

# Norsk Hydro – SEB Nordic Seminar

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# The unique Hydro offering



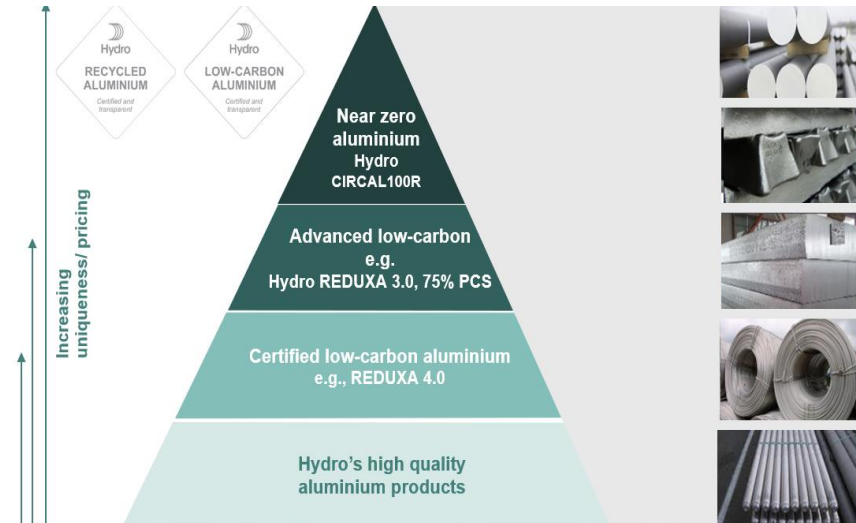
## Integrated value chain offering



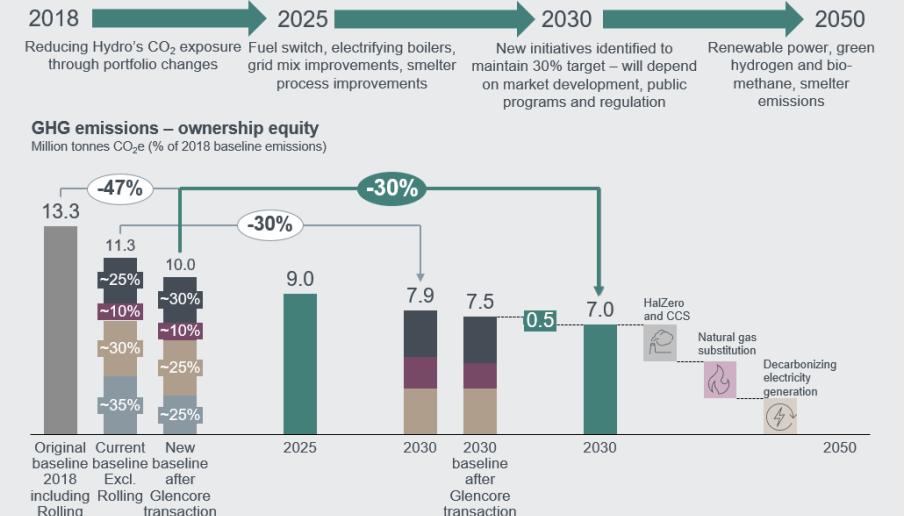
## Strategic partnerships with industry front runners



## Broad low-carbon product portfolio with spearhead products



## Decarbonization roadmap to 2030, and net-zero





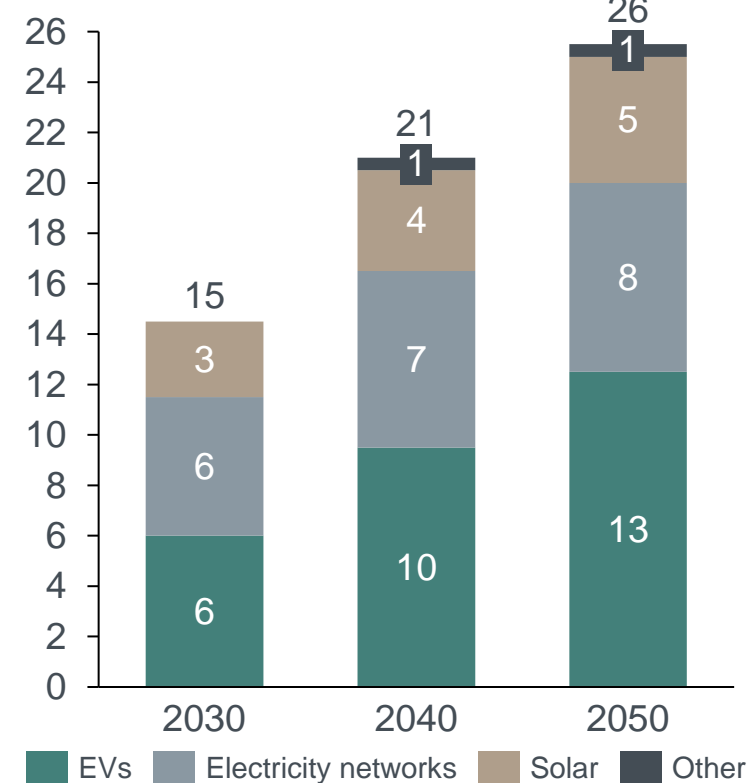
# Aluminium is a key enabler for the entire green transition



2030 energy transition will require 15-22 million tonnes aluminium, increasing to 25-42 million tonnes by 2050

## Additional aluminium demand from green transition enablers<sup>1)</sup>

Million tonnes



### E-mobility transition

Automotive CAGR 2022-30  
**8 - 10%**  
Aluminium content per car to grow by  
**25% in 2030<sup>2)</sup>**

### Circular building & construction solutions

EU set mandatory energy consumption reduction target of **11.7% by 2030**

### Heating & cooling

Market share aluminium from 17% to **25% in 2030<sup>3)</sup>**

### Solar panel solutions

CAGR EU 2022-30 for solar segment  
**10 - 15 %<sup>4)</sup>**

### Copper substitution

Adjusted for conductivity, aluminium is approx **50% lighter** compared to copper <sup>5)</sup>

### Electricity grids

Reaching 1.5 degree scenario will require adding or refurbishing **80 million kms of grids by 2040<sup>6)</sup>**

1) Additional demand related to green transition technologies in STEPS scenario. Sources: 2) Ducker 3) Hydro analysis 4) BNEF 5) CRU 6) IEA

# Shifting gear to capture opportunities from the green transition towards 2030



1

Step up growth investments in Recycling and Extrusions to take lead in the market opportunities emerging from the green transition



2

Step up ambitions within renewable power generation



3

Execute on ambitious decarbonization and technology road map and step up to contribute to nature positive and a just transition



4

Shape the market for greener aluminium in partnership with customers

# Step up growth investments in Extrusions and Recycling

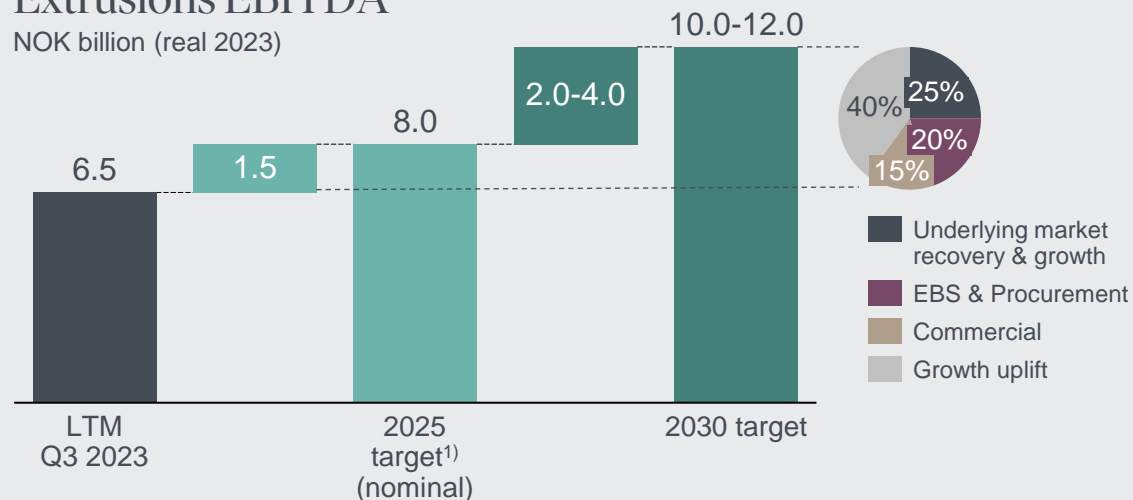


## Extrusions

- Increase market share in high-growth, non-commoditized segments leveraging innovation and solution offerings
- Develop and grow capacity and capabilities through investments in new presses, fabrication, value added services and recycling
- Commercial opportunities from sustainability, through segmentation and greener offerings
- Increase digitalization and standardization to drive procurement excellence and reduce energy consumption

### Extrusions EBITDA

NOK billion (real 2023)



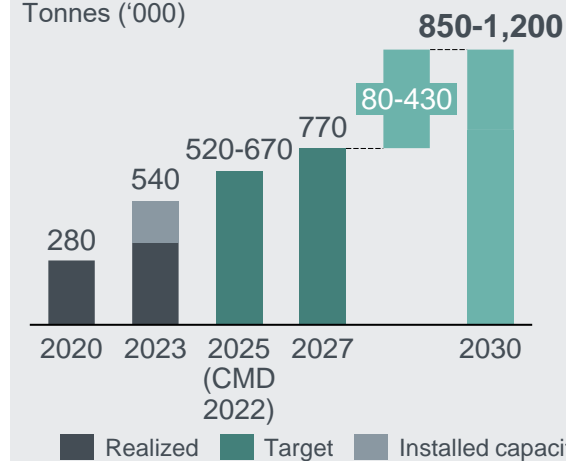
1) Target 2025 in nominal terms as communicated in 2021. Range target for 2030 in real terms

## Recycling

- Strengthen scrap sorting capabilities; secure feedstock
- Expand global asset base across the value chain
- Diversify product portfolio, develop innovative solutions
- Shape market for recycled products in partnership with customers

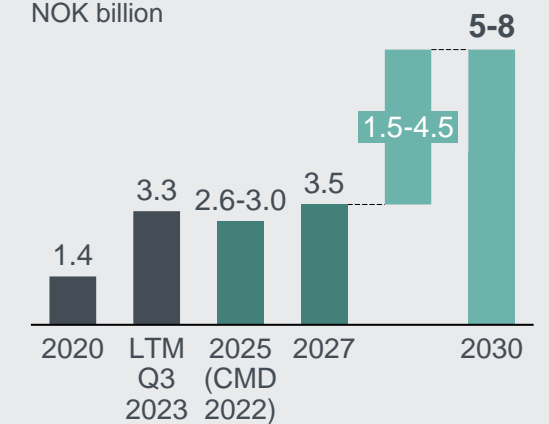
### PCS capacity<sup>1)</sup>

Tonnes ('000)



### Recycling EBITDA

NOK billion



1) Range based on capex. High-range include ~70% of further potential capex given market and M&A.



# We have a roadmap to net-zero aluminium products



The technology roadmap aims for industrial pilot volumes by 2030

## Energy transition in Brazil



Transitioning from heavy fuel oil to natural gas, and from coal-fired to electric boilers at the Alunorte alumina refinery

Bauxite & Alumina

## Carbon Capture and Storage



Decarbonizing existing primary assets

Aluminium Metal

## HalZero



Next generation primary technology offering a fully decarbonized electrolysis process

Aluminium Metal

## Recycling



Technologies for increasing use of post-consumer-scrap and decarbonizing foundries

Aluminium Metal and Extrusions

# Greener earnings uplift potential 2030

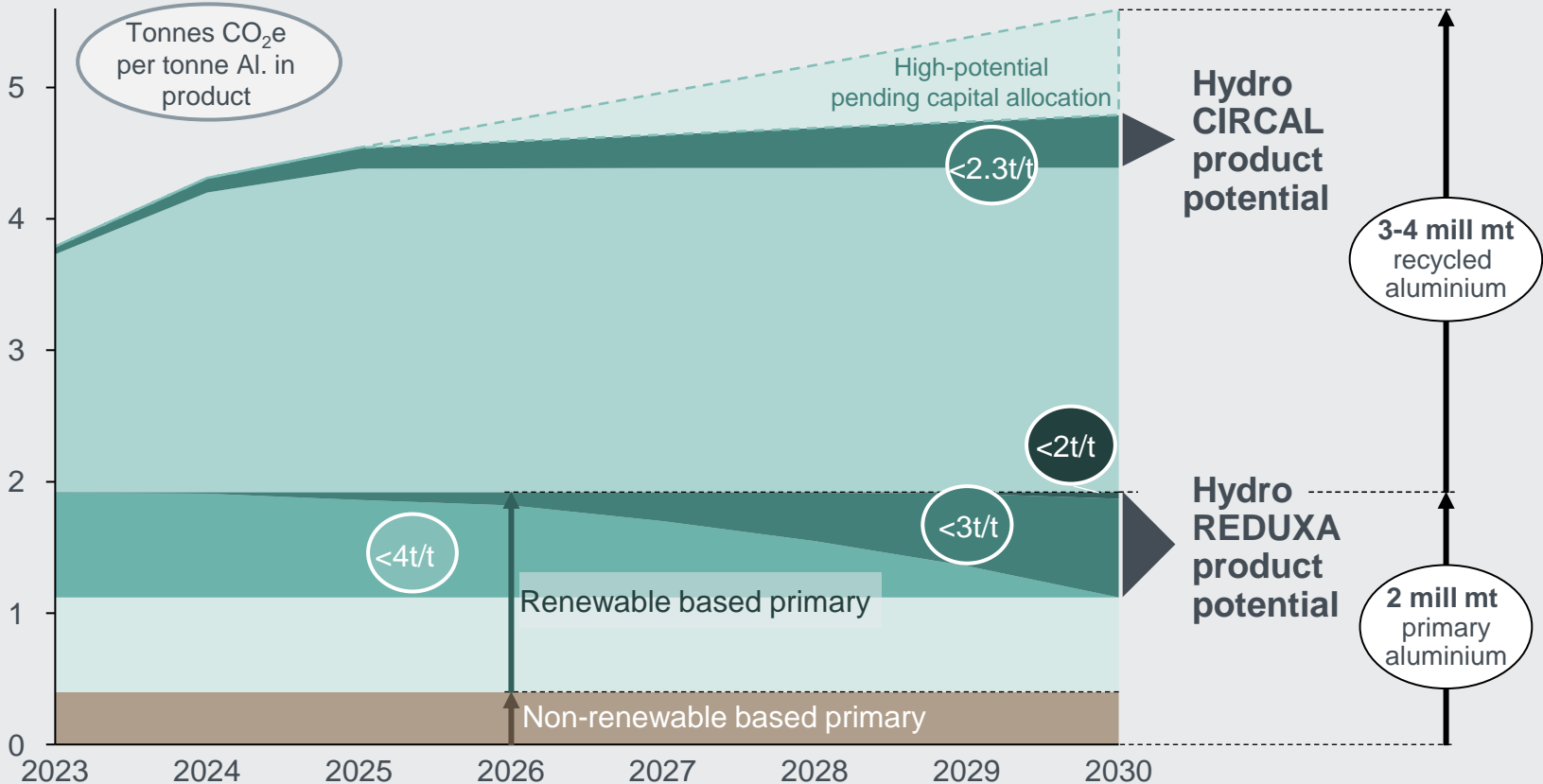


# NOK 2 billion<sup>1)</sup>

Hydro is pioneering the green aluminium transition

## Greener product capability from total aluminium portfolio<sup>1)</sup>

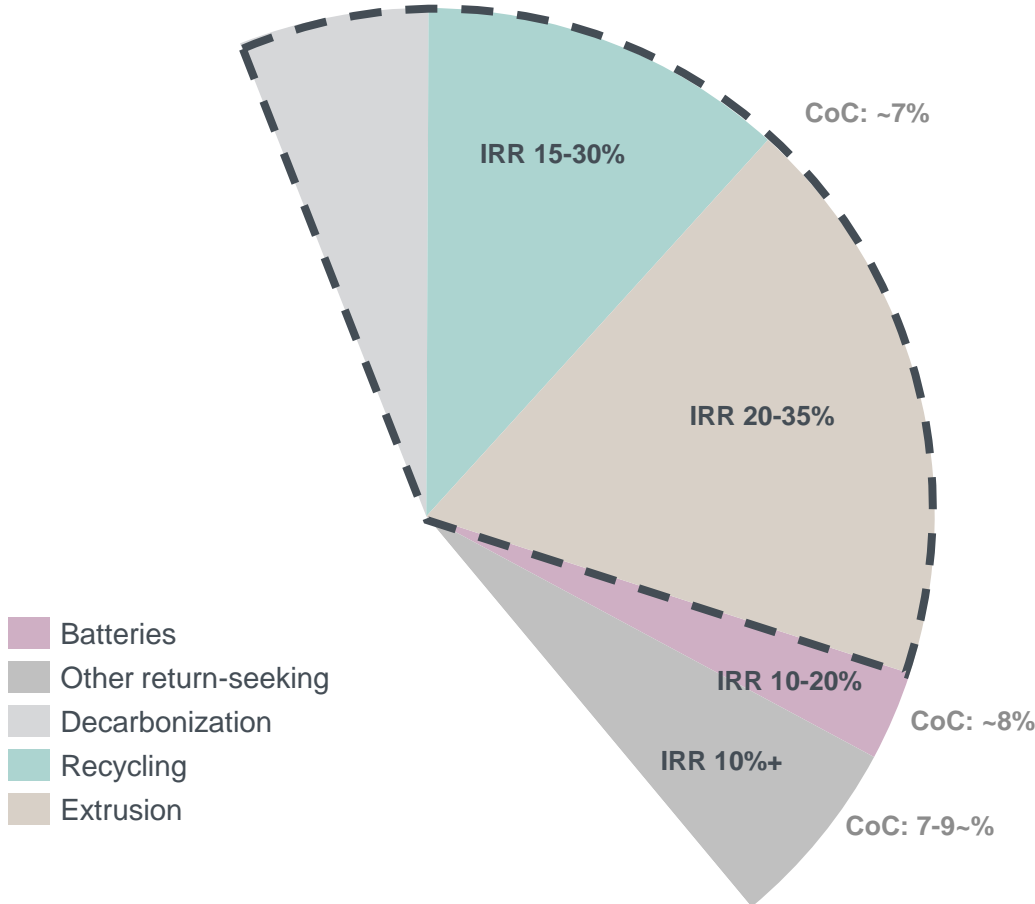
Million tonnes capacity potential



<sup>1)</sup> Based on 2030 EU ETS cost and relative CO<sub>2</sub> reduction vs Hydro REDUXA 4.0 at current industry traded upcharge. Hydro REDUXA and CIRCAL potential based on estimated certification capacity. Primary capacity based on equity share renewable power. Hydro CIRCAL products have post-consumer scrap content > 75%

# Strong profitability in strategic growth areas

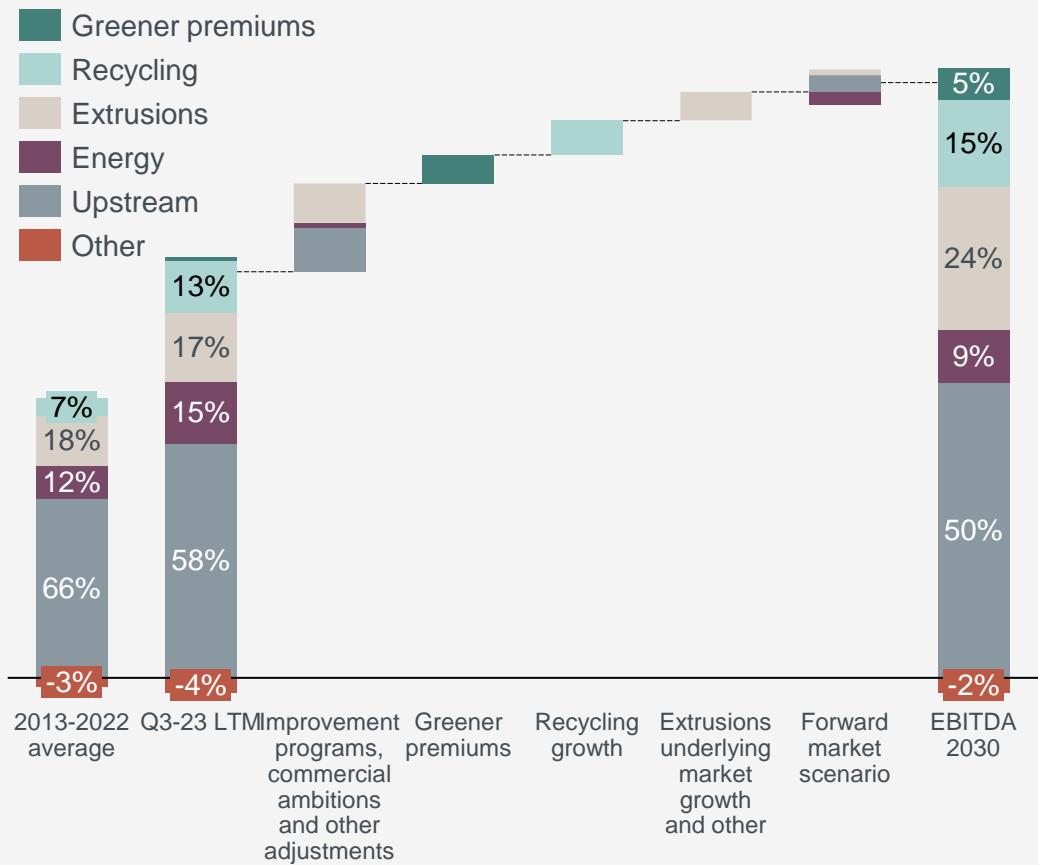
Indicative profitability in current return-seeking and growth portfolio



2024-2028 capex

# Capital allocation increases earnings resilience

EBITDA  
NOK billion



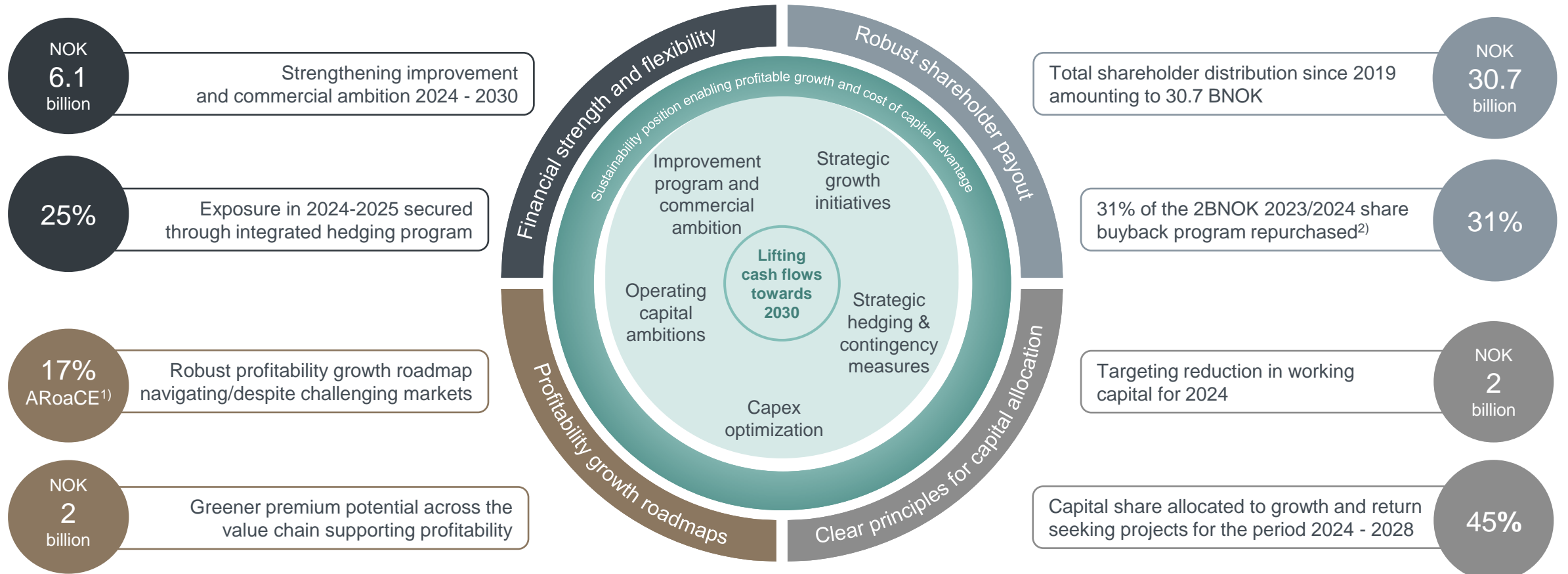
Note: 2013-2022 average and Q3-23 LTM EBITDA as reported



# Our financial framework guides the short and long-term



Solid framework for lifting returns and cash flow and managing uncertainty



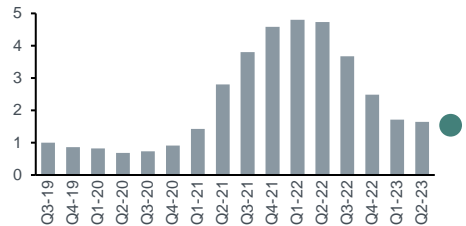
1) Hydro group external scenario 2030 ARoaCE based on CRU price and premium assumptions and S&P Global FX assumptions, with adjustments as specified in the footnotes

2) 31% repurchased as of 24<sup>th</sup> of November

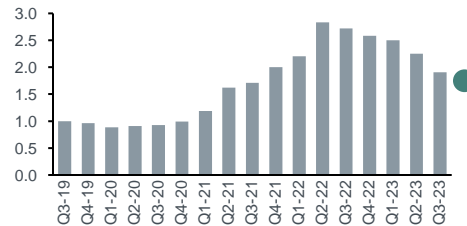
# Market uncertainty continues into 2024

## Revenue and cost drivers (indexed)

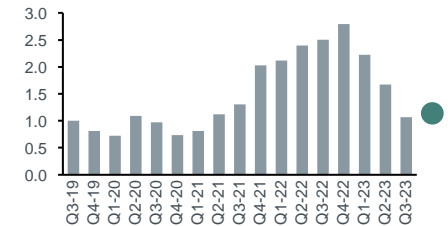
El Billet premium



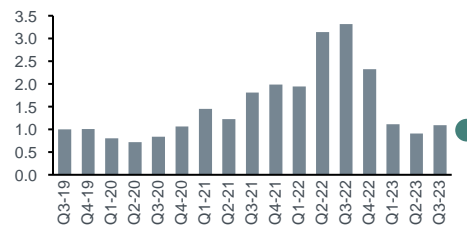
Petroleum coke FOB USG



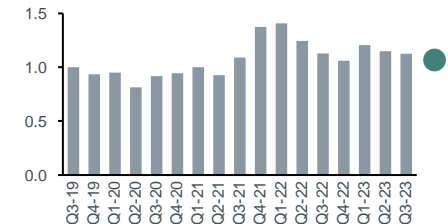
Caustic soda



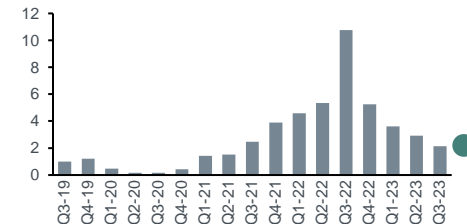
Gas (Henry Hub)



Alumina PAX index



NO2 spot price

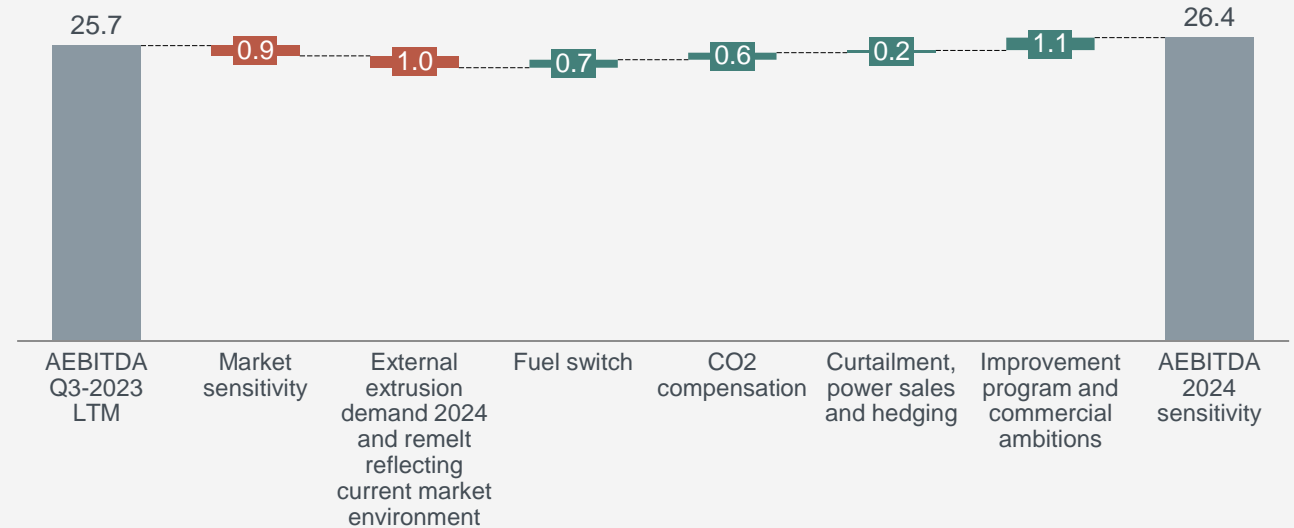


● Indication of current market prices

Source: Thomson Reuters, PACE, IHS Markit, Platts, ANP, CRU, Nord Pool

## AEBITDA sensitivity 2024

NOK billion



## Short-term and medium-term mitigation

### Extrusions

- Strong margin management
- Shifting volumes between product segments
- Continuous adaption of extrusion capacity to demand through reduced number of shifts
- Manning reductions in Europe to manage cost in challenging market
- Utilizing short-term flexibility in recyclers

### Aluminium Metal

- Electrolysis production curtailed by ~130kt (Norwegian smelters)
- Volumes shifted between product segments
- Utilizing short-term flexibility in recyclers

### Continued efforts to reduce working capital

- Year to date cash release of more than NOK 4 billion

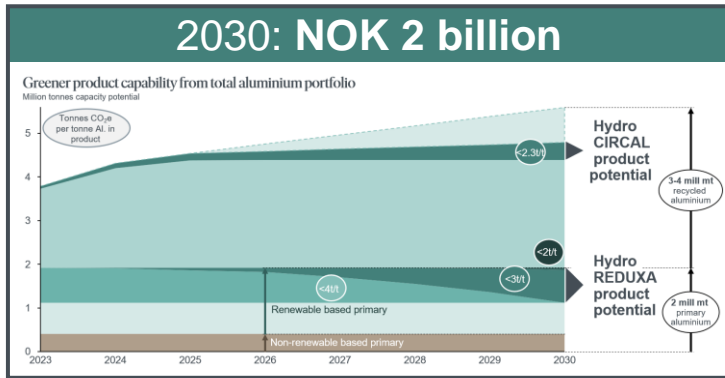
### Hedging program securing margins in challenging market

- Implemented hedges for most of the exposure to coal, electricity and gas for 2024 in B&A.
- 2024 gas and power hedges in place for 50% of exposure in both Metal Markets and Extrusions
- Integrated margin hedge in place for 2024 and 2025
- USD/BRL hedges in place for Alunorte and Albras

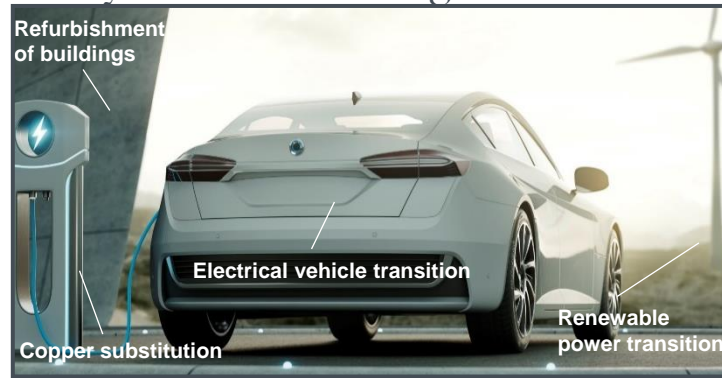
# Why invest?



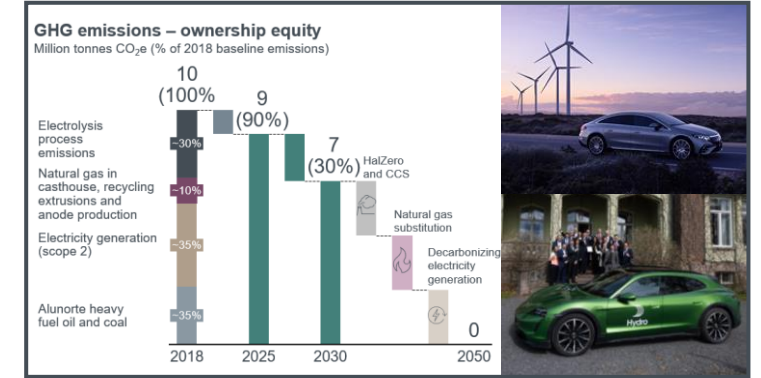
## Greener earnings uplift potential 2030



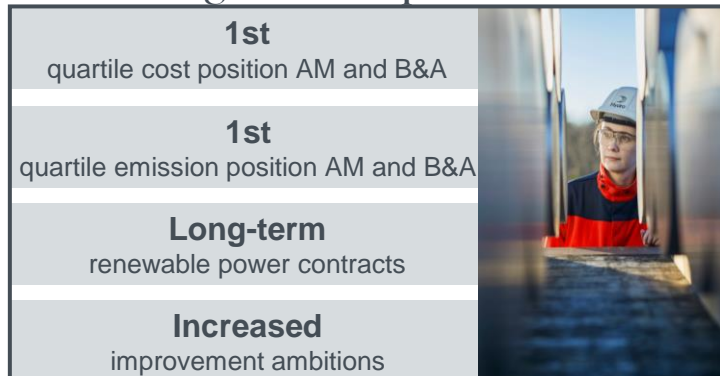
## Portfolio of profitable growth projects as key enablers for the green transition



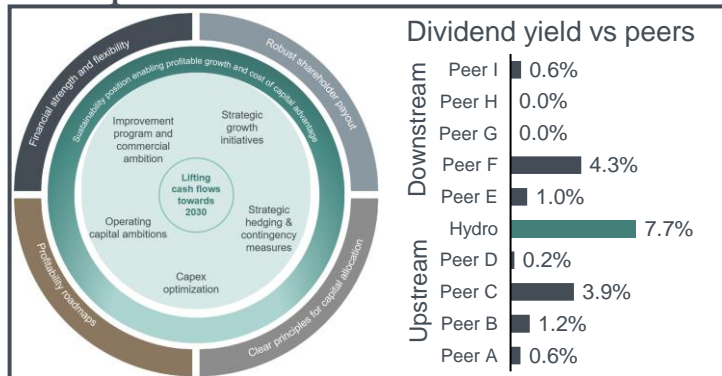
## Pathway to net-zero aluminium products supported by partnerships



## Robust positioning with ambition to strengthen competitiveness



## Resilient financial framework and competitive shareholder distribution



## Good track record on relative shareholder value creation







**Hydro**

*Industries that matter*