



# Declining metal prices, lower costs and record production in Brazil

Fourth quarter presentation

# Cautionary note

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

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

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



Svein Richard  
Brandtzæg

President and CEO



- Underlying EBIT of NOK 1 566 million for Q4, NOK 9 656 million for full-year 2015
- Proposed dividend for 2015 of NOK 1 per share
- Record high quarterly bauxite and alumina<sup>1)</sup> production
- Lower costs, including record low implied alumina cost
- Lower realized alumina and all-in aluminium prices, higher Nordic energy prices
- Build decision for the Karmøy technology pilot
- NOK 800 million improvements delivered across the value chain in 2015
- 2016 global primary demand growth outlook of ~3-4%, global market largely balanced

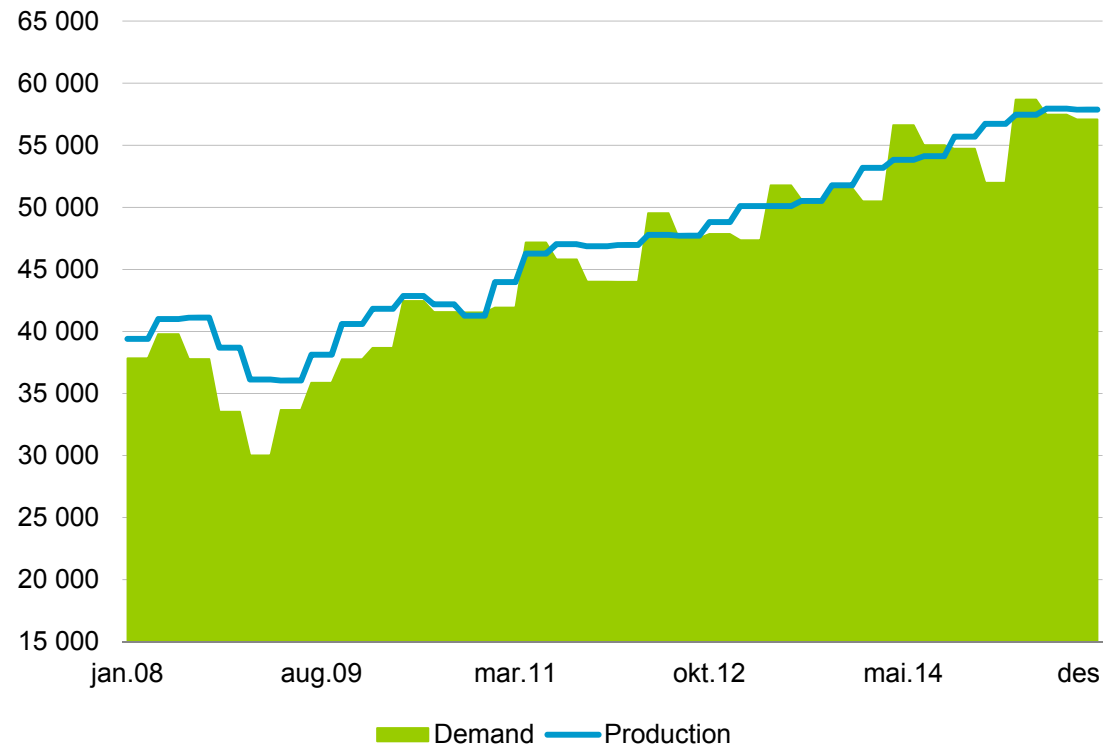
1) Since Hydro acquired Vale's aluminium business in 2011

# Global oversupply ~1.2 million tonnes in 2015

~2.1 million tonnes oversupply in China, ~0.9 million tonnes undersupply World ex-China

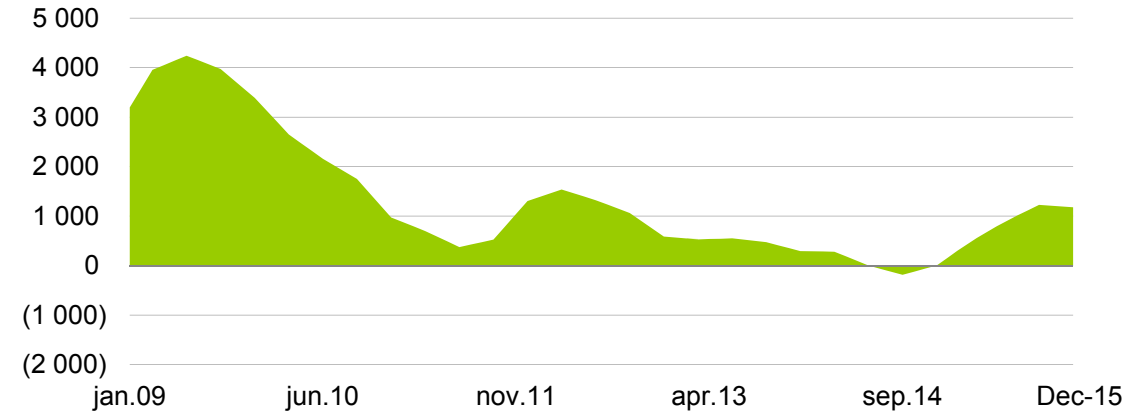
Demand and production (quarterly annualized)

1 000 mt primary aluminium



Production less demand<sup>1)</sup>

1 000 mt primary aluminium



- ~4% demand growth 2015
- ~4% demand growth Q4 15 vs Q4 14
  - ~6% China
  - ~3% Europe
  - ~2% North America
  - (~16%) Central and South America

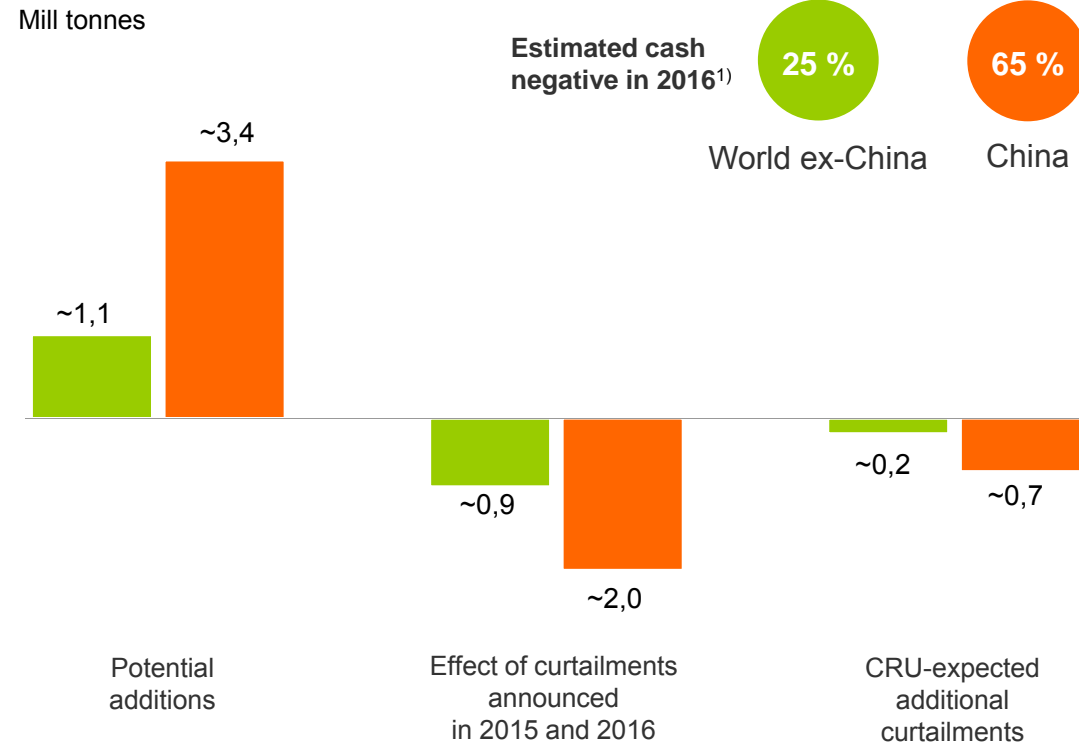
Source: CRU/Hydro

1) Yearly rolling average of quarterly annualized production less demand

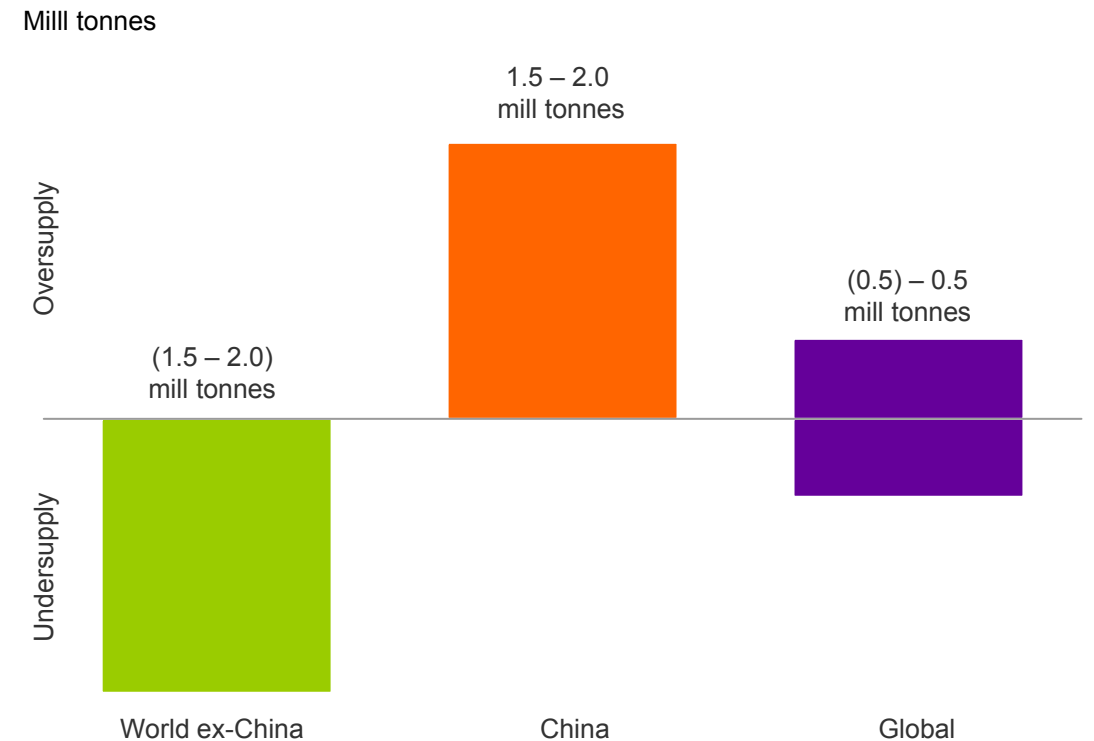
# Aluminium market expected to be largely balanced in 2016

Significant curtailments in China at the end of 2015

## Supply development 2016<sup>1)</sup>



## Market balance 2016<sup>2)</sup>

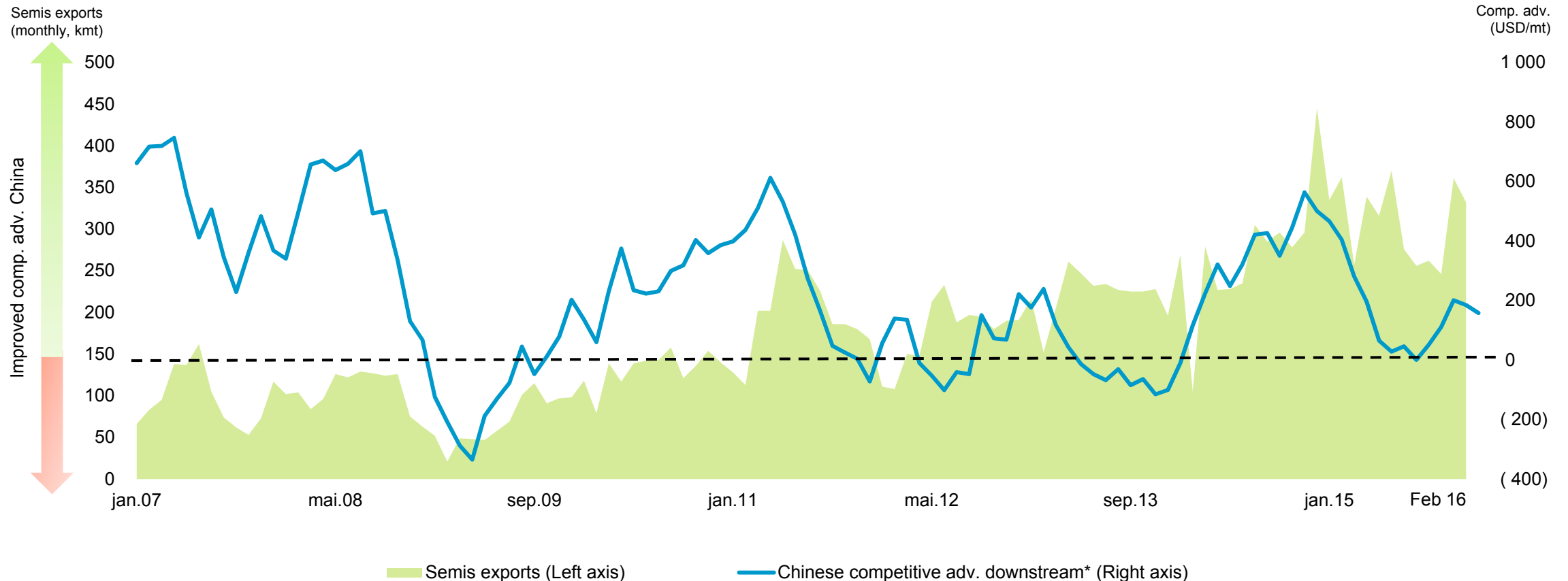


Source: CRU, Hydro Analysis

1) Based on CRU BoC curve 2016 and CRU price assumptions of LME 3m at 1475 USD/t and SHFE at 10.300 RMB/t

2) Includes CRU's expected curtailments

# Increased Chinese net semis export on widening arbitrage

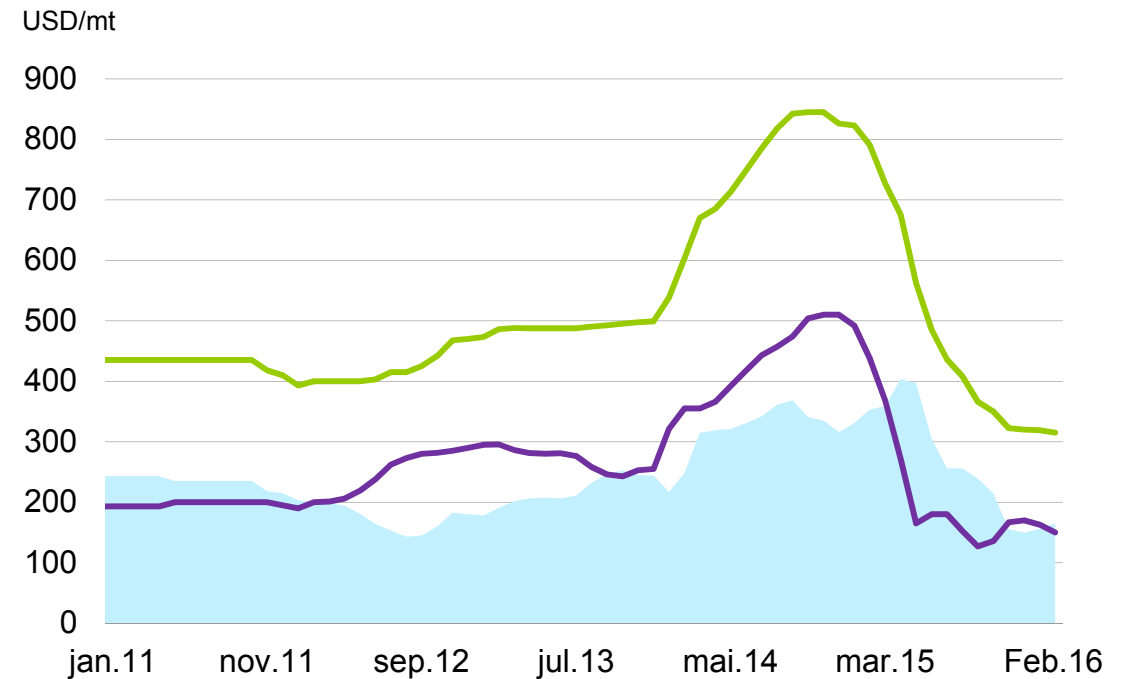
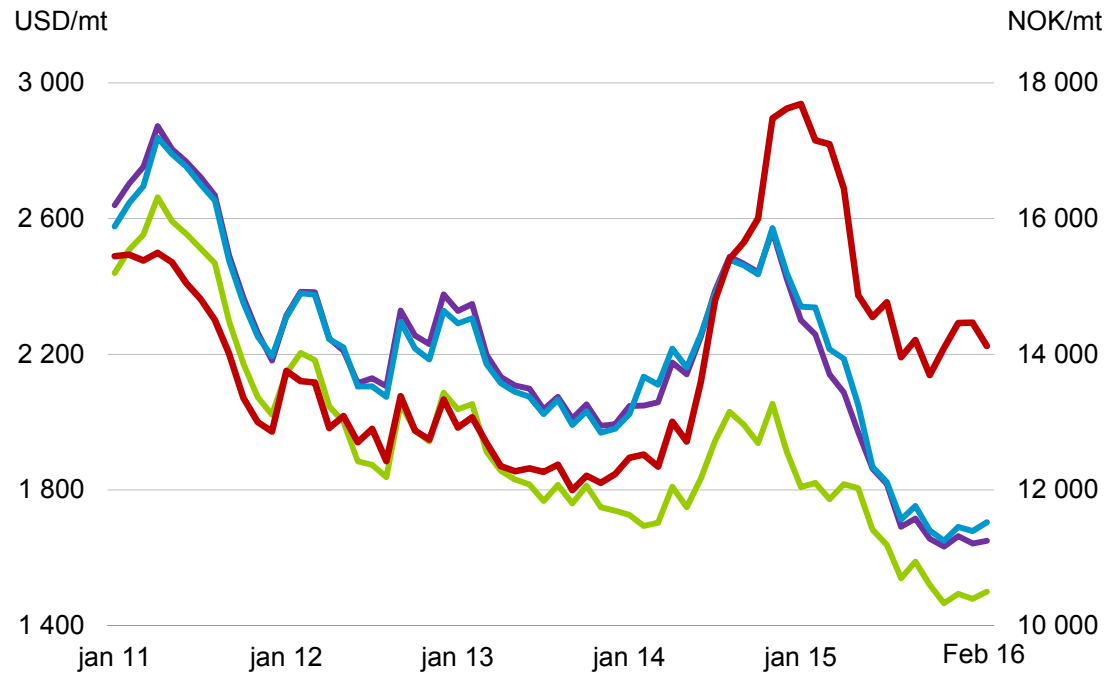


Source: CRU/Ecowin  
 Est. metal cost China versus Europe  
 Europe: LME cash + European duty-paid standard ingot premium  
 China: SHFE cash + avg. local premium + freight – export rebates (~13 %)



# Stabilizing all-in ingot prices after weakening in Q4

Tightening spread between standard ingot and product premiums



- LME cash
- LME cash + Europe duty paid
- LME cash + US Midwest
- LME Cash + Europe dutypaid NOK (RHS)

- Extrusion ingot over standard ingot
- Standard ingot duty paid
- Extrusion ingot duty paid

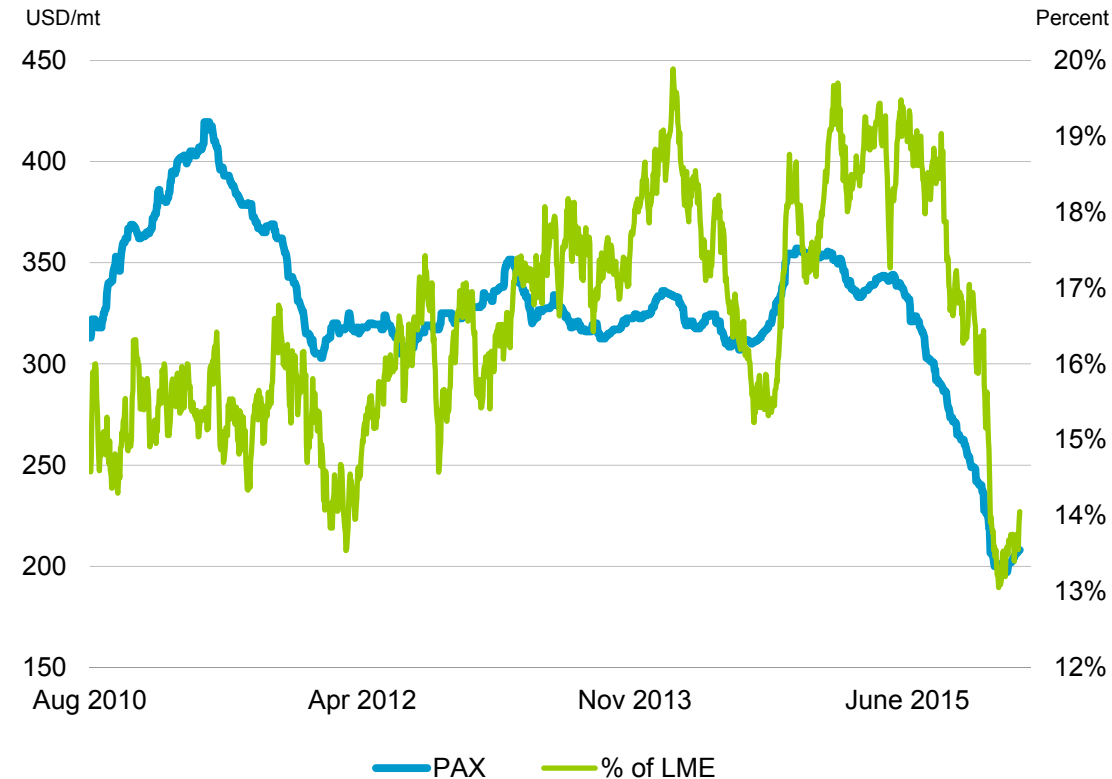
Source: Metal Bulletin, MW/MJP: Platts, Reuters Ecowin, Hydro analysis



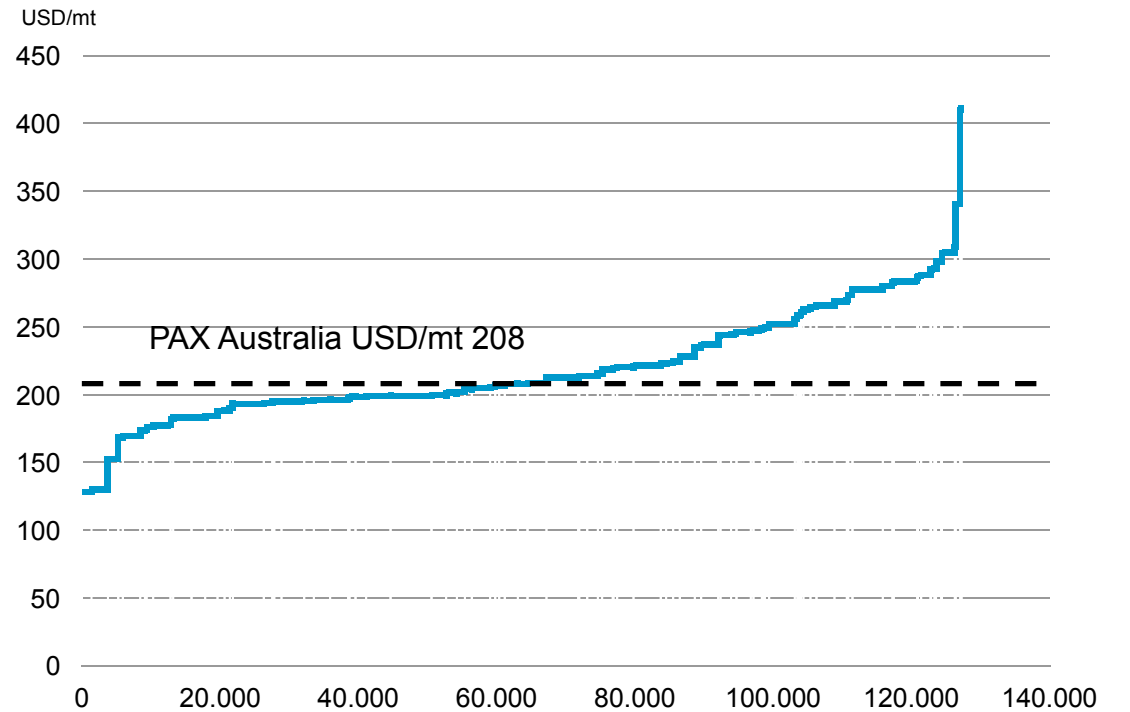
# Alumina prices fall in oversupplied markets

Signs of curtailments as around 50% of global alumina capacity is estimated to be loss-making

Platts alumina index (PAX)



Global alumina business operating costs (USD/mt)<sup>1)</sup>



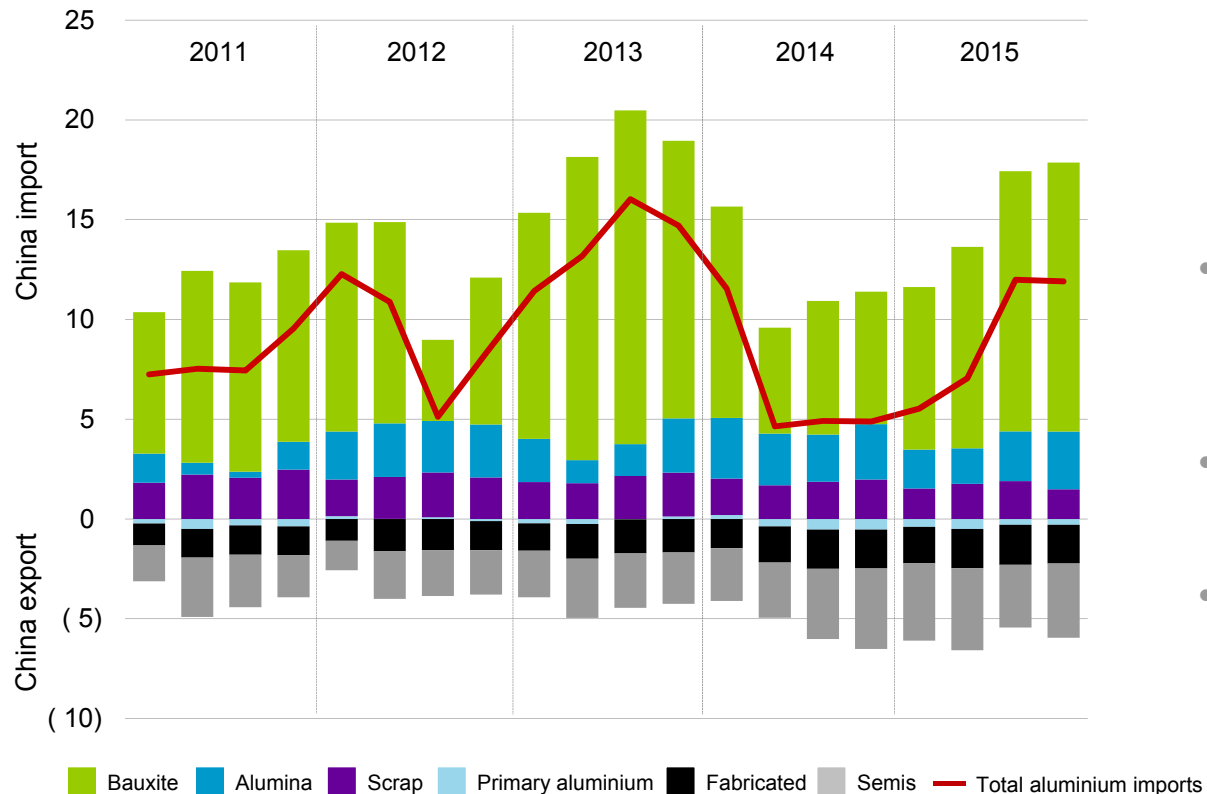
Source: Platts, Ecwin, China Customs, CRU

1) Key macro data CRU Q415: LME 3M 1500 USD/mt, Brent blend 56 USD/t, caustic soda 331 USD/mt FOB US Gulf, RMB per USD 6.56, BRL per USD 4.04, AUD per USD 1.45)

# China net import balance stable

Small increases in upstream imports and downstream exports

Annualized aluminium equivalents<sup>1)</sup>, million mt



- Bauxite and alumina
  - Beginning January 15 2016, Malaysia imposed three-month moratorium on bauxite mining to reduce associated pollution
  - Bauxite imports higher in Q4 as well as FY 2015
  - Alumina imports higher in Q4, but lower FY 2015
- Primary aluminium
  - No significant import or export
  - However, some primary exports for remelt
- Scrap
  - Scrap import slightly lower
- Semis and fabricated
  - Export levels increased somewhat in Q4 and FY 2015

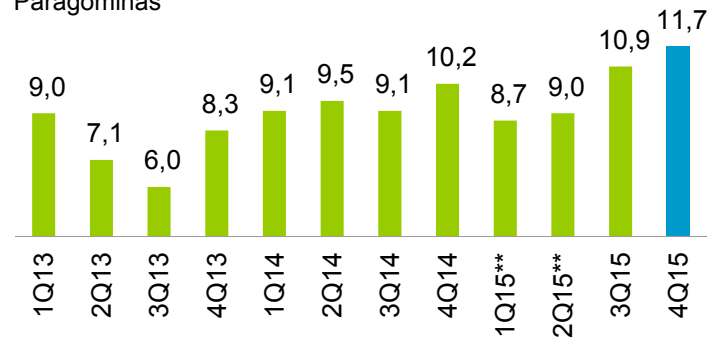
Source: CRU/Antaike/Hydro

\*1) Bauxite/alumina to aluminium conversion factor: 5.0/1.925

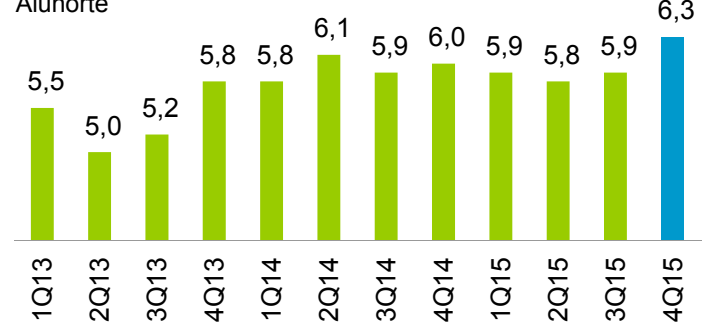
# Bauxite and alumina\* production reach record quarterly levels

Implied alumina cost continues steep decline

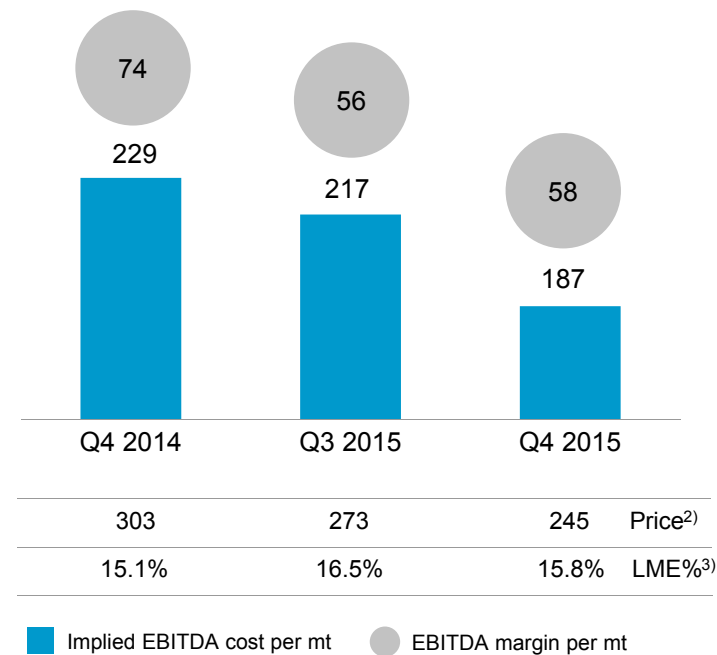
Annualized bauxite production, million mt  
Paragominas



Annualized alumina production, million mt  
Alunorte



Implied alumina cost and margin, USD/mt <sup>1)</sup>



Quarter	Price <sup>2)</sup>	LME% <sup>3)</sup>
Q4 2014	303	15.1%
Q3 2015	273	16.5%
Q4 2015	245	15.8%

1) Realized alumina price minus underlying EBITDA for B&A, per mt alumina sales  
 2) Realized alumina price  
 3) Realized alumina price as % of three month LME price with one month lag

- Significant decline in implied alumina cost
  - Increased bauxite and alumina production
  - Lower alumina sourcing costs
  - Historically weak BRL
- “From B to A” NOK 1 billion improvement program completed

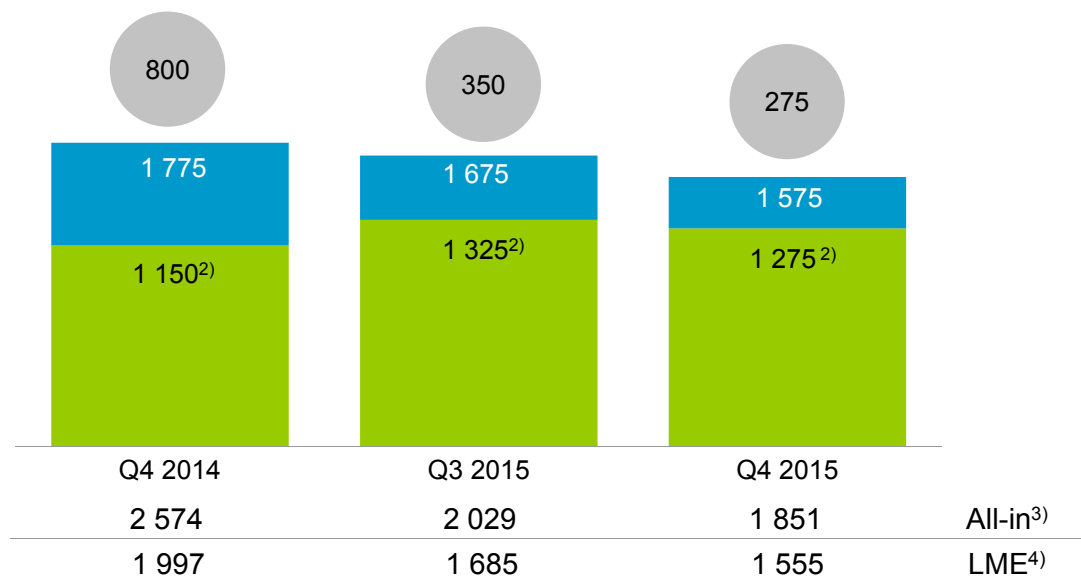
\* Since Hydro acquired Vale’s aluminium business in 2011

\*\* Extended maintenance period in March / April 2015 resulted in lower bauxite production

# Lower primary margin on weaker all-in prices

Implied primary cost down on weaker currency and lower alumina price

All-in implied primary cost and margin, USD/mt <sup>1)</sup>



■ All-in Implied EBITDA cost per mt

■ LME Implied EBITDA cost per mt

● All-in EBITDA margin per mt

- Developments Q4 vs Q3
  - Lower variable costs, mainly alumina
  - Weaker NOK and BRL vs USD
- Årdal power outage has limited production effect
  - 10% cells shut-down, to be restarted
  - Full production expected to resume in Q2 2016
  - Customers expected to be unaffected due to increased remelt of cold metal
- USD 180 JV improvement program on track to be concluded by end-2016

1) Realized all-in aluminium price minus underlying EBITDA margin, including Qatalum, per mt aluminium sold.

2) Realized LME aluminium price minus underlying EBITDA margin, including Qatalum, per mt primary aluminium produced.

3) Realized LME plus realized premiums, including Qatalum

4) Realized LME, including Qatalum

# Hydro to build Karmøy technology pilot

With spin-off effects for the entire portfolio

- Technology pilot with production of 75 000 mt
  - 48 cells HAL4e technology – 12.3 kWh/kg
  - 12 cells HAL4e Ultra - 11.5 – 11.8 kWh/kg
- Spin-off technology elements for existing portfolio
  - 100 kt contribution to 2025 creep ambition
  - ~NOK 400 million annual EBITDA effect with CRU 2016 assumptions <sup>1)</sup>
- Verifying next-generation aluminium production technology
- First metal expected in second half 2017
- Net capex NOK 2.7 billion
  - Total capex NOK 4.3 billion
  - NOK ~1.6 billion support from Enova

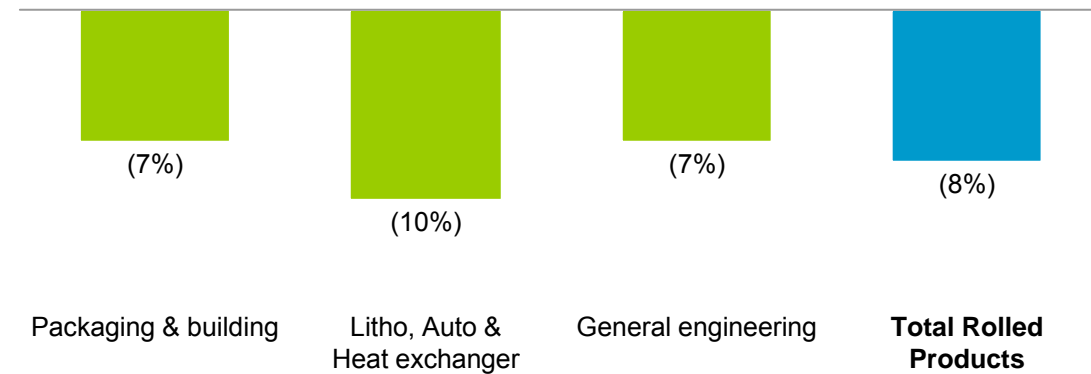


1) Using CRU 2016 assumptions, LME 1 500, Standard ingot EU DDP 130, Extrusion ingot EU 265, NOK/USD 8.53, estimated Hydro fixed costs USD 312

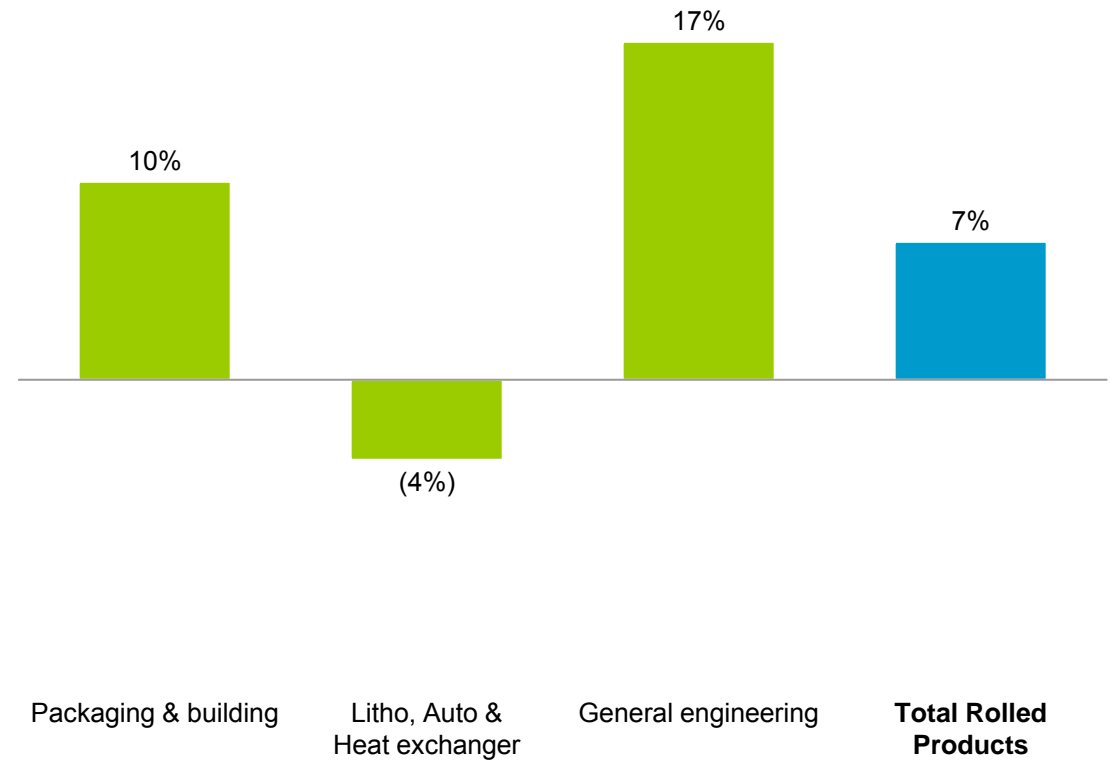
# Seasonally lower sales in Rolled Products

Year-on-year improvement driven by stronger can sales and positive general engineering development

Q4 2015 vs Q3 2015



Q4 2015 vs Q4 2014



# Seasonally weaker extrusion demand

- Seasonally weaker demand
  - 9% decrease in North America
  - 7% decrease in Europe
- Demand increased from same quarter last year
  - 1% in North America due to increased building activity and strong automotive demand
  - Stable in Europe, weak building activity continues

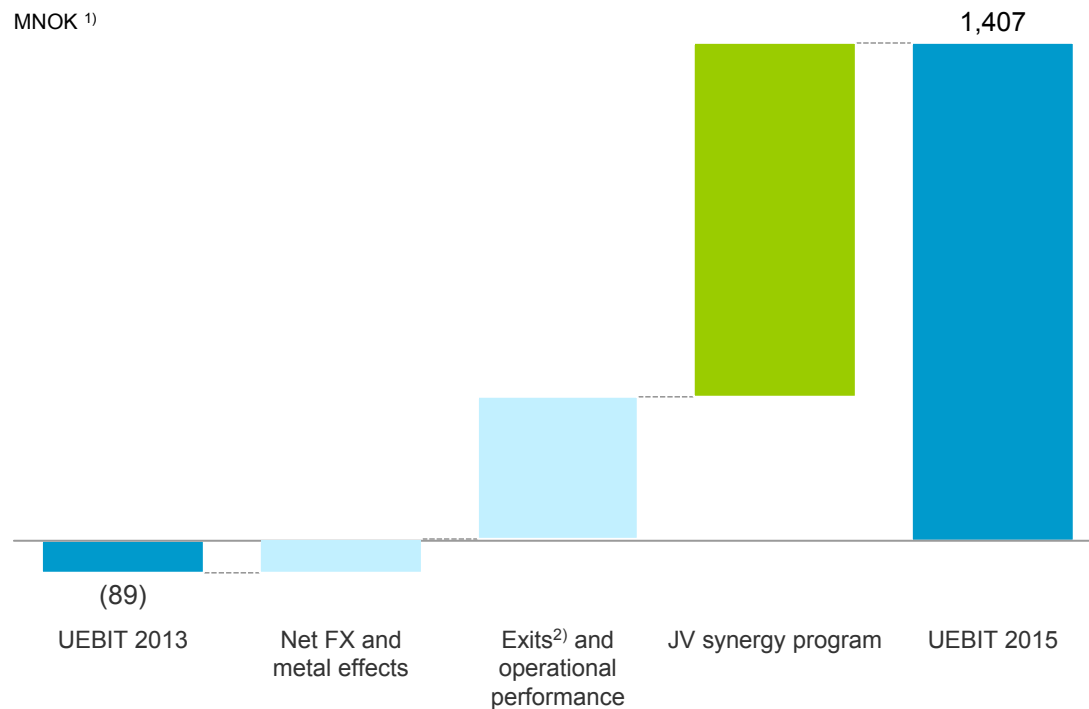


# Sapa restructuring agenda delivered one year ahead of plan

Sapa aims for additional improvements

Sapa 100% basis

MNOK <sup>1)</sup>



- Significant improvements since 2013
  - Realized synergy program of about NOK 1 billion
  - Higher share of value-added products
  - Divestments and closure of non-profitable businesses
  - Improved capacity utilization and lower fixed-cost base
- Additional improvements to be delivered
  - Continue to increase share of value-added activities
  - Continued productivity improvements

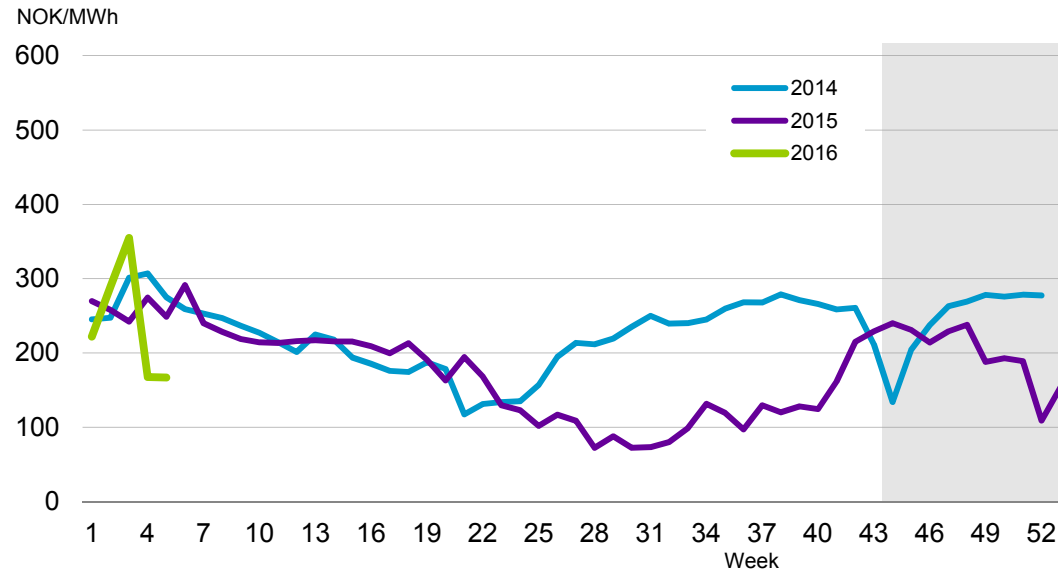
1) Other items not covered by the earnings waterfall net out to ~0

2) Exits which are not part of the JV synergy program

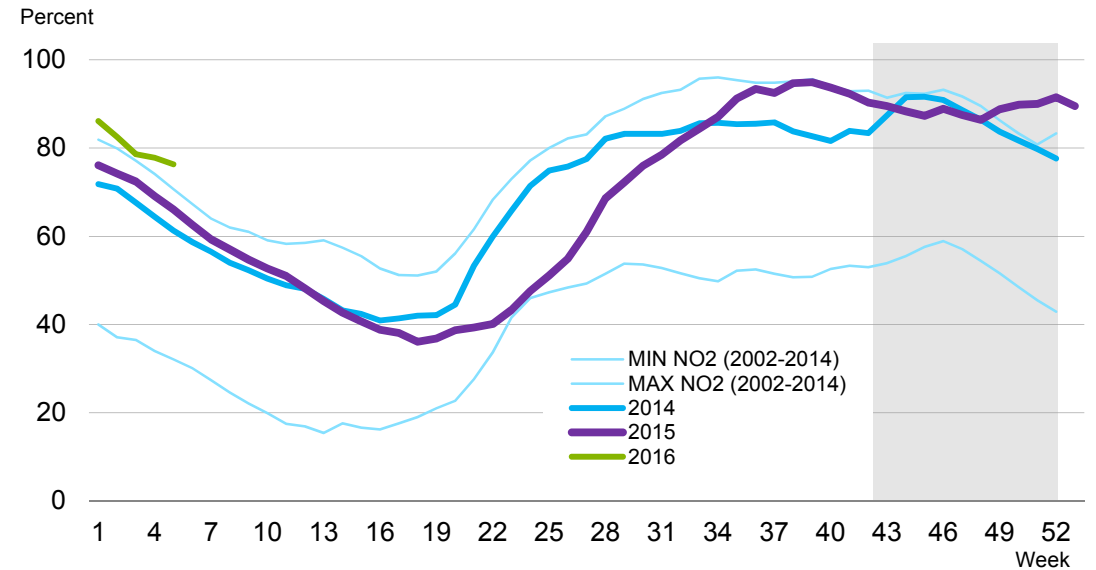


# Energy: Inflow remains high, but seasonally higher prices

Market price Southwestern Norway (NO2)



Water reservoir levels Southwestern Norway (NO2)



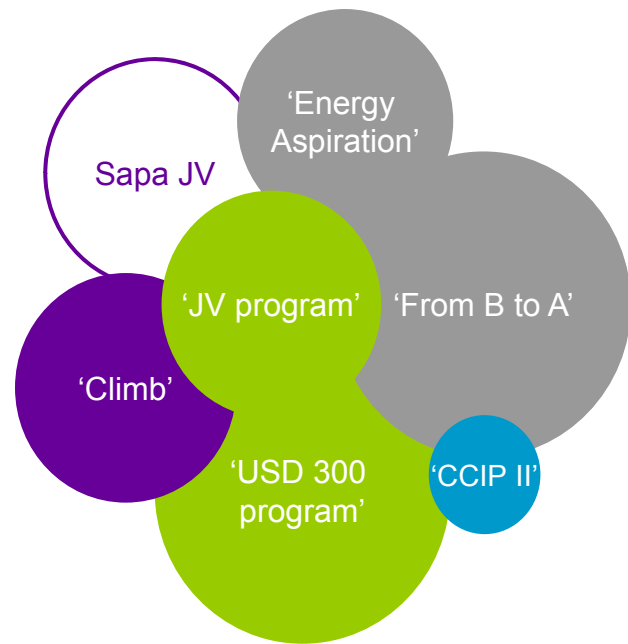
Energy price NOK/MWh	Q4 2015	Q3 2015
Southwestern Norway (NO2)	197	102
System	204	122

Reservoir levels	Dec 31, 2015	Sep 30, 2015
Southwestern Norway (NO2)	89.5%	93.7%
Norway	82.5%	92.7%

# Strong improvement track record continues in 2015

MNOK 800 delivered in 2015, another NOK 2.9 billion targeted in 2016-2019

Hydro's improvement drive until 2015  
Total improvements 2011-2015: BNOK 4.5<sup>1)</sup>



Hydro's new improvement ambition  
Total improvements of BNOK 2.9  
from 2016-2019<sup>2)</sup>



Tailor-made ambitions  
across the value chain



1) Includes USD 300 from 2009-2011. Does not include our share of Sapa's delivered improvements

2) Includes some larger investments of 3.2 billion NOK in 2015-2019: AL3 and UBC in Rolled Products, 100+100kt capacity creep in Primary Metal, Alunorte debottlenecking in B&A. Real 2015 terms

# Proposed 2015 dividend NOK 1.0 per share

Payout ratio of 101 % for the year



- Aim to provide stable cash return to shareholders
- Reflects operational performance and strong financial position
- Uncertain market outlook taken into consideration
- Average five-year payout ratio<sup>1)</sup> of ~110 %
  - Dividend policy 40% payout over the cycle
- Represents payout of ~NOK 2 billion

1) Dividend paid divided by net income from continuing operations attributable to equity holders, including proposed 2015 dividend

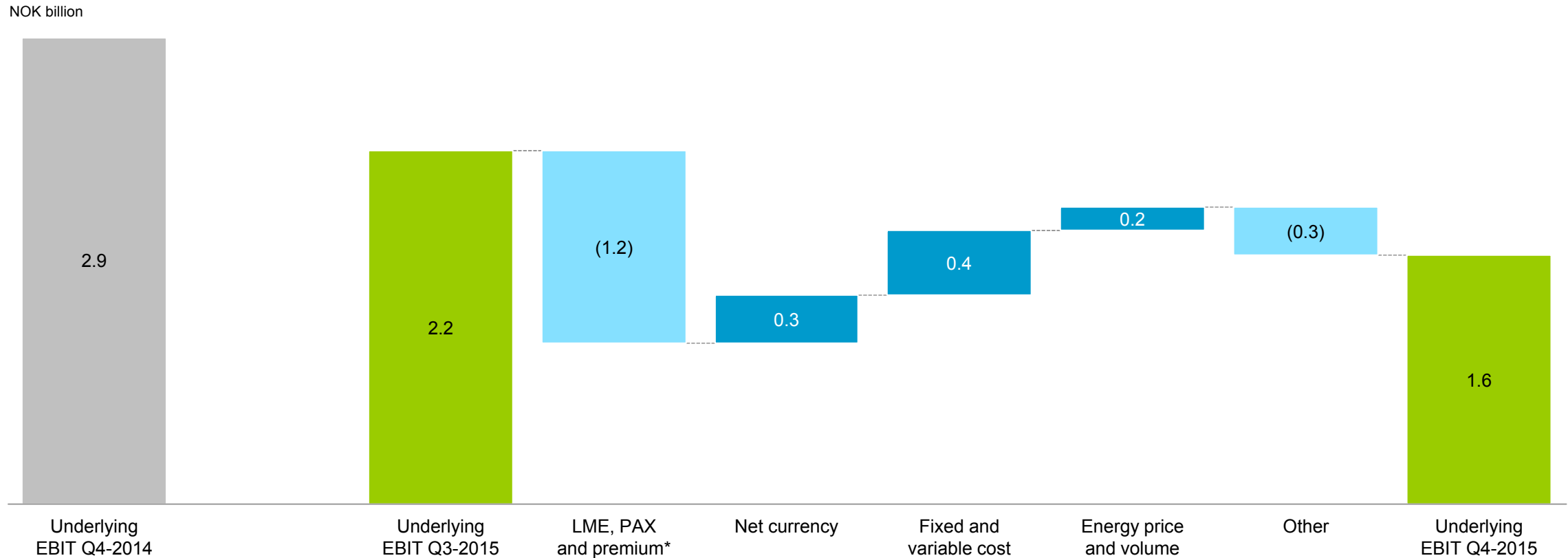


Eivind Kallevik



Executive Vice  
President and CFO

# Declining metal prices, lower costs and record production in Brazil



\* Price revenue effects, cost effects shown separately

# Key financials

Underlying EPS 2015 of 2.98 NOK/share

NOK million	Q4 2015	Q3 2015	Q4 2014	2015	2014
Revenue	20 374	21 594	21 656	87 694	77 907
<b>Underlying EBIT</b>	<b>1 566</b>	<b>2 215</b>	<b>2 886</b>	<b>9 656</b>	<b>5 692</b>
Items excluded from underlying EBIT	(841)	(586)	(591)	(1 398)	(18)
<b>Reported EBIT</b>	<b>725</b>	<b>1 630</b>	<b>2 295</b>	<b>8 258</b>	<b>5 674</b>
Financial income (expense)	(70)	(3 341)	(2 341)	(4 834)	(3 554)
<b>Income (loss) before tax</b>	<b>655</b>	<b>(1 711)</b>	<b>(46)</b>	<b>3 425</b>	<b>2 121</b>
Income taxes	(113)	367	(122)	(1 092)	(892)
<b>Net income (loss)</b>	<b>541</b>	<b>(1 345)</b>	<b>(168)</b>	<b>2 333</b>	<b>1 228</b>
<b>Underlying net income (loss)</b>	<b>1 296</b>	<b>1 377</b>	<b>1 979</b>	<b>6 709</b>	<b>3 728</b>
Reported EPS, NOK	0.23	(0.65)	(0.18)	0.99	0.39
Underlying EPS, NOK	0.59	0.61	0.83	2.98	1.55

# Items excluded from underlying EBIT

Excluded MNOK 841, including loss on Slim divestment

NOK million	Q4 2015	Q3 2015	Q4 2014	2015	2014
<b>Underlying EBIT</b>	<b>1 566</b>	<b>2 215</b>	<b>2 886</b>	<b>9 656</b>	<b>5 692</b>
Unrealized derivative effects on LME related contracts	5	(249)	-	(415)	352
Unrealized effects on power and raw material contracts	33	73	(261)	419	(72)
Metal effect, Rolled Products	(177)	(344)	189	(458)	449
Impairment charges	-	-	(145)	-	(207)
Gains (losses) on divestments	(365)	-	-	(365)	8
Other effects	(285)	-	(36)	(248)	(36)
Items excluded in equity accounted investment (Sapa)	(53)	(65)	(337)	(331)	(512)
<b>Reported EBIT</b>	<b>725</b>	<b>1 630</b>	<b>2 295</b>	<b>8 258</b>	<b>5 674</b>

- Other effects include an accrual of MNOK 285 related to termination of the lease contract for Vækerø Park office buildings

# Bauxite & Alumina

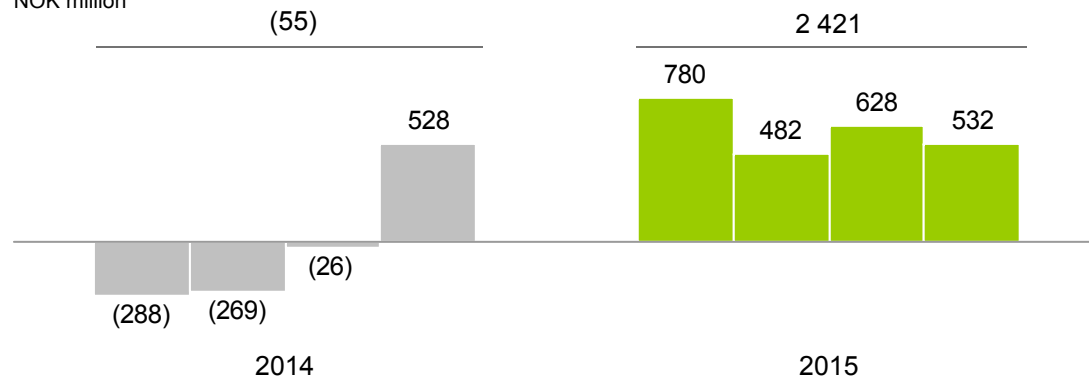
Lower realized alumina price offset by record production and currency tailwinds

Key figures	Q4 2015	Q3 2015	Q4 2014
Alumina production, kmt	1 577	1 498	1 501
Total alumina sales, kmt	2 368	2 268	2 043
Realized alumina price, USD/mt	245	273	303
Implied alumina cost, USD/mt	187	217	229
Bauxite production, kmt	2 959	2 735	2 582
Underlying EBITDA, NOK million	1 165	1 048	1 046
Underlying EBIT, NOK million	532	628	528



## Underlying EBIT

NOK million



## Q4 results

- Lower alumina sales price due to lower LME and PAX
- Record alumina\* and bauxite production
- Positive currency effect of MNOK ~175, mainly related to USD/BRL
- Negative MNOK ~200 effect from higher depreciation due to reassessment of the useful life of certain assets

## Outlook

- Higher index exposure
- Stable alumina production
- High bauxite production, down from record levels in Q4
- Lower external bauxite sales margins and volumes

\* Since Hydro acquired Vale's assets in 2011



# Primary Metal

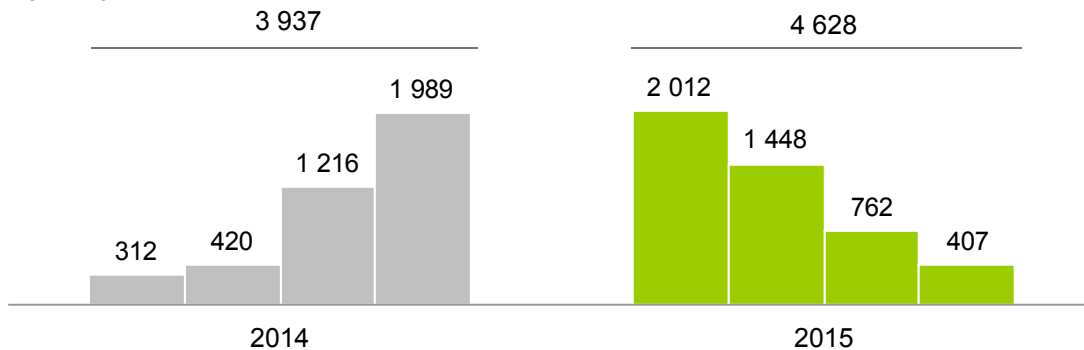
Falling all-in metal prices, partly offset by lower costs

Key figures	Q4 2015	Q3 2015	Q4 2014
Primary aluminium production, kmt	521	520	499
Total sales, kmt	531	550	527
Realized LME price, USD/mt	1 555	1 685	1 997
Realized LME price, NOK/mt	13 125	13 779	13 355
Realized premium, USD/mt	291	342	575
Implied all-in primary cost, USD/mt *	1 575	1 675	1 775
Underlying EBITDA, NOK million	883	1 245	2 489
Underlying EBIT, NOK million	407	762	1 989



## Underlying EBIT

NOK million



## Q4 results

- Lower realized all-in prices reduced results by MNOK ~900
- Positive net currency effect of MNOK ~100
- Lower costs lifted results by MNOK ~400
- Seasonally lower sales volumes

## Outlook

- About 50 % of primary production affecting Q1 2016 results priced at USD ~1 500 per mt, ex. Qatalum
- About 50% of premiums affecting Q1 booked at USD ~335 per mt, ex. Qatalum
- Higher sales volumes
- Lower raw material costs and seasonally higher fixed costs

\*Realized all-in aluminium price minus underlying EBITDA margin, including Qatalum, per mt aluminium sold. Figures for 2014 have been restated due to a change in definition

# Qatalum results decline further

Lower realized aluminium price and premiums

Key figures – Qatalum (50%)	Q4 2015	Q3 2015	Q4 2014
Revenue, NOK million	1 226	1 242	1 510
Underlying EBITDA, NOK million	216	365	614
Underlying EBIT, NOK million	(105)	85	371
Underlying Net income (loss), NOK million	(167)	26	317
Primary aluminium production, kmt	77	77	77
Casthouse sales, kmt	84	76	85

- Underlying net income down by NOK 193 million from Q3 2015 on falling all-in prices
- Results further affected by a time lag in the recognition of realized premiums
- Stable production above nameplate capacity and higher sales volumes



# Metal Markets

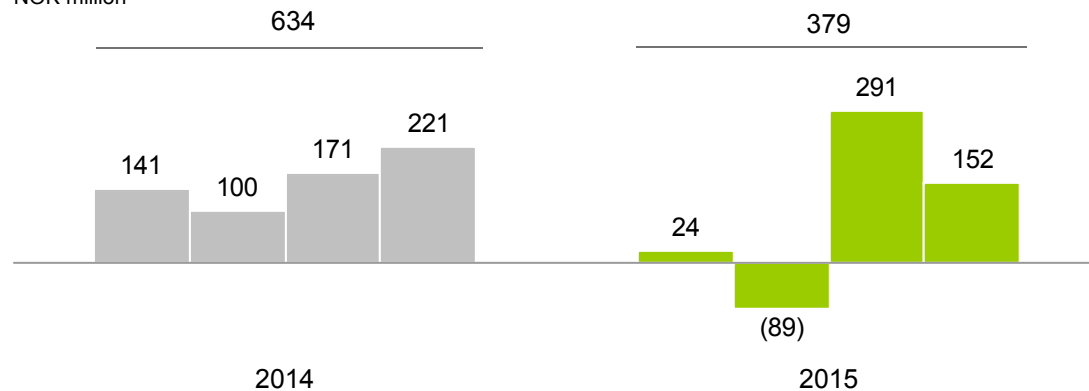
Results negatively affected by currency effects

Key figures	Q4 2015	Q3 2015	Q4 2014
Remelt production, kmt	130	117	130
Metal products sales, kmt <sup>1)</sup>	676	676	654
Underlying EBITDA, NOK million	180	317	243
Underlying EBIT excl currency and inventory valuation effects, NOK million <sup>2)</sup>	180	189	130
Underlying EBIT, NOK million	152	291	221



## Underlying EBIT

NOK million



## Q4 results

- Continued strong result at remelters; higher than expected volumes and margins
- NOK 28 million in negative currency and inventory valuation effects vs NOK 102 million positive in Q3

## Outlook

- Seasonally higher volumes at remelters
- Volatile trading and currency effects

1) Includes external and internal sales from primary casthouse operations, remelters and third party metal sources. Sales volumes for 2014 have been restated

2) Currency effects for 2014 have been restated

# Rolled Products

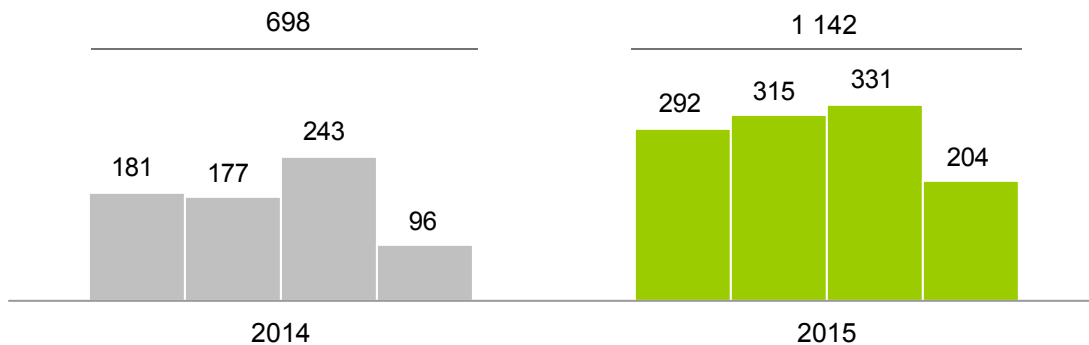
Seasonally weaker results

Key figures	Q4 2015	Q3 2015	Q4 2014
External sales volumes, kmt	229	248	213
Underlying EBITDA, NOK million	404	517	280
Underlying EBIT, NOK million	204	331	96



## Underlying EBIT

NOK million



## Q4 results

- Seasonally lower shipments
- Stable margin and cost level
- Rheinwerk result affected by falling all-in metal prices

## Outlook

- Seasonally higher shipments
- Higher costs and depreciation
- Lower margins on export sales
- Rheinwerk results driven by the all-in metal price development

# Energy

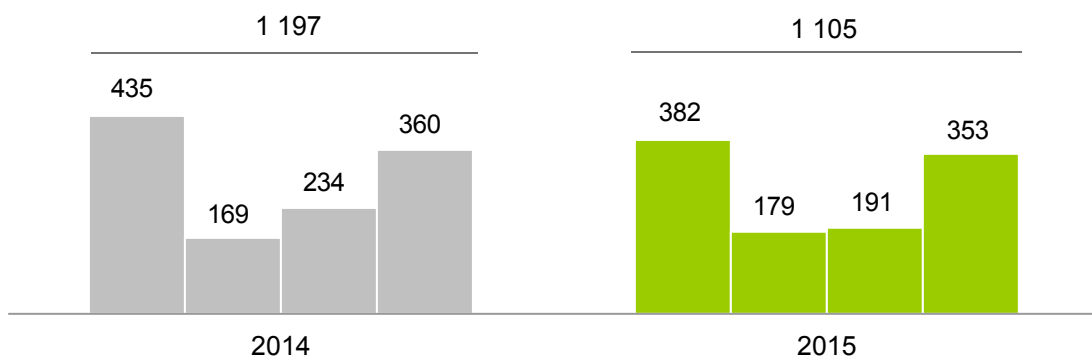
Increasing prices from low levels, lower production costs

Key figures	Q4 2015	Q3 2015	Q4 2014
Power production, GWh	2 882	2 839	2 823
Net spot sales, GWh	1 292	1 363	1 339
Southwest Norway spot price (NO2), NOK/MWh	197	102	248
Underlying EBITDA, NOK million	403	241	402
Underlying EBIT, NOK million	353	191	360



## Underlying EBIT

NOK million



## Q4 results

- Stable production at high levels
- Increased prices from low levels
- Lower production costs\*

## Outlook

- Higher property taxes\*
- Strong production on high reservoir levels
- Price uncertainty

\* From 2015 property tax is charged to the period it becomes an unconditional payment obligation (in Norway when invoiced). This leads to periodic variations within the year without affecting the annual property tax level.

# Seasonally weaker results in Sapa JV

BNOK 1 in synergies delivered one year ahead of plan

- Quarter-on-quarter results affected by:
  - Seasonally weaker demand
  - Negative impact from unsanctioned quality testing practices in North America
- Year-on-year results supported by:
  - Strong demand growth in North America
  - Restructuring program and continuous improvement activities
  - Positive currency effects
- Restructuring program completed one year ahead of plan:
  - Realized BNOK 1 in synergies since 2013

Key figures – Sapa (50%)	Q4 2015	Q3 2015	Q4 2014
Revenue, NOK million*	6 410	6 948	5 921
Underlying EBITDA, NOK million	245	367	171
Underlying EBIT, NOK million	64	202	(27)
Underlying Net income (loss), NOK million	70	120	(22)
Sales volumes (kmt)	156	171	161

\* Historical revenues have been reclassified

# Divestment of Herøya Industrial Park

Supporting Hydro's pure play aluminium strategy

- Herøya Industripark AS and Herøya Nett AS put for sale in Jan 2015
  - Assets include properties, buildings, infrastructure, electricity grid and process water supplies
- In Dec 2015 Hydro agreed to sell Herøya Industripark AS to municipality-owned life insurer Oslo Pensjonsforsikring AS (OPF)
  - Transaction expected to close in the first half of 2016
  - Expected book gain of MNOK ~350
- Herøya Nett AS not a part of the transaction and remains up for sale



## Herøya Industrial Park

- Established in 1929 with the Eidanger saltpeter factory
- Expanded with increased production of fertilizers, PVC and magnesium
- Fertilizer production spun off to Yara in 2004
- Petrochemical business sold to Ineos in 2008

# Other and Eliminations



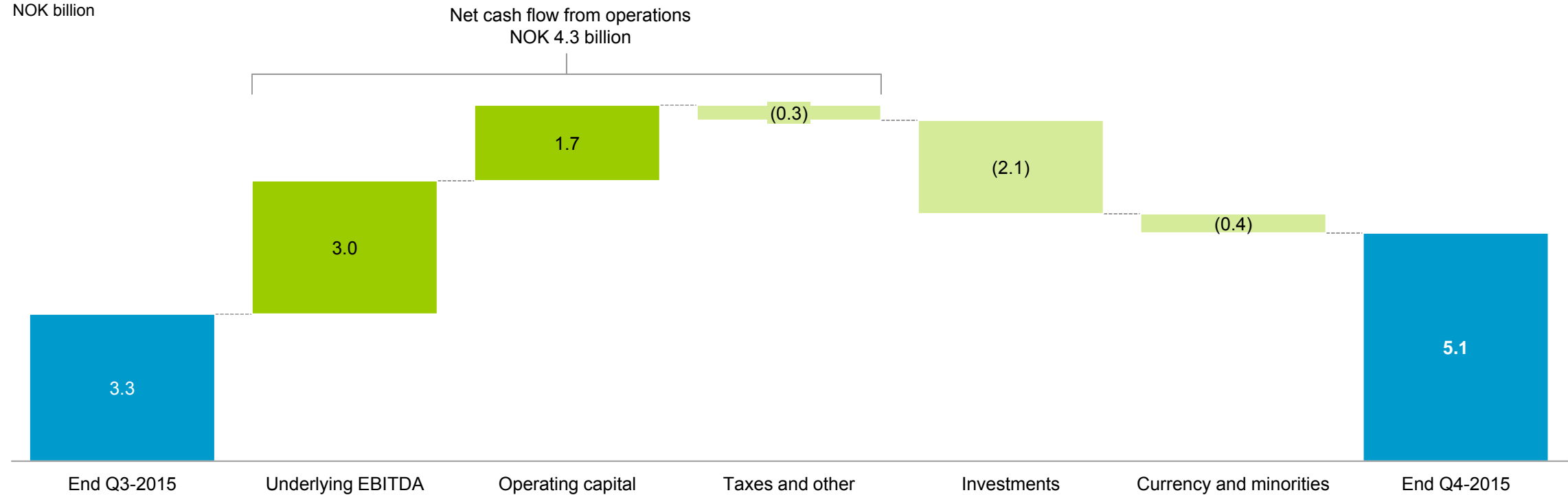
Other and Eliminations, Underlying EBIT, NOK million	Q4 2015	Q3 2015	Q4 2014
Sapa JV	70	120	(22)
Other	(169)	(95)	(118)
Eliminations	17	(13)	(168)
<b>Other and Eliminations</b>	<b>(83)</b>	<b>12</b>	<b>(308)</b>



# Net cash development Q4 2015

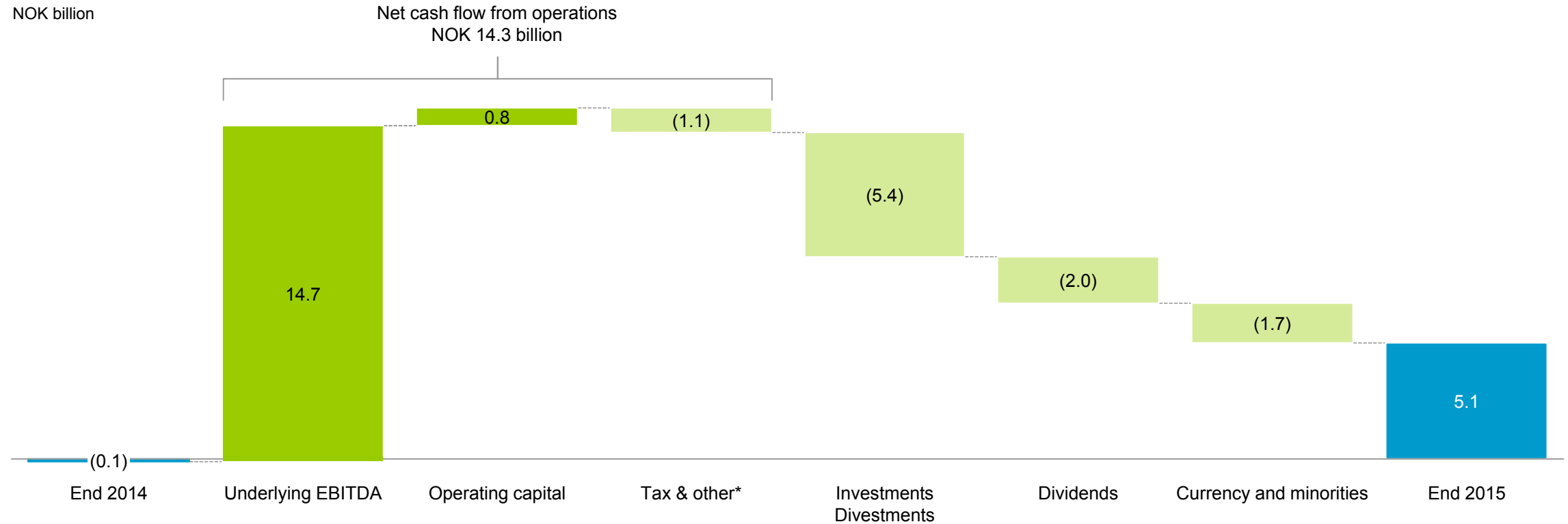
Increase in net cash following further operating capital release

NOK billion



# Net cash development 2015

Net cash position driven by higher cash flow from operations



\* Includes ~1.5 BNOK reimbursement of VAT in Brazil for the earlier periods

# Adjusted net debt reduced in Q4 2015

Higher net cash position partly offset by increased net pension liability

NOK billion	Dec 31 2015	Sep 30 2015	Jun 30 2015
Cash and cash equivalents	6.9	9.4	8.1
Short-term investments	5.8	1.8	1.2
Short-term debt	(3.6)	(3.5)	(3.7)
Long-term debt	(4.0)	(4.4)	(5.0)
<b>Net cash/(debt)</b>	<b>5.1</b>	<b>3.3</b>	<b>0.7</b>
Net pension liability at fair value, net of expected tax benefit	(8.0)	(7.1)	(6.3)
Other adjustments <sup>1</sup>	(5.3)	(5.5)	(5.4)
<b>Adjusted net debt ex. EAI</b>	<b>(8.2)</b>	<b>(9.3)</b>	<b>(11.0)</b>
Net debt in EAI <sup>2</sup>	(8.0)	(8.0)	(8.2)
<b>Adjusted net debt incl. EAI</b>	<b>(16.2)</b>	<b>(17.3)</b>	<b>(19.2)</b>



1) Operating lease commitments and other obligations

2) Equity accounted investments Qatalum and Sapa. Hydro share (50%) of net debt in Qatalum 7.1 BNOK, and in Sapa 0.9 BNOK at the end of Q4 2015



## 2015

- Record B&A and downstream results
- Improvements across value chain
- Significant positive development in Brazil

## 2016

- Strengthen relative industry position
- Secure resource base
- High-grade portfolio
- Maintain financial strength



Additional  
information

# Prudent financial framework

Strong balance sheet and reliable dividend in cyclical industry

## Lifting cash flow potential

Improving efficiency, strengthening margins with operational and commercial excellence

Improvement efforts

- 4.5 BNOK 2011-2015 <sup>1)</sup>
- 2.9 BNOK 2016-2019 <sup>2)</sup>

Managing working capital

## Financial strength and flexibility

Investment grade credit rating

- > BBB Stable

Financial ratio targets over the cycle

- FFO/aND <sup>3)</sup> > 40%
- aND/E <sup>4)</sup> < 55%

Strong liquidity

## Disciplined capital allocation

Long-term sustaining capex below depreciation

- 3.5-4.0 BNOK per year

Total capex incl. growth

- 2015 BNOK 5.8
- 2016 BNOK 8.1<sup>5)</sup>
- Average 2016-2018 BNOK 6.1<sup>5)</sup>

Attractive organic growth prospects for the future

M&A optionality

## Reliable shareholder remuneration policy

Sector competitive TSR

Dividend policy since 2014

- Dividend 1 NOK/share
- 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
- Long-term debt in USD

Diversified business

1) USD 300 program from 2009

2) Real 2015 terms

3) Funds from operations / adjusted net debt

4) Adjusted net debt / Equity

5) With Karmøy Technology Pilot net investment, after ENOVA support

# Hydro's aspiration underpinned by firm financial targets

Medium and long-term

	Ambition	Timeframe	Actual 2015
Improvement programs	2.9 BNOK	2016-2019	4.5 BNOK 2009 - 2015
Sustaining capex	3.5 - 4.0 BNOK	Over the cycle	4.6 BNOK 2015
Average capex incl. growth	6.1 BNOK <sup>1)</sup>	2016-2018	5.8 BNOK 2015
Dividend payout ratio	40% of net income	Over the cycle	~110% <sup>2)</sup> 2011-2015
FFO/adjusted net debt <sup>3)</sup>	> 40%	Over the cycle	89% 2015
Adjusted net debt/equity	< 55%	Over the cycle	20% 2015
RoACE	Competitive <sup>4)</sup>	Over the cycle	9.1% <sup>5)</sup> 2015

*Better Bigger Greener*

1) With Karmøy Technology Pilot net investment, after ENOVA support

2) Dividend paid divided by net income from continuing operations attributable to equity holders, including proposed 2015 dividend

3) FFO – funds from operations

4) Measured against a relevant peer group

5) Underlying return on average capital employed (RoACE)

# Shareholder and financial policy

- Hydro aims to give its shareholders competitive returns compared to alternative investments in peers
- **Maintained dividend policy**
  - Ordinary dividend: 40% of net income over the cycle
  - Five-year average ordinary pay-out ratio 2011-2015 of ~110%\*
  - Committed to a stable and reliable dividend level: currently 1 NOK/share since 2014
  - Share buybacks and extraordinary dividends as supplement in periods with strong financials and outlook
- **Maintain investment-grade rating**
  - At least BBB Stable
  - Currently: BBB stable (S&P) & Baa2 negative (Moody's)
  - Competitive access to capital and important for Hydro's business model (counterparty risk and partnerships)
- **Financial ratios over the business cycle**
  - Funds from operations to adjusted net debt > 40%
  - Adjusted net debt to equity < 55%
- **Strong liquidity:**
  - NOK 6.9 billion in cash and cash equivalents, end-Q4 2015
  - USD 1.7 billion in multi-currency revolving credit facility maturing in 2020, currently undrawn

# Hedging policy

- **Hedging strategy:**
  - Fluctuating with the market: primarily exposed to LME and USD
  - Volatility mitigated by strong balance sheet
  - Improving relative position to ensure competitiveness
- **Diversified business:**
  - Upstream cyclicity balanced with more stable earnings downstream
  - Exposed to different markets and cycles
- **Bauxite & Alumina, Primary Metal**
  - Operational LME hedging - one-month forward sales
  - Currency exposure, mainly USD, NOK and BRL
- **Metal Markets, Rolled Products**
  - Operational LME and currency hedging to secure margin
- **Flexibility to hedge LME or currency in certain cases**
- **Maintaining long-term debt in the revenue currency (USD)**

\* Including NOK 1 2015 dividend per share proposed by Board of Directors, dependent on approval from the Annual General Meeting on May 2, 2016

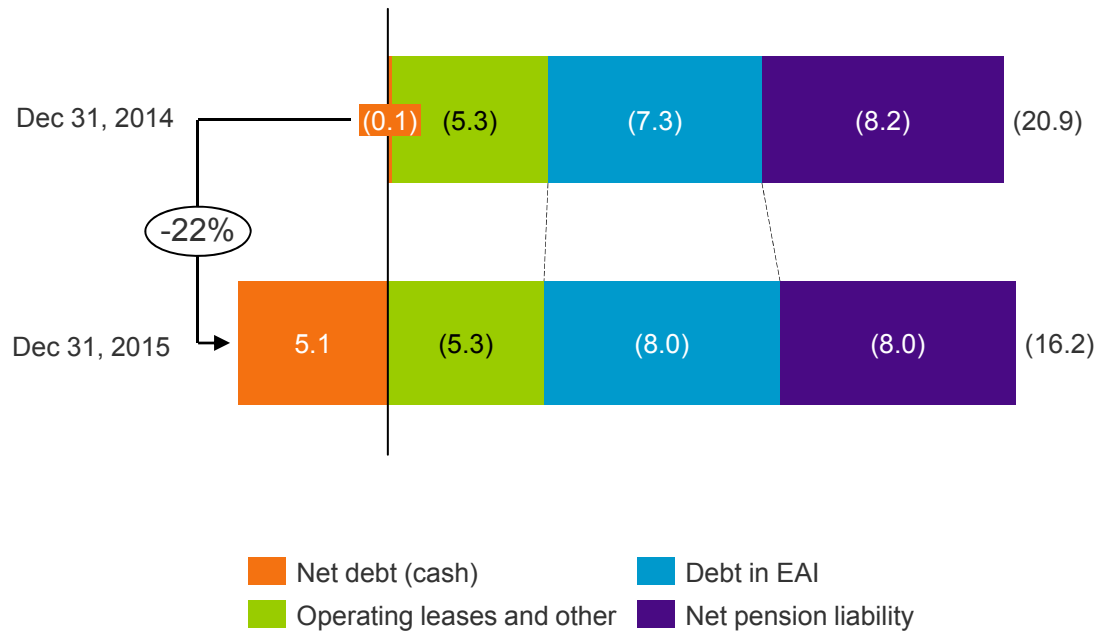


# Maintaining a solid balance sheet and investment-grade credit rating

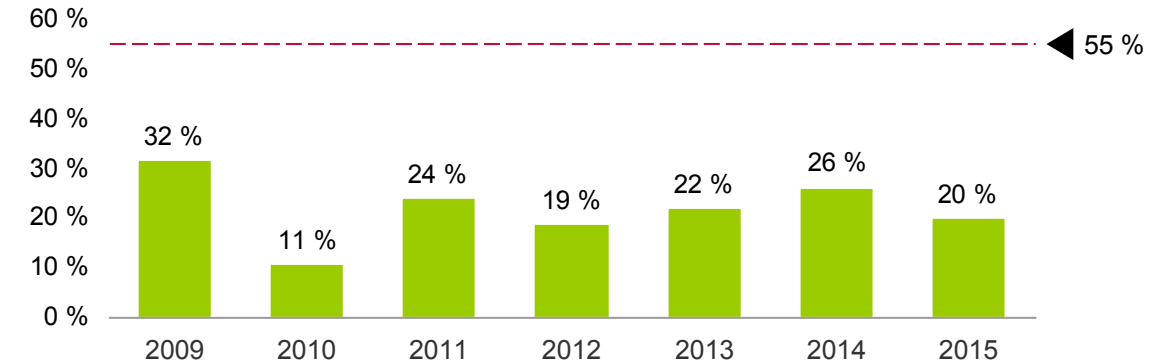
Funds from operations determine the balance sheet structure

## Adjusted net debt

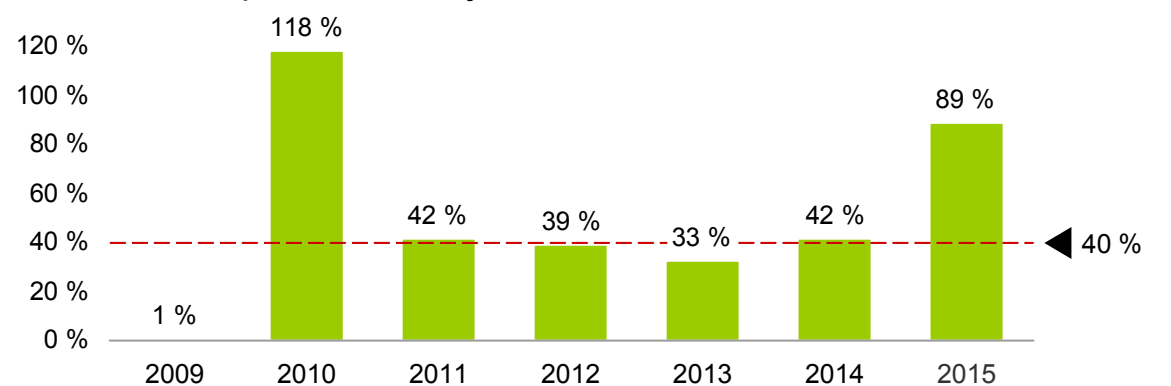
NOK billion



## Adjusted net debt / Equity

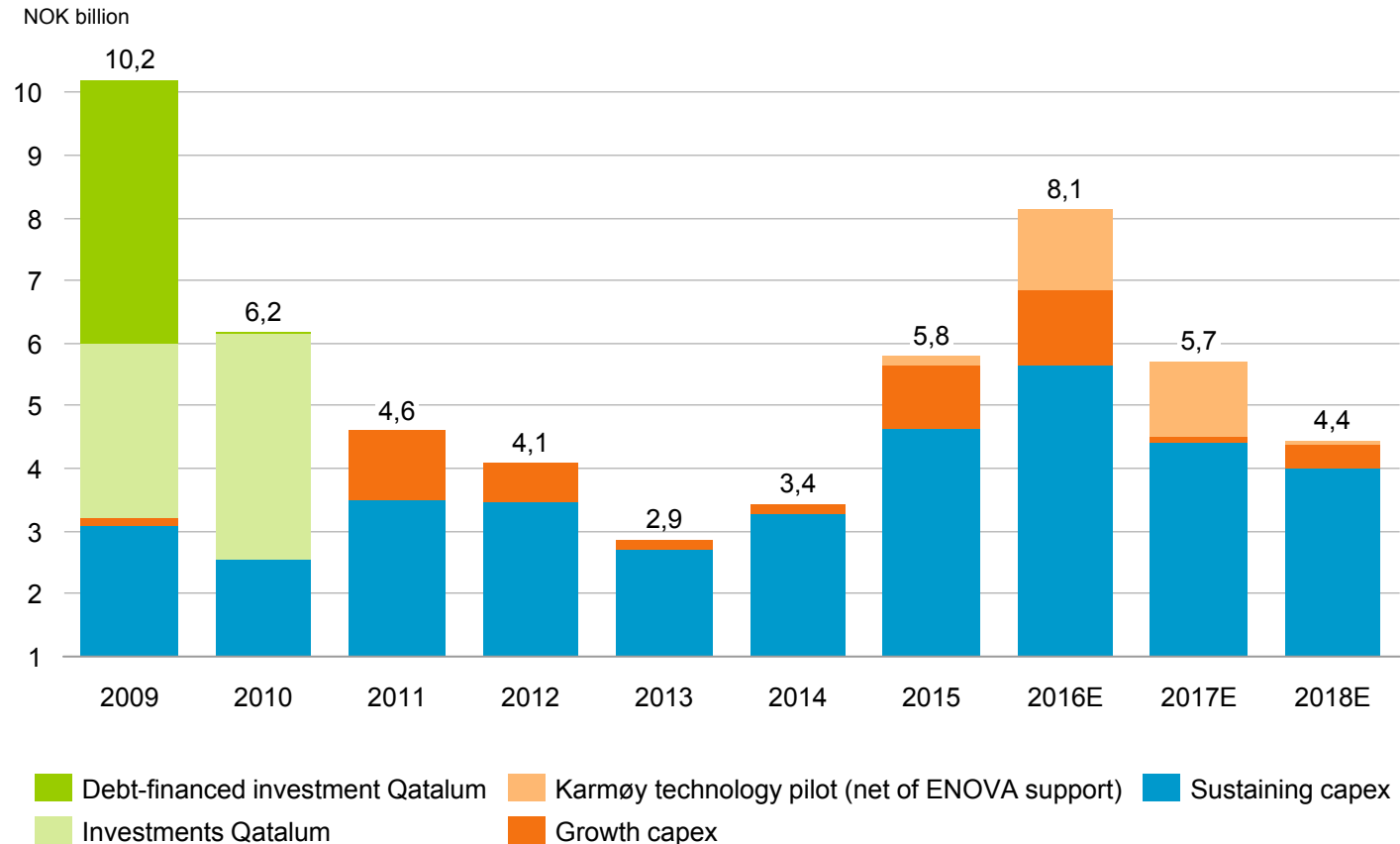


## Funds from operations / Adjusted net debt



# Majority of sustaining capex allocated upstream

High-grading and technology growth investments

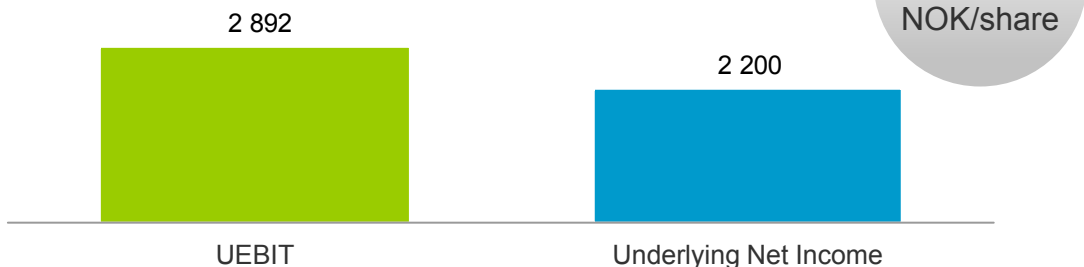


- Long-term annual sustaining capex BNOK 3.5-4
- Sustaining projects for 2014-2016:
  - Red mud disposal area
  - Bauxite tailing dam
  - Smelter relining
  - Energy rehabilitation
- Ongoing organic growth projects:
  - RP Automotive line
  - RP UBC recycling line
  - Clervaux recycling upgrade
  - Alunorf debottlenecking
  - Energy projects
  - AFM technology
- WMR technology acquisition in 2015
- Karmøy technology pilot 2015-2018:
  - Gross investment 4.3 BNOK
  - Of which ENOVA support ~1.6 BNOK

2011 excludes Vale assets acquisition  
Excluding Extruded Products from 2013 onwards

# Significant exposure to commodity and currency fluctuations

Aluminium price sensitivity +10%\*  
NOK million



Currency sensitivities +10%\*

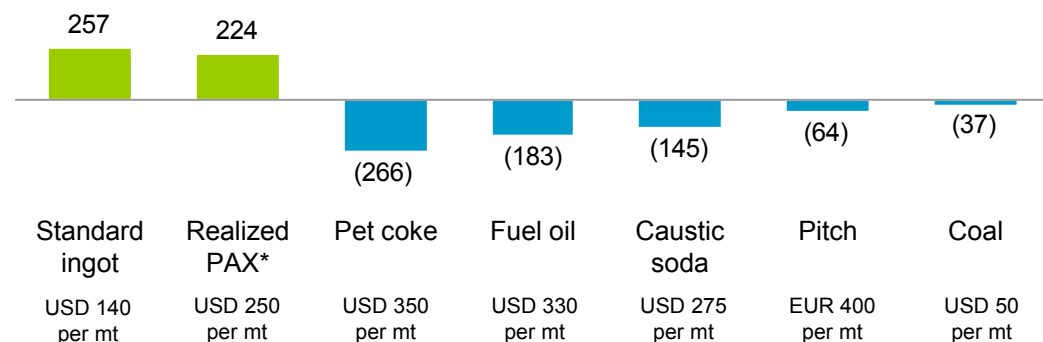
Sustainable effect:

NOK million	USD	BRL	EUR
UEBIT	2 591	(890)	(272)

One-off reevaluation effect:

Financial items	(550)	516	(2 069)
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Other commodity prices, sensitivity +10%\*  
NOK million



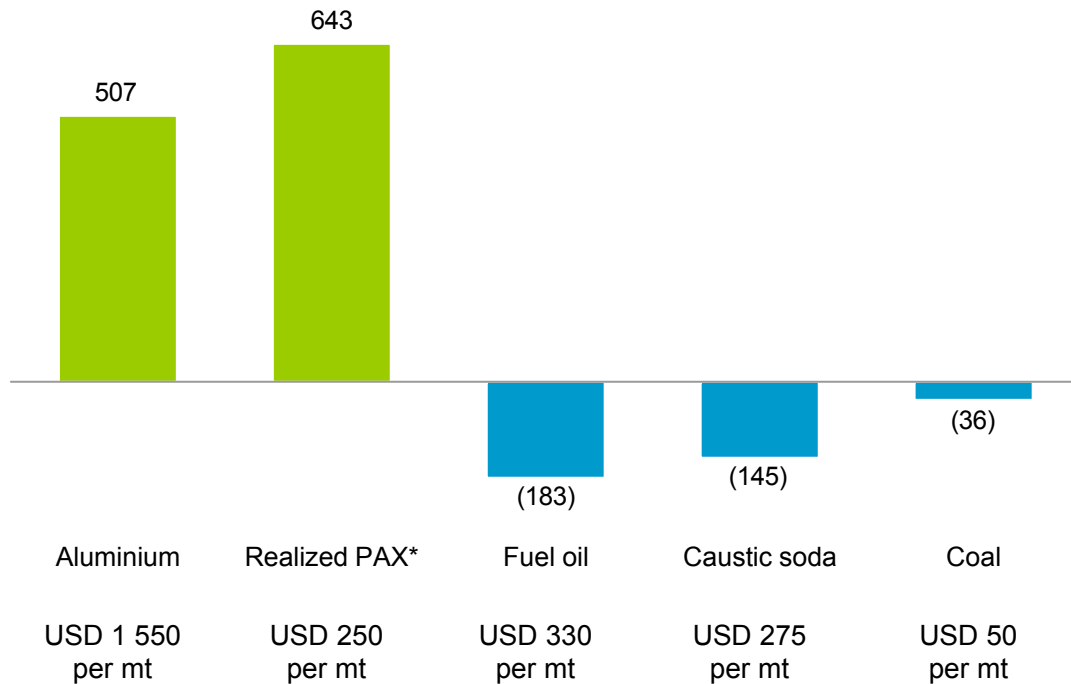
- Annual sensitivities based on normal annual business volumes, LME USD 1 550 per mt, fuel oil USD 330 per mt, petroleum coke USD 350 per mt, caustic soda USD 275 per mt, coal USD 50 per mt, USD/NOK 8.40, BRL/NOK 2.20, EUR/NOK 9.30
- Aluminium price sensitivity is net of aluminium price indexed costs 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
- 2016 Platts alumina index (PAX) exposure used

\* Excluding Sapa JV

# Bauxite & Alumina sensitivities

## Annual sensitivities on underlying EBIT if +10% in price

NOK million



## Revenue impact

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

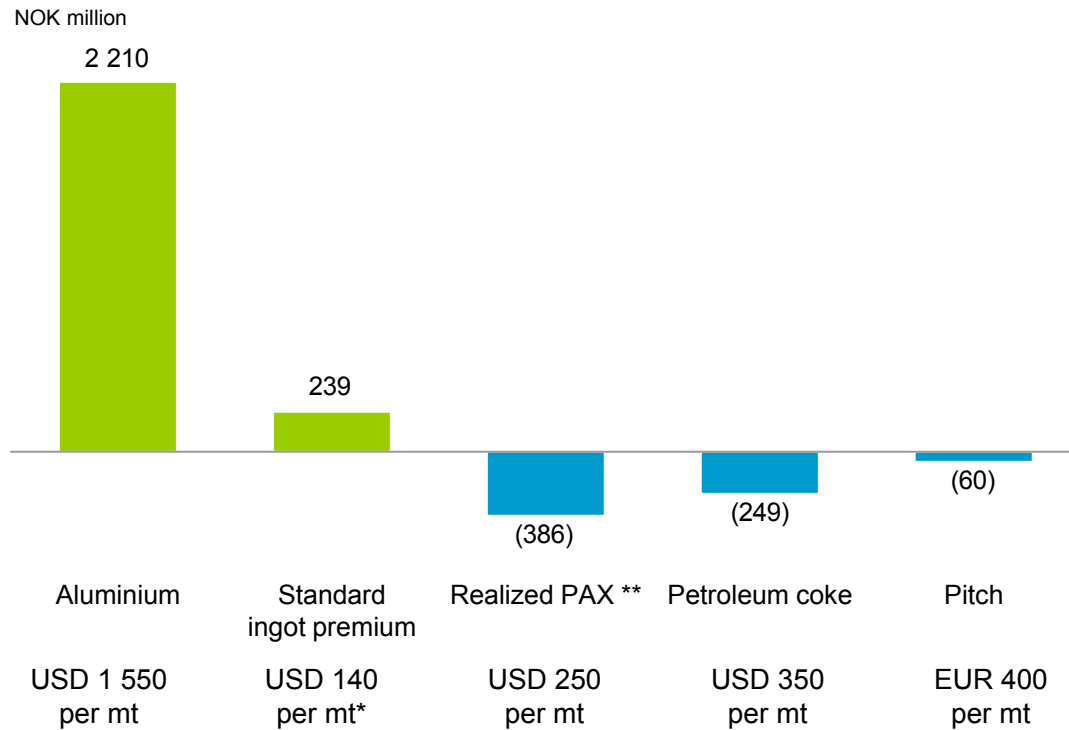
- ~0.11 tonnes coal per tonne alumina, Platts prices, one year volume contracts, weekly per shipment pricing
- ~0.11 tonnes heavy fuel oil per tonne alumina, prices set by ANP/Petrobras in Brazil, weekly pricing (ANP) or anytime (Petrobras)
- Increased use of coal as energy source in Alunorte

\* 2016 Platts alumina index exposure

Currency rates used: USD/NOK 8.40, BRL/NOK 2.20, EUR/NOK 9.30

# Primary Metal sensitivities

Annual sensitivities on underlying EBIT if +10% in price



## 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
- ~Two months lag

### Carbon

- ~0.35 tonnes petroleum coke per tonne aluminium, Pace Jacobs Consultancy, 2-3 year volume contracts, half yearly 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 Q4'15 realized premium USD 291 per mt  
 \*\*2016 Platts alumina index exposure  
 Currency rates used: USD/NOK 8.40, BRL/NOK 2.20, EUR/NOK 9.30

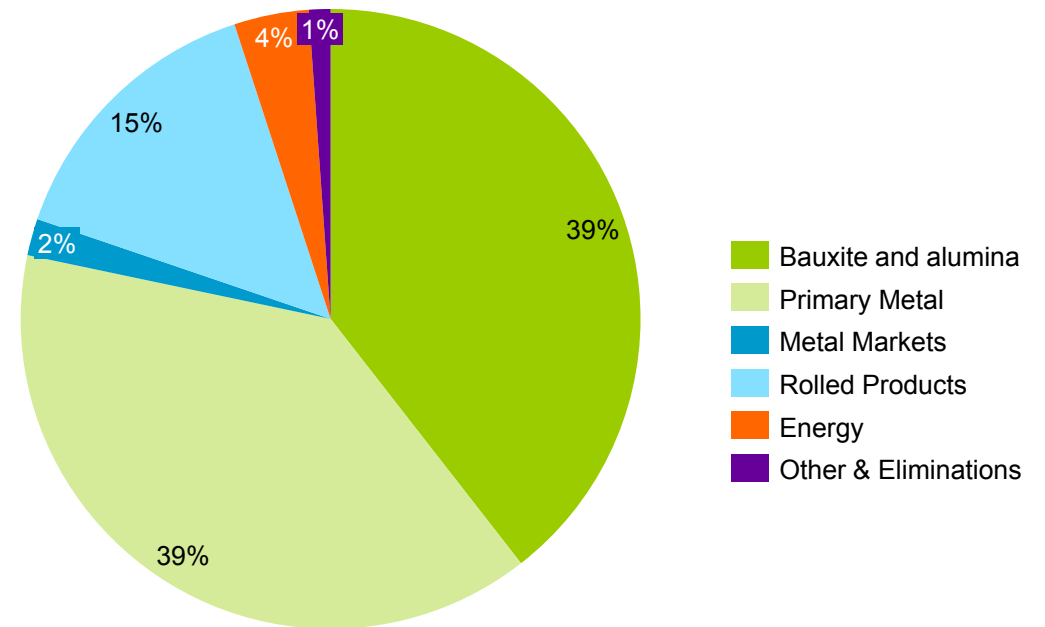
# Depreciation by currency and business area

Total 2015 depreciation 5.0 BNOK

Depreciation currency exposure by business area

Percent	USD	EUR	BRL	NOK & Others
Bauxite & Alumina			100%	
Primary Metal	25%		25%	50%
Metal Markets	25%	45%		30%
Rolled Products		90%		10%
Energy				100%
Other & Eliminations				100%

Depreciation by business area\*



\* Based on 2015 depreciation figures

# Items excluded from underlying results - 2015

NOK million (+=loss/(-)=gain)		Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
Unrealized derivative effects on LME related contracts	Bauxite & alumina	3	(6)	(6)	19	11
<b>Total impact</b>	<b>Bauxite &amp; alumina</b>	<b>3</b>	<b>(6)</b>	<b>(6)</b>	<b>19</b>	<b>11</b>
Unrealized derivative effects on LME related contracts	Primary metal	54	(41)	75	7	95
Unrealized effects on power contracts	Primary metal	2	(2)	23	89	112
Insurance compensation (Qatalum)	Primary metal	-	(37)	-	-	(37)
<b>Total impact</b>	<b>Primary metal</b>	<b>56</b>	<b>(81)</b>	<b>99</b>	<b>96</b>	<b>169</b>
Unrealized derivative effects on LME related contracts	Metal markets	146	(45)	86	12	199
<b>Total impact</b>	<b>Metal markets</b>	<b>146</b>	<b>(45)</b>	<b>86</b>	<b>12</b>	<b>199</b>
Unrealized derivative effects on LME related contracts	Rolled products	(80)	143	82	(49)	95
Metal effect	Rolled products	(61)	(2)	344	177	458
(Gains)/losses on divestments	Rolled products	-	-	-	434	434
<b>Total impact</b>	<b>Rolled products</b>	<b>(141)</b>	<b>141</b>	<b>426</b>	<b>562</b>	<b>988</b>
Unrealized derivative effects on power contracts	Energy	1	(9)	10	1	3
<b>Total impact</b>	<b>Energy</b>	<b>1</b>	<b>(9)</b>	<b>10</b>	<b>1</b>	<b>3</b>
Unrealized derivative effects on power contracts	Other and eliminations	(154)	(150)	(106)	(122)	(533)
Unrealized derivative effects on LME related contracts	Other and eliminations	17	(20)	12	6	15
(Gains)/losses on divestments	Other and eliminations	-	-	-	(69)	(69)
Items excluded in equity accounted investment (Sapa)	Other and eliminations	74	139	65	53	331
Termination of lease contract Vækerø Park	Other and eliminations	-	-	-	285	285
<b>Total impact</b>	<b>Other and eliminations</b>	<b>(63)</b>	<b>(32)</b>	<b>(29)</b>	<b>152</b>	<b>28</b>
<b>Total EBIT</b>	<b>Hydro</b>	<b>2</b>	<b>(31)</b>	<b>586</b>	<b>841</b>	<b>1 398</b>
Net foreign exchange (gain)/loss	Hydro	1 587	(346)	3 205	(48)	4 397
<b>Income (loss) before tax</b>	<b>Hydro</b>	<b>1 589</b>	<b>(377)</b>	<b>3 790</b>	<b>793</b>	<b>5 795</b>
Calculated income tax effect	Hydro	(454)	144	(1 069)	(38)	(1 418)
<b>Net income (loss)</b>	<b>Hydro</b>	<b>1 134</b>	<b>(234)</b>	<b>2 721</b>	<b>755</b>	<b>4 377</b>

# Items excluded from underlying results - 2014

NOK million (+=loss/(-)=gain)		Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014
Unrealized derivative effects on LME related contracts	Bauxite & Alumina	(4)	(1)	(2)	(10)	(16)
<b>Total impact</b>	<b>Bauxite &amp; Alumina</b>	<b>(4)</b>	<b>(1)</b>	<b>(2)</b>	<b>(10)</b>	<b>(16)</b>
Unrealized derivative effects on LME related contracts	Primary metal	(12)	(38)	(36)	-	(86)
Unrealized effects on power contracts	Primary metal	43	(8)	1	27	63
Unrealized derivative effects on power contracts (Sørål)	Primary metal	(33)	24	(64)	57	(16)
Unrealized derivative effects on raw material contracts	Primary metal	10	9	9	10	37
Impairment charges (Qatalum)	Primary metal	-	-	28	-	28
Insurance compensation (Qatalum)	Primary metal	-	-	-	(55)	(55)
Transaction effects Sørål acquisition	Primary metal	-	-	-	38	38
<b>Total impact</b>	<b>Primary metal</b>	<b>8</b>	<b>(14)</b>	<b>(62)</b>	<b>77</b>	<b>9</b>
Unrealized derivative effects on LME related contracts	Metal Markets	35	6	(94)	(64)	(117)
Impairment charges	Metal Markets	33	-	-	-	33
<b>Total impact</b>	<b>Metal Markets</b>	<b>69</b>	<b>6</b>	<b>(94)</b>	<b>(64)</b>	<b>(83)</b>
Unrealized derivative effects on LME related contracts	Rolled Products	(16)	(101)	(79)	76	(119)
Metal effect	Rolled Products	-	(58)	(202)	(189)	(449)
Impairment charges	Rolled Products	-	-	-	145	145
<b>Total impact</b>	<b>Rolled Products</b>	<b>(16)</b>	<b>(159)</b>	<b>(281)</b>	<b>32</b>	<b>(423)</b>
Unrealized derivative effects on power contracts	Energy	3	4	(1)	(2)	4
<b>Total impact</b>	<b>Energy</b>	<b>3</b>	<b>4</b>	<b>(1)</b>	<b>(2)</b>	<b>4</b>
Unrealized derivative effects on power contracts	Other and Eliminations	(198)	12	1	170	(16)
Unrealized derivative effects on LME related contracts	Other and Eliminations	1	(2)	(9)	(3)	(13)
(Gains)/Losses on divestments	Other and Eliminations	-	(8)	-	-	(8)
Items excluded in equity accounted investment (Sapa)	Other and Eliminations	86	87	2	337	512
Other effects	Other and Eliminations	-	-	-	53	53
<b>Total impact</b>	<b>Other and Eliminations</b>	<b>(111)</b>	<b>88</b>	<b>(7)</b>	<b>558</b>	<b>528</b>
<b>Total EBIT</b>	<b>Hydro</b>	<b>(50)</b>	<b>(75)</b>	<b>(447)</b>	<b>591</b>	<b>18</b>
Net foreign exchange (gain)/loss	Hydro	(193)	101	1 001	2 252	3 161
<b>Income (loss) before tax</b>	<b>Hydro</b>	<b>(244)</b>	<b>26</b>	<b>554</b>	<b>2 843</b>	<b>3 179</b>
Calculated income tax effect	Hydro	170	23	(176)	(696)	(680)
<b>Net income (loss)</b>	<b>Hydro</b>	<b>(74)</b>	<b>49</b>	<b>378</b>	<b>2 147</b>	<b>2 499</b>



# Operating segment information

## Underlying EBIT

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	(288)	(269)	(26)	528	780	482	628	532	(55)	2 421
Primary Metal	312	420	1 216	1 989	2 012	1 448	762	407	3 937	4 628
Metal Markets	141	100	171	221	24	(89)	291	152	634	379
Rolled Products	181	177	243	96	292	315	331	204	698	1 142
Energy	435	169	234	360	382	179	191	353	1 197	1 105
Other and Eliminations	(8)	(52)	(349)	(308)	(281)	333	12	(83)	(717)	(19)
<b>Total</b>	<b>772</b>	<b>544</b>	<b>1 490</b>	<b>2 886</b>	<b>3 208</b>	<b>2 667</b>	<b>2 215</b>	<b>1 566</b>	<b>5 692</b>	<b>9 656</b>

## Underlying EBITDA

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	122	162	417	1 046	1 240	951	1 048	1 165	1 747	4 404
Primary Metal	753	852	1 651	2 489	2 522	1 931	1 245	883	5 745	6 581
Metal Markets	157	120	192	243	47	(64)	317	180	712	480
Rolled Products	351	350	417	280	465	488	517	404	1 398	1 873
Energy	474	209	275	402	429	227	241	403	1 360	1 300
Other and Eliminations	4	(40)	(336)	(290)	(267)	347	26	(64)	(662)	42
<b>Total</b>	<b>1 861</b>	<b>1 653</b>	<b>2 615</b>	<b>4 170</b>	<b>4 437</b>	<b>3 880</b>	<b>3 394</b>	<b>2 969</b>	<b>10 299</b>	<b>14 680</b>

# Operating segment information

## EBIT

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	(284)	(269)	(23)	537	776	487	634	513	(39)	2 411
Primary Metal	303	434	1 278	1 912	1 956	1 528	664	311	3 928	4 459
Metal Markets	73	93	265	285	(122)	(44)	205	141	717	180
Rolled Products	197	336	525	64	433	174	(95)	(358)	1 121	154
Energy	431	165	235	362	381	187	182	353	1 193	1 103
Other and Eliminations	102	(140)	(342)	(866)	(218)	364	41	(235)	(1 245)	(48)
<b>Total</b>	<b>822</b>	<b>620</b>	<b>1 937</b>	<b>2 295</b>	<b>3 206</b>	<b>2 698</b>	<b>1 630</b>	<b>725</b>	<b>5 674</b>	<b>8 258</b>

## EBITDA

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	125	163	419	1 056	1 237	957	1 054	1 146	1 763	4 393
Primary Metal	745	866	1 713	2 413	2 467	2 012	1 146	786	5 736	6 411
Metal Markets	122	114	286	307	(99)	(19)	231	168	829	281
Rolled Products	367	508	698	393	607	347	91	(158)	1 966	886
Energy	471	205	276	404	428	236	231	402	1 355	1 297
Other and Eliminations	115	(127)	(329)	(848)	(204)	379	55	(216)	(1 190)	14
<b>Total</b>	<b>1 944</b>	<b>1 728</b>	<b>3 062</b>	<b>3 725</b>	<b>4 436</b>	<b>3 911</b>	<b>2 808</b>	<b>2 128</b>	<b>10 460</b>	<b>13 282</b>

# Operating segment information

## Total revenue

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	3 511	3 828	3 737	4 770	5 461	5 127	5 758	5 542	15 847	21 889
Primary Metal	6 618	6 384	6 986	8 075	9 096	8 154	7 951	7 138	28 064	32 340
Metal Markets	10 292	10 109	10 919	11 709	12 181	13 127	11 173	10 428	43 029	46 909
Rolled Products	5 238	5 275	5 618	5 324	6 170	6 173	6 225	5 592	21 455	24 160
Energy	1 539	1 381	1 492	1 891	1 553	1 140	1 152	1 481	6 303	5 326
Other and Eliminations	(8 917)	(8 706)	(9 055)	(10 112)	(11 171)	(11 286)	(10 666)	(9 808)	(36 790)	(42 931)
<b>Total</b>	<b>18 282</b>	<b>18 272</b>	<b>19 698</b>	<b>21 656</b>	<b>23 290</b>	<b>22 436</b>	<b>21 594</b>	<b>20 374</b>	<b>77 907</b>	<b>87 694</b>

## External revenue

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	2 208	2 404	2 257	2 699	3 387	2 978	3 656	3 513	9 568	13 534
Primary Metal	1 227	1 337	1 590	2 242	1 789	1 059	1 311	1 214	6 397	5 373
Metal Markets	8 719	8 853	9 784	10 625	11 315	11 862	10 100	9 518	37 981	42 795
Rolled Products	5 290	5 212	5 498	5 345	6 079	6 254	6 334	5 625	21 345	24 293
Energy	807	436	540	710	698	264	176	485	2 492	1 623
Other and Eliminations	31	29	28	35	21	19	17	19	124	77
<b>Total</b>	<b>18 282</b>	<b>18 272</b>	<b>19 698</b>	<b>21 656</b>	<b>23 290</b>	<b>22 436</b>	<b>21 594</b>	<b>20 374</b>	<b>77 907</b>	<b>87 694</b>

# Operating segment information

## Internal revenue

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	1 304	1 424	1 480	2 071	2 074	2 150	2 103	2 030	6 279	8 356
Primary Metal	5 391	5 047	5 396	5 833	7 307	7 095	6 641	5 925	21 667	26 967
Metal Markets	1 573	1 256	1 136	1 084	866	1 265	1 073	910	5 048	4 114
Rolled Products	(52)	63	120	(22)	91	(81)	(109)	(33)	109	(132)
Energy	732	945	952	1 181	854	877	976	996	3 810	3 703
Other and Eliminations	(8 948)	(8 735)	(9 084)	(10 147)	(11 192)	(11 306)	(10 683)	(9 827)	(36 914)	(43 008)
<b>Total</b>	-	-	-	-	-	-	-	-	-	-

## Share of profit /(loss) in equity accounted investments

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	-	-	-	-	-	-	-	-	-	-
Primary Metal	92	77	234	325	250	282	25	(168)	728	389
Metal Markets	-	-	-	-	-	-	-	-	-	-
Rolled Products	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Other and Eliminations	(51)	45	53	(359)	16	(6)	90	23	(313)	123
<b>Total</b>	<b>40</b>	<b>122</b>	<b>287</b>	<b>(34)</b>	<b>265</b>	<b>276</b>	<b>115</b>	<b>(144)</b>	<b>415</b>	<b>512</b>

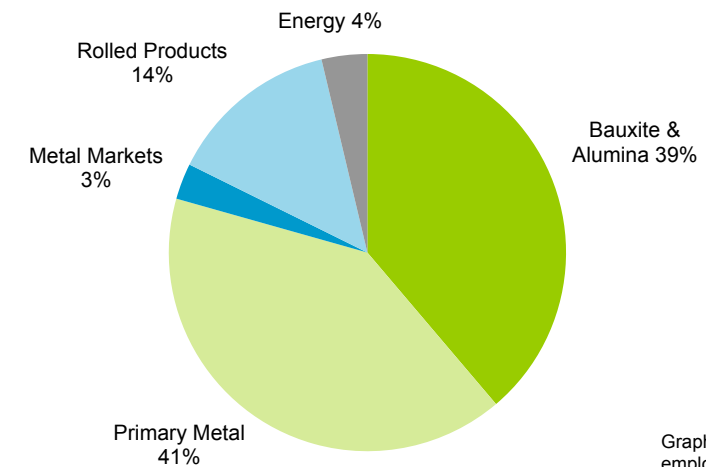
# Operating segment information

## Depreciation, amortization and impairment

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Bauxite & Alumina	410	431	442	519	460	470	420	633	1 802	1 983
Primary Metal	437	427	431	499	511	483	483	475	1 794	1 952
Metal Markets	49	21	21	22	23	25	26	27	112	101
Rolled Products	170	172	174	329	173	173	186	200	845	732
Energy	39	40	41	42	47	48	50	49	162	195
Other and Eliminations	13	13	13	17	15	14	14	18	55	61
<b>Total</b>	<b>1 117</b>	<b>1 104</b>	<b>1 121</b>	<b>1 428</b>	<b>1 229</b>	<b>1 213</b>	<b>1 178</b>	<b>1 403</b>	<b>4 771</b>	<b>5 023</b>

## Capital employed – upstream focus

NOK million	Dec 31, 2015
Bauxite & Alumina	29 352
Primary Metal	30 677
Metal Markets	2 211
Rolled Products	10 555
Energy	2 814
Other and Eliminations	1
<b>Total</b>	<b>75 583</b>



Graph excludes MNOK 1 in capital employed in Other and Eliminations

# Income statements

NOK million	Q4 2015	Q3 2015	Q4 2014	Year 2014	Year 2015
Revenue	20 374	21 594	21 656	77 907	87 694
Share of the profit (loss) in equity accounted investments	(144)	115	(34)	415	512
Other income, net	(172)	167	327	751	461
<b>Total revenue and income</b>	<b>20 057</b>	<b>21 875</b>	<b>21 948</b>	<b>79 073</b>	<b>88 667</b>
Raw material and energy expense	12 933	14 361	13 697	51 480	56 330
Employee benefit expense	2 309	2 172	2 104	8 089	9 048
Depreciation, amortization and impairment	1 403	1 178	1 428	4 771	5 023
Other expenses	2 687	2 535	2 424	9 059	10 008
<b>Earnings before financial items and tax (EBIT)</b>	<b>725</b>	<b>1 630</b>	<b>2 295</b>	<b>5 674</b>	<b>8 258</b>
Financial income	104	47	115	347	297
Financial expense	(174)	(3 388)	(2 456)	(3 900)	(5 130)
Income (loss) before tax	655	(1 711)	(46)	2 121	3 425
Income taxes	(113)	367	(122)	(892)	(1 092)
<b>Net income (loss)</b>	<b>541</b>	<b>(1 345)</b>	<b>(168)</b>	<b>1 228</b>	<b>2 333</b>
Net income (loss) attributable to minority interest	63	(21)	202	432	313
Net income (loss) attributable to Hydro shareholders	478	(1 324)	(370)	797	2 020
<b>Earnings per share attributable to Hydro shareholders</b>	<b>0.23</b>	<b>(0.65)</b>	<b>(0.18)</b>	<b>0.39</b>	<b>0.99</b>

NOK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Net income (loss)	462	269	665	(168)	1 072	2 064	(1 345)	541	1 228	2 333
<b>Underlying net income (loss)</b>	<b>388</b>	<b>318</b>	<b>1 043</b>	<b>1 979</b>	<b>2 206</b>	<b>1 830</b>	<b>1 377</b>	<b>1 296</b>	<b>3 728</b>	<b>6 709</b>
Earnings per share	0.19	0.09	0.29	(0.18)	0.46	0.94	(0.65)	0.23	0.39	0.99
<b>Underlying earnings per share</b>	<b>0.16</b>	<b>0.13</b>	<b>0.43</b>	<b>0.83</b>	<b>0.95</b>	<b>0.83</b>	<b>0.61</b>	<b>0.59</b>	<b>1.55</b>	<b>2.98</b>

# Balance sheets

NOK million	Dec 31, 2015	Sep 30 2015	Jun 30 2015	Mar 31 2015	Dec 31, 2014
Cash and cash equivalents	6 917	9 372	8 142	7 172	9 253
Short-term investments	5 752	1 860	1 240	2 456	1 786
Accounts receivable	10 797	14 417	14 847	15 122	11 703
Inventories	12 192	11 996	12 722	13 392	12 642
Other current assets	502	390	301	272	543
Property, plant and equipment	51 174	47 850	51 945	50 952	55 719
Intangible assets	5 121	4 773	5 547	5 332	5 947
Investments accounted for using the equity method	20 150	19 414	18 413	18 679	18 095
Prepaid pension	3 382	4 116	4 313	3 753	2 881
Other non-current assets	6 557	5 476	5 856	6 015	7 703
<b>Total assets</b>	<b>122 544</b>	<b>119 665</b>	<b>123 326</b>	<b>123 145</b>	<b>126 273</b>
Bank-loans and other interest-bearing short-term debt	3 562	3 509	3 683	4 239	6 039
Trade and other payables	9 375	10 727	10 192	10 593	9 663
Other current liabilities	4 462	3 825	4 081	4 373	3 414
Long-term debt	3 969	4 408	5 013	5 722	5 128
Provisions	3 264	2 850	2 876	2 802	3 993
Pension liabilities	12 782	12 358	11 706	13 407	12 796
Deferred tax liabilities	1 999	2 078	2 459	1 318	1 676
Other non-current liabilities	3 801	3 821	2 919	3 146	3 622
Equity attributable to Hydro shareholders	74 169	71 284	74 737	72 068	74 030
Minority interest	5 159	4 806	5 660	5 477	5 911
<b>Total liabilities and equity</b>	<b>122 544</b>	<b>119 665</b>	<b>123 326</b>	<b>123 145</b>	<b>126 273</b>

# Operational data

Bauxite & Alumina	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Alumina production (kmt)	1 428	1 526	1 478	1 501	1 451	1 437	1 498	1 577	5 933	5 962
Sourced alumina (kmt)	550	431	532	503	666	725	806	590	2 016	2 787
Total alumina sales (kmt)	1 906	2 071	1 922	2 043	2 136	2 099	2 268	2 368	7 942	8 871
Realized alumina price (USD) <sup>1)</sup>	269	276	287	303	300	292	273	245	284	276
Implied alumina cost (USD) <sup>2)</sup>	259	263	252	229	225	233	217	187	250	215
Bauxite production (kmt) <sup>3)</sup>	2 242	2 370	2 287	2 582	2 135	2 232	2 735	2 959	9 481	10 060
Sourced bauxite (kmt) <sup>4)</sup>	1 874	2 204	2 305	2 433	1 806	2 103	2 377	2 398	8 815	8 684
Underlying EBITDA margin <sup>11) 12)</sup>	3.5%	4.2%	11.2%	21.9%	22.7%	18.5%	18.2%	21.0%	11.0%	20.1%

Primary Metal <sup>5)</sup>	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Realized aluminium price LME, USD/mt	2 043	1 926	1 822	1 802	1 749	1 762	1 906	1 997	1 897	1 803	1 685	1 555	1 850	1 737
Realized aluminium price LME, NOK/mt <sup>7)</sup>	11 533	11 217	10 938	10 916	10 702	10 660	11 909	13 355	14 383	13 923	13 779	13 125	11 624	13 813
Realized premium above LME, USD/mt <sup>6)</sup>	345	358	374	371	422	476	537	575	614	509	342	291	500	439
Realized premium above LME, NOK/mt <sup>6)7)</sup>	1 945	2 087	2 247	2 246	2 583	2 883	3 355	3 845	4 660	3 927	2 796	2 460	3 140	3 492
Realized NOK/USD exchange rate <sup>7)</sup>	5.64	5.82	6.00	6.06	6.12	6.05	6.25	6.69	7.58	7.72	8.18	8.44	6.28	7.95
Realized NOK/USD exchange rate excluding hedge	5.64	5.82	6.01	6.06	6.12	5.98	6.21	6.76	7.58	7.72	8.18	8.44	6.27	7.95
Implied primary cost (USD) <sup>8)</sup>	1 625	1 575	1 450	1 375	1 400	1 375	1 275	1 150	1 150	1 225	1 325	1 275	1 300	1 250
Implied all-in primary cost (USD) <sup>9)</sup>	2 025	1 975	1 850	1 775	1 900	1 925	1 875	1 775	1 800	1 775	1 675	1 575	1 875	1 725
Primary aluminium production, kmt	478	483	491	492	484	488	487	499	497	509	520	521	1 958	2 046
Casthouse production, kmt <sup>10)</sup>	495	513	516	522	525	529	521	515	495	516	524	525	2 088	2 059
Total sales, kmt <sup>11)</sup>	541	531	540	515	593	559	542	527	534	544	550	531	2 220	2 159
Underlying EBITDA margin <sup>12)</sup>	14.1%	12.1%	13.6%	16.9%	11.4%	13.3%	23.6%	30.8%	27.7%	23.7%	15.7%	12.4%	20.5%	20.3%

1) Weighted average of own production and third party contracts, excluding hedge results. The majority of the alumina is sold linked to the LME prices with a one month delay.

2) Implied alumina cost (based on EBITDA and sales volume) replaces previous apparent alumina cash cost

3) Paragominas on wet basis

4) 40 percent MRN offtake from Vale and 5 percent Hydro share on wet basis

5) Operating and financial information includes Hydro's proportionate share of production and sales volumes in equity accounted investments. Realized prices, premiums and exchange rates exclude equity accounted investments

6) Average realized premium above LME for casthouse sales from Primary Metal. Historical premiums for 2013 have been revised due to change of definition

7) Including strategic hedges /hedge accounting applied

8) Realized LME price minus Underlying EBITDA margin (incl. Qatalum) per mt primary aluminium produced. Includes net earnings from primary casthouses.

9) Realized all-in price minus Underlying EBITDA margin (incl. Qatalum) per mt primary aluminium sold. Includes net earnings from primary casthouses.

10) Production volumes for 2013 have been revised, due to change of definition

11) Total sales replaces previous casthouse sales due to change of definition

12) Underlying EBITDA divided by total revenues



# Operational data

Metal Markets	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year2014	Year2015
Remelt production (1 000 mt)	139	141	128	130	145	141	117	130	538	533
Third-party Metal Products sales (1 000 mt)	84	81	80	79	74	80	81	84	324	319
Metal Products sales excl. ingot trading (1 000 mt) <sup>1)</sup>	776	726	696	654	626	750	676	676	2 852	2 728
Hereof external sales excl. ingot trading (1 000 mt)	654	619	609	596	571	674	616	613	2 478	2 474
External revenue (NOK million)	8 719	8 853	9 784	10 625	11 315	11 862	10 100	9 518	37 981	42 795

Rolled Products	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year2014	Year2015
Rolled Products external shipments (1 000 mt)	243	245	244	213	227	243	248	229	946	948
Rolled Products – Underlying EBIT per mt, NOK	744	723	996	452	1 284	1 294	1 332	888	738	1 204
Underlying EBITDA margin <sup>2)</sup>	6.7%	6.6%	7.4%	5.3%	7.5%	7.9%	8.3%	7.2%	6.5%	7.8%

Energy	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year2014	Year2015
Power production, GWh	2 964	2 248	2 170	2 823	3 071	2 103	2 839	2 882	10 206	10 894
Net spot sales, GWh	1 581	1 028	873	1 339	1 610	724	1 363	1 292	4 820	4 989
Nordic spot electricity price, NOK/MWh	252.0	211.0	263.0	264.0	246.0	177.0	122.0	204.0	248.0	187.0
Southern Norway spot electricity price (NO2), NOK/MWh	249.0	168.0	247.0	248.0	238.0	171.0	102.0	197.0	228.0	177.0
Underlying EBITDA margin <sup>2)</sup>	30.8%	15.1%	18.4%	21.3%	27.6%	19.9%	20.9%	27.2%	21.6%	24.4%

1) Includes external and internal sales from primary casthouse operations, remelters and third party Metal sources

2) Underlying EBITDA divided by total revenues

# Sapa joint venture information

## Sapa JV (100 % basis), underlying (unaudited)

NOK million, except sales volumes	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Sales volume (1000 mt)	343	311	346	360	346	314	359	367	350	322	353	358	341	312	1 399	1 364
Revenues*	10 414	9 654	10 367	10 974	10 798	10 132	11 311	11 496	11 561	11 842	14 051	14 484	13 895	12 821	46 210	55 252
Underlying EBITDA	365	154	304	508	328	(43)	440	641	492	343	705	799	734	491	1 916	2 729
Underlying EBIT	76	(142)	16	213	24	(339)	155	350	201	(55)	392	483	404	128	652	1 407
Underlying net income (loss)						(281)	69	263	110	(44)	238	291	240	139	398	907

## Sapa JV (100 % basis), reported (unaudited)

NOK million	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
Reported EBIT	(954)	(618)	(148)	(1 096)	(1 985)	(787)	(3)	168	198	(679)	201	65	174	88	(316)	528
Reported net income (loss)						(620)	(103)	89	107	(719)	89	14	109	34	(626)	246

## Sapa JV (100 % basis), reconciliation between reported and underlying EBIT (unaudited)

NOK million, except sales volumes	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Year 2014	Year 2015
<b>Reported EBIT</b>	<b>(3)</b>	<b>168</b>	<b>198</b>	<b>(679)</b>	<b>201</b>	<b>65</b>	<b>174</b>	<b>88</b>	<b>(316)</b>	<b>528</b>
Items excluded from EBIT:										
Unrealized derivative effects	73	36	66	(79)	(145)	(158)	(95)	208	96	(189)
Restructuring cost and other items	(231)	(218)	(70)	(546)	(47)	(260)	(135)	(249)	(1 065)	(690)
Total items excluded from EBIT**	(159)	(182)	(4)	(624)	(191)	(418)	(230)	(41)	(969)	(879)
<b>Underlying EBIT</b>	<b>155</b>	<b>350</b>	<b>201</b>	<b>(55)</b>	<b>392</b>	<b>483</b>	<b>404</b>	<b>128</b>	<b>652</b>	<b>1 407</b>

Pro forma figures before Q4 2013

\* Historical revenues have been reclassified

\*\* Negative figures represent a net cost to be added to get from reported EBIT to Underlying EBIT

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