



First quarter 2020 Investor presentation

May 2020



Table of contents



First quarter results 2020	3
Market	36
Business overview	48
Hydro - Group	49
Bauxite & Alumina	65
Energy	73
Primary Metal	81
Metal Markets	87
Rolled Products	91
Extruded Solutions	97
Additional information	104

Cautionary note

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

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

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



Lower cost lifts result amid significant market uncertainty

Investor presentation, May 2020

First quarter highlights

- Underlying EBIT of NOK 2 247 million
- Positive effect from costs, currency and volume
- Negative effect from lower realized aluminium and alumina prices
- Significant market uncertainty and sharp drop in demand expected in 2020 amid Covid-19
- Mitigating actions for safe operations, supporting communities and safeguarding liquidity
- 2023 improvement target unchanged, 2020 estimated behind full year target due to Covid-19 demand decline – cost initiatives and Alunorte ramp-up ahead of plan

All result explanations versus same quarter previous year



Covid-19 operational impact

Bauxite & Alumina

- Operations mostly running as normal, high market uncertainty

Energy

- Operations mostly running as normal, high market uncertainty

Primary Metal

- Primary production operations mostly running as normal
- Recyclers in Europe and US operating at varying capacity utilization in response to falling demand and government-imposed restrictions
- High market uncertainty

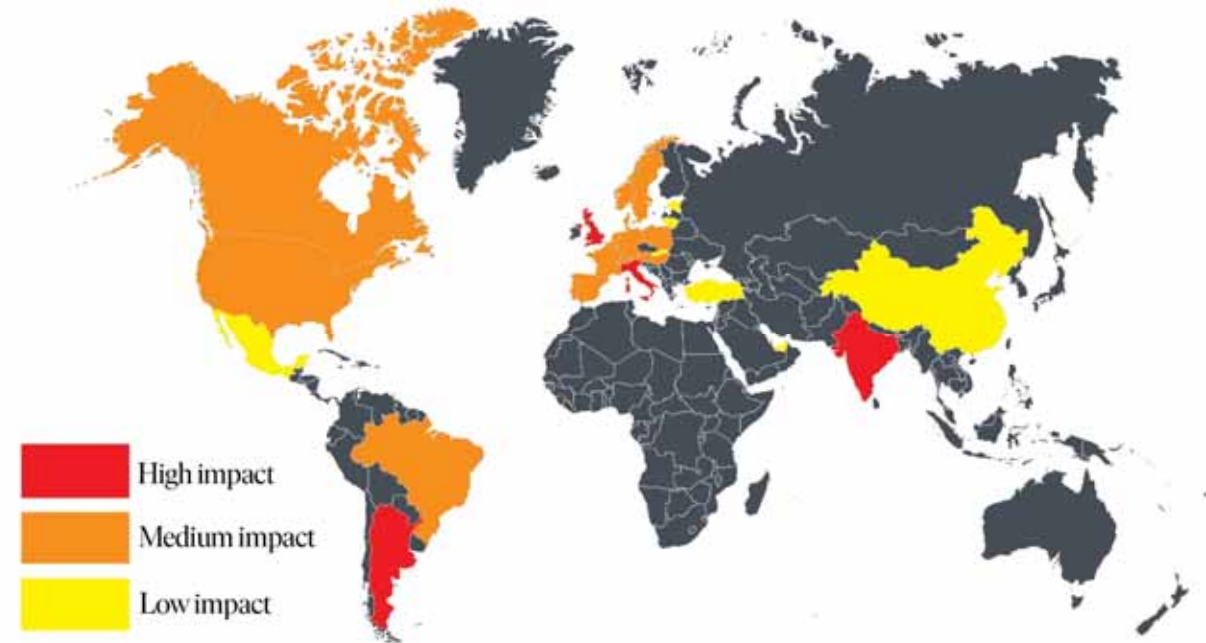
Rolled Products

- Operations mostly running as normal, temporarily reducing production for automotive sector reflecting customer curtailments
- High market uncertainty

Extruded solutions

- ~30% of the sites are running at approximately normal levels
- ~55% running at reduced levels
- ~15% either closed or running at very low levels.
- High market uncertainty

Hydro global impact overview



High: Closures, layoffs, high absentee rate, Medium: Some proactive measures in place (shift reductions), Low: No immediate impact on operations

Forceful actions amid Covid-19

- Safe operations
 - Strict and precautionary actions, based on authorities' advice, protecting employees, contractors, customers, suppliers and local communities
- Communities
 - Information and awareness, close collaboration with local authorities
 - Donations of funds, property, mineral water, food, test kits, PPE
 - Deliveries to critical industries
- Liquidity
 - Temporarily curtailments and temporarily lay-offs, cost cuts and cost discipline across the company, continuously evaluating further mitigating measures
 - Freeze of 25% of remaining 2020 capex
 - Board resolution to amend dividend proposal of NOK 1.25 per share and instead propose that Board is authorized to resolve distribution of dividend at later stage if conditions allow for it*

* Pending approval from the AGM on May 11, 2020

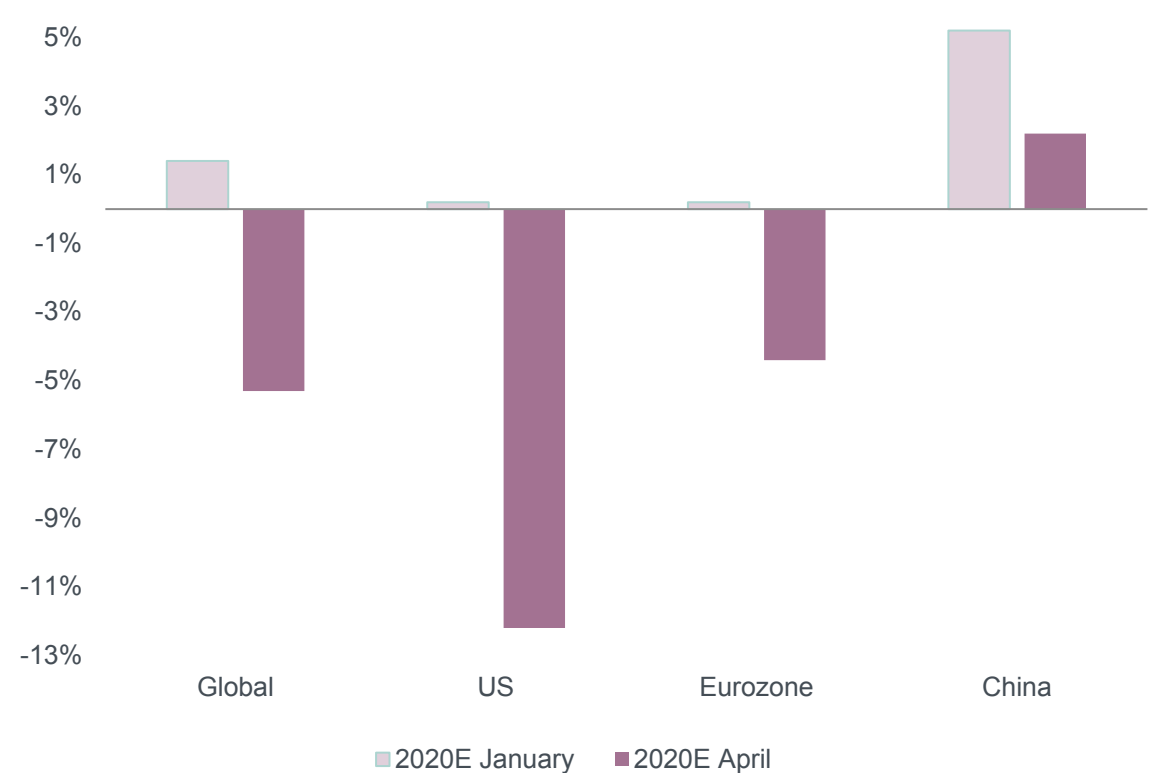


Covid-19 situation with significant impact on global economy and aluminium demand

Estimated GDP-growth 2020, key regions



Estimated IP-growth 2020, key regions



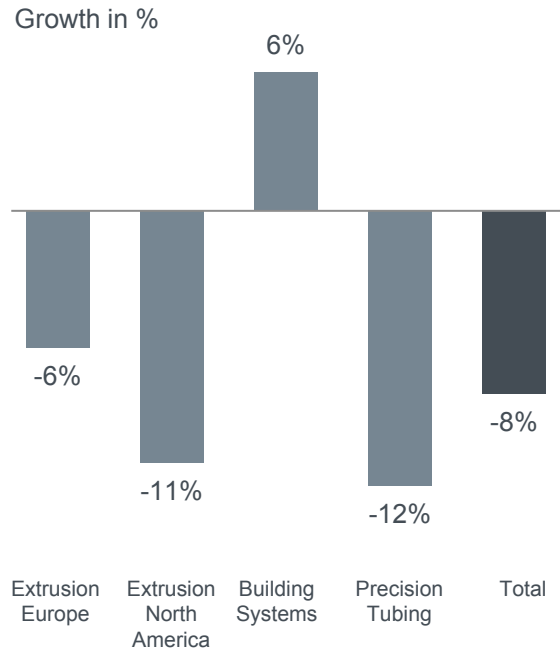
Negative Q2 2020 downstream demand expectations amid Covid-19, with significant level of uncertainty



Internal sales volumes

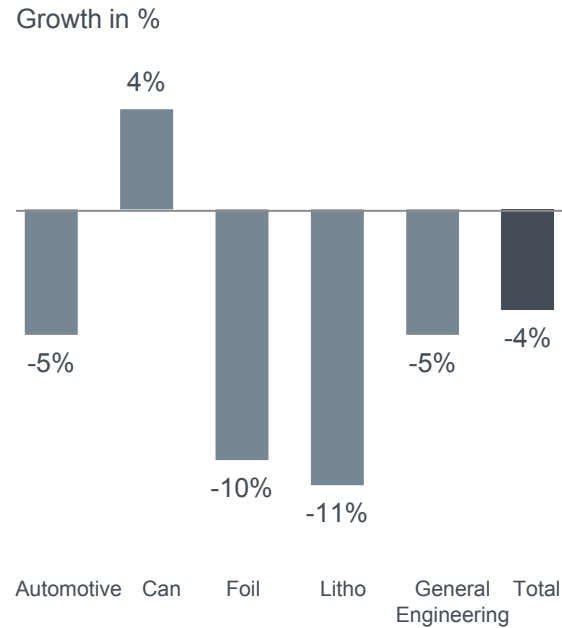
Q1 2020 vs Q1 2019

Extruded Solutions sales volume



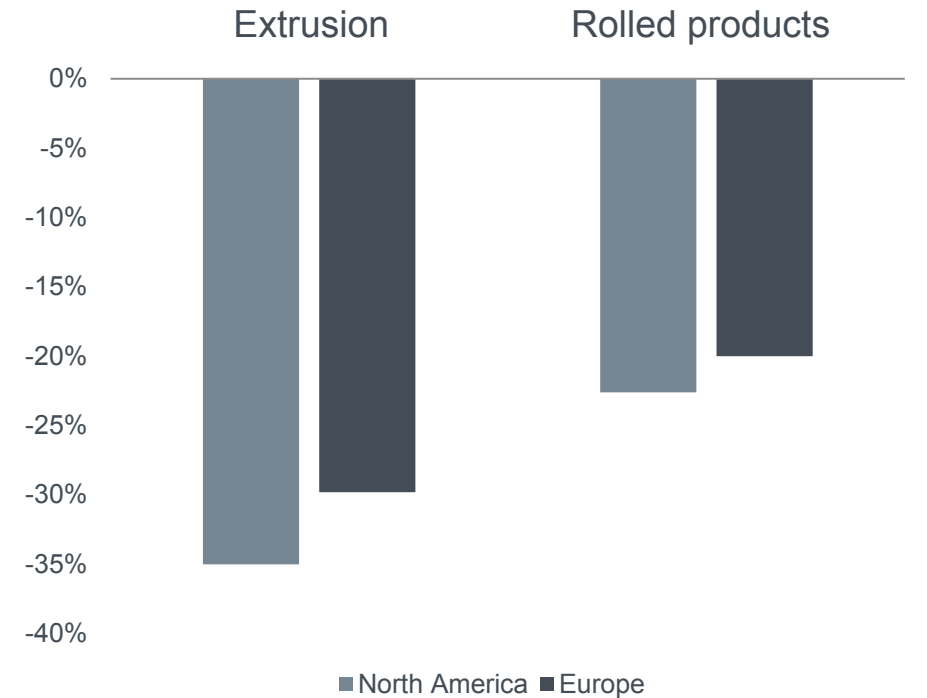
Q1 2020 vs Q1 2019

Rolled Products sales volume



External estimates

Estimated market growth Q2 2020 vs Q2 2019 (%)

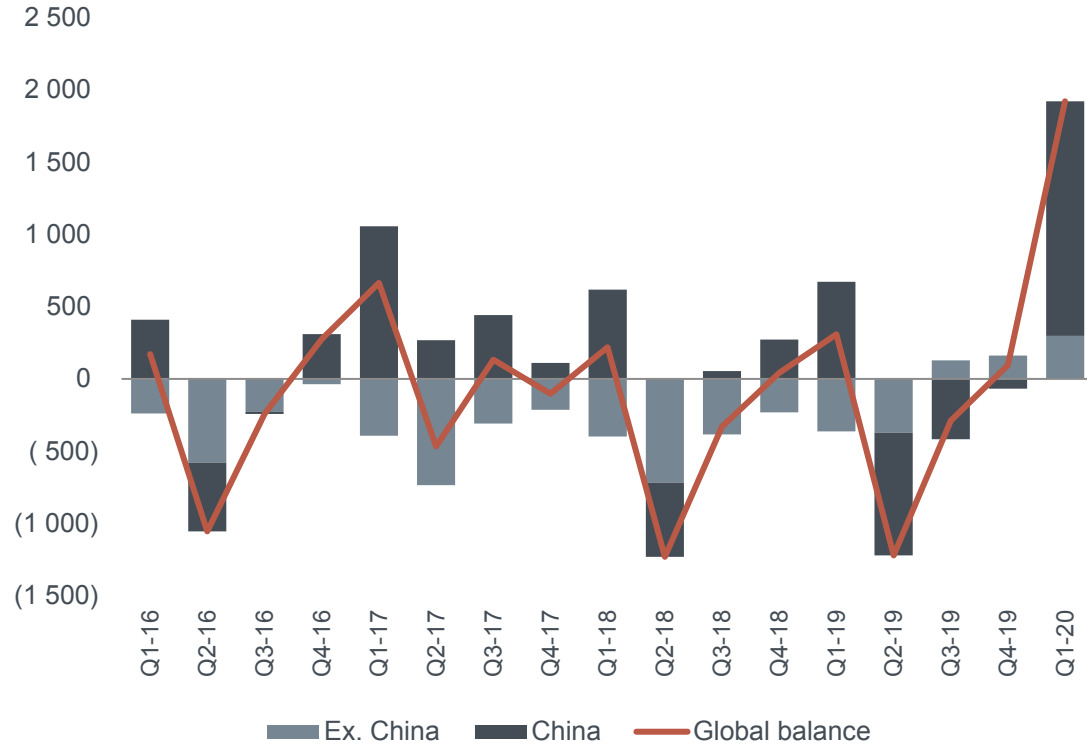


Global aluminium market in surplus in Q1 2020, increasing inventories



Quarterly market balances, world ex. China and China

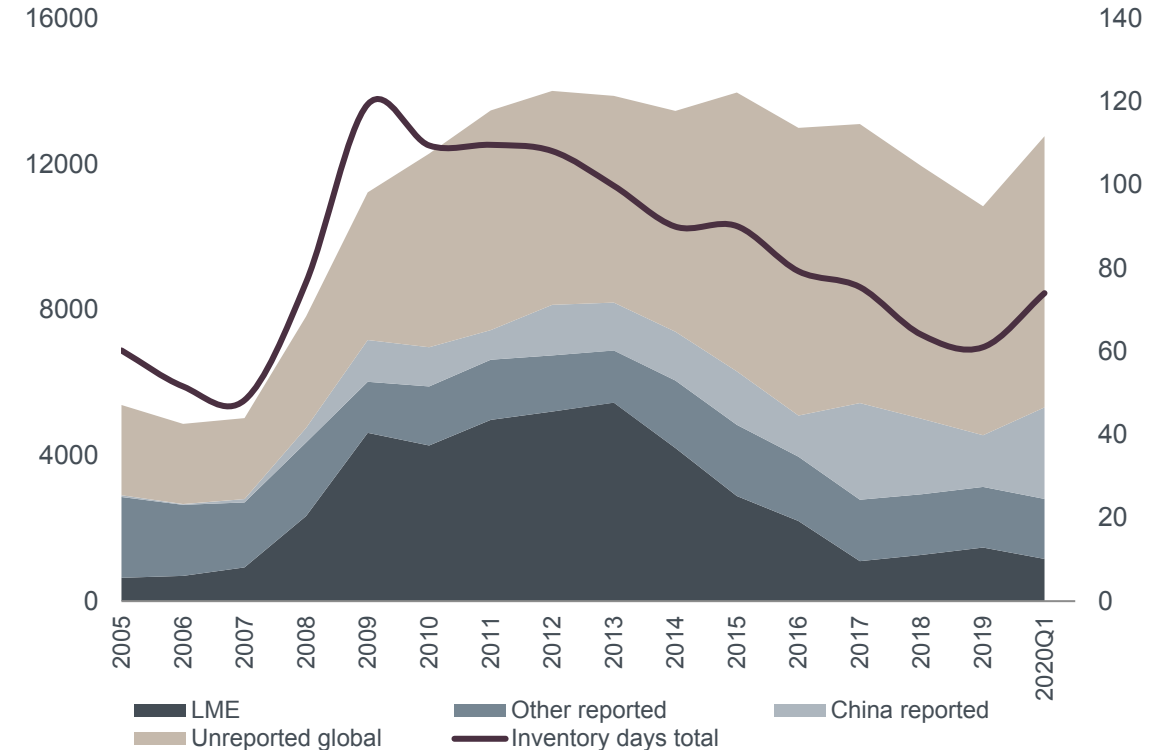
Thousand tonnes, primary aluminium



Global reported and unreported inventories

Thousand tonnes, primary aluminium

Inventory days



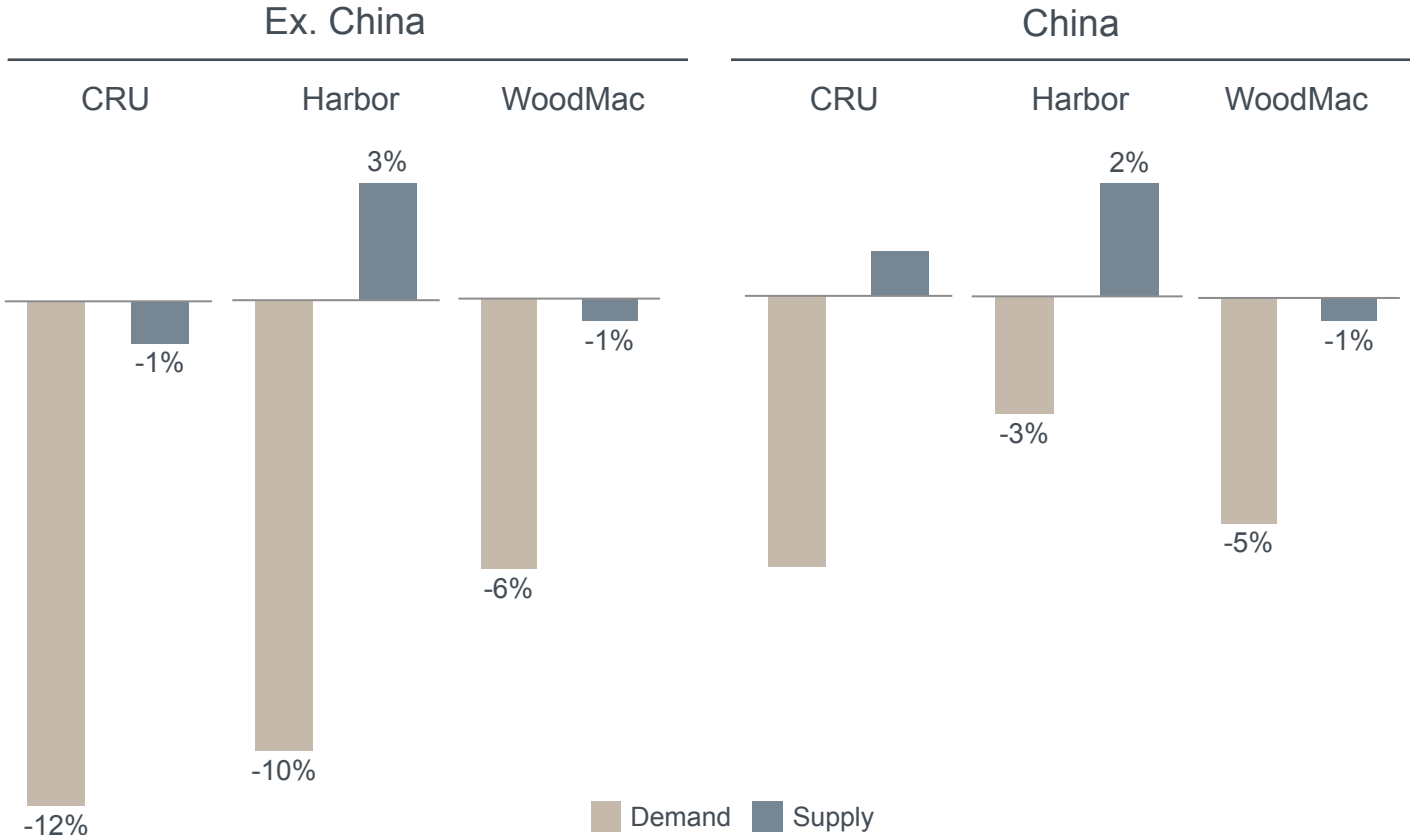
*2020 Q1 inventory days estimated on 12-months rolling historic consumption
 Source: Republished under license from CRU International Ltd, Hydro analysis

Significant uncertainty, large surplus expected for 2020 amid Covid-19



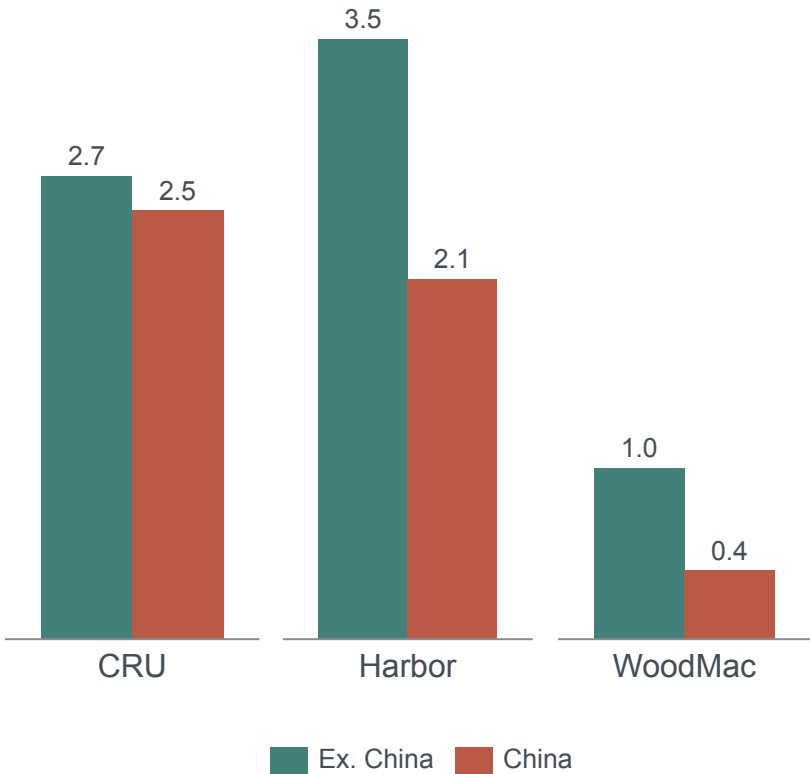
Primary supply and demand growth estimates 2020

In %



Estimated global balance 2020

In million tonnes

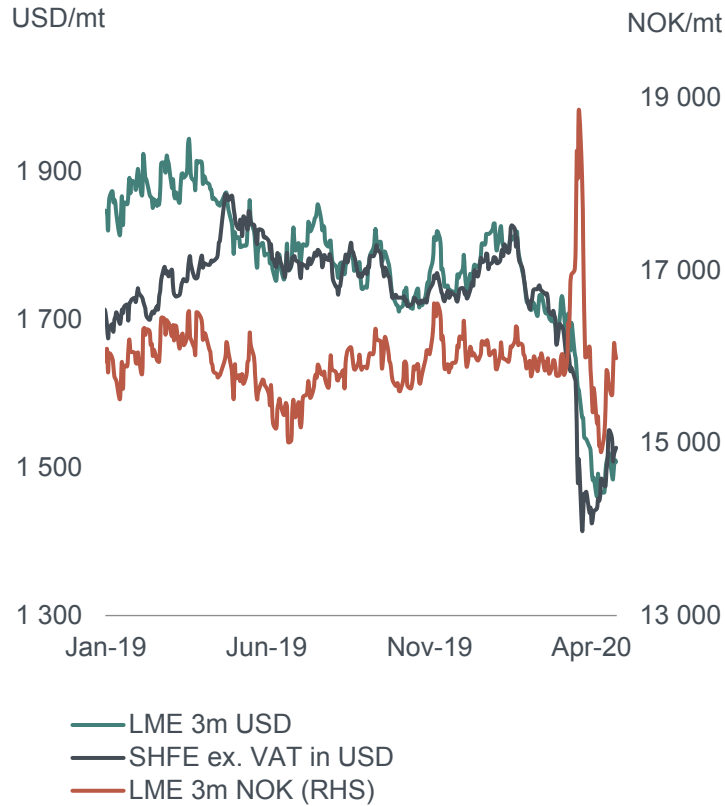


Source: *Republished under license from CRU International Ltd , Harbor Aluminium, Wood Mackenzie:*

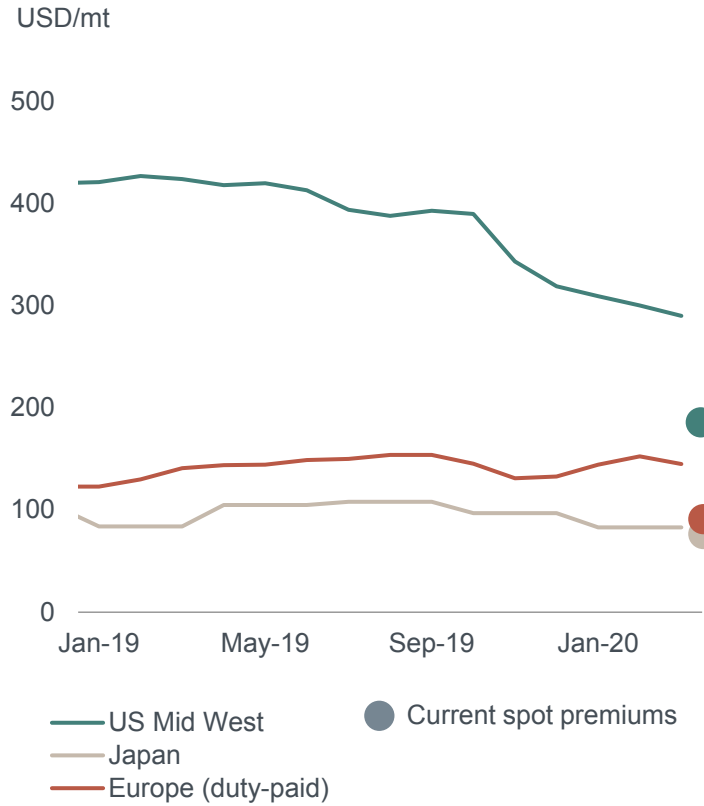
Revenue drivers falling in March

Less aluminium price decline in NOK

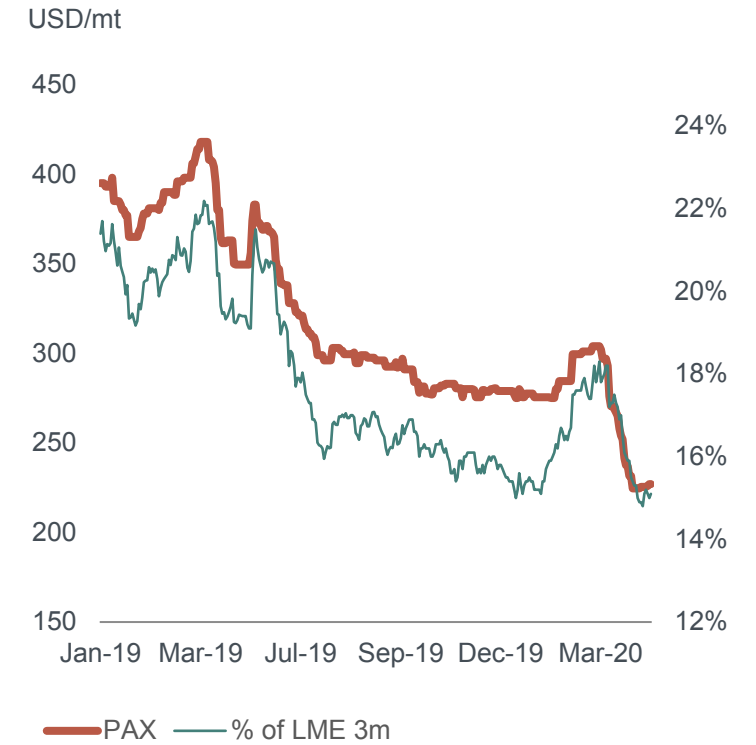
LME and SHFE aluminium prices



Regional standard ingot premiums



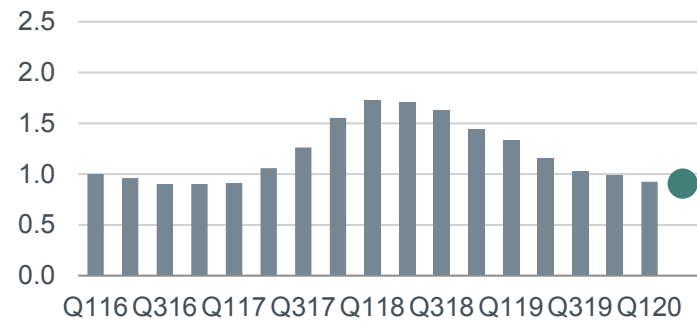
Platts alumina index (PAX)



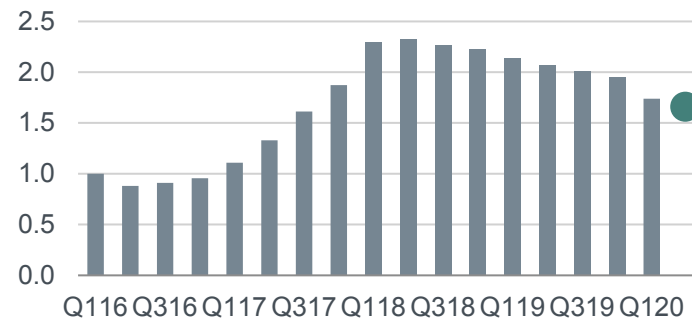
Industry raw material costs down in Q1



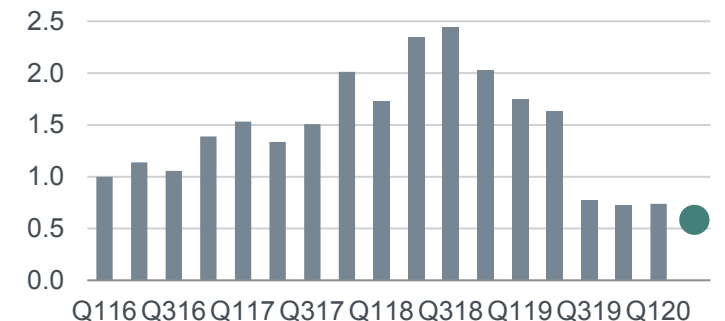
Petroleum coke FOB USG (indexed)



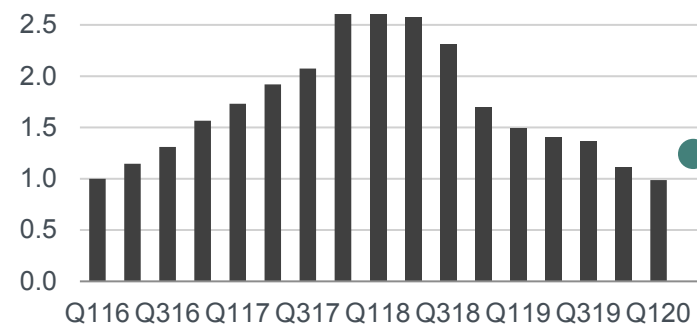
Pitch FOB USG (indexed)



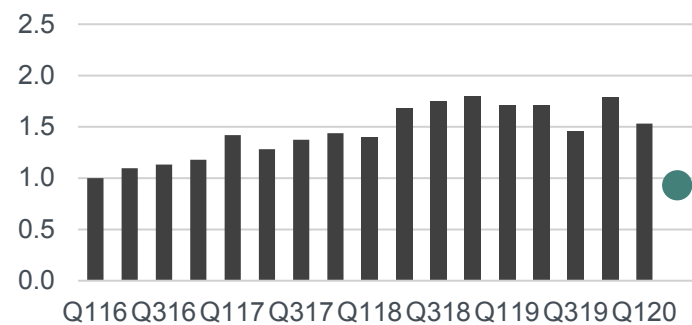
Alumina PAX index (indexed)



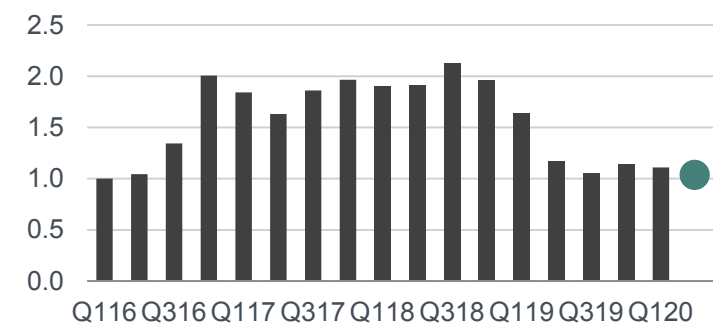
Caustic soda (indexed)



Fuel oil A1 (Indexed)



Steam coal (indexed)



● Indication of current market prices

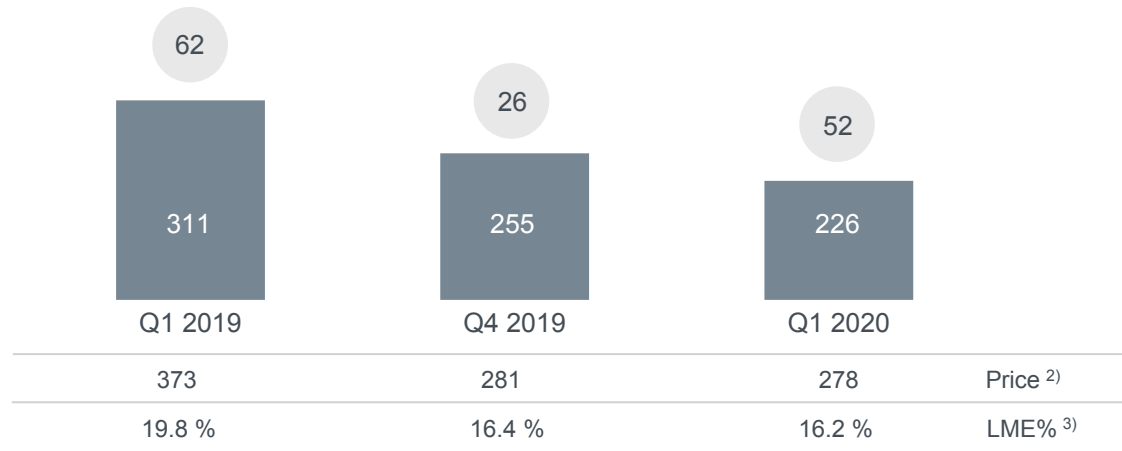
Upstream costs trending downwards



Impacted by declining raw material costs and positive currency developments

Implied alumina cost and margin

USD/mt



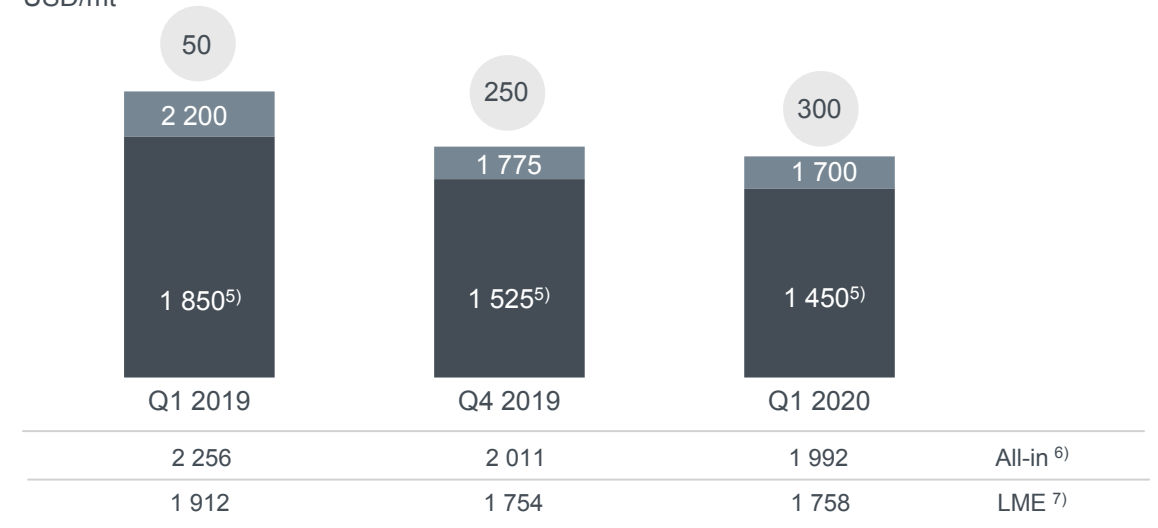
Implied alumina cost down in Q1 20 vs Q4 19, mainly on lower raw material costs and currency

■ Implied EBITDA cost per mt ¹⁾ ● EBITDA margin per mt

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

All-in implied primary cost and margin

USD/mt



Implied primary cost down in Q1 20 vs Q4 19, mainly on reduced raw material costs and currency

■ All-in Implied EBITDA cost per mt ⁴⁾ ■ LME Implied EBITDA cost per mt ⁵⁾ ● All-in EBITDA margin per mt

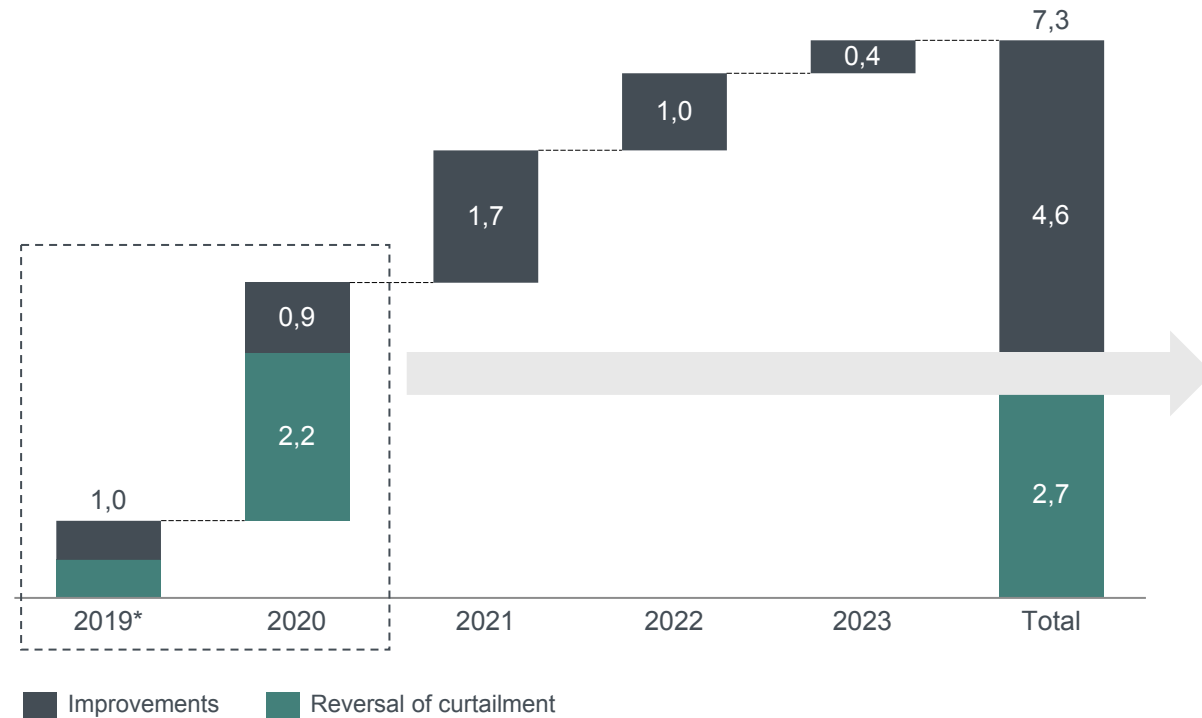
- 4) Realized all-in aluminium price less underlying EBITDA margin, incl Qatalum, per mt aluminium sold.
 - 5) Realized LME aluminium price less underlying EBITDA margin, incl Qatalum, per mt primary aluminium produced
 - 6) Realized LME plus realized premiums, including Qatalum
 - 7) Realized LME, including Qatalum
- Implied primary cost and margin rounded to nearest USD 25

2023 improvement target of BNOK 7.3 unchanged, full speed on parameters we can influence

2020 target not expected be met on volume shortfall and market developments

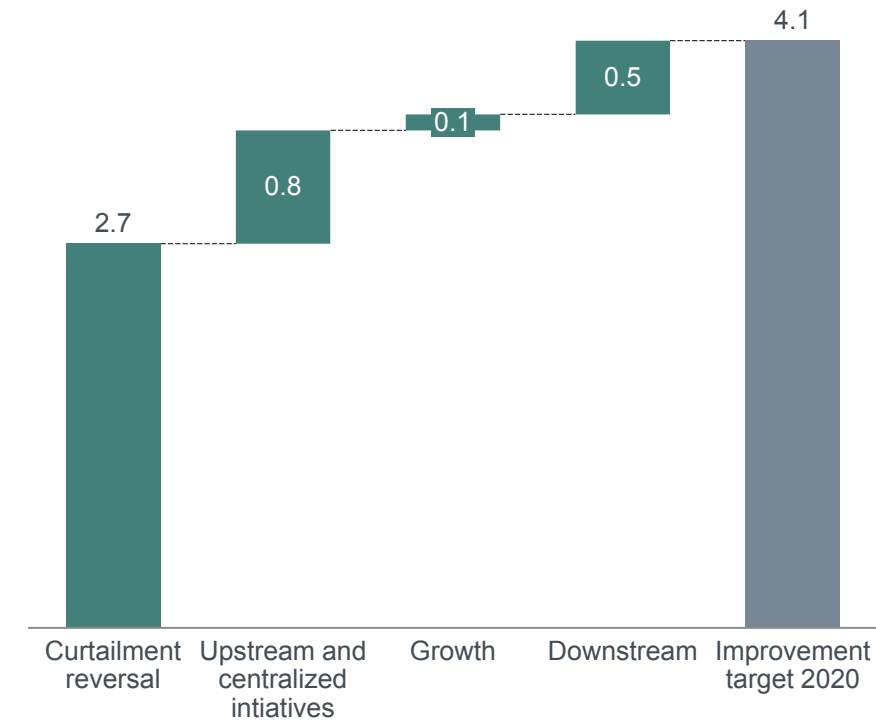
Improvement status end-2019

In NOK billion



Breakdown of accumulated 2020 target

In NOK billion




 Significant negative impacts from Covid-19/ market

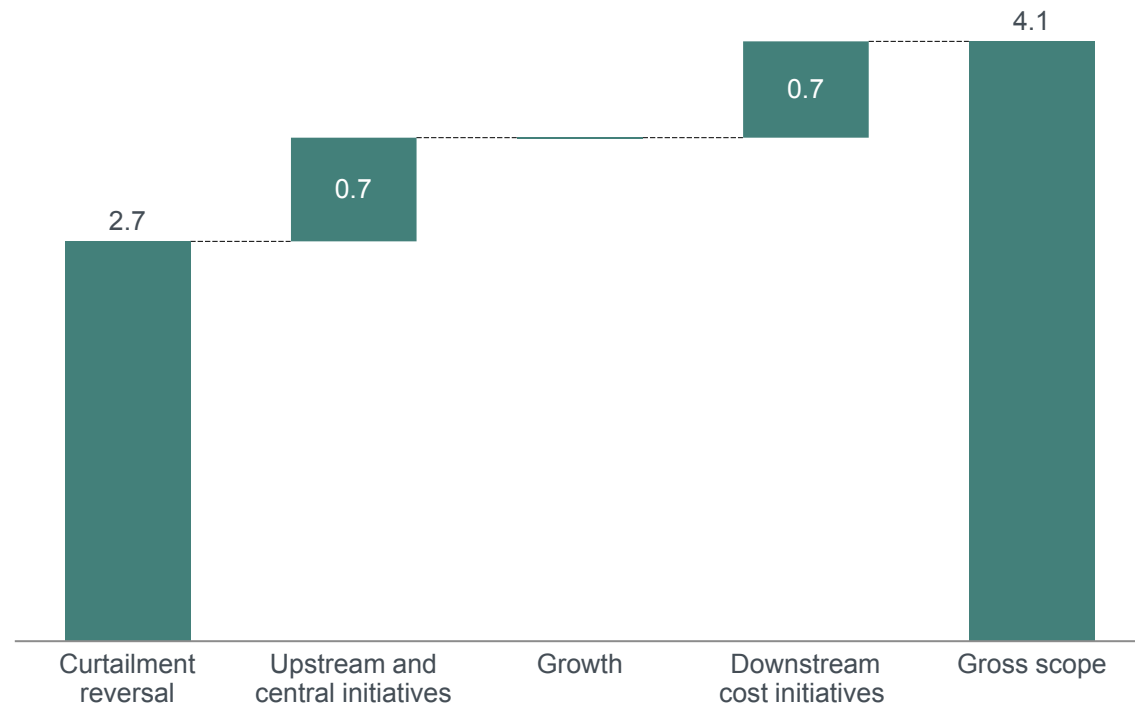
* Excludes negative effects of cyber attack for Extruded Solutions . ~10-11 BNOK in capex required to meet the improvement targets

Refocusing 2020 improvement efforts on parameters we can influence, which are ahead of plan

Alunorte moving towards nameplate, progressing on cost initiatives downstream

Accumulated 2020 target refocused improvement efforts

In NOK billion



- Alunorte ramp-up
 - Annualized Q1 2020 production of 6.1 million, 97% capacity utilization
 - 9th press filters in operation
 - Targeting full capacity utilization by end-2020
- Rolled Products
 - Traction on organizational right sizing progressing
 - Procurement initiatives maturing, several initiatives underway
 - Metal cost optimization through UBC improvements
 - Strategic review ongoing
- Extruded Solutions
 - Positive impact from 2019 portfolio optimization, additional restructuring being considered
 - Cost initiatives across the portfolio, increased focus in Covid-19 situation
 - Procurement initiatives well underway

Sustainability dashboard 2020



Safety

TRI rate 2.5
YTD March 2020

Ambition: Zero fatalities and injury free environment

Social responsibility



2018 2030
Empowering 500,000 people with education and skills by 2030
Partnership with UNICEF signed

Community response to Covid-19

Collaboration with local authorities
Information and awareness
Donations of funds, property, mineral water, food, test kits, PPE

Biodiversity

On track
2019

Target: 1 to 1 rehabilitation of available mined areas

Climate

Target of 30% reduction in CO₂ emissions by 2030 launched

Certifying sustainability

59 plants ASI certified, covers entire value chain

Greener products

10 000 mt CIRCAL produced
FY 2019

Combined 2020/21 target: 65,000 mt

Profitability & Sustainability



Health and safety for people and communities top priority

- Health and safety comes first, while pursuing continued operations to the extent possible
- All operations practice strict and precautionary measures, based on health authorities' advice, to protect employees, contractors, customers, suppliers and local communities
- Supporting our communities through need-based and risk-based approach in collaboration with local authorities
- Donated funds, food, property and PPE to local hospitals and organizations at many of our 150 sites
- Supplying material and products to customers critical to fight Covid-19



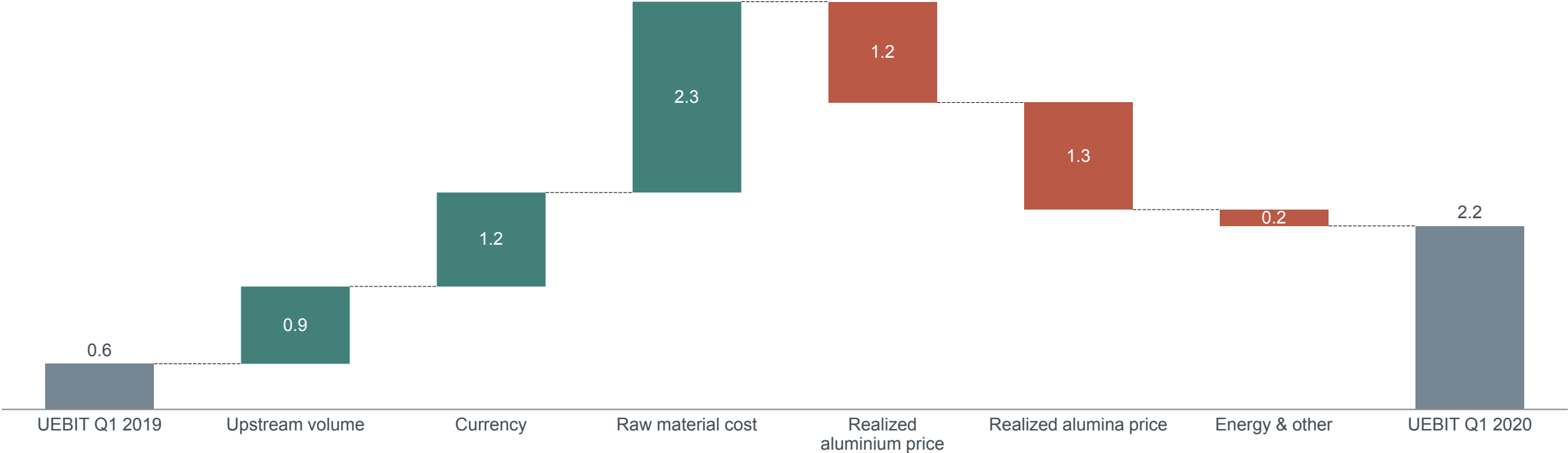
Low-carbon aluminium products entering new market segments



Increased results on lower raw material costs, currency and upstream volume



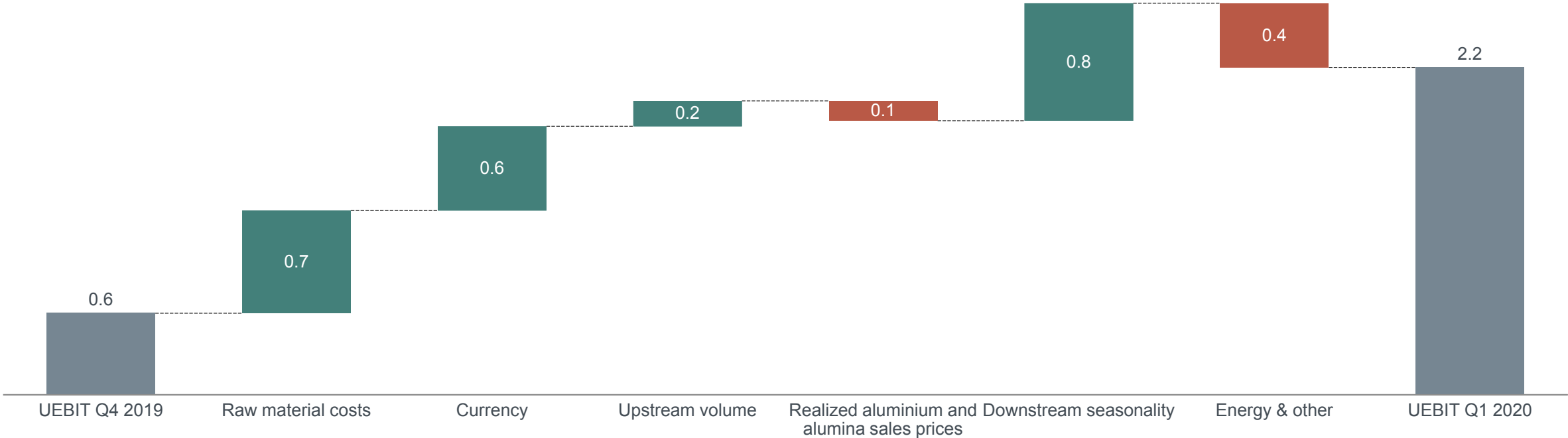
Q1 2020 vs Q1 2019
NOK billion



Upstream results up on lower raw material costs, currency and seasonality downstream



Q1 2020 vs Q4 2019
NOK billion



Key financials



NOK million	Q1 2020	Q1 2019	Q4 2019	Year 2019
Revenue	38 124	37 583	35 490	149 766
Underlying EBIT	2 247	559	560	3 359
Items excluded from underlying EBIT	(54)	539	959	2 860
Reported EBIT	2 301	20	(399)	499
Reported EBITDA	4 470	2 094	2 617	9 878
Underlying EBITDA	4 403	2 633	2 792	11 832
Financial income (expense)	(4 824)	6	231	(2 055)
Income (loss) before tax	(2 523)	26	(168)	(1 556)
Income taxes	498	(150)	(497)	(813)
Net income (loss)	(2 025)	(124)	(665)	(2 370)
Underlying net income (loss)	1,151	124	(303)	708
Reported EPS, NOK	(0.88)	-	(0.23)	(0.88)
Underlying EPS, NOK	0.55	0.13	(0.12)	0.52

Underlying EBIT excludes a positive effect of NOK 54 million



NOK million	Q1 2020	Q1 2019	Q4 2019	Year 2019
Underlying EBIT	2 247	559	560	3 359
Unrealized derivative effects on LME related contracts	13	(200)	(1)	(91)
Unrealized derivative effects on power and raw material contracts	183	(12)	(8)	99
Metal effect, Rolled Products	(130)	(267)	23	(370)
Significant rationalization charges and closure costs	(4)	-	(78)	(1 484)
Impairment charges	(12)	-	(783)	(906)
Alunorte agreements – provisions	(129)	(35)	-	(80)
Transaction related effects	57	-	14	(21)
Pension	-	-	-	62
Other effects	76	(26)	(125)	(68)
Reported EBIT	2 301	20	(399)	499

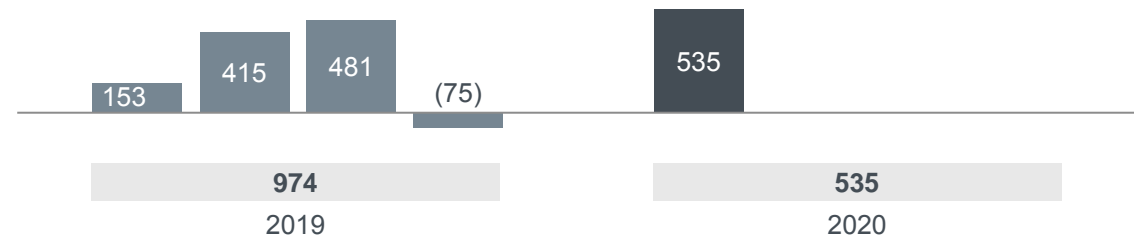
Bauxite & Alumina

Results up on higher production, lower raw material costs and currency

Key figures	Q1 2020	Q1 2019	Q4 2019
Alumina production, kmt	1 531	805	1 430
Total alumina sales, kmt	2 140	1 423	2 164
Realized alumina price, USD/mt	278	373	281
Implied alumina cost, USD/mt ¹⁾	226	311	255
Bauxite production, kmt	2 585	1 361	2 222
Underlying EBITDA, NOK million	1 102	758	504
Underlying EBIT, NOK million	535	153	(75)
Underlying RoaCE, % LTM ²⁾	3.6%	4.5%	2.5%

Underlying EBIT

NOK million



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

2) URoaCE calculated as underlying EBIT last 4 quarters less 25% tax / Average capital employed last 4 quarters



Results Q1 20 vs Q1 19

- Higher alumina and bauxite production from Alunorte ramp-up
 - Production close to nameplate capacity
- Lower raw material cost
- Positive currency effects
- Lower alumina sales price

Outlook Q2 20

- Reduced raw material costs
- Significant market uncertainty

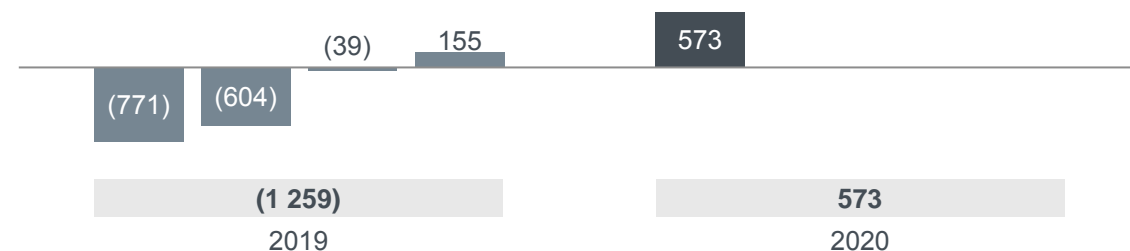
Primary Metal

Results up on lower raw material costs and currency effects

Key figures	Q1 2020	Q1 2019	Q4 2019
Primary aluminium production, kmt	528	485	545
Total sales, kmt	577	534	529
Realized LME price, USD/mt	1 758	1 912	1 754
Realized LME price, NOK/mt	16 658	16 291	15 913
Realized premium, USD/mt	234	344	257
Implied all-in primary cost, USD/mt ¹⁾	1 700	2 200	1 775
Underlying EBITDA, NOK million	1 197	(180)	812
Underlying EBIT, NOK million	573	(771)	155
Underlying RoaCE, % LTM ²⁾	0.4%	0.8%	(2.6)%

Underlying EBIT

NOK million



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

2) URoaCE calculated as underlying EBIT last 4 quarters less 25% tax / Average capital employed last 4 quarters

3) Bookings as per 31.03.2020



Results Q1 20 vs Q1 19

- Lower raw material costs
- Positive currency effects
- Higher sales volumes
- Lower realized all-in aluminium prices

Outlook Q2 20

- ~ 55% of primary production for Q2 priced at USD 1 650 per mt³⁾
- ~ 60% of premiums affecting Q2 booked at USD ~260 per mt³⁾
 - Q2 realized premium expected in the range of USD 200-250 per mt
- Significant market uncertainty

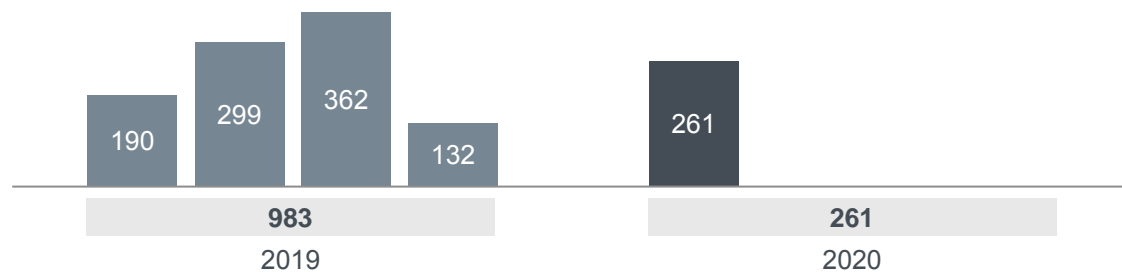
Metal Markets

Results up on positive currency effects

Key figures	Q1 2020	Q1 2019	Q4 2019
Remelt production, kmt	137	131	121
Metal products sales, kmt ¹⁾	675	683	648
Underlying EBITDA, NOK million	296	219	167
Underlying EBIT excl currency and inventory valuation effects, NOK million	84	230	184
Underlying EBIT, NOK million	261	190	132
Underlying RoaCE, % LTM ²⁾	28.1%	18.2%	27.3%

Underlying EBIT

NOK million



1) Includes external and internal sales from primary casthouse operations, remelters and third-party metal sources.
 2) URoaCE calculated as underlying EBIT last 4 quarters less 25% tax / Average capital employed last 4 quarters



Results Q1 20 vs Q1 19

- Currency and inventory valuation effects positive NOK 177 million in Q1 20 vs negative NOK 40 million in Q1 19
- Lower results from remelters and sourcing and trading activities

Outlook Q2 20

- Volatile trading and currency effects
- Significant market uncertainty, reduced capacity utilization at remelters

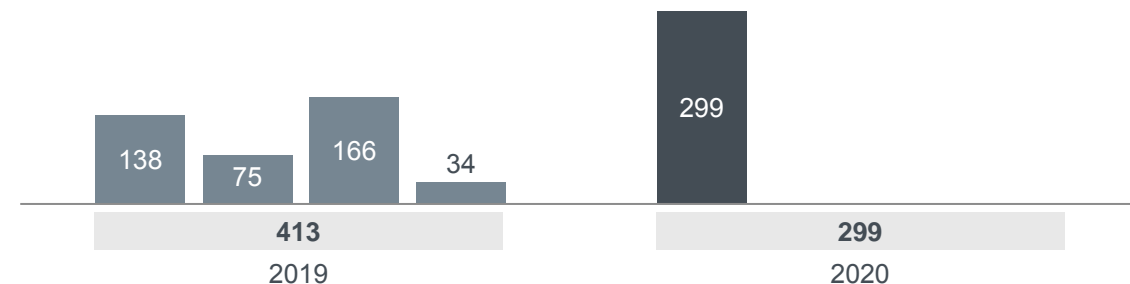
Rolled Products

Results up on lower raw material costs in Neuss smelter

Key figures	Q1 2020	Q1 2019	Q4 2019
External sales volumes, kmt	236	246	219
Underlying EBITDA, NOK million	588	384	308
Underlying EBIT, NOK million	299	138	34
Underlying RoaCE, % LTM ¹⁾	3.3%	1.8%	2.4%

Underlying EBIT

NOK million



1) URoaCE calculated as underlying EBIT last 4 quarters less 25% tax / Average capital employed last 4 quarters



Results Q1 20 vs Q1 19

- Improved results from Neuss smelter from lower raw material costs
- Stable results from rolling mills, reduced costs being offset by reduced sales volumes and margins

Outlook Q2 20

- High market uncertainty, weaker demand amid Covid-19
- Neuss results driven by all-in metal and raw material price development

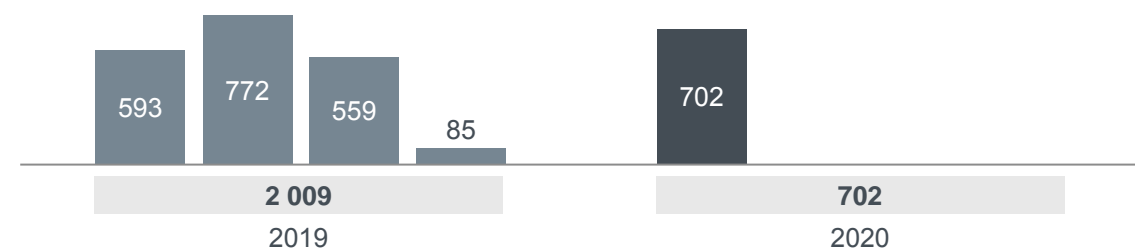
Extruded Solutions

Results up on reduced costs, currency and cyber insurance proceeds

Key figures	Q1 2020	Q1 2019	Q4 2019
External sales volumes, kmt	305	333	272
Underlying EBITDA, NOK million	1 242	1 099	655
Underlying EBIT, NOK million	702	593	85
Underlying RoaCE, % LTM ¹⁾	5.7%	6.6%	5.7%

Underlying EBIT

NOK million



1) URoaCE calculated as underlying EBIT last 4 quarters less 25% tax / Average capital employed last 4 quarters



Results Q1 20 vs Q1 19

- Covid-19 impacted volume decline end-Q1 2020 and cyber attack Q1 2019 with similar negative impact
- Cyber insurance compensaton of 113 MNOK
- Reduced costs, increased margins and postiive currency impacts partly offset by negative impact of declining market

Outlook Q2 20

- High market uncertainty, weaker demand amid Covid-19

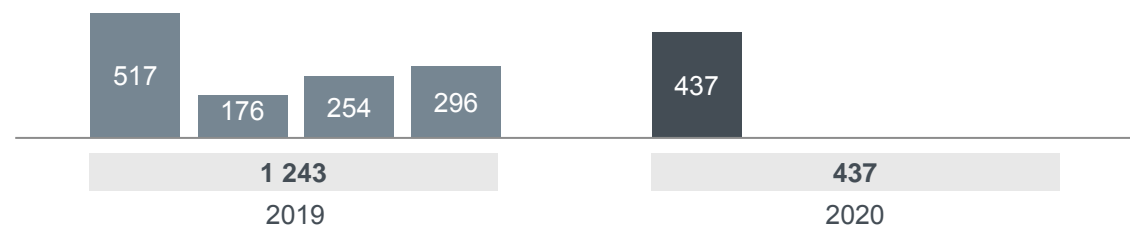
Energy

Results down on lower prices

Key figures	Q1 2020	Q1 2019	Q4 2019
Power production, GWh	2 868	2 553	2 332
Net spot sales, GWh	1 169	770	520
Southwest Norway spot price (NO2), NOK/MWh	154	468	392
Underlying EBITDA, NOK million	505	583	365
Underlying EBIT, NOK million	437	517	296
Underlying RoaCE, % LTM ¹⁾	20.5%	21.7%	12.9% ²⁾

Underlying EBIT

NOK million



1) URoaCE calculated as underlying EBIT last 4 quarters less 70% tax/ Average capital employed last 4 quarters

2) 80% tax rate applied for full year 2019



Results Q1 20 vs Q1 19

- Lower power prices on strong hydrological balance
- Higher power production
- Positive commercial contribution

Outlook Q2 20

- Volume and price uncertainty
- Average NO2 spot price ~50 NOK/MWh in march

Other and Eliminations

Underlying EBIT, NOK million	Q1 2020	Q1 2019	Q4 2019
Other	(219)	(307)	(223)
Eliminations	(341)	46	156
Other and Eliminations	(560)	(261)	(67)

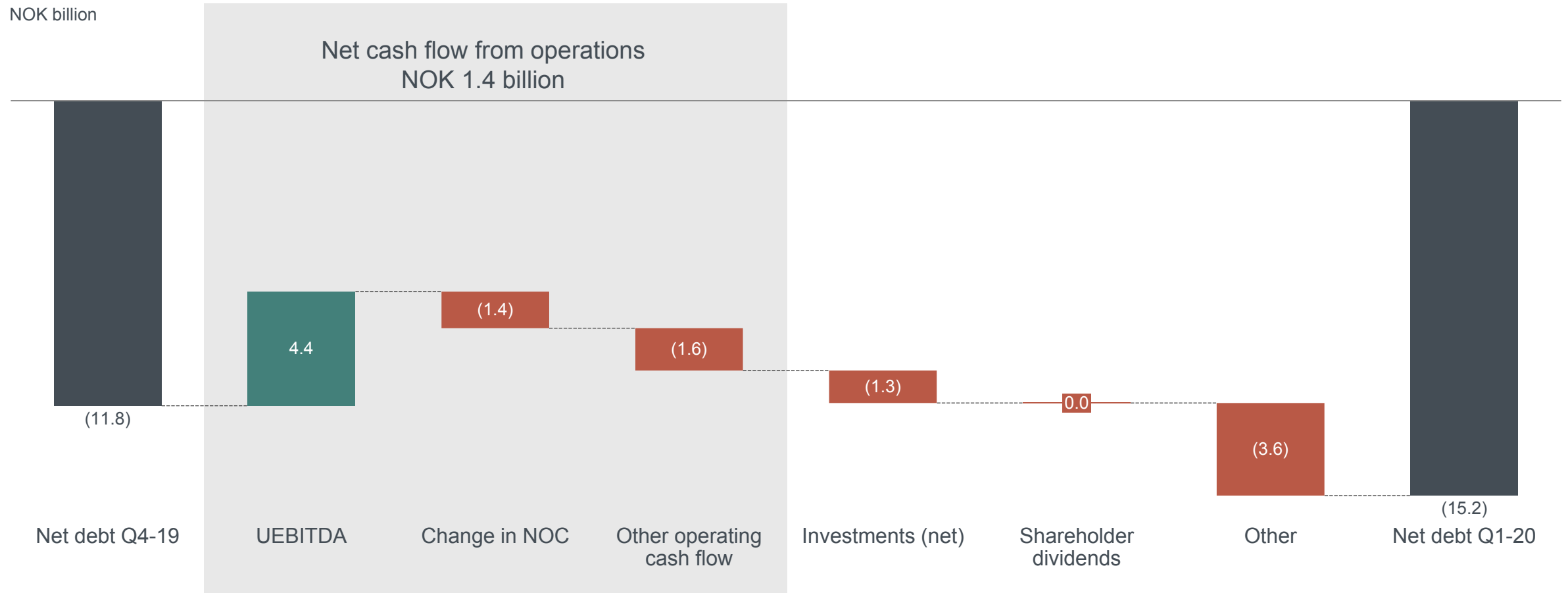
Underlying EBIT

NOK million



Net debt up in Q1 2020

Significant currency effects



Adjusted net debt up in Q1

Higher net debt and net pension liability

NOK billion	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Cash and cash equivalents	12.2	12.3	10.6	10.6
Short-term investments	1.6	1.0	0.9	1.1
Short-term debt	(7.7)	(6.2)	(6.1)	(8.2)
Long-term debt	(21.3)	(18.9)	(20.0)	(18.6)
Net cash/(debt)	(15.2)	(11.8)	(14.5)	(15.1)
Net pension liability at fair value, net of expected tax benefit	(12.4)	(8.6)	(10.3)	(8.8)
Other adjustments ¹⁾	(5.2)	(5.1)	(4.8)	(4.0)
Adjusted net debt ex. EAI	(32.8)	(25.4)	(29.6)	(27.9)
Net debt in EAI	(6.5)	(5.5)	(5.4)	(5.4)
Adjusted net debt incl. EAI	(39.3)	(31.0)	(35.0)	(33.3)

1) "Other adjustments" include, e.g., asset retirement obligations, cash and short-term investments in Industriforsikring



Shareholder and financial policy

Robust balance sheet and liquidity

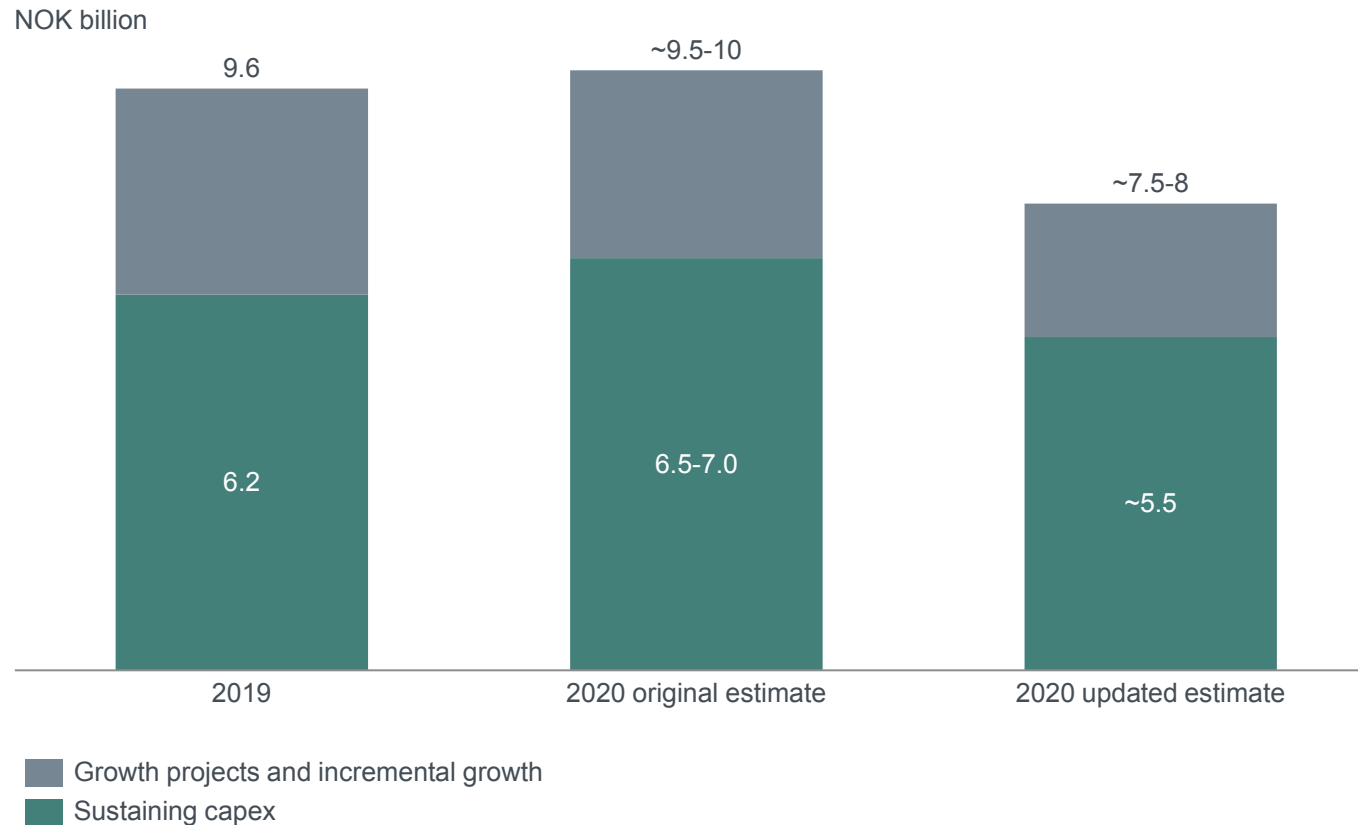
- Aiming for competitive shareholder returns and dividend yield compared to alternative investments in peers
 - Dividend policy: 40% payout ratio of reported net income over the cycle with NOK 1.25 per share considered floor
- Strong focus on maintaining a robust balance sheet and investment-grade credit rating
 - Currently: BBB stable (S&P) & Baa3 negative¹⁾ (Moody's)
 - Competitive access to capital is important for Hydro's business model (counterparty risk and partnerships)
- Strong liquidity
 - NOK 12.2 billion in cash and cash equivalents, end-Q1 2020
 - USD 1.6 billion in multi-currency revolving credit facility maturing in 2025, currently undrawn
- Mitigating actions amid Covid-19 to safeguard liquidity
 - Decision to freeze capital expenditure in 2020 by BNOK 2 - until we have more visibility - updated capex estimate for 2020 is BNOK 7.5-8
 - Dividend Board resolution to amend dividend proposal of NOK 1.25 per share and instead propose that Board is authorized to resolve distribution of dividend at later stage if conditions allow for it²⁾ - does not entail change in general dividend policy

1) Moody's revised Hydro's credit rating outlook from Baa2 negative to Baa3 negative in March 2020
2) Pending approval from the AGM on May 11, 2020



Updated capex estimate amid Covid-19

We will freeze 20% of targeted 2020 capex (BNOK 2)

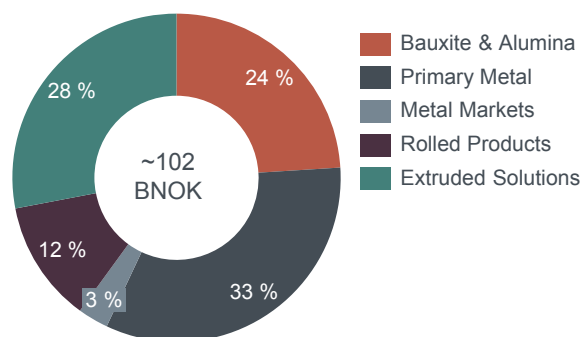


- Capex freeze is split ~50/50 between sustaining and growth projects
- Postponement of sustaining projects, taking into consideration safety and asset integrity
- Postponement of several growth projects
- Further capex optimization to be continuously evaluated

Capital return dashboard Q1 2020

Measures to preserve cash and financial strength during the Covid-19 situation

Capital employed¹⁾



Capital returns

URoaCE
3.6%²⁾

10% target over the cycle

Balance sheet

FFO/aND
30%³⁾

>40% target over the cycle

Free cash flow Q1 2020

0.1 BNOK⁴⁾

Improvement program

4.1 BNOK refocused
gross 2020 target

2023 target 7.3 BNOK - maintained
2020 target 4.1 BNOK – will not be met

Net operating capital

1.4 BNOK build
Seasonality and currency

Target ~ 4 BNOK reduction
from end-2018 to end-2020

Capex

~20% cut in 2020
~2 BNOK in cash savings

2020 new estimate 7.5-8 BNOK
2020 original plan 9.5-10 BNOK

Shareholder payout

2019 dividend
freeze⁵⁾

40% payout ratio over the cycle
1.25 NOK/share dividend floor

1)) Graph excludes (9.7) BNOK in capital employed in Other & Eliminations and (0.4) BNOK in negative capital employed in Energy

2) URoaCE Hydro (Annual definition) calculated as underlying EBIT last 4 quarters less Income tax expense adjusted for tax on financial items/ Average capital employed last 4 quarters.

3) Funds from operation LTM/Average LTM adjusted net debt

4) Free cash flow – operating cash flow less investing cash flow excl. sales/purchases of short-term investments

5) Board resolution to amend dividend proposal of NOK 1.25 per share and instead propose that Board is authorized to resolve distribution of dividend at later stage if conditions allow for it Pending approval from the AGM on May 11, 2020.



**Lifting profitability,
driving sustainability**

Priorities

- Health and safety first – protecting people and communities
- Keeping the wheels turning – maintaining operations and generating cash
- Thinking ahead – implementing mitigating actions and positioning Hydro post-Covid-19



Market

Macro trends and favorable properties drive aluminium demand

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



Aluminium

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



Steel

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



Copper

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



Composites

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



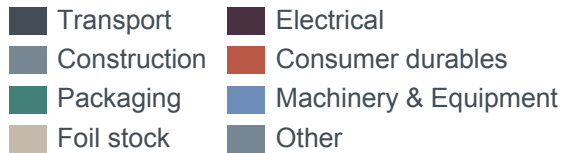
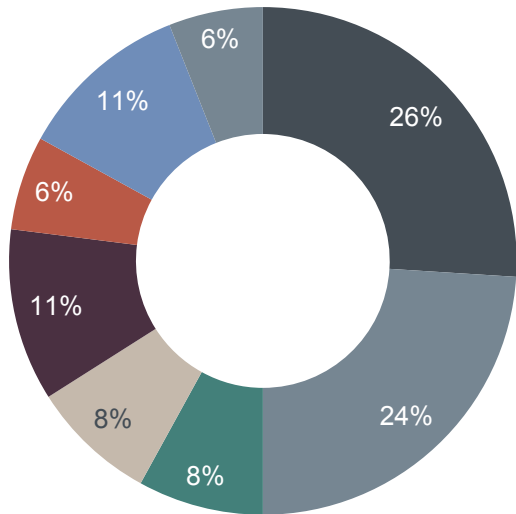
PVC

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

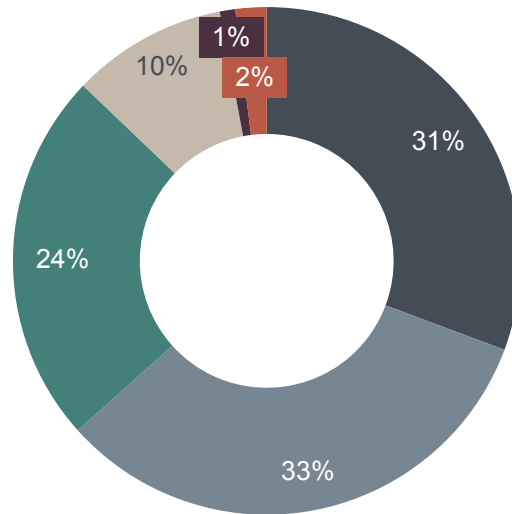
Transport & construction key semis demand segments

Global semis demand 2019: ~90 million tonnes

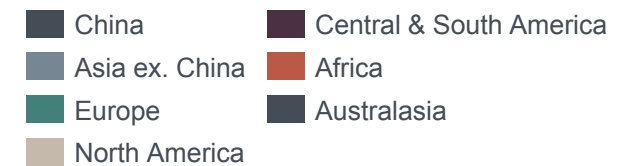
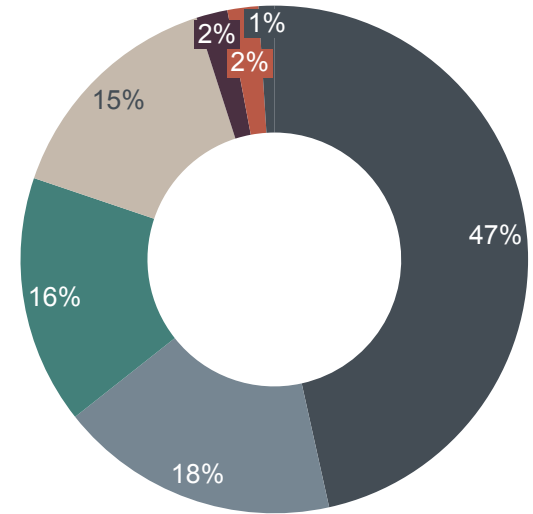
Per segment



Per product form

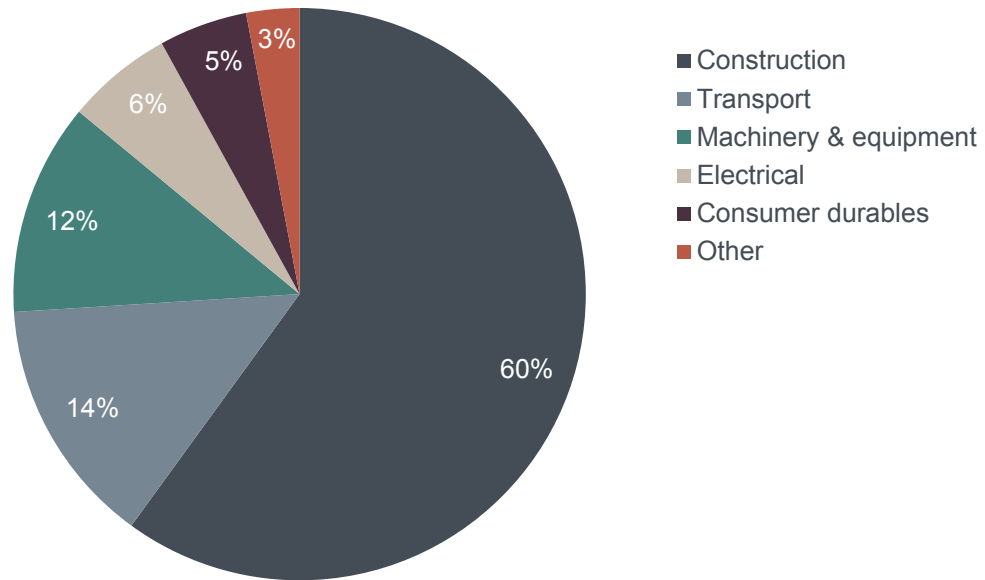


Per region

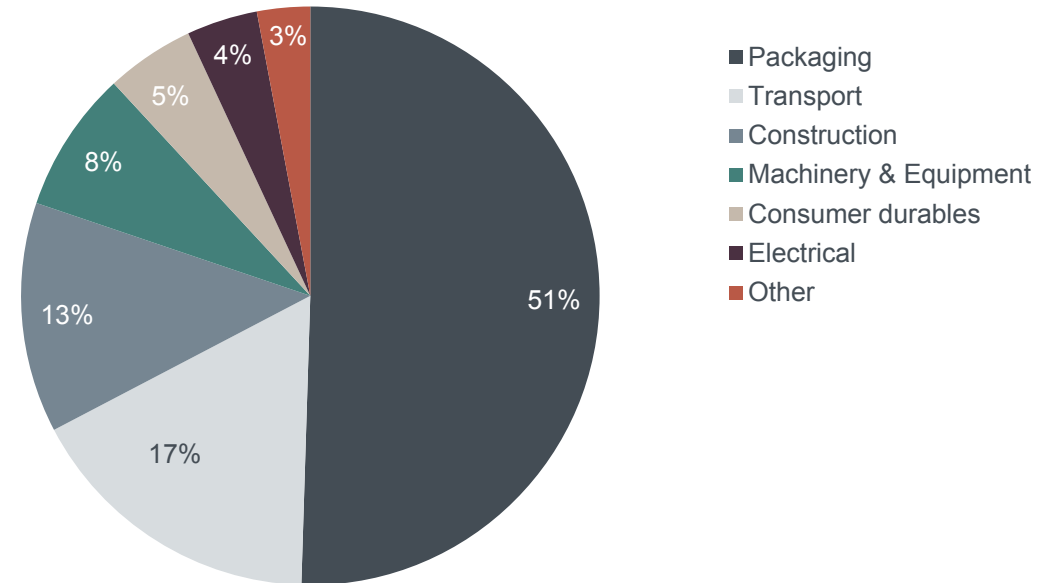


Segment composition in extruded and rolled products

Global segment composition, extrusions
(2019)



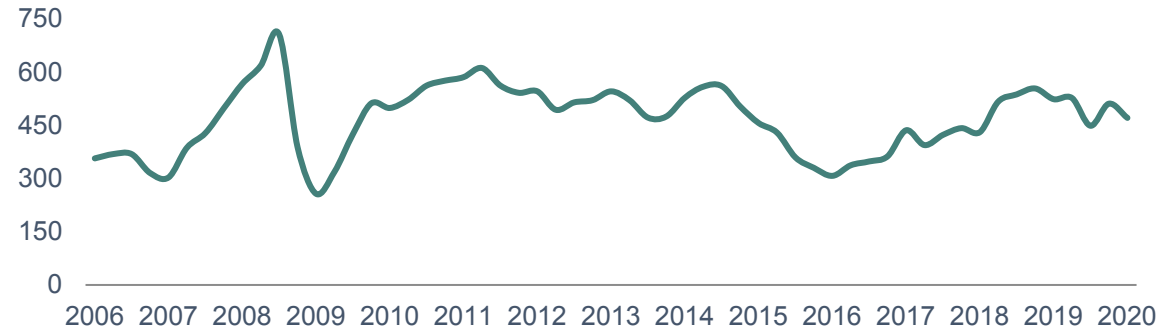
Global segment composition, rolled products
(2019)



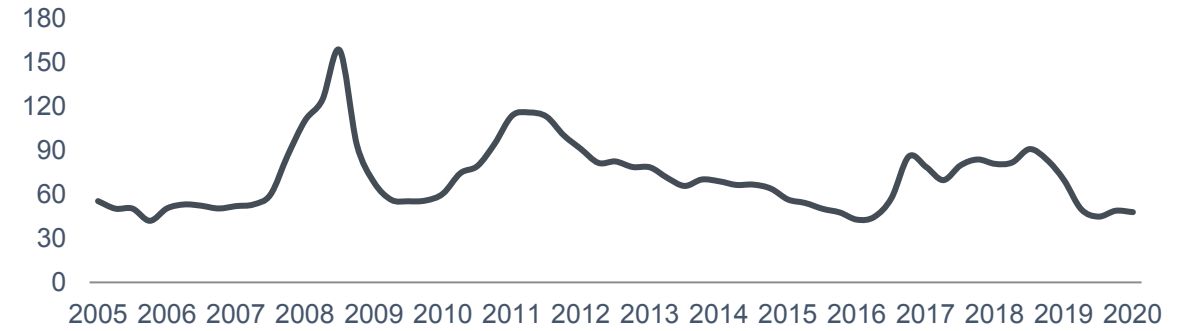
Commodity prices drive industry costs



Fuel oil A1 (USD/mt)



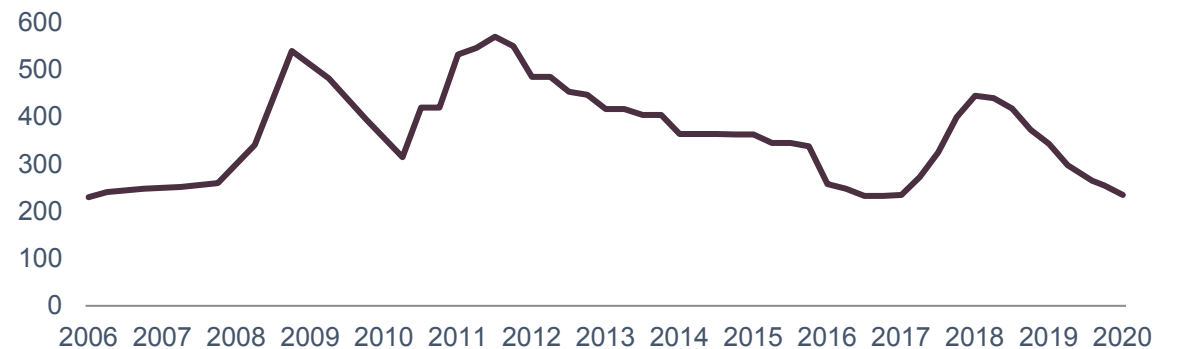
Steam coal (USD/mt)



Caustic soda (USD/mt)



Petroleum coke FOB USG (USD/mt)

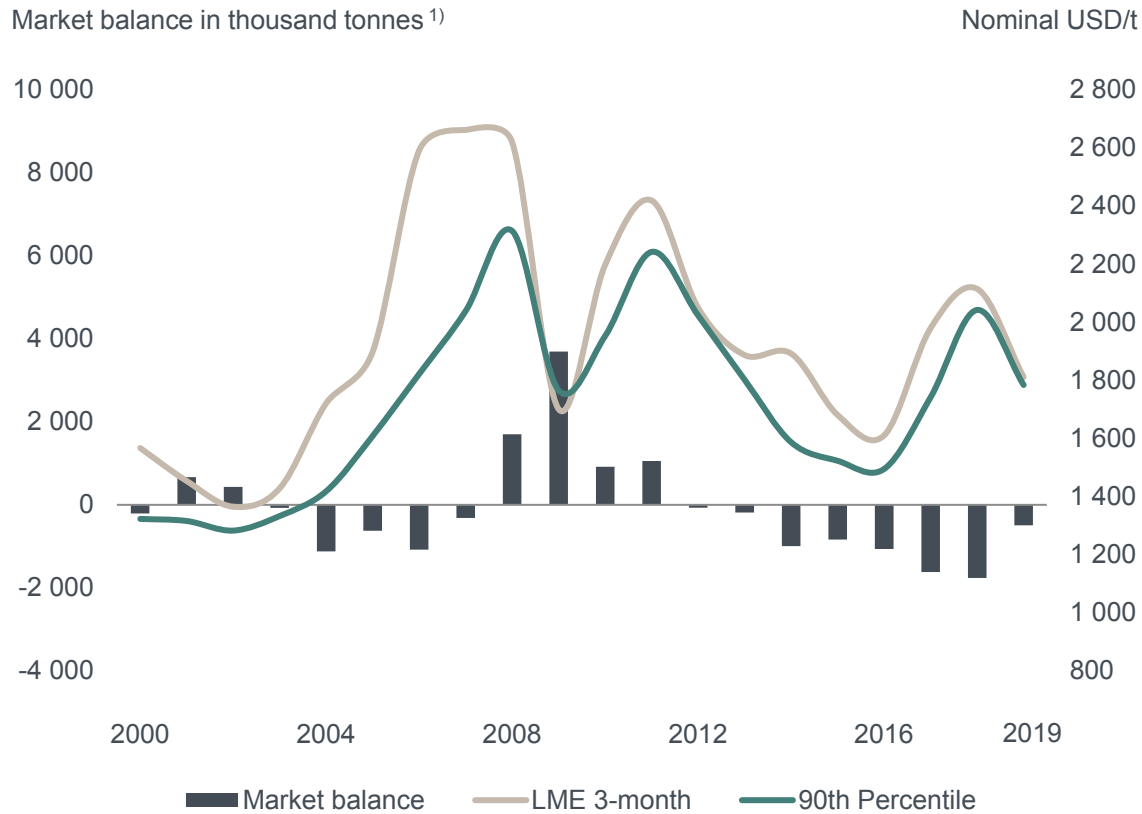


Historical strong correlation between LME and 90th percentile smelters

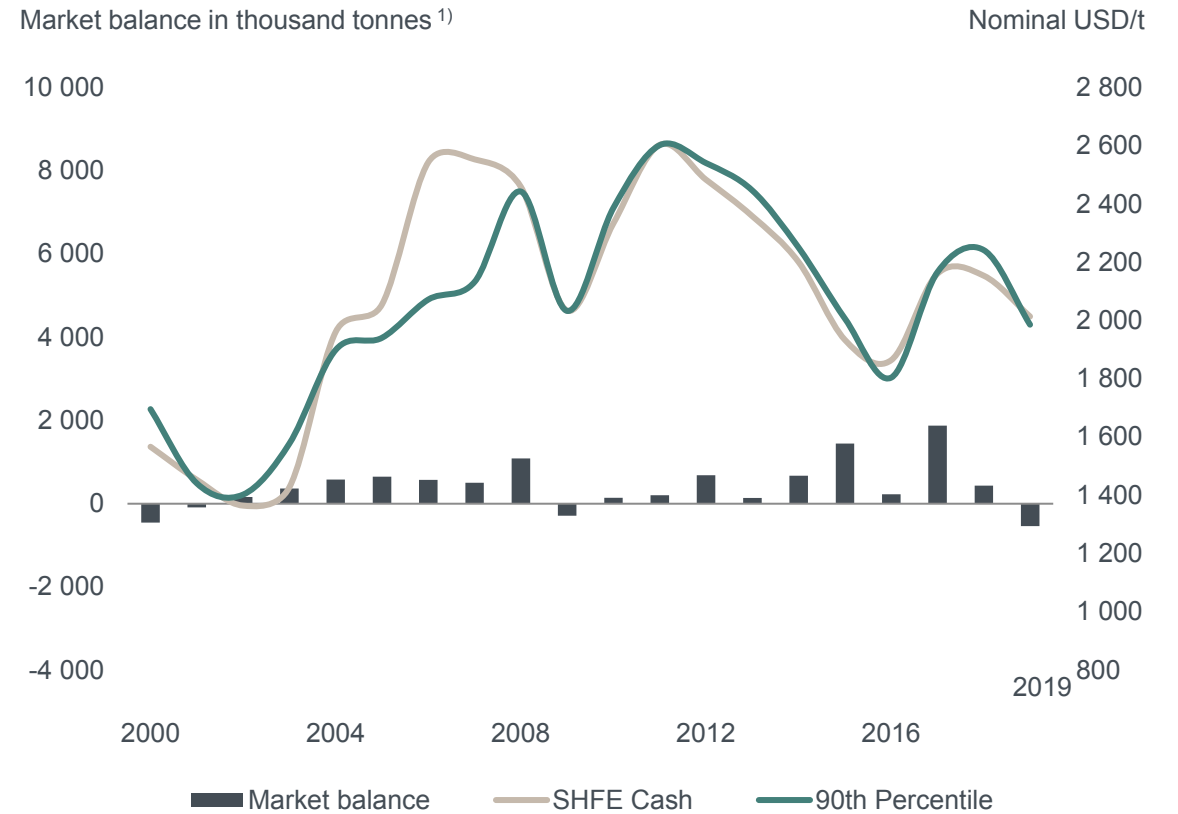


Primary metal market

World ex-China



China



Source: CRU, Hydro Analysis
 1) Primary production less primary demand

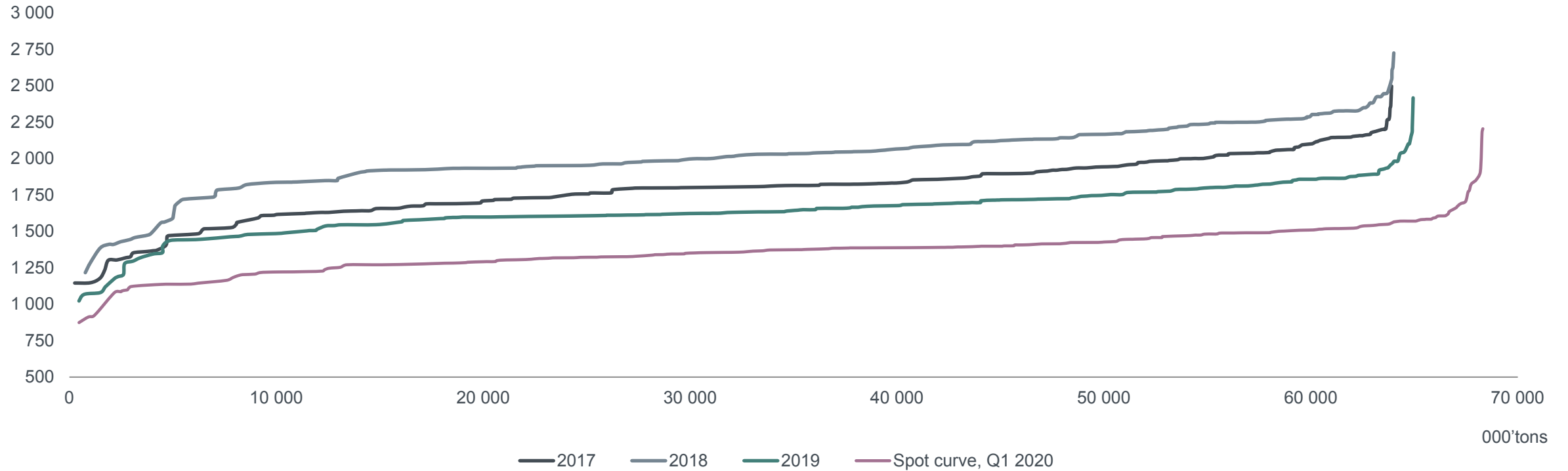
Global cost curve lower on declining raw material prices



Primary metal market

CRU BOC curve by smelter

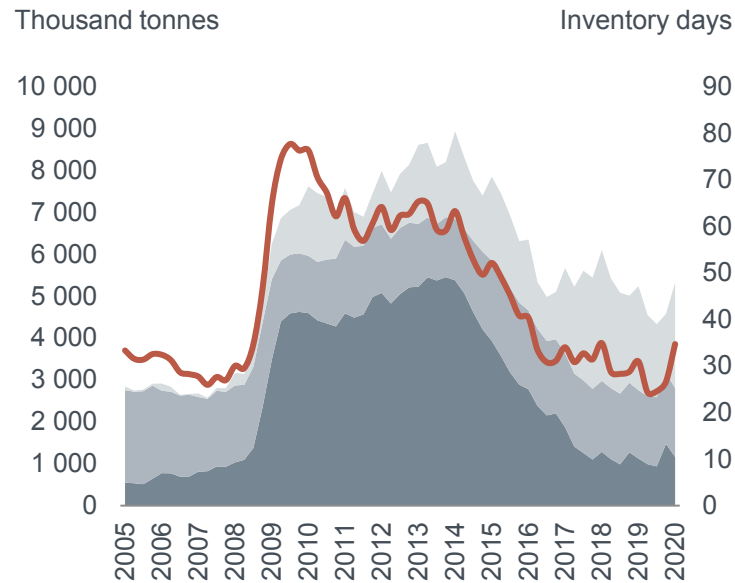
USD/t



Total global inventory days shifting upwards

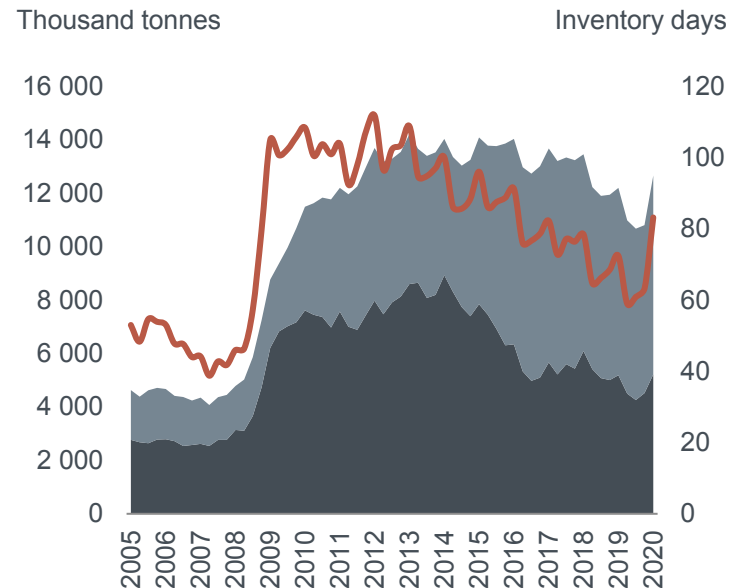
Primary metal market

Global reported stocks and inventory days



- Reported China
- Other reported ROW
- LME stocks
- Global reported inventory days

Total global stocks and inventory days



- Global estimated unreported
- Global reported
- Global total inventory days

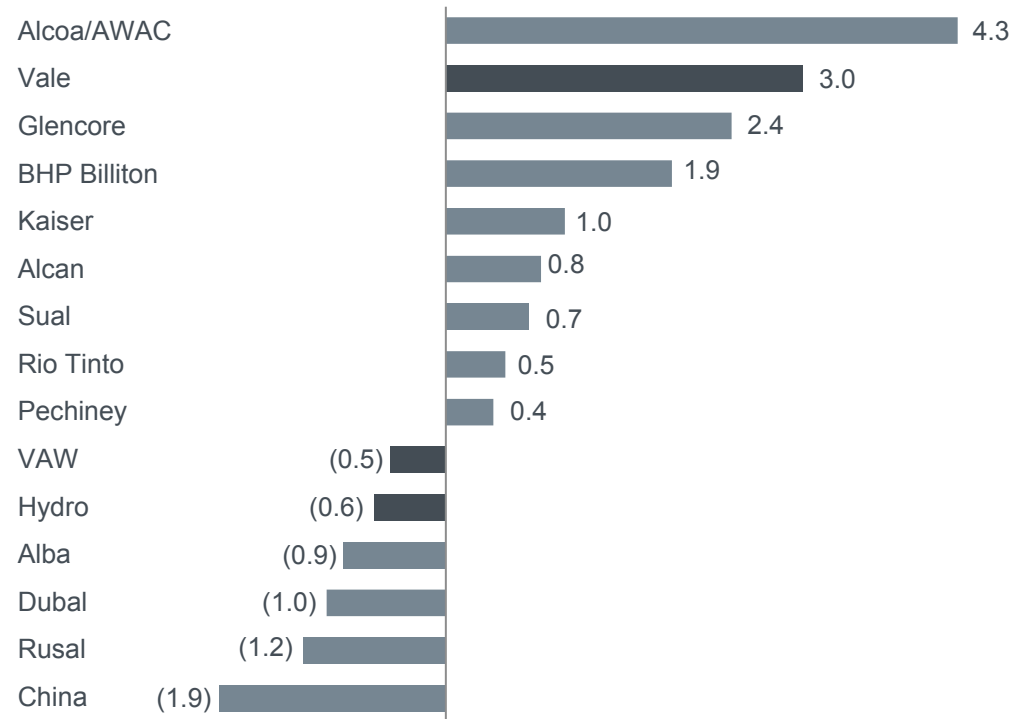
- Reported stocks increasing into 2020
 - Stocks in both World ex China and China up during Q1 on demand shortfall
- LME stocks up in Q1 2020
- High uncertainty regarding absolute level of unreported volumes

Alumina market consolidating, becoming more integrated

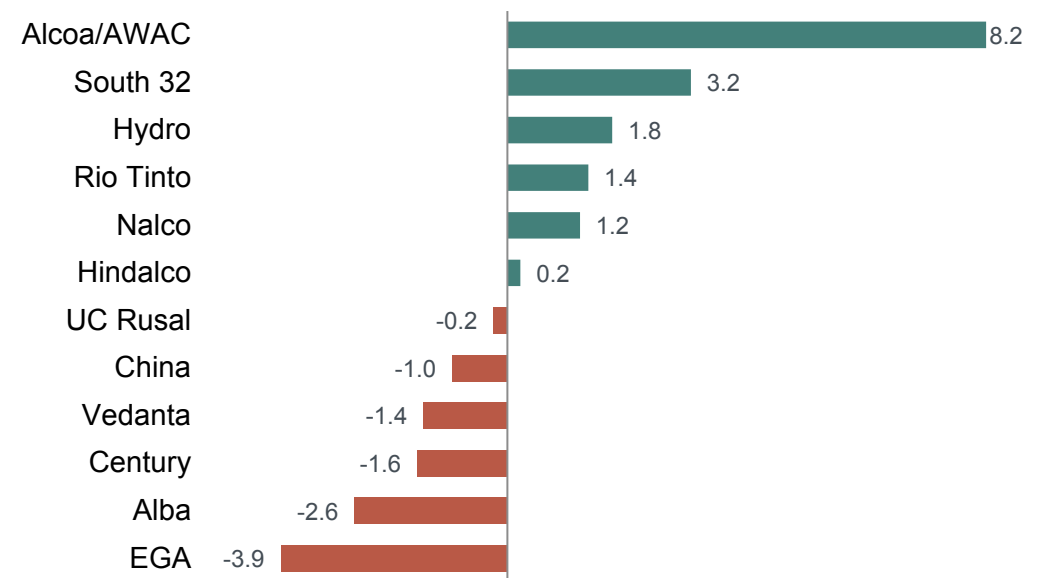


Estimated net equity alumina position, in million tonnes

2000



2019



Source: CRU, Hydro
Assuming Alunorte at full production

Alumina prices falling from March, alumina imports to China continue at high levels

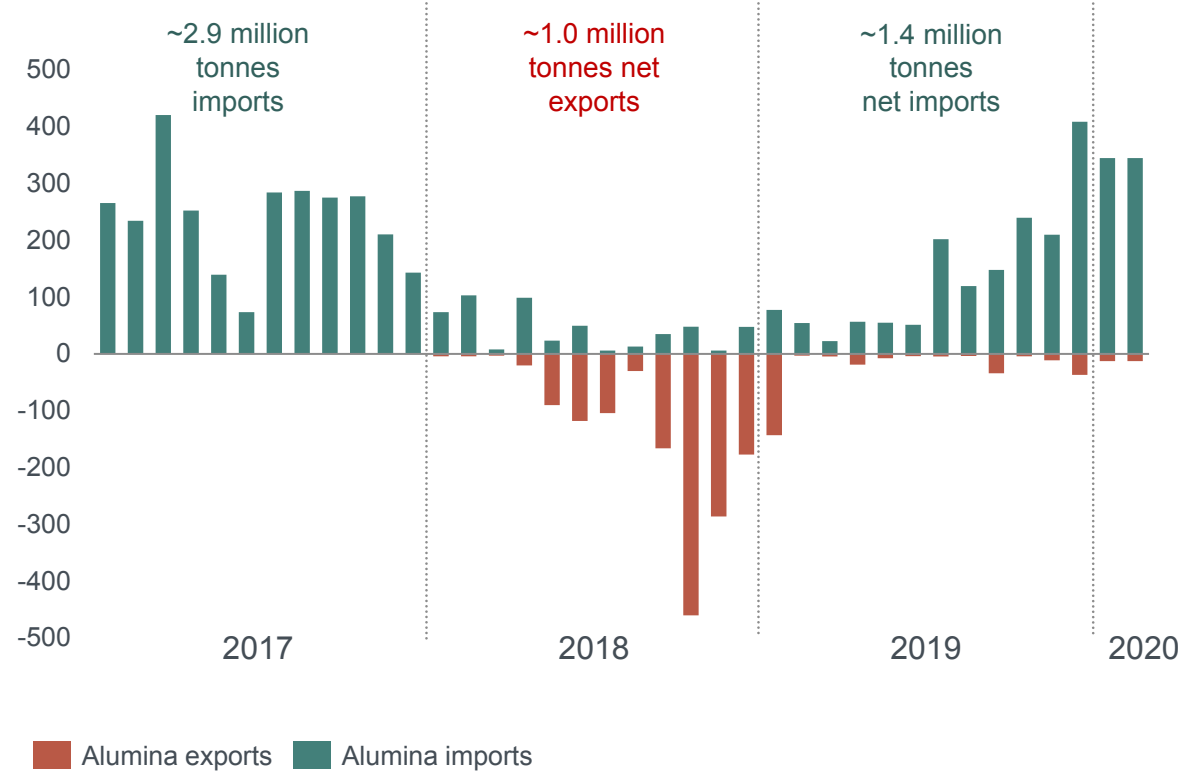
Platts alumina index (PAX)

In USD per tonne



Monthly Chinese alumina trade balance (kt)

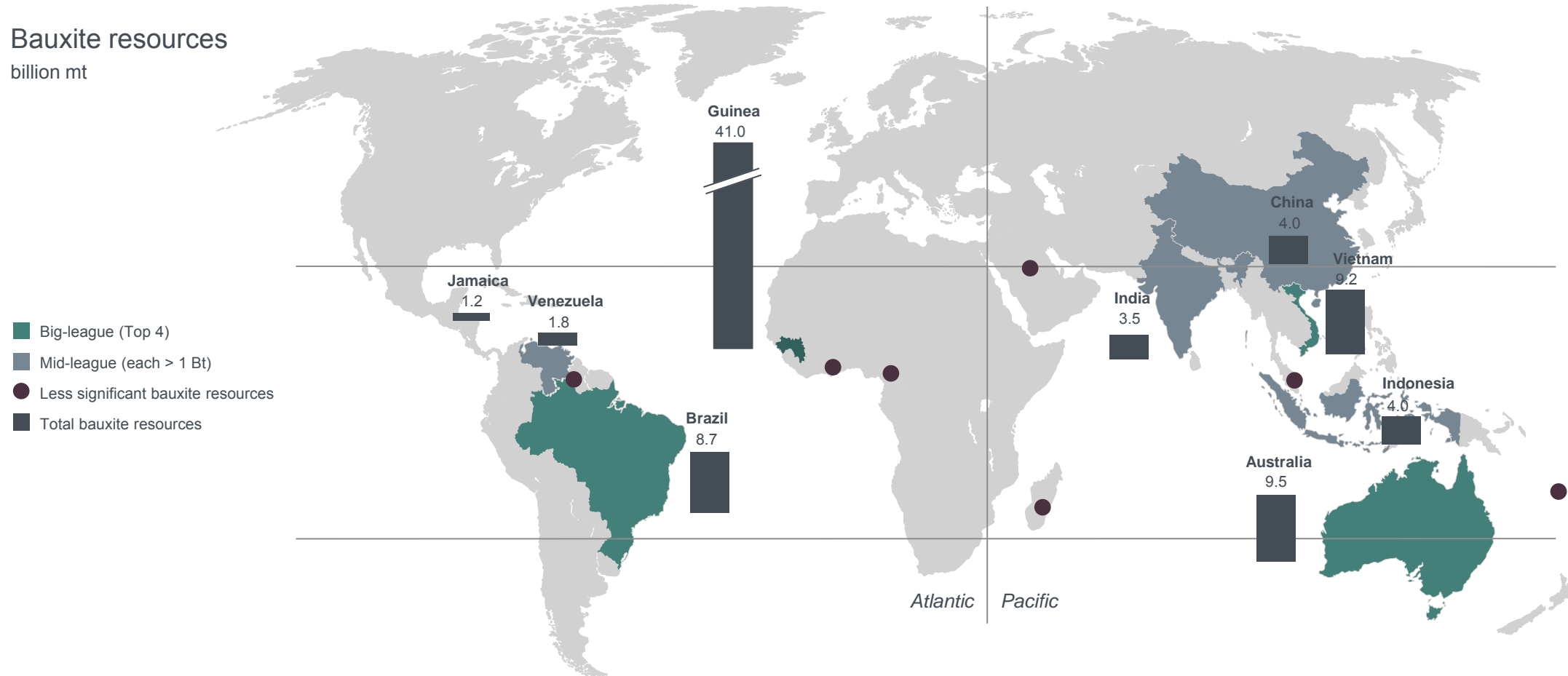
In '000 tonnes



Large and concentrated bauxite resources

Guinea stands out as a long-term source

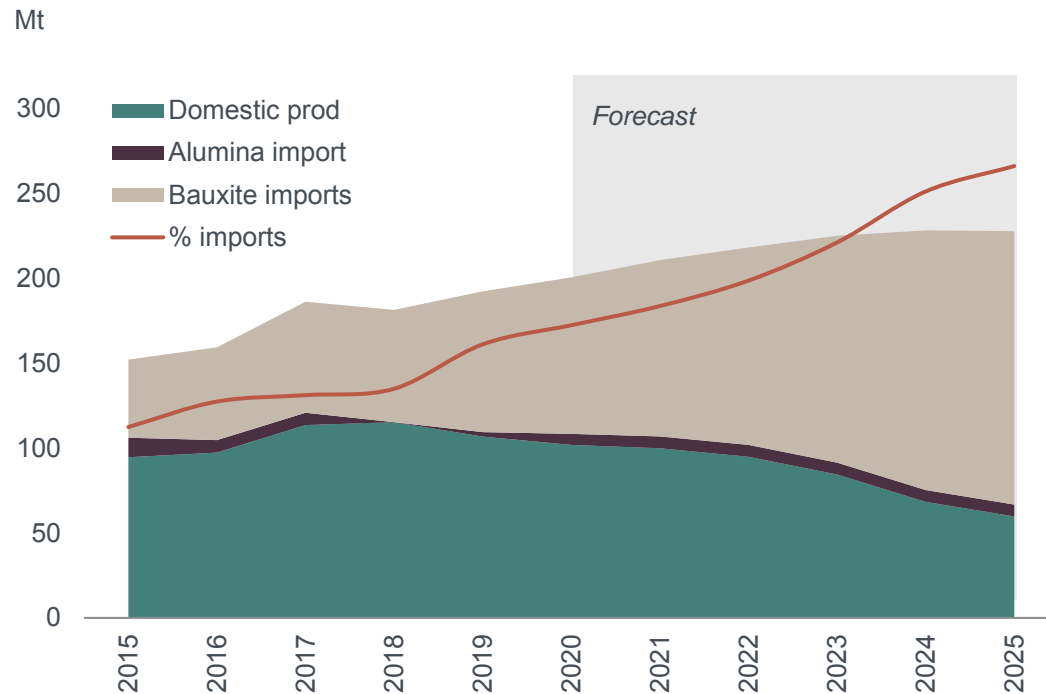
Bauxite resources
billion mt



China increasingly reliant on bauxite imports

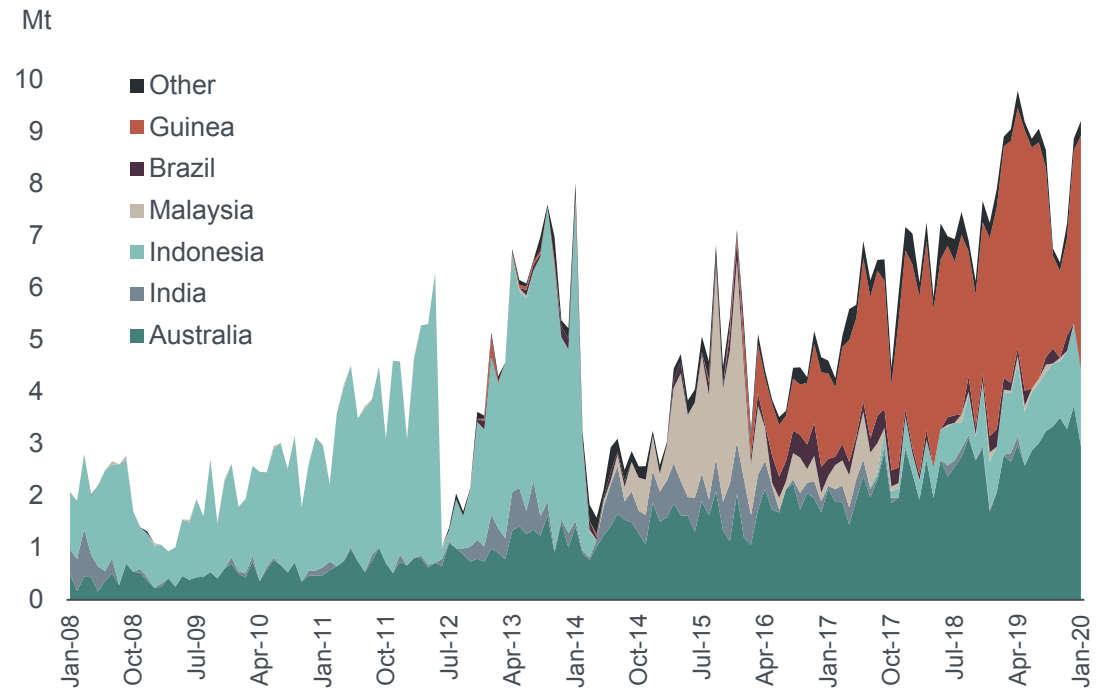
Guinea bauxite increasingly satisfying Chinese demand

Growing need for bauxite imports amid domestic depletion



- Increasing Chinese bauxite prices triggering more bauxite imports
 - Chinese quality deteriorating
 - Unlicensed mines closures

Monthly Chinese bauxite imports by origin



- Guinea bauxite production increasing dramatically
 - Includes non-Chinese players
 - Atlantic-sourced seaborne bauxite continues to grow, adding freight exposure



Business overview



Hydro – Group



Profitability

ROACE > 10%



Sustainability

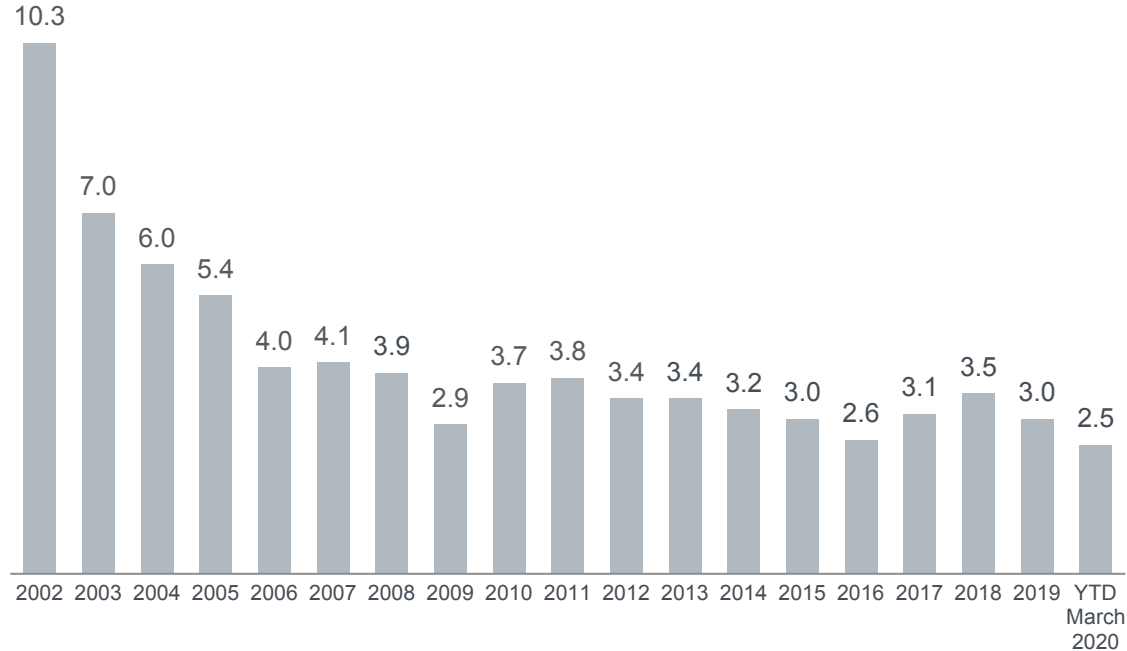
CO₂ - 30%

Safe and responsible operations is a top priority



Leadership in HSE, CSR and compliance as a license to operate

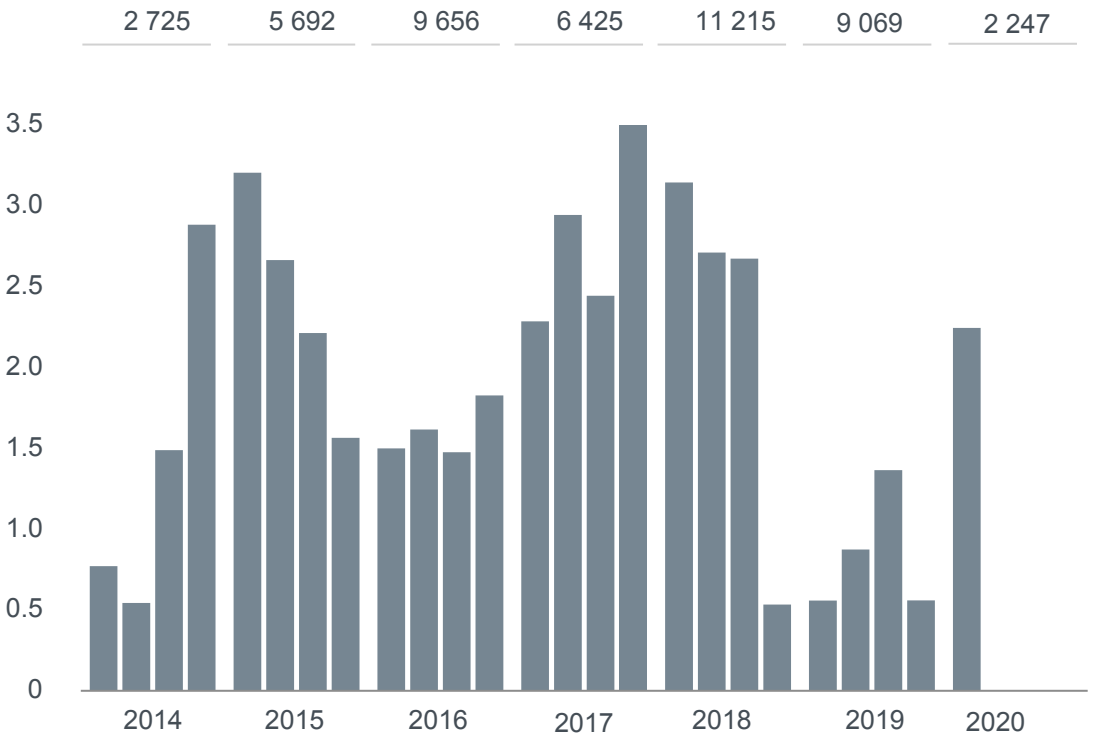
TRI Rate¹⁾



1) Total recordable incidents (TRI) rate defined as cases per 1 million hours worked, for own employees

Hydro: a resource rich global aluminium company

Hydro underlying EBIT quarterly, NOK billion



- Based in Norway, involved in activities in more than 40 countries
- Operating revenues
 - 2019: NOK 150 billion
 - 2018: NOK 159 billion
- ~35 000 employees
- Current market capitalization
 - ~NOK 45 billion/ USD 4.2 billion¹⁾

1) As per April 28, 2020

The aluminium value chain

World class assets, high-end products and leading market positions



Bauxite & Alumina

- High quality Gibbsite bauxite
- Bauxite capacity 10.8 million tonnes (100% Paragominas and 5% MRN)
- World's largest alumina refinery outside China with capacity of 6.3 million tonnes
- Long-term sourcing contracts for bauxite and alumina

Energy

- Long-term power supply secured
- Norway's second largest hydropower producer – ~10 TWh normal renewable energy production
- New business opportunities within wind and batteries/storage solutions

Primary Metal

- 2.3 million tonnes primary capacity
- Karmøy Technology Pilot testing world's most climate and energy efficient aluminium production
- High LME and USD sensitivity
- Improving cost position
- Leading in technology

Metal Markets

- ~3.3 million tonnes (primary, remelt, recycling and cold metal)
- Expertise in materials
- Flexible system
- Strengthening recycling position
- High share value-add products
- Strong marketing organization
- Risk management
- Strong market positions in Europe, Asia and the US

Rolled Products

- ~1 million tonnes – Europe's largest producer
- Margin business
- Regional business
- Close to customers
- Innovation and R&D

Extruded Solutions

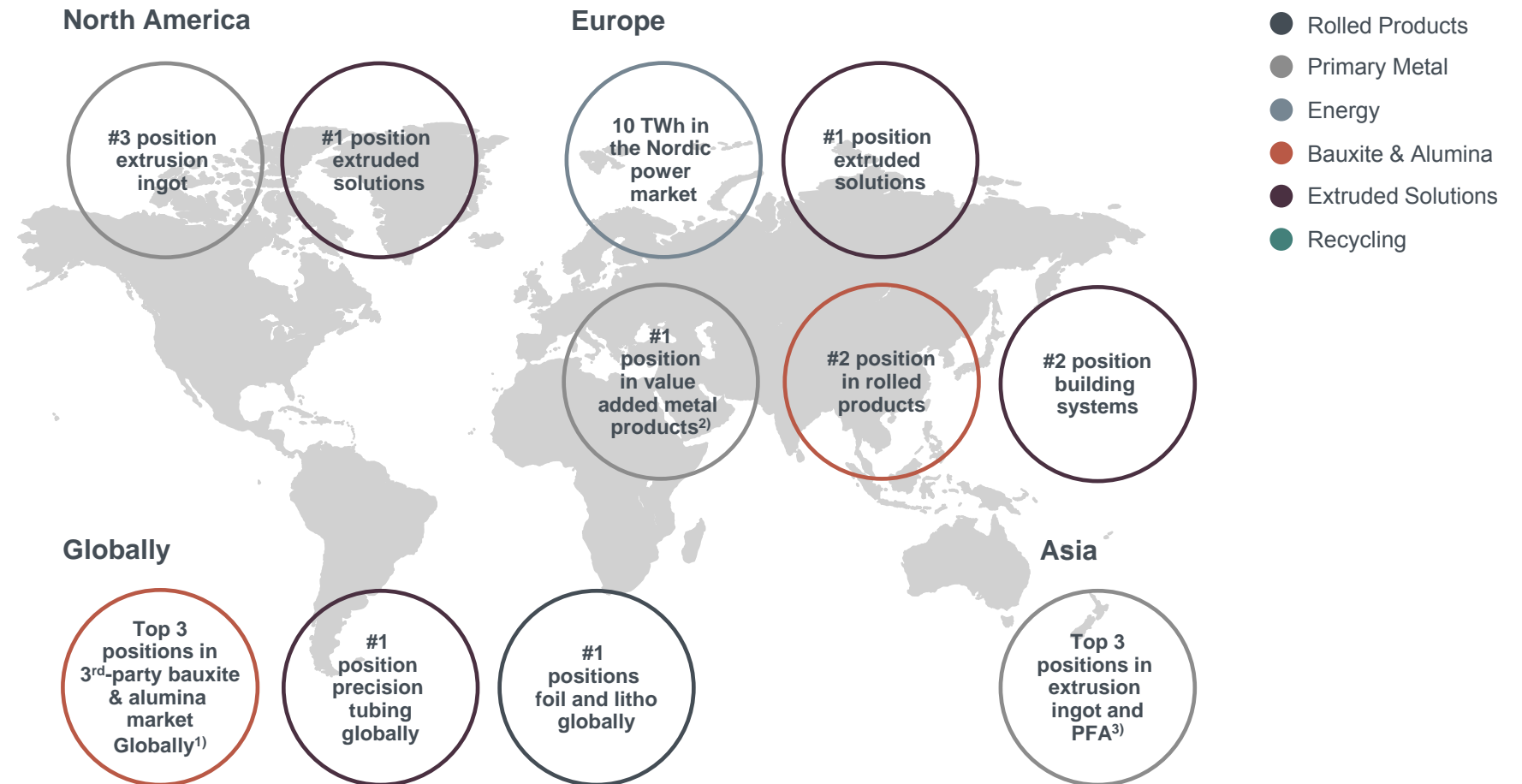
- 1.3 million tonnes
- No. 1 position in North America and Europe
- Solid foothold in emerging markets

Strong global presence throughout the aluminium value chain

Built on market understanding, customer closeness and competence

The complete aluminium company

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

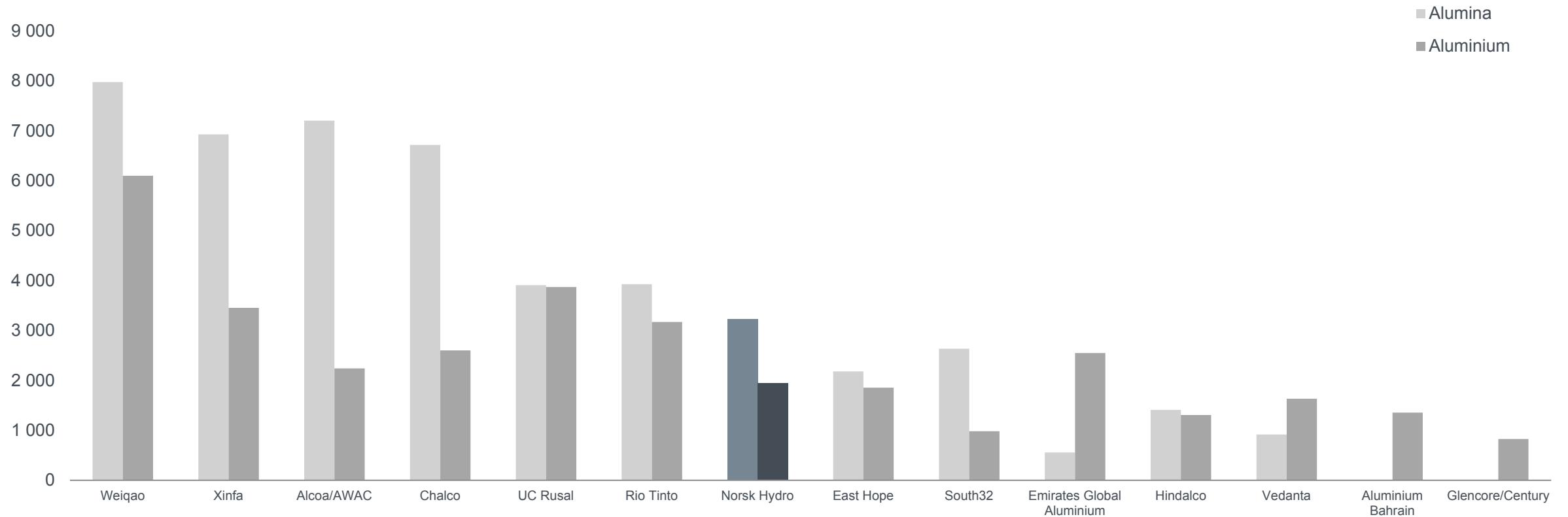


1) Outside China
 2) Extrusion ingot, sheet ingot, primary foundry alloys and wire rod
 3) Primary Foundry Alloys

Hydro - the fourth largest aluminium producer outside China



Equity production in 2019 in aluminium equivalents, thousand mt

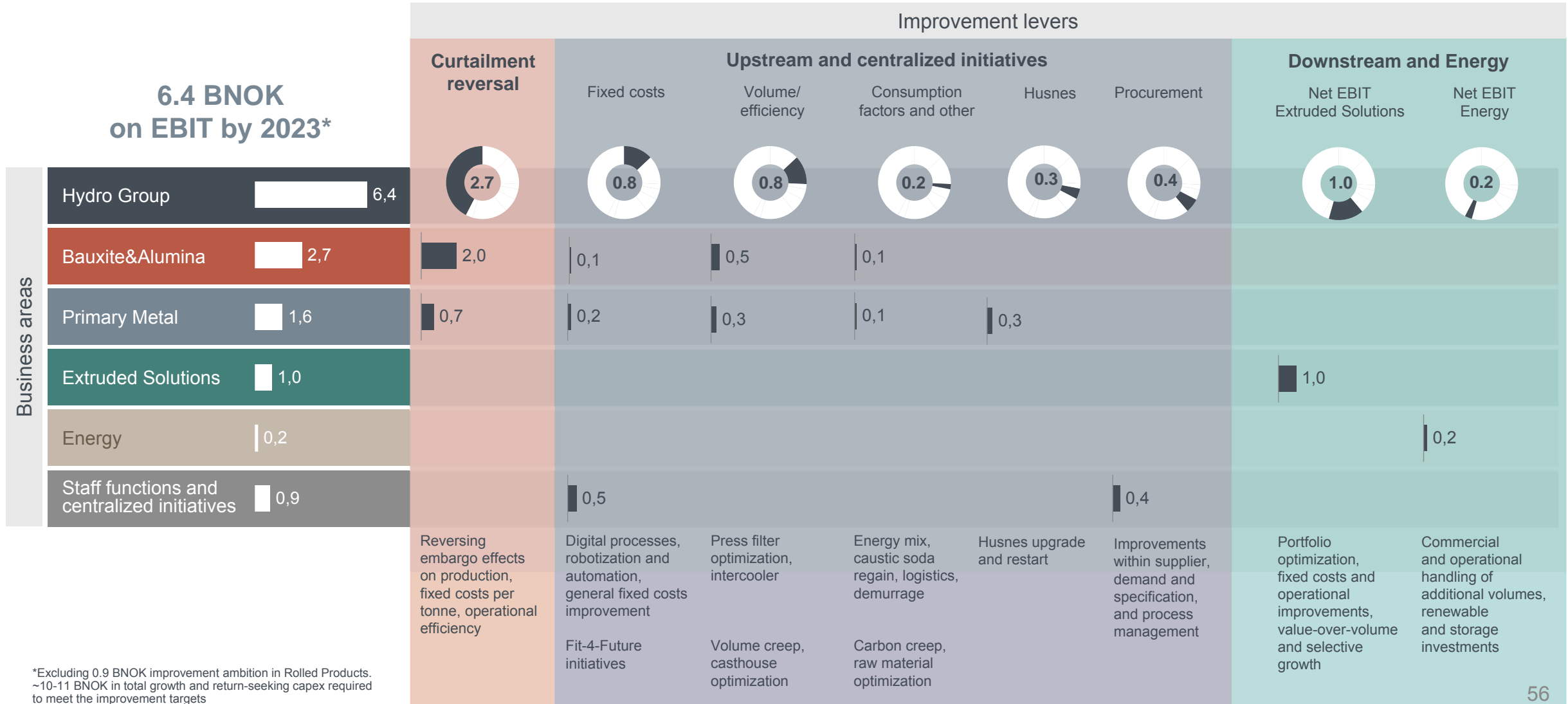


Source: CRU
Hydro with Alunorte at 6.3 million mt

Revitalizing the improvement drive



Targeted improvements to deliver ambitious potential



*Excluding 0.9 BNOK improvement ambition in Rolled Products. ~10-11 BNOK in total growth and return-seeking capex required to meet the improvement targets

Differentiated capital allocation

Different strategic modes for the business areas

Safe, compliant and efficient operations
– The Hydro Way



Business area	 Bauxite & Alumina	 Primary / Metal Markets	 Energy	 Rolled Products	 Extruded Solutions
Strategic mode	Sustain and improve*		Selective growth	Strategic review	Selective growth
Impact on capital allocation	Sustaining capex and cost efficiency (Creep and recycling with high profitability)		Selected growth investments	Sustaining CAPEX and cost efficiency	Selected growth investments both organic and M&A

*Creep and recycling with high profitability

Driving sustainability: Hydro has a strong starting point

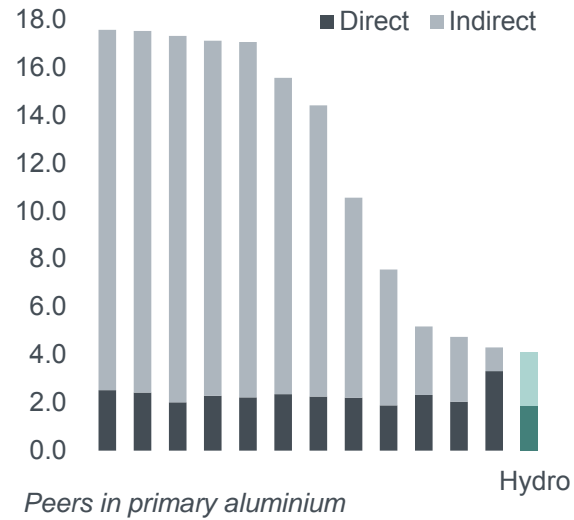


The Hydro Way – a more viable society



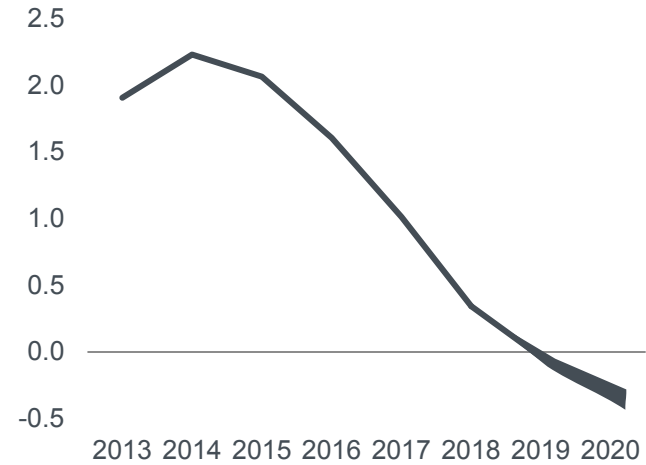
Lowest CO₂ emissions

Emissions from electrolysis,
in tonne CO₂/t Al, 2019



Net carbon-neutral from a life-cycle perspective by 2020

Net emissions (life-cycle)
Million mt



Sustainability: basis for our future positioning

Social responsibility



Environment



Climate



Sustainability in the marketplace: greener products portfolio

Tackling the industry's key environmental challenges across the value chain

- Restoring **biodiversity** at our bauxite mine
- Exploring more sustainable **tailings** management practices
- Turning **bauxite residue** into a resource
- Recovering our historical **bauxite residue** storage areas
- Improving the **recycling** of our key waste streams
- Strengthening our resilience to **water** related risks
- Reducing our key **emissions** to air



Targets and ambitions

1 to 1 rehabilitation of available areas

Utilise 10% of bauxite residue generated (from 2030)

*50% reduction in key non-GHG air emissions by 2030**

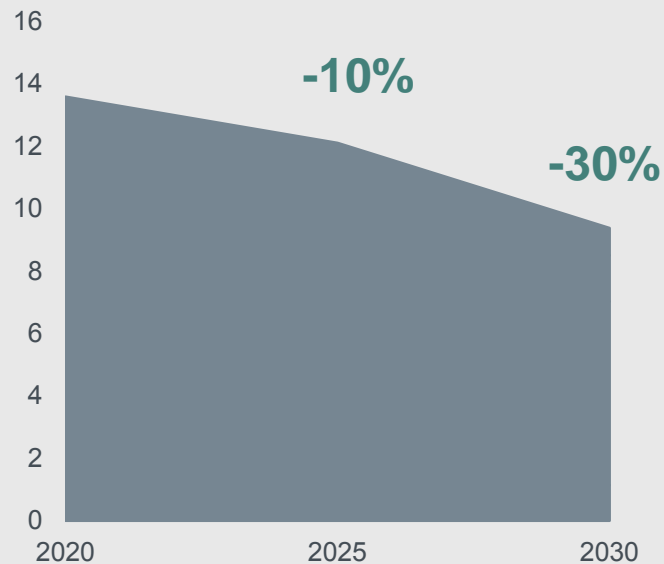
* SO_x, NO_x and PM (2017 baseline)

New climate strategy: Cut CO₂ emissions by 30% by 2030

Innovation and technology development key enablers toward CO₂-free processes

Ambition to reduce own emissions by 10% in 2025, 30% by 2030

Total own emissions in million mt CO₂E



**Greener energy mix at Alunorte:
Key enabler for new climate
and environment ambitions**



**R&D for low or zero-carbon
technology towards 2050**

Exploring different paths

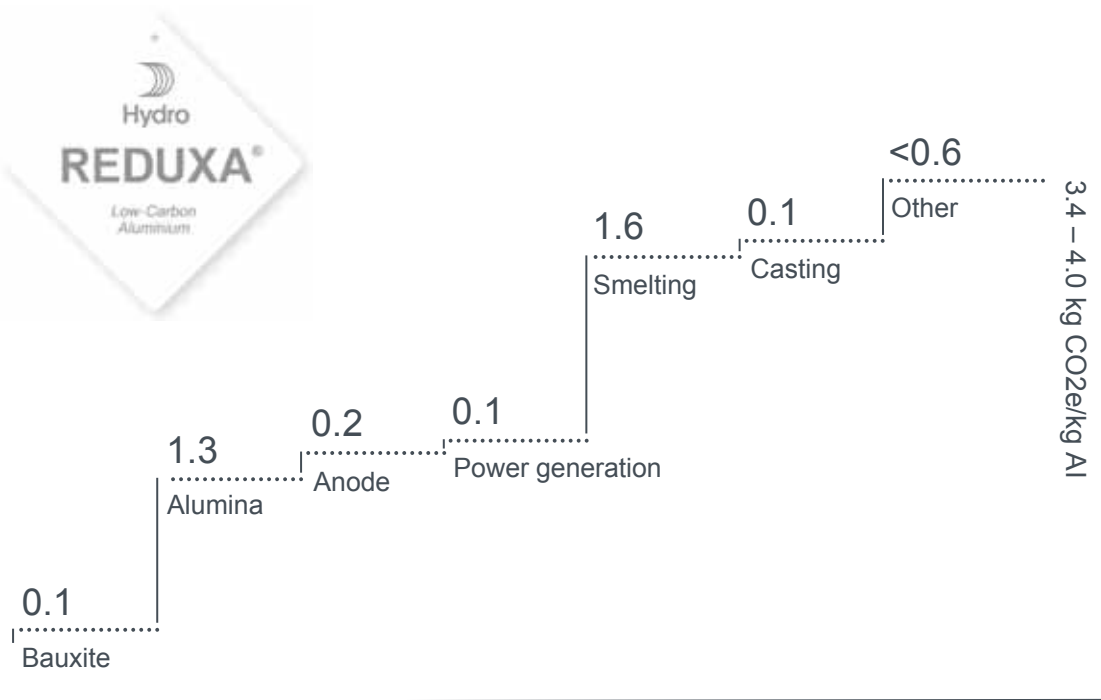
- Carbon Capture
- Biomass anodes
- Carbon-free process

Greener products: From REDUXA 4.0 to 2.0



New energy mix in Alunorte important enabler to reach 2.0

From REDUXA 4.0



Typical production values

Towards REDUXA 2.0 by 2030



Potential production values

Sustainability translated into profitability



Alunorte fuel switch project



Karmøy technology pilot



Recycling in Metal Markets



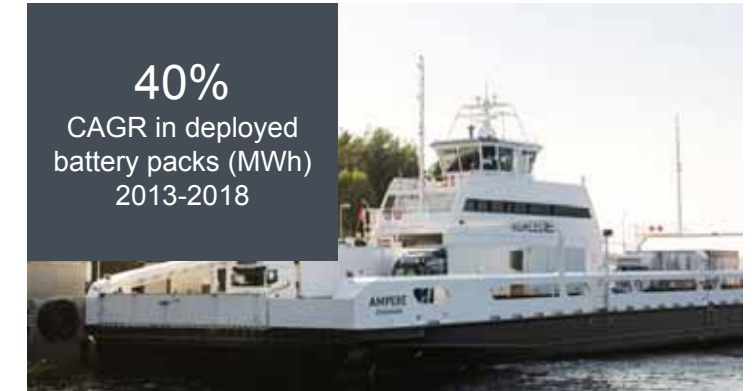
Automotive growth



Greener brands



Battery solutions - Corvus



1) Based on EBITDA/t margins in the Rolled Products portfolio

Strategic objectives

Driving long-term shareholder value



- More stable earnings profile
- Less exposed to China
- More downstream customer base
- 10% return target over the cycle



- Sustainable value chain with lower footprint will reduce risk
- Differentiate through sustainable products, developing greener products for the future
- 30% reduction in CO₂ emissions

Strategic priorities • Portfolio management • Capital allocation



Bauxite & Alumina

Bauxite and alumina cluster in Para, Brazil

MRN bauxite mine



- Top 3 bauxite mine in the world
- 5% ownership
- Volume off-take agreement for Vale's 40% stake
- 2019 production 12.2 mill tonnes

Paragominas bauxite mine



- 100% ownership
- Nameplate capacity of 9.9 million tonnes
- 2017 production 11.4 million tonnes
- 2018 production 6.2 million tonnes*
- 2019 production: 7.4 million tonnes*
- Long-life resource

Alunorte alumina refinery



- 92% ownership
- World's largest alumina refinery outside China
- Nameplate capacity of 6.3 million tonnes
- 2017 production 6.4 million tonnes
- 2018 production 3.7 million tonnes*
- 2019 production 4.5 million tonnes*
- Bauxite supplied from Paragominas and MRN
- World-class conversion cost position
- Utilizing state-of-the-art press filter technology to process bauxite residue
- Enhancing plant robustness to prepare for extreme weather events

Bauxite licenses

Refining and mining competencies

External supply contracts

Sales contract portfolio

* Alunorte and Paragominas produced at 50% capacity from March 2018 to May 2019 due to a 50% production embargo on the Alunorte refinery. The production embargo was lifted in May 2019.

Ramping-up production following lifting of the embargoes



Bauxite production in Paragominas

Annualized million tonnes

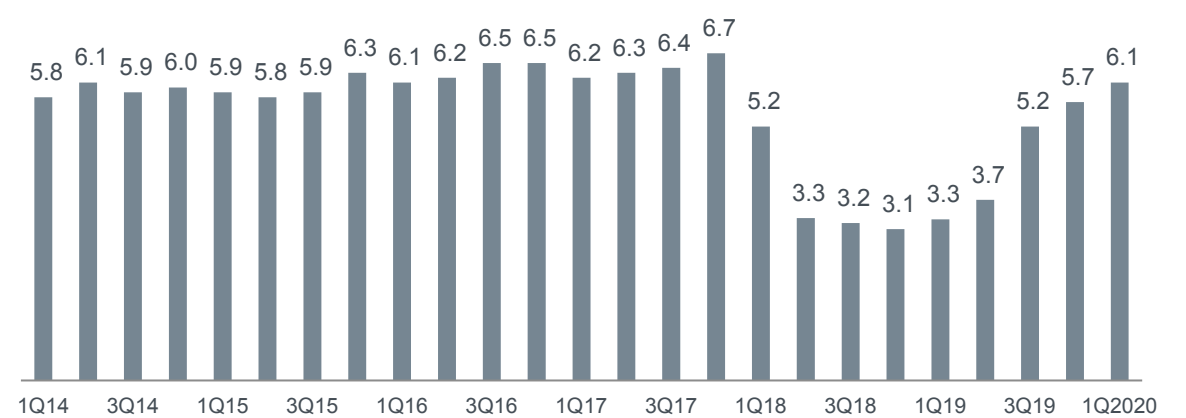


Paragominas bauxite mine

- Production affected by Alunorte embargo from March 2018 – May 2019, currently ramping-up

Alumina production at Alunorte

Annualized million tonnes



Alunorte alumina refinery

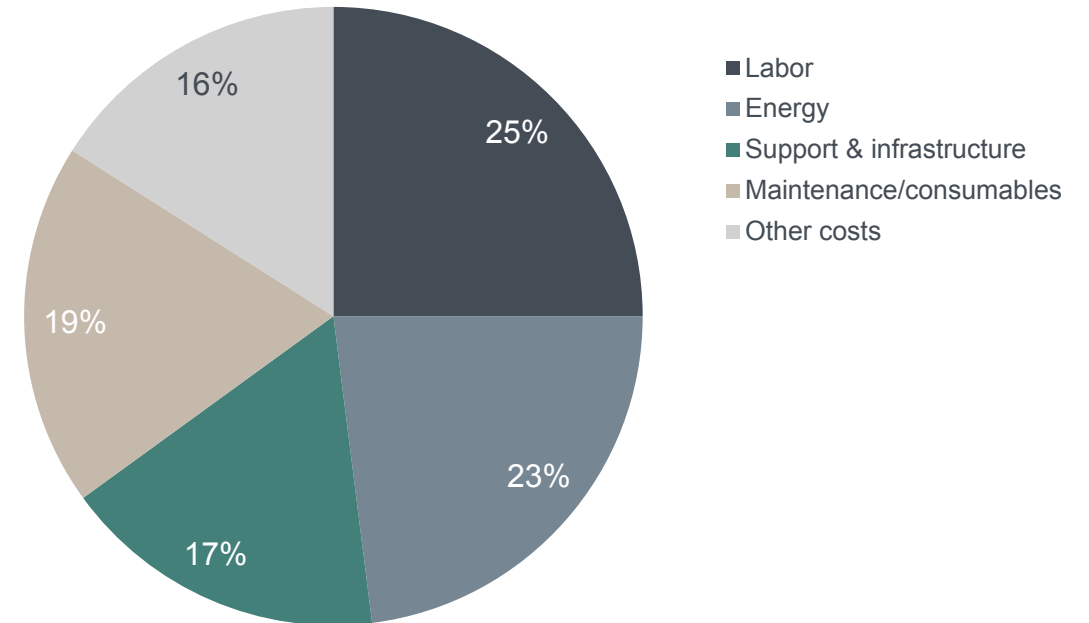
- Production affected by 50% Alunorte embargo from March 2018 – May 2019, currently ramping-up

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

Bauxite operational mining costs in Paragominas

- Energy cost - Power and fuel
- Large fixed cost base
- Labor cost
 - Influenced by Brazilian wage level
 - Productivity improvements
- Maintenance and consumables
 - Mainly influenced by Brazilian inflation

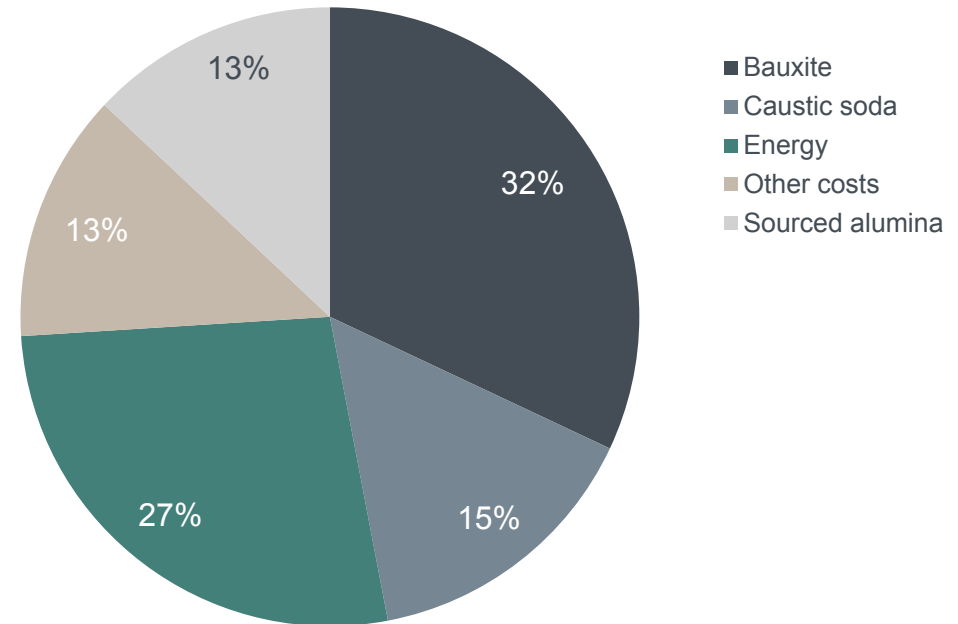
Indicative Paragominas bauxite mining costs



Favorable integrated alumina cost position

- Implied alumina cost 2019 - USD 275 per mt¹⁾
 - Alunorte, Paragominas and external alumina sourcing for resale
 - Affected by 50% production curtailment and additional external sourcing
- Bauxite
 - Internal bauxite from Paragominas at cost, sourced bauxite from MRN
 - External bauxite sales
- Energy
 - First-quartile energy consumption – 8 GJ/mt
 - Energy mix of heavy fuel oil, coal and electric power
- Caustic soda
 - Competitive caustic soda consumption due to bauxite quality
 - Competitive caustic soda sourcing contracts
- Other costs
 - Maintenance, labor and services

Indicative implied alumina cost composition



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

Strong commercial organization maximizing the value of B&A assets

External alumina sourcing

- 2.0-2.5 million mt of external alumina sourced annually
- Long term off-take agreement with Rio Tinto
 - ~900 000 mt annually from Yarwun refinery
- Short- and medium term contracts
 - To balance and optimize position geographically
 - Various pricing mechanisms
 - Older contracts linked to LME
 - New medium to long term contracts mostly index
 - Fixed USD per mt for spot contracts on index

Long positions in bauxite and alumina

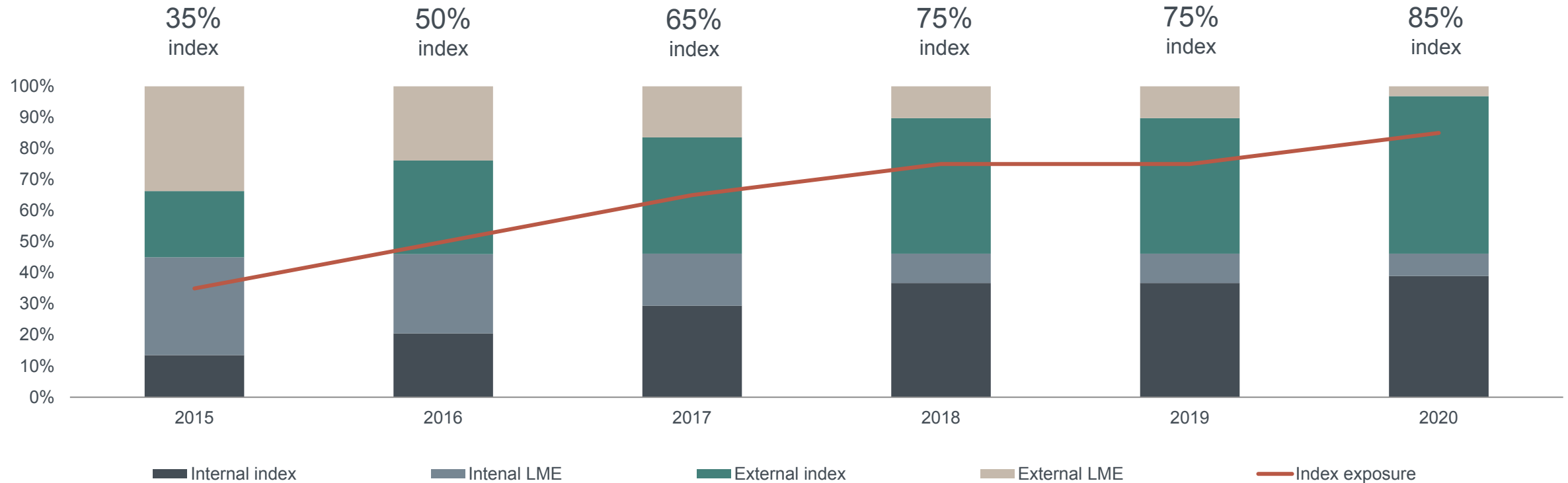
- Pricing should reflect bauxite and alumina market fundamentals
- Selling surplus MRN bauxite externally
 - Premium for high bauxite product quality
 - Majority sold to customers in the Atlantic basin
 - Mostly term contracts based on % of PAX and/or fixed USD/mt element
- Selling 3.0-4.0 million mt/yr of alumina externally
 - Index pricing and short to medium-term contracts
 - New contracts: 100% sold on index, except Hydrate and short-term contracts, normal terms 2-7 years
 - Legacy LME-linked contracts: priced at ~14% of LME 3M

Shift of alumina sales to index-based pricing continues at full speed



Index pricing the new norm for the industry

Sales exposure to index and short term pricing¹⁾

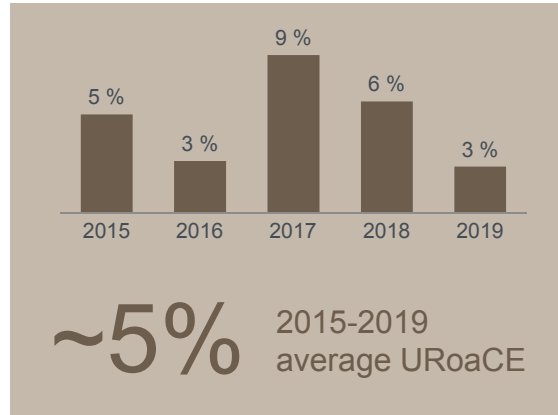
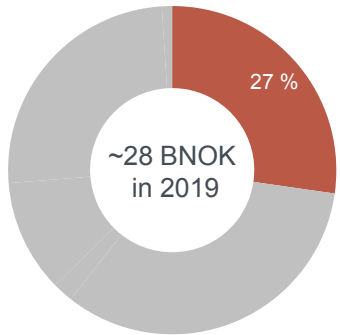


1) Rounded figures. Indicating volumes available for index pricing. Includes minority sales priced at % of LME with floor. Based on annual sourced volumes of around 2.5 mill t, assuming normal production at Alunorte.

Capital return dashboard for Bauxite & Alumina

Returns below the cost of capital reflecting challenging markets, embargo and operational issues during the early years

Capital employed in B&A



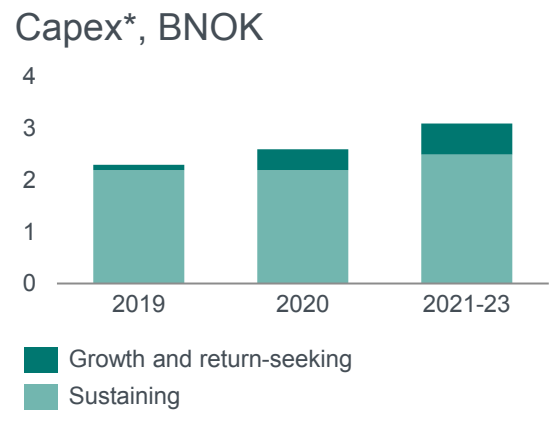
URoCE > CoC

10-11%
Nominal long-term cost of capital

2.7 BNOK
on EBIT by 2023 in improvement potential

Key initiatives to reduce NOC

- Reduction in commercial stocks
- Reduction in caustic soda price and alumina inventories
- Reduction in Paragominas inventories



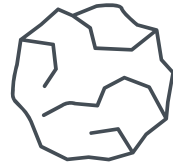


Energy

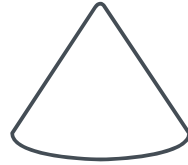
Energy is a key differentiator in the aluminium industry



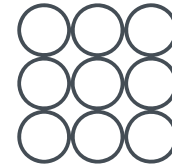
Center of energy excellence in Hydro



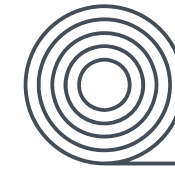
Bauxite



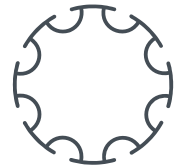
Alumina



Primary



Rolling



Extrusion

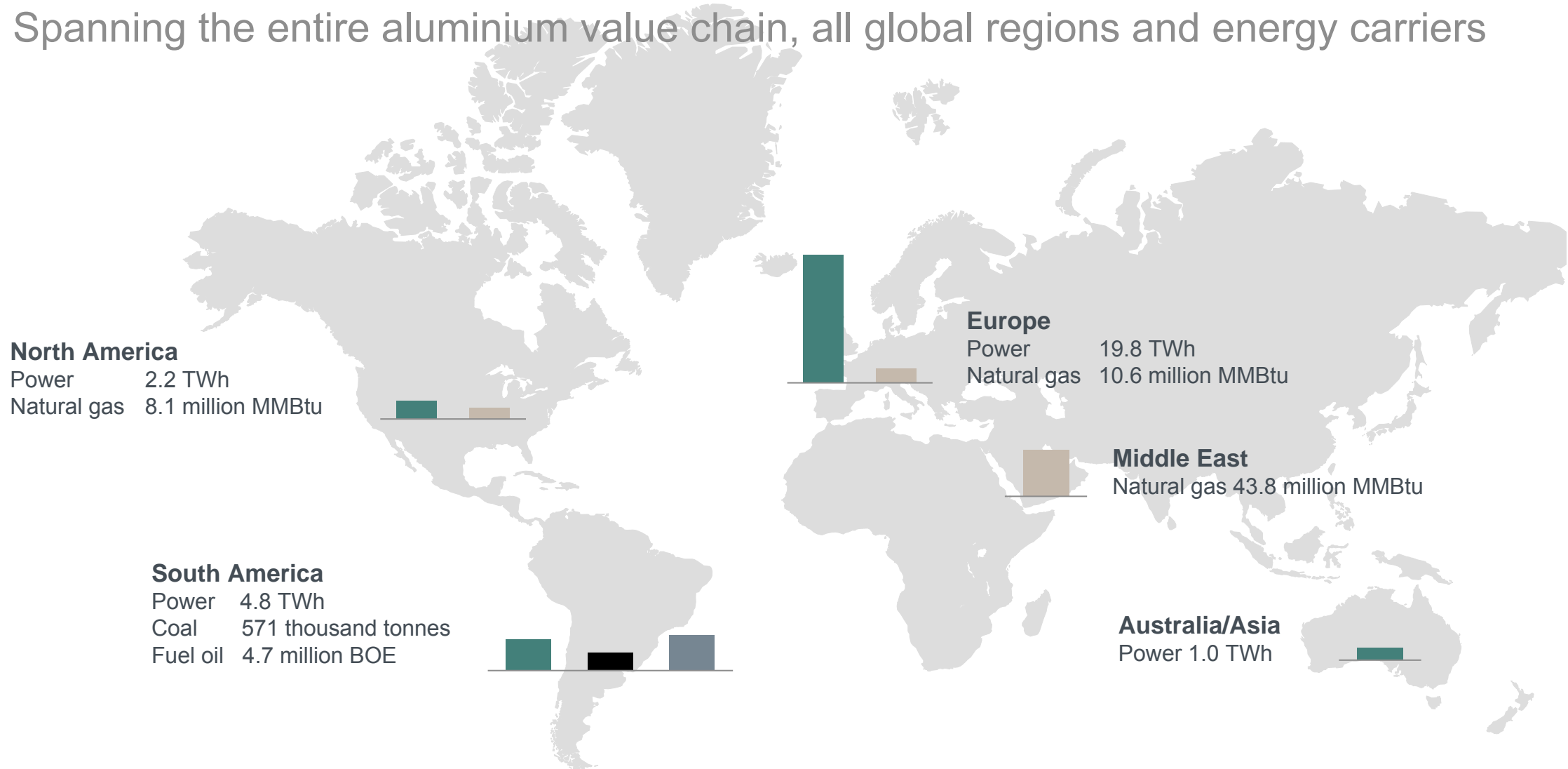
Energy cost*	~25%	~35%	~35%	~10%	~8%
	~50%				
Energy business area's contribution to Hydro	<ul style="list-style-type: none"> • Power sourcing 	<ul style="list-style-type: none"> • Power sourcing • Fuel switch project (LNG) • Energy mix long term, renewables, storage 	<ul style="list-style-type: none"> • Power sourcing and production • Gas sourcing 	<ul style="list-style-type: none"> • Power sourcing • Gas sourcing 	<ul style="list-style-type: none"> • Power sourcing • Gas sourcing

Market understanding. Framework advocacy. «Greener» support & energy efficiency support. Security of supply

*Share of Business Operating Cash Cost

Hydro's global primary energy demand

Spanning the entire aluminium value chain, all global regions and energy carriers



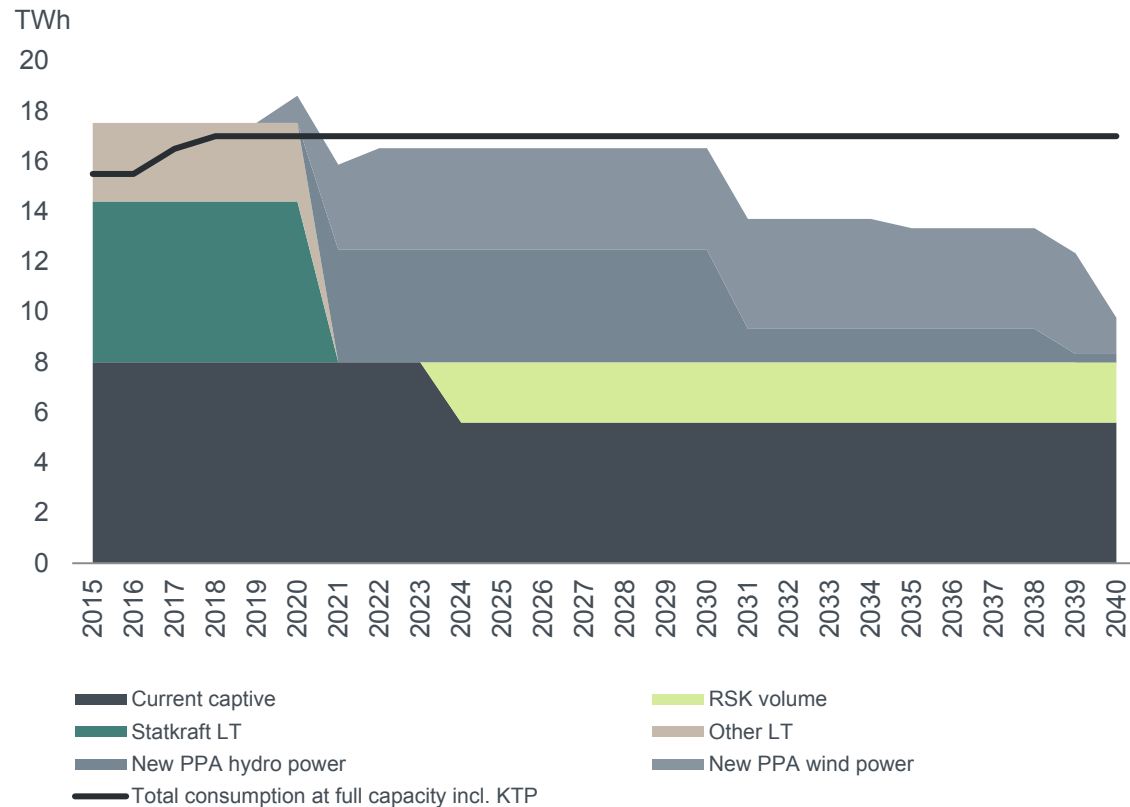
Values are listed in its conventional trading unit. MMBtu= Million British thermal units, ton=metric ton thermal coal, BOE= Barrel of Oil Equivalent.
Bar charts are represented in the equivalent primary energy size for each category. Primary energy follows IEA's definition.
Based on equity-adjusted 2018 values for Norsk Hydro's bauxite mines, alumina refineries, smelters, remelters, rolling mills and 2018 estimate for extrusion plants.

Securing long-term competitive power sourcing for smelters

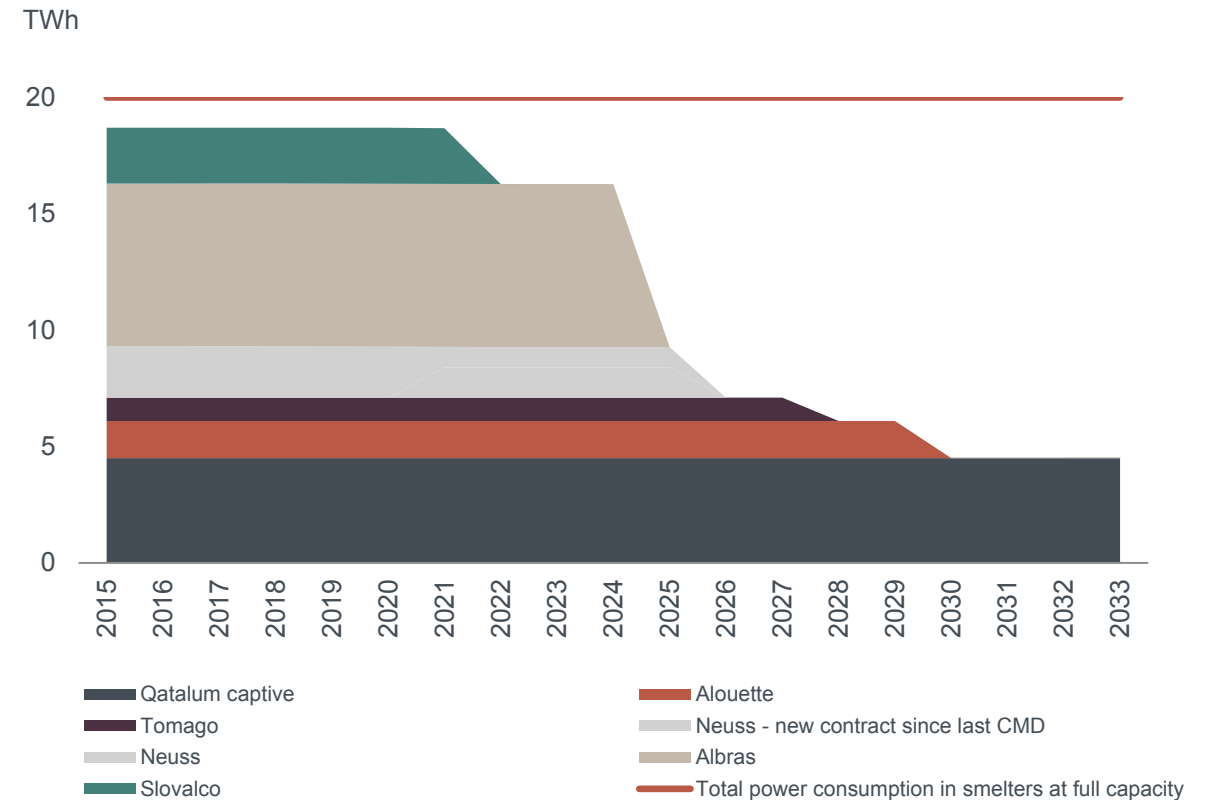


Unique combination of hydro- and windpower

Sourcing platform for fully-owned smelters, Norway¹⁾



Sourcing platform for JVs and Neuss smelter¹⁾



1) Net 8 TWh captive assumed available for smelters
 2) Albras and Slovalco on 100% basis

10 TWh normal annual power production

Development in power assets last five years

- 2012: Holsbru and Vasstøl power plants in operation
- 2013: Vigeland acquisition completed, exemption from concession requirement granted
- 2016: Midtlæger and Mannsberg power plants in operation
- Turbine runner projects improving plant efficiency
- Focus: maintain cost control in operations and projects

New growth projects

- Mature new equity growth options

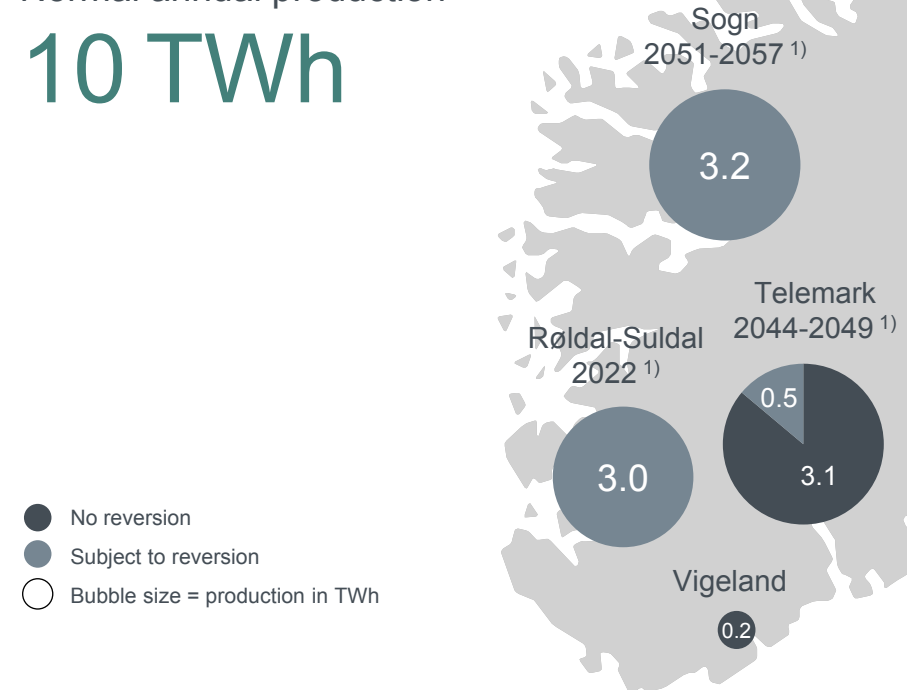
Framework conditions

- Reversion regime secures full value of energy assets:
 - Prevents further licensing to non-public entities, but allows for everlasting minority private ownership of up to 1/3
 - Law proposal from government on industrial ownership approved by Parliament in June 2016
 - Broad optionality to maintain asset value within the reversion regime

Power production capacity (TWh), per region and reversion year

Normal annual production

10 TWh

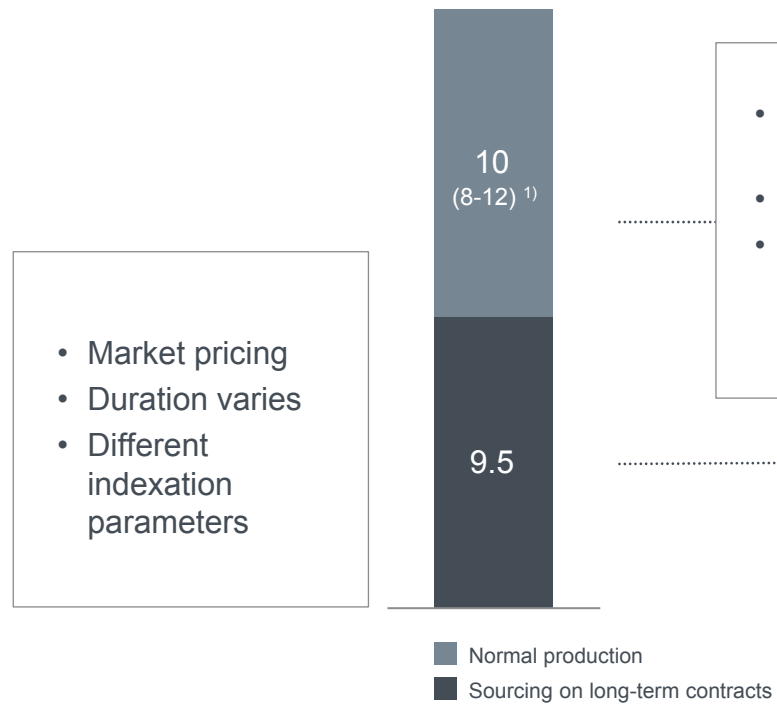


1) Reversion year

Market pricing principle applied to internal contracts

Based on external price references

Sourcing side
TWh



Revenue side
TWh

- Long-term contract
- Market pricing
- Fixed annual pricing adjustments

Back-to-back



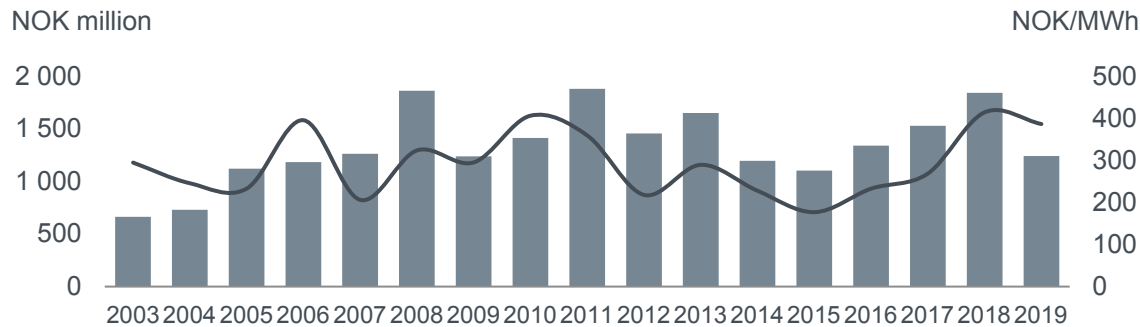
Norway up to 2020

1) Depending on the precipitation level, hydropower production may vary from 8 TWh in a dry year to 12 TWh in a wet year
 2) Consumption in PM at current production levels and at full installed capacity (incl. Karmøy pilot plant)
 3) Net spot sales vary depending on the power production level and internal consumption in PM
 * Includes legacy external contracts

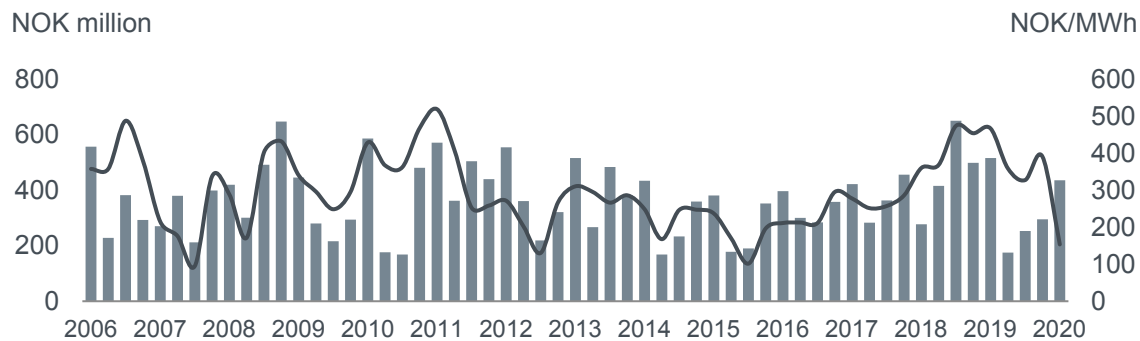
Energy earnings drivers



Underlying EBIT¹⁾ and spot price



Underlying EBIT and spot price



■ Underlying EBIT — Spot price

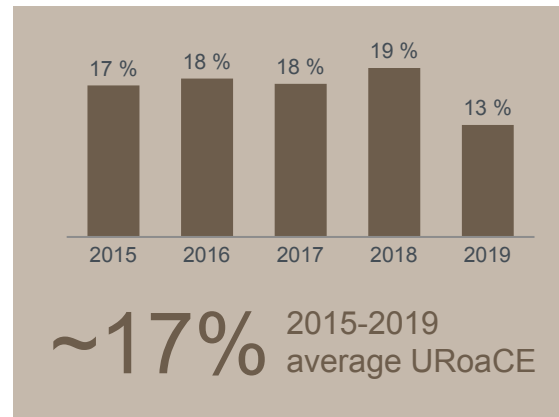
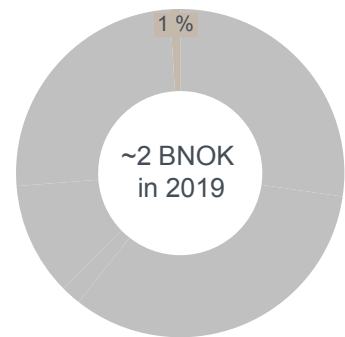
- Production and market prices strongly linked to hydrological conditions
- Fairly stable annual EBIT contribution
- Seasonal market variations in demand and supply
- Occasional delink between area prices
- Power portfolio optimized versus market
- Stable and competitive cost base:
 - Mainly fixed costs
 - Volume-related transmission costs
- Expiry of legacy supply contract entered in 2008 will have positive effect of ~NOK 400 million from 2021
- New 8 TWh internal contract for power sales to Primary Metal in Norway effective from 2021-30
 - Positive EBIT effect to Energy approximately NOK 300 million
 - Net power sourcing cost, internal and external, for Primary Metal largely unchanged

1) Underlying EBIT 2003–2006 based on USGAAP

Capital return dashboard for Energy

Returns significantly above the cost of capital reflecting the depreciated asset base

Capital employed in Energy



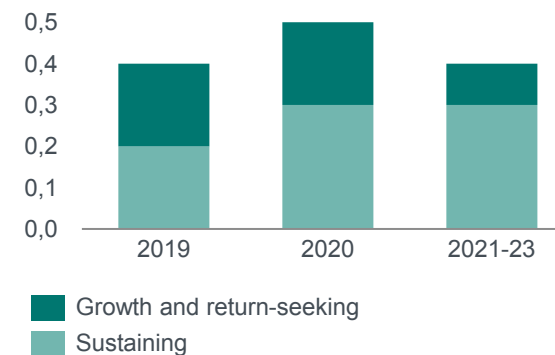
URoaCE > CoC

6-7%
Nominal long-term cost of capital

0.2 BNOK
on EBIT by 2023 in improvement potential

0.7 BNOK
in EBIT upside due to the new contract portfolio from 2021

Capex*, BNOK



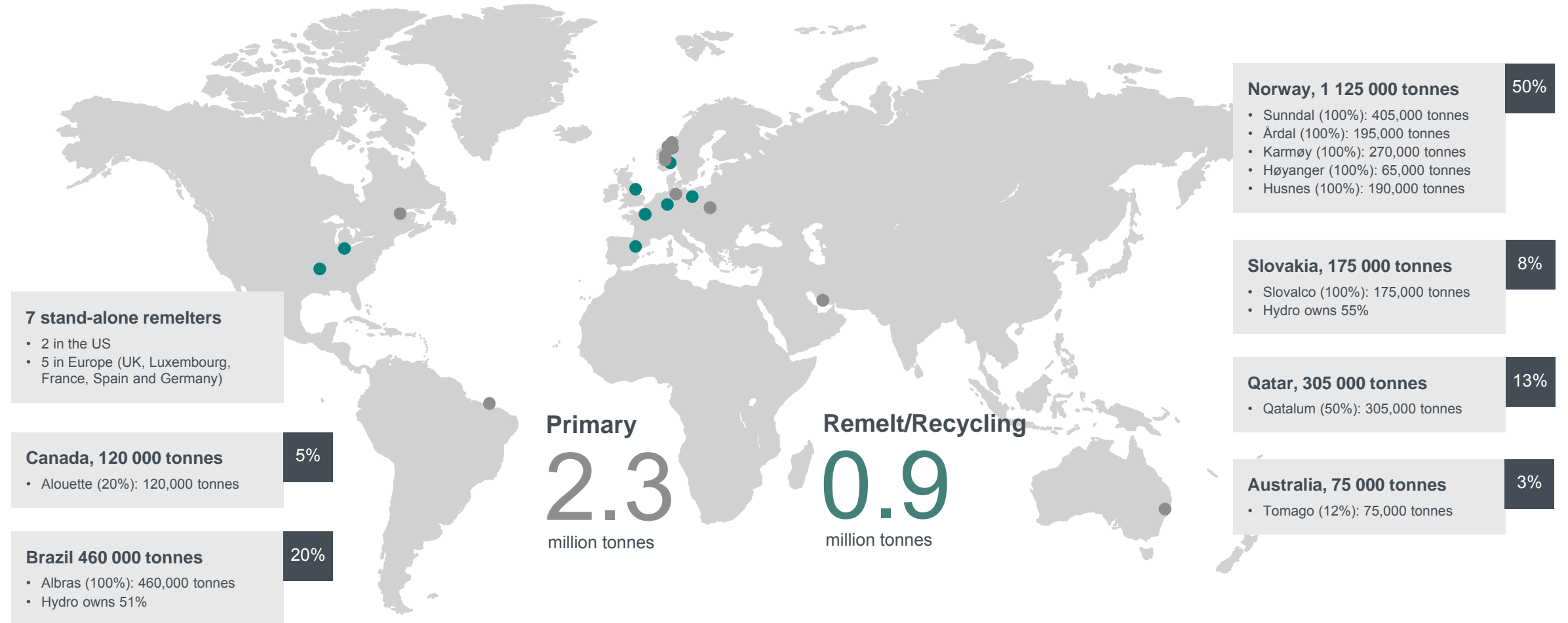


Primary Metal

World-wide primary aluminium production network



Primary Metal and Metal Markets



2.3 million mt is consolidated capacity. Slovalco and Albras are fully consolidated, Tomago and Alouette are proportionally consolidated and Qatalum is equity accounted. Neuss, which is a part of Rolled Products, is not included. 0.9 million mt includes stand-alone remelters, recycling facilities and additional casthouse capacity at primary plants.

Unlocking new improvements through Industry 4.0 initiatives

40 ongoing projects



Robotics & Automation projects



Trusted Data Layer Casthouse



Soft Sensor incl. Trusted Data Layer



Mobile Maintenance Worker



Trusted Data Layer Carbon + Analytics workbench improvements



Bring Your Own Device

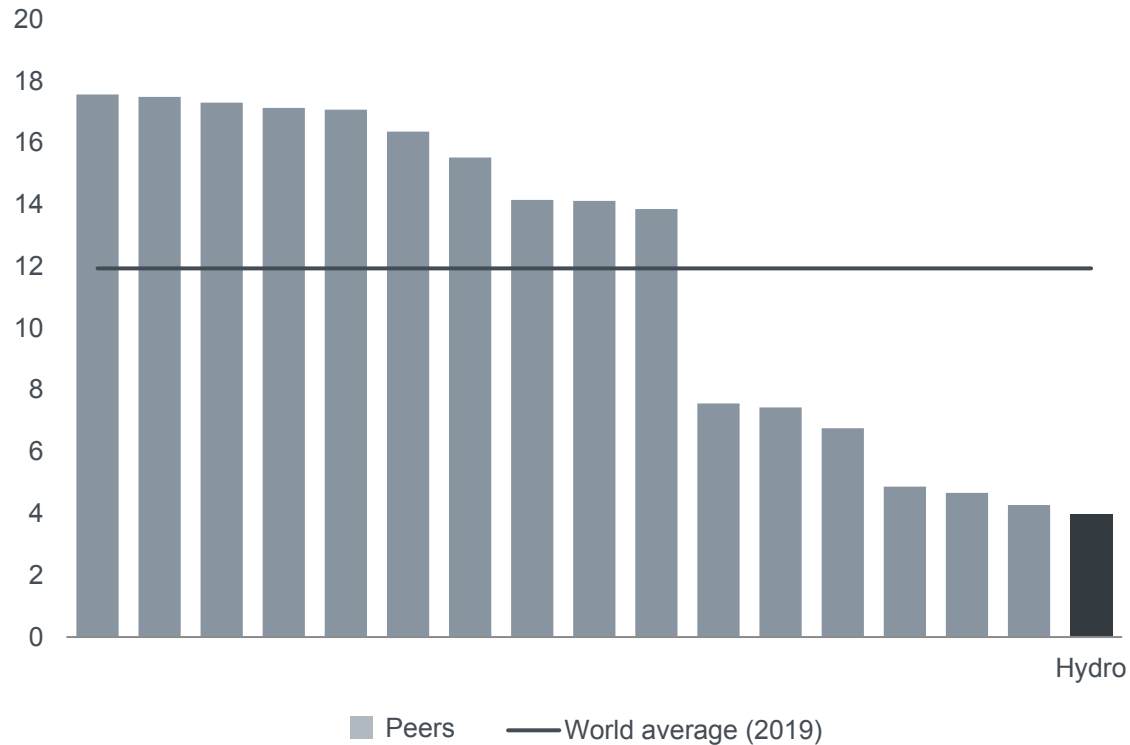
Digital Foundation including Cyber Security

Organization Foundation including Primary Metal Digital Academy

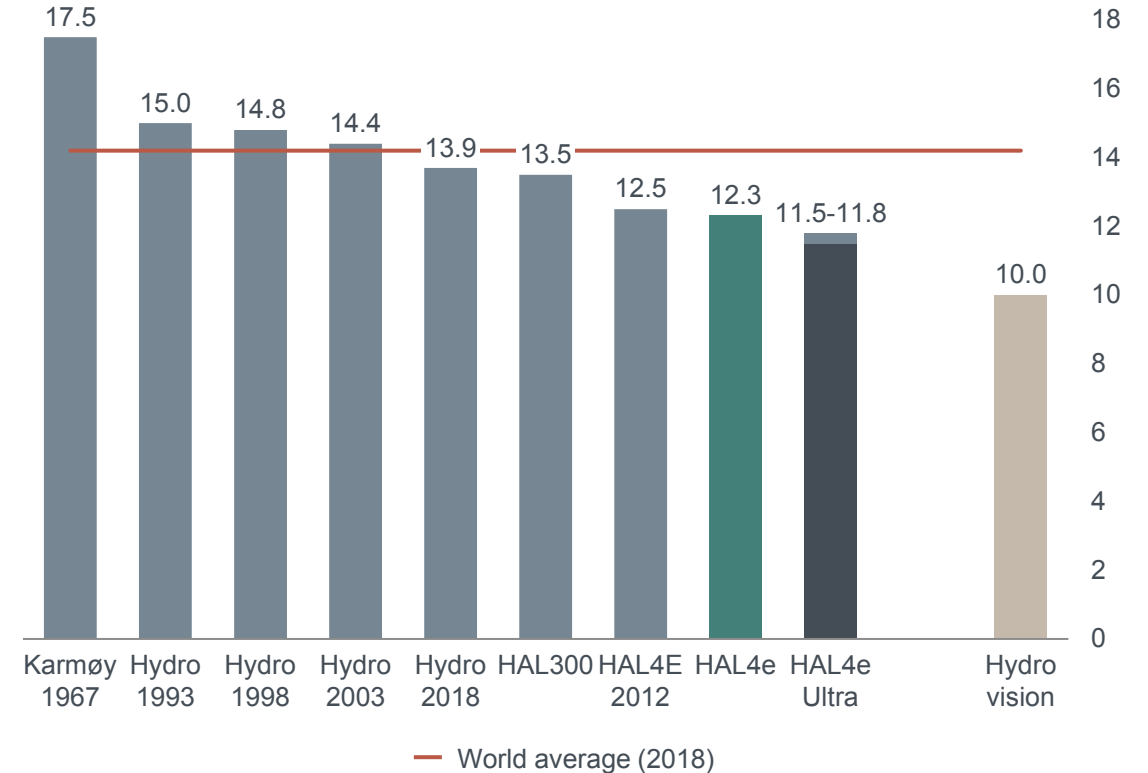
Low carbon footprint due to renewable energy base and industry lowest energy consumption



Total emissions, in tonne CO2/t al



Energy consumption in Hydro smelters¹⁾, kwh/kg al

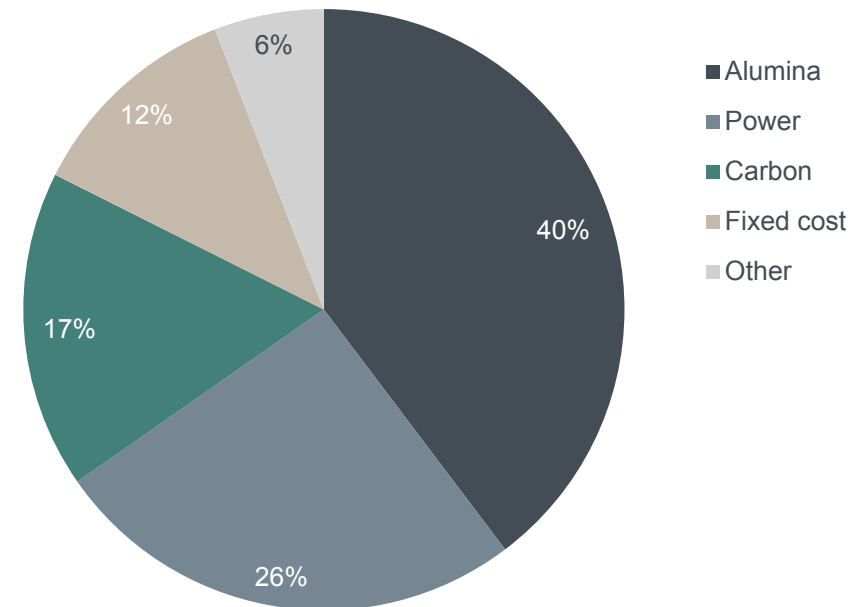


Source: CRU and Hydro analysis
1) Hydro's consolidated share

Competitive primary aluminium cash cost

- Primary aluminium cash cost 2019
 - All-in implied primary aluminium cash cost¹⁾ USD 2 000 per mt
 - LME implied primary aluminium cash cost²⁾ USD 1 675 per mt
- Alumina
 - Alumina prices for 2019 still affected by Alunorte curtailment
 - Alumina from both internal and external sources
 - Purchases based on alumina index ~75%⁴⁾
 - Purchased based on LME link ~25%
- Power
 - Long-term contracts
 - 2/3 of power need from renewable power
 - Contracts with a mix of indexations; inflation, LME, coal, fixed
- Carbon
 - 2-3 year contracts for petroleum coke and pitch, quarterly pricing
- Fixed costs
 - Maintenance, labor, services and other
- Other
 - Other direct costs and relining

Liquid aluminium cash cost 2019³⁾



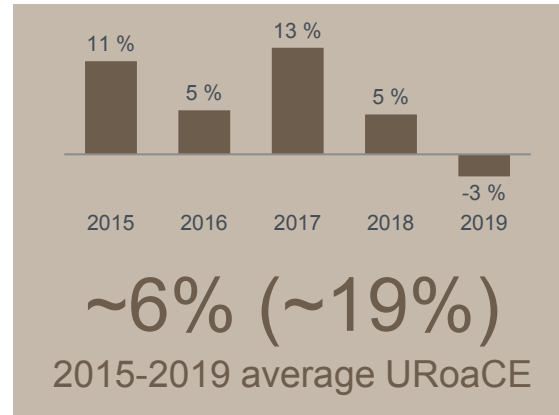
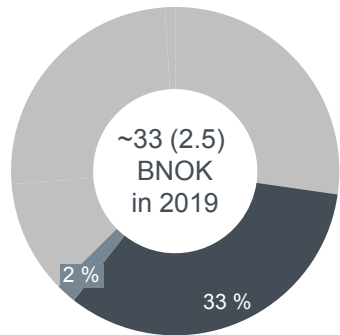
1) Realized LME aluminium price plus premiums minus underlying EBITDA margin, including Qatalum, per mt primary aluminium sold
2) Realized LME aluminium price minus underlying EBITDA margin, including Qatalum, per mt primary aluminium produced
3) Pie chart based on cost of producing liquid aluminium, not directly comparable to the LME or All-in implied primary aluminium cash cost
4) More alumina purchases on indexes due to Alunorte curtailment

Capital return dashboard for Primary Metal & Metal Markets



Returns below the cost of capital mainly reflecting challenging markets and the Alunorte situation. Good returns in recycling

Capital employed in PM (MM)



URoCE > CoC

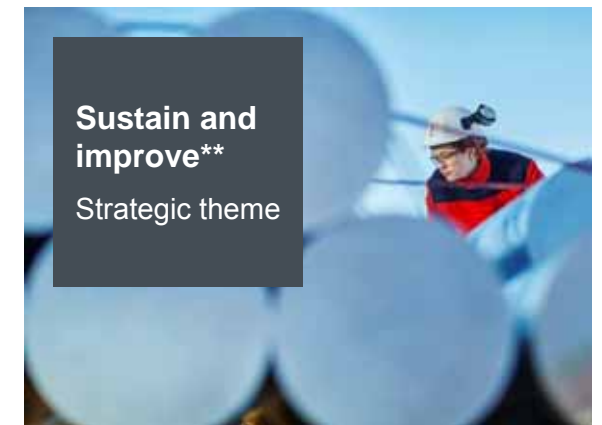
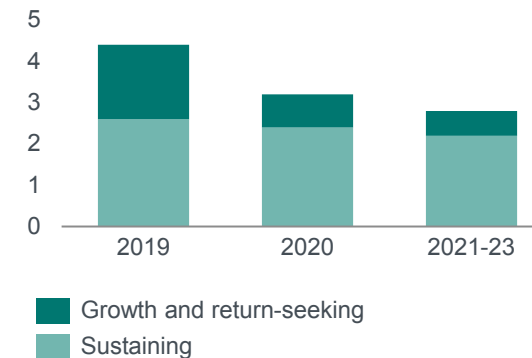
10%-11%
(7-8%)
Nominal long-term cost of capital

1.6 BNOK
on EBIT by 2023 in improvement potential

Key initiatives to reduce NOC

- Reduction in alumina and ingot inventories (safety stocks)

Capex*, BNOK



**Last updated on Investor Day 2019
** Creep and recycling with high profitability



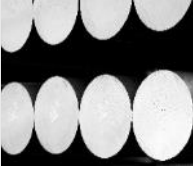




Metal Markets

Strong position in value-added casthouse products

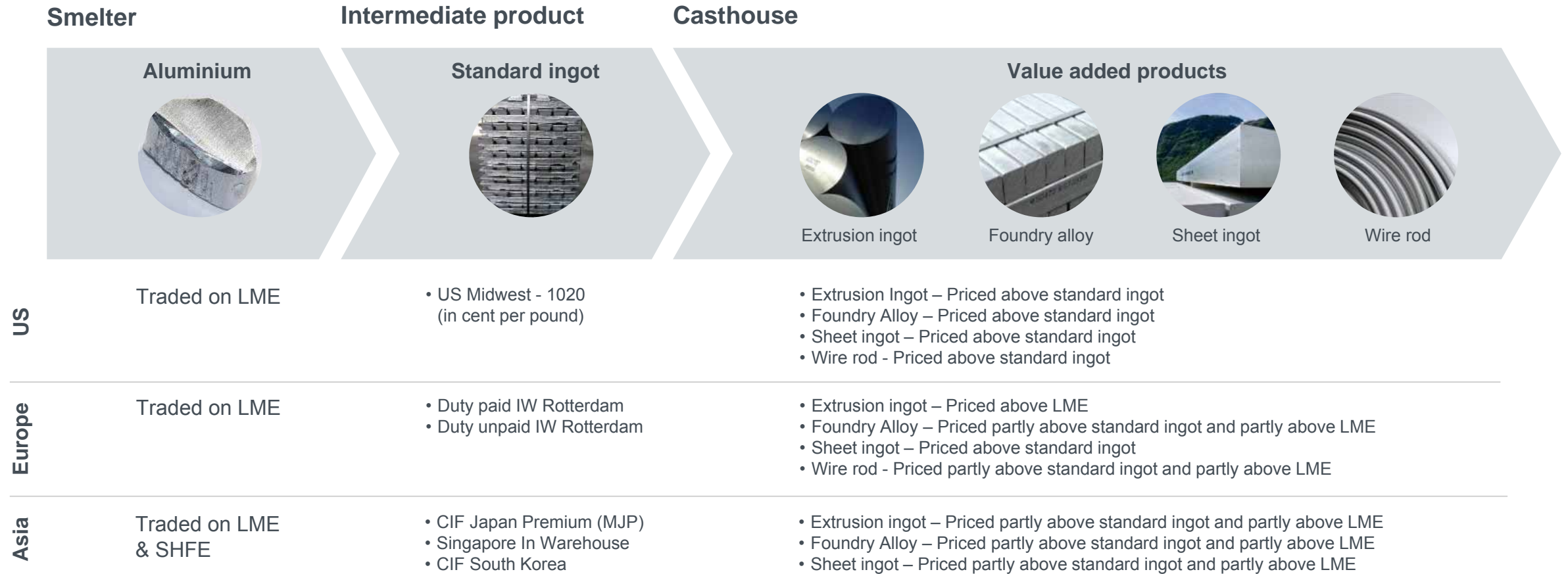


- Capitalizing on value-added casthouse products portfolio
- Extensive multi-sourcing system including fully- and part-owned primary casthouses and stand-alone remelters
- Flexible sourcing system enabling rapid and cost effective volume adjustments
- Value creation from margin management based on commercial expertise and risk management competence
- Strong market positions in Europe, US and Asia



<p>Extrusion ingot</p> <p>1.5 million mt</p>		<p>Leading global position</p> <p>Unique primary and recycling capacity network</p>
<p>Foundry alloys</p> <p>0.5 million mt</p>		<p>Leading global position</p> <p>Strong capabilities in all automotive segments</p>
<p>Sheet ingot</p> <p>0.3 million mt</p>		<p>Leading European position</p> <p>Well positioned to capture automotive growth</p>
<p>Wire rod</p> <p>0.1 million mt</p>		<p>Leading European position</p> <p>Market attractively supported by copper substitution</p>
<p>Standard ingot</p> <p>0.4 million mt</p>		<p>Leading global position</p> <p>Global flow optimization through key positions</p>

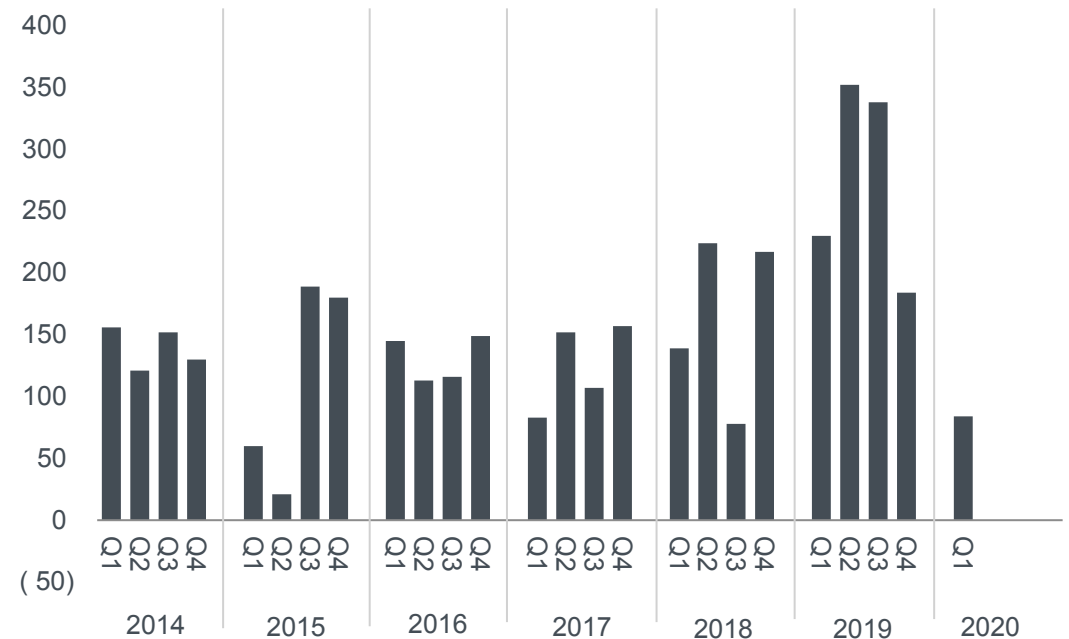
Pricing of value-added products



Metal Markets earnings drivers

- Remelters
 - Revenue impact – volume and product premiums above LME
 - Cost impact
 - Scrap and standard ingot premiums above LME
 - Raw material mix
 - Freight cost – proximity to market
 - Energy consumption and prices
- Other main businesses
 - Physical and LME trading
 - Third-party products
- Results influenced by currency fluctuations and inventory valuation effects
- Underlying EBIT ex. currency and inventory valuation effects at around 500 MNOK per year

Underlying EBIT excluding currency effects and inventory valuation effect, NOK million¹⁾



1) Underlying EBIT ex. currency and ingot inventory valuation effect have been restated for 2014



Rolled Products

Rolled Products - strong European production base and global sales force

- ~1 million tonnes of flat rolled products per year
- Unique integrated aluminium cluster
 - Neuss
 - Alunorf
 - Grevenbroich
- Casthouse network and integrated recycling capacity
- Strong customer satisfaction on quality
- However, unsatisfactory returns over latest years – performance turn-around required



● Rolling mill ● Sales Office ● Smelter ● R&D centre

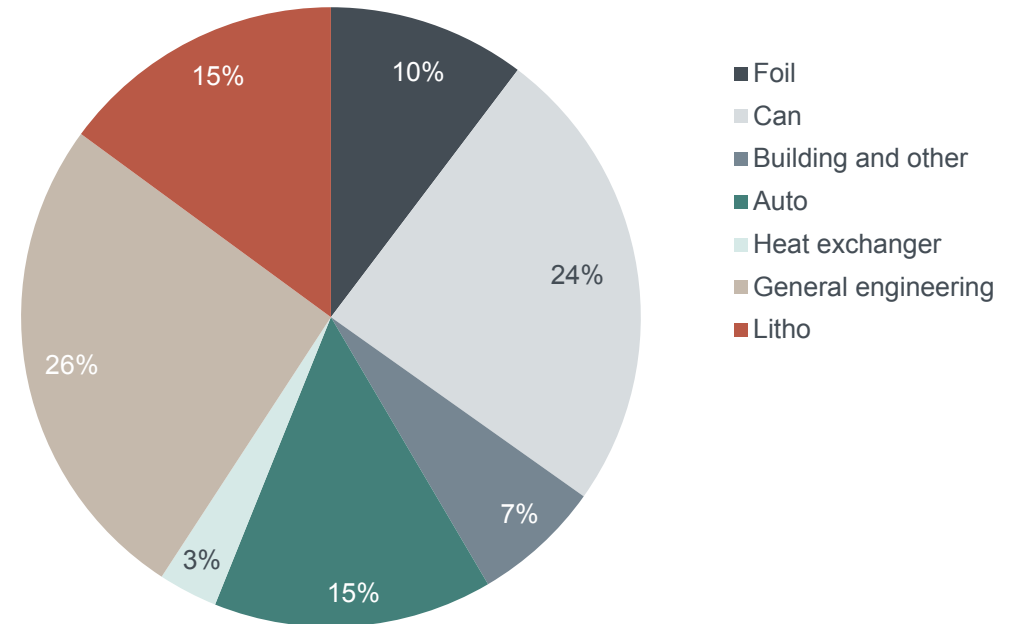


Major flat rolled products producer in Europe






- World leader in high-end products foil and litho
 - Alunorf (JV 50%) – world's largest rolling mill
 - Grevenbroich plant – world's largest multi-product finishing mill
- High-grading product portfolio
 - Margin management and cash generation
 - Portfolio adjustment towards higher margins
- Capitalize on automotive market growth
 - Investment in new automotive body-in-white capacity
 - Ramp-up ongoing
- Strengthen recycling position through used beverage can recycling plant

External sales in tonnages 2018

Total 951 kT



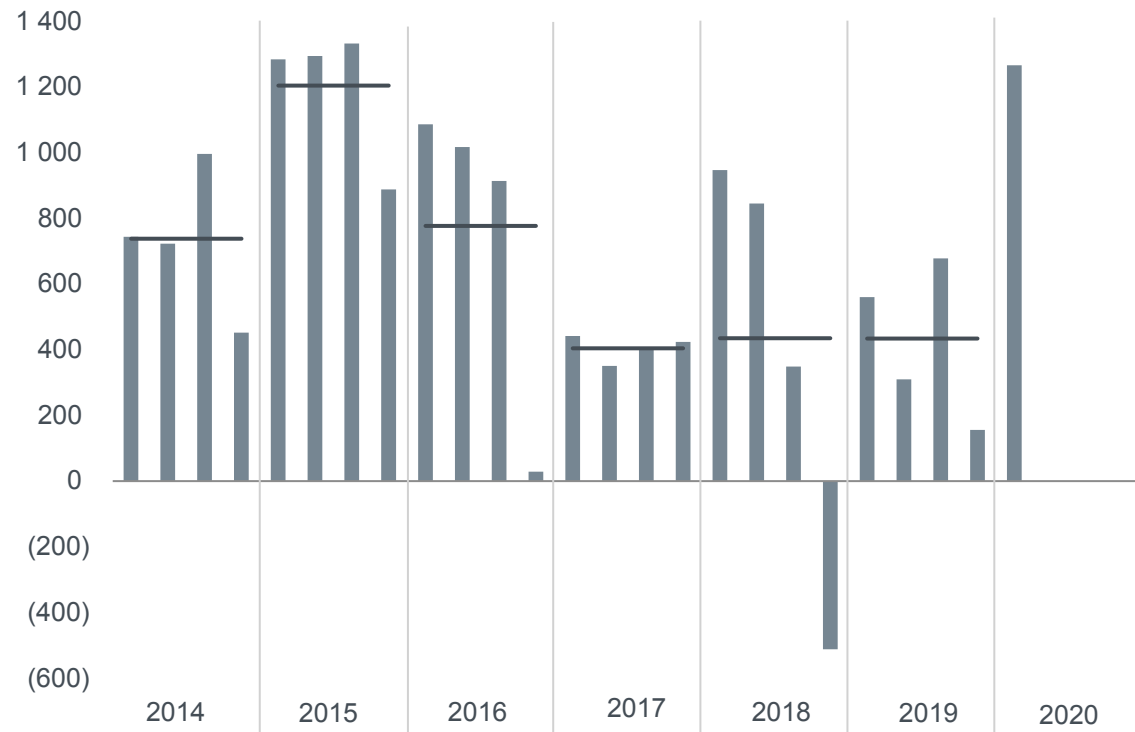
Several attractive segments within rolling industry – Hydro targets to shift portfolio towards auto and can

	Cans	Automotive	General Engineering	Lithographic sheet	Packaging foil
					
	Aluminium can body stock & can ends for production of alum. beverage cans	Rolled aluminium for chassis, body and component applications	Solutions for buildings and for general engineering applications	Lithographic strip for offset printing plates used for printed media	Broad variety of products from aluminium foil to solid containers
Exposure 2018	24%	15%	36%	15%	10%
Indicative segment attractiveness*	● High	● High	● Low to High	● Medium	● Low
Recycling friendliness	● High	● Medium	● Medium	● Low	● Low
Targeted exposure 2023	29%	21%	31%	11%	7%

*Based on expected growth, competitive landscape, returns and margins

Rolled Products earnings drivers

Underlying EBIT per tonne, NOK

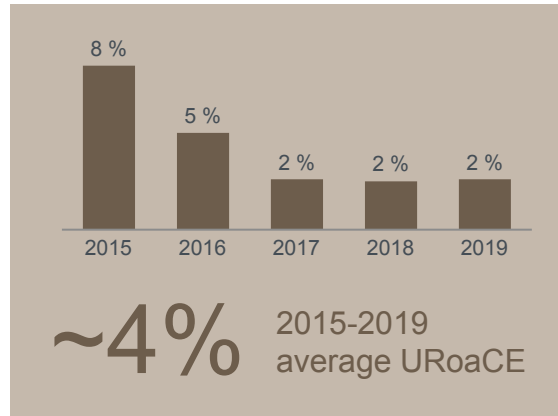
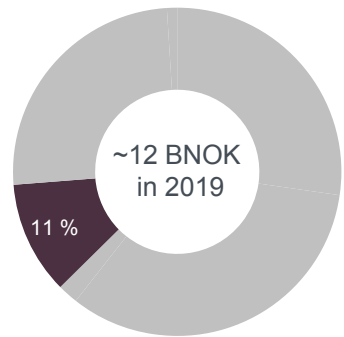


- Contract structure
 - Margin business based on conversion price
 - LME element passed on to customers
 - Range from spot contracts to multi-year contracts
- High share of fixed costs - volume sensitive
- Annual seasonality driven by maintenance and customer activity
 - Q4 typically the weakest quarter of the year
- Preferred supplier market position in high-end products

Capital return dashboard for Rolled Products

Returns below the cost of capital due to continuous margin pressure and operational challenges

Capital employed in RP



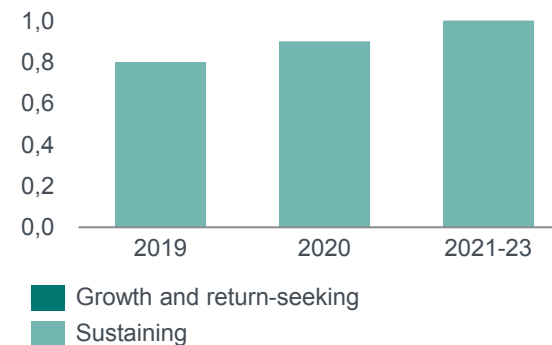
URoaCE > CoC

7-8%
Nominal long-term cost of capital¹⁾

0.9 BNOK
on EBIT by 2023 in improvement potential

0.9 BNOK
in NOC release from 2018 to 2021
Optimize material flow from raw materials to finished goods

Capex²⁾, BNOK



1) Relevant for the rolling business. CoC for the Neuss smelter in line with 10-11% for the upstream business
2) Excluding limited capital expenditures related to the manning reduction. Last updated on Investor Day 2019



Extruded Solutions

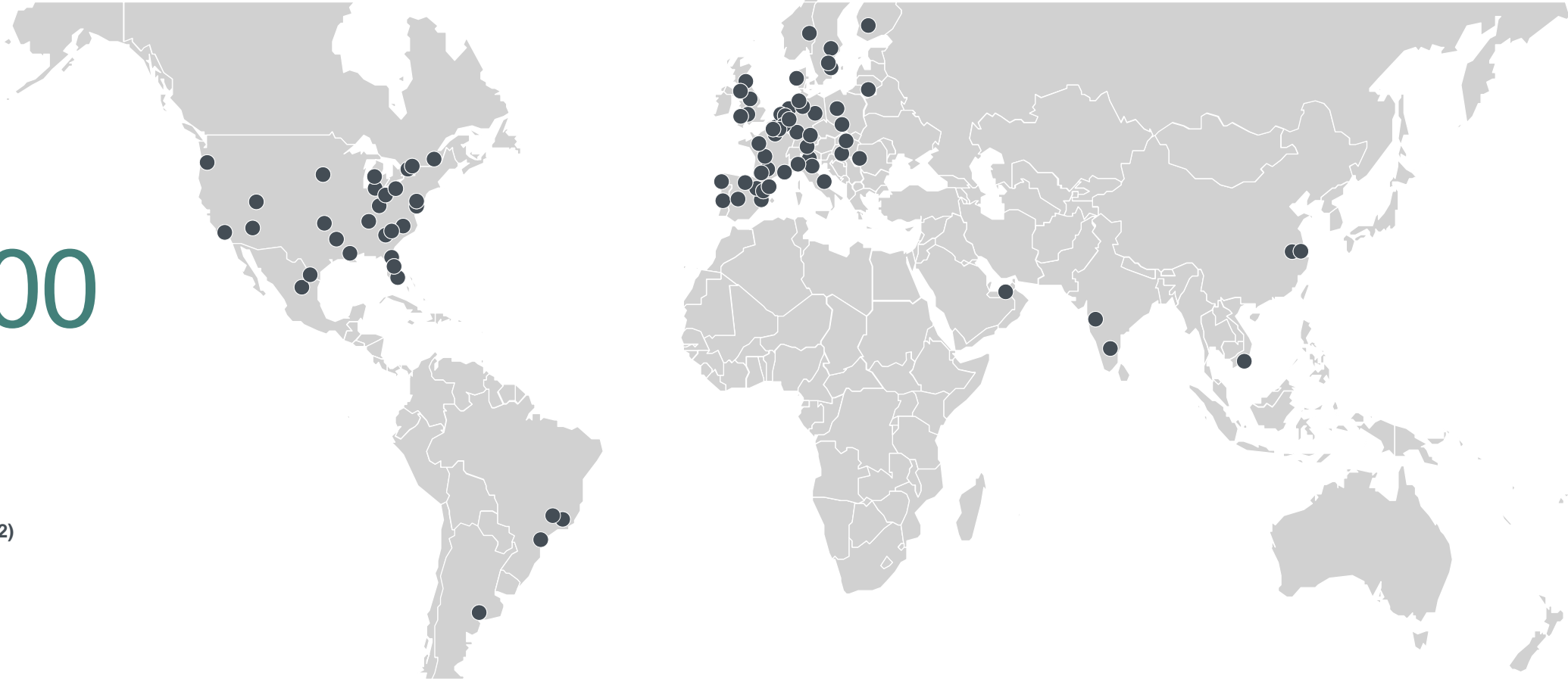
Extruded Solutions – #1 in the global aluminium extrusion industry



Present in
~40
countries

21 700
people ¹⁾

1.3
Million mt sales²⁾



1) Permanent employees as of end-2019
2) 2019

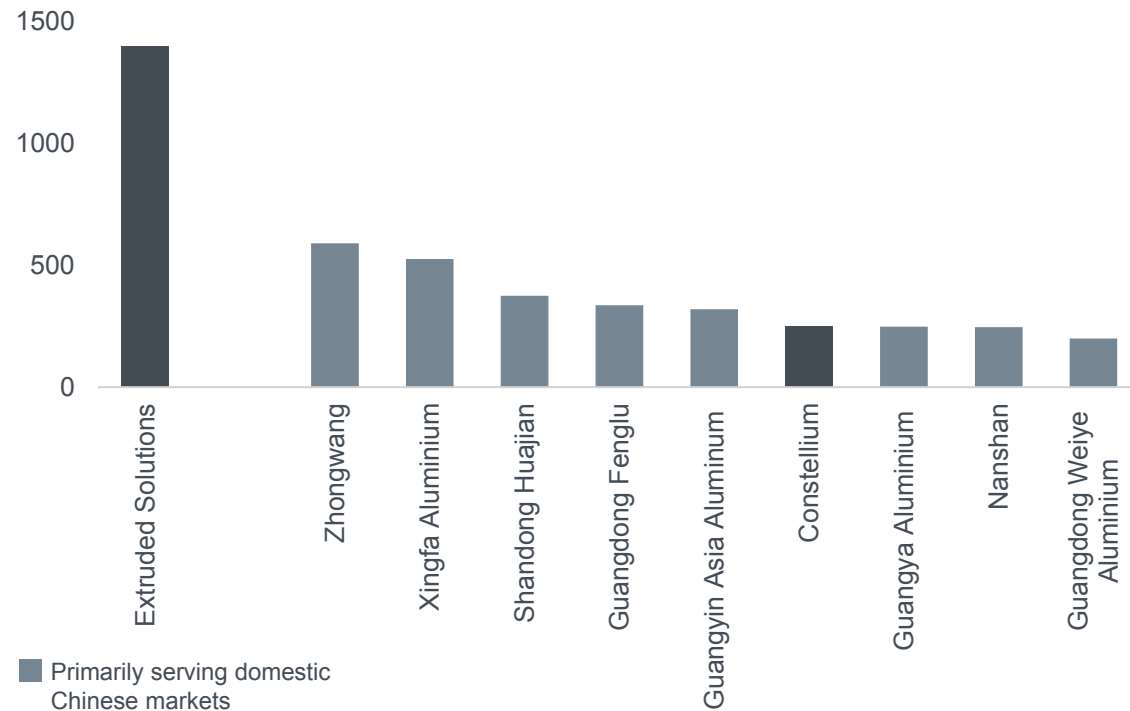
The global extrusion champion – worldwide reach, local presence



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

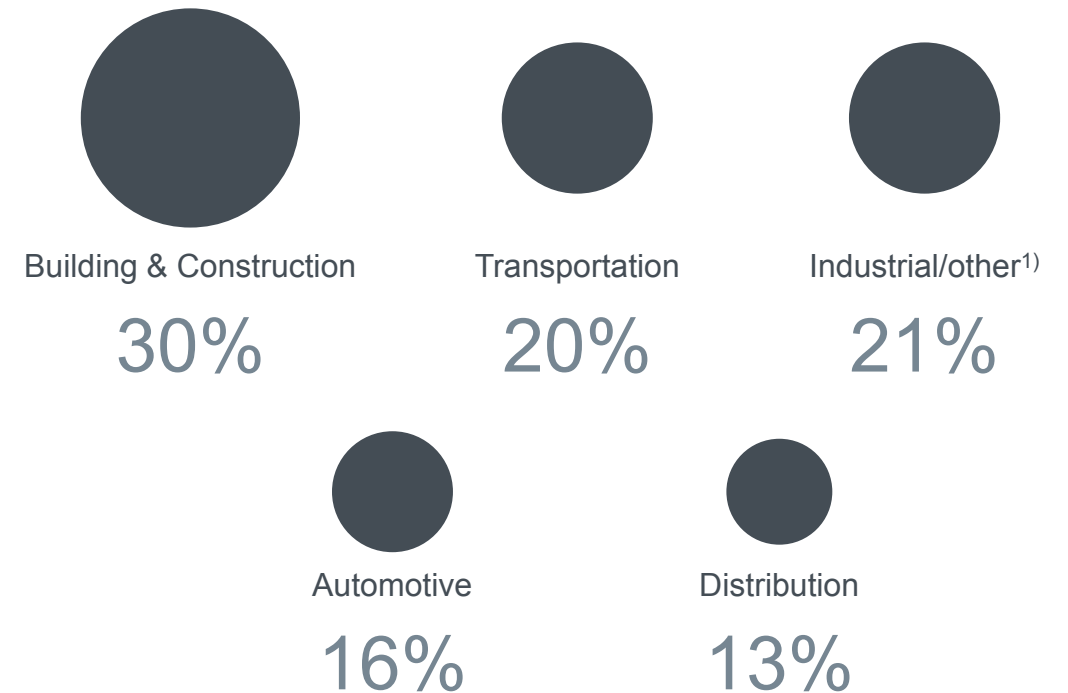
Unrivalled position as #1 extrusions provider globally

Extrusion sales volume (2018), in thousand mt



Customers in diversified end-markets

(Share of Extruded Solutions sales volumes in 2018)



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

Organized in four business units to maximize synergies across units

22,700 highly competent people across the world, total turnover of BNOK 62

Extrusion Europe



- Market leader focusing on value-added products
- 20% market share
- 40 locations, 9,700 people

Revenue EBIT
BNOK 23.4 **BNOK 0.3**

Extrusion North America



- Uniquely positioned as the only coast-to-coast supplier
- 24% market share
- 23 locations, 6,400 people

Revenue EBIT
BNOK 25.0 **BNOK 1.4**

Precision Tubing



- Technology leader in selected market niches
- 35% market share globally
- 17 locations, 3,500 people

Revenue EBIT
BNOK 6.5 **BNOK 0.2**

Building Systems

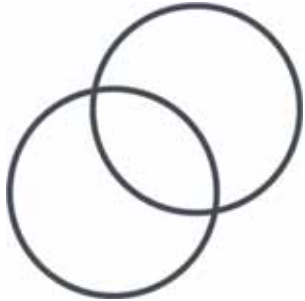


- Leading European player with multi-brand portfolio
- 20% market share in Europe
- Presence in 29 countries, 2,900 people

Revenue EBIT
BNOK 8.6 **BNOK 0.3**

Successful value-over-volume strategy

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



Simplify and collaborate

Simplification drive to increase focus, reduce complexity and cost



Deliver value-added to our customers at a reasonable cost

Higher share of value-added solutions to customers through commercial excellence and innovation

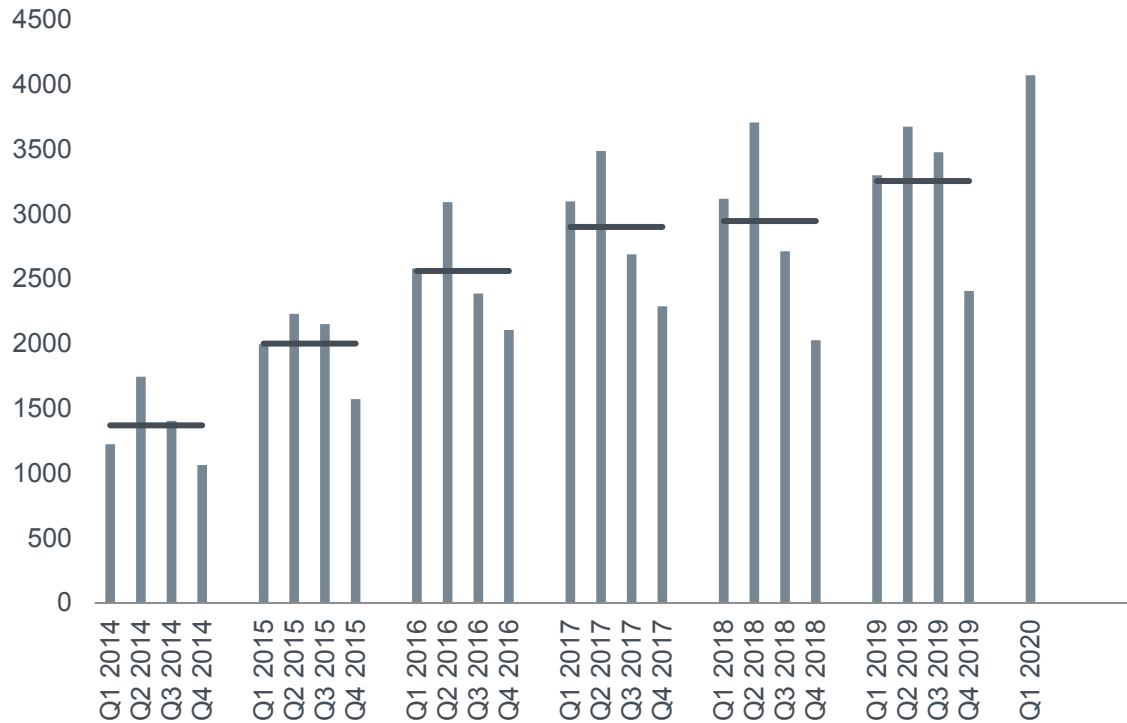


Grow to lift margins and profitability

Lifting margins and creating more customer value through selective growth

Extruded Solutions earnings drivers

Underlying EBITDA per tonne¹⁾, NOK



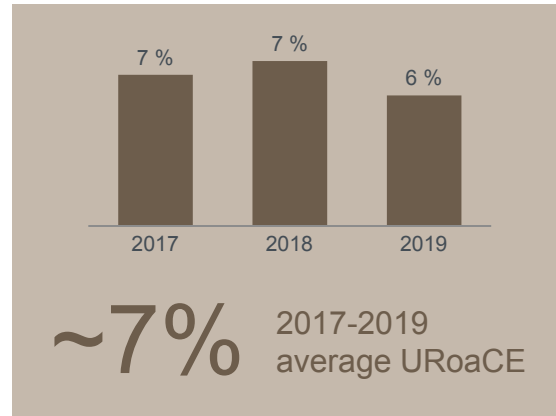
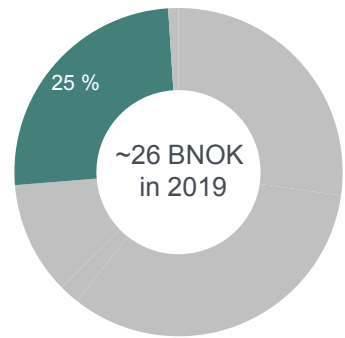
- Contract structure
 - Margin business based on conversion price
 - LME element passed on to customers
 - Mostly short-term contract, typically ranging from spot to 12 months, few longer term contracts with floating price or hedging in place
- High share of variable costs – high level of flexibility
- Annual seasonality driven by maintenance and customer activity
 - Stronger Q1 and Q2, weaker Q3 and Q4
- Strong focus on increasing value add to customers
- Preferred supplier market position in high-end products

1) Pro-forma figures

Capital return dashboard for Extruded Solutions

Returns in line with the cost of capital reflecting leading market positions and value-over-volume strategy

Capital employed in ES



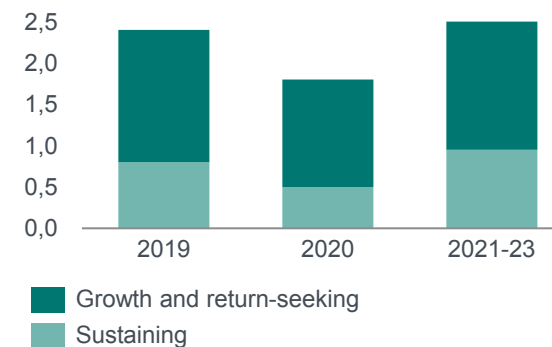
URoCE > CoC

7-8%
Nominal long-term cost of capital

1.0 BNOK
on EBIT by 2023 in improvement potential

Key initiatives to reduce NOC
Reduction in safety billett stocks

Capex*, BNOK





Additional information

Driving long-term shareholder value

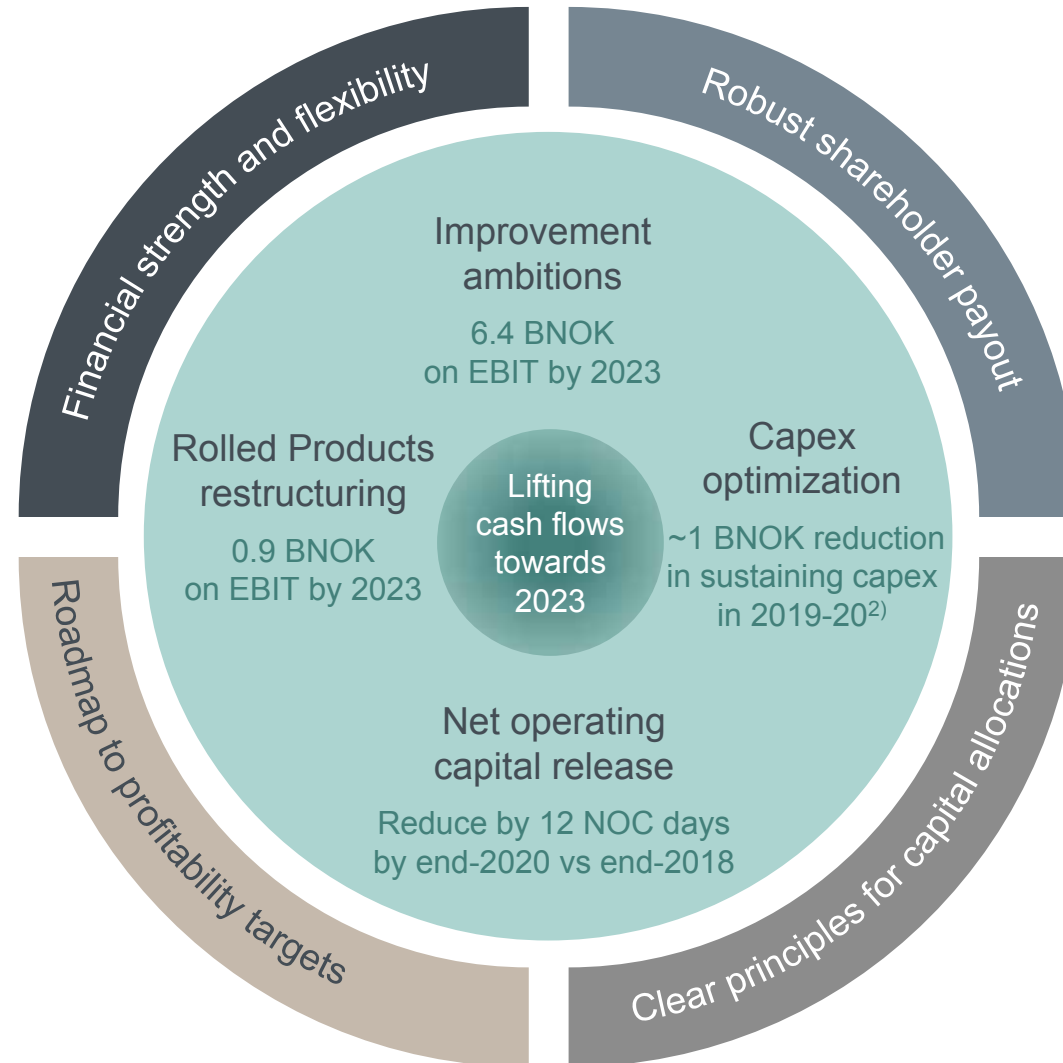
Financial ambitions and targets

Financial strength and flexibility

- Maintain investment grade credit rating
 - Curently BBB (S&P), Baa2 (Moody's¹⁾)
- Balance sheet ratio targets over the cycle:
 - Funds from operations to adjusted net debt > 40%
 - Adjusted net debt to equity < 55%
- Strong liquidity

Roadmap to profitability targets

- URoaCE > 10% over the cycle for Hydro group
- URoaCE > CoC for business areas over the cycle
- Differentiated return requirements by and within business areas



Robust shareholder payout

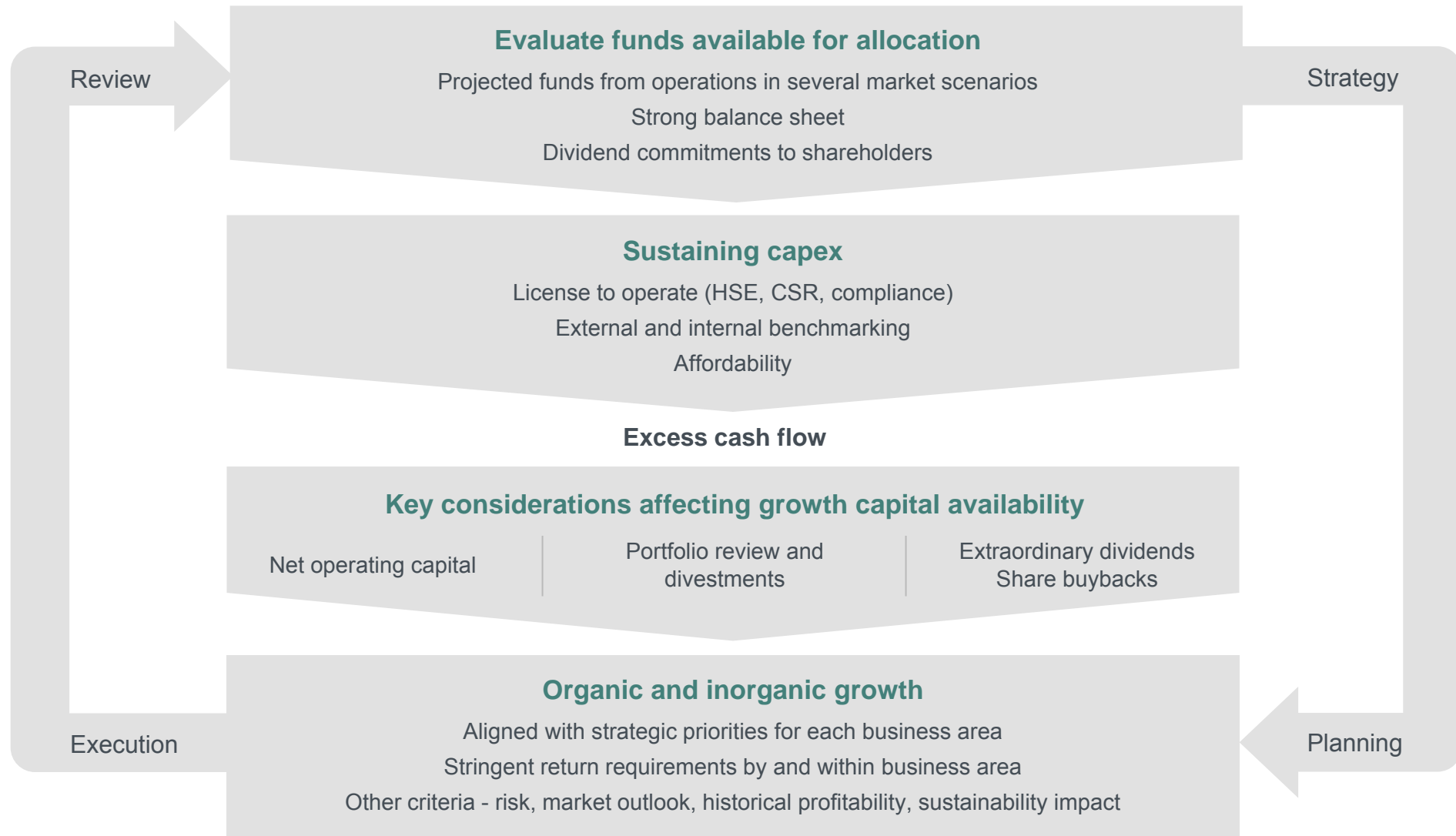
- 40% payout ratio of Net Income over the cycle
- Dividend floor of 1.25 NOK/share
- Supplementary share buybacks or extraordinary dividends

Clear principles for capital allocation

- Capital allocation in line with strategic priorities and return requirements by business area
- Competitive and affordable sustaining capex
- Strict prioritization, continuous review and reallocation

1) Moody's revised Hydro's credit rating outlook from stable to negative on March 28, 2019
 2) Compared to CMD 2018

Clear principles for capital allocation



Shareholder and financial policy

- Aiming for competitive shareholder returns and dividend yield compared to alternative investments in peers
- Dividend policy
 - Average ordinary payout ratio: 40% of reported net income over the cycle
 - 1.25 NOK/share to be considered as a floor, as of Q4 2016
 - Share buybacks and extraordinary dividends as supplement in periods with strong financials and outlook
 - Dividend Board resolution to amend dividend proposal of NOK 1.25 per share and instead propose that Board is authorized to resolve distribution of dividend at later stage if conditions allow for it ¹⁾ - does not entail change in general dividend policy
 - Five-year average ordinary pay-out ratio 2015-2019 of ~68% ¹⁾
- Maintain investment-grade credit rating
 - Currently: BBB stable (S&P) & Baa2 negative ²⁾(Moody's)
 - Competitive access to capital is important for Hydro's business model (counterparty risk and partnerships)
- Financial ratios over the business cycle
 - Funds from operations to adjusted net debt > 40%
 - Adjusted net debt to equity < 55%
- Strong liquidity
 - NOK 12.2 billion in cash and cash equivalents, end-Q1 2020
 - USD 1.6 billion in multi-currency revolving credit facility maturing in 2025

1) Pending approval from the AGM on May 11, 2020

2) Moody's revised Hydro's credit rating outlook from stable to negative on March 28, 2019

Hedging policy



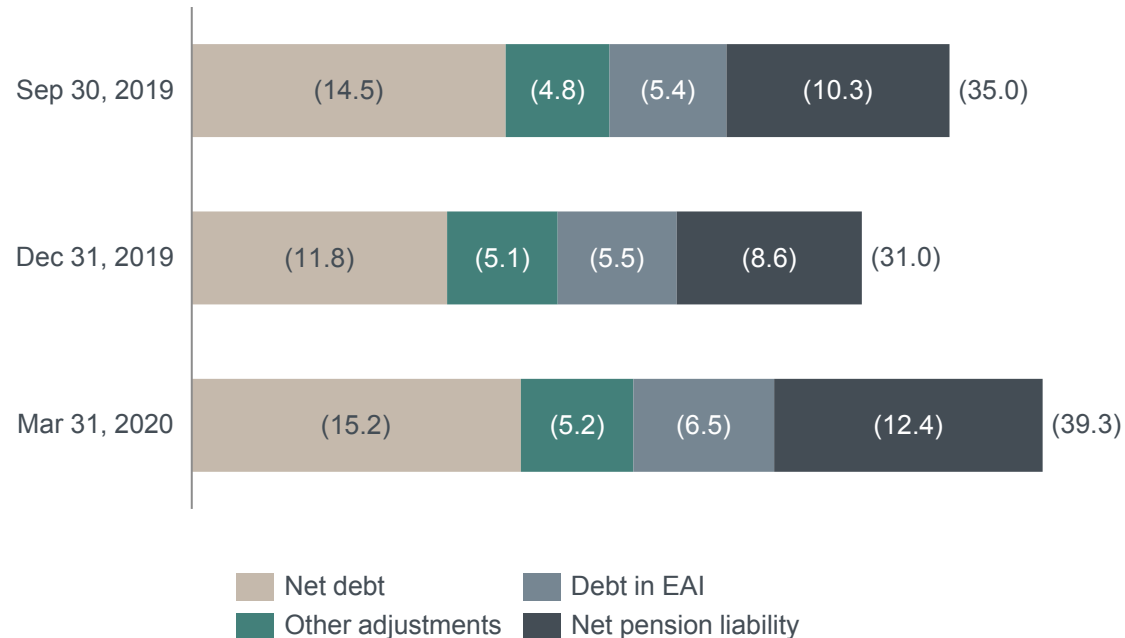
- Hedging strategy
 - Fluctuating with the market: primarily exposed to LME and USD
 - Volatility mitigated by strong balance sheet
 - Strengthening relative position to ensure competitiveness
- Diversified business
 - Upstream cyclicalities balanced with more stable earnings downstream
 - Exposed to 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
 - Operational LME and currency hedging to secure margin
- Flexibility to hedge LME or currency in certain cases

Maintaining a solid balance sheet and investment-grade credit rating

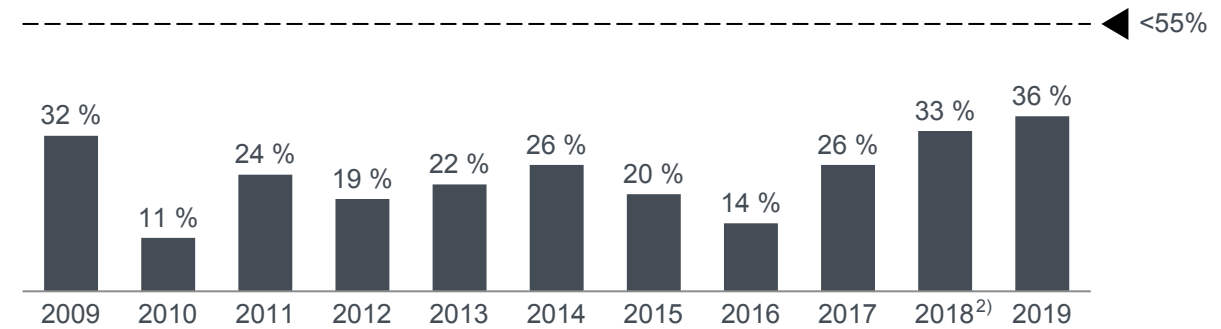


Adjusted net debt

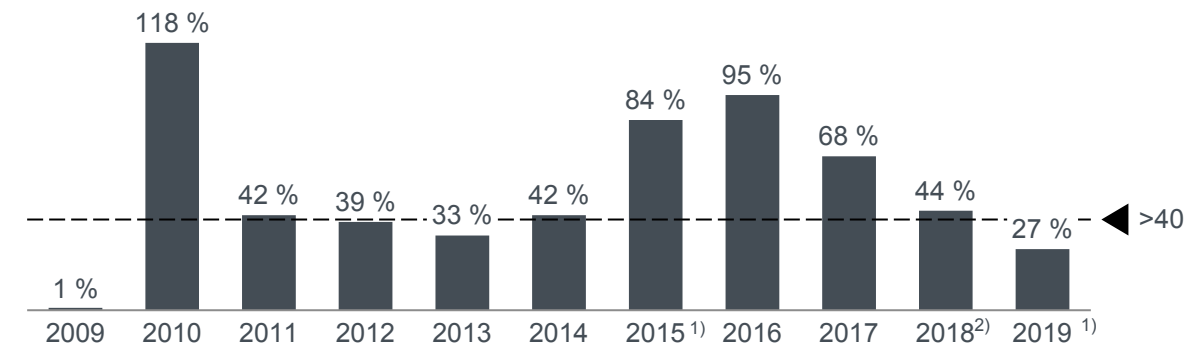
BNOK



Adjusted net debt / Equity



Funds from operations / Adjusted net debt

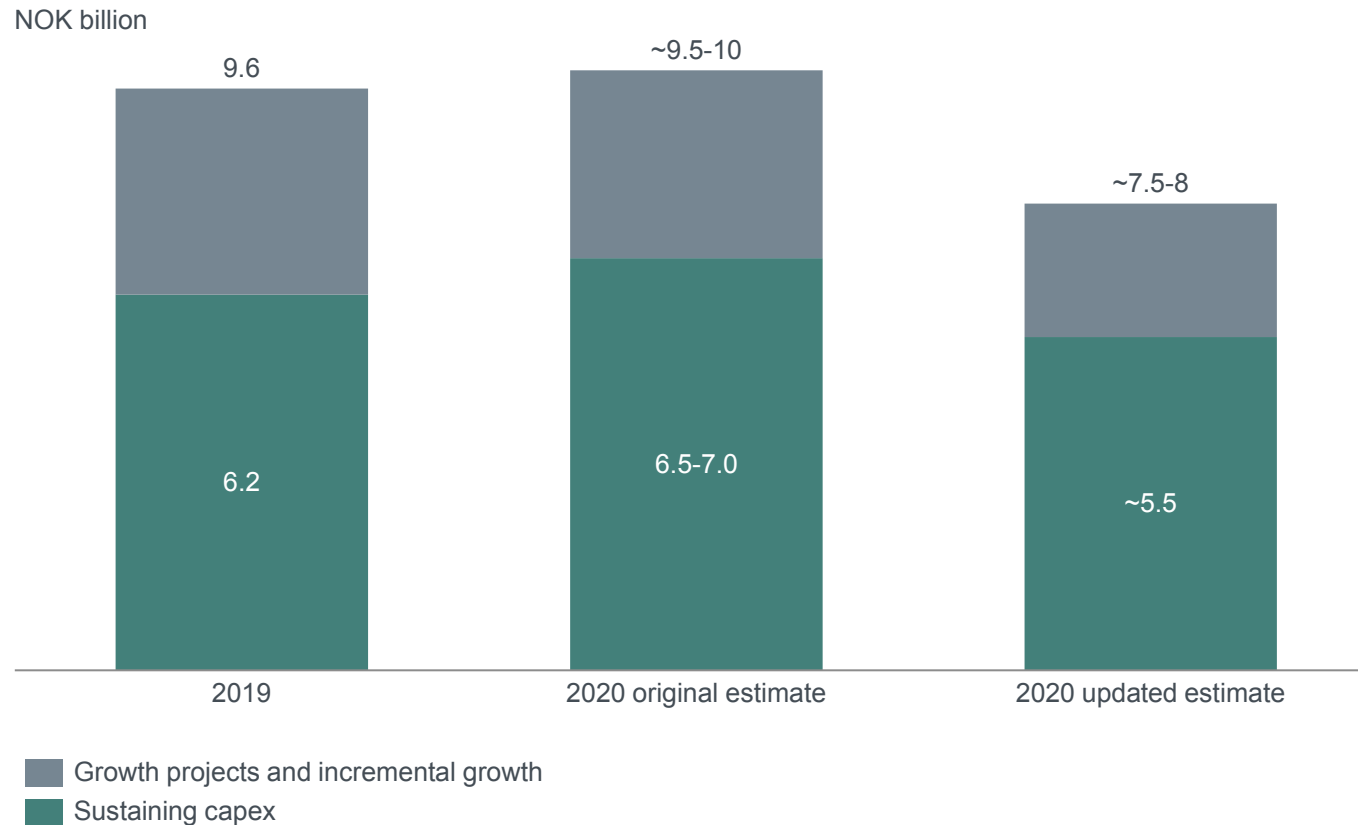


1) 2015 and 2019 FFO/aND ratio has been restated due to changes in definition.

2) 2018 ratios restated for the IFRS16 Leases effect

Updated capex estimate amid Covid-19

We will freeze 20% of targeted 2020 capex (BNOK 2)

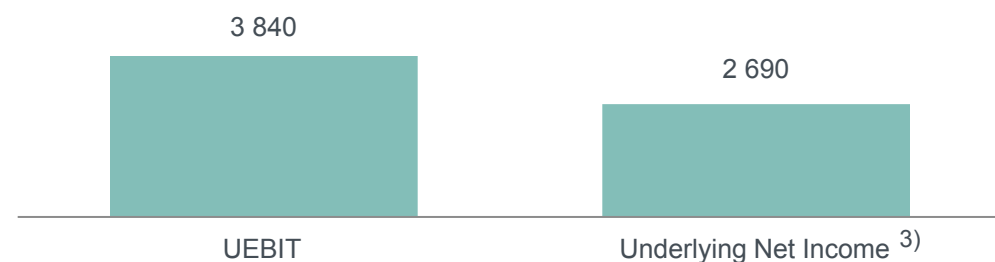


- Capex freeze is split ~50/50 between sustaining and growth projects
- Postponement of sustaining projects to later periods where possible without jeopardizing operations
- Postponement of several growth projects
- Further capex optimization to be continuously evaluated

Significant exposure to commodity and currency fluctuations

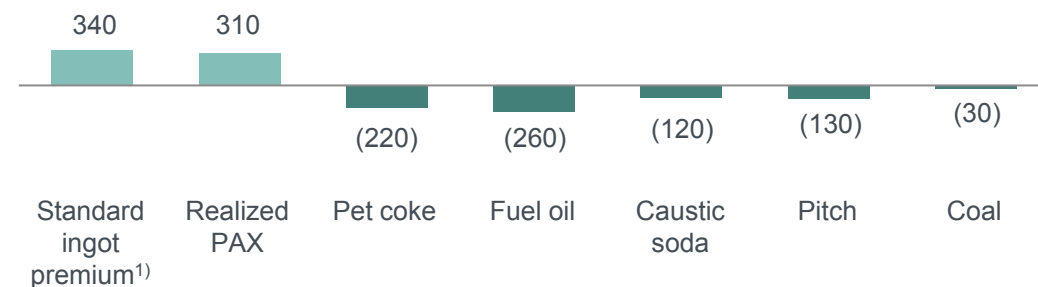
Aluminium price sensitivity +10%

NOK million



Other commodity prices, sensitivity +10% ¹⁾

NOK million



1) Europe duty paid

Currency sensitivities +10%

Sustainable effect:

NOK million	USD	BRL	EUR
UEBIT	3 520	(1 060)	(230)

One-off reevaluation effect:

Financial items	(100)	870	(3 290)
-----------------	-------	-----	---------

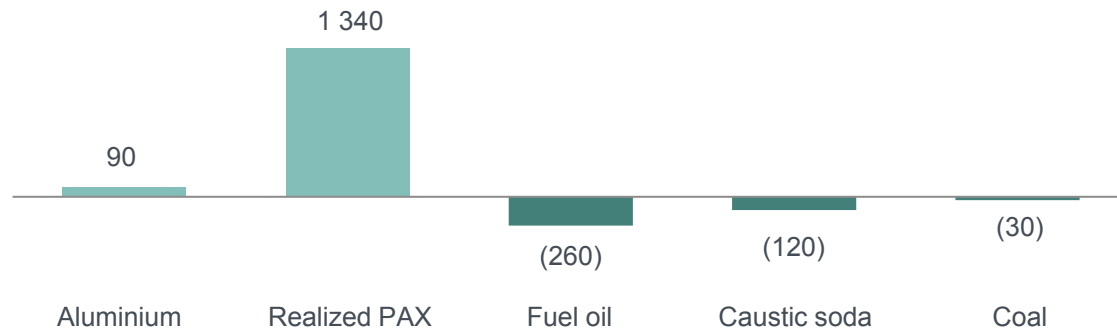
- Annual sensitivities based on normal annual business volumes (incl. 100% production at Alunorte, Paragominas and Albras) and Q419 realized prices as a starting point LME USD 1 760 per mt, standard ingot premium 145 USD/mt, PAX 285 USD/mt, fuel oil USD 470 per mt, petroleum coke USD 235 per mt, pitch 630 EUR/t, caustic soda USD 240 per mt, coal USD 50 per mt, USD/NOK 9.47, BRL/NOK 2.13, EUR/NOK 10.46
- 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
- 2020 Platts alumina index (PAX) exposure used
- U NI sensitivity calculated as U EBIT sensitivity after 30% tax

Bauxite & Alumina sensitivities



Annual sensitivities on underlying EBIT if +10% in price

NOK million



Currency sensitivities +10%

NOK million	USD	BRL	EUR
UEBIT	940	(690)	-

Revenue impact

- ~14% of 3-month LME price per tonne alumina with 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

Caustic soda

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

Energy

- ~0.12 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

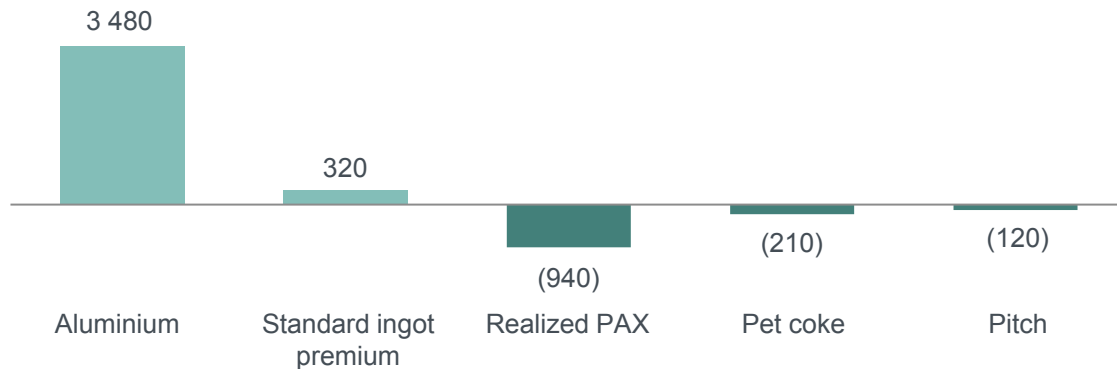
Annual sensitivities based on normal annual business volumes (incl. 100% production at Alunorte, Paragominas and Albras) and Q419 realized prices as a starting point LME USD 1 760 per mt, standard ingot premium 145 USD/mt, PAX 285 USD/mt, fuel oil USD 470 per mt, petroleum coke USD 235 per mt, pitch 635 EUR/t, caustic soda USD 240 per mt, coal USD 50 per mt, USD/NOK 9.47, BRL/NOK 2.13, EUR/NOK 10.46
BRL sensitivity calculated on a long-term basis with fuel oil assumed in USD. In the short-term, fuel oil is BRL-denominated. 2020 Platts alumina index (PAX) exposure used

Primary Metal sensitivities



Annual sensitivities on underlying EBIT if +10% in price

NOK million



Currency sensitivities +10%

NOK million	USD	BRL	EUR
UEBIT	2 200	(380)	(300)

Revenue impact

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

Carbon

- ~0.40 tonnes petroleum coke per tonne aluminium, Pace Jacobs Consultancy, 2-3 year volume contracts, quarterly or half yearly pricing
- ~0.08 tonnes pitch per tonne aluminium, CRU, 2-3 year volume contracts, quarterly pricing

Power

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

Items excluded from underlying results - 2020



NOK million (+=loss/)=gain)		Q1 2020
Alunorte agreements - provision	Bauxite & Alumina	129
Total impact	Bauxite & Alumina	129
Unrealized derivative effects on LME related contracts	Primary Metal	(64)
Unrealized effects on power contracts	Primary Metal	(147)
Total impact	Primary Metal	(211)
Unrealized derivative effects on LME related contracts	Metal Markets	(224)
Total impact	Metal Markets	(224)
Unrealized derivative effects on LME related contracts	Rolled Products	177
Metal effect	Rolled Products	130
Other effects	Rolled Products	(76)
Total impact	Rolled Products	230
Unrealized derivative effects on LME related contracts	Extruded Solutions	114
Impairment charges	Extruded Solutions	12
Significant rationalization charges and closure costs	Extruded Solutions	4
Transaction related effects	Extruded Solutions	(57)
Total impact	Extruded Solutions	74
Unrealized derivative effects on power contracts	Energy	(17)
Total impact	Energy	(17)
Unrealized derivative effects on power contracts	Other and eliminations	(19)
Unrealized derivative effects on LME related contracts	Other and eliminations	(16)
Total impact	Other and eliminations	(35)
Items excluded from underlying EBIT	Hydro	(54)
Net foreign exchange (gain)/loss	Hydro	4 553
Items excluded from underlying income (loss) before tax	Hydro	4 499
Calculated income tax effect	Hydro	(1 322)
Items excluded from underlying net income (loss)	Hydro	3 176

Items excluded from underlying results - 2019



NOK million (+=loss/)=gain)		Q1 2019	Q2 2019	Q3 2019	Q4 2019	Year 2019
Alunorte agreements - provision	Bauxite & Alumina	35	14	30	-	80
Impairment charges	Bauxite & Alumina	-	-	-	145	145
Total impact	Bauxite & Alumina	35	14	30	145	225
Unrealized derivative effects on LME related contracts	Primary Metal	122	(15)	(27)	10	90
Unrealized effects on power contracts	Primary Metal	27	(35)	(42)	33	(17)
Impairment charges	Primary Metal	-	-	-	506	506
Total impact	Primary Metal	149	(50)	(69)	549	579
Unrealized derivative effects on LME related contracts	Metal Markets	222	(62)	(19)	94	235
Total impact	Metal Markets	222	(62)	(19)	94	235
Unrealized derivative effects on LME related contracts	Rolled Products	(77)	60	(24)	(41)	(82)
Metal effect	Rolled Products	267	3	123	(23)	370
Significant rationalization charges and closure costs	Rolled Products	-	-	1 145	(57)	1 088
Other effects	Rolled Products	-	-	(99)	-	(99)
Total impact	Rolled Products	191	63	1 145	(120)	1 277
Unrealized derivative effects on LME related contracts	Extruded Solutions	(77)	27	(44)	(70)	(163)
Impairment charges	Extruded Solutions	-	28	95	132	255
Significant rationalization charges and closure costs	Extruded Solutions	-	200	61	135	396
Pension	Extruded Solutions	-	-	(62)	-	(62)
Transaction related effects	Extruded Solutions	-	35	-	(14)	21
Other effects	Extruded Solutions	26	-	59	125	209
Total impact	Extruded Solutions	(51)	289	109	308	656
Unrealized derivative effects on power contracts	Energy	6	2	1	(15)	(6)
Other effects	Energy	-	-	(42)	-	(42)
Total impact	Energy	6	2	(41)	(15)	(48)
Unrealized derivative effects on power contracts	Other and eliminations	(21)	(39)	(5)	(10)	(75)
Unrealized derivative effects on LME related contracts	Other and eliminations	10	1	(7)	7	11
Total impact	Other and eliminations	(11)	(39)	(12)	(2)	(64)
Items excluded from underlying EBIT	Hydro	539	219	1 144	959	2 860
Net foreign exchange (gain)/loss	Hydro	(208)	451	1 403	(442)	1 204
Items excluded from underlying income (loss) before tax	Hydro	331	670	2 547	517	4 064
Calculated income tax effect	Hydro	(83)	(198)	(550)	(154)	(986)
Items excluded from underlying net income (loss)	Hydro	248	472	1 996	362	3 078

Operating segment information



Underlying EBIT

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	741	364	685	493	153	415	481	(75)	535	2 282	974
Primary Metal	823	755	861	(677)	(771)	(604)	(39)	155	573	1 762	(1 259)
Metal Markets	178	237	(3)	275	190	299	362	132	261	686	983
Rolled Products	232	212	82	(113)	138	75	166	34	299	413	413
Extruded Solutions	734	957	497	202	593	772	559	85	702	2 390	2 009
Energy	278	417	652	500	517	176	254	296	437	1 846	1 243
Other and Eliminations	161	(229)	(97)	(145)	(261)	(258)	(417)	(67)	(560)	(310)	(1 003)
Total	3 147	2 713	2 676	534	559	875	1 366	560	2 247	9 069	3 359

Underlying EBITDA

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	1 370	937	1 193	877	758	1 004	1 071	504	1 102	4 377	3 337
Primary Metal	1 349	1 309	1 424	(176)	(180)	(27)	550	812	1 197	3 906	1 155
Metal Markets	201	262	22	301	219	328	395	167	296	786	1 110
Rolled Products	456	438	314	133	384	326	430	308	588	1 340	1 448
Extruded Solutions	1 155	1 383	931	645	1 099	1 279	1 099	655	1 242	4 114	4 132
Energy	339	479	716	566	583	242	319	365	505	2 100	1 509
Other and Eliminations	169	(223)	(90)	(135)	(231)	(224)	(385)	(19)	(528)	(280)	(859)
Total	5 038	4 586	4 510	2 210	2 633	2 928	3 479	2 792	4 403	16 344	11 832

Operating segment information



EBIT

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	741	364	166	493	118	401	450	(221)	406	1 763	749
Primary Metal	917	776	954	(524)	(919)	(554)	30	(394)	784	2 123	(1 838)
Metal Markets	305	270	(107)	419	(31)	361	381	38	485	886	748
Rolled Products	78	353	223	(319)	(53)	12	(978)	155	68	336	(865)
Extruded Solutions	687	1 109	286	(307)	644	483	449	(223)	628	1 774	1 353
Energy	278	417	652	507	510	174	295	312	454	1 853	1 291
Other and Eliminations	295	(303)	(117)	(89)	(249)	(220)	(405)	(65)	(525)	(214)	(939)
Total	3 301	2 986	2 057	178	20	656	222	(399)	2 301	8 522	499

EBITDA

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	1 370	937	674	877	724	989	1 040	504	973	3 858	3 258
Primary Metal	1 443	1 330	1 517	(23)	(328)	23	619	769	1 408	4 267	1 081
Metal Markets	329	295	(82)	445	(2)	390	414	73	521	986	875
Rolled Products	302	580	455	(73)	194	263	(715)	429	358	1 263	170
Extruded Solutions	1 108	1 534	720	136	1 150	1 017	1 085	479	1 181	3 498	3 731
Energy	339	479	716	573	576	240	361	380	523	2 107	1 558
Other and Eliminations	302	(296)	(110)	(80)	(219)	(186)	(373)	(17)	(493)	(183)	(795)
Total	5 193	4 860	3 890	1 854	2 094	2 737	2 430	2 617	4 470	15 796	9 878

Operating segment information



Total revenue

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	6 309	6 877	6 749	8 613	4 866	5 745	6 211	5 983	6 029	28 548	22 805
Primary Metal	10 170	10 083	9 984	9 196	9 023	8 937	8 718	8 497	9 753	39 434	35 175
Metal Markets	13 898	14 205	13 230	12 903	12 959	13 301	12 326	11 866	12 912	54 237	50 452
Rolled Products	6 797	7 145	6 791	6 223	6 844	6 623	6 672	6 192	6 597	26 955	26 331
Extruded Solutions	15 911	16 980	15 976	15 218	16 013	17 270	15 233	13 835	15 140	64 085	62 351
Energy	1 762	2 163	2 488	2 267	2 261	1 815	1 990	2 155	2 115	8 681	8 221
Other and Eliminations	(14 877)	(16 198)	(15 452)	(16 034)	(14 382)	(14 515)	(13 633)	(13 039)	(14 421)	(62 562)	(55 569)
Total	39 971	41 254	39 766	38 386	37 583	39 176	37 517	35 490	38 124	159 377	149 766

External revenue

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	3 509	3 640	3 016	4 232	2 370	2 692	3 684	3 509	3 249	14 396	12 255
Primary Metal	2 018	1 993	2 312	1 505	1 390	1 457	1 642	1 651	1 968	7 829	6 141
Metal Markets	10 901	10 905	10 575	10 121	10 139	10 577	9 742	9 706	10 353	42 502	40 164
Rolled Products	6 870	7 011	6 773	6 287	6 777	6 654	6 639	6 109	6 701	26 940	26 179
Extruded Solutions	15 932	16 877	15 934	15 280	15 924	17 271	15 214	13 801	15 215	64 023	62 211
Energy	738	823	1 151	961	983	519	594	712	633	3 673	2 808
Other and Eliminations	4	6	5	(1)	-	5	1	2	5	14	8
Total	39 971	41 254	39 766	38 386	37 583	39 176	37 517	35 490	38 124	159 377	149 766

Operating segment information



Internal revenue

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	2 800	3 237	3 733	4 381	2 496	3 052	2 527	2 474	2 780	14 152	10 550
Primary Metal	8 152	8 090	7 672	7 691	7 633	7 480	7 075	6 846	7 785	31 605	29 035
Metal Markets	2 997	3 301	2 656	2 781	2 820	2 724	2 584	2 160	2 559	11 735	10 287
Rolled Products	(72)	134	18	(64)	66	(31)	33	83	(104)	15	152
Extruded Solutions	(21)	103	42	(62)	89	(1)	18	34	(76)	61	140
Energy	1 024	1 340	1 337	1 306	1 278	1 296	1 397	1 444	1 482	5 007	5 414
Other and Eliminations	(14 881)	(16 204)	(15 457)	(16 033)	(14 382)	(14 520)	(13 634)	(13 040)	(14 426)	(62 576)	(55 577)
Total	-	-	-	-	-	-	-	-	-	-	-

Share of profit /(loss) in equity accounted investments

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	-	-	-	-	-	-	-	-	-	-	-
Primary Metal	210	280	238	(5)	32	24	150	65	40	722	270
Metal Markets	-	-	-	-	-	-	-	-	-	-	-
Rolled Products	-	-	-	-	-	-	-	-	-	-	-
Extruded Solutions	17	11	14	10	12	5	-	-	-	53	18
Energy	(10)	(11)	(4)	(11)	(9)	(9)	(4)	(7)	(12)	(35)	(29)
Other and Eliminations	3	5	(20)	35	(32)	27	(23)	10	(31)	24	(18)
Total	221	286	229	30	3	47	123	68	(4)	765	241

Operating segment information

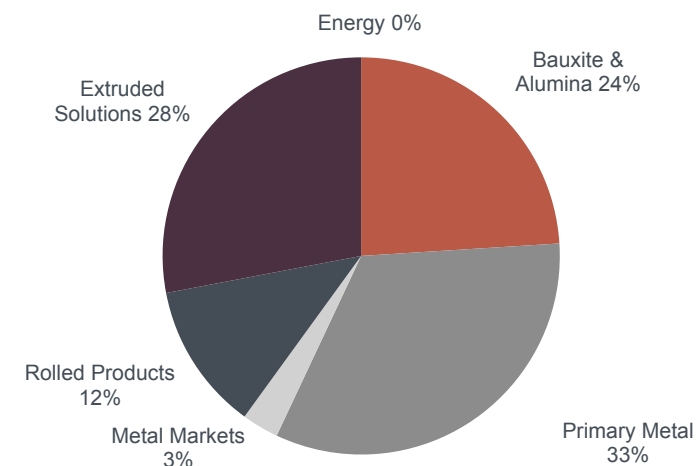


Return on average capital employed ¹⁾ (RoaCE)

	Reported RoaCE							Underlying RoaCE						
	2019	2018	2017	2016	2015	2014	2013	2019	2018	2017	2016	2015	2014	2013
Bauxite & Alumina	1.9%	4.6%	8.5%	2.7 %	5.3 %	(0.1) %	(2.5) %	2.5%	6.0%	8.5%	2.8 %	5.3 %	(0.1) %	(2.2) %
Primary Metal	(3,9%)	5.6%	11.8%	5.2 %	10.7 %	10.4 %	2.3 %	(2.6%)	4.7%	12.6%	5.2 %	11.0 %	10.4 %	3.9 %
Metal Markets	20,7%	25.1%	18.6%	19.6 %	5.4 %	21.9 %	22.3 %	27.3%	19.4%	20.9%	15.9 %	11.4 %	19.4 %	19.9 %
Rolled Products	(5,0%)	1.9%	3.2%	6.2 %	1.1 %	8.6 %	0.7 %	2.4%	2.3%	2.4%	4.6 %	7.8 %	5.3 %	5.2 %
Extruded Solutions ²⁾	3,8%	5.3%	13.4%					5.7%	7.2%	6.6%				
Energy	14,7%	19.4%	17.5%	18.1 %	17.2 %	17.4 %	36.1 %	12.8%	19.3%	17.5%	18.1 %	17.3 %	17.4 %	36.1 %
Hydro Group	(0,9%)	6.0%	11.2%	6.5 %	7.5 %	4.9 %	1.1 %	1.3%	6.6%	9.6%	5.1 %	9.2 %	5.2 %	2.3 %

Capital employed – upstream focus

NOK million	Mar 31, 2020
Bauxite & Alumina	27 237
Primary Metal	37 001
Metal Markets	3 353
Rolled Products	13 705
Extruded Solutions	30 993
Energy	(391)
Other and Eliminations	(9 679)
Total	102 389



Graph excludes BNOK (6.8) in capital employed in Other and Eliminations

1) RoaCE at business area level is calculated using 25% tax rate (30% tax rate applied for years prior to 2017). For Energy, 70% tax rate is used for 2018, 65% for 2017, 60% for 2016 and 55% for prior years. 2018 RoaCE has been restated due to the change in definition.

2) Extruded Solutions reflected as 50% equity accounted investment Q1-Q3 2017 and fully consolidated from Q4 2017

Operating segment information



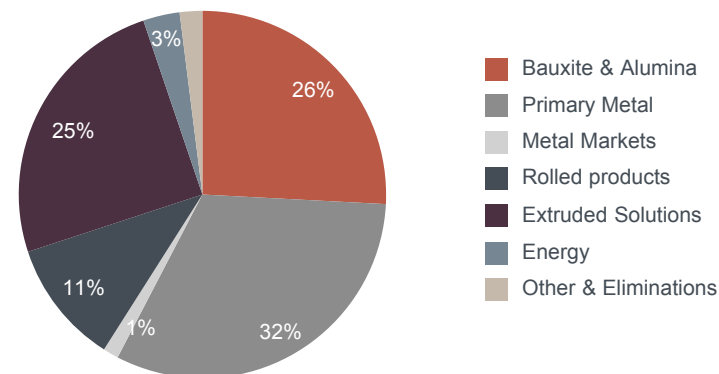
Depreciation, amortization and impairment

NOK million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Bauxite & Alumina	630	573	509	384	605	589	590	725	567	2 095	2 509
Primary Metal	546	575	583	548	619	605	616	1 191	655	2 253	3 030
Metal Markets	24	25	25	26	29	29	33	37	36	101	129
Rolled Products	223	227	231	246	247	251	264	274	290	927	1 036
Extruded Solutions	421	425	434	443	506	535	639	704	554	1 723	2 384
Energy	58	59	61	63	62	62	62	66	65	239	253
Other and Eliminations	7	7	7	10	30	34	32	48	33	30	144
Total	1 909	1 891	1 851	1 719	2 098	2 105	2 236	3 045	2199	7 369	9 485

Indicative depreciation currency exposure by business area

Percent	USD	EUR	BRL	NOK & Other
Bauxite & Alumina			100%	
Primary Metal	20%	5%	20%	55%
Metal Markets	35%	50%		15%
Rolled Products		90%		10%
Extruded Solutions	30%	40%		30%
Energy				100%
Other & Eliminations		35%	5%	60%

Depreciation by business area 2019, 9.5 BNOK



Income statements



NOK million	Q1 2020	Q1 2019	Q4 2019	Year 2019
Revenue	38 124	37 583	35 490	149 766
Share of the profit (loss) in equity accounted investments	(4)	3	68	241
Other income, net	473	183	409	1 000
Total revenue and income	38 594	37 769	35 967	151 007
Raw material and energy expense	23 148	25 136	22 328	97 474
Employee benefit expense	6 361	6 023	5 928	24 871
Depreciation and amortization expense	2 186	2 095	2 258	8 572
Impairment of non-current assets	12	3	786	912
Other expenses	4 585	4 493	5 065	18 678
Earnings before financial items and tax (EBIT)	2 301	20	(399)	499
Financial income	34	63	140	365
Financial expense	(4 859)	(57)	92	(2 420)
Income (loss) before tax	(2 523)	26	(168)	(1 556)
Income taxes	498	(150)	(497)	(813)
Net income (loss)	(2 025)	(124)	(665)	(2 370)
Net income (loss) attributable to non-controlling interests	(214)	(134)	(189)	(558)
Net income (loss) attributable to Hydro shareholders	(1 811)	9	(476)	(1 811)
Earnings per share attributable to Hydro shareholders	(0.88)	0	(0.23)	(0.88)

NOK million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2017	Year 2018	Year 2019
Net income (loss)	1 838	1 562	2 184	3 600	2 076	2 073	925	(750)	(124)	(190)	(1 390)	(665)	(2 025)	9 184	4 323	(2 370)
Underlying net income (loss)	1 580	2 214	1 785	2 816	2 201	2 096	1 696	(175)	124	281	606	(303)	1 151	8 396	5 819	708
Earnings per share	0.86	0.73	1.00	1.71	1.02	1.03	0.37	(0.34)	0	(0.04)	(0.62)	(0.23)	(0.88)	4.30	2.08	(0.88)
Underlying earnings per share	0.75	1.04	0.82	1.33	1.06	1.02	0.74	(0.06)	0.13	0.19	0.33	(0.12)	0.55	3.95	2.75	0.52

Balance sheet



NOK million	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31 2018 ¹⁾	Sep 30 2018	Jun 30 2018
Cash and cash equivalents	12 160	12 286	10 581	10 590	6 099	5 995	6 846	5 682
Short-term investments	1 641	969	929	1 090	1 274	975	1 176	1 136
Trade and other receivables	24 539	18 959	23 007	23 186	23 542	20 744	21 727	23 442
Inventories	22 464	20 816	21 679	22 718	25 004	26 483	23 916	22 337
Other current financial assets	1 119	635	700	471	349	801	738	978
Property, plant and equipment	77 909	74 243	74 025	73 193	72 882	74 369	66 251	66 683
Intangible assets	12 649	11 501	11 695	11 485	11 133	11 443	10 695	11 660
Investments accounted for using the equity method	13 845	11 501	11 809	10 936	11 349	11 570	11 094	11 140
Prepaid pension	5 242	6 676	5 721	5 986	5 854	5 162	6 857	6 322
Other non-current assets	7 663	6 815	6 877	7 322	7 157	7 385	5 962	5 780
Total assets	179 232	164 401	167 025	166 978	164 644	164 928	155 261	155 159
Bank loans and other interest-bearing short-term debt	7 728	6 157	6 074	8 177	8 913	9 373	6 607	4 969
Trade and other payables	21 558	18 692	19 716	21 014	22 146	20 381	19 906	21 351
Other current liabilities	4 771	4 842	4 095	3 688	4 674	6 062	5 897	4 976
Long-term debt	21 290	18 858	19 985	18 620	10 559	9 342	7 886	9 377
Provisions	6 892	6 515	6 283	5 577	5 673	5 588	5 358	5 532
Pension liabilities	19 893	17 099	17 879	16 646	15 981	15 648	14 416	14 665
Deferred tax liabilities	2 838	3 132	2 911	3 123	3 052	3 031	3 952	3 456
Other non-current liabilities	7 089	5 025	5 435	4 536	4 252	4 746	3 756	3 673
Equity attributable to Hydro shareholders	83 213	79 932	80 275	81 143	84 692	85 820	83 012	82 676
Non-controlling interests	3 959	4 148	4 371	4 452	4 703	4 936	4 472	4 486
Total liabilities and equity	179 232	164 401	167 025	166 978	164 644	164 928	155 261	155 159

Operational data



Bauxite & Alumina	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Alumina production (kmt)	1 277	829	821	786	805	932	1 320	1 430	1 531	3 712	4 487
Sourced alumina (kmt)	900	985	907	1 163	711	704	660	769	664	3 954	2 845
Total alumina sales (kmt)	2 071	1 842	1 711	1 983	1 423	1 668	2 124	2 164	2 140	7 607	7 379
Realized alumina price (USD) ¹⁾	371	430	460	463	373	365	310	281	278	429	326
Implied alumina cost (USD) ²⁾	287	367	376	409	311	296	253	255	226	358	275
Bauxite production (kmt) ³⁾	2 326	1 348	1 286	1 254	1 361	1 624	2 152	2 222	2 585	6 214	7 360
Sourced bauxite (kmt) ⁴⁾	1 317	1 250	905	1 730	1 029	1 315	1 563	1 669	1 514	5 202	5 576
Underlying EBITDA margin ¹¹⁾	21.7%	13.6%	17.7%	10.2%	15.6%	17.5%	17.2%	8.4%	18.3%	15.3%	14.6%

Primary Metal ⁵⁾	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Realized aluminium price LME, USD/mt	2 140	2 183	2 194	2 041	1 912	1 858	1 784	1 754	1 758	2 140	1 827
Realized aluminium price LME, NOK/mt ⁷⁾	16 929	17 292	17 905	17 038	16 291	15 959	15 732	15 913	16 658	17 282	15 975
Realized premium above LME, USD/mt ⁶⁾	295	364	367	362	344	326	305	257	234	346	308
Realized premium above LME, NOK/mt ⁶⁾⁷⁾	2 335	2 881	2 999	3 025	2 935	2 802	2 688	2 333	2 212	2 791	2 695
Realized NOK/USD exchange rate ⁷⁾	7.91	7.92	8.16	8.35	8.52	8.59	8.82	9.07	9.47	8.08	8.74
Implied primary cost (USD) ⁸⁾	1 725	1 775	1 750	2 000	1 850	1 775	1 600	1 525	1 450	1 825	1 675
Implied all-in primary cost (USD) ⁹⁾	2 075	2 175	2 150	2 350	2 200	2 100	1 900	1 775	1 700	2 175	2 000
Primary aluminium production, kmt	514	492	497	490	485	486	522	545	528	1 993	2 038
Casthouse production, kmt	531	523	507	496	473	477	509	523	504	2 058	1 982
Total sales, kmt ¹⁰⁾	578	549	516	503	534	527	537	529	577	2 145	2 127
Underlying EBITDA margin ¹¹⁾	13.3%	13.0%	14.3%	(1.9)%	(2.0)%	(0.3)%	6.3%	9.6%	12.3%	9.9%	3.3%

1) Weighted average of own production and third party contracts, excluding hedge results. The majority of the alumina is sold linked to either the LME prices or alumina index with a one month delay. Sourced alumina volumes have been re-calculated, with Q1 2018 being adjusted accordingly.

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

3) Paragominas production, on wet basis

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

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

6) Average realized premium above LME for casthouse sales from Primary Metal.

7) Including strategic hedges /hedge accounting applied

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

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

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

11) Underlying EBITDA divided by total revenues

Operational data



Metal Markets	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Remelt production (1 000 mt)	150	153	126	135	131	139	125	121	137	563	516
Third-party Metal Products sales (1 000 mt)	70	77	83	73	70	83	82	82	79	304	317
Metal Products sales excl. ingot trading (1 000 mt) ¹⁾	745	746	685	682	683	707	662	648	675	2 859	2 700
Hereof external sales excl. ingot trading (1 000 mt)	580	563	543	532	539	556	517	536	554	2 217	2 149
External revenue (NOK million)	10 901	10 905	10 575	10 121	10 139	10 577	9 742	9 706	10 353	42 502	40 164
Rolled Products	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Rolled Products external shipments (1 000 mt)	245	251	235	220	246	242	245	219	236	951	952
Rolled Products – Underlying EBIT per mt, NOK	949	844	349	(512)	560	309	678	156	1 266	435	434
Underlying EBITDA margin ²⁾	6.7%	6.1%	4.6%	2.1%	5.6%	4.9%	6.4%	5.0%	8.9%	5.0%	5.5%
Extruded Solutions	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Extruded Solutions external shipments (1 000 mt)	362	373	343	318	333	348	316	272	305	1 396	1 269
Extruded Solutions – Pro-forma underlying EBIT per mt, NOK	2 028	2 566	1 449	635	1 781	2 219	1 769	311	2 301	1 712	1 583
Underlying EBITDA margin ²⁾	7.3%	8.1%	5.8%	4.2%	6.9%	7.4%	7.2%	4.7%	8.2%	6.4%	6.6%
Energy	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Year 2018	Year 2019
Power production, GWh	2 433	2 550	2 888	2 822	2 553	1 993	2 273	2 332	2 868	10 693	9 150
Net spot sales, GWh	763	961	1 315	1 166	770	289	582	520	1 169	4 204	2 161
Nordic spot electricity price, NOK/MWh	372	373	484	460	457	346	342	390	158	423	384
Southern Norway spot electricity price (NO2), NOK/MWh	361	369	475	455	468	360	328	392	154	415	387
Underlying EBITDA margin ²⁾	19.2%	22.2%	28.8%	24.9%	25.8%	13.4%	16.0%	16.9%	23.9%	24.2%	18.4%

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

2) Underlying EBITDA divided by total revenues

Extruded Solutions, information by business area



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020
Precision Tubing											
Volume (kmt)	37	41	41	38	157	34	36	34	31	134	29
Operating revenues (NOKm)	1 700	1 910	1 873	1 722	7 205	1 623	1 788	1 540	1 532	6 482	1 487
Underlying EBITDA (NOKm)	168	120	121	98	507	86	146	140	84	456	118
Underlying EBIT (NOKm)	103	55	50	30	237	18	87	74	19	198	57
Building Systems											
Volume (kmt)	20	21	18	19	78	18	22	19	20	79	19
Operating revenues (NOKm)	2 057	2 124	1 919	2 045	8 145	1 973	2 328	2 104	2 148	8 554	2 199
Underlying EBITDA (NOKm)	167	198	130	155	650	104	233	189	148	674	156
Underlying EBIT (NOKm)	116	146	70	99	430	22	143	79	47	291	52
Other and eliminations											
Underlying EBITDA (NOKm)	(45)	(46)	(21)	(118)	(230)	(56)	(96)	24	9	(118)	(79)
Underlying EBIT (NOKm)	(55)	(58)	(35)	(130)	(278)	(58)	(99)	21	3	(132)	(82)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020
Extrusion Europe											
Volume (kmt)	159	160	138	129	586	139	142	120	106	503	127
Operating revenues (NOKm)	6 600	6 664	5 867	5 719	24 850	6 328	6 461	5 579	5 027	23 395	5 804
Underlying EBITDA (NOKm)	417	504	263	201	1 385	346	348	215	203	1 111	436
Underlying EBIT (NOKm)	246	333	98	27	705	141	144	6	(25)	266	228
Extrusion North America											
Volume (kmt)	152	157	152	137	598	146	148	142	116	553	130
Operating revenues (NOKm)	5 882	6 519	6 541	6 091	25 033	6 306	7 053	6 267	5 335	24 961	5 885
Underlying EBITDA (NOKm)	448	606	439	310	1 802	619	648	532	211	2 082	599
Underlying EBIT (NOKm)	325	481	314	176	1 295	469	498	378	40	1 385	435

1) Includes certain effects of the acquisition such as increased depreciation and amortization following fair value adjustments related to long-lived assets. Estimate increased depreciation of around MNOK 300 per annum for Extruded Solutions vs "old Sapa".

Next events

Second quarter results July 22, 2020

For more information see
www.hydro.com/ir

Investor Relations in Hydro



Stian Hasle

t: +47 97736022
e: stian.hasle@hydro.com



Line Haugetraa

t: +47 41406376
e: line.haugetraa@hydro.com



Aud Helen Halvorsen

t: +47 95182741
e: aud.helen.halvorsen@hydro.com



Hydro

We are aluminium

