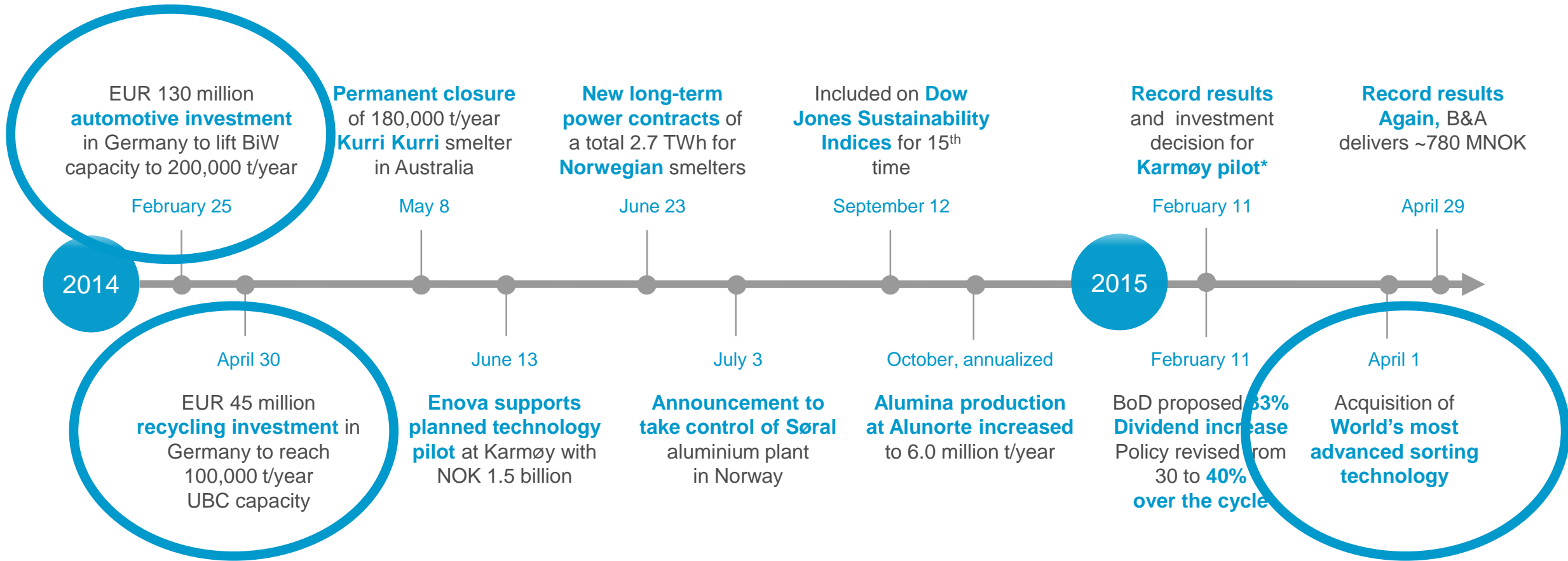


Norsk Hydro: Maintaining momentum in volatile markets

Pål Kildemo
Head of Investor Relations



Our agenda for value creation continues through 2015



BiW = Body-in-White

* Build decision requires sustainable power sourcing



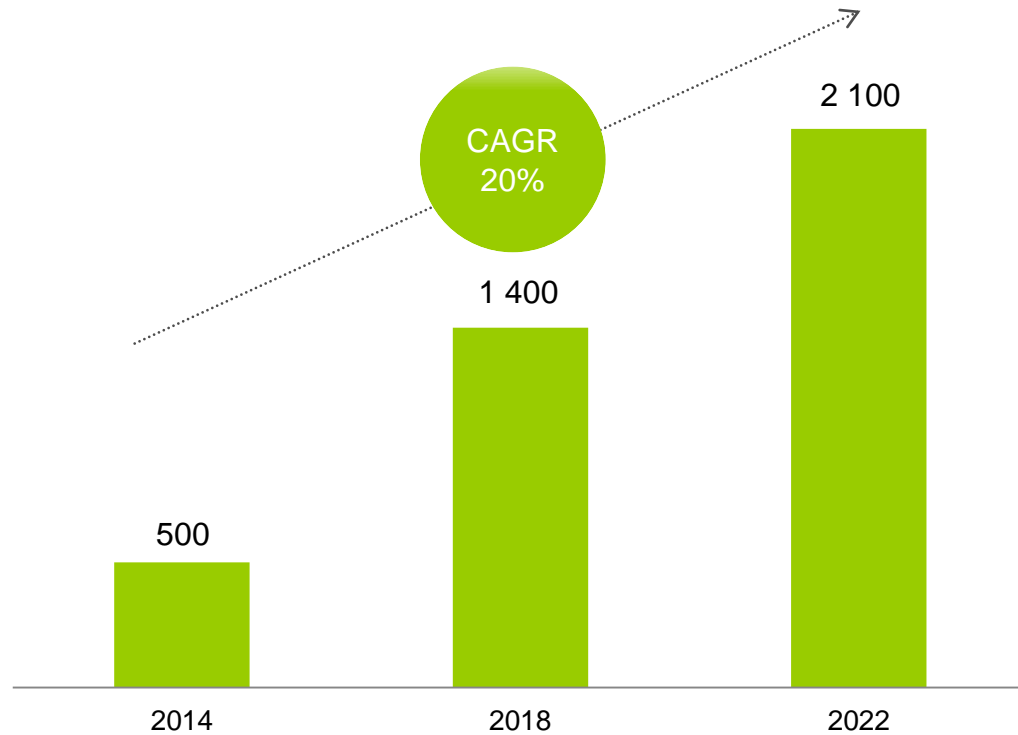
Market Developments



Aluminium's inherent qualities driving substitution driven demand

Copper and steel both have to pave way for the metal of the future

Global Body-in-White demand in thousand tonnes



Significant substitution potential within HVAC&R

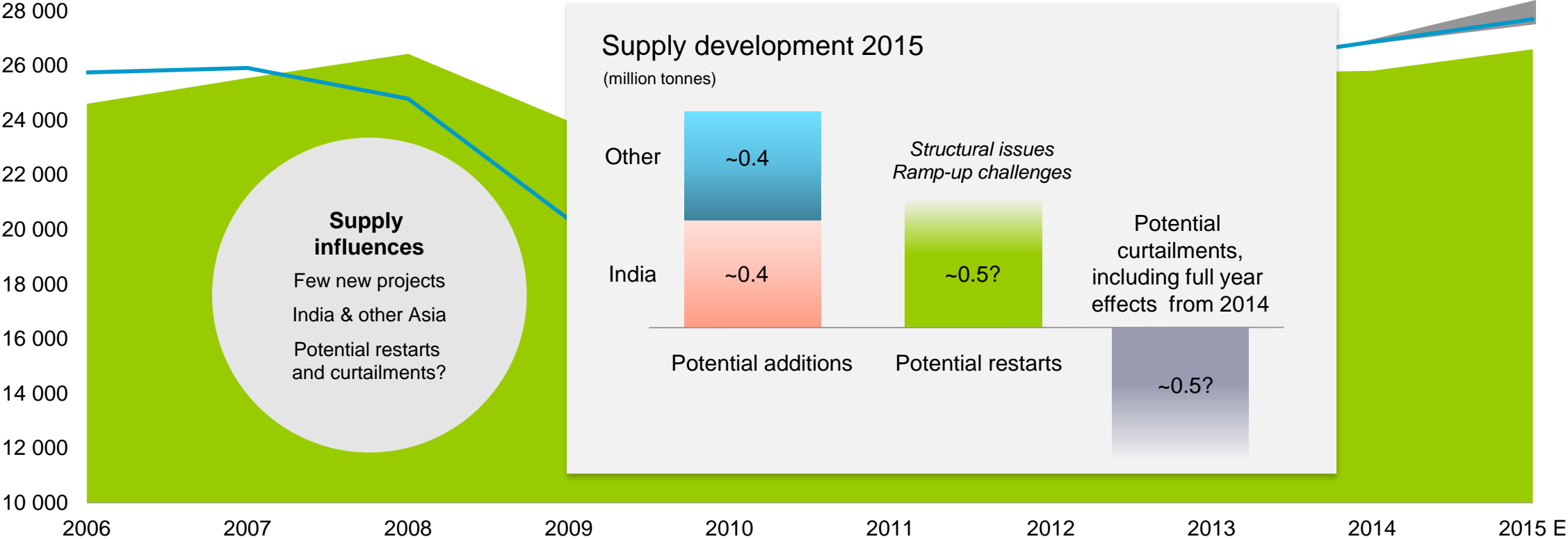


Source: CRU, Hydro Analysis

Limited expected supply growth going forward

World ex-China

Thousand tonnes



Source: CRU, Hydro Analysis

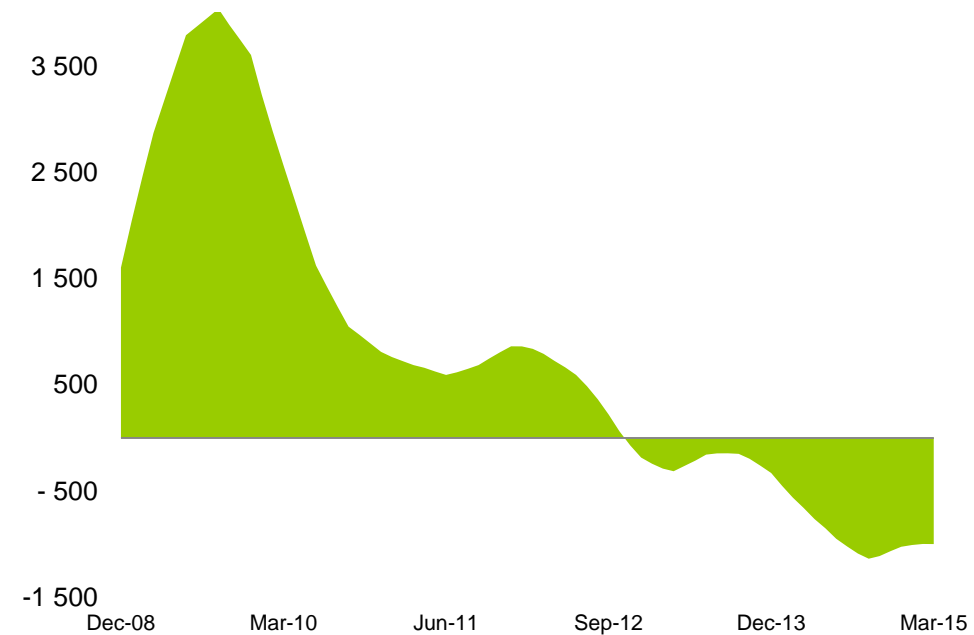


Inventory reductions driven by primary curtailments

In world ex-China

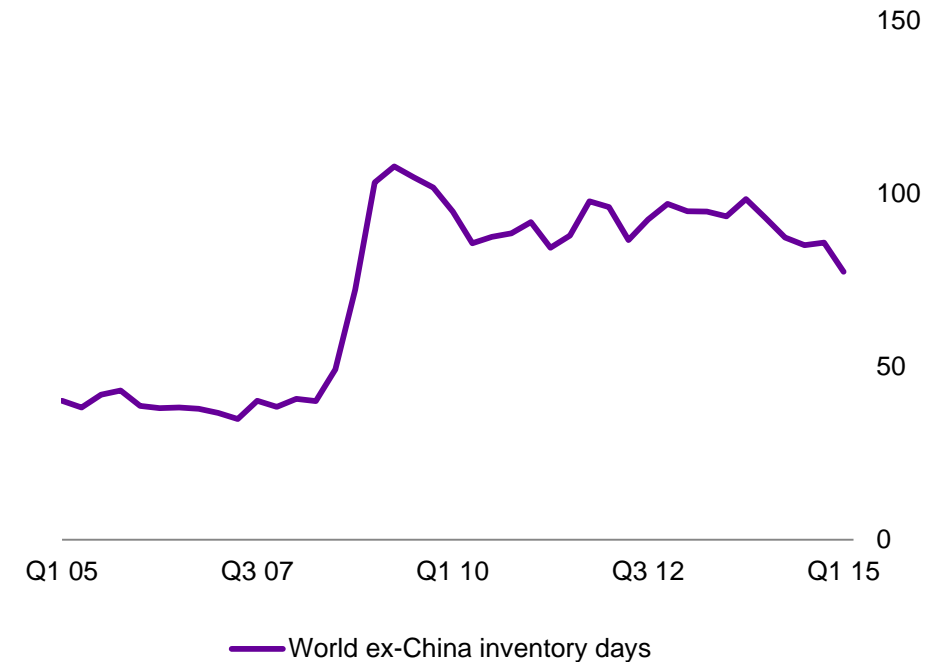
Production less demand world ex-China
Quarterly annualized*

Primary aluminium, in thousand tonnes



Inventory days

World ex-China reported primary aluminium inventories



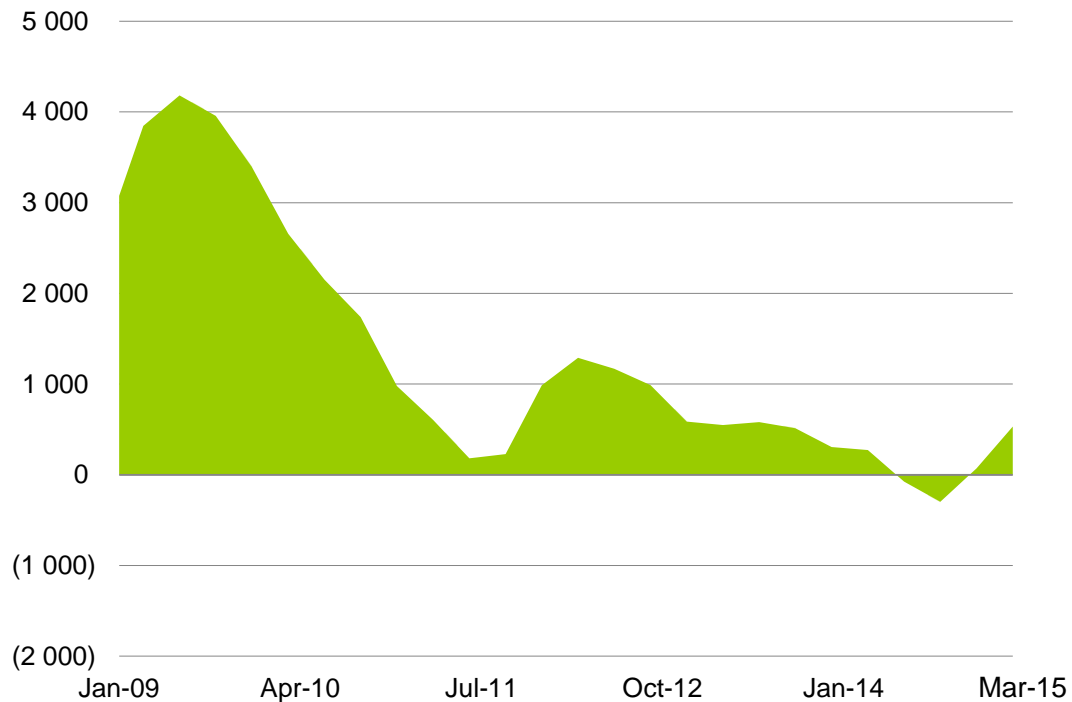
Source: CRU/Hydro
*12 month rolling average ** CRU estimates

Global primary aluminium market slightly oversupplied

Chinese exports decline amid reduced metal advantage

Production less demand (quarterly annualized)*

1 000 mt primary aluminium



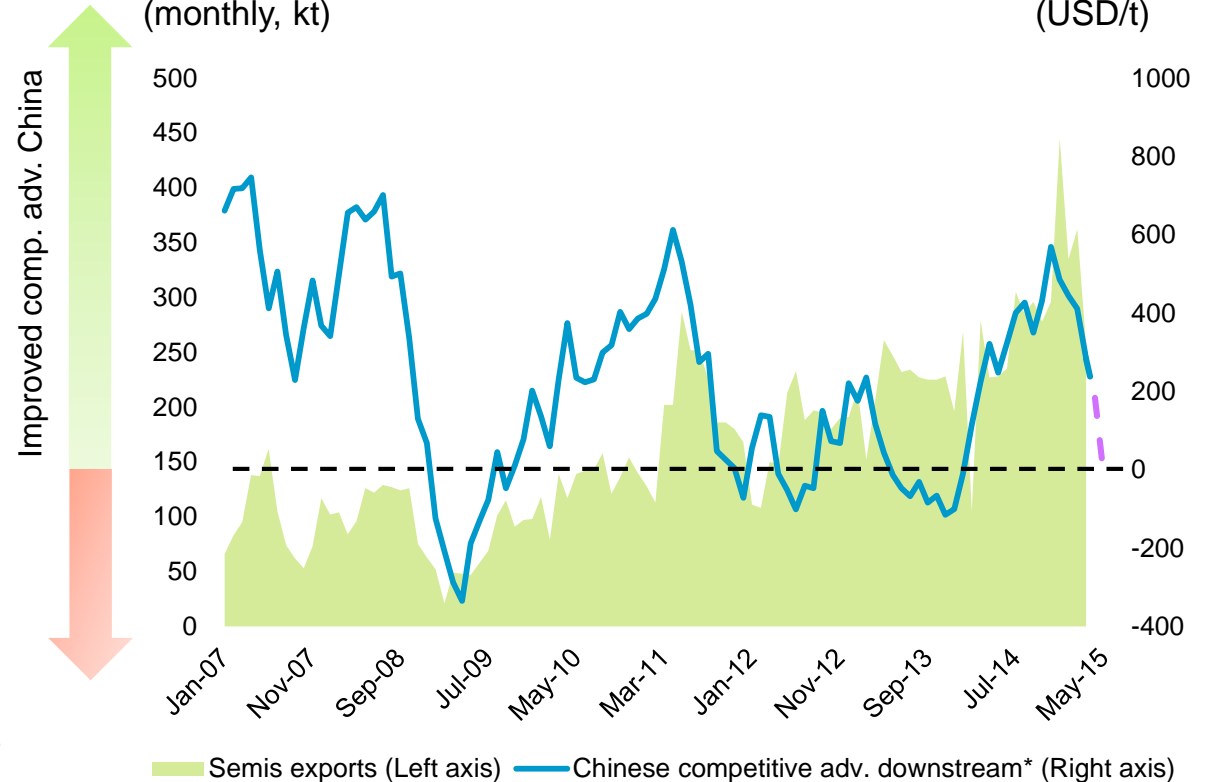
Source: CRU/Hydro

* Yearly rolling average of quarterly annualized production less demand

(7)

Semis exports (monthly, kt)

Comp. adv (USD/t)



Source: CRU/Ecowin

* Est. metal cost China versus Europe

: LME cash + European duty-paid standard ingot premium

China: SHFE cash + avg. local premium + freight – export rebates (~13 %)

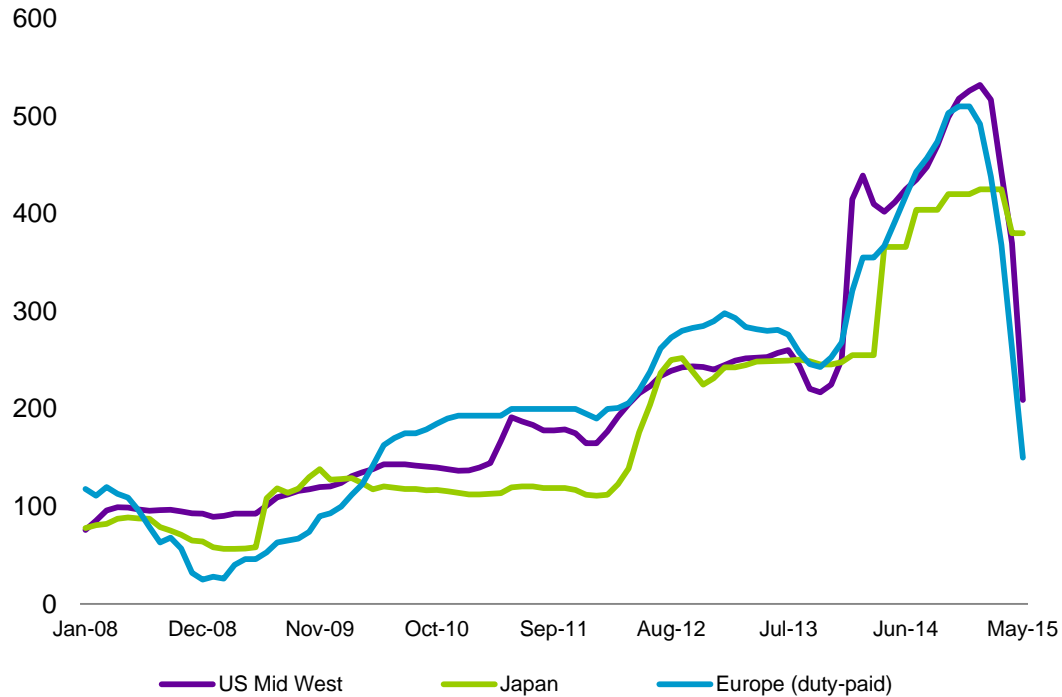


Decline in all-in ingot price partly offset by weak NOK

Standard ingot premiums fall sharply

Regional standard ingot premiums

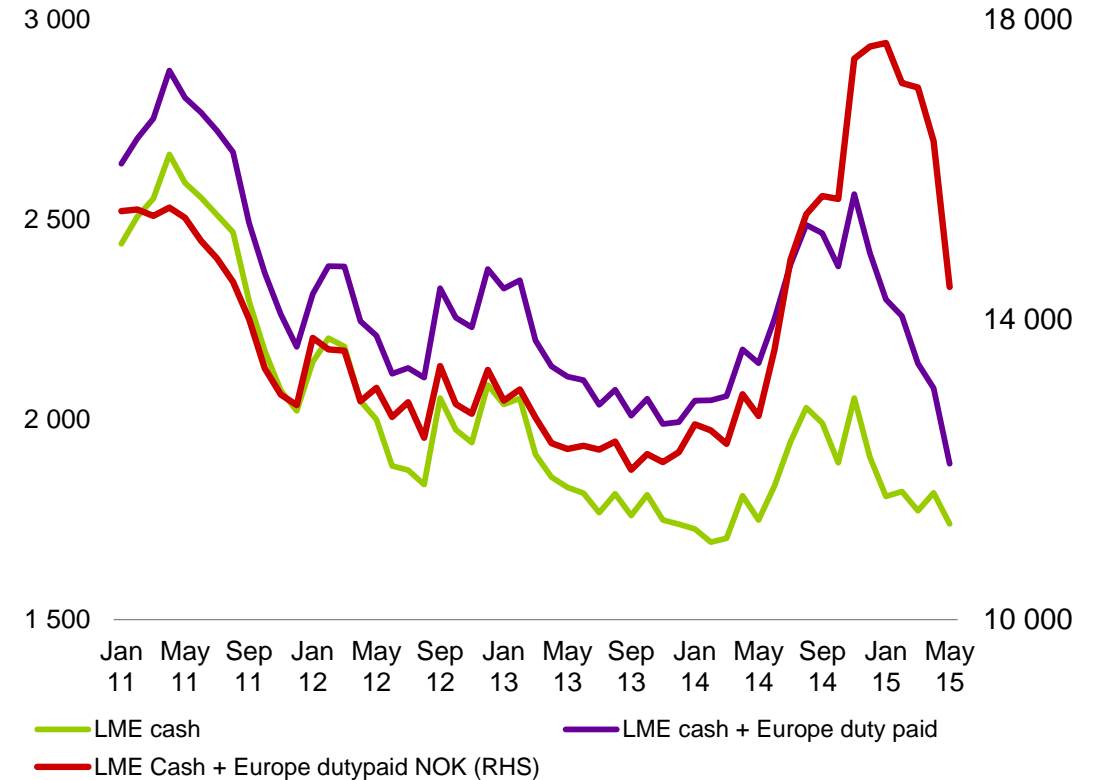
USD per tonne



All-in ingot aluminium price

USD per tonne

NOK per tonne



Source: Metal Bulletin, MW/MJP: Platts

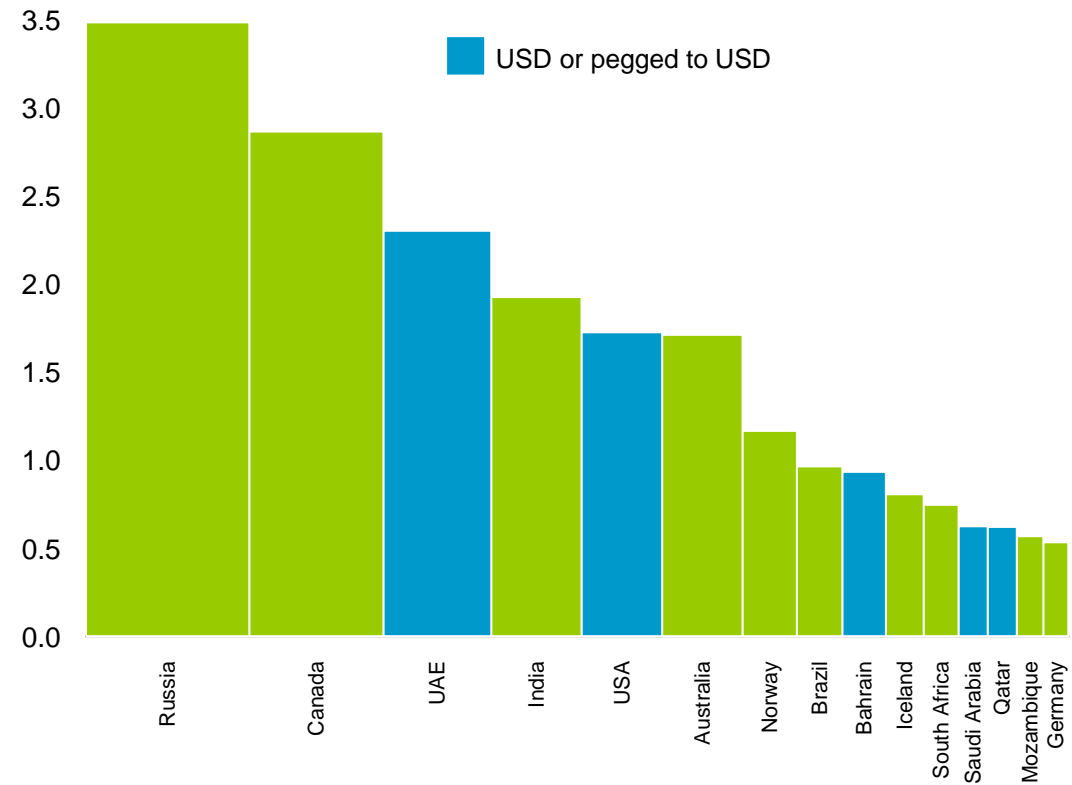
Source: Metal Bulletin, MW/MJP: Platts, Reuters Ecowin

Aluminium cost curve shifts down on USD appreciation

Many aluminium-producing nations are also oil exporters

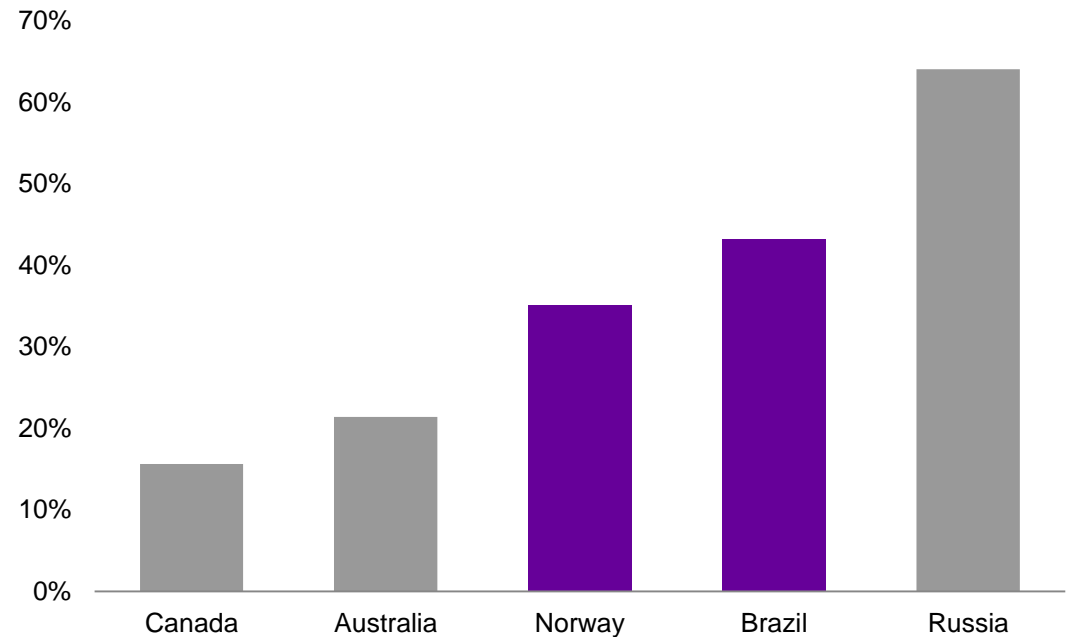
Top 15 aluminium producers World ex-China

Million tonnes; % of total 2014 primary aluminium production



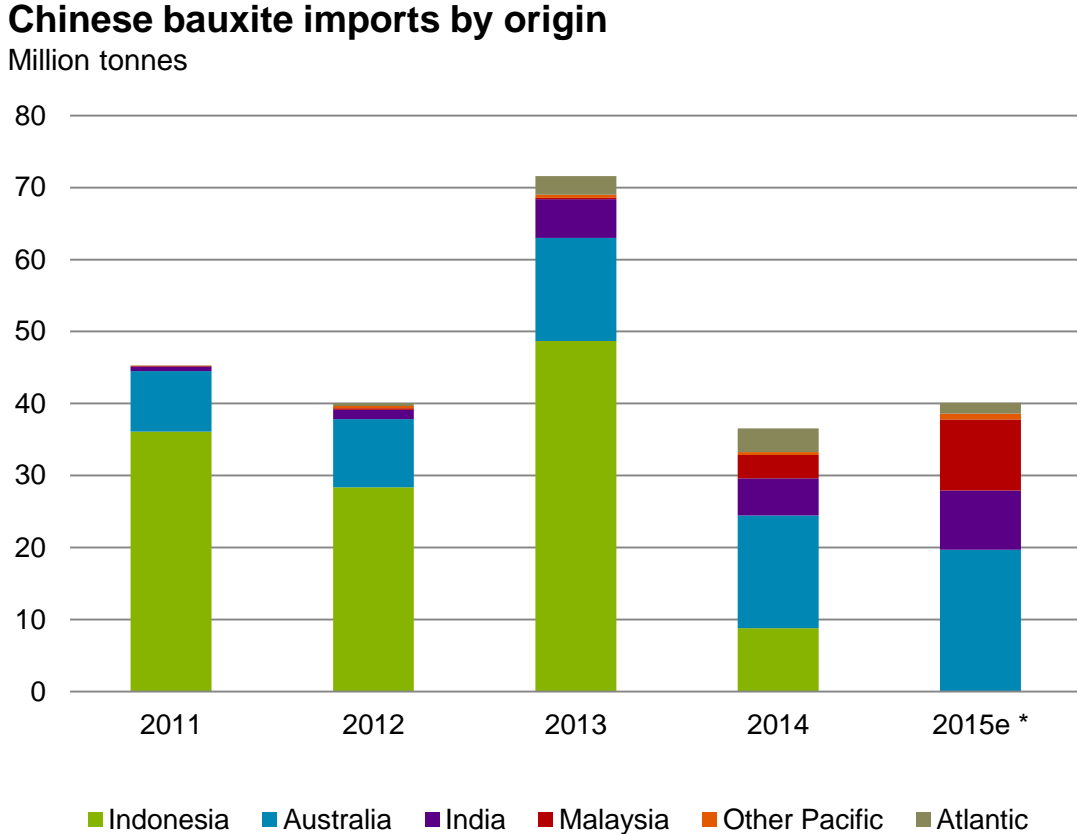
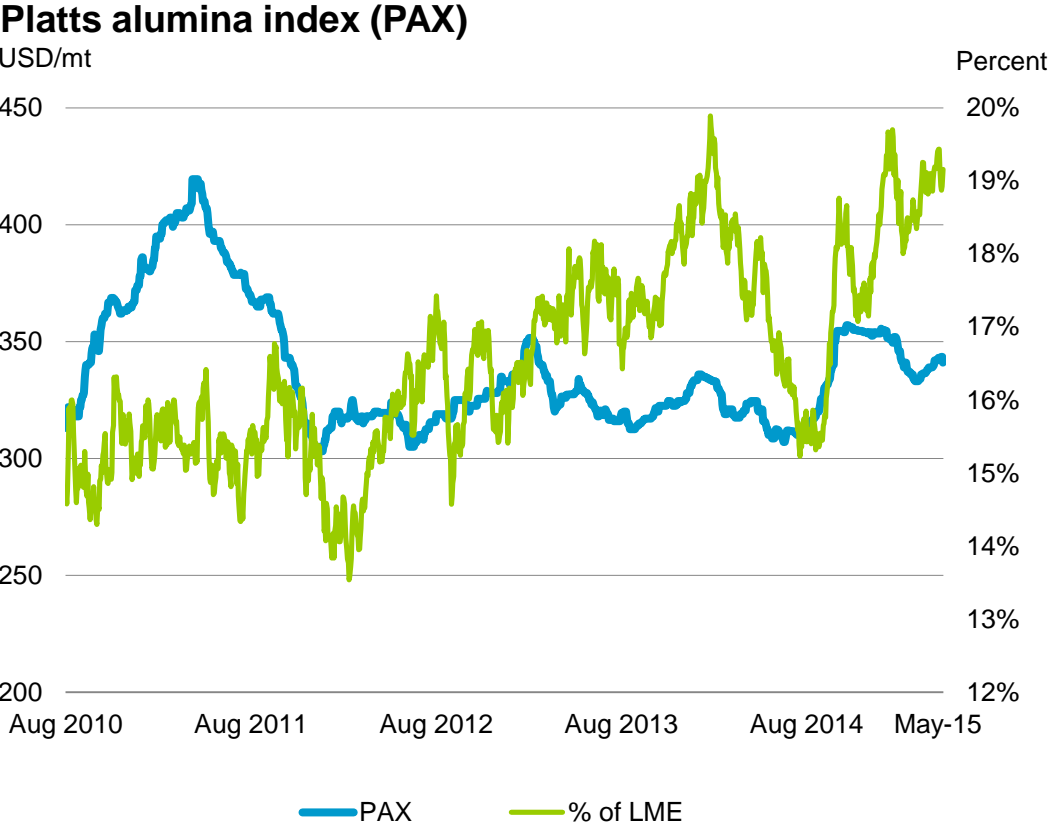
USD appreciation

Against currencies of major aluminium producers
March 14 - March 15



Source: Thomson ONE, CRU, Hydro

Resilient alumina prices, bauxite source diversification continues



Source: Platts, Ecwin, China Customs,
* Based on actual Q1 2015 annualized



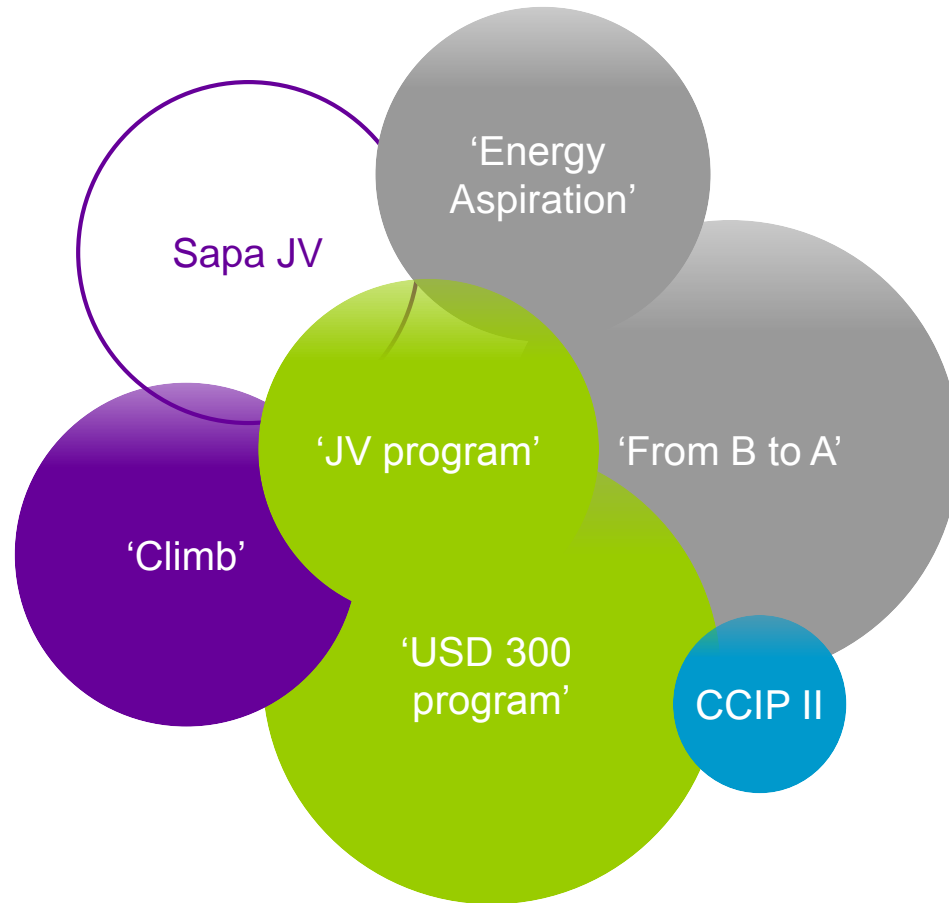
Hydro's aspiration for higher value creation



Better Bigger Greener

Better

Hydro improvement drive continues at full pace



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

2011*-2014
BNOK 3.7

2015-2016**
BNOK 1.5

* USD 300 from 2009

** Real 2014 terms

Realized improvement efforts is YTD Q314 annualized.

Significant improvements in margins in B&A, following operational issues of 2013

Bauxite & Alumina 2H 2013
Underlying EBITDA per mt (USD)



Bauxite & Alumina 2H 2014
Underlying EBITDA per mt (USD)



All figures based on public accounting data, not verified by Hydro. Data not adjusted for different accounting principles and non-specified underlying items. Hydro makes no representation as to the accuracy or completeness of such information. The analyses are based on assumptions subject to uncertainty and therefore intended only for general comparisons across companies and should not be used to support any individual investment decision. All results are provided for informational purposes only. Adjustments for RTA og Hydro: EBITDA pr. ton alumina equivalent, other companies EBITDA pr. ton alumina produced. Bauxite to alumina factor: 2,4

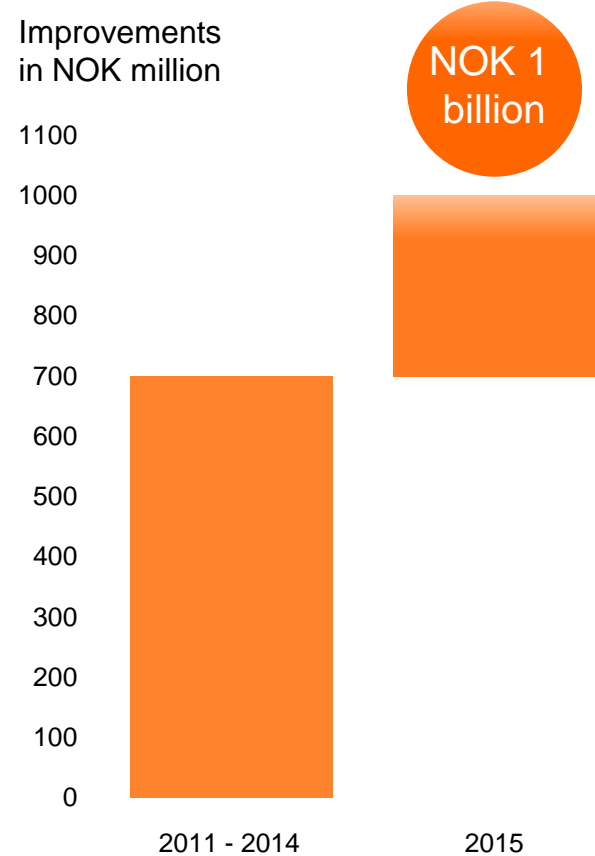
Additional improvements to be delivered and contracts to be repriced

Bauxite and Alumina

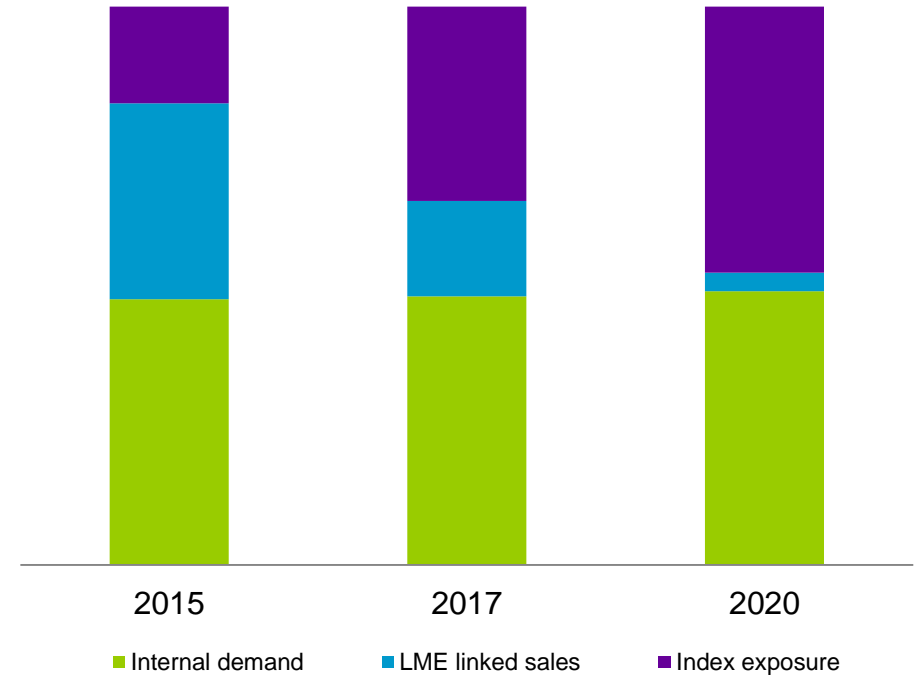
Improvement categories

- | | |
|------------|--|
| Bauxite | <ul style="list-style-type: none"> • Increase productivity and rightsize organization • Stabilize performance at nameplate capacity • Improve logistics efficiency |
| Alumina | <ul style="list-style-type: none"> • Increase productivity and rightsize organization • Support production at nameplate capacity • Improve product flow and minimize tailings |
| Commercial | <ul style="list-style-type: none"> • Base bauxite and alumina pricing on fundamentals • Increase logistical flexibility and optimize scheduling |

Improvements in NOK million

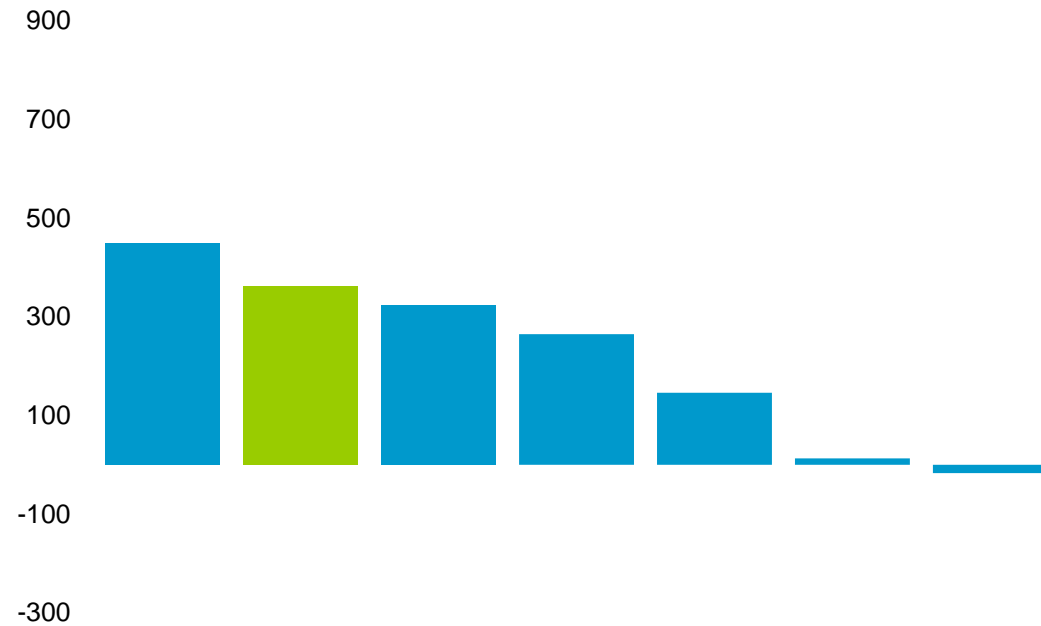


Index spot price exposure

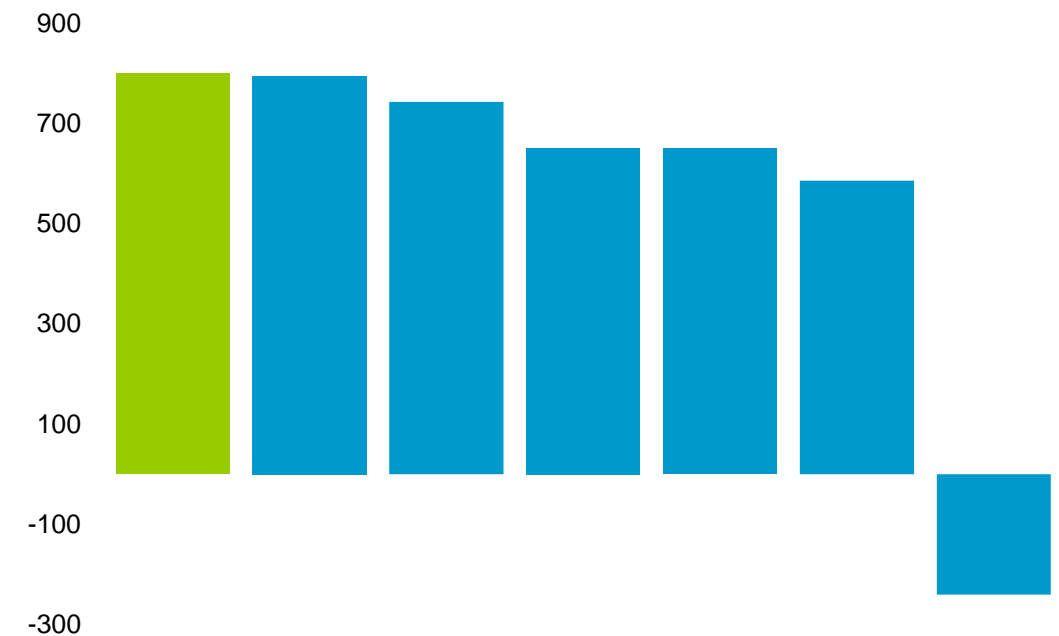


Industry leading margin generation in Primary Metal

Primary Metal 1H 2012
Underlying EBITDA per mt (USD)



Primary Metal 2H 2014
Underlying EBITDA per mt (USD)



All figures based on public accounting data, not verified by Hydro. Data not adjusted for different accounting principles and non-specified underlying items. Hydro makes no representation as to the accuracy or completeness of such information. The analyses are based on assumptions subject to uncertainty and therefore intended only for general comparisons across companies and should not be used to support any individual investment decision. All results are provided for informational purposes only. Hydro figures includes Primary Metal, Metal Markets and attributable share of EBITDA and production in Qatalum.

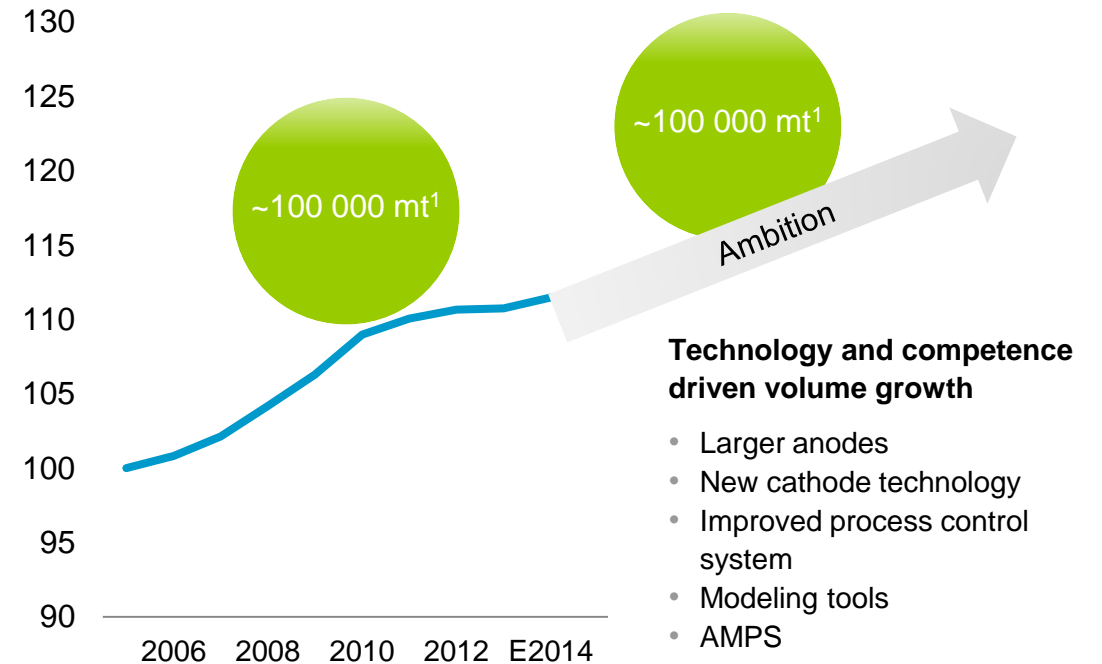
Research and development allows world leading improvement programs

Primary Metal



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

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



Step-change innovation keeps us one step ahead of the competition

Rolled Products

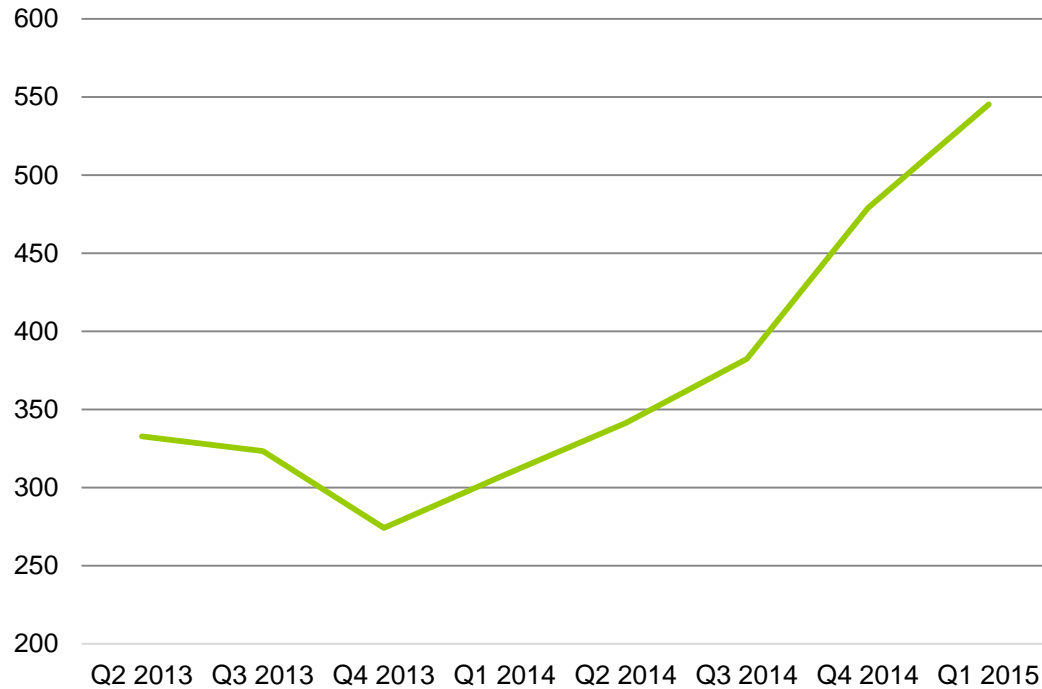


Earning improvements on the back of restructuring and strong US demand

Sapa

Underlying EBITDA development. Rolling 4 quarters*

NOK Million



* Q2-2013 to Q2 -2014 containing pro-forma figures for Q1-Q3 2013.

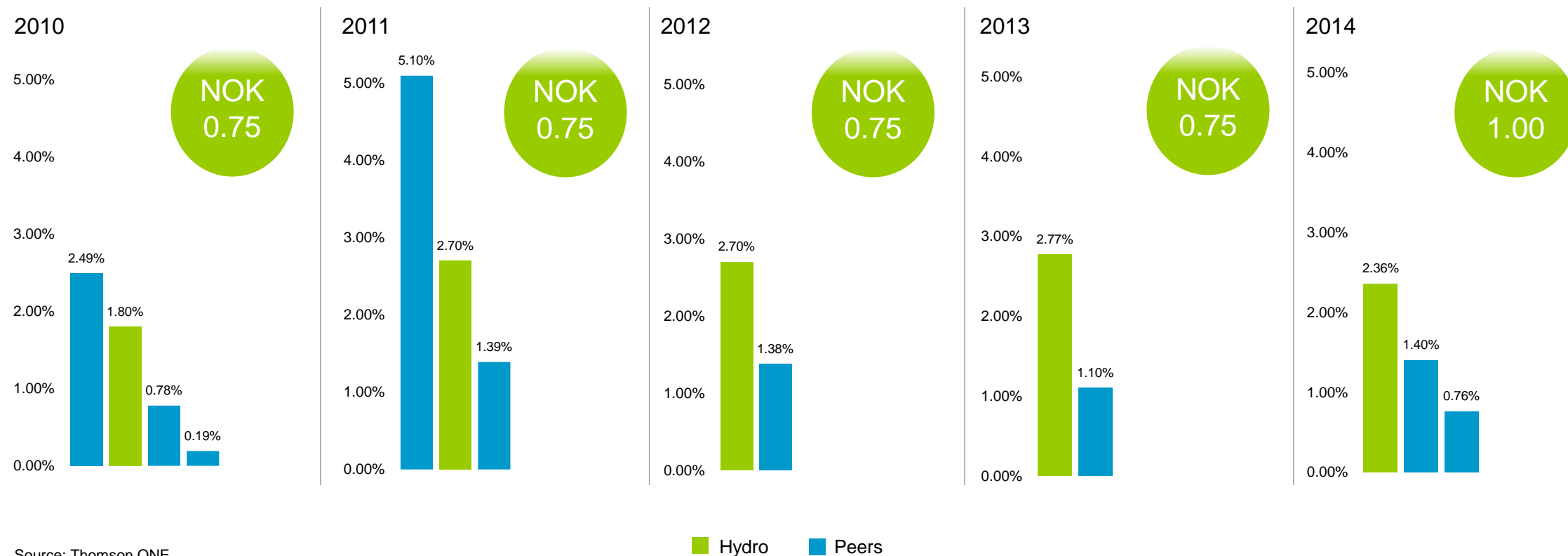
Sapa and Ford F-150, a multi-plant delivery to the World's most selling vehicle



Increasing our cash returns to shareholders

Hydro compared to its aluminium peers

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



Source: Thomson ONE

Several alternatives for capital allocation

Strong balance sheet and credit grade rating are high priorities in cyclical industry



- Maintain investment-grade rating
 - Currently: BBB (S&P), Baa2 (Moody's), both with stable outlook
 - Competitive access to capital important for Hydro's business model
- Financial ratio ambitions over business cycle
 - Funds from operations to net adjusted debt > 40%
 - Net adjusted debt to equity < 0.55
- Funds from operations determined balance sheet structure over the last years

Bigger

High-grading portfolio and fully utilizing existing assets



Bauxite & Alumina

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



Energy

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



Primary Aluminium

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



Rolled Products

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

* Includes recycling ambition in Primary Metal

Greener

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

Supported by the three pillars of Hydro's technology strategy



Energy and primary production

Reduce emissions, increase efficiency



Aluminium in use

Maximize user-phase benefits



'End-of-life'

Increase recycling, back to the loop



Hydro 2015

Lifting performance and shareholder value

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

Better Bigger Greener

