

Hydro and Glencore to become partners to further develop Alunorte

President & CEO Hilde Merete Aasheim April 27, 2023

Disclaimer



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. Except where required by law, Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Hydro enters agreement with Glencore to sell 30% of Alunorte and 5% share in MRN

- Hydro has signed an agreement with Glencore to divest
 - 30% of the Brazilian alumina refinery Alunorte
 - 5% ownership in the Brazilian bauxite producer Mineração Rio do Norte (MRN)
 - Glencore acquires an additional 40% of MRN, currently owned by Vale. This 40% stake will be acquired by Hydro from Vale and immediately sold to Glencore on a back-to-back basis
- The sale is an important step to deliver on Hydro's 2025 strategy
 - Proceeds will be used for strategic growth investments in line with Hydro's 2025 strategy and for shareholder distribution. Additional information will be provided on closing of the transaction
 - Alunorte remains a core strategic asset for Hydro, however equity alumina production will be more balanced with demand from aluminium smelter portfolio
 - Efforts will continue to reduce emissions from Alunorte through fuel switch project and electrification of the coal boilers, targeting first decile position on global carbon curve by 2025
 - Strong commitment to continue development of social projects to improve the lives and livelihoods in nearby communities



- Location: Barcarena, state of Pará, Brazil
- Annual capacity: 6.3 mt/year
- Employees: 7 900¹)
- Pre transaction ownership: 92%
- Post transaction ownership: **62%**

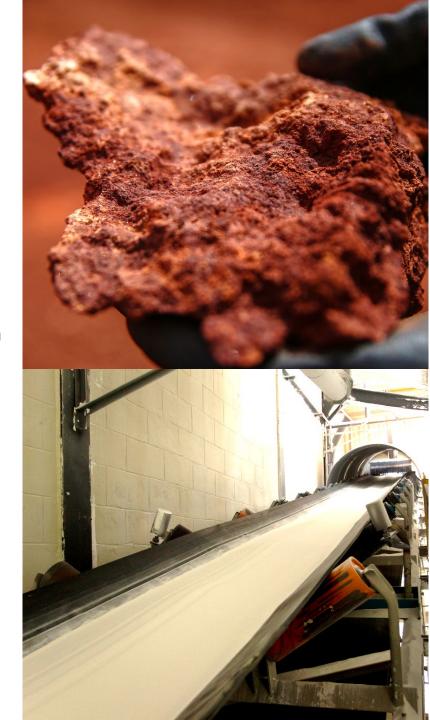


- Location: Oriximiná-PA, Brazil
- Annual capacity: 12.5mt /year
- Employees: **5 200**¹⁾
- Pre transaction ownership: **5%**
- Post transaction ownership: **0%**

1) Includes contractors

Transaction overview

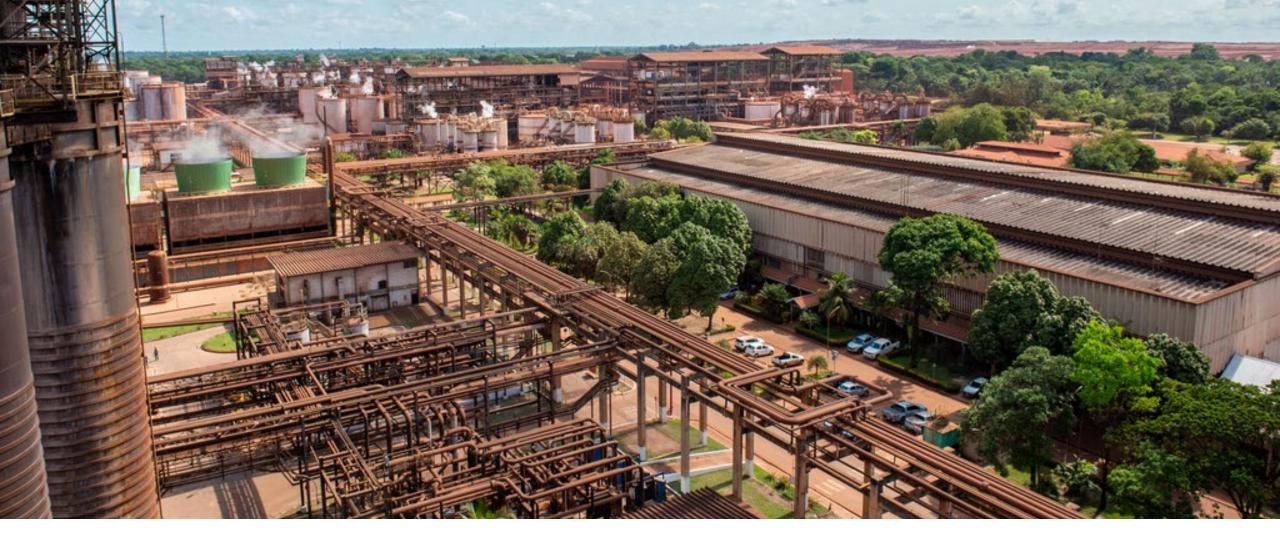
- Hydro will sell 30% of Alunorte and its 5% ownership of MRN to Glencore
- The transactions will have an enterprise value of USD 1.11 billion with adjustments for net debt as of June 30, 2023
 - Net debt at Alunorte as of March 31, 2023 was USD 335 million
 - The enterprise value and net debt exclude asset retirement obligations of USD 40 million on a 30% basis
- The parties have agreed to a post-closing price adjustment based on financial performance of Alunorte over a 21 month period from June 30, 2023
 - At the end of this period, Hydro may make certain repayments to Glencore which are capped at USD 55 million
- Alunorte's bauxite supply arrangements with Vale are terminated and replaced with a long-term supply agreement with Glencore
- The transactions are subject to customary regulatory approvals. Closing of both transactions is expected in the second half of 2023



Operational and commercial impact of transaction

- Post transaction Hydro will own 62% of Alunorte and 100% of the bauxite mine Paragominas
- Hydro will no longer be an owner of MRN, but it will continue to supply Alunorte with approximately 30% of its bauxite requirements
- There will be no impact on physical supply contracts or cost to Aluminium Metal
- Alunorte will continue to be consolidated in Hydro's financial accounts
- There will be no remeasurement or recognized gain related to this transaction







GLENCORE



Industries that matter