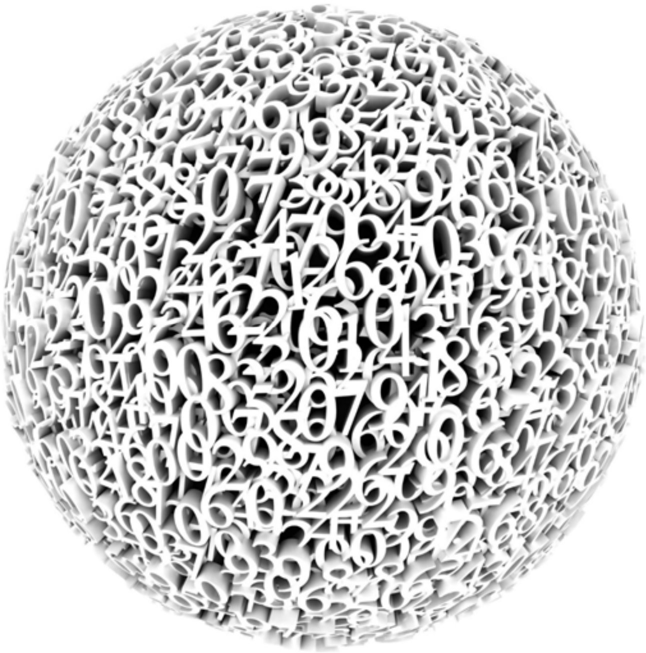


Finance
Maximizing the potential for value creation

Eivind Kallevik, CFO

01

Prudent financial framework

Prudent financial framework

Managing industry cyclicality, driving long-term shareholder value

Lifting cash flow potential

Improving efficiency, strengthening margins

Improvement efforts

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

Managing working capital

Financial strength and flexibility

Investment grade credit rating

Financial ratio targets over the cycle

- FFO/aND [2)] > 40%
- aND/E [3)] < 55%

Strong liquidity

Disciplined capital allocation

Long-term sustaining capex below depreciation

- 5.5 – 6.0 BNOK per year

Total capex incl. growth

- 2017E BNOK 7.7[4)]

Selective value-add growth

Attractive organic growth prospects and M&A optionality

Reliable shareholder remuneration policy

Sector competitive TSR

Dividend policy since 2016

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

Special dividends and share buybacks in the toolbox

Effective risk management

Volatility mitigated by strong balance sheet and relative positioning

Hedging policy

- Operational LME and currency hedging
- Limited financial hedging

Diversified business

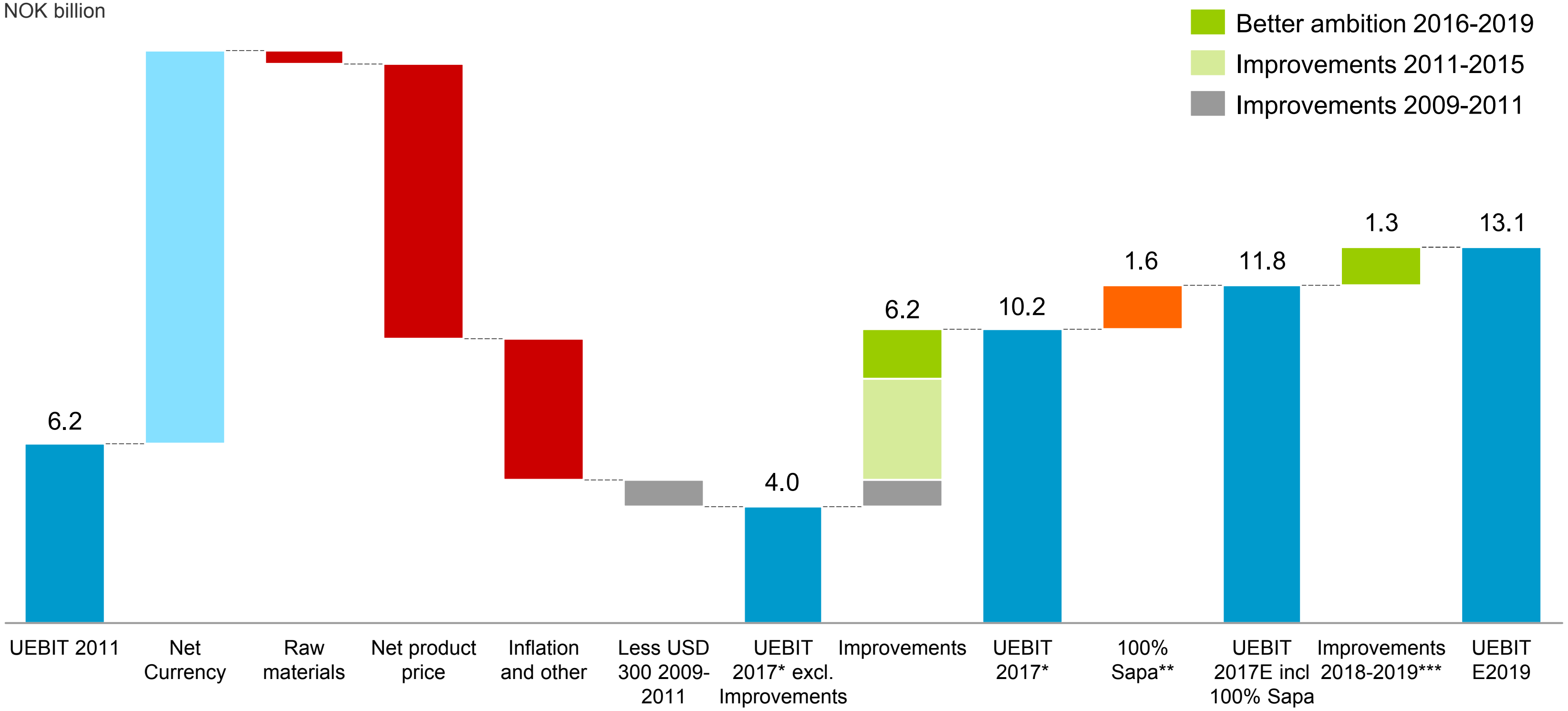
1) Real 2015 terms
2) Funds from operations / adjusted net debt
3) Adjusted net debt / Equity
4) With Karmøy Technology Pilot net investment, after ENOVA support and including Extruded Solutions

HYDRO

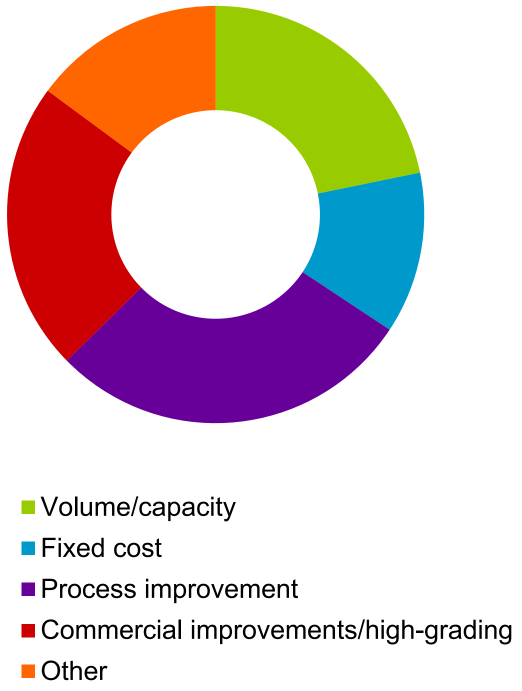
Supporting earnings with industry-leading improvement ambitions

Underlying EBIT development

NOK billion



Better improvement ambition by category, 3.0 BNOK 2016-2019

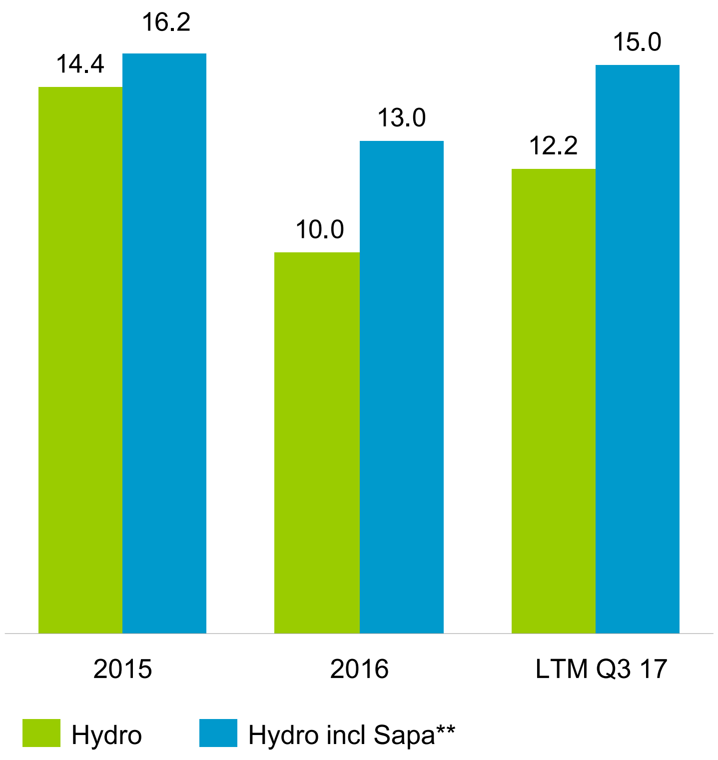


Hydro UEBIT including Hydro Extrusions before 2013 and 50% of Sapa Net Income after 2013.
* YTD Q3-2017 annualized
** Sapa 100% Underlying EBIT less 50% underlying net income - Q3 2017 annualized incl. excess value depreciation
*** Remaining improvement programs in real 2015 terms

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

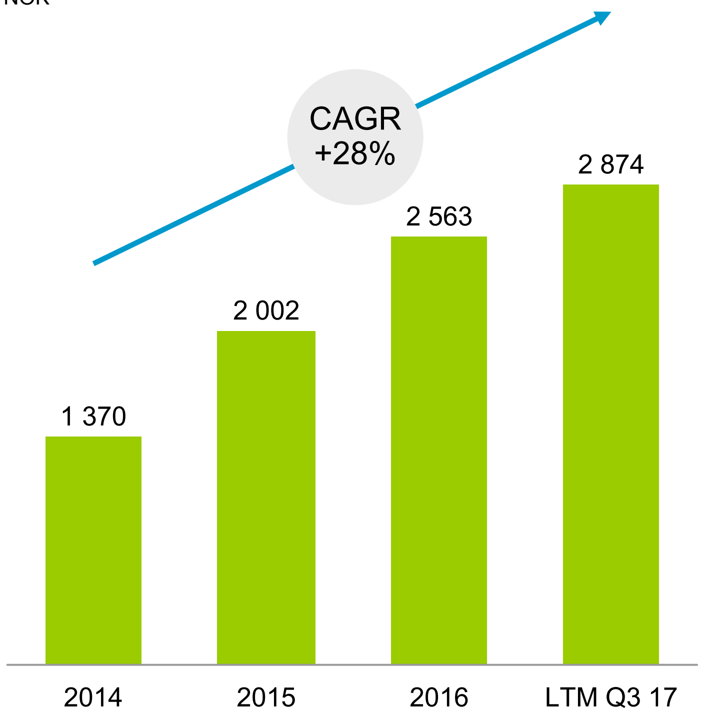
Cash flow from operations*

NOK billion



Sapa (100%) Underlying EBITDA per mt

NOK



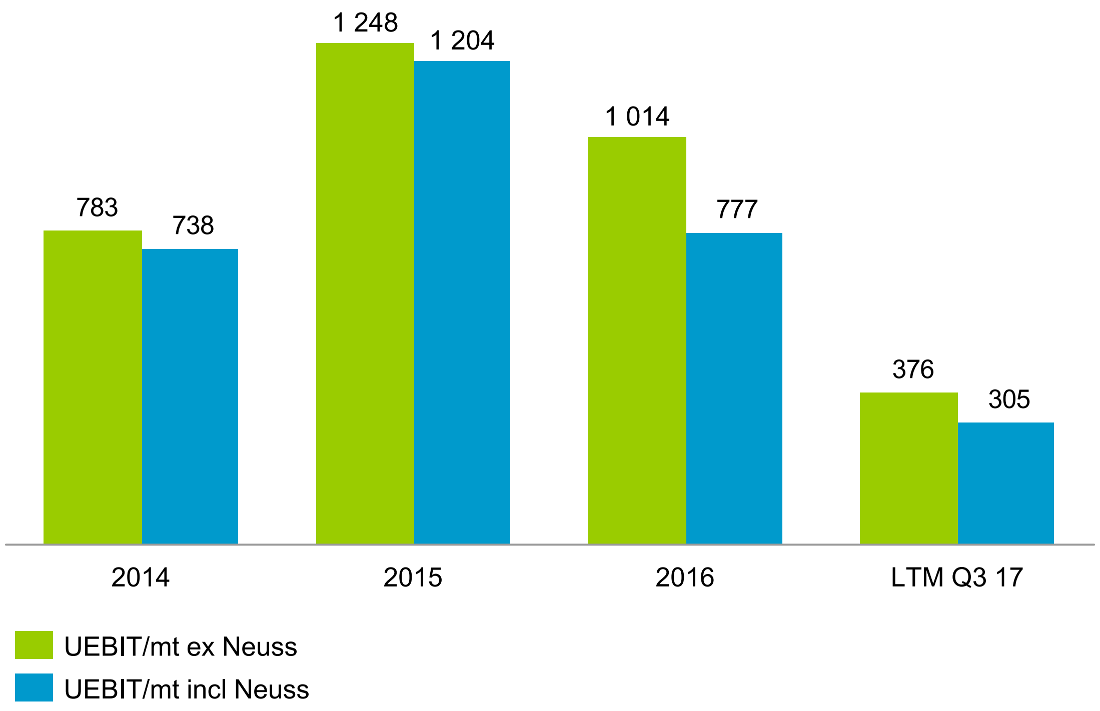
- BNOK 1 restructuring on annual basis delivered ahead of plan
- Further potential for value-creation
  - Increasing share of value-added sales
  - Simplification and collaboration drive for continued profitability improvement
  - Selective investments in capabilities and capacity to support value-over-volume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

* From cash flow statements Hydro and Sapa
** Estimate including Sapa

Rolled Products: Challenging 2017, investing for future growth

Rolled Products Underlying EBIT per mt

NOK



- Operational issues reducing cash flow in 2017
  - Production performance at Alunorf and Hamburg have been stabilized
  - Technical issues related to the UBC line mitigated, full ramp-up to >40 000 mt expected by year-end 2018
  - Qualification process ongoing for the Automotive Line 3, technical issues have been identified and are currently being resolved
- Gradual improvement during the next years
  - Negative effect from the Neuss smelter to be mitigated with a more competitive power contract from 2018, positive effect of MNOK 350-400/year
    - Offsetting negative effect of MNOK ~ 250/year in Energy
  - Product mix improvement and further high-grading through ramp-up of UBC and AL3

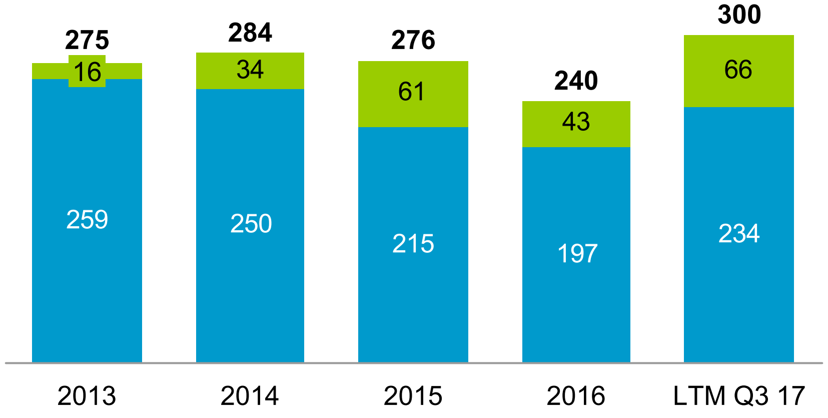
HYDRO

LIFTING CASH FLOW POTENTIAL

Increasing margins upstream, raw material cost push

Implied alumina cost and margin, USD/mt 1)

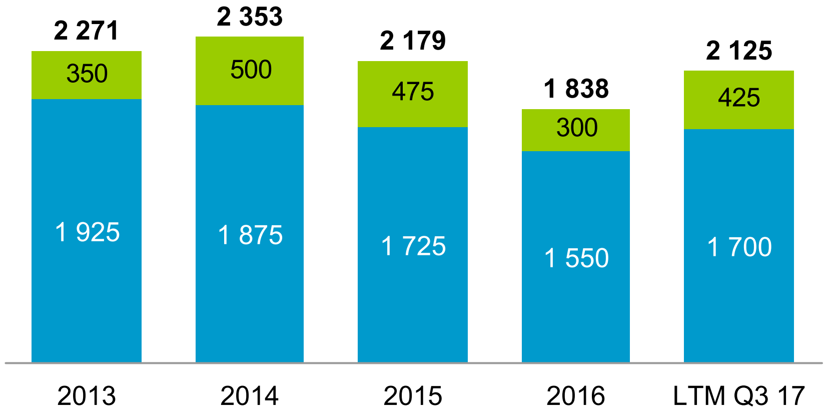
Realized alumina price



	2013	2014	2015	2016	LTM Q3 17
USD/BRL	**2.1**	**2.4**	**3.3**	**3.5**	**3.2**
Implied margin in NOK	94	213	485	360	555

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

Realized all-in price 3)



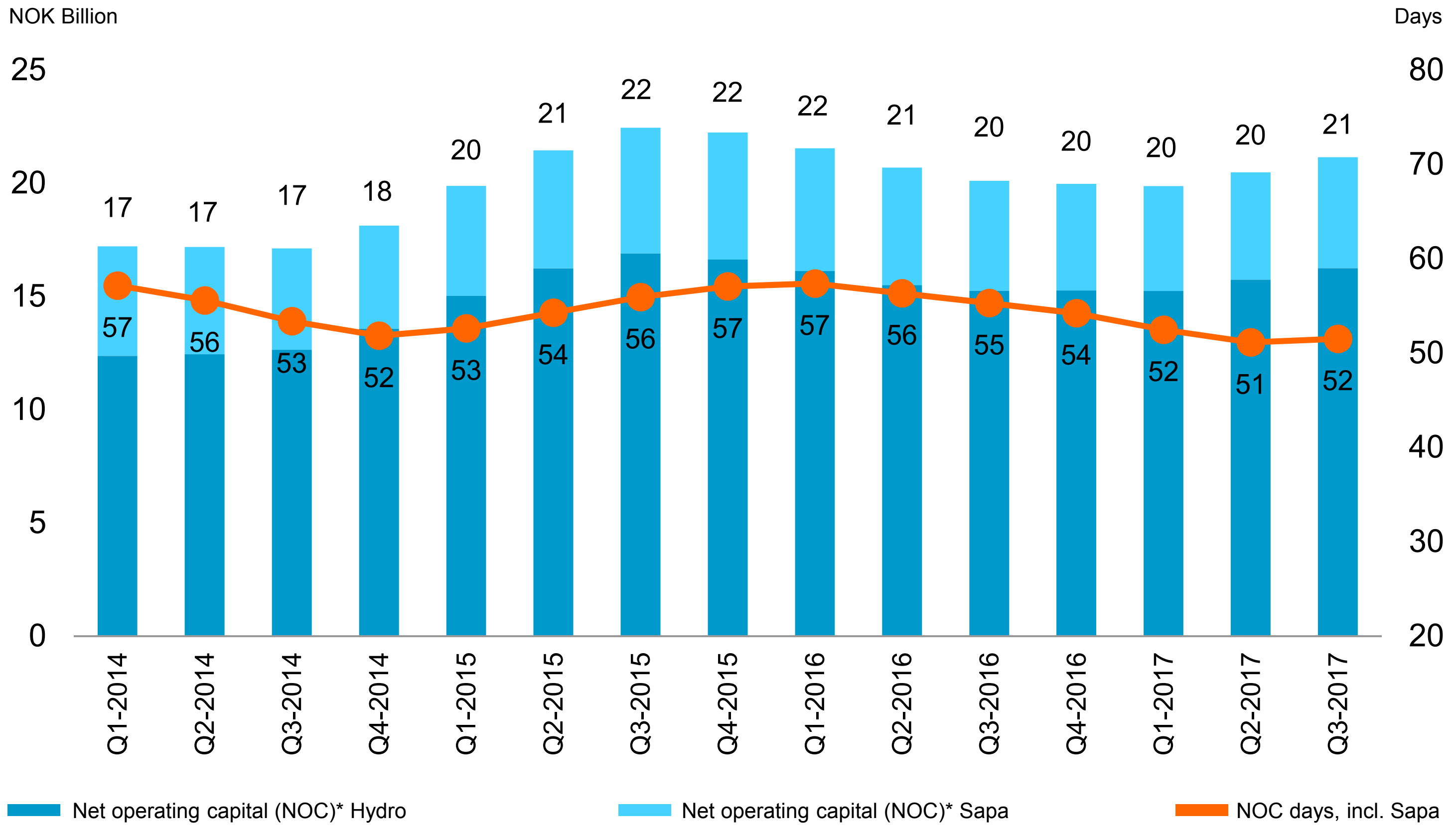
	2013	2014	2015	2016	LTM Q3 17
USD/NOK	**5.9**	**6.3**	**8.0**	**8.4**	**8.4**
Implied margin in NOK	2 100	3 075	3 700	2 500	3 625

Implied margin   Implied cost

1) Realized alumina price minus underlying EBITDA for B&A, per mt alumina sales
2) Realized all-in aluminium price minus underlying EBITDA margin, including Qatalum, per mt aluminium sold. Implied primary cost and margin rounded to the nearest “25”
3) Realized LME plus realized premium, including Qatalum

HYDRO

Optimizing working capital remains key priority



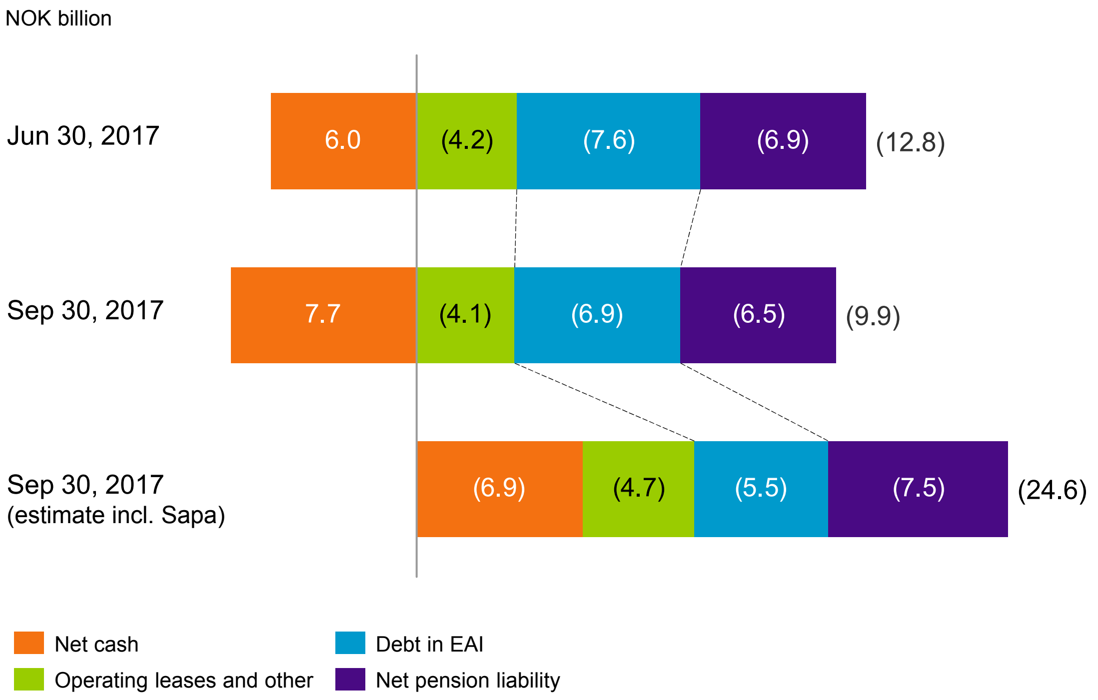
- Net operating capital generally follows LME
- Extruded Solutions average working capital around 5 BNOK
- Extruded Solutions reducing overall net operating capital days due to shorter lead times between suppliers and customers
- Reduced net operating capital days in 2016 and 2017 from the high inventory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

* Last twelve months moving average

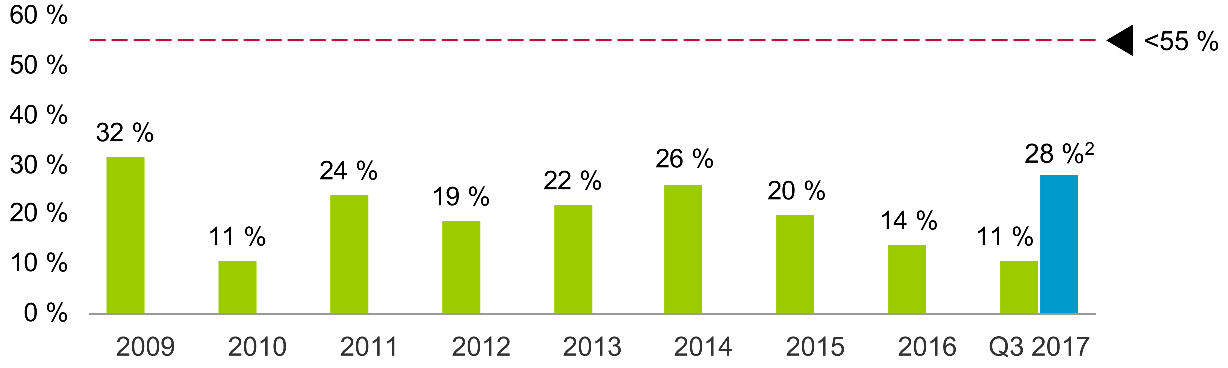
Maintaining a solid balance sheet and investment-grade credit rating

Strong liquidity, also following the Sapa acquisition

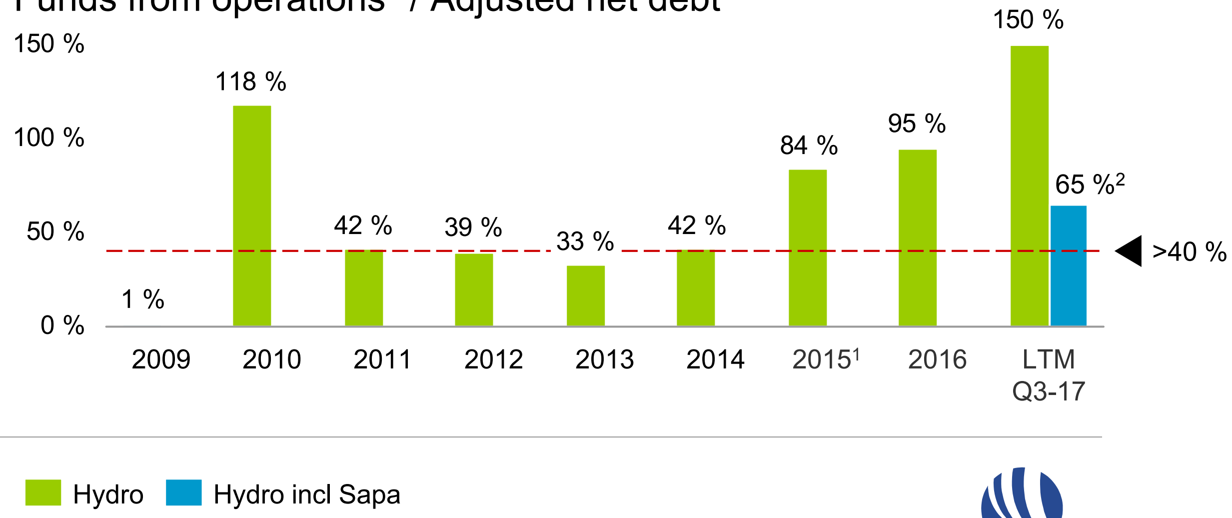
Adjusted net debt



Adjusted net debt / Equity

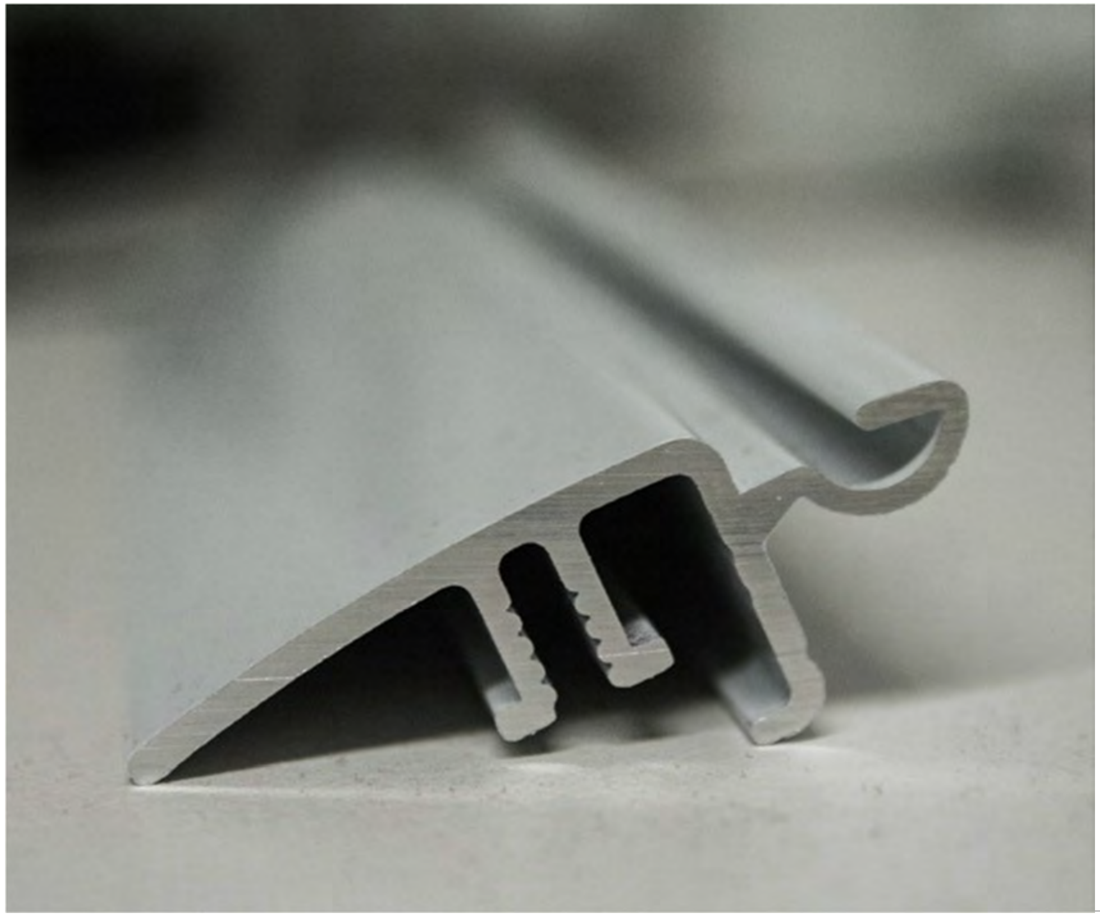


Funds from operations[1] / Adjusted net debt



1) 2015 FFO/aND ratio has been restated due to change of definition
2) Estimate including Sapa

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

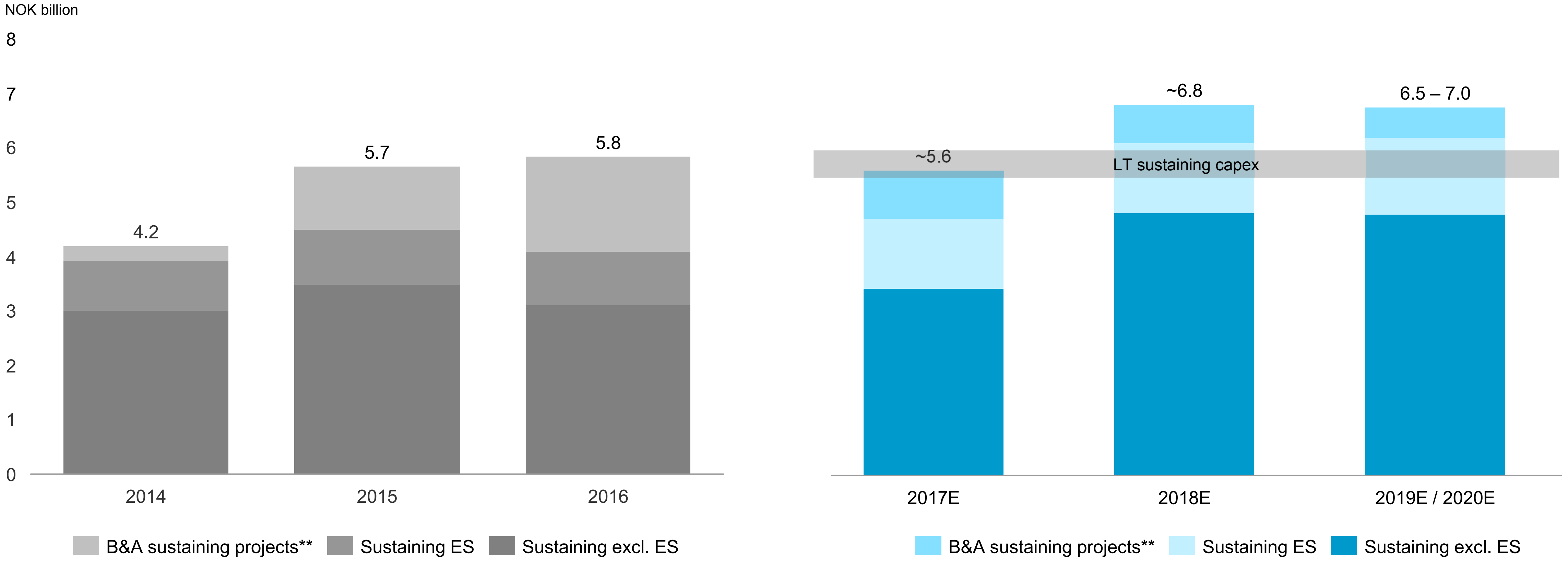


- Successful placement of bonds in Norway and Sweden
- Very strong interest and highly competitive terms achieved
- Total amount: NOK 3 billion and SEK 3 billion
  - 2Y SEK 1 billion fixed rate note with a coupon of 0.125% p.a.
  - 3Y SEK 1 billion floating rate note with a coupon of 3m Stibor + 0.75%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

DISCIPLINED CAPITAL ALLOCATION

Long-term sustaining capex around NOK 5.5-6.0 billion

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



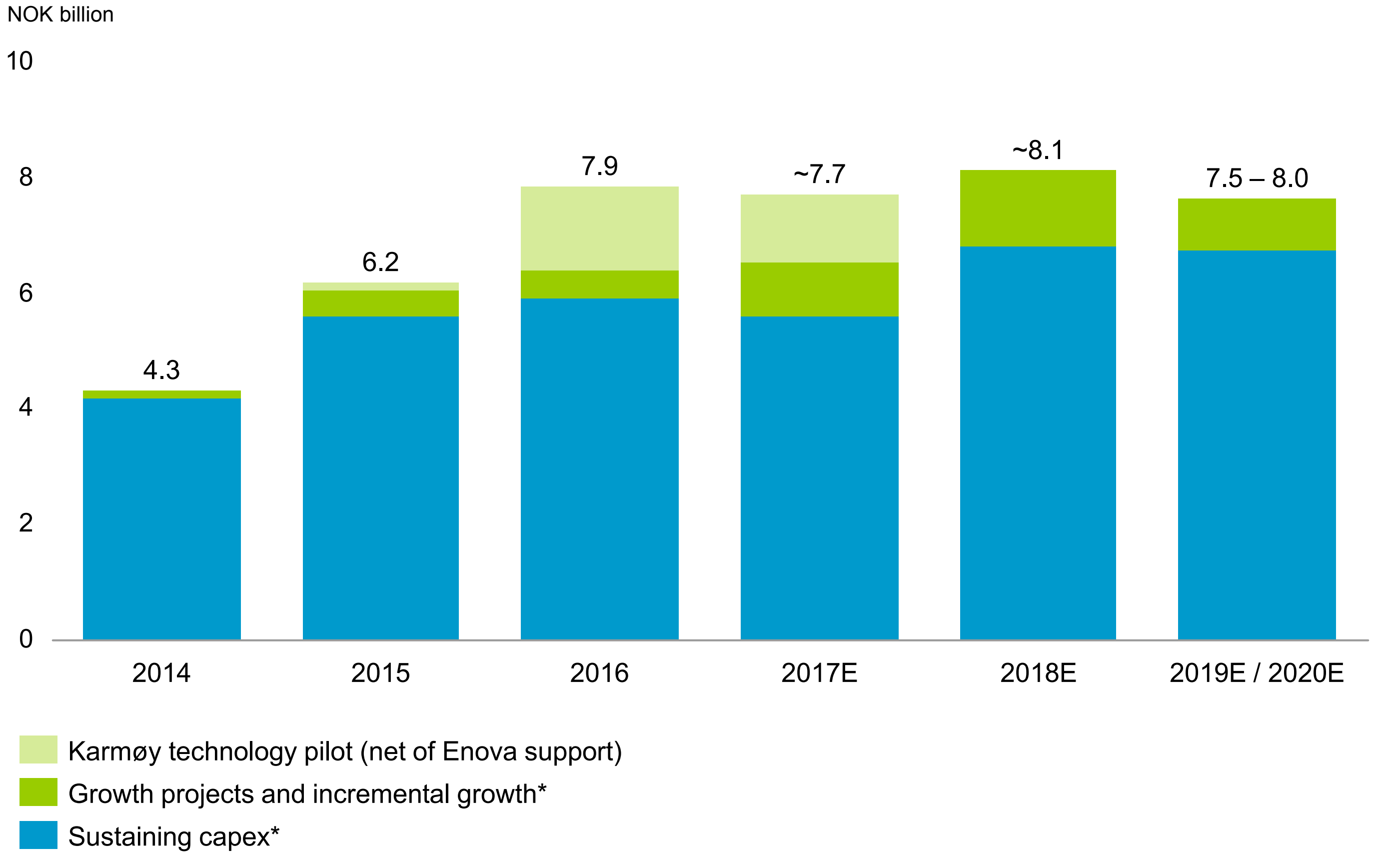
* Real 2017 figures

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

HYDRO

Growth capex focused on high-grading, recycling and technology

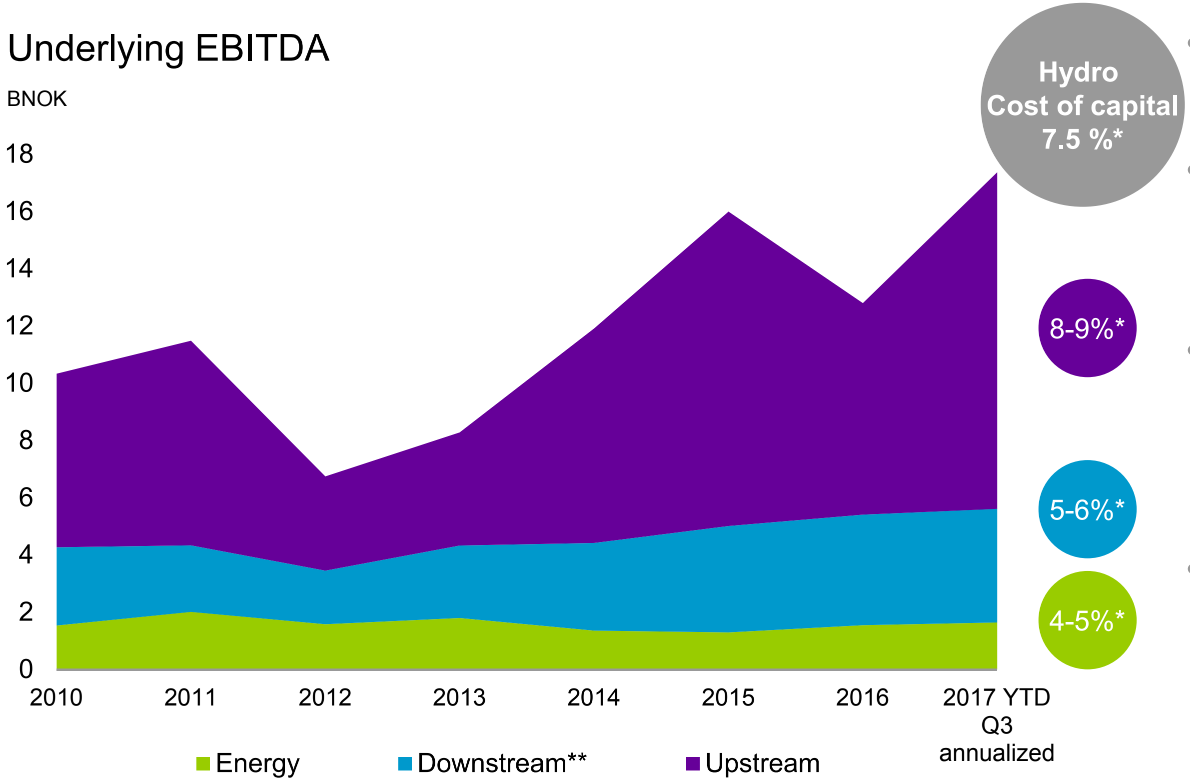
Majority of sustaining capex allocated upstream



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

* Includes Extruded Solutions

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



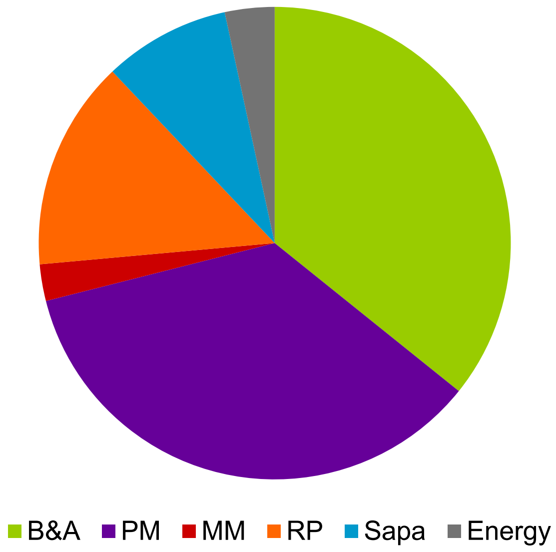
- Increased growth opportunities through presence in full value chain and all market segments
- Upstream
  - Cost of capital reflecting higher capital intensity and expected volatility
  - Focus: creep projects, cost efficiency and debottlenecking
- Downstream
  - Lower required cost of capital, more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

Return requirements dependent on project specific risk assessments

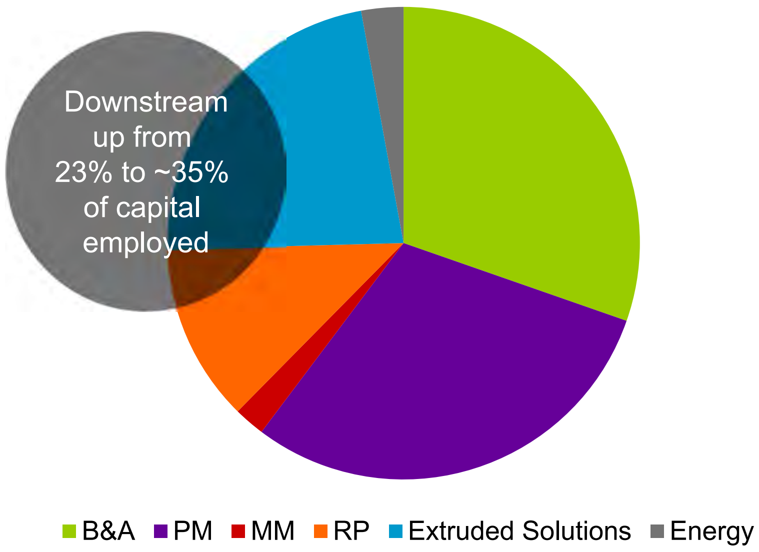
* Real after tax
** Hydro Extruded Products 2010-2012, 50% of underlying EBITDA Sapa JV 2013-2017 (pro forma figures until closing 2013)
Upstream: Bauxite & Alumina, Primary Metal. Downstream: Extruded Solutions, Rolled Products, Metal Markets

Increasing relative share of downstream exposure

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

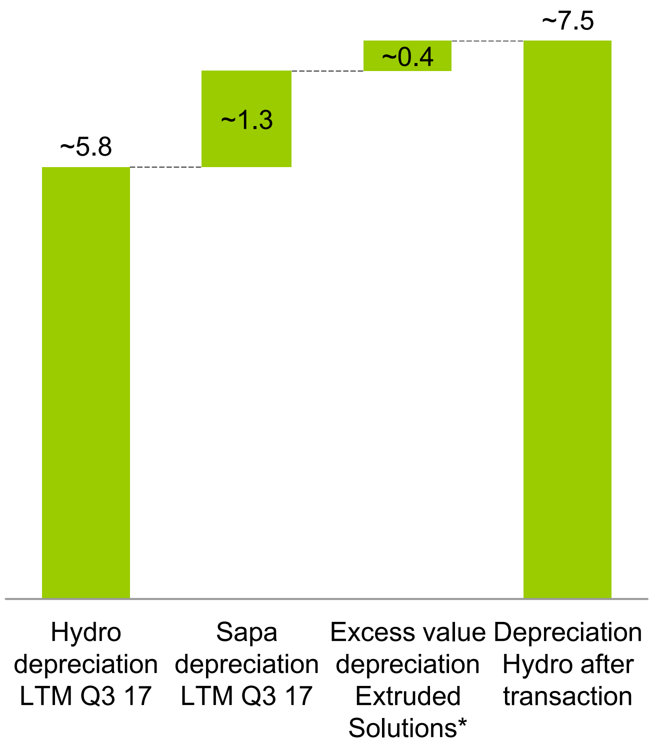


Hydro after transaction:
Capital employed by end Q3-17
BNOK ~96



Hydro depreciation after transaction:

In BNOK

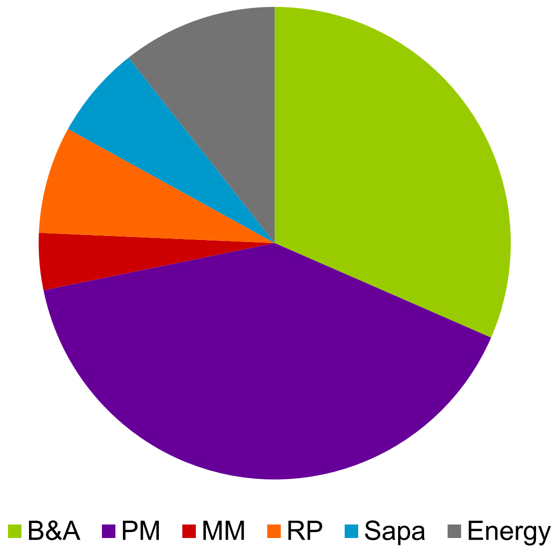


Capital employed pie-charts excludes other & eliminations of negative ~7.7 BNOK
* Indicative estimate

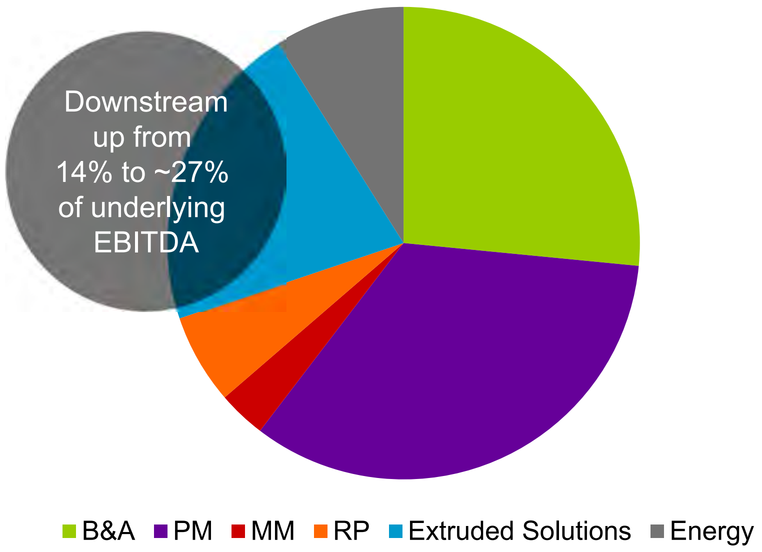
HYDRO

Increasing relative share of downstream exposure

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

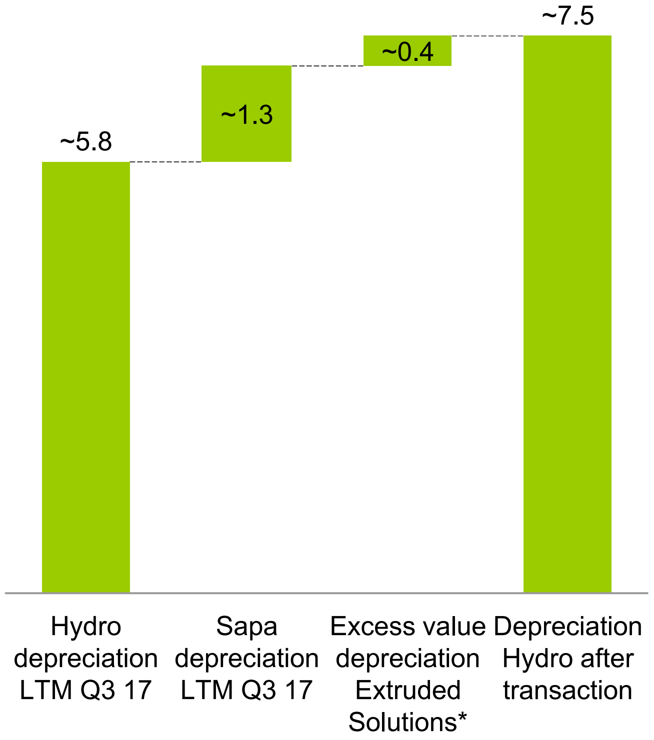


Hydro after transaction:
Underlying EBITDA LTM Q3-17
BNOK 18



Hydro depreciation after transaction:

In BNOK



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

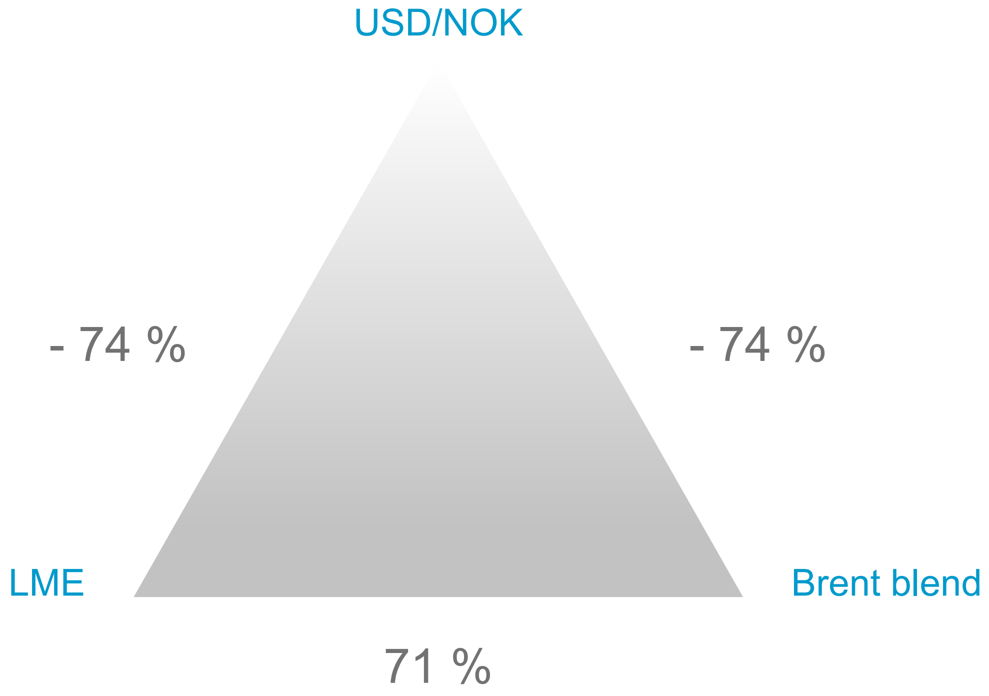
Limited financial hedging, flexible business model

Historical correlations between commodities and currencies indicate a natural earnings hedge

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

Cross-correlations between currencies and commodities

Monthly correlations 1994-2016



Source: Thomson Reuters, Hydro analysis

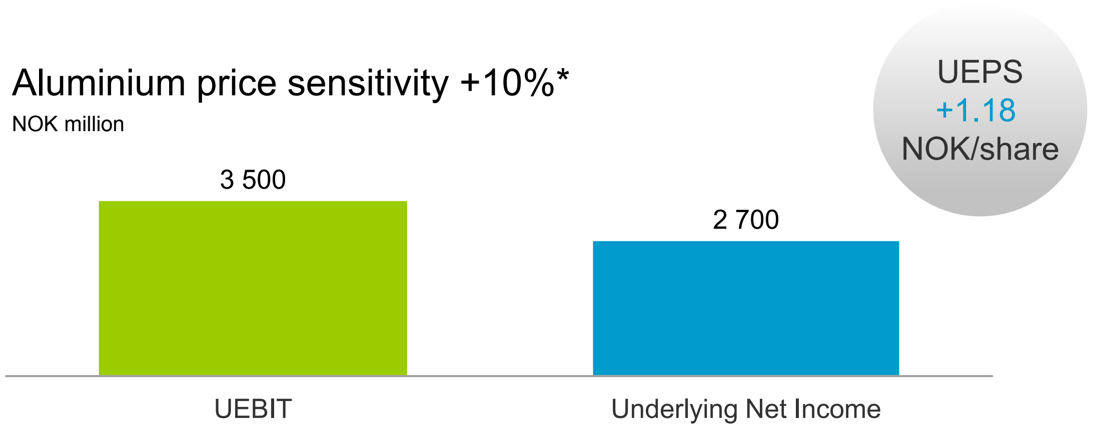
02

Sensitivities and scenarios

Significant exposure to commodity and currency fluctuations

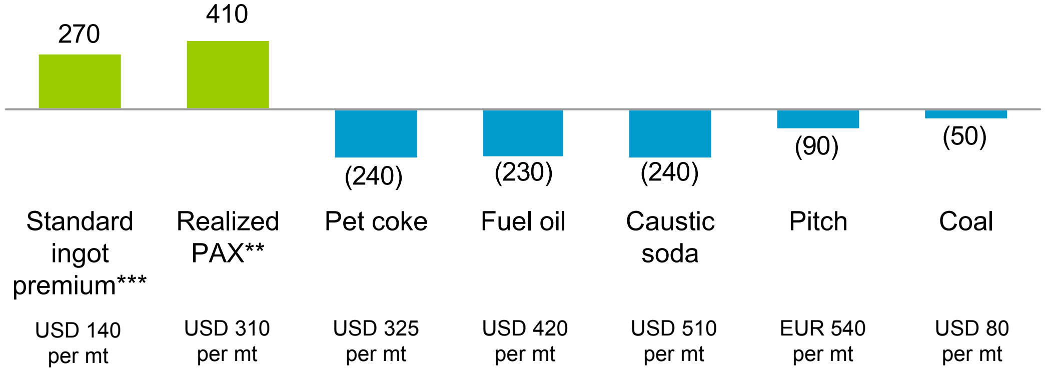
Aluminium price sensitivity +10%*

NOK million



Other commodity prices, sensitivity +10%*

NOK million



Currency sensitivities +10%*

Sustainable effect:

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

One-off reevaluation effect:

Financial items	(70)	610	(1 890)

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

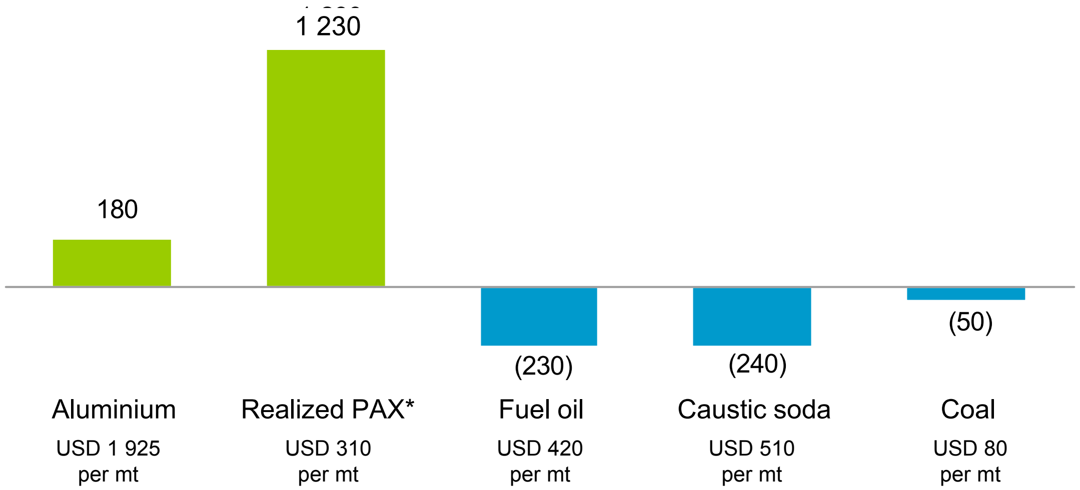
* Including Extruded Solutions
** 2018 Platts alumina index exposure
*** Europe duty paid standard ingot premium

HYDRO

Bauxite & Alumina sensitivities

Annual sensitivities on underlying EBIT if +10% in price

NOK million



Currency sensitivities +10%

NOK million	USD	BRL	EUR
UEBIT	990	(820)	-

Revenue impact

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

Cost impact

Bauxite

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

Caustic soda

- ~0.1 tonnes per tonne alumina
- Prices based on IHS Chemical, pricing mainly monthly per shipment

Energy

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

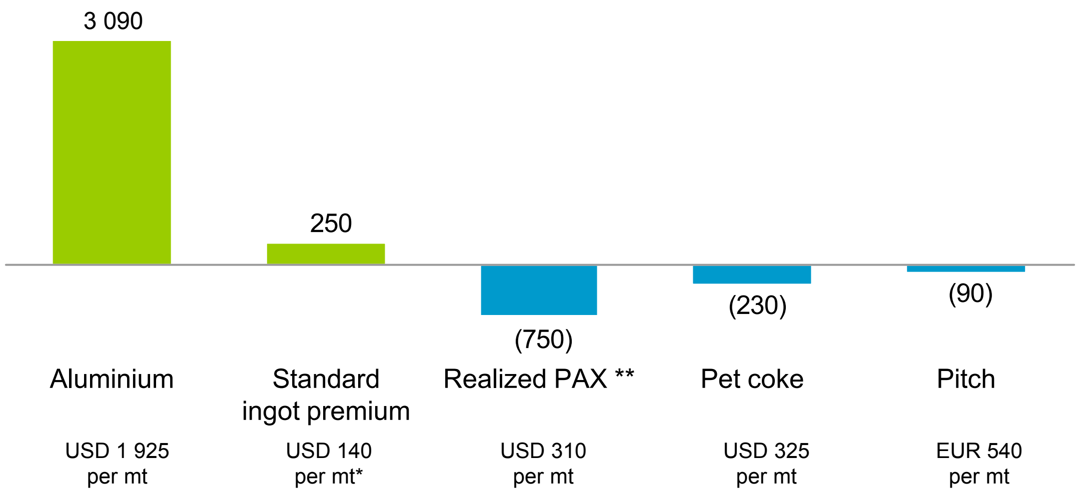
* 2018 Platts alumina index exposure
Currency rates used: USD/NOK 8.10, BRL/NOK 2.50, EUR/NOK 9.40

HYDRO

Primary Metal sensitivities

Annual sensitivities on underlying EBIT if +10% in price

NOK million



Currency sensitivities +10%

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

Revenue impact

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

Cost impact

Alumina

- ~1.9 tonnes per tonne aluminium
- ~14.5% of 3-month LME price per tonne alumina, increasing volumes priced on Platts index
  - ~ 1-3 months lag

Carbon

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

Power

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

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

Commodities and currencies need to be seen in tandem

Spot prices and currency rates indicate earnings upside

Underlying EBIT sensitivity to changes in LME and USD/NOK

Change in LME price

Change in USD/NOK

Change in UEBIT (BNOK)	- 10%	0	+ 10%
+10%	(0.4)	3.5	7.3
0	(3.5)	0	3.5
-10%	(6.6)	(3.5)	(0.3)

Key variables "run-rate"* vs Q3-17 realized

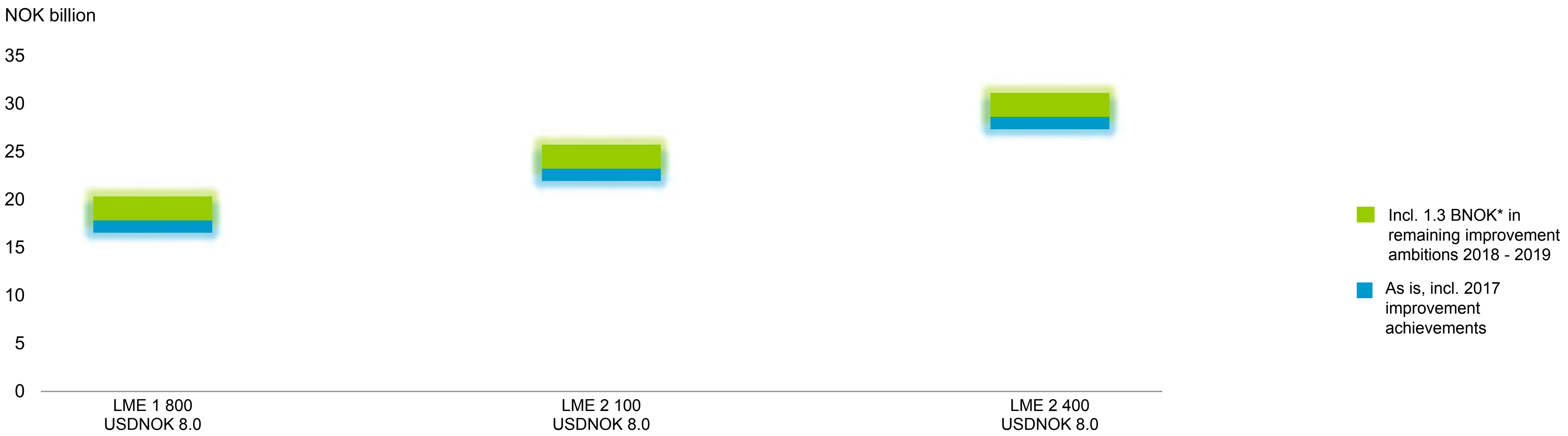
	Q3-17 realized	Run-rate*	% change	Annual effect: Impact on UEBIT (BNOK)	Annual effect: Impact on UEPS (NOK/share)
LME	1 925	2 100	9 %	3.2	1.1
PAX	310	450	45 %	1.8	1.0
USD/NOK	8.1	8.1	0 %	0.0	0.0
BRL/NOK	2.5	2.5	0 %	0.0	0.0
Total				5.0	2.1

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

Improvement efforts lift UEBITDA potential

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

Indicative UEBITDA-range in 3 scenarios



Additional factors influencing earnings (not included in the scenarios):
Production volumes, alumina sales pricing on PAX, energy prices, downstream margin developments, raw material cost development, premiums, inflation, currency, depreciation, other

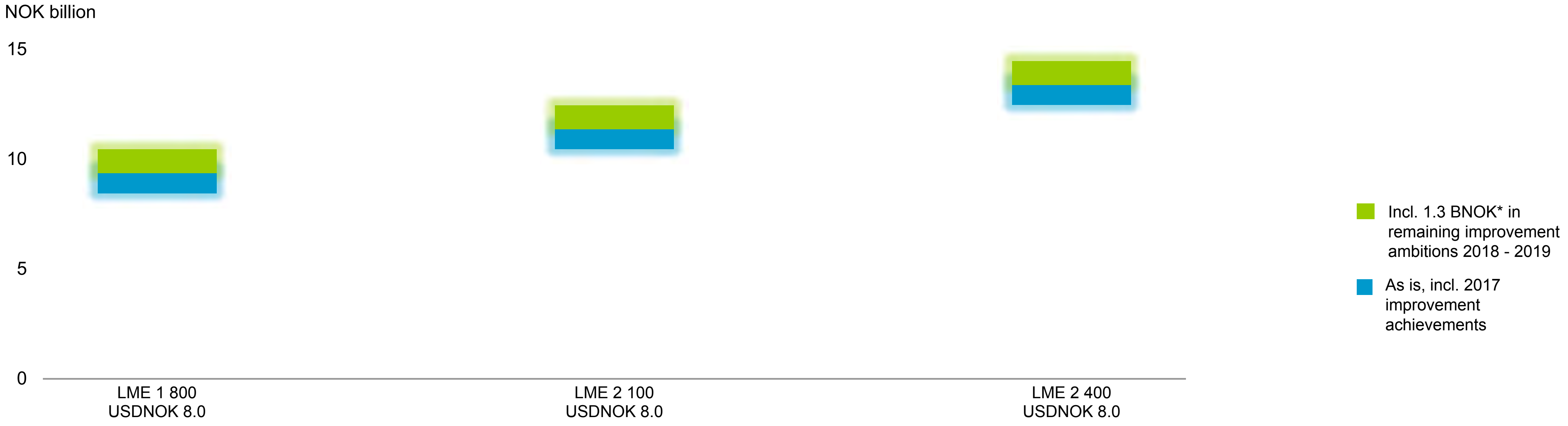
Last 4 quarters underlying EBITDA as basis. USD/NOK 8.0, BRL/NOK 2.5, realized premium above LME 260 USD/mt, PAX 350 USD/mt assumed for all scenarios. Other assumptions unchanged.
Improvements used for scenarios exclude Extruded Solutions
* Future improvement efforts in real 2015 terms, before depreciation.

HYDRO

Improvement efforts and capital discipline contribute to FCF growth…

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

Indicative Free cash flow (FCF) range in 3 scenarios



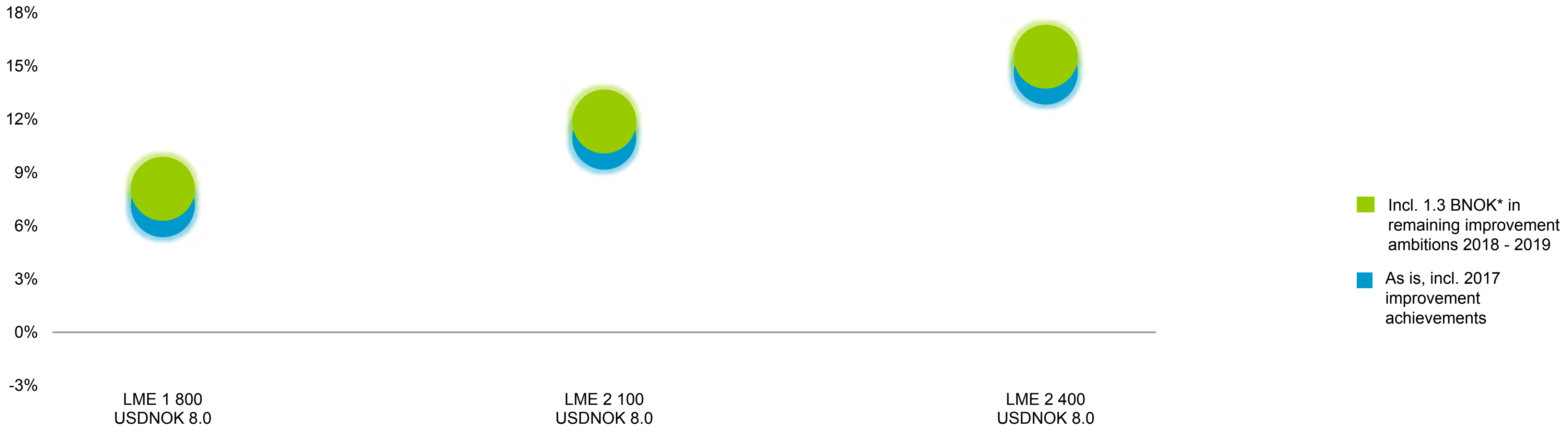
Additional factors influencing earnings (not included in the scenarios):
Production volumes, alumina sales pricing on PAX, energy prices, downstream margin developments, raw material cost development, premiums, inflation, currency, taxes, investments, interest expense, depreciation, other

Last 4 quarters underlying EBITDA as basis. USD/NOK 8.0, BRL/NOK 2.5, realized premium above LME 260 USD/mt, PAX 350 USD/mt assumed for all scenarios. Long-term capex 5.5 - 6 BNOK per year
Other assumptions unchanged. Improvements used for scenarios exclude Extruded Solutions
* Future improvement efforts in real 2015 terms, before depreciation.

…and lift potential for competitive returns

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

Indicative RoaCE range in 3 scenarios



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Improvements used for scenarios exclude Extruded Solutions
* Future improvement efforts in real 2015 terms, before depreciation.

03

Financial targets and aspiration

Driving long-term shareholder value

Balancing capital allocation and financial strength

Solid balance sheet and liquidity

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

Capital expenditures

Sustaining capex to ensure operational excellence

Investments to keep market share, reduce costs, strengthen margins

Predictable dividend

Deliver competitive cash returns to shareholders

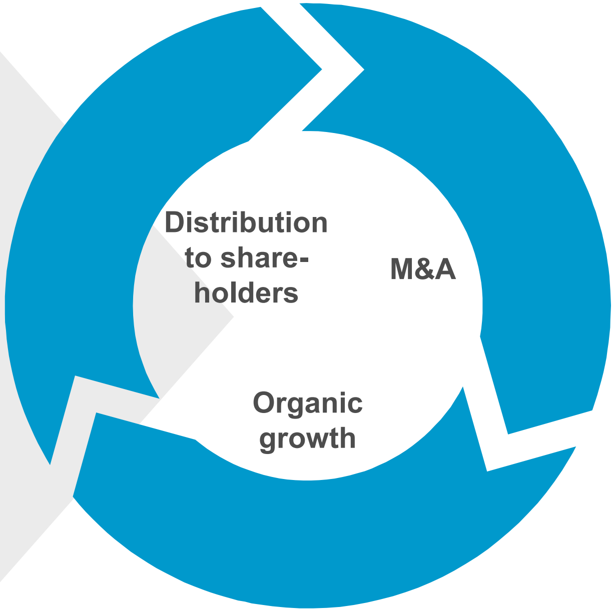
Long-term shareholder value

- Reinvest in profitable growth

or

- Return to shareholders

Allocation based on best risk-adjusted returns



HYDRO

Hydro's aspiration underpinned by firm financial targets

Medium and long-term

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

Better Bigger Greener

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

HYDRO

Maximizing long-term value creation potential

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