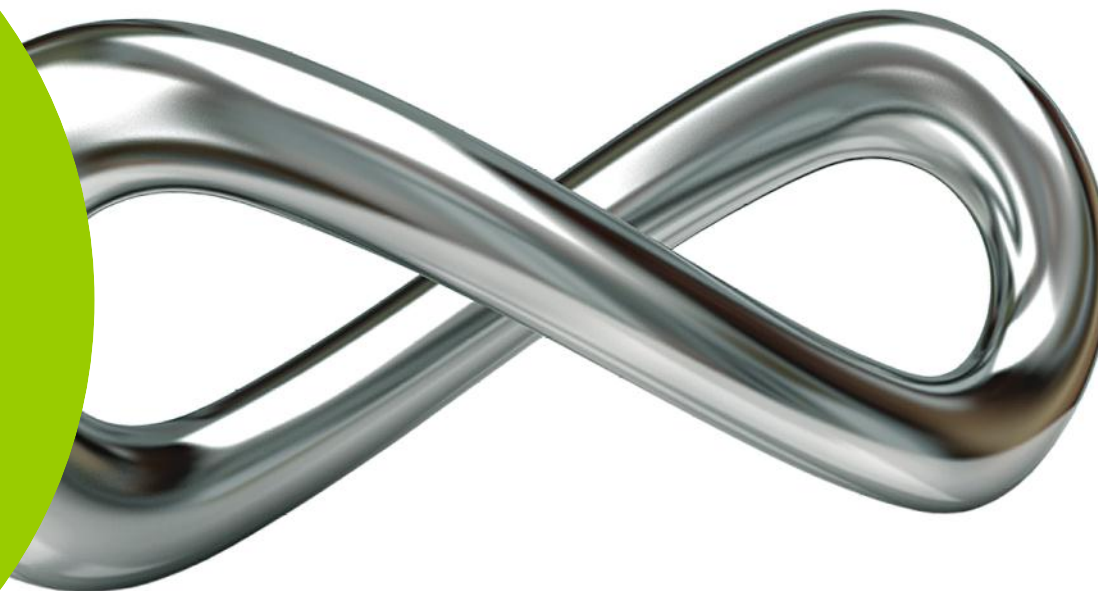


Capital Markets Day

November 27, 2014



*Better **Bigger** Greener*

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Cautionary note in relation to certain forward-looking statements

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

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

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

A large, solid green circle on the left side of the slide, containing the main title and speaker information.

Lifting performance, creating value in tight markets

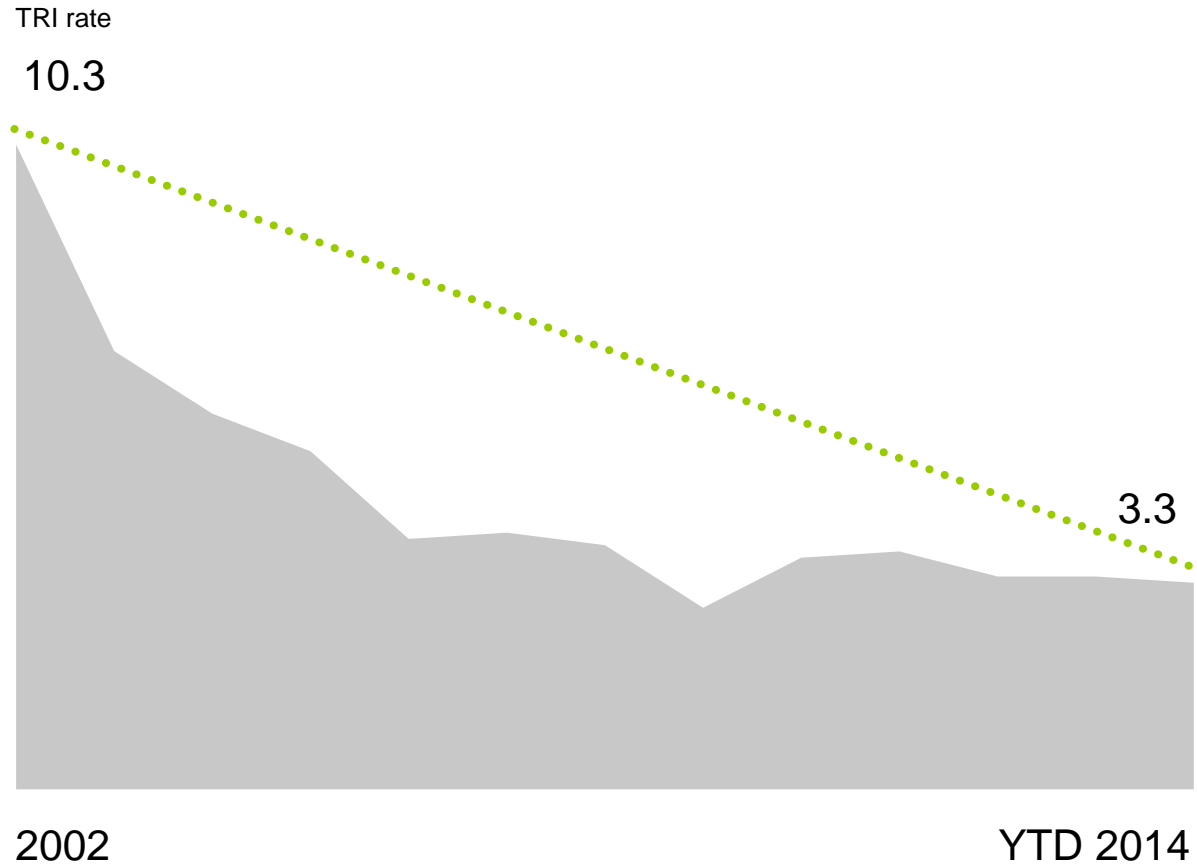
Svein Richard Brandtzæg

Capital Markets Day 2014



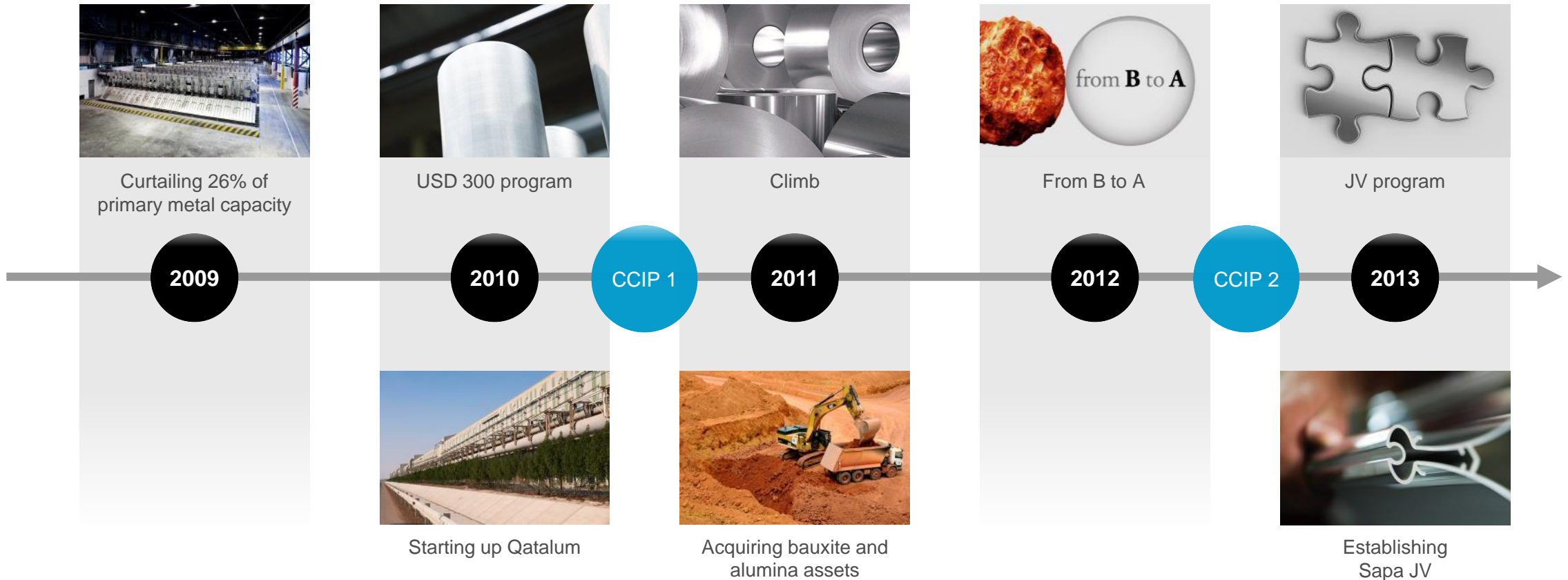
*Better **Bigger** Greener*

HSE, CSR and compliance – integral parts of our business

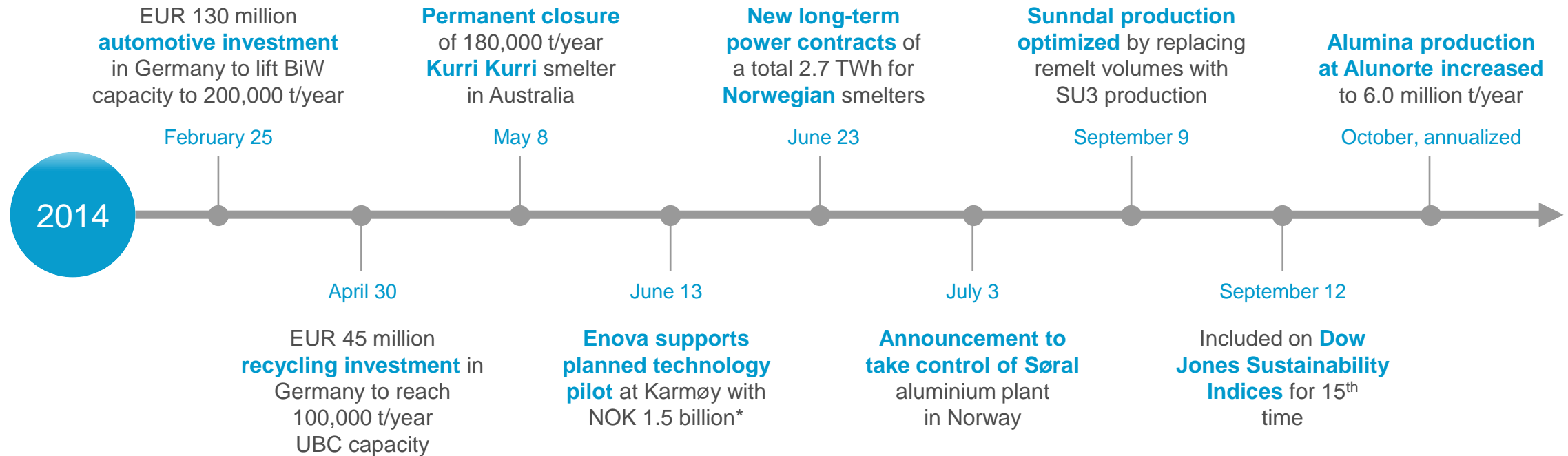


* By end-October 2014

Our agenda for value creation



Hydro continues on set direction during 2014



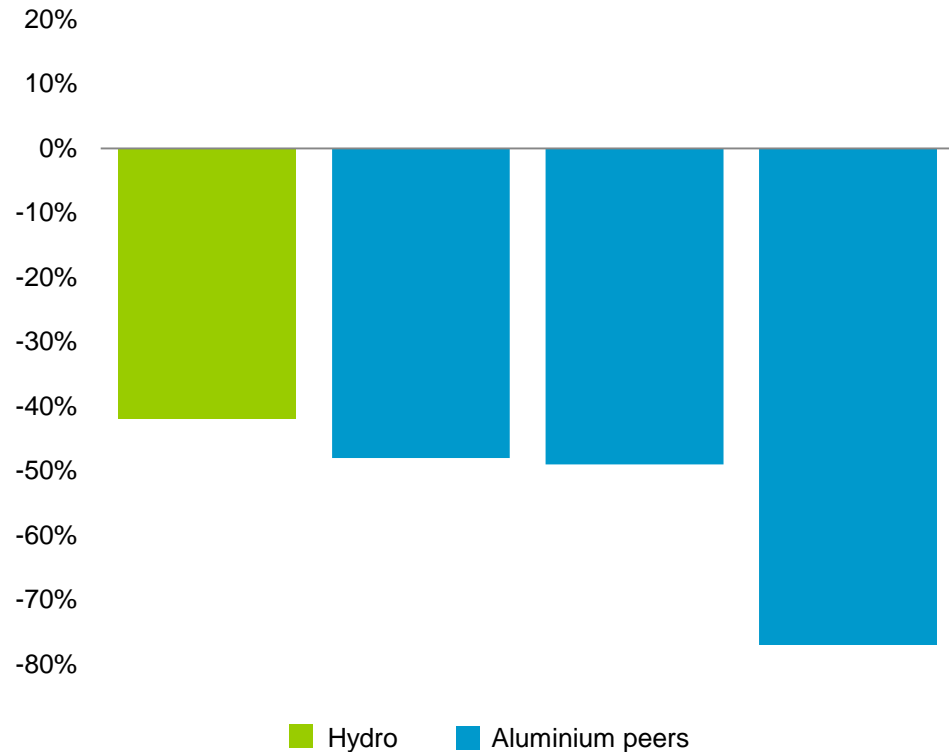
BiW = Body-in-White

* Pending ESA approval. Building of the technology pilot is pending several factors, including sufficient strength in regional grid, long-term competitive power contract, and market conditions for aluminium must indicate a satisfactory profitability outlook.

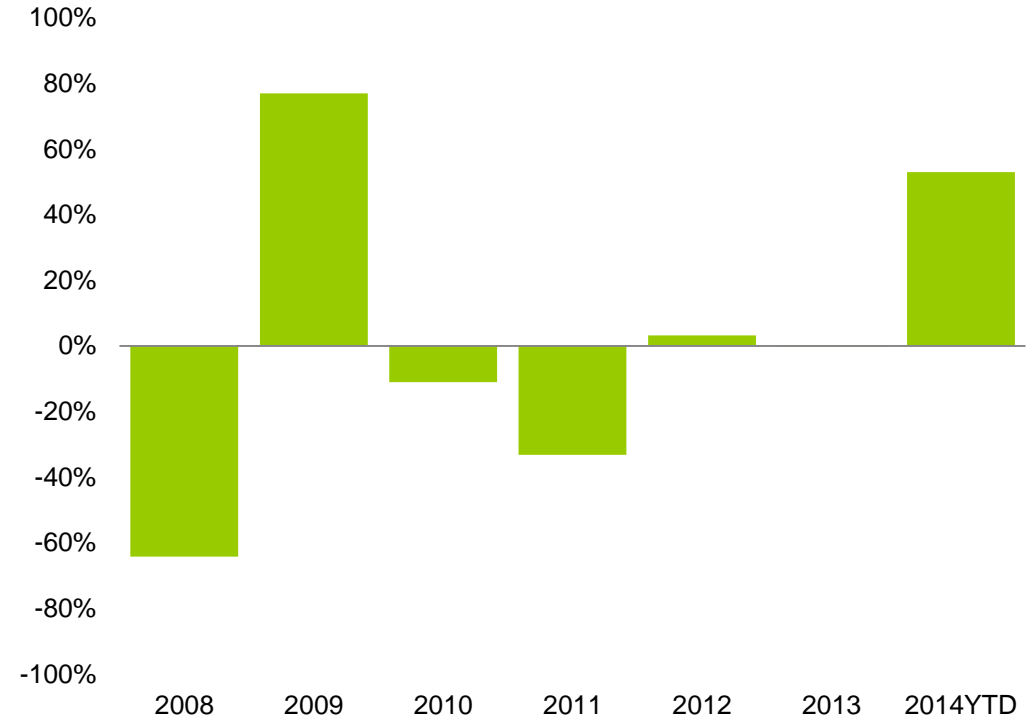
Recent positive developments, following unsatisfactory low-cycle returns

Reflecting developments in underlying market fundamentals

**TSR in percentage Hydro and Peers
2008 - YTD2014 (Including financial crisis of 2008)***



**TSR in percentage Hydro
2008 – YTD 2014***



Source: Thomson Reuters
*2014 excludes dividend. As of 2014.11.24

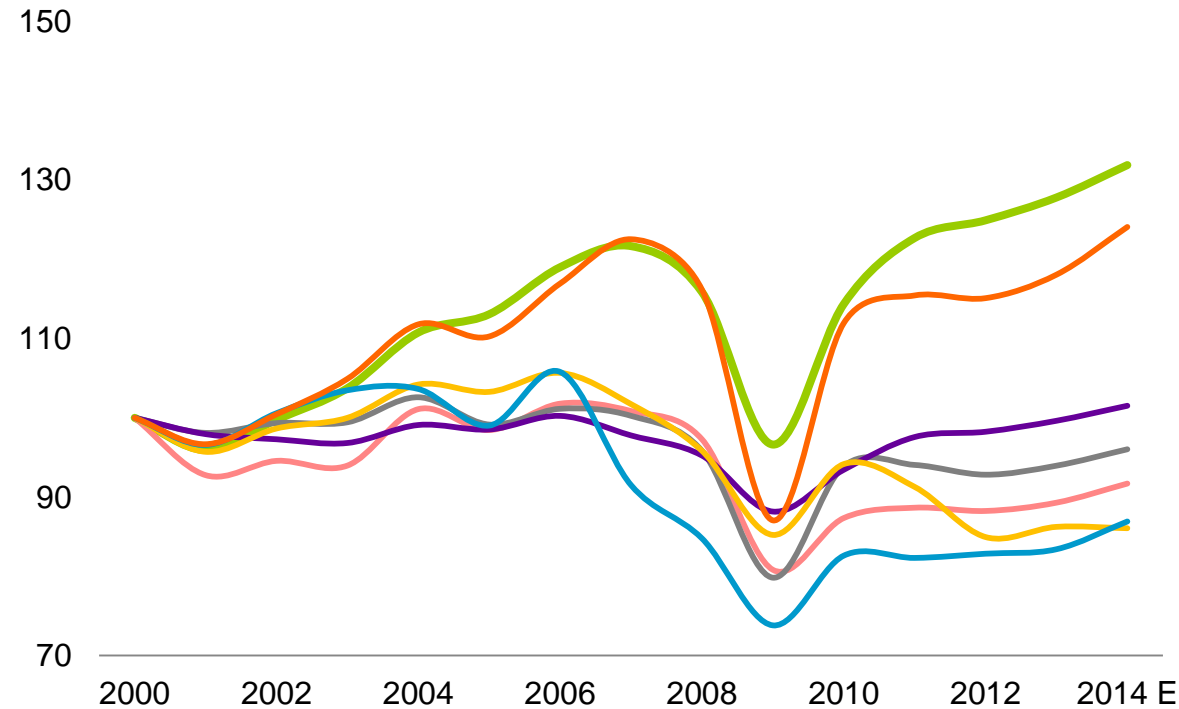
Improving markets



Aluminium demand expectations remain healthy

World ex-China demand base metals

Index 2000=100



2014-2024
**3-4 %
CAGR**

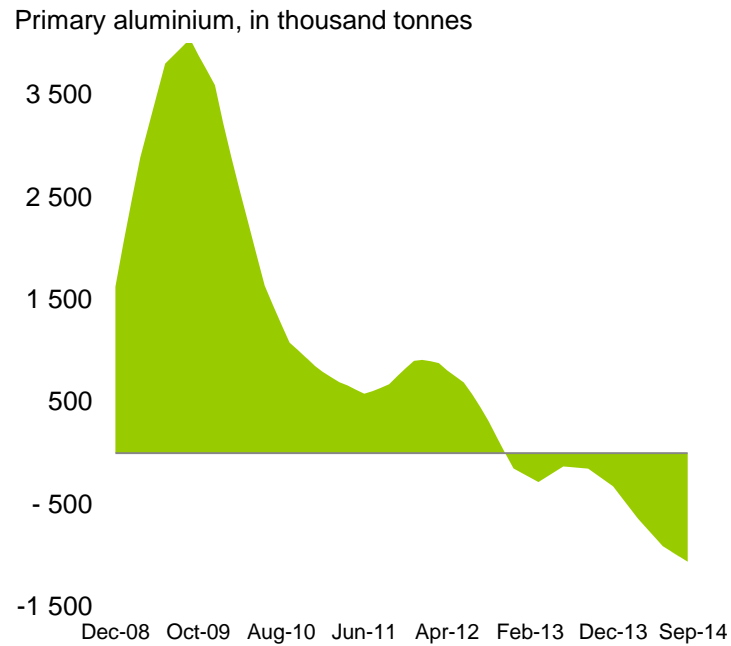
- Aluminium semis
- Zinc
- Tin
- Cold-Rolled Stainless Steel
- Copper
- Lead
- Nickel

Source: CRU, Reuters Ecowin
CAGR – Compound annual growth rate

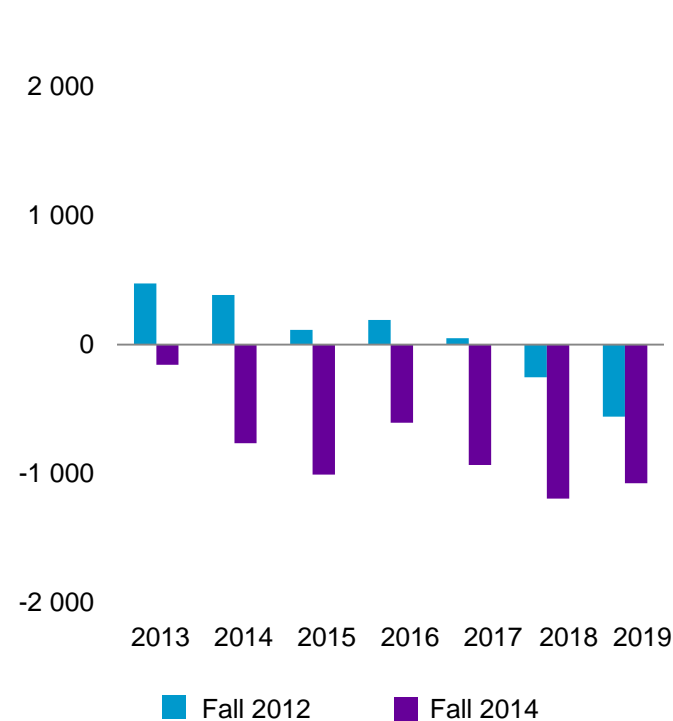


Inventory reductions driven by primary curtailments

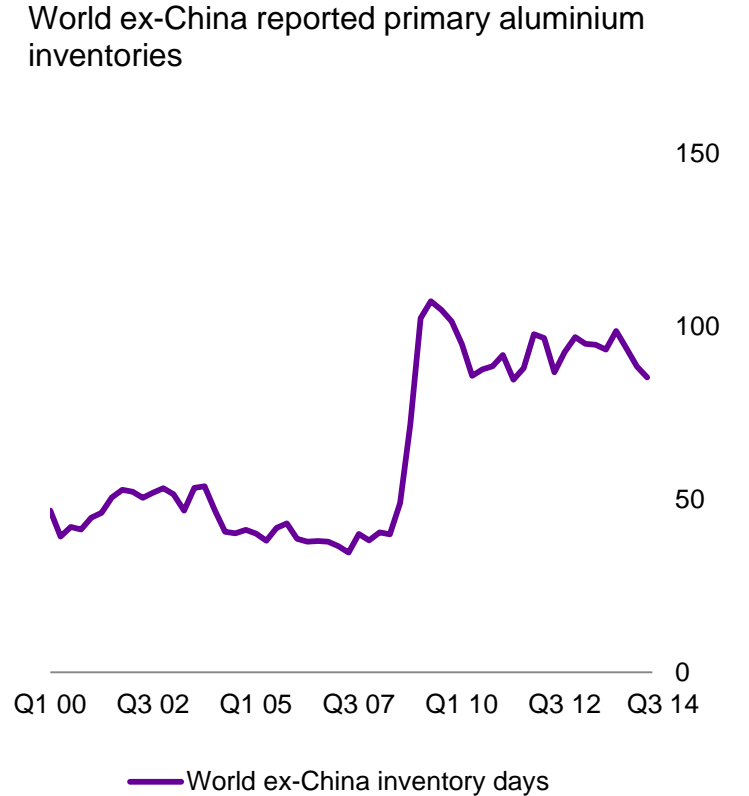
Production less demand world ex-China
Quarterly annualized*



Supply/demand world ex-China**
Primary aluminium, in thousand tonnes



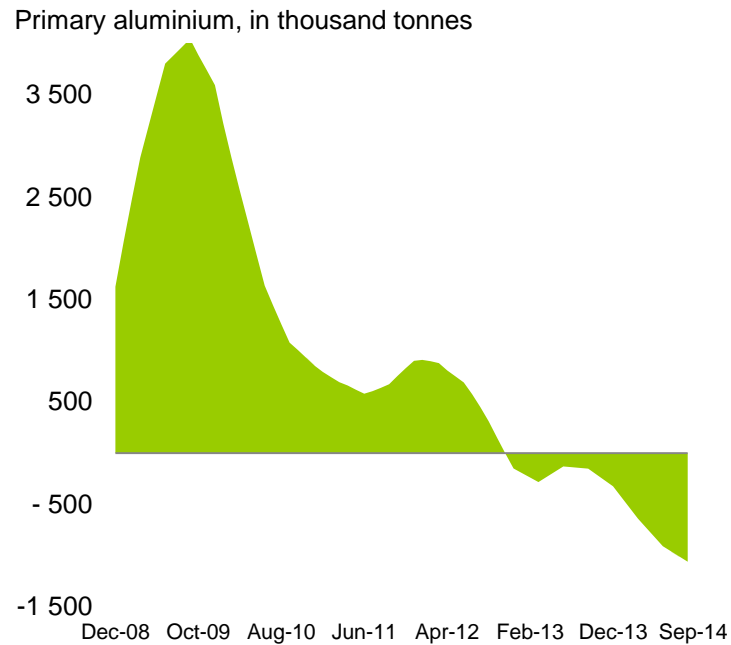
Inventory days



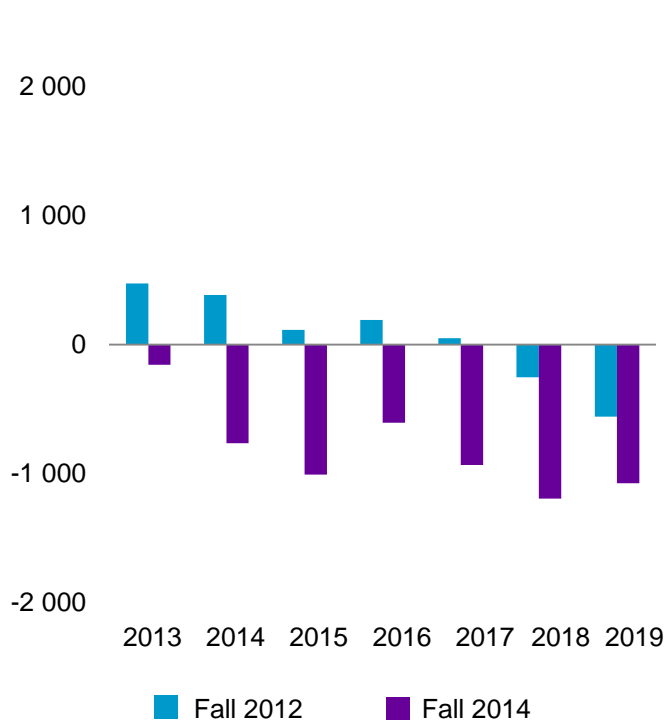
Source: CRU/Hydro
*12 month rolling average ** CRU estimates

Inventory reductions driven by primary curtailments

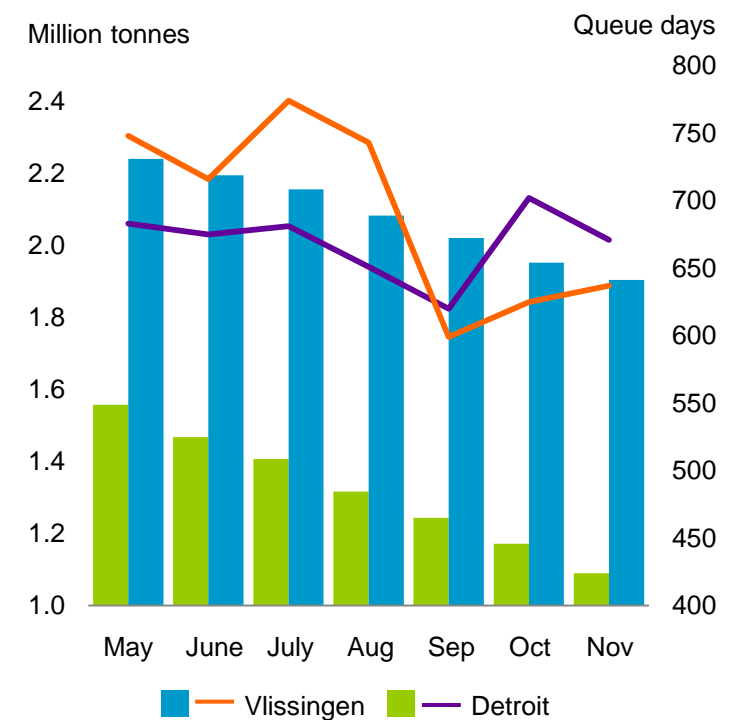
Production less demand world ex-China
Quarterly annualized*



Supply/demand world ex-China**
Primary aluminium, in thousand tonnes



Total stock levels in 2014
Detroit and Vlissingen



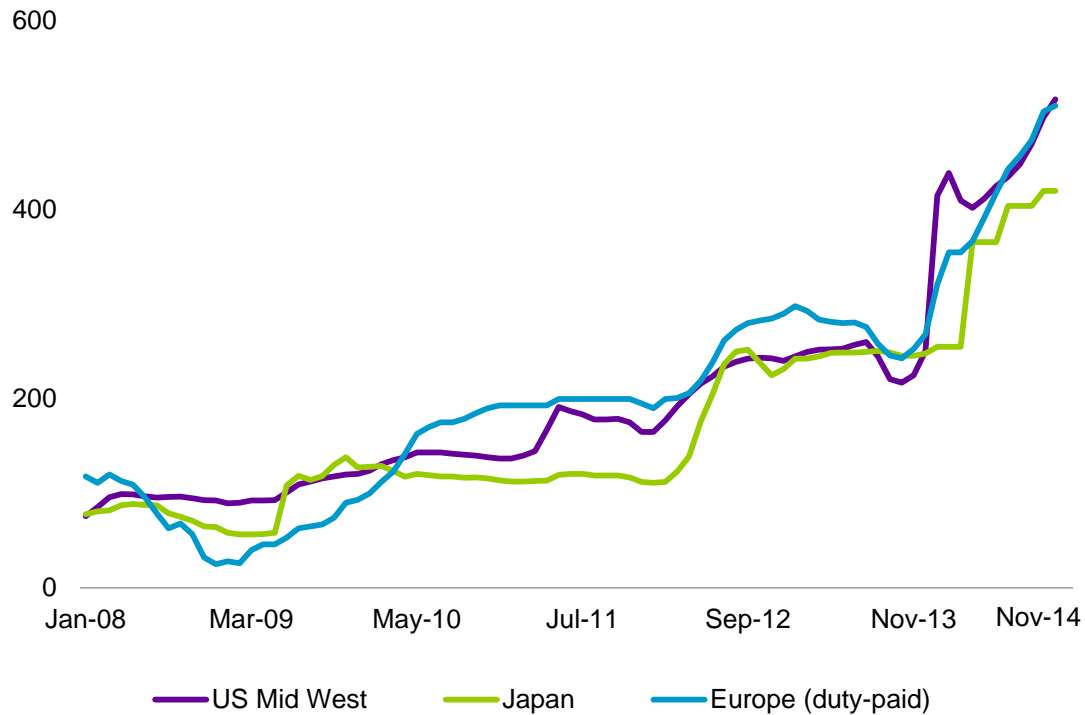
Source: CRU/Hydro/London Metal Exchange
*12 month rolling average ** CRU estimates

All-in price of aluminium in upward trend

All-in ingot price exceeds USD 2 500/tonne as premiums continue to rise to new records

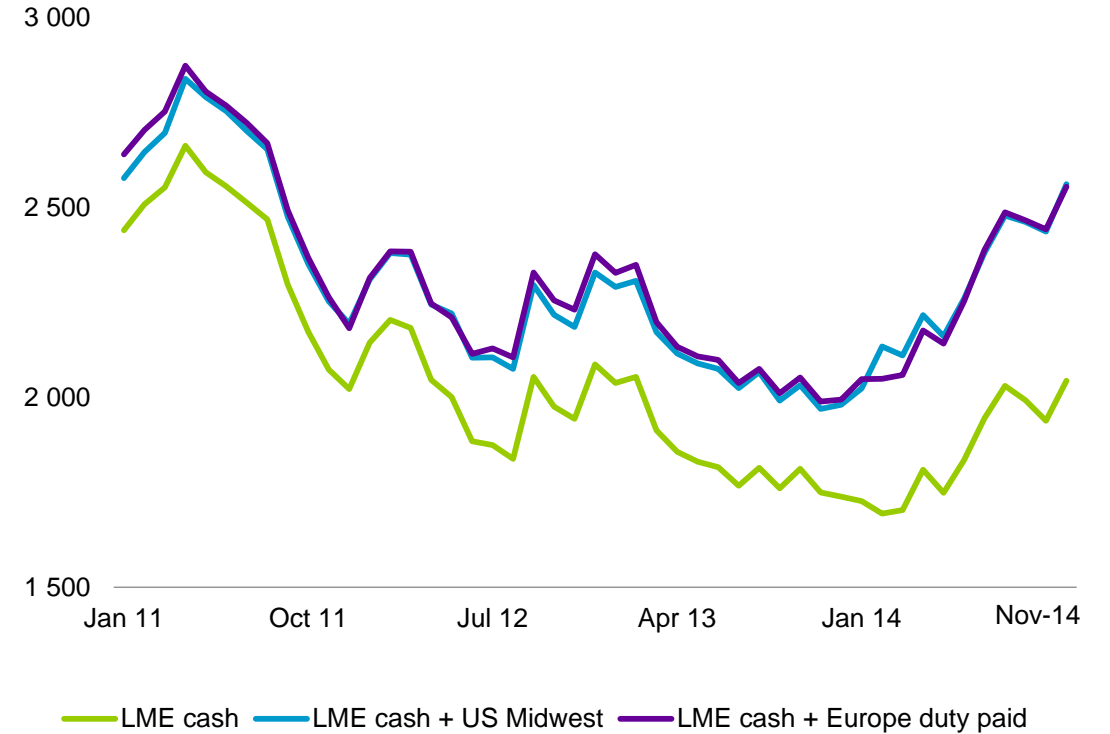
Regional standard ingot premiums

USD per tonne



All-in ingot aluminium price

USD per tonne



Source: Metal Bulletin, MW/MJP: Platts

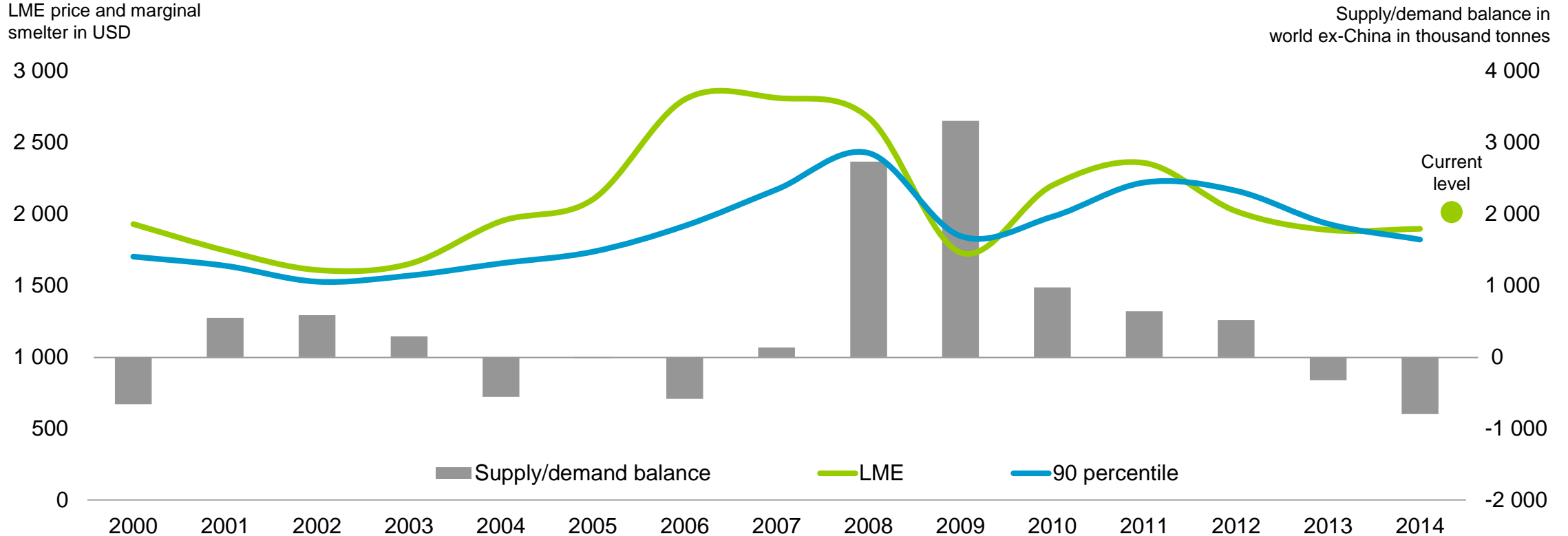
Source: Metal Bulletin, MW/MJP: Platts, Reuters Ecowin

Market balance indicates pricing above 90th percentile on the cost curve

High inventories separates current period from earlier periods where demand exceeded production

LME price vs BOC development world ex-China

LME price and marginal smelter in USD



Source: CRU/Hydro
*BOC = Business Operating Costs

The world around us

Main external drivers for aluminium and Hydro



Global GDP



Materials substitution



Climate change



China

The main approaches within the global aluminium industry



Shareholder return



Monetizing energy

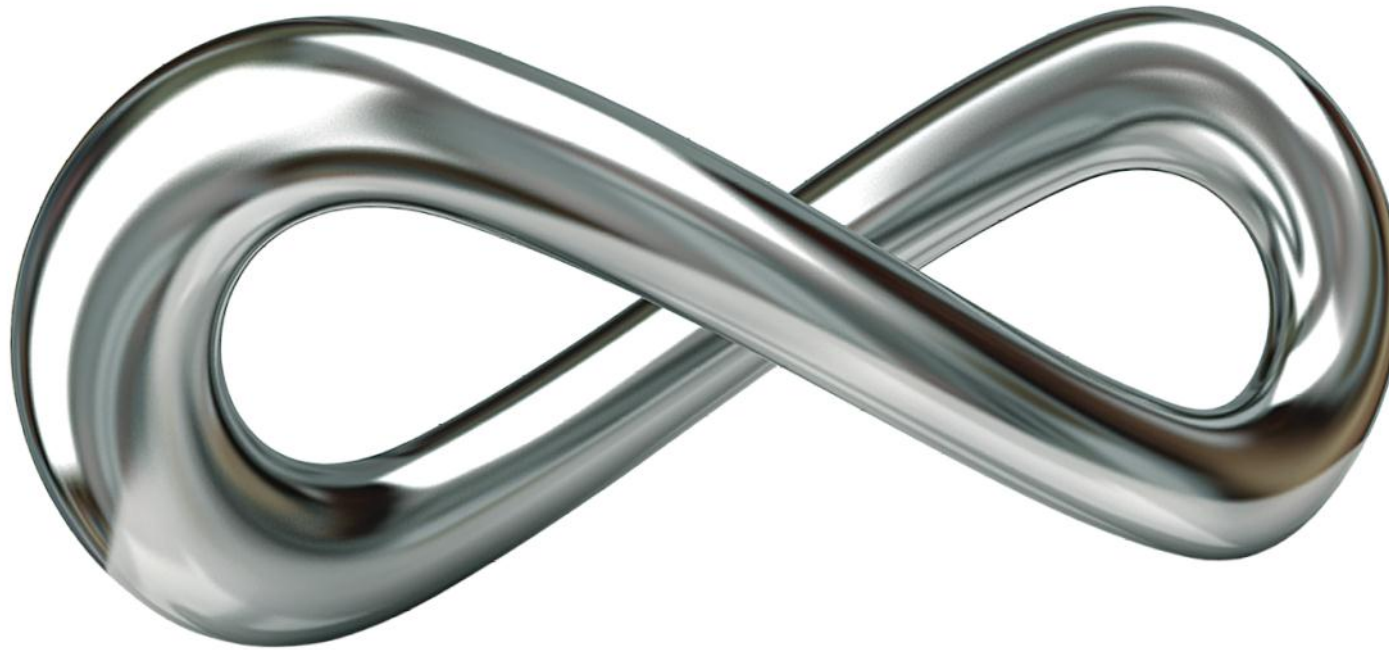


Resource re-valuation



China

Hydro's aspiration for higher value creation



Better Bigger Greener

Better

- Continue improvements drive
- Capture commercial opportunities
- Extend technology and innovation lead

Bigger

- Further strengthen relative industry position
- Enhance market positions and high-grade portfolio
- Mature selective growth projects for when time is right

Greener

- Turn leading HSE/CSR position into competitive advantage
- Deliver on fast-developing customer demands
- Capitalize on strong climate position over time

Better

Strengthening our performance by improving the way we work

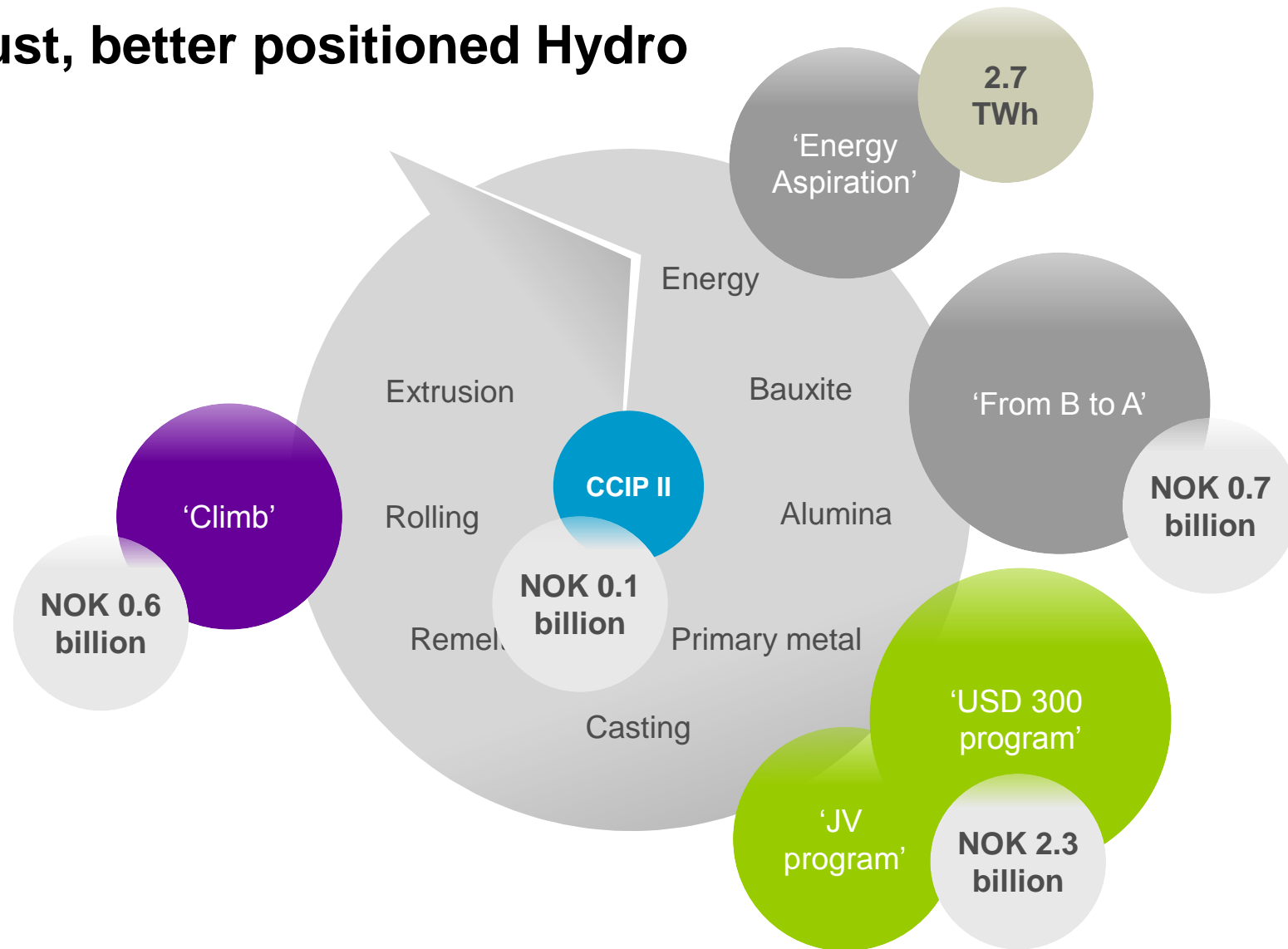


Health and safety



People and competence

A more robust, better positioned Hydro



Delivered improvements 2011-2014 (USD 300 from 2009). YTDQ3-2014 annualized.

Energy: Realizing full potential of strong asset base and competencies

Further improve earnings from energy asset management and commercial activities



- Increase value creation based on “new normal” equity production of 10 TWh per year
- Further improve operational performance
- Capture full value potential of unique industry combination of operational and commercial competence (consumer and producer)
- Increase utilization of global energy sourcing competence to provide stronger support to Hydro’s other business areas

Bauxite and Alumina: Lifting production, reducing costs

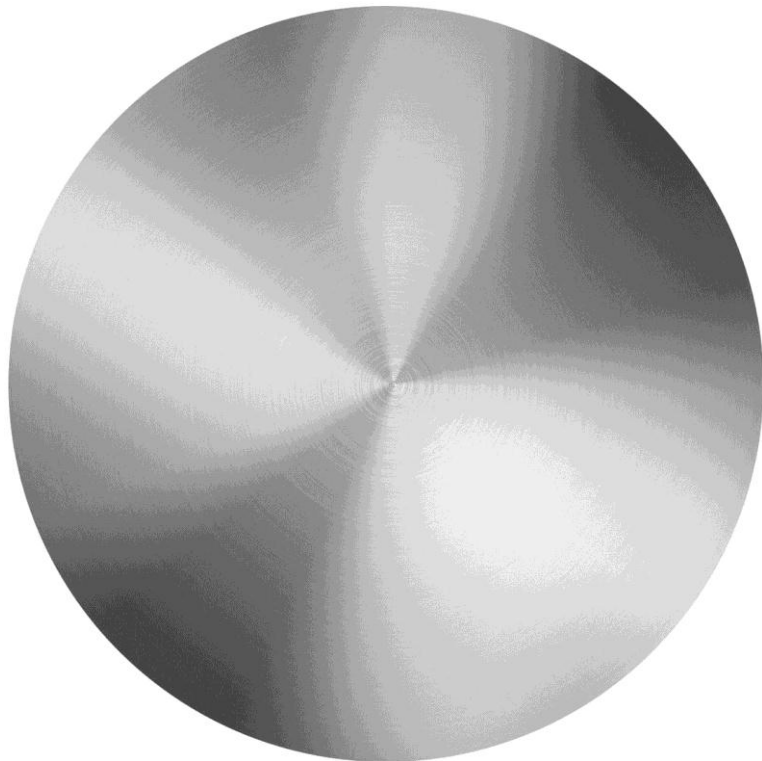
Aiming to seize value from fundamental pricing and tightening markets



- Reach nameplate capacity for Paragominas bauxite and Alunorte alumina production (9.9 and 6.3 million tonnes/yr)
- Further reduce costs and increase efficiency
- Expand alumina volumes sold on index to capture more of upside potential from pricing on own fundamentals
- Continue commercialization of bauxite sales

Primary Metal: Capitalizing on operational improvements

Increasing efforts to capture high-premium markets



- Utilize improvement momentum to further reduce cost position of smelter portfolio
- Continue to target high-premium segments, aiming to deliver increased value over standard ingot
- Capture more value from metal markets through quality, reliability and customer satisfaction
 - Build on top primary foundry alloys (PFA) position in Asia ex-China and strengthen market platform in the Americas
 - Maintain customer satisfaction lead in Europe within extrusion ingot and PFA

Rolled Products: Meeting customer demands and expanding in attractive markets

Taking a bigger share in high-margin growth segments



- High-grading portfolio through margin management and portfolio adjustments
- Increase volumes and lift margins based on automotive lightweighting trend
- Utilize UBC* recycling investment to lower production costs
- Create customer value and competitiveness through innovation, quality and service

* Used Beverage Can

Sapa: On track to deliver on ambitious NOK 1 billion restructuring program

Flexibility and capability to meet customer expectations

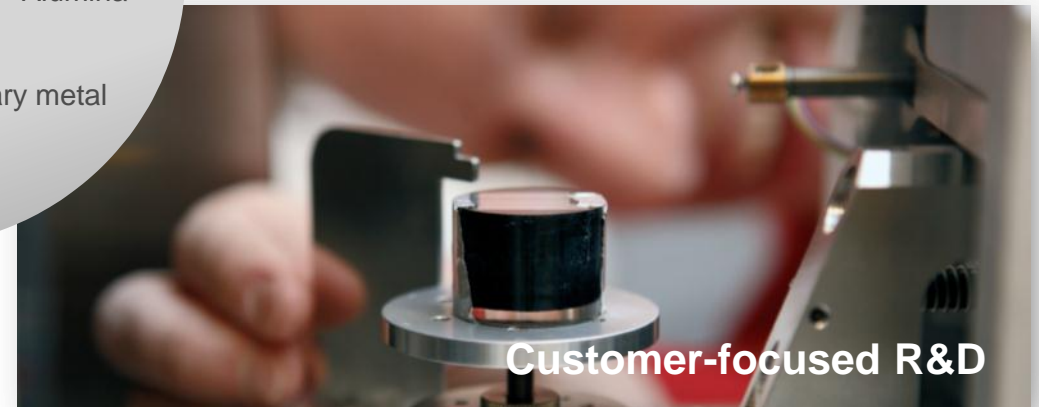
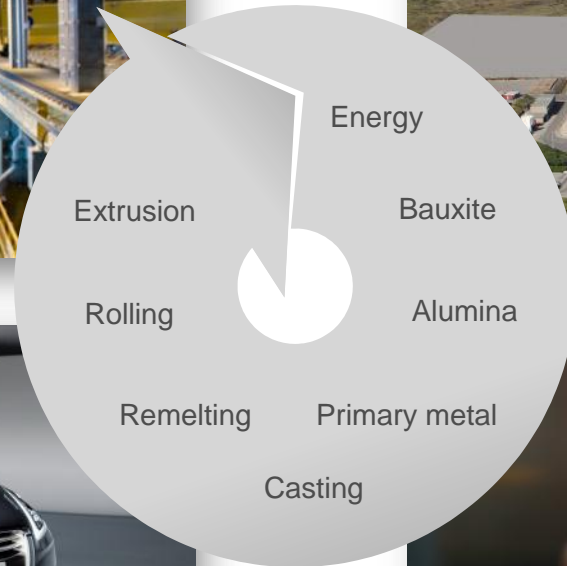
sapa:

- Continue improvement efforts and realization of annual synergies through rightsizing portfolio
- Maintain No. 1 position in North America and Europe through unique network, R&D expertise, process capacity and strong customer focus
- Develop attractive positions in high-growth markets
- Capitalize on expectations of a continued strong US market, and respond to more challenging outlook for Europe and South America

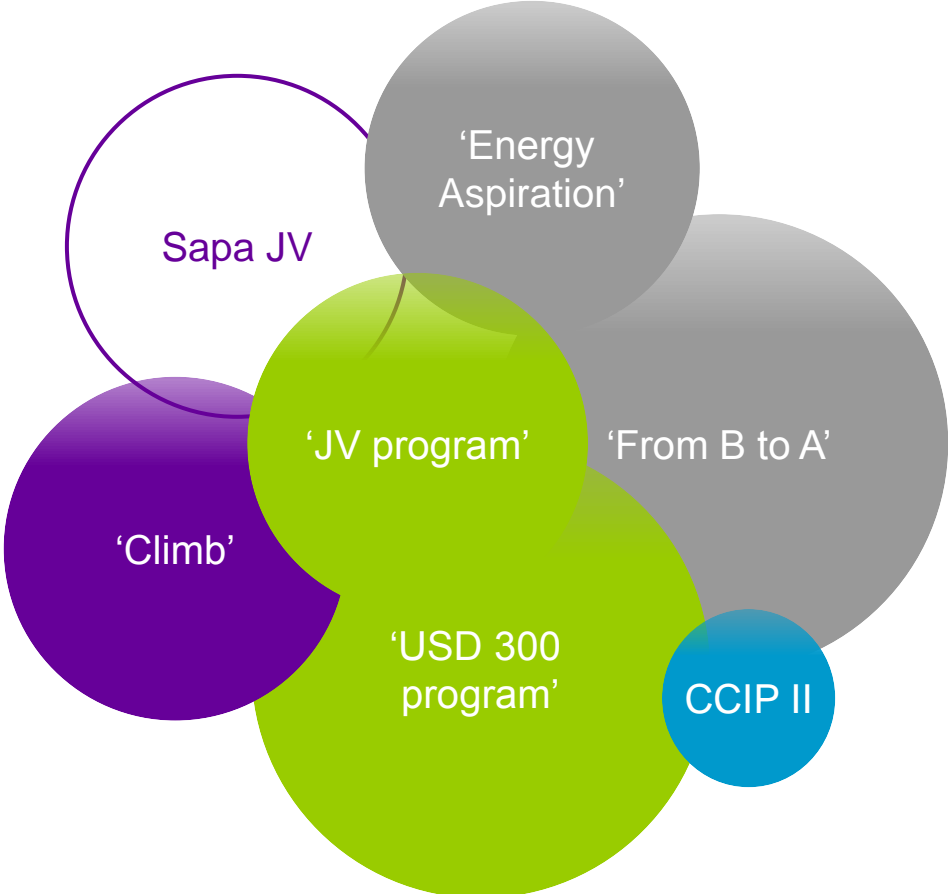


Company-wide focus areas to lift competitiveness and value creation

Competence, technology, product development and innovation



Hydro improvement drive continues at full pace



Total contribution from Hydro's improvement programs (excl. Sapa)

2011*-2014	2015-2016**
BNOK 3.7	BNOK 1.5

* USD 300 from 2009
** Real 2014 terms
Realized improvement efforts is YTD Q314 annualized.

Bigger

Aluminium – an increasingly important building block of modern society

Providing exciting commercial opportunities throughout the value chain

Transportation



Transport
6 % CAGR*
2014-2024

Food packaging



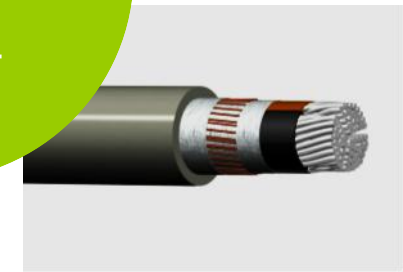
Building & construction
4 % CAGR*
2014-2024

Buildings, constructions and Powerhouse



Electrical
5 % CAGR*
2014-2024

Applications and products



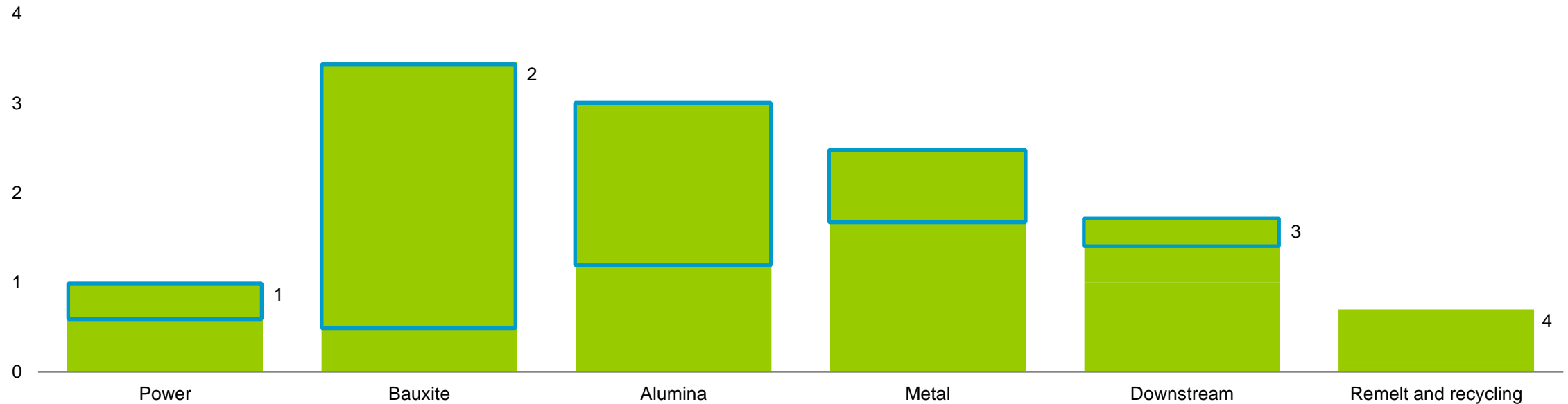
* CRU, 2014; global estimates
CAGR – Compound annual growth rate

Low-cycle period utilized strategically to strengthen relative positions

Rectangles show changes since 2008, including Qatalum, Vale, Sapa JV and Husnes



Annual consolidated capacity in metal equivalents (million tonnes)



1) Gas plant Qatalum + new hydro power Noway
 2) Includes evergreen MRN
 3) 50% of Sapa (rectangle = delta volume)
 4) Includes stand-alone remelters and recycling of post-consumed scrap

Bigger: A solid platform for building an even stronger Hydro



Bauxite & Alumina

- Move beyond nameplate capacity
- Further improve bauxite positions
- Mature CAP project and Paragominas expansion for when time is right



Energy

- Mature captive growth opportunities
- Raise income potential from market operations
- Leverage value from Nordic power surplus



Primary Aluminium

- Enhance position in high-margin segments
- Realize 100,000 tonnes creep in fully-owned smelters
- Extend technology lead with Karmøy pilot plant
- Mature Qatalum 2 and Alouette expansion for when time is right



Rolled Products

- Expand automotive capacity to 200,000 t/yr by end-2016
- Increase recycling of post-consumed scrap above 250,000 t/year*
- Build positions and lift margins through technology leadership and innovation

* Includes recycling ambition in Primary Metal

Greener

'Greener' captures Hydro's full sustainability agenda

Aiming to set new standards to support the value proposal from communities to customers



Climate change



Social projects



Environment

The industry's most ambitious climate strategy: Carbon-neutral by 2020

Supported by the three pillars of Hydro's technology strategy



Energy and primary production

Reduce emissions, increase efficiency



Aluminium in use

Maximize user-phase benefits



'End-of-life'

Increase recycling, back to the loop

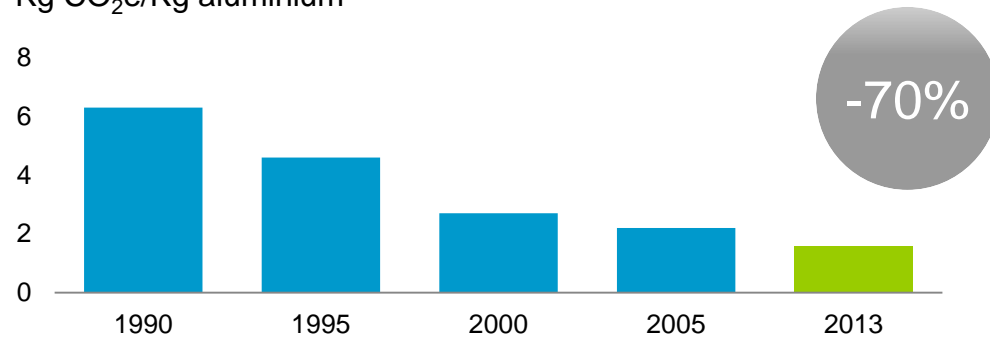


Climate as a competitive advantage

Will gradually grow stronger as the world moves to meet the climate challenge

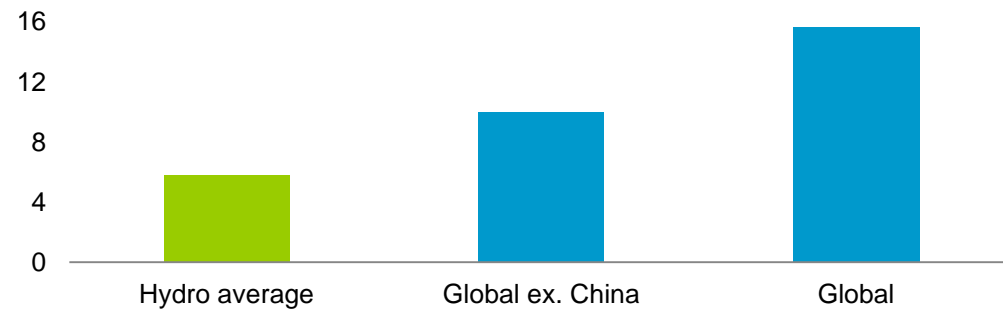
Lower direct emissions in Hydro

Kg CO₂e/Kg aluminium



Hydro in leading industry position on CO₂ emissions

Kg CO₂e/Kg aluminium

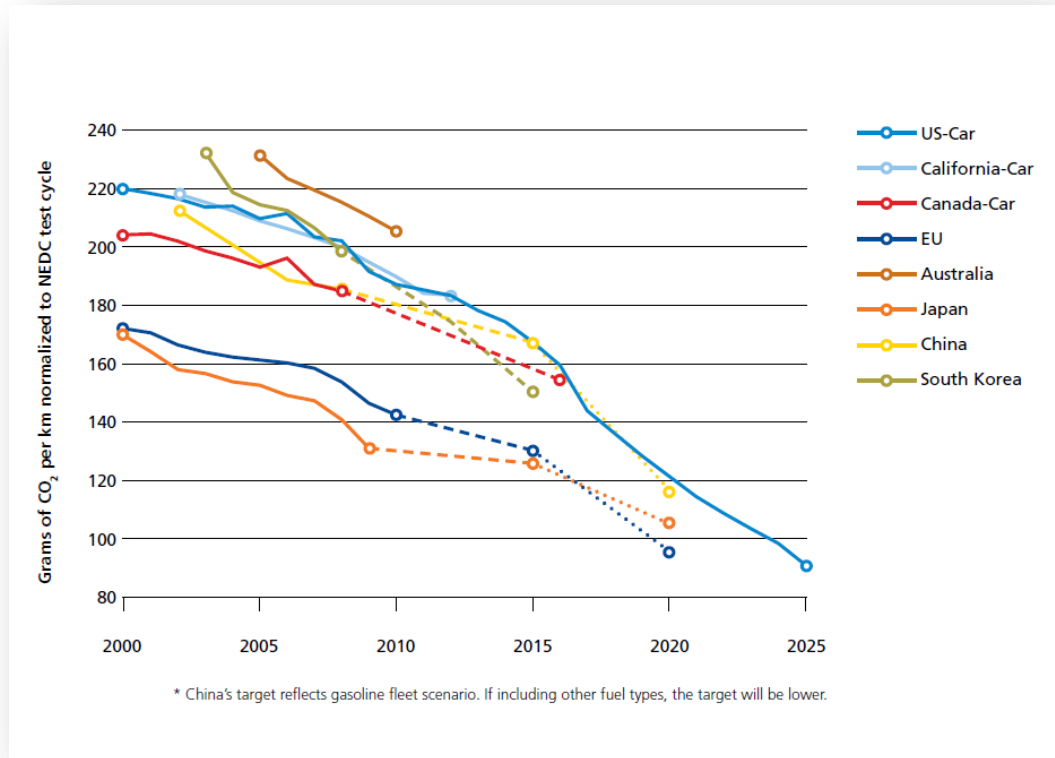


Source: CRU, Hydro Analysis, IAI

Lighter vehicles make a big impact on the climate challenge

Aluminium – part of the solution

Declining CO₂ emission targets around the world



For each **10%** reduction in vehicle weight, car manufacturers achieve fuel-savings of **5-7%**



Land Rover Sport 2010

3,100 kg

CO₂ emissions
327 g/100 km



Land Rover Sport 2014

2,200 kg

CO₂ emissions
194 g/100 km

Sources: EAA, ICCT, IAI



Hydro's value
proposition



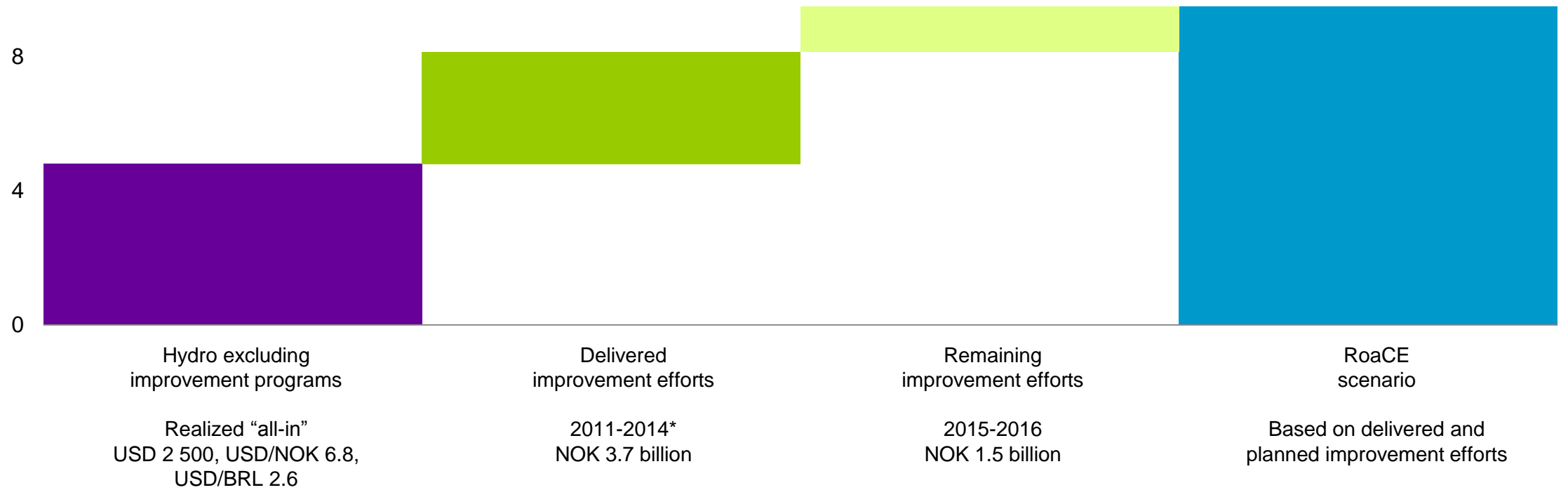
Better Bigger Greener

Hydro's roadmap towards sustainable profitability

Solid contribution from improvement efforts

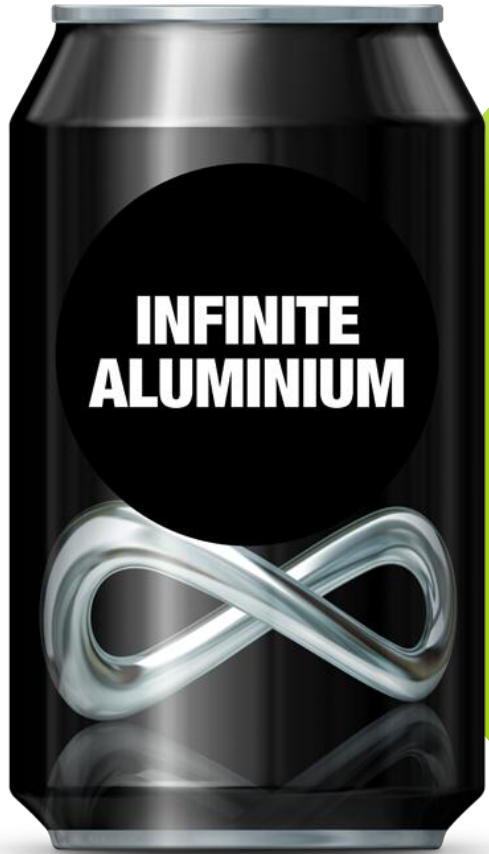
RoaCE (%)

12



Last 4 quarters underlying EBITDA as basis. Adjusted using Hydro sensitivities to realized all-in USD 2 500 (LME 2 050, Hydro realized premium last 4 quarters of ~450), USD/NOK 6.8, USD/BRL 2.6. Delivered improvement efforts are YTD Q314 annualized. Remaining improvement efforts are real 2014. Sapa improvement efforts are excluded from improvement efforts
* USD 300 from 2009





Value creation in Hydro

Increase shareholder returns through

- Operational and commercial improvement drive
- High-grading and selective growth to improve relative industry position
- Lower energy consumption and footprint to strengthen future competitive climate advantage

Finance

Eivind Kallevik

Capital Markets Day 2014



An aerial photograph of an industrial plant, possibly a refinery or chemical processing facility, situated on a green hillside overlooking a large, calm body of water. The plant features several large, dark-roofed buildings and a prominent tall, cylindrical storage tank. In the background, a range of blue mountains stretches across the horizon under a clear sky. The foreground shows a road with a roundabout and some residential houses.

Finance 2014

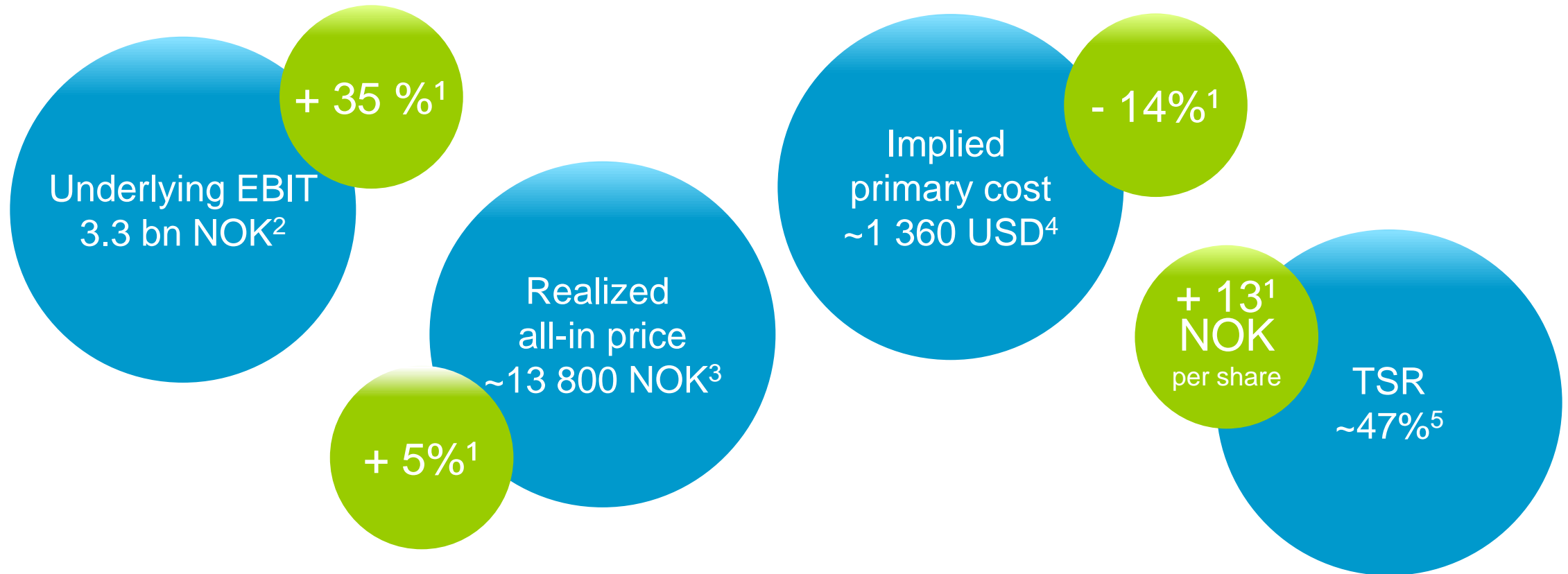
- 1 Financial developments
- 2 Sensitivities
- 3 Financial policy
- 4 Financial reporting going forward

Finance 2014

- 1 Financial developments
- 2 Sensitivities
- 3 Financial policy
- 4 Financial reporting going forward



Financial highlights



1) Q4 2013 – Q3 2014 compared to Q4 2012 – Q3 2013

2) Underlying EBIT. Sum 12 months rolling Q4 2013 – Q3 2014

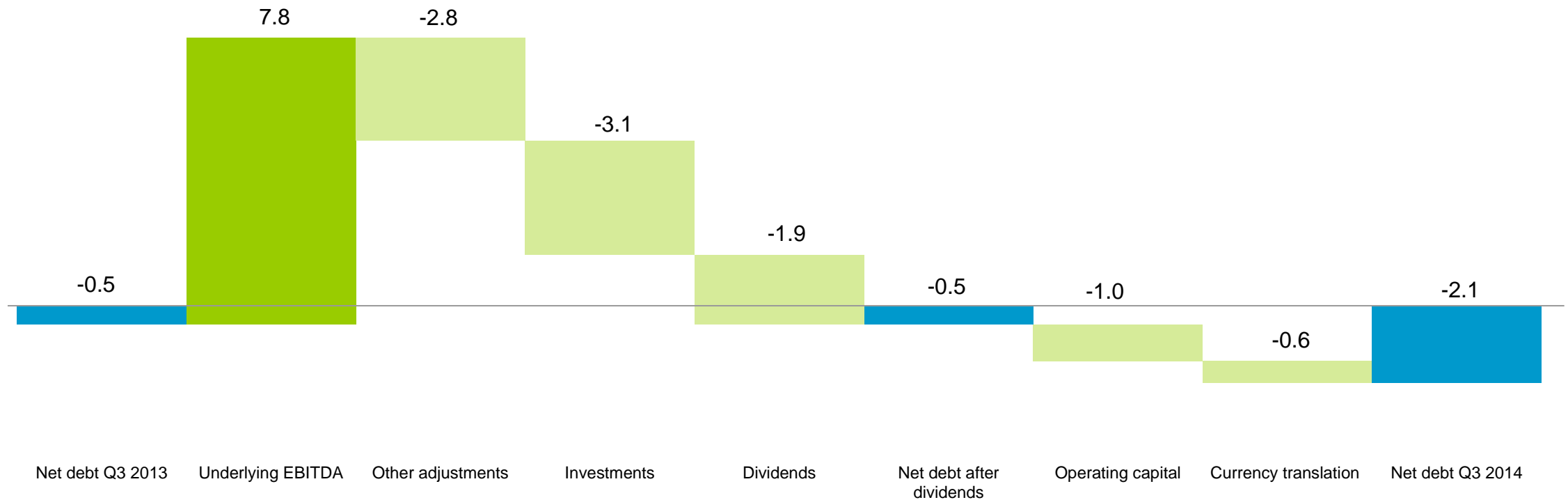
3) Realized aluminium price + realized premium above LME. Average 12 months rolling Q4 2013 – Q3 2014

4) Implied primary cost. Average 12 months rolling Q4 2013 – Q3 2014. Implied cost developments including premiums: - 6%

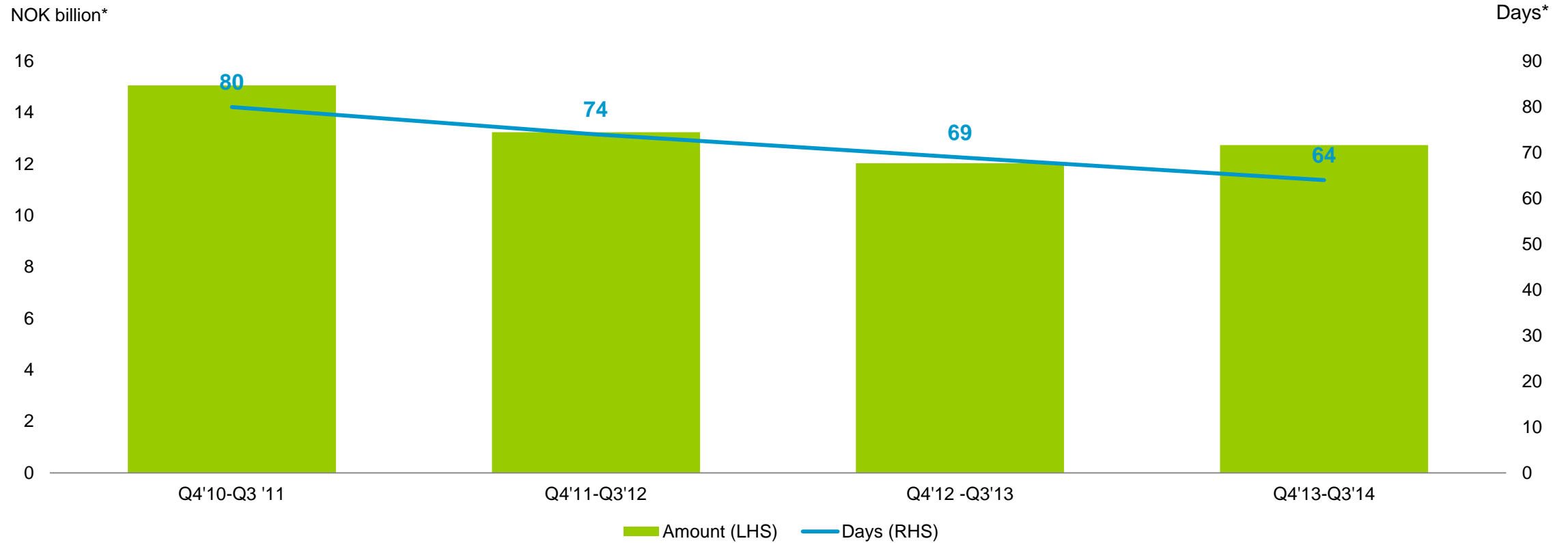
5) Hydro share priced development + dividend paid. Sum 12 months rolling Q4 2013 – Q3 2014

Cash neutral after dividend at realized all-in price ~2 300 USD/mt

NOK billion



Continued decline in operating capital days

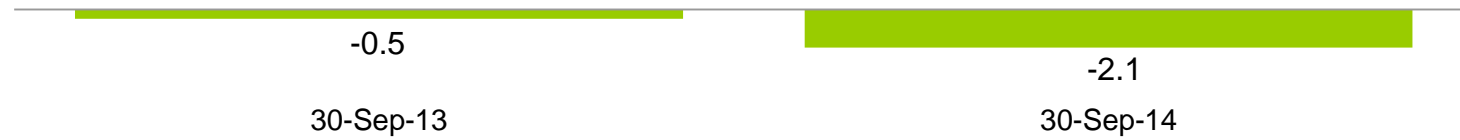


* Pro-forma, excluding extruded products for Q4 2010 – Q3 2013
LHS = left hand side. RHS = right hand side

Maintain solid financial position

NOK billion

Net cash/(debt)



Adjusted net debt¹



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



Finance 2014

- 1 Financial developments
- 2 **Sensitivities**
- 3 Financial policy
- 4 Financial reporting going forward

Understanding Hydro's earning drivers

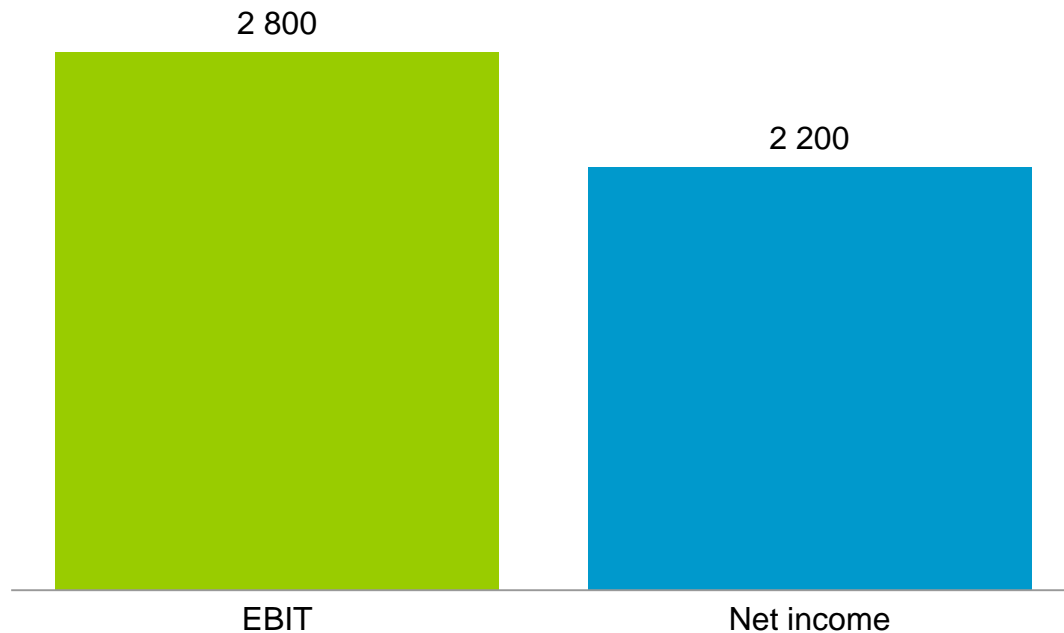


- Starting point and assumptions
- Simplified models
- Negative correlations
- Complexity

Hydro price and currency sensitivities

Aluminium price sensitivity +10%*

NOK million



Currency sensitivities +10%*

NOK million	EBIT	Financial items
USD	2 800	-1 100
BRL	-850	700
EUR	-300	-1 000

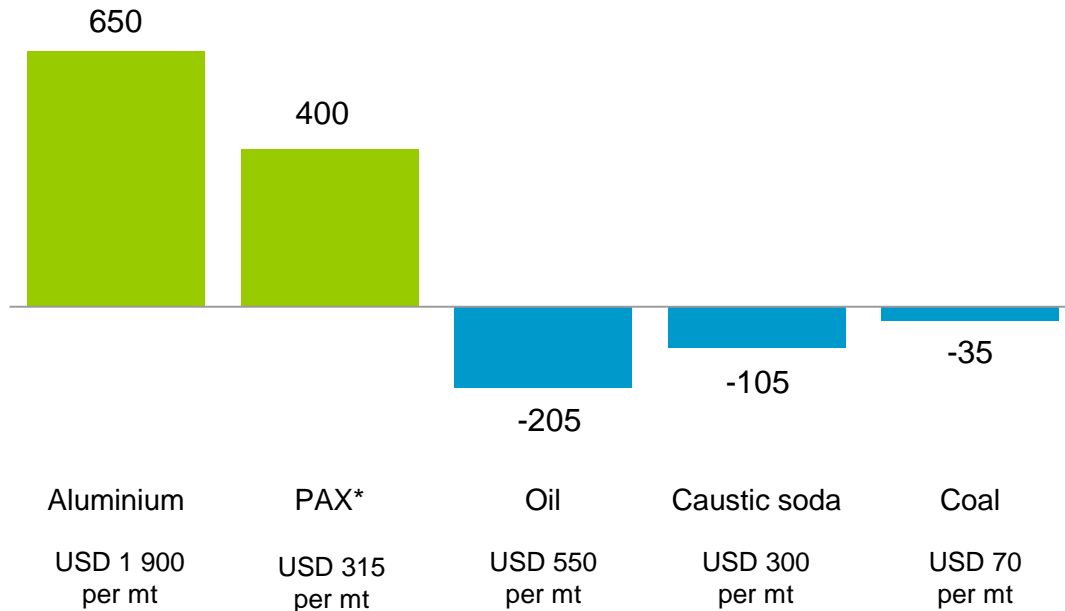
- Annual sensitivities based on normal annual business volumes, LME USD 1 900 per mt, Oil USD 550 per mt, petroleum coke USD 400 per mt, caustic soda USD 300 per mt, coal USD 70 per mt, NOK/USD 6.30, NOK/BRL 2.80, NOK/EUR 8.30
- Aluminium price sensitivity is net of aluminium price indexed costs and excluding unrealized effects related to operational hedging
- Excludes effects of priced contracts in currencies different from underlying currency exposure (transaction exposure)
- Currency sensitivity on financial items includes effects from intercompany positions
- 2015 Platts alumina index (PAX) exposure used

* Excluding Sapa JV

Bauxite & Alumina sensitivities

Sensitivities on underlying EBIT if +10% in price

NOK million



Revenue impact

- ~14.3% 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 average of CMAI and Harriman US, pricing quarterly or per shipment

Energy

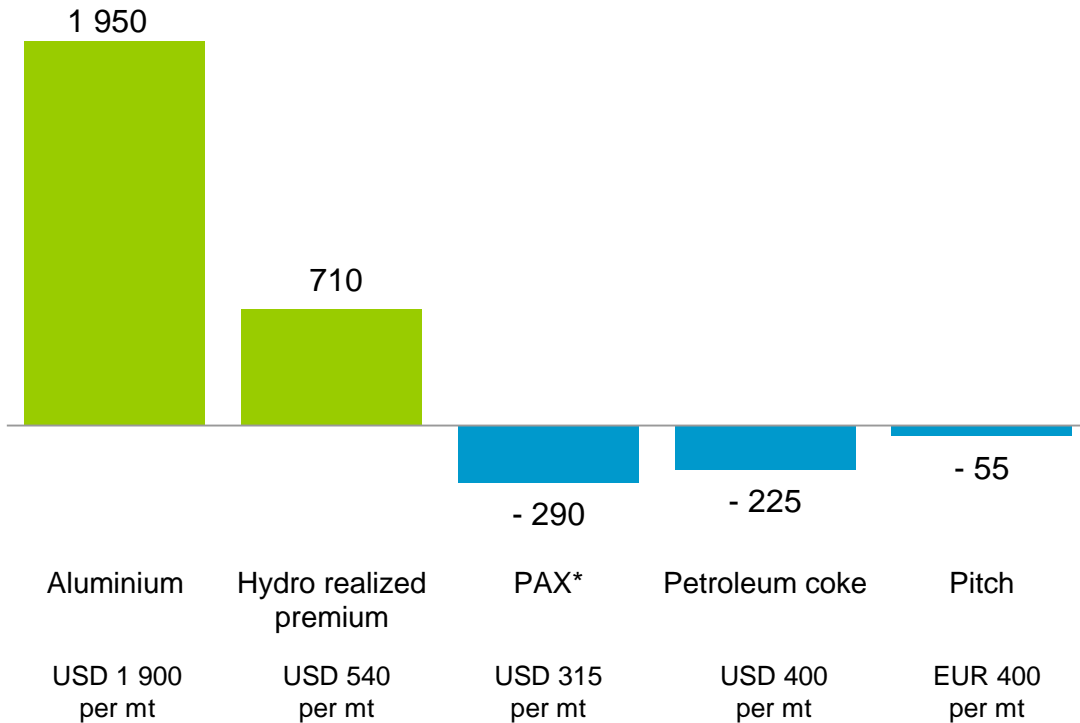
- ~0.11 tonnes coal per tonne alumina, one year contracts
- ~0.11 tonnes heavy fuel oil per tonne alumina, market prices
- Increased use of coal as energy source in Alunorte

* 2015 Platts alumina index exposure
 Currency rates used: NOK/USD 6.30, NOK/BRL 2.80, NOK/EUR 8.30

Primary Metal sensitivities

Sensitivities on underlying EBIT if +10% in price

NOK million



Revenue impact

- Realized price lags LME spot by ~1-2 months
- Realized premium lags market premium by ~2-4 months

Cost impact

Alumina

- ~1.9 tonnes per tonne aluminium
- ~14.3% of 3-month LME price per tonne alumina, increasing volumes priced on Platts index
- ~Two months lag

Carbon

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

Power

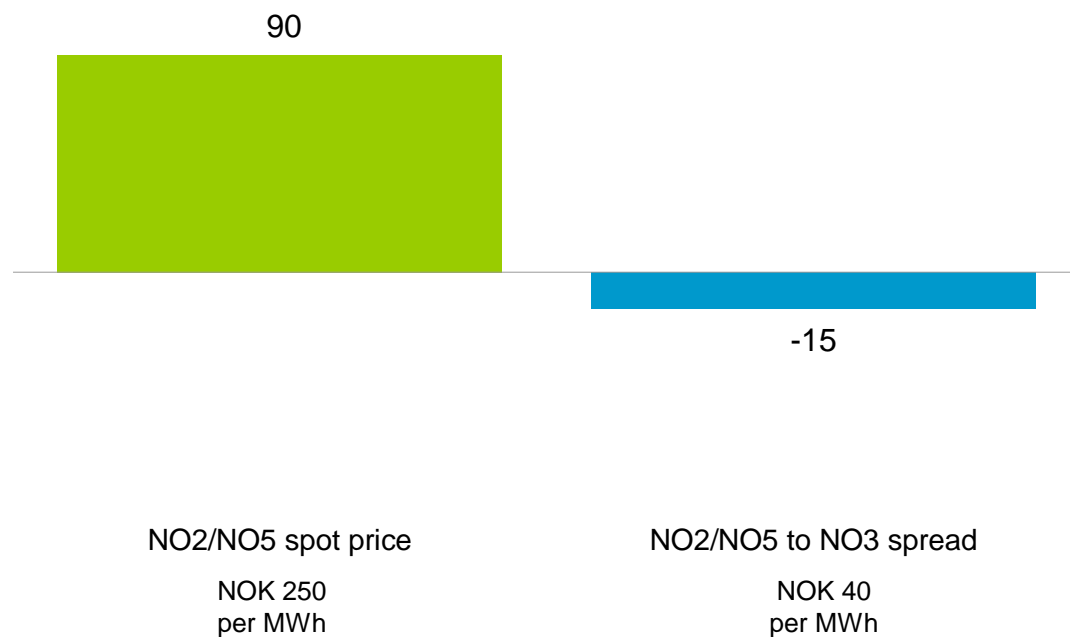
- 13.7 MWh per tonne aluminium
- Long-term power contracts with indexations

* 2015 Platts alumina index exposure
 Currency rates used: NOK/USD 6.30, NOK/BRL 2.80, NOK/EUR 8.30

Energy sensitivities

Sensitivities on underlying EBIT if +10% in price

NOK million



Revenue impact

- NO2 and NO5 spot price for net spot sales
- Internal contract sales based on own production are priced on long term market based prices
- Internal contract sales based on externally sourced contracts are priced back to back

Cost impact

- NO2/NO5 to NO3 spot price spread
 - 3.5TWh annual NO3 exposure

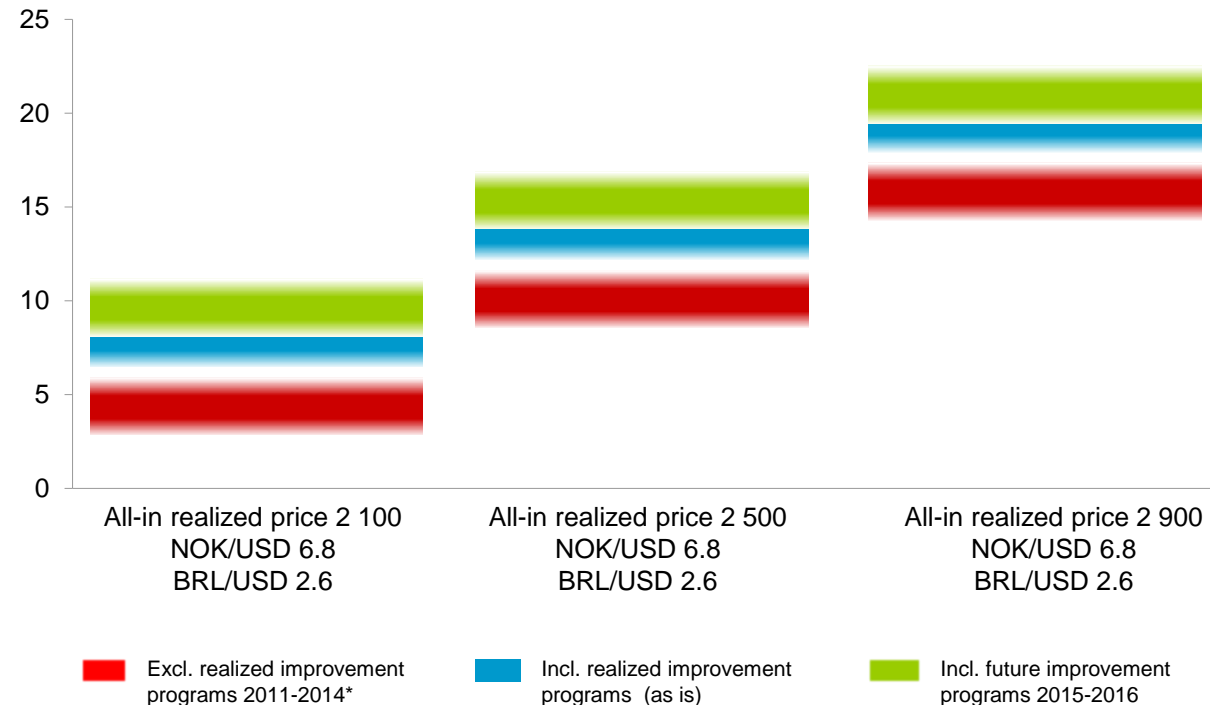
• Currency rates used: NOK/USD 6.30, NOK/BRL 2.80, NOK/EUR 8.30

Annualized underlying EBITDA scenarios

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

Indicative EBITDA-range in 3 scenarios

NOK billion



Additional factors influencing earnings

- Production volumes
- Alumina index prices
- Energy prices
- Downstream margin developments
- Raw material cost development
- Premiums
- ICMS
- Inflation
- Currency
- Other

EBITDA scenarios comparable to Operational Cash flow scenarios when adjusting for taxes and working capital

Last 4 quarters underlying EBITDA as basis. Non-LME related revenues/cost and other currencies unchanged. Realized improvement efforts is YTD Q314 annualized. Future improvement efforts in real 2014 terms. Improvements used for scenarios exclude Sapa. All-in realized Hydro price includes realized premiums above LME of ~450 USD.
* USD 300 from 2009



Finance 2014

- 1 Financial developments
- 2 Sensitivities
- 3 **Financial policy**
- 4 Financial reporting going forward

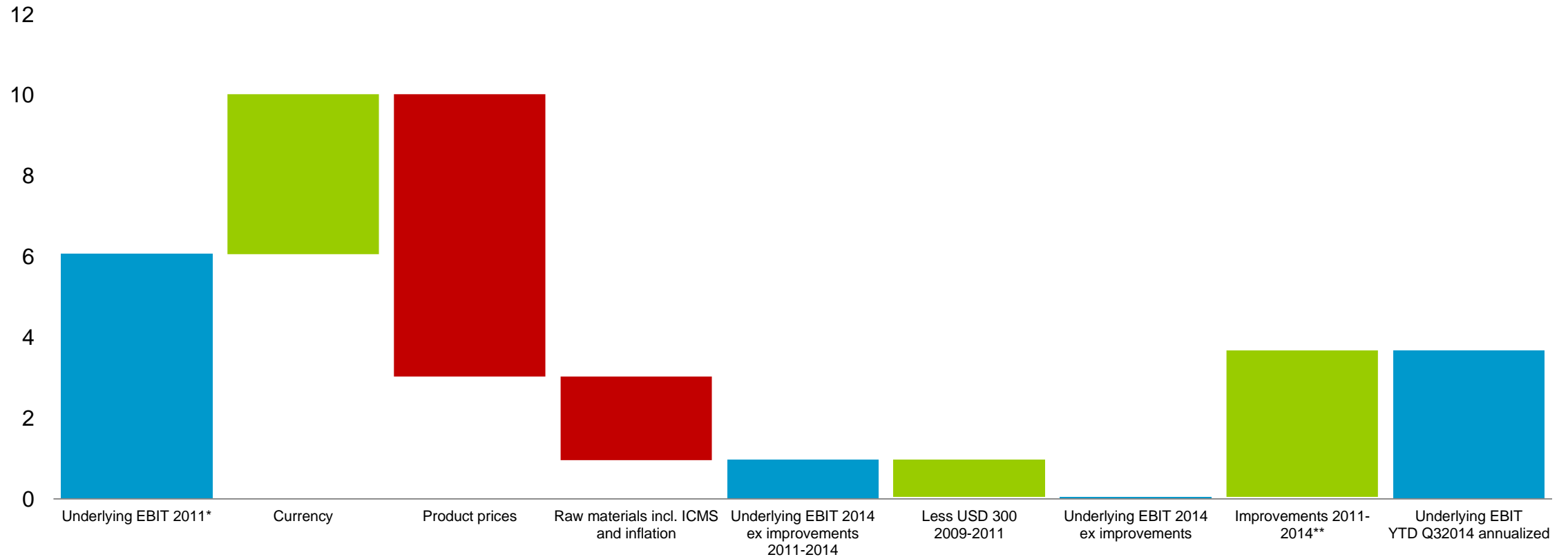
Priorities for capital allocation



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

Improving the potential for competitive returns

In NOK billion

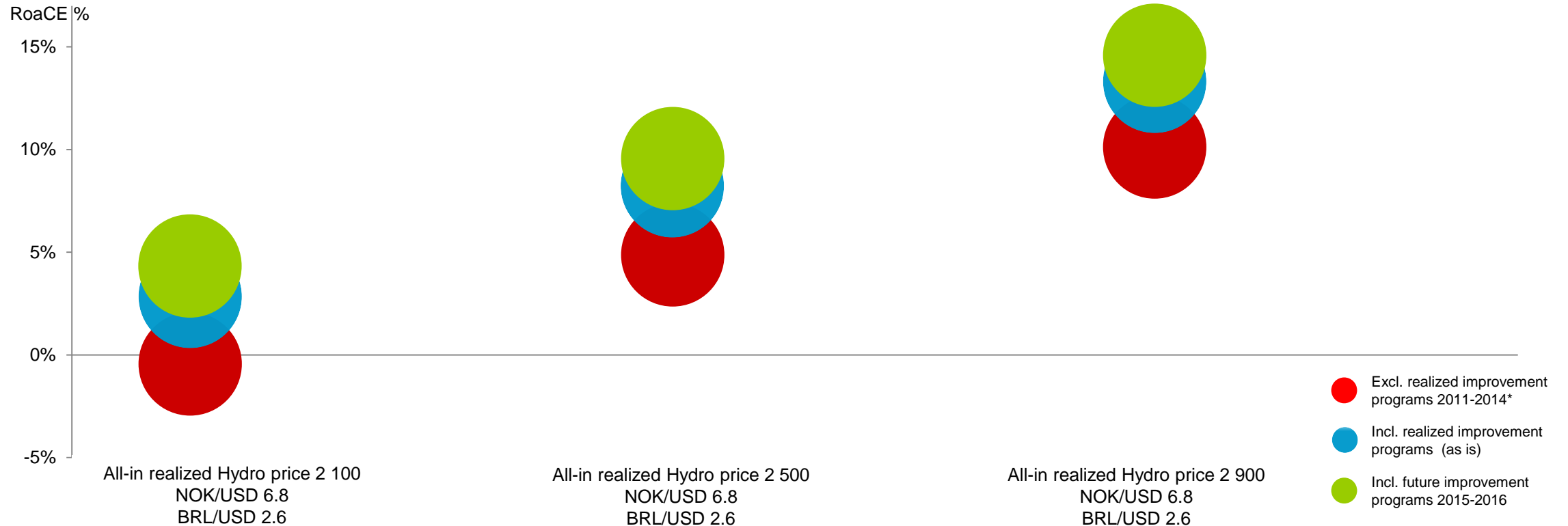


*Hydro Underlying EBIT excluding Extruded Products.
 **USD 300 included from 2009. Improvements exclude Sapa.

Lifting the potential for competitive returns through improvement efforts

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

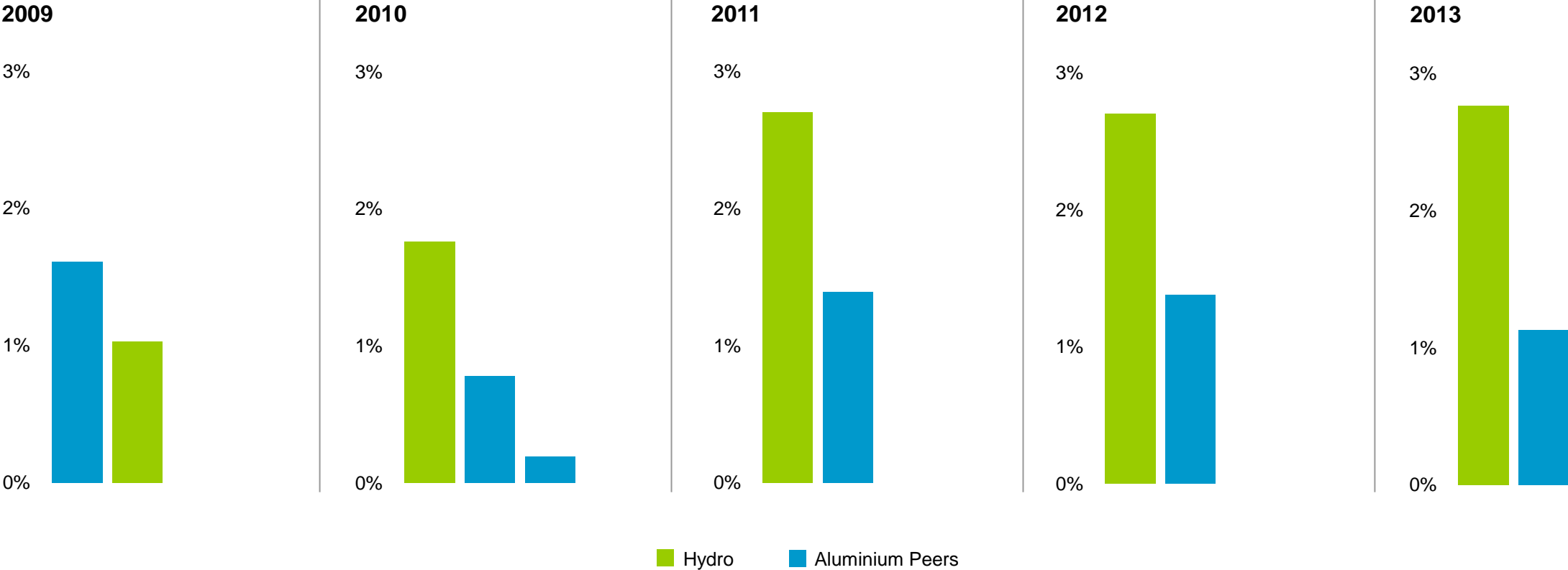
Indicative RoaCE-range in 3 scenarios



Last 4 quarters underlying EBITDA as basis. Non-LME related revenues/cost and other currencies unchanged. Realized improvement efforts is YTD Q314 annualized. Future improvement efforts in real 2014 terms. Improvements used for scenarios exclude Sapa. All-in realized Hydro price includes realized premiums above LME of ~450 USD. RoaCE – Return on average capital employed
 *USD 300 from 2009

Competitive yield compared to aluminium peers

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

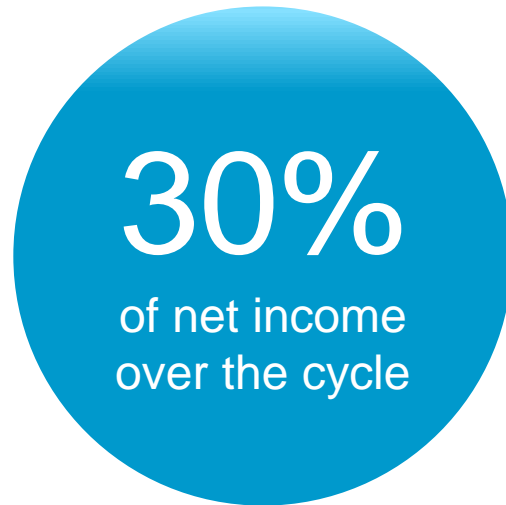


Source: Thomson Reuters

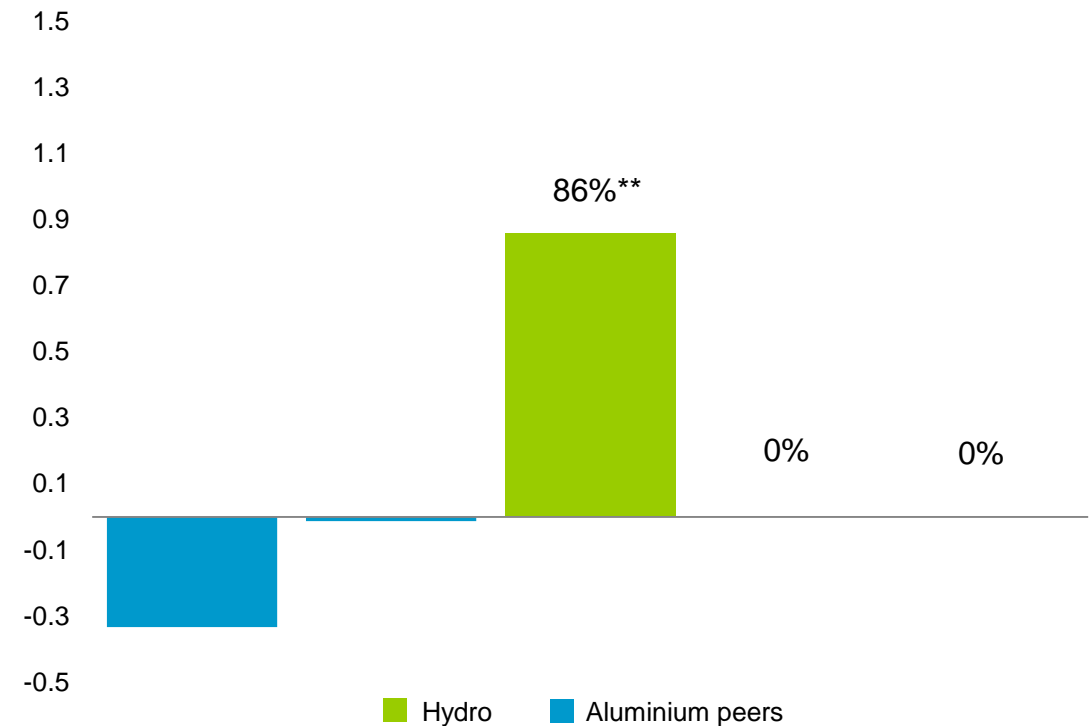


Aiming for stable and competitive cash return to shareholders

- Average 86% 2009-2013
- Share buybacks and extraordinary dividends considered when earnings, liquidity position and capital structure allow



5 year payout ratio, 2009 – 2013*



* Dividend paid divided by EPS from continuing operations

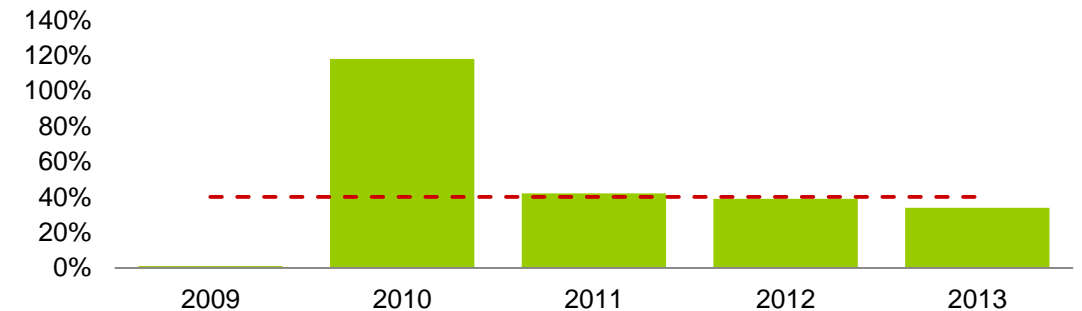
** Including Alunorte revaluation gain

Source: Thomson Reuters

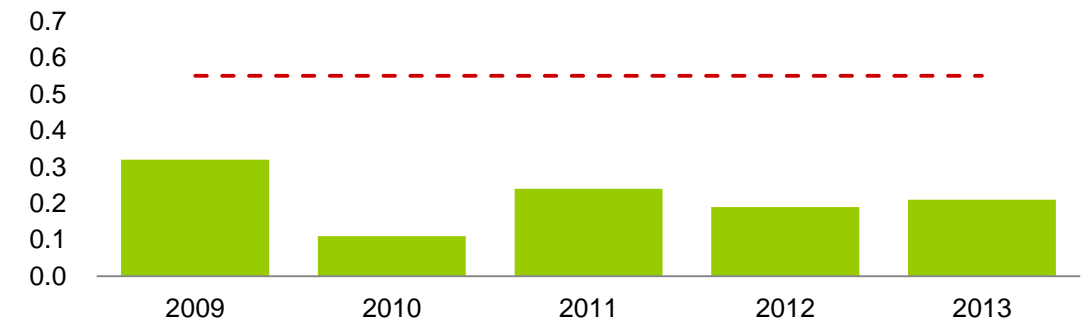
Maintain a solid balance sheet

- Maintain investment-grade rating
 - Currently: BBB (S&P), Baa2 (Moody's), both with stable outlook
 - Competitive access to capital important for Hydro's business model
- Financial ratio ambitions over business cycle
 - Funds from operations to net adjusted debt > 40%
 - Net adjusted debt to equity < 0.55
- Funds from operations determined balance sheet structure over the last years
- Strong liquidity
 - NOK 6.0 billion in cash and cash equivalents by end-Q3 2014
 - USD 1.7 billion credit facility with maturity 2019*, currently undrawn

Adjusted funds from operations / Adjusted net interest-bearing debt



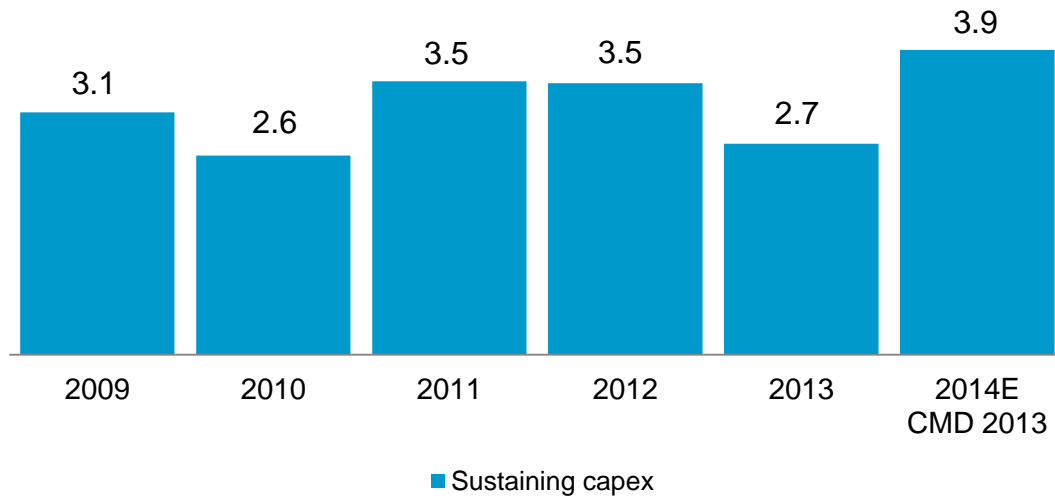
Adjusted net interest-bearing debt to adjusted equity ratio



* Potential to extend through one year extension option

Long-term sustaining capex NOK ~3.5 billion

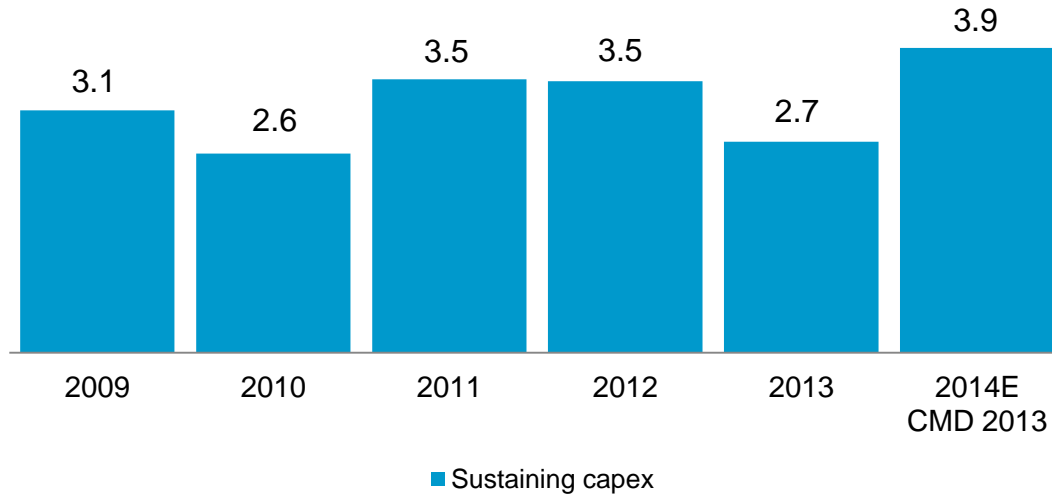
NOK billion



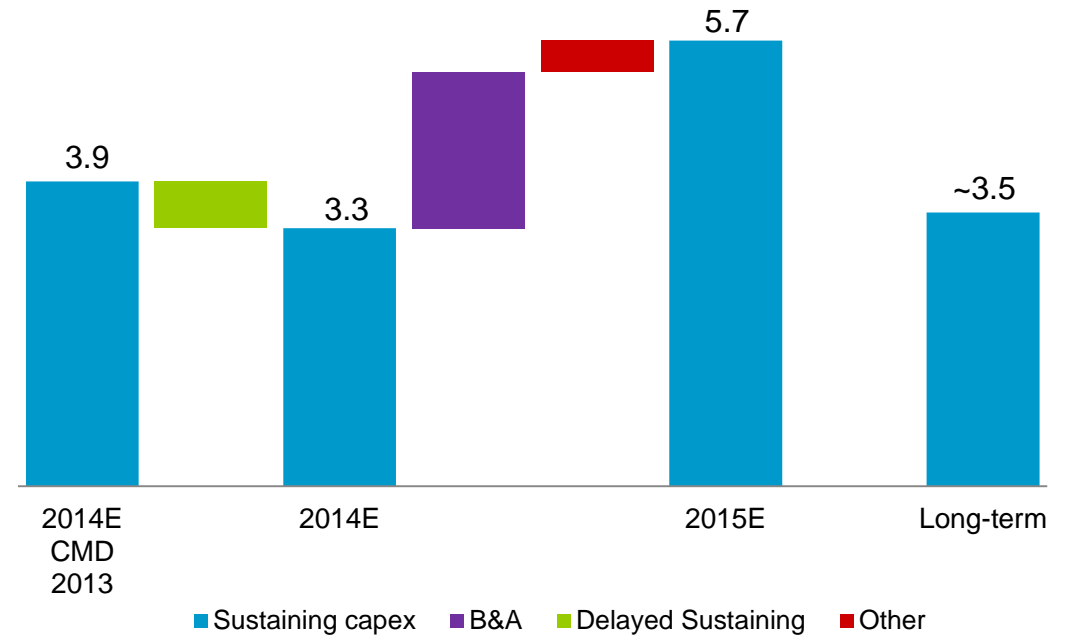
Excluding Extruded Products from 2013 onwards

Long-term sustaining capex NOK ~3.5 billion

NOK billion



NOK billion



Excluding Extruded Products from 2013 onwards

High-grading portfolio through 2015



Clervaux remelter to get a significant upgrade

(February 18, 2014) Hydro will revamp the Clervaux aluminium recycling and remelt plant in Luxembourg, resulting in considerable benefits for the climate and the bottom line.

Feb 25, 2014

Hydro boosts capacity for growth market in automotive products

Norsk Hydro ASA will invest in a new production line at its rolled products plant in Grevenbroich, Germany. The new line will increase annual capacity for aluminium car body sheet to 200,000 metric tons.



June 24, 2014

Hydro to invest in advanced casting technology, targeting automotive industry

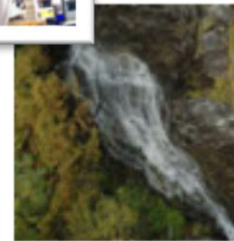
Hydro has decided to invest in new casting technology for its sheet ingot casthouses in Høyanger and Årdal, Norway. The investment will enable the company to better serve customers in the automotive industry.



April 30, 2014

Hydro adds new recycling line for aluminium beverage cans

Hydro will build a new, integrated recycling line for used aluminium beverage cans at its Neuss plant in Germany. The line will be completed by end 2015, and increase the plant's existing annual recycling capacity of 50,000 tonnes to more than 100,000 tonnes.

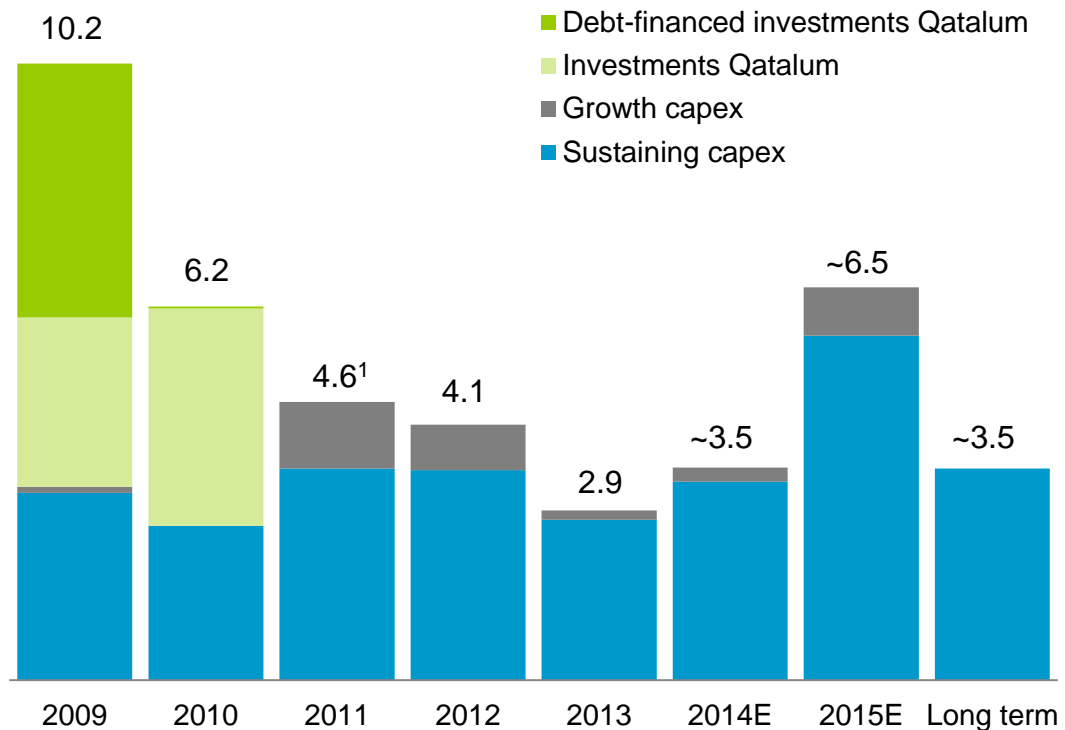


Energy to pursue new equity production with Midtlægge and Mannsberg

(October 23, 2014) Energy is pursuing two exciting new hydropower projects in Norway, aiming to add close to 30 GWh in total annual production and increase commercial flexibility by realizing the Midtlægge project in the Røldal-Suldal power system and the planned Mannsberg project in the Tyn power system.

Majority of capital allocated upstream

NOK billion



- Long-term sustaining capex NOK 3.5 billion annually
- Sustaining projects for 2014 – 2016:
 - Red mud disposal area
 - Bauxite tailing dam
 - Smelter relining
- Some growth projects impacting 2015
 - RP Automotive line
 - RP UBC Recycling line

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

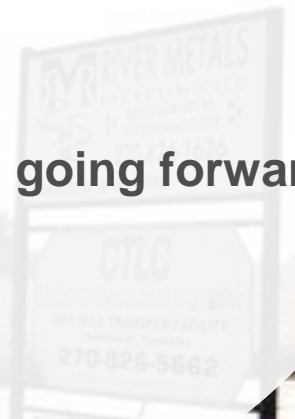
Hedging policy



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

Finance 2014

- 1 Financial developments
- 2 Sensitivities
- 3 Financial policy
- 4 **Financial reporting going forward**



Consolidation of Hydro Husnes (Søral) & Aluchemie

- Transaction closed October 31
 - Full consolidation as of November 1 2014
- Proportional consolidation of Aluchemie anode factory
 - Hydro now owns 46.7%
- Combined effects of Husnes transaction
 - Increased sustaining capex
 - NOK ~100 million per year
 - Increased depreciation
 - NOK ~100 million per year

Husnes

- Annual capacity of 180 000 tonnes primary metal
 - Currently producing 90 000 tonnes
- 100% value added products
- Located on the west coast of Norway

Aluchemie

- Annual capacity of 500 000 tonnes anodes
- Joint venture with Rio Tinto Alcan
- Located in Rotterdam, Netherlands

Regulatory framework in Brazil



- Hydro aims to develop robust and viable operations in Pará with stable and predictable framework conditions
- Aluminium industry in Pará ICMS deferral to be revisited in July 2015
 - ICMS on fuel oil remains in place since February 2014
 - ~BRL 60 million per quarter
 - Ongoing dialogue continues following elections
- Reintegra tax refund program reintroduced
 - Hydro receives refund of ~BRL 170 million per year on alumina and aluminium exports

Short-term update: Increasing all-in prices and higher B&A production



- Increasing all-in metal and alumina prices
- Weakening NOK and BRL
- Higher bauxite and alumina production
- Rolled products Q4 maintenance
- Lower NO2 power prices

Financial priorities

- Shareholder return
- Cash flow generation
- Continuous improvements
- Margin management
- Financial strength and flexibility



Better Bigger Greener

Market outlook

Arvid Moss

Erik Fossum

Capital Markets Day 2014



Agenda market outlook

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

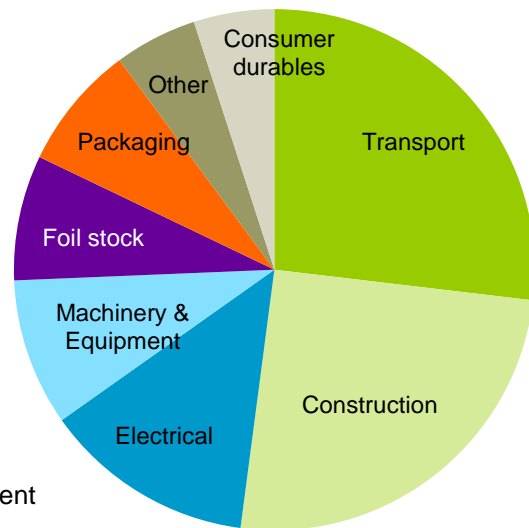


01

Macroeconomic and
downstream outlook

Broad-based aluminium demand growth across segments and regions

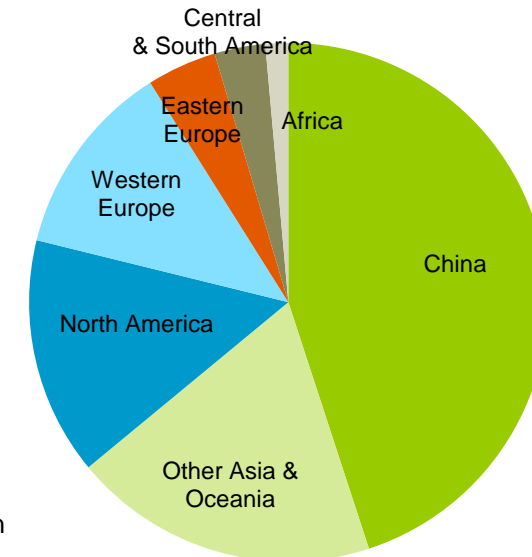
Global aluminium semis demand, per segment
Million tonnes (2014)



CAGR per segment
2004-2014

■ Transport	5.2 %	■ Construction	7.6 %
■ Electrical	8.0 %	■ Machinery & Equipment	5.6 %
■ Foil stock	5.9 %	■ Packaging	3.3 %
■ Other	4.3 %	■ Consumer durables	4.9 %

Global aluminium semis demand, per region
Million tonnes (2014)



CAGR per region
2004-2014

■ China	16.7 %	■ Other Asia & Oceania	3.6 %
■ North America	~0 %	■ Western Europe	~0 %
■ Eastern Europe	6.2 %	■ Central & South America	7.6 %
■ Africa	7.7 %		

Global semis
demand 2014
74.9
million
tonnes

Source: CRU, Hydro Analysis
CAGR = Compound annual growth rate

Aluminium demand progressing in line with economic growth

Economic activity and semis demand picking up in western economies

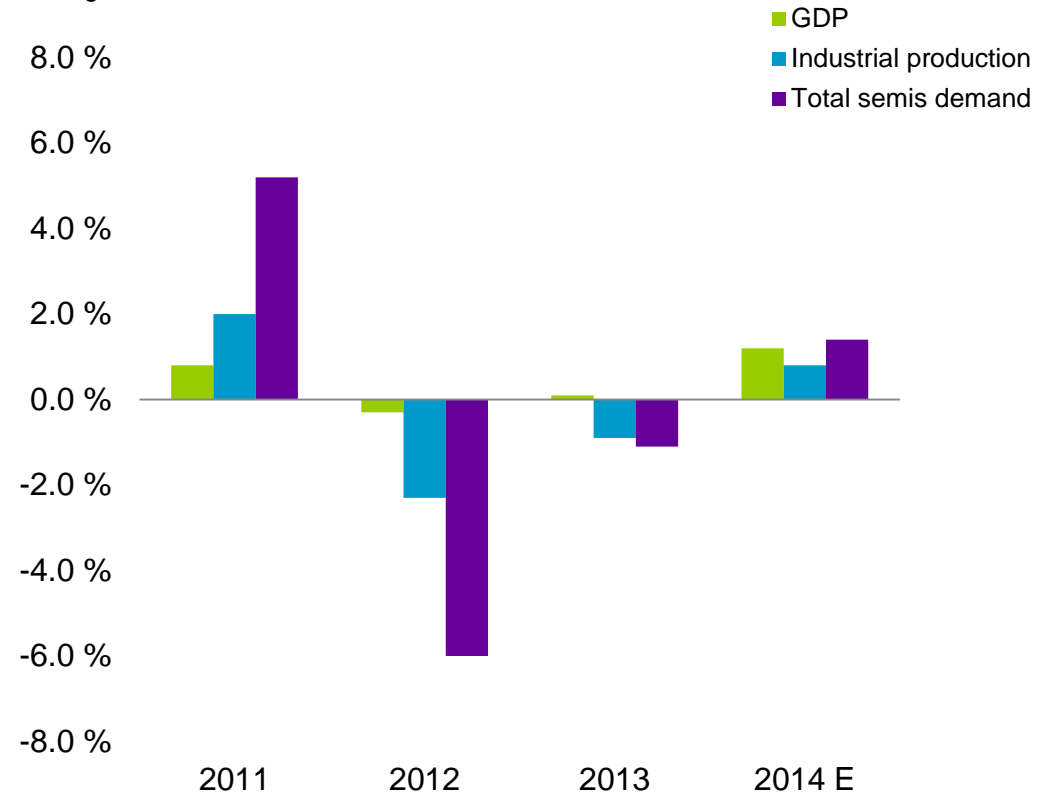
The US

YoY-growth



Western Europe

YoY-growth

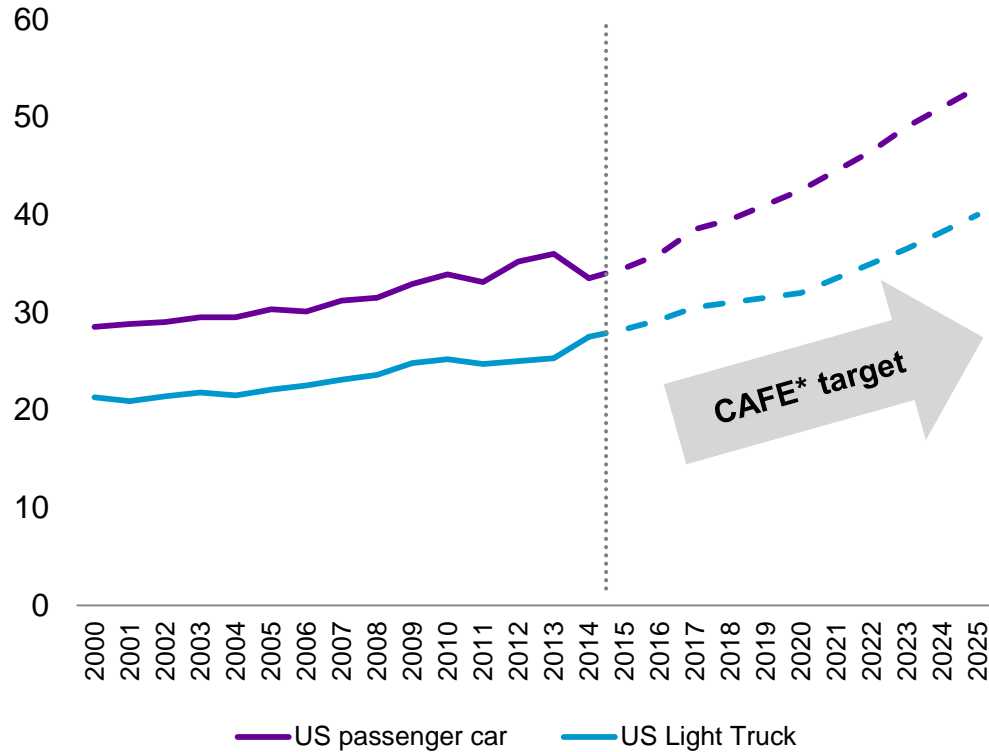


Source: CRU/Global Insight/Hydro Analysis

Legislation is key driver for growing intensity in auto segment

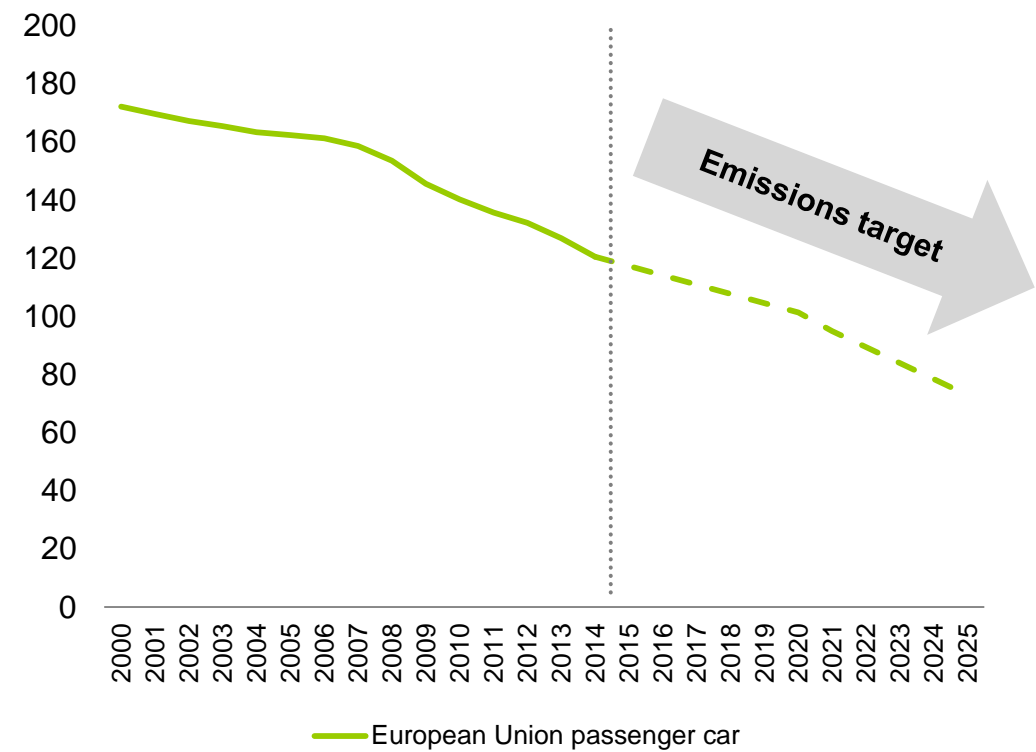
US: CAFE target

MPG: miles per gallon



European Union: emissions target

g/km: grams of CO2 per km



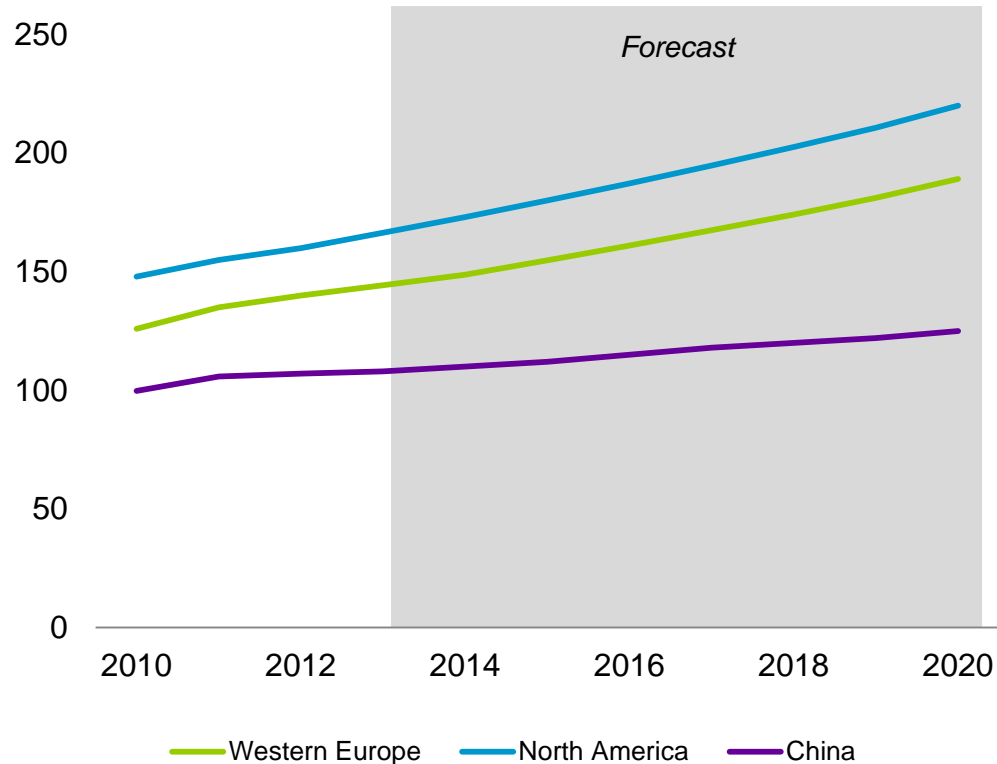
Source: CRU, Hydro Analysis

* Corporate Average Fuel Economy (CAFE)

High growth in transport segment supported *both* by increasing aluminium usage per car *and* vehicle production volumes

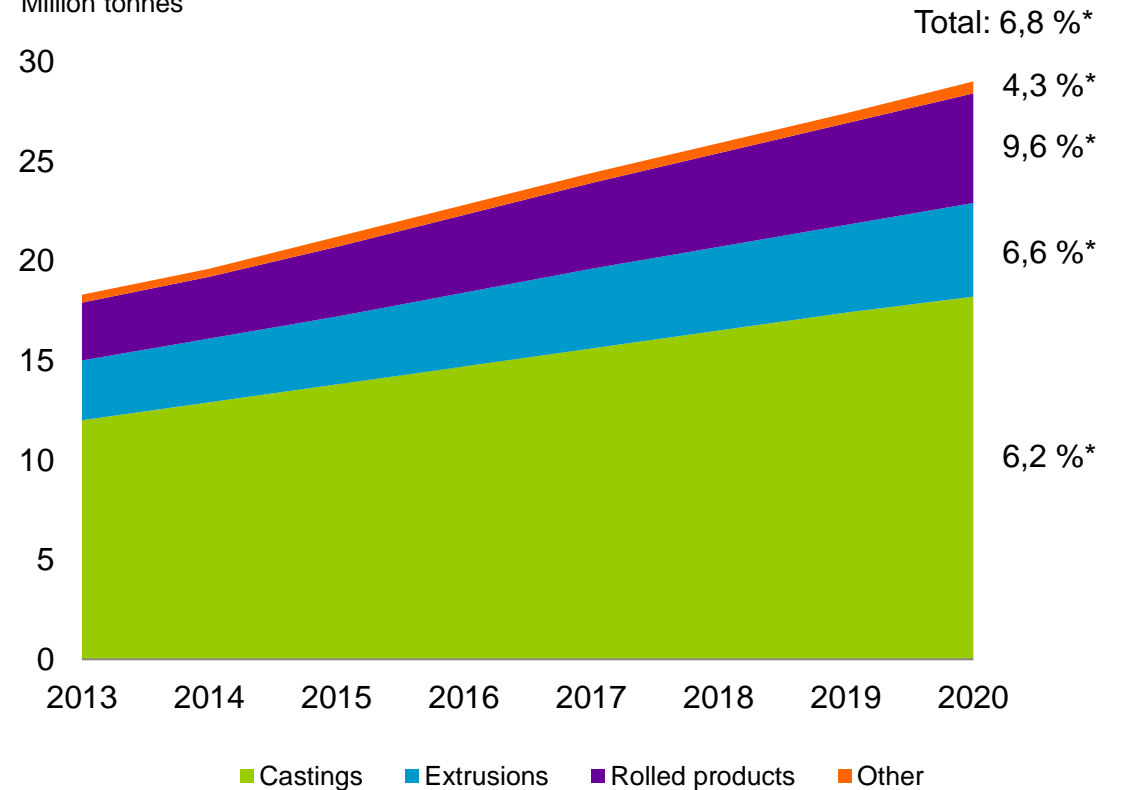
Aluminium content in cars increasing

Average kg per car



Global semis demand for transportation sector by product form

Million tonnes



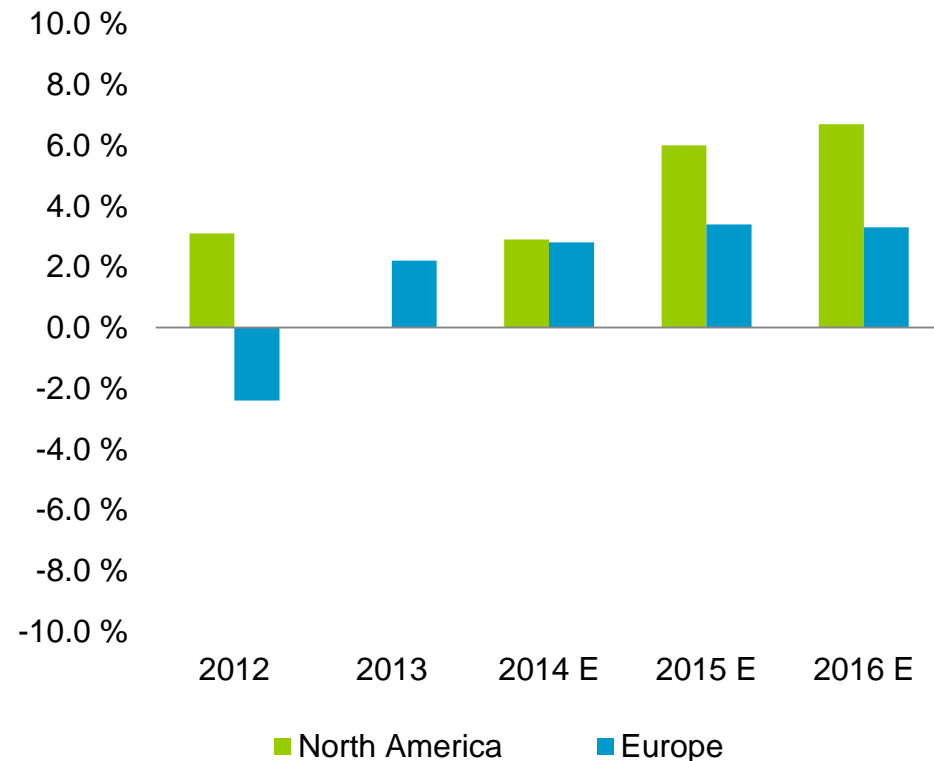
Source: CRU, Hydro Analysis, WoodMackenzie
CAGR – Compound annual growth rate

* CAGR per product form 2013-2020

Rolled products segment much supported by transport sector, but also general improvements in other industrial segments

General rolled products demand, selected regions

YoY-growth

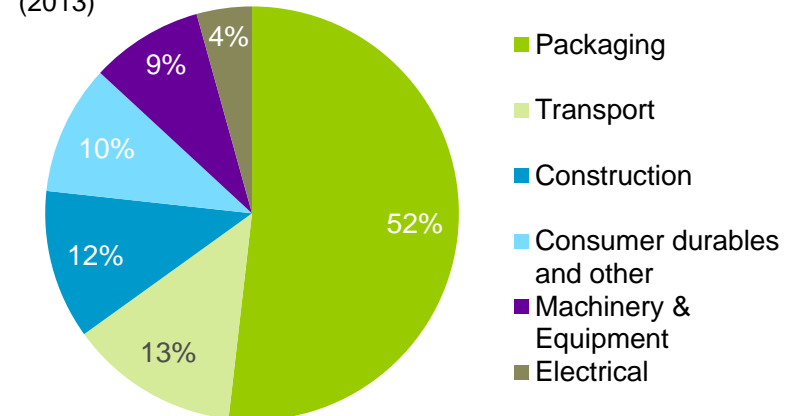


Expected market development

- Strong demand contribution from increased aluminium usage in transport segment
- Healthy growth expected in packaging segment driven by end consumer packaging

Global segment composition, rolled products

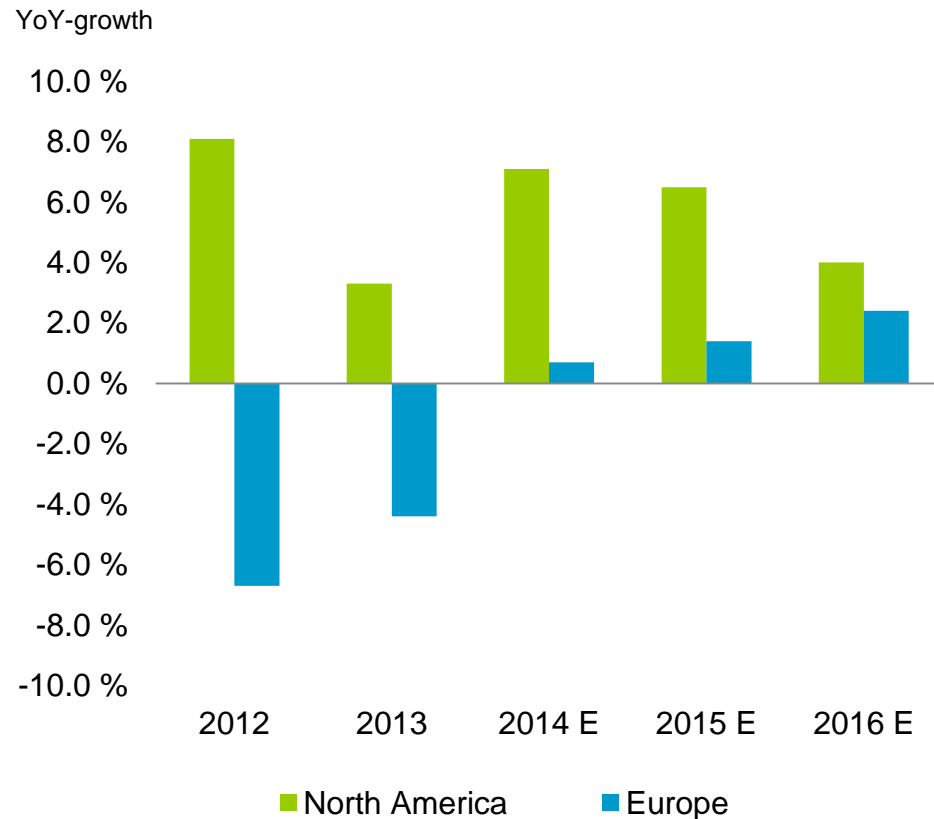
(2013)



Source: CRU, Hydro Analysis

Extrusion outlook improving on the back of solid construction activity in the US and improvement from low levels in Europe

Extrusion demand, selected regions

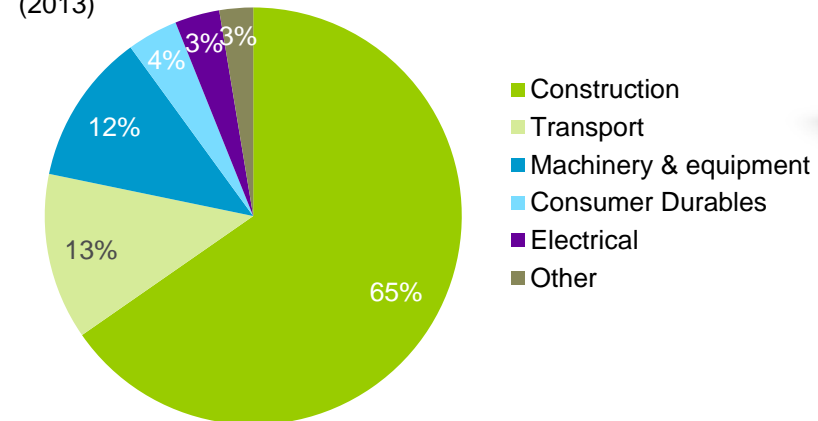


Expected market development

- US housing market sustaining positive momentum
- Construction activity in peripheral Europe showing signs of recovering, although from low levels
- Growth in transport segment

Global segment composition, extrusion

(2013)



Source: CRU, Hydro Analysis

02

Primary supply/demand

Recap Capital Markets Day 2013: Balanced outlook for 2014

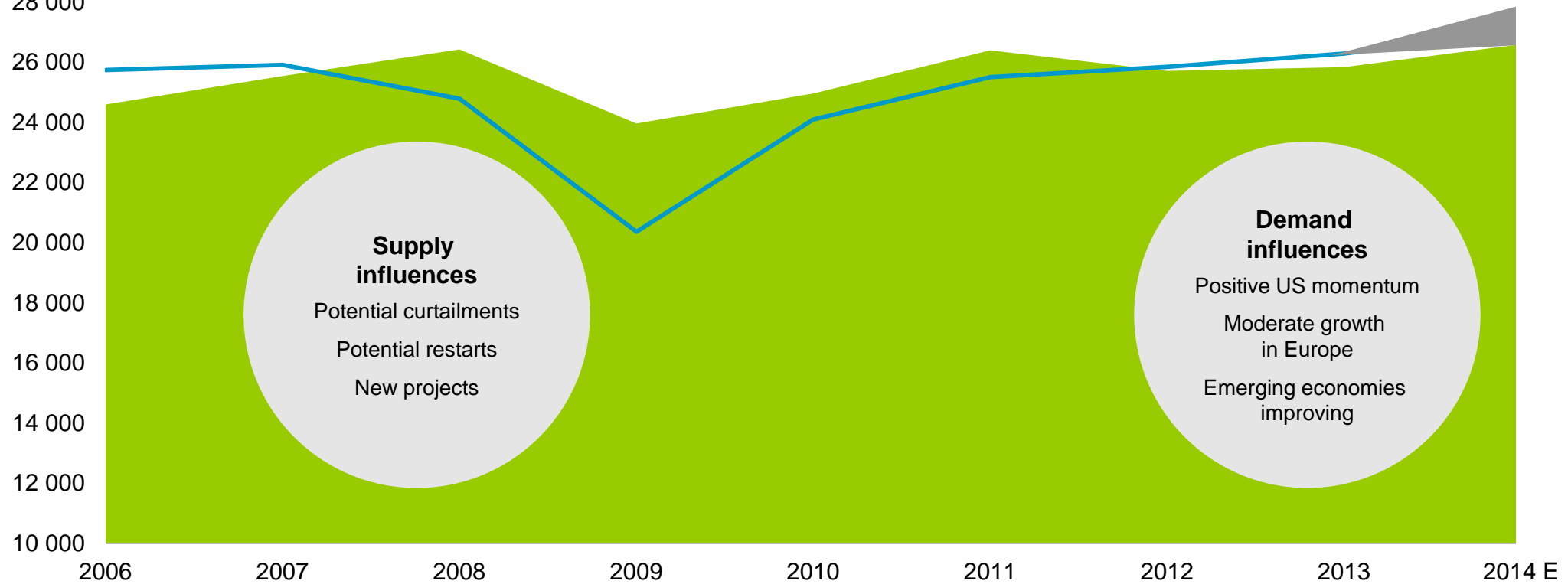
Possibility of modest inventory decline

World ex-China

Thousand tonnes
28 000

Supply Demand

Demand growth
base case: 2-4 %



Source: CRU, Hydro Analysis

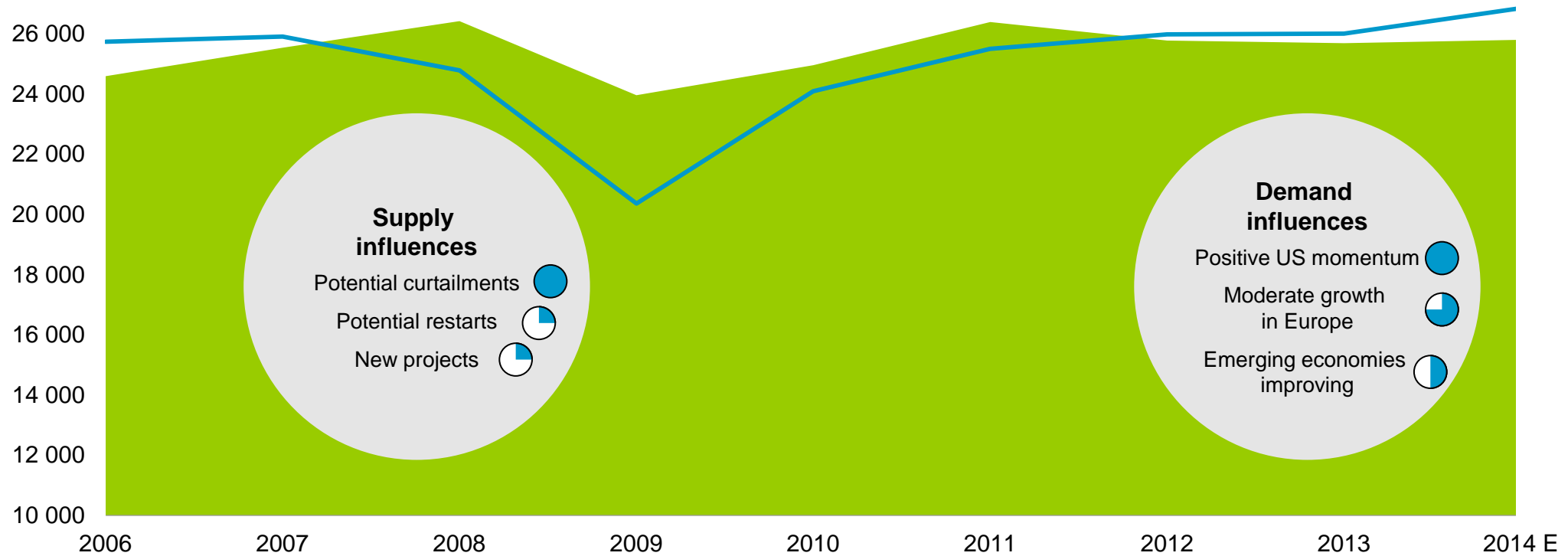
Production curtailments and solid demand resulting in a market deficit for 2014

World ex-China

Thousand tonnes
28 000

Supply Demand

Est. demand growth
2014: 3 - 4 %



Source: CRU, Hydro Analysis

Happened to a limited extent
 Happened to a large extent

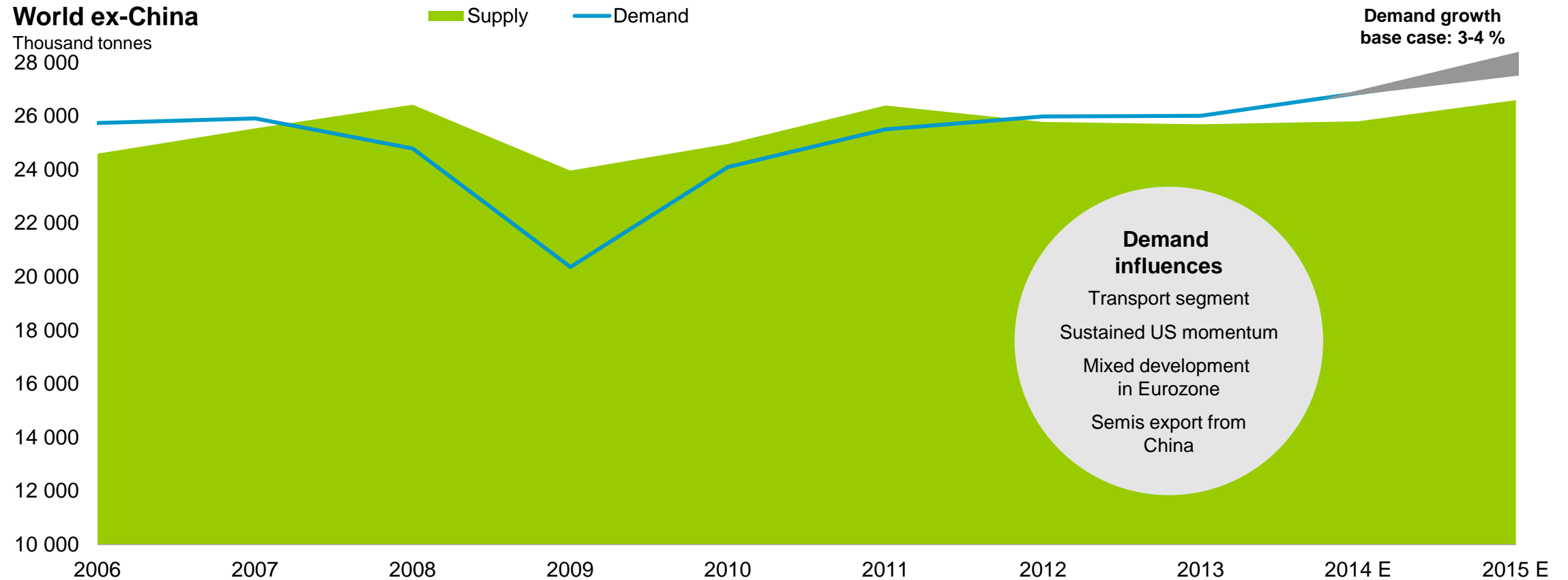
Expectations for modest inventory decline also in 2015

Tight market balance continuing

World ex-China

Thousand tonnes
28 000

Supply Demand

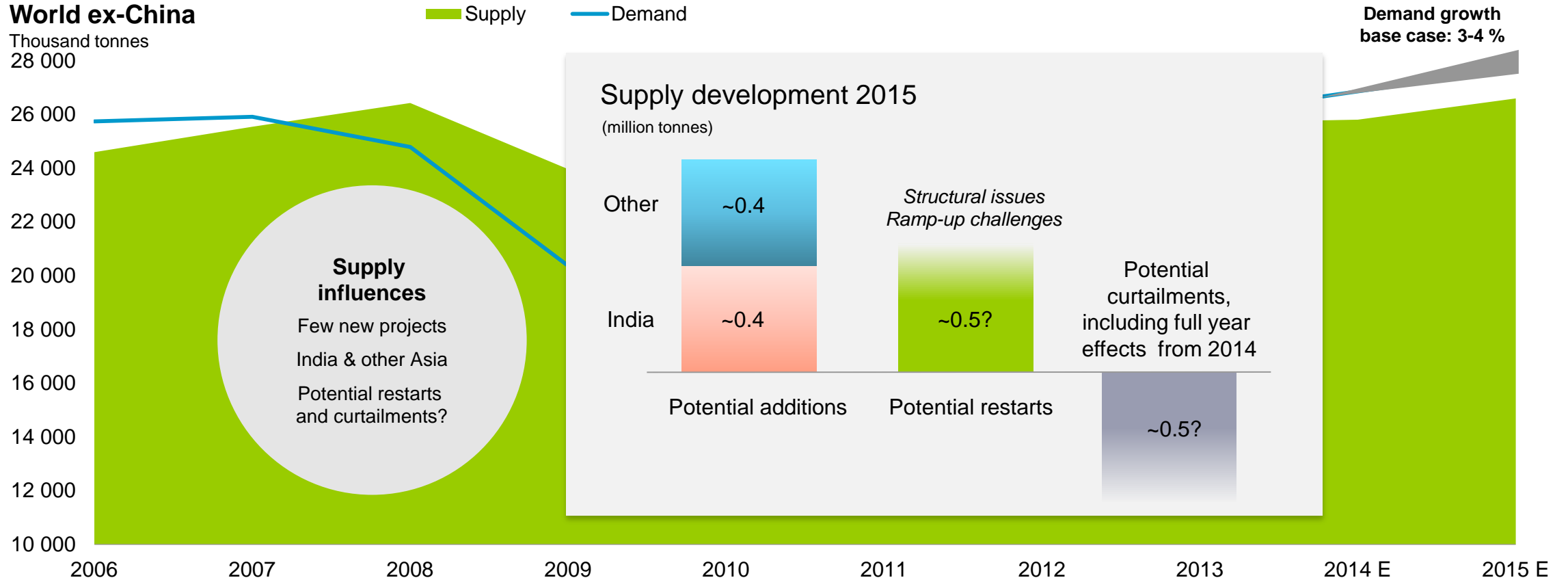


Source: CRU, Hydro Analysis

Supply growth next year mainly in Asian regions

World ex-China

Thousand tonnes
28 000



Source: CRU, Hydro Analysis

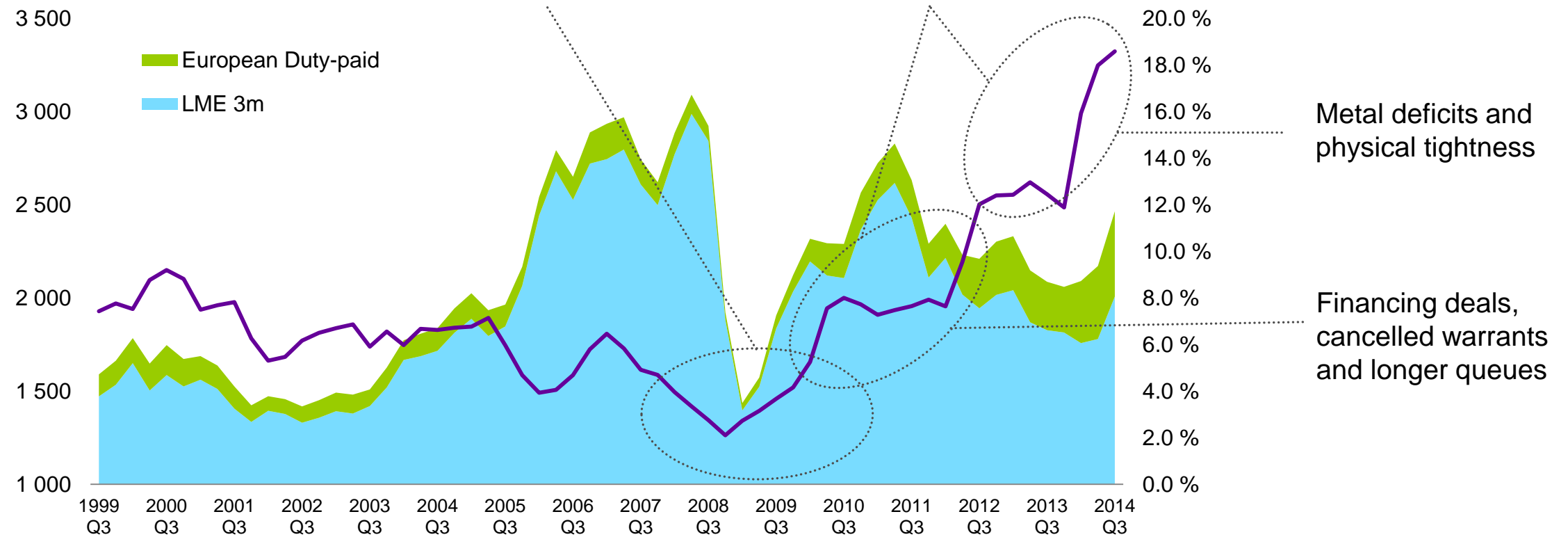
03

Premium development

Head of Commercial,
Erik Fossum

Several factors have contributed to a steady rise in standard ingot premiums since the Financial crisis

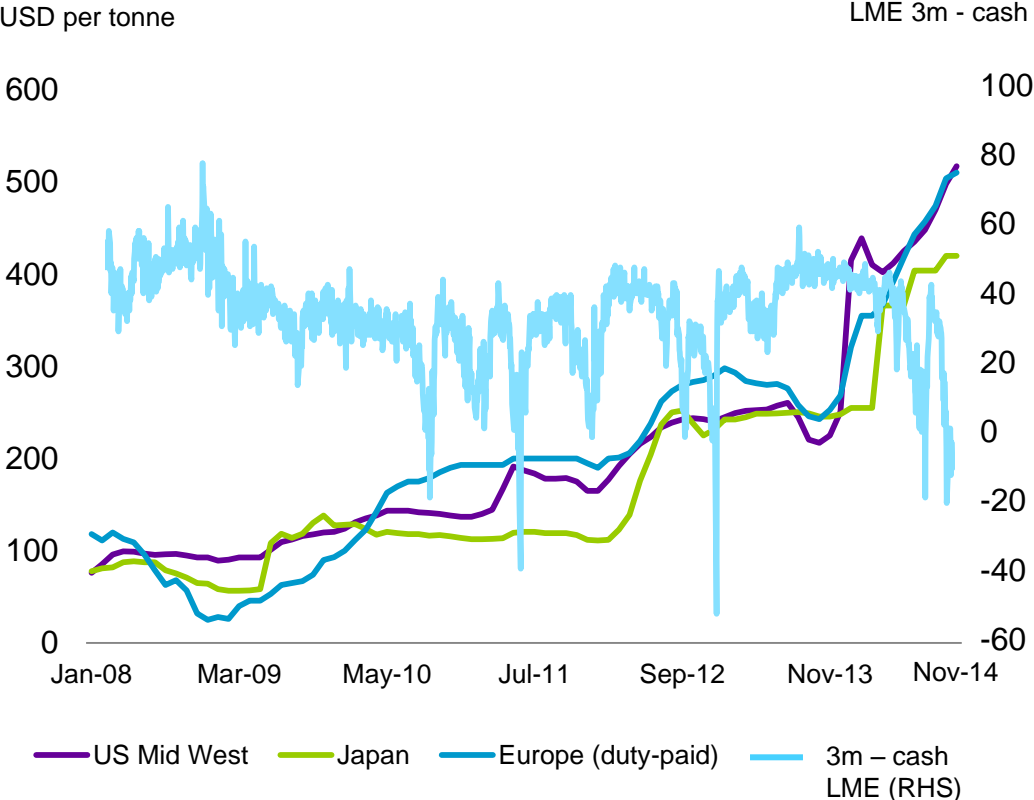
Customer price
(USD per tonne)



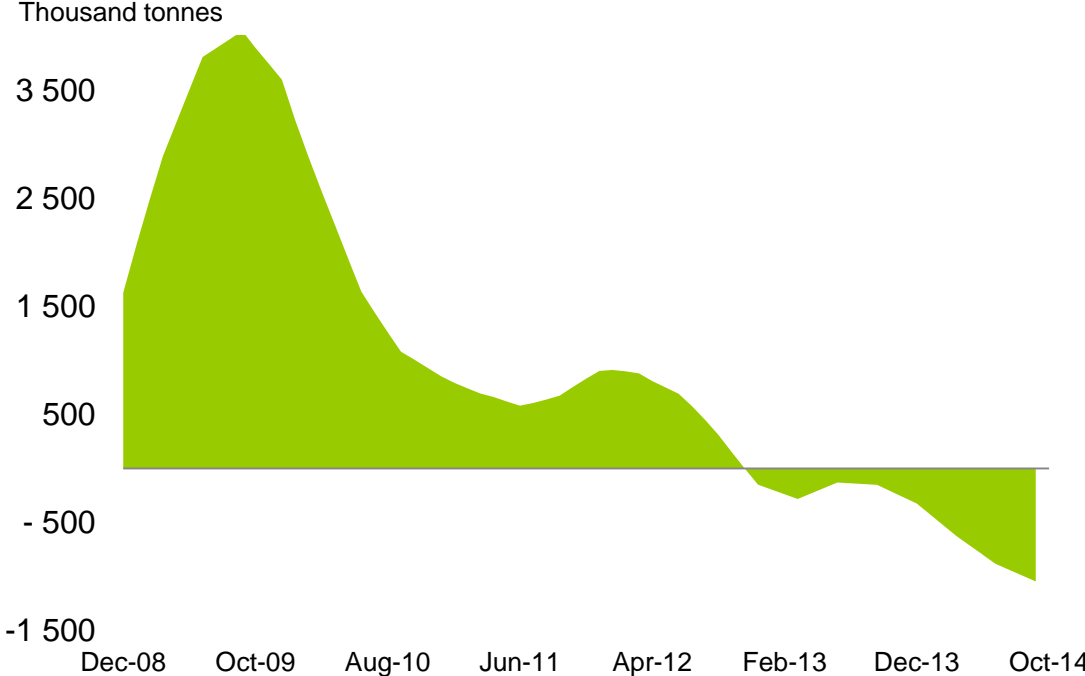
Source: CRU/Hydro analysis

Solid ingot premium development amid metal tightness

Regional standard ingot premiums and contango



**Production less demand, (quarterly annualized)*
World ex-China**



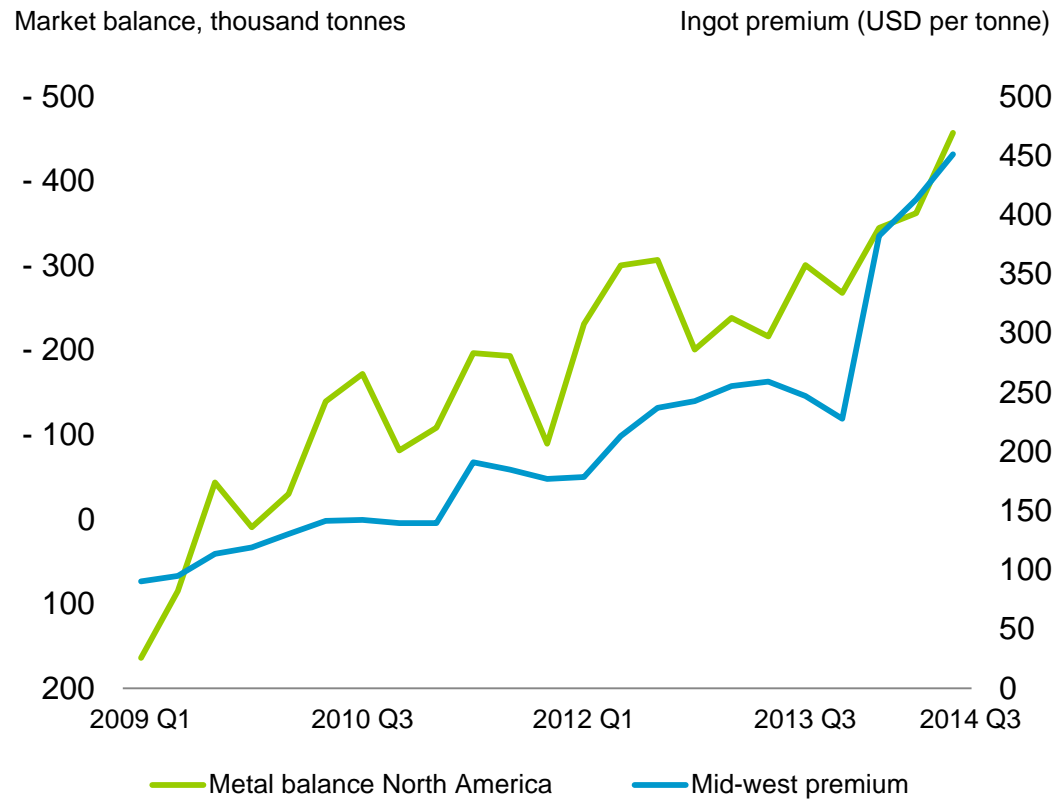
Source: Metal Bulletin, MW/MJP: Platts

Source: CRU/Hydro Analysis

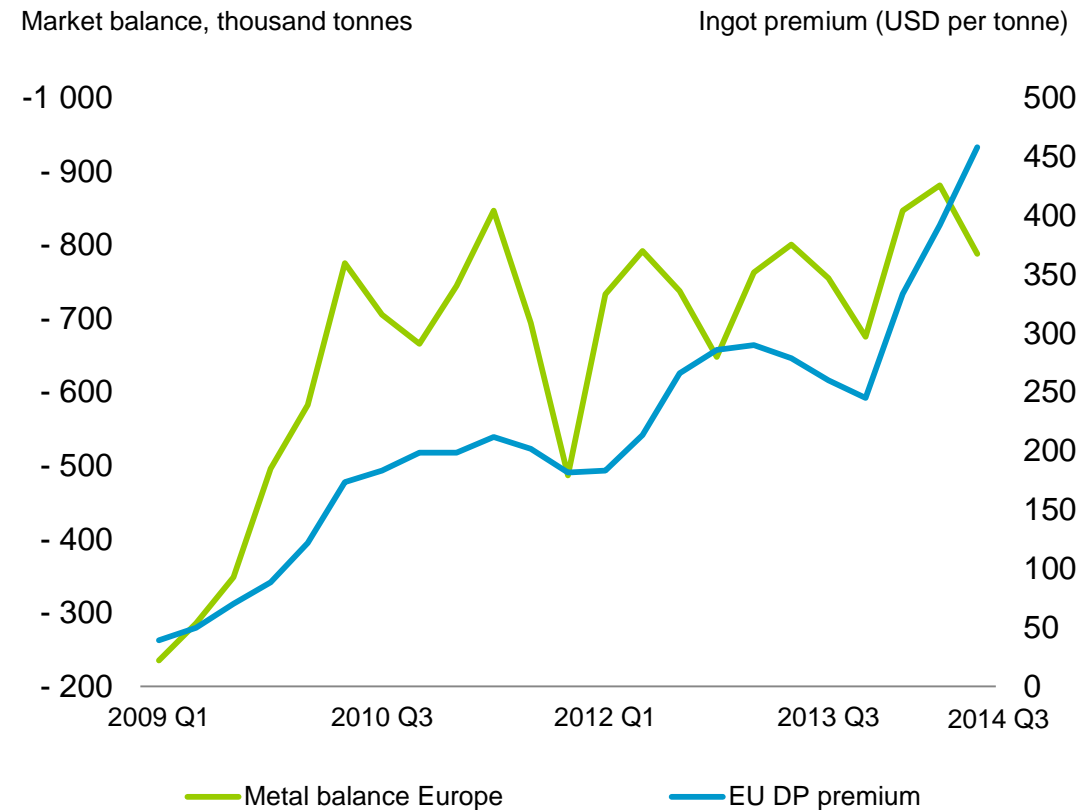


Tighter metal balances amid smelter curtailments further underpinning rise in standard ingot premium levels

North America



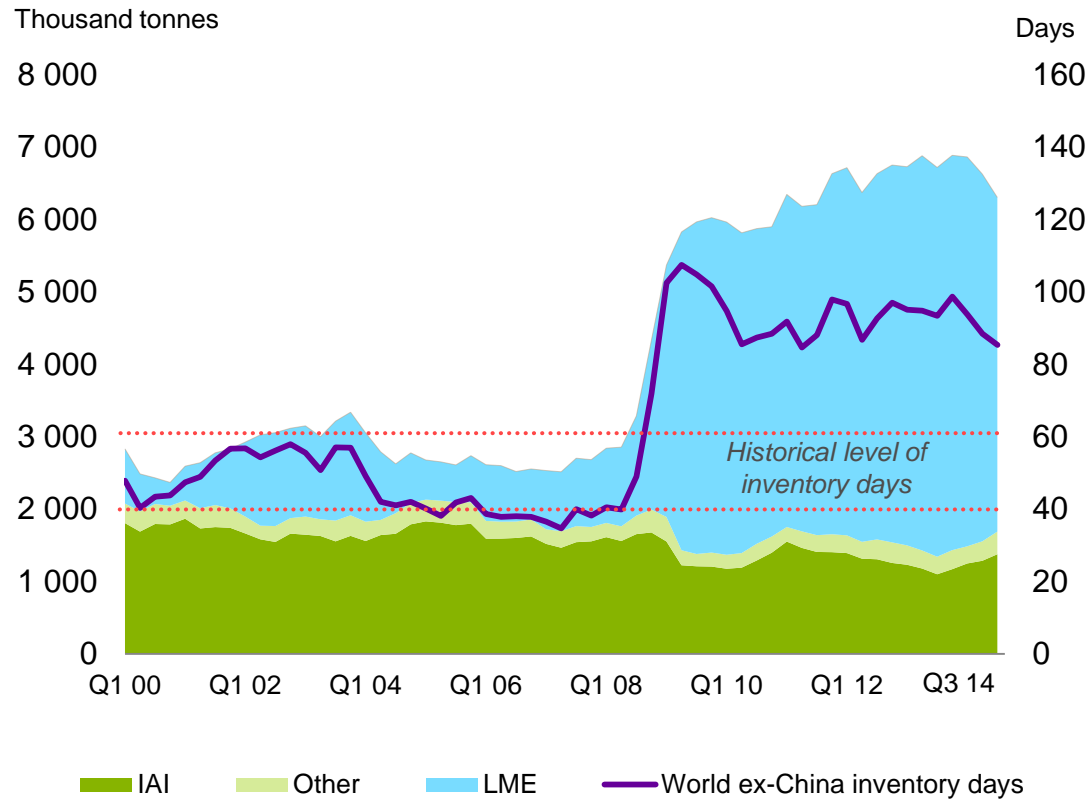
Europe



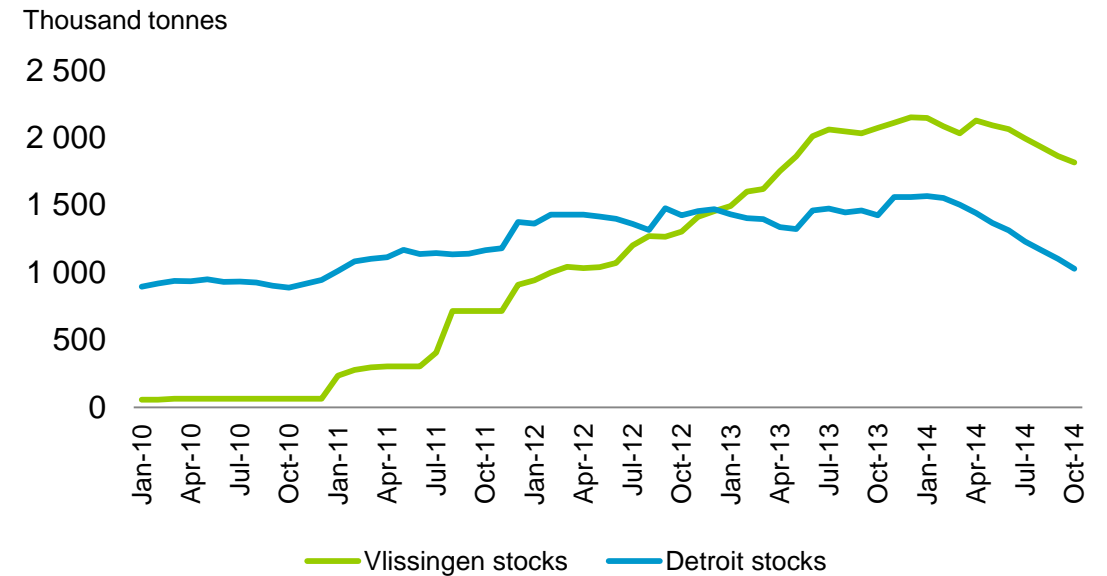
Source: CRU/Hydro analysis

Declining stock levels, several warehouses already complying with suggested LME rules

World-ex China reported primary aluminium inventories



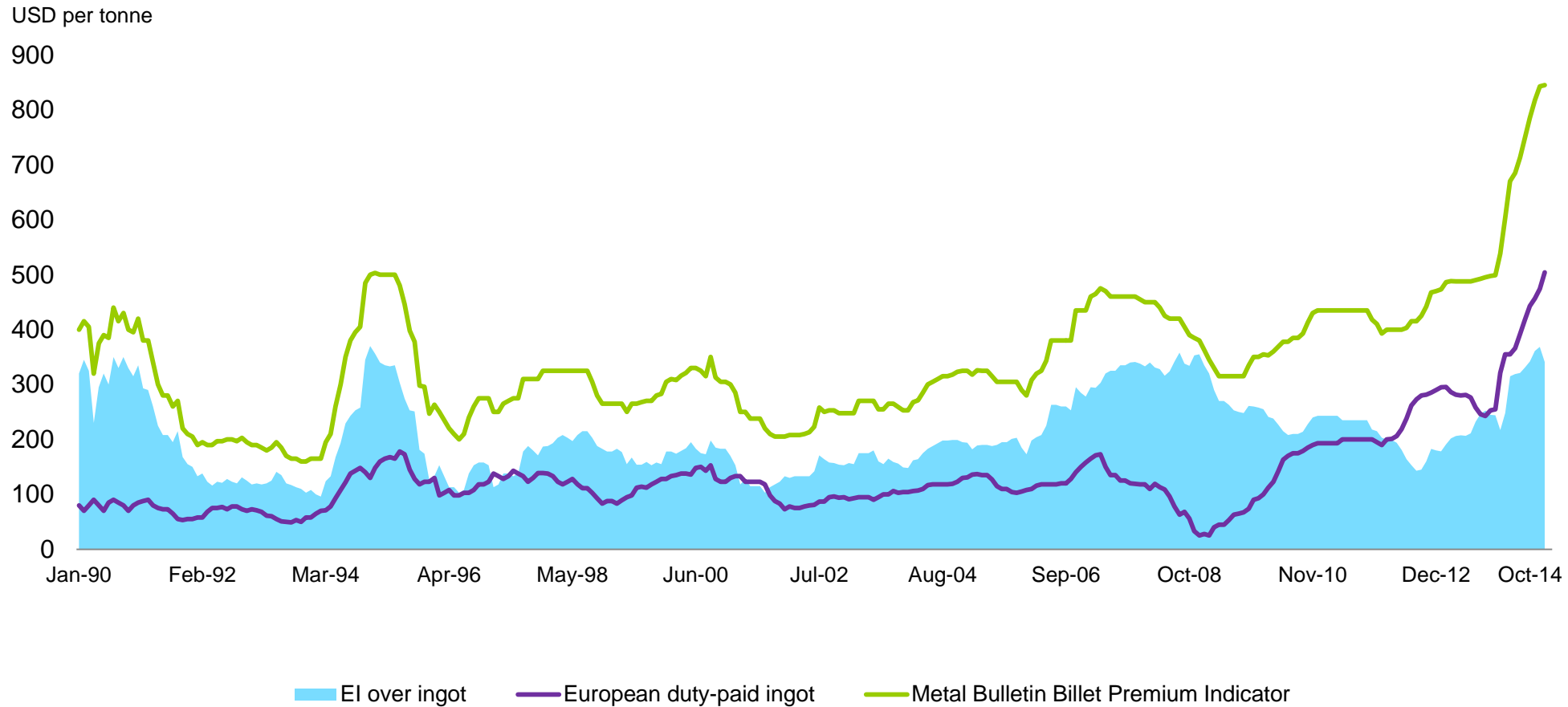
Stock levels selected warehouses



Warehouse	Gross load in 2014 YTD	Gross load out 2014 YTD	Load-out/load-in
Metro Detroit / Pacorini Vlissingen	450 kt	1.335 kt	3.0 X

Source: CRU/Hydro analysis

Product premiums also at record high levels



Product premium lifted on its own fundamentals

Source: Metal Bulletin, Hydro Analysis

04

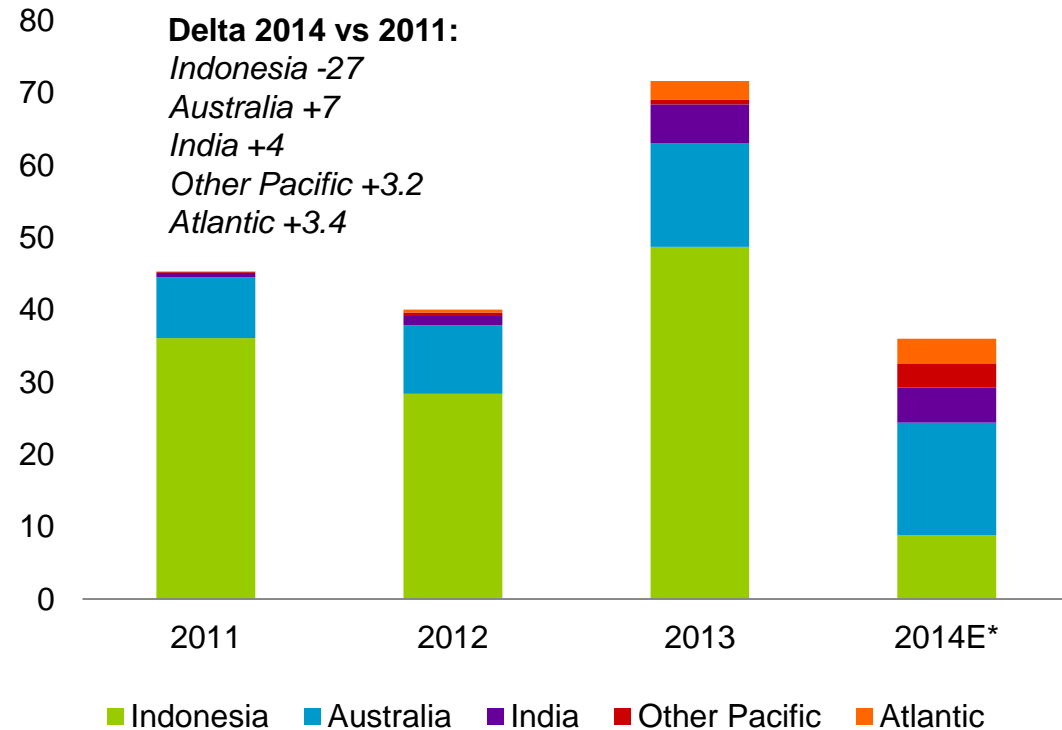
Bauxite and alumina market

China developing new bauxite import sources

No Indonesian bauxite exports translates to higher prices average CIF China

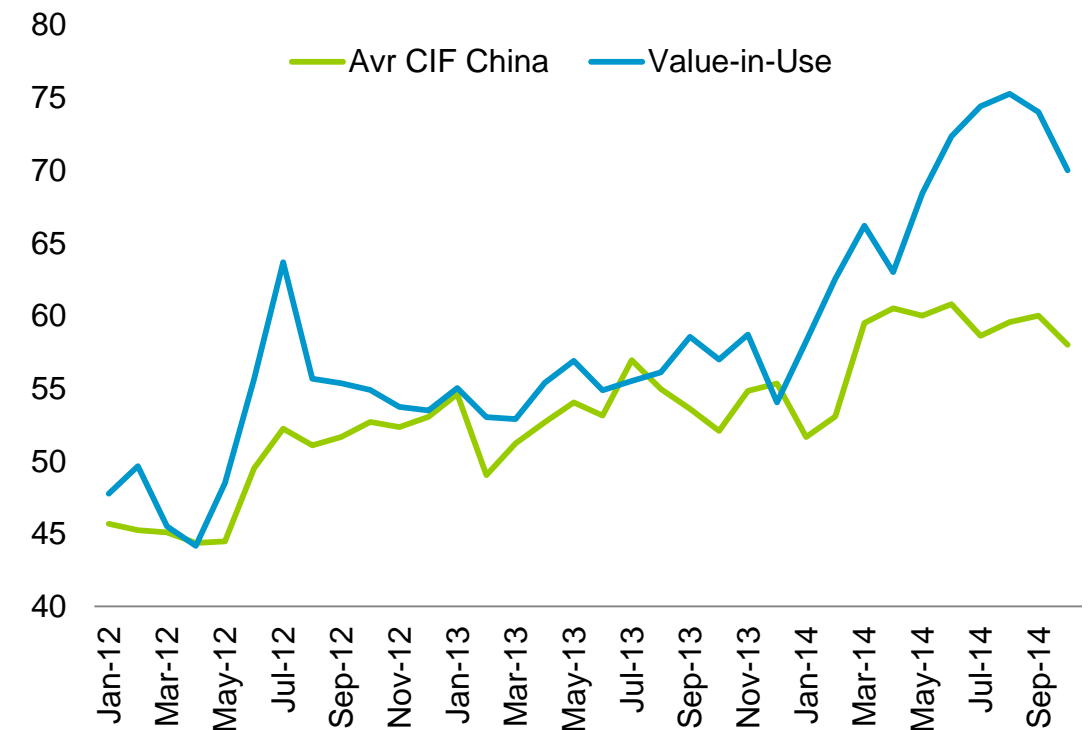
Import volume by origin

Million tonnes



Value-in-use bauxite price increasing more

USD per tonne

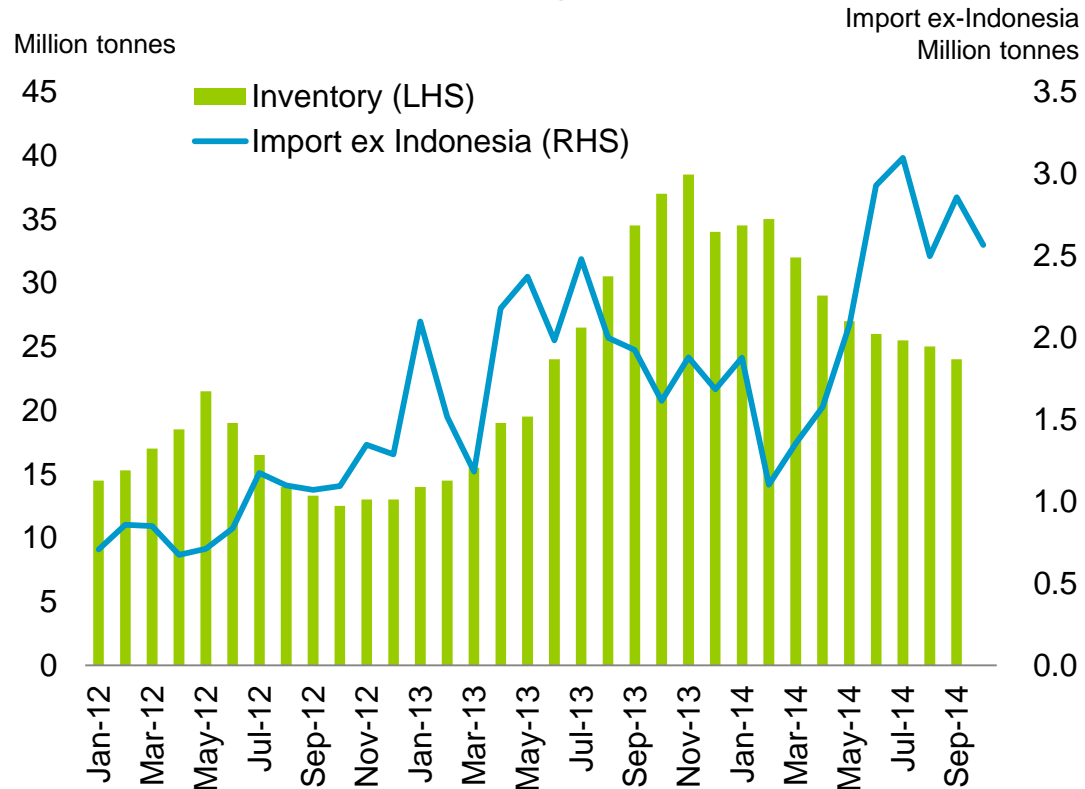


Source: China Custom, CMgroup, Hydro Analysis, * using a proxy for Q4

Short term, new imports and inventory offer relief

Enough volume, but higher cost

Inventory and import excluding Indonesia



No short/mid term bauxite squeeze

- China demand for imported bauxite is below 4 million tonnes per month
- Chinese bauxite import around 3 million tons per month should keep China with sufficient supply the next 2 years, however stocks are unevenly distributed
- Medium term, potential export projects in Guinea and Australia could balance China's import demand
- Bauxite prices could continue to strengthen somewhat leading to a cost push for alumina producers

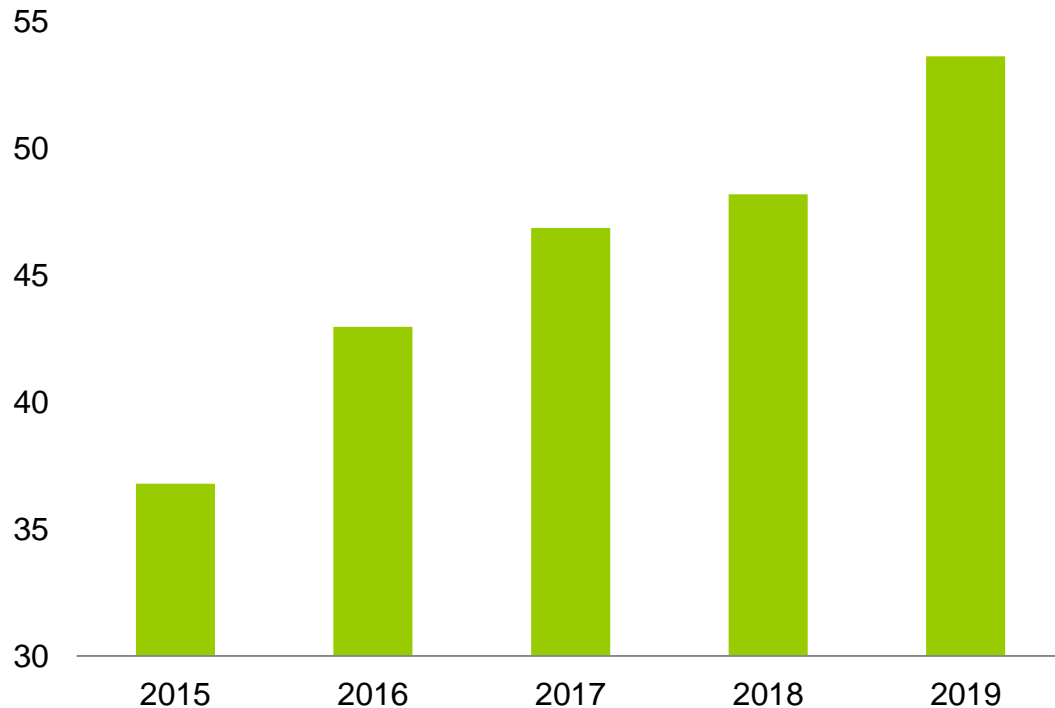
Source: China Custom, CMGroup, Hydro Analysis

Long term China has bauxite challenges

Greenfield is needed, but cost CIF China is uncertain

Chinese bauxite import forecast

Million tonnes



More challenging in and outside China

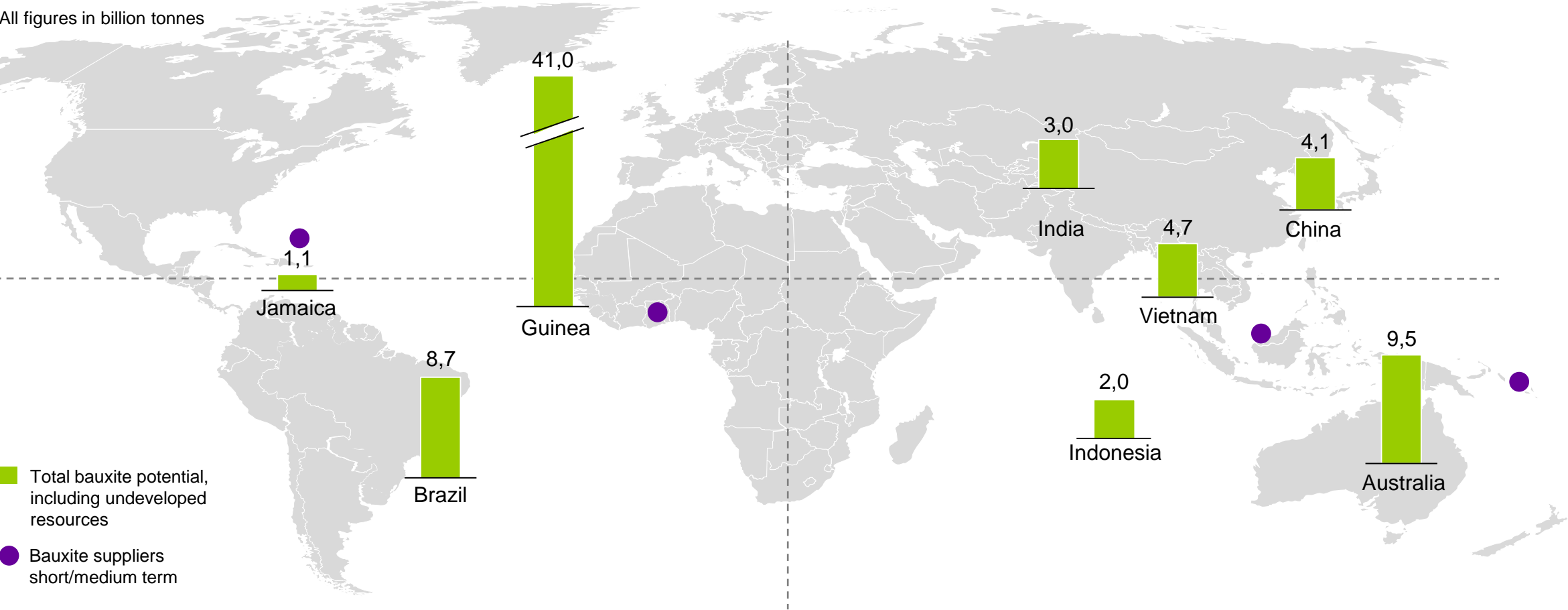
- Lower quality on new China domestic bauxite resources
- Domestic bauxite prices increasing, especially in the new areas like Guizhou and Guangxi
- Resource nationalism growing
- Stronger environmental policies
- Higher infrastructure cost expected
- Atlantic bauxite long term to China faced with shipping exposure

Source: CRU, Hydro Analysis

Bauxite potentials

New sources being explored, but not expected to replace the importance of Indonesia

All figures in billion tonnes

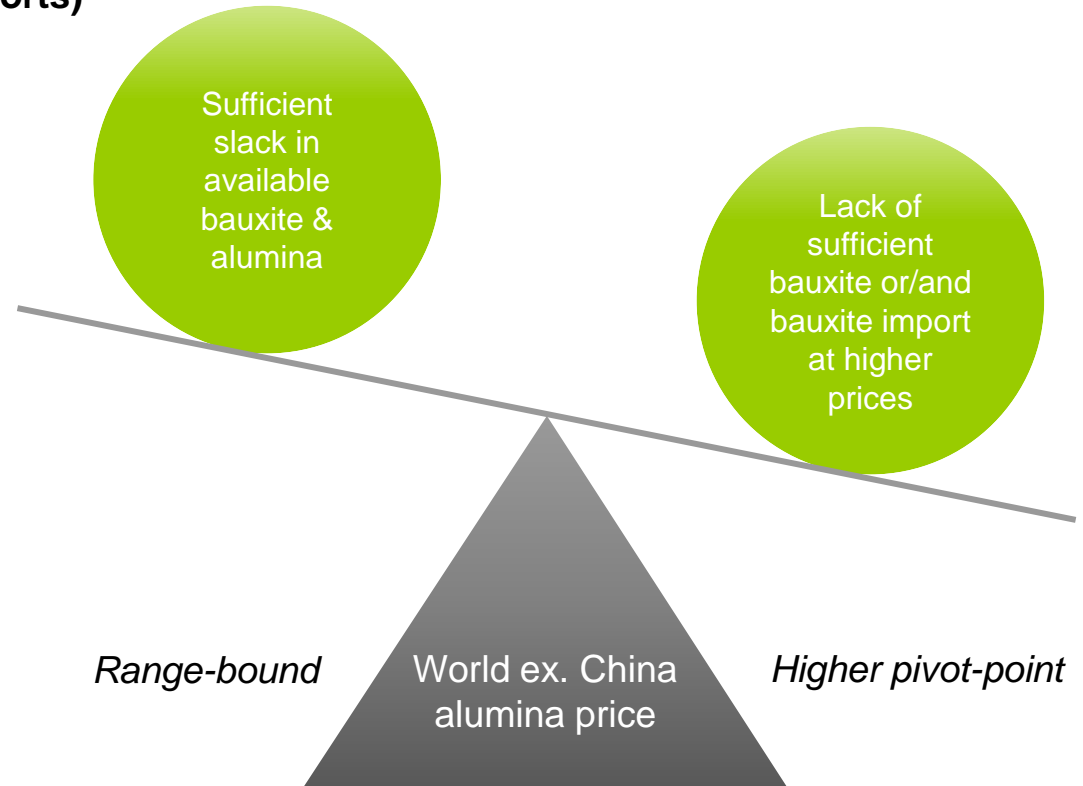
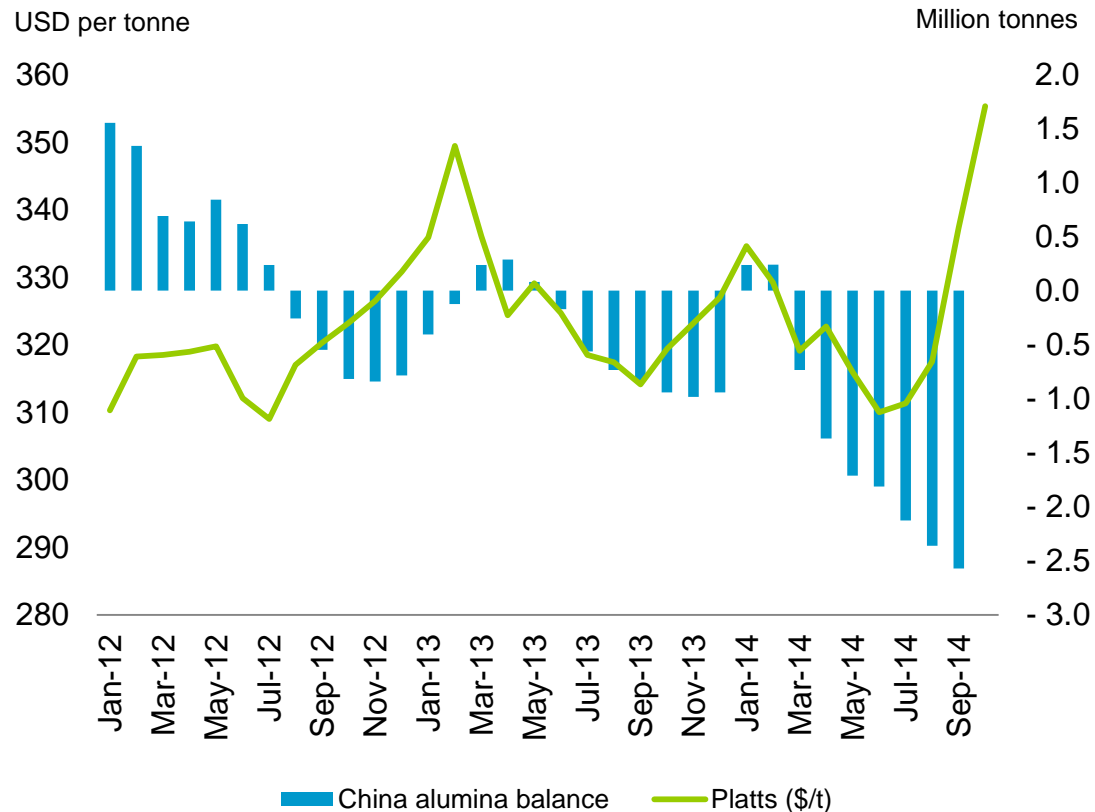


Source: CRU, Hydro Analysis

Alumina curtailments have tilted China into domestic alumina deficit

High impact on world alumina prices

Platts FOB Australia and China domestic alumina balance (ex imports)



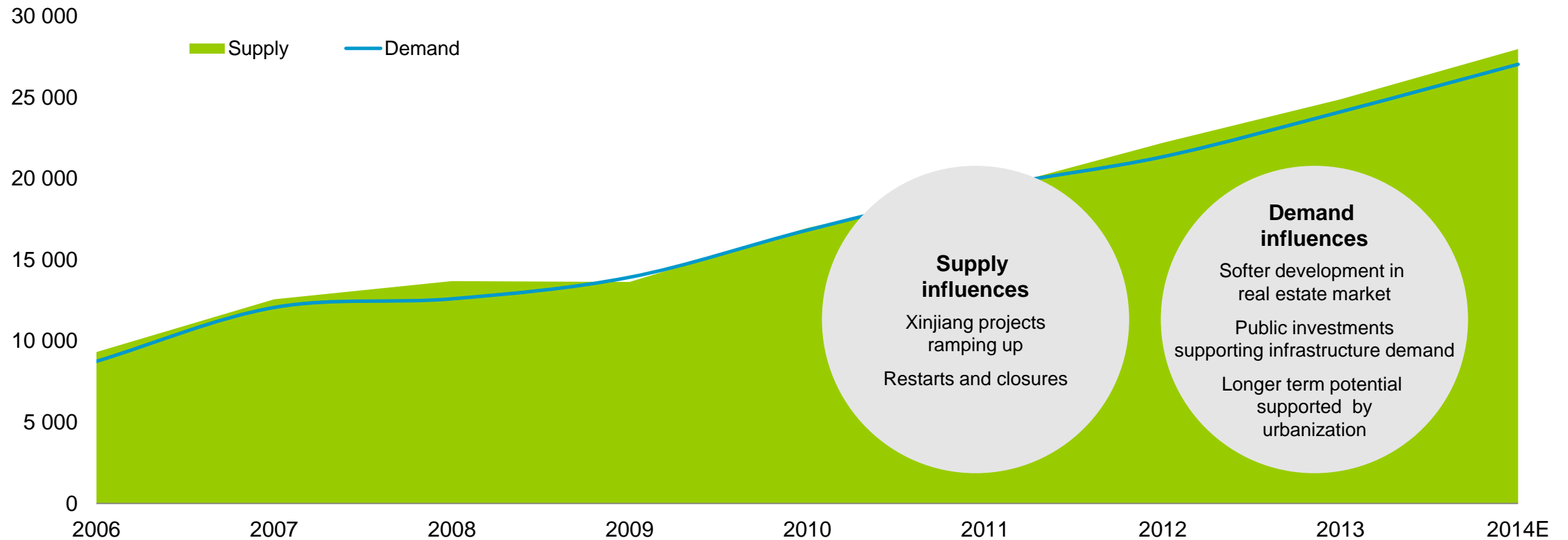
Source: Platts, Antaike

05

China

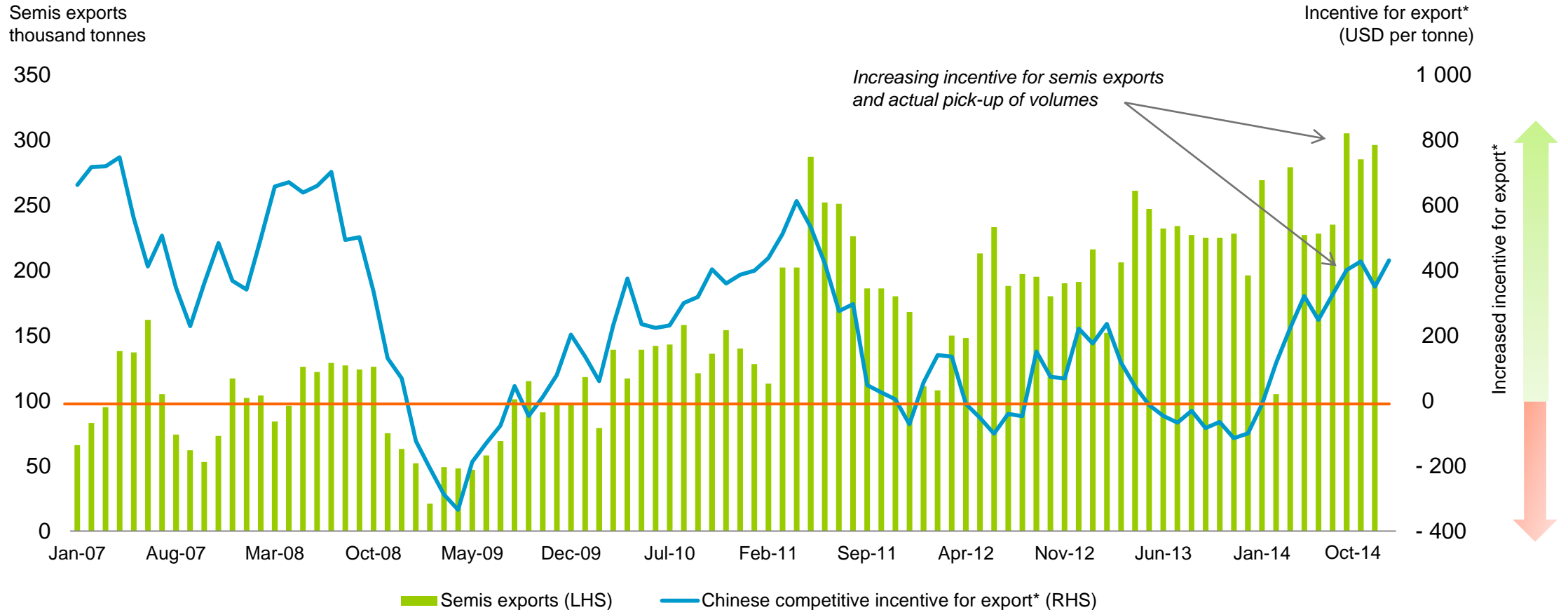
Chinese primary market in slight oversupply

Supply/Demand thousand tonnes



Source: CRU, Hydro Analysis

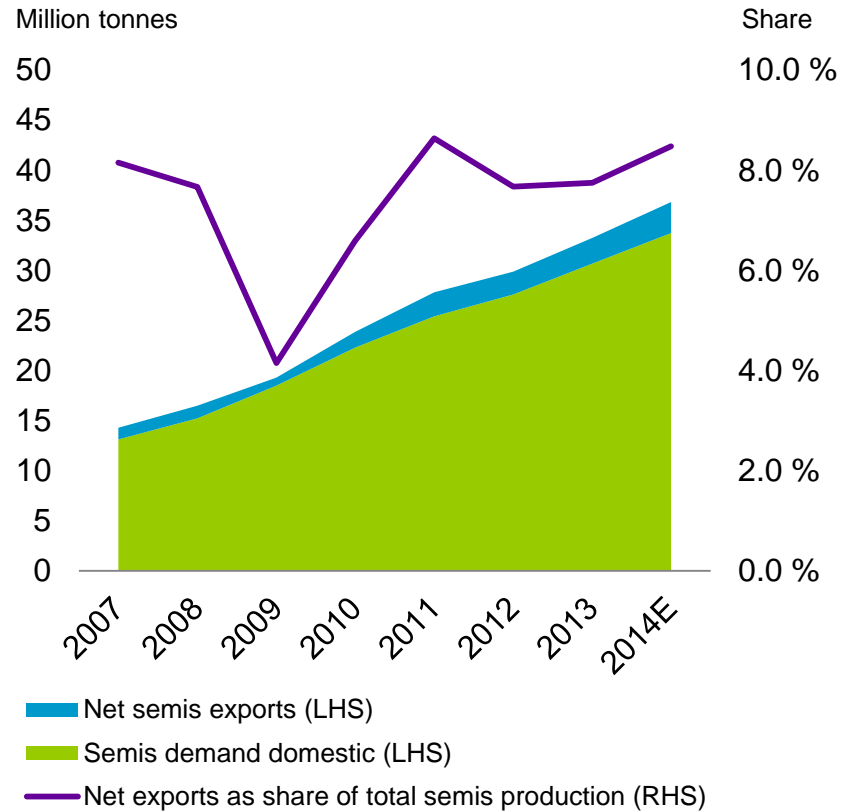
Chinese net semis exports picking up over the last months amid current cost advantage



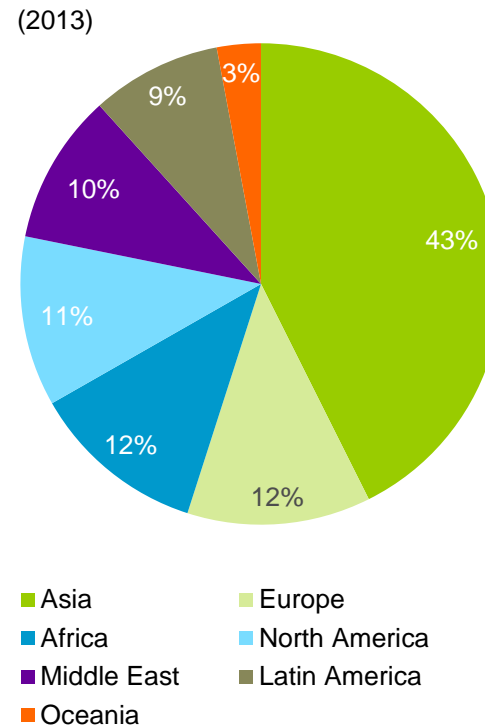
Source: CRU, Antaika, Ecwin, Hydro Analysis

*Est. metal price China versus Europe
 Europe: LME cash + European duty-paid standard ingot premium – freight from China
 China: SHFE cash (excl. VAT) + avg. local premium + VAT (incl. rebate)

Net semis exports stable as share of total production, Asia key destination area



Semis exports by destination (2013)



Factors influencing semis export trend

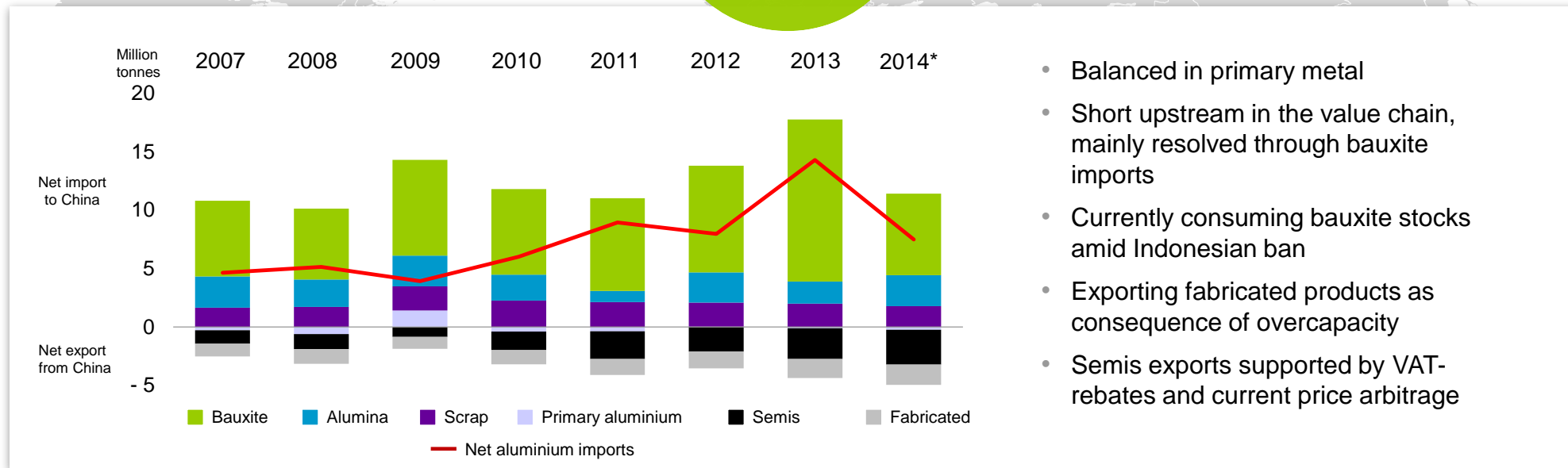
- Continued metal price advantage and VAT-rebates
- Higher quality gives better export opportunities
- Increasing downstream capacity
- Integrated business models gaining presence
- Bauxite & alumina cost
- Energy costs challenged by increasing focus on pollution and potentially lower subsidies
- Transport costs to/from Xinjiang
- Labor costs increasing
- VAT-rebates
- Government support of new applications domestically

Source: CRU, Antaika, Hydro Analysis

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



VAT
Tolling
Export duties
Transport
Premiums



- Balanced in primary metal
- Short upstream in the value chain, mainly resolved through bauxite imports
- Currently consuming bauxite stocks amid Indonesian ban
- Exporting fabricated products as consequence of overcapacity
- Semis exports supported by VAT-rebates and current price arbitrage

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

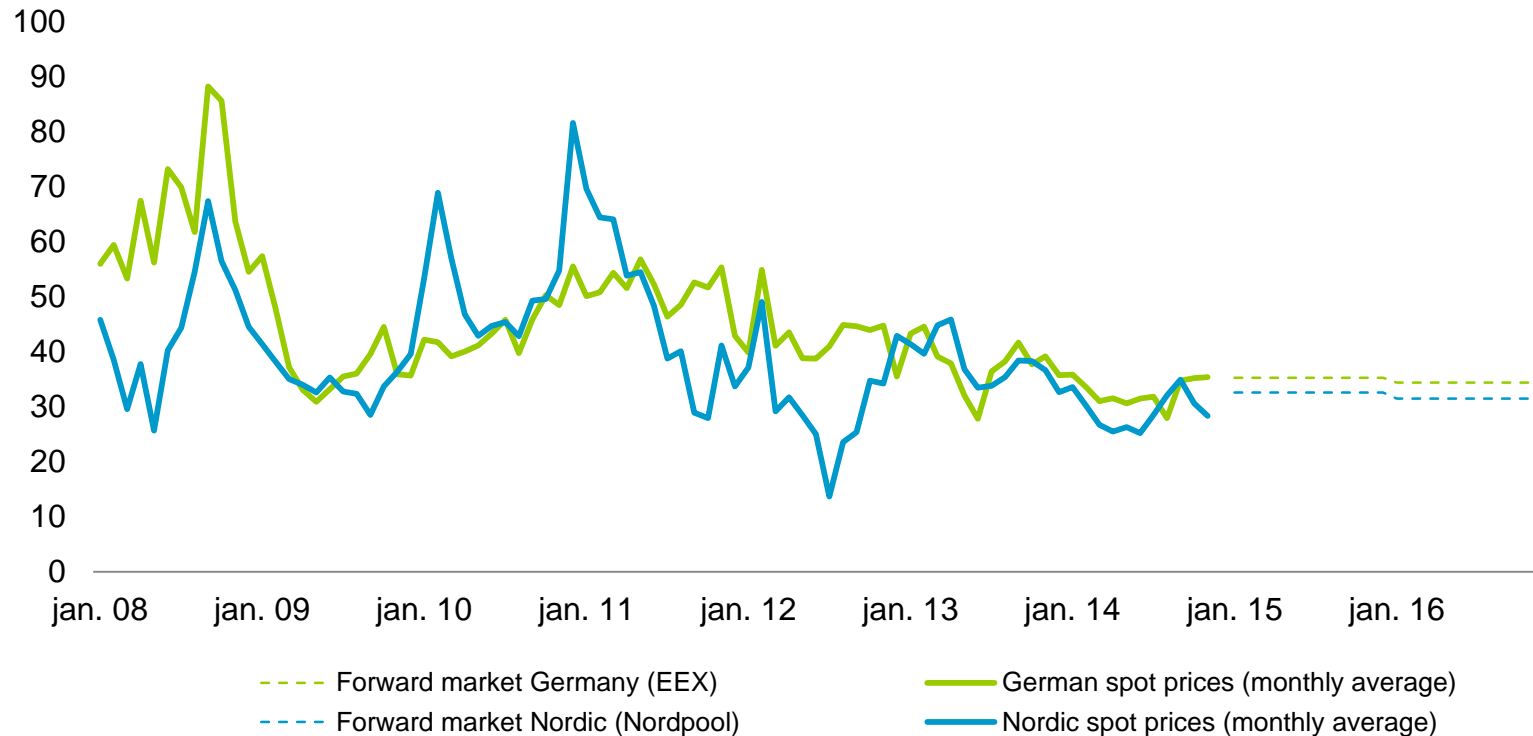
06

Energy

Current German & Nordic power prices low over last years

German & Nordic power market, forward and history

EUR per MWh

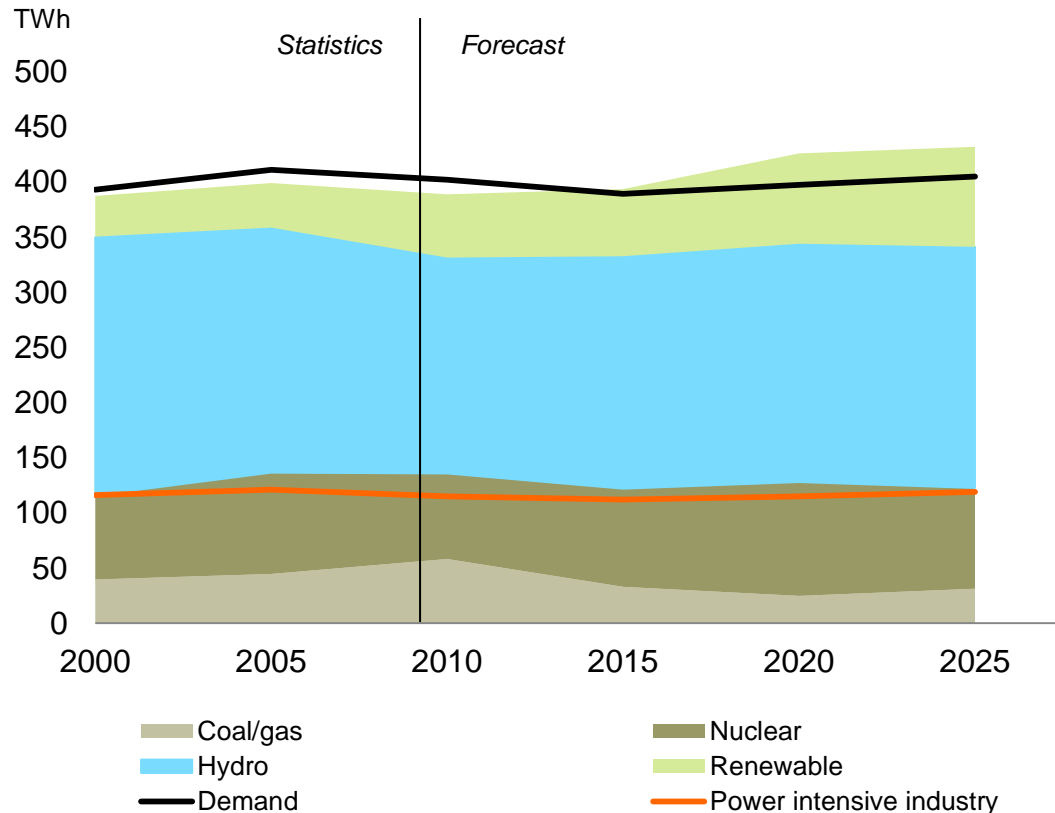


- Low CO2 price
- Relatively low fuel prices
- Lower power demand
- High growth in renewables

Source: Nord Pool, EEX, Hydro Analysis

Nordic power generation expected to increase more than demand

Nordic power demand and consumption



Main power price drivers medium & long term:

Fuel and CO2

- Prices on coal, gas and CO2 are most important for power prices via cross border trade with Germany, Poland and the Netherlands

Nordic power balance

- Power surplus will – all other things equal – keep prices down
- Development of Nordic nuclear capacity adds uncertainty post 2020

Interconnectors

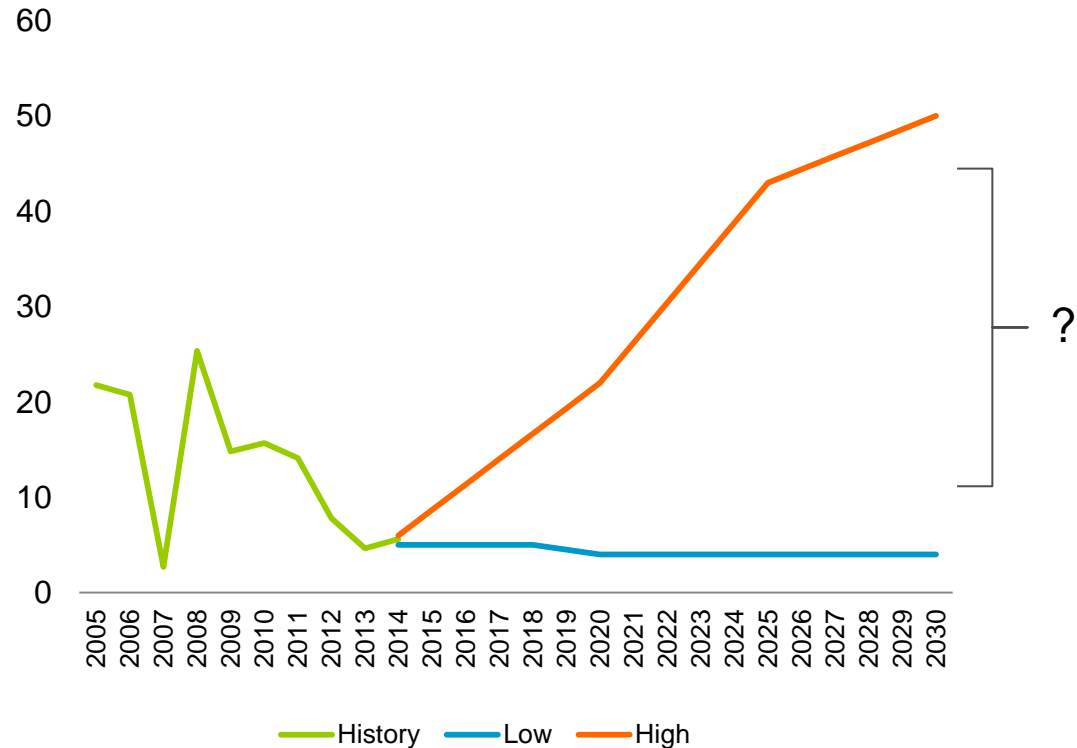
- Power prices – both level and volatility – influenced by the interconnectors to rest of Europe

Source: Hydro Analysis

Uncertain CO₂ prices going forward

The possible CO₂ price until 2030 spans a wide range

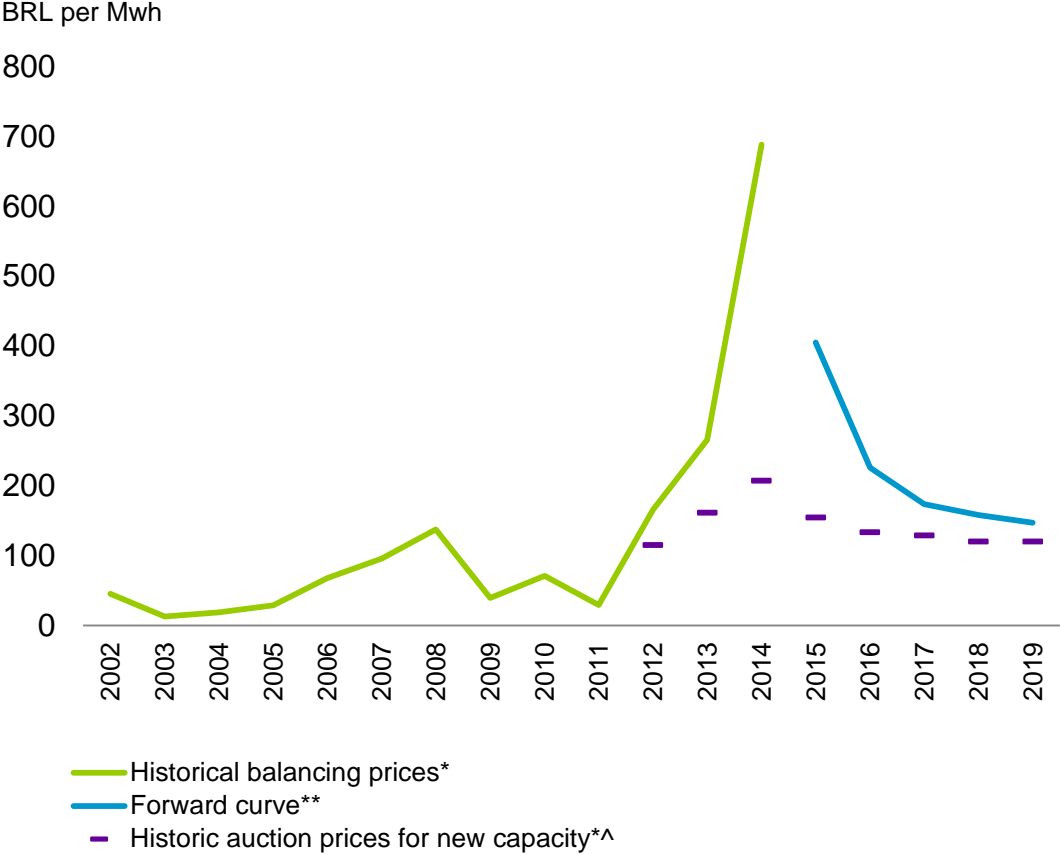
EUR per tonne



- The EU ETS regulatory regime has high impact on European power prices
 - Final regulatory scheme for 2030 expected in second half of the decade
- CO₂ costs are reflected in the power price
 - Continued CO₂ compensation for direct emissions and CO₂ costs in power necessary post 2020

Source: Nord Pool, SKM, Hydro Analysis

Brazilian power market affected by hydrological draught



- Brazilian power market suffering from historic low inflows
- High short term balancing prices impacting the power industry
- Hydro is covered on long term contract to 2024 for Albras

Source: *CCEE **DCIDE (oct-2014) ^ Average price for new hydro power projects










Long Term Outlook



07

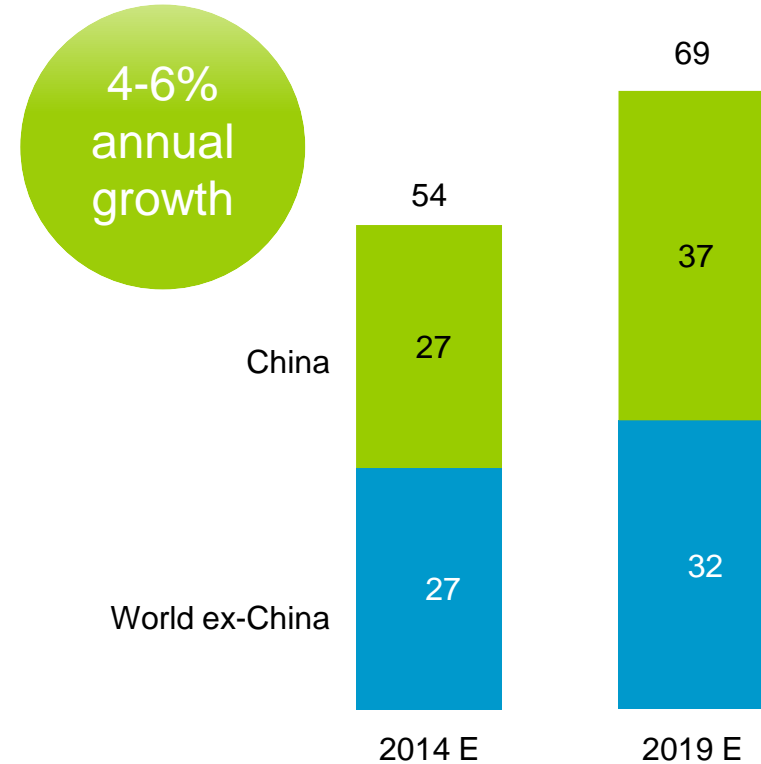
Global aluminium primary demand growth set to experience continued strong growth across regions and segments

Strong demand drivers in key aluminium segments

	Transport	<p><i>Growth in automotive vehicle production</i> <i>Aluminium content in cars increasing</i> <i>Growth in other transport modes, e.g. railway</i></p>
	Construction	<p><i>Urbanization</i> <i>Housing market recovery in mature regions</i> <i>Energy neutral buildings</i></p>
	Electrical	<p><i>Urbanization</i> <i>Substitution from copper</i></p>
	Machinery & equipment	<p><i>Improving industrial sentiment in mature regions</i> <i>Manufacturing activity and industrial growth in emerging countries</i></p>
	Packaging	<p><i>Urbanization</i> <i>Environmental friendly solutions</i></p>

Global Primary demand estimates

Million tonnes



Source: CRU, Hydro Analysis

- Solid, broad-based demand growth across segments and regions, but European macro uncertainty prevails
- Primary market deficits expected to continue in World ex-China, gradually reducing inventories
- Bauxite and alumina increasingly priced on their own merits
- Increasing upstream costs lifting Chinese cost curve – uncertain effects on China's production and export growth



Better Bigger Greener

Rolled Products

Oliver Bell

Capital Markets Day 2014





1 Business overview

2 Market update

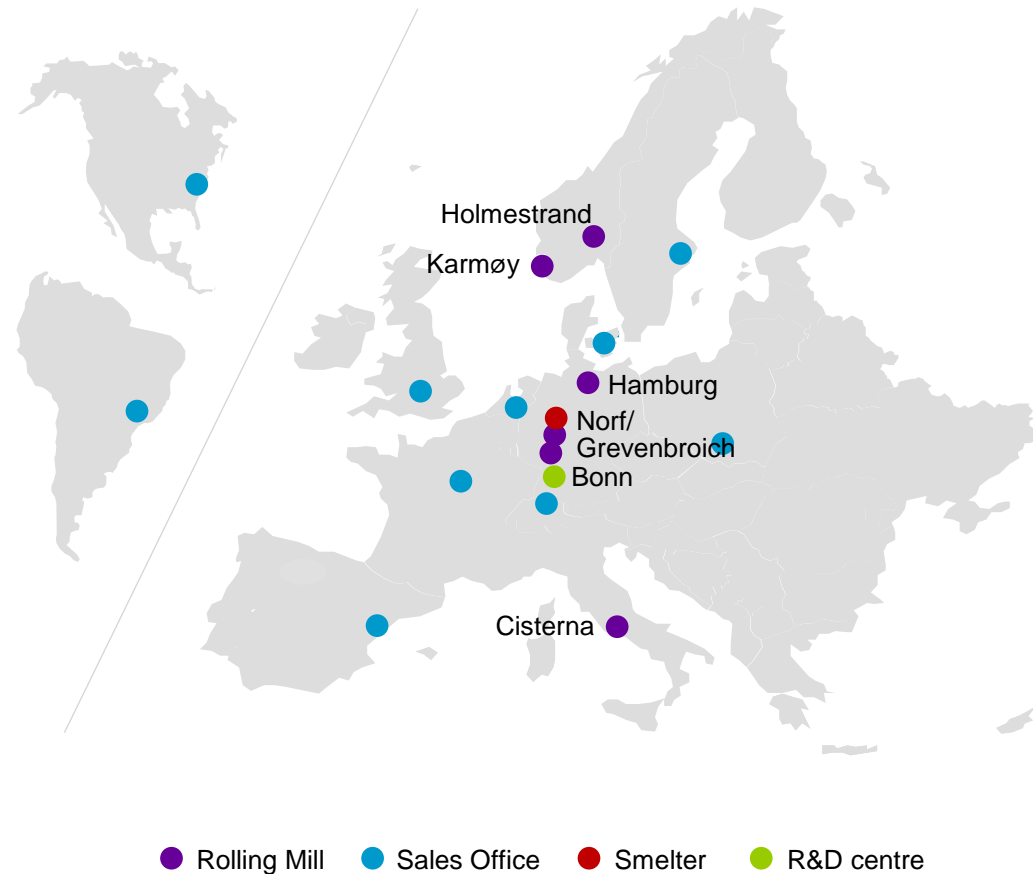
3 Better

4 Bigger

5 Greener

6 Summary

Rolled Products – No 1 producer in Europe



- European production base with global reach
- 1 million tonnes of flat rolled products per year
- World class assets
 - Casthouse network & integrated recycling capacity
 - World's largest rolling mill with dedicated conversion mill
- Industry leading R&D facility
- Turnover ~20 billion NOK
- ~4 200 employees

Rolled Products market positions

Leading market positions – supported by leading R&D competence



Lithography
World market leader



Foil
World market leader
in aseptic foil



Beverage can
Leading position
in Europe

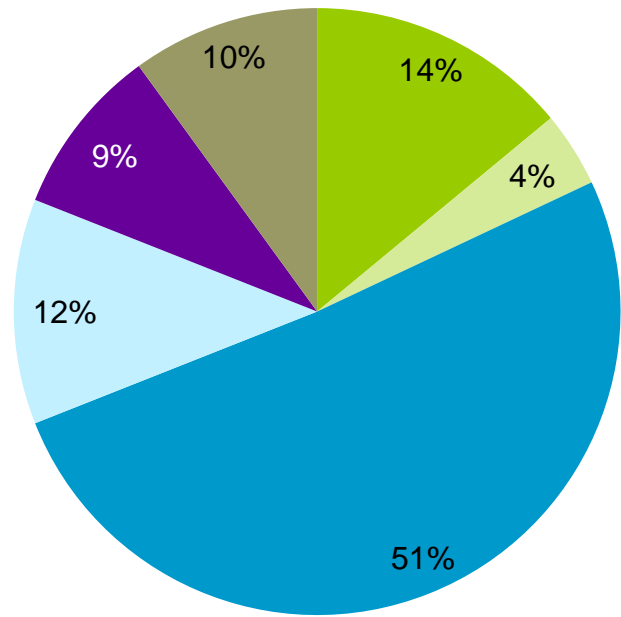


Automotive
Leading position
in Europe

Robust long-term growth outlook for flat rolled products worldwide

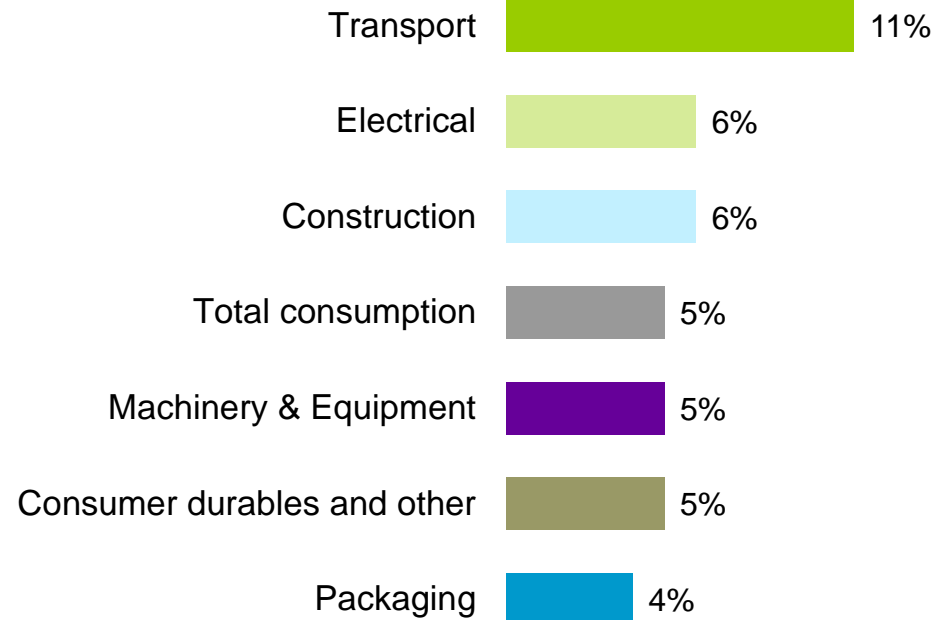
Transport is main driver for growth – Body-in-White consumption growth outperforming all other segments

Global FRP consumption by end-use 2014

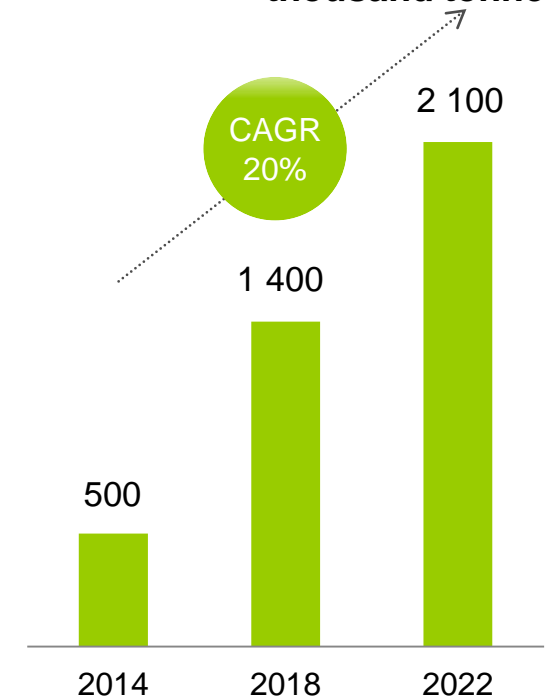


Total consumption around 23 million tonnes

CAGR 2014-2018



Body-in-White demand in thousand tonnes

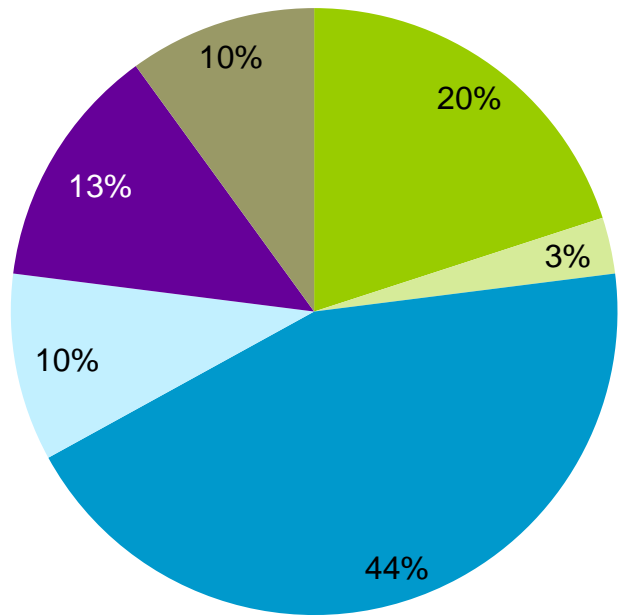


Source: CRU FRP quarterly August 2014, Rolled Products analysis
 FRP - Flat rolled products
 CAGR – Compound annual growth rate

Stable long-term development in Europe

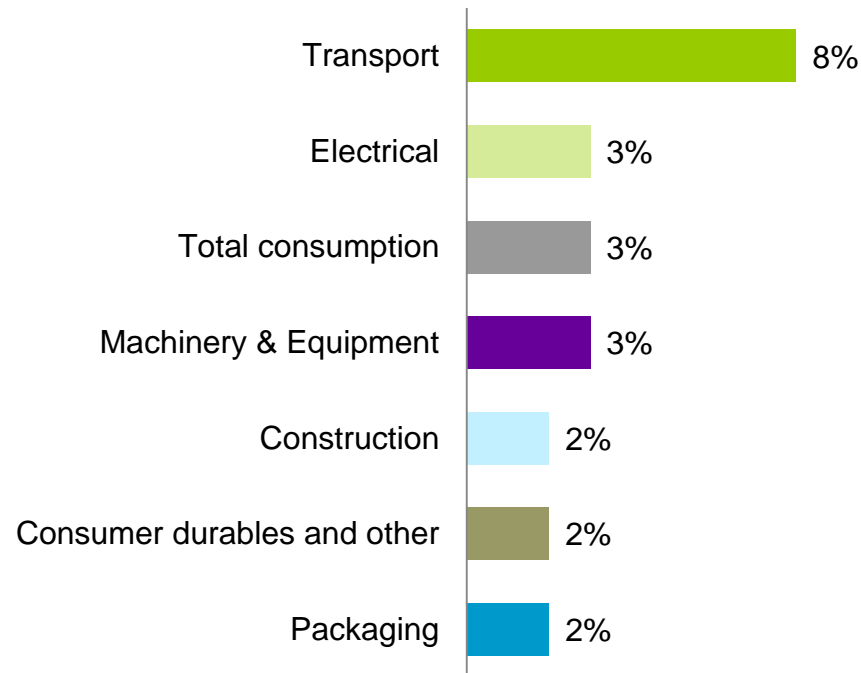
Potentially some signs of weakening short-term

European FRP consumption by end-use 2014

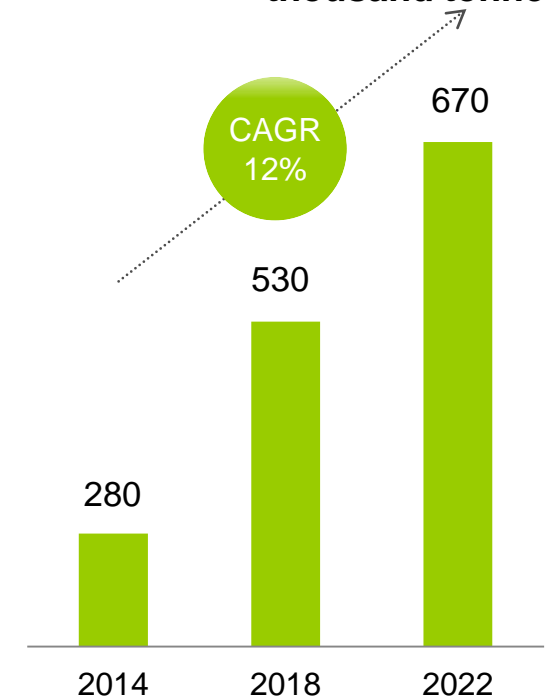


Total consumption around 5 million tonnes

CAGR 2014-2018



Body-in-White demand in thousand tonnes

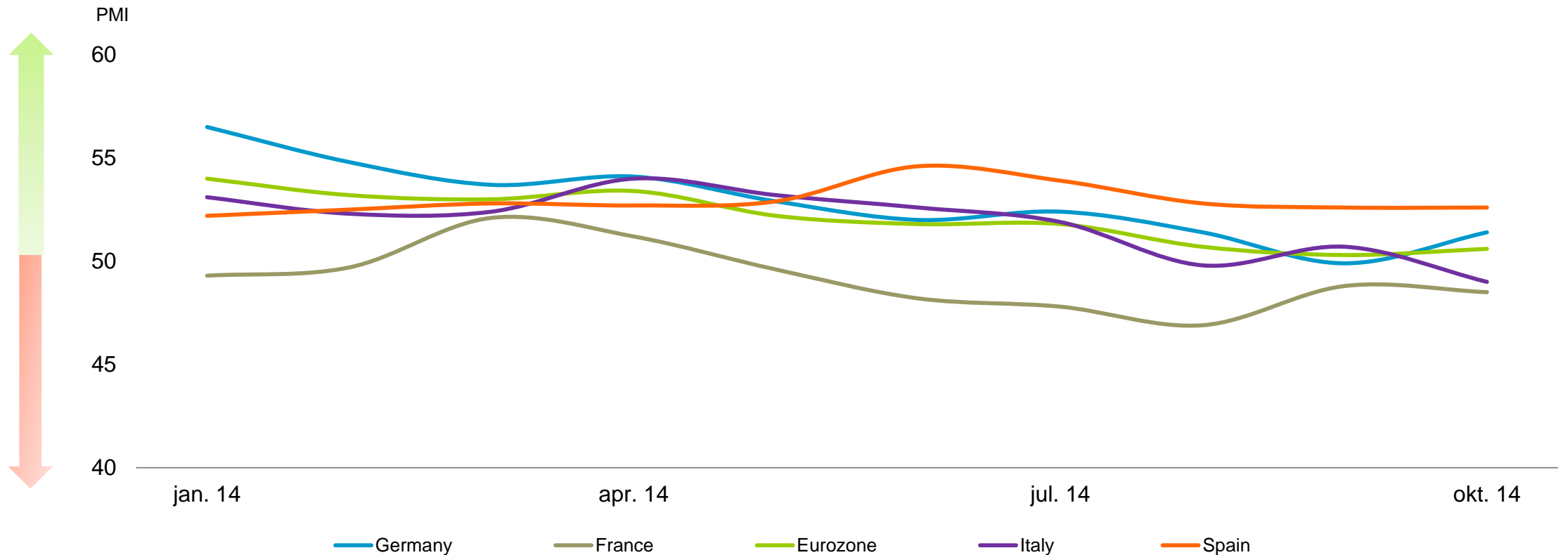


Source: CRU FRP quarterly August 2014, Rolled Products analysis
FRP - Flat rolled products
CAGR - Compound annual growth rate

Mixed macro economic development in the Eurozone short term

Softer short-term signals in core countries, signs of improvement in peripheral regions

Manufacturing PMI, major Eurozone economies

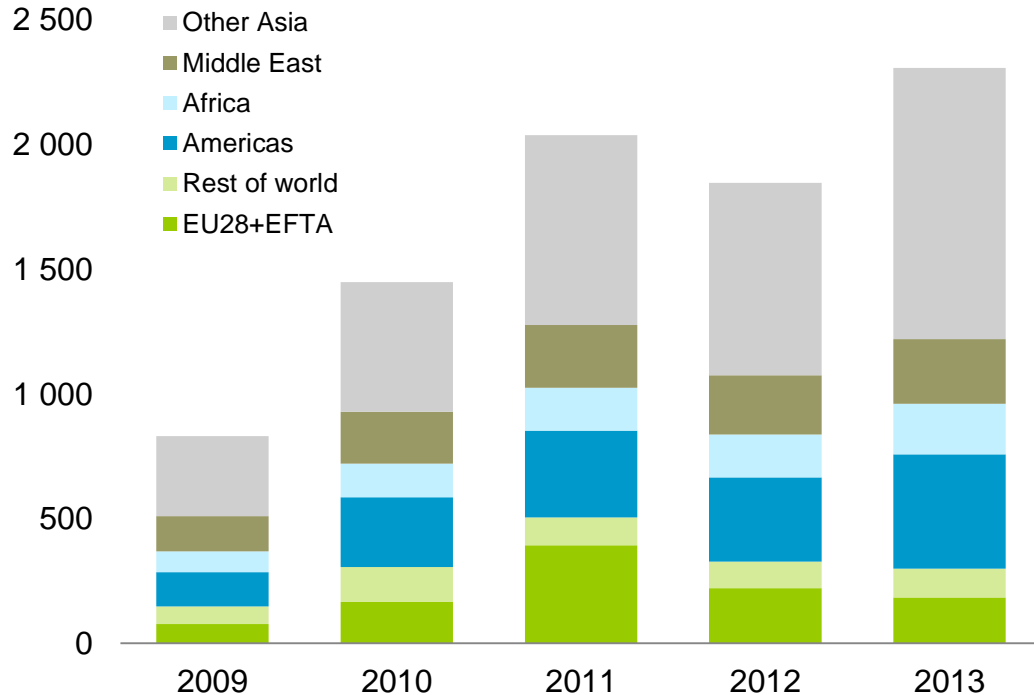


Source: Ecwin
PMI – Purchasing manager index

Chinese exports increasing, driven by metal advantage

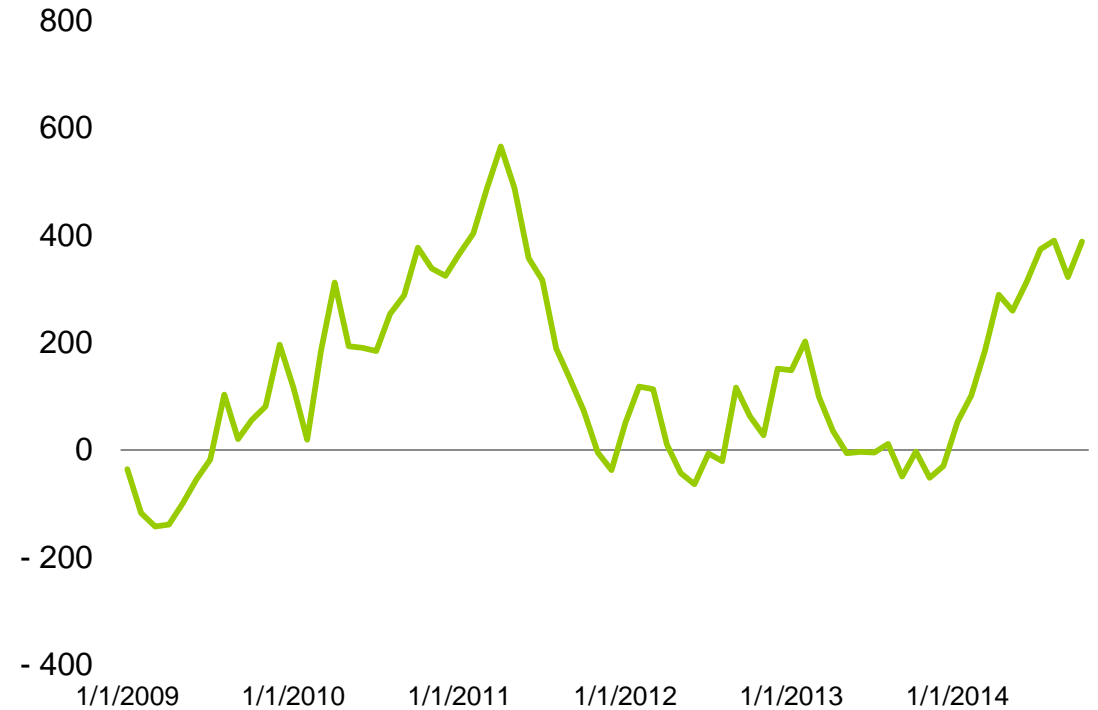
Chinese strip and foil exports

Thousand tonnes



Chinese metal advantage*

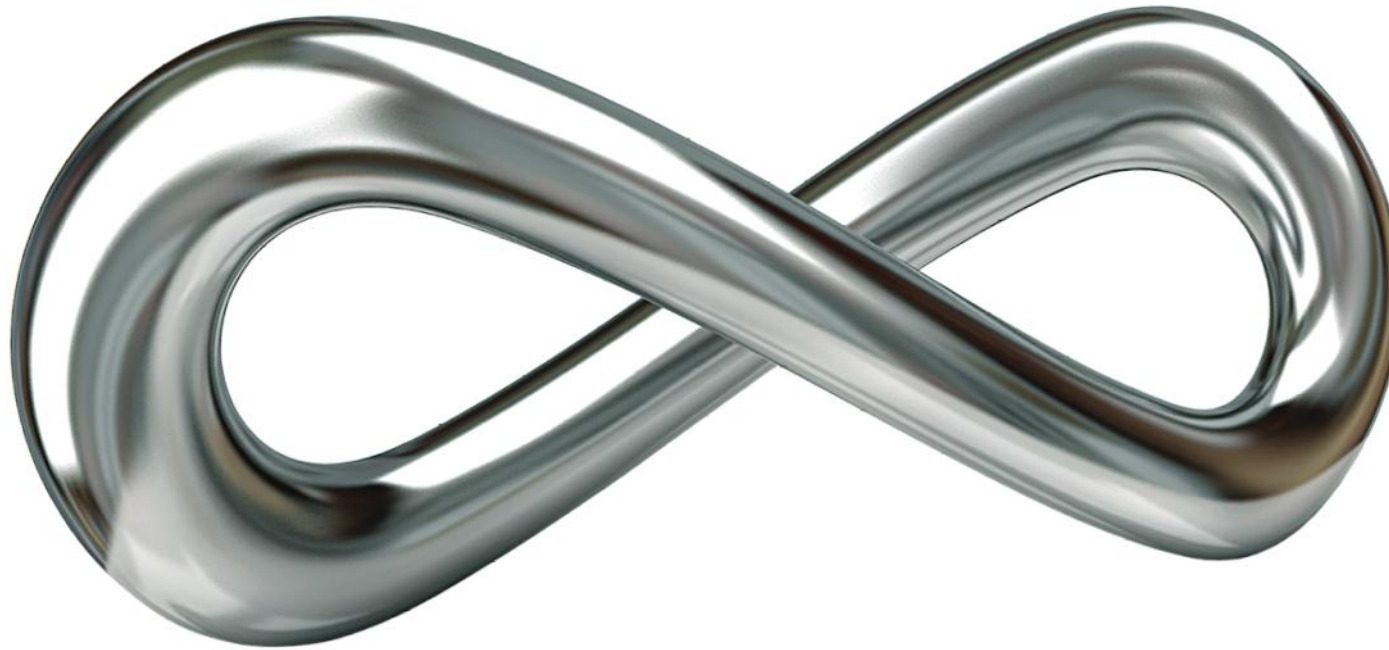
USD per tonne



Sources: Antaika, CRU, Hydro analysis

* Est. metal price China versus Europe
 Europe: LME cash + European duty-paid standard ingot premium – freight from China
 China: SHFE cash (excl. VAT) + avg. local premium + VAT (incl. rebate)

Better, Bigger, Greener in Rolled Products



Better Bigger Greener

Better

Close to customer: creating value through innovation



Forming optimized AA5182 variant in automotive applications

- High formability and high corrosion resistance due to optimized specification
 - Strategic supplier to major European OEM's
 - Based on leading R&D competence



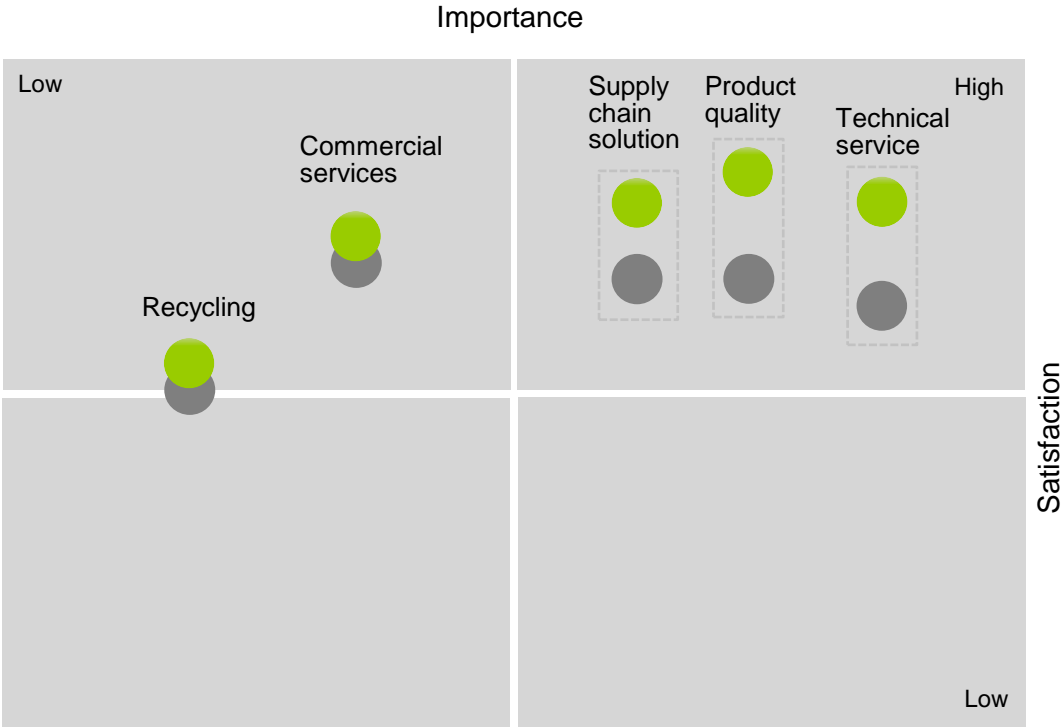
Introducing 5 μ m* high-performance aluminium foil

- Full protection at record-thin gauges
- Maintains absolute barrier protection against food spoilage
 - Material savings of up to 16 percent
 - Improved material properties
 - Improved run ability on customers' equipment

* Micrometre

Close to customer: creating value through quality and services

Specialty segment



Commercial segment



● Competitors ● Hydro

Customer satisfaction survey executed by YouGov



Rolled Products' "Climb" improvement program on track

Target

800 MNOK

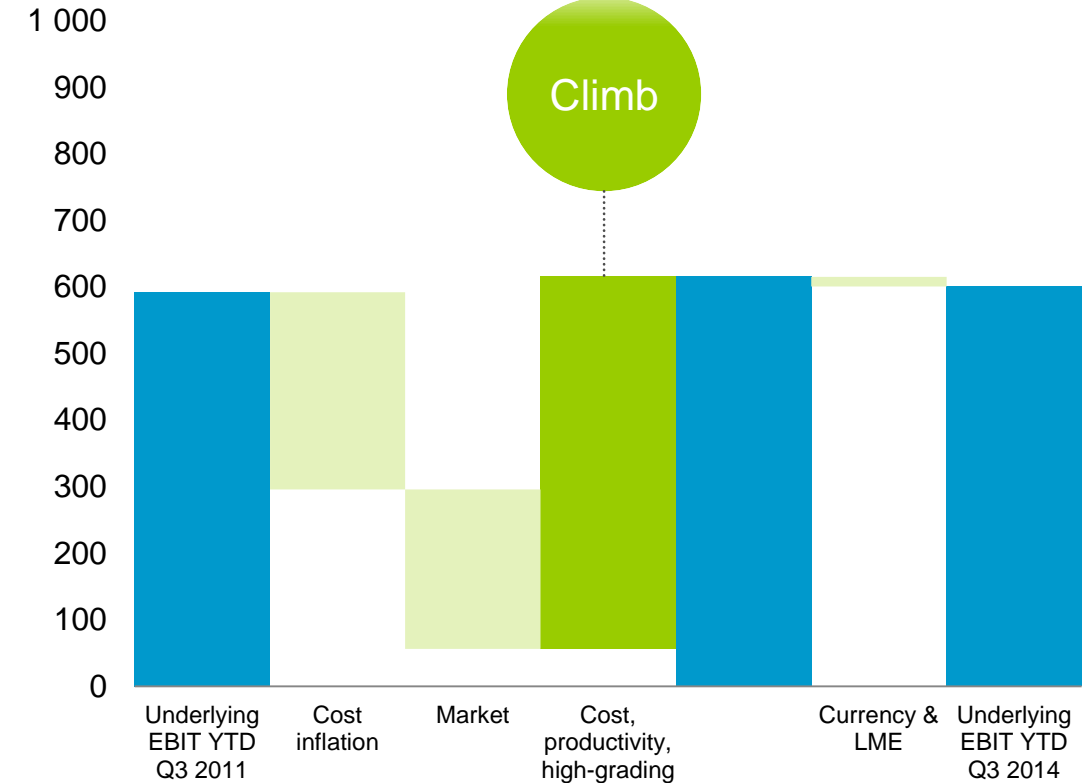
Time period

2012-2016

Contributions driven by

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

NOK Million



Biggger

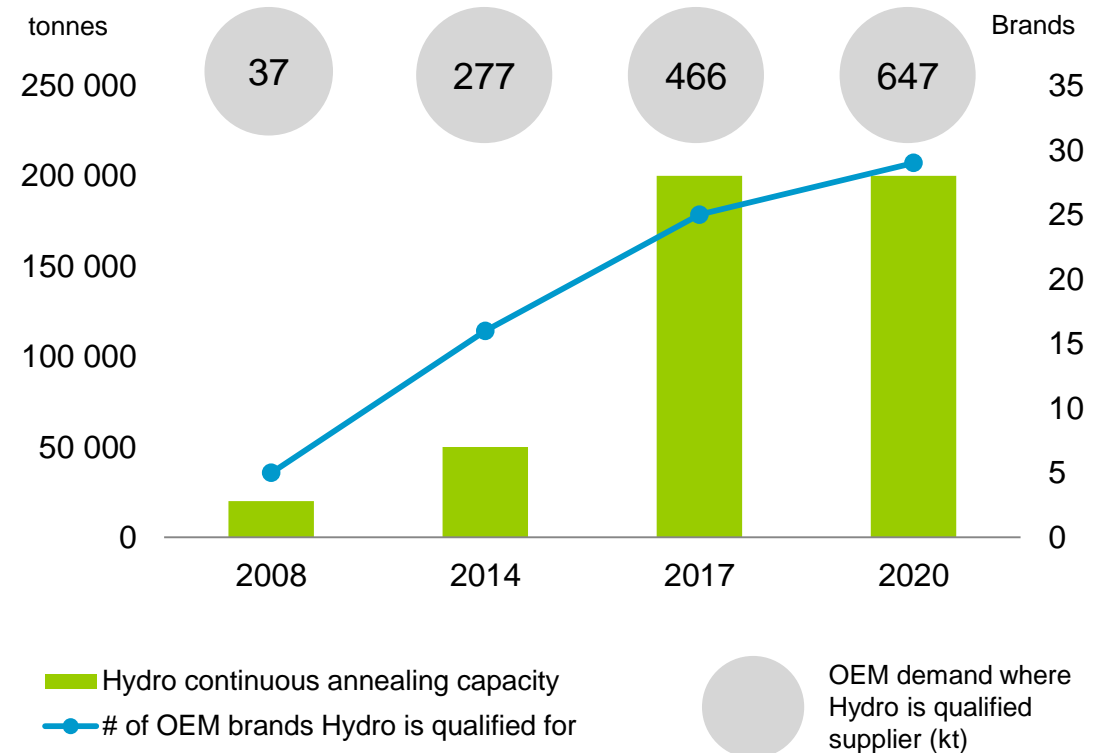
Pursuing attractive growth opportunities



Major step in automotive Body-in-White (BiW) market

- Installation of automotive line 3 lifting capacity to 200 thousand tonnes per year
- Step change in BiW production process
- Production start second half 2016

Hydro BiW development

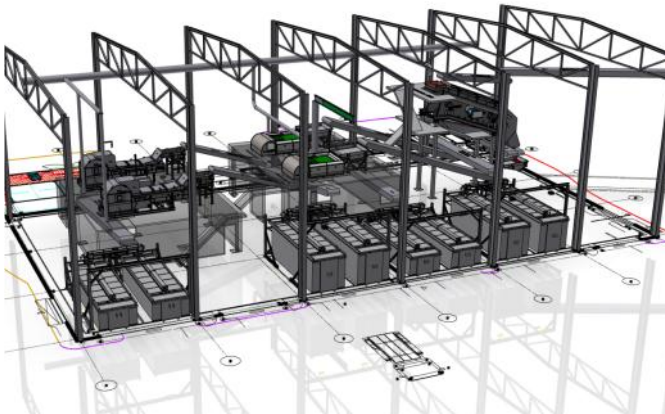


Hot mill expansion and strengthening of recycling position



Expanding AluNorf hot mill capacity

- Capacity increase by ~60 000 tonnes
- Debottlenecking core asset
- Start of production 2016



Establishing strong recycling position

- Installation of UBC* recycling line
- Fulfilling customer needs and strengthening beverage can market position
- Improving metal cost position
- Start of production end 2015

* UBC: Used beverage can

Greener

Fulfilling customer and environmental needs

Greener

Products

- 5µm high-performance aluminium foil saves up to 16% in material
- Light-weighting in automotive by replacing steel saves up to 20kg of CO₂ per kg of aluminium used

Process

- Continuous improvement and step changes
- Award-winning efficiency in annealing of aluminium coils

Recycling

- Closing the loop
- Significant CO₂ savings from recycling post-consumed scrap at new UBC recycling line



Our ambition: No 1 in Europe and benchmark in the world

Better

- Differentiate through innovation, quality, service and lead time
- Continue operational improvement drive
 - ✓ Lifting the bar and staying competitive
 - ✓ Deliver improvements through “Climb”

Bigger

- Enhance market positions and portfolio high-grading
- Strengthen relative industry position
 - ✓ Automotive Line 3
 - ✓ Norf expansion
 - ✓ UBC line

Greener

- Fulfill customer and environmental needs
- Being part of the solution in low carbon society
 - ✓ Improved processes
 - ✓ Resource efficient products
 - ✓ UBC – closing the loop

Primary Metal

Hilde M. Aasheim

Capital Markets Day 2014



A large industrial factory with rows of machinery and a worker in a red suit. The scene is filled with complex mechanical equipment, including what appears to be a large-scale manufacturing process involving multiple stages of production. The lighting is bright, highlighting the metallic surfaces and the organized layout of the facility. A worker in a red suit is visible in the lower left, interacting with one of the machines. The overall atmosphere is one of a busy, modern industrial environment.

1 Business overview

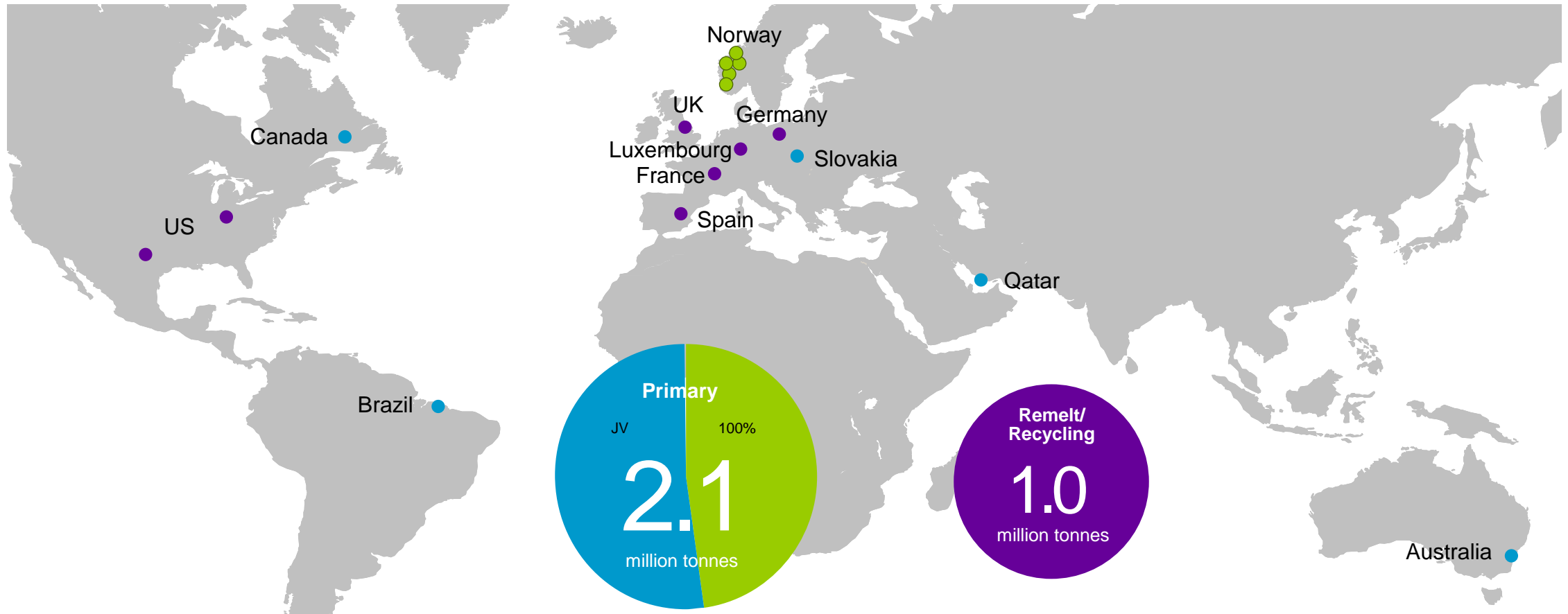
2 Better

3 Bigger

4 Greener

5 Summary

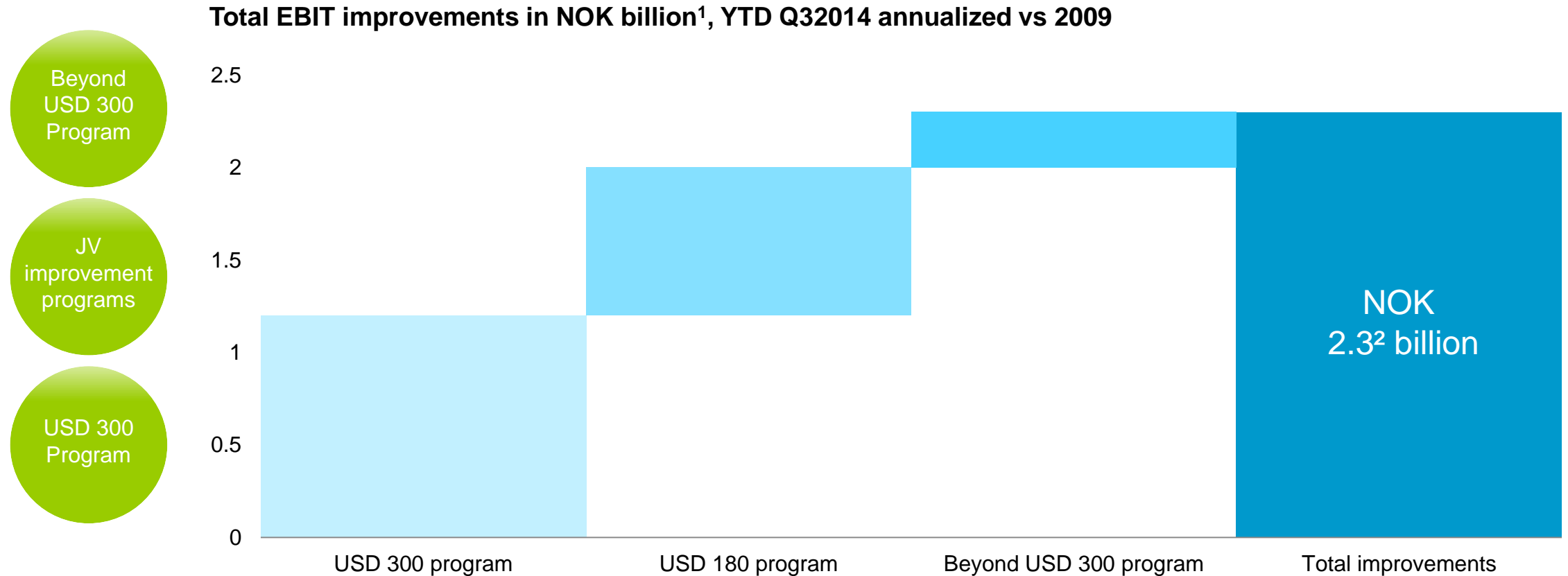
Primary Metal and Metal Markets production portfolio



2.1 million mt is consolidated capacity . Slovalco and Albras are fully consolidated, Tomago and Alouette are proportionally consolidated and Qatalum is equity accounted. 90.000 mt of capacity is currently mothballed in Hydro Husnes. Neuss, which is a part of Rolled Products, is not included. 1.0 million mt includes stand-alone remelters, recycling facilities and additional casthouse capacity at primary plants.

Better

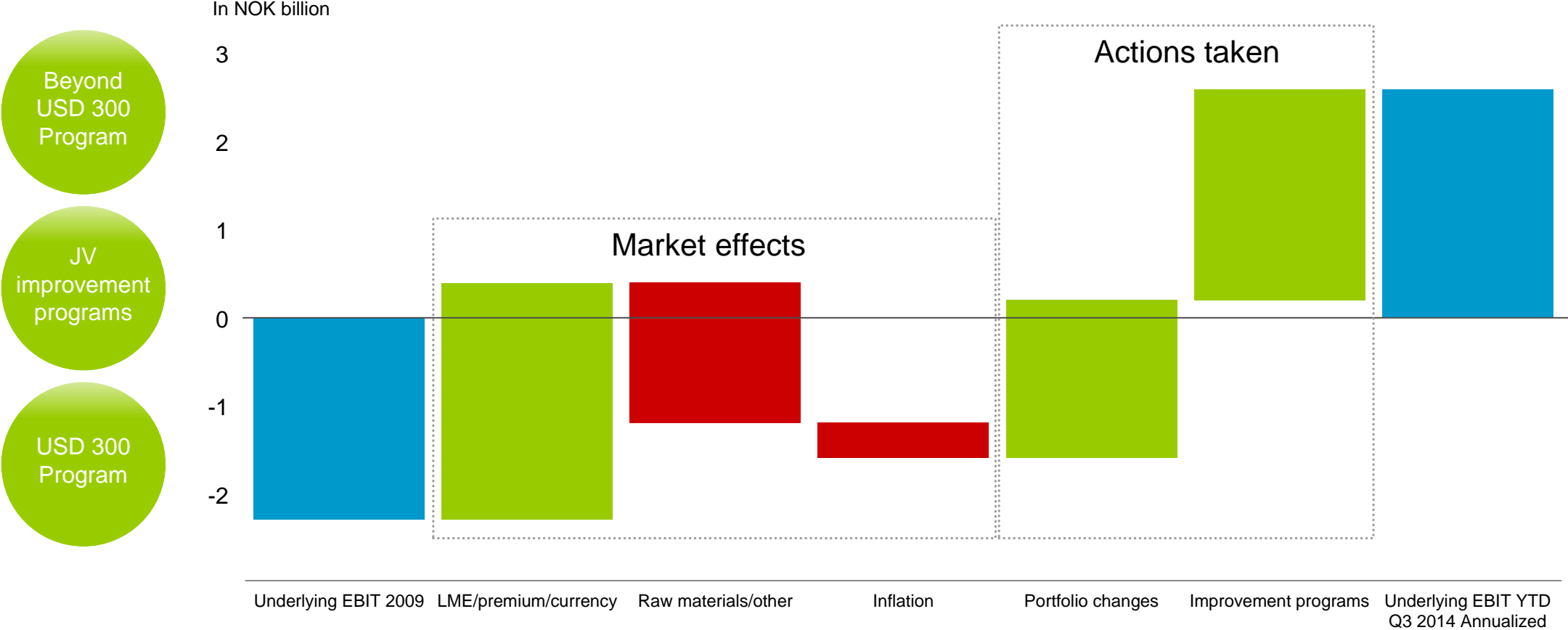
Systematic improvement work over several years



1) Compared to 2009 cost level for USD 300 program and "other". Compared to 2011 for USD 180 program. In real terms. Effect of exchange rates and raw materials cost changes are neutralized

2) Excludes NOK 0.2 billion improvements in capex and relining

Repositioning through improvement focus and portfolio measures



Qatalum: First decile cash cost position



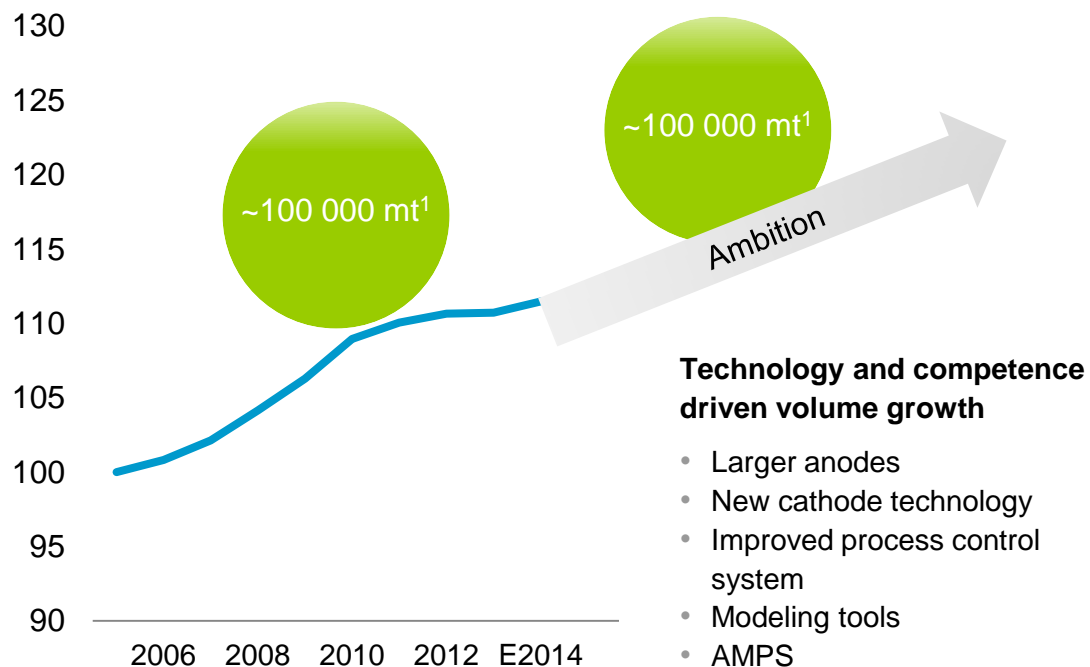
- Continued strong production performance with superior products to the market
- Improvement efforts providing solid results – strong cost discipline and operational excellence
- Implementing next generation cathodes to further increase productivity
- Strong cash flow – EBITDA of NOK 1.7 billion* Q4 2013 – Q3 2014
- NOK ~900 million* dividend received last 12 months
- NOK ~450 million* of debt repaid last 12 months

* Hydro's 50% share

Ambitious improvement programs continue

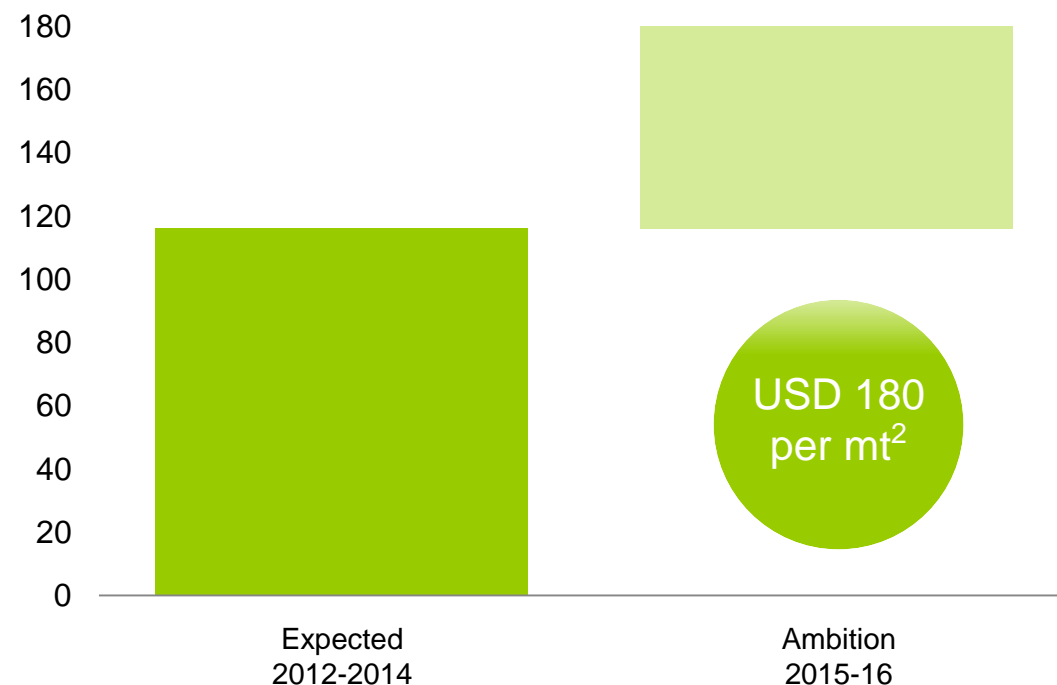
Fully-owned smelters – increasing output from existing lines, gaining productivity

Production development in Norwegian fully-owned smelters, indexed from 2005



JV improvement program on track

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

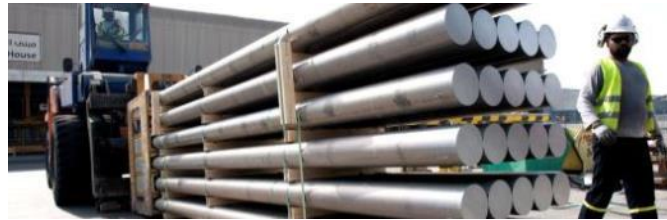


1) Not including Hydro Husnes

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

Strong position in value-added casthouse products

85% of global sales volume is value added



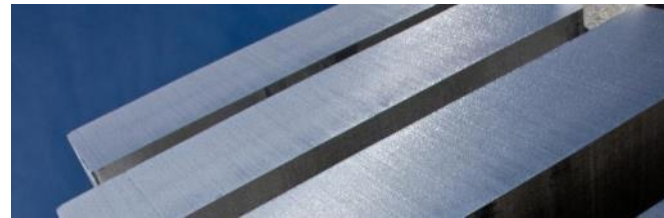
● Extrusion ingot, 52%



● Foundry alloys, 19%



● Wire rod, 2%



● Sheet ingot, 12%



● Standard ingot, 15%

2.7 million tonnes casthouse production in 2013

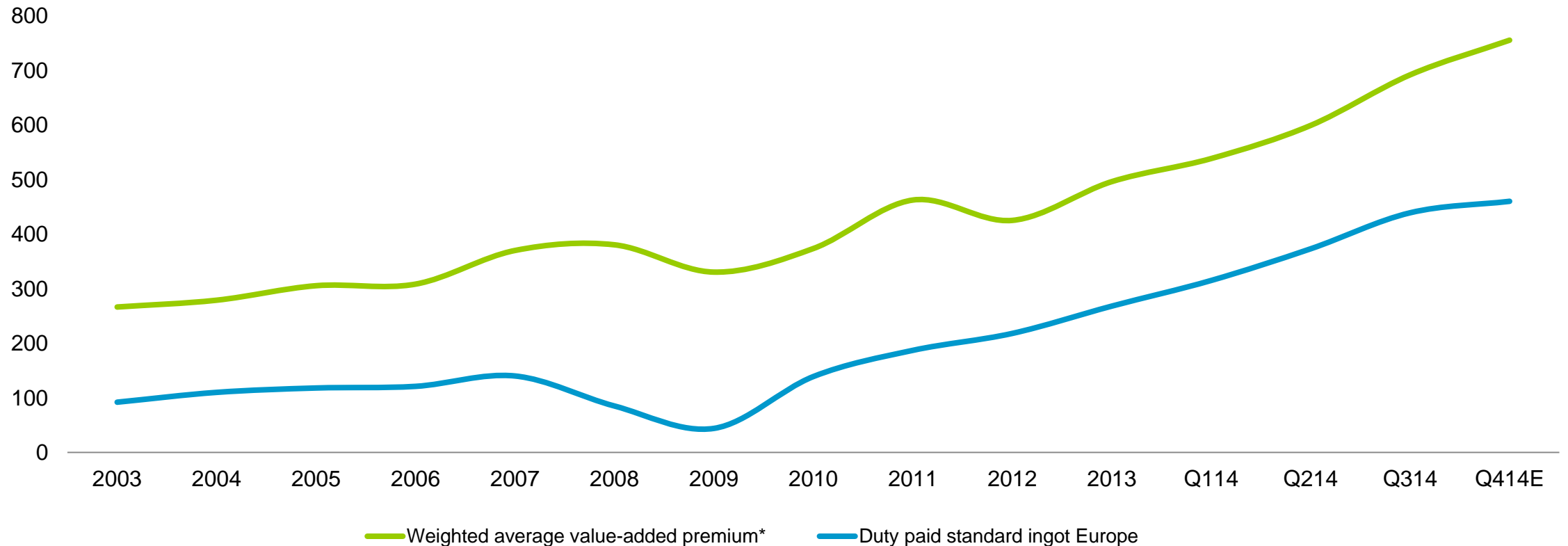


All numbers are based on 2013 production and includes equity production at primary plants, remelters at primary plants, stand-alone remelters and partner share of production in Qatalum, Slovalco + some other minor commercial contracts.

Significant value creation through value-added products

Illustrated by the European market

Average premium above LME in USD per tonne



* Weighted average of European premiums for Extrusion ingot, Foundry alloys and Sheet ingot based on Hydro's sales volumes

Focusing on advanced customers

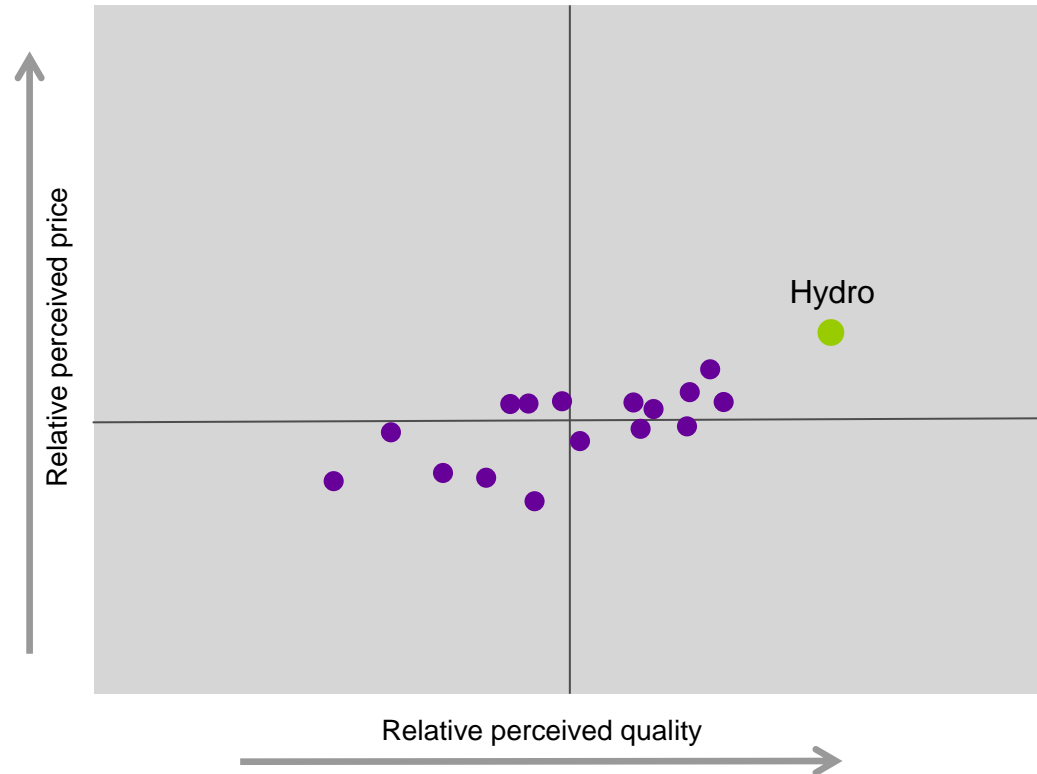


- Strategy of high-grading product portfolio
- AFM* technology to strengthen capabilities towards automotive sector
- Strong R&D focus on alloy developments in cooperation with customers
- Focus on total quality aspect
 - Service and technical support
 - Reliable and on-time delivery

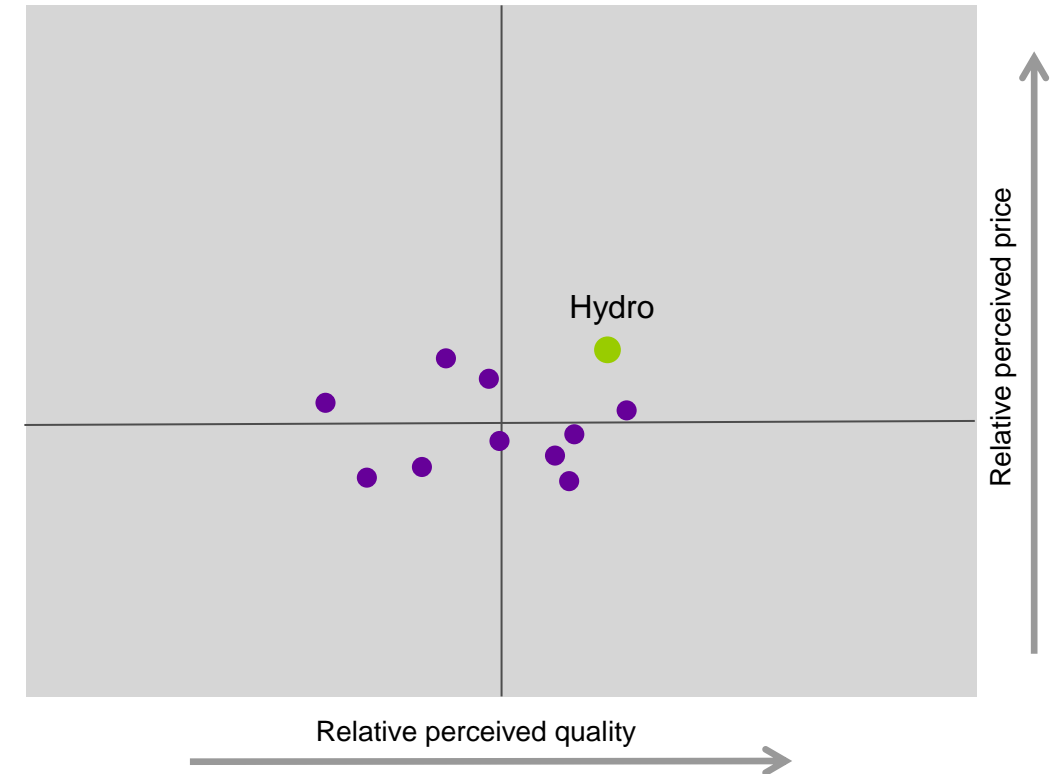
* Adjustable, Flexible, Mold technology

Strong relative position compared to peers

Customer satisfaction survey*
Extrusion Ingot



Customer satisfaction survey*
Foundry alloys



*2014 Customer satisfaction survey for Europe performed by Malik (PIMS)

● Competitors

Bigger

Strengthening the Norwegian production base



- Five Norwegian fully-owned smelters including newly acquired Husnes
- Competence cluster and technology
 - Pilot at Karmøy to utilize highly advanced smelting technology
- Current macroeconomic cycle favorable for power sourcing, confirmed by 2.7 TWh contracts (2021-2030) in 2014
- Attractive source for European value-added markets with increasing primary aluminium deficit

Possible pilot plant at Karmøy



- Annual production 70 000 tonnes
- Using next-generation cell technology
 - World's most energy efficient cell with the lowest CO2 footprint
- Springboard for portfolio-wide competence and technology development and operational improvements
- Conditions
 - Aluminium market balance
 - Grid upgrade and long-term competitive power sourcing
 - Cooperation and support from Enova, pending ESA approval

Several opportunities within Norwegian portfolio

Potential to add 310 000 tonnes per year



* Restart of remaining cells in progress

Attractive growth opportunities

When time is right



Norway



Qatalum



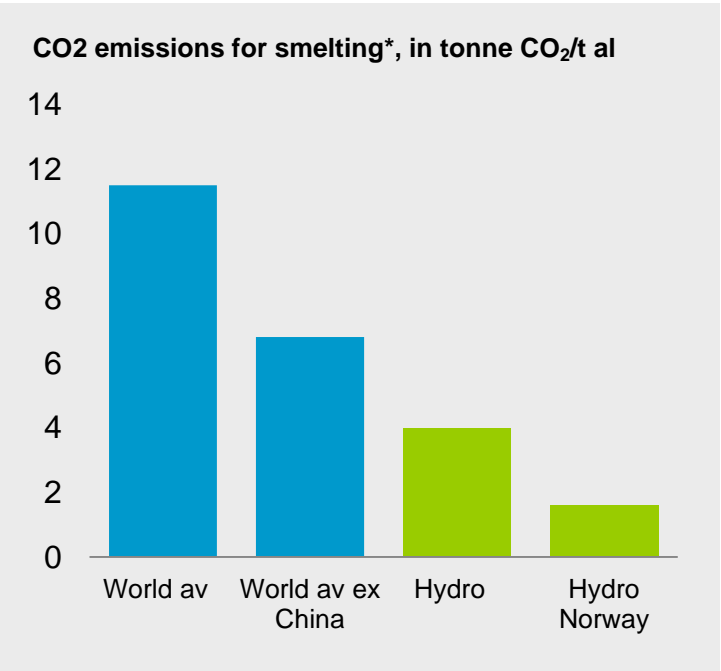
Alouette

Greener

Primary Metal contributing to a greener Hydro

Emissions

Reduce energy consumption and emissions in our own processes



Use-phase benefits

Develop products/solutions helping customers reduce energy consumption and emissions



Recycling

Reduce waste and recover value from used products



* Direct and indirect

A globally leading aluminium producer

Better

- Deliver on improvement programs
- Secure competitive power sourcing
- Continue to develop products and services towards advanced customers to improve margins

Bigger

- Realize 100,000 mt creep in fully-owned smelters
- Extend technology lead with Karmøy pilot plant
- Further mature growth options for when time is right

Greener


- Grow the recycling business to improve margins and environmental footprint
- Reduce energy consumption and emissions in our processes
- Develop products/solutions helping customers reduce energy consumption and emissions

Bauxite & Alumina

Alberto Fabrini

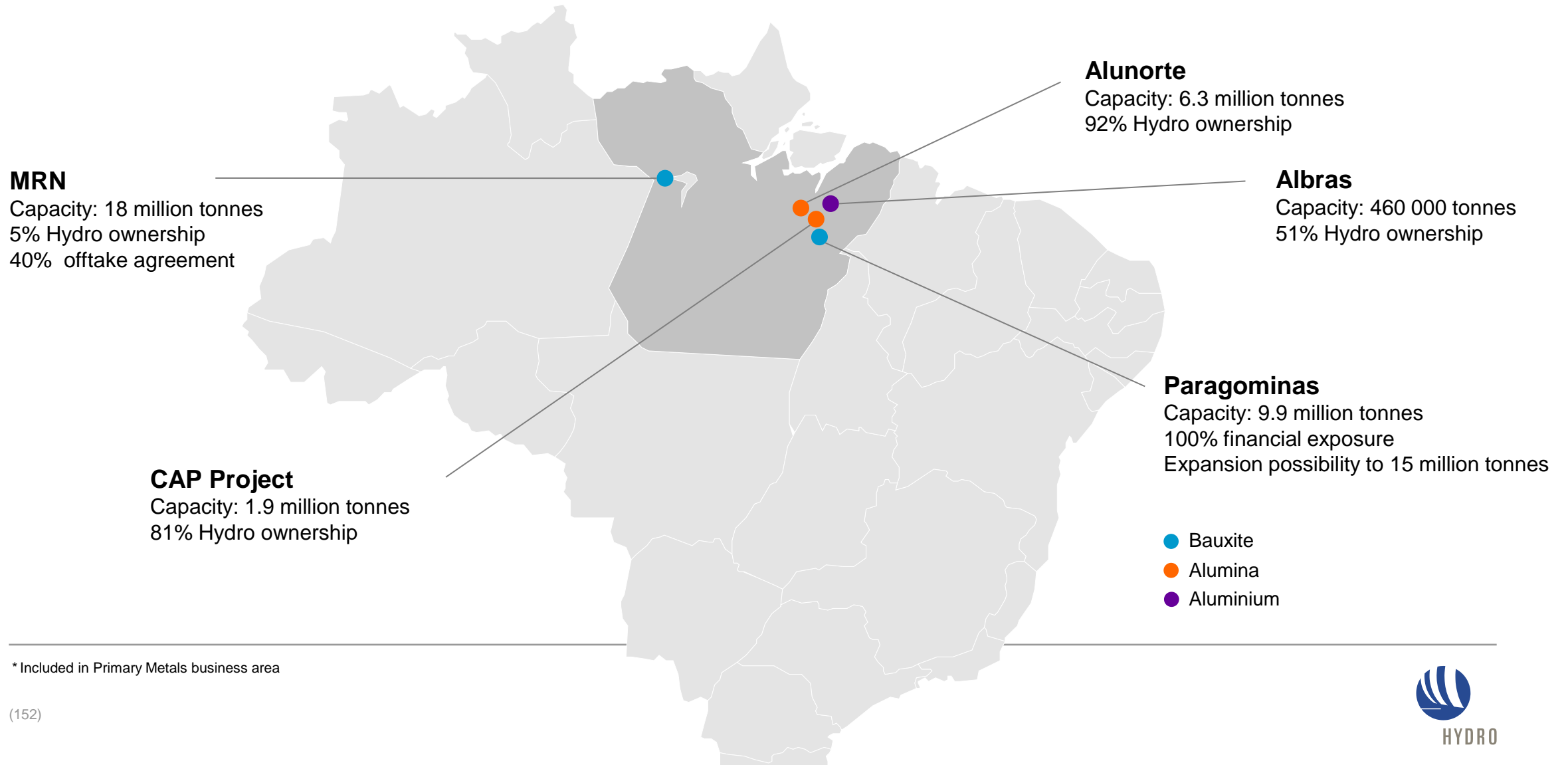
Capital Markets Day 2014



- 
- 1 Introduction
 - 2 Better: From B to A
 - 3 Bigger
 - 4 Greener
 - 5 Strategic direction

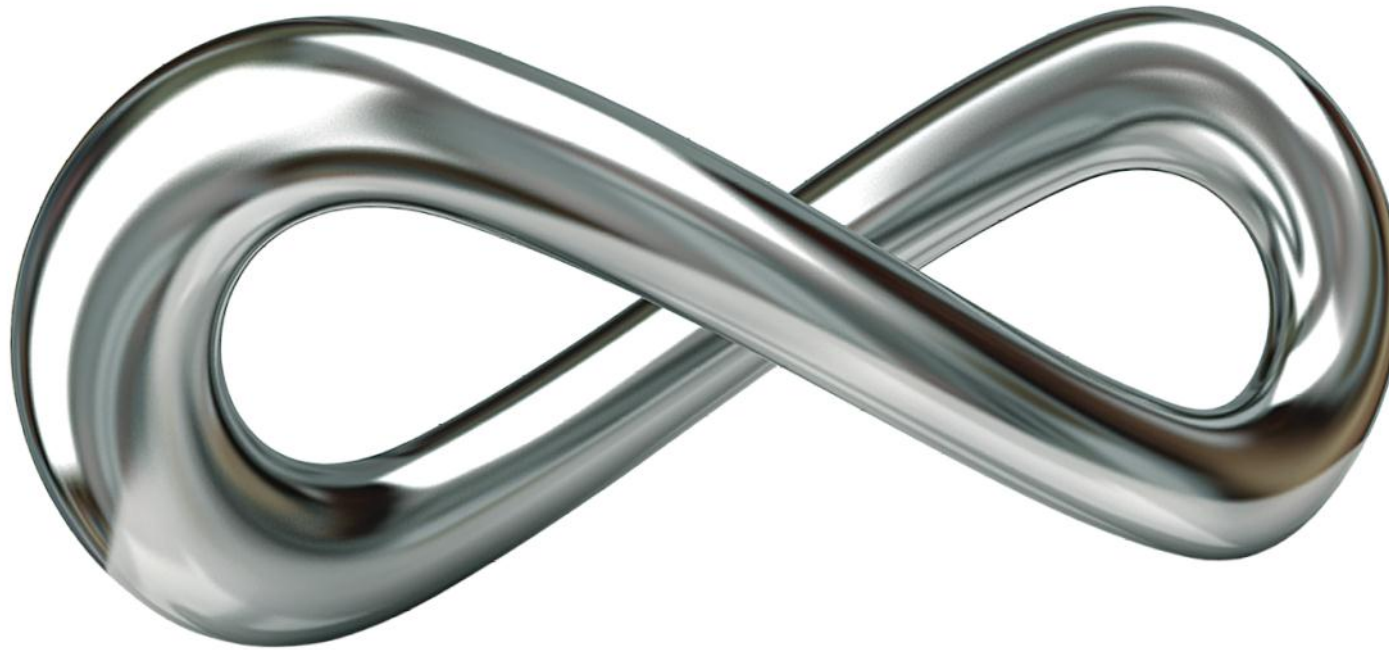
Competitive aluminium cluster in Pará

Strategic position in mineral resources creates competitive advantage



* Included in Primary Metals business area

Better, Bigger, Greener in Bauxite & Alumina



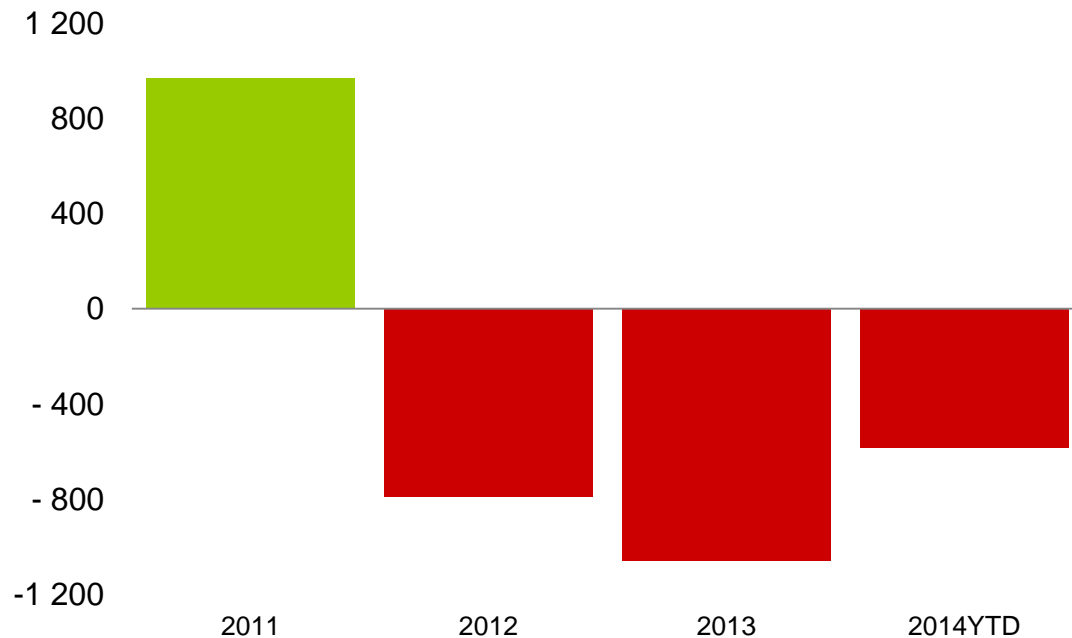
Better Bigger Greener

Better

Weak B&A results over the past years

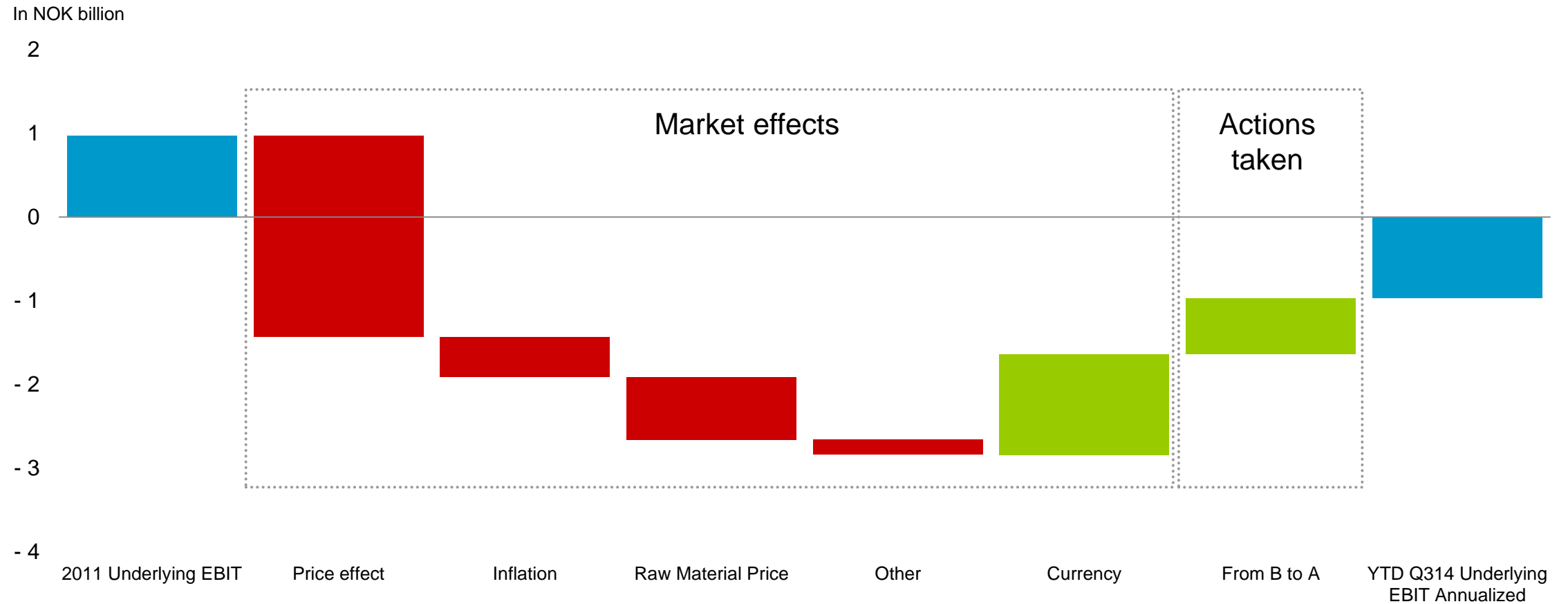
Underlying EBIT

NOK million



- Operational issues in 2013 at Alunorte
 - Also affecting performance in Paragominas
- High Brazilian inflation impacting costs
- Continuous low alumina prices
- Regulatory challenges
- Positive currency development

Responding to challenges with improvement efforts



From B to A back on track in 2014

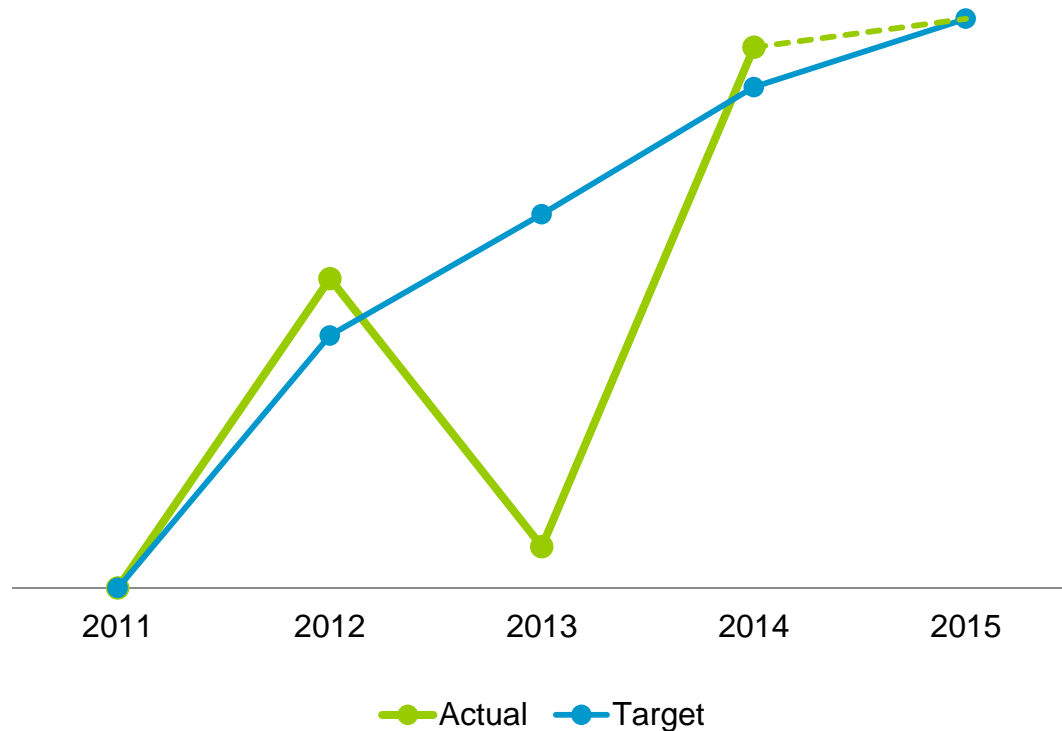
- Total program on track
 - Paragominas ahead of target
 - Underlying improvements in Alunorte ongoing, bringing program closer to target level during 2014
 - Strong commercial contribution, ahead of target
- Estimated delivery by end 2014: NOK 700 million
- 2015 target confirmed
 - 20% manning reduction by end of 2015
 - NOK 1 billion annual improvement by end of 2015



Better

Paragominas

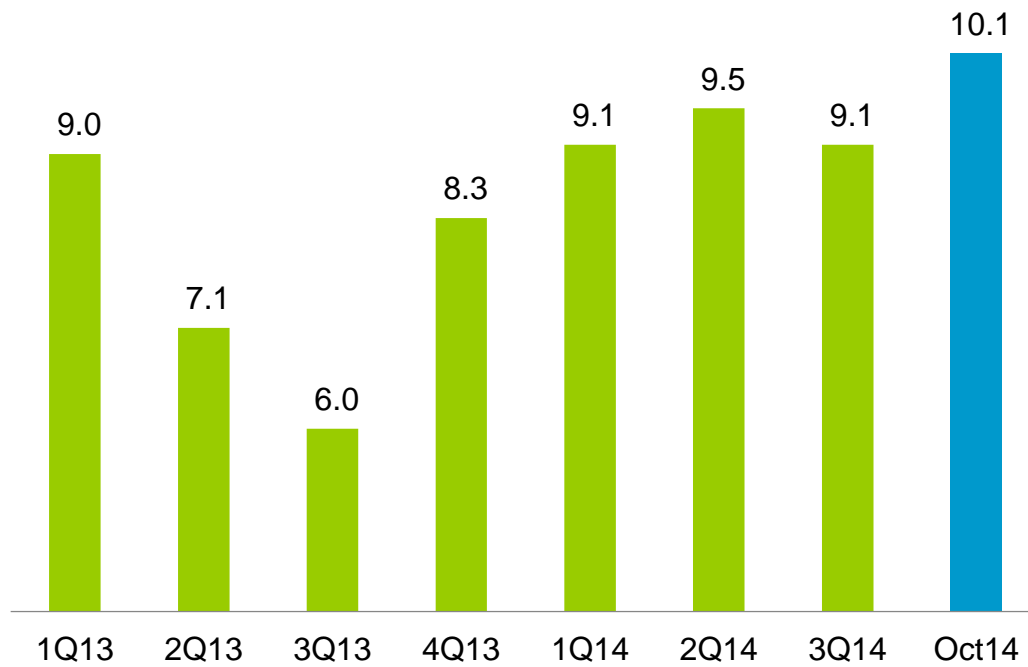
Paragominas ahead of planned cost improvements



- Positive contributions from all areas
 - Production increased to record levels
 - Productivity improvements driven by debottlenecking at beneficiation plant and optimization of mining operations
 - Fixed cost reduction mainly due to manning reduction of 25%

Paragominas production beyond nameplate capacity

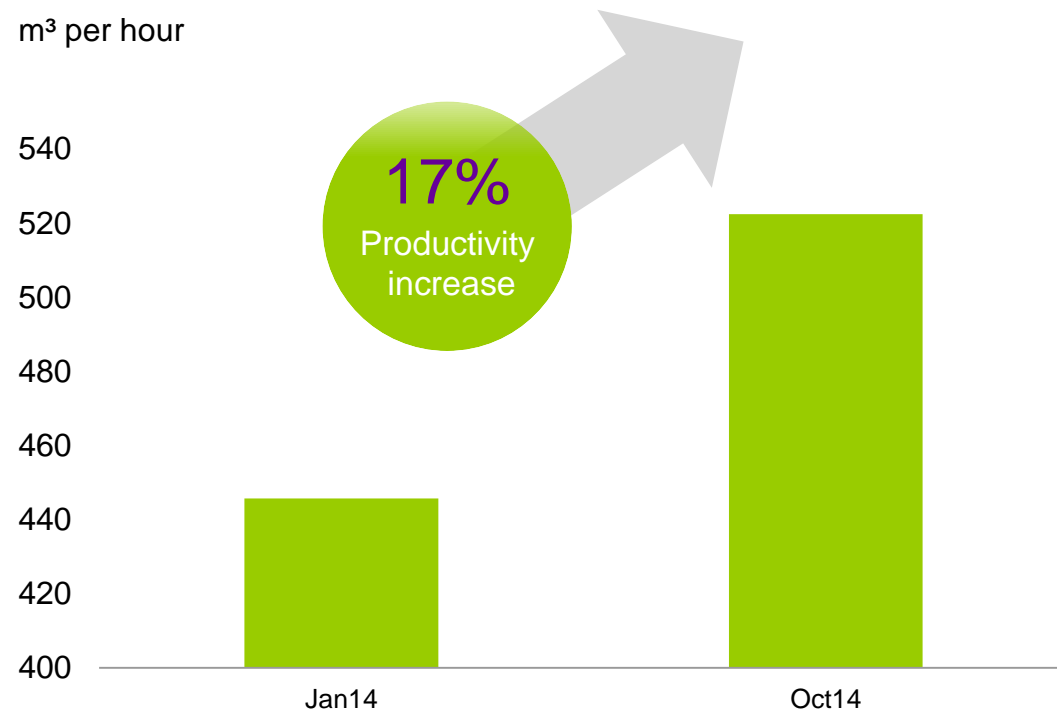
Production, annualized million tonnes



Productivity increased through reduction in number of dozers

Dozer productivity

m³ per hour



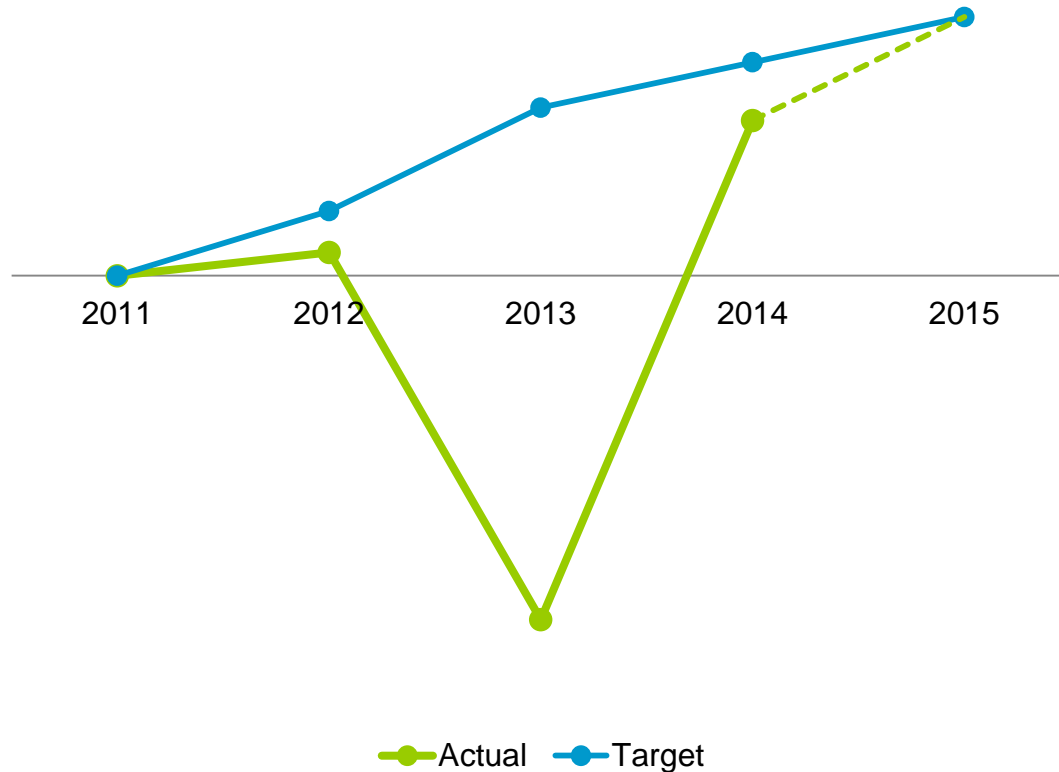
- Improved process for removing overburden to open mining strips
- Reducing distance travelled for moving equipment by increasing cut angle for transport ramps 14° to 18°



Better

Alunorte

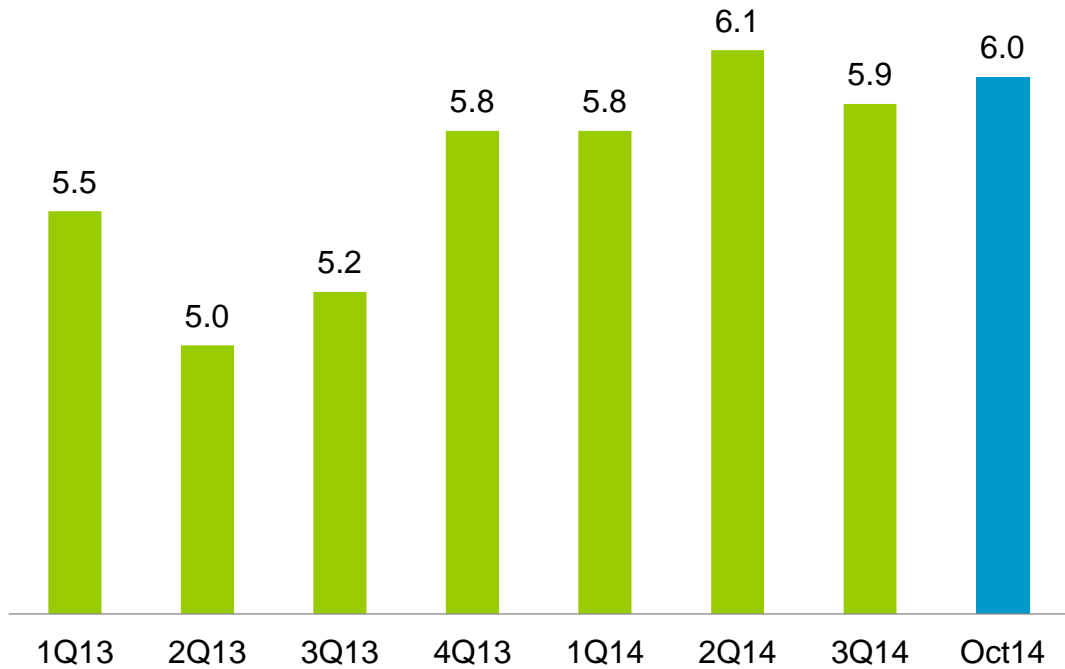
Alunorte improvement efforts recovering following 2013 setback



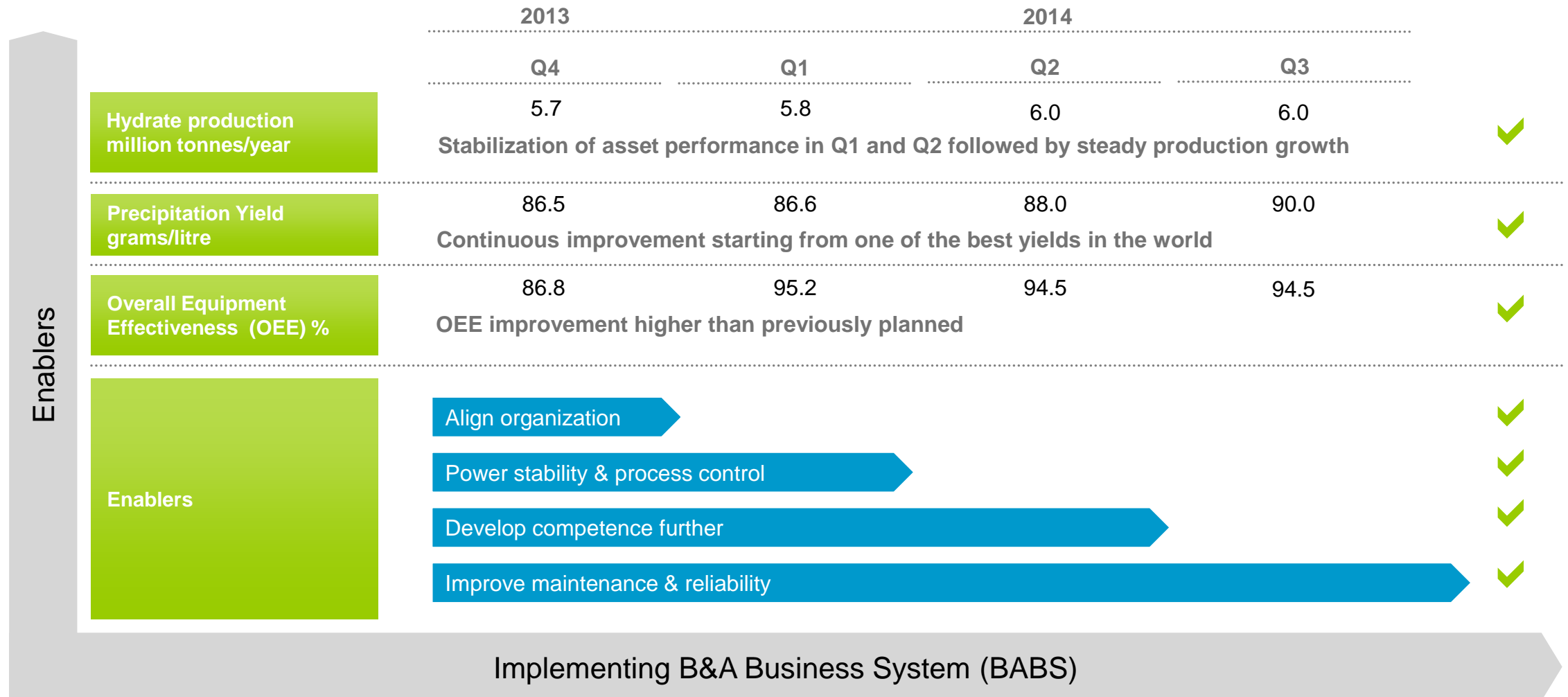
- Strong recovery during 2014
 - Continuing positive contributions from increasing production
 - Stabilizing performance and increasing raw material efficiency
 - Still lagging development in manning reduction
- Increased robustness against power outages
 - Automation of substations and powerhouse

Positive production trend continues

Production, annualized million tonnes

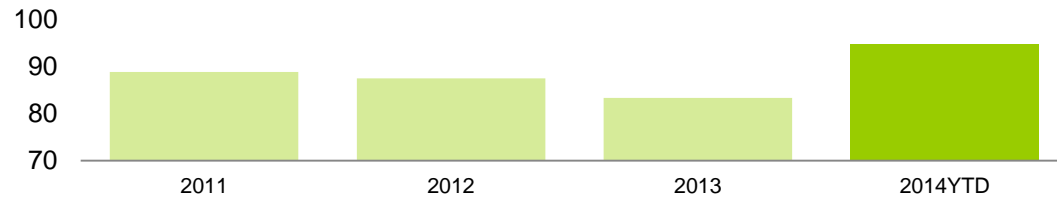


Delivering on Alunorte plan towards nameplate capacity



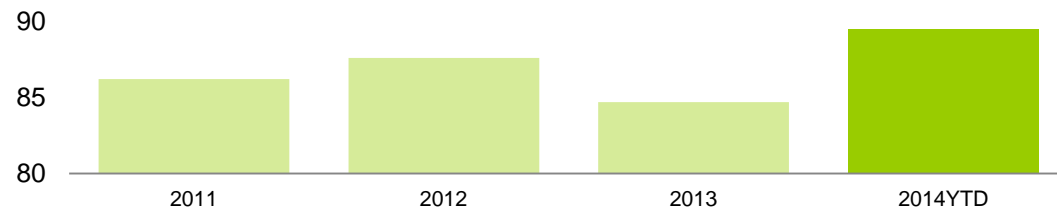
Improved operational parameters resulting in lower costs

Overall equipment effectiveness (OEE) (%)



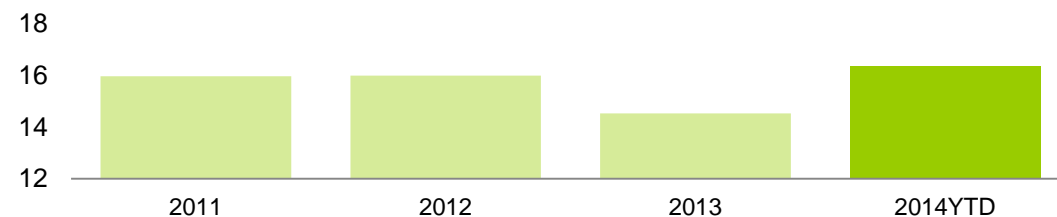
- Focus on residual life
- Disciplined root cause failure analysis

Precipitation yield (grams/litre)



- OEE achievements
- Better temperature control and A/C ratio

Hydrate Production (tonnes per day)

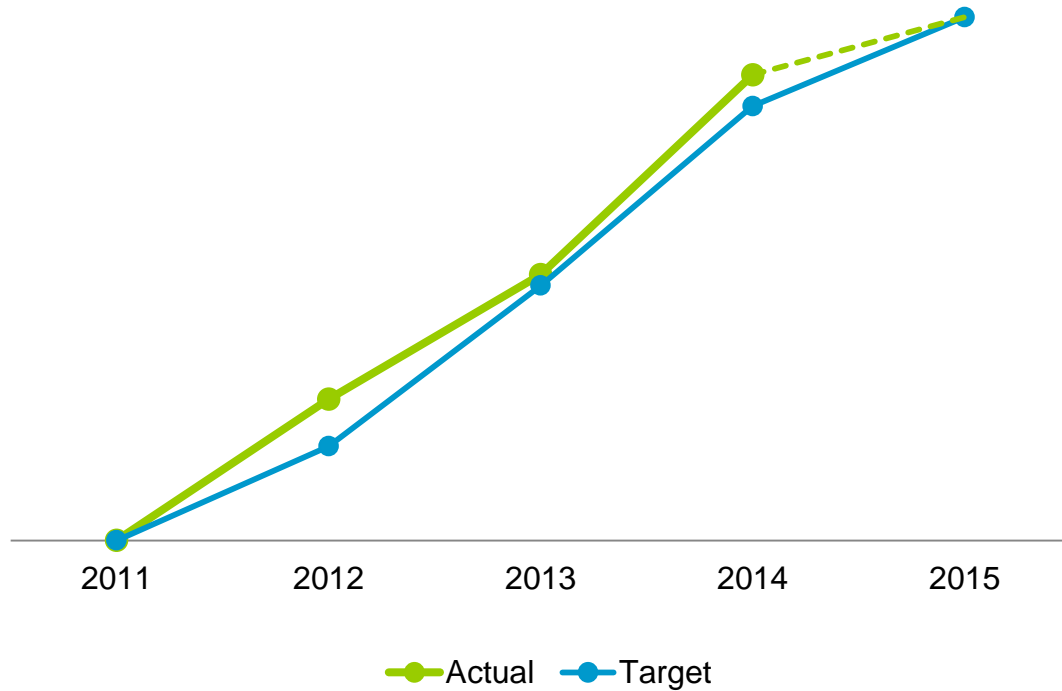


- Shift from line to process orientation
- Daily meetings with root cause failure analysis
- OEE and yield improvements

Better

Commercial

Strong improvements in commercial

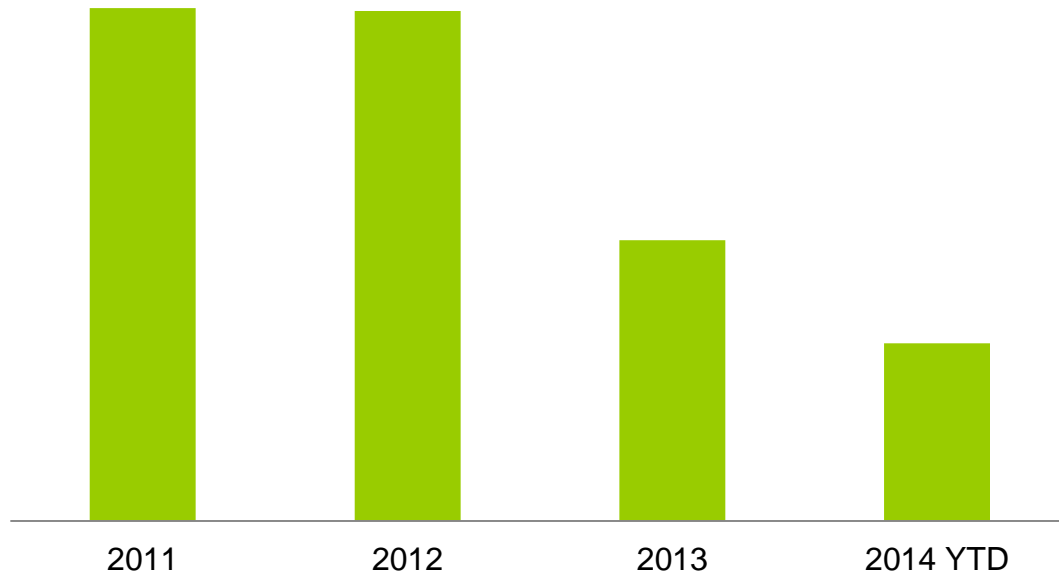


- Commercial improvements achieved through
 - Strategic pricing ambitions to price bauxite and alumina on own fundamentals
 - Reduce demurrage cost
 - Portfolio optimization
 - Improved pricing terms on existing and new contracts

Creating value through reduced demurrage costs, and higher bauxite margins

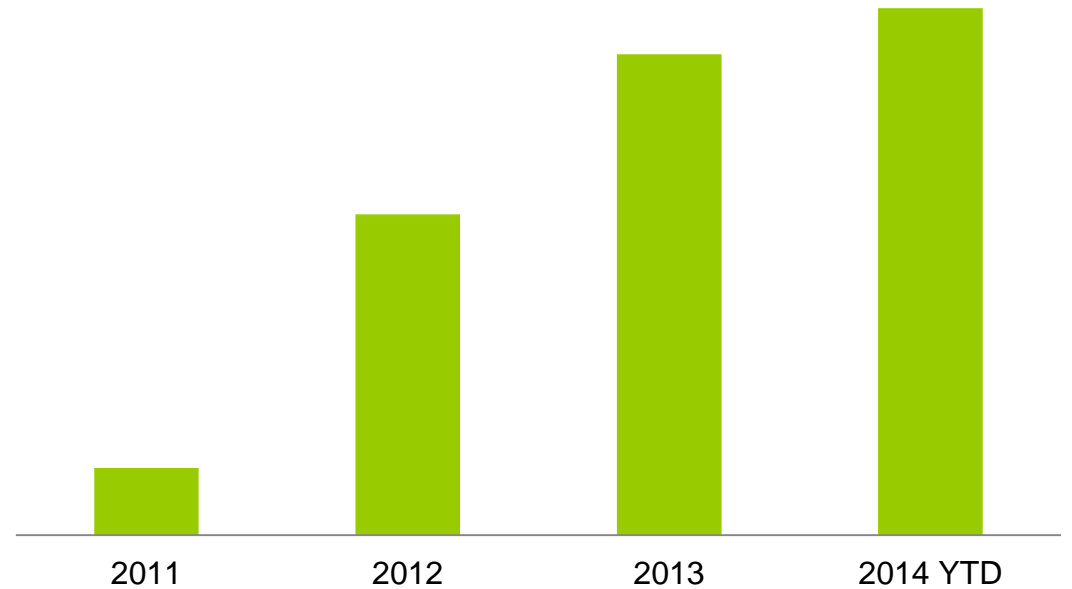
Demurrage cost

2011 – 100% basis



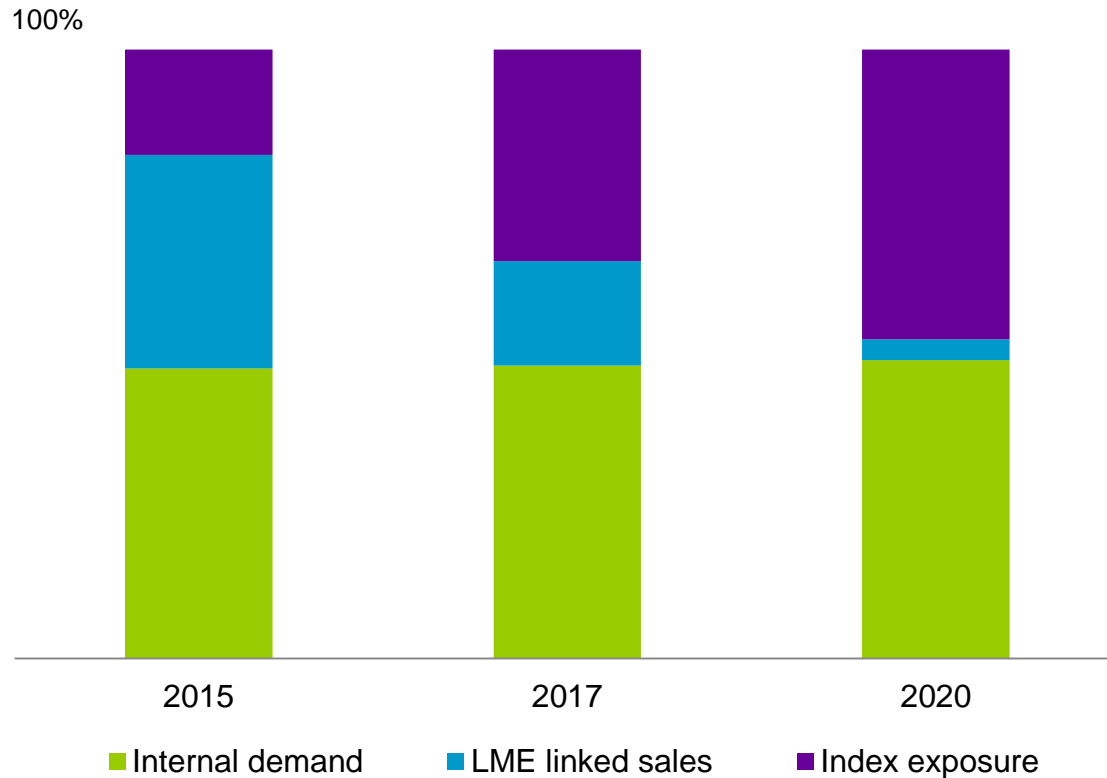
Commercial bauxite EBIT/tonne

2011 – 100% basis



Alumina pricing on own fundamentals

Index spot price exposure



- Increased index potential
 - Some contract renegotiations
 - Sourcing volumes higher than previously indicated, stable going forward
- Focus on developing strategic consumer business
 - Closer links with end-users
- Sales on delivered (CIF) terms
 - Better control of total value chain and logistics

More attractive market positions



- China and Indonesia represent commercial opportunities
 - Brazilian bauxite quality attractive in global market
 - Excess bauxite sold at a premium
 - Bauxite pricing on own merits, value-in-use pricing gaining traction
- Increasing commercial diversification through Atlantic and Pacific presence

Bigger

Secure and develop bauxite resources for future decades



- High-quality Gibbsite bauxite at Paragominas
 - High available alumina
 - Good alumina/silica ratio
 - Low impurities
 - Organic free
- Paragominas expansion possibility to 15 million tonnes per year, supported by current pipeline
 - Securing bauxite supply for CAP project
- Important to secure long term supply to Alunorte
 - Long-life resource base

CAP alumina refinery project: attractive project when time is right



Utilize large bauxite reserves in Paragominas

- Competitive investment cost and cost position
 - Utilizing existing pipeline capacity
- Full review of technical solutions to further reduce cost and increase efficiency
- Ready to proceed as soon as new capacity is needed in the market
- Phase one: 1.86 million tonnes per year

Source: China Custom, Cmgrou, Hydro

Greener

Hydro's social and environmental commitment in Pará

Focus on health, safety, environment, social and educational programs



Safety first



Education



Social projects



Environment

Reforestation: Our “license to operate”

Mining rehabilitation ratio 1:1 by 2017, aiming for no net loss in biodiversity long term



Para Sempre: Proactive approach to regulatory challenges



- Systematic dialog with key stakeholders
 - Politicians: Local, state, federal
 - Industry associations
 - NGOs and media
- Focus on Hydro's contribution to a sustainable aluminium value chain in Pará state
- Underline need for competitive and predictable framework conditions for Hydro's operations
- Hydro ICMS strategy and task force in place

Aiming for operational and commercial leadership in bauxite and alumina

Better

- Continue operational improvement drive
- Price bauxite and alumina on own fundamentals

Bigger

- Secure and develop bauxite resources for future decades
- Mature CAP project and Paragominas expansion for when time is right

Greener

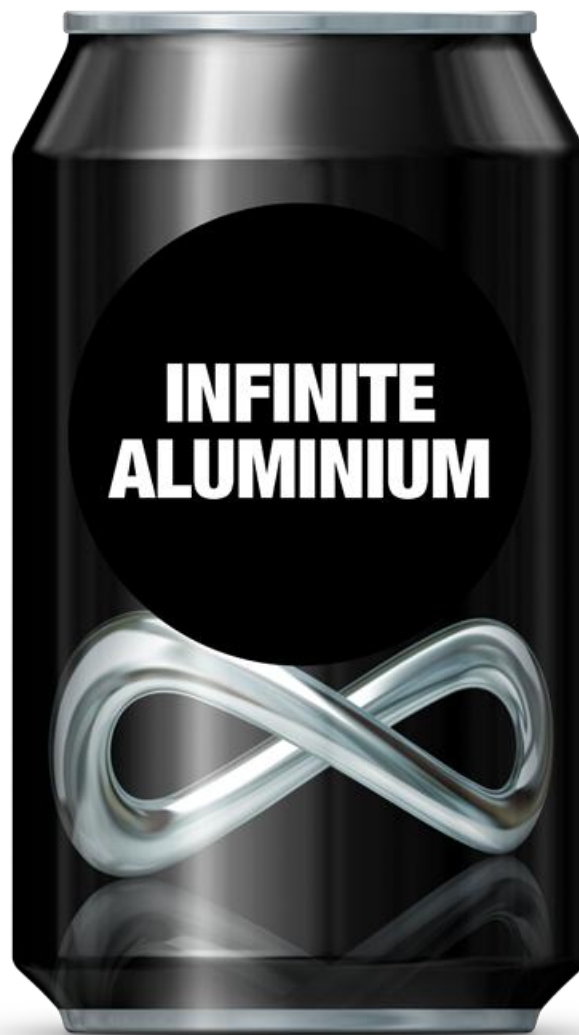
- Improve organizational capabilities and HSE performance
- Deliver on reforestation ambition 1:1 in 2017

Hydro 2015

Lifting performance and shareholder value in tight physical markets

- Delivering on improvement programs
- Targeting high-margin markets and maturing growth portfolio, while maintaining tight capital discipline
- Increasing energy-efficiency and lowering climate footprint

Better Bigger Greener



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Next events
Fourth Quarter Results
February 11, 2015

For more information see
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