

Capital Markets Day

December 5, 2013



Table of contents

Hydro	4
Financial update	43
Market outlook	75
Rolled Products	110
Primary Metal	125
Bauxite & Alumina	138

Cautionary note in relation to certain forward-looking statements

Certain statements included within this announcement contain forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management's plans, objectives and strategies for Hydro, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Lifting the bar

Svein Richard Brandtzæg
Capital Markets Day 2013

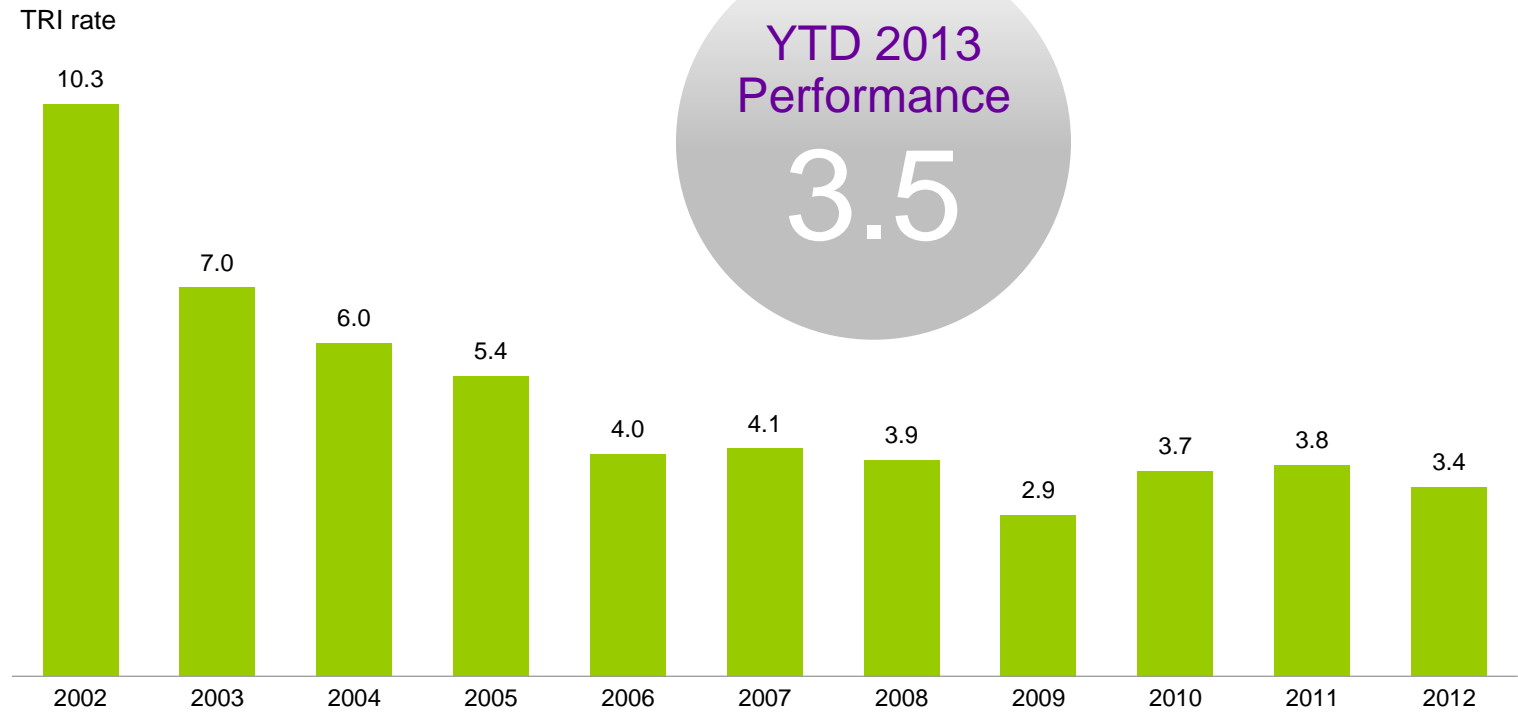


HSE, CSR and compliance are integral parts of our business model

Our first responsibility and our license to operate



Performance



People

Hydro's main priorities

Bauxite & Alumina

Deliver on productivity goals, realize improvement targets

Energy

Maximize asset potential, strengthen global support function


Primary Metal

Continue improvement drive, capitalize on technological edge

Rolled Products

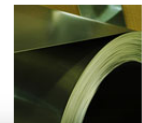
Continue to high-grade portfolio, develop step-change innovations

June 17, 2013 **Hydro acquires Vigeland Metal Refinery and Vigelands Brug**




Hydro has signed an agreement with Rio Tinto Alcan to acquire its 50 percent ownership share in the Vigeland Metal Refinery AS and 100 percent ownership share in the AS Vigelands Brug hydropower station, located

March 12, 2013 **Hydro expands automotive capacity**



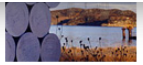
Hydro has decided to nearly double capacity of a continuous annealing line at its aluminium rolled products plant in Grevenbroich, Germany, to serve growing demand in the automotive industry.

June 12, 2013 **Hydro issues force majeure notice due to power outages at Alunorte**



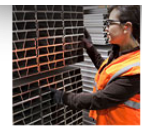
Hydro issued a notice of force majeure to its alumina customers on Wednesday as power outages and lowered production at Alunorte alumina refinery may affect alumina deliveries to customers. It is currently not possible to determine or estimate deliveries to customers will be affected.

March 7, 2013 **Pilot aluminium technology under study**




Developing new and energy-efficient aluminium production technology is the foundation for Hydro's long-term efforts. Hydro is therefore studying the potential for testing next-generation electrolysis technology at a pilot plant with annual production capacity of about 70,000 metric tons at Karmøy in Norway.

Sep 2, 2013 **Hydro's and Orkla's Sapa aluminium joint venture established**




The transaction to combine Norsk Hydro ASA's Extruded Products business area and Orkla ASA's Sapa into a 50/50 joint venture has been completed as planned. Sapa, the new global leader in extruded aluminium solutions, was established on September 1.

July 18, 2013 **Hydro's part-owned Slovalco smelter signs Letter of Intent for power supply**




Hydro's part-owned aluminium smelter in Slovakia, Slovalco, has signed a Letter of Intent (LoI) for power supply with Slovenské Elektrárne.

Agder Energi and company to develop Otra



Hydro and Agder Energi have signed a Letter of Intent (LOI) for the possible establishment of a jointly owned company to operate and further develop their combined assets in the Otra River, southern Norway, where Hydro recently acquired the Vigelands Brug hydropower plant.

Aluminium is 'metal of future' for offshore use



Aluminium has considerable potential for increased use in marine environments, according to prominent technical and material experts.

A clear agenda, clear results

Making Hydro more robust and commercially agile has been our main focus since becoming streamlined in aluminium



Curtailing 26% of primary metal capacity



USD 300 program



Climb



From B to A



JV-program

2009

2010

2011

2012

2013



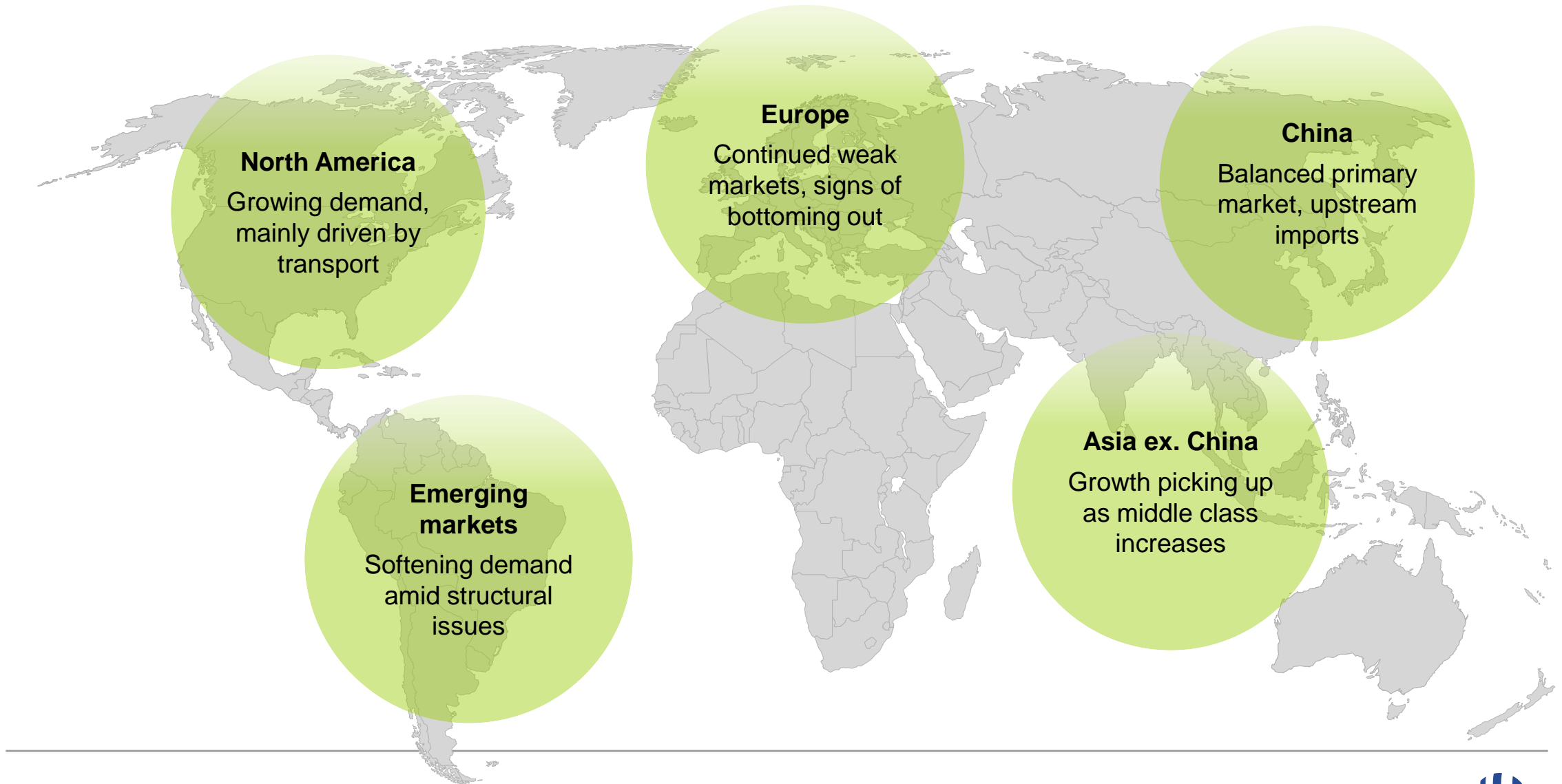
Starting up Qatalum

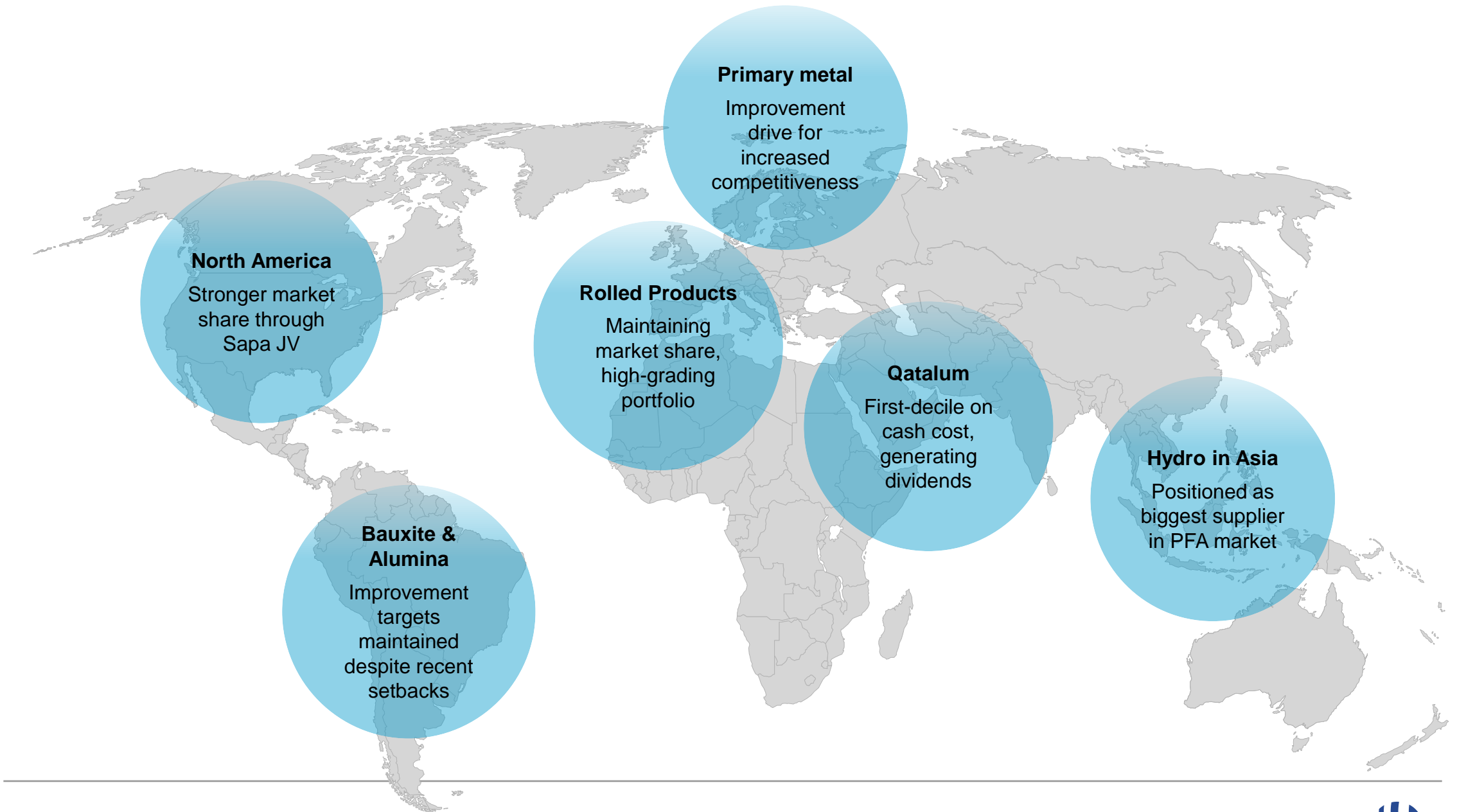


Acquiring bauxite and alumina assets



Establishing Sapa JV





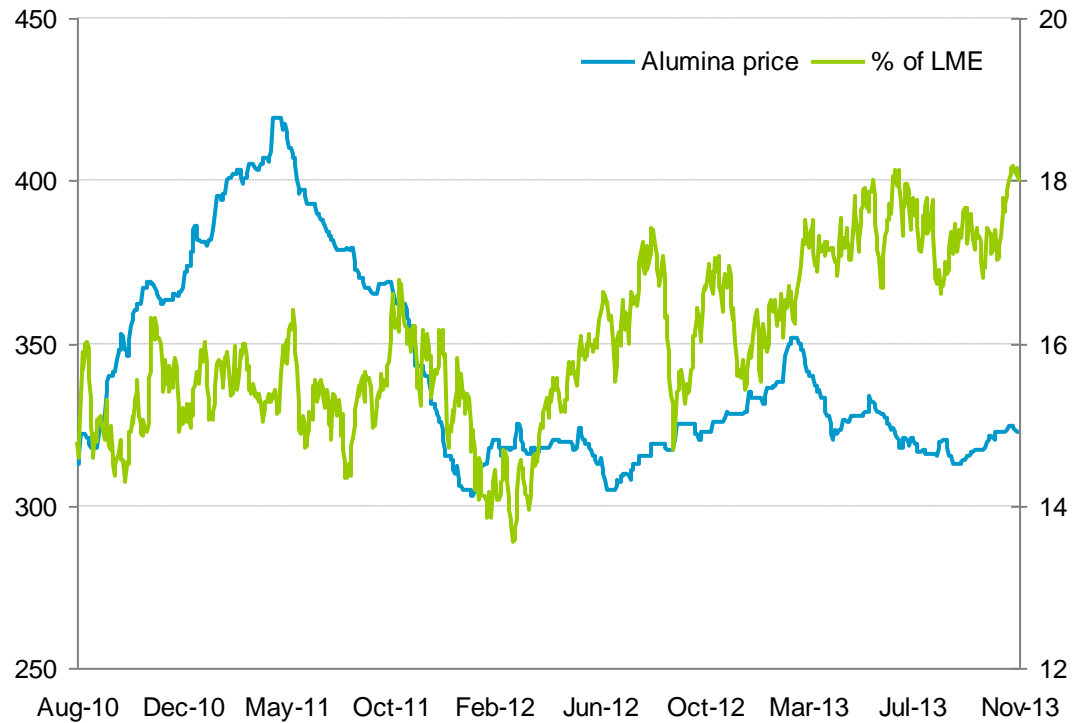
China – a net aluminium importer from a full value chain perspective



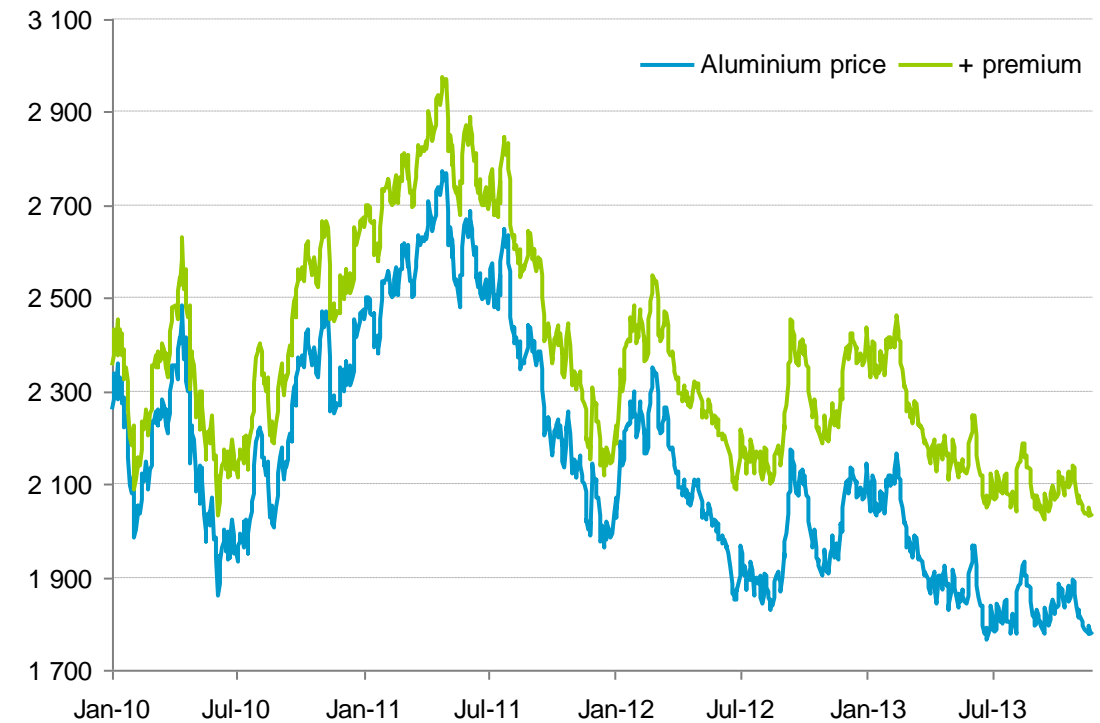
- China expected to be increasingly short in raw materials going forward
- Raw materials shortage to be mainly covered through bauxite imports
- Metal strategy remains unchanged
 - Balanced in production/consumption
 - Trade barriers with RoW
- Continued export of fabricated products

Alumina and aluminium prices not high enough to give sustainable returns

Platts alumina index (USD per mt)



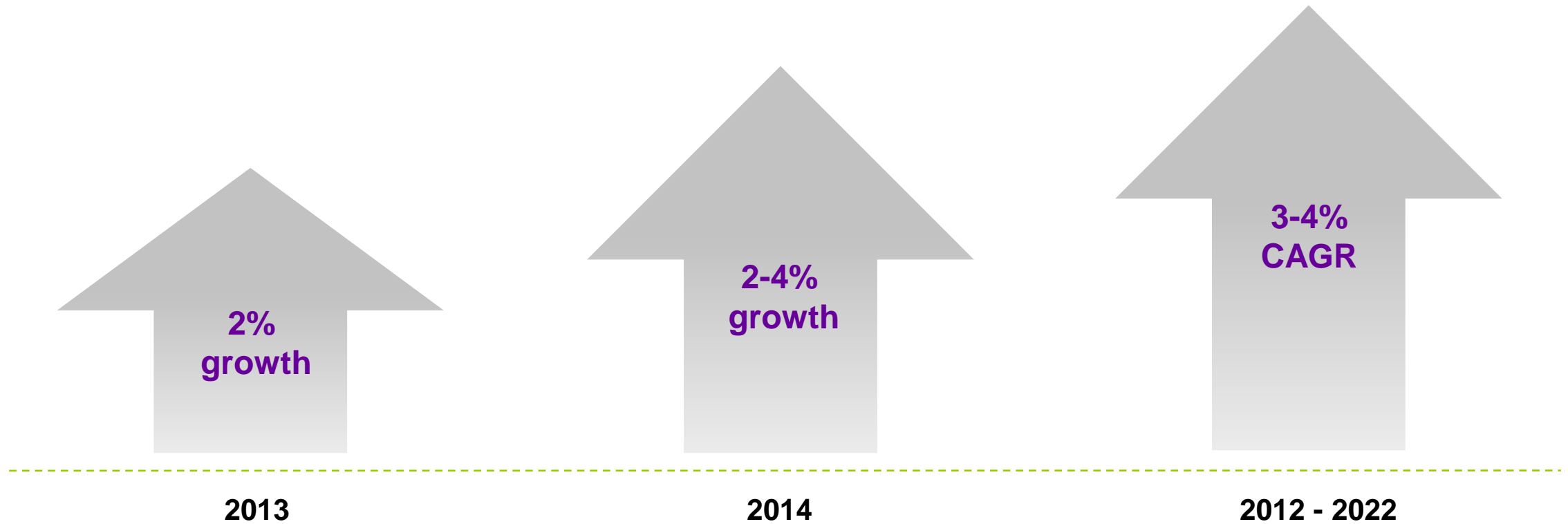
Aluminium price (3 month USD/mt), premium (EU DP USD/mt)



Source: CRU/Platts/Reuters Ecowin/Metal Bulletin

Aluminium demand continues to show healthy growth

World ex. China, primary demand growth



A photograph of a large industrial facility, possibly a refinery or chemical plant, with a long, low-profile building and numerous pipes and structures. In the foreground, there is a long, low concrete wall or barrier, and a row of young trees planted in a line. The sky is clear and blue. A large blue circle is overlaid on the right side of the image, containing the title and list.

Capital Markets Day 2012

- Improve relative industry position
- Capitalize on raw material positions
- Maintain financial strength and flexibility
- Ensure competitive shareholder return

Hydro

Attractive
positions
throughout the
value chain

Improvement
culture and
technological
leadership

Financial
strength



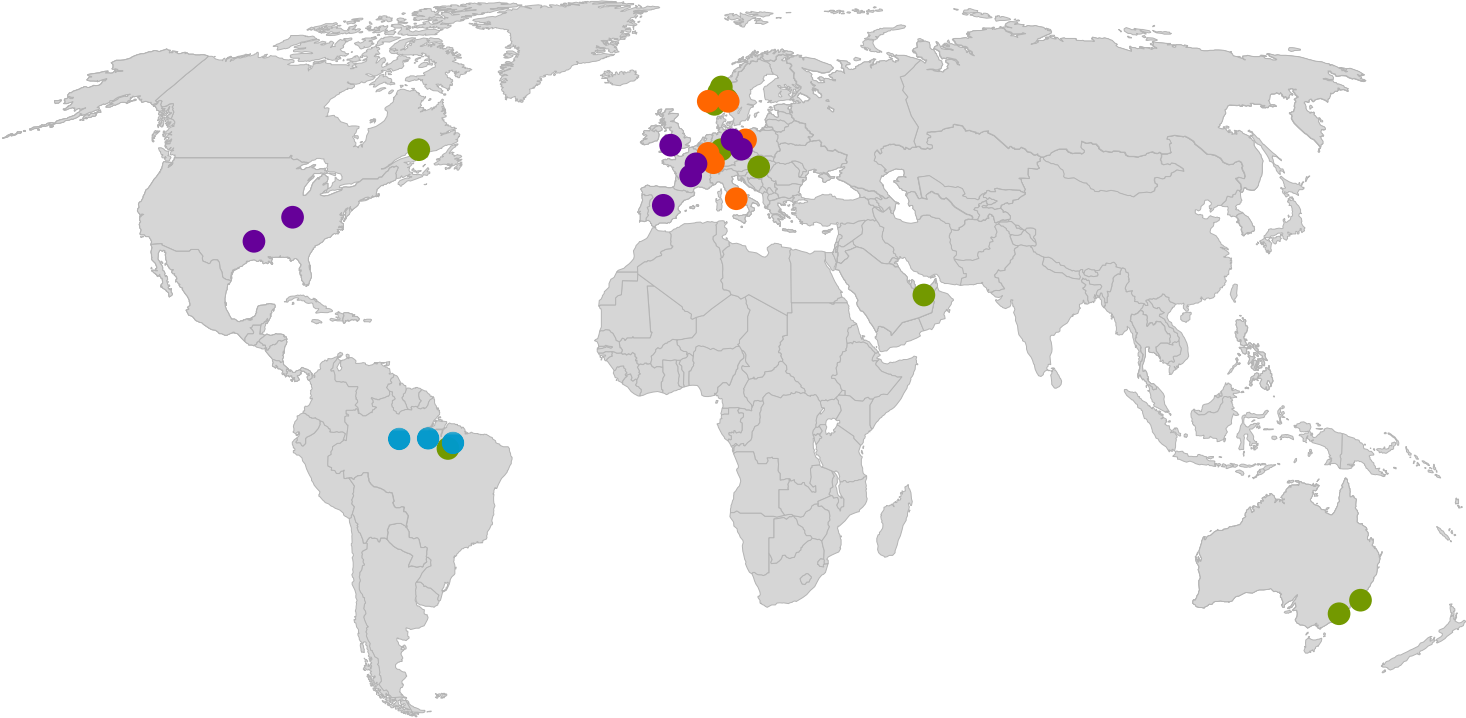
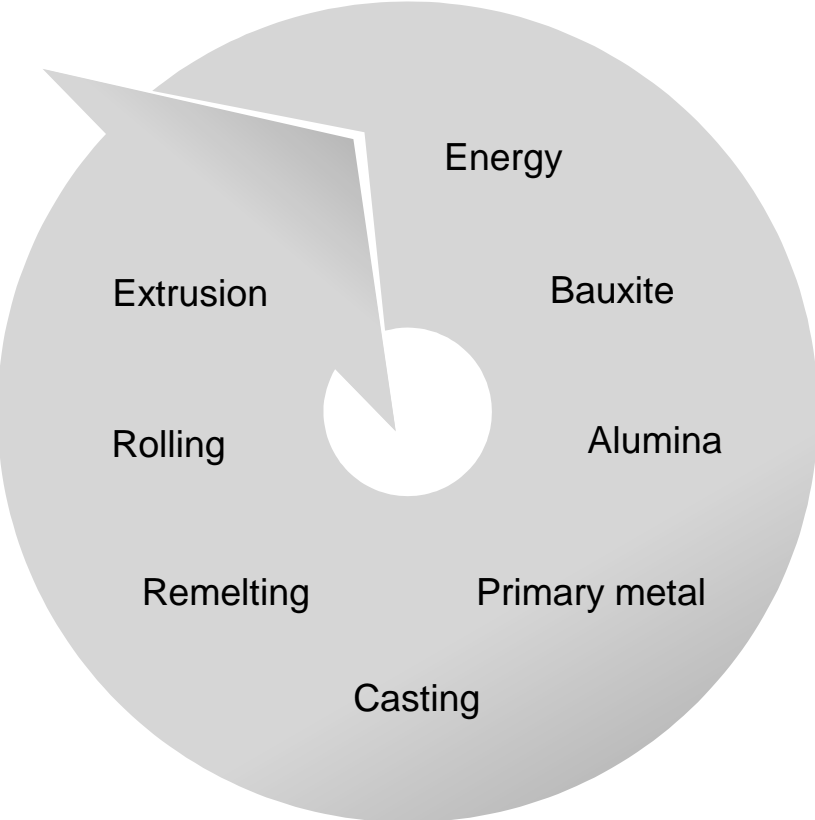
Hydro

Attractive
positions
throughout the
value chain

Improvement
culture and
technological
leadership

Financial
strength

Hydro maintains a full value-chain focus



● Bauxite/Alumina ● Smelters ● Remelters ● Rolled Products

Extruded Products: 50% share of Sapa, present in more than 40 countries

A highly attractive asset base

High-quality bauxite and alumina



Captive hydropower



Competitive smelter portfolio



World-class Qatalum



European leader in rolling



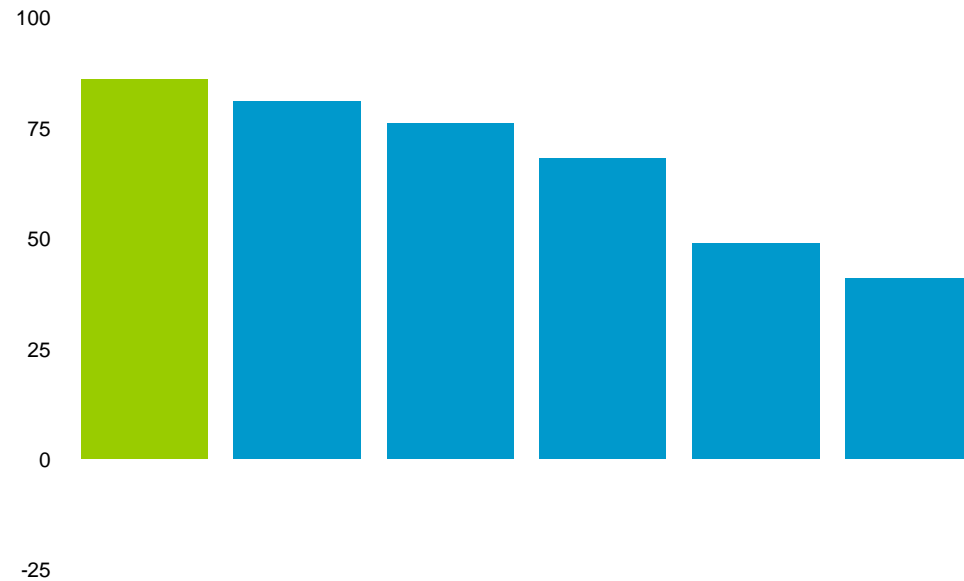
A global extrusion champion



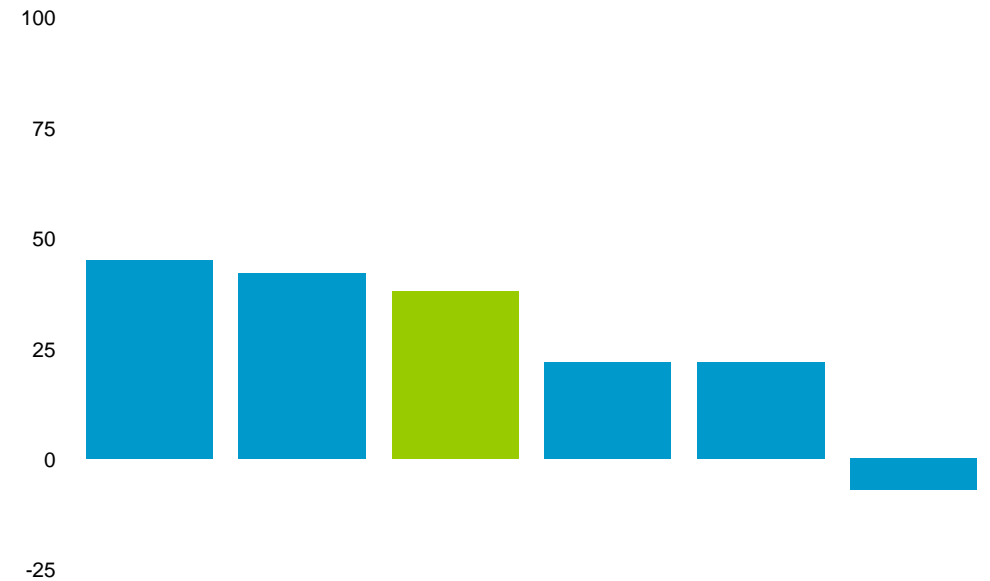
Bauxite & Alumina: Aiming to improve relative industry position

Underlying EBITDA per mt in USD for respective alumina divisions

1H 2011



1H 2013



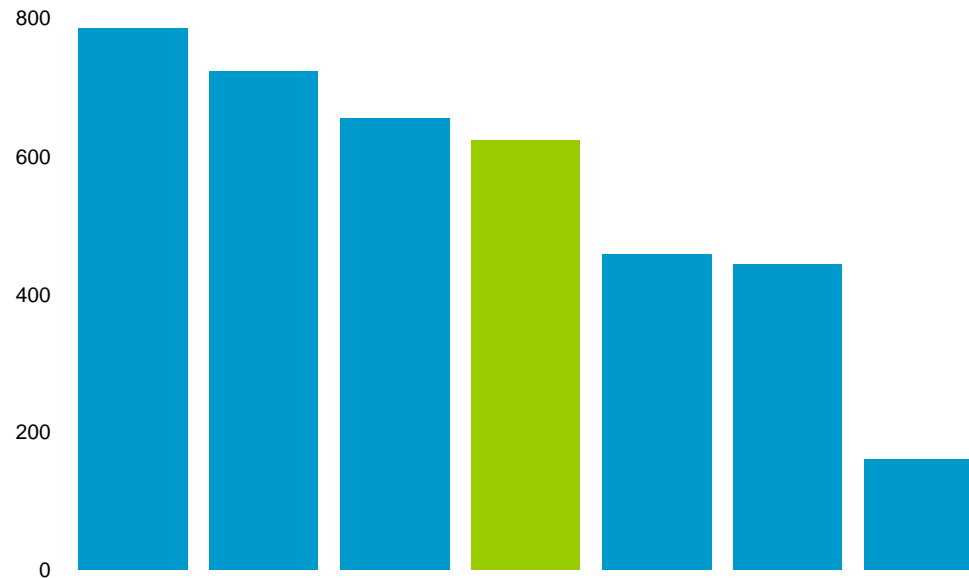
All figures based on public accounting data, not verified by Hydro. Data not adjusted for different accounting principles and non-specified underlying items. Hydro makes no representation as to the accuracy or completeness of such information. The analyses are based on assumptions subject to uncertainty and therefore intended only for general comparisons across companies and should not be used to support any individual investment decision. All results are provided for informational purposes only.

Source: Company filings

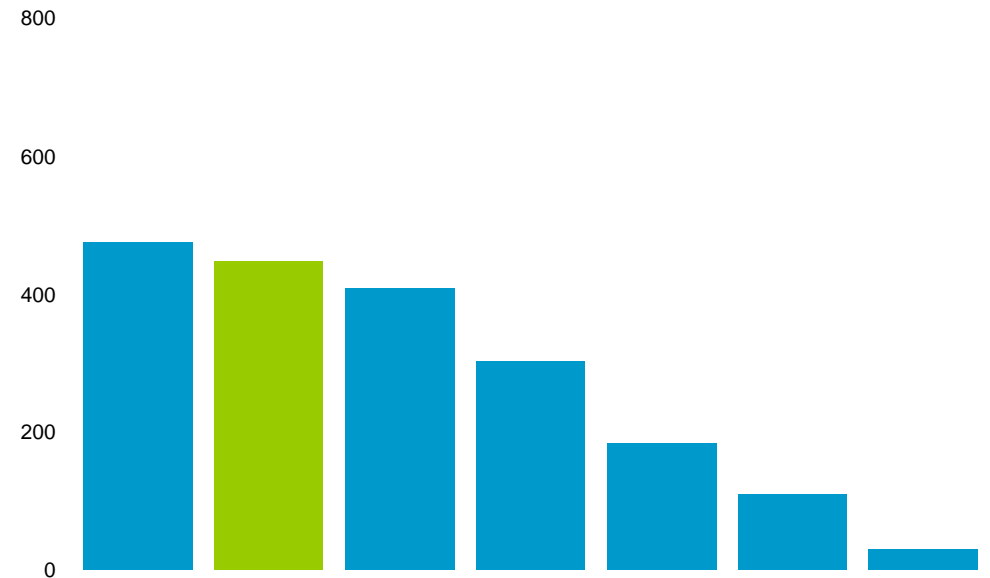
Primary Metal: A strong improvement track record

Underlying EBITDA per mt in USD for respective primary aluminium divisions

1H 2011



1H 2013



All figures based on public accounting data, not verified by Hydro. Data not adjusted for different accounting principles and non-specified underlying items. Hydro makes no representation as to the accuracy or completeness of such information. The analyses are based on assumptions subject to uncertainty and therefore intended only for general comparisons across companies and should not be used to support any individual investment decision. All results are provided for informational purposes only. Hydro figures includes Primary Metal, Metal Markets and attributable share of EBITDA and production in Qatalum.

Source: Company filings

Rolled Products: Aiming to be a global leader in innovation



- Portfolio high-grading and focus on core products to lift value creation
- Strengthen customer relations and competitiveness through innovation
- Expand recycling capacity to improve cost position

Energy: Strong operational performance



- Norwegian captive power production lifted 0.5 TWh in a normal year
- Strong project execution track record on Holsbru, Herva, Vasstøl and Rjukan
- Vigeland acquisition adds 180 GWh and strategic position in Otra River
- Global energy competence actively utilized to support other business areas

A resource-rich Hydro



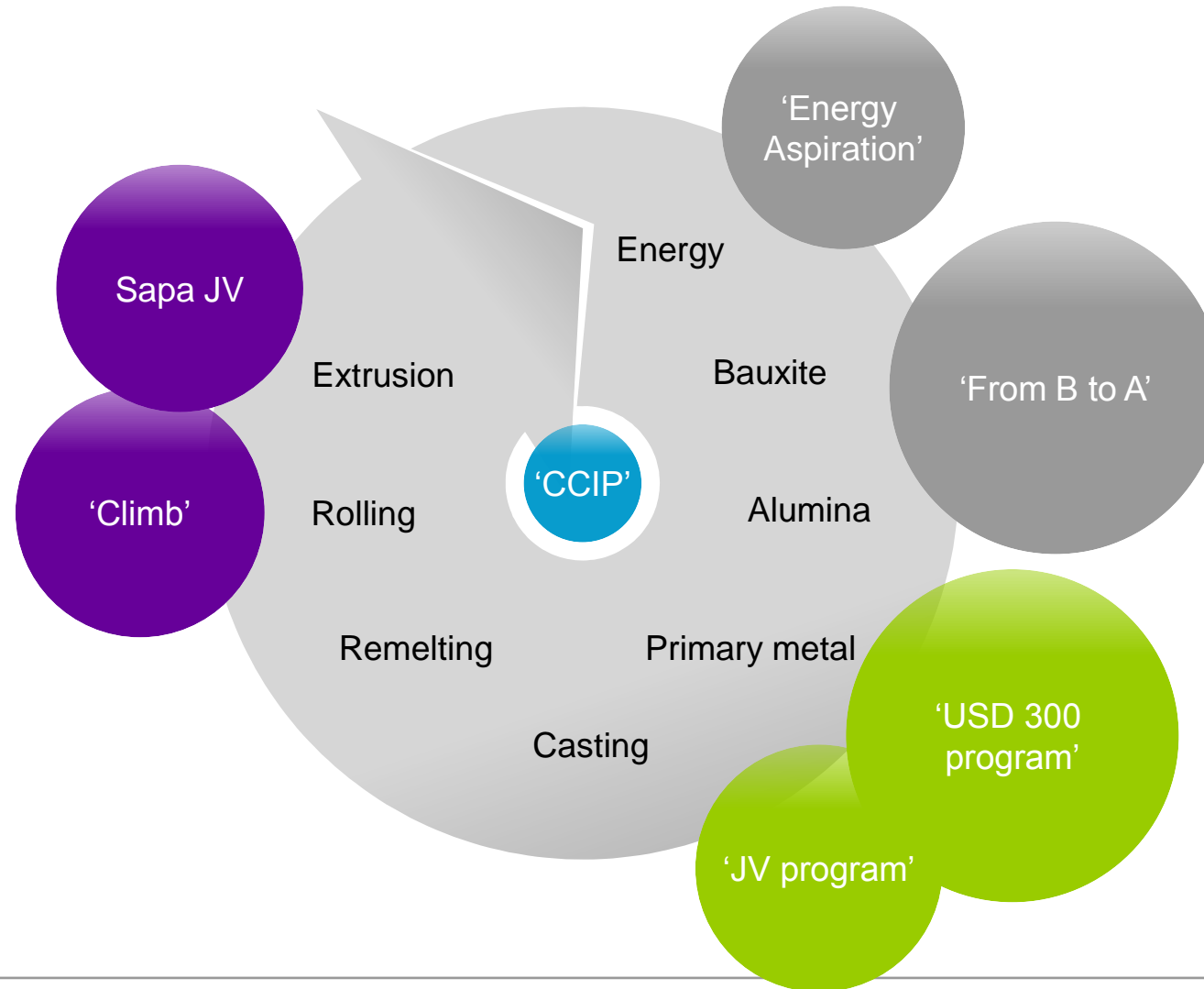
Hydro

Attractive
positions
throughout the
value chain

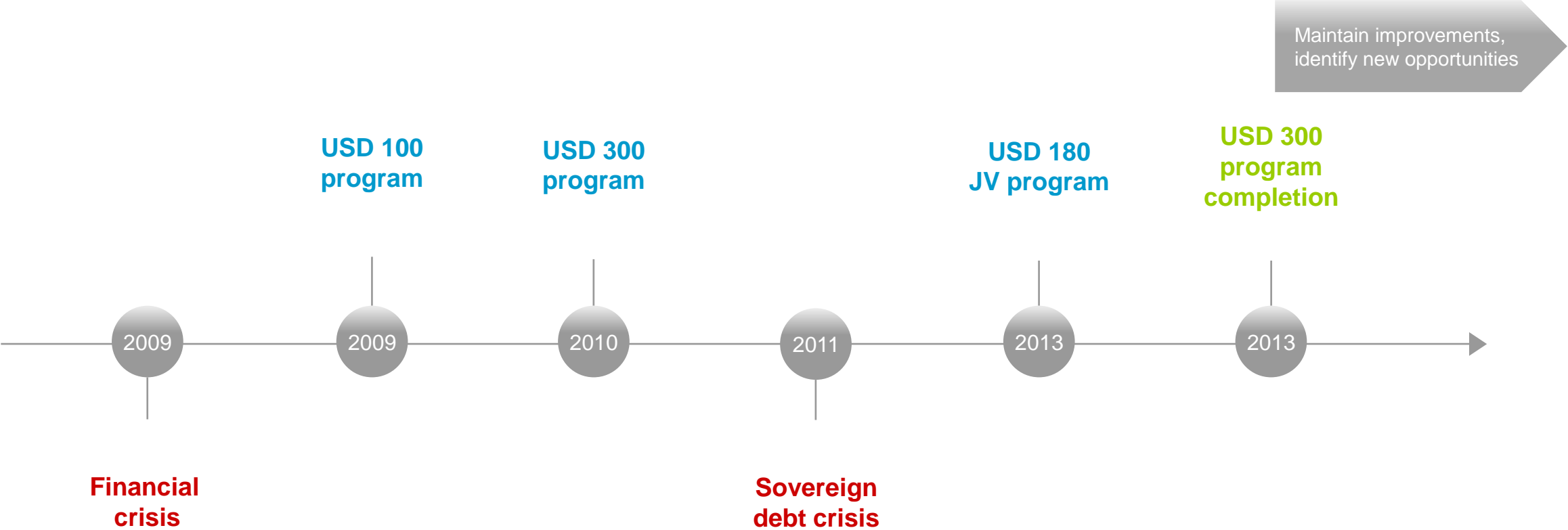
Improvement
culture and
technological
leadership

Financial
strength

Improvements throughout the value chain



Primary Metal: a strong culture of continuous improvement



Bauxite & Alumina maintains 2015 targets despite setbacks

'From B to A'



- NOK 1 billion improvement by end-2015
- 20% manning reduction
- Improvement momentum back on track during 2014

Dedicated programs also in Rolled Products and Energy



Sapa JV

- ideally positioned
for value creation

Capitalizing on market leading position,
realizing synergies through continued
focus on restructuring



Technological leadership is a strong competitive advantage



Reducing energy consumption and emissions in our own processes

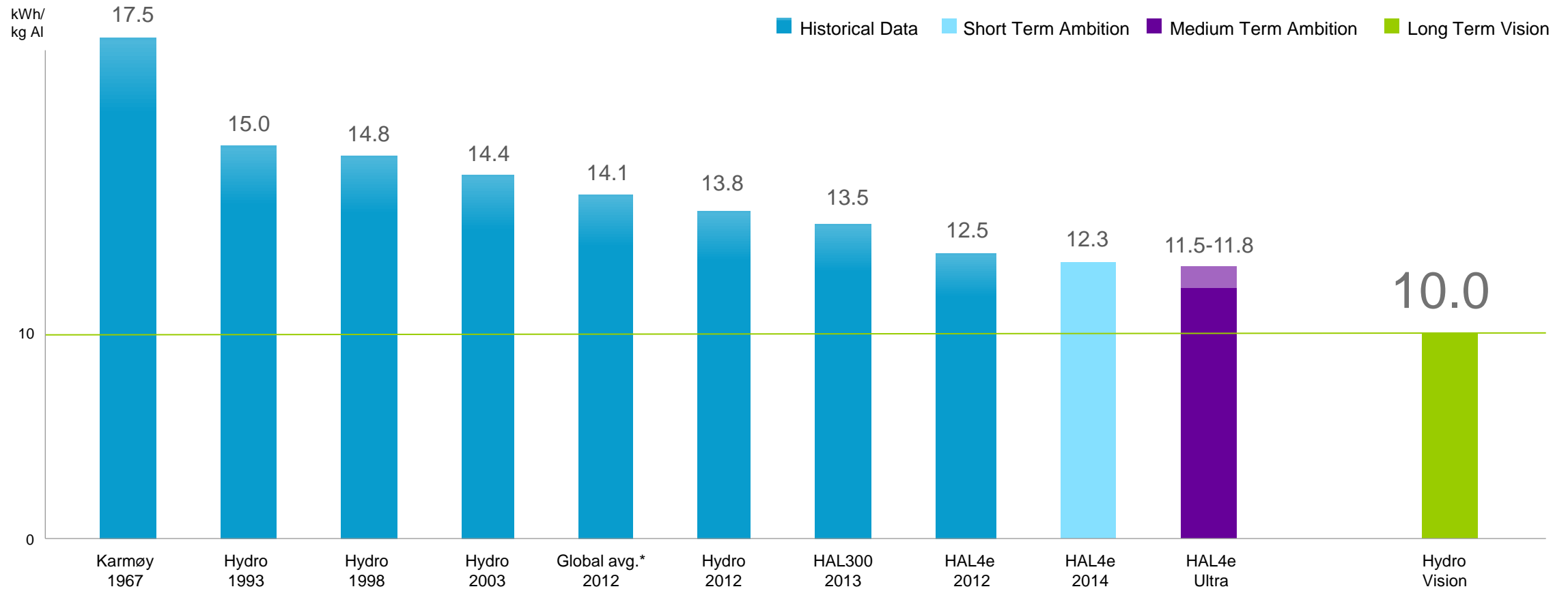


Developing products and solutions that help our customers reduce energy consumption and emissions



Reducing waste in a world of limited resources, recovering value from used products

Technology development to increase energy efficiency and reduce costs



* Source: CRU. Average World ex. China

Potential pilot at Karmøy to test the world's most efficient electrolysis



A highly versatile material, superior user-phase benefits





Hydro aims to be climate neutral



Emissions



User-phase benefits



Recycling



Hydro

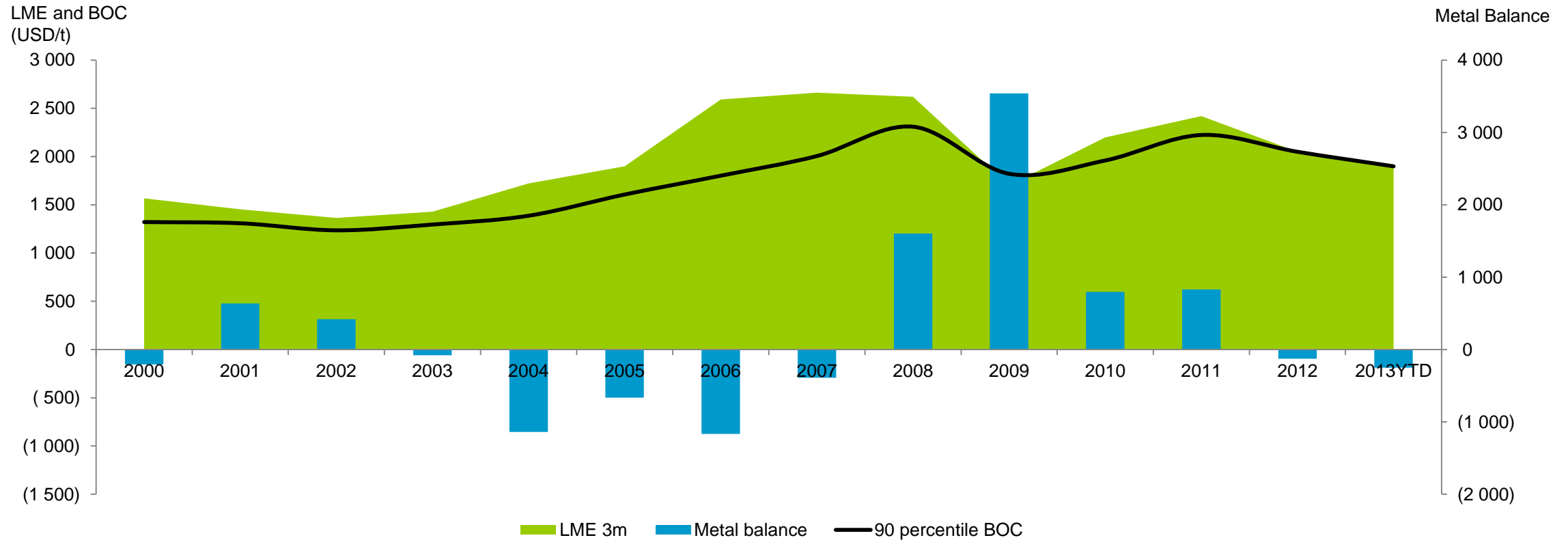
Attractive
positions
throughout the
value chain

Improvement
culture and
technological
leadership

Financial
strength

Historical overproduction continues to weigh on prices

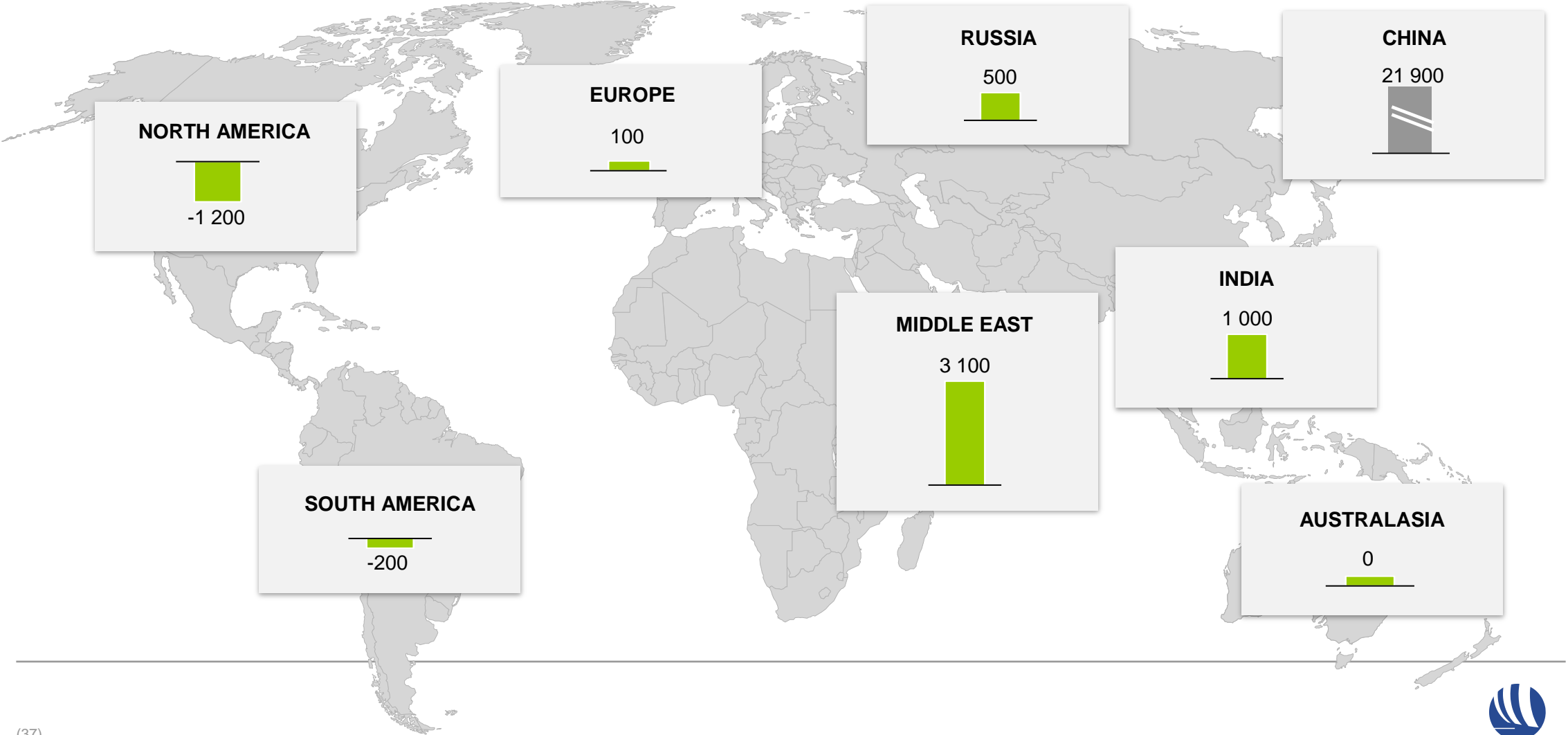
World ex. China



Source: CRU, Hydro Analysis
 *BOC=Business Operating Costs

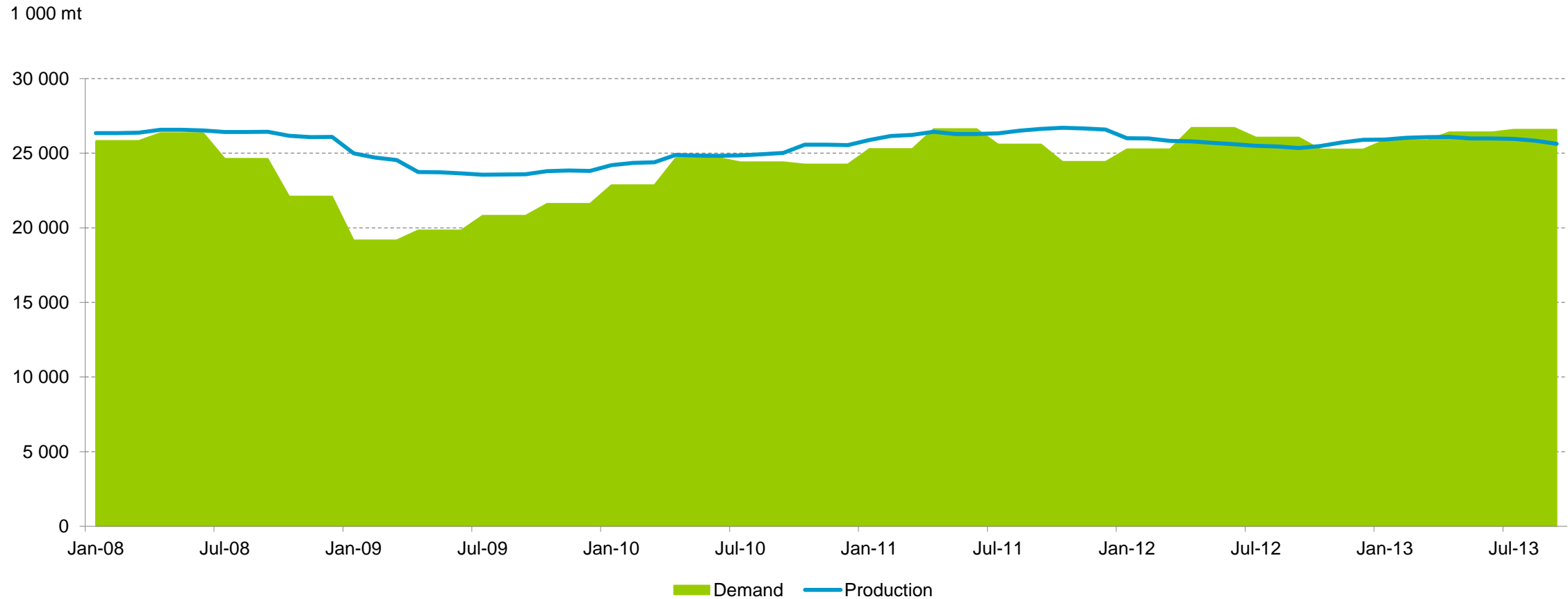
Capacity-build has come from diversification and national interest

Capacity additions and closures, Net changes 2000-2013 (ktpy)



Hydro expects a balanced market to continue

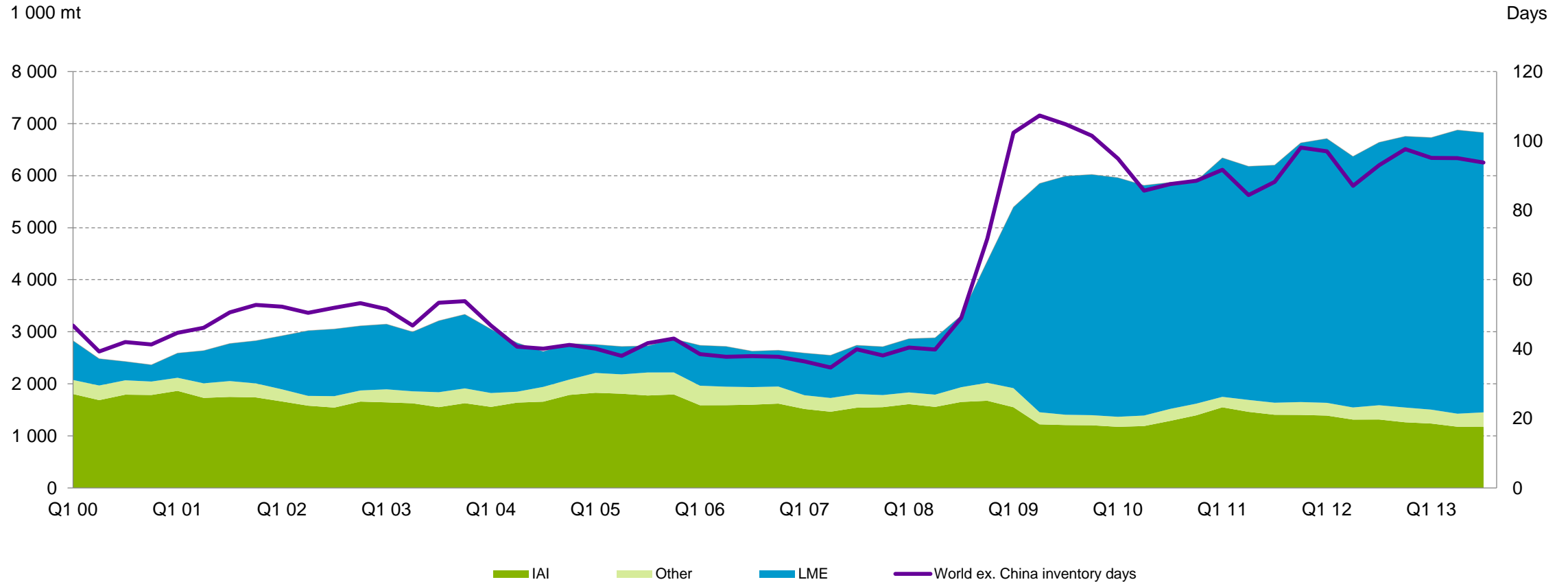
World ex. China



Source: CRU/Hydro

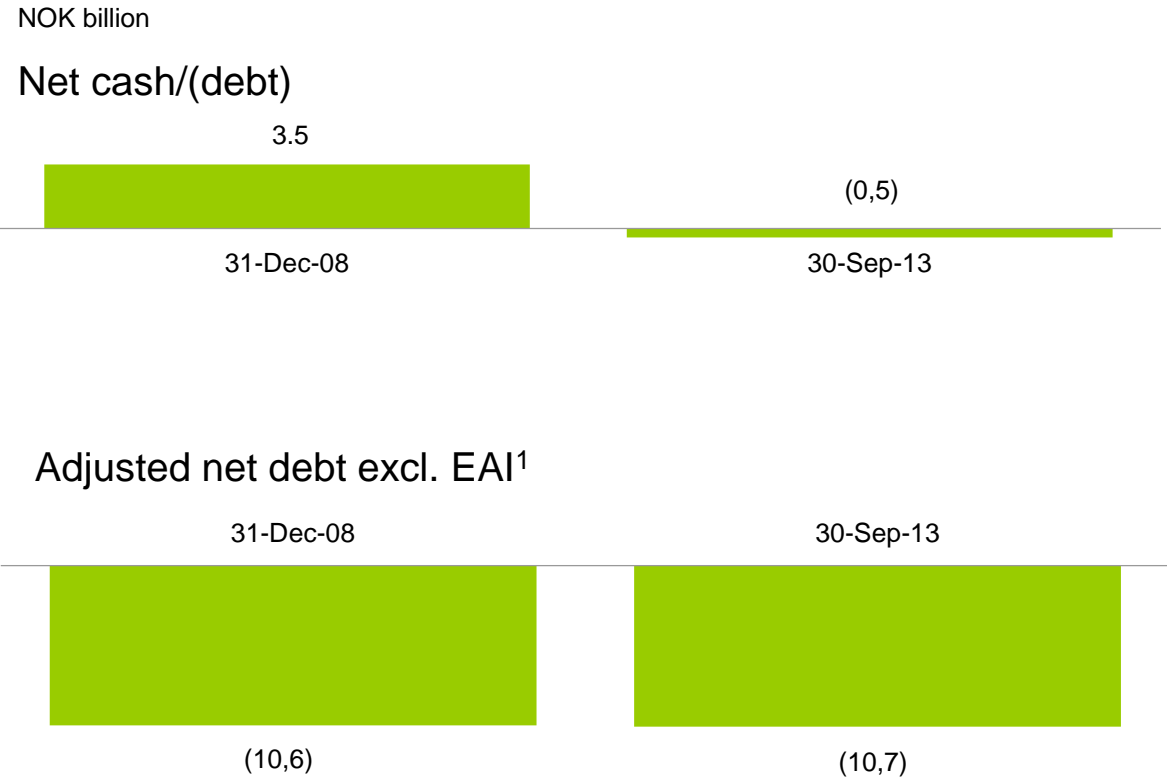
Market balance reflected in inventory development

World ex. China reported primary aluminium inventories



Source: CRU/Hydro

Hydro has maintained a robust financial position through the downturn



1) Net pension liability, operating lease commitments and other.

Aiming to lift unsatisfactory returns to competitive levels over the cycle

TSR in percentage, based on year-end prices

2008-2012 (Including financial crisis of 2008)



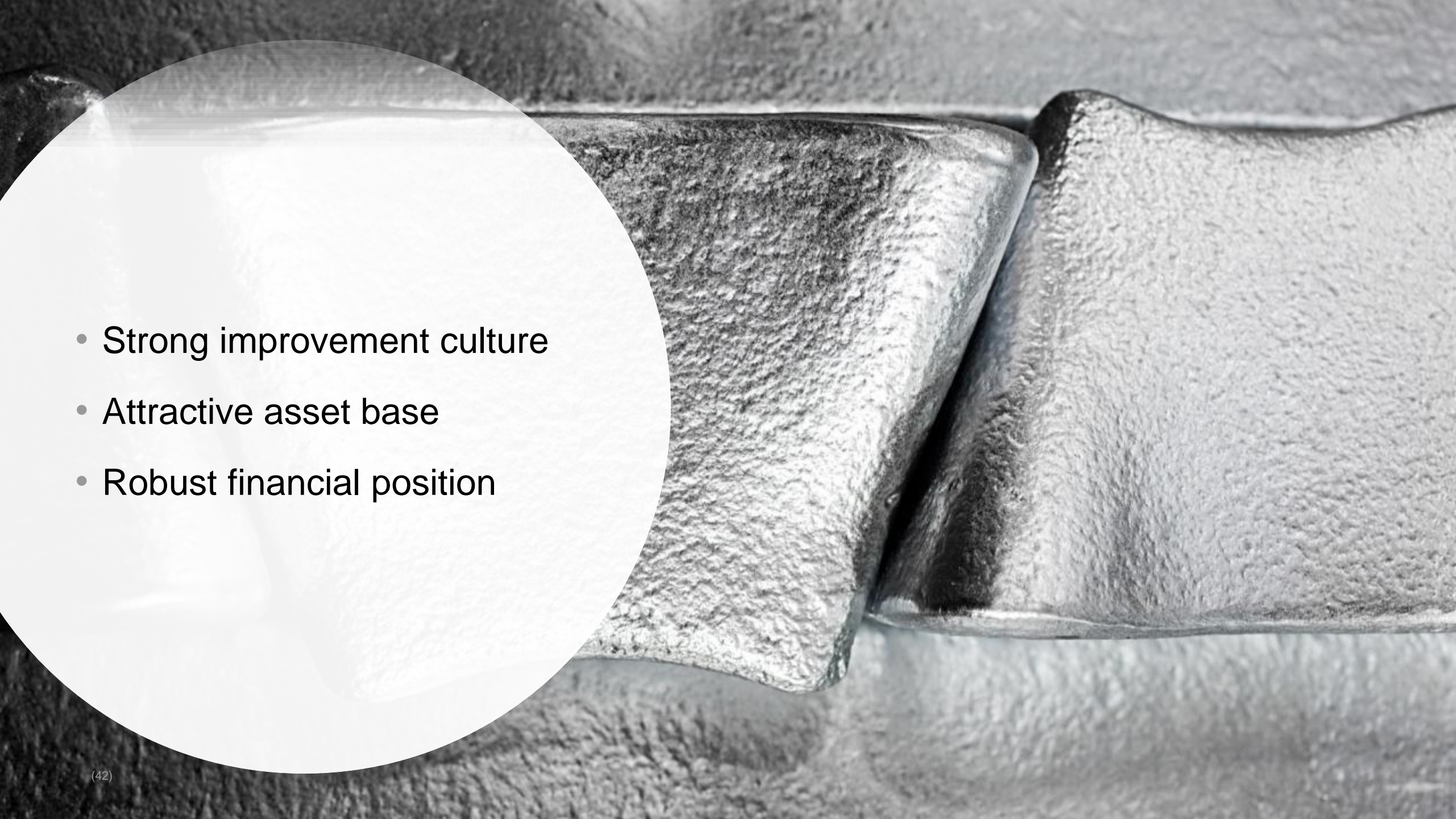
2009-2012 (Excluding financial crisis of 2008)



■ Hydro ■ Aluminium peers

Source: Thomson Reuters



- 
- Strong improvement culture
 - Attractive asset base
 - Robust financial position

Finance

Eivind Kallevik

Capital Markets Day 2013



Agenda



- Financial policy
- Financial reporting going forward
- Internal measures
- External results
- Earning drivers

01

Financial policy

Priorities for capital allocation



- Ensure competitive return to shareholders
- Maintain a solid balance sheet
- Pursue disciplined and selective growth

Maintain financial flexibility



- Robust balance sheet
- Strong focus on liquidity
 - NOK 8.4 billion in cash and cash equivalents by end-Q3 2013
 - USD 1.7 billion credit facility with maturity 2018*, currently undrawn
 - NOK 1.5 billion bond issued with maturity 2019
- Maintain investment-grade rating
 - Current rating: BBB/Baa2

* Potential to extend through two one-year extension options

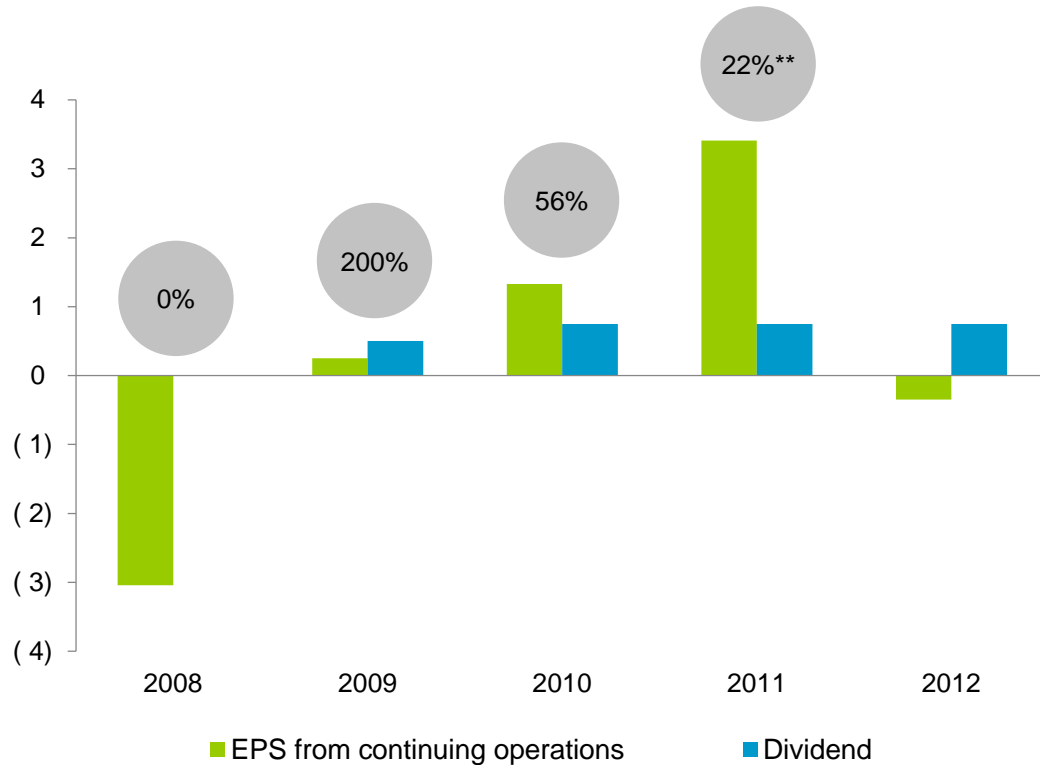
Hedging policy



- Bauxite & Alumina, Primary Metal
 - Remain primarily exposed to LME prices
 - Operational LME hedging
 - One-month forward sales
 - Currency exposure, mainly USD, NOK and BRL
 - Policy of maintaining long-term debt in USD
 - BRL hedged for 2014
- Metal Markets, Rolled Products
 - Operational LME and currency hedging to secure margin
- Volatility mitigated by strong balance sheet
- Flexibility to hedge LME or currency in certain cases

Aiming for competitive returns to shareholders

NOK/Share*



- Dividend payout ratio* to average 30% over the cycle
– Average 172% 2008-2012
- Buyback of shares and extraordinary dividends considered when earnings, liquidity position and capital structure allow
- Ambition to maintain absolute dividend level for 2013

*Dividend paid divided by EPS from continuing operations

** Including Alunorte revaluation gain

02

Financial reporting
going forward

Sapa joint venture

- Hydro's 50% ownership in Sapa accounted for as equity accounted investment
 - Sapa (50%) included with Hydro's share of net income under Other & Eliminations
- Stand-alone financing
 - Hydro's share of net interest bearing debt NOK ~900 million at end of Q3



Implementation of new accounting standards

- Impacts Rolled Products Alunorf hot-rolling mill
 - Pro-rata consolidated as joint operation from 1 Jan 2014
 - Historically reported as equity accounted investment
 - Change related to implementation of IFRS 11
 - Increases EBITDA, but EBIT unchanged
 - Increased sustaining capex
 - NOK ~150 million per annum*



*Hydro's (50%) share

Short-term update: low aluminium prices and lower power production

- Decreasing LME price
 - Standard ingot premiums remain flat, somewhat down from high levels
- Stable alumina prices
- Seasonality of metal businesses
- Lower power production and higher prices
- Stable European markets



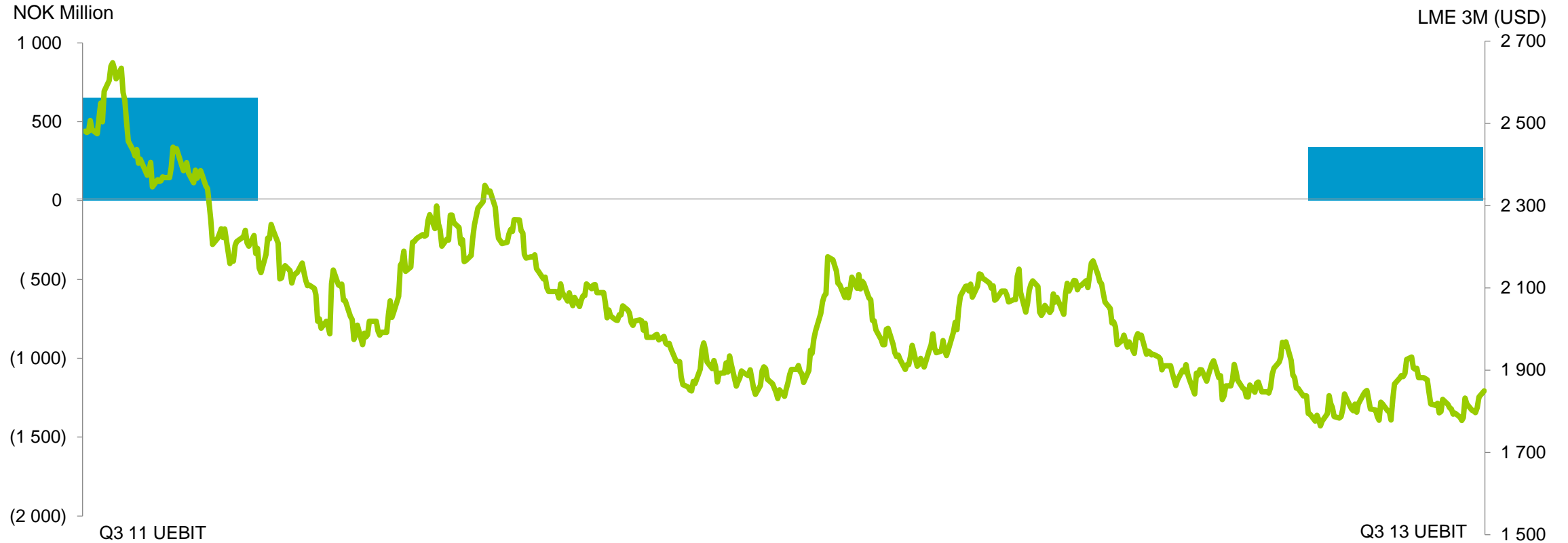


Internal measures

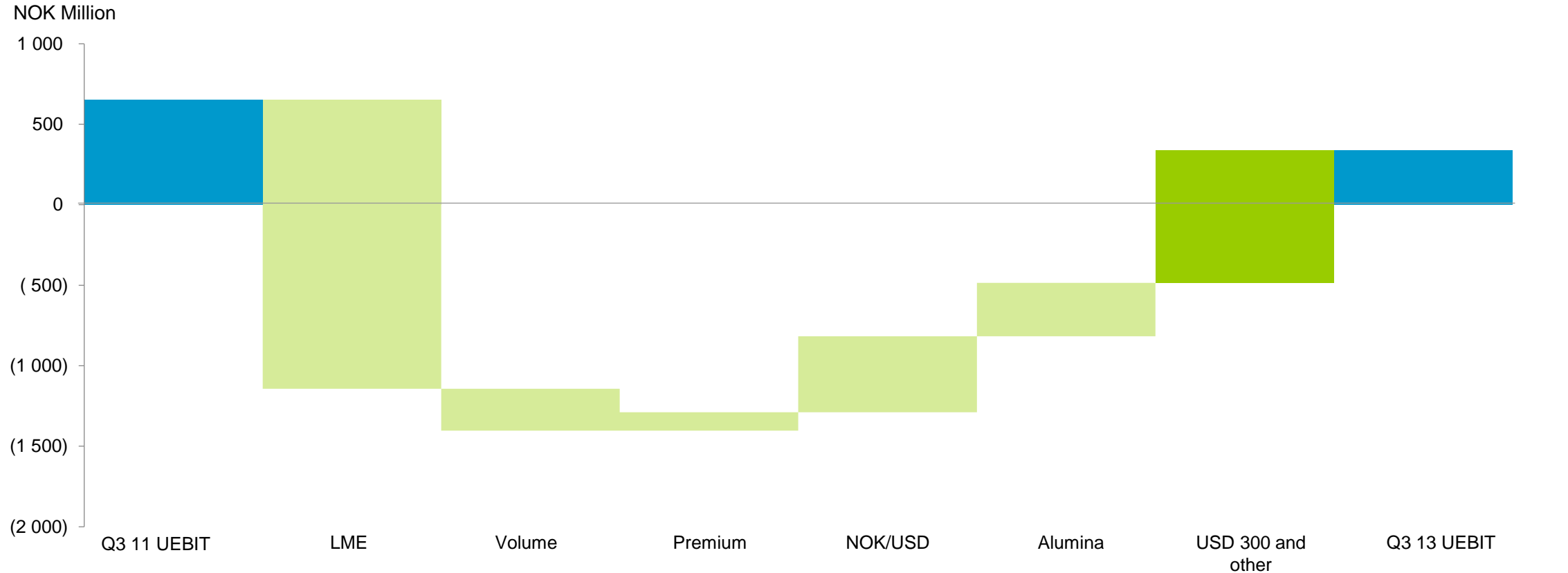


03

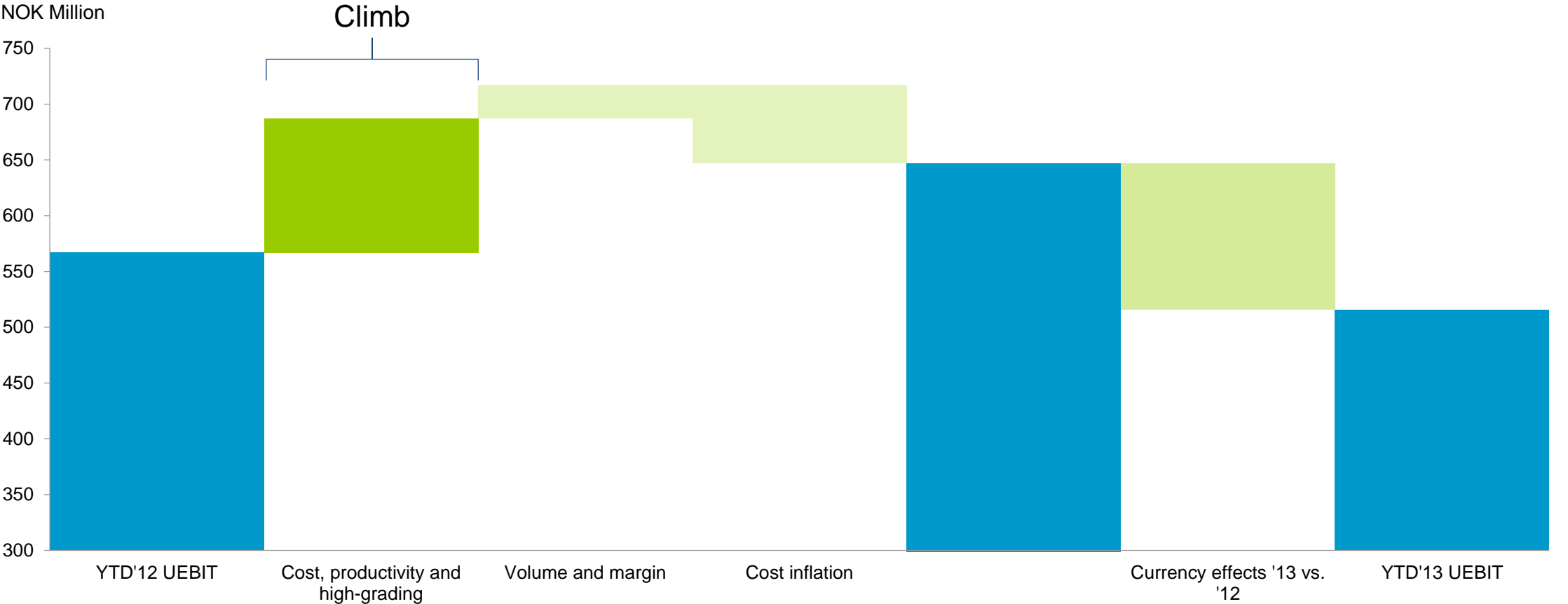
Falling LME partly offset by significant improvements in Primary Metal



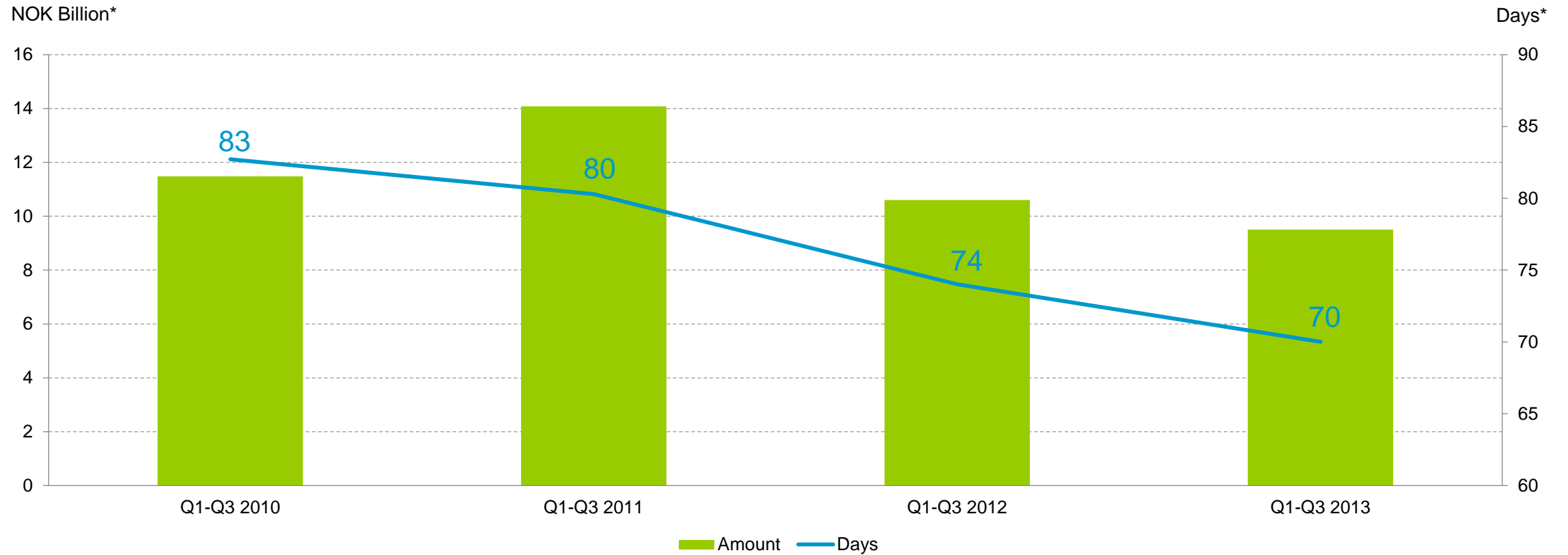
Falling LME partly offset by significant improvements in Primary Metal



Rolled Products “Climb” somewhat offsetting cost inflation and currency



Positive trend in net operating capital

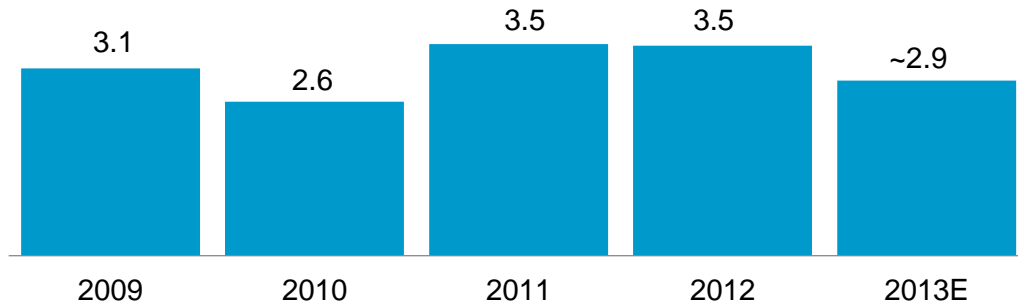


* Pro-forma, excluding extruded products for Q1 2010 – Q3 2013

Long-term sustaining capex NOK ~3.5 billion

NOK billion

■ Sustaining capex



Excluding Extruded Products from 2013 onwards

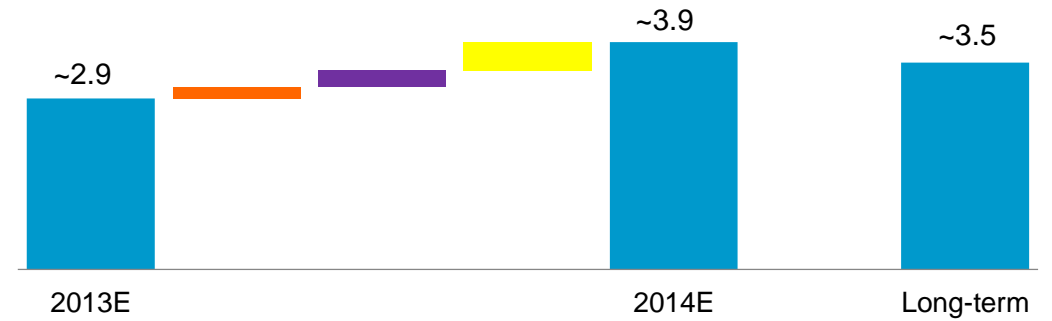
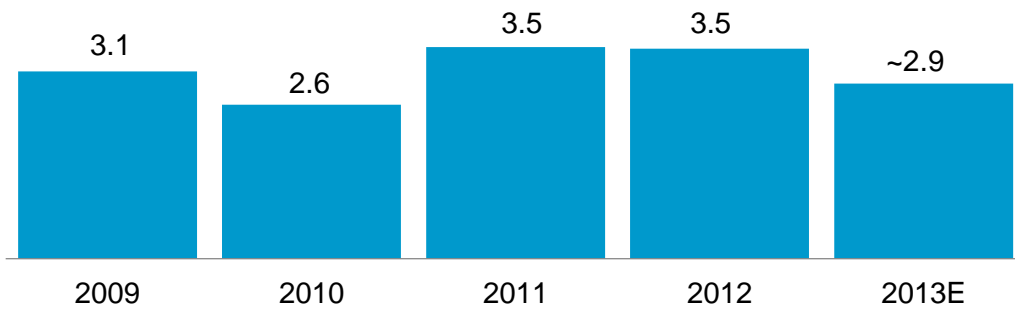
Long-term sustaining capex NOK ~3.5 billion

NOK billion

■ Sustaining capex

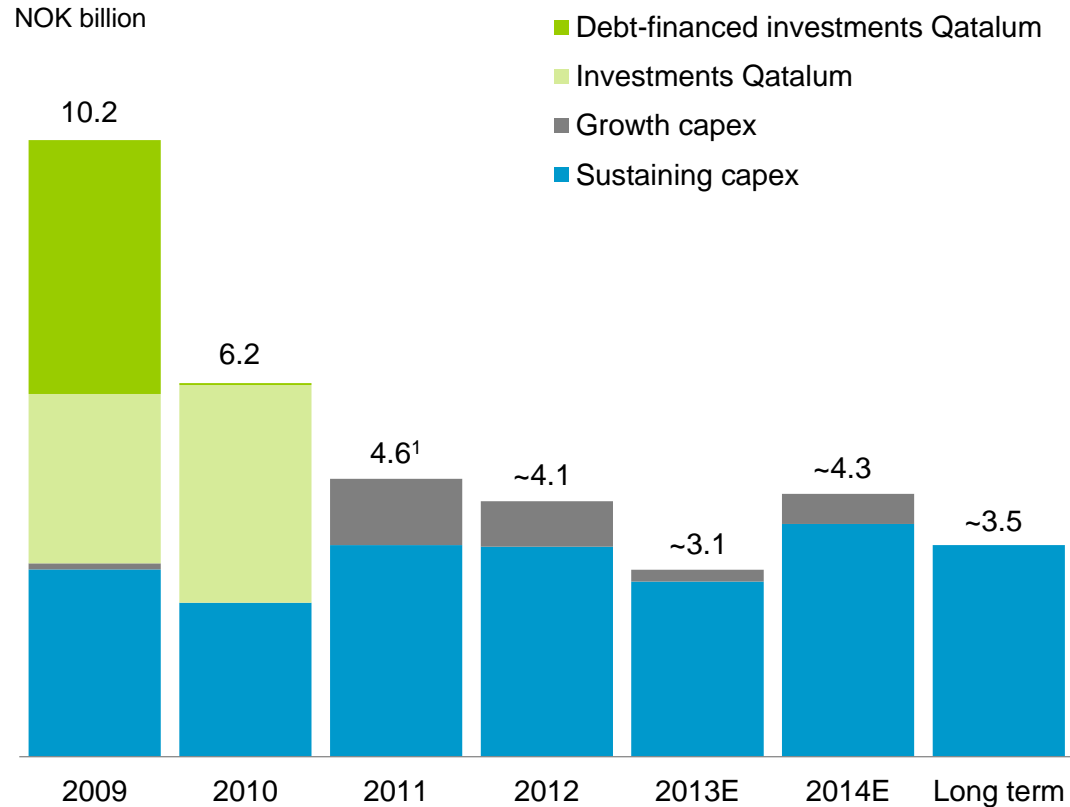
NOK billion

■ Alunorf accounting
 ■ Increased B&A
 ■ Increased relining
 ■ Sustaining capex



Excluding Extruded Products from 2013 onwards

Majority of capital allocated upstream



- Sustaining capex NOK 3.5 billion annually
- Minor growth projects planned for 2014
- ~85% of sustaining capital to be allocated upstream in 2014
- Depreciation significantly higher than long-term sustaining capex
- 100% of Paragominas acquisition already reflected in Hydro's accounts
 - Put/call options in 2014 and 2016 will not impact future capex, however cash effect

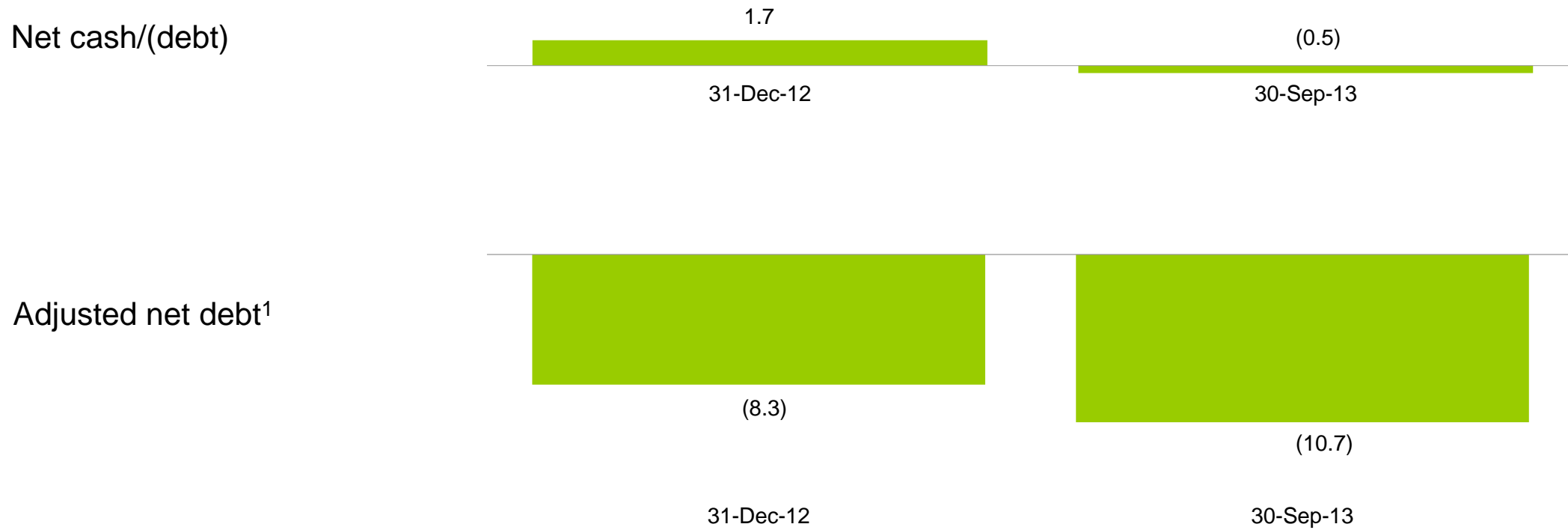
1) Excluding Vale assets acquisition
Excluding Extruded Products from 2013 onwards

04

External results

Robust financial position

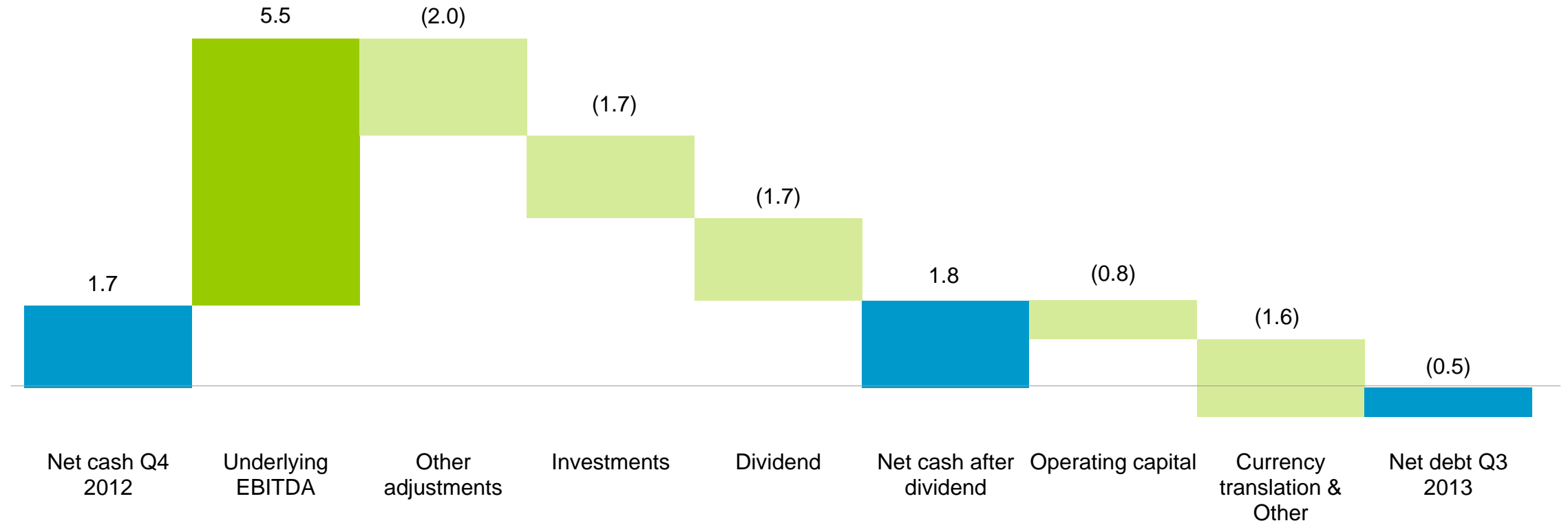
NOK billion



1) Net pension liability, operating lease commitments and other. Hydro's share of EAI net debt from Qatalum (NOK 5.5 billion) and Sapa (NOK 0.9 billion) not included.

Cash neutral after dividend at LME ~1 900 \$/mt

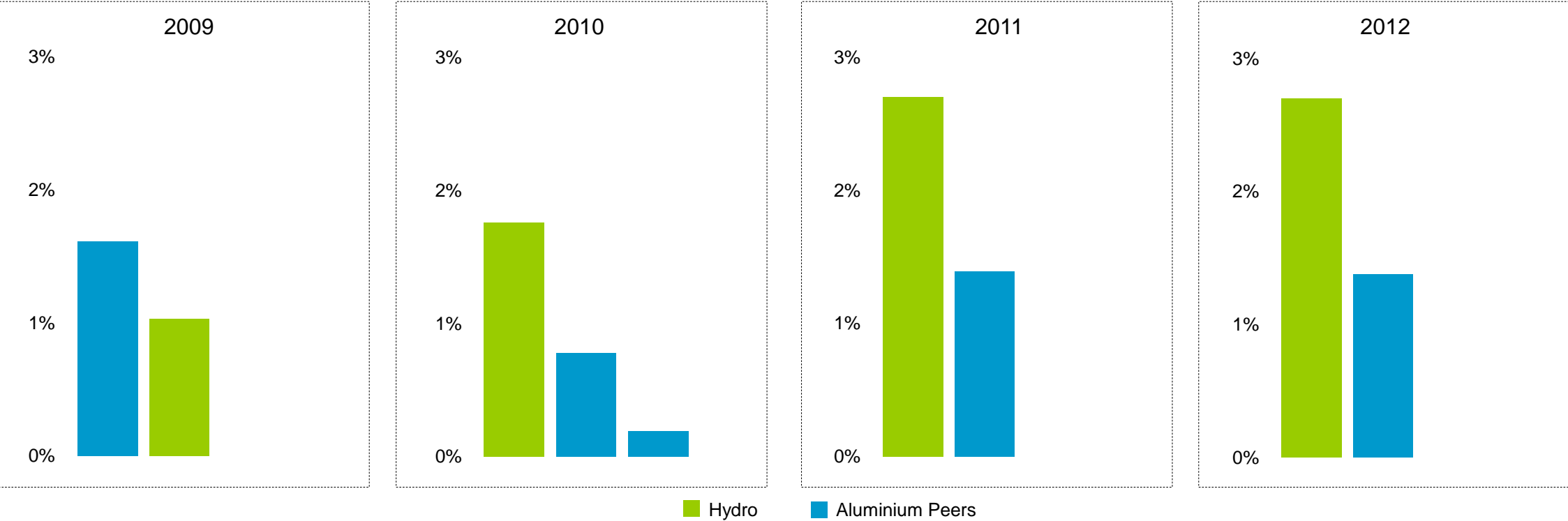
NOK billion



Competitive yield throughout the downturn

Hydro compared to aluminium peers

Dividend yield in percentage, based on year-end share-prices

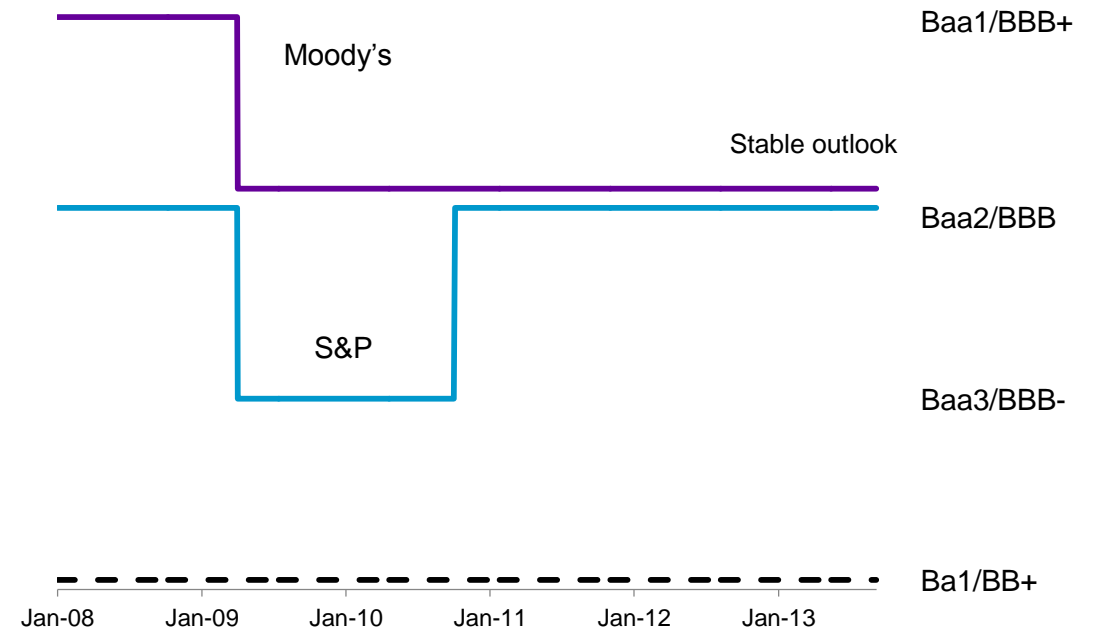


Source: Thomson Reuters



Stable investment-grade rating

- Maintain investment-grade rating
 - Currently: BBB (S&P), Baa2 (Moody's), both with stable outlook
 - Competitive access to capital important for Hydro's business model
- Financial ratio ambitions over business cycle
 - Funds from operations to net adjusted debt > 40%
 - Net adjusted debt to equity < 0.55





Earning drivers



05

Understanding Hydro's earning drivers

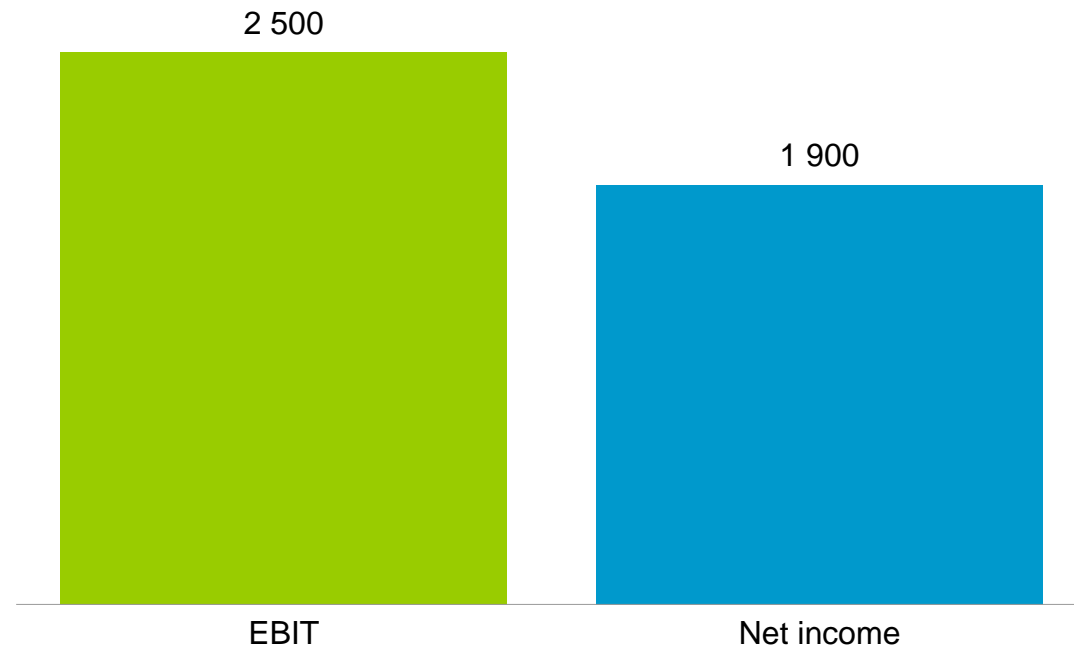


- Starting point and assumptions
- Simplified models
- Negative correlations
- Complexity

Price and currency sensitivities

Aluminium price sensitivity +10%*

NOK million



* Excluding Sapa JV

Currency sensitivities +10%*

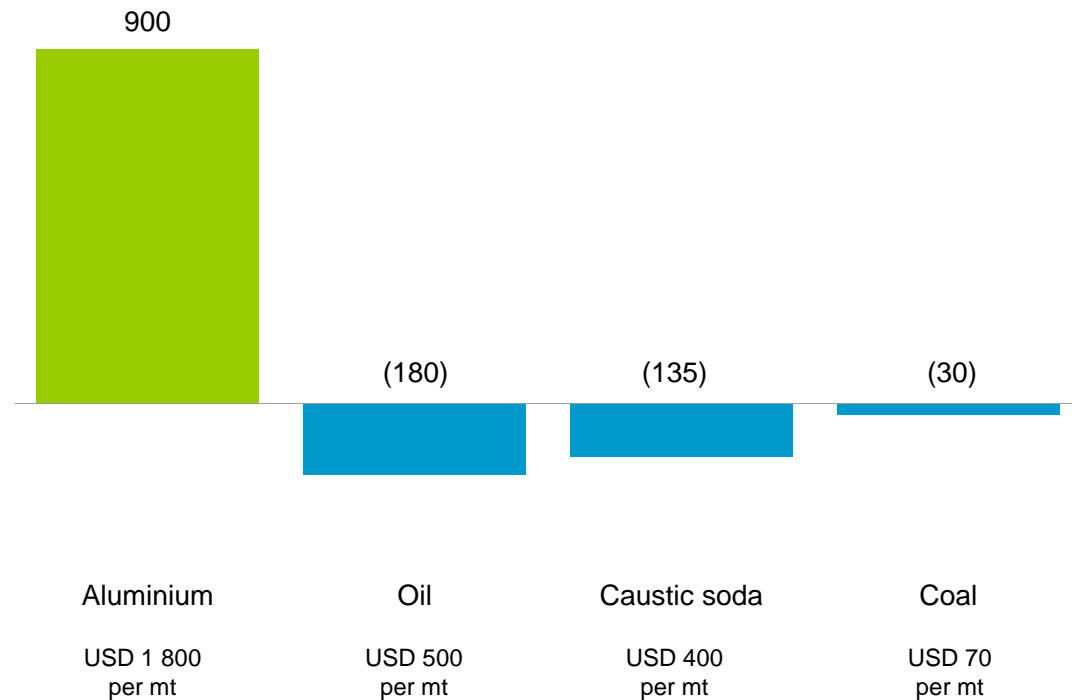
NOK million	EBIT	Financial items
USD	1 950	(1 100)
BRL	(825)	740
EUR	(175)	(685)

- Annual sensitivities based on normal annual business volumes, LME USD 1 800 per mt, Oil USD 500 per mt, petroleum coke USD 400 per mt, caustic soda USD 400 per mt, coal USD 70 per mt, NOK USD 6.00, NOK/BRL 2.70, NOK/EUR 8.00
- Aluminium price sensitivity is net of aluminium price indexed costs and excluding unrealized effects related to operational hedging
- Excludes effects of priced contracts in currencies different from underlying currency exposure (transaction exposure)
- Excludes effects from BRL/USD hedge
- Currency sensitivity on financial items includes effects from intercompany positions

Bauxite & Alumina sensitivities

Sensitivities on underlying EBIT if +10% in price

NOK million



Revenue impact

- ~14.5% of 3-month LME price per tonne alumina
- ~One month lag

Cost impact

Bauxite

- ~2.45 tonnes bauxite per tonne alumina
- Pricing partly LME-linked for bauxite from MRN

Caustic soda

- ~0.1 tonnes per tonne alumina
- Prices based on average of CMAI and Harriman US, pricing quarterly or per shipment

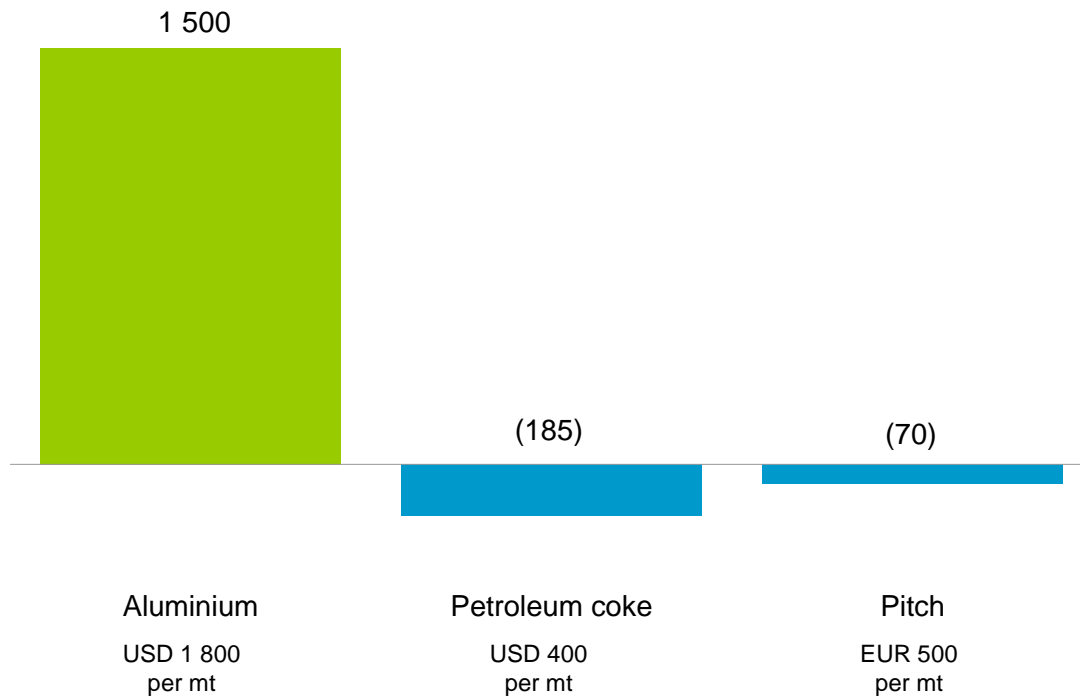
Energy

- ~0.11 tonnes coal per tonne alumina, one year contracts
- ~0.11 tonnes heavy fuel oil per tonne alumina, market prices
- Increased use of coal as energy source in Alunorte

Primary Metal sensitivities

Sensitivities on underlying EBIT if +10% in price

NOK million



Revenue impact

- Realized price lags LME spot by ~1-2 months

Cost impact

Alumina

- ~1.9 tonnes per tonne aluminium
- ~14.5% of 3-month LME price per tonne alumina, increasing volumes priced on Platts index
- ~Two months lag

Carbon

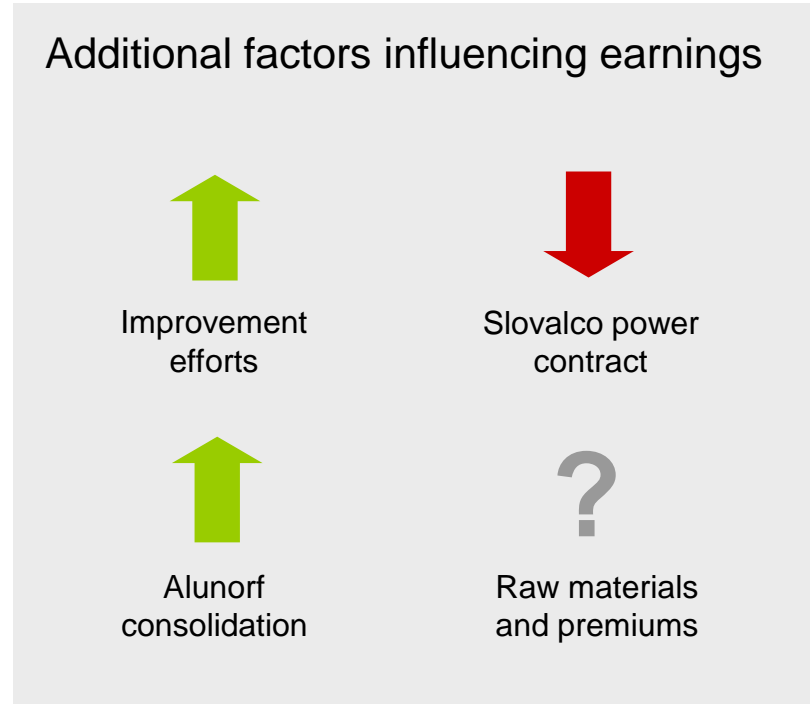
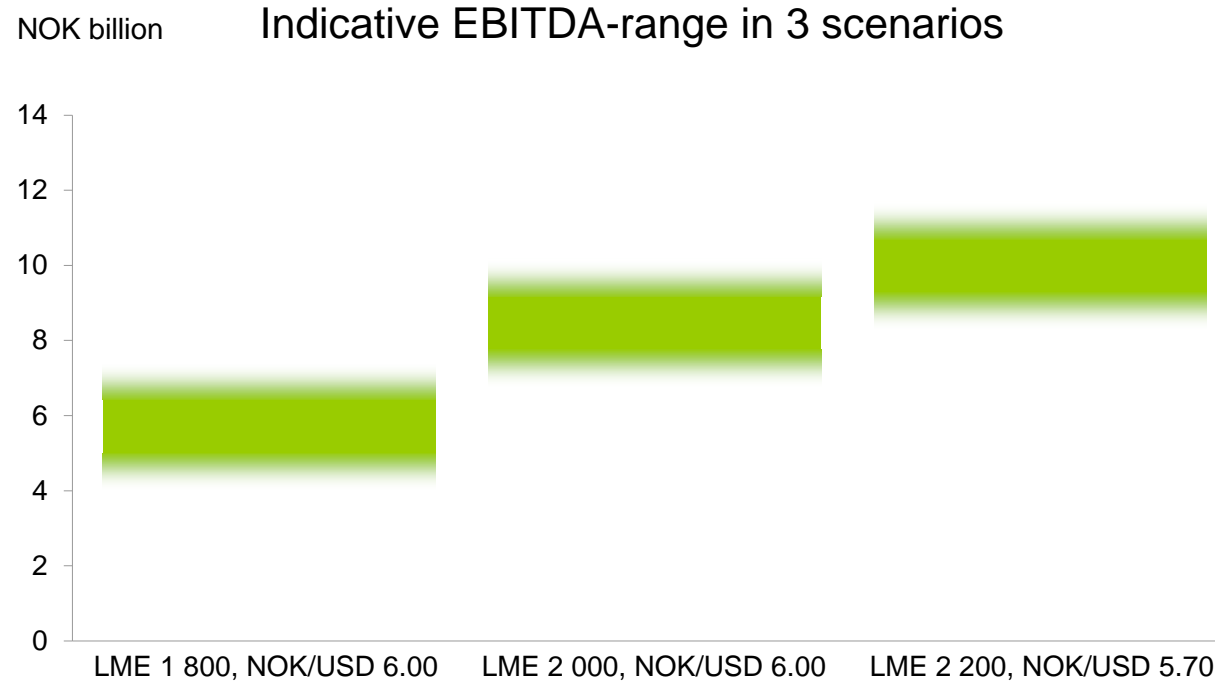
- ~0.35 tonnes petroleum coke per tonne aluminium
- Half yearly pricing
- ~0.08 tonnes pitch per tonne aluminium
- Quarterly pricing

Power

- 13.7 MWh per tonne aluminium
- Long-term power contracts with indexations

Annualized underlying EBITDA scenarios

Scenarios are not forecasts, but represent earnings potential based on sensitivities



Solid operational cash flow

Last 4 quarters underlying EBITDA as basis. Non-LME related revenues/cost and other currencies unchanged. Uncertainty on several items compared to baseline, including Bauxite & Alumina production increases, raw material cost development, Energy, Metal Markets and Rolled Products earnings development.

Financial priorities

- Cash flow generation
- Continuous improvements
- Margin management
- Shareholder return



Q&A



Market outlook

Arvid Moss

Erik Fossum

Capital Markets Day 2013



Agenda market outlook

- 1 Macroeconomic and downstream outlook
- 2 Primary supply/demand
- 3 Premium development and Hydro impact
- 4 China
- 5 Bauxite and alumina market
- 6 Long-term outlook

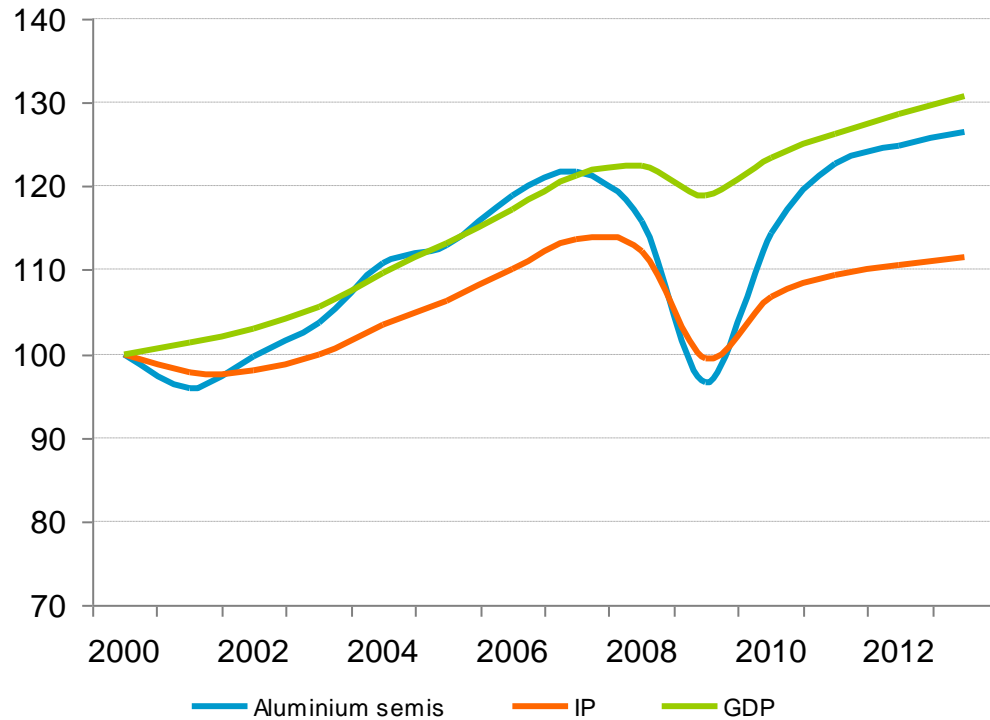


01

Macroeconomic and
downstream outlook

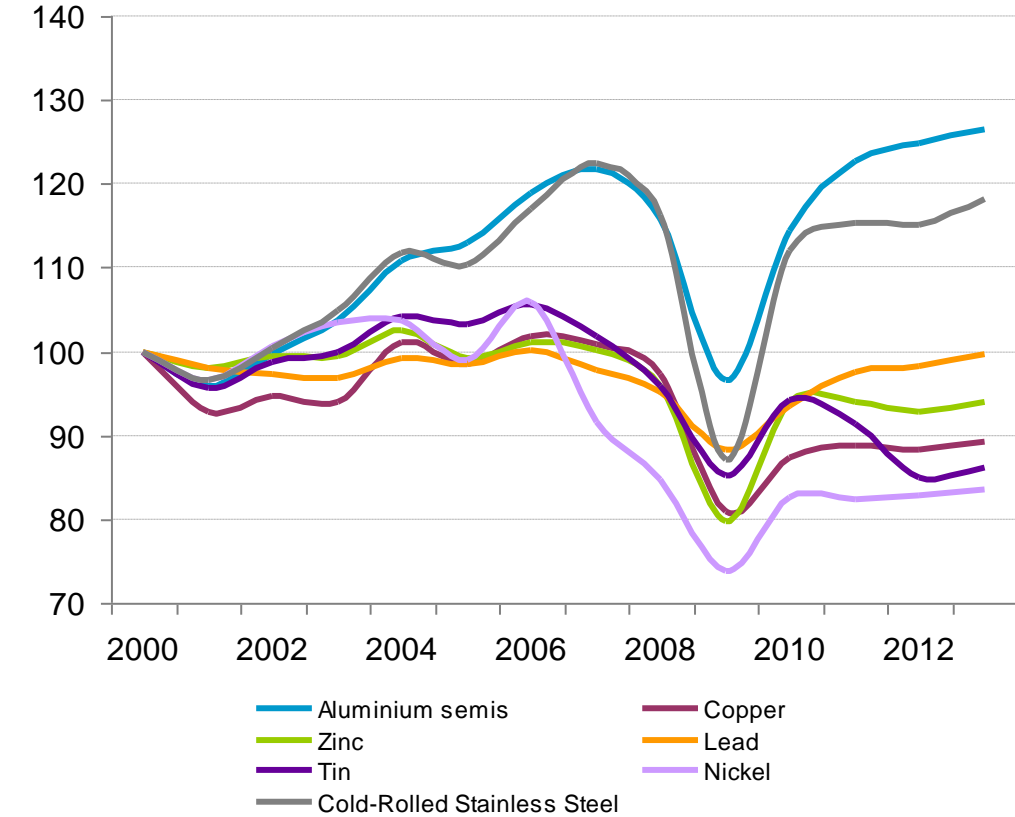
Aluminium demand correlating with economic growth, outperforming other base metals

World ex. China aluminum demand, IP and GDP
Index 2000=100



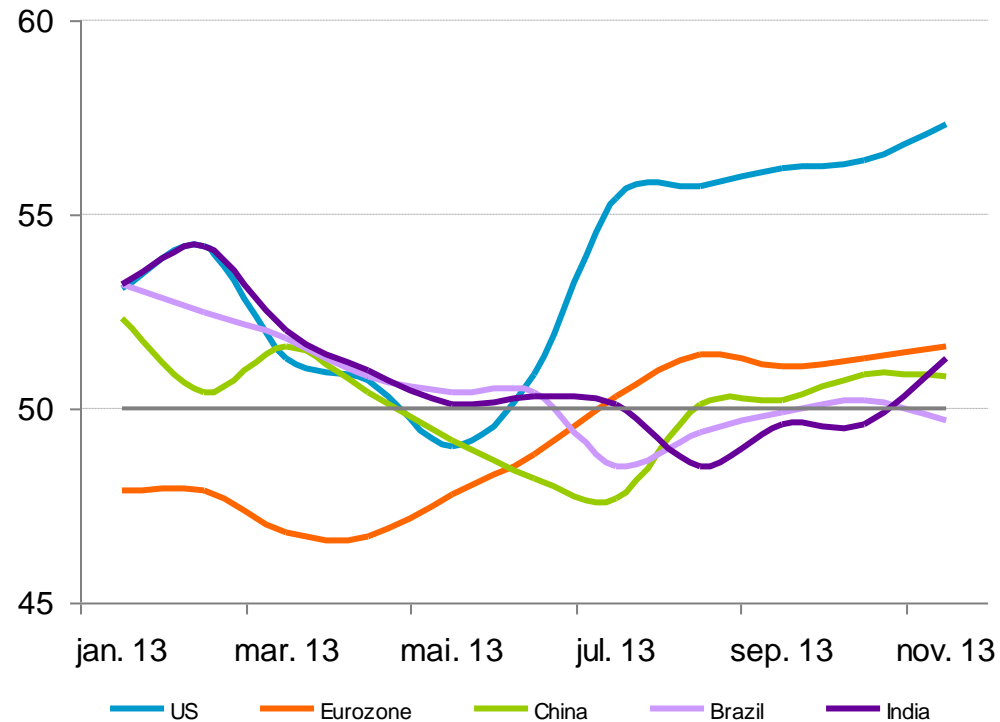
Source: CRU/Global Insight

World ex. China demand base metals
Index 2000=100



Current macro picture: improving sentiment in developed economies and China, growth is softening in emerging economies

Manufacturing PMI in 2013, selected economies



Source: Ecwin, Markit, HSBC

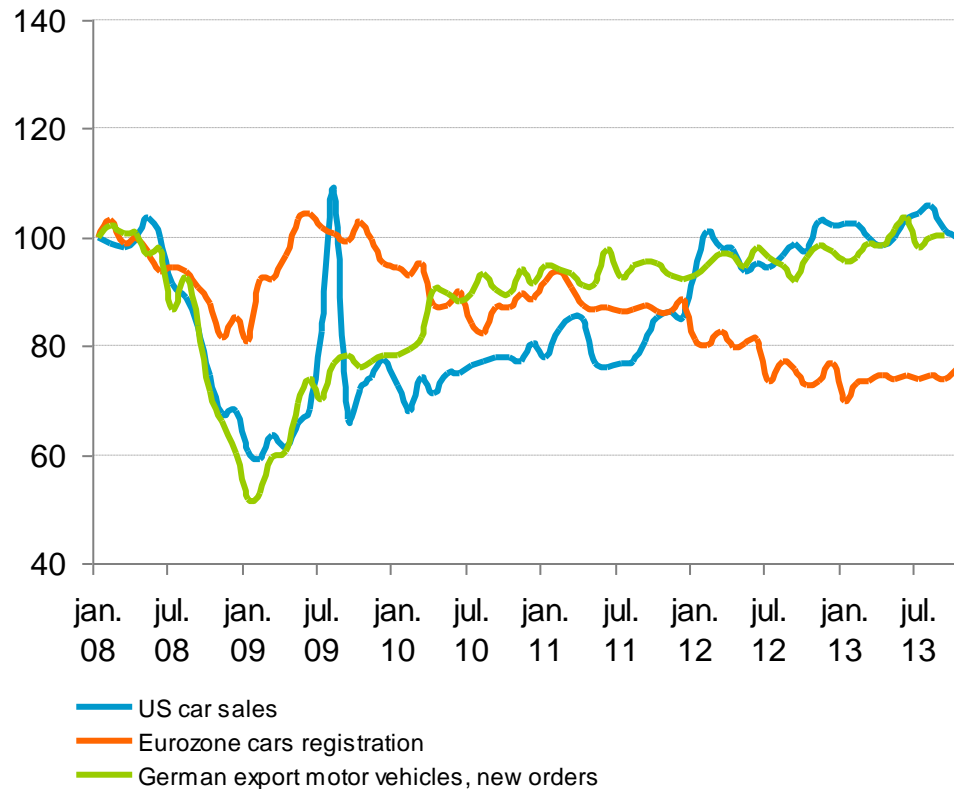


- US is gaining positive momentum
- Eurozone out of recession
- China stabilizing at 7-8 % growth in GDP
- Lower trend in other BRICS
- Several commodity currencies have weakened to USD

Automotive and construction indicators are picking up in the US, still mixed situation in the Eurozone

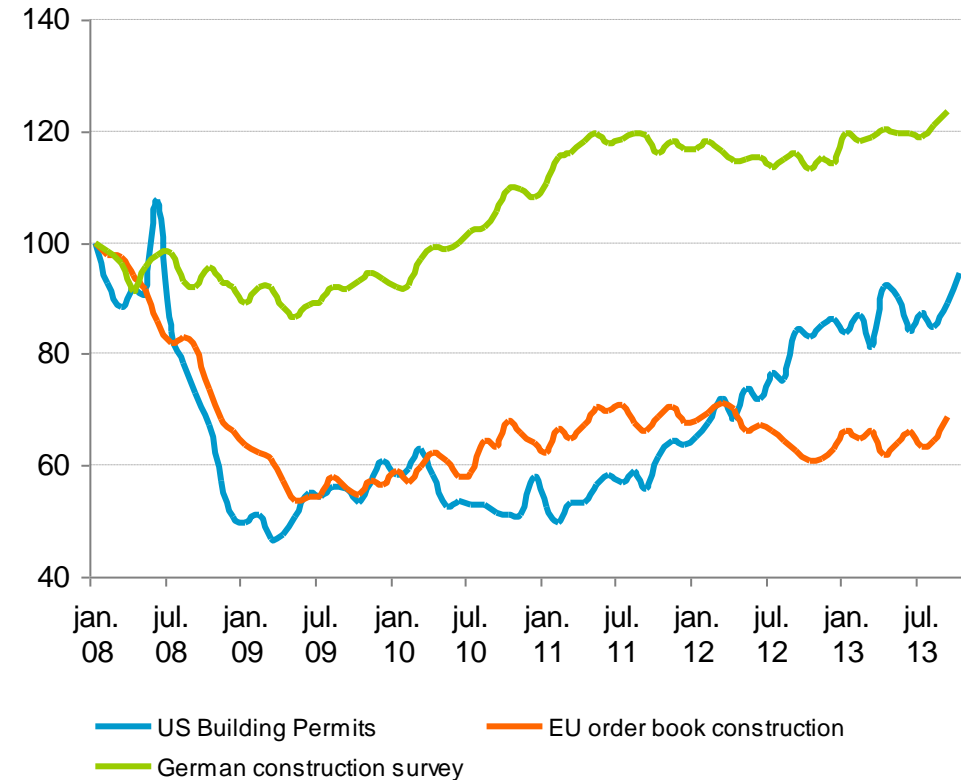
Automotive indicators

Jan. 2008=100



Construction indicators

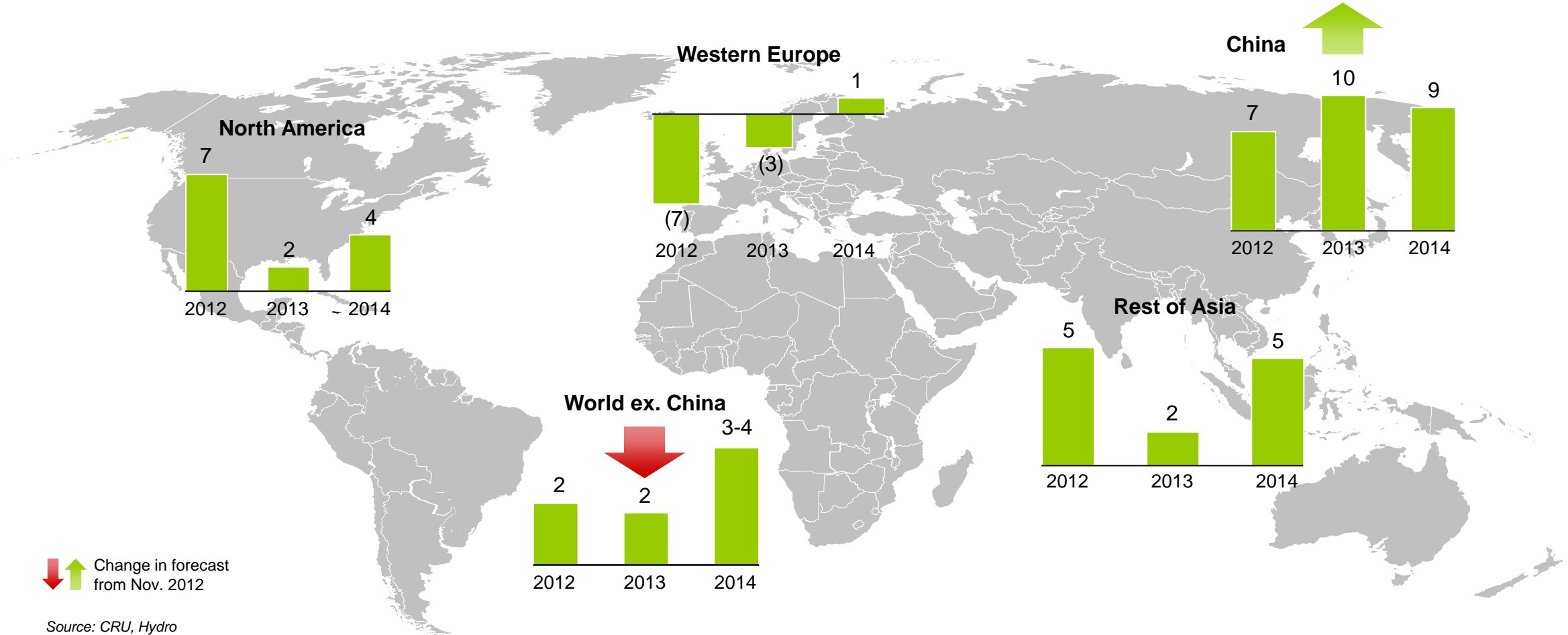
Jan. 2008=100



Source: Reuters Ecowin, EC Construction Survey

Semis demand outlook reflecting multi-speed macro development

Total semis demand, annual growth (%)

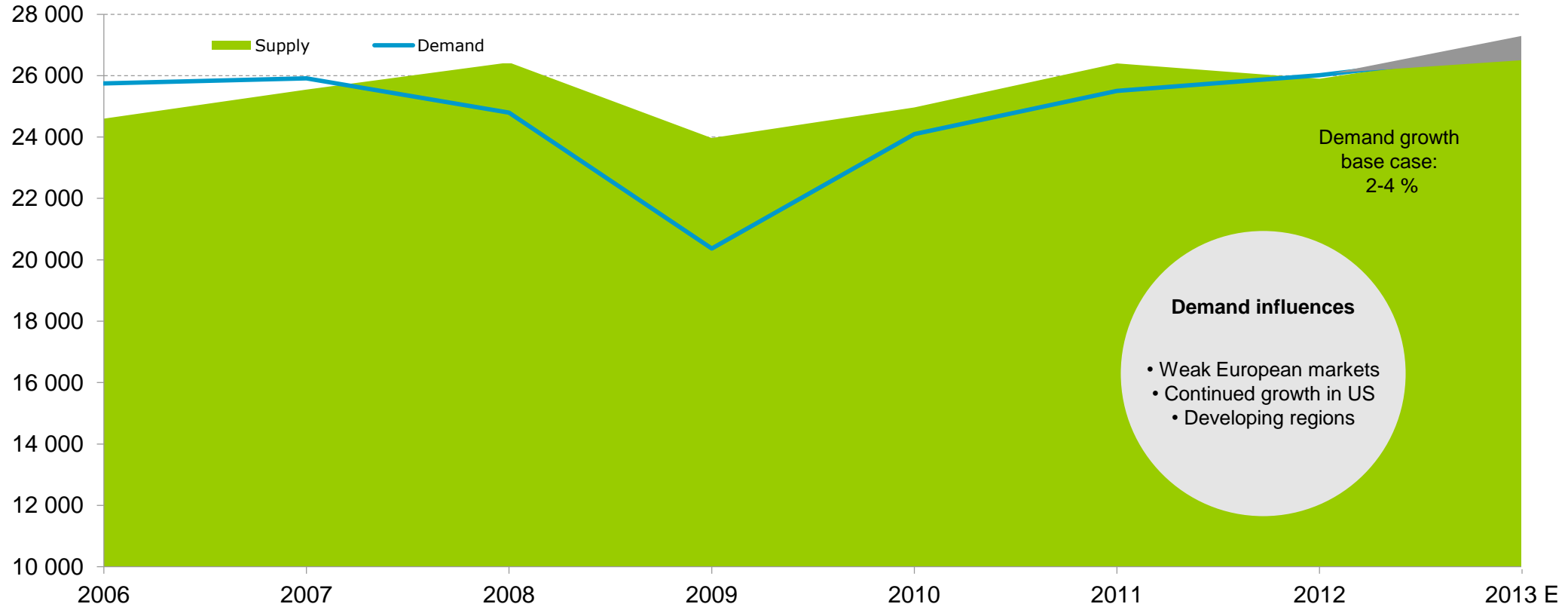


02

Primary supply/demand

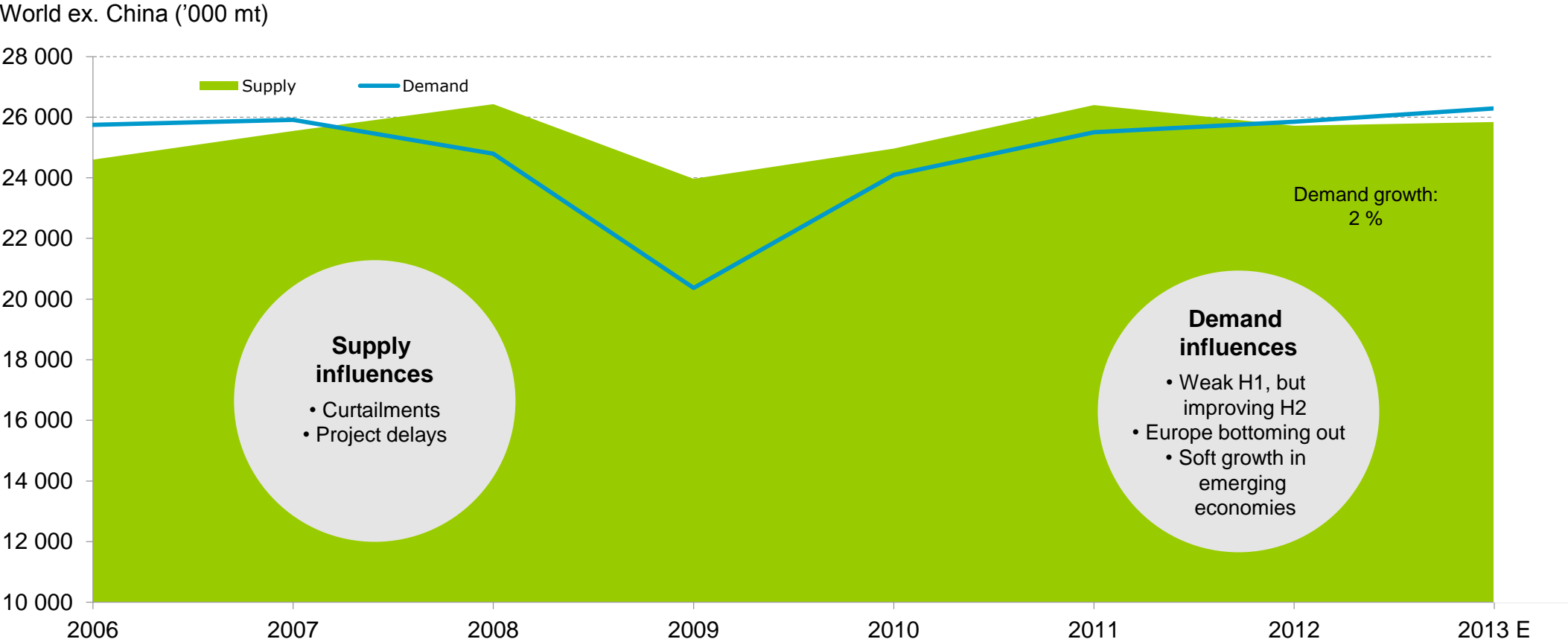
Recap Capital Markets Day 2012: balanced primary market

World ex. China ('000 mt)



Source: CRU/Hydro

Production curtailments resulted in largely balanced market in 2013



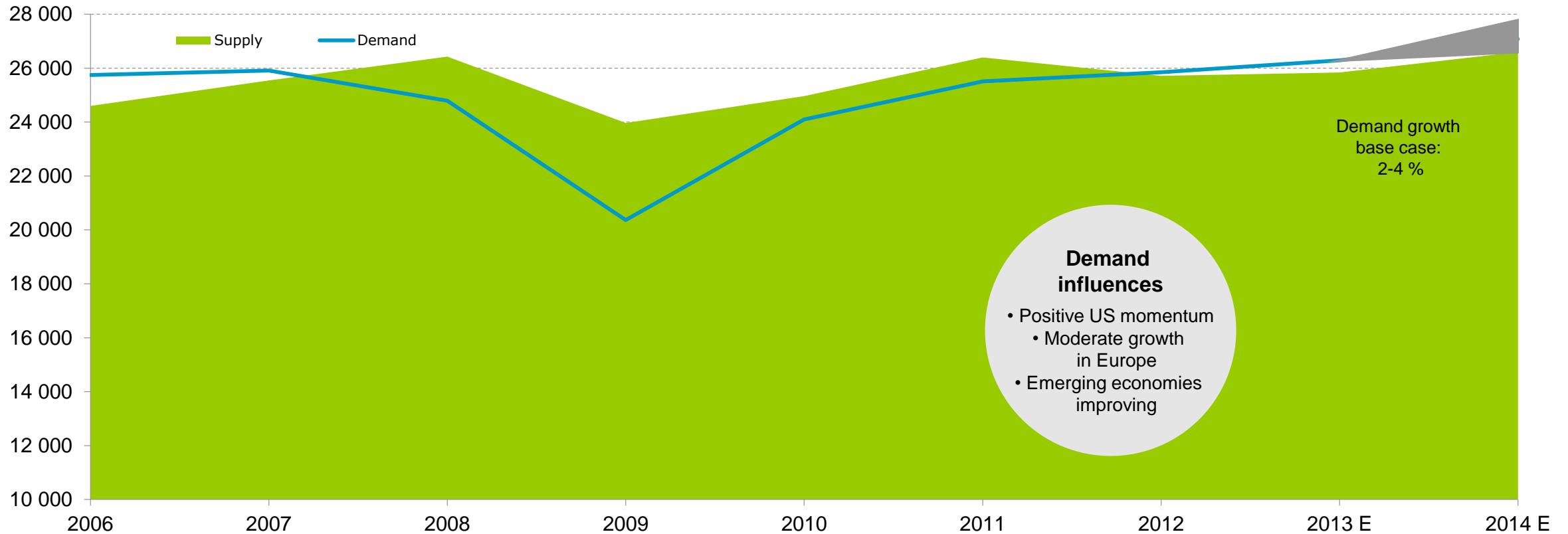
Source: CRU/Hydro



Balanced outlook for 2014

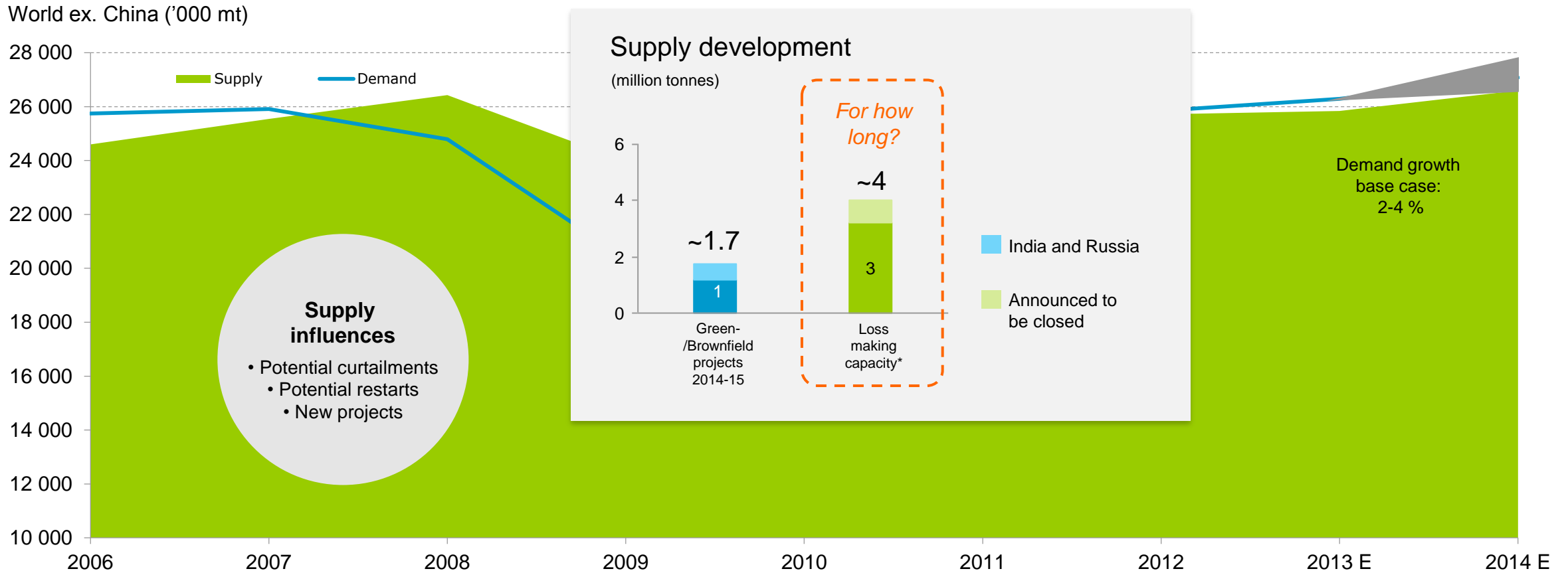
Possibility of modest inventory decline

World ex. China ('000 mt)



Source: CRU/Hydro

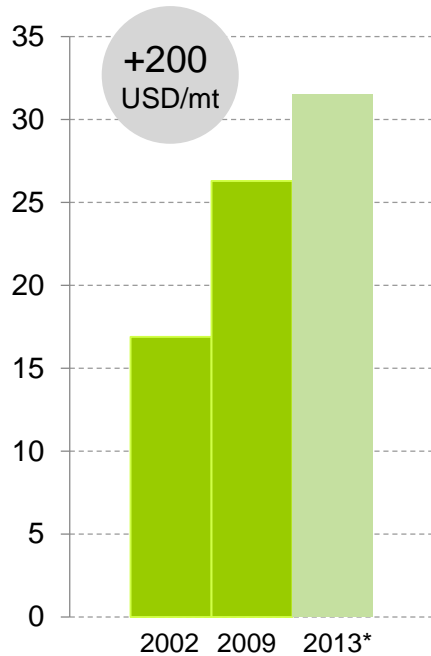
Limited net supply growth expected over the next years



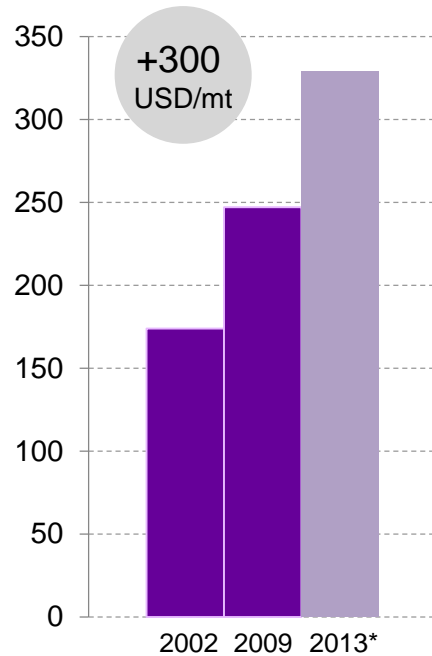
Source: CRU/Hydro. *At current LME

LME prices supported by increasing cost base

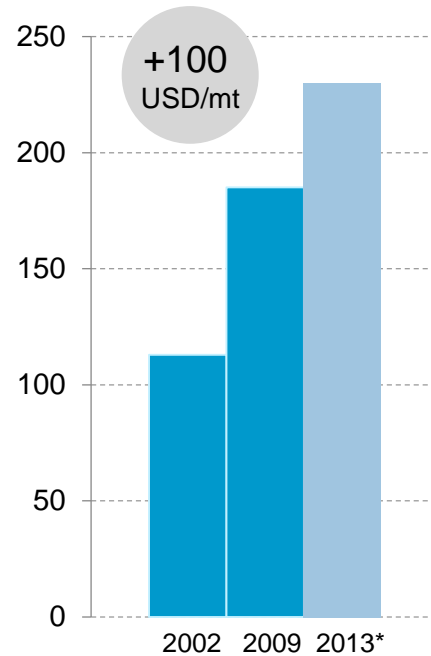
Power rate
(USD/MWh)



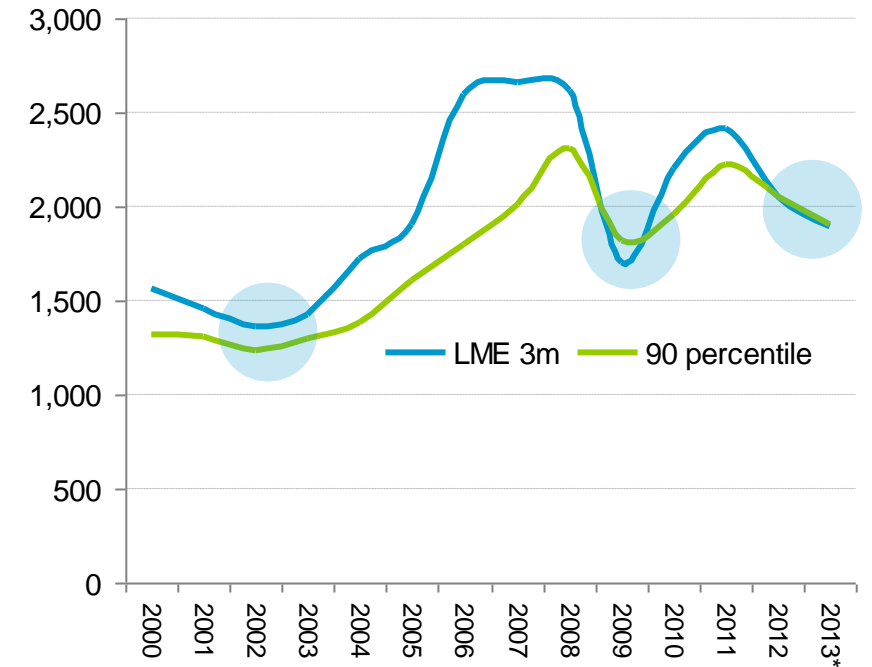
Alumina del. price
(USD/mt alumina)



Carbon cost
(USD/mt aluminium)



LME price vs BOC development
world ex. China (USD/mt)



Impact in aluminium equivalents, 2002-2013

Source: Reuters Ecowin, CRU, Hydro Analysis. *Jan-Sep
Nominal figures, World ex.China

Premium development and Hydro impact

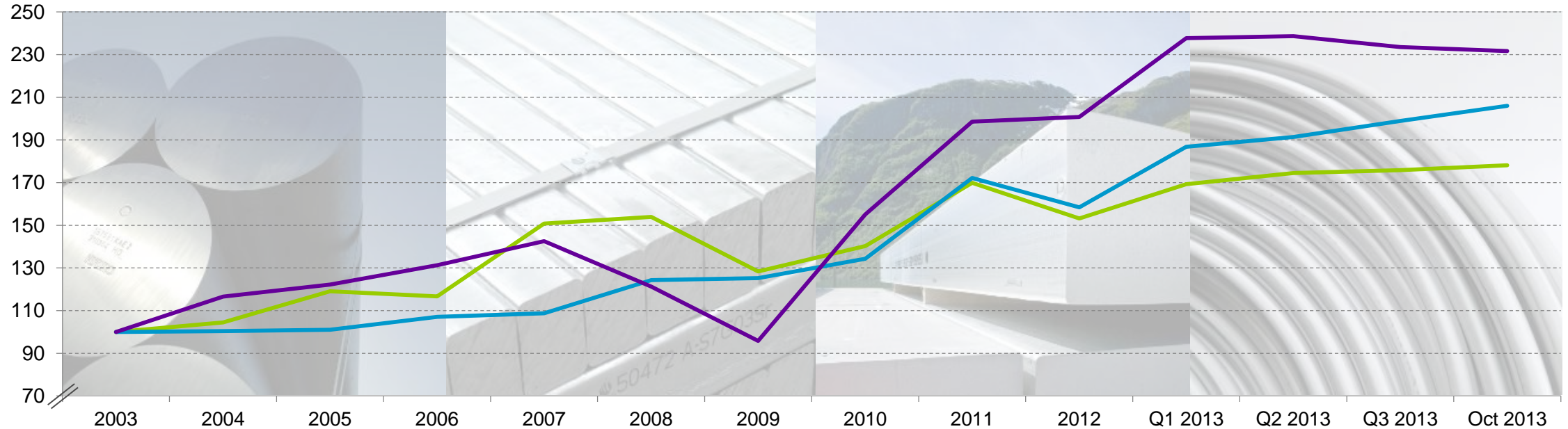
Head of Commercial, Erik Fossum

03

Solid premium development for Hydro's key product categories

European Premium Development*

Indexed. 2003=100



Hydro's European production 2013**

Extrusion Ingot
338 000 mt remelt
525 000 mt primary

Foundry Alloys
242 000 tonnes

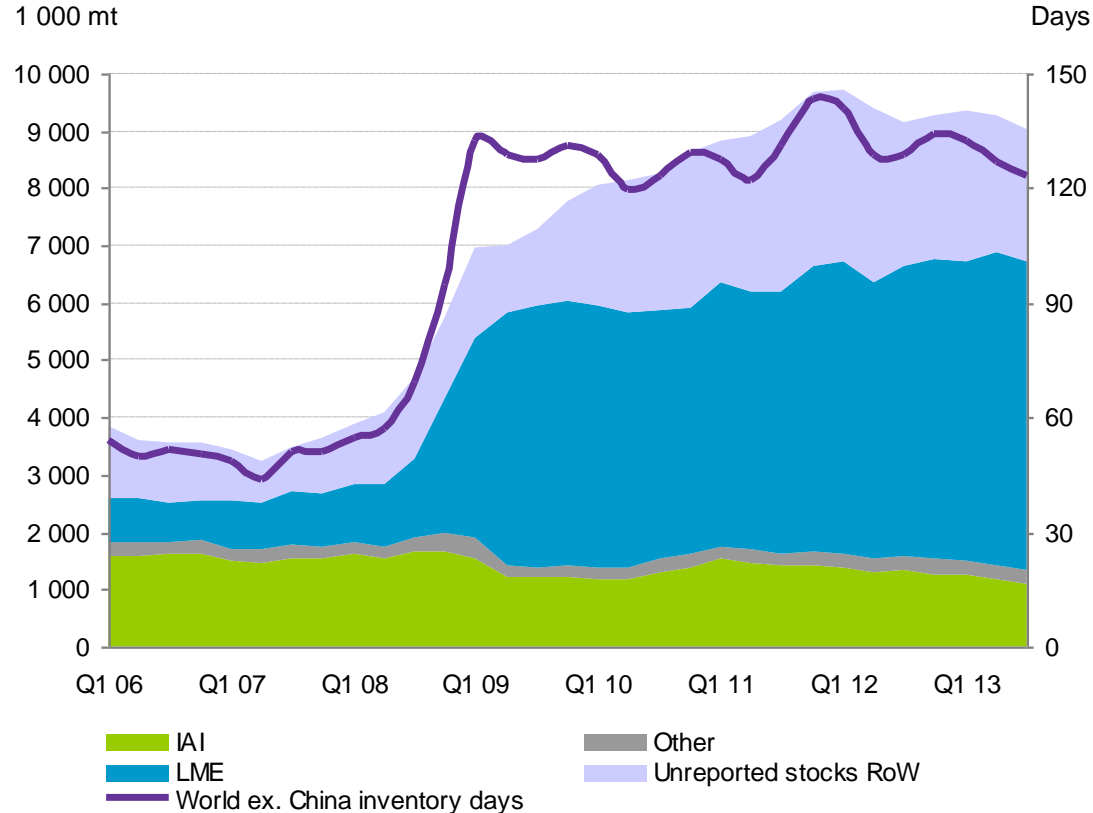
Sheet Ingot
320 000 tonnes

Source: Hydro. *Premiums above LME. **Excluding wire rod and Neuss production.

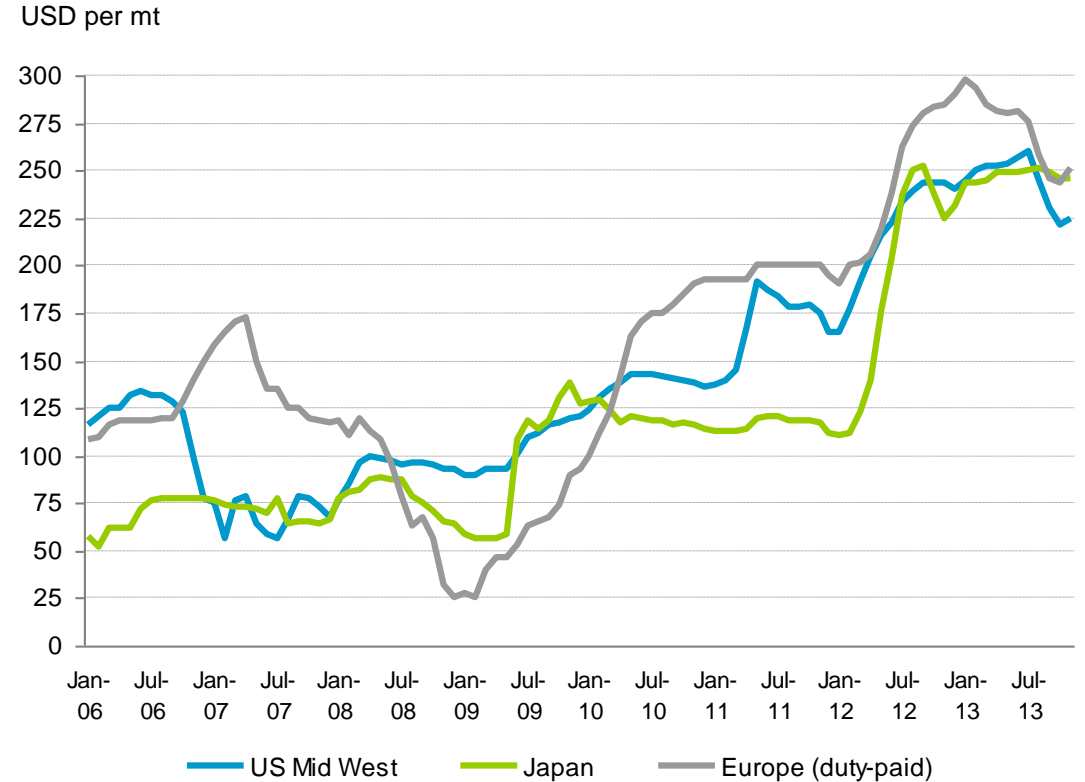
World ex. China inventories starting to decline

Standard ingot premiums look to have peaked

World ex. China primary aluminium inventories



Regional standard ingot premiums

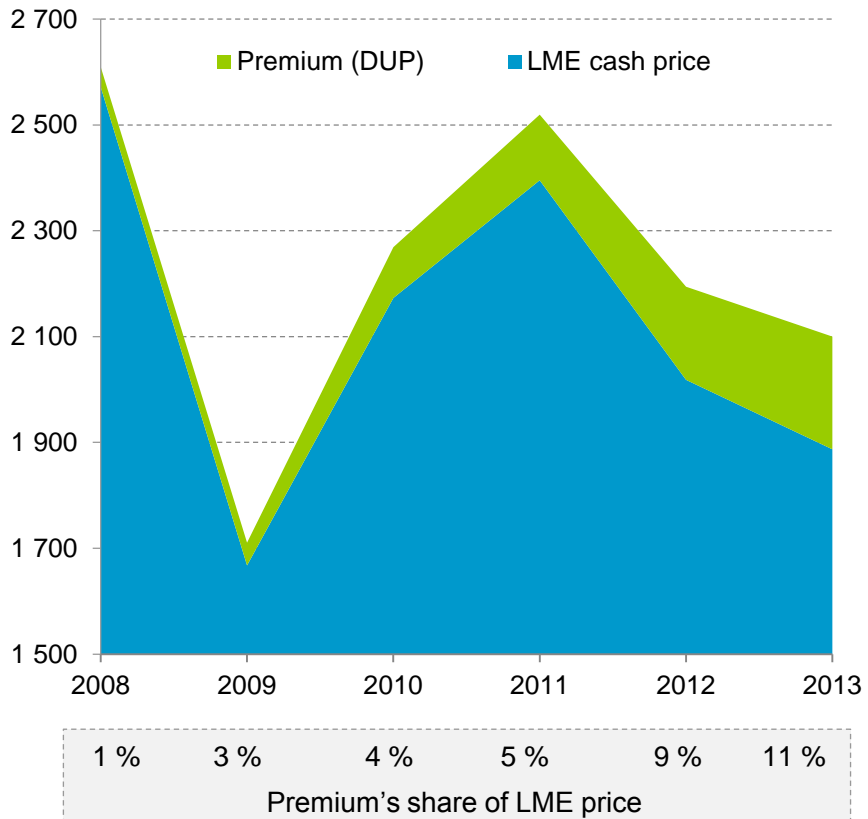


Source: CRU/Hydro

Source: Metal Bulletin, MW/MJP: Platts

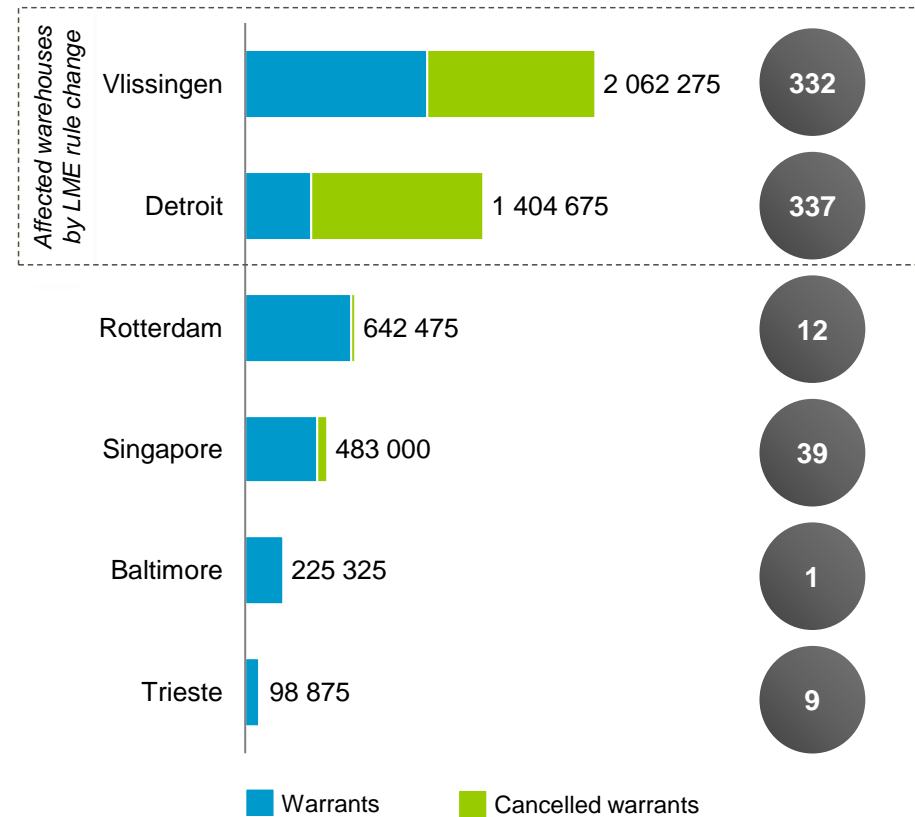
Increasing premiums and queues underlying trigger for LME rule change

Customer price (USD/mt)



Aluminium stock locations (LME registered)

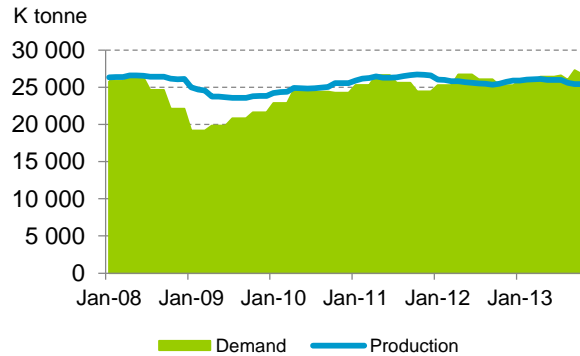
Current queue (days)



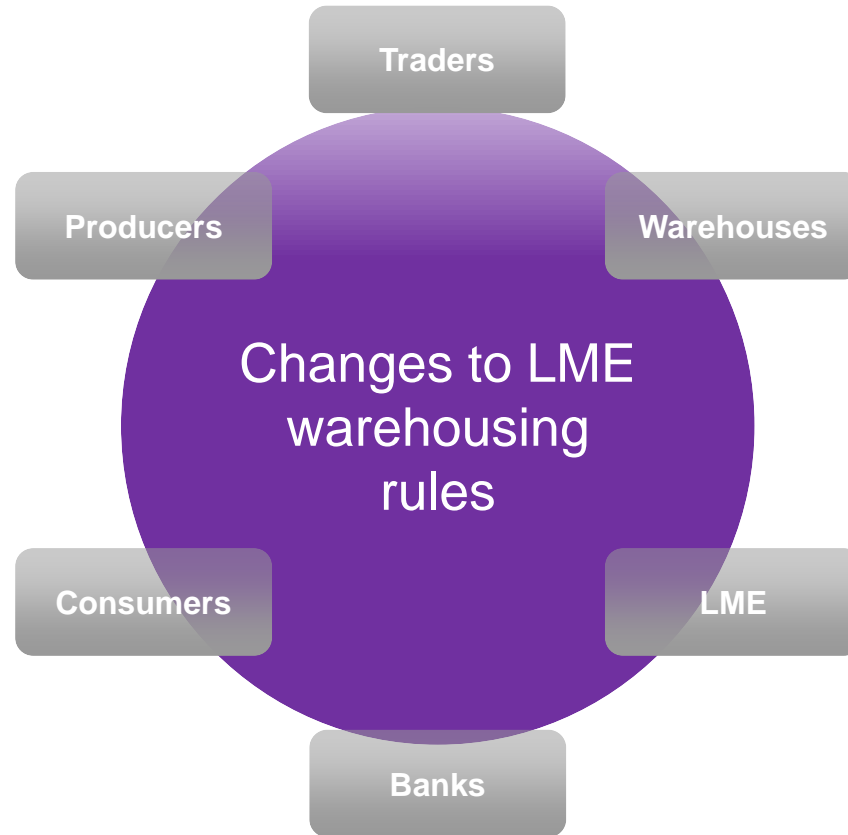
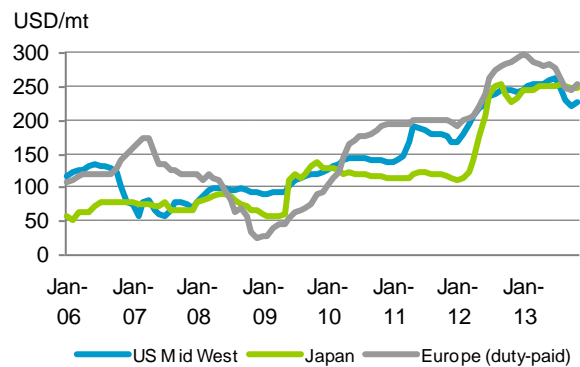
Source: Thomson Reuters/Hydro

LME warehousing rule changes will impact market players in different ways

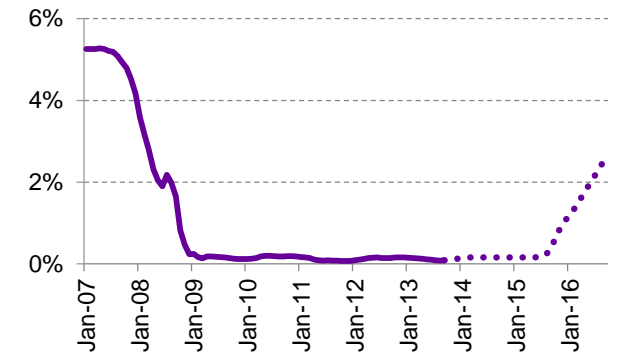
Primary balance, World ex. China



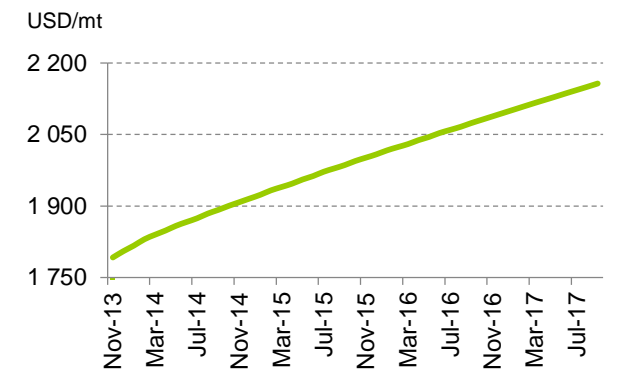
Regional premium development



US money market rate



LME 3m contango



Source: Reuters Ecowin/Global Insight/CRU/Metal Bulletin/Platts

Product portfolio improvement efforts continuing in 2014

Commercial agenda 2013

- Increasing focus on product premium margin vs. market share
- Shifting product mix towards higher premium alloys
- Global optimization of Qatalum volumes towards Asia, US, Turkey and GCC



Focus areas in 2014

- Extrusion Ingot: increase focus on post-consumed scrap as metal-source for re-melt
- Sheet Ingot: testing Adjustable Flexible Mould (AFM) technology to improve capability towards automotive
- Primary Foundry Alloys: streamline product portfolio further



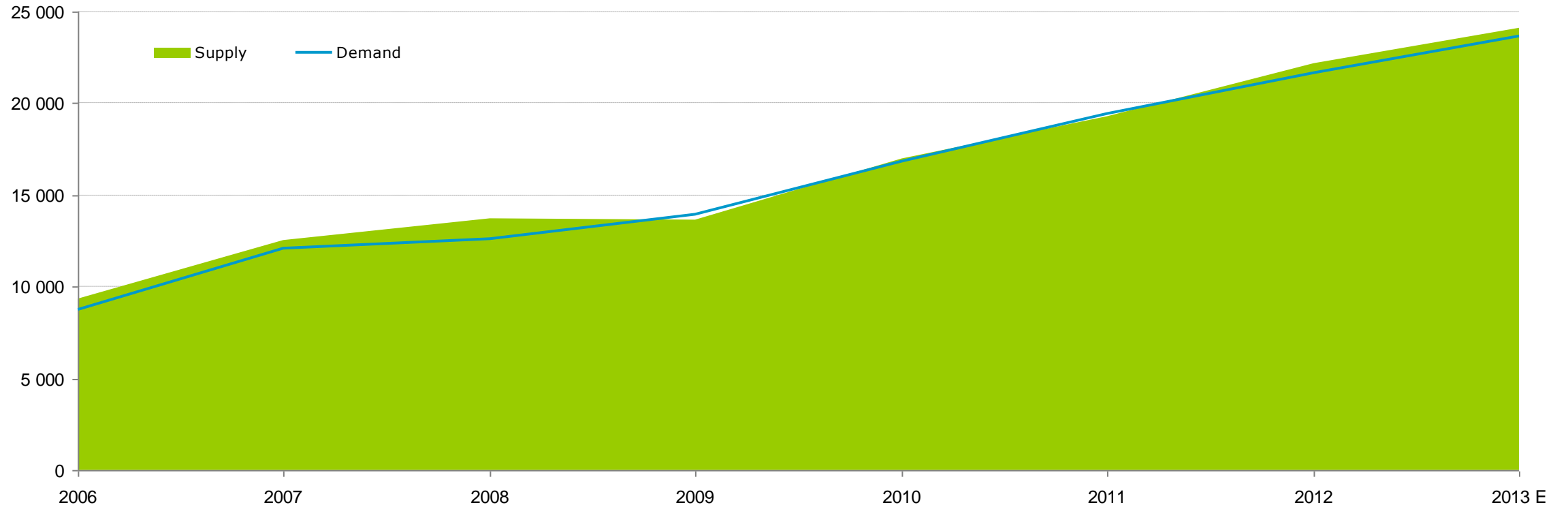
04

China

Continued strong Chinese primary aluminium demand

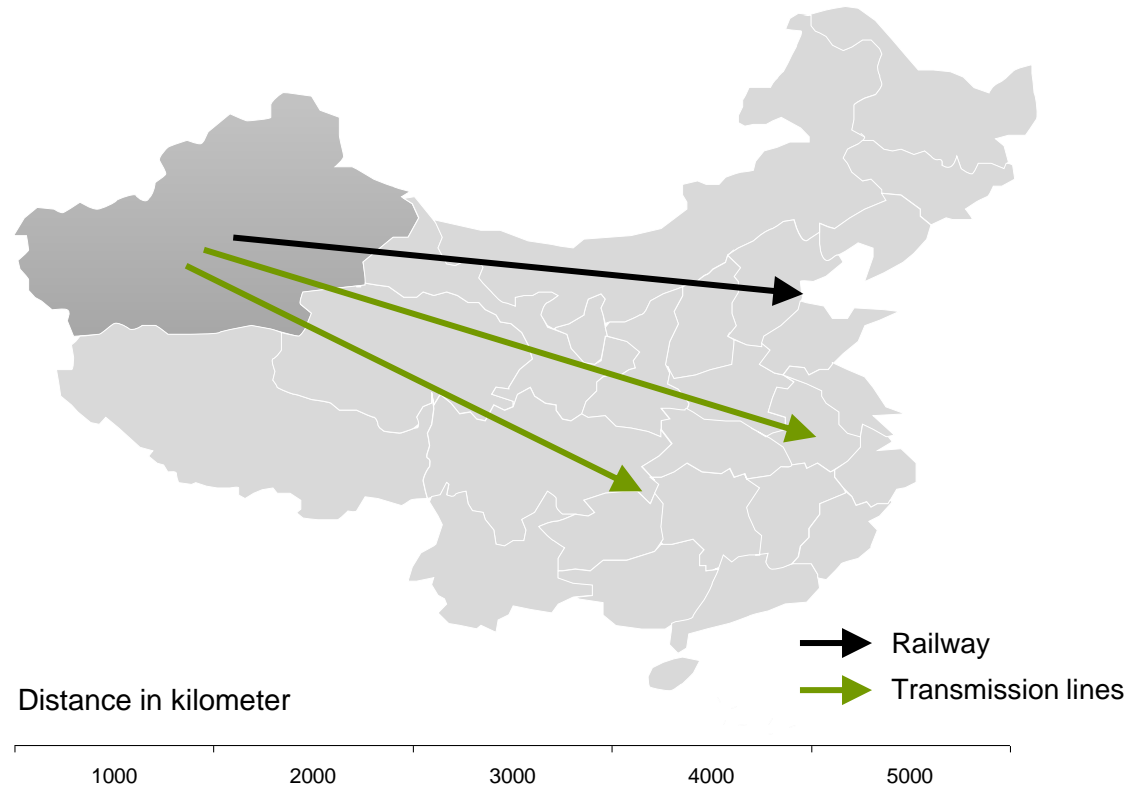
Balanced supply/demand

Supply/Demand ('000 mt)



Source: CRU

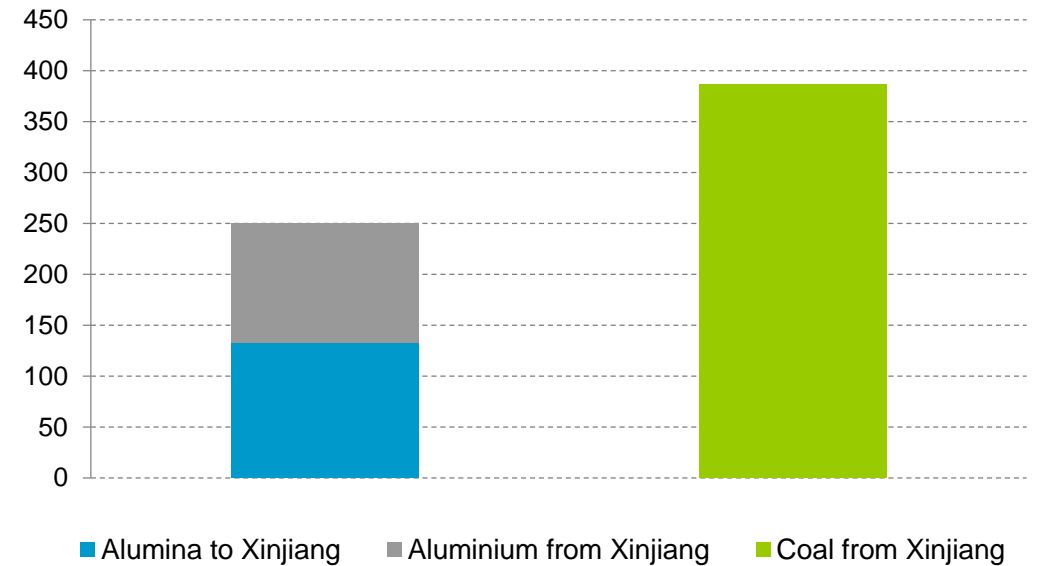
Challenges in Xinjiang



- Energy export through grid (in construction) or coal transportation
- Water scarcity and environmental constraints

Transport cost associated with one tonne aluminium production

USD/tonne Aluminium

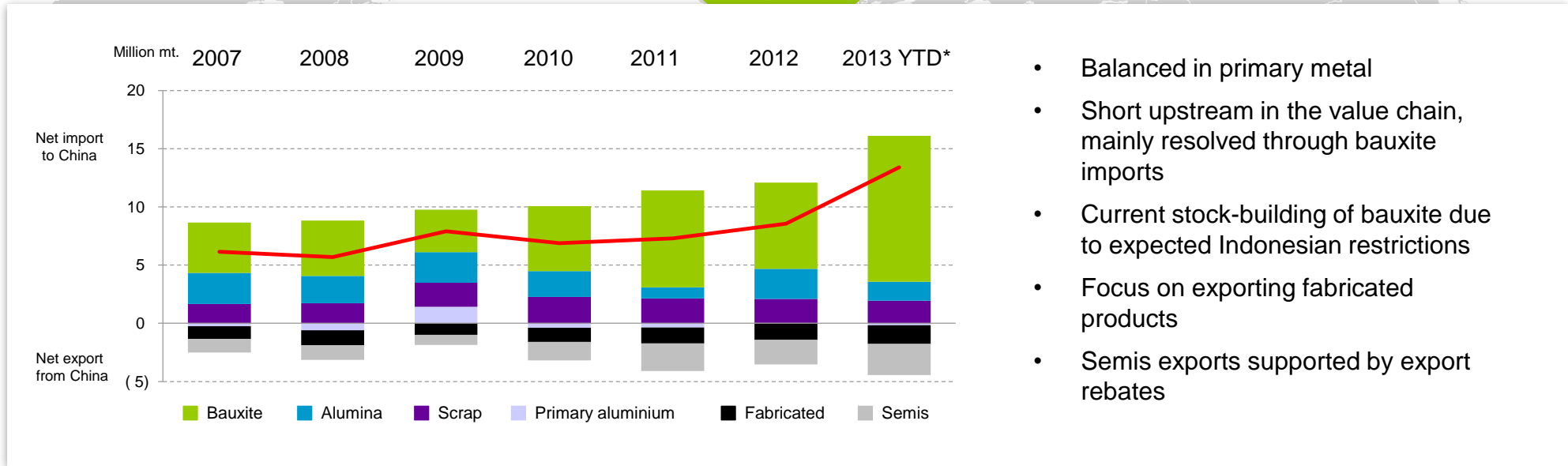


- Long distance to markets
- Higher wages needed to attract workforce

China's metal strategy underpinned by trade barriers at several parts of the value chain



VAT
Tolling
Export duties
Transport
Premiums



- Balanced in primary metal
- Short upstream in the value chain, mainly resolved through bauxite imports
- Current stock-building of bauxite due to expected Indonesian restrictions
- Focus on exporting fabricated products
- Semis exports supported by export rebates

Source: CRU/Antaike/Hydro. Bauxite/alumina to aluminium conversion factor: 5.0/1.925 * Annualized January-September





Bauxite and alumina
market

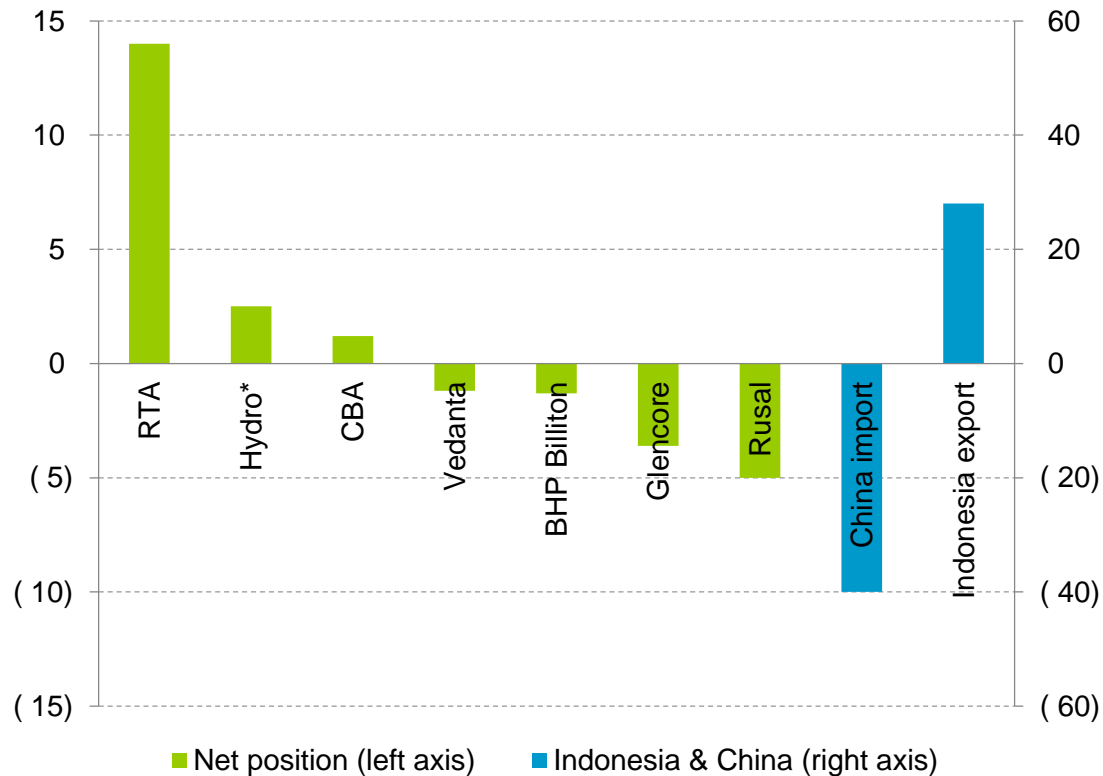


05

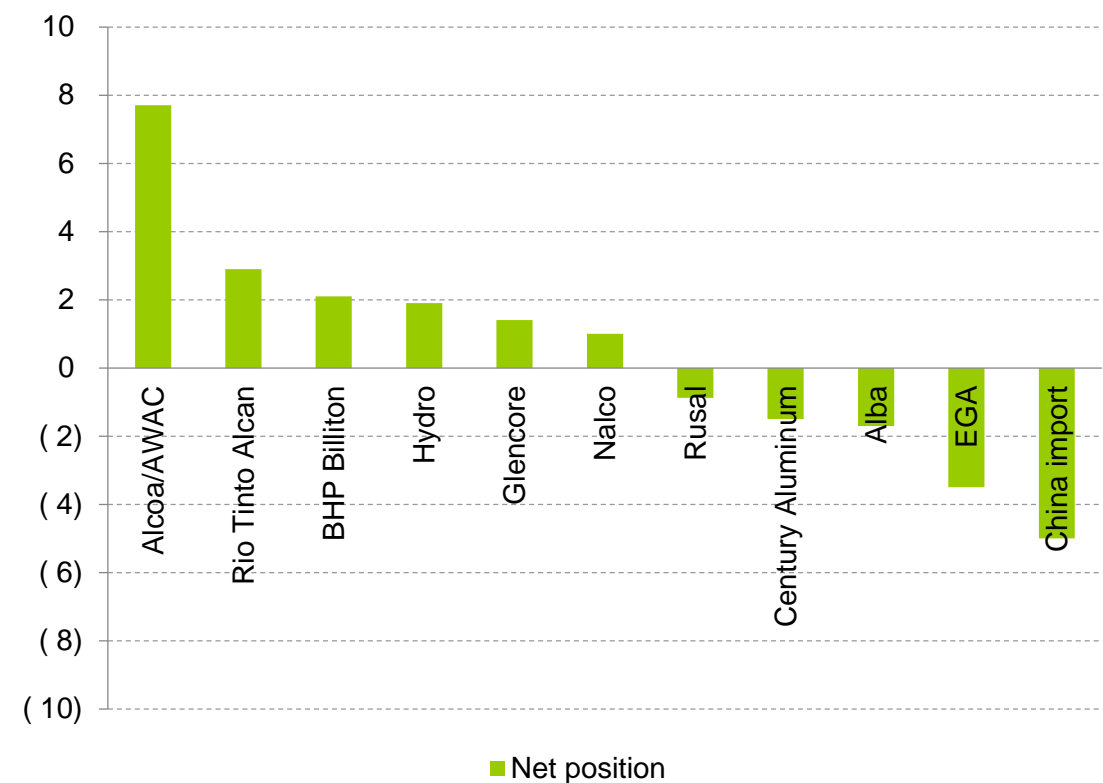
Hydro a major company in the world market of bauxite and alumina

Main long and short companies outside China in 2012 third-party market, million mt

Bauxite market



Alumina market

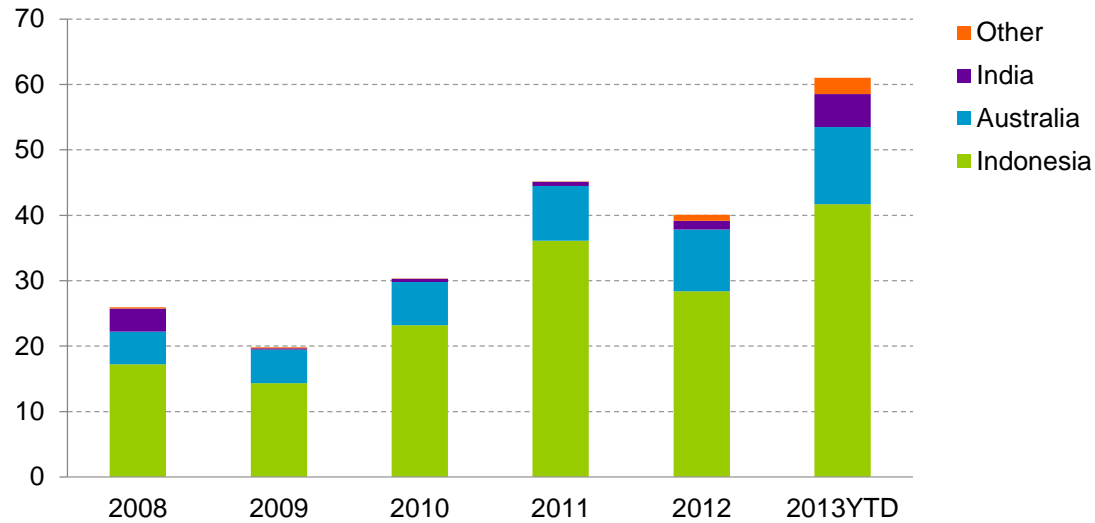


Source: CRU, Hydro Analysis. *Includes off take agreement with Vale

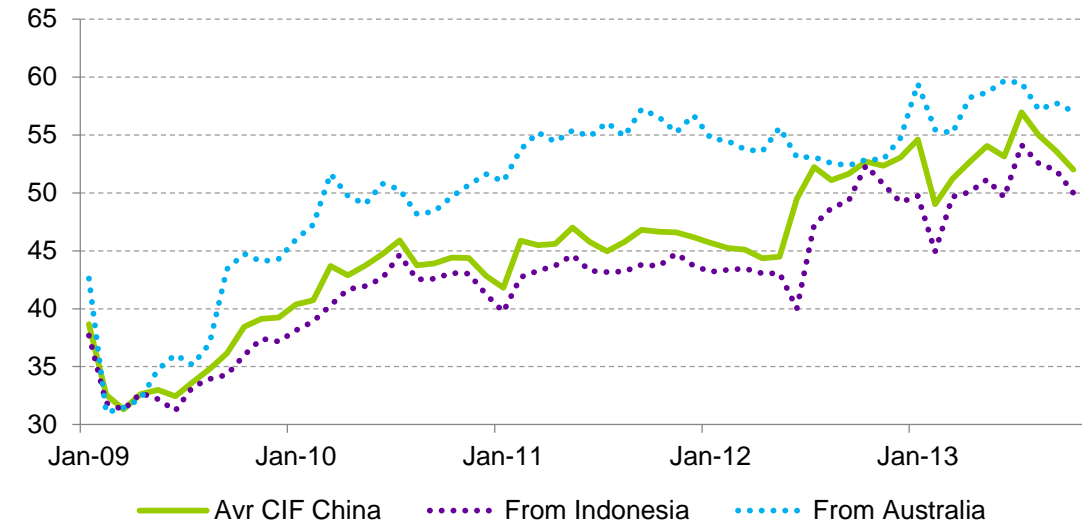


Average CIF China bauxite price up 50 % since 2009

Chinese bauxite imports by source, million tonnes



USD/mt



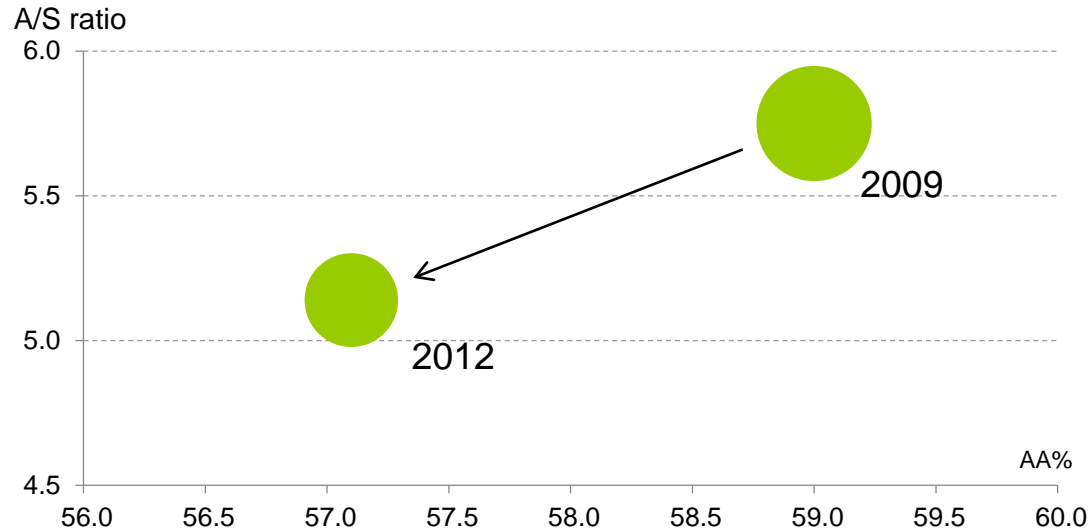
- Record-high bauxite from Indonesia in 2013

- CIF China bauxite price trending upwards
 - Higher demand and new export taxes
- Indonesian bauxite most determining for the average price
 - Other bauxite imports ranging up to ~85 USD/mt

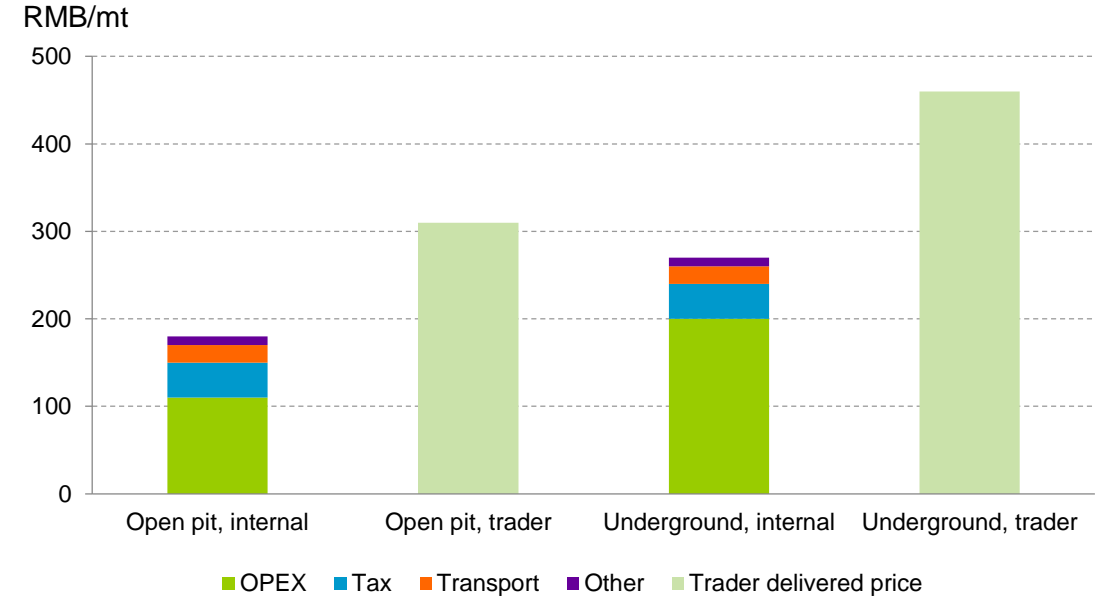
Source: CM Group, China Custom

Higher bauxite costs in China amid emerging third-party market and depletion of quality reserves

Quality and reserves



Bauxite supply cost - Shanxi



- Poor mining discipline is causing a decrease in reserves despite large investments to discover more bauxite
- Quality is continuing to slide, increasing cost pressure

- Around 50 % of domestic bauxite sourced in the biggest alumina producing regions, are sourced from third-party
- Often 70-100 % higher priced than internal mines

Indonesia's potential restrictions on bauxite exports

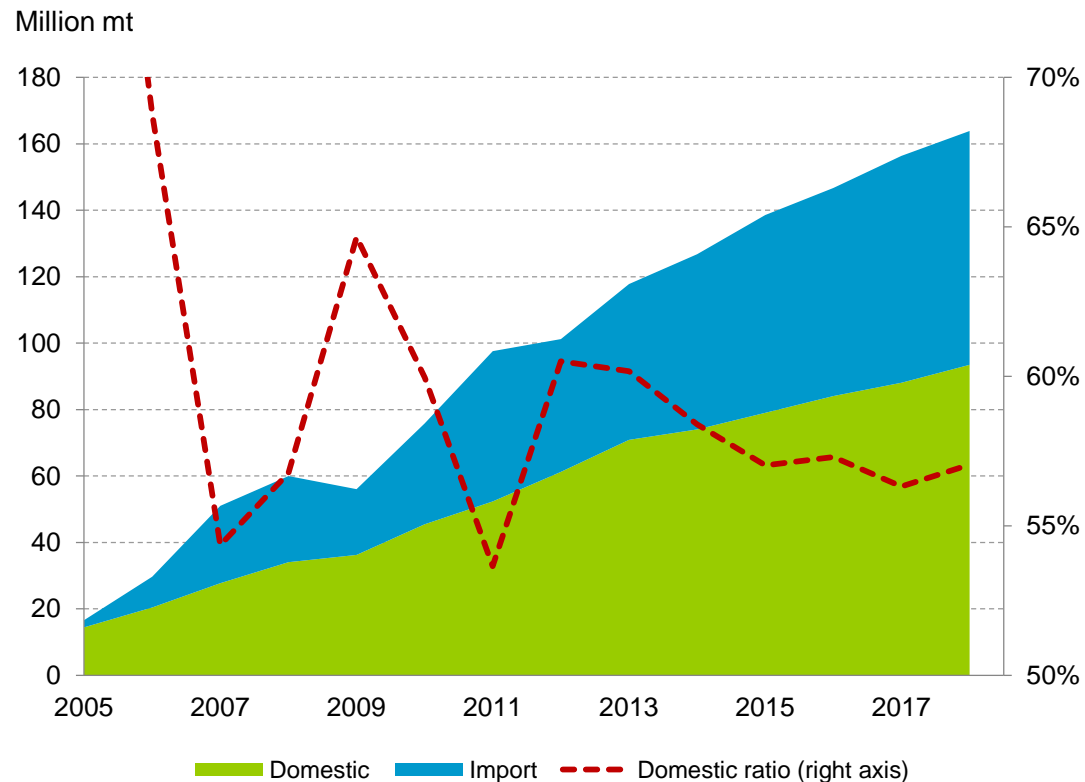
Creating uncertainty for China



- Still no clear direction on how the export restriction will be implemented in Jan 2014
- Total export restriction unlikely
 - Bauxite export quotas granted on commitment to alumina refining projects and clear progress
- Overall bauxite exports expected to be much lower than current speed

China's import dependency expected to increase, but sourcing of bauxite imports remains uncertain

Chinese bauxite supply, excluding stock building

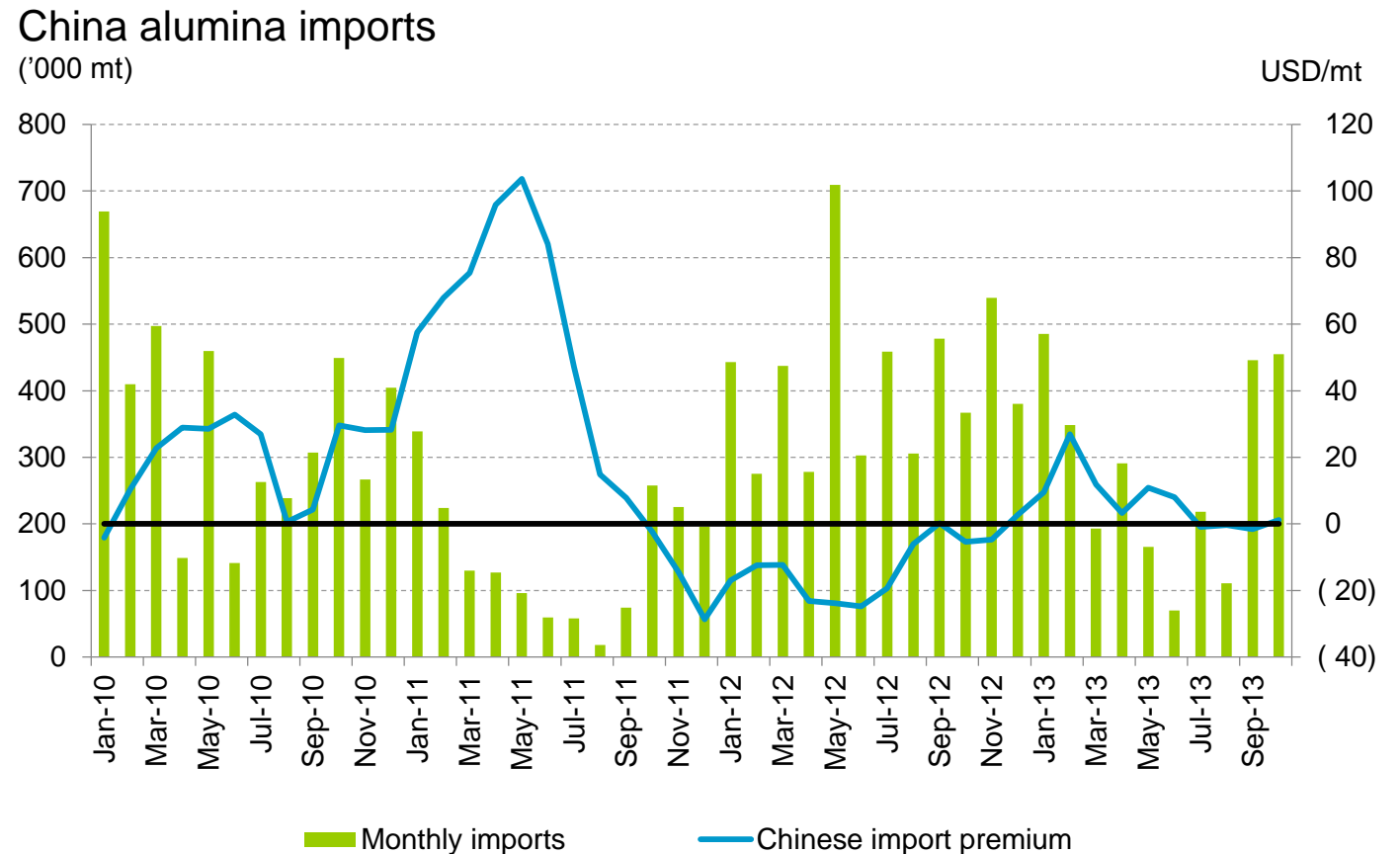


- Increasing Chinese demand for imported bauxite due to depletion of domestic resources and falling quality
- Indonesia's export ban treatment key uncertainty
- Third-party bauxite market in China likely to push domestic prices closer to import prices
- Abundant global resources, but access limited medium term by several constraints
 - Resource nationalism determining factor in bauxite world

Source: CRU, Hydro Analysis

World ex. China alumina market largely balanced due to exports to China

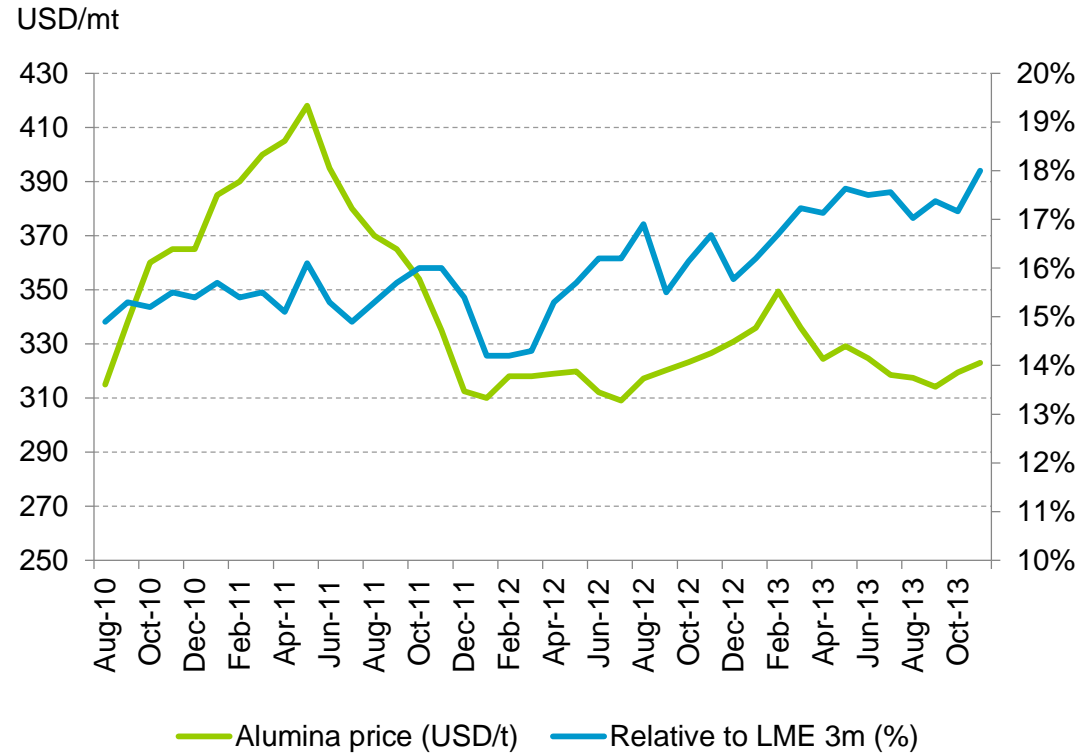
- In a normally balanced market, annual Chinese alumina imports have historically been in the range of 3 to 5 million tonnes
- Chinese alumina import levels are driven by price arbitrage
- After closure of the 2 million tonne Gove refinery in 2014, the alumina market is tight given continued Chinese imports
- To watch: as China is facing upwards pressure on bauxite costs, the alumina production cost will increase – this development may move the balancing point higher for the World ex. China in the future



Source: CRU, China Custom, Platts, Hydro Analysis

Continued support for alumina prices in the world outside China

Alumina price



Short/medium-term contract prices in % of LME



Source: Platts, Bloomberg, Hydro Analysis

06

Long-term outlook

Healthy growth in aluminium demand

Robust demand projections



Global trends



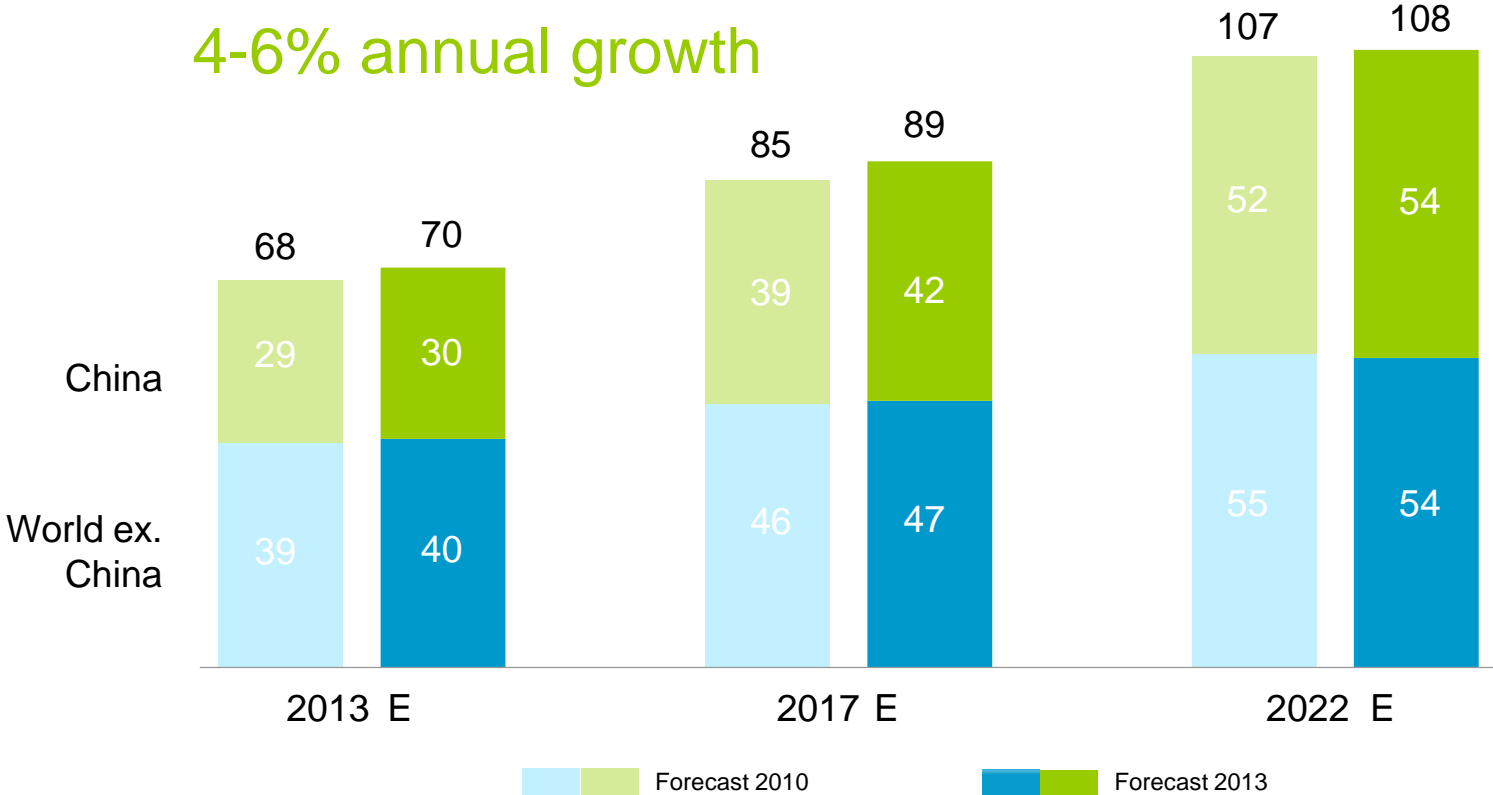
Capabilities



Demand for semis

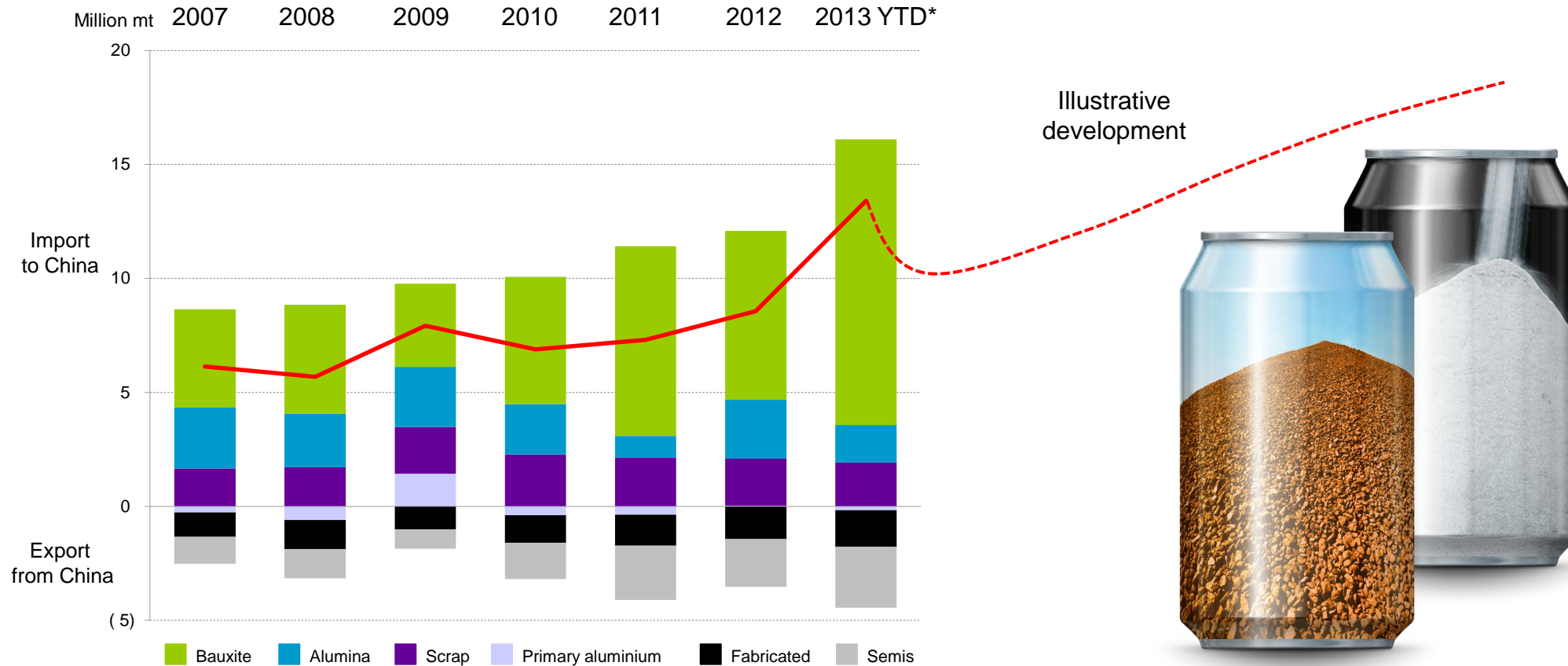
Million mt

4-6% annual growth

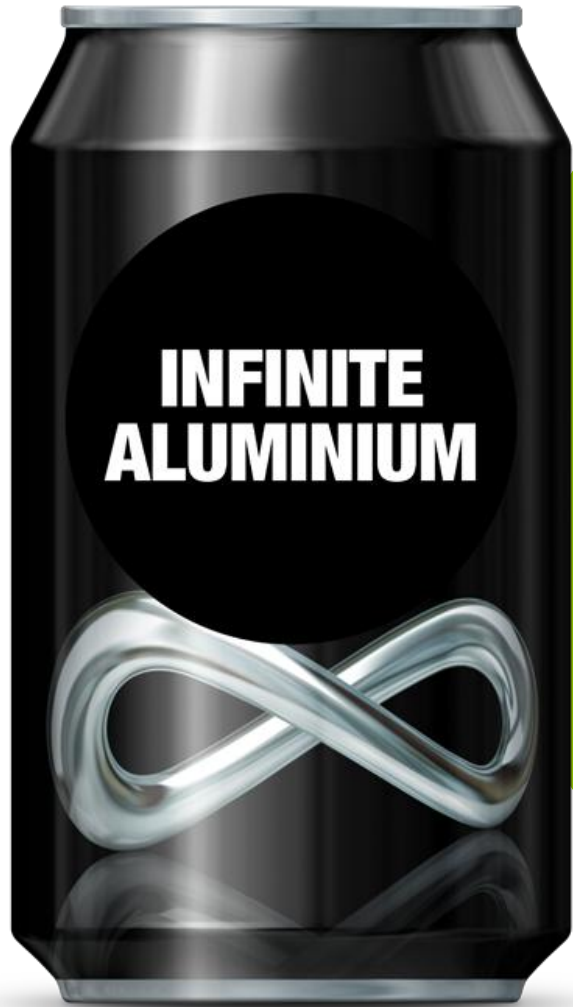


Source: CRU

China expected to have a continued shortage upstream in the value chain



Source: CRU/Antaike/Hydro. Bauxite/alumina to aluminium conversion factor: 5.0/1.925 * Annualized January-September



- Improving demand in mature economies and solid long-term projections in emerging economies
- Industry curtailments and delayed projects, still high aluminium stocks
- Solid product premium development
- Pricing of bauxite and alumina on its own merits

Rolled Products

Oliver Bell

Capital Markets Day 2013



Megatrends supporting demand for aluminium products

Megatrends

Urbanization

New middle class

Environmental
Sustainability

Aluminium solutions | **Greener products**



Food production: 30% of emissions

Conserving and protecting food better in storing and transport



Transportation: 25% of emissions

Making cars lighter with aluminium



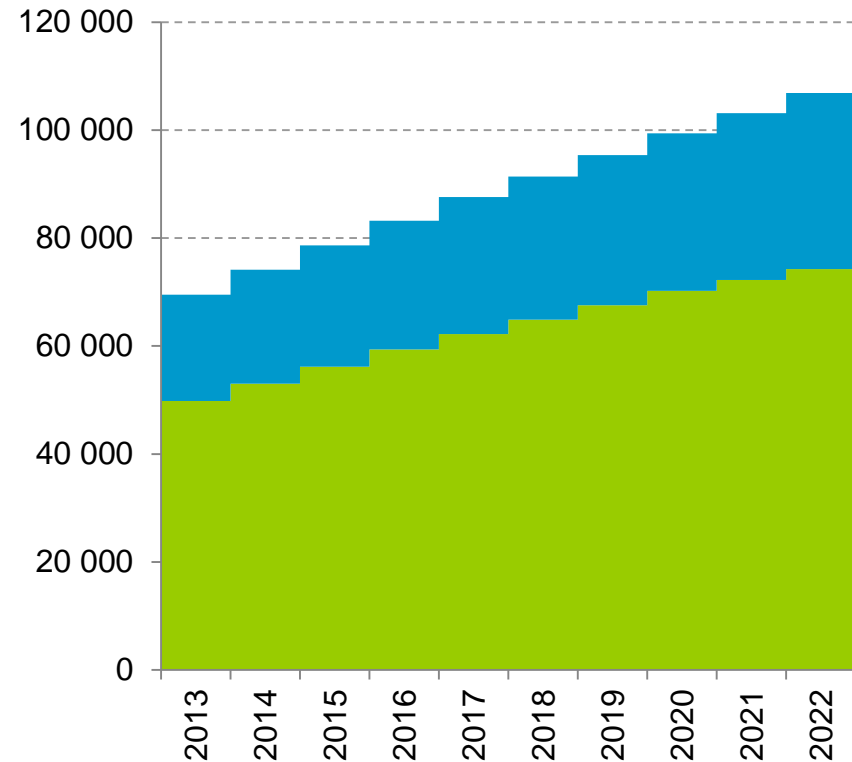
Buildings: 15% of emissions

Reduce energy consumption and emissions from buildings

Megatrends basis for future growth in aluminium products

Global semis consumption will give upstream aluminium demand growth

Global consumption ('000 mt)

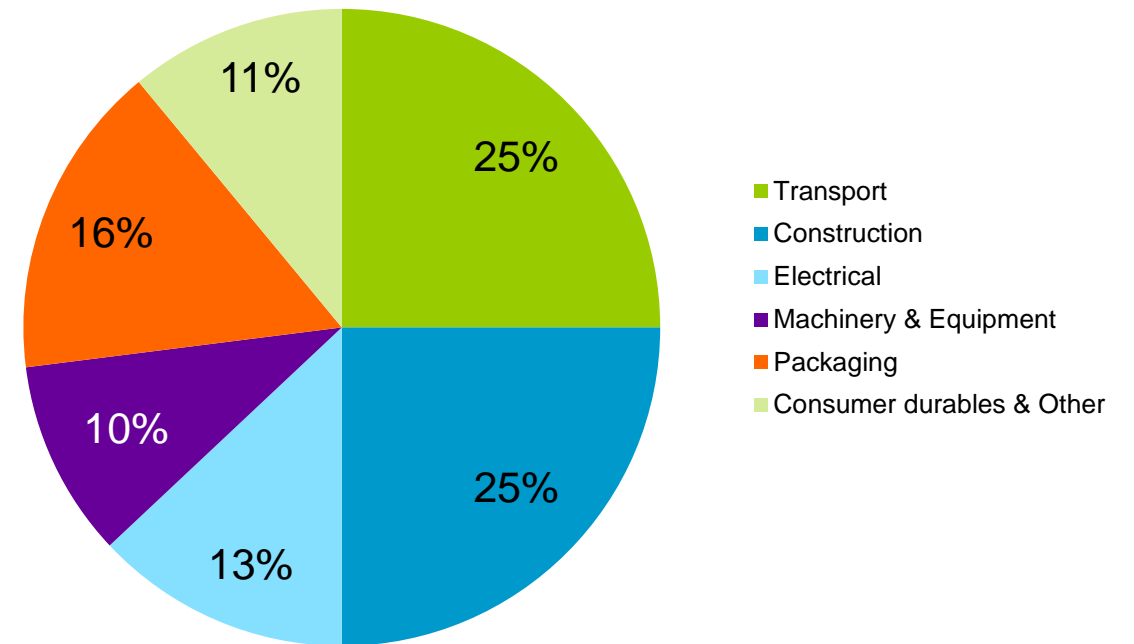


Source: CRU

Total
CAGR 4-6%

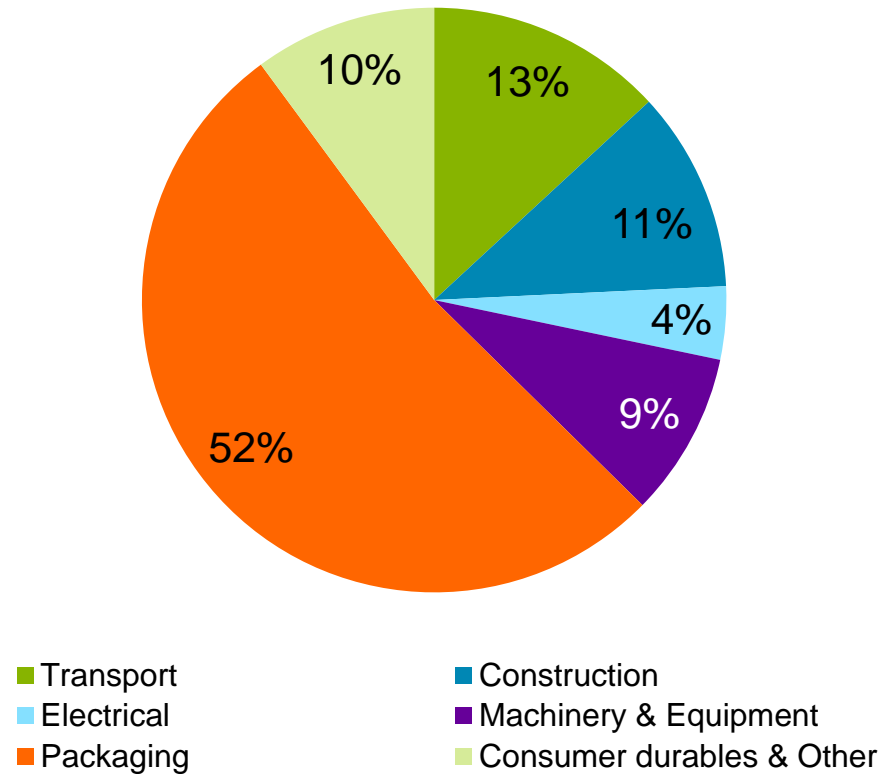
Primary
CAGR 4-5%

Semis consumption by end-use

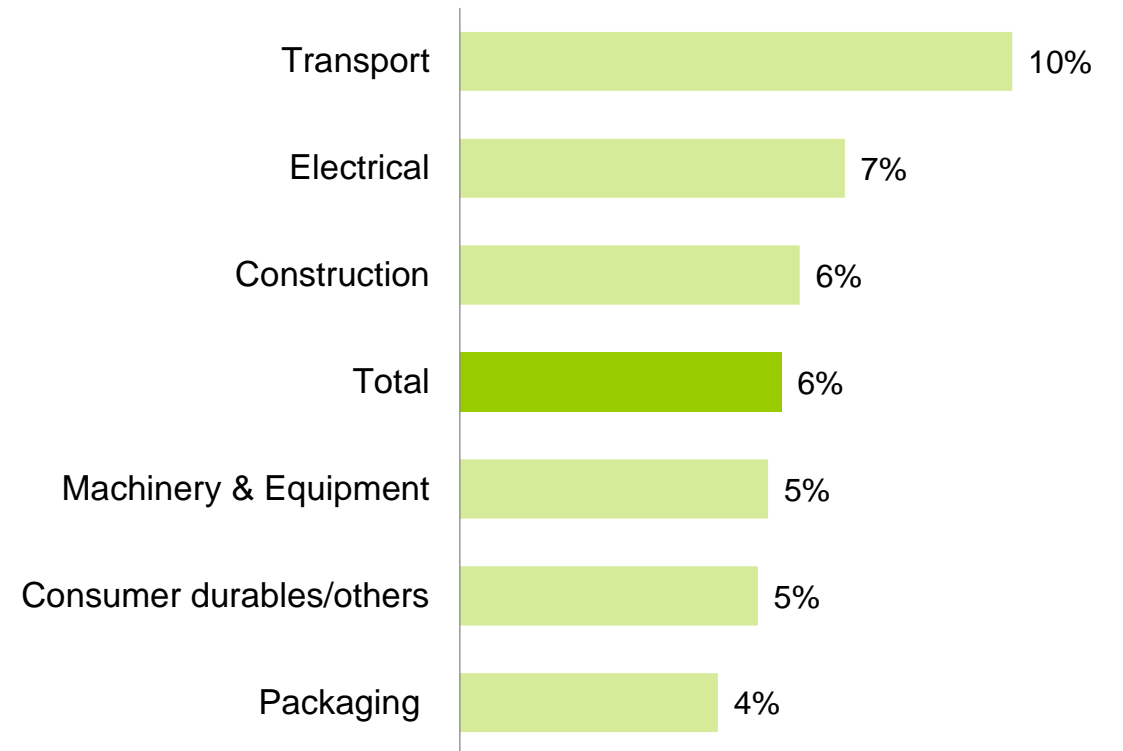


Global FRP consumption growth of 6%, driven by transport

Flat Rolled Products



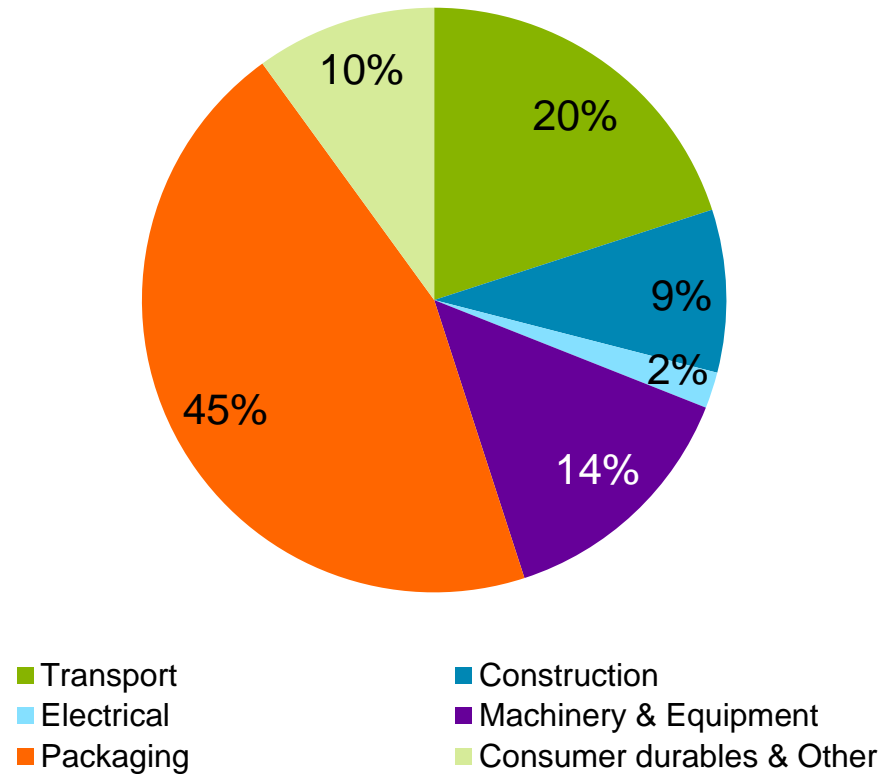
Global - CAGR 2013-2017



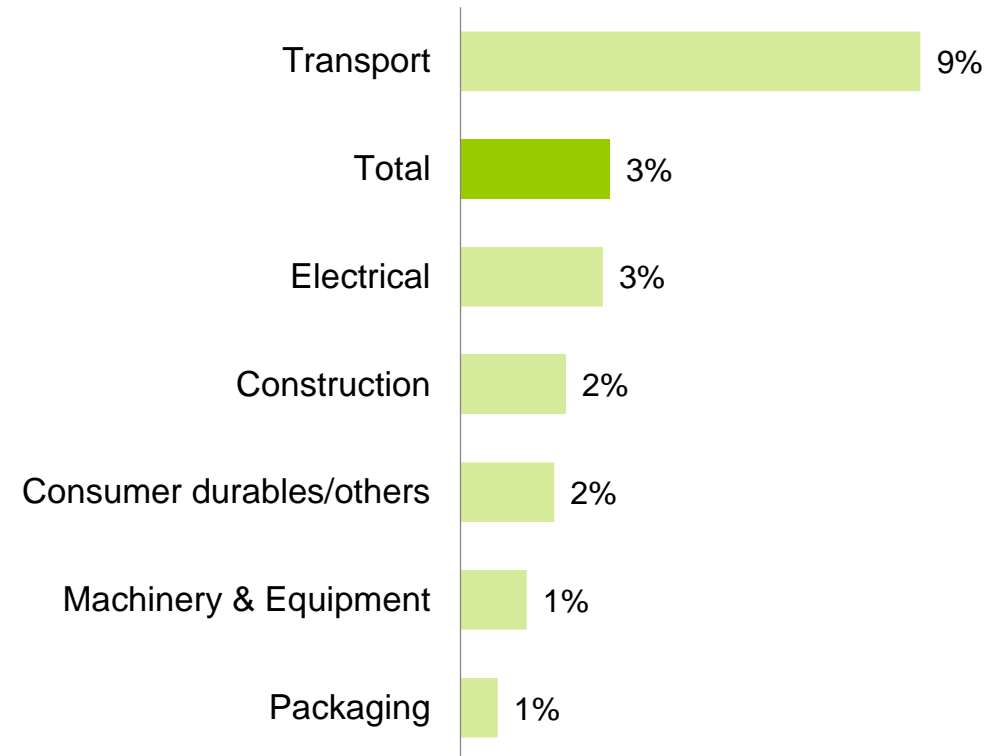
Source: CRU, Hydro

Transport also main driver for growth in European FRP consumption

Flat Rolled Products



Europe - CAGR 2013-2017



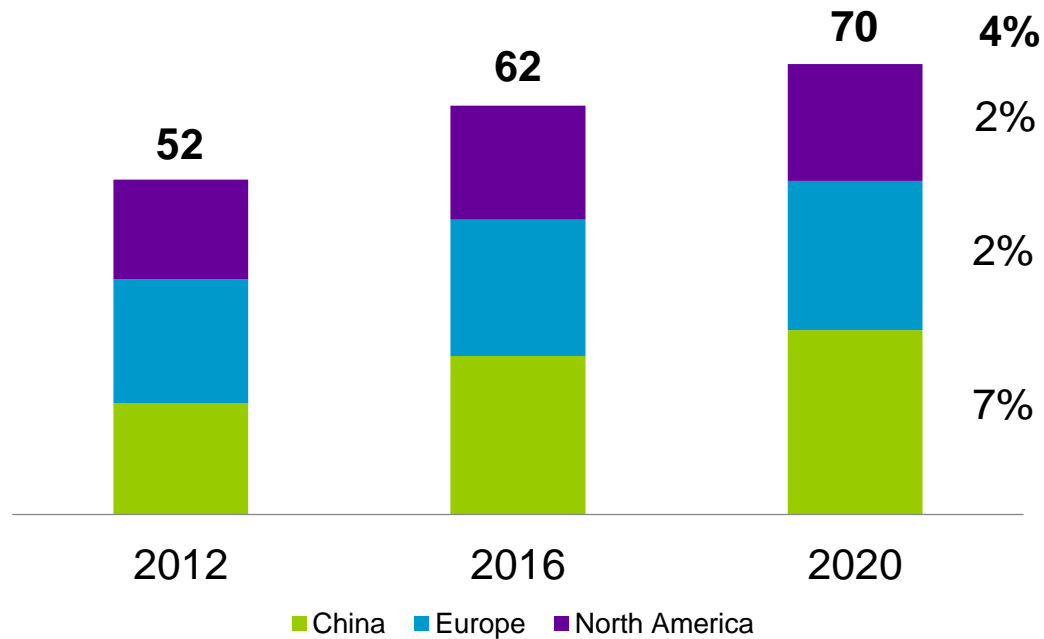
Source: CRU, Hydro

Substitution contributing to growth in aluminium demand

Aluminium sheet demand for automotive applications robust and fast growing

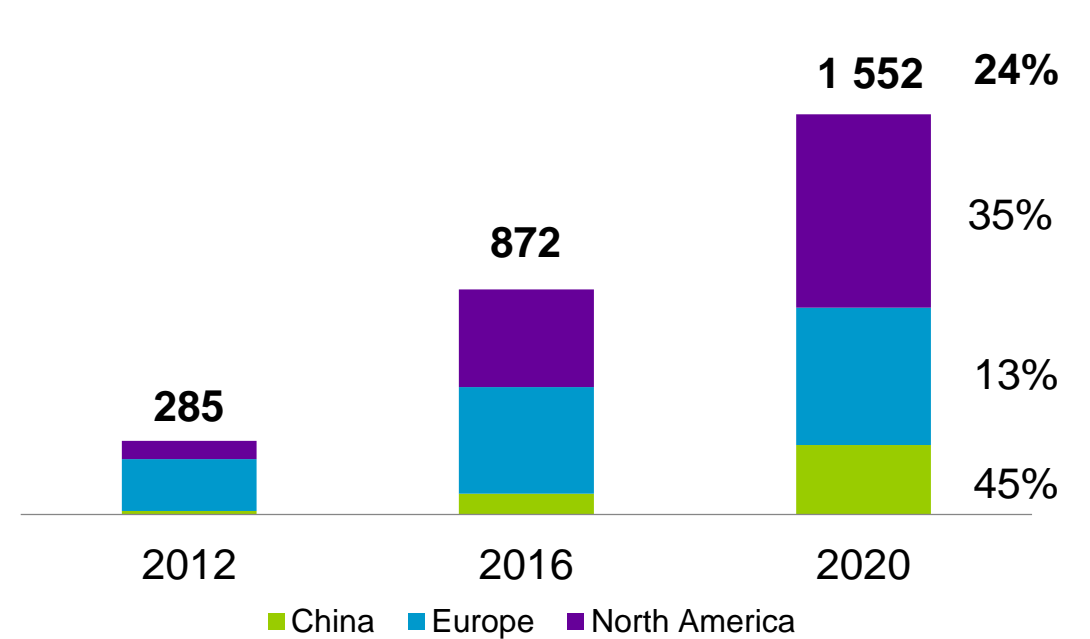
Car production, million units

CAGR '12-'20



Body in white demand, thousand tonnes

CAGR '12-'20



Source: IHS, Hydro analysis

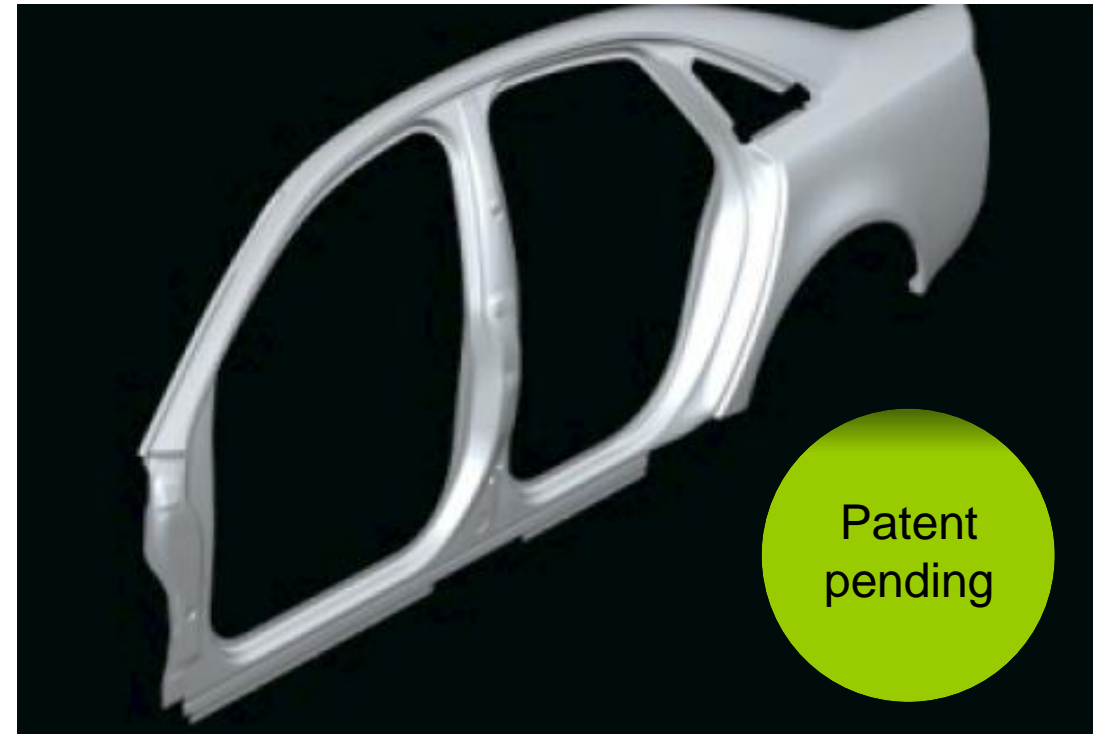
Leading edge and preferred partner for product developments

Example: high formability for automotive applications through innovation

Step-change innovation

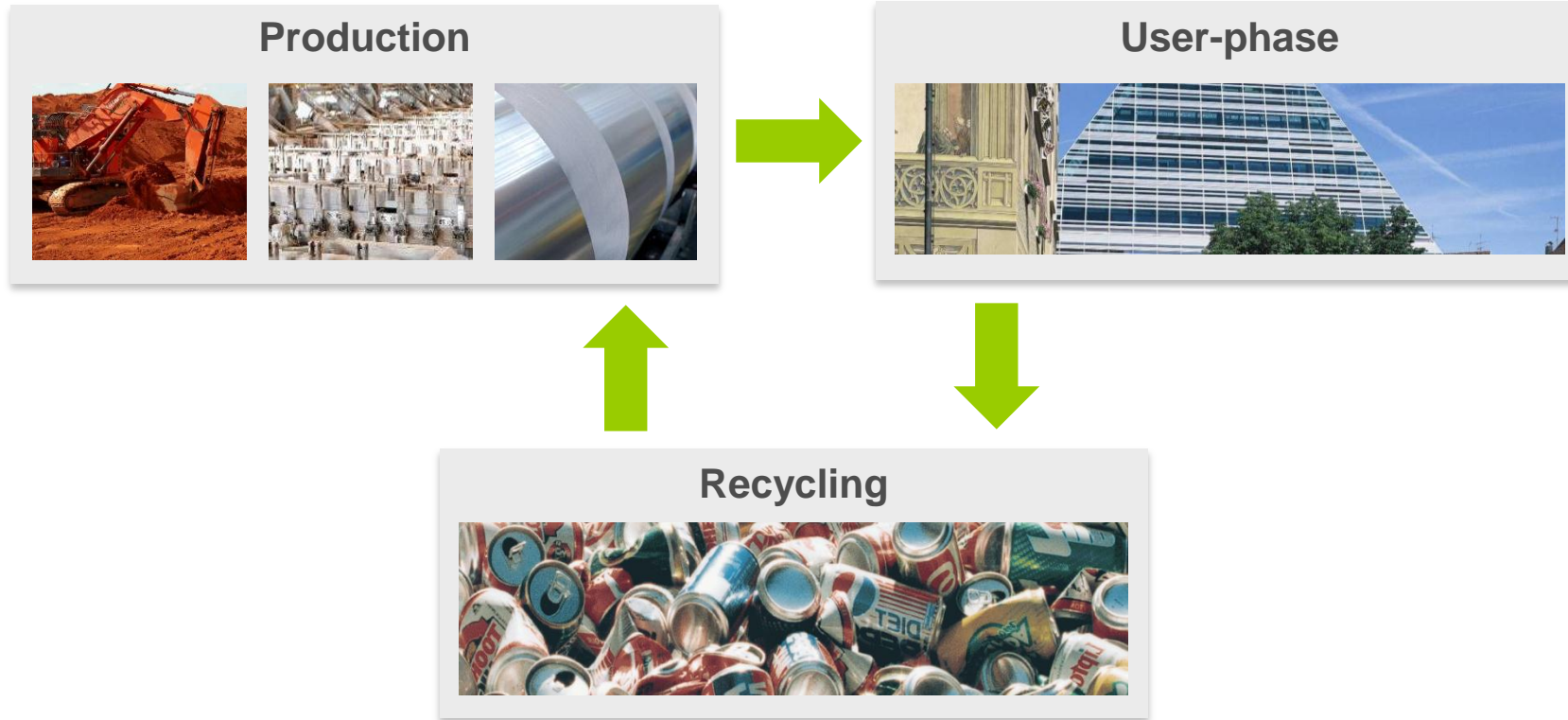
- Forming limits represent the main challenge in automotive applications
- Clad alloy HA 6016-X allows for strongly improved formability
- Customers need less joining operations to produce one functional group
- Cost advantages over multi-piece solutions
- Compatible alloys with no downgrading of existing recycling concepts

Single-part side panel



Aluminium: a sustainable material from a life cycle perspective

Resource efficiency across the value chain

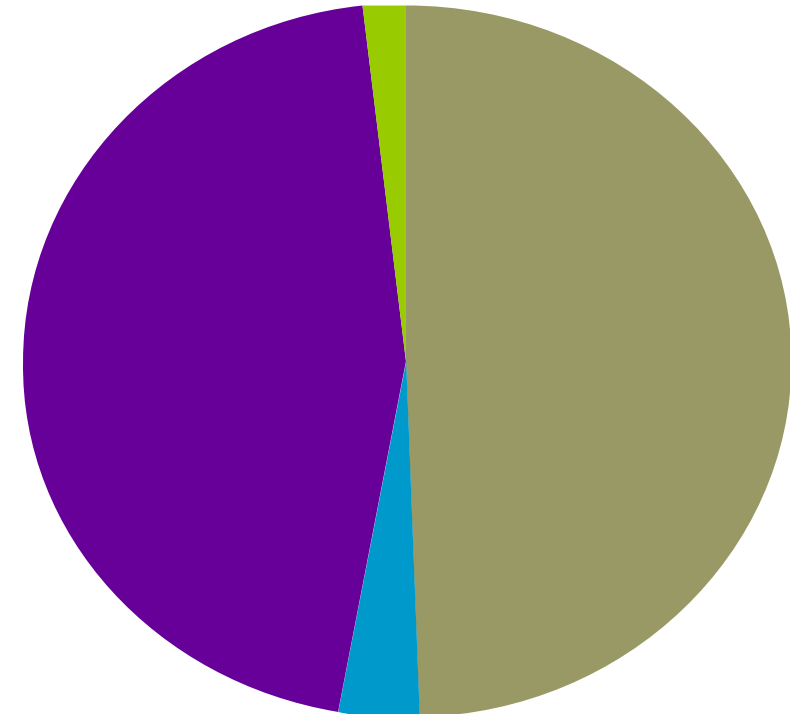


Sustainable aluminium packaging

- 30% of greenhouse gas emissions from food production and consumption
- Hydro contributes with optimized packaging to preserve food



CO₂ emissions of a cup of coffee



Source: EAFA study

Rolled Products *pro climate*

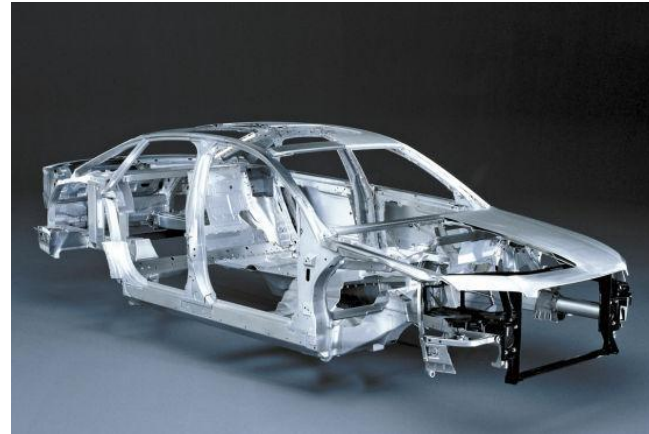
Benefiting the global climate and meeting customer needs



Foil for packaging

Protect what's good

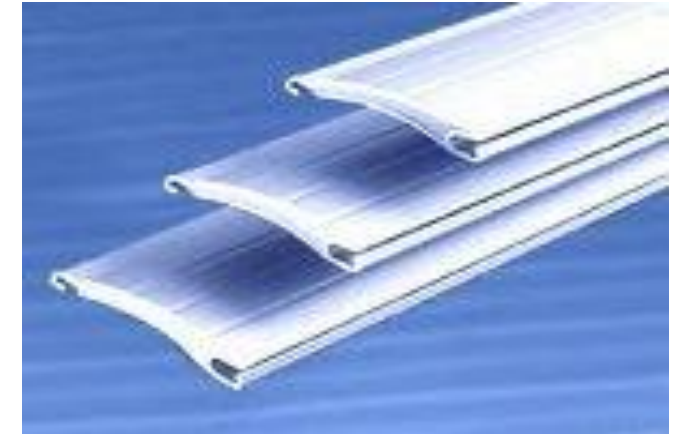
1 kg aluminium saves 76 kg CO₂



Automotive sheet

Less weight, less emissions

1 kg aluminium saves 20kg CO₂



Aluminium roller shutters

Lower energy consumption

1 kg aluminium saves 36 kg CO₂

We want our metal back

Why?

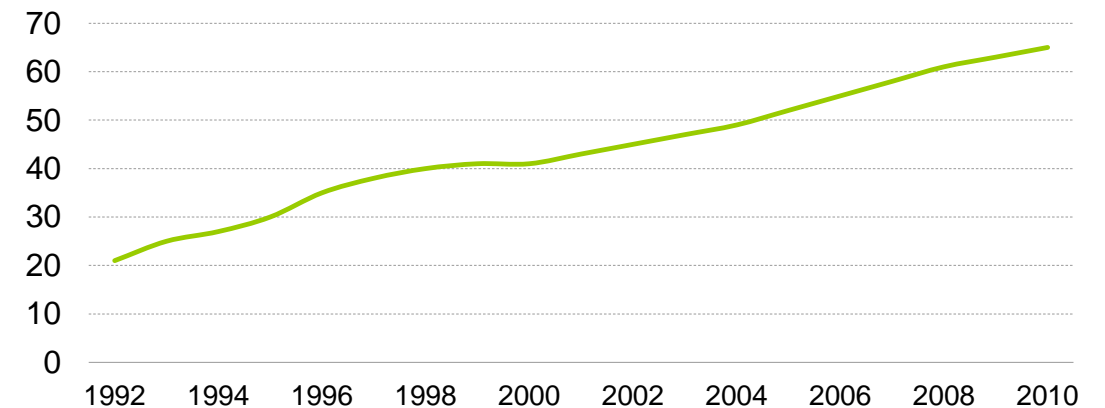
- Climate protection
- Prerequisite for greener aluminium image
- Attractive business

How?

- Support collection and recycling
- 75% recycling rate in Europe by 2015
- Plan to increase recycling capacity through a new UBC* processing line



Beverage can recycling rate, Western Europe (%)



* UBC = Used Beverage Can

Meeting customer needs and overall market requirements



- Customer value creation and lifting competitiveness through innovation, quality and service
- Expand in transportation and other fast-growing markets
- Further strengthening core assets and fully capitalize on strong technology and cost position
- Increase recycling volume
- Our ambitions:
No 1 in Europe and global benchmark

“Climb”: Rolled Products’ improvement program

Target

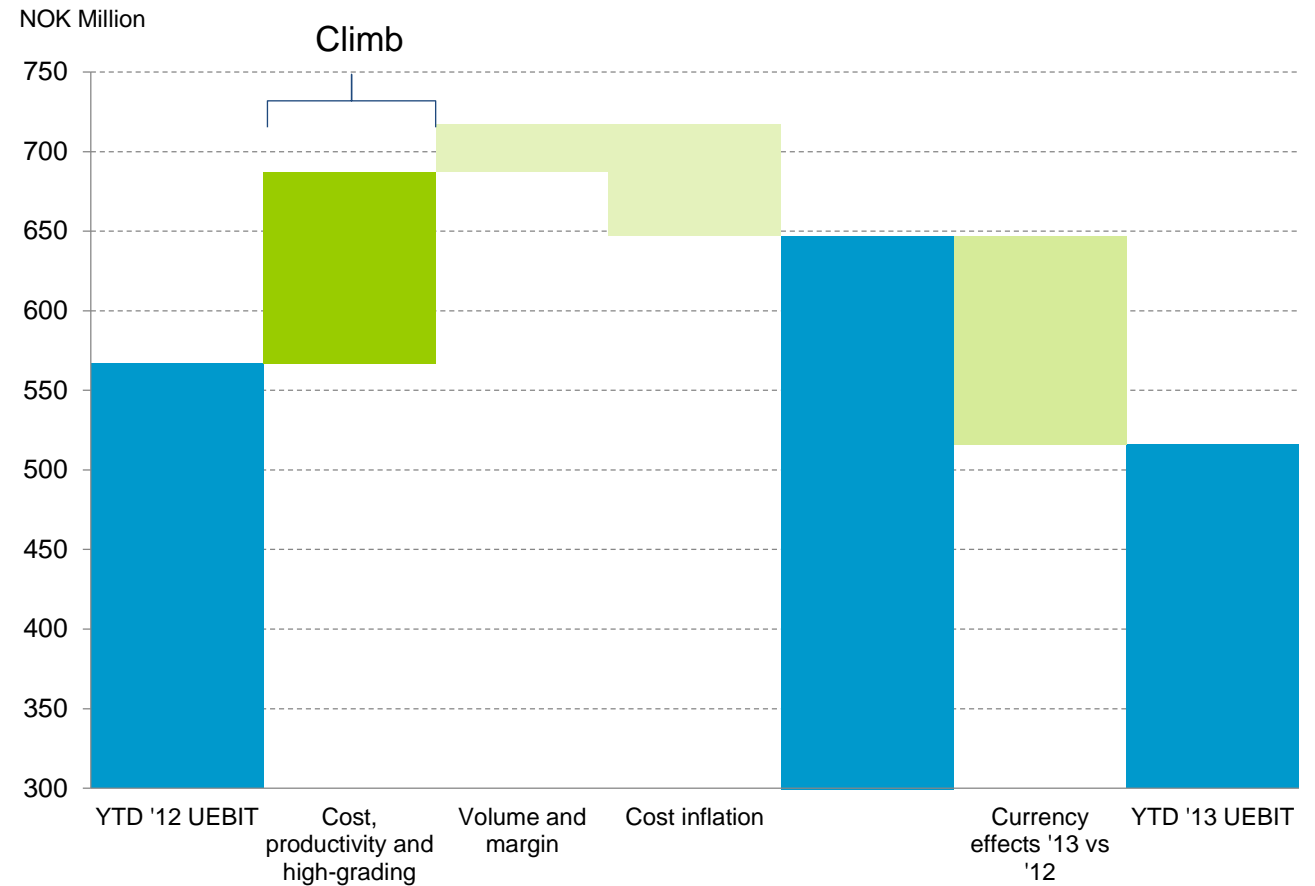
800 MNOK

Time period

2012-2016

Contributing to bottom line by

- High-grading product portfolio
- Margin management
- Productivity improvement
- Reducing net cost level





- Megatrends driving aluminium products demand
- Aluminium plays key role in climate protection
- Transport key growth segment
- Hydro well positioned to capture market opportunities



Q&A



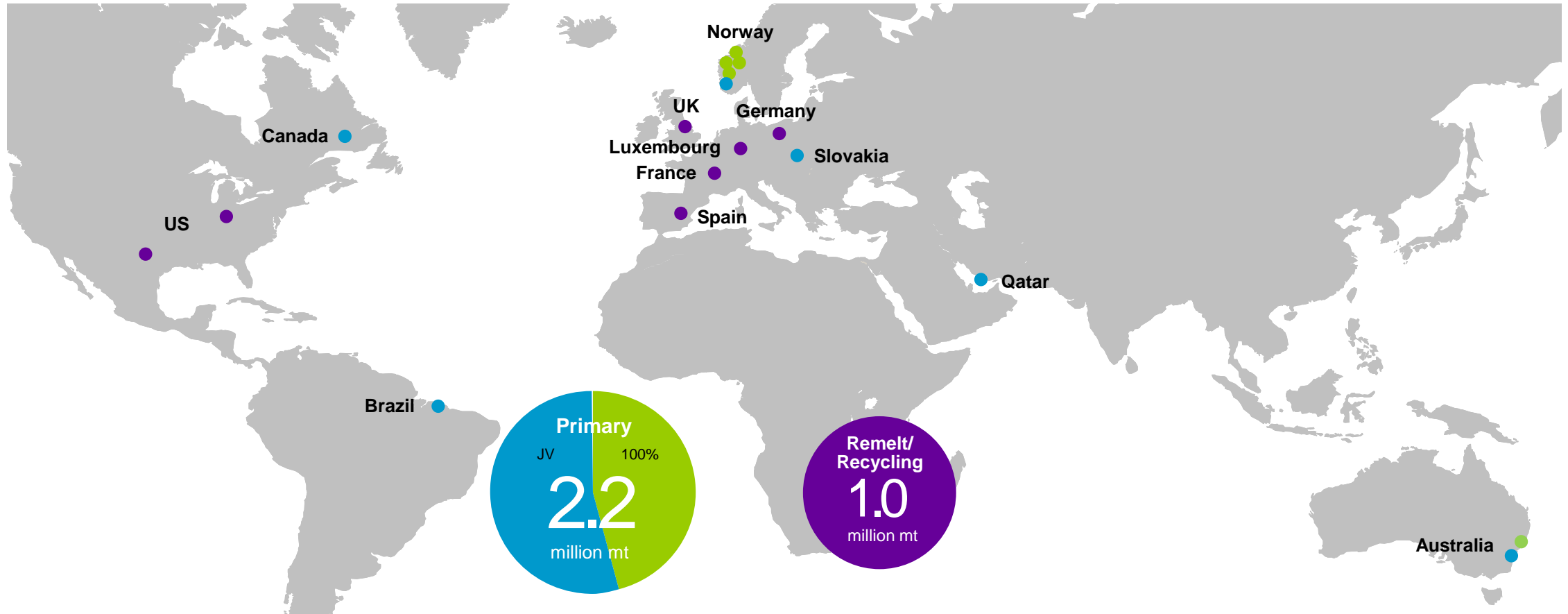
Primary Metal

Hilde M. Aasheim

Capital Markets Day 2013



Primary Metal and Metal Markets production portfolio

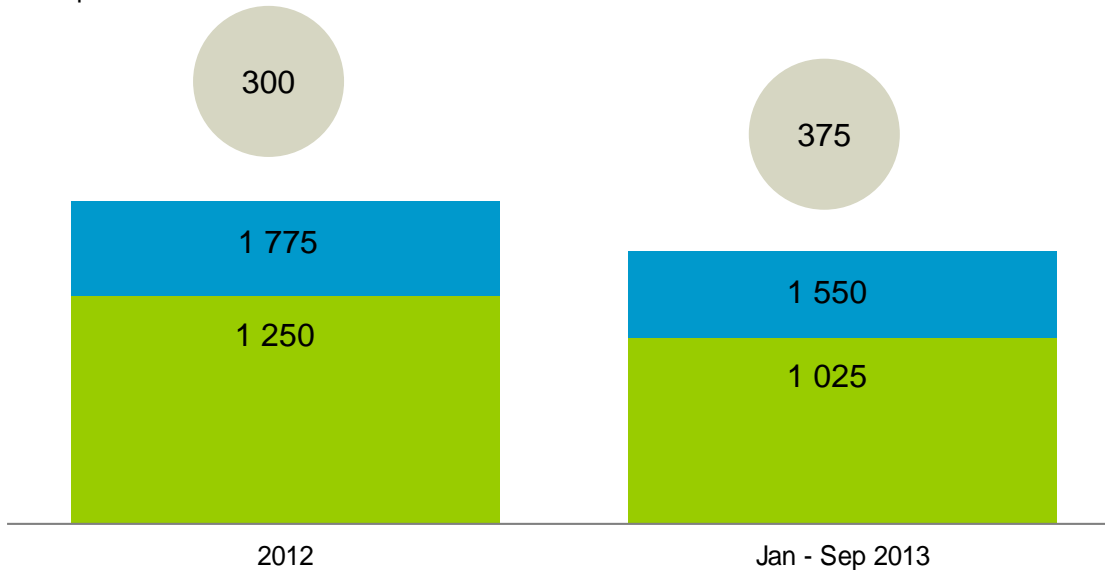


2.2 million mt is consolidated capacity . Slovalco and Albras are fully consolidated, Tomago and Alouette are proportionally consolidated and Qatalum and Sørval are equity accounted. 280.000 mt of capacity is currently mothballed in Sunndal, Sørval and Kurri Kurri. Neuss, which is a part of Rolled Products, is not included. 1.0 million mt includes stand-alone remelters, recycling facilities and additional casthouse capacity at primary plants.

Increasing portfolio robustness

Estimated primary aluminium cash cost and margin

USD per mt ¹⁾



- Estimated cash cost excluding LME-linked alumina cost ²⁾
- Estimated LME-linked alumina cost ²⁾
- Estimated EBITDA margin

1) Realized aluminium price minus EBITDA margin per mt primary aluminium. Includes net earnings from primary casthouses. Qatalum EBITDA and production included from 2012.

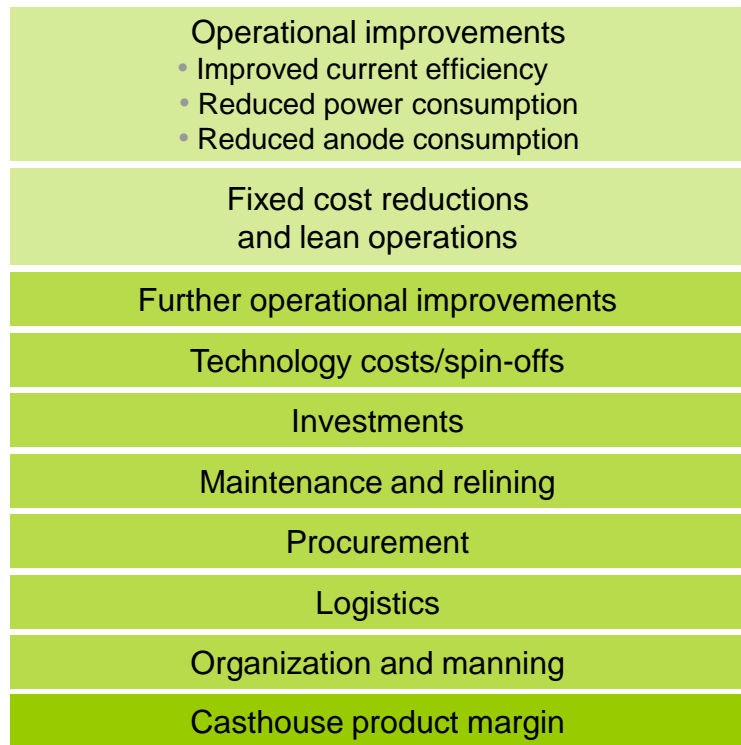
2) ~13.5-14% of LME 3 month price with 2.5 months delay

- Delivering on ambitious USD 300 improvement program for fully-owned smelters
- Starting to see effect from improvement program for joint venture smelters
- Confirming Qatalum first-decile cost position
- Increasing value creation above standard ingot
- Focusing on technology and innovation
- Securing competitive energy supply

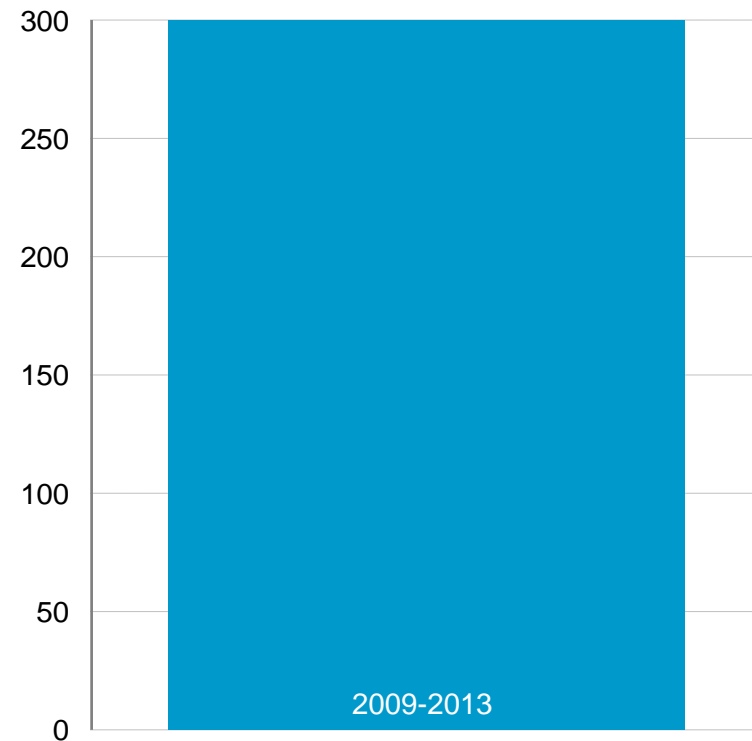
Delivering on ambitious USD 300 improvement program

Total annual improvement effect of NOK ~1.4 billion

Improvement categories

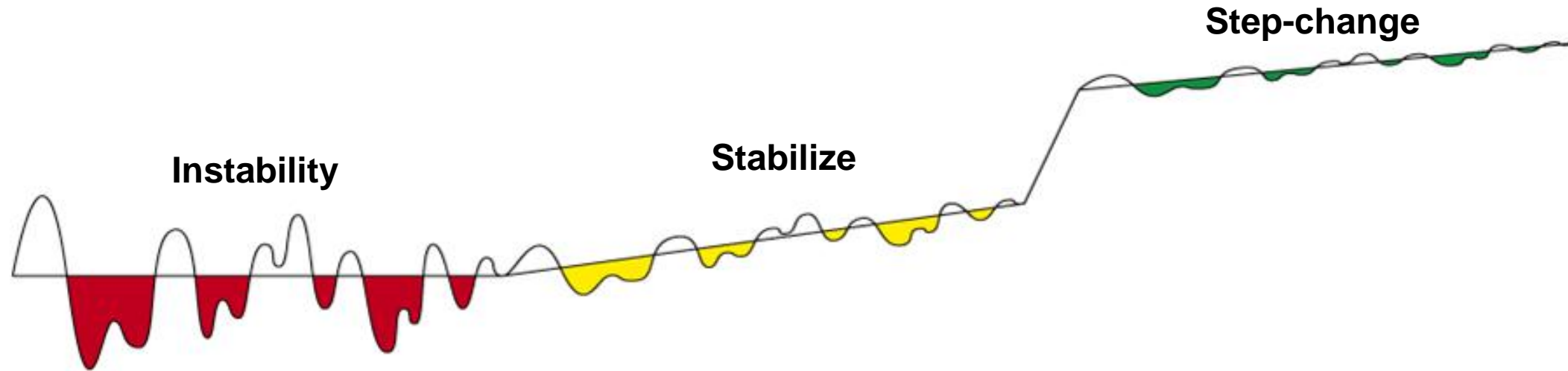


Improvements in USD per mt*



* Compared to 2009 cost level. USD 300 per mt real term target for fully owned smelters excluding Neuss with 2009 as baseline. Effect of exchange rates and raw materials cost changes are neutralized

Continuous improvements in fully-owned smelters

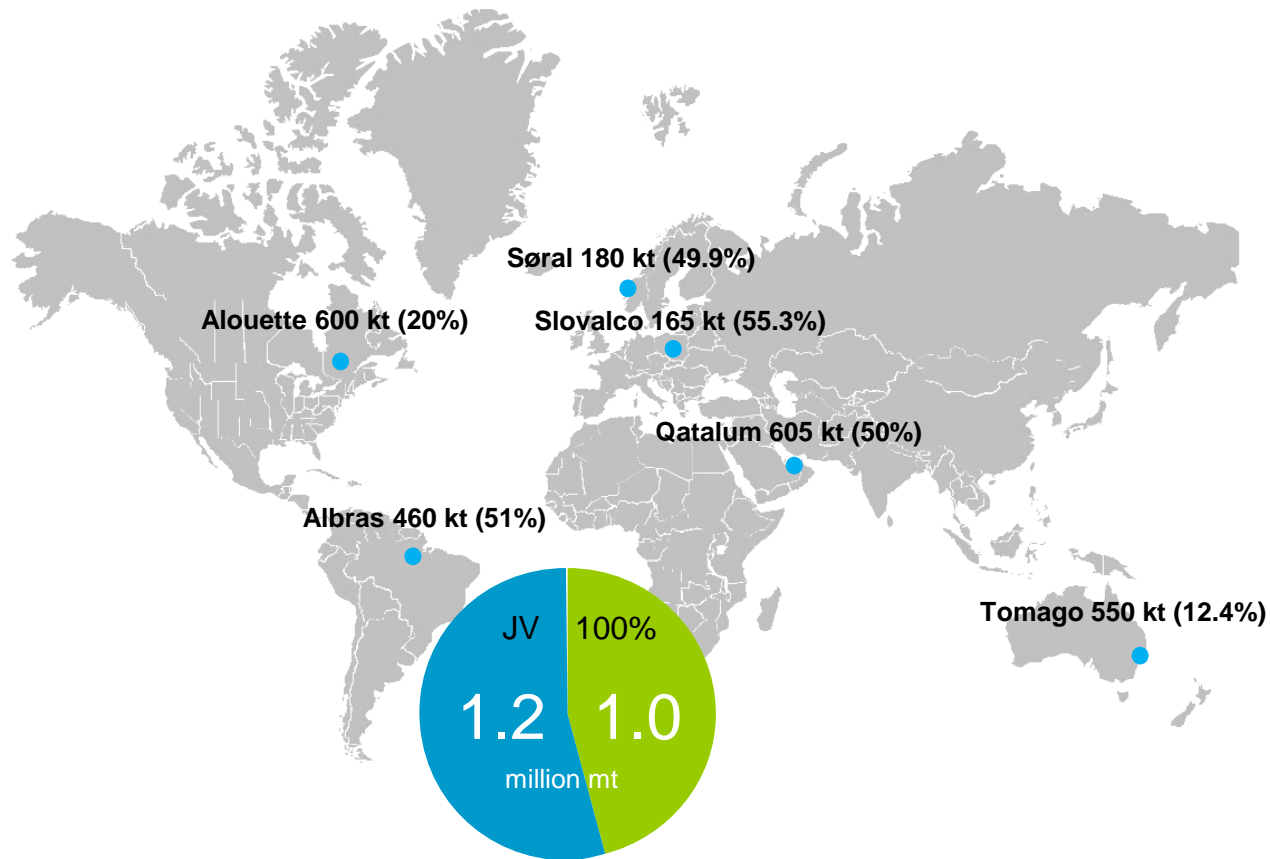


- Continuing our way of working in the Primary Metal Production System (AMPS)
- Culture of continuous improvements

- New areas for step-change will be explored
 - Testing of alternative raw materials
 - Further effect of technology spin-offs in electrolysis
 - Commercial excellence – casthouses targeting more advanced customers

Ambitious improvement programs in joint venture smelters

Key for Hydro's success



- Generally large scale and efficient smelters
- Hydro is industrial partner in Albras, Qatalum and Slovalco
 - RTA provides technology support in Alouette, Tomago and Sørval
- Hydro utilizes its improvement competence to the benefit of the joint ventures
- Improvement drive is a shared commitment among the joint ventures, Hydro and partners

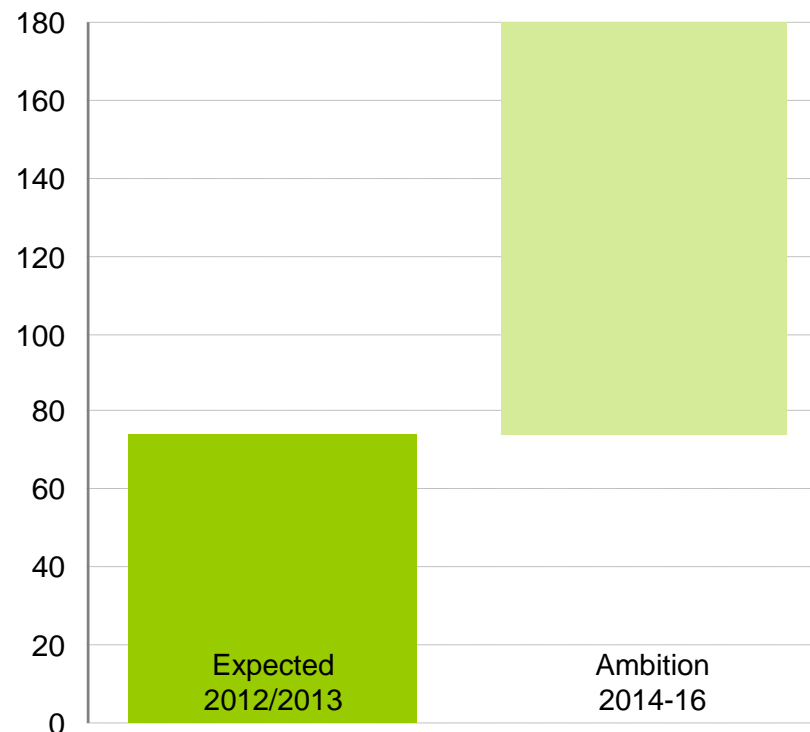
Primary Metal joint ventures improvement program

USD 180 per mt improvements by end-2016, corresponding to NOK 1.2 billion

Improvement categories



Improvements in USD per mt*



USD 180 per mt

* Compared to 2011 cost level. USD 180 per mt in real terms corresponds to USD 150 in nominal terms. Effect of exchange rates, LME and raw materials cost changes are neutralized. Casthouse margins and cost above plants are not included.

Qatalum – first-decile cash cost position confirmed

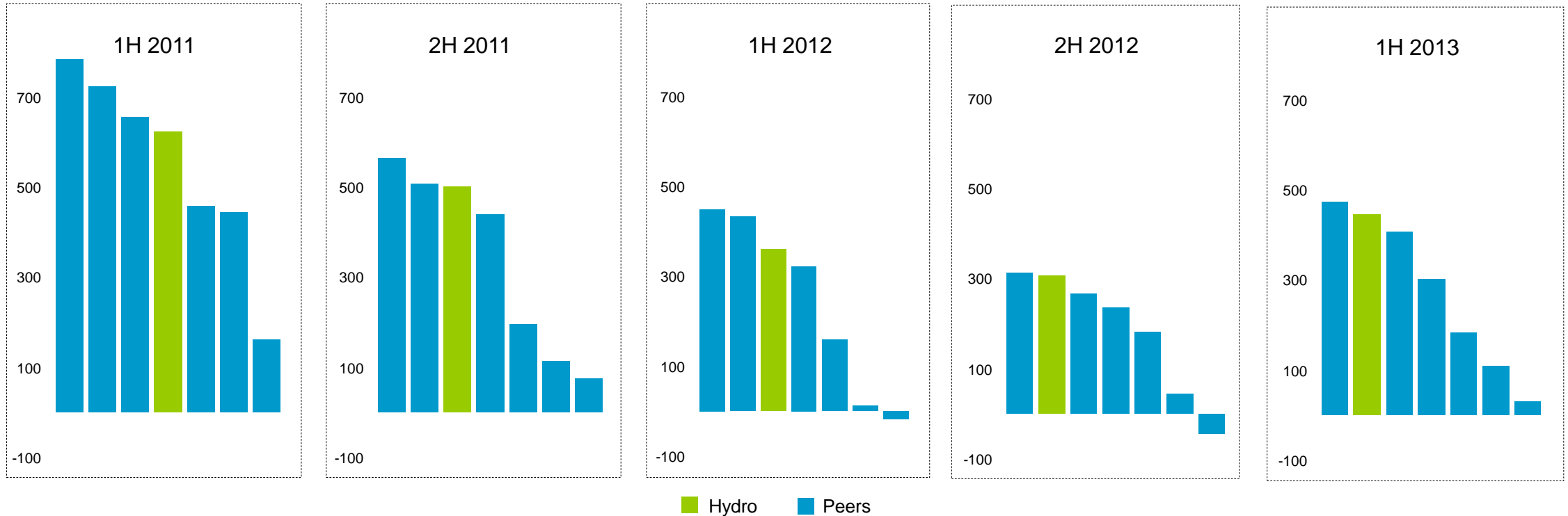
- Continued strong production performance, consistently above nameplate capacity
- First-decile business operating cash cost position
 - Improved BOC due to reduced fixed cost level and higher premiums
 - Further improvement efforts being executed
- Attractive geographic position verified
 - Sales to US, Asia, Turkey and GCC
- About 99% value-added products
- Strong cash flow – EBITDA of NOK 1 018 million* first three quarters of 2013
- First dividend received in October – USD 35 million*



*Hydro's 50% share

Improvement drive yields results in primary production

Underlying EBITDA per mt in USD for respective primary aluminium divisions



All figures based on public accounting data, not verified by Hydro. Data not adjusted for different accounting principles and non-specified underlying items. Hydro makes no representation as to the accuracy or completeness of such information. The analyses are based on assumptions subject to uncertainty and therefore intended only for general comparisons across companies and should not be used to support any individual investment decision. All results are provided for informational purposes only. Hydro figures includes Primary Metal, Metal Markets and attributable share of EBITDA and production in Qatalum.

Leading worldwide supplier of casthouse products



Primary production
1.6 million mt



Remelt primary casthouses
0.3 million mt



Remelt stand-alone
0.5 million mt



Commercial agreements¹
0.5 million mt



Extrusion ingot
1.5 million mt



Foundry alloys
0.6 million mt



Sheet ingot
0.3 million mt



Standard ingot / Wire rod
0.5 million mt

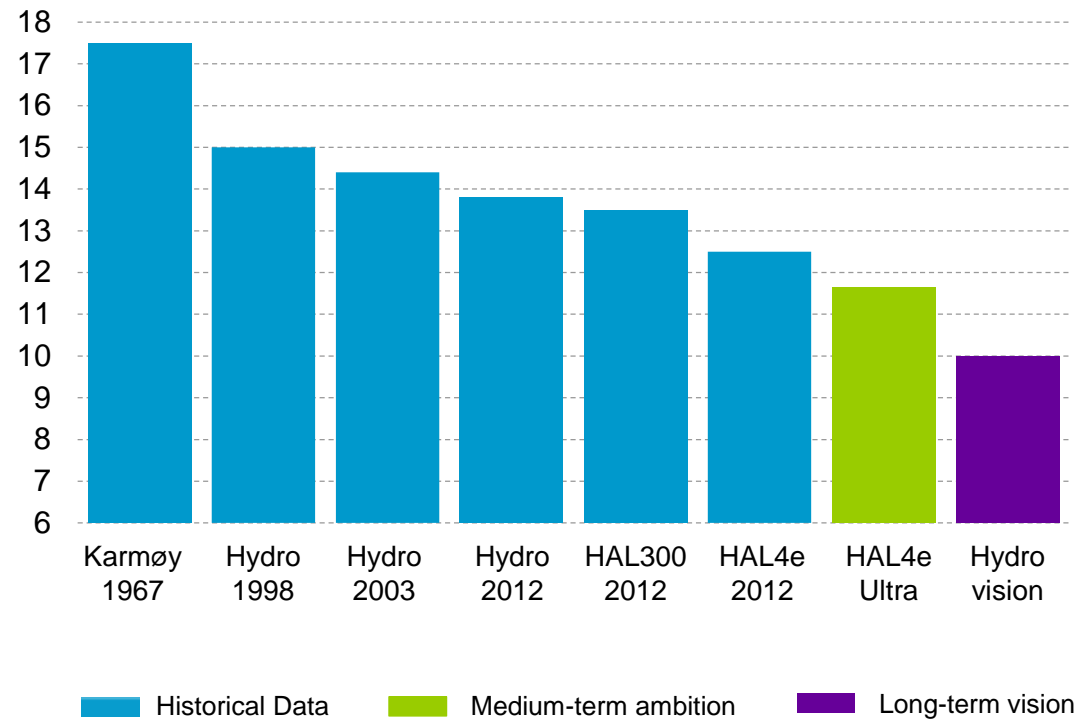
- Capitalizing on competence, customer satisfaction and sustainability position to increase margins
- Strategy of high-grading product portfolio
- Testing AFM² technology to strengthen capabilities towards automotive sector
- Increasing usage of post-consumed scrap and sales of Recycling Friendly Alloy³ – creating margins utilizing low-grade scrap

All numbers are based on 2012 production and Hydro's equity share.1) Includes partner share of production in Qatalum, Svalco and some other minor contracts.

2) Adjustable, Flexible, Mold technology 3) Recycling friendly alloys have broader specifications for certain trace elements and iron, enabling use of more recycled material.

Technology and innovation to fulfill ambitions

Energy consumption*, kWh per kg aluminium



*Direct current, kWh per kg aluminium

Robust power coverage



- Current aluminium capacity with full power coverage until 2021
- ~2/3 based on hydropower
- Long-term power contract signed for Slovalco
- Focus on power supply in Norway beyond 2020
 - Comfortable Nordic power market balance



Primary Metal priorities

- Continued cash cost improvement
- Commercial excellence
- Technology development and innovation

Bauxite & Alumina

Johnny Undeli

Capital Markets Day 2013



World-class asset base, focus on operational improvements



- Alunorte temporary production setback, operational improvements being implemented
- High-quality bauxite resource base
- Paragominas prepared for increased Alunorte production

Improving value creation starts with operational performance



- Internal measures to improve value creation
 - Recover from outages
 - Deliver on “From B to A” improvement program
 - Reach nameplate capacity
 - Shift to new industry pricing of products
- External influences
 - Cost inflation
 - BRL currency volatility, hedged for 2014
 - LME price development
 - Changing market dynamics

Temporary setback in Alunorte alumina refinery



- Temporary production setbacks, triggered by external power outages on May 18 and June 2
- Mitigating actions being implemented
 - More robust energy supply
 - Process improvements
 - New management

Positioning in Brazil the Hydro Way

- HSE/CSR industry leadership
- Strengthening stakeholder relations
- 1:1 reforestation from 2017
- Cooperation with universities in Oslo and Bélem on bio-diversity



01

Bauxite

Paragominas: strong focus on performance and quality

- High-quality Gibbsite bauxite
- Production 2012 on record level, temporarily lowered in 2013 due to Alunorte outages
- 15% manning reduction executed
- Second pump station successfully implemented
 - Increased reliability of bauxite pipeline making the transportation system more robust



Bauxite contributing to commercial success

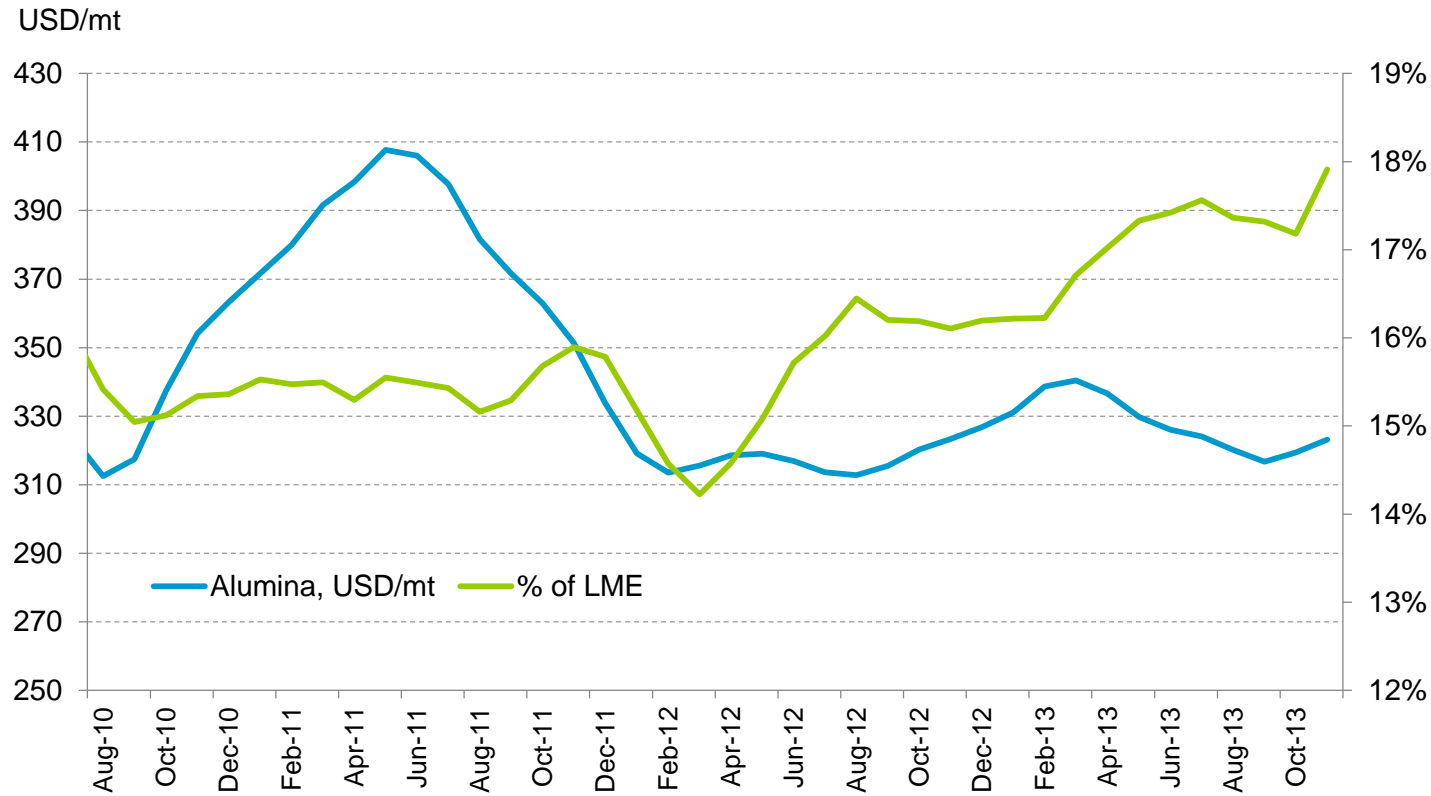
- Brazilian bauxite quality attractive in global market
 - Shipments to Atlantic and Pacific markets
- Bauxite pricing on own merits
- Excess MRN bauxite sold with quality premium to China



02

Alumina

Alumina price trending higher in percent of LME

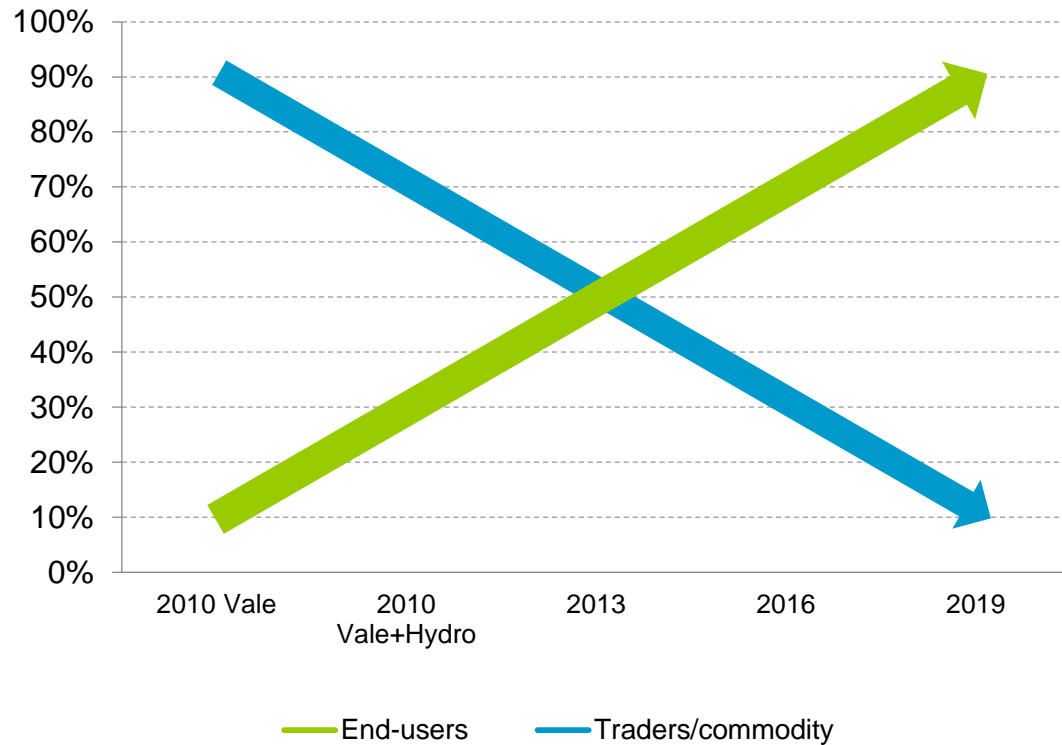


Platts alumina index	USD/mt	% of LME
Q1 2013	340	16.7%
Q2 2013	326	17.4%
Q3 2013	317	17.3%

Source: Platts

Shifting sales portfolio towards end-users

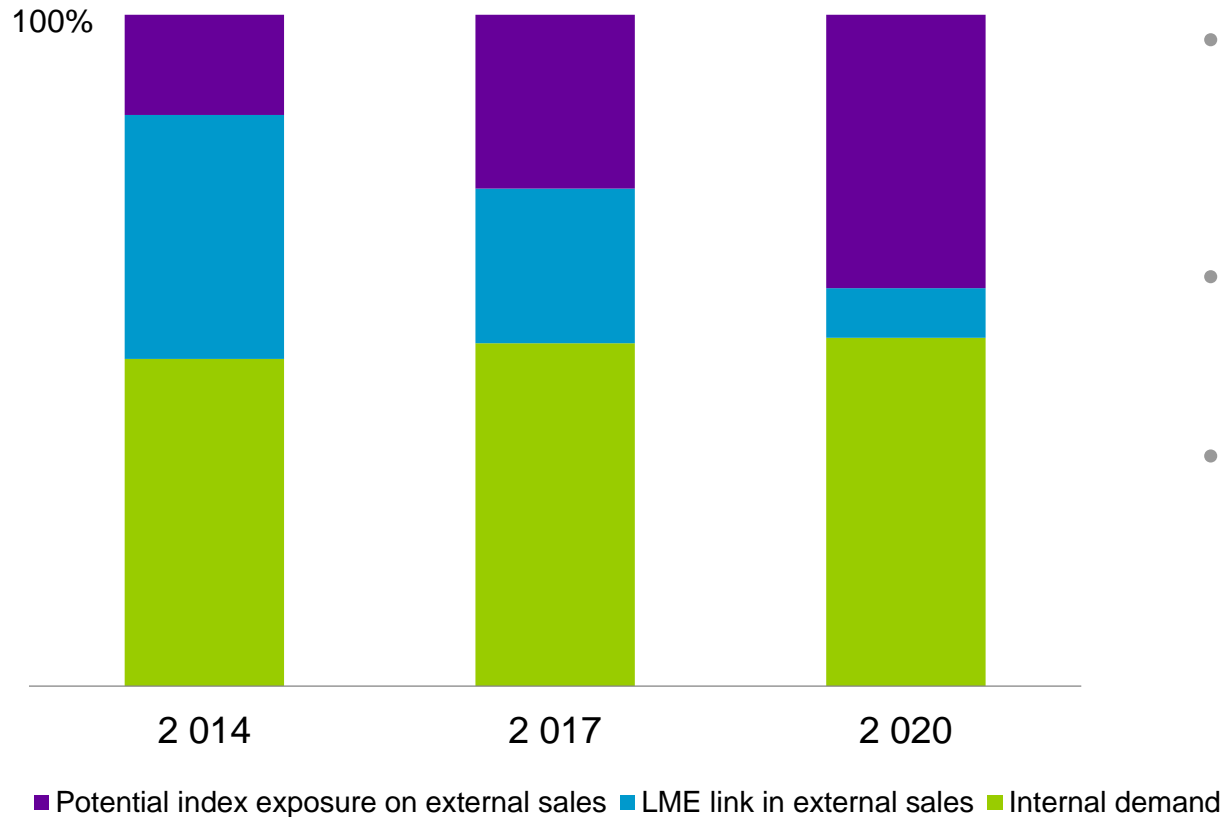
Total portfolio exposure



- Focus on developing strategic consumer business
 - Closer links with end-users
- Sales on delivered (CIF) terms
 - Better control of total value chain/logistics
- Global sales portfolio

Source: Hydro

Alumina pricing on own fundamentals



- Alumina index price has become the leading pricing mechanism in the market
- Alunorte the preferred quality in the market
- Internal pricing on arms-length principle

03

Alunorte

Alunorte experiences temporary setback following power outages

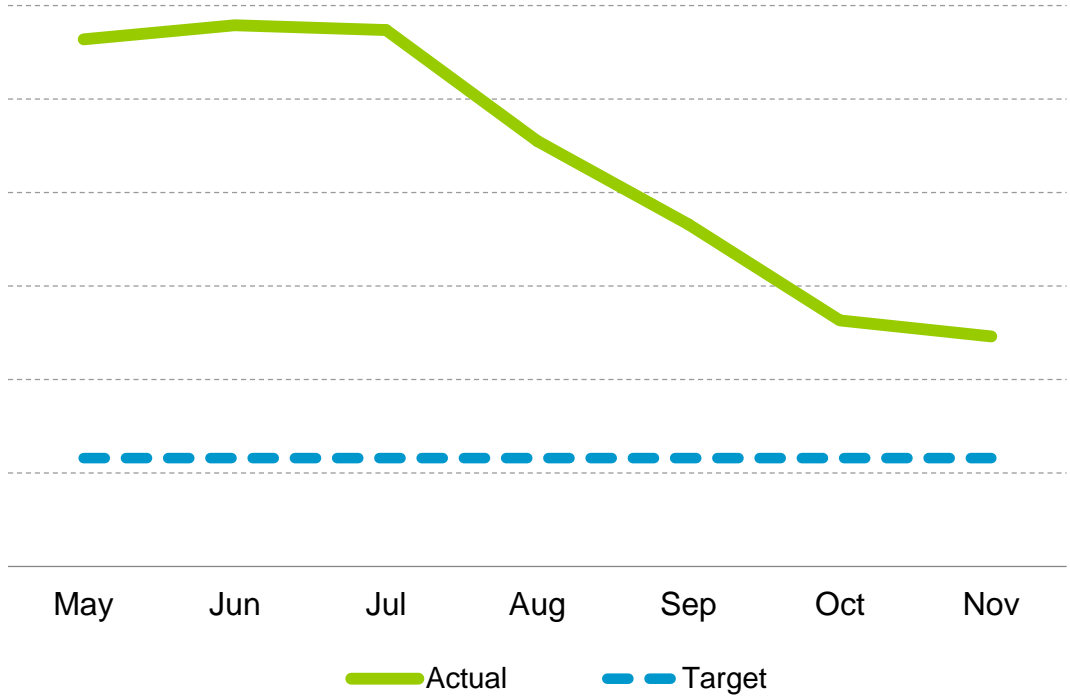


- Temporary production setback, triggered by external power outages in May and June
- Main issue: settled hydrate in precipitation tanks
- Main focus on tank recovery
 - Mechanical removal of settled hydrate
 - Caustic cleaning
 - Full maintenance overhauls

Solids reduced by 50% in 116 precipitation tanks

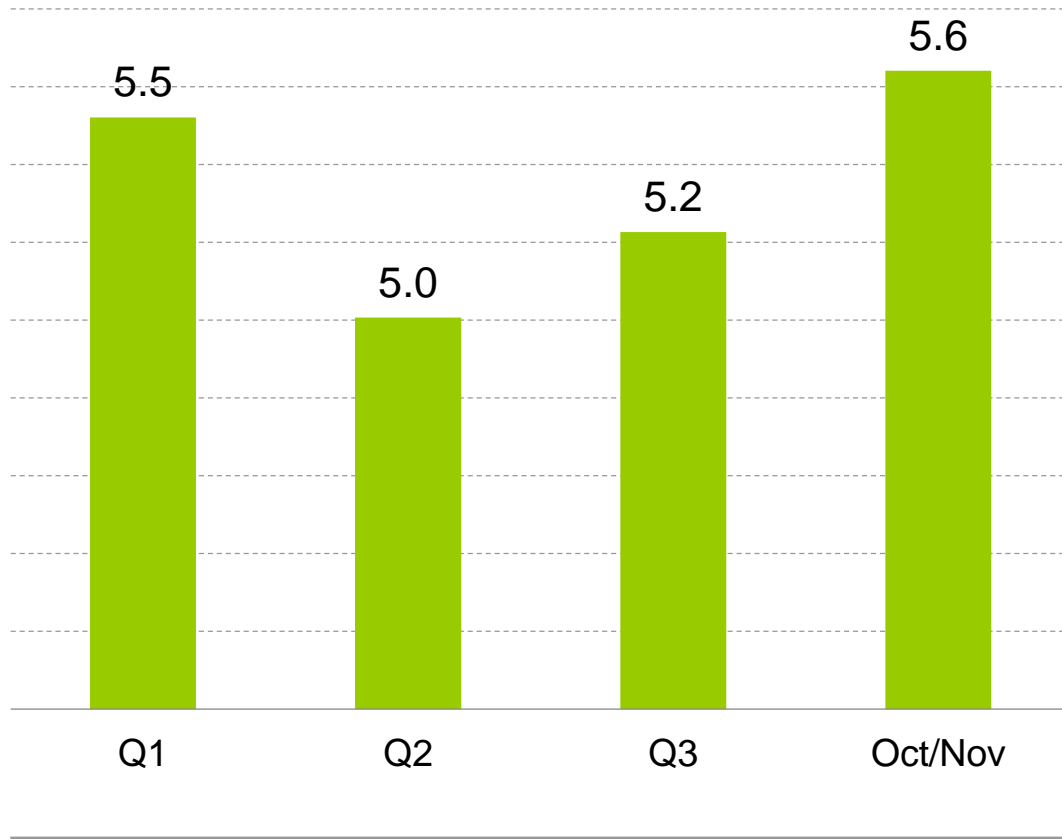


Total height of solids in tanks (meters)



Alunorte production speed gradually improving

Production, annualized million tonnes



Improving robustness against power outages

Lines

Backup power diesel generators

Cogeneration

1/2/3



Ongoing studies for implementation

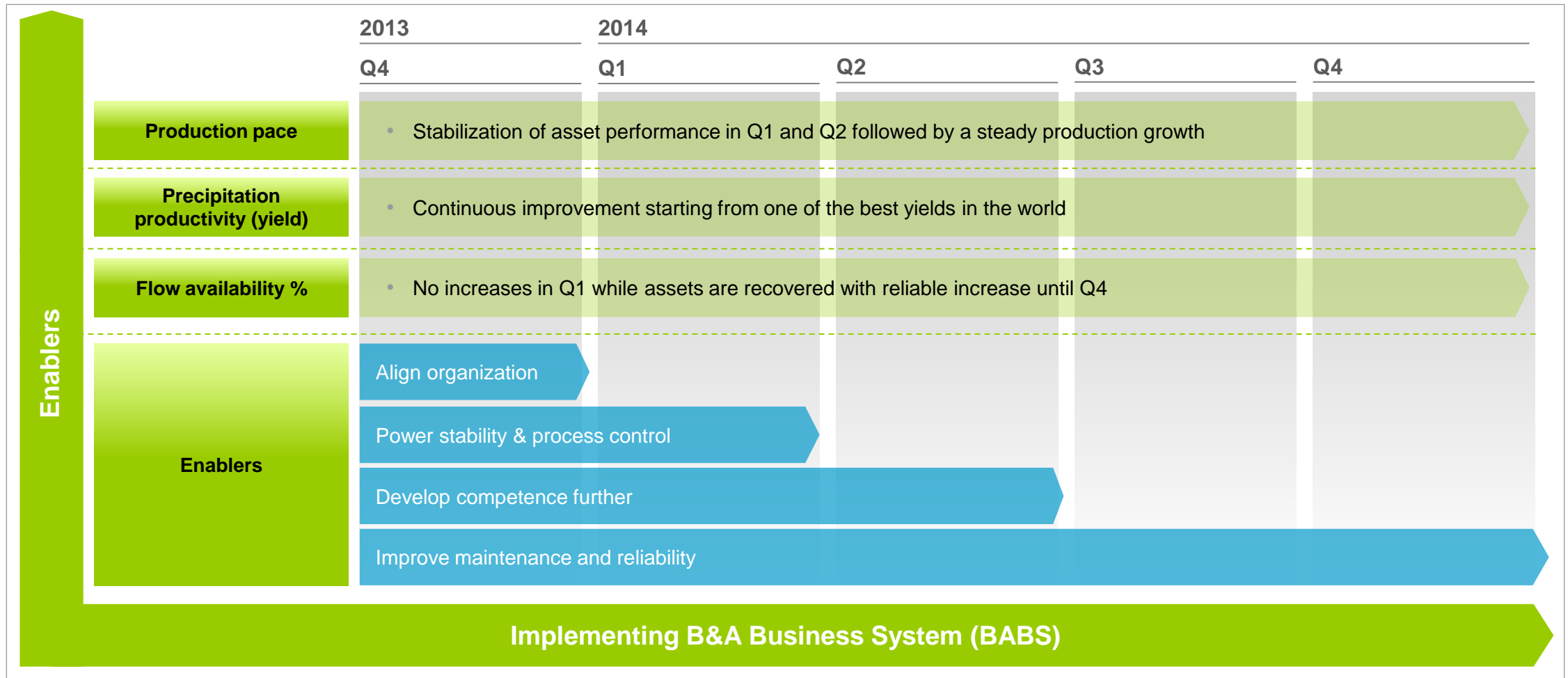
4/5



6/7



Alunorte's path towards nameplate capacity



04

Way forward

Aiming for operational and commercial leadership



- Accelerate Alunorte's operational improvements
- Maximize potential of world-class bauxite and alumina assets
- Capture full value of products
 - Pricing based on own fundamentals
- Build on strong Brazilian presence to further develop Hydro's global commercial footprint

“From B to A” improvement program back on targeted level in 2014

- Production setback impacts 2013 speed of improvement program
- Underlying improvements ongoing, bringing program back to target level in 2014
- Strong commercial contribution
- 2015 target confirmed
 - NOK 1 billion annual improvement by end-2015
 - 20% manning reduction
 - Target for 2014: NOK 600 million



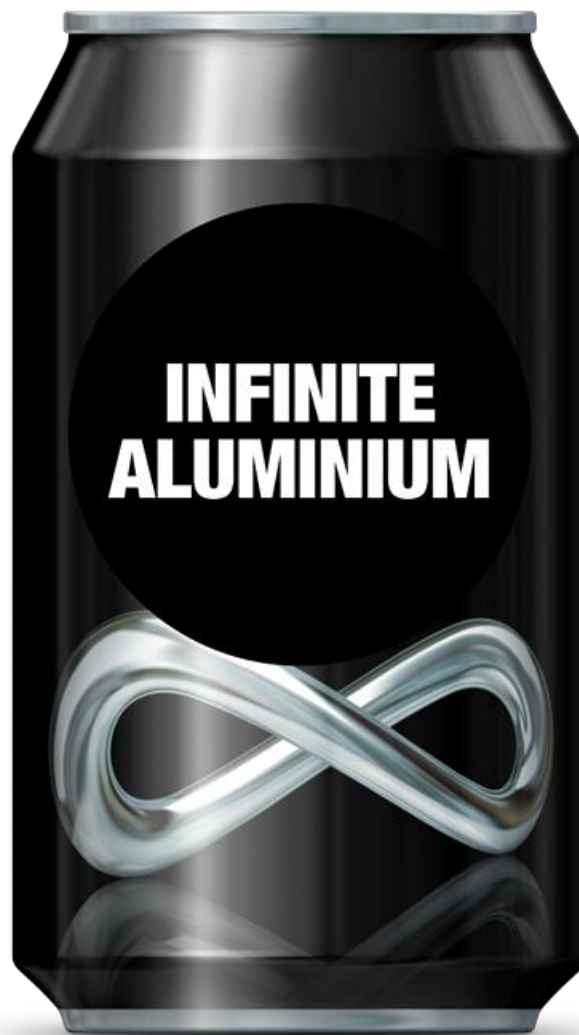
Q&A





Hydro 2014

- Maintain overall improvement momentum
- Return 'From B to A' program back on track
- Deliver on new JV-program according to plan
- Strengthen customer focus through innovation
- Maintain financial strength and flexibility



Investor Relations in Hydro



Rikard Lindqvist

Head of Investor Relations

t: +47 417 51 199

e: rikard.lindqvist@hydro.com



Pål Kildemo

Investor Relations Officer

t: +47 970 96 711

e: pal.kildemo@hydro.com

Next events
Fourth Quarter Results
February 12, 2014

For more information see
www.hydro.com/ir