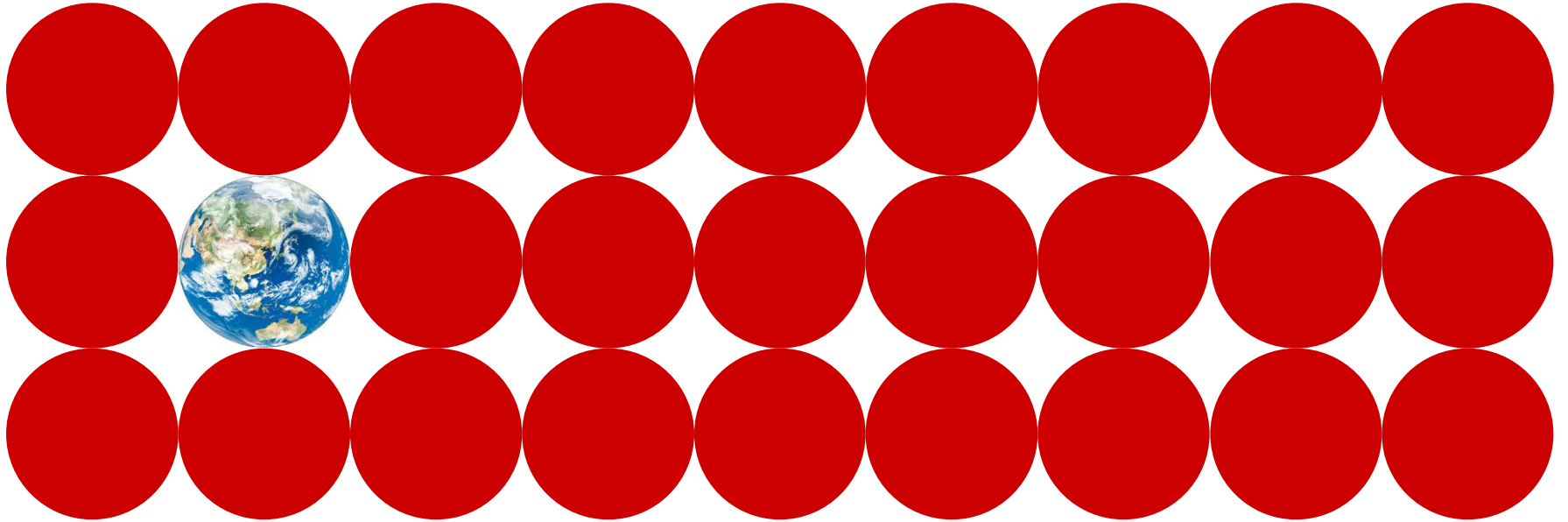


# Continued repositioning Primary Metal

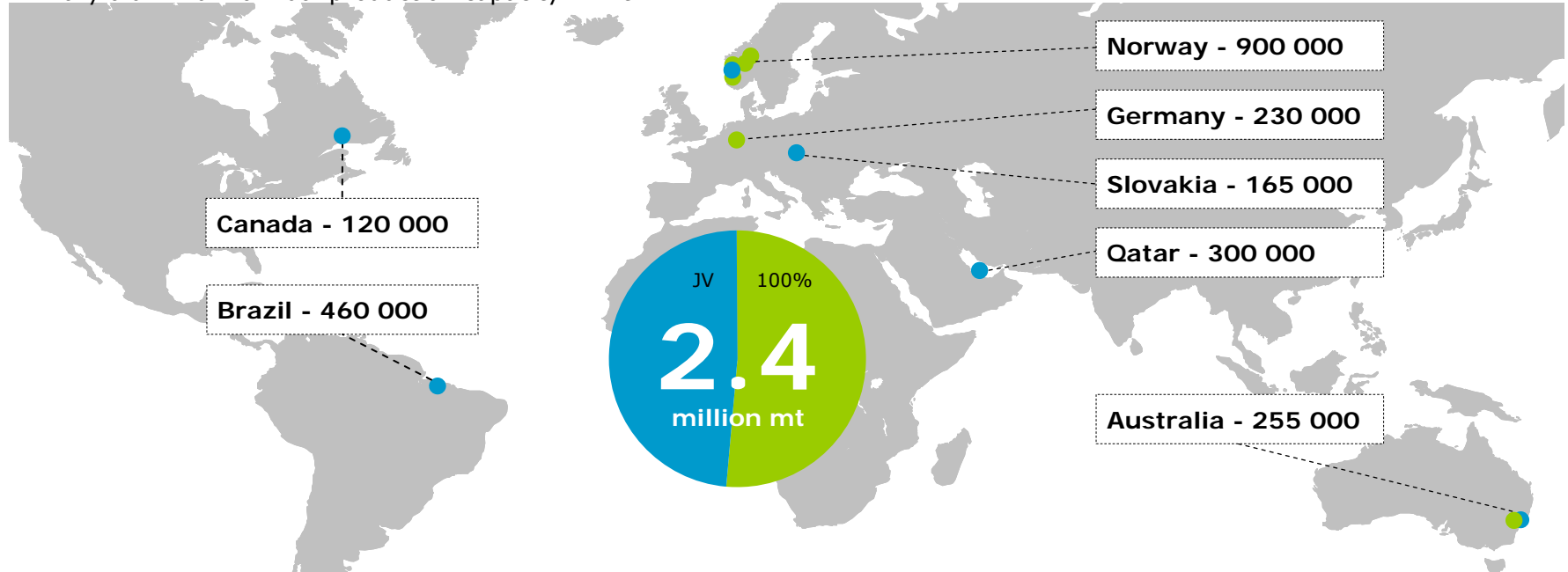


Hilde Merete Aasheim, Executive Vice President and Head of Primary Metal  
December 1, 2011

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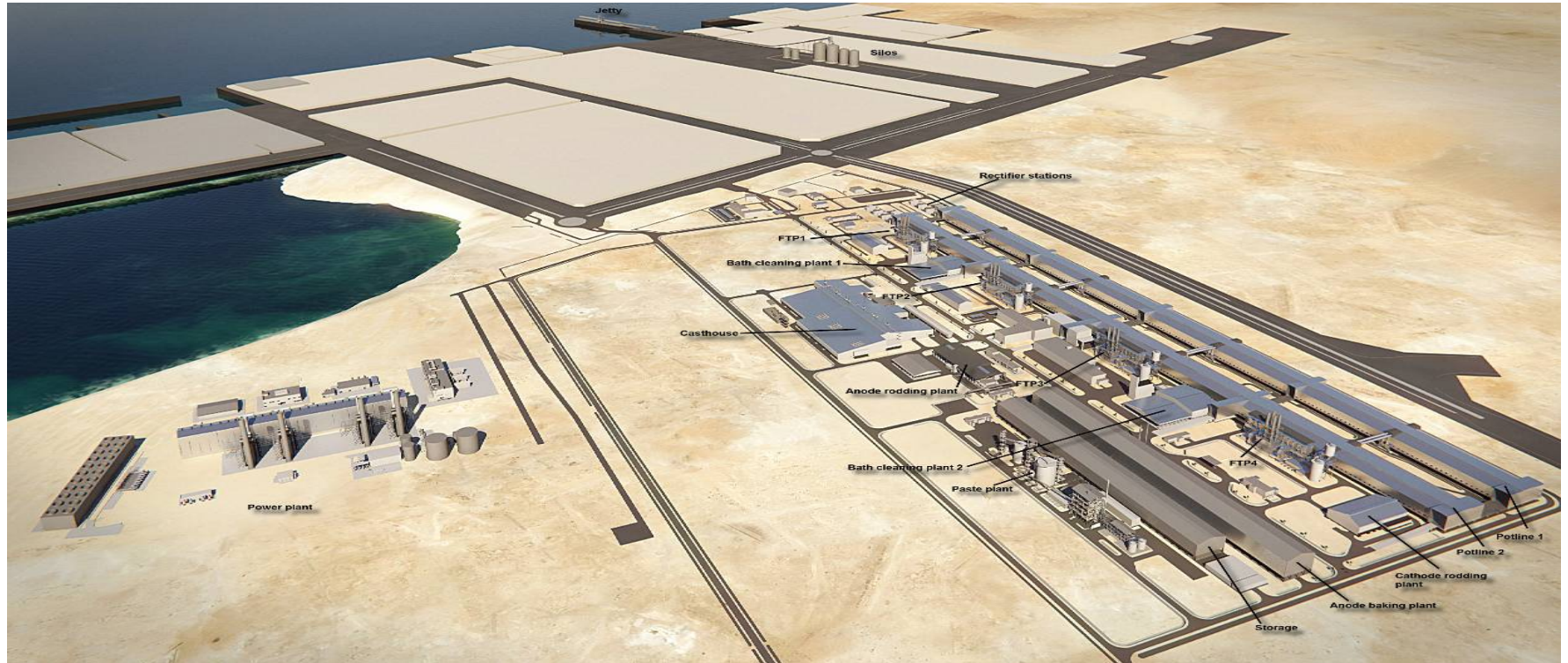
# Primary Metal's global smelter portfolio

Primary aluminium annual production capacity in mt



Attributable capacity: 2.1 million mt. Consolidated capacity: 2.4 million mt. Consolidated casthouse capacity: 3.0 million mt.

# Qatalum – several large plants in one













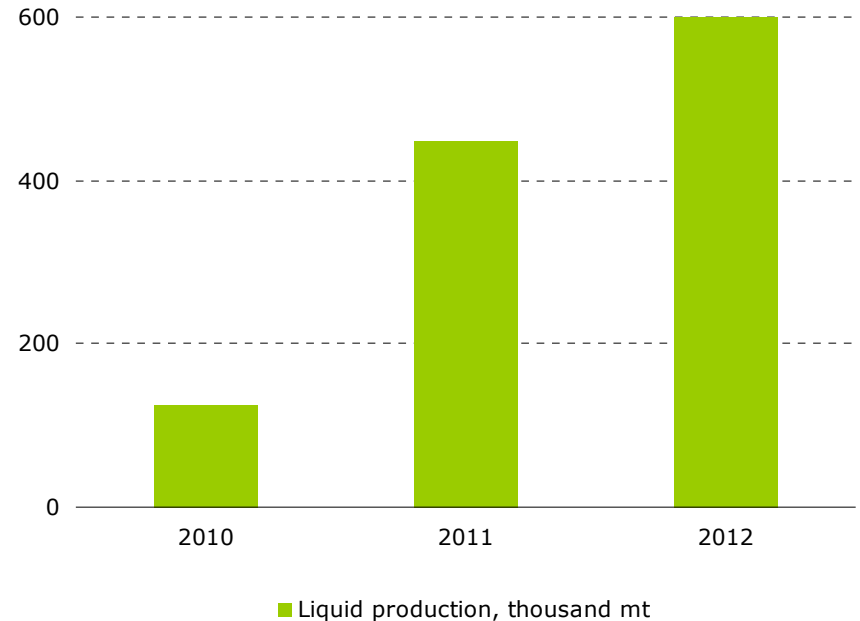
(8)



# Qatalum – 1<sup>st</sup> quartile cost position

Further creep potential beyond 2012

- On track to exceed nameplate capacity first year of full production
- 1<sup>st</sup> quartile cost position established
  - Cash cost around USD 1400-1500 per mt at 2010 market conditions
- Operational excellence and cost optimization focus going forward
- Project cost at USD 5.8 billion delivered



# Albras – successful integration in challenging Brazilian environment

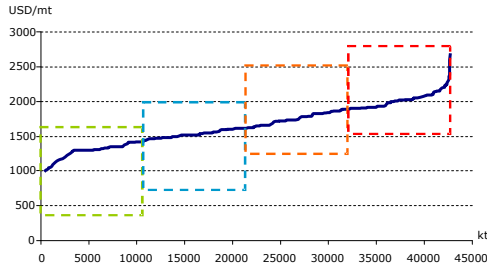


- Successful integration with focus on improvements in operational performance
- Challenging power cost due to impact from strong Brazilian currency and inflation
  - Dialogue established between government and joint industry

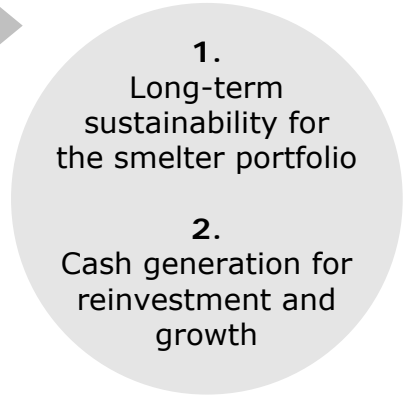
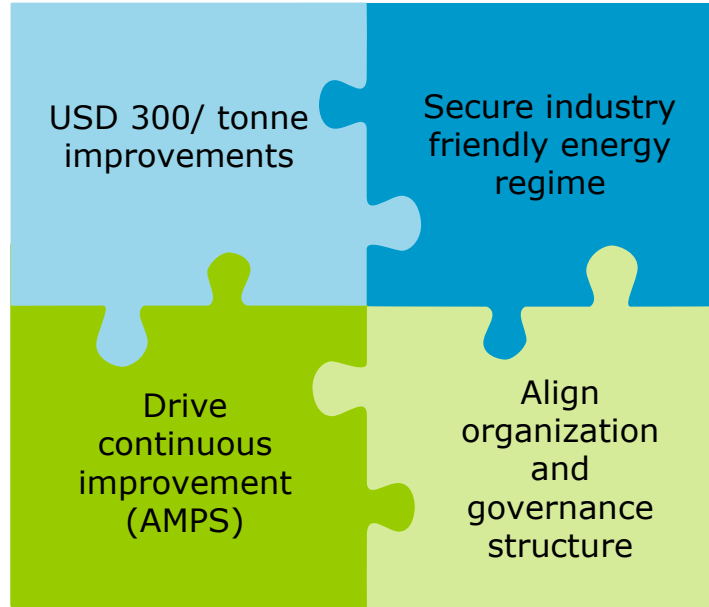
# Roadmap to competitiveness

## Primary Metal's improvement program

Business operating cost

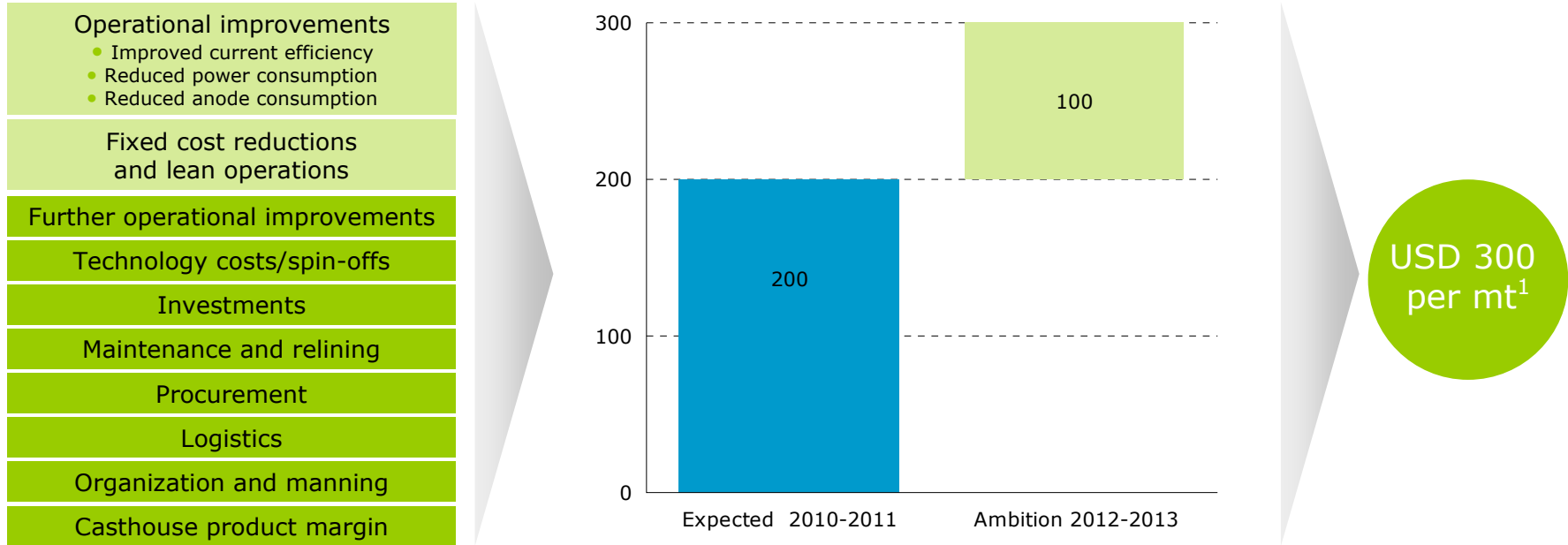


AMPS: Aluminium Metal Production System



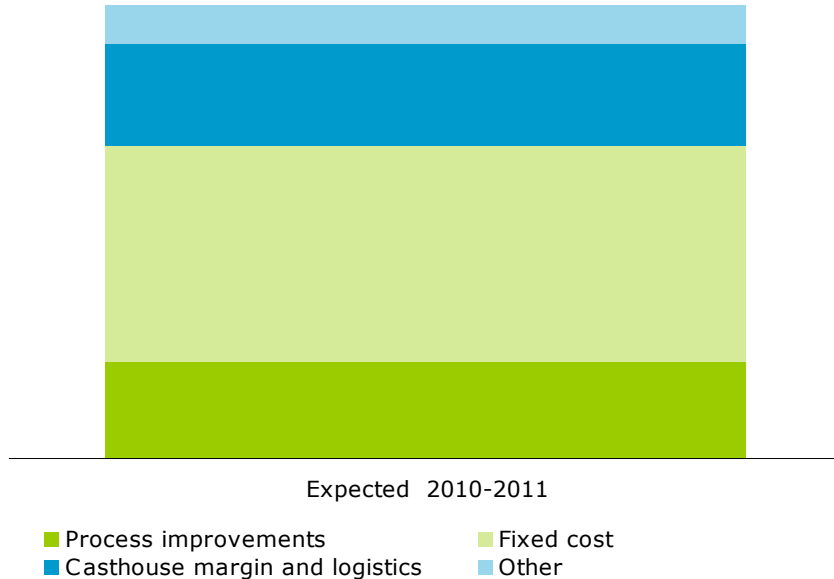
# Primary Metal delivers on improvement program

USD 200 per mt to be realized within 2011



1) Compared to 2009 cost level. USD 300 per mt real term target for fully owned smelters excluding Neuss with 2009 as baseline. Realized in nominal terms ~USD 180 per mt. Effect of exchange rates and raw materials cost changes are neutralized

# All parts of Primary Metal have contributed



- USD 200 per mt corresponds to >NOK 1 billion
- Main deliveries within:
  - Plant process improvements
  - Fixed costs
    - Plant fixed costs
    - PM overhead costs
    - Technology costs
  - Casthouse margin and logistics

Year-end estimated program realization USD 200 per mt in real terms i.e. including effect of compensating for inflation.  
Expected realized in nominal terms ~USD 180 per mt. Effect of exchange rates and raw materials cost changes are neutralized

# USD 300 program achievements



Amperage and  
current efficiency

~50 million NOK per year

Energy and  
anode consumption

~100 million NOK per year

Reduced scrap rates

~70 mill NOK per year



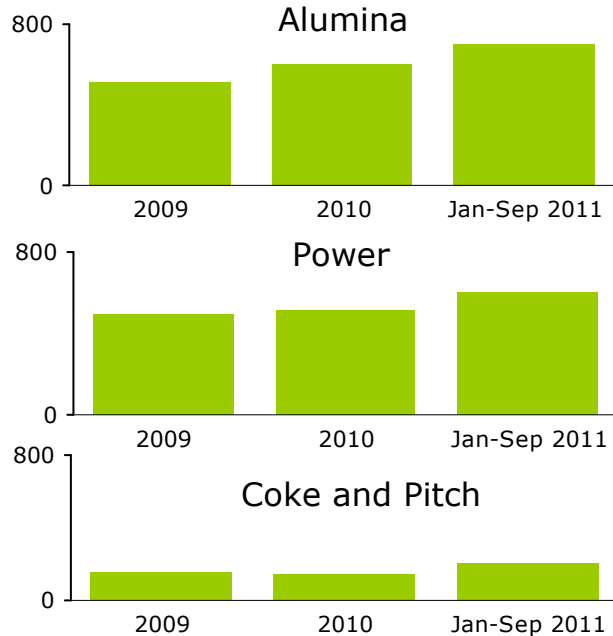
**Sustaining CAPEX  
reduced by 35%**

**Overhead costs  
reduced by 35%**

**Plant fixed costs  
reduced by 10%**

# Raw material cost impact Primary Metal cash cost

USD per mt in fully owned smelters



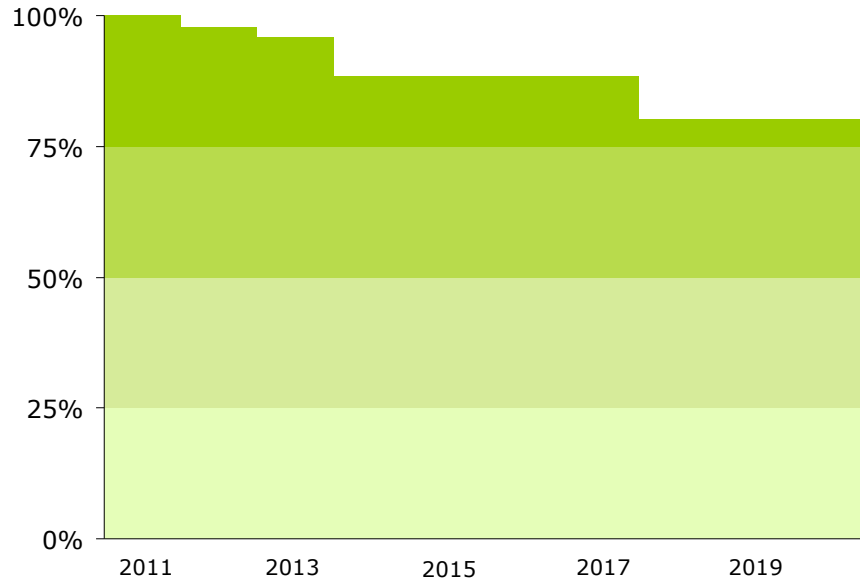
~400 USD  
per mt  
negative  
impact\*

\* Jan-Sep 2011 vs 2009

- Alumina cost per mt has followed LME
- Alumina as percentage of LME increasing
- Established long position in alumina
- One power contract in Norway expired in 2010
- Contractual price escalations
- Active power sourcing agenda
- Coke prices ~40% higher Jan-Sep 2011 vs 2009
- Test program for use of alternative quality coke
- Reducing anode consumption as part of USD 300 cost improvement program
- Strategic evaluation of anode supply chain

# Robust power coverage

Power coverage (%), based on consolidated production in 2011



- 80% of current production has power coverage until 2020 or beyond
- ~2/3 based on hydro-power
- Renewal of power contracts
  - Tomago – contract signed
  - Alouette – MoU signed for expansion and prolongation of contract
- Shorter term sourcing needs
  - Neuss, Sørø and Slovalco

# Primary Metal priorities



- Continue to deliver improvements in fully owned and JV smelters
- Secure 1<sup>st</sup> quartile cost position for Qatalum
- Progress power sourcing agenda



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