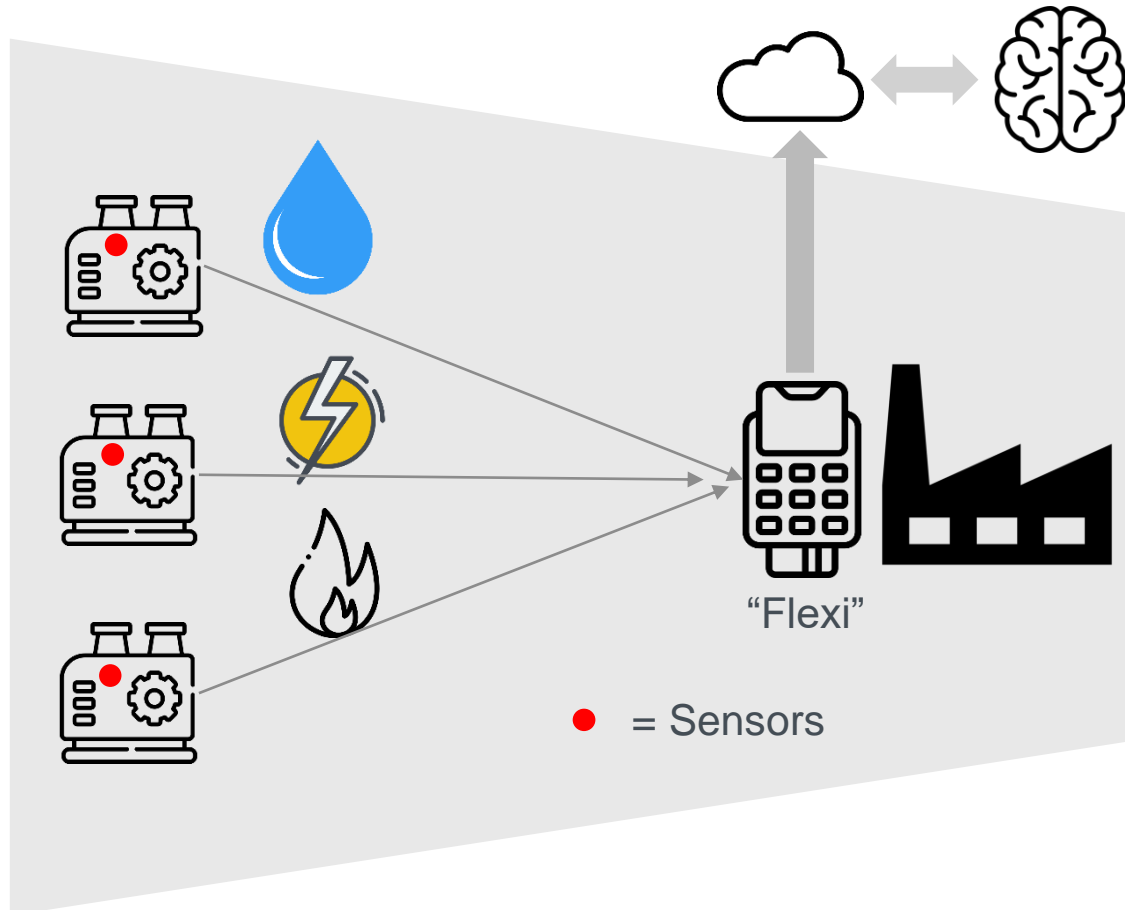
Energy saving initiatives gives significant impact through direct investments

| Energy savings projects |  |  |  |
|----------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| | Capex (MNOK) | Saving (MNOK) | |
| LED installations (5 plants)* | 21 | 15 | |
| Solar generation – 1.7 GWH / year | 9 (incl. grants) | 3 | |
| 17 x Press Hydraulics - variable frequency drives (VFD) | 33 | 22 | |
| 5 x dross presses EE | 19 | 18 | |
| Infra-Red Die Ovens, 9 plants, ovens use 30% less energy | 18 | 8 | |
| Anodizing tank insulation & chiller | 3 | 3 | |
| Paint oven modernization – HBS | 1 | 1 | |
| AMR, Building improvements, solar shades, burners | 10 | 4 | |

- *) After defined projects are completed – 90%+ of major buildings in Hydro Extrusion have LED / Smart-LED installed



Automatic Meter Reading (AMR) - significant financial potential through process optimization



- Baseline is that there is a lot of **waste / leakages inside plants** – related to energy, water, gas and compressed air
- AMR is about having **sensors tracking** energy, water, gas consumption at machines, in addition to vibration sensors (long-term) – capitalizing on data
- 23 plants already live – 11 more in current pipeline
- AMR can be used for:
 - Tracking consumption overtime in dash-boards, find “irregularities”, benchmark between machines and drive improvements / replacements
 - Peak-shaving through production planning – when connecting to power-prices
 - Preventive maintenance through vibration / consumption patterns
 - Traceability when connected to other systems

Hydro Extrusion compete on customer service, quality and on-time delivery. Our systems and tools must support



Current situation

- 40+ different variations of ERP's and shop-floor systems



- Drives cost
- Drives working capital
- Reduced oversight



Future situation



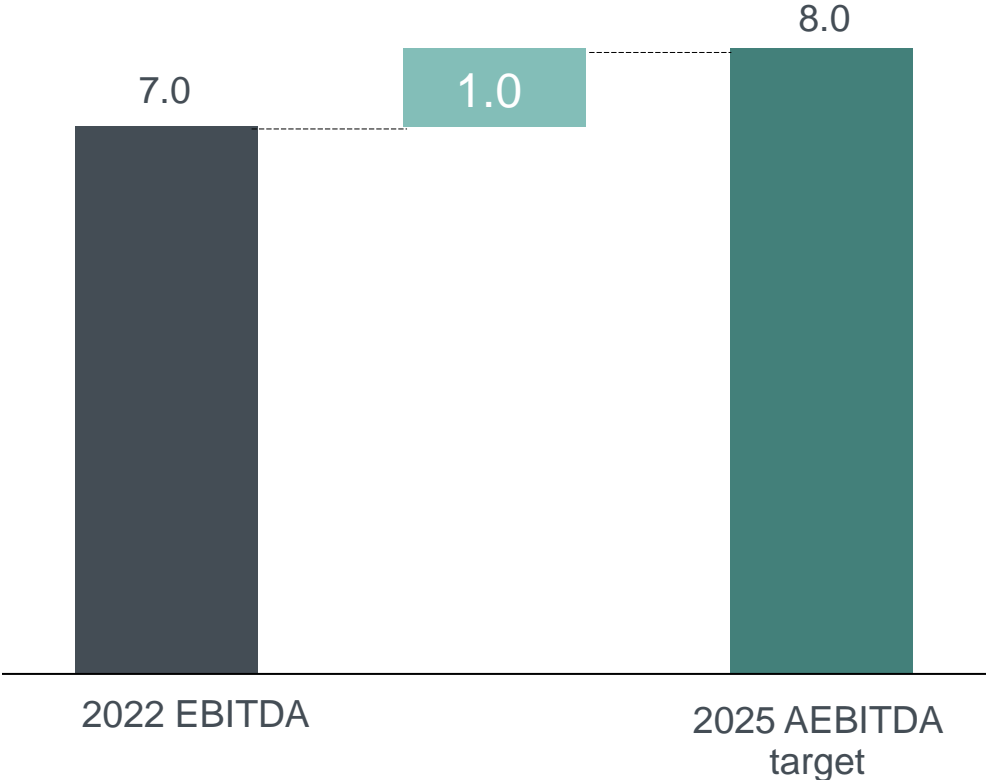
- Create a tool that allow Hydro Extrusion to service customers better – profitably – with low working capital, using EBS to create standardized processes
- Significant investment for the future

In summary, HE is well positioned to achieve target of 8 BNOK in 2025 with further potential towards 2030



Extrusions 2025 growth target

EBITDA, NOK billions



04

Market positioning and strategic direction



Long term extrusion demand perspectives

The greener transition offers strong market opportunities for Hydro Extrusion towards 2030



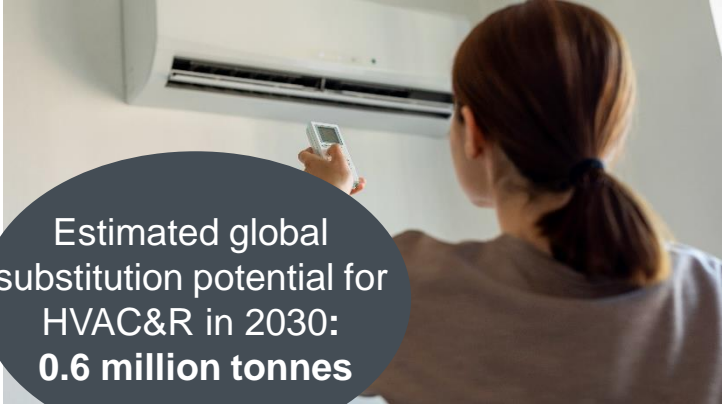
Growth in Western markets higher than global average, growth supported by attractive segment fundamentals



Potential CAGR 2022-30 for solar segment: **15-20%**



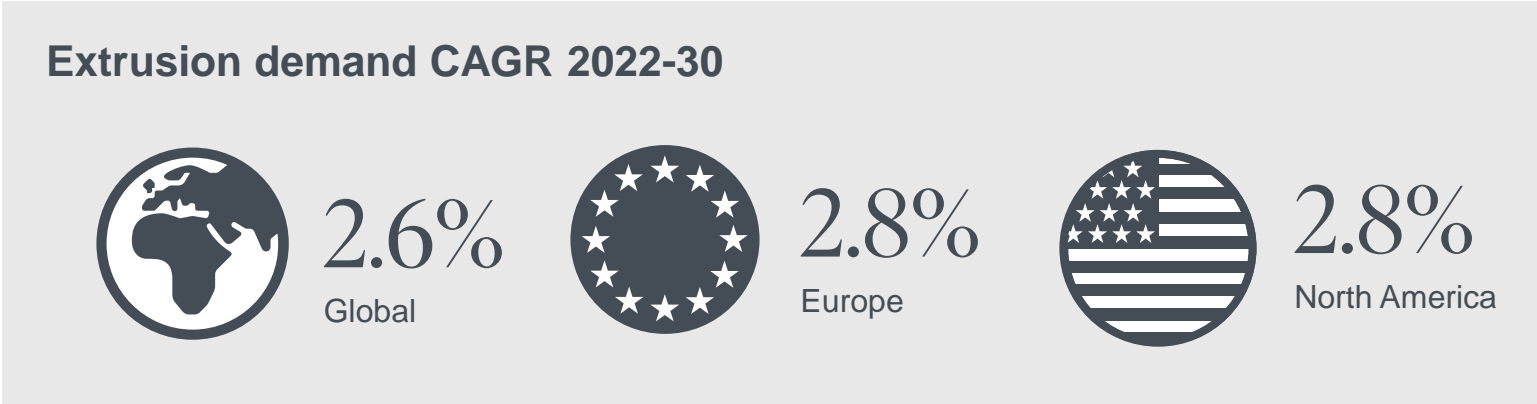
Strong growth for logistical warehouses applying extrusions



Estimated global substitution potential for HVAC&R in 2030: **0.6 million tonnes**



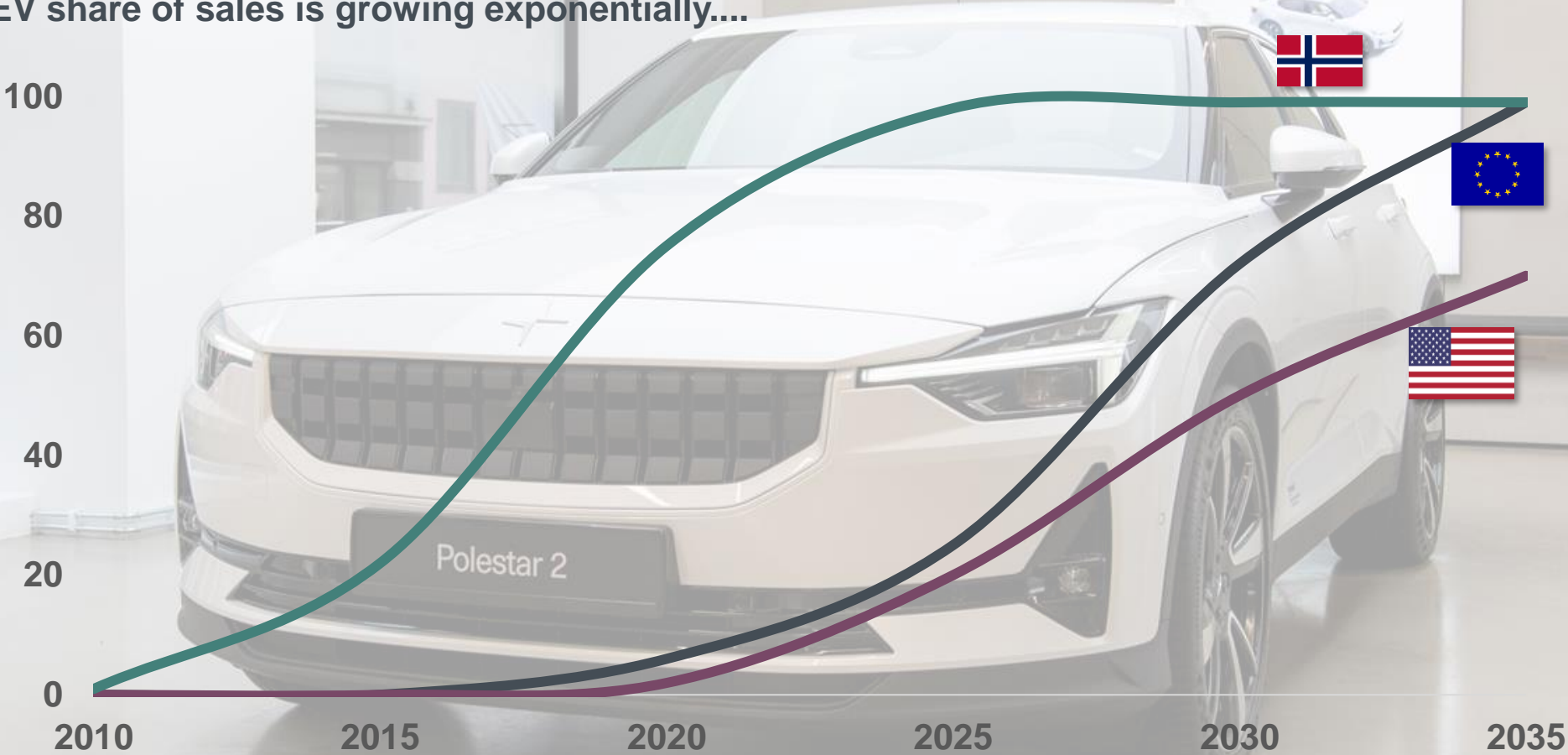
CAGR 2022-30 for automotive segment: **8-10%**



Growth in electric vehicles is rapidly accelerating

Driven by sustainability and geopolitical tensions megatrends

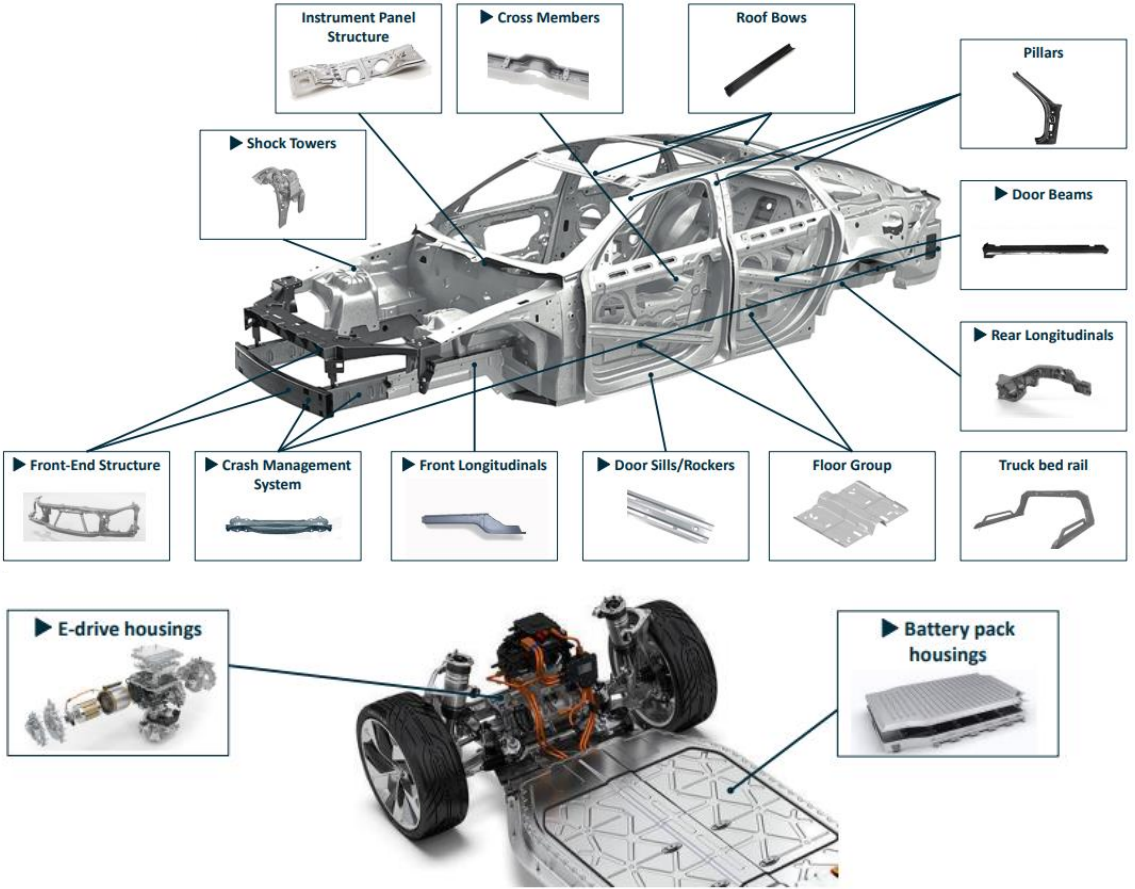
EV share of sales is growing exponentially....



Transition to E-mobility and increased substitution towards aluminium provides unique growth opportunities

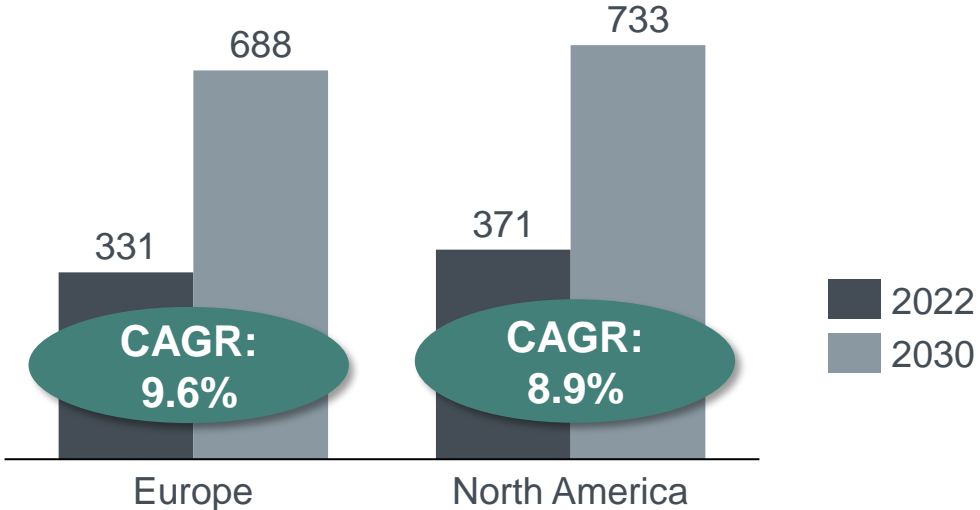


Extrusions as strongest growth area for aluminium in automotive towards 2030



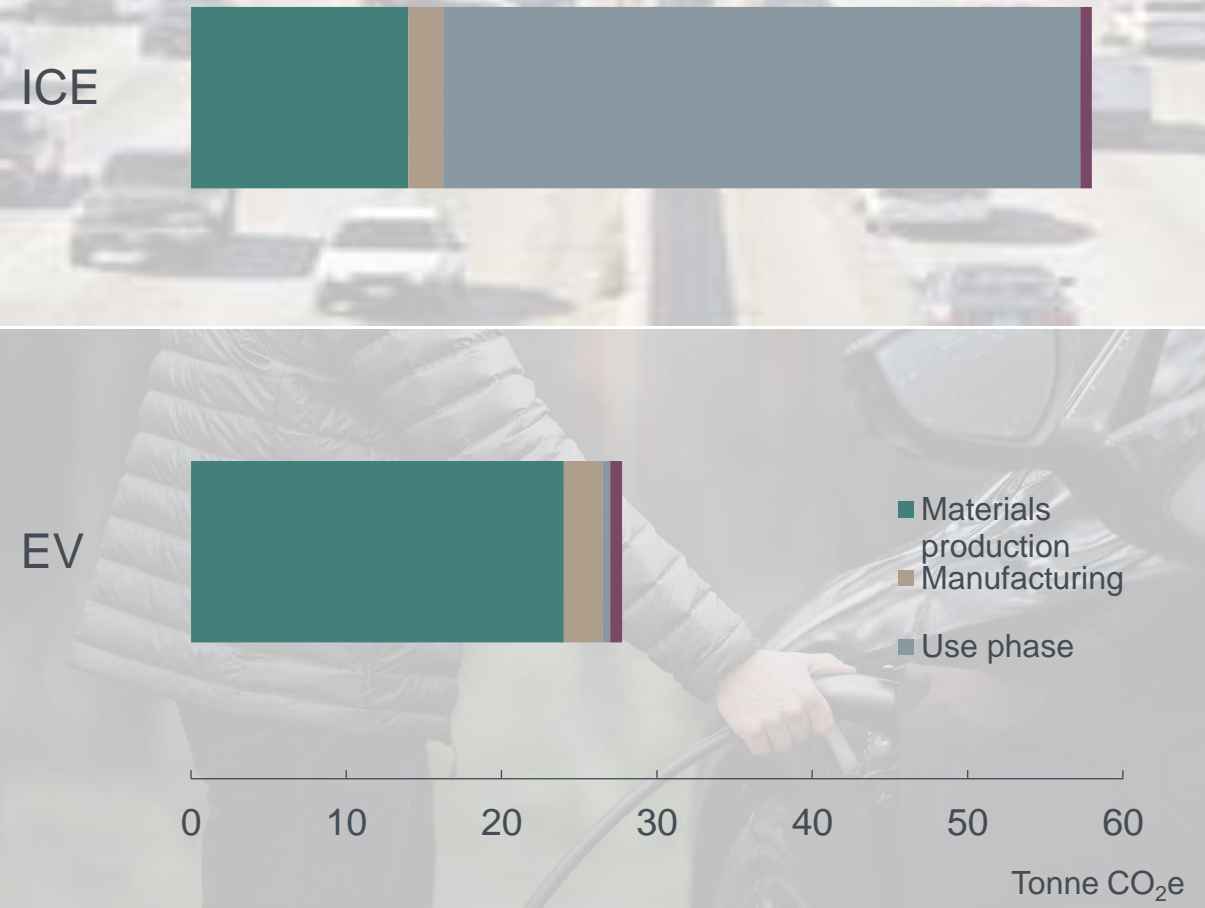
“In both Europe and North America, Extrusions will be growing the fastest among aluminium products, mainly driven by EV battery housings”, Ducker

Estimated extrusion demand in automotive segment ('000 tonnes), from Ducker study, spring 2023



From cutting tailpipe emissions to cutting embedded emissions

Carbon Footprint ICE vs EV



83%

Aluminium, steel and polymer of the embedded emissions

+40%

Emissions from materials, including batteries, increase 40% from ICE to EV¹

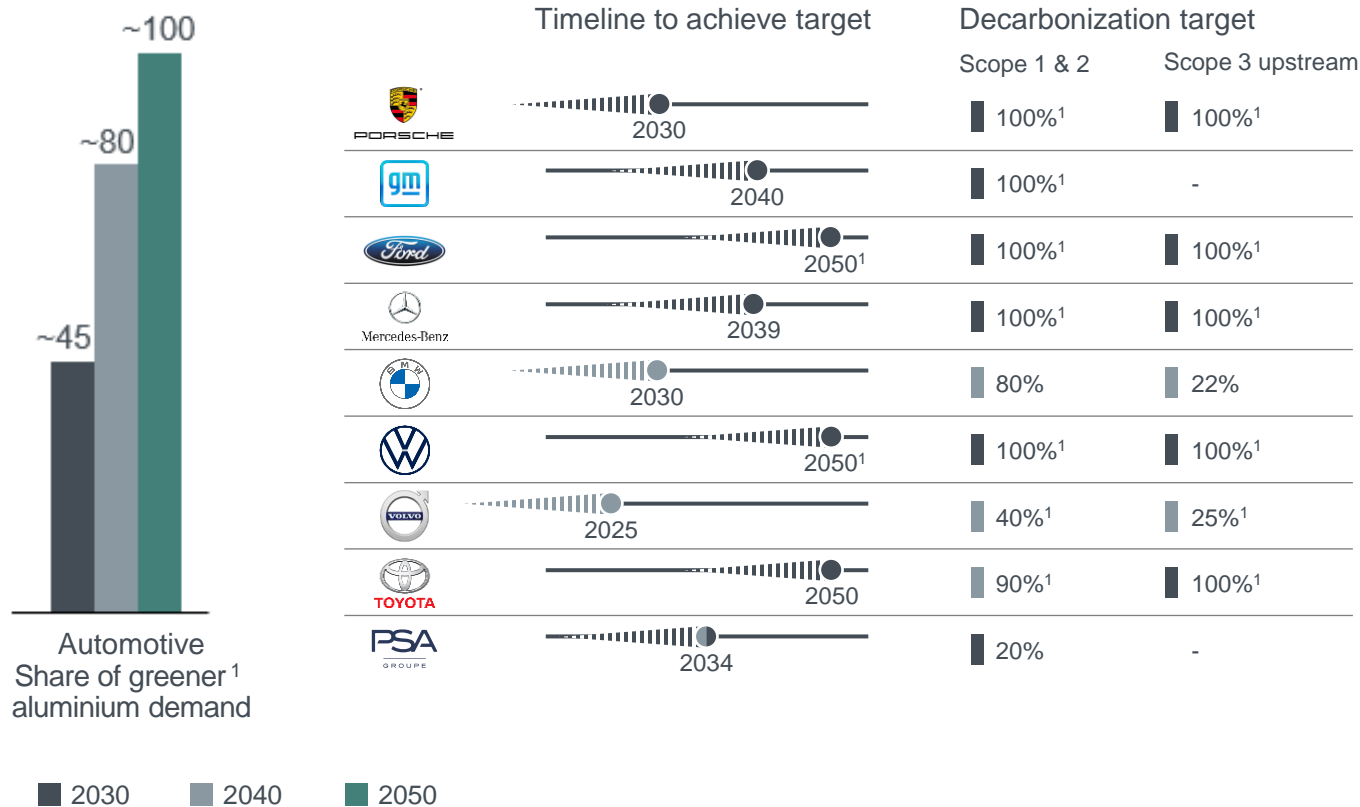
¹ Source: Polestar Life Cycle Assessment report

Strong demand for greener extrusions in Automotive



Ambitious abatement targets driving demand in all sectors but especially Automotive OEMs

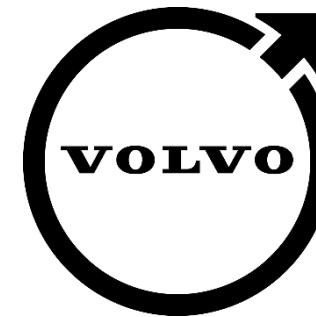
OEMs are pushing for ever more ambitious life-cycle decarbonization targets



Ongoing customer partnerships towards zero



Polestar



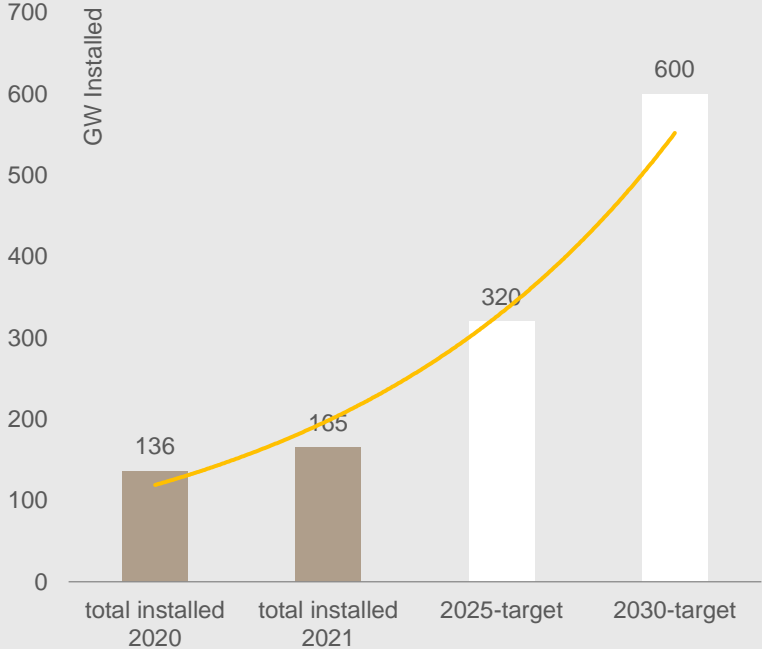
Mercedes-Benz

1) Greener aluminium includes "near-zero" tCO₂/t, <2 tCO₂/t and 50%+ PCS-aluminium
Source: McKinsey market analysis (high level estimate)

Solar segment providing strong growth potential within aluminium mounting systems



Solar energy capacity EU27



Potential CAGR 2022-30 for solar segment in EU

15 - 20%

Strong growth potential in the US supported by the Inflation Reduction Act

HE with strong positioning in anodizing, a key service offering for solar mounting systems



Scarcity of copper provides substitution opportunities for aluminium - in HVAC&R and HV/LV-cables

The Big Read Renewable energy ✓ Added

Will there be enough cables for the clean energy transition?

The trade of renewable electricity will help countries phase out fossil fuels. But demand for the infrastructure is outstripping supply

HVAC&R substitution potential

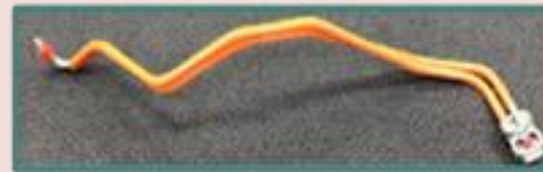
Internally Enhanced Tubing



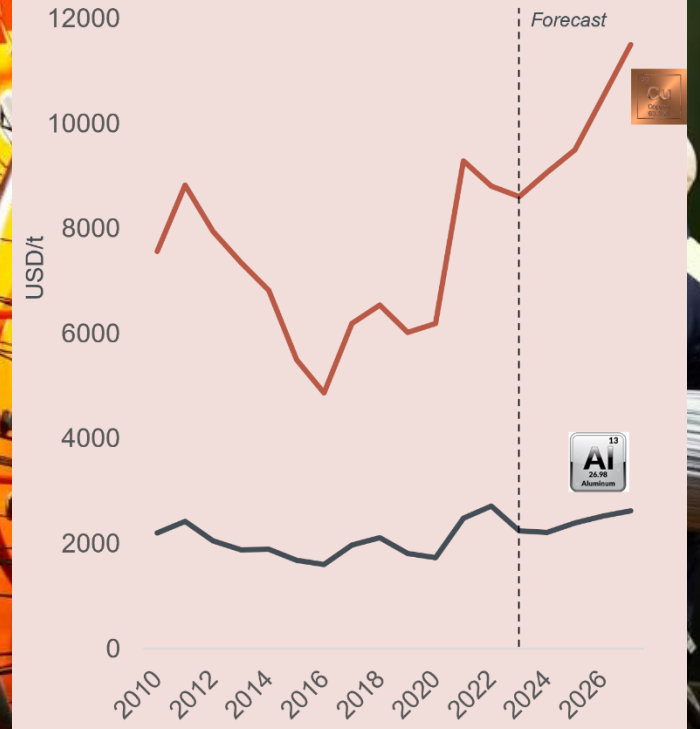
Finished HVAC Condensing Unit



EV electrical connector



Historical prices and forecasts



Renovation for energy efficiency based on circularity – The Green Transition in B&C

EU Energy Efficiency Directive:

- “Energy Efficiency First” fundamental principle of EU Energy Policy
- EU’s mandatory energy consumption reduction target of 11.7% by 2030
- Mandatory requirement to renovate at least 3% of total public floor area annually





Strategic positioning long-term

Hydro Extrusion in selective growth mode



Strategic modes reflect global megatrends and high-return opportunities

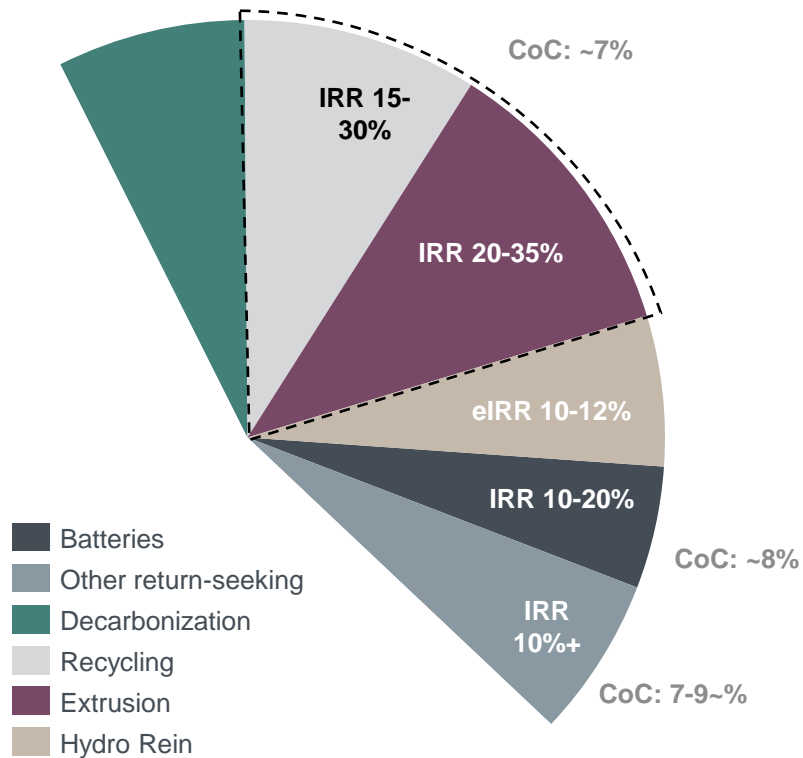
Safe, compliant and efficient operations – The Hydro Way



| Businesses |  Bauxite & Alumina |  Aluminium Metal |  Recycling |  Energy |  Extrusions |
|----------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Strategic mode | Sustain and improve | Sustain and improve | Selective growth | Selective growth | Selective growth |
| Towards 2025 | Reduce risk, improve sustainability footprint, improve cost position | Robustness and greener, increase product flexibility, improve cost position | Substantial shift in conversion of post-consumer scrap | Grow in renewables, hydrogen and batteries | Platform strategy executed, selective growth |

Extrusions offering attractive returns on investment

Indicative profitability in current return-seeking and growth portfolio



Recycling

- Increase proportion of post consumer scrap (PCS), lowering metal cost
- Improved economies of scale in brownfield expansions
- Sorting technology and equipment standardization

Extrusions

- New presses with improved capabilities and commercial value, capturing market share
- Press replacements with significant cost reductions and increased productivity
- Focus on high growth segments including automotive, systems business and commercial transportation

Hydro Rein

- USD 2.7 billion contracted revenues, 3.6 TWh signed under long-term EUR & USD PPAs
- 1.7 GW gross capacity in operation or construction
- Focus on early phase projects opportunities and strategic partnerships

Batteries

- Focused strategy within sustainable battery materials, leveraging Hydro capabilities
- Establish positions in attractive growth segments in core markets
- Core investments: Hydrovolt (recycling) and Vianode (anode material)

Decarbonization

- Alunorte Fuel switch project (IRR 10-20%)
- Carbon capture technology pilots in mid-term, industrial scale pilot volumes by 2030
- HalZero as technology pilots in mid-term, industrial scale pilot volumes by 2030

Industry trends towards 2030 are favorable for Hydro Extrusions, driven by customer needs and segment growth

Opportunity to leverage Hydro Extrusions' strengths increases as target segments develop



Customer needs

- As industries and applications mature, customers demand **more developed solutions**
- **Value added offerings**
- **New, R&D driven solutions**
- Customers will **partner with suppliers** providing new and advanced solutions, e.g. low carbon, high R/C content, sustainably produced solutions



Segment growth

- **More growth expected in value added product and solutions area rather than “commodities”**
- Attractive segments with **5-10% annual growth**
- Key growth segments include Automotive / **E-mobility and solar** / Renewables / Big & Wide Rail



Strong position

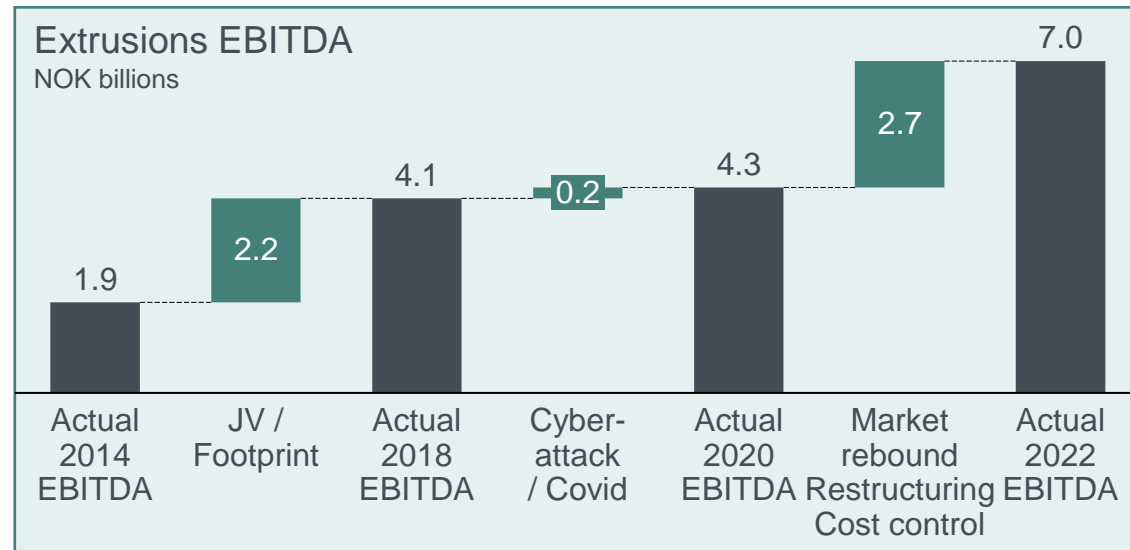
- **Strong innovative capacity** to provide high-quality advanced solutions
- Developed **R&D position** that can be further enhanced
- **Head start** vs competition in **sustainability** area
- **Size, geographical coverage** and **advanced capabilities** to be relevant in differentiated segments

Hydro Extrusion developments ahead



2014 – 2022

- SAPA / Hydro Extrusion with strong EBITDA growth from 2014 – 2022 on 11% volume reduction:



1,399

Volumes sold (million tons)

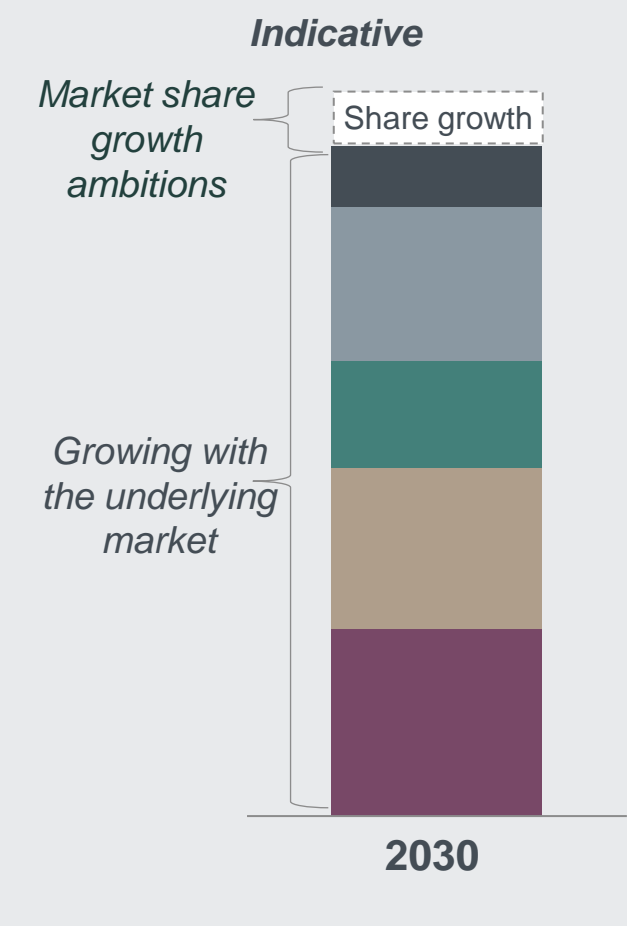
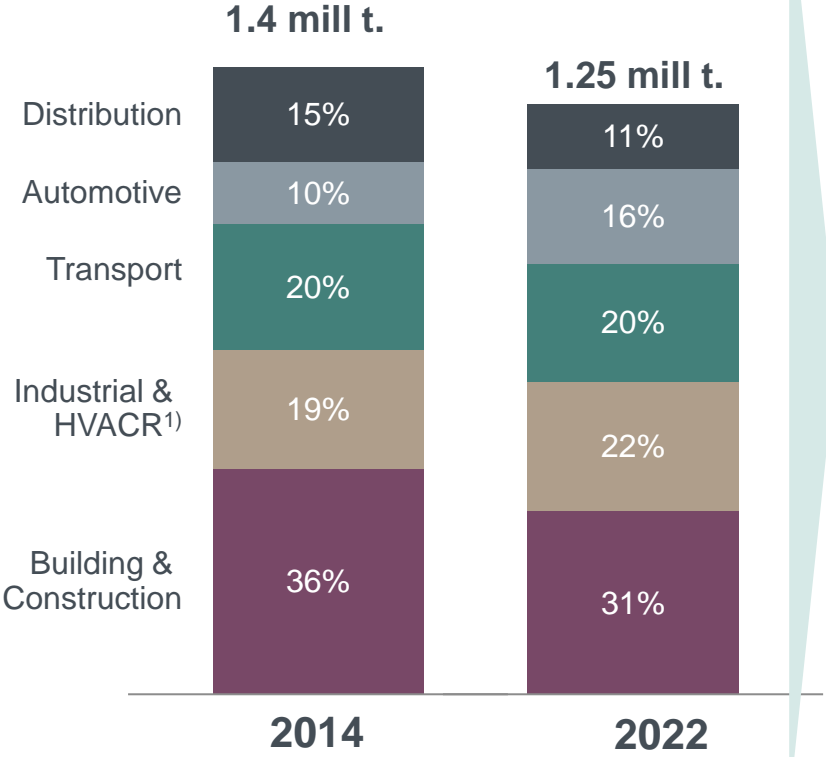
1,250

2023 and forward

- Expected market growth in volumes and further advancement of product portfolio and growth in added-value activities (AVA)
 - Megatrends
- Labor shortage
 - Increased automation improving quality, ergonomic & safety issues
- Investments to support capabilities and ability to compete through high service levels
 - NPV / CAPEX-ratio continues to be strong
- Sustainability gives commercial opportunities
- Recycling growth in extrusion supporting in-house demand
- Increased digitalization throughout value-chain

Transforming earning streams towards high-margin segments

Sales volumes split per segment



Building Systems driving circularity through recovery of Post Consumer Scrap

Recovery of post-consumer scrap from renovation buildings



Our Strength

Specification teams identifying renovation projects with aluminium scrap content

Deconstruction done by our customers

Full circularity commercial offer for investors

Saint-Gobain cooperation



Partnering with Saint-Gobain Glass to decarbonize building facades

Several projects already completed (+40 tonnes collected), growing project pipeline across Europe

HE Strategic direction



- Growing with the **underlying markets**
- Growing in non-commoditized segments fitting with HE's capabilities
- Continue to compete based on capabilities and service
- + **Market share growth** ambition in high-growth, profitable segments



- Investments to support capabilities and **ability to compete through high service levels**
- Grow **recycling, value-add & fabrication capacities** with new press investments



- **Sustainability** giving commercial opportunities
- **Segmentation** and improved **greener offerings** as key levers



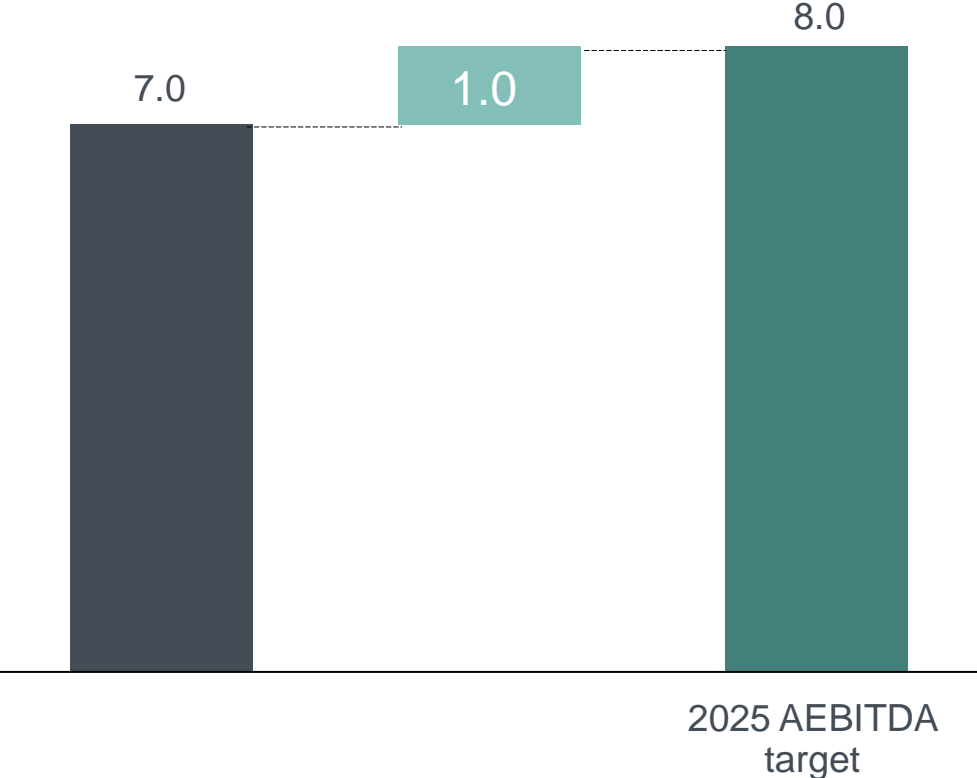
- Increased **digitalization** throughout value-chain
- **Standardization** will generate value through the value-chain – from understanding profit to driving procurement and reducing energy consumption

In summary, HE is well positioned to achieve target of 8 BNOK in 2025 with further potential towards 2030



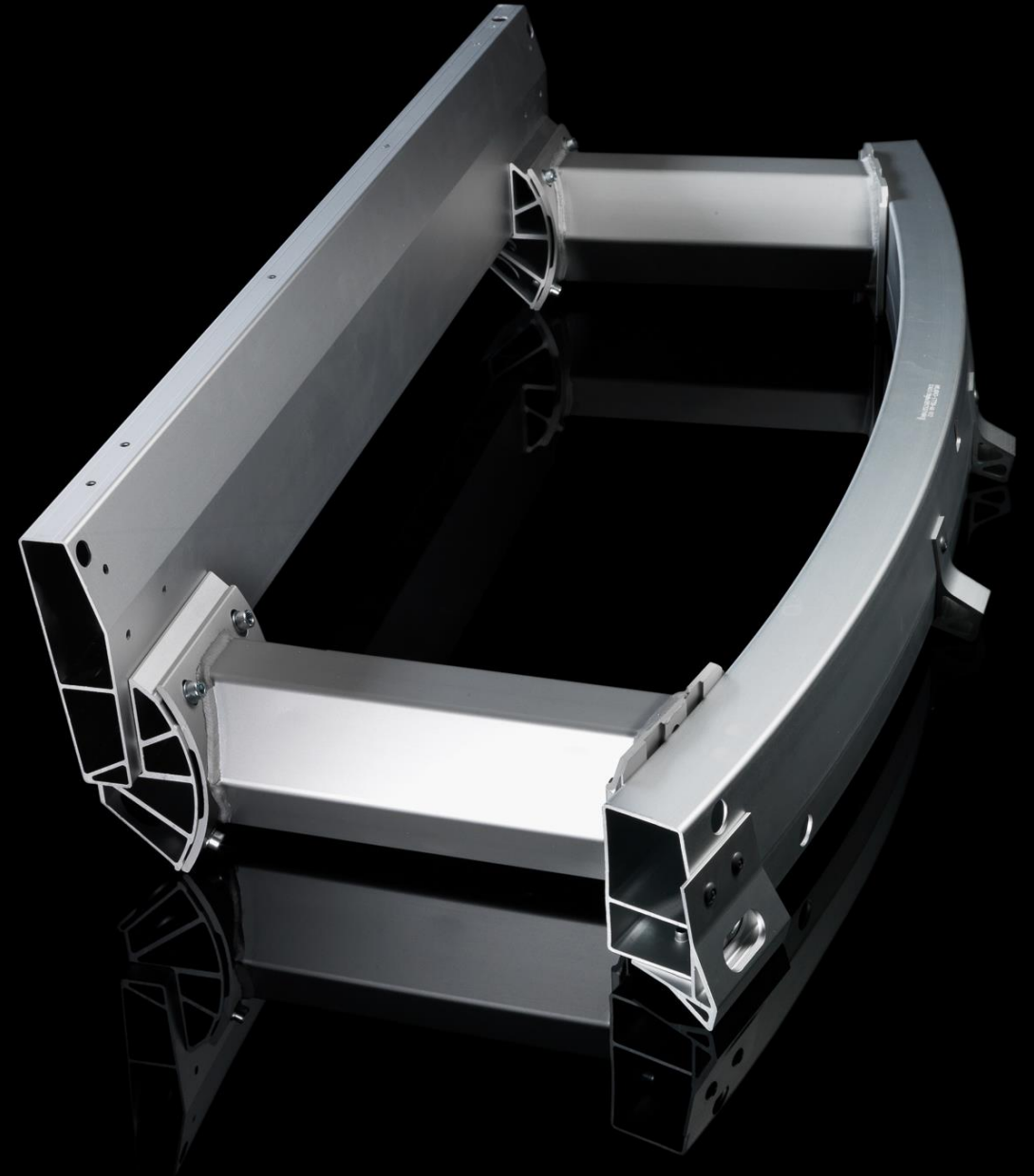
Extrusions 2025 growth target

EBITDA, NOK billions





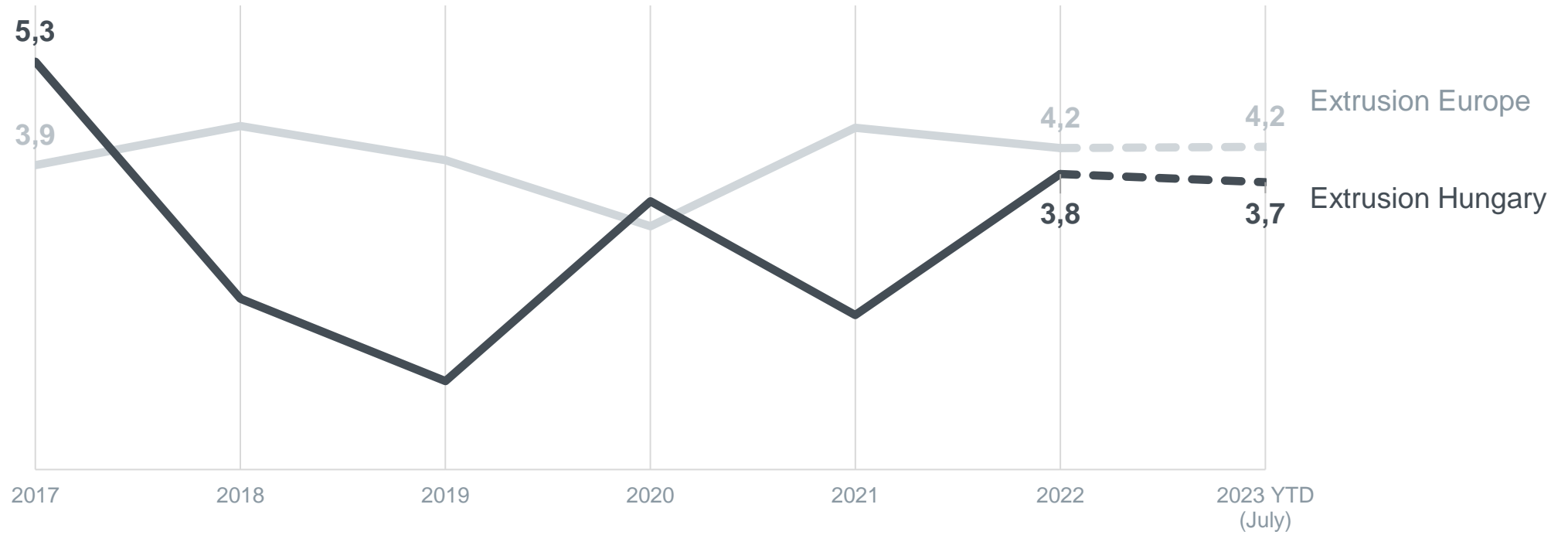
The journey of the Székesfehérvár plant



Thursday, 14 September 2023

Safety is always a priority

Total Recordable Injuries (TRI) rate in HU
(rolling 12 months – 1 million working hours)



Agenda

Re-inventing
the plant

Automotive
market

Our X-
factor



Re-inventing the plant



1985-2010

1989

End of communism

17 presses
30K tonnes

1996

100% Alcoa

Focus on low cost,
volume and safety:
improved efficiency

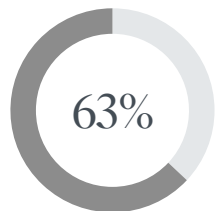
6 presses
40K tonnes

2007

SAPA

Focus on customer,
value and safety

2010-2020



of volume: standard profiles,
low margins, high volumes

2011

Solar 'boom' and
first steps into
automotive

7 presses
90K tonnes

2013

**Joint venture
SAPA/Hydro**

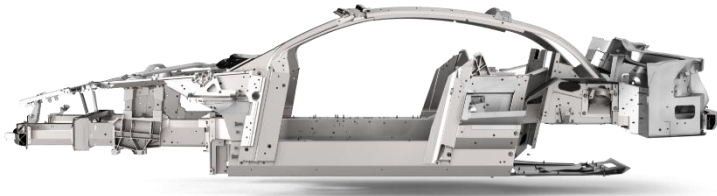
Back to basics: customer
value and profit by improving
operational excellence

2017

Hydro

Profitability and
sustainability

2020-



of volume: high-end automotive parts and components

2020

Sharpened our strategy

Today

6 presses
60K tonnes

2024

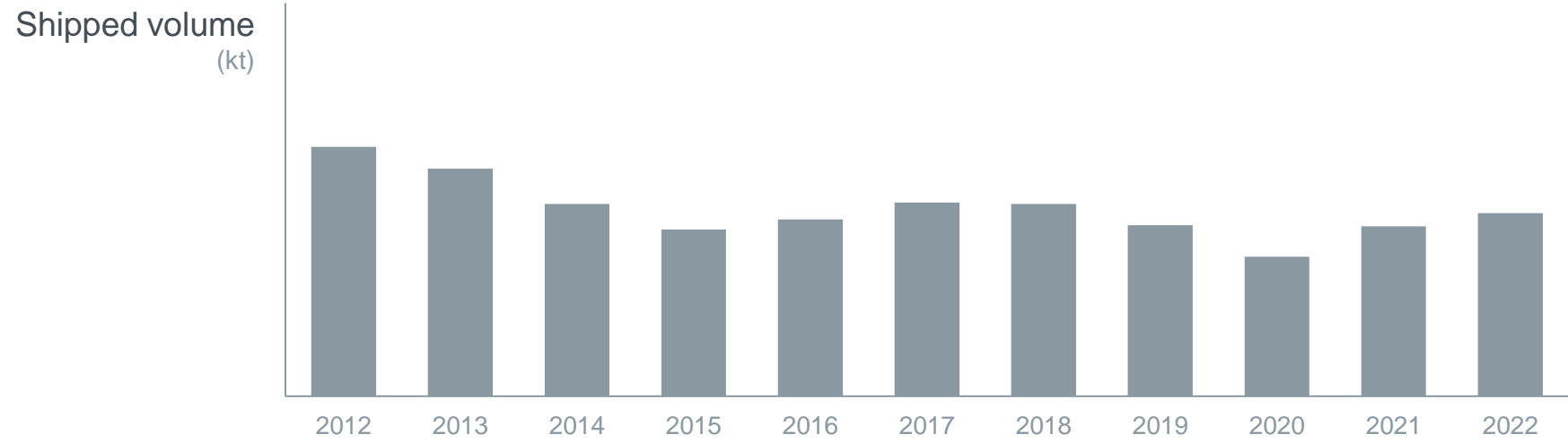
New recycling plant in production

2025

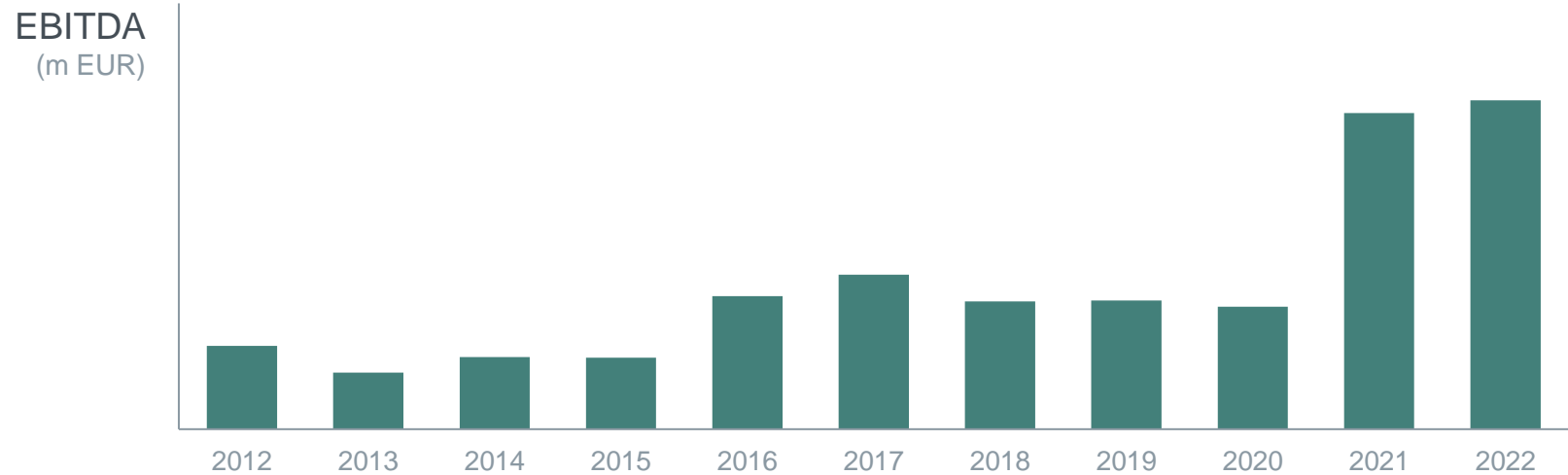
New press in production

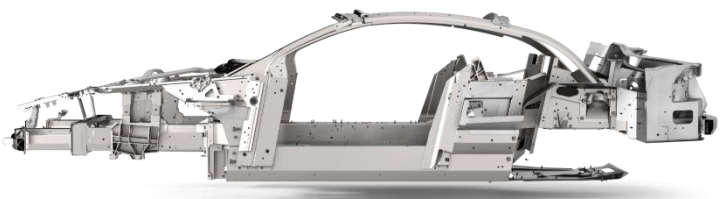
7 presses
70K tonnes

Total volumes
went down...



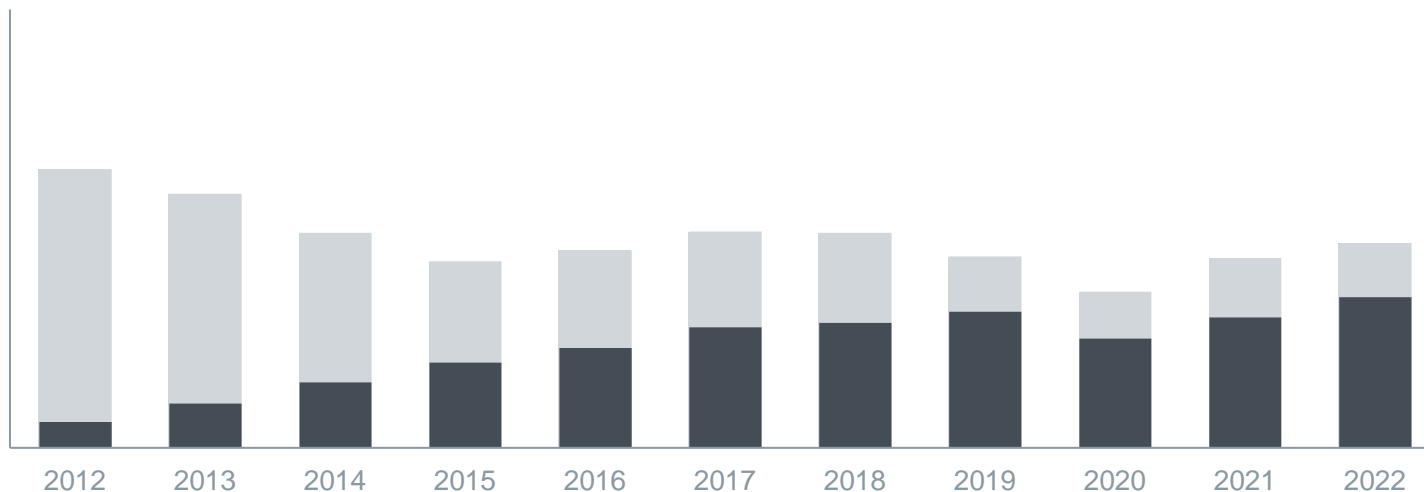
...but our profit
went up.



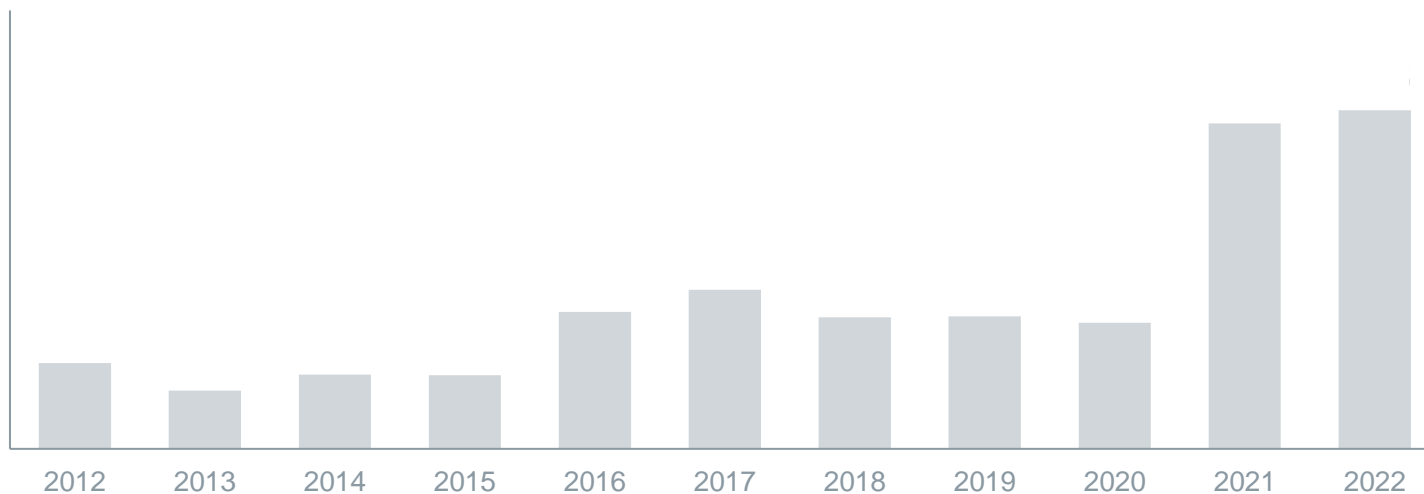


Share of automotive went up year by year

Shipped volume (kt)



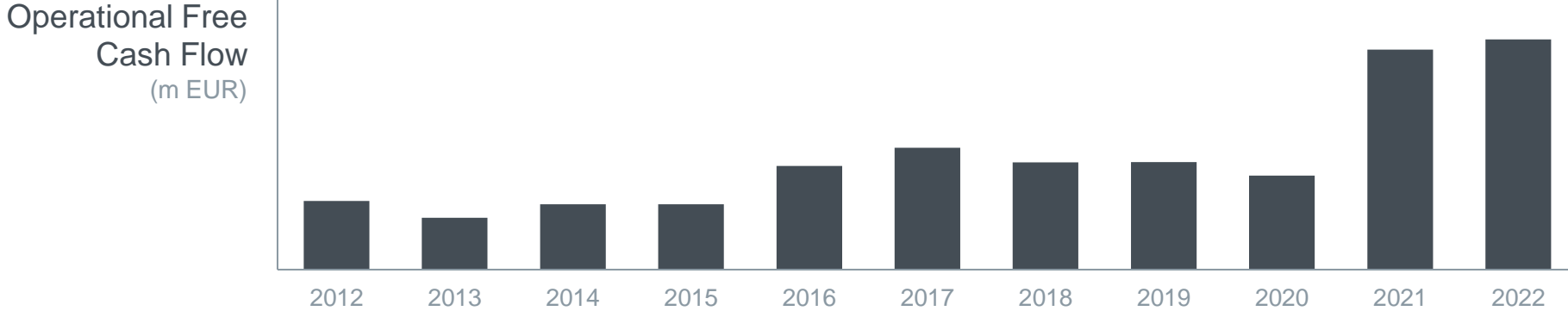
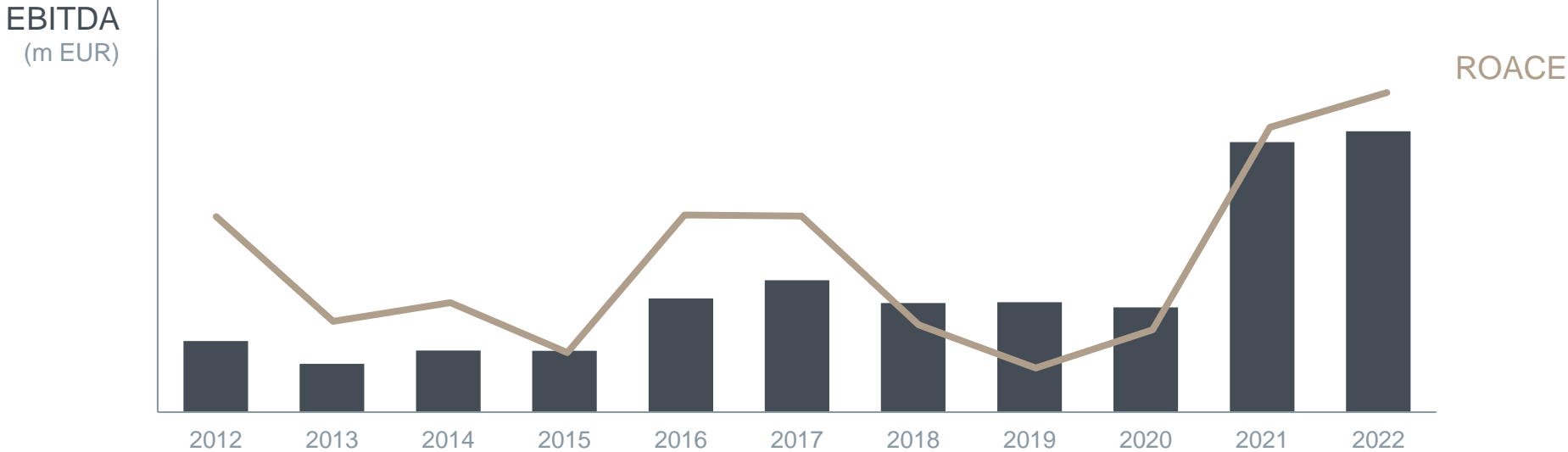
EBITDA (m EUR)



Financially healthy plant



Making money in automotive



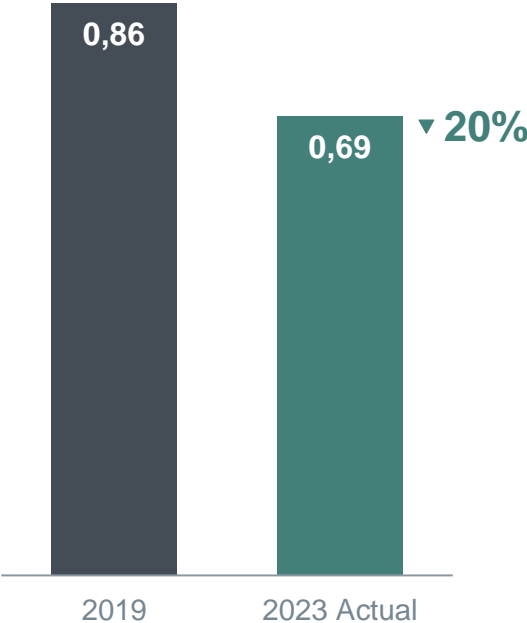
Driving sustainability



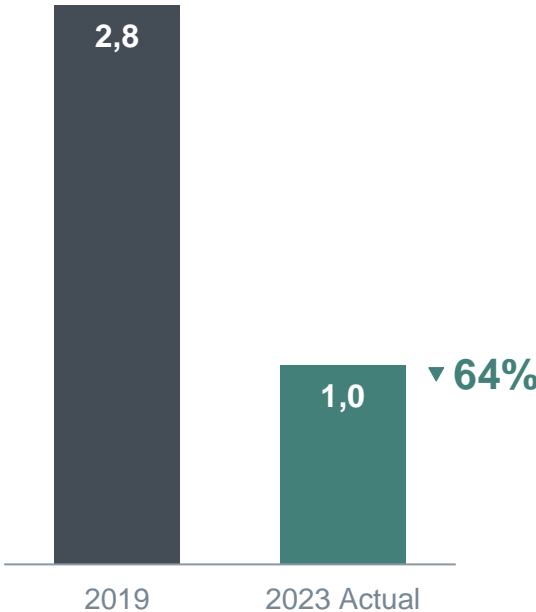
Production volume increased slightly from 2019 (52.2 kt) to 2023 (55.9 kt)



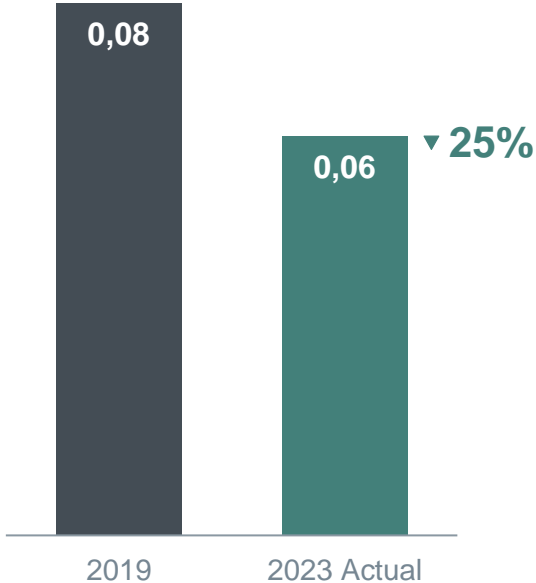
Electricity consumption
(MWh/t)



Water consumption
(m3/t)

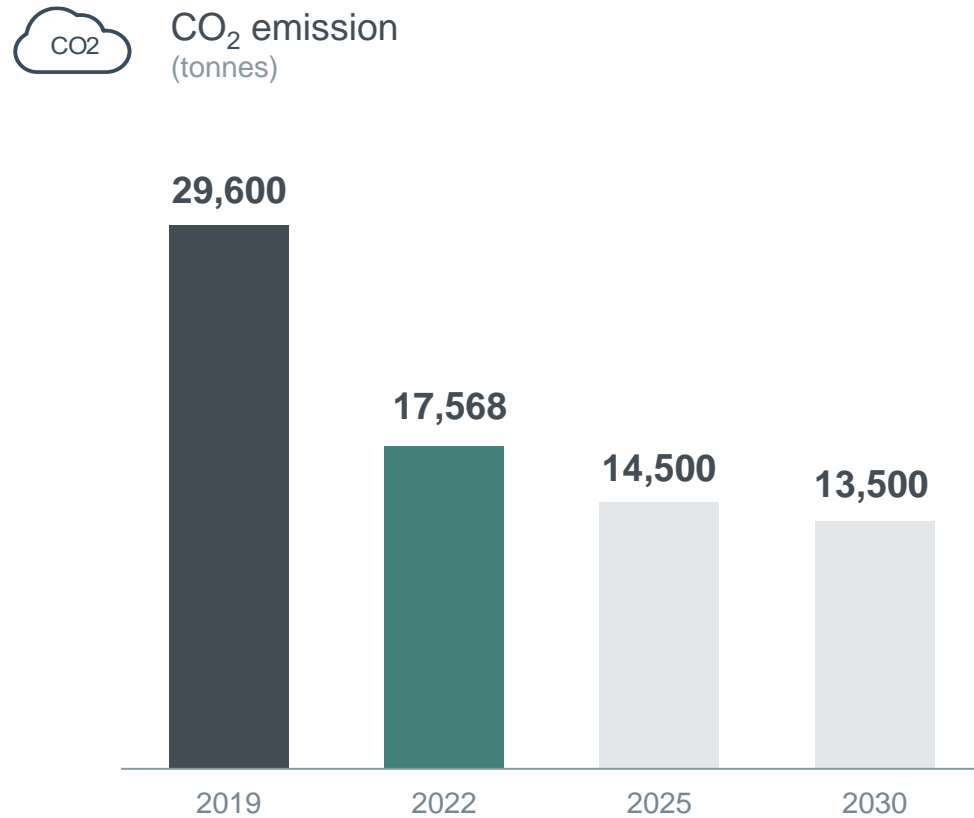


Waste generation
(t/t)



Driving sustainability

We will reach the CO₂ reduction targets for 2025 and 2030



Sustainable measurement systems

- Implementation of ISO 50001
- AMR system for the whole site

Get green electricity

- Power Purchase Agreements
- Solar energy options

Change gas to electricity

- New aging furnace will be electric
- Steam furnace will be electric

Doing business from Hungary

Business-friendly climate

Hydro in Hungary

Investing in the relation with the community



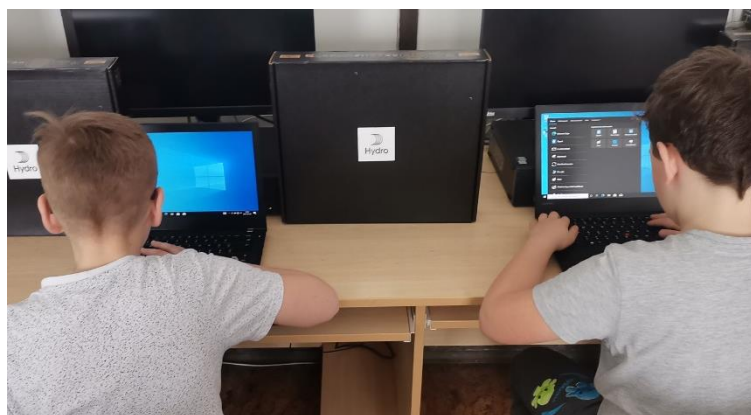
Support local community

E.g., donating to people in need



Health and environment

E.g., improving the community



Education and volunteering

E.g., donating laptops to schools



Community building

E.g., family event themed around diversity, inclusion and belonging

Key strength: Automotive region

Hungary



Key strength: Automotive region

Hungary region



A U S T R I A
(approx. 150 automotive suppliers)



STELLANTIS

PORSCHE



S L O V A K I A

(approx. 350 automotive suppliers)



V O L V O



Hydro



H U N G A R Y

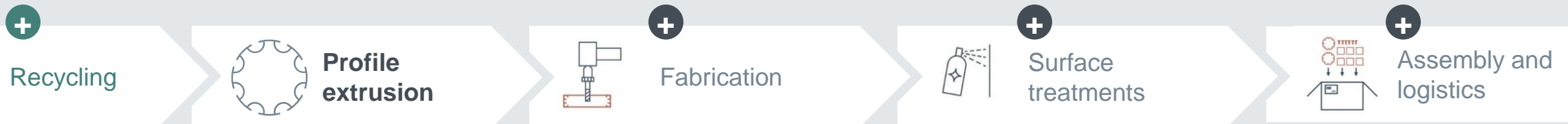
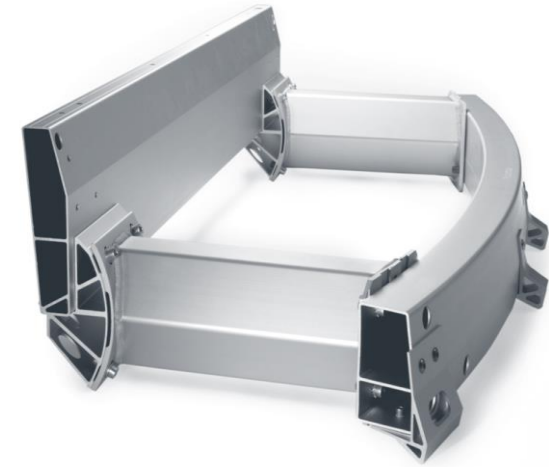
(approx. 700 automotive suppliers)



Key strength:
Know-how in
engineering

Key strength: Combined offering of subsequent steps in the supply chain

Vertically integrated 'one-stop shop'



Key strength:
Own recycling plant



Key strength: Size and collaboration within Hydro

Capitalise on production
capacity and sharing
valuable know-how



A strong match
It fits, like closing a
Rolls Royce's door

European automotive industry

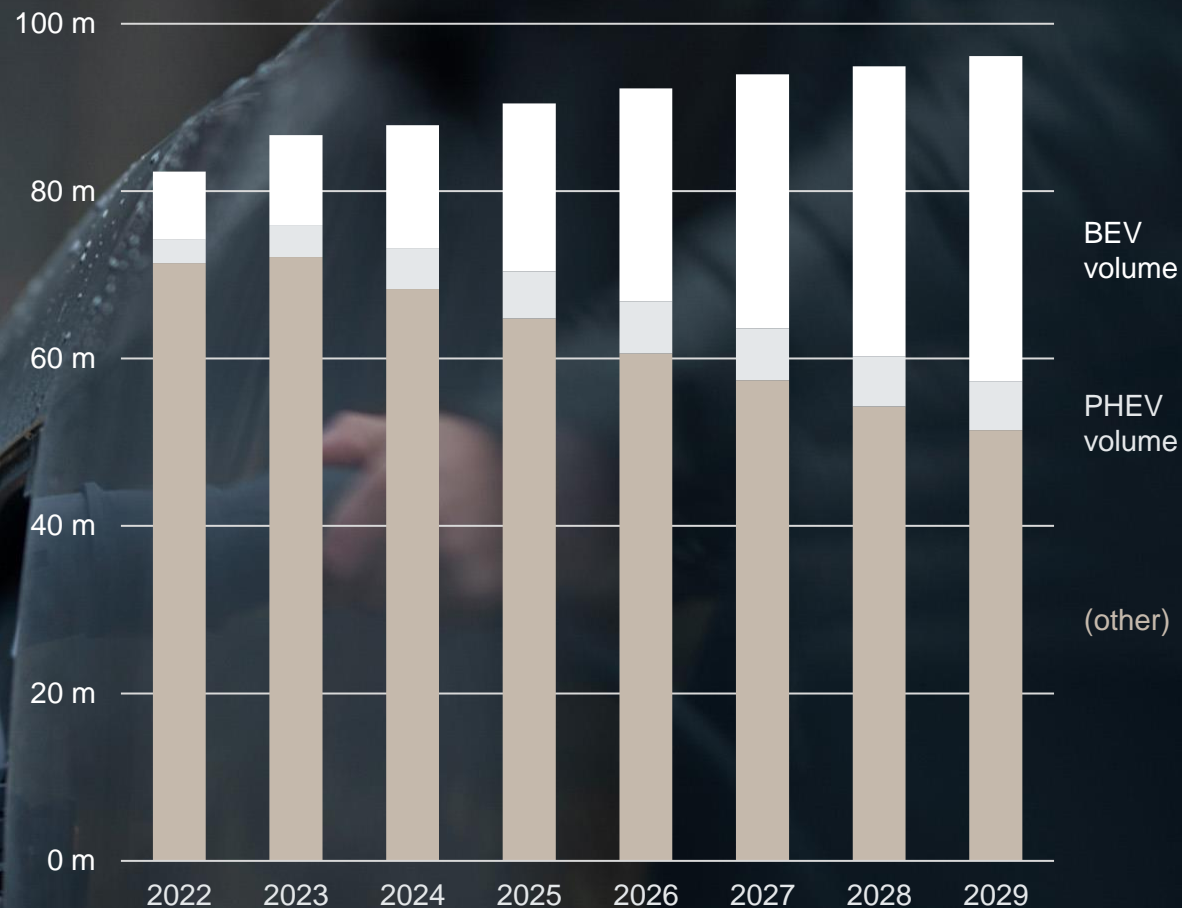




Growing demand for
sustainable and
lightweight solutions

By 2029, almost half
of all produced cars
are electric

Global production volume forecast



Source: S&P Global Mobility LVP+AP forecast June 2023

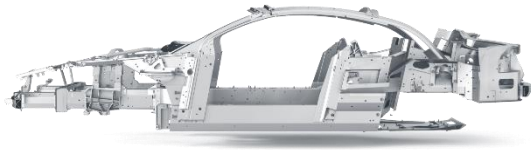


Challenging demands in automotive

Strict requirements,
tight tolerances,
high volumes

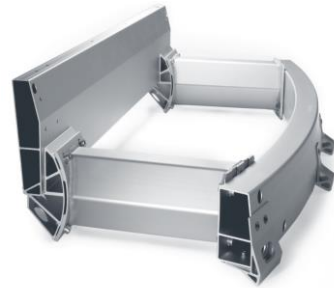
Strategic focus on 4 groups

Where margins are good, and volumes will keep on growing



Body in white (BIW)

The aluminium penetration driver



Crash-management

The largest aluminium segment



ABS/Valve block

The solid base

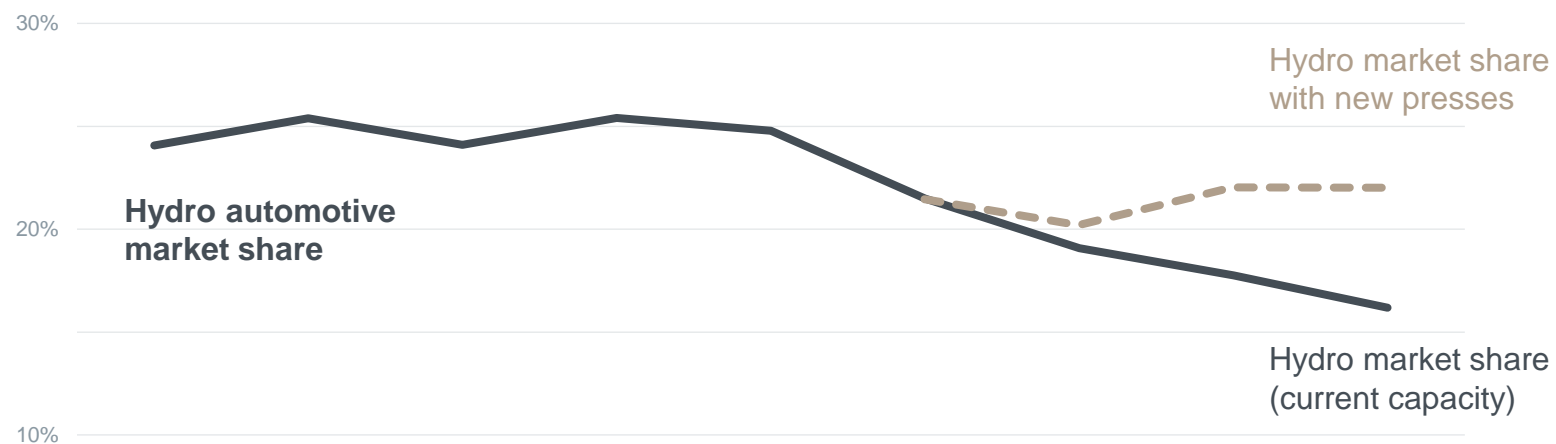
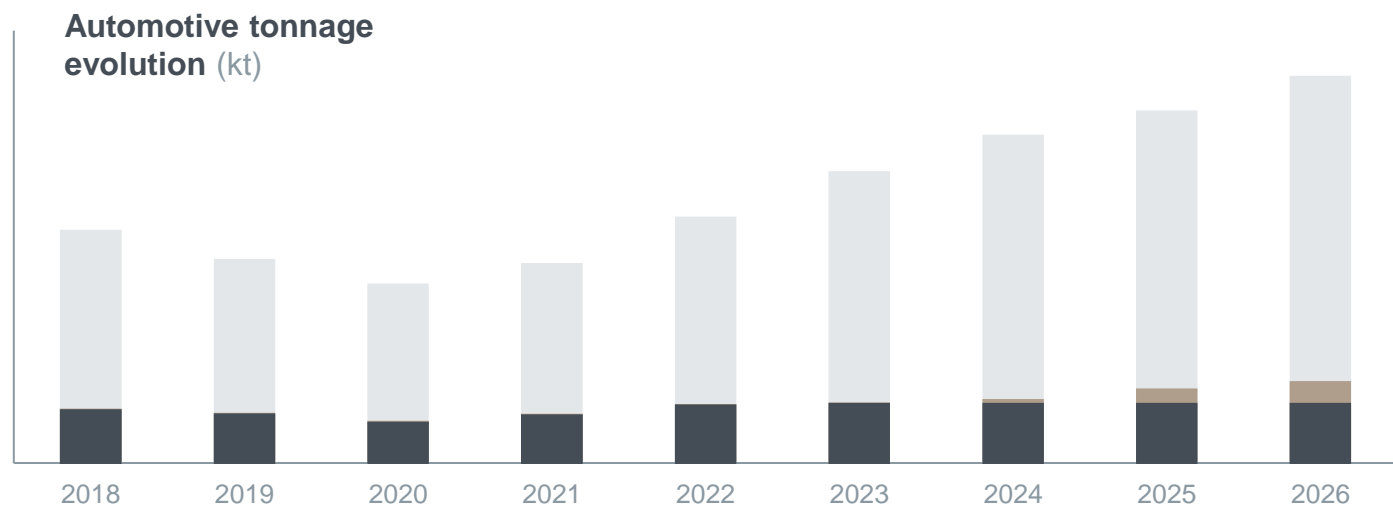


Emobility

The game changer

To protect European market share, we need to increase capacity

Hungary is fully booked now. Therefore, we'll need to increase capacity through collaboration and investments.





Twin press concept: a back-up solution and value proposal

- Creating 'twin' copies of our successful and fully-booked 12" press in Hungary
- 'Twins' enable overflow, back-up and multilocation offering
- Quick ramp-up and no double engineering

Our X-factor



Our X-factor



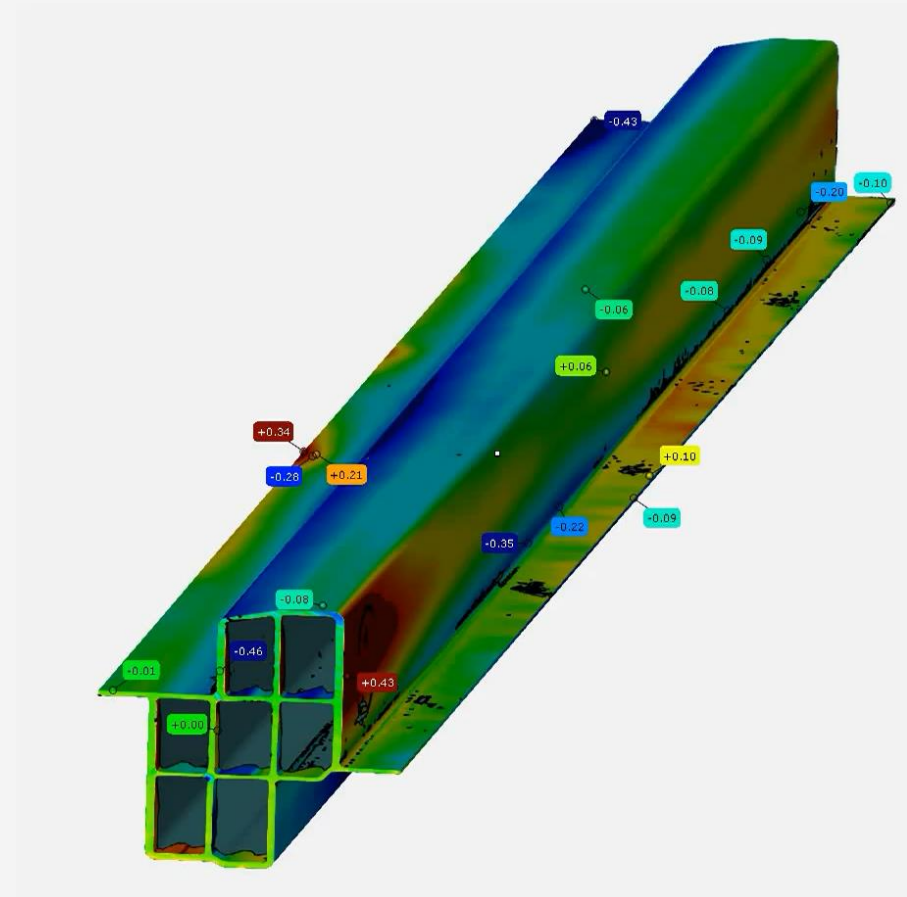
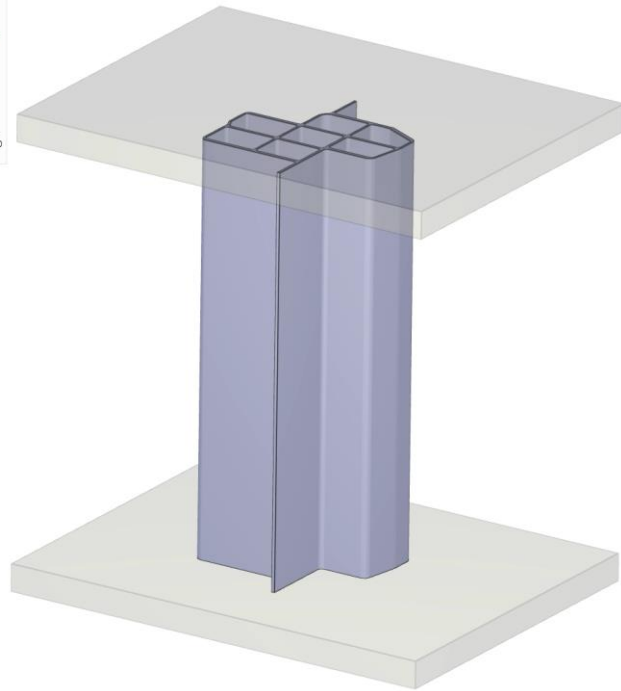
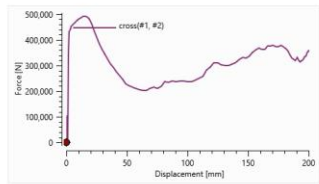
1
2

Entrepreneurial mentality

Care, Courage and
Collaboration

Entrepreneurial mentality: 3D scan for Porsche

Not: “No”, but: “Let’s try”



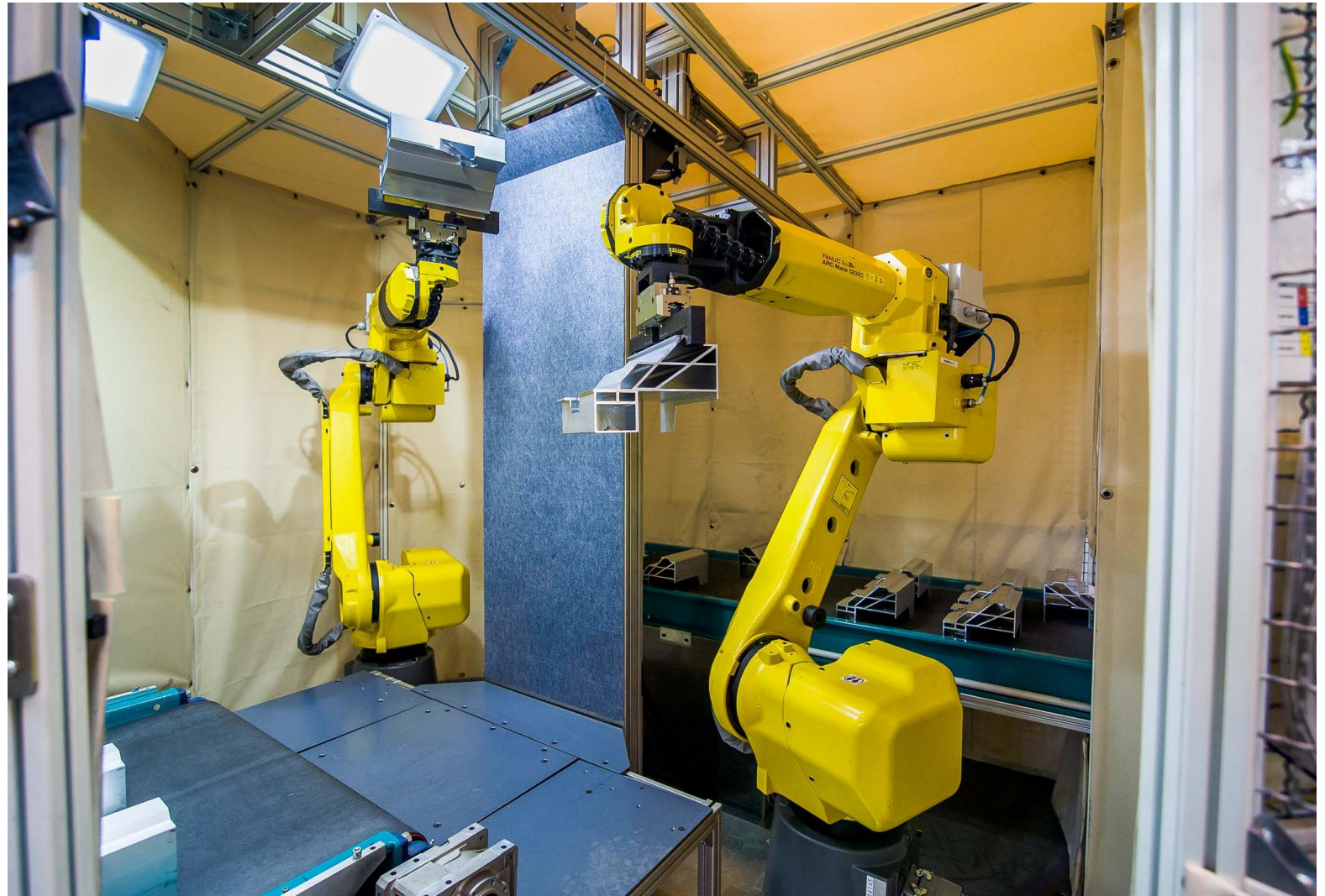
And now...


Hydro



Entrepreneurial mentality: Quality control tooling

BMW EV businesses booked
by securing 100% quality





Entrepreneurial mentality: Develop ownership at every level

They see opportunities
that others don't

Our X-factor



1

Entrepreneurial mentality

Care, Courage and
Collaboration

2

Taking care of people

To treasure talent

Taking care of our people: Invest in workplace

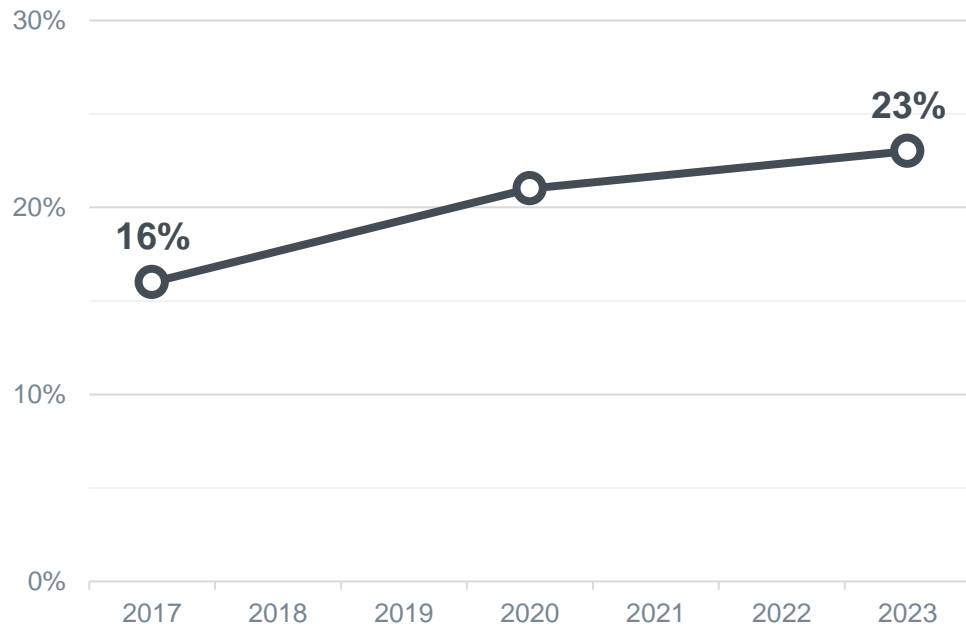
E.g., ergonomics,
health and safety



Taking care of our people: Diversity

Women ratio is increasing in
all areas and levels

Women ratio development

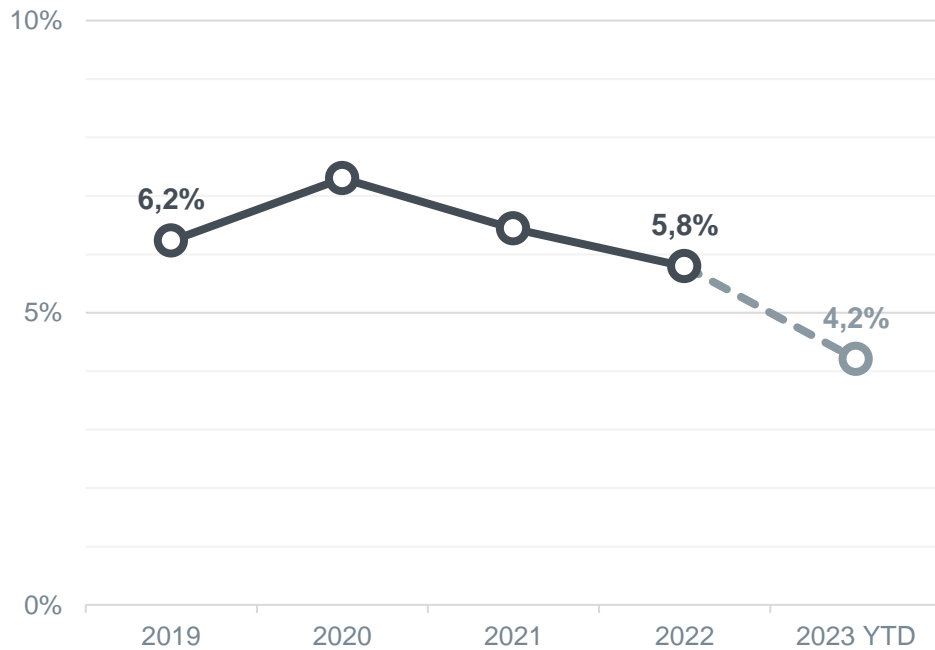


Taking care of our people: Absenteeism and turnover



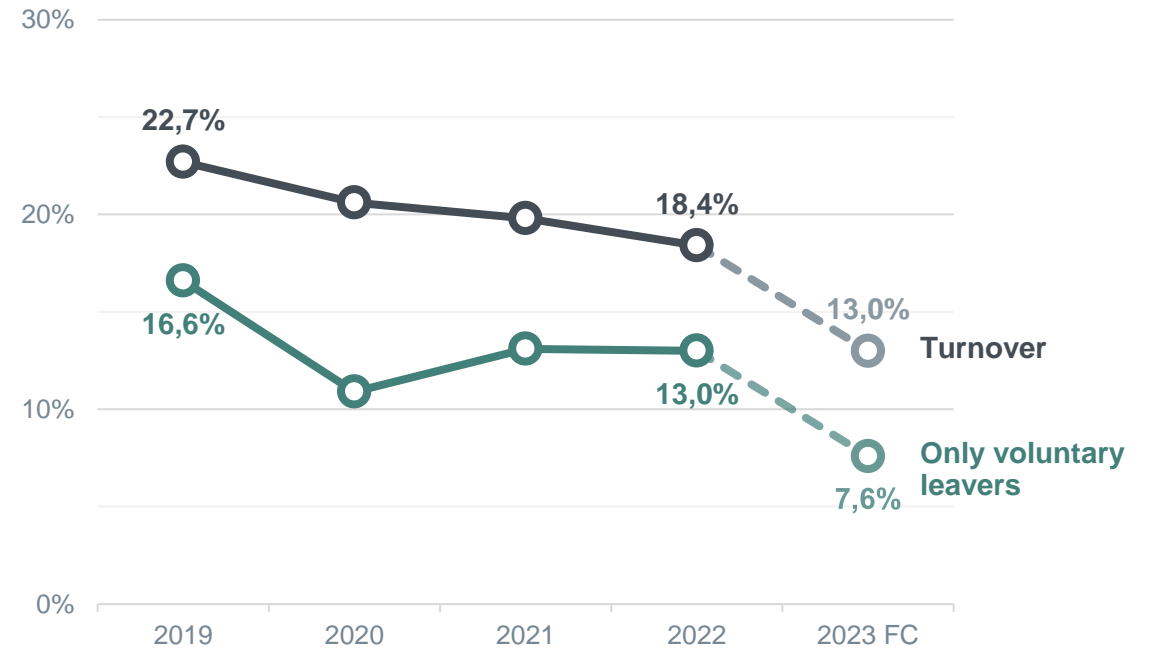
Absenteeism is on the lowest level in 20 years

Plant absenteeism



Turnover has a good trend and was mainly impacted by involuntary leavers in 2020

Plant turnover



Taking care of our people: Development programmes

Participating in Extrusion Europe programmes, exchanges within East Europe, and stimulating local training and promotion





Taking care of our future people: Educational activities



- Collaboration with local universities: dual education and internship programmes
- Summer jobs & Plant visits
- Participate in Education programme
- Initiate and participate in events, like university competitions and Girl's Day

*Ability to
attract people*



Wrap-up

Re-inventing
the plant

Automotive
market

Our X-
factor





Hydro

Industries that matter