

Capital Markets Day

London
November 30, 2017

Table of contents

Hydro	6
Finance	38
Market Outlook	66
Extruded Solutions	102
Strategic direction – Better, Bigger, Greener	117
Bauxite & Alumina	120
Primary Metal	126
Rolled Products	134
Sustainability	142

Safety information at The Andaz

- There are no scheduled fire alarm tests today, so if the fire alarms go off please listen to the announcements and follow the instructions
- The Fire Assembly point is over in Exchange Square by the Fat Lady statue
- The Event Management Team will be on hand to assist
- The nearest fire exits to this location are:
 - Out of the entrance doors at the side, and turn to your left or right, the fire exits are indicated by the Green Running Man sign
- In the event of a medical emergency please inform the Event Management Team, who are trained first aiders, or where required, can contact the relevant services

Cautionary note in relation to certain forward-looking statements

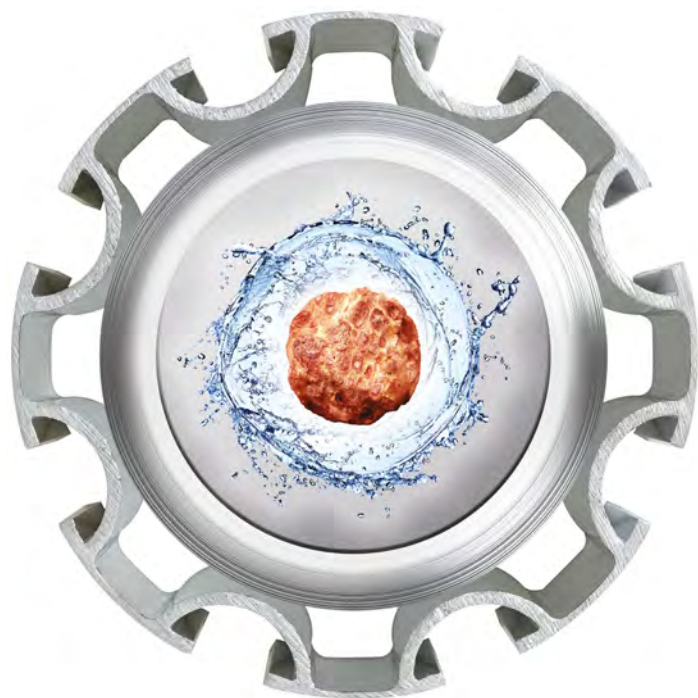
Certain statements included in this announcement contain forward-looking information, including, without limitation, information relating to (a) forecasts, projections and estimates, (b) statements of Hydro management concerning plans, objectives and strategies, such as planned expansions, investments, divestments, curtailments 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, and (i) qualified statements such as "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar.

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 businesses; 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.

Agenda

07:30 – 08:00	Light breakfast and registration	11:15 – 11:35	Break
08:00 – 08:05	Welcome	11:35 – 12:40	Hydro's strategic direction
08:05 – 08:45	Hydro		Bauxite & Alumina
08:45 – 09:15	Finance		Primary Metal
09:15 – 09:30	Q&A		Rolled Products
09:30 – 09:50	Break	12:40 – 12:55	Q&A
09:50 – 10:35	Market outlook	12:55 – 13:00	Summary
10:35 – 11:00	Extruded Solutions	13:00 – 14:00	Lunch
11:00 – 11:15	Q&A		



The leading force in aluminium

Adding value across the value chain

Svein Richard Brandtzæg, President and CEO

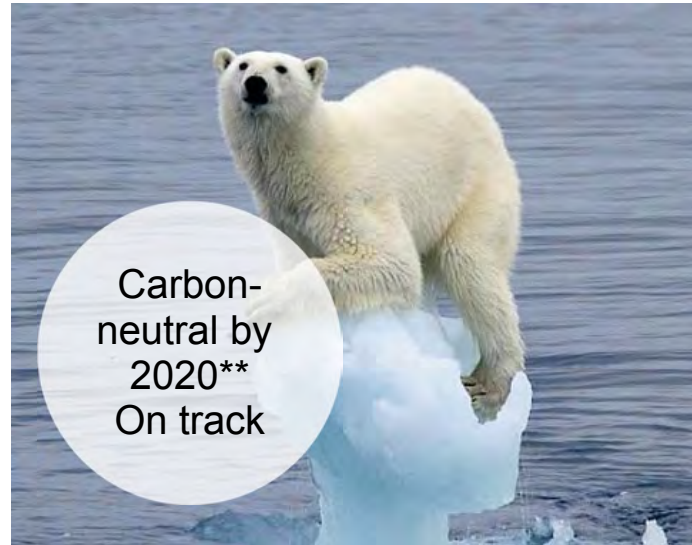
Lifting the bar for responsibility and sustainability

Good for our people, great for business



Safety first

Aiming for an injury-free work environment



Part of the solution

Implementing the industry's most ambitious climate strategy



Good citizen

Making a positive difference, being a partner for social development

*Own employees until end-October, including Extruded Solutions
**From a life-cycle perspective

Main developments during 2017

Bauxite & Alumina



Record-high bauxite & alumina production



Start-up of new state-of-the-art dry disposal of bauxite residue using press filter

Primary Metal



Karmøy technology pilot on track for first metal Q4 2017



Launch of low-carbon aluminium products 4.0 and 75R

Rolled Products



Inauguration of Automotive line 3



Completed modifications at UBC recycling facility

Energy



1.65 TWh wind-based power sourcing*



Developing solution to secure continued RSK production

Extruded Solutions



Becoming 100% owner in Sapa



Record Sapa results through 2017

* 1.65 TWh from 2021-2039

Integration of Extruded Solutions on track

The Hydro model allows all business areas to be run according to their specific business drivers and needs



Organizational structure in place

- New corporate management board for Hydro and management group for Extruded Solutions established
- All corporate staffs of former Sapa incorporated into Hydro or re-assigned into Extruded Solutions
- Extruded Solutions included in Hydro's decentralized operating model



Initial synergy potential confirmed

- Confirmed synergies of MNOK 200 per year
- Integration costs estimated at MNOK 400 over the next two-year period
- Further synergy potentials being developed, including innovation and R&D



Systems integration on track

- Emergency preparedness in place from Day 1
- Mapping of all IS/IT systems on track and integration roadmaps established
- Reporting routines established for HSE, finance and viability



Aluminium gaining momentum on favorable fundamentals

Geopolitical uncertainty, robust global growth



Global gross domestic product growth 2018
% y-o-y

3.2%

2.1%
Europe

2.4%
North-
America

6.5%
China

Source: Global Insight

China sentiment shifting due to rising environmental concerns

- Aluminium demand continue to grow, but at more moderate level
- Financing becoming increasingly restricted
- Bauxite resources depleting domestically, increasing dependency on imports, in particular from Guinea
- Increasing raw material prices

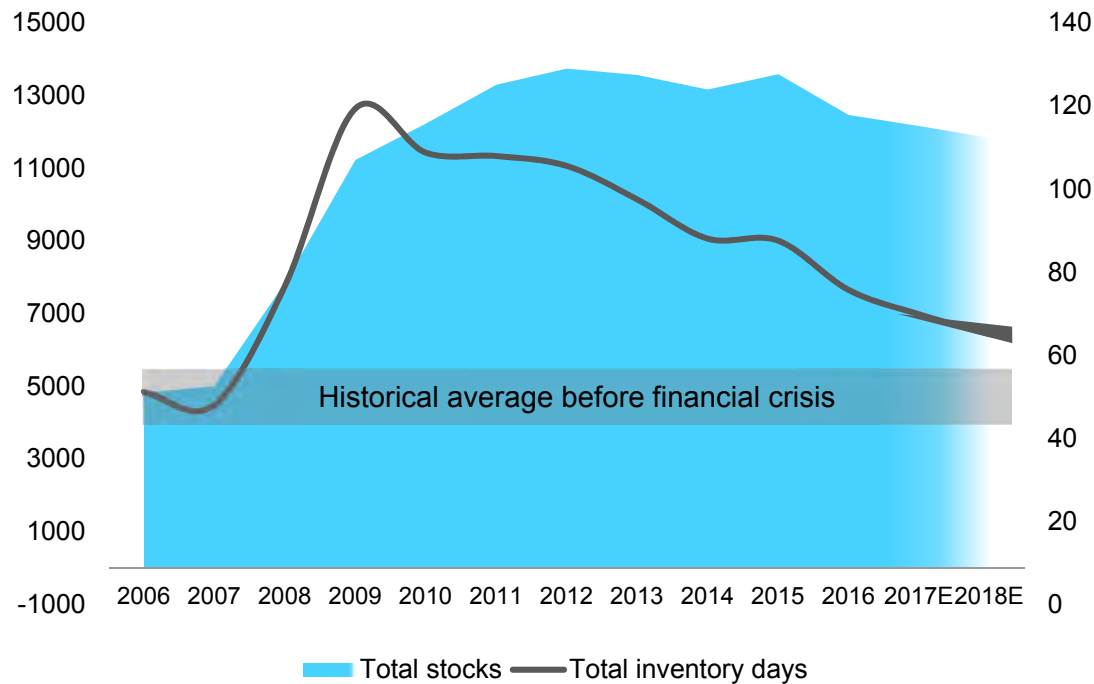
- Combination of environmental concerns and supply-side reform leading to significant capacity reductions in China
 - Supply-side reform already taking effect, shutdowns of ~3 million mt of smelter capacity and capacity under construction halted
 - Winter shutdowns now the main focus and uncertainty



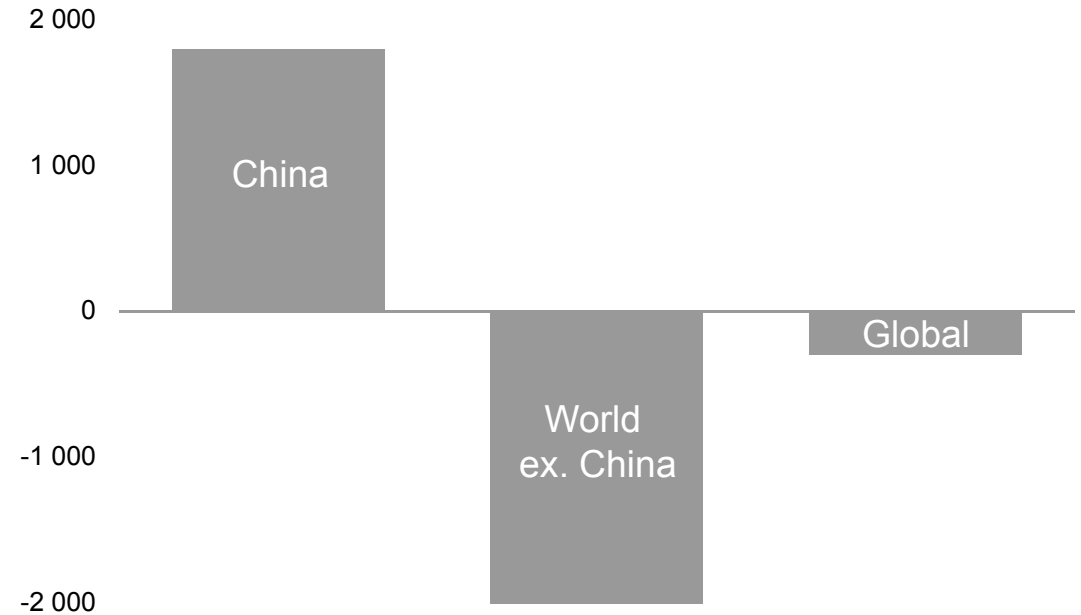
Global aluminium market expected to be largely balanced in 2018

Inventories trending towards historical levels

Inventory levels, reported and unreported
Global, in thousand tonnes



Expect largely balanced primary market in 2018



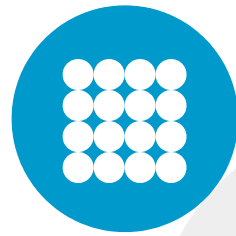
Source: CRU, Hydro analysis

Continued strong long-term outlook for aluminium

CAGR 2017-2027



Semis
~3%



Primary
2-3%



Recycling
3-4%*

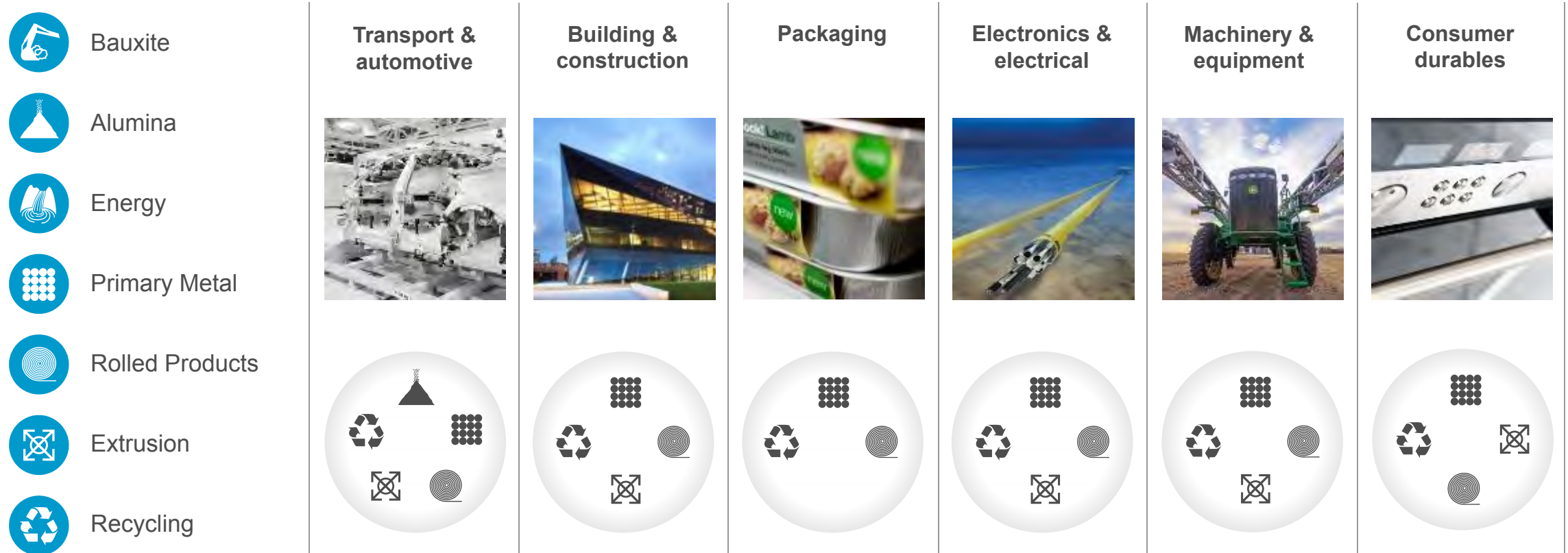
Source: CRU, Hydro analysis
* Process and post-consumer scrap





















Delivering on Hydro's overall strategic direction

Fully integrated across the aluminium value chain and markets

Broad products and solutions offering from bauxite to end-user products



Hydro – differentiating through the integrated model

		RioTinto										
 Bauxite	●	●	●	●	●						●	●
 Alumina	●	●	●	●	●						●	●
 Energy	●	●	●		●						●	●
 Primary Metal	●	●	●	●	●			●			●	●
 Rolled Products	●		●		●	●	●		●	●	●	●
 Extrusion	●					●	●			●		●
 Recycling	●					●	●		●	●		●

Source: graphical illustration based on company websites/reports, CRU

Strong global presence throughout the aluminium value chain

Built on market understanding, customer closeness and competence



The complete aluminium company

- High-quality bauxite and alumina production in Brazil
- Primary production in Norway, Germany, Qatar, Slovakia, Brazil, Canada, Australia
- 10 TWh captive hydropower production
- European #2 in rolled products
- World leader in aluminium extruded profiles
- Remelting in the US, European recycling network
- Unparalleled technology and R&D organization

¹ Outside China

² Extrusion ingot, sheet ingot, primary foundry alloys and wire rod

³ Primary Foundry Alloys

Better, Bigger, Greener

Hydro's aspiration for higher value creation

Better

Raise performance and improve customer offering

- Extend Hydro's leadership in advanced technology and product innovation
- Create value through raw materials access, customer collaboration and integrated model
- Continue benchmark performance and ensure attractive returns over the cycle

Bigger

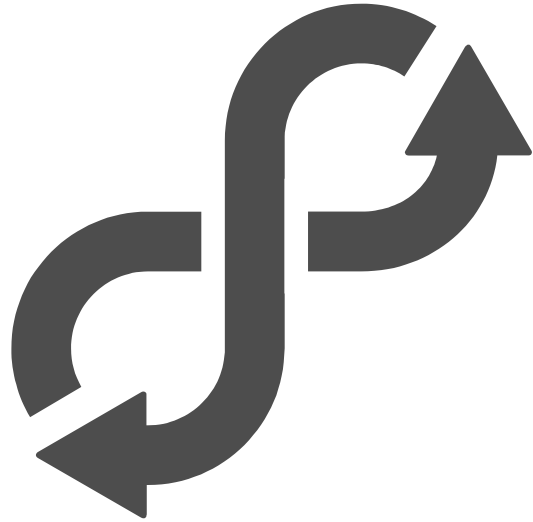
Expand the use of aluminium and strengthen Hydro's platform for growth

- Promote Hydro and aluminium through value-adding products and solutions for our customers
- Be the preferred partner and most trusted voice of the aluminium industry
- Pursue selective growth from raw materials to products, solutions and recycling

Greener

Lead the transition towards sustainable solutions

- Advocate aluminium as a building block for the low-carbon, circular economy
- Continue to improve footprint from own production, recycling and sustainable solutions
- Making a positive difference by strengthening local communities and our business partners



Creating value across the aluminium value chain

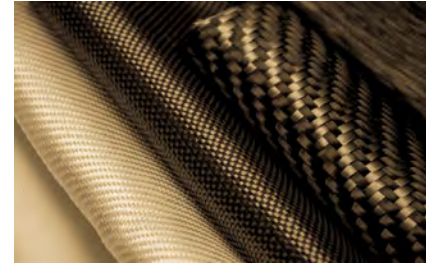
Leading the industry in innovation, R&D and product development

Driving technological development to support customers, increase market share and lift efficiency



Why aluminium?

Hydro's strategic direction aims to realize full potential of aluminium's strong qualities and versatility



Aluminium

- ✓ Lightness and strength
- ✓ Durability and formability
- ✓ Corrosion resistance
- ✓ Conductivity
- ✓ Recyclability
- ✗ Energy-intensity

Steel

- ✓ Strength and durability
- ✓ Recyclability
- ✓ Price
- ✗ Weight
- ✗ Corrosion
- ✗ Energy-intensity

Copper

- ✓ Conductivity
- ✓ Corrosion resistance
- ✓ Recyclability
- ✗ Price
- ✗ Weight
- ✗ Energy-intensity

Composites

- ✓ Lightness
- ✓ Strength
- ✗ Price
- ✗ Recyclability
- ✗ Climate footprint
- ✗ Energy-intensity

PVC

- ✓ Lightness and formability
- ✓ Corrosion resistance
- ✓ Price
- ✗ Climate footprint
- ✗ Recyclability
- ✗ Durability

For illustrative purposes only

Hydro launches its first certified sustainable products

Converting our industry-leading climate position into products for the low-carbon, circular economy

LOW CARBON PRODUCTS

Infinite solutions



4.0 has a guaranteed maximum carbon footprint of 4 kg CO₂/ kg aluminium

75R has a guaranteed minimum post-consumer scrap content of 75%



Operational and commercial excellence

*Focus on cost efficiency and process technology
Centralized business model*

*Focus on margin management and product innovation
Decentralized business model*



Bauxite & Alumina

- Increased and stabilized production at Alunorte and Paragominas
- Raw material efficiency
- Commercial and procurement improvements



Energy

- Highly competitive operational costs
- Strong effort on global sourcing activities
- Commercial excellence



Primary Metal

- Increased productivity and improved consumption factors
- Continued move towards higher-margin segments



Metal Markets

- High share of value-added products
- Increased use of post-consumer scrap



Rolled Products

- High-grading portfolio
- Roadmaps to solve operational and ramp-up challenges
- Strong customer collaboration and satisfaction



Extruded Solutions

- Successful value-over-volume strategy
- Strong customer collaboration and satisfaction

Raw materials, processing and energy

Primary production, marketing and recycling

Products and solutions

Industry-leading improvement drive

Improvement target lifted to NOK 3.0 billion 2016-2019, NOK 1.7 billion realized by end-2017

Better

**BNOK
3.0¹⁾**

Bauxite & Alumina

BNOK 1.3 in 2019

- High production at Alunorte and Paragominas, commercial and procurement contributing positively
- Expect to reach BNOK 1.1 already in 2017
- Increasing 2019 ambition from BNOK 1.0 to BNOK 1.3

Rolled Products

BNOK 0.7 in 2019

- Operational and ramp-up issues reducing improvement speed
- Behind the 2017 target
- Expect to reach original BNOK 0.9 target with 1-year delay

Primary Metal

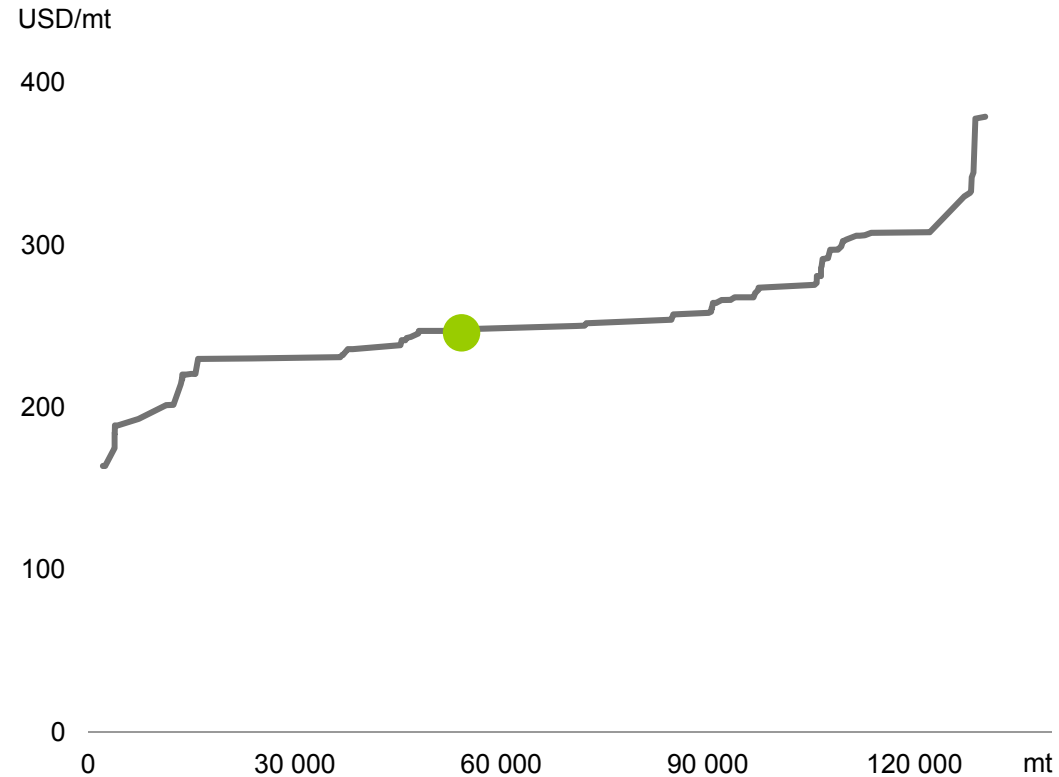
BNOK 1.0 in 2019

- Improved overall performance, negative impact from Albras performance
- Behind the 2017 target
- On track for 2019 target

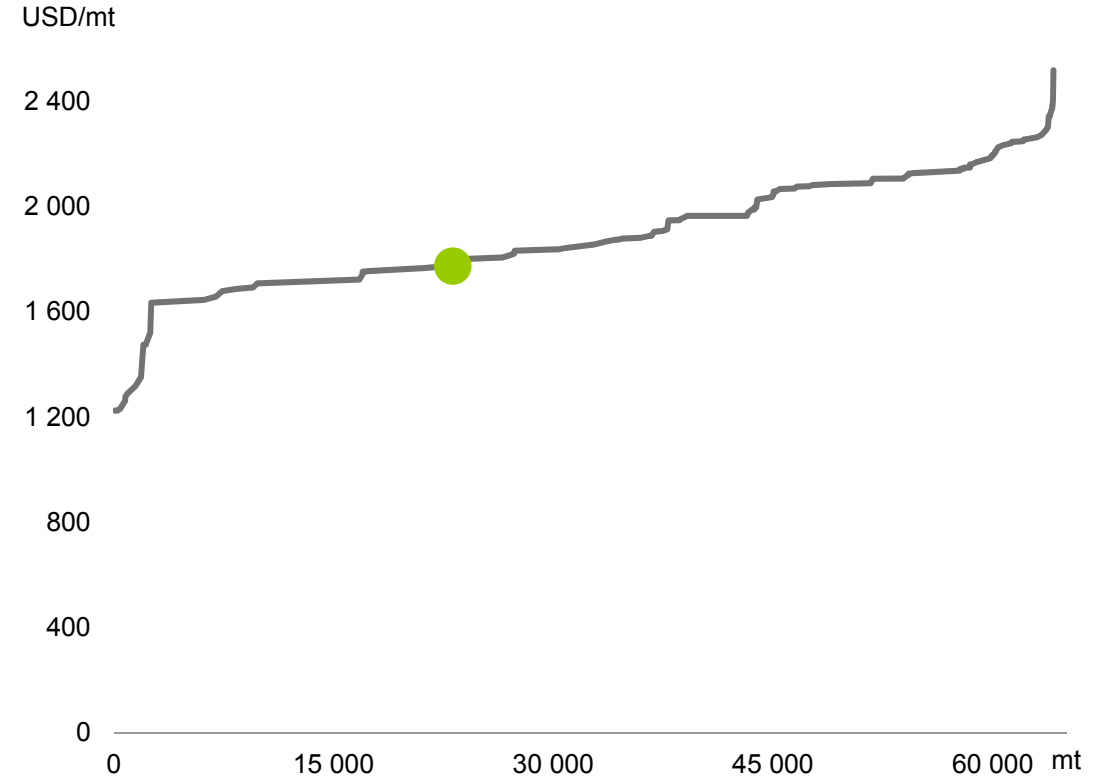
1) Real 2015 terms. Includes some larger investments of NOK 3-3.5 billion NOK in 2015-2019: AL3 and UBC in Rolled Products. Creep projects in Primary Metal. Alunorte debottlenecking in B&A.

Among the best positioned in the industry upstream

Alumina BOC curve by company (2017)



Smelter BOC curve by company (2017)

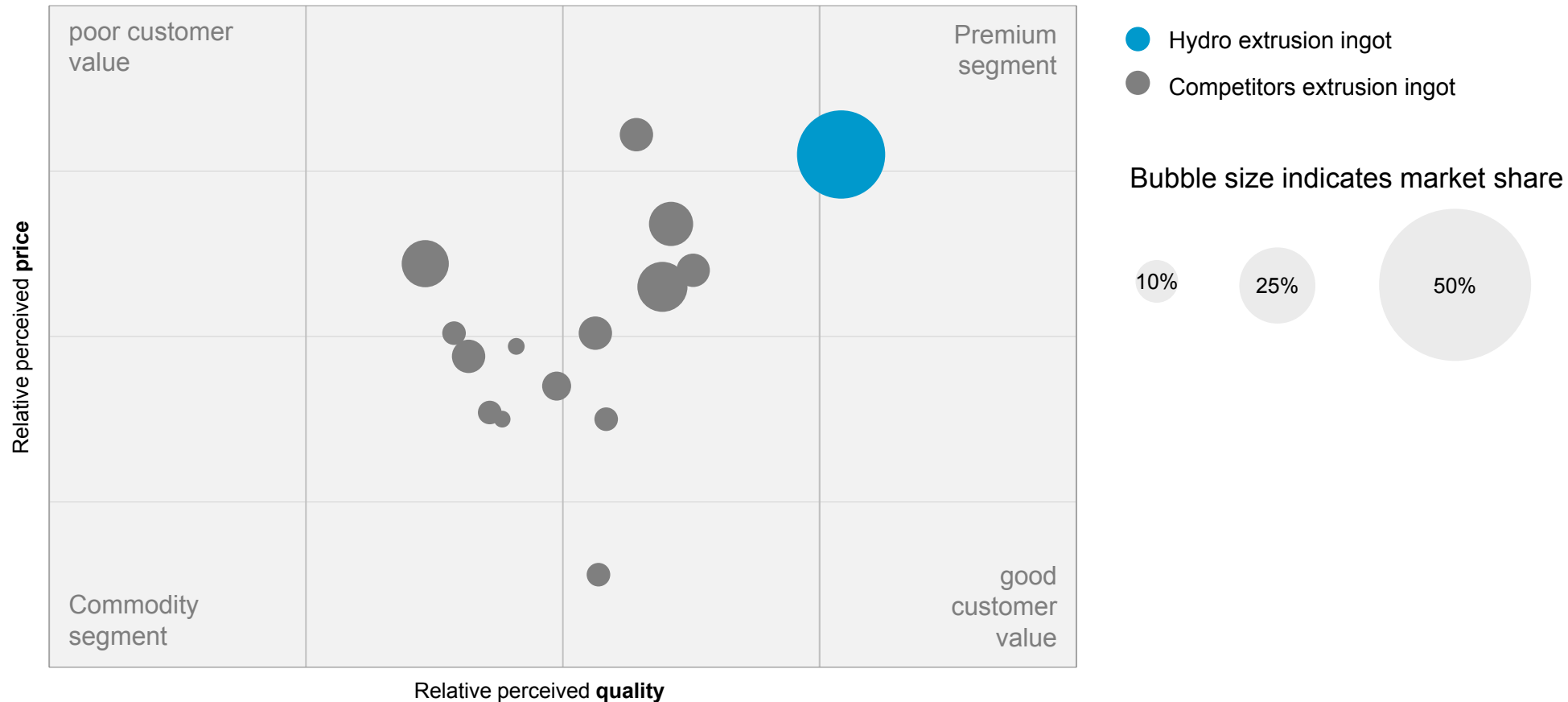


Source: Republished under license from CRU International Ltd

Assumptions: Aluminium cost curve: LME USD 2 100, alumina USD 465, NOK/USD 8.2. Alumina cost curve: caustic soda USD 600, USD/BRL 3.26

Primary aluminium in premium segment for casthouse products

Extrusion ingots customer value survey 2017*



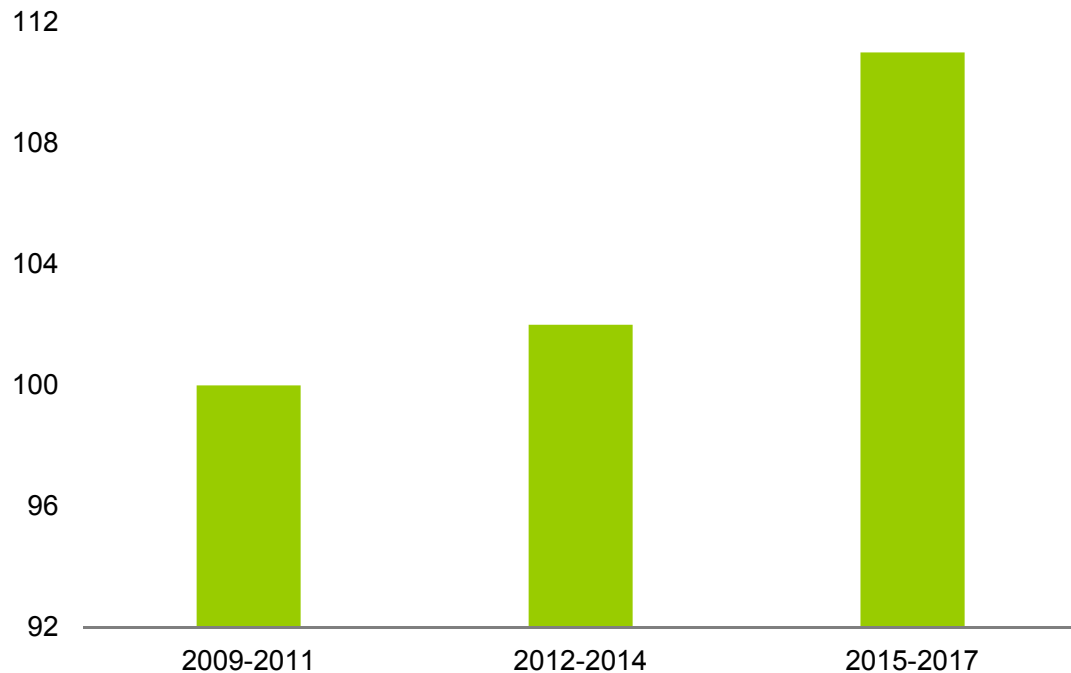
*2017 Customer satisfaction survey for Europe performed by Malik (PIMS)

Strong and improving customer satisfaction downstream

Competence, flexibility and advanced products are key success factors

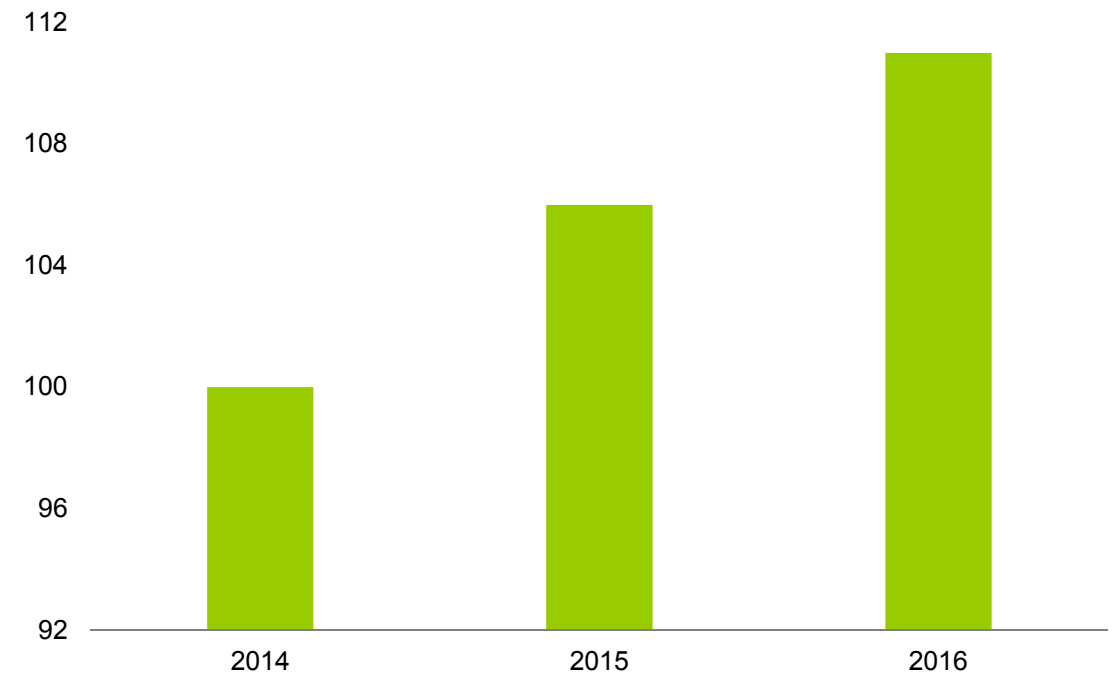
Rolled Products customer satisfaction survey*

Satisfaction level indexed



Extruded Solutions Europe customer satisfaction survey**

Satisfaction level indexed



* Customer survey measuring satisfaction level for customers of Rolled Products. Survey is performed by external company (Skopos) and results are based on answers to a standard set of questions. Rating between 0-100 and indexed in the graph.

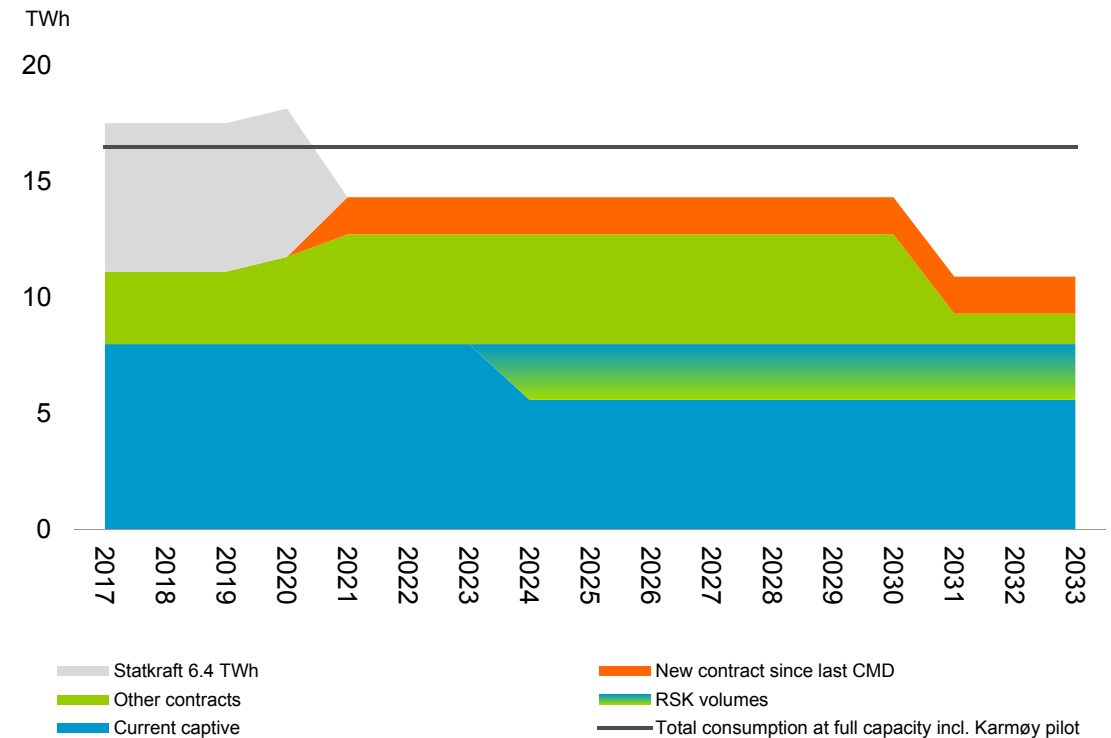
** Customer survey measuring satisfaction level for customers of Extruded Solutions Europe. Percentage of customers being «very pleased» or «pleased» are indexed in the graph

Securing long-term competitive power sourcing for smelter portfolio

1.65 TWh/year from 2021 sourced for the Norwegian smelter portfolio since last CMD



Sourcing platform for fully-owned smelters, Norway*

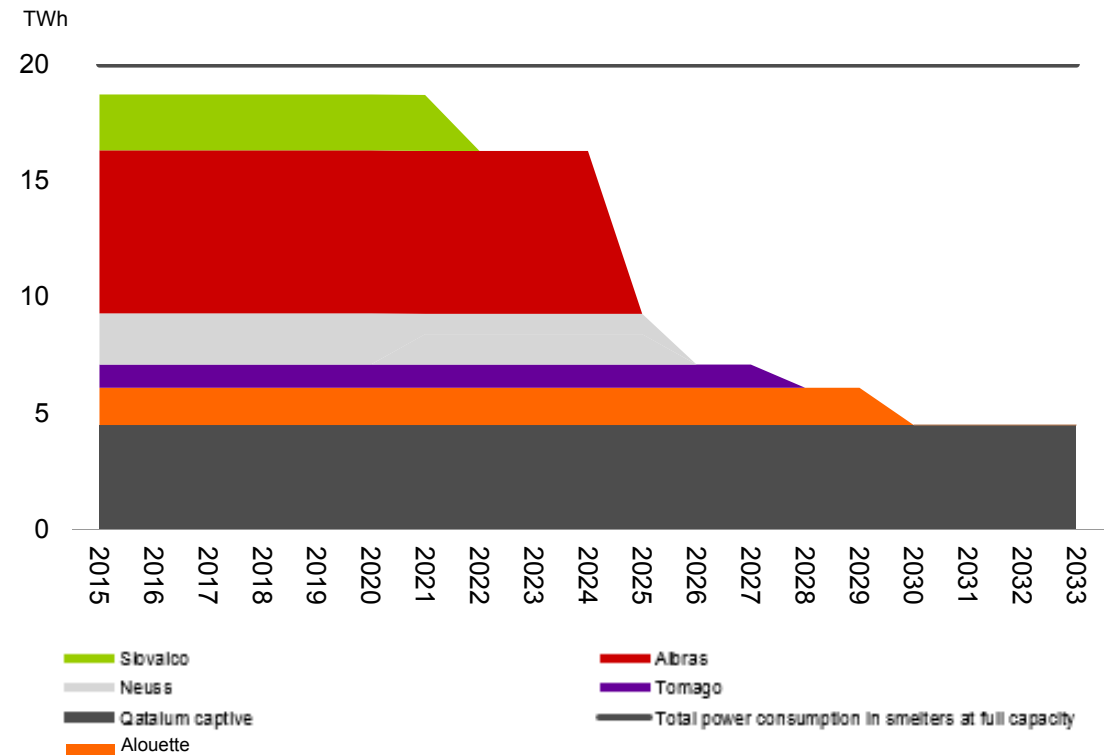


* Net 8 TWh captive assumed available for smelters

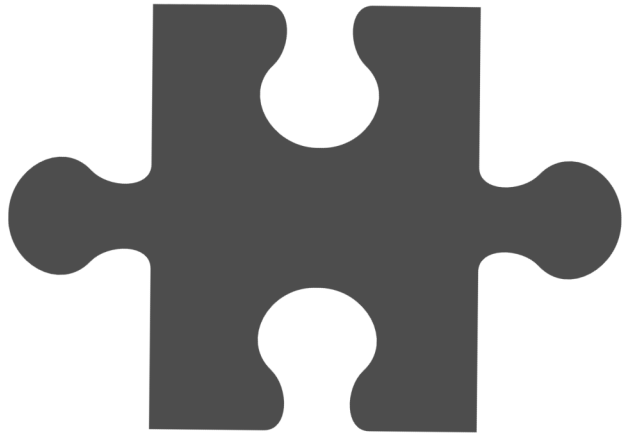
Securing long-term competitive power sourcing for smelter portfolio



Sourcing platform for JVs and Neuss smelter*



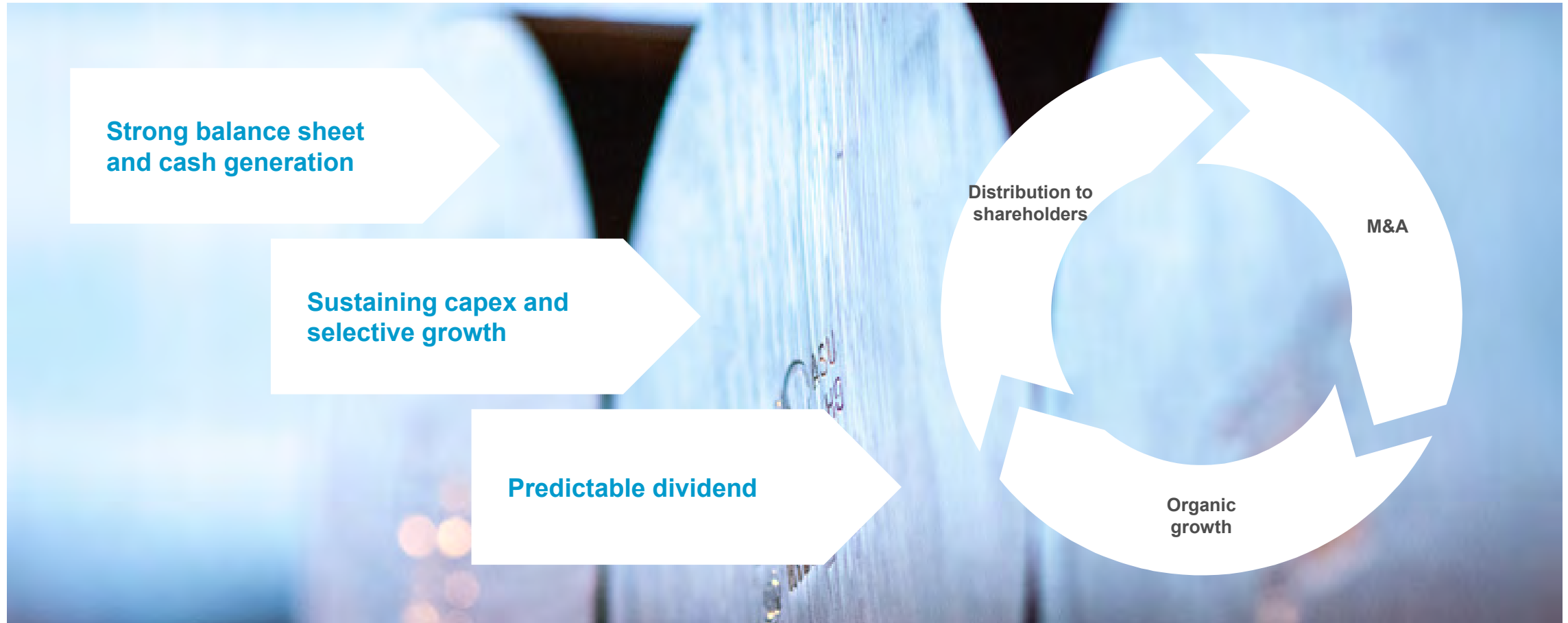
* Albras and Sivalco on 100% basis



Our financial framework for increased value-creation

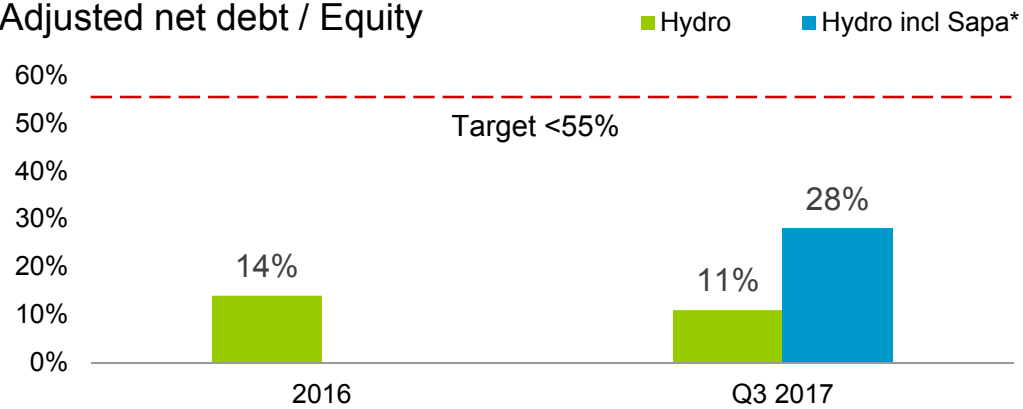
Driving long-term shareholder value

Priorities for cash over the cycle

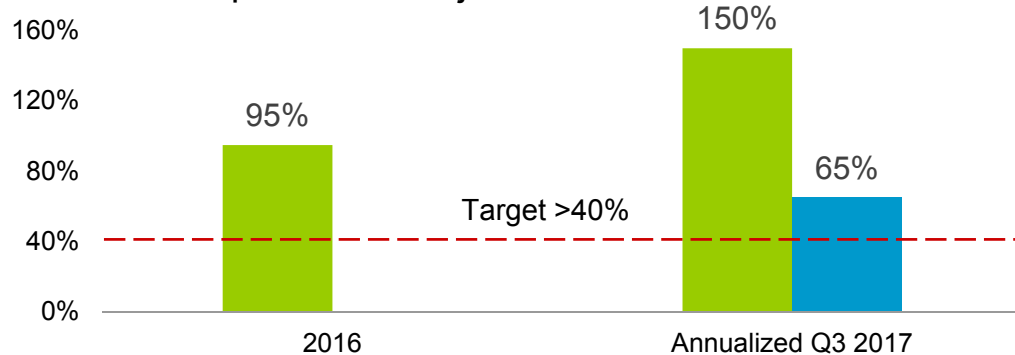


Strong balance sheet and cash generation

Adjusted net debt / Equity

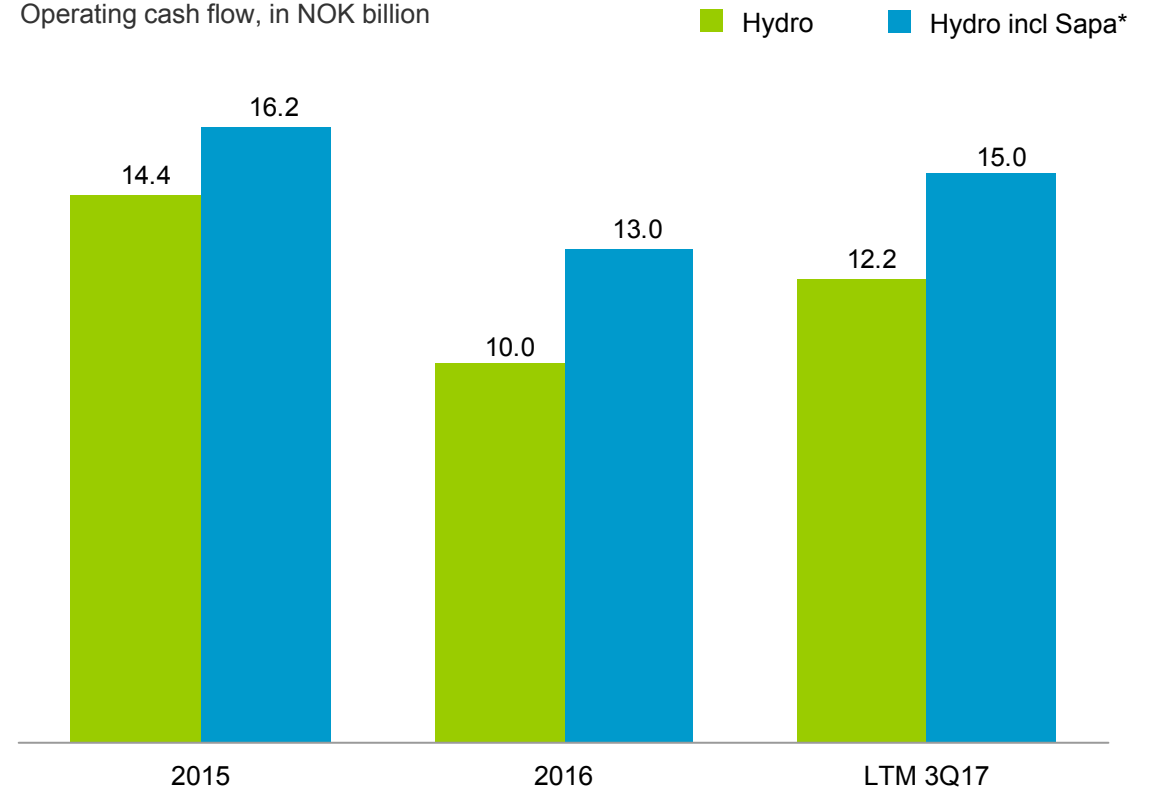


Funds from operations / Adjusted net debt



Cash flow generation strengthened by Sapa-acquisition**

Operating cash flow, in NOK billion



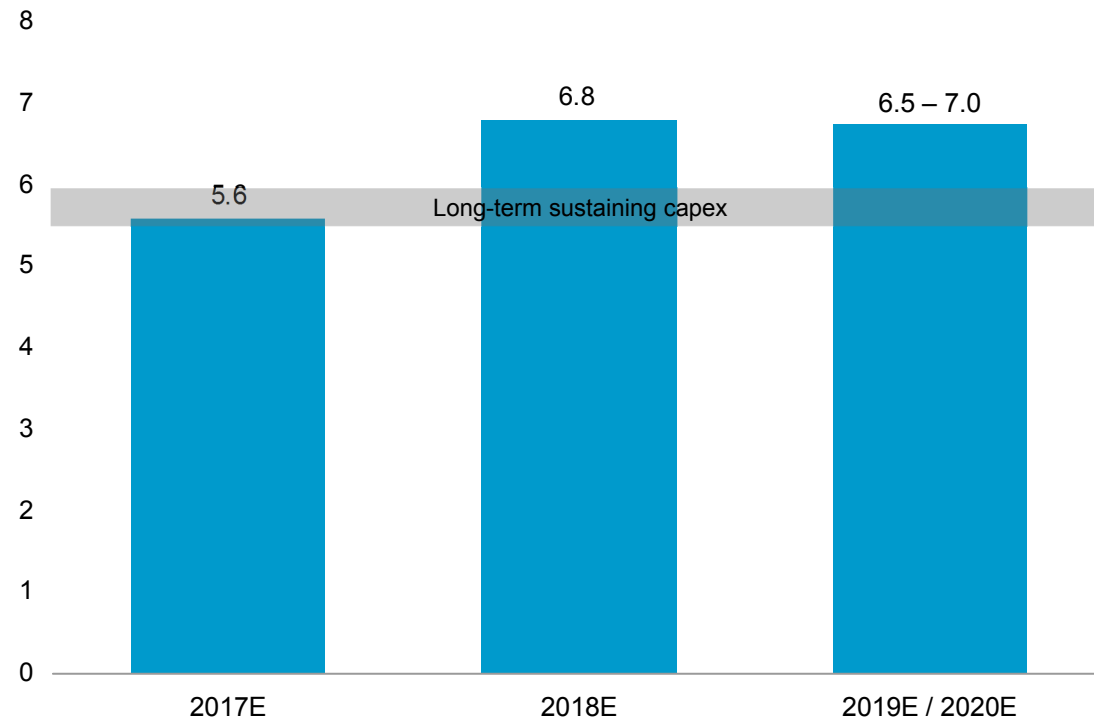
* Estimate including Sapa

** Cash flow from operations; directly from cash flow statement Hydro/Sapa

Capital allocation - sustaining capex

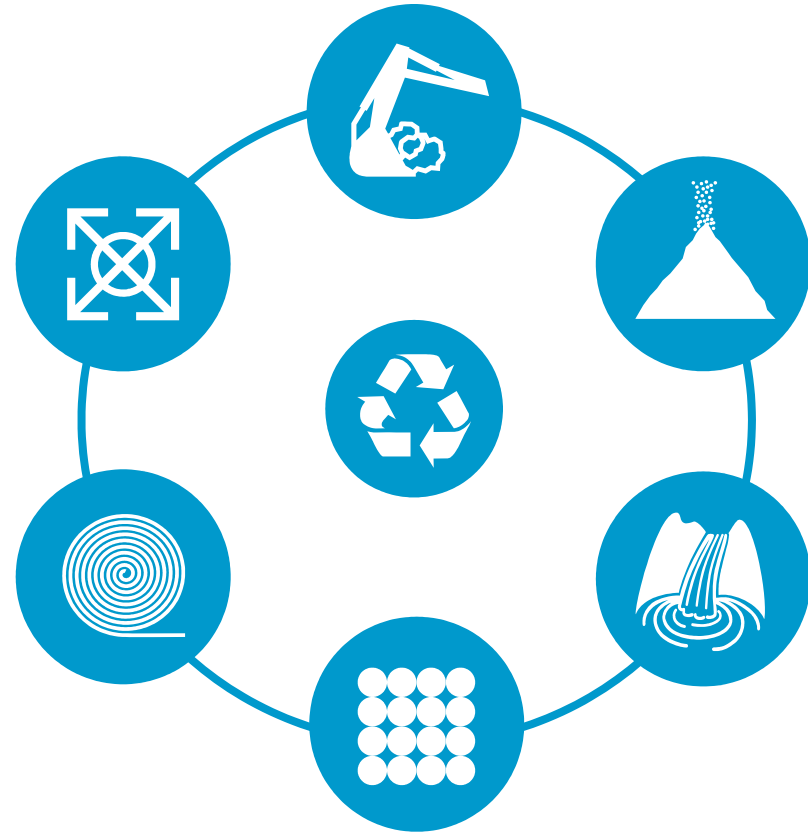
Sustaining capital expenditures

In NOK million



- Long-term sustaining capex BNOK 5.5 – 6, including Extruded Solutions
- Main sustaining projects 2018-2020:
 - Bauxite residue disposal area
 - Opening of new bauxite mining area
 - Pipeline replacement
 - Primary rectifiers and asset integrity Albras
 - Smelter relining

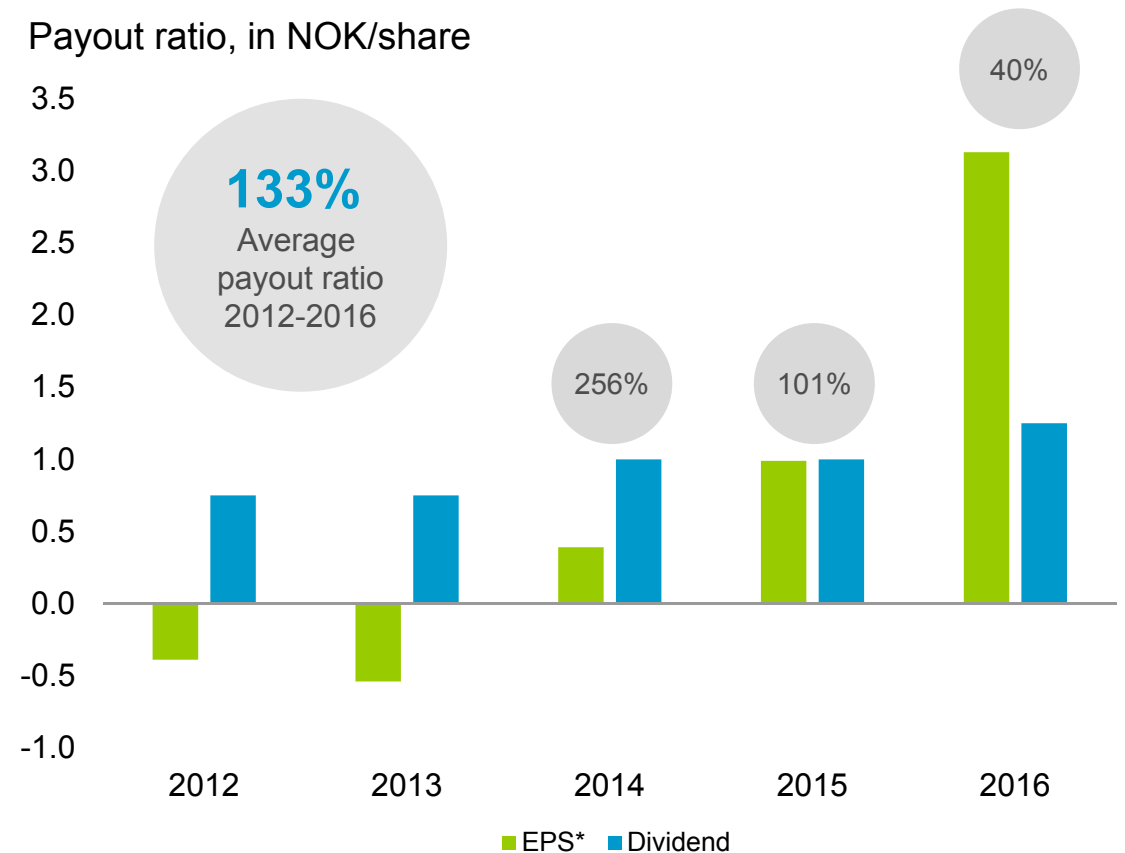
Capital allocation – selective growth



- Presence in full value chain and all market segments gives increased growth opportunities
- Projects evaluated on strategic and economic merit
 - Differentiated cost of capital between business areas
- Incremental growth projects 2018 – 2020 includes smaller creep and productivity improvements
- Capex related to specific growth projects will be announced when decision is made

Dividend policy

- Aiming for competitive shareholder returns compared to alternative investments in peers
- Dividend policy:
 - Ordinary dividend: 40% of net income over the cycle
 - Floor of NOK 1.25 per share, committed to a predictable dividend level
- Five-year average ordinary payout ratio 2012-2016 of 133%
- Share buybacks and extraordinary dividends as supplement in periods with strong financials and earnings outlook



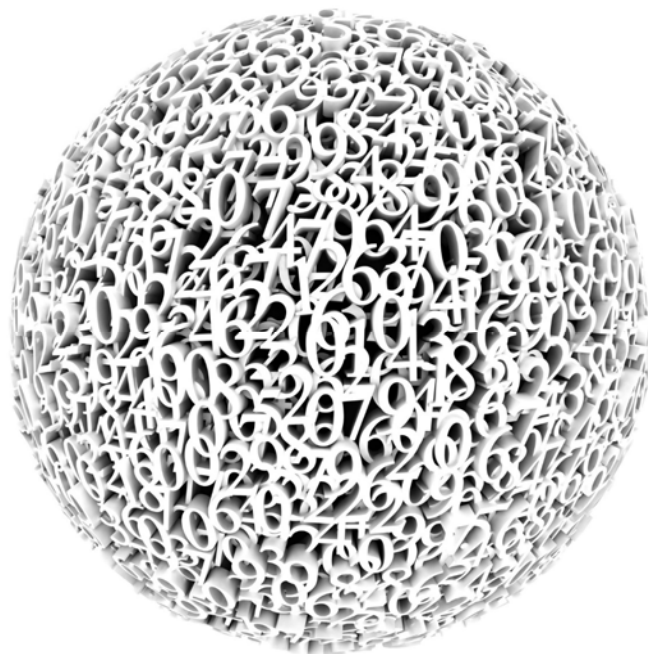
* Earnings per share



Hydro 2018

Lifting performance, driving value creation, extending industry leadership

- Maintaining financial strength and flexibility, providing attractive returns over the cycle
- Strengthening competitiveness and resolving operational challenges
- Differentiating through the integrated model and integrating Extruded Solutions



Finance

Maximizing the potential for value creation

Eivind Kallevik, CFO

01

Prudent financial framework

Prudent financial framework

Managing industry cyclicality, driving long-term shareholder value

Lifting cash flow potential

Improving efficiency, strengthening margins

Improvement efforts

- 5.9 BNOK 2009-2016
- 0.3 BNOK 2017E
- 1.3 BNOK 2018-2019E ¹⁾

Managing working capital

Financial strength and flexibility

Investment grade credit rating

Financial ratio targets over the cycle

- FFO/aND ²⁾ > 40%
- aND/E ³⁾ < 55%

Strong liquidity

Disciplined capital allocation

Long-term sustaining capex below depreciation

- 5.5 – 6.0 BNOK per year

Total capex incl. growth

- 2017E BNOK 7.7⁴⁾

Selective value-add growth

Attractive organic growth prospects and M&A optionality

Reliable shareholder remuneration policy

Sector competitive TSR

Dividend policy since 2016

- Dividend 1.25 NOK/share (floor)
- 40% payout ratio of Net income over the cycle

Special dividends and share buybacks in the toolbox

Effective risk management

Volatility mitigated by strong balance sheet and relative positioning

Hedging policy

- Operational LME and currency hedging
- Limited financial hedging

Diversified business

1) Real 2015 terms

2) Funds from operations / adjusted net debt

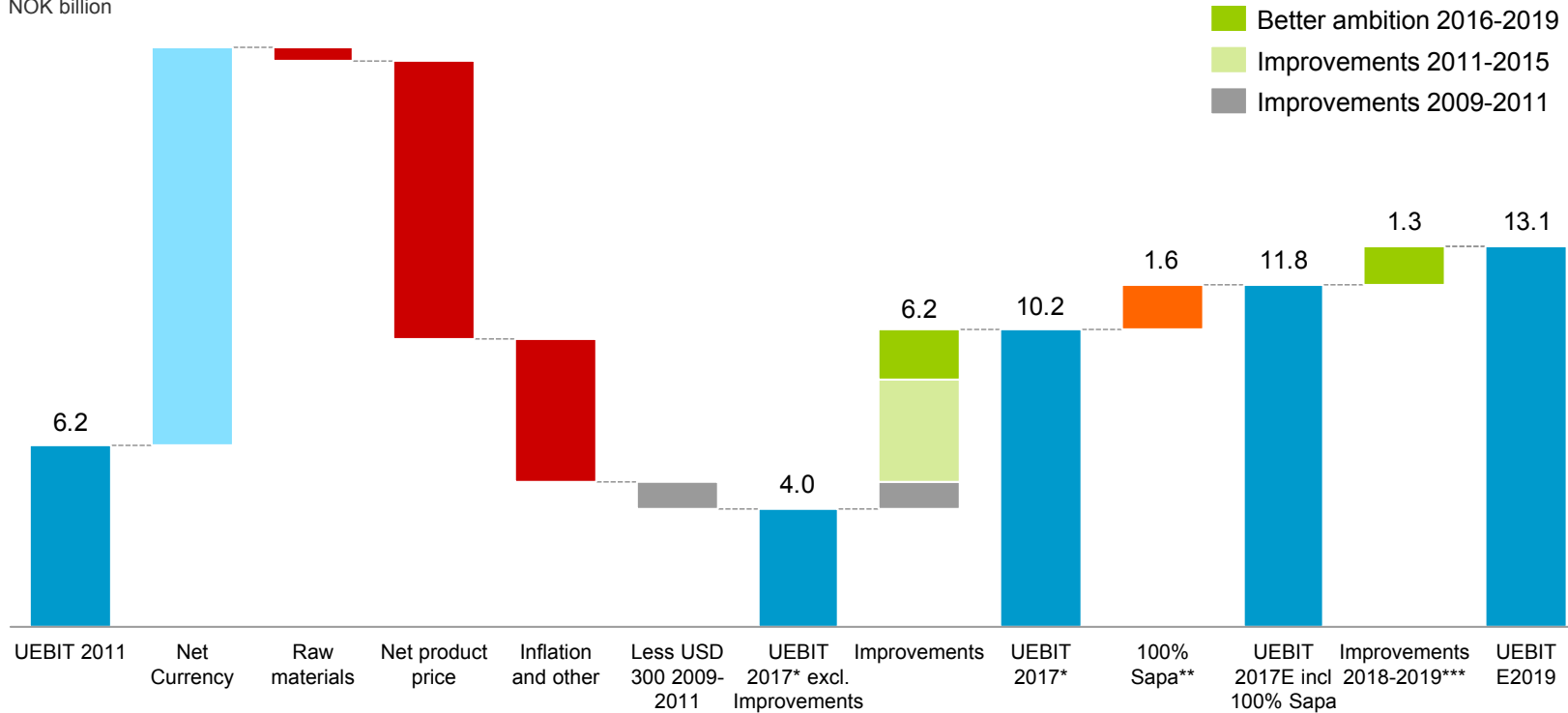
3) Adjusted net debt / Equity

4) With Karmøy Technology Pilot net investment, after ENOVA support and including Extruded Solutions

Supporting earnings with industry-leading improvement ambitions

Underlying EBIT development

NOK billion



Better improvement ambition by category, 3.0 BNOK 2016-2019



- Volume/capacity
- Fixed cost
- Process improvement
- Commercial improvements/high-grading
- Other

Hydro UEBIT including Hydro Extrusions before 2013 and 50% of Sapa Net Income after 2013.

* YTD Q3-2017 annualized

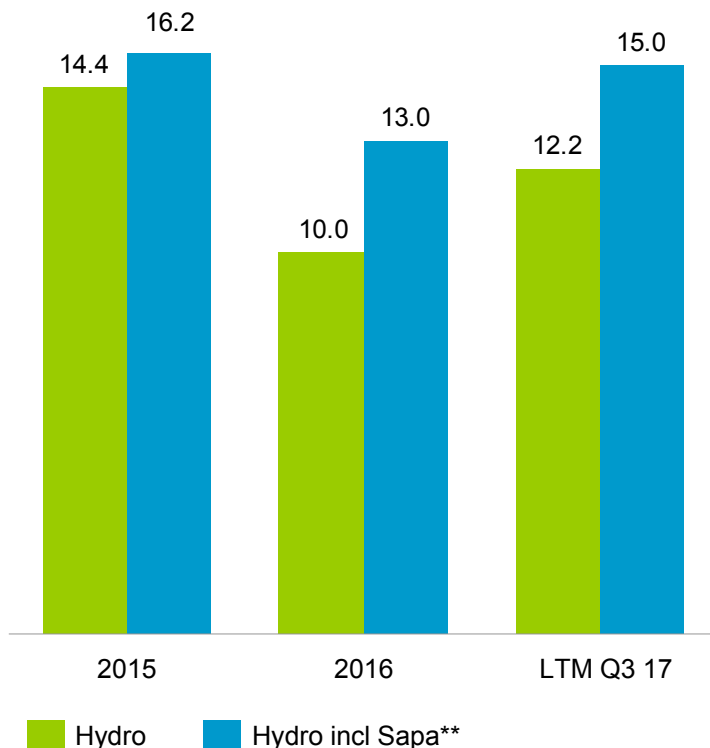
** Sapa 100% Underlying EBIT less 50% underlying net income - Q3 2017 annualized incl. excess value depreciation

*** Remaining improvement programs in real 2015 terms

Sapa adds significant operating cash flow from day 1, with further improvement potential and growth opportunities

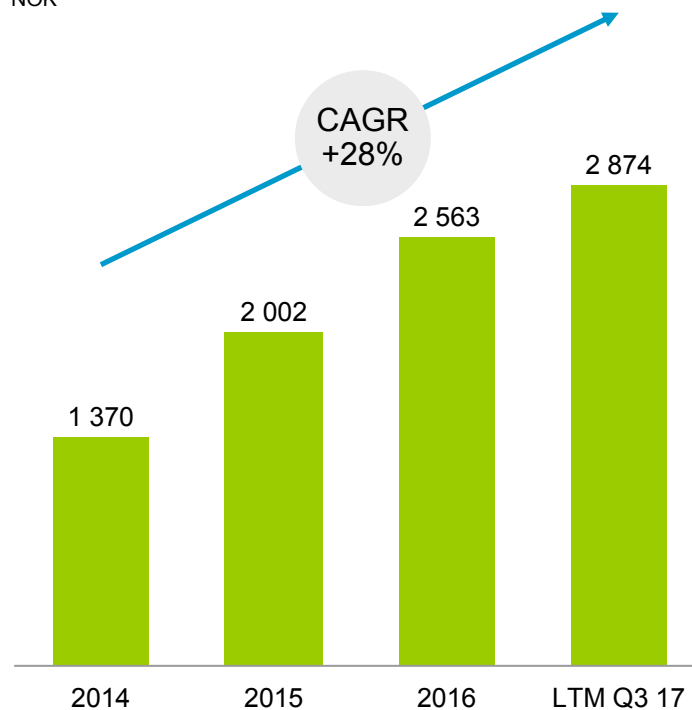
Cash flow from operations*

NOK billion



Sapa (100%) Underlying EBITDA per mt

NOK



- BNOK 1 restructuring on annual basis delivered ahead of plan
- Further potential for value-creation
 - Increasing share of value-added sales
 - Simplification and collaboration drive for continued profitability improvement
 - Selective investments in capabilities and capacity to support value-over-volume strategy
- Estimated synergies 200 MNOK per year

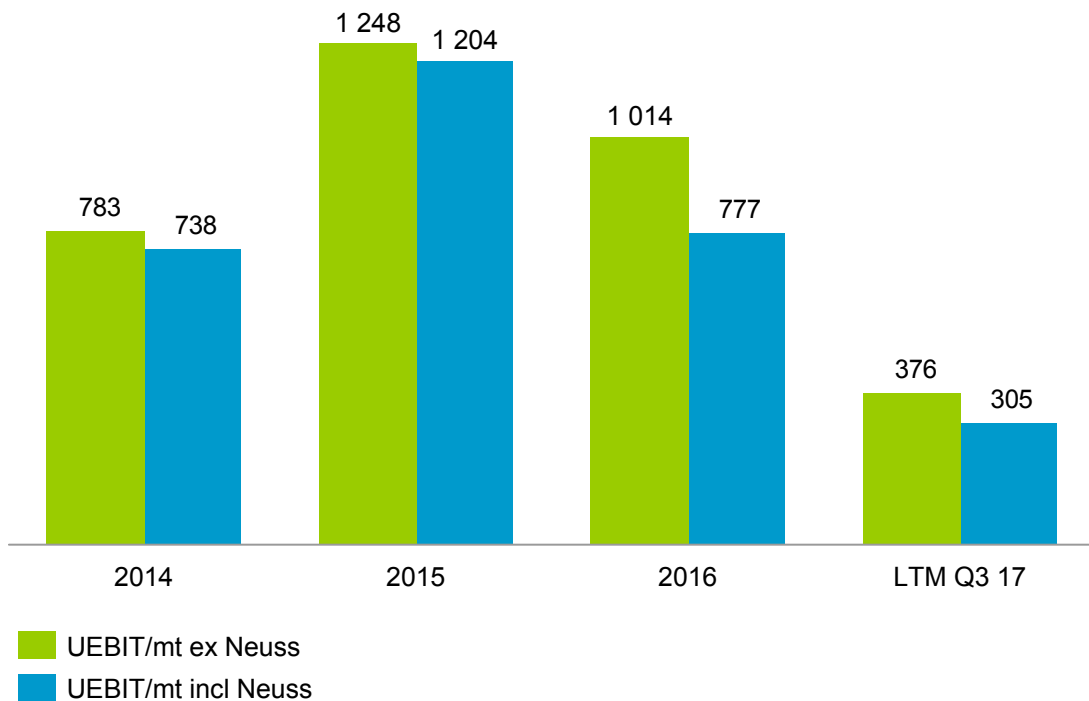
* From cash flow statements Hydro and Sapa

** Estimate including Sapa

Rolled Products: Challenging 2017, investing for future growth

Rolled Products Underlying EBIT per mt

NOK

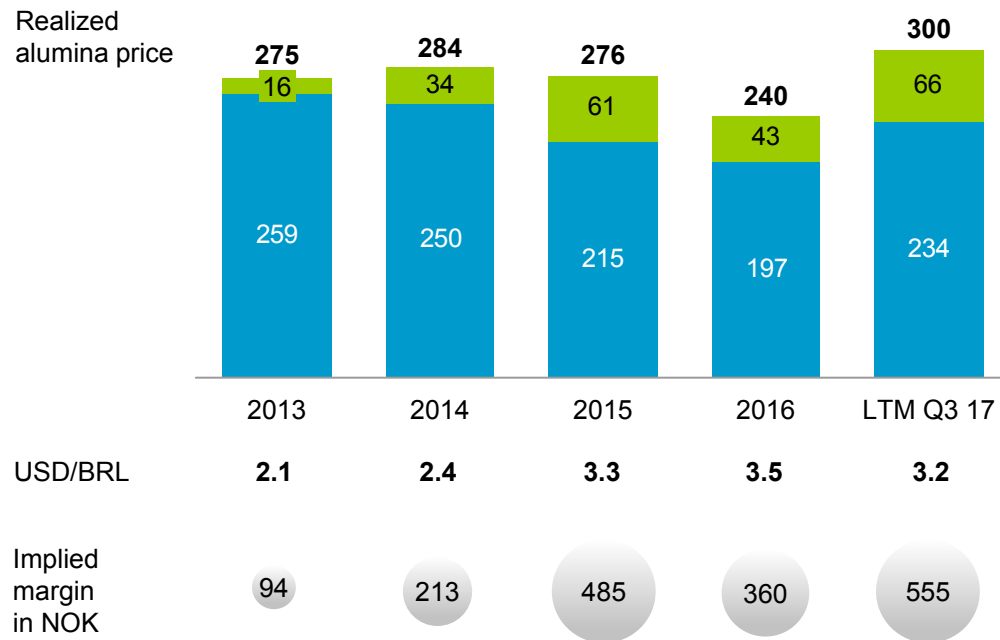


- Operational issues reducing cash flow in 2017
 - Production performance at Alunorf and Hamburg have been stabilized
 - Technical issues related to the UBC line mitigated, full ramp-up to >40 000 mt expected by year-end 2018
 - Qualification process ongoing for the Automotive Line 3, technical issues have been identified and are currently being resolved

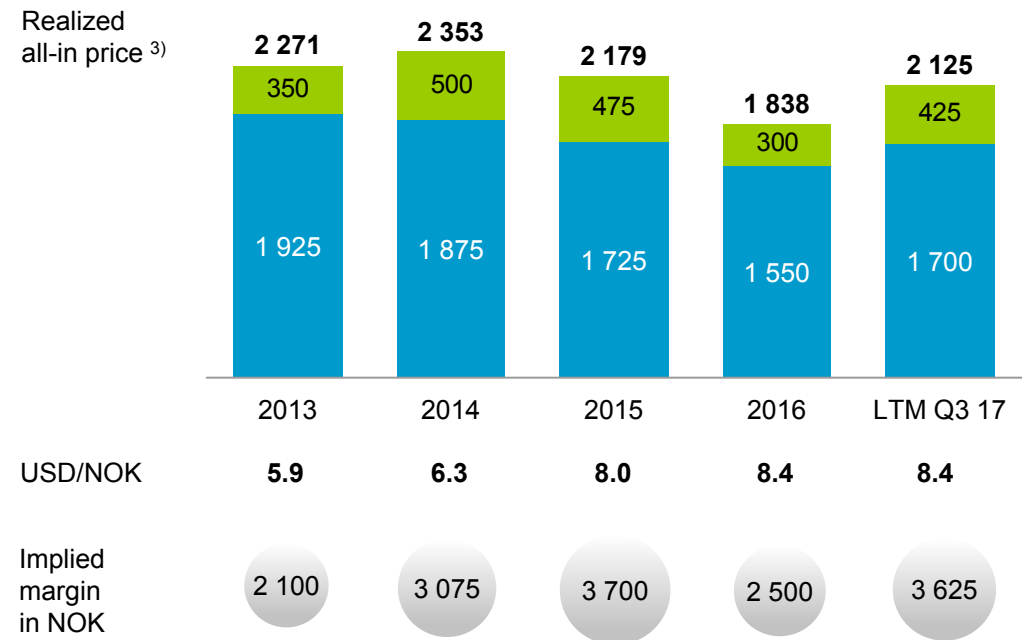
- Gradual improvement during the next years
 - Negative effect from the Neuss smelter to be mitigated with a more competitive power contract from 2018, positive effect of MNOK 350-400/year
 - Offsetting negative effect of MNOK ~ 250/year in Energy
 - Product mix improvement and further high-grading through ramp-up of UBC and AL3

Increasing margins upstream, raw material cost push

Implied alumina cost and margin, USD/mt ¹⁾



All-in implied primary cost and margin, USD/mt ²⁾



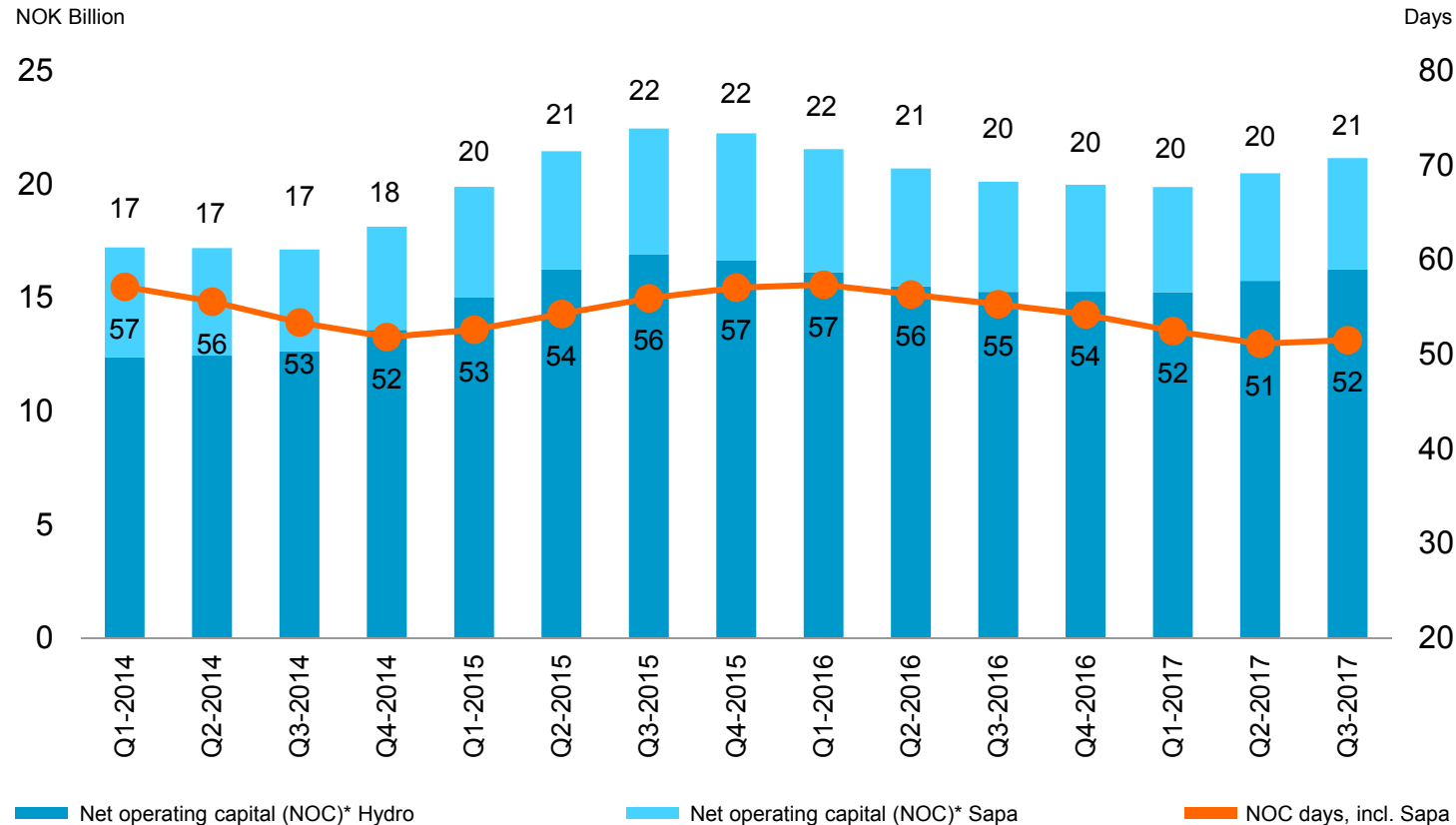
Implied margin Implied cost

1) Realized alumina price minus underlying EBITDA for B&A, per mt alumina sales

2) Realized all-in aluminium price minus underlying EBITDA margin, including Qatalum, per mt aluminium sold. Implied primary cost and margin rounded to the nearest "25"

3) Realized LME plus realized premium, including Qatalum

Optimizing working capital remains key priority



- Net operating capital generally follows LME
- Extruded Solutions average working capital around 5 BNOK
- Extruded Solutions reducing overall net operating capital days due to shorter lead times between suppliers and customers
- Reduced net operating capital days in 2016 and 2017 from the high inventory build-up throughout 2015

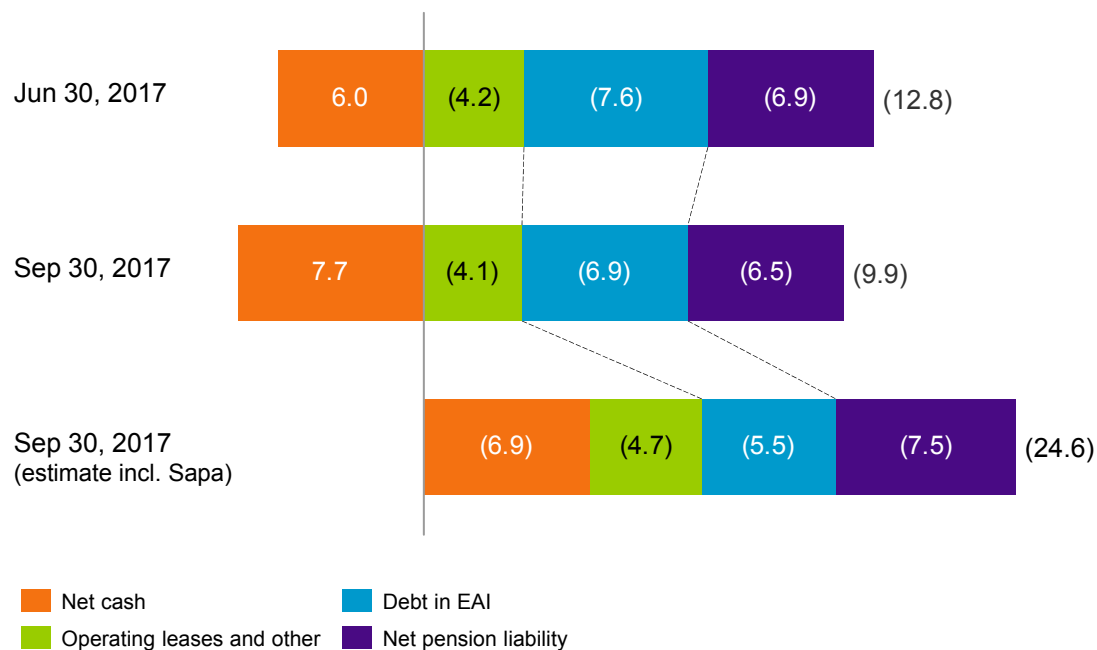
* Last twelve months moving average

Maintaining a solid balance sheet and investment-grade credit rating

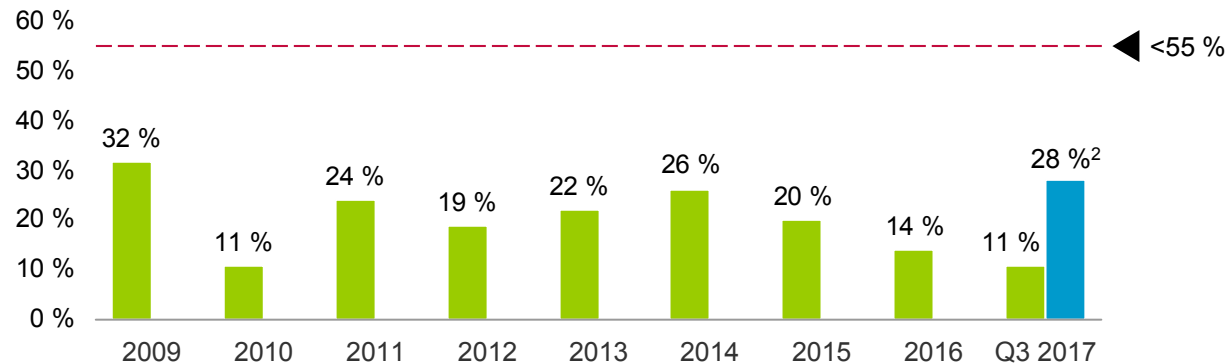
Strong liquidity, also following the Sapa acquisition

Adjusted net debt

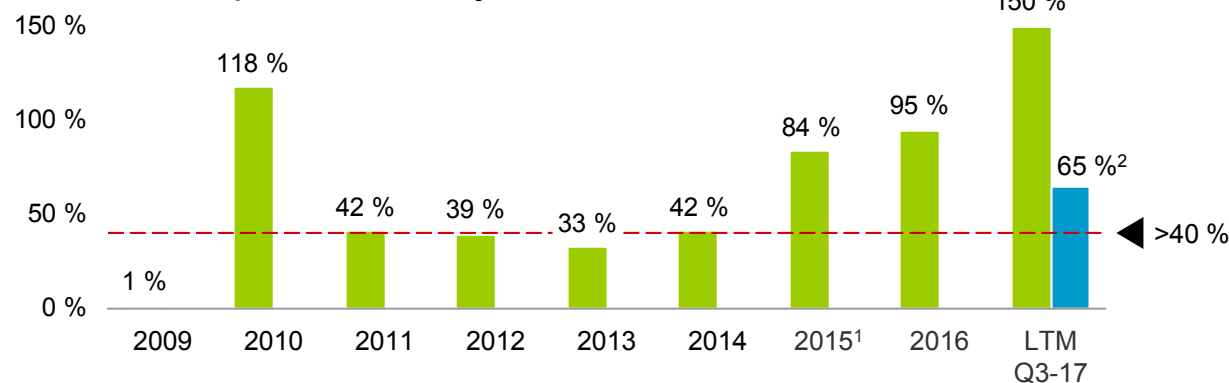
NOK billion



Adjusted net debt / Equity



Funds from operations¹ / Adjusted net debt



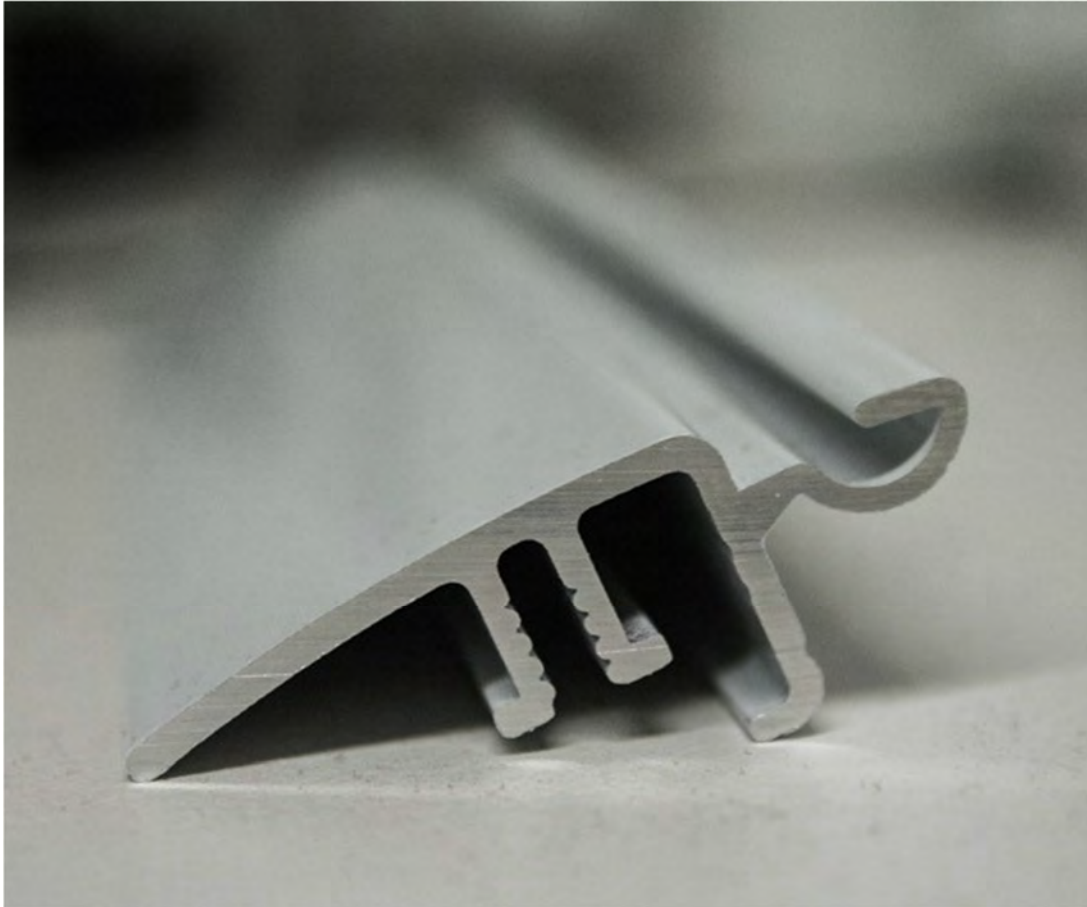
1) 2015 FFO/aND ratio has been restated due to change of definition

2) Estimate including Sapa

Hydro (green) Hydro incl Sapa (blue)



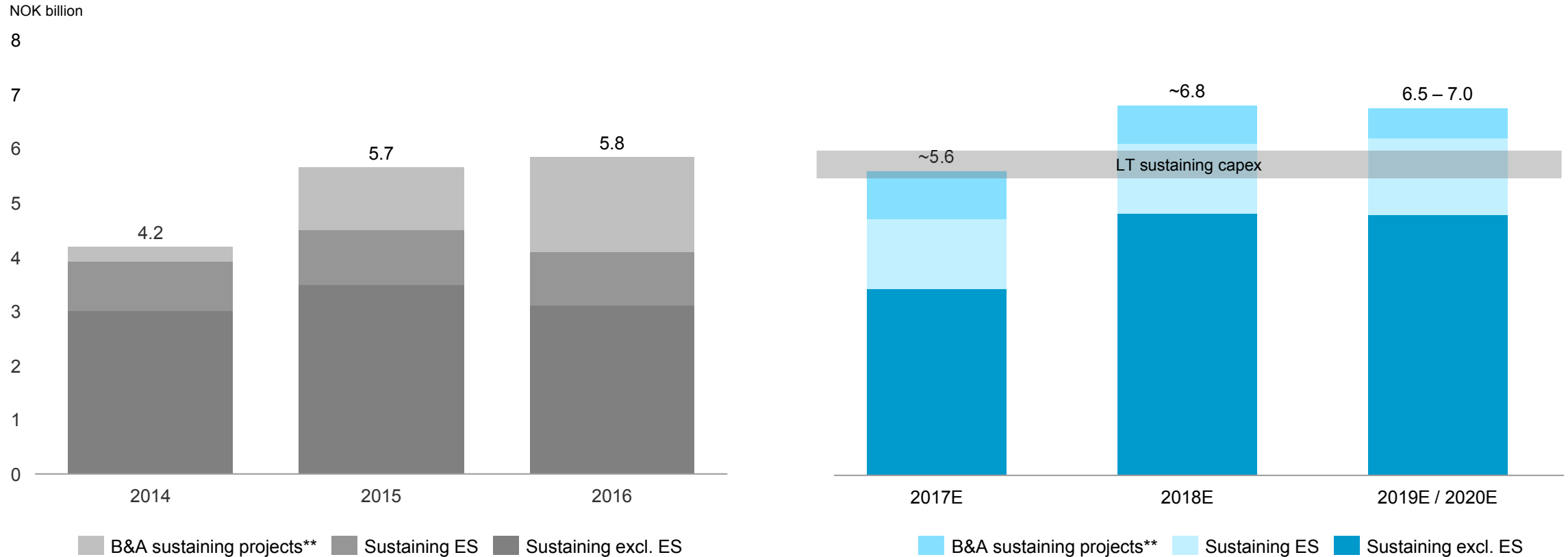
Successful financing of the Sapa-transaction in the Norwegian and Swedish bond markets



- Successful placement of bonds in Norway and Sweden
- Very strong interest and highly competitive terms achieved
- Total amount: NOK 3 billion and SEK 3 billion
 - 2Y SEK 1 billion fixed rate note with a coupon of 0.125% p.a.
 - 3Y SEK 1 billion floating rate note with a coupon of 3m Stibor + 0.75% p.a.
 - 5Y SEK 1 billion fixed rate note with a coupon of 1.00% p.a.
 - 5Y NOK 2 billion floating rate note with a coupon of 3m Nibor + 0.75% p.a.
 - 7Y NOK 1 billion fixed rate note with a coupon of 2.5% p.a.
- DNB, Nordea and Handelsbanken Joint Lead Managers

Long-term sustaining capex around NOK 5.5-6.0 billion

Higher than average sustaining capex 2018-2020 mainly driven by sustaining investments in Brazil

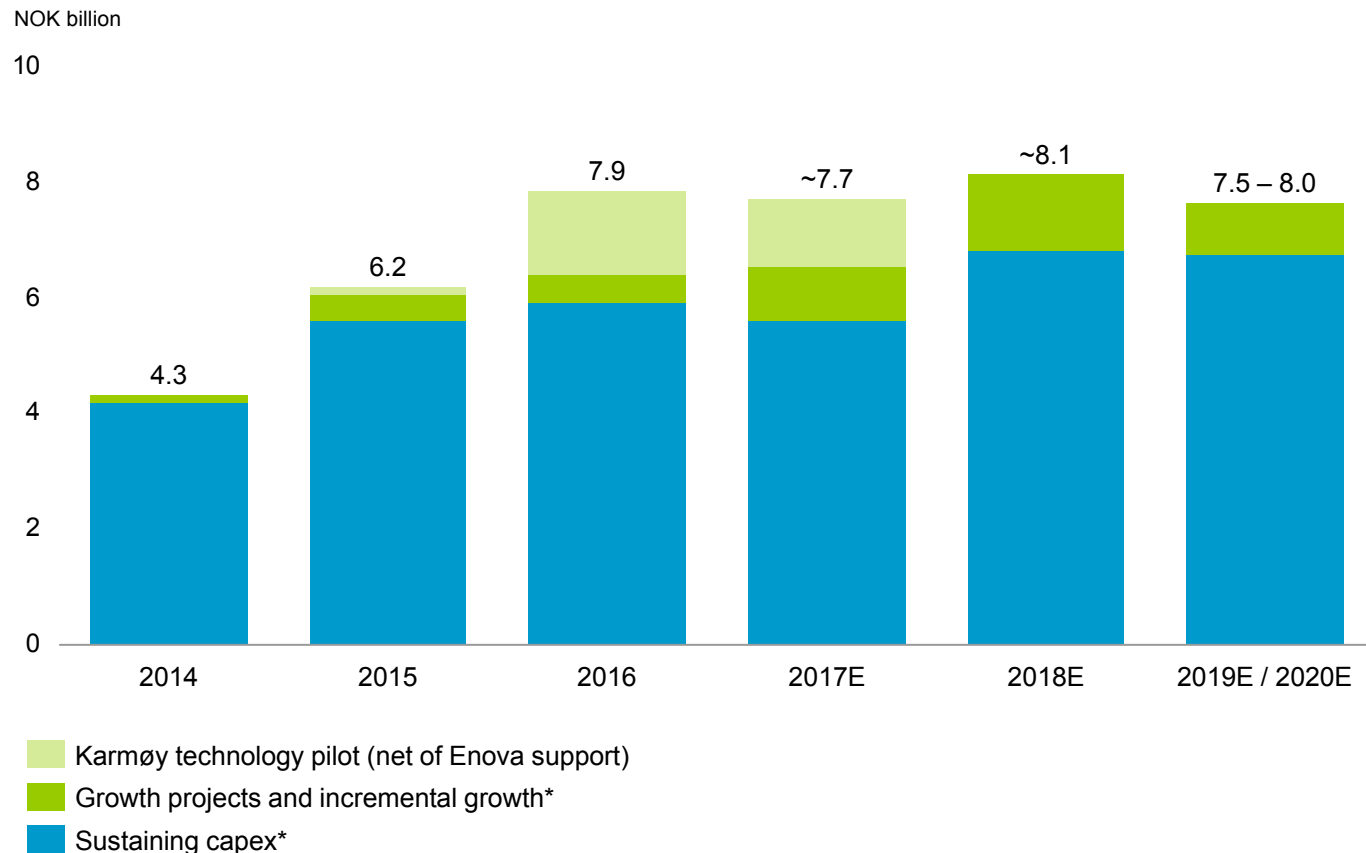


* Real 2017 figures

** Red mud disposal area at Alunorte, tailing dam investments at Paragominas and opening of a new mining area at Paragominas

Growth capex focused on high-grading, recycling and technology

Majority of sustaining capex allocated upstream



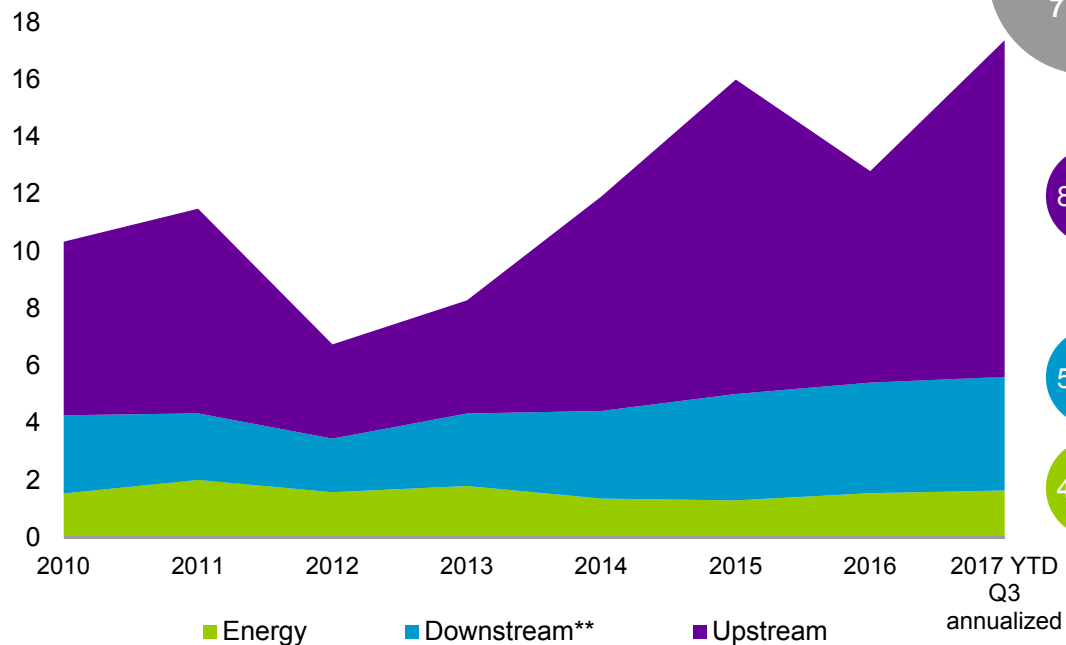
- Sustaining projects for 2018-2020:
 - Bauxite residue disposal area
 - Opening of new bauxite mining area
 - Pipeline replacement
 - Primary rectifiers and asset integrity Albras
 - Smelter relining
- Ongoing organic growth projects:
 - Productivity improvements across the portfolio
- Karmøy technology pilot 2015-2018:
 - Gross investment 4.3 BNOK
 - Of which Enova support 1.6 BNOK
 - Net investment 2.7 BNOK
- Capex related to specific growth projects will be announced when decision is made

* Includes Extruded Solutions

Capital allocated across the value chain, based on estimated premium above cost of capital

Underlying EBITDA

BNOK



Hydro
Cost of capital
7.5%*

8-9%*

5-6%*

4-5%*

- Increased growth opportunities through presence in full value chain and all market segments
- Upstream
 - Cost of capital reflecting higher capital intensity and expected volatility
 - Focus: creep projects, cost efficiency and debottlenecking
- Downstream
 - Lower required cost of capital, more stable margins
 - Focus: high grading portfolio, increasing exposure in higher-margin segments
- Energy
 - Stable cash flows from high-quality hydro power assets in Norway
 - Focus: securing RSK volumes and values, new hydropower projects

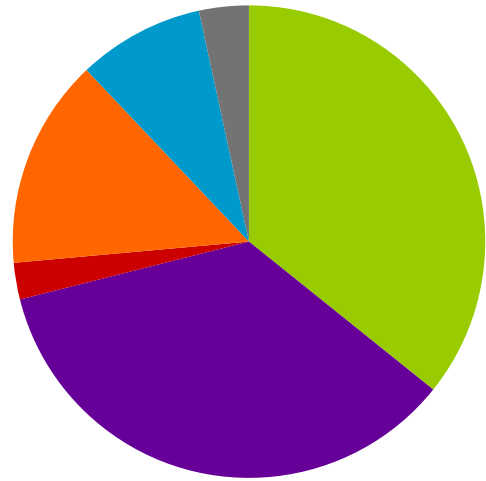
Return requirements dependent on project specific risk assessments

* Real after tax
 ** Hydro Extruded Products 2010-2012, 50% of underlying EBITDA Sapa JV 2013-2017 (pro forma figures until closing 2013)
 Upstream: Bauxite & Alumina, Primary Metal. Downstream: Extruded Solutions, Rolled Products, Metal Markets



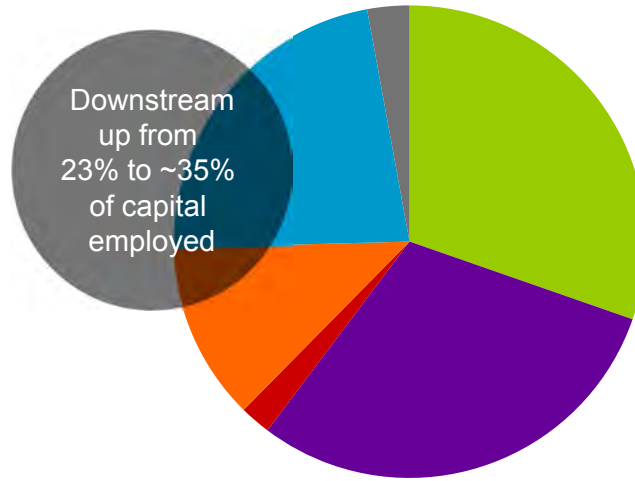
Increasing relative share of downstream exposure

Hydro before transaction:
Capital employed by end Q3-17
BNOK ~80



■ B&A ■ PM ■ MM ■ RP ■ Sapa ■ Energy

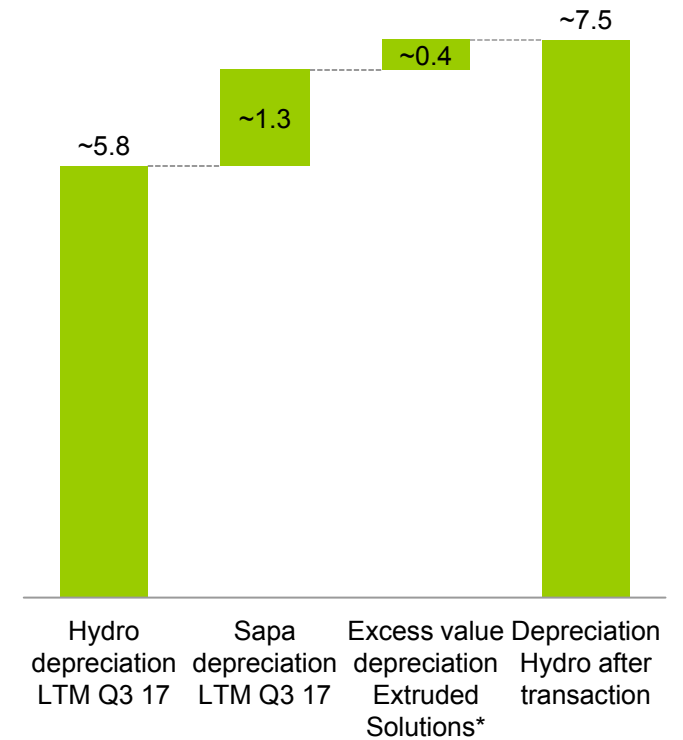
Hydro after transaction:
Capital employed by end Q3-17
BNOK ~96



■ B&A ■ PM ■ MM ■ RP ■ Extruded Solutions ■ Energy

Hydro depreciation after transaction:

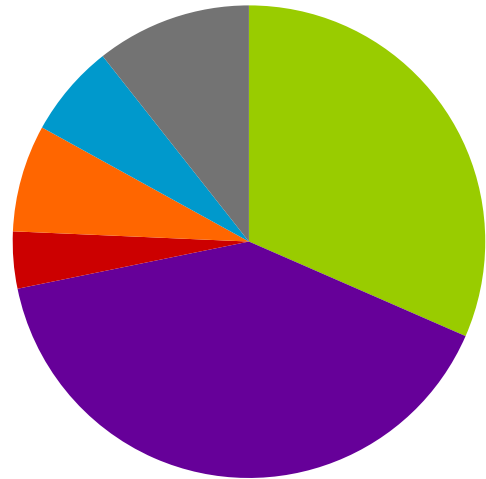
In BNOK



Capital employed pie-charts excludes other & eliminations of negative ~7.7 BNOK
* Indicative estimate

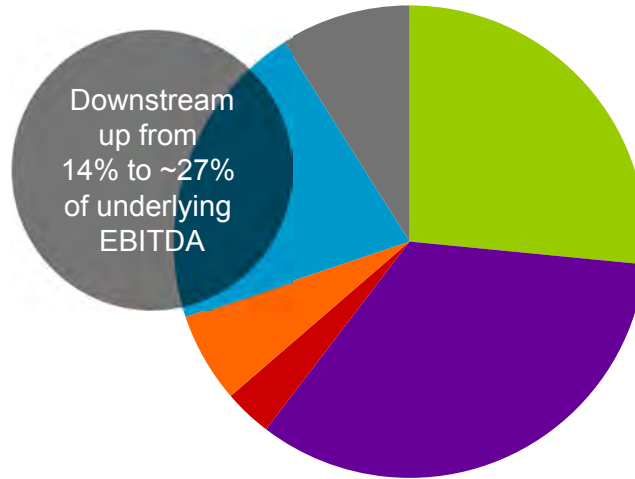
Increasing relative share of downstream exposure

Hydro before transaction:
Underlying EBITDA LTM Q3-17
BNOK 15



■ B&A ■ PM ■ MM ■ RP ■ Sapa ■ Energy

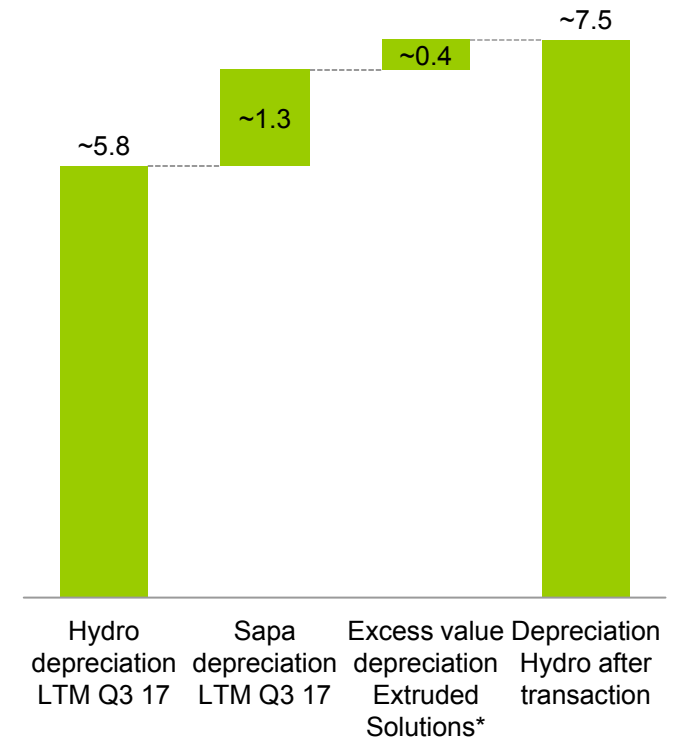
Hydro after transaction:
Underlying EBITDA LTM Q3-17
BNOK 18



■ B&A ■ PM ■ MM ■ RP ■ Extruded Solutions ■ Sapa ■ Energy

Hydro depreciation after transaction:

In BNOK



Underlying EBITDA pie-charts excludes other & eliminations of negative ~0.5 BNOK
* Indicative estimate

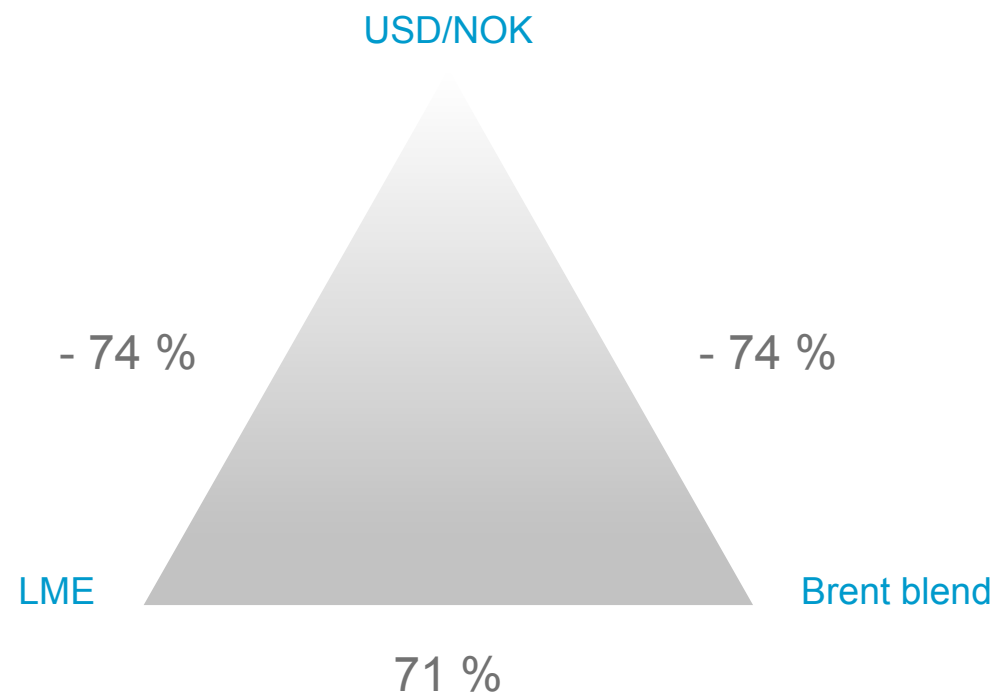
Limited financial hedging, flexible business model

Historical correlations between commodities and currencies indicate a natural earnings hedge

- Hedging strategy
 - Fluctuating with the market: revenues primarily exposed to LME, PAX and USD
 - Volatility mitigated by strong balance sheet
 - Strengthening relative position to ensure competitiveness
- Diversified business
 - Upstream cyclical balanced with more stable earnings downstream
 - Exposed to different markets and cycles
- Bauxite & Alumina
 - Currency exposure, mainly USD and BRL
 - Exposed to LME and Platts alumina index prices
- Primary Metal
 - Operational LME hedging - one-month forward sales
 - Currency exposure, mainly USD, NOK and BRL
- Metal Markets, Rolled Products, Extruded Solutions
 - Operational LME and currency hedging to secure margin
- Flexibility to hedge LME or currency in certain cases
- Long-term debt in currencies reflecting underlying exposures and cash generation, also considering attractiveness in main financial markets

Cross-correlations between currencies and commodities

Monthly correlations 1994-2016



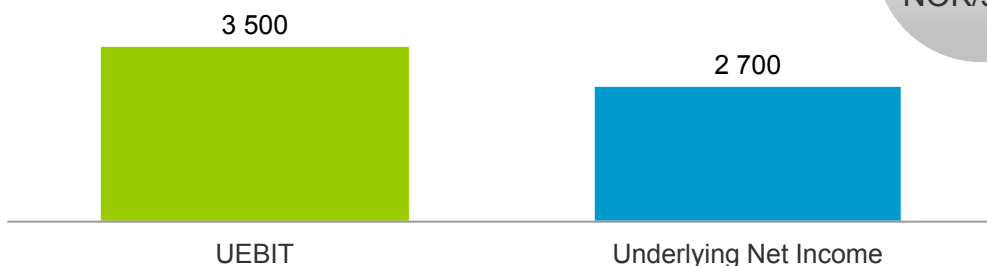
02

Sensitivities and scenarios

Significant exposure to commodity and currency fluctuations

Aluminium price sensitivity +10%*

NOK million



UEPS
+1.18
NOK/share

Currency sensitivities +10%*

Sustainable effect:

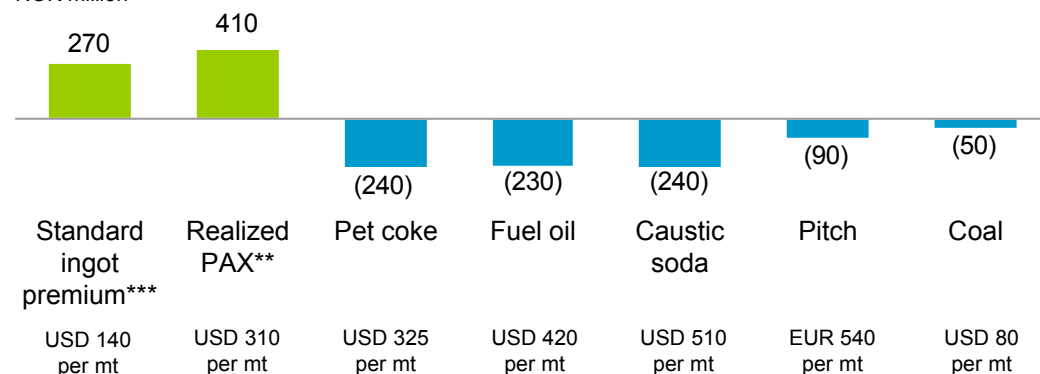
NOK million	USD	BRL	EUR
UEBIT	3 450	(1 210)	(220)
UEBITDA	3 540	(900)	(80)
UEPS	1.17	(0.37)	(0.07)

One-off reevaluation effect:

Financial items	USD	BRL	EUR
Financial items	(70)	610	(1 890)

Other commodity prices, sensitivity +10%*

NOK million



- Annual sensitivities based on normal annual business volumes, LME USD 1 925 per mt, fuel oil USD 420 per mt, petroleum coke USD 325 per mt, caustic soda USD 510 per mt, coal USD 80 per mt, USD/NOK 8.10, BRL/NOK 2.50, EUR/NOK 9.40
- Aluminium price sensitivity is net of aluminium price indexed costs and excluding unrealized effects related to operational hedging
- BRL sensitivity calculated on a long-term basis with fuel oil assumed in USD. In the short-term, fuel oil is BRL-denominated
- Excludes effects of priced contracts in currencies different from underlying currency exposure (transaction exposure)
- Currency sensitivity on financial items includes effects from intercompany positions
- 2018 Platts alumina index (PAX) exposure used

* Including Extruded Solutions

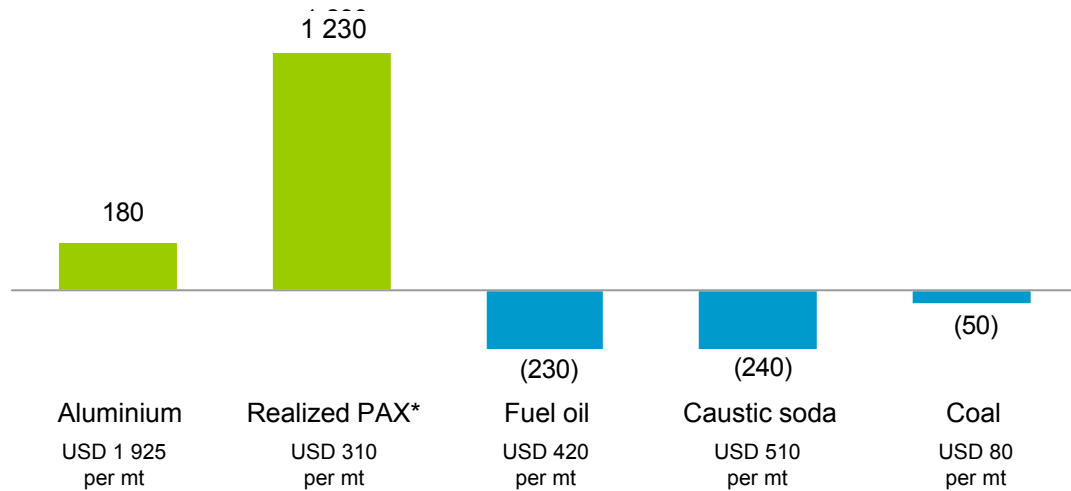
** 2018 Platts alumina index exposure

*** Europe duty paid standard ingot premium

Bauxite & Alumina sensitivities

Annual sensitivities on underlying EBIT if +10% in price

NOK million



Currency sensitivities +10%

NOK million	USD	BRL	EUR
UEBIT	990	(820)	-

Revenue impact

- ~14.5% of 3-month LME price per tonne alumina
 - ~One month lag
- Realized alumina price lags PAX by one month

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 IHS Chemical, pricing mainly monthly per shipment

Energy

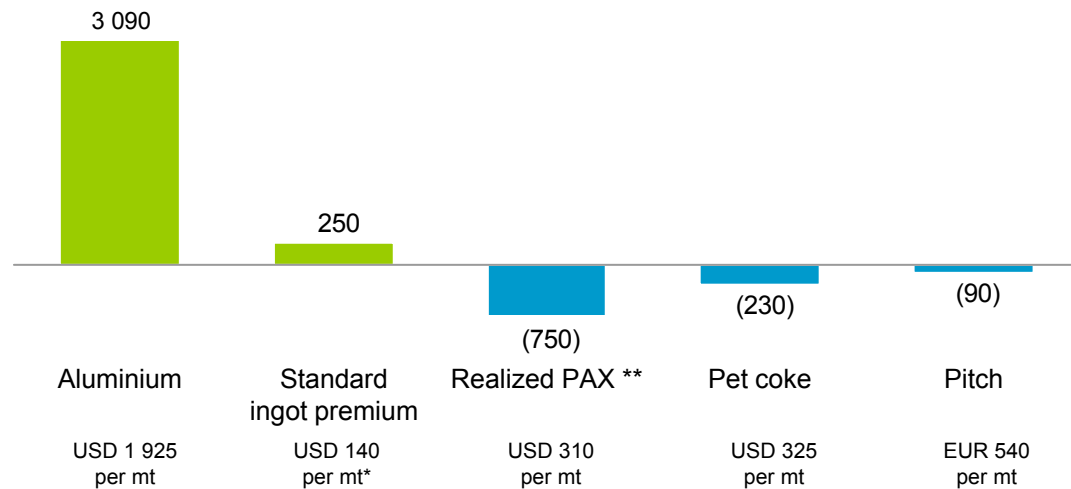
- ~0.11 tonnes coal per tonne alumina, Platts prices, one year volume contracts, weekly per shipment pricing
- ~0.11 tonnes heavy fuel oil per tonne alumina, prices set by ANP/Petrobras in Brazil, weekly pricing (ANP) or anytime (Petrobras)
- Increased use of coal as energy source in Alunorte

* 2018 Platts alumina index exposure
 Currency rates used: USD/NOK 8.10, BRL/NOK 2.50, EUR/NOK 9.40

Primary Metal sensitivities

Annual sensitivities on underlying EBIT if +10% in price

NOK million



Currency sensitivities +10%

NOK million	USD	BRL	EUR
UEBIT	2 060	(390)	(230)

Revenue impact

- Realized price lags LME spot by ~1-2 months
- Realized premium lags market premium 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
 - ~ 1-3 months lag

Carbon

- ~0.35 tonnes petroleum coke per tonne aluminium, Pace Jacobs Consultancy, 2-3 year volume contracts, quarterly pricing
- ~0.08 tonnes pitch per tonne aluminium, CRU, 2-3 year volume contracts, quarterly pricing

Power

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

* Europe duty paid. Hydro Q3'17 realized premium USD 261 per mt
 ** 2018 Platts alumina index exposure
 Currency rates used: USD/NOK 8.10, BRL/NOK 2.50, EUR/NOK 9.40

Commodities and currencies need to be seen in tandem

Spot prices and currency rates indicate earnings upside

Underlying EBIT sensitivity to changes in LME and USD/NOK

		Change in LME price		
		- 10%	0	+ 10%
Change in USD/NOK	Change in UEBIT (BNOK)			
	+10%	(0.4)	3.5	7.3
	0	(3.5)	0	3.5
	-10%	(6.6)	(3.5)	(0.3)

Key variables “run-rate”* vs Q3-17 realized

	Q3-17 realized	Run-rate*	% change	Annual effect	
				Impact on UEBIT (BNOK)	Impact on UEPS (NOK/share)
LME	1 925	2 100	9 %	3.2	1.1
PAX	310	450	45 %	1.8	1.0
USD/NOK	8.1	8.1	0 %	0.0	0.0
BRL/NOK	2.5	2.5	0 %	0.0	0.0
Total				5.0	2.1

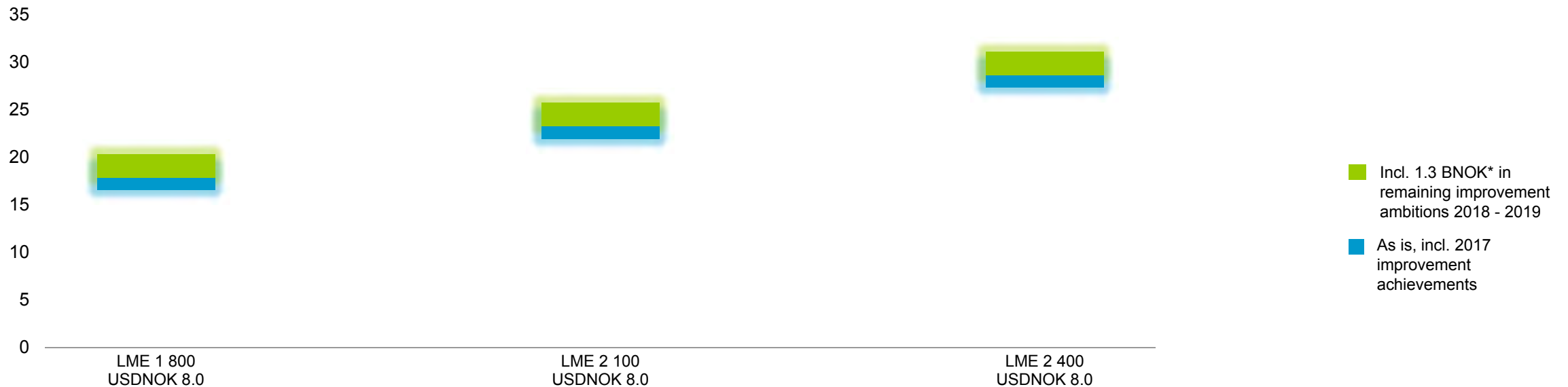
* Run rate – market rates as of November 23, 2017

Improvement efforts lift UEBITDA potential

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

Indicative UEBITDA-range in 3 scenarios

NOK billion



Additional factors influencing earnings (not included in the scenarios):

Production volumes, alumina sales pricing on PAX, energy prices, downstream margin developments, raw material cost development, premiums, inflation, currency, depreciation, other

Last 4 quarters underlying EBITDA as basis. USD/NOK 8.0, BRL/NOK 2.5, realized premium above LME 260 USD/mt, PAX 350 USD/mt assumed for all scenarios. Other assumptions unchanged.

Improvements used for scenarios exclude Extruded Solutions

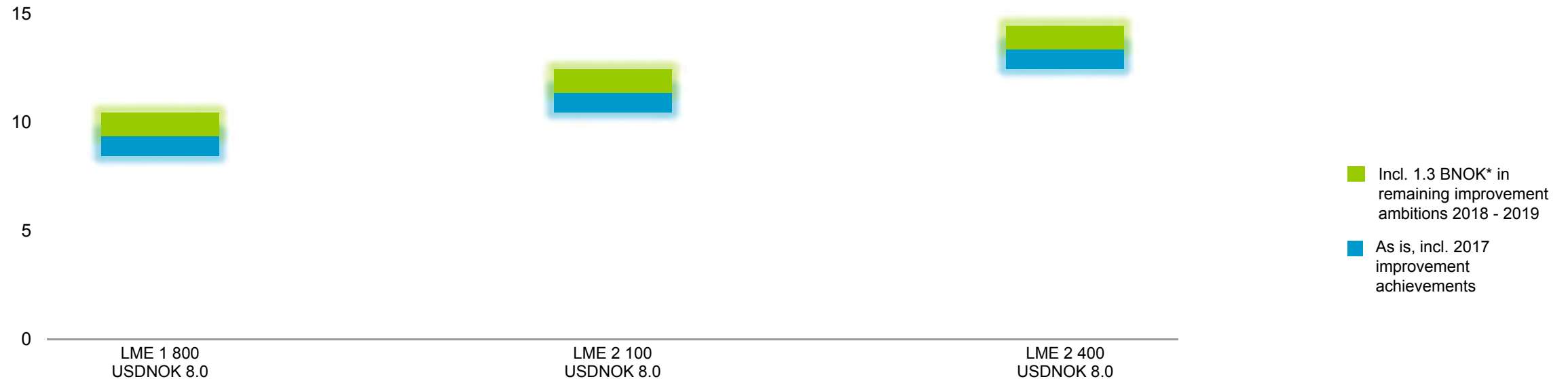
* Future improvement efforts in real 2015 terms, before depreciation.

Improvement efforts and capital discipline contribute to FCF growth...

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

Indicative Free cash flow (FCF) range in 3 scenarios

NOK billion



Additional factors influencing earnings (not included in the scenarios):

Production volumes, alumina sales pricing on PAX, energy prices, downstream margin developments, raw material cost development, premiums, inflation, currency, taxes, investments, interest expense, depreciation, other

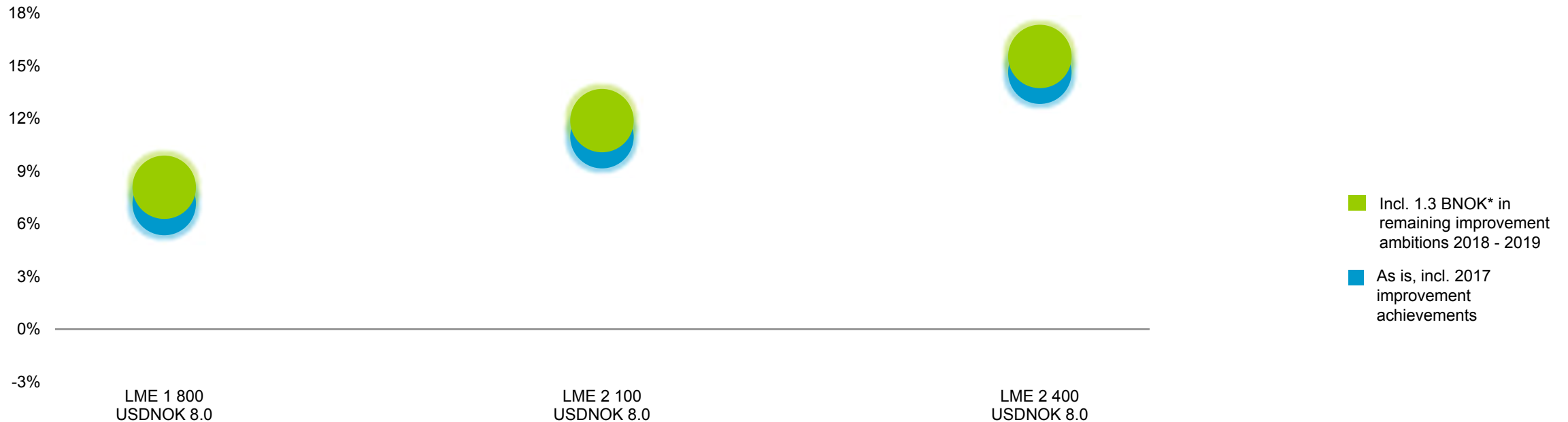
Last 4 quarters underlying EBITDA as basis. USD/NOK 8.0, BRL/NOK 2.5, realized premium above LME 260 USD/mt, PAX 350 USD/mt assumed for all scenarios. Long-term capex 5.5 - 6 BNOK per year
Other assumptions unchanged. Improvements used for scenarios exclude Extruded Solutions

* Future improvement efforts in real 2015 terms, before depreciation.

...and lift potential for competitive returns

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

Indicative RoaCE range in 3 scenarios



Additional factors influencing earnings (not included in the scenarios):

Production volumes, alumina sales pricing on PAX, energy prices, downstream margin developments, raw material cost development, premiums, inflation, currency, taxes, interest expense, other

Last 4 quarters underlying EBITDA as basis. USD/NOK 8.0, BRL/NOK 2.5, realized premium above LME 260 USD/mt, PAX 350 USD/mt assumed for all scenarios. Other assumptions unchanged.
Improvements used for scenarios exclude Extruded Solutions

* Future improvement efforts in real 2015 terms, before depreciation.

03

Financial targets and aspiration

Driving long-term shareholder value

Balancing capital allocation and financial strength

Solid balance sheet and liquidity

Maintain financial flexibility
Enable access to capital markets
Navigate through the cycles
Manage business risks
Act on opportunities

Capital expenditures

Sustaining capex to ensure operational excellence
Investments to keep market share, reduce costs, strengthen margins

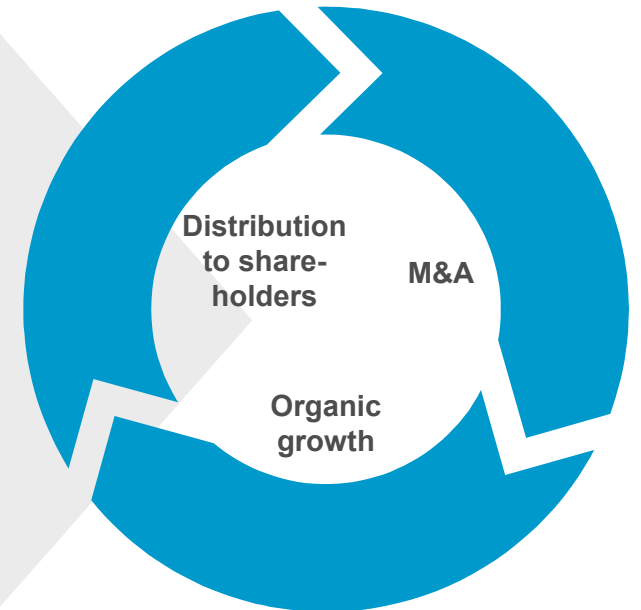
Predictable dividend

Deliver competitive cash returns to shareholders

Long-term shareholder value

- Reinvest in profitable growth
- or
- Return to shareholders

Allocation based on best risk-adjusted returns



Hydro's aspiration underpinned by firm financial targets

Medium and long-term

	Ambition	Timeframe	CMD 2017 status
<i>Better</i> improvement ambition	3.0 BNOK	2016-2019	1.7 BNOK 2017E
Long-term sustaining capex	~ 5.5 - 6.0 BNOK	Over the cycle	5.6 BNOK 2017E
Dividend payout ratio	40% of net income	Over the cycle	~133% ¹⁾ 2012-2016
FFO/adjusted net debt ²⁾	> 40%	Over the cycle	65% LTM Q3-17 ³⁾
Adjusted net debt/Equity	< 55%	Over the cycle	28% Q3-17 ³⁾
RoACE	Competitive ⁴⁾	Over the cycle	7.4% ^{3,5)} LTM Q3-17

Better Bigger Greener

- 1) Payout ratio 5 year average – dividend per share divided by earnings per share from continuing operations for the last 5 years
- 2) FFO – funds from operations
- 3) Estimate incl Sapa
- 4) Measured against a relevant peer group
- 5) Underlying return on average capital employed after tax (RoACE)



Maximizing long-term value creation potential

- Continuous cost and margin improvements
- Financial strength and flexibility
- Disciplined capital allocation
- Reliable shareholder remuneration policy
- Working capital management
- Effective risk management



Market Outlook

Kathrine Fog, SVP Corporate Strategy & Analyses

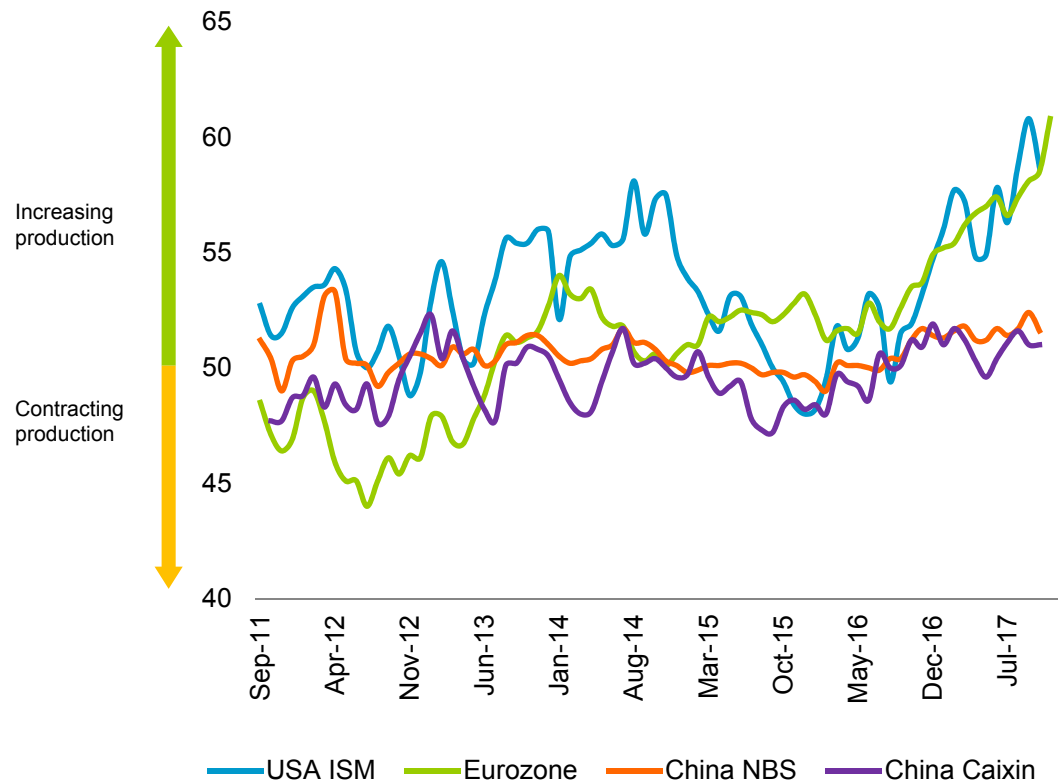
01

Macro and
downstream

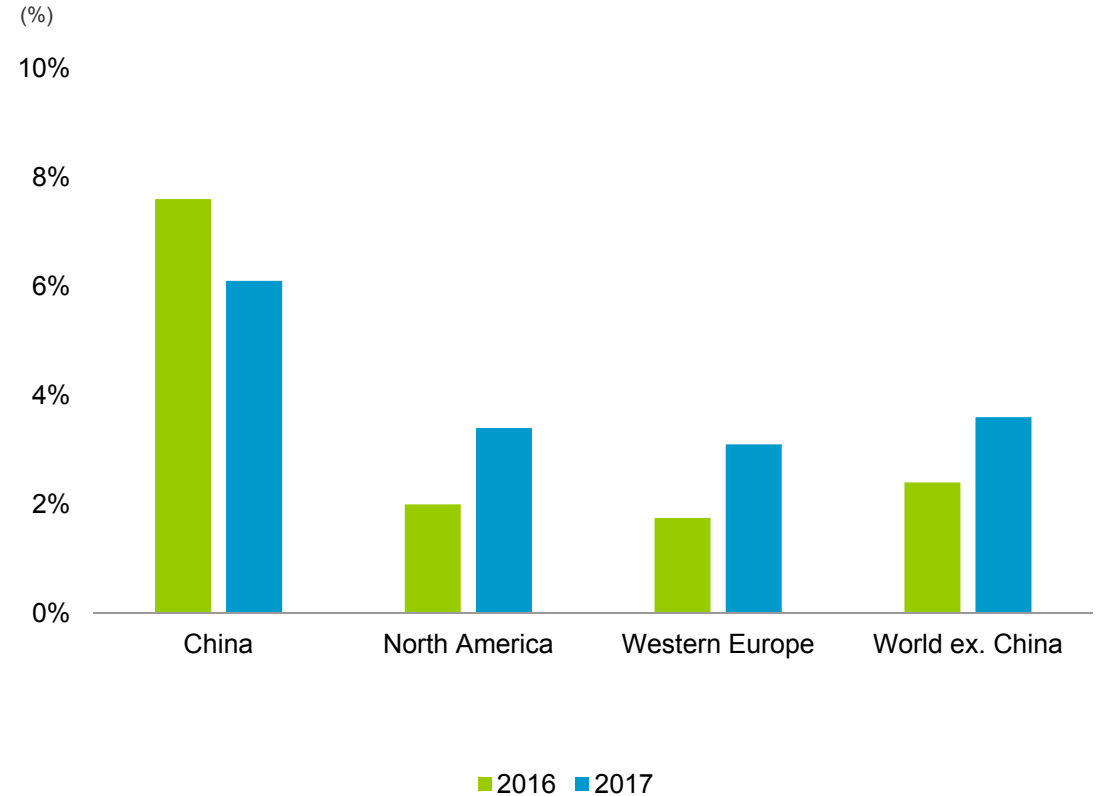
Improving macro environment evident in aluminium demand

Semis demand at or above GDP in key regions

Manufacturing PMI's



Semis demand annual growth, key regions



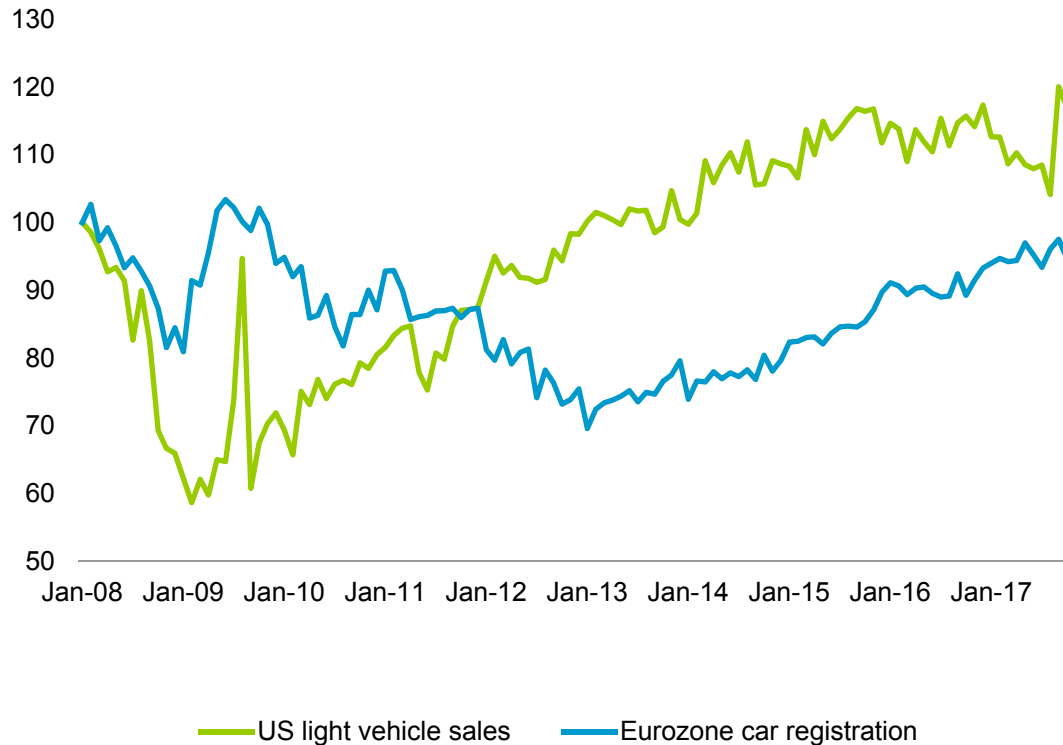
Source: Thomson Reuters, Republished under license from CRU International Ltd

Substitution trend in automotive progressing

US semis demand in automotive remains positive although car sales have overall moderated in 2017

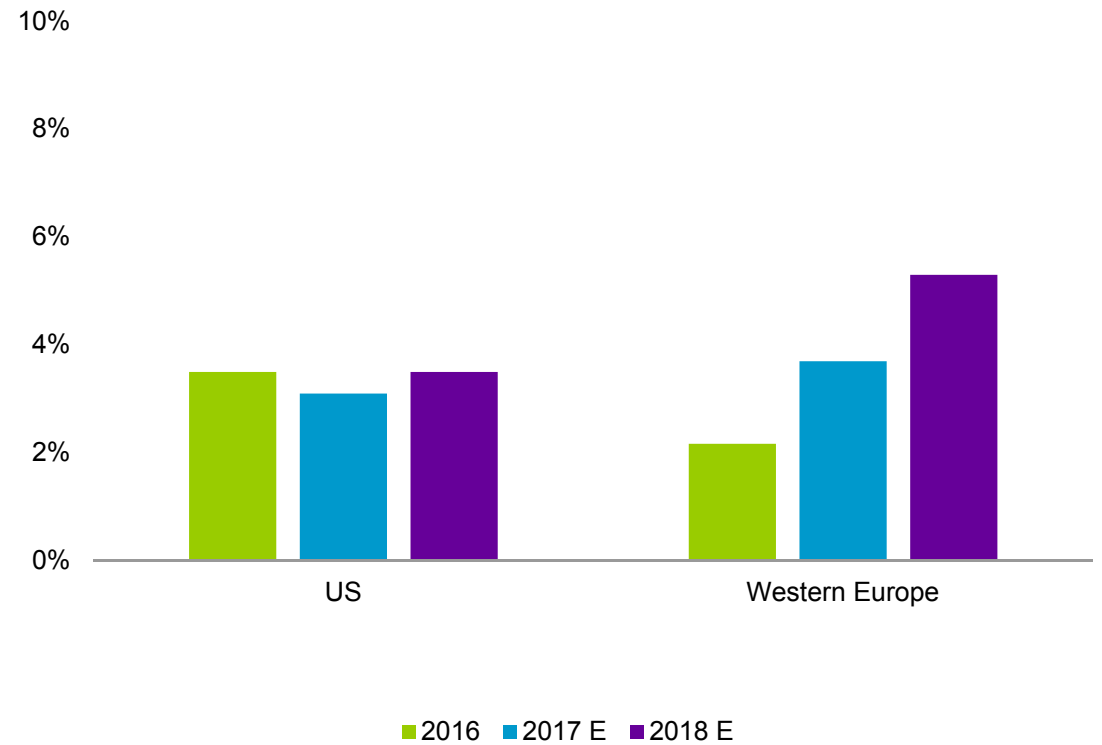
US and European automotive indicators

(Index, Jan. 2008=100)



Semis demand in transport, annual growth

(%)

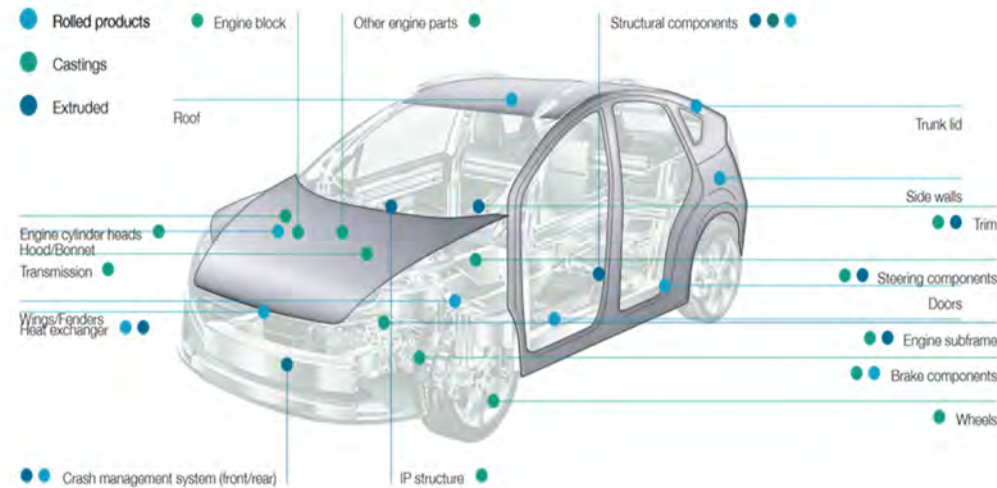


Source: Thomson Reuters, Republished under license from CRU International Ltd

Automotive demand for aluminium supporting several semis products

Car makers utilizing aluminium to reduce weight and increase fuel-efficiency

High-growth automotive segment with substantial further potential due to aluminium's superior inherent properties



Global semis demand for transport sector by product form

(Mill t)

30

25

20

15

10

5

0

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

■ Castings ■ Extrusions ■ Other* ■ Rolled products

7 %

7 %

4 %

CAGR
2016-20



Source: Hydro analysis, Republished under license from CRU International Ltd
*Other includes e.g wire

New segments and applications supporting aluminium demand



Marine / Offshore applications



Zero-emission electrical car ferries in 100% aluminium for light-weighting



B&C, ex. Supertall buildings



Transportation, truck & trailer applications



Aluminium in solar panels



Industrial applications, ex. furnitures



Middle and high voltage cables, wire and cables for electrical applications



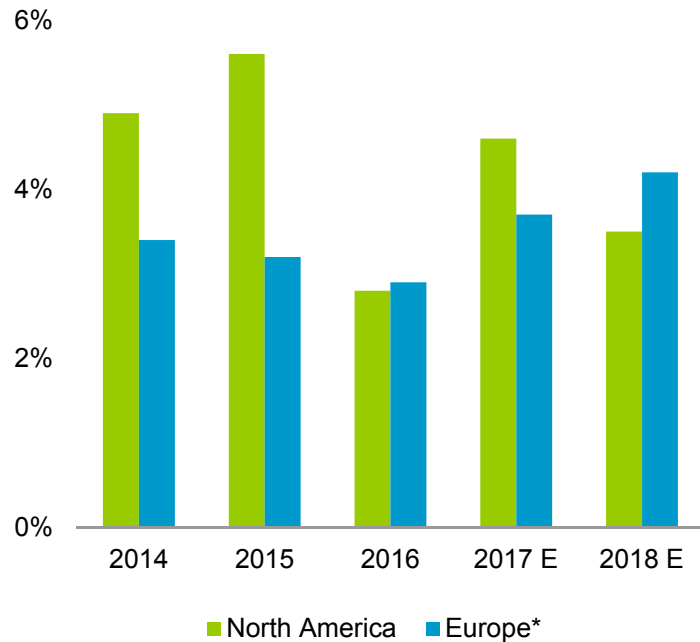
Automotive, strong drive towards EV

Rolled products demand driven by transport segment

Transport share increasing in total rolled products demand

General rolled products demand, selected regions

YoY-growth

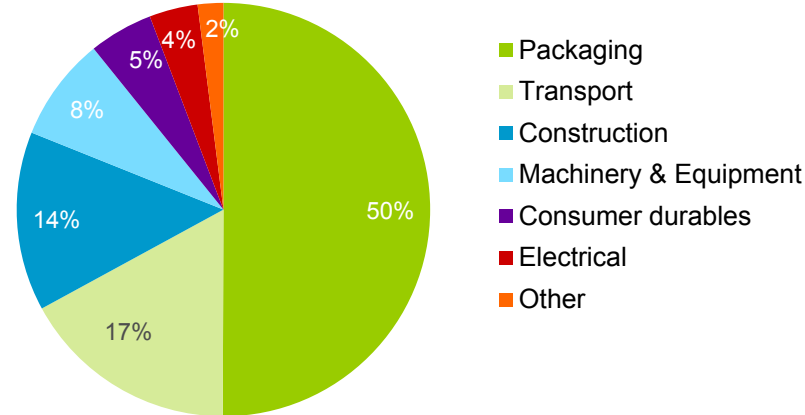


Expected market development

- Continued substitution trend in transport main demand driver
- Growth in packaging driven by can stock and foil in emerging markets

Global segment composition, rolled products

(2017)

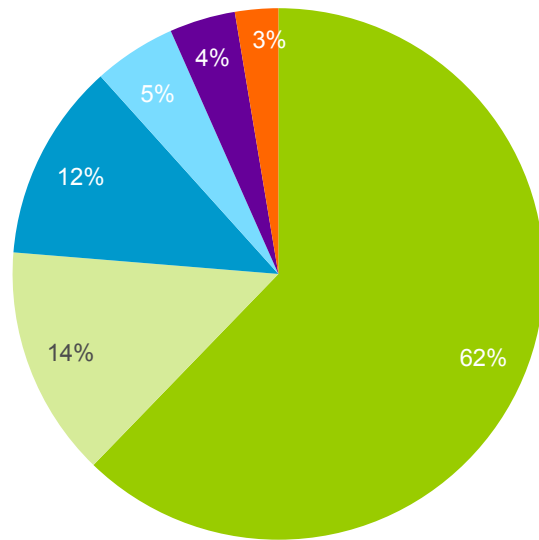


Source: Hydro Analysis, Republished under license from CRU International Ltd
*Total EU27+EFTA

Extrusion market supported by continued momentum in B&C market and improving demand in transport

Global segment composition, extrusion

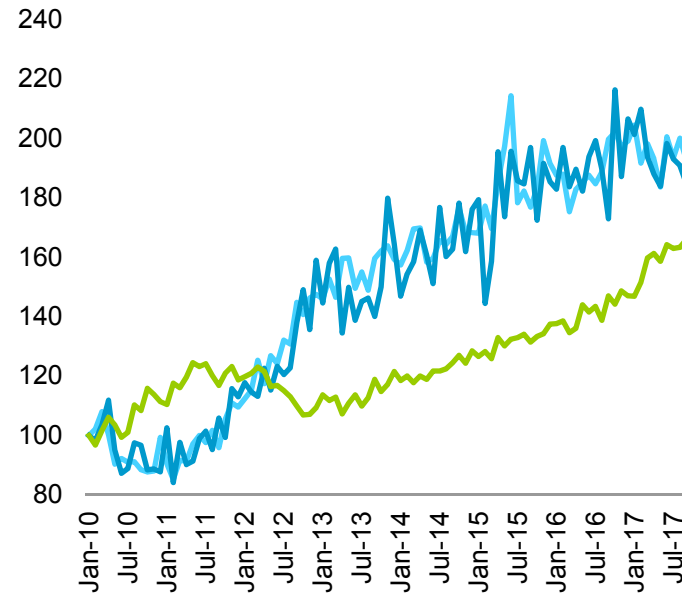
(2017)



- Construction
- Machinery & equipment
- Consumer durables
- Transport
- Electrical
- Other

Housing market indicators

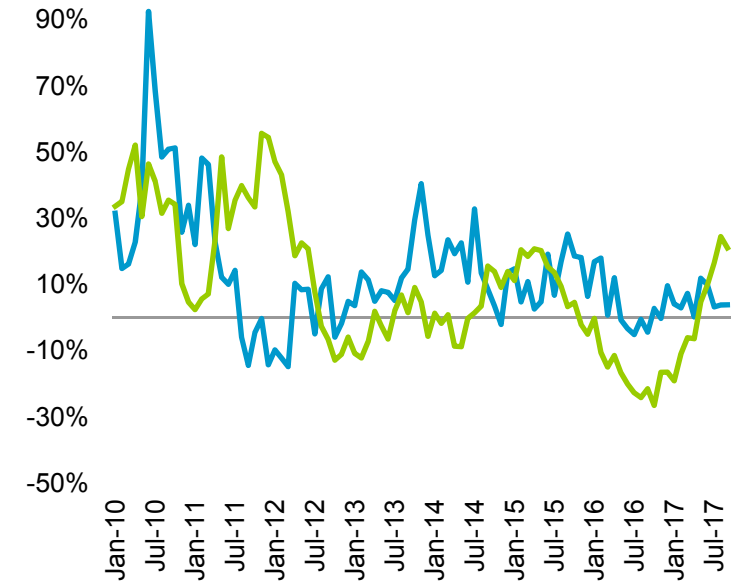
Index, Jan 2010=100



- US Building permits
- US Housing starts
- EU construction order book

US truck and trailer market

Monthly shipments, annual growth



- Light trucks
- Heavy duty trucks

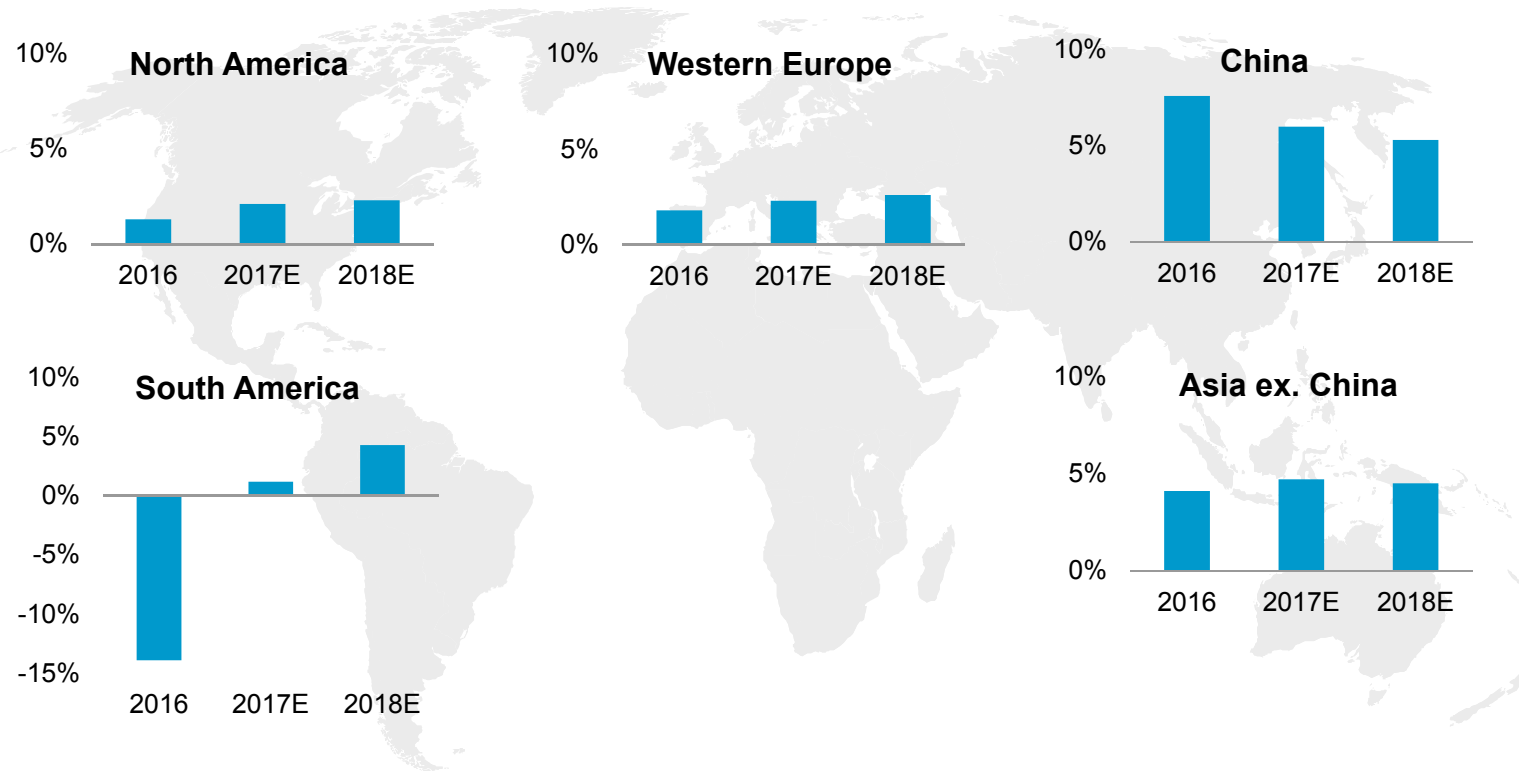
Source: Thomson Reuters, Hydro Analysis, Republished under license from CRU International Ltd

Solid extrusion demand growth in several key regions

Gradual improvement expected in Europe, Chinese demand growth estimated to moderate

Extrusion demand, selected regions

YoY-growth



Expected market development

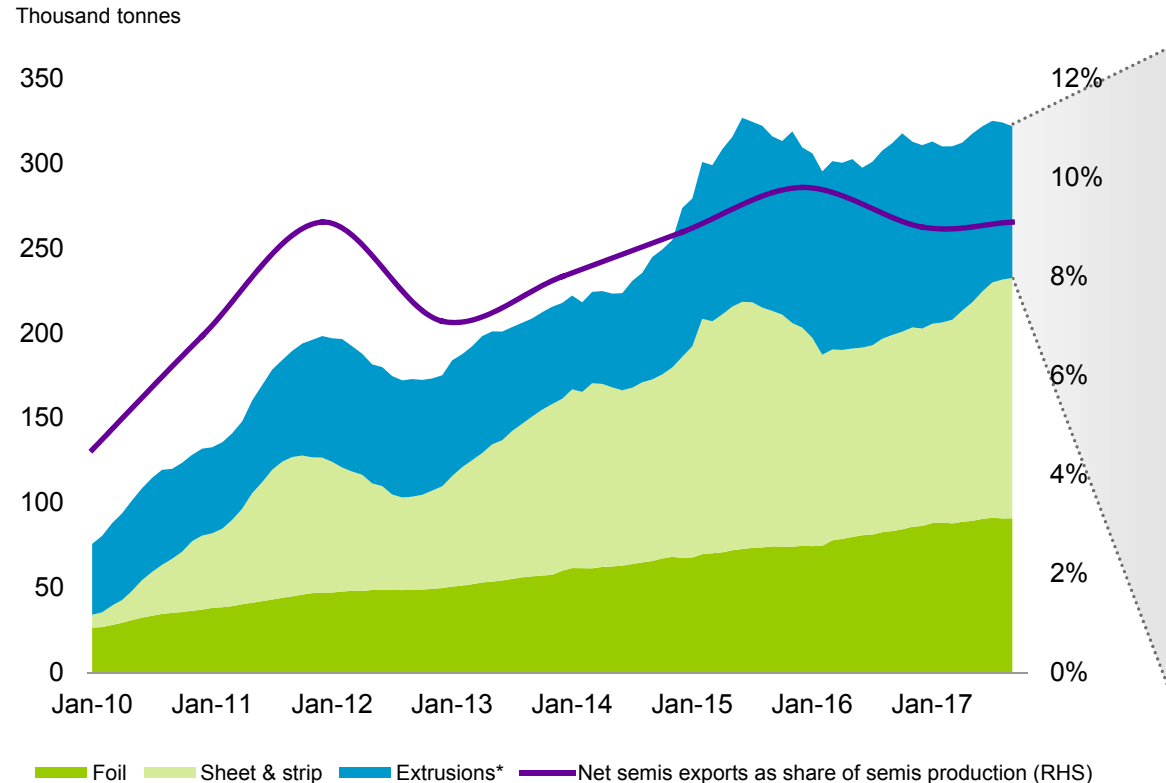
- US housing market still sustaining positive momentum
- Construction activity in Europe continues to improve from low levels
- South America returning to positive demand growth
- Softer construction growth impacting Chinese demand

Source: Hydro Analysis, Republished under license from CRU International Ltd

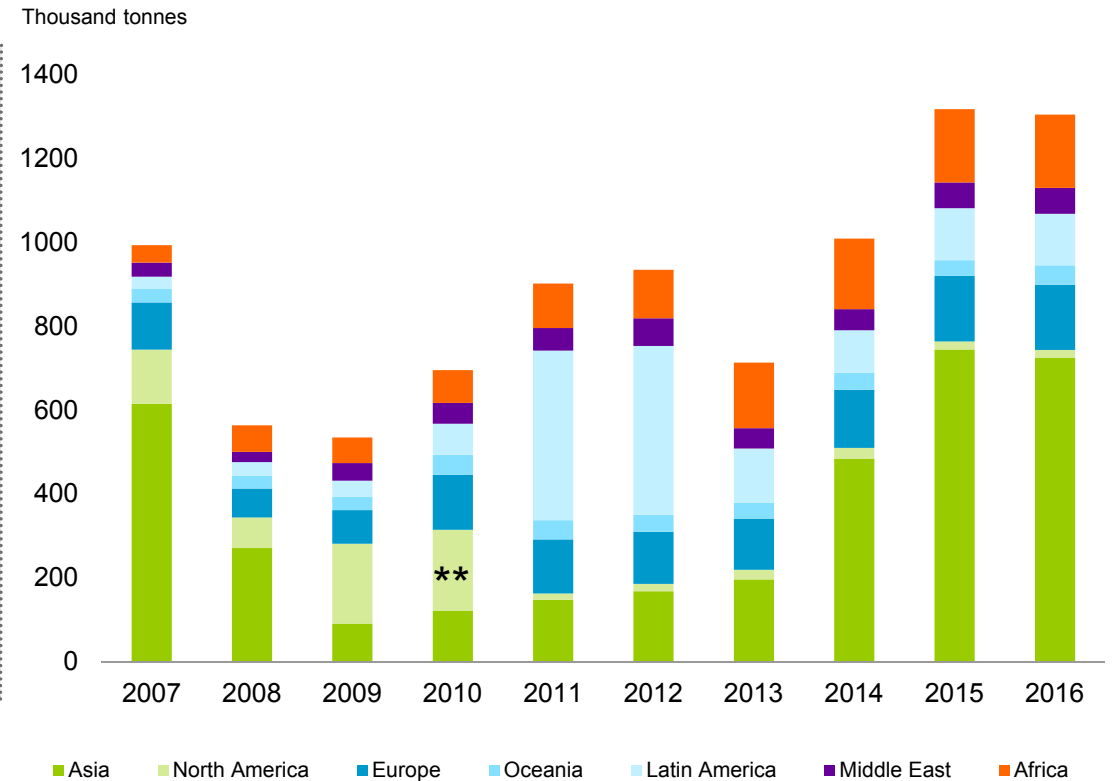
Largely stable Chinese semis exports last year

Limited extrusion exports to Europe and North America, extrusion stocks transferred from Mexico to Vietnam

Monthly Chinese net semis exports (12-month moving average)



Annual Chinese extrusion exports, by region



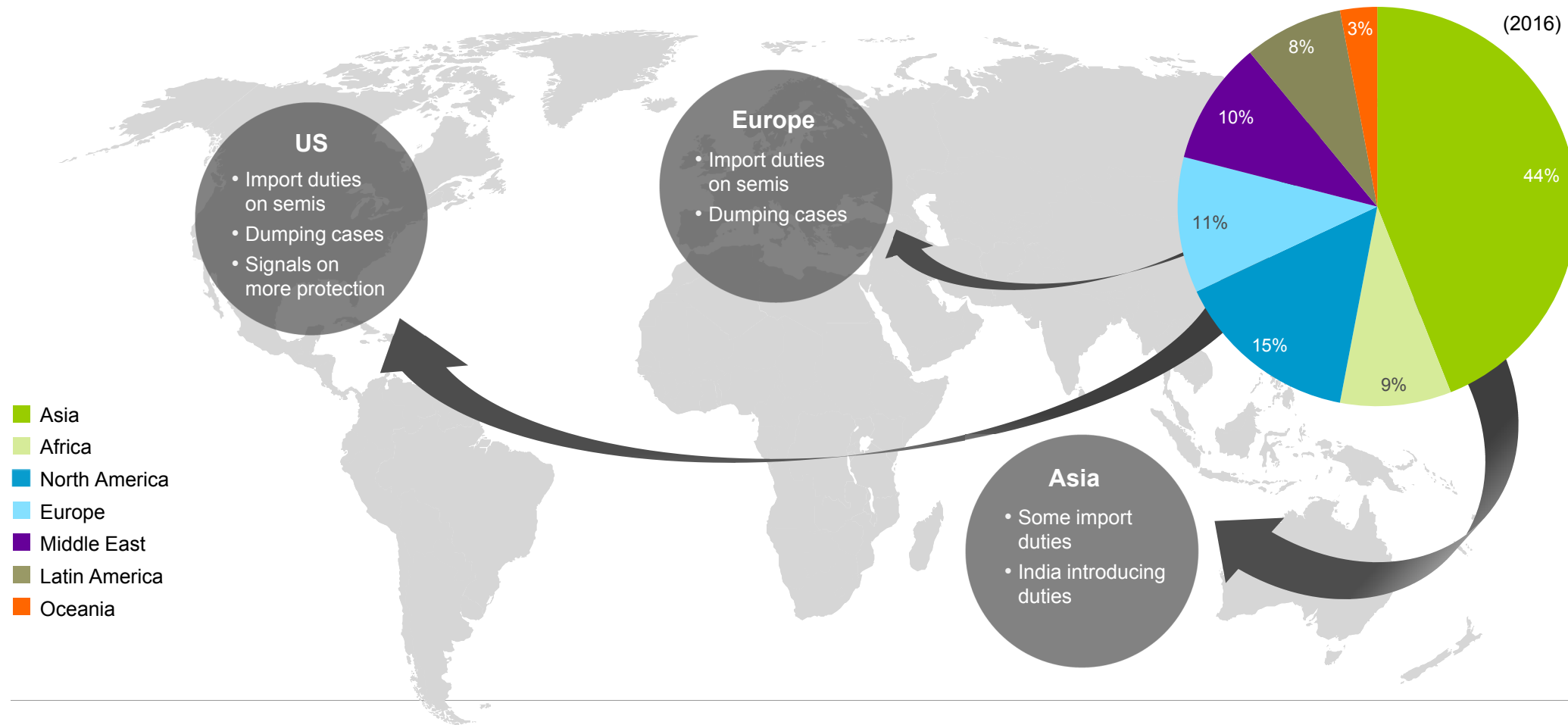
Source: CRU, Antaika, Hydro Analysis

*Mainly extrusions, but also including some smaller semis categories such as wire

**US extrusion duties imposed in 2010, impacting volumes from 2011

Trade flows partly impacted by trade measures

Chinese semis exports by destination – Asia key region



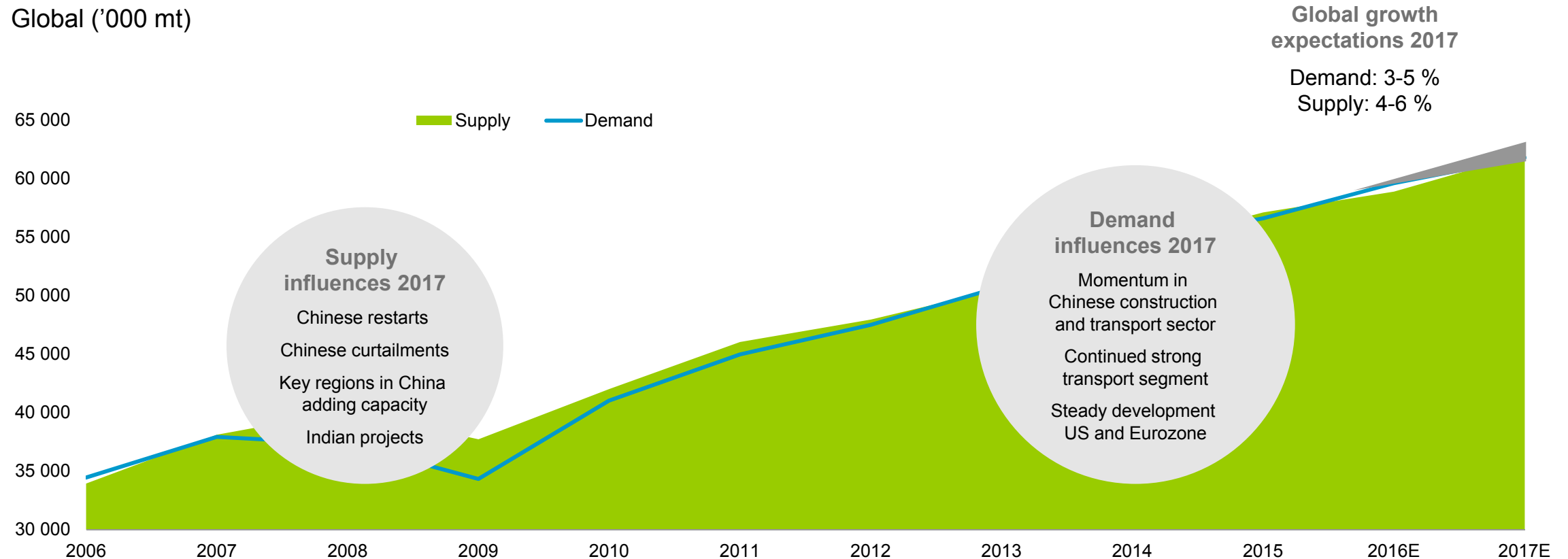
Source: Hydro Analysis, Antaike

02

Primary metal
market

Recap CMD 2016: Global primary market expected to be largely balanced also in 2017

Global ('000 mt)

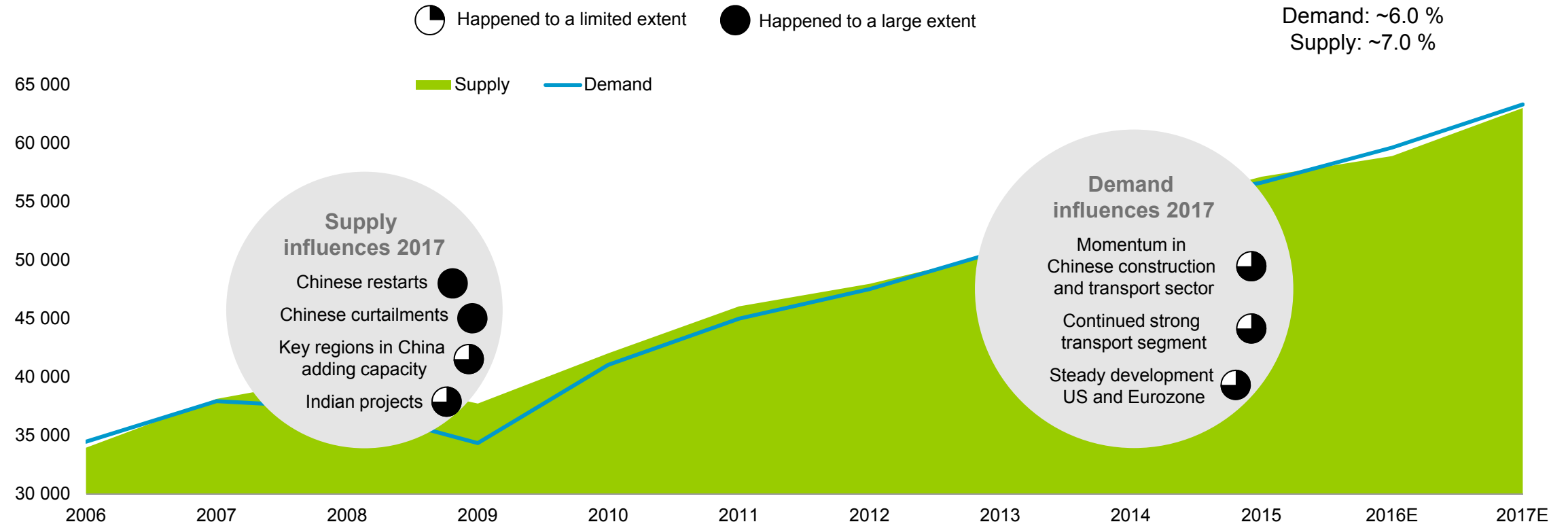


Source: CRU, Hydro Analysis

Global primary market for 2017 in small deficit

Both supply and demand higher than expected

Global ('000 mt)

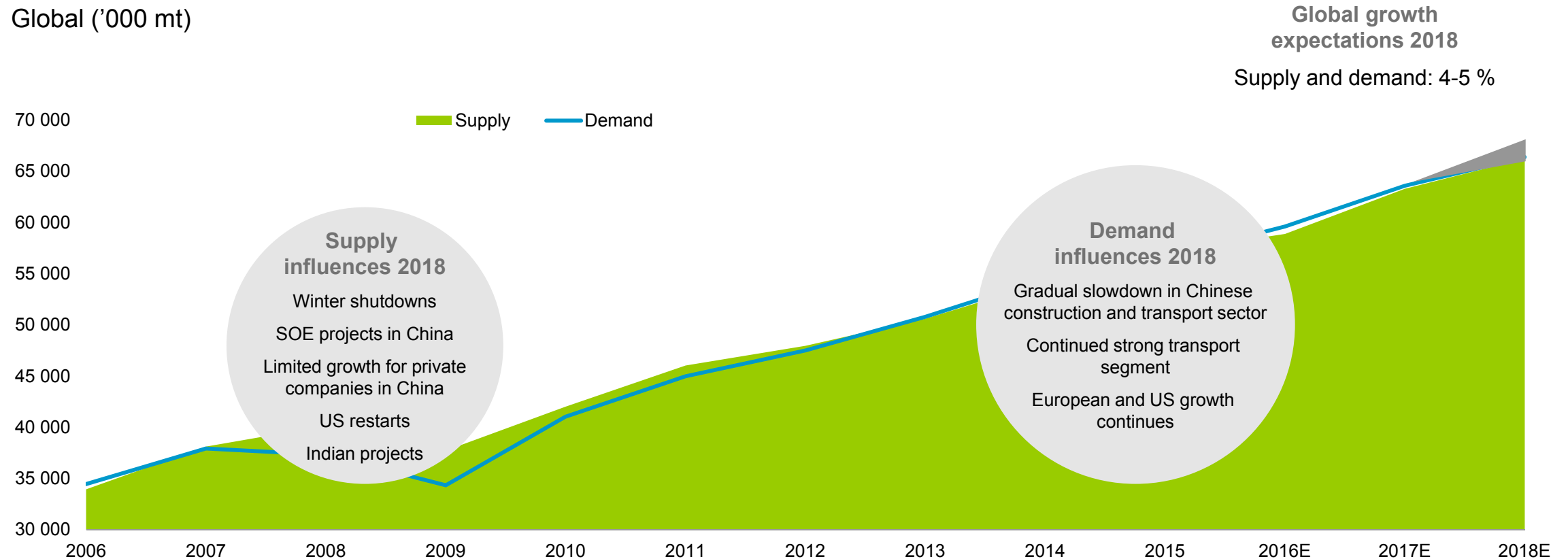


Source: CRU, Hydro Analysis

Global primary market expected to be largely balanced in 2018

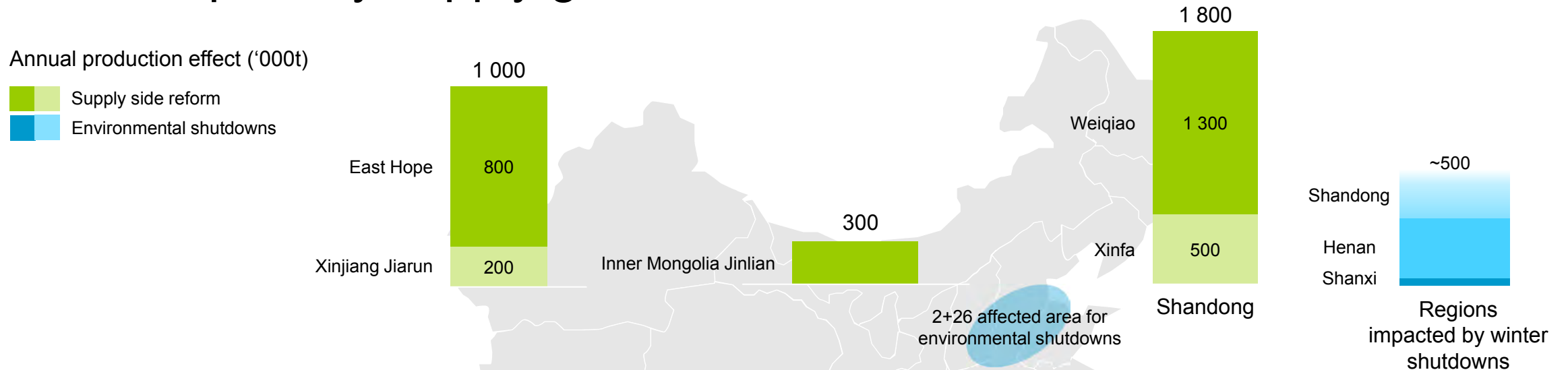
Primary supply and demand growth expected to be largely similar

Global ('000 mt)



Source: CRU, Hydro Analysis

Supply-side reform and environmental shutdowns moderating Chinese primary supply growth



Supply-side reform

- Due to lack of approvals several operational smelters have been forced to shut down production
- Private companies such as Weiqiao, East Hope and Xinfu have been most affected to date
- Planned and potential projects have also been affected by the policy, subduing production growth going forward

Environmental shutdowns

- Several industries, including steel, cement, coal and aluminium have been ordered to halt production during the winter heating from November 15th and March 15th
- The winter season shutdowns are also impacting carbon anode and alumina production
- The primary shutdowns in Shandong are related to Xinfu, as Weiqiao is not estimated to further cut its aluminium production during the winter season due to largely overlap with supply-side reform











Source: CRU, Hydro Analysis

Key drivers for China's aluminium expansion losing momentum

Drivers for aluminium capacity

Past

Present

Demand growth			<ul style="list-style-type: none"> Continued strong growth short-term, but expected to slow longer term Export market impacted by trade restrictions
Lack of environmental restrictions			<ul style="list-style-type: none"> From softer to harder constraints: strong enforcement of environmental shutdowns during winter shutdown
Energy availability			<ul style="list-style-type: none"> Competitive advantage of coal-rich regions moderating, combined with rising coal prices Environmental issues will further challenge coal-based production
Access to financing			<ul style="list-style-type: none"> Tighter financial liquidity perceived as constraint for potential capacity new-builds and restarts Supply-side reform limiting new projects, especially by private players
Raw material access			<ul style="list-style-type: none"> Depleting domestic bauxite reserves, more dependent on imports Carbon producers also impacted by environmental shutdowns

 Supportive of capacity expansions

 Moderating capacity expansions

Chinese energy market reforms impacting aluminium smelter cost

Reforms expected to even out power prices across the specter of Chinese aluminium producers

Chinese Power Market Reform: Key objectives

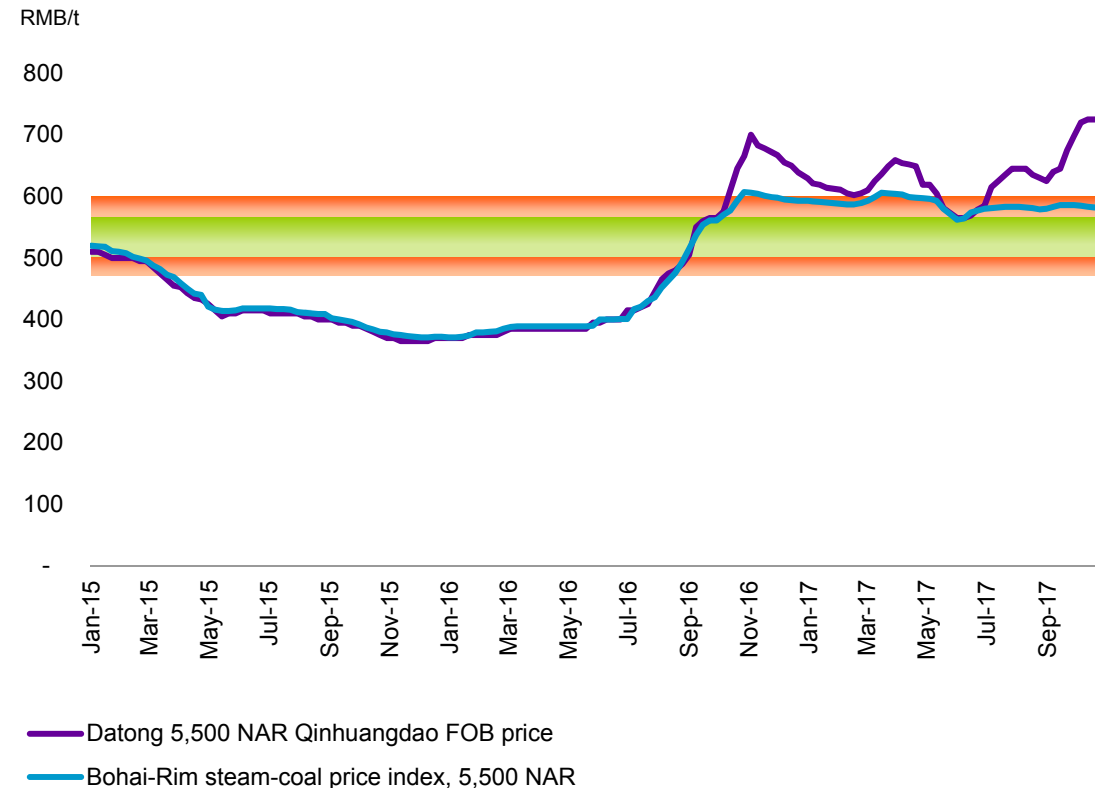
Standardize and strengthen supervision of captive power plants

Implement power pricing mechanisms reflecting market fundamentals

Remove cross-subsidization and regulate T&D tariffs at cost-plus levels

Promote direct power purchase and power trading

Chinese Steam Coal Price Band

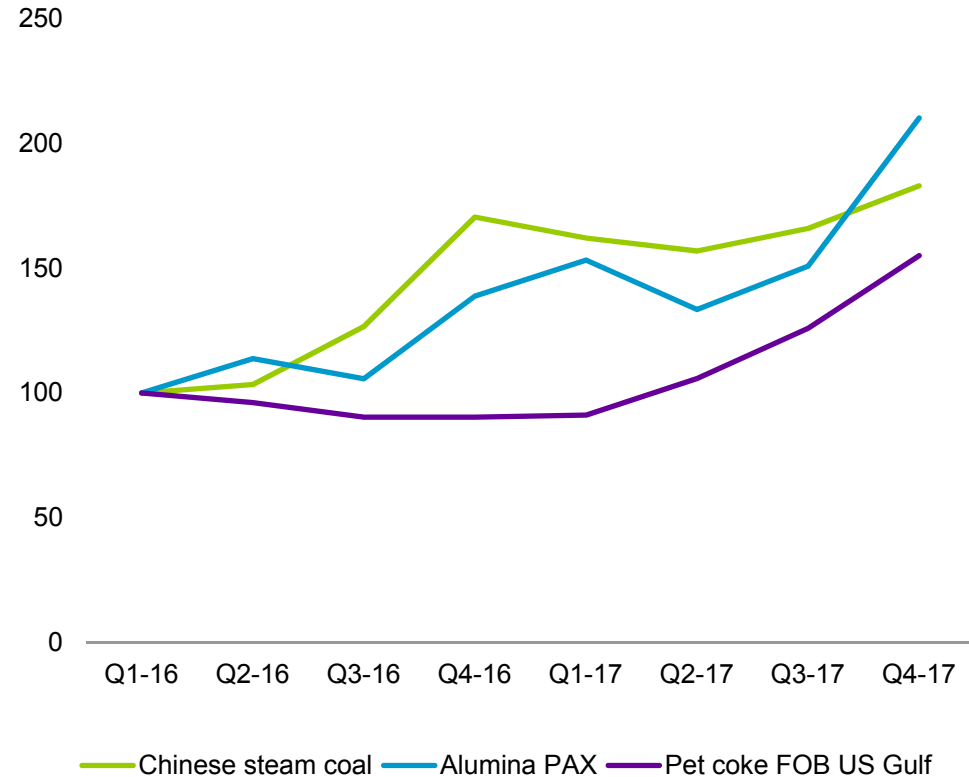


Source: IHS

Higher and steeper cost curve in 2017 compared to 2016

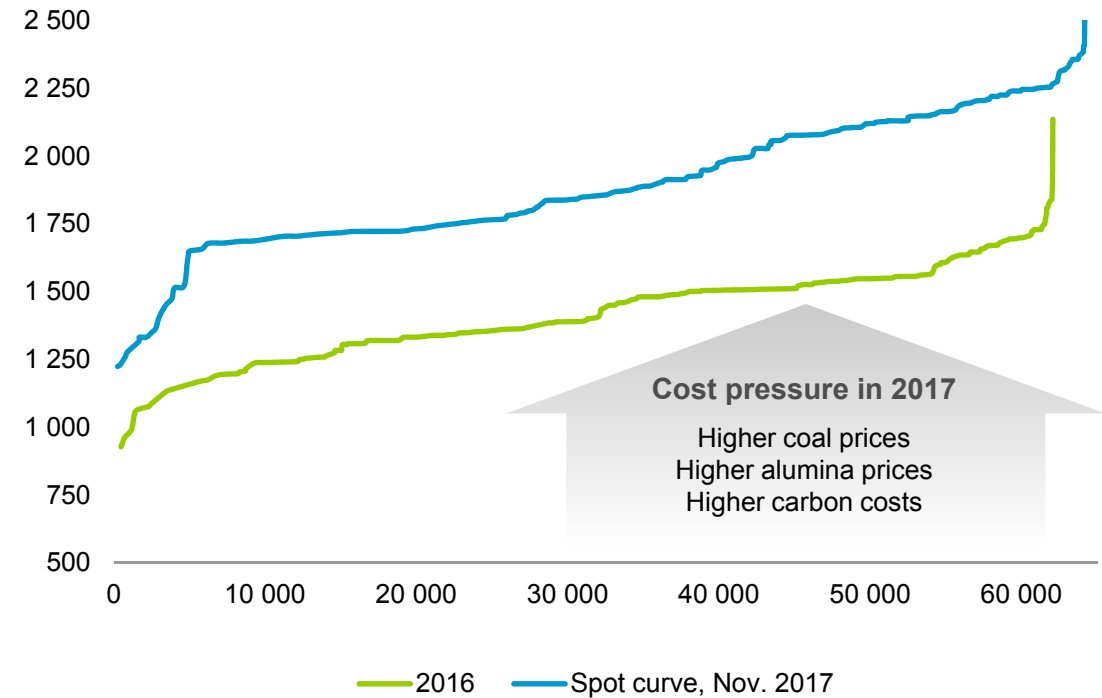
Higher end of the cost curve dominated by Chinese smelters

Index: Jan 2016 = 100



Business operating cost (BOC)

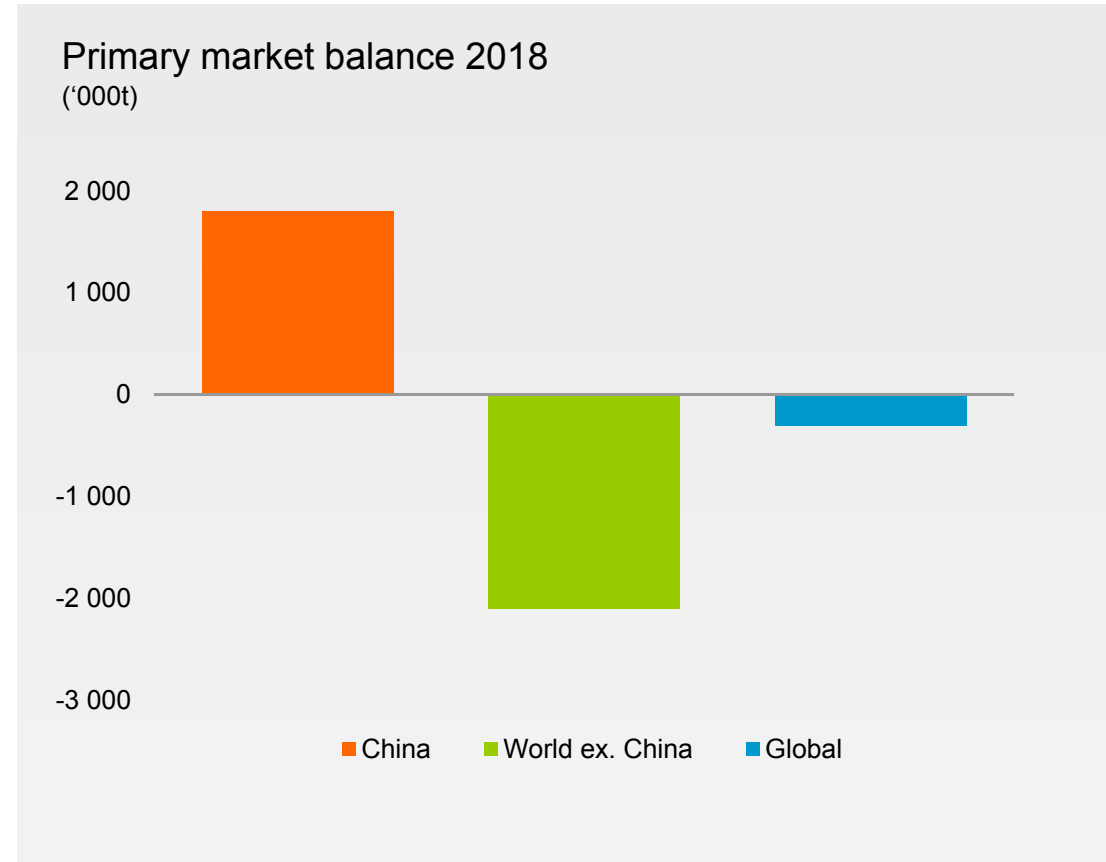
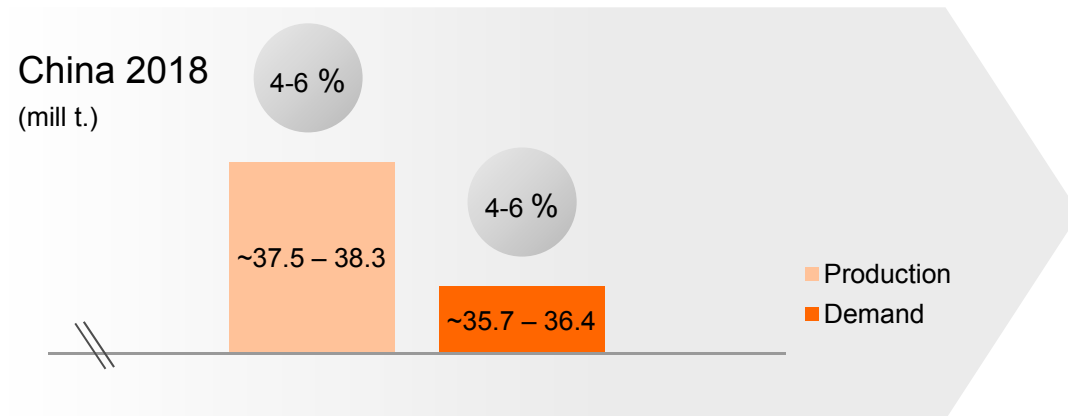
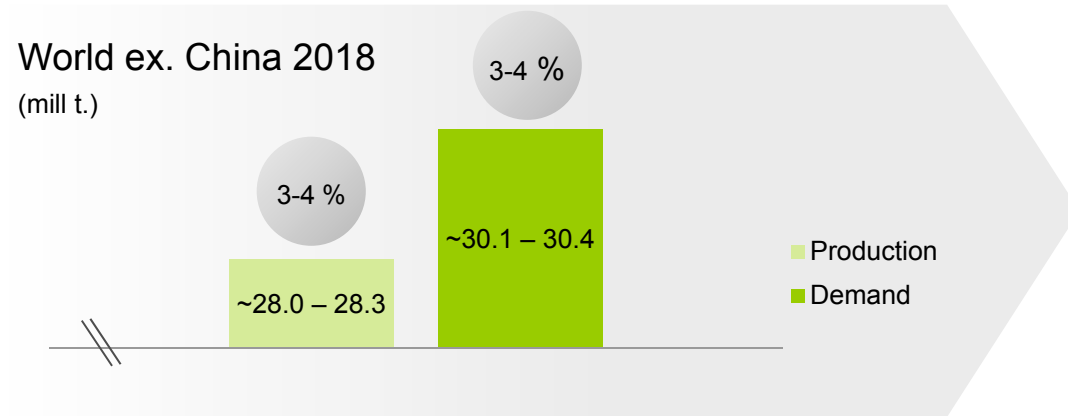
USD/t



Source: Hydro analysis, IHS, Platts, Republished under license from CRU International Ltd

Primary aluminium market to be largely balanced in 2018

Market balances largely similar compared to 2017

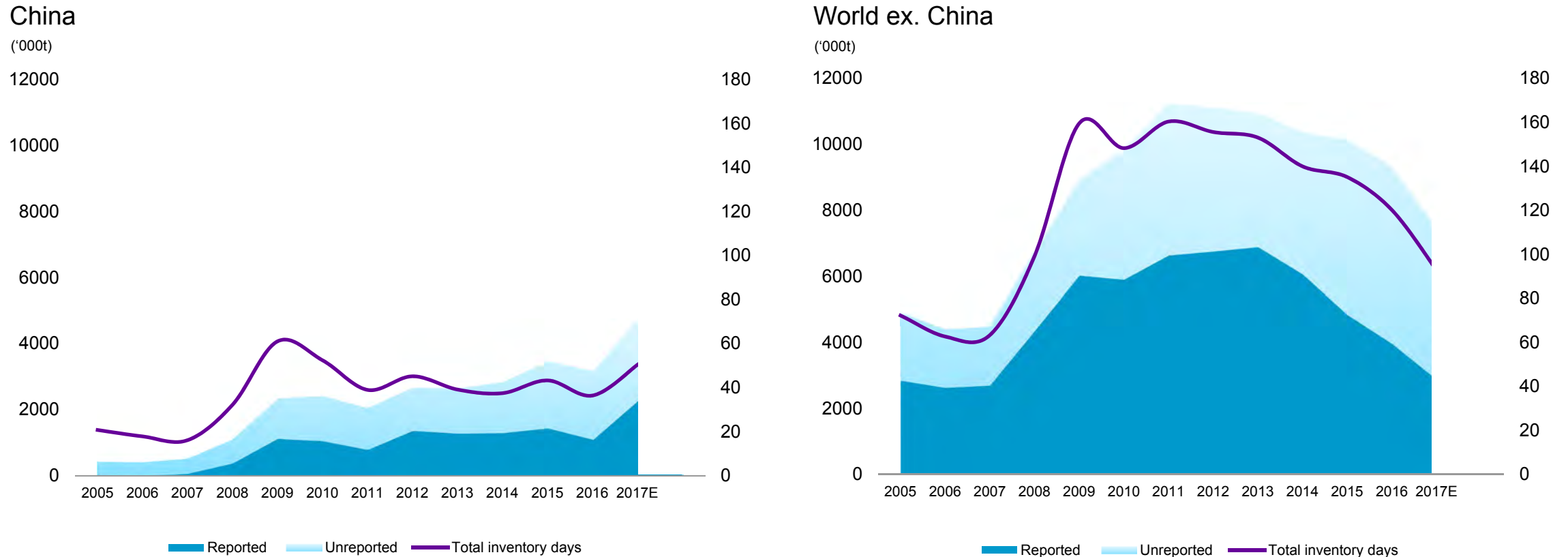


Source: CRU, Hydro analysis

% Growth from 2017 to 2018

Stocks outside China continue to decrease, while Chinese stocks have moved higher

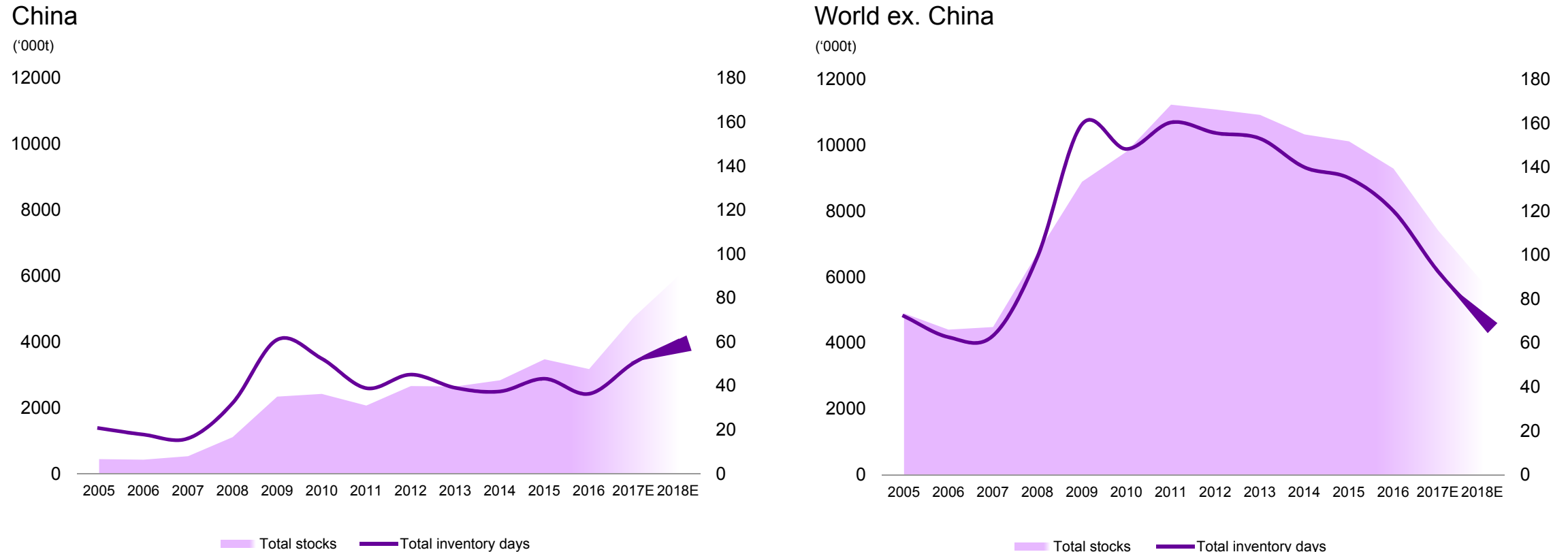
Chinese exports not fully filling up deficits outside China



Source: CRU, Hydro analysis

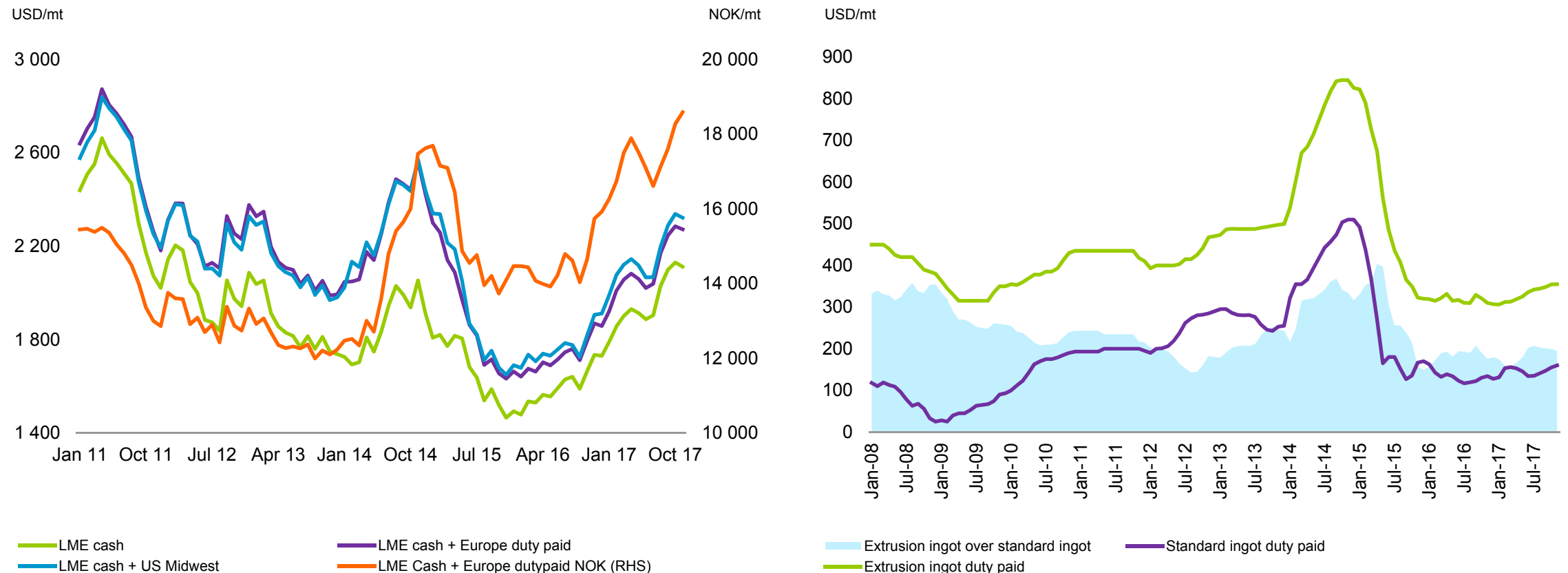
Inventory days approaching historically tight levels in world outside China in 2018

Chinese inventory days expected to increase, but not substantially



Source: CRU, Hydro analysis

All-in price level supported by higher LME and premiums in 2017, prices in NOK supported by continued weak NOK vs USD



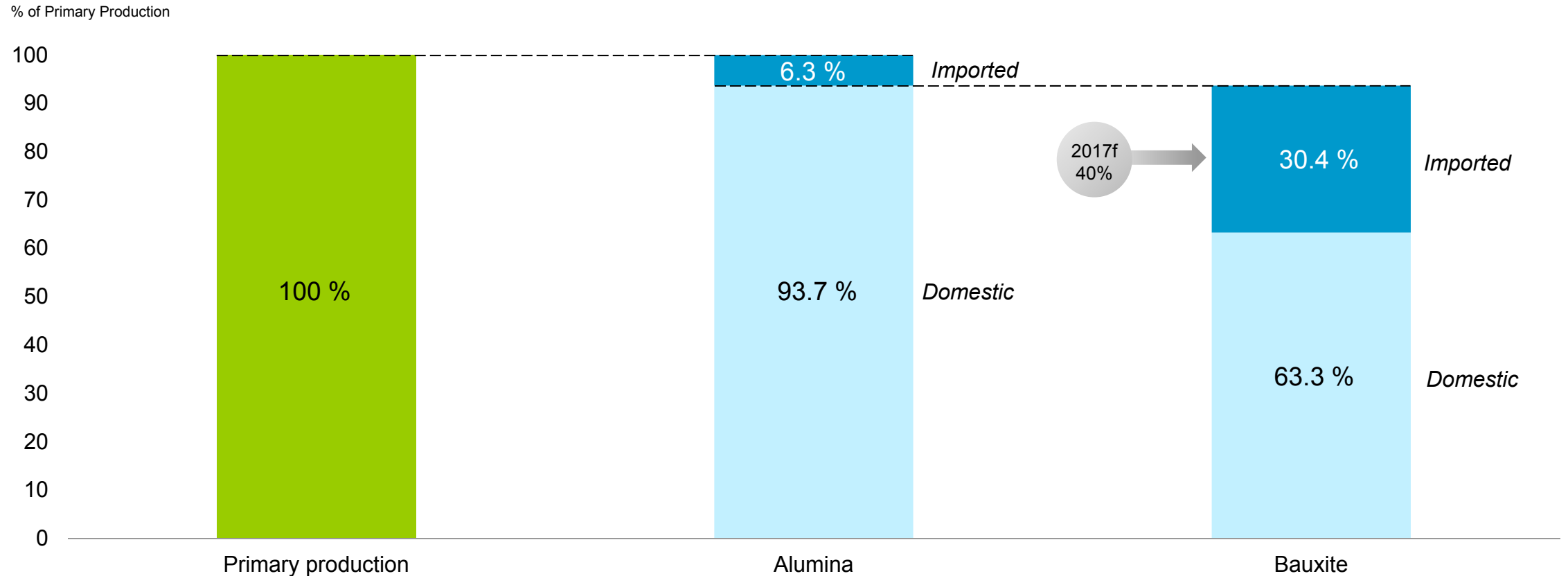
Source: Metal Bulletin, MW/MJP: Platts, Reuters Ecowin, Hydro analysis

03

Bauxite and alumina market

Chinese primary production dependent on imported resources

Around 37% based on imported raw material (average 2013-2017)

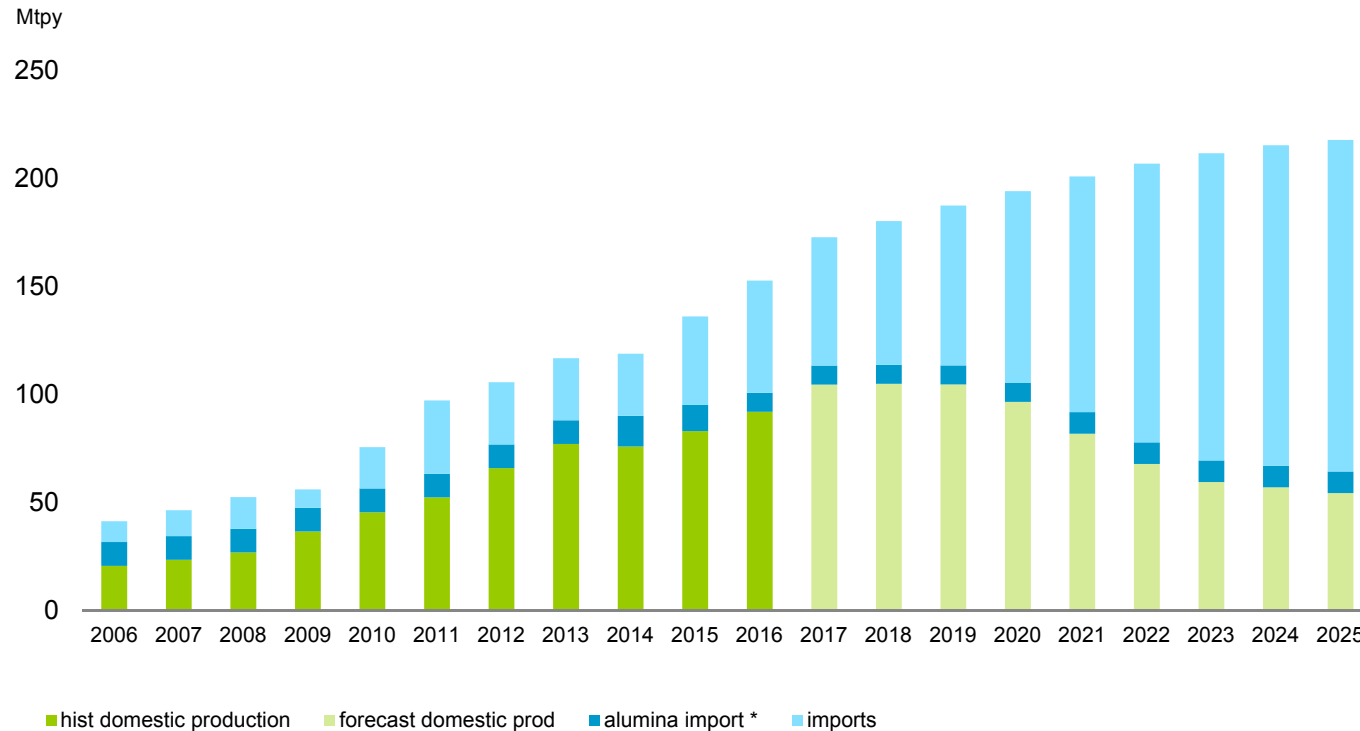


Source: CRU, China customs, 2017 forecast Hydro analysis

Bauxite production in China to decline, triggering more imports

Chinese bauxite imports set to increase

Chinese bauxite production and imports



- Depleting resources not sufficient to sustain operations in key provinces:
 - inland refineries may convert to imported bauxite or relocate to southern provinces
 - new refinery capacity in coastal region, dependent on imported bauxite
 - refinery capacity outside of China
- Bauxite (equivalent) imports could increase from ~70 Mtpy in 2017 to ~150 Mtpy in 2025

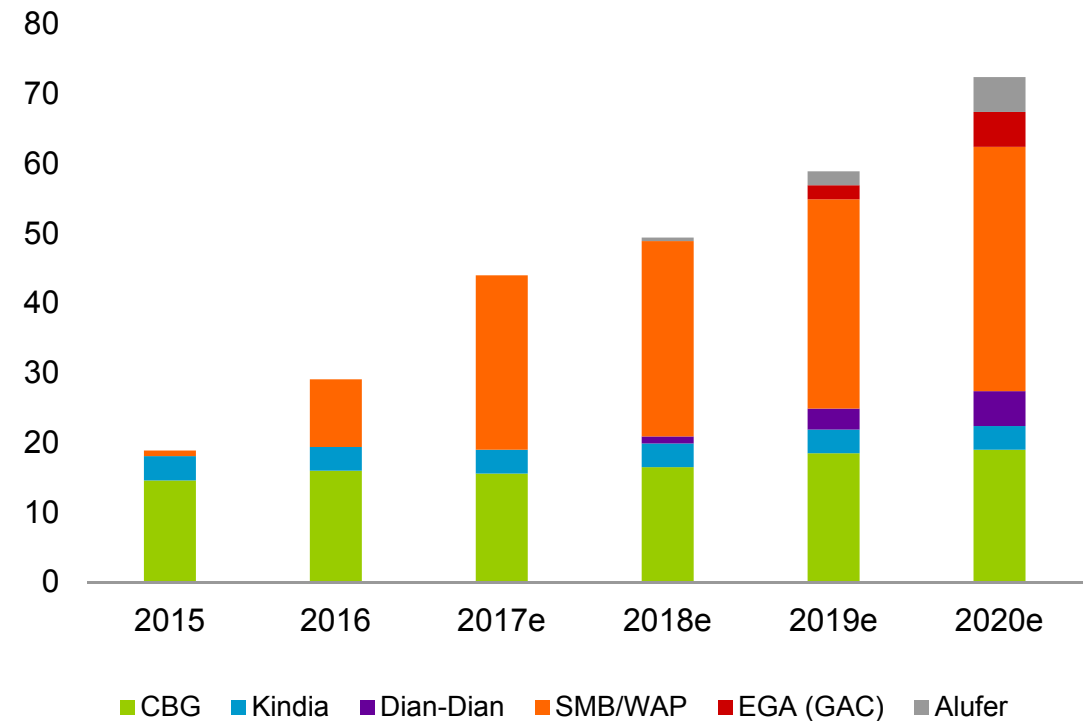
Source: CM Group (ept 2017, \$50/t cif bauxite scenario)
* alumina imports as bauxite equivalent

Guinea's bauxite production is rising

Projects to add 25-30 Mtpa of bauxite export capacity, resource base could support additional volumes

- Committed capacity increasing to ~70 Mtpy by 2020
- Substantial bauxite resources available
 - 20+ billion mt within 150 km of coast
 - Low reactive silica
- Chinese SOE bauxite and alumina projects more likely following USD20bn loan to Guinea
- Social instability could hamper investments
 - Higher HSE and community standards required

Guinea bauxite production (million mt)

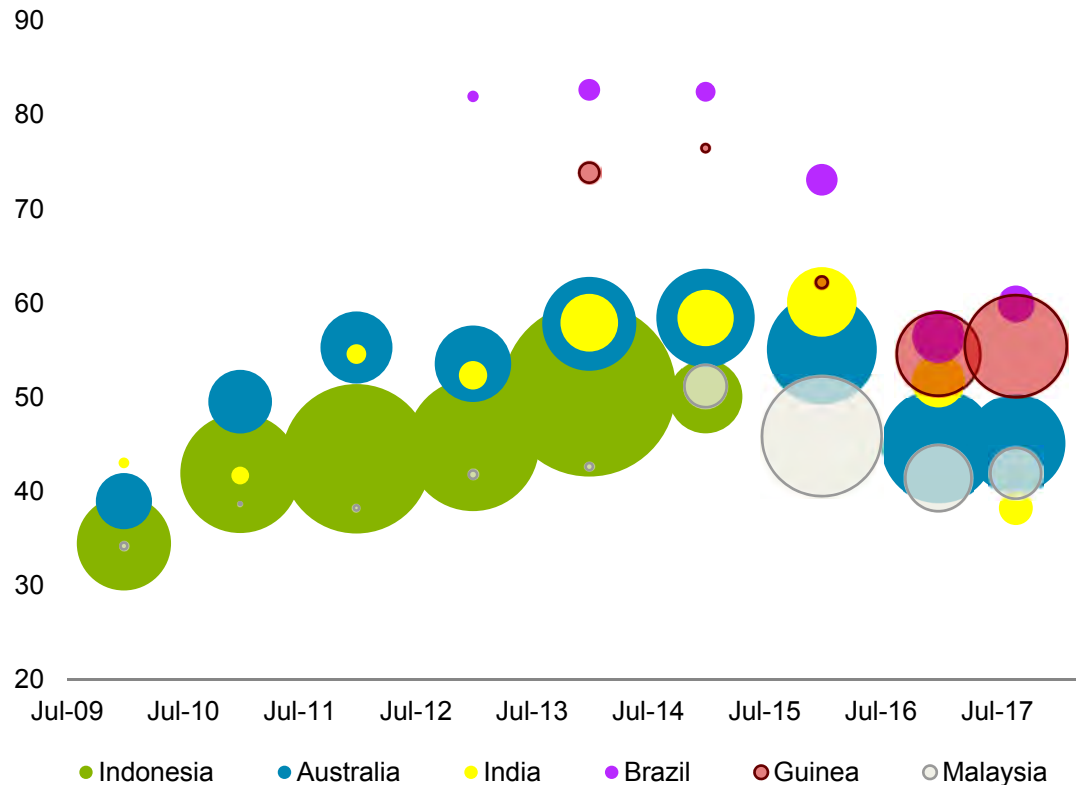


Source: CRU, Hydro analysis

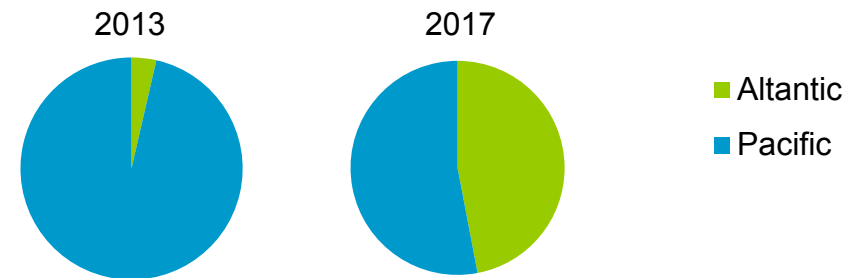
Chinese bauxite imports increasingly exposed to freight

Freight represents ~20 to 60% of the CIF price, freight rates increasing from low levels

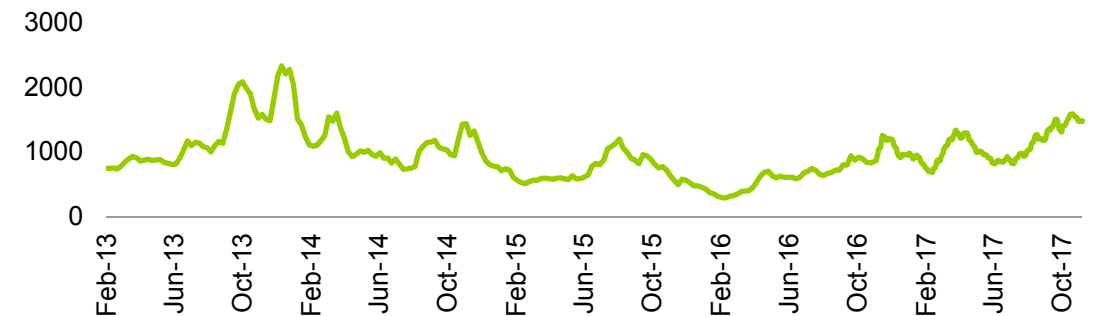
CIF China, USD/t



Origin of Chinese bauxite imports



Baltic Dry Index

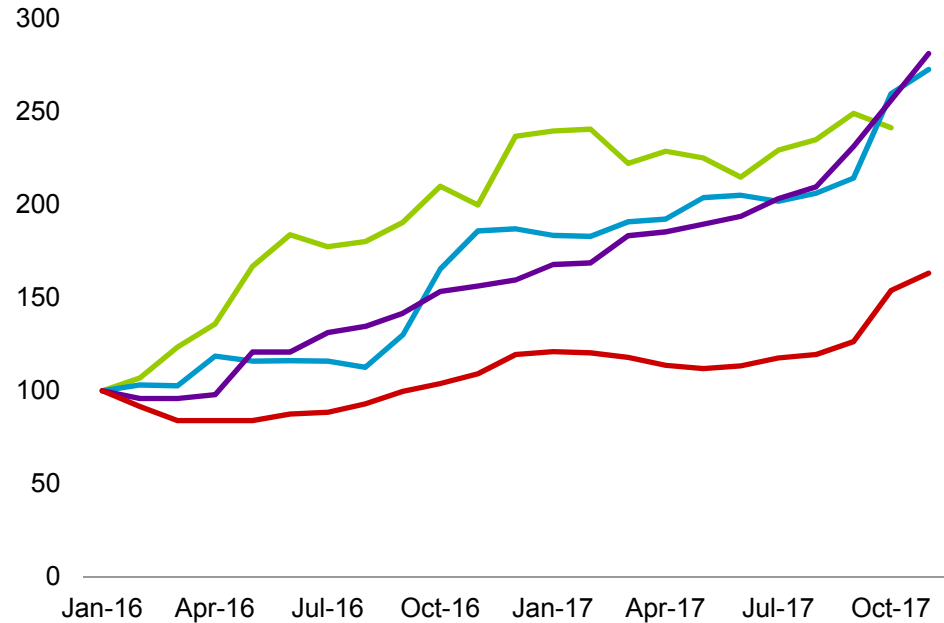


Source: China customs, Bloomberg, Hydro analysis
Note: 2017 is Jan-Sep annualized

Higher alumina cost curve in 2017 compared to 2016

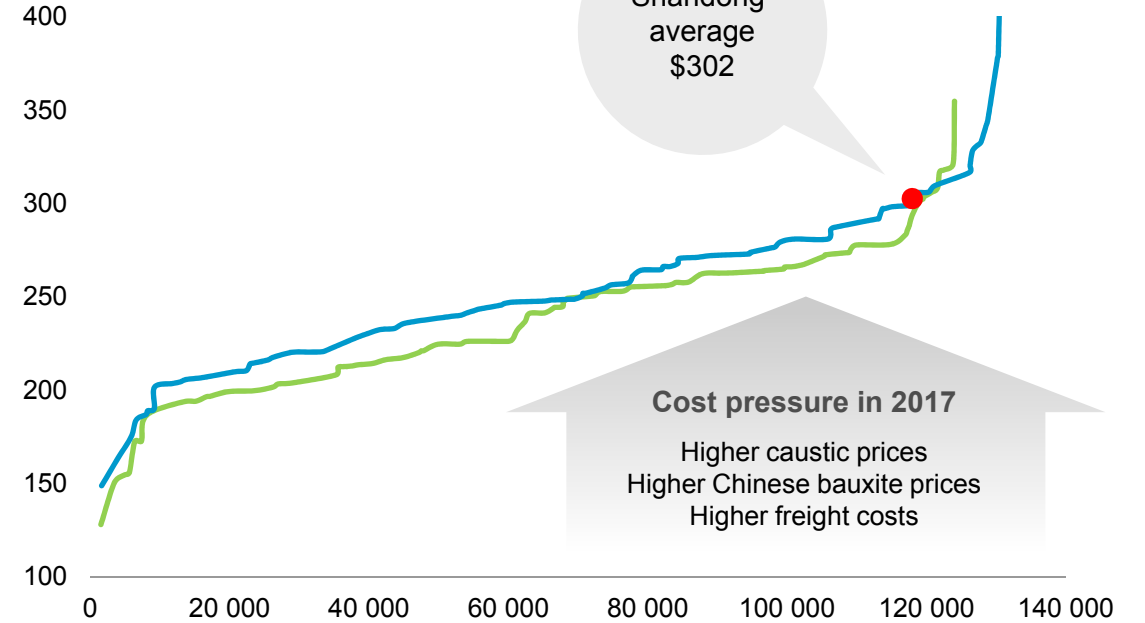
Higher end of the cost curve dominated by Chinese refineries

Index: Jan 2016 = 100



— Fuel Oil, US Gulf — Caustic China
— Caustic US Gulf — Bauxite Henan

USD/t

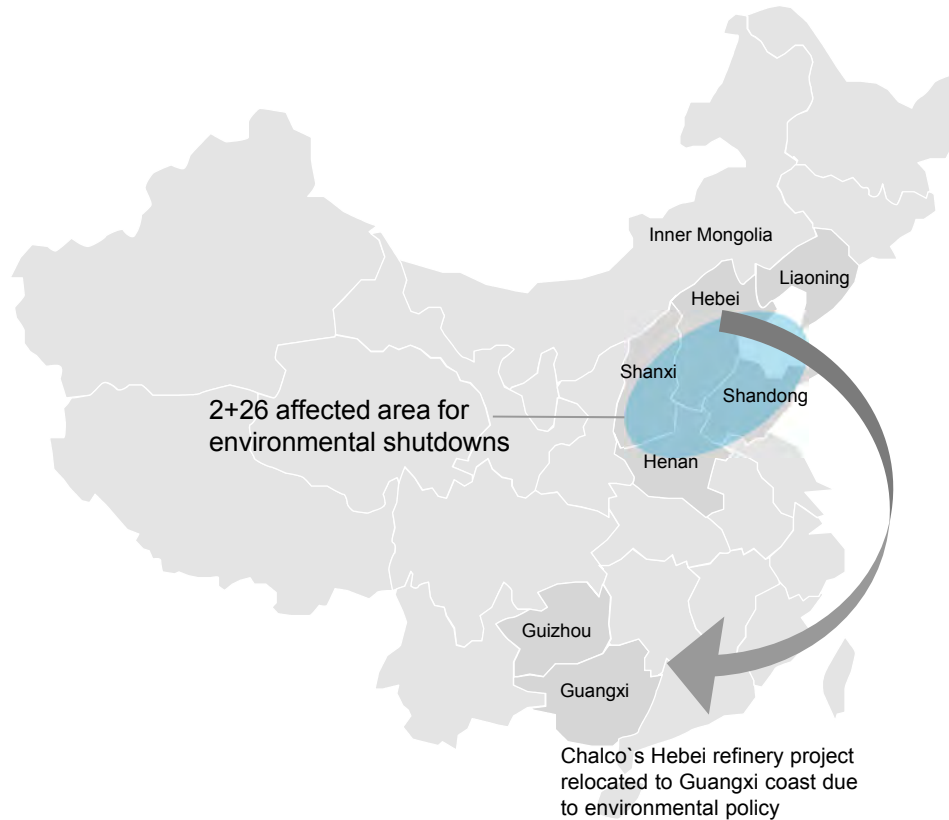


— 2016 — Spot curve, Nov. 2017

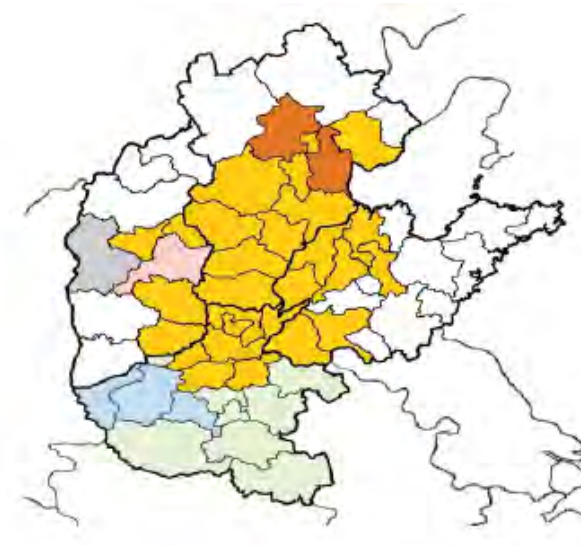
Source: Bloomberg, IHS, CM, CRU

Chinese winter shutdowns affecting alumina supply

Overall alumina impact likely to exceed smelter winter shutdowns

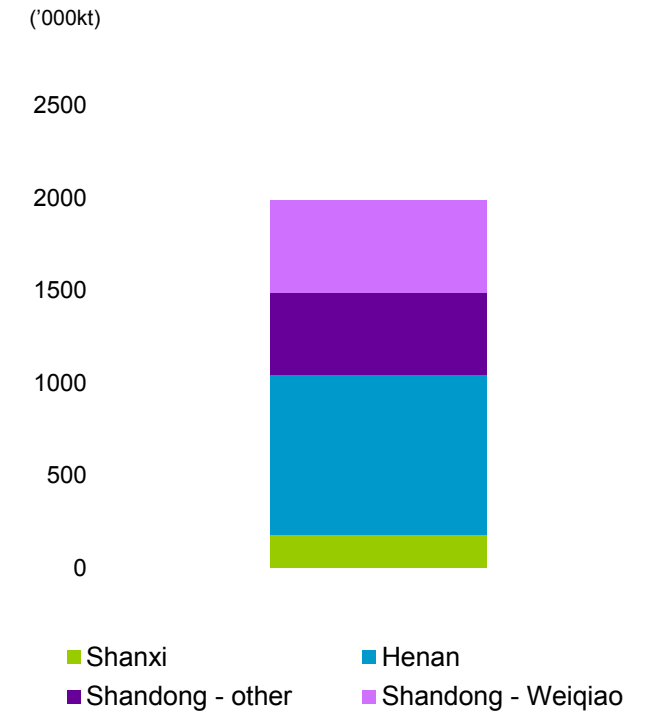


Current Extended Scope of 2+26 City Policy



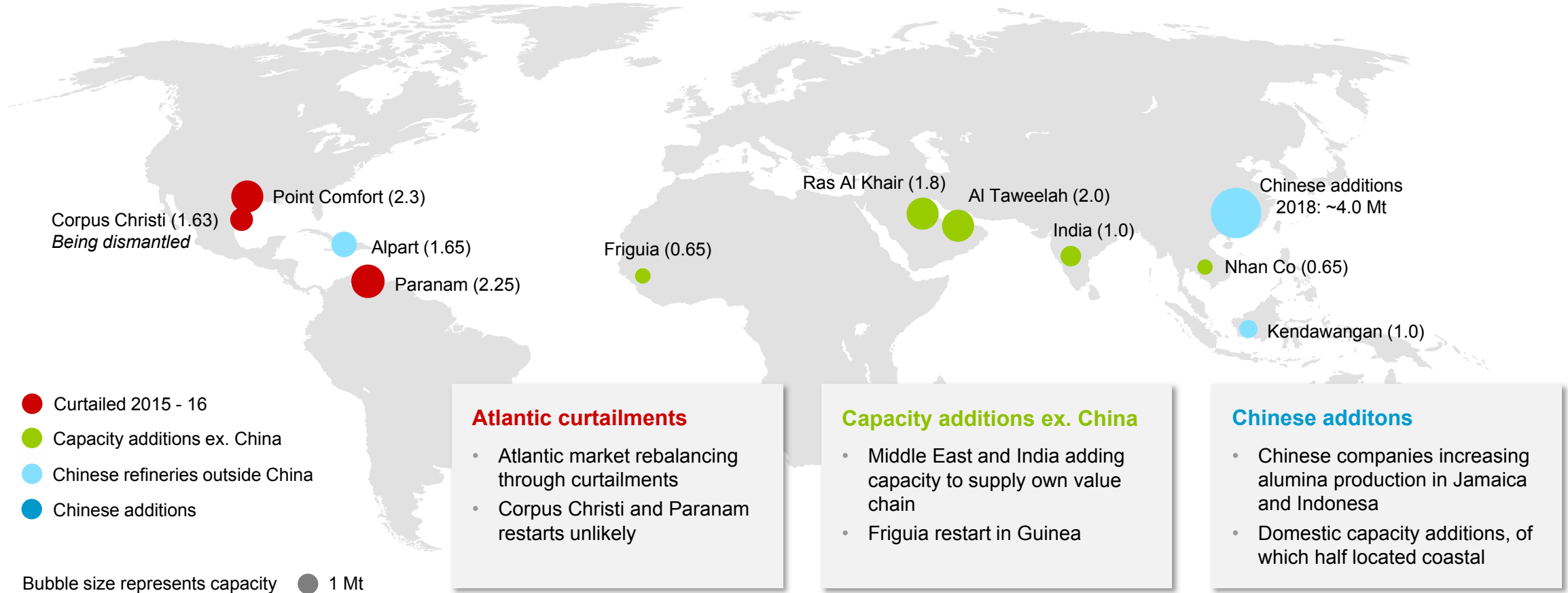
- Beijing, Tianjin
- Rest of 2+26
- 2+26+3
- Henan Blanket cut
- Shanxi Lvliang
- Shanxi Jinzhong

Alumina production lost to winter cuts (annualized production effect)



Alumina market balancing, Chinese additions also outside China

Limited capacity increases outside China



Source: Hydro analysis

Alumina prices rise amid policy implementation uncertainty

Market tightness, high metal prices, and increasing costs support prices

Recent alumina price drivers

Market balances

- New smelter projects ramping up in China
- Re-stocking ahead of winter
- Tighter market balance in China, less volumes available outside China

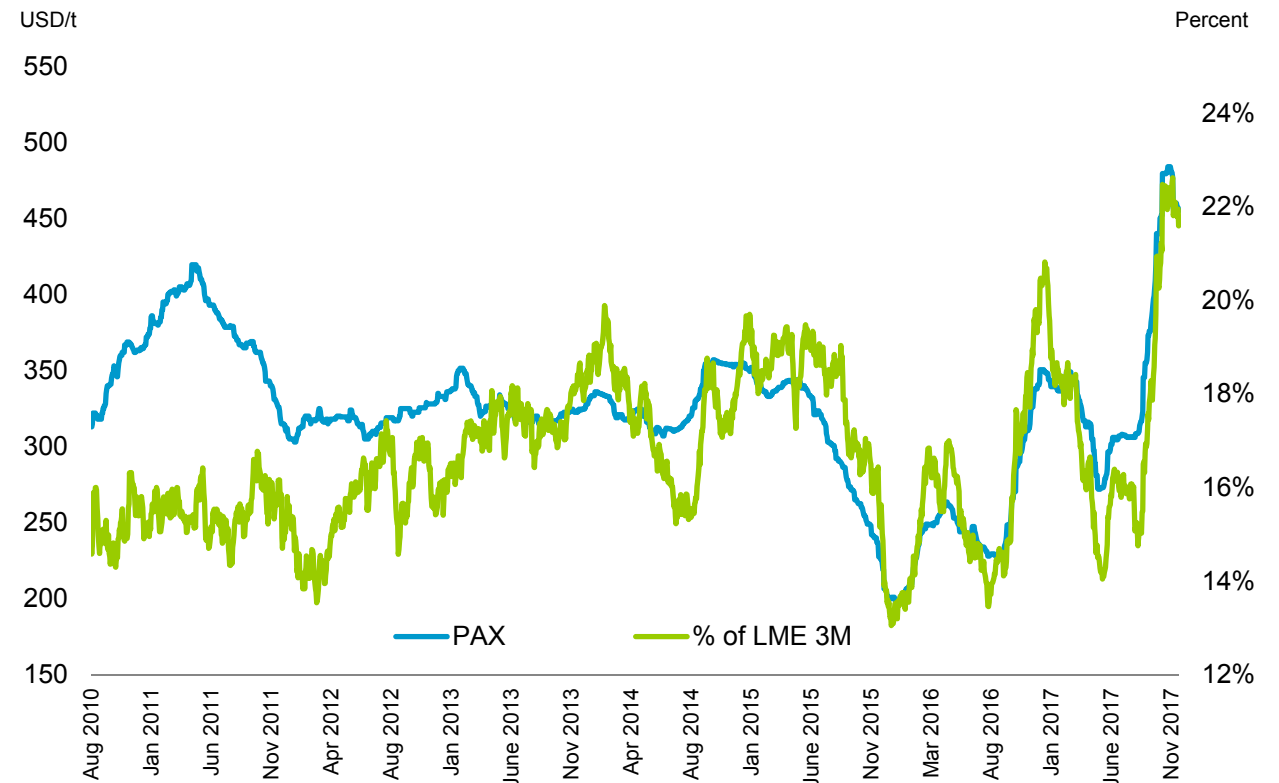
Cost inflation

- Higher caustic soda costs
- Higher transport costs in China (road & rail)
- Higher Chinese domestic bauxite prices

Other factors

- Environmental inspections, shut down of unsafe and small bauxite mines
- Uncertainty regarding upcoming winter heating season cuts

Platts alumina index (PAX, to 22 Nov 2017))



Source: Platts, Bloomberg






04

Long-term outlook and summary

Strong growth drivers across segments providing solid demand outlook

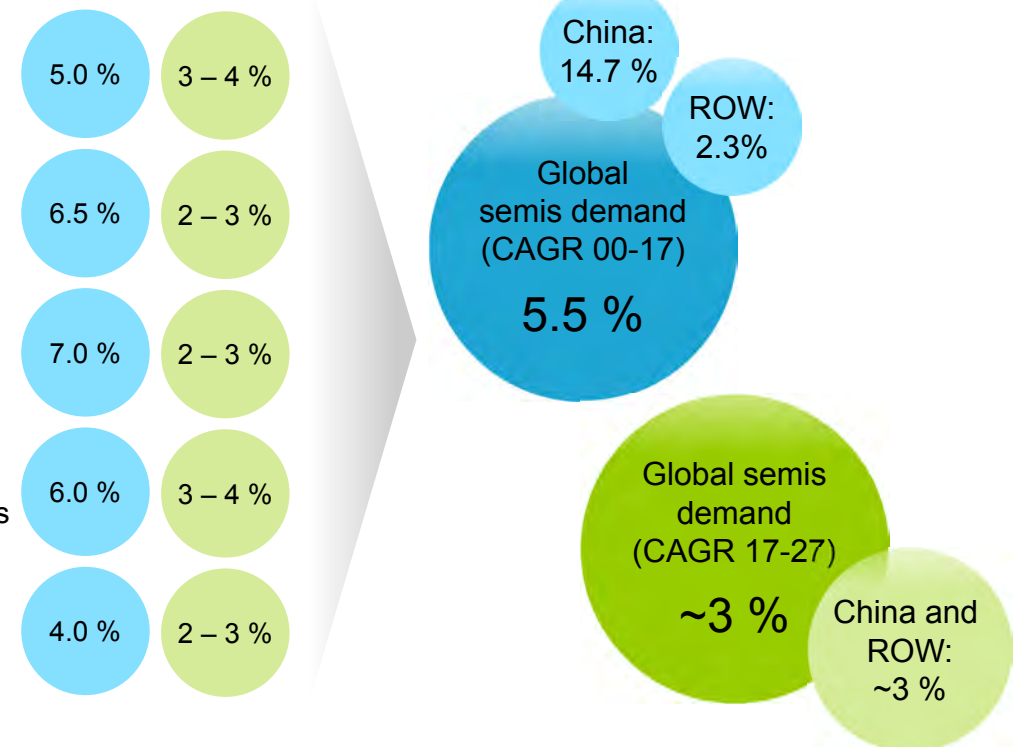
Still encouraging demand outlook from strong base – converging demand China and outside China

Strong demand drivers in key aluminium segments

	Transport	Growth in automotive vehicle production Aluminium content in cars increasing Growth in other transport modes, e.g. railway
	Construction	Urbanization Housing market recovery in mature regions Energy neutral buildings
	Electrical	Urbanization Copper substitution
	Machinery & equipment	Improving industrial sentiment in mature regions Manufacturing activity and industrial growth in emerging countries
	Packaging & foil	Urbanization Environmentally-friendly solutions

Global semis demand per segment, CAGR

2000-17 2017-27



Source: CRU, Hydro Analysis

Growth in global semis demand creates opportunities for both primary and recycled material

Solid growth for semis, primary and recycling

CAGR 2017 – 2027



Source: CRU, Hydro Analysis

* Post-consumer and fabrication scrap

** Unallocated creep estimated at same level as unallocated disruptions

- Solid long-term demand outlook supported by strong growth drivers across segments
- Chinese primary supply moderating due to policy reform
- Global primary market largely balanced this year and next
- Cost curve pressured upwards by rising alumina and coal prices, with regional differences
- Recycling growth accelerating with increased generation of post-consumer scrap
- Chinese bauxite import dependency continues to increase
- Alumina market impacted by cost push and tighter market balances



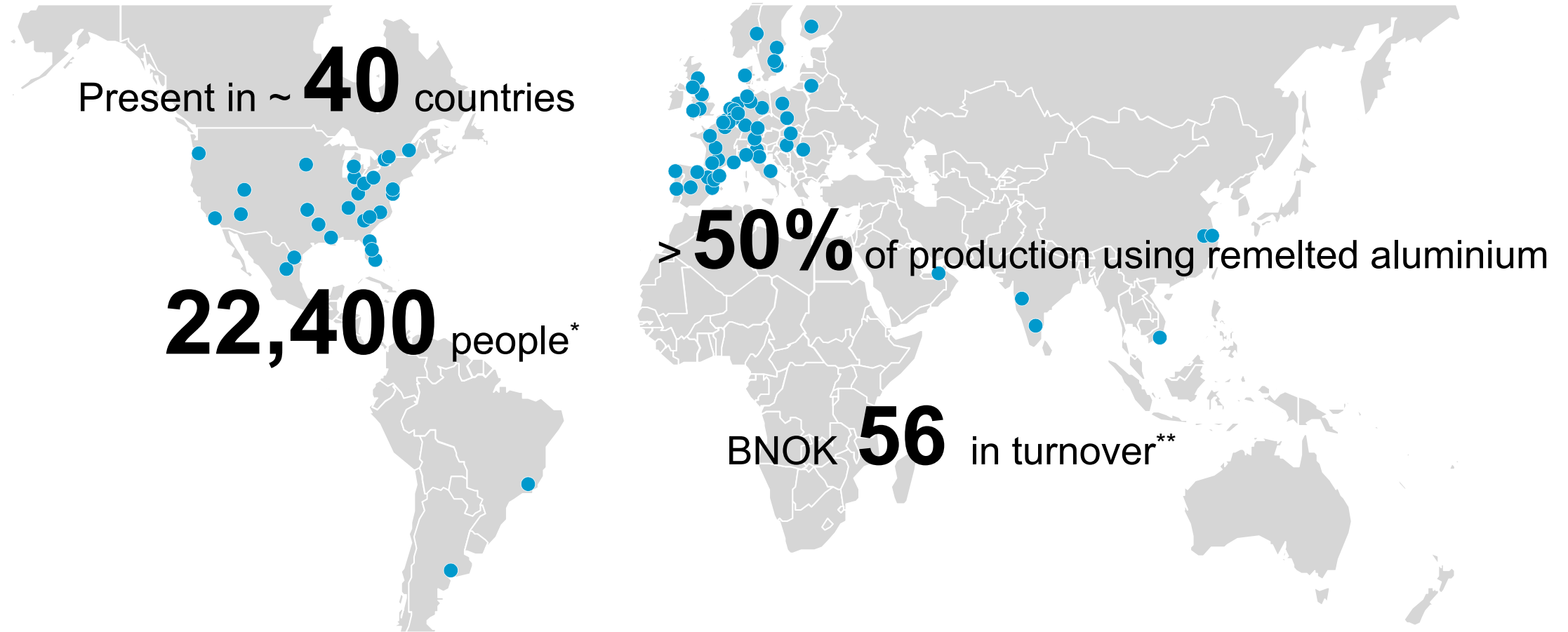
Better Bigger Greener



From extrusions to solutions

Egil Hogna, EVP Extruded Solutions

Extruded Solutions – #1 in the global aluminium extrusion industry



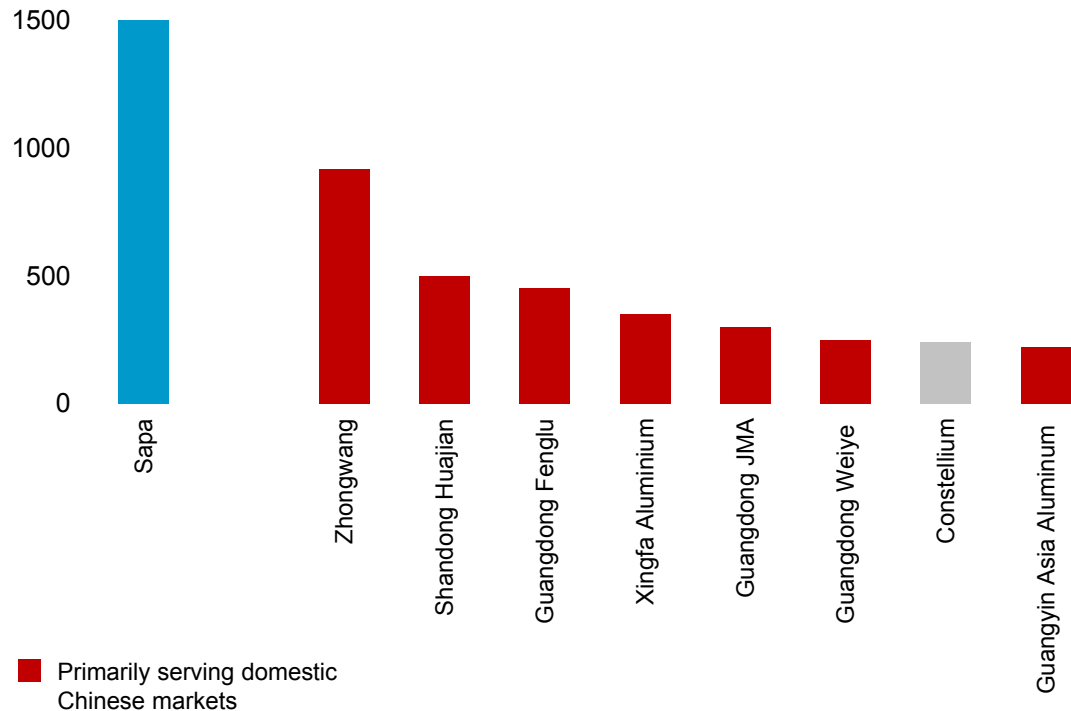
* As of end-2016
** Rolling 12 months Q3 2017

The global extrusion champion – worldwide reach, local presence

Clear leader in a fragmented industry where closeness to customers and markets are key success factors

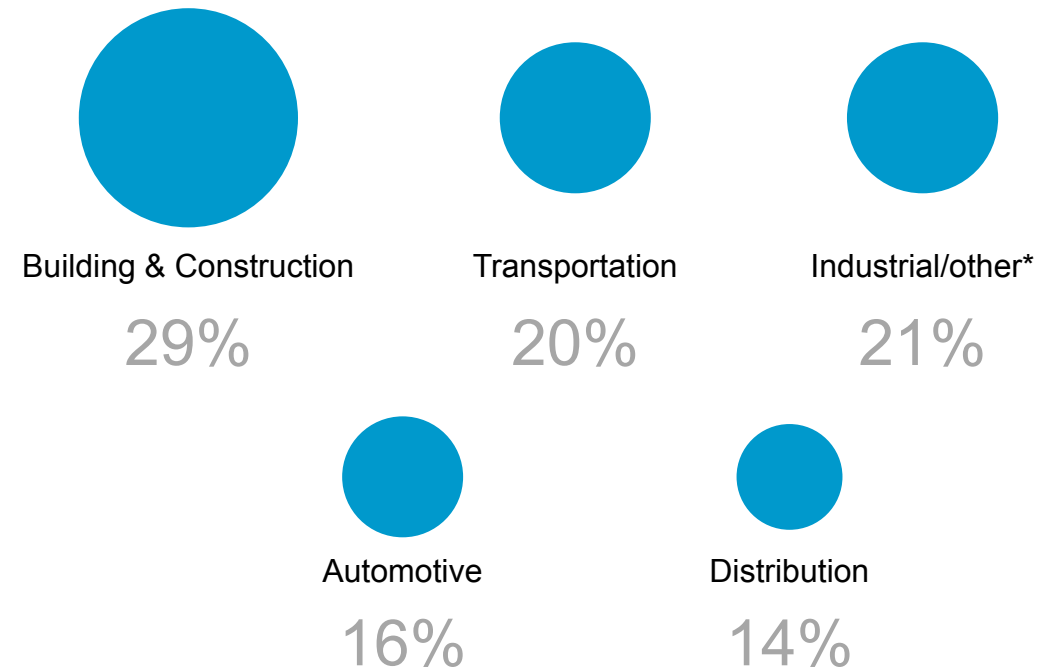
Unrivalled position as #1 extrusions provider globally

Extrusion sales volumes (2016), in thousand mt



Customers in diversified end-markets

(Share of Extruded Solutions sales volumes)



Source: CRU, Sapa Annual Report and Investor Briefing 2016

* Including HVAC&R, Heating, ventilation, air conditioning and refrigeration

Unique market positions, built on European and US strongholds

22,400 highly competent people across the world

Extrusion Europe



- Market leader focusing on value-added products
- 22% market share
- 40 locations, 9,400 people

Revenue
BNOK 21.6

EBITDA
BNOK 1.3

Extrusion North America



- Uniquely positioned as the only coast-to-coast supplier
- 24% market share
- 23 locations, 6,300 people

Revenue
BNOK 21.3

EBITDA
BNOK 1.5

Precision Tubing



- Technology leader in selected market niches
- 35% market share globally
- 17 locations, 3,100 people

Revenue
BNOK 6.5

EBITDA
BNOK 0.7

Building Systems



- Leading European player with multi-brand portfolio
- 18% market share in Europe
- Presence in 29 countries, 2,800 people

Revenue
BNOK 7.4

EBITDA
BNOK 0.6

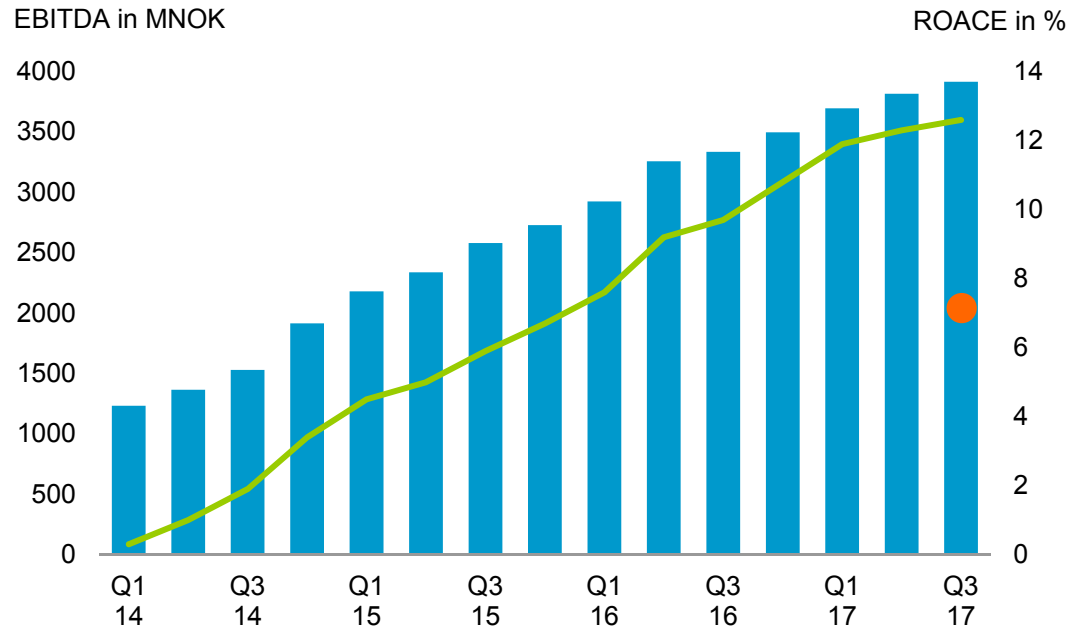
All revenue and EBITDA figures are last twelve months as per Q3 2017

Proven track-record of value creation with further potential

Successful value-over-volume strategy

Last 12 months underlying EBITDA

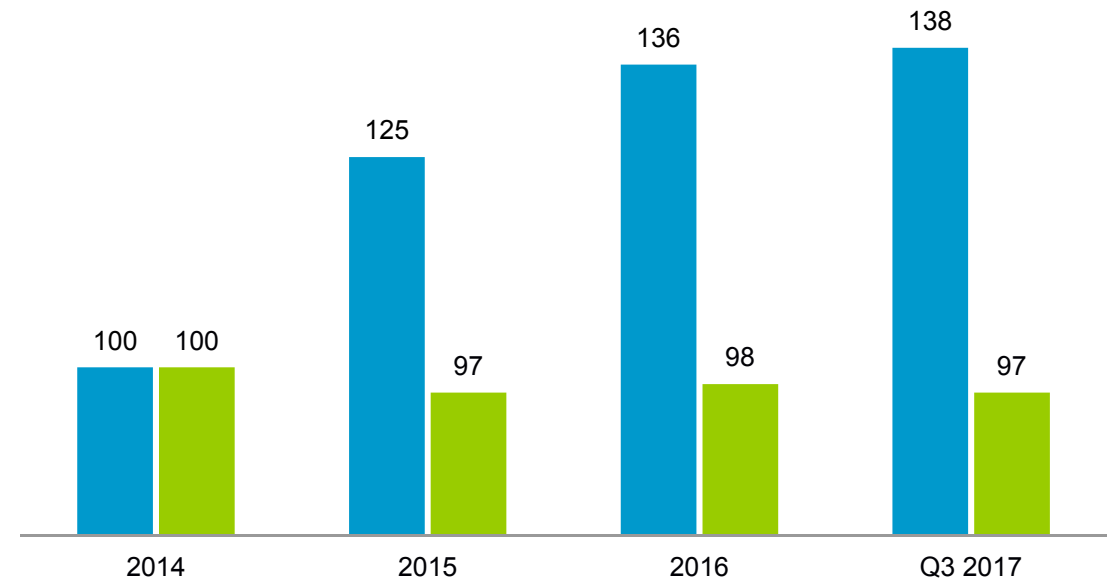
After-tax ROACE (100%)



- EBITDA (LHS)
- ROACE historically (RHS)
- Estimate ROACE Extruded Solutions after acquisition (RHS)

Net added value* per kg

(NOK, indexed to 2014)



- NAV
- Sales volume in mt

* Net Added Value: calculated as operating revenues less cost of material, including freight costs out


Strategic principles in Extruded Solutions

- **Make a decent profit decently** – safety, quality and compliance
- **Positive dissatisfaction** – be happy, but not satisfied
- **Fail fast** – and learn from it
- **Value over volume** – and the power of available capacity
- **Develop unique niches** – with Extruded Solutions offering
- **“Self-playing piano”** – benchmarking across all units
- **Earn your right to grow** = safety, quality and compliance + ROACE above cost of capital
- **Profitable growth** – through innovation and consolidation



Units managed primarily by bottom line and ROACE

Our competitive advantages are strengthened as part of Hydro

- 
- 1 Unmatched technology competence
 - 2 Value chain width and depth
 - 3 Global reach and local presence

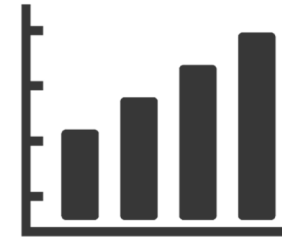
Our strategy is about “value over volume” with simplification and collaboration to avoid waste of resources



1 Increase value-added to our customers

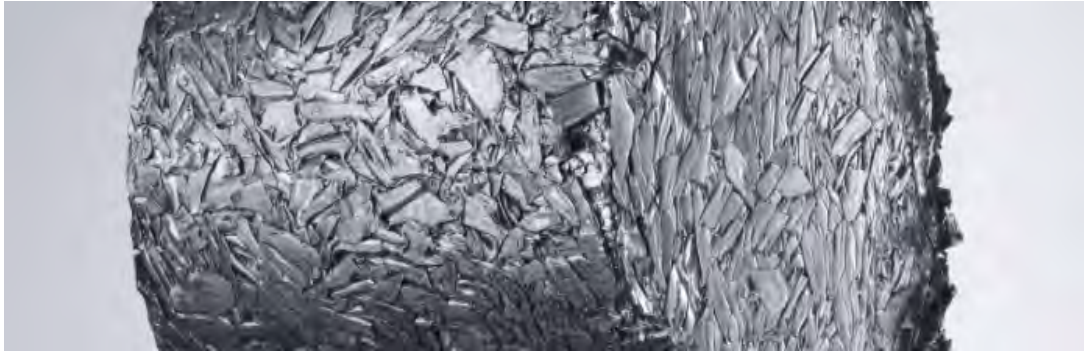


2 Simplify and collaborate



3 Grow to lift margins and profitability

Moving from simple extrusions to more advanced solutions



More than half of our billets are remelted from scrap in our own cast houses



Extrusions are often cut and joined



Fabrication and assembly to customer specific products or modules



Surface treatment for long life and low maintenance costs

Targeting the high-tech, high-competence segments of extrusion

Increased focus on value-add, specialized and advanced product niches



Tailored solutions



Finished products



Service

Increasing our capabilities also through sustaining investments



- Sustaining capex BNOK 1.3-1.5
- Includes productivity and reliability improvements, safety investments and replacement projects
- Replacing parts that are worn-out increases reliability and drives stability and quality in the processes
- New presses, paint lines and more are part of the sustaining investments

The new press in Hungary is being installed

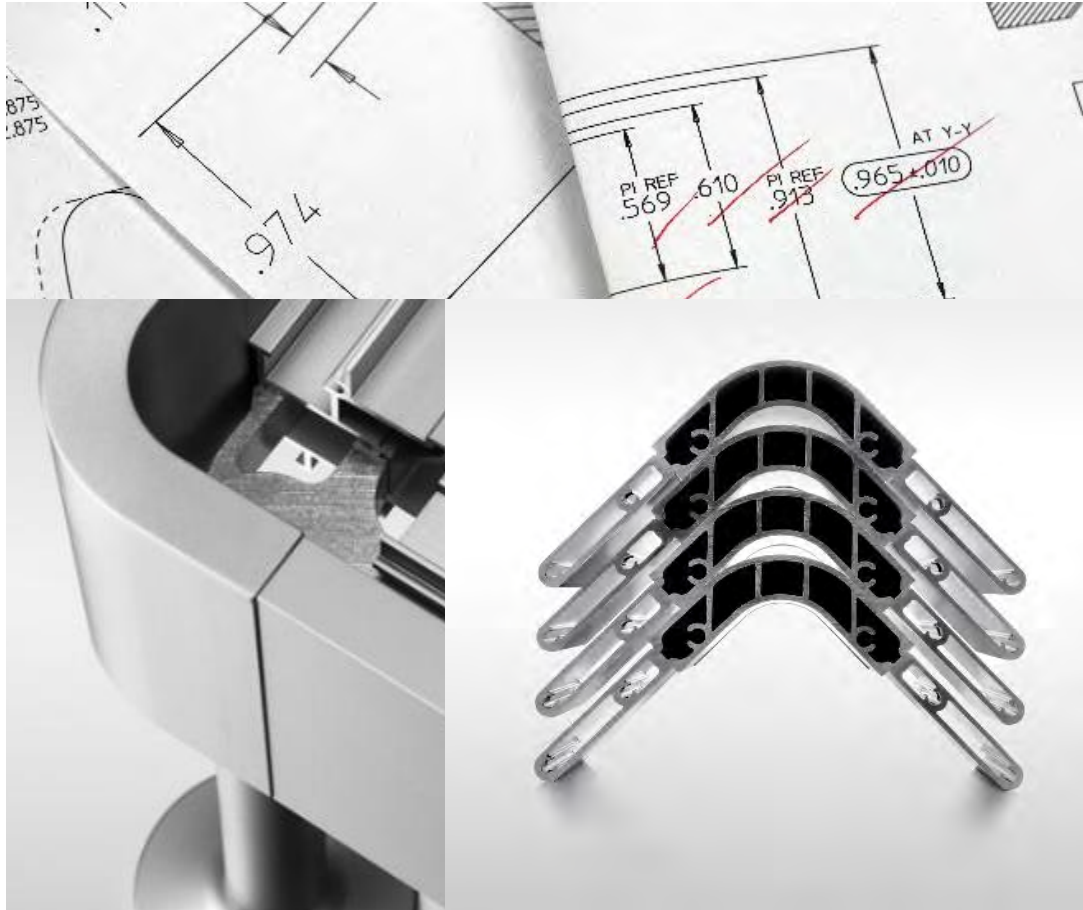
Profitable growth and sustainability combined

Re-opening the Bedwas factory in Wales

- Bedwas will supply the automotive industry, focusing on electrical vehicles
- A key customer is the London Electrical Vehicle Company, with its new zero-emissions capable black cab
- Investment of £9.6 million in plant refurbishment and new equipment
- Investment backed by £0.55 million from the Welsh government



Shaping the furniture of future with IKEA



- From extrusions to solutions
- IKEA purchasing:
Got a problem? Ask Hydro – they will solve it
- Innovation support from the beginning
 - Strong product development
 - Fast and flexible in-house prototyping
 - Superior surface finish
 - One-stop shop

Shaping the furniture of future with IKEA

The soon-to-be launched Delaktig sofa

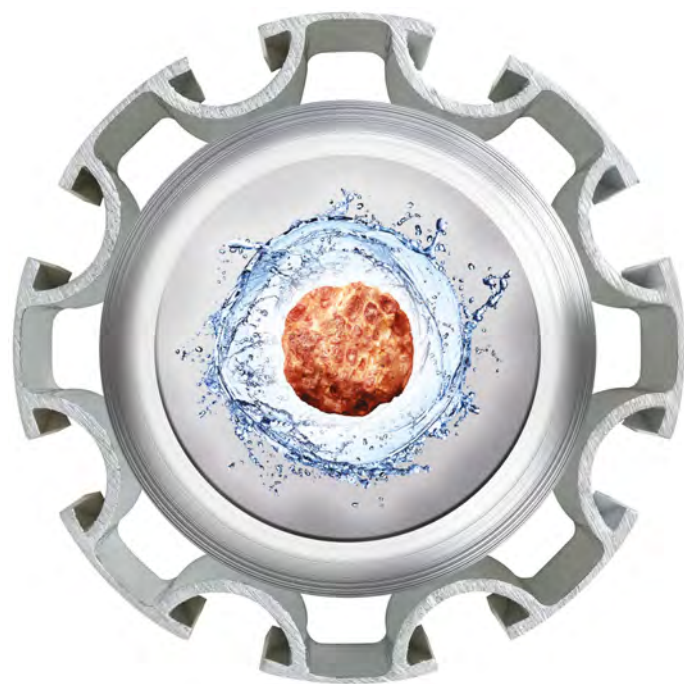


- Complete base frame in extruded aluminium
- Knocked down in a cardboard box
- Assembled by the customers
- Sales start Feb 2018
- 100% of the aluminium (frame, legs, feet) is recyclable

Priorities as Extruded Solutions



- Further improve within safety, quality and compliance
- Increase share of value-added solutions to customers through commercial excellence and innovation
- Continue simplification drive to reduce complexity and non-value adding activities
- Lift margins and create more customer value through selective growth



Strategic direction
Better, Bigger, Greener

Better, Bigger, Greener

Hydro's aspiration for higher value creation



**Raise performance and
improve customer offering**



**Expand the use of aluminium
and strengthen Hydro's platform
for growth**



**Lead the transition towards
sustainable solutions**

Ambitious mid-term strategic goals within the Hydro aspiration*

	Ambitions	Target	Timeframe	Progress ¹	Status
Better	• Improve safety performance, strive for injury free environment	TRI<2	2020	2.8 ²	●
	• Realize ongoing improvement efforts <i>Better</i>	BNOK 3.0	2019	1.7 BNOK	●
	• Secure new competitive sourcing contracts in Norway post 2020	4-6 TWh	2020	2.65 TWh ³	●
	• Lift bauxite production at Paragominas	11 mill mt/yr	2018	11.2 mill mt/yr ⁴	●
	• Lift alumina production at Alunorte	7.0 mill t/yr	2021	6.3 mill mt/yr ⁴	●
	• Shift alumina sales to PAX-based pricing	➤ 85% PAX ⁵	2020	~65% PAX ⁶	●
	• Extend technology lead with Karmøy technology pilot	Start production	2H 2017	First metal Q4 2017	●
Bigger	• Realize technology-driven smelter capacity creep	200,000 mt/yr	2025	34,000 mt	●
	• Lift equity bauxite production	19 mill t/yr ⁷	Long-term	NA	
	• Increase nominal automotive Body-in-White capacity	200,000 mt/yr	2017	Delayed ramp-up	●
	• Complete ramp-up of UBC recycling line	>40 000 mt/yr	2017	Delayed output-speed	●
Greener	• Become carbon-neutral from a life-cycle perspective	Zero	2020	On track	●
	• Increase recycling of post-consumed scrap	>250,000 mt/yr	2020	146,000 mt/yr	●
	• 1:1 rehabilitation target	1:1	2020	On track ⁸	●

*) All targets and progress are Hydro excluding Extruded Solutions

1) Based on 2017 estimate unless stated otherwise

2) YTD Oct-2017, own employees

3) 1.65 Twh power sourcing since CMD 2016

4) YTD Q3 2017 annualized

5) Based on sourcing volume of ~ 2.3 million tonnes per annum

6) Based on sourcing volume of ~ 2.3 million tonnes for 2017

7) Provided the acquisition of a 40% stake in MRN from Vale

8) 1:1 rehabilitation of areas available for rehabilitation within two hydrological seasons after release. Revised definition of target takes into account the nature of the mining cycle, and the time lag is necessary to ensure quality rehabilitation to restore biodiversity

● Ambition on track and on target

● Ambition behind plan, but on target

● Ambition will not meet the target



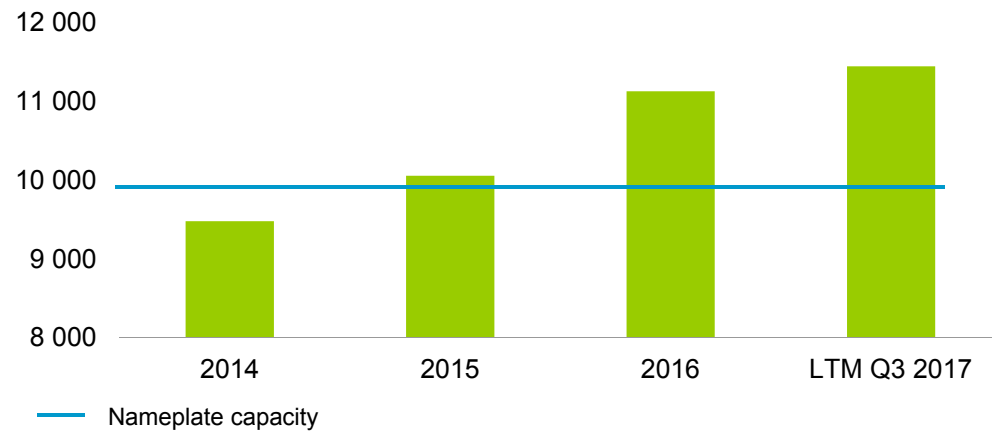


Bauxite & Alumina Better than ever through operational excellence

Silvio Porto, EVP Bauxite & Alumina

Paragominas: New production record achieved

Bauxite production in thousand mt



LTM* Q3 2017 production up 3% from strong 2016

- 11.4 million mt production LTM Q3 2017
- Successfully implemented Bauxite & Alumina Business System
- Improved equipment condition, operating standards and process control

New mining plateau in operation since mid-2017



- BRL 600 million investment - on time and budget
- Improved safety of disposal areas, reduced environmental footprint and cost due to higher solid concentration of tailings

Zero rehabilitation gap by 2020



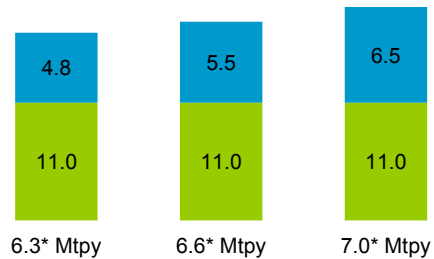
- Reforestation progressing according to plan
- Research partnerships creates basis for state-of-the-art approach to mining rehabilitation
- Closing rehabilitation gap by 2020

* Last twelve months

MRN – important part of Alunorte’s bauxite sourcing strategy

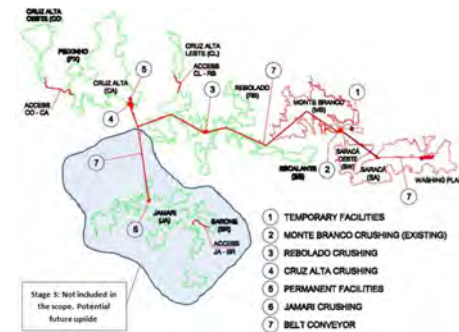
Strategic Importance

Mtpy Bauxite ■ Paragominas ■ MRN



- Secures strong relative cost position with high quality bauxite
- Reduces operational risk by providing second source of supply

Long-term issues



- Need to move to new mining area in central / western plateaus
- Mine life extension being discussed with the other partners

Short-term issues



- Lower production at the bauxite mine
- MRN experiencing problems with its tailing systems

Update

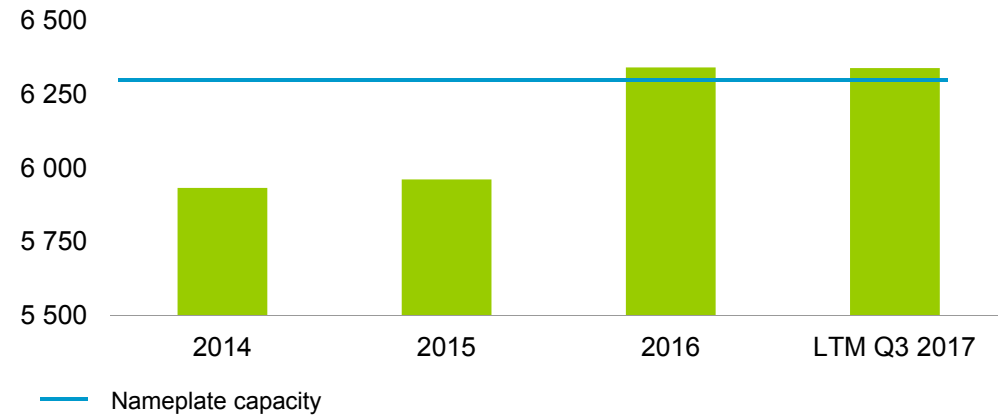


- Bauxite supply to Alunorte secured
- B&A working diligently with all bauxite customers to find solutions
- High attention from B&A management and all shareholders

* Alumina volumes, bauxite conversion factor 2.5

Alunorte 7.0: On the way to extended capacity

Alumina production in thousand mt



Significantly improved production stability

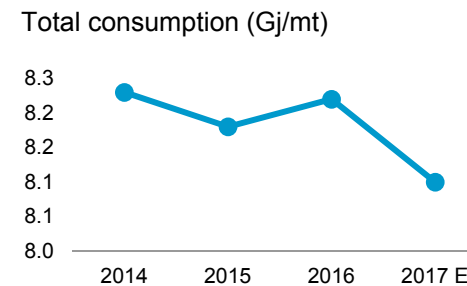
- 6.3 million mt production LTM* Q3 2017
- Improved equipment effectiveness and process stability based on Bauxite & Alumina Business System
- Further debottlenecking needed for 7.0 million mt target
- High quality alumina – preferred by customers

Bauxite residue deposit investment in startup phase



- State-of-the-art dry disposal of bauxite residue using press filtration
- Reduced required storage area and environmental footprint
- Modifications in 2017/18

Lower total energy consumption

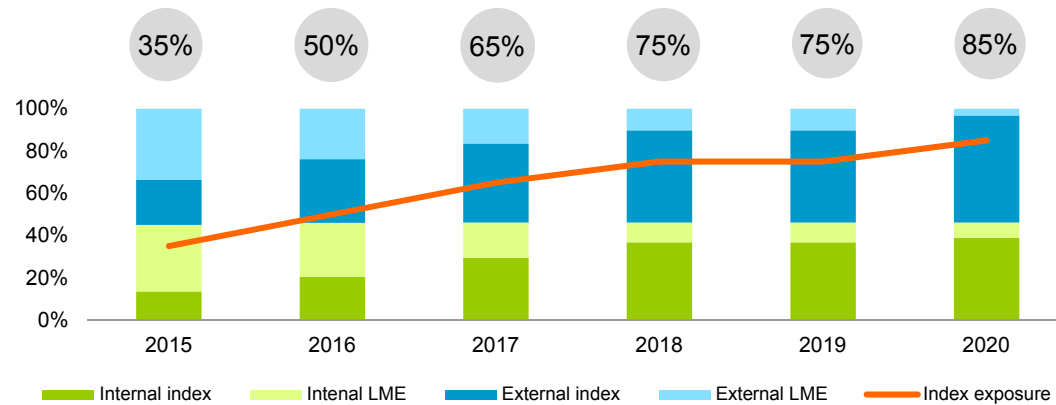


- Energy consumption improved in 2017
- Target improving boiler energy consumption to 7.6 GJ/mt in 2020
- Evaluating potential for usage of gas

* Last twelve months

Commercial: Successful implementation of strategy

Hydro alumina sales exposure to index pricing increased



Improved alumina & bauxite margins

- New alumina contracts: 100% sold on index
- Continued focus on CIF terms & end-users
- External bauxite sales of ~2.5-3 million mt – pricing mostly linked to Platts alumina index

Strengthen our position in the hydrate market



- Hydrate prices more stable compared to alumina – partly fixed annually
- New long-term sales contracts established in the US
- Shipments to US & Japan in 2017: 750-800,000 mt*

Getting closer to the Chinese market



- Taking advantage of price arbitrage between China and rest of the world
- Warehousing capability and increased flexibility
- 2017 alumina sales to China: 5-600,000 mt

* In alumina equivalent tons. Total sales of hydrate: 750-800,000 tons, equivalent to 490-525,000 tons of alumina using a factor of 0.654

Improvement program ahead of plan

Lifting 2019-target from BNOK 1.0 to BNOK 1.3



Improvement categories

Operational costs

- Optimize purchase conditions for raw materials
- Reduce fixed costs

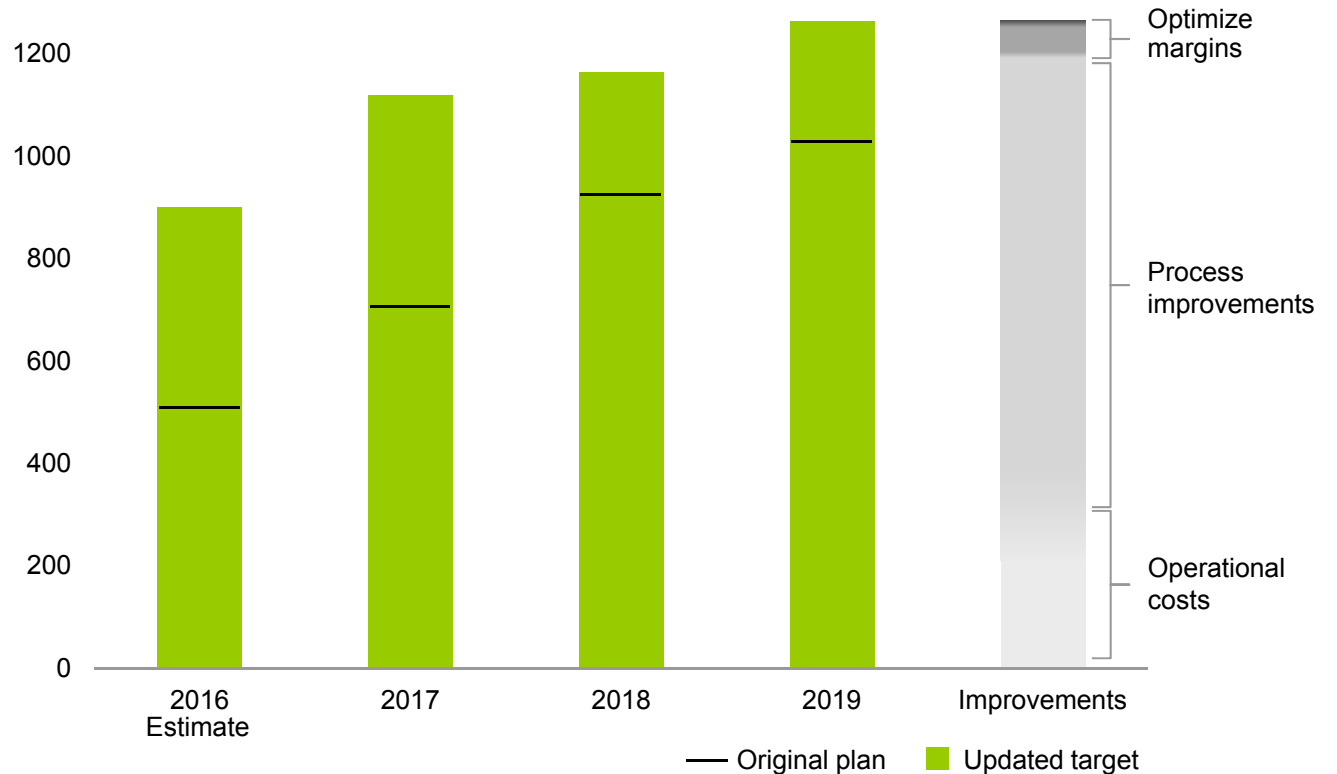
Process improvements

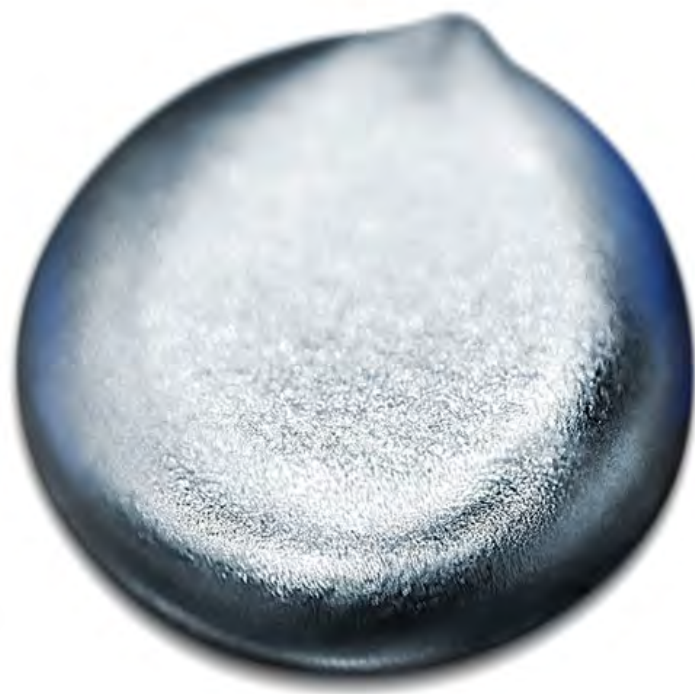
- Improve energy consumption and matrix
- Support production above nameplate capacity

Alumina & Hydrate margins

- Reduce demurrage costs
- Lift optimization margin

Improvements in NOK million





Primary Metal

Better, bigger and greener with technology and digitization

Hilde M. Aasheim, EVP Primary Metal

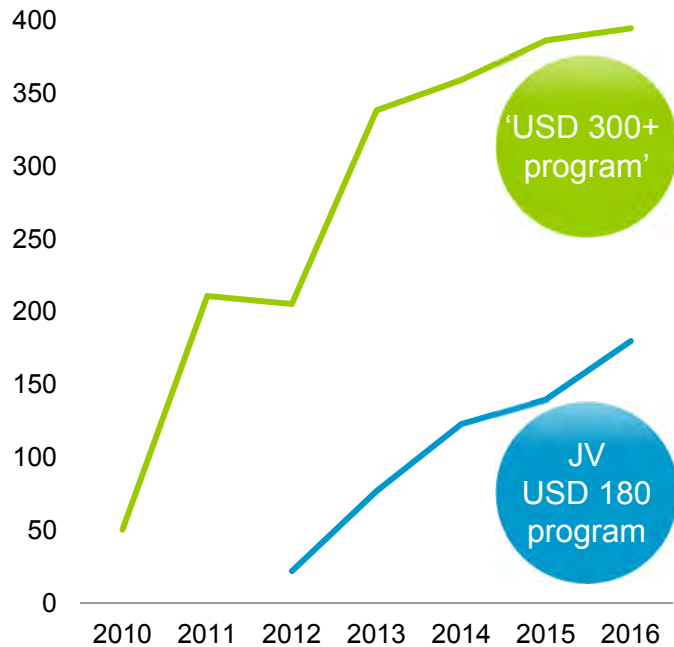
Primary Metal continues ambitious improvement efforts

Will deliver BNOK ~0.5 in period 2018-2019



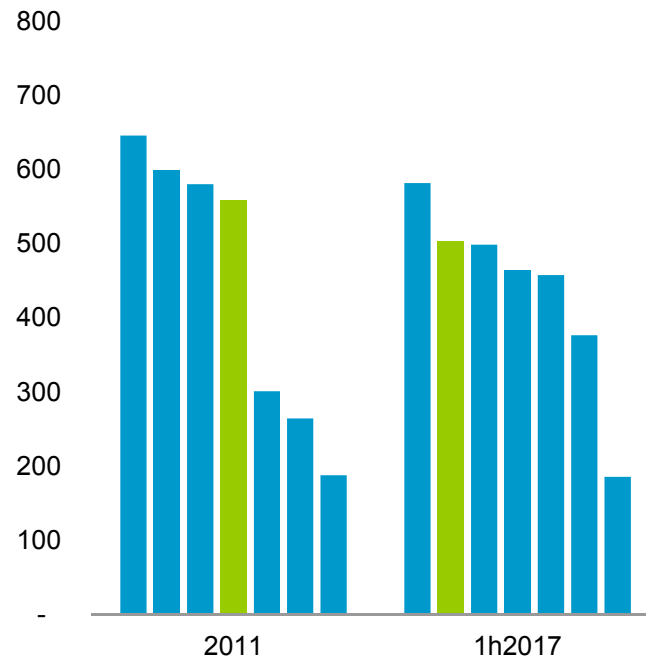
Long history of improvement efforts BNOK 3 delivered 2010-2016

In USD per mt in real terms



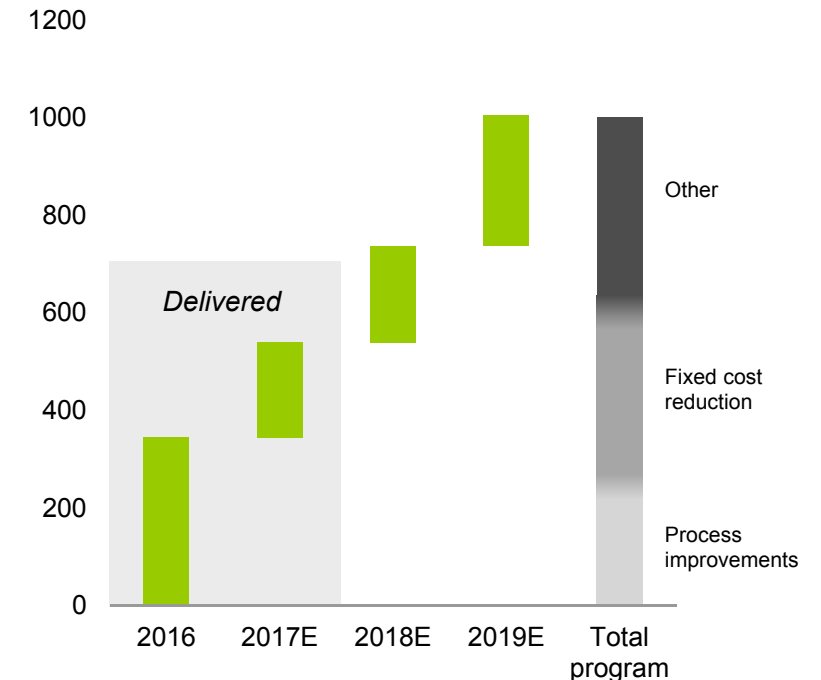
Strengthened relative position

Underlying EBITDA per mt in USD for respective aluminium divisions^{1,2}



BNOK 0.5 to be delivered 2018-2019

In million NOK



1) 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 information purposes only. Hydro figures includes Primary Metal, Metal Markets and attributable share of EBITDA and production in Qatalum.

2) Companies included in the graph: Hydro, Rio Tinto Alcan, South 32 (BHP), Rusal, Chalco, Alba, Alcoa

NOTE: Chalco has not published own production data for 2016 and 2017. Estimates based on information available from CRU



Initiatives in place to lift Albras performance

Lower improvement speed than planned in Primary Metal for 2017 primarily due to Albras performance



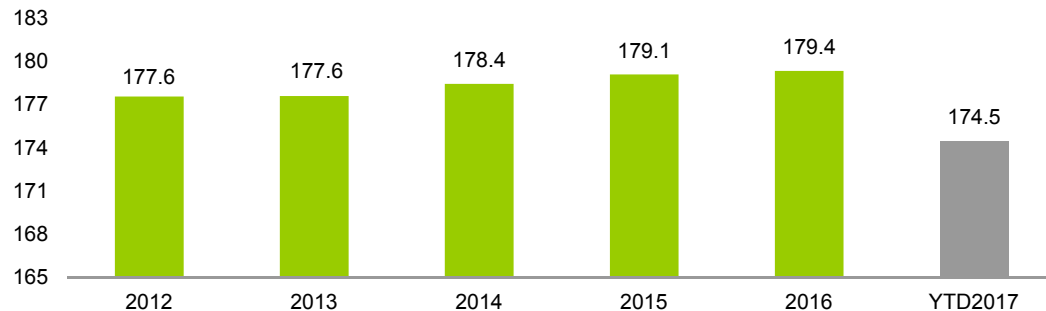
2017 improvement efforts behind plan at Albras due to asset integrity issues

- Reduced amperage to relieve high rectifier load
- Higher maintenance costs due to asset integrity issues in carbon plant and with pot tending machines
- Solid cash flow contributor despite setbacks

Initiatives to lift performance

- Investment in new rectifier
- Carbon plant upgrade
- Major overhaul project of pot tending machines

Amperage (kA)



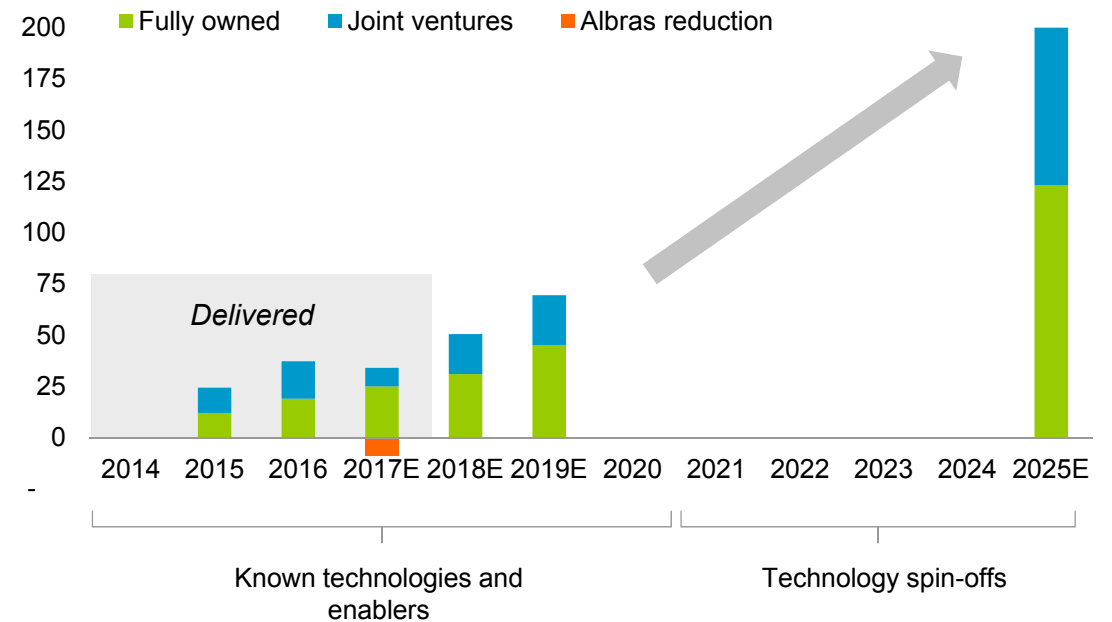
Karmøy Technology Pilot enabling spin-offs to existing smelters



Spin-off effects

- ~50% of 200 000 mt creep ambitions – estimated annual EBITDA effect of MNOK ~300*
- Technology implementation program established to tailor-make spin-off packages/solutions for other electrolysis lines

Production at fully owned and joint venture plants 2014-2025 (Ktpy)



Volumetric increases dependent on positive business cases

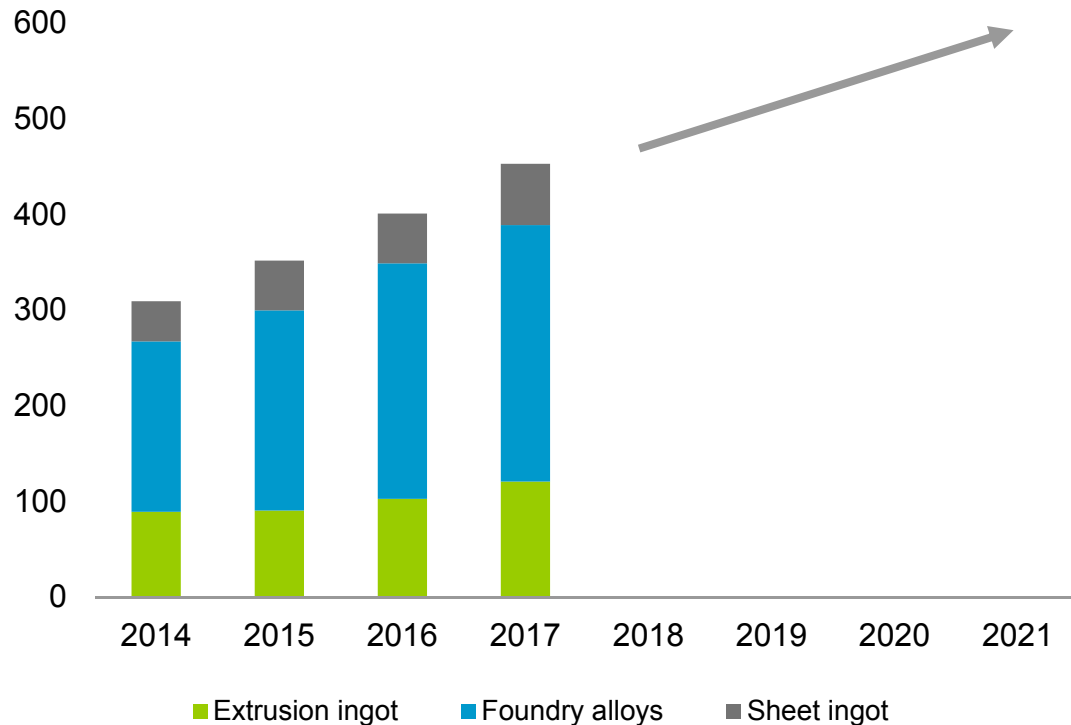
* Calculation based on actual EBITDA margin YTD Q3 2017

Driving innovation to further strengthen our position in the market

Continue to capture strong growth in automotive segments

Sales to automotive in Europe

Mt per year

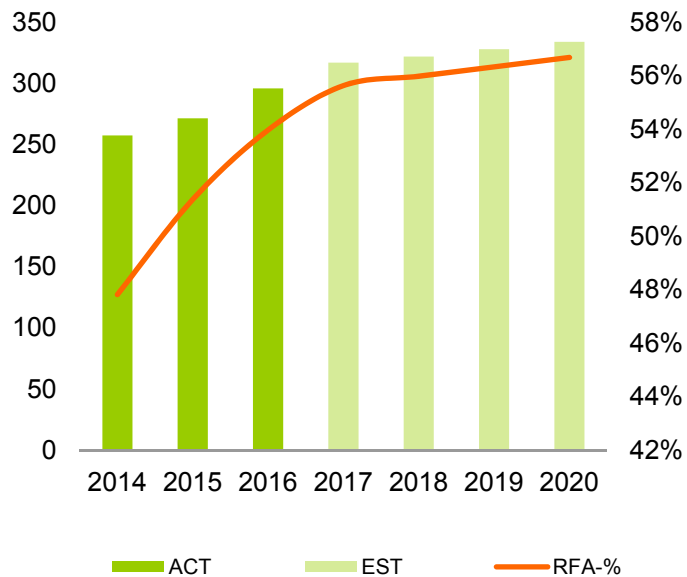


* Europe only. Forward view based on current outlook for market development and production capacities

Growing in recycling

Targeting 30% increase in RFA Sales

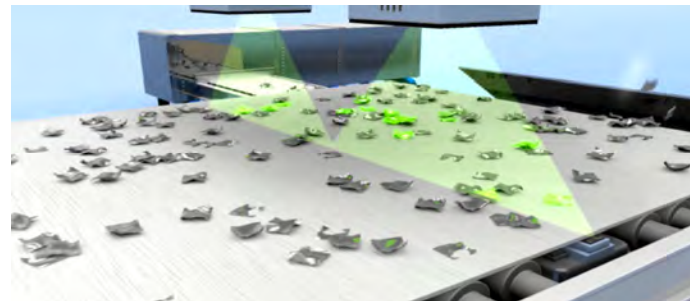
RFA sales for EI remelters, in mt



Sales of Recycling Friendly Alloys* from remelters to increase by ~80 000 mt from 2014 to 2020 (more than 50% of total)

* RFA: Recycling friendly alloys

Investing in the leading recycling capabilities and technology



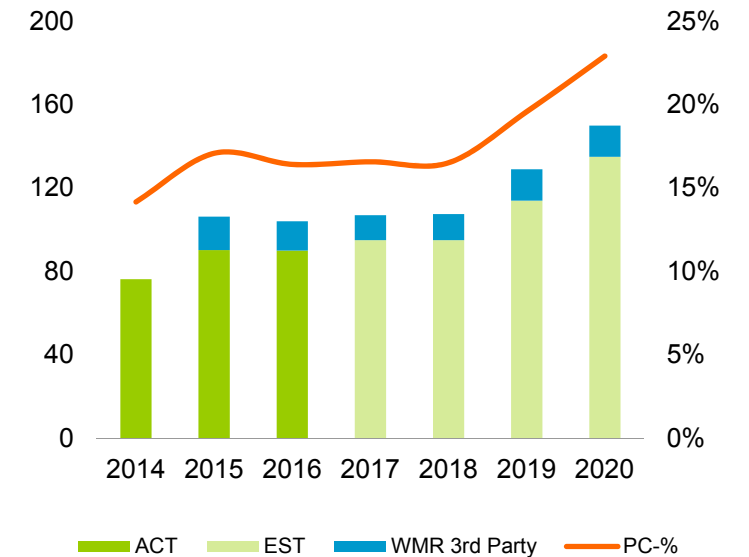
Hydro scrap sorting technology



Facility upgrades with production and environmental benefits

Targeting 100% increase in post-consumer scrap usage

Post-consumer scrap usage, in mt



Usage of post-consumer scrap to increase from ~75 000 mt in 2014 to ~150 000 mt in 2020 (~23% of total)

Industry 4.0 enabling further improvements

Digitized support functions

Karmøy Technology Pilot scope

Industry 4.0 stretching further



Autonomous processes



Connected operator



Advanced analytics



Automation, robotics and AGV

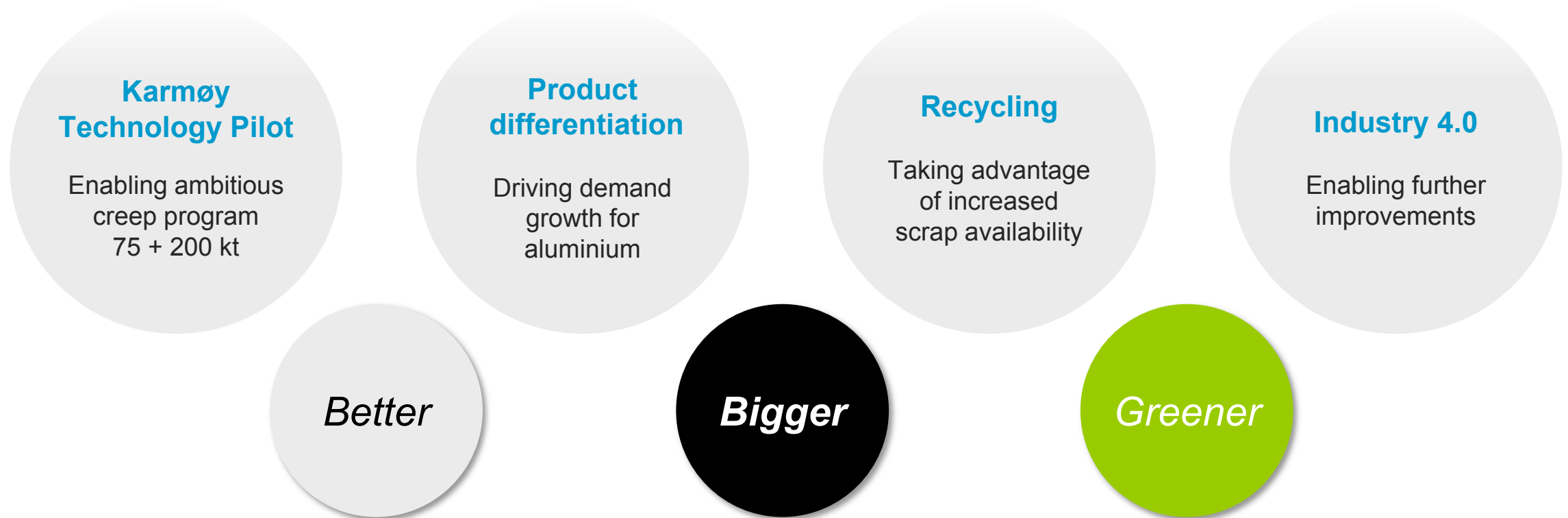


Digital and predictive maintenance

Virtual supply chain

Better, bigger and greener with technology and digitization

Strengthening our competitive position further





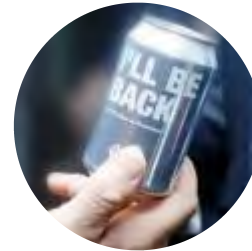
Rolled Products

Expanding in higher-margin and fast-growing segments

Kjetil Ebbesberg, EVP Rolled Products

Portfolio high-grading, recycling and cost efficiency are key

Automotive with the highest growth ambitions, recycling of used beverage cans of strategic importance



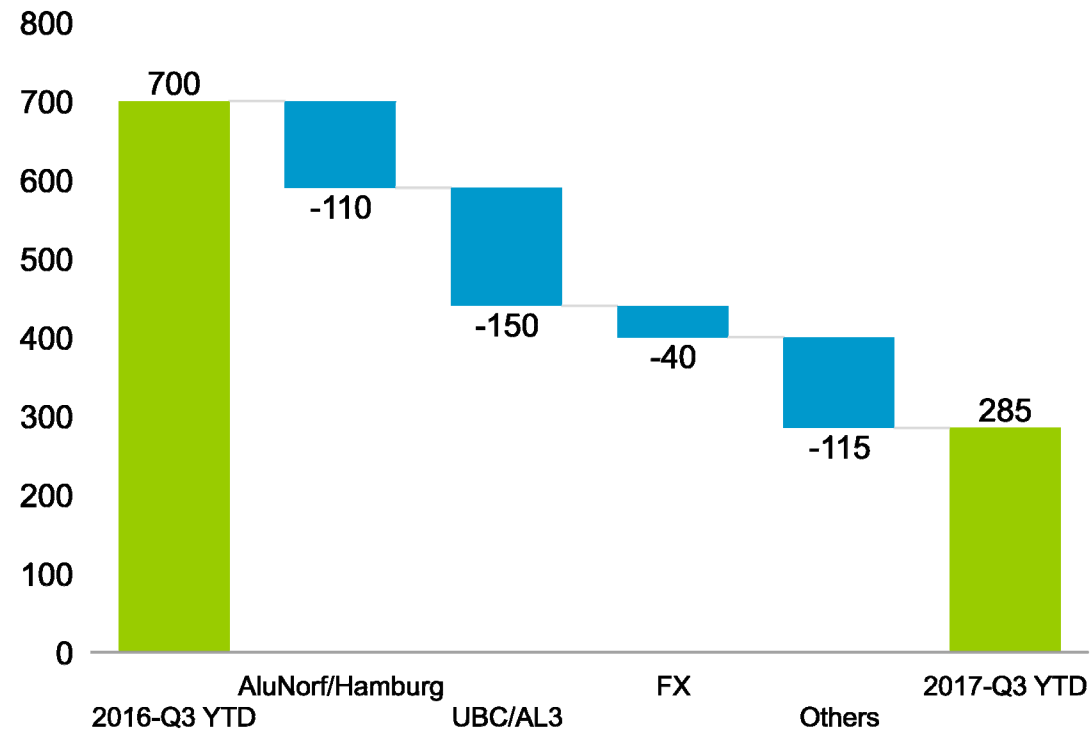
Ambition	Automotive Gain No.2 position in Europe	Foil Fostering No.1 position in high-end plain foil Europe	Beverage can Grow No.2 position in Europe	Lithography Defend global No.1 position	Special products Strengthen No.1 positions in Europe
Market growth ¹	<ul style="list-style-type: none"> World ~11% Europe ~9% Steel substitution 	<ul style="list-style-type: none"> World ~3% Europe ~1% Follows population 	<ul style="list-style-type: none"> World ~4-5% Europe ~2-3% Steel substitution 	<ul style="list-style-type: none"> World ~0% Europe ~ - 3% Declining printing 	<ul style="list-style-type: none"> Europe ~2-3% Batteries, renewables and other new potentials
Focus areas	<ul style="list-style-type: none"> Successful ramp-up of AL3 	<ul style="list-style-type: none"> Broaden customer base Increase technical foil 	<ul style="list-style-type: none"> Successful ramp-up of UBC² line Growth in Europe 	<ul style="list-style-type: none"> Focus on quality, service and innovation 	<ul style="list-style-type: none"> Grow strategic product volumes
COST EFFICIENCY ALUNORF PERFORMANCE					

1) Market growth as compound annual growth rate 2016 – 2021 in %
 2) UBC = Used Beverage Can
 Source: CRU/Hydro

2017 result influenced by operational issues

AluNorf and Hamburg mainly solved, UBC and AL3 with clear measures in place

RP Underlying EBIT - YTD Q3 2017 vs YTD Q3 2016



Four main performance issues - measures being implemented

- AluNorf – production performance stabilized
- Hamburg – production performance stabilized
- Used beverage can recycling line – actions implemented to solve technical issues
- Automotive line 3 – actions implemented to ramp-up production and qualify products

Ramp up of used beverage can recycling line in progress

Highly advanced sorting technology, closing the loop for our can customers



- Ramp-up delayed due to equipment design issues – production performance negatively impacted
- Main actions taken:
 - Main design modifications completed in October 2017
 - Reinforced organization
 - Line now technically ready to reach targeted output
- Focus now:
 - Further optimizing of production processes and overall recovery rate – this has priority over volume output
- Output speed of targeted >40 000 mt/yr liquid aluminium expected by year-end 2018
- Efficiently operated, UBC line offer attractive returns and support target of being carbon neutral by 2020*

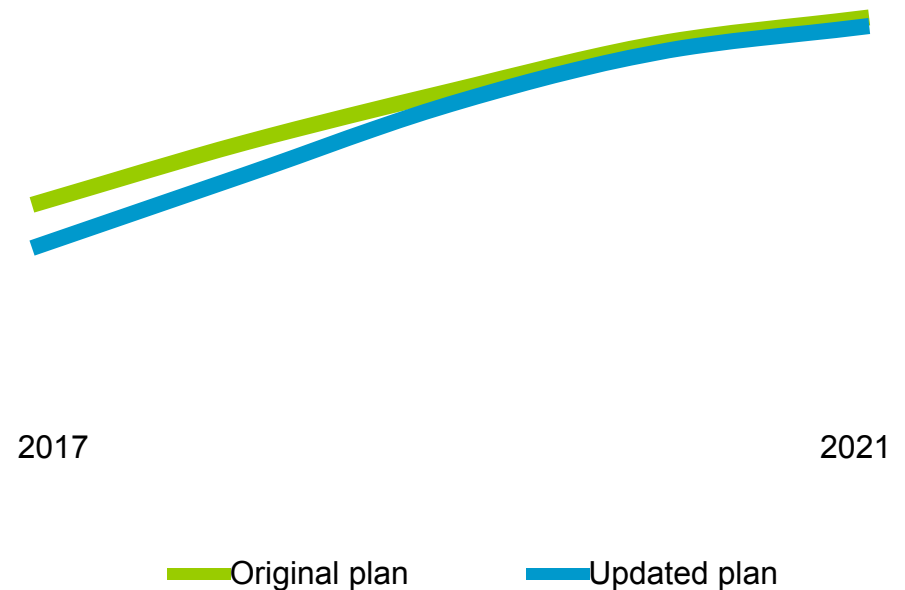
* from a lifecycle perspective

Automotive line 3 qualification process ongoing

Potential of the line is well perceived by customers as future technology in automotive

- Line installed within planned investment frame and with good safety performance
- Ramp-up process delayed due to technical issues, impacting qualification process towards customers
 - Qualifications delayed by approx. 6-9 months
 - Mitigating actions taken already showing good improvements
- Overall supplies to customers are balanced by automotive lines AL1 and AL2
- Contracted volumes on track, in line with targeted margins

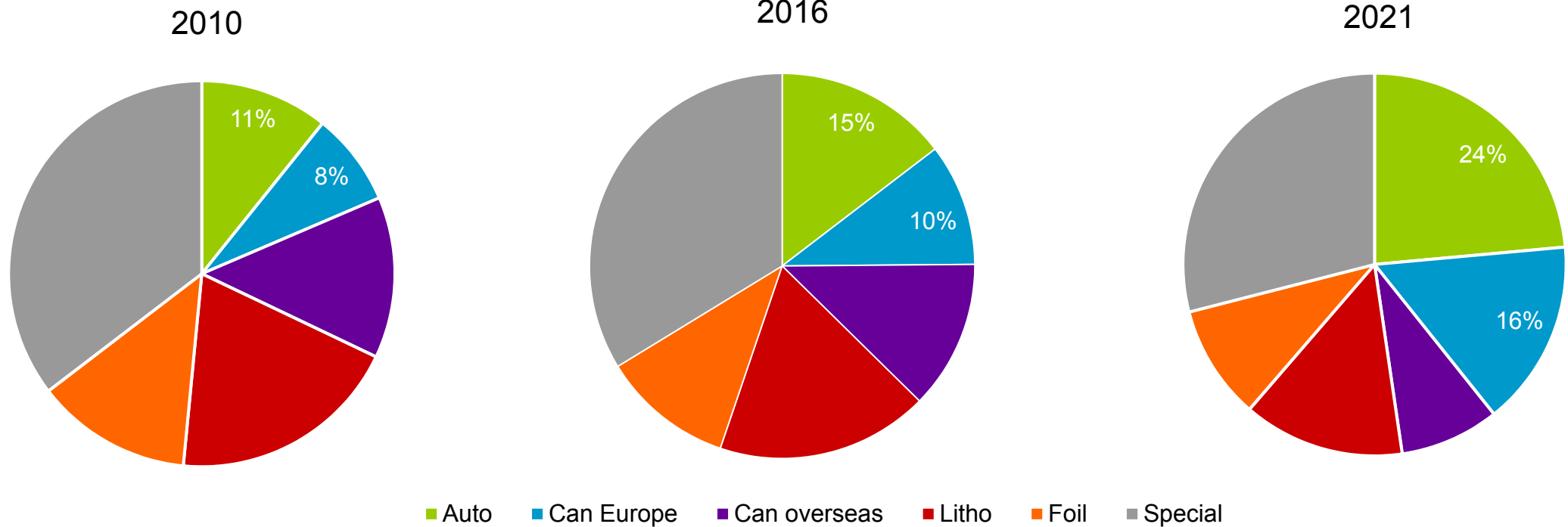
Indicative BiW ramp-up plan vs original plan



Doubling of automotive share with ramp-up of Automotive line 3

Automotive to support high-grading ambitions

Sales by segment



Innovation as strong driver for increased competitiveness

Customer surveys outline Hydro as the preferred innovation partner



LIBS System
for sorting of
automotive scrap
successfully installed
at R&D center Bonn –
optimizing scrap loop and
supporting automotive
growth ambitions

LIBS = Laser induced breakdown spectroscopy



HPS^{plus}
The next generation
of lithographic sheet
brought to the
market by Hydro -
improving surface
for higher process
speed in offset plate
printing

HPS = Hydro pre-treated surface

Way forward on NOK 900 million improvement ambition

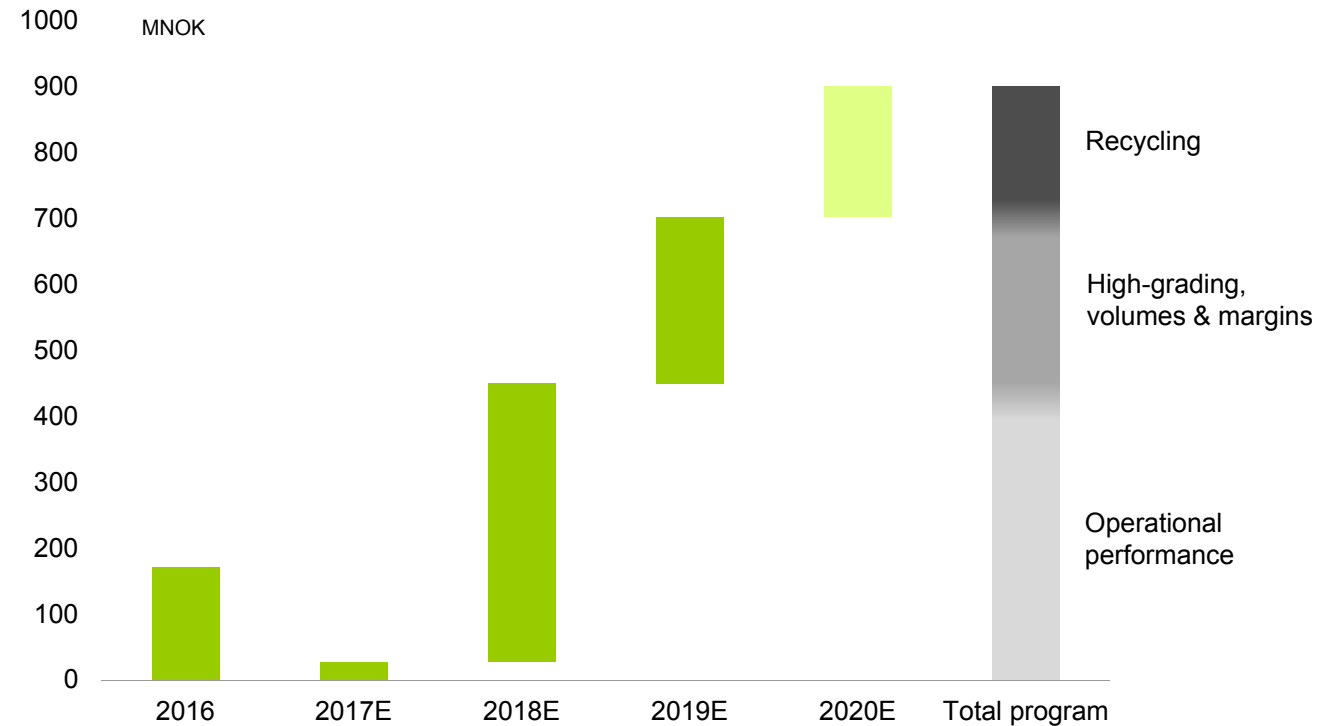
Challenging to meet ambition in 2019, risk of 1 year delay due to operational issues



Improvements driven by

- Automotive growth
- Recycling
- Operational performance
- Supply chain management
- Product high-grading
- Margin and portfolio mix
- Open and engaged culture

Improvement ambition Rolled Products





The future belongs to sustainable businesses

Aavid Moss, EVP Energy and Corporate Business Development

The world of aluminium is greatly influenced by key long-term trends

Producers, consumers, regulators and end-users



Resource depletion



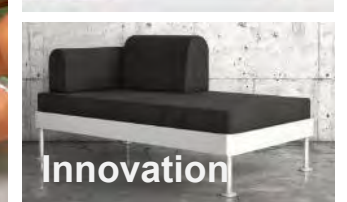
Climate challenge



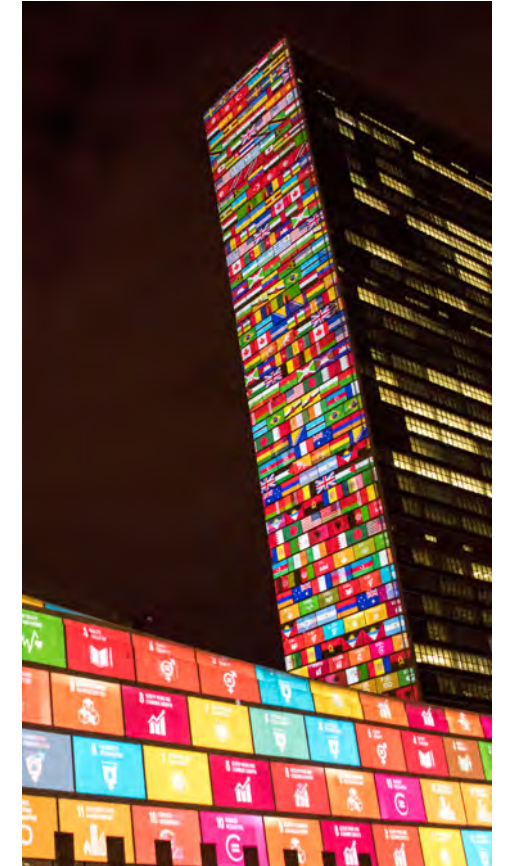
Technology driving solutions for the future

Responsibility has been part of Hydro's DNA for 112 years

"...create a more viable society by innovative and efficient use of natural resources and products"



The Sustainable Development Goals cannot be reached without the active participation of business



Making responsibility and sustainability a competitive edge

Planet, people, prosperity

Improving
our
footprint



Making a
positive
difference

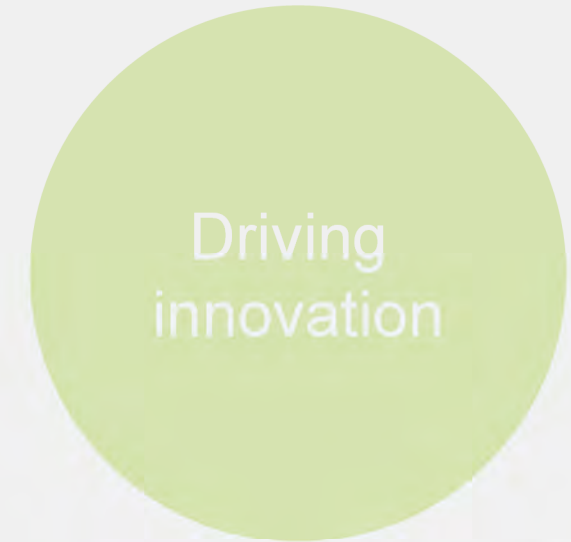


Driving
innovation



Making responsibility and sustainability a competitive edge

Planet, people, prosperity

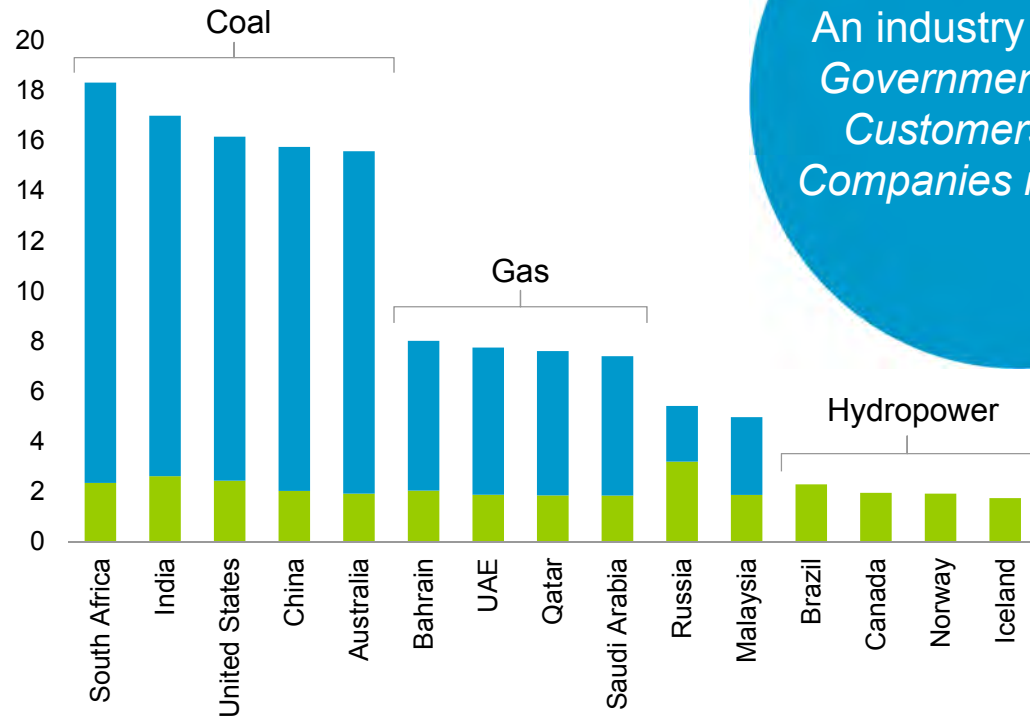


The climate paradox

Increasing share of aluminium production is coal-based

CO2 emissions and main energy source in aluminium production by country

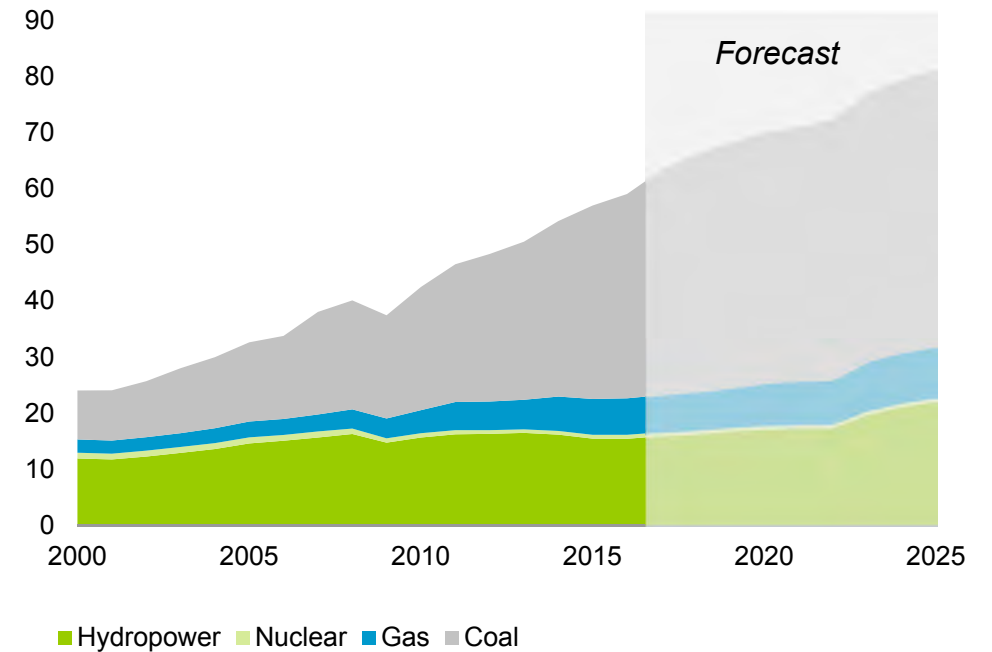
Tonne CO2 / tonne aluminium



An industry challenge
 Governments will act
 Customers will act
 Companies need to act

Aluminium production by power source

Mill tonnes



Source: CRU

Our global industry's most ambitious climate strategy

Hydro on track to be carbon-neutral from a life-cycle perspective by 2020



Production
– reduction in
own emissions



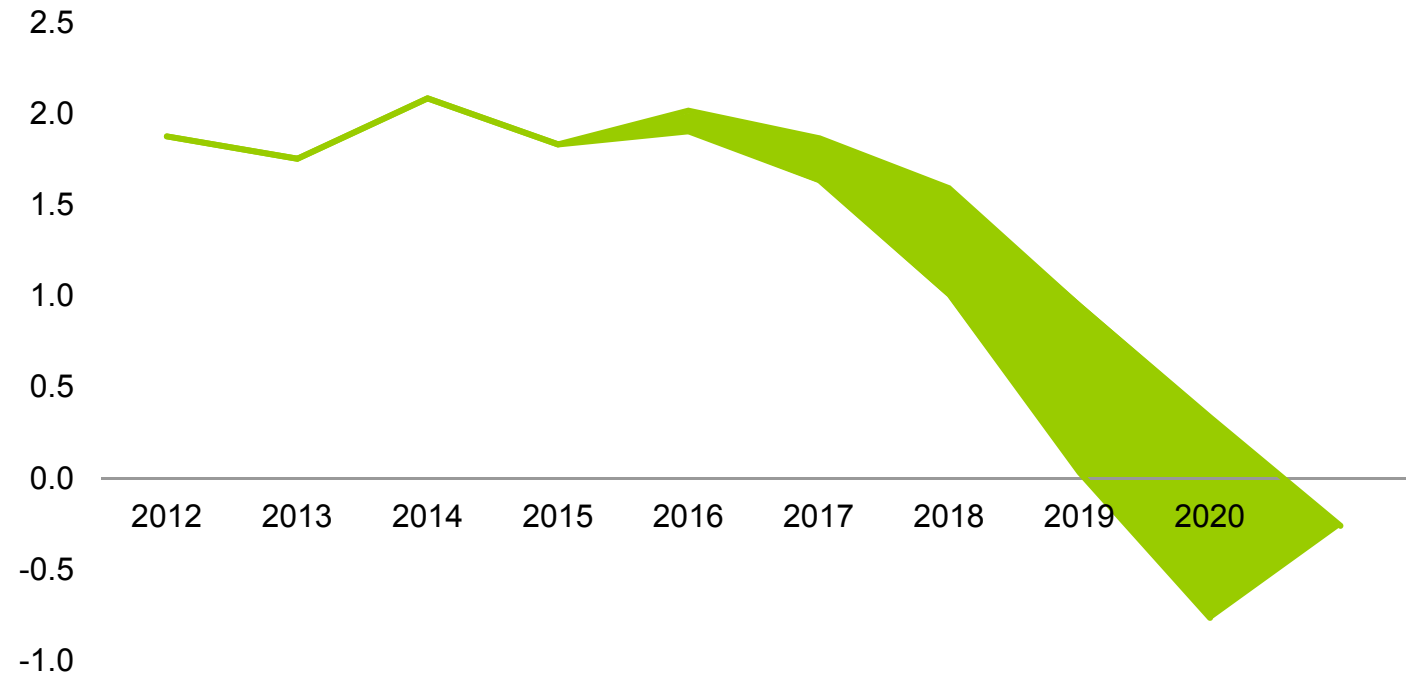
Products – use
phase benefits



Recycling of
post-consumer
scrap

Hydro's CO2 emissions from a life-cycle perspective*

Million kg Co2



* Incl Extruded Solutions from 2018

Strengthening rehabilitation at Hydro Paragominas

Updated targets and research partnership guide rehabilitation efforts to restore biodiversity

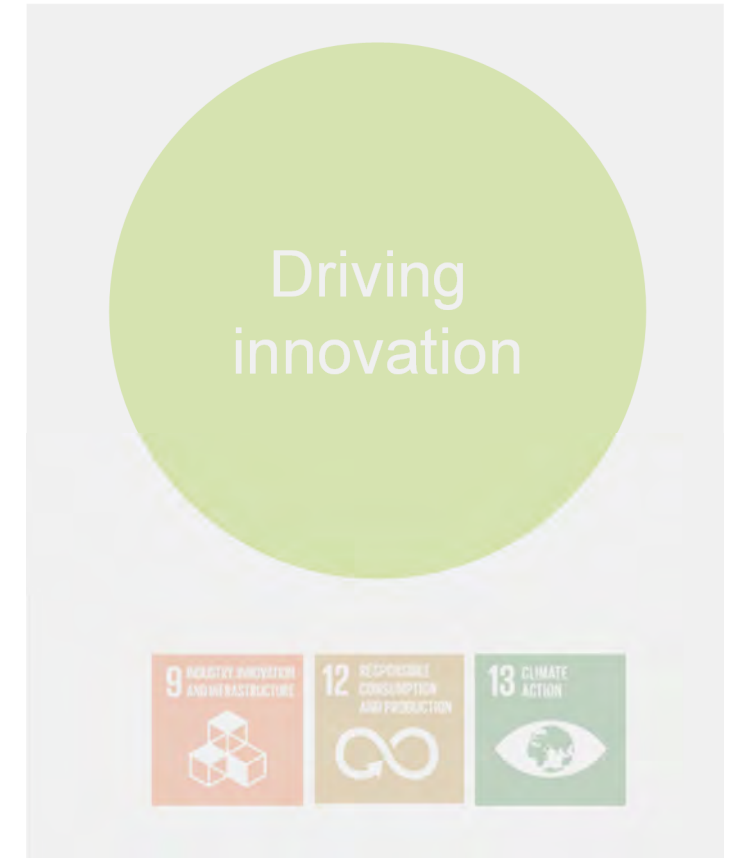


Updated 1:1 rehabilitation target

- 1:1 rehabilitation of areas available for rehabilitation within two hydrological seasons after mining
- Science-led rehabilitation through the Brazil-Norway Biodiversity Research Consortium

A long-term agenda to optimize stakeholder and shareholder benefits

'Business cannot succeed in societies that fail' – *World Business Council on Sustainable Development*



Targeting the fundamental drivers of long-term development

Aligned with community expectations and needs, and through local partnerships



Contribute to quality education in our communities*



Promote decent work throughout the value and supply chain
Foster economic growth in our communities*



Strengthen local communities and institutions through capacity building
on human rights and good governance

* Communities directly or indirectly affected by our operations

Making responsibility and sustainability a competitive edge

Planet, people, prosperity



Renewables, flexibility and storage to play together

Competitive long-term sourcing solutions, and making Hydro «Better, Bigger, Greener»



Positioning for the future means:

- Greener competitive sourcing, industrial processes and electrification
- Being a front runner seeking new business options more critical
- Understanding and utilizing changes in energy markets key to both competitive sourcing and exploring new business opportunities



Hydropower Norway,
Increased flexibility



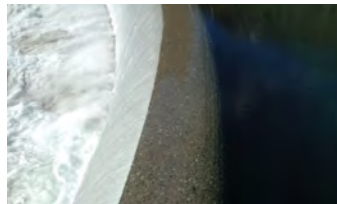
Wind Nordic and Brazil
- Services and potential equity



Demand flexibility



Digitalization



Hydro-, solar-, wind-based power
purchase agreements



Energy Storage
- Batteries, hydrogen,
heat applications



Energy 4.0

Part of the solution

Use-phase benefits, recycling friendly



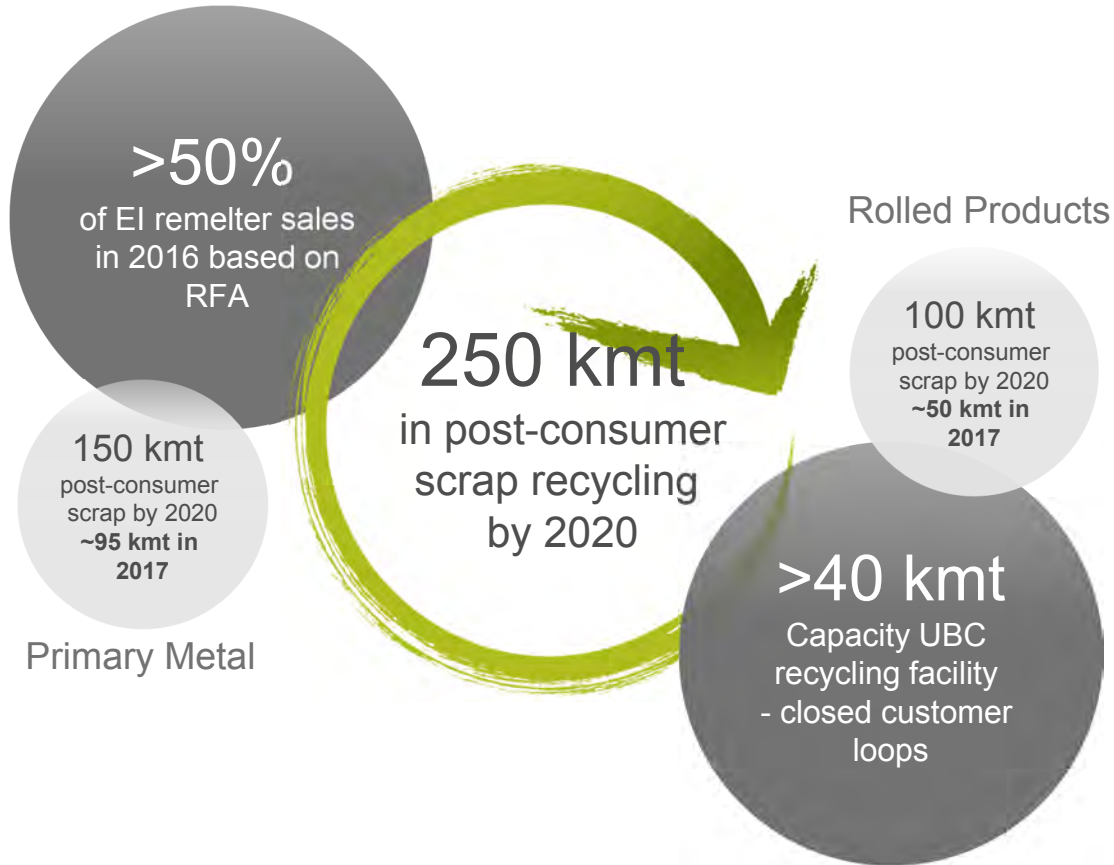
Setting new standards in environmentally friendly and sustainable buildings.



Hydro Extruded Solutions to deliver to the world's first purpose-built, mass-market electric taxi in London.

Combining high-value outputs with lower cost inputs

Repositioning Hydro's recycling activities, preparing for the circular economy



Sustainability and competitiveness hand-in-hand

Sustainability will become more and more important



Producers



HYDRO



Users



Civil society



Commercializing low-carbon aluminium

Promoting responsible aluminium as the metal of the future



Hydro's climate strategy converted into low-carbon products

Our uniqueness is our integrated value chain, share of hydro-power and post consumer scrap recycling

Hydro 4.0



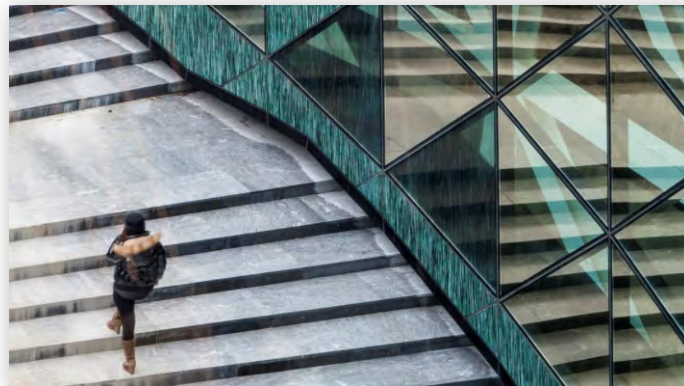
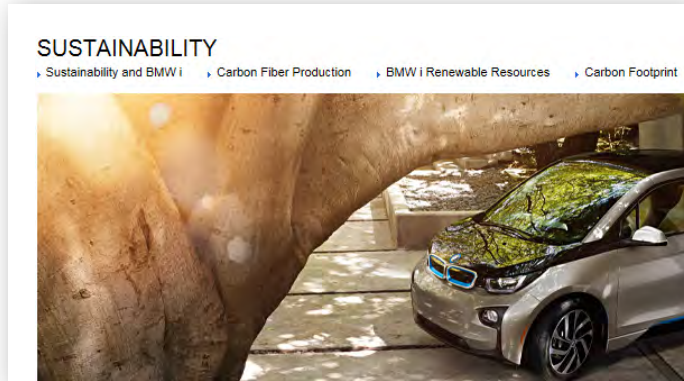
All-in approach
Maximum or below
4.0 kg CO₂e/kg Al
Verified according to
ISO 14064 by DNV GL

Hydro 75R



At least 75%
post-consumer
recycled aluminium
Verified by DNV GL based on
traceability and quality principles
developed by Hydro

Capturing growing markets for low-carbon and recyclable aluminium



Responsibility and business hand in hand





Investor Relations in Hydro



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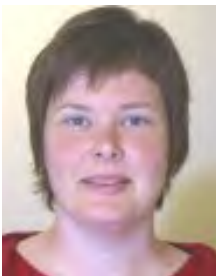


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Next event
Fourth quarter results
February 16, 2017

For more information see
www.hydro.com/ir