



# Norsk Hydro ASA

## Morgan Stanley Fireside

Pål Kildemo

EVP and CFO

19 January 2022

# Strong LME and premiums

- Q4-average sees continued elevated prices
  - LME 44% higher in 4Q21 vs 4Q20
  - PAX 41% higher in 4Q21 vs 4Q20
- Restrictions on supply growth, especially in China, reduce risk of sustained over-capacity next decade
- Magnesium covered H1 2022
  - Hydro has local sourcing teams in China
- Well hedged against volatile energy markets
- Green transition in major regions requires more aluminium, e.g., higher aluminium content in EVs

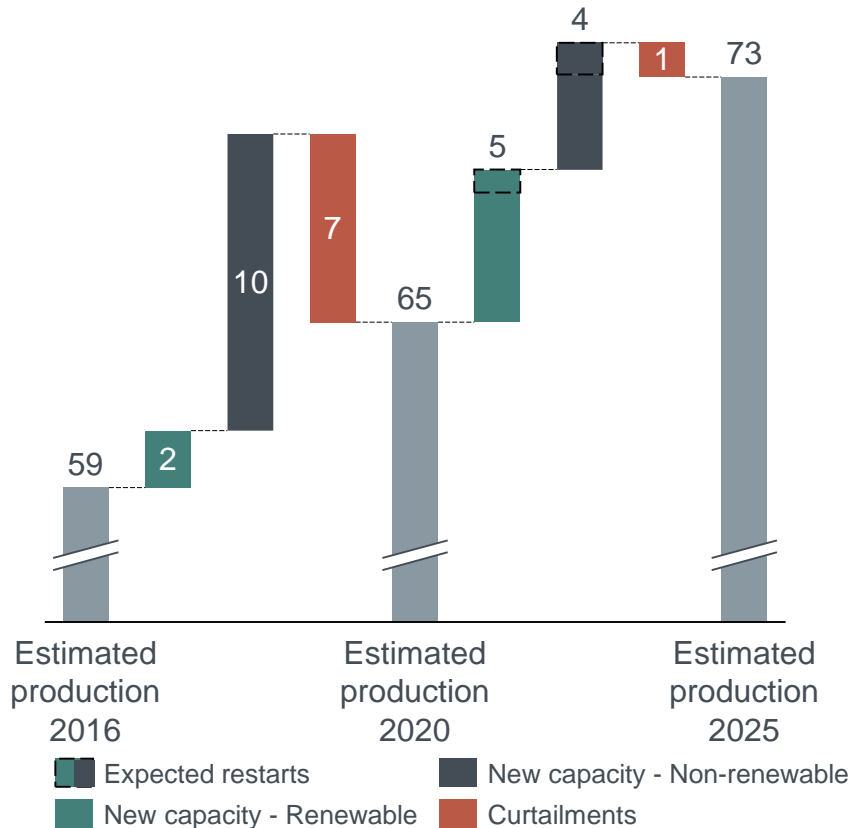


# Supply side impacted by climate megatrends

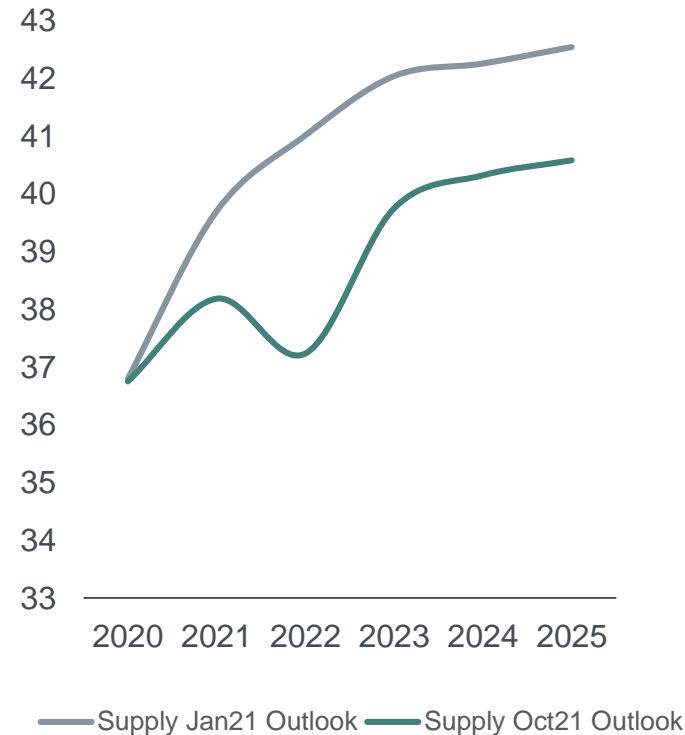


Energy policy impacting Chinese supply and driving deficit in coming years

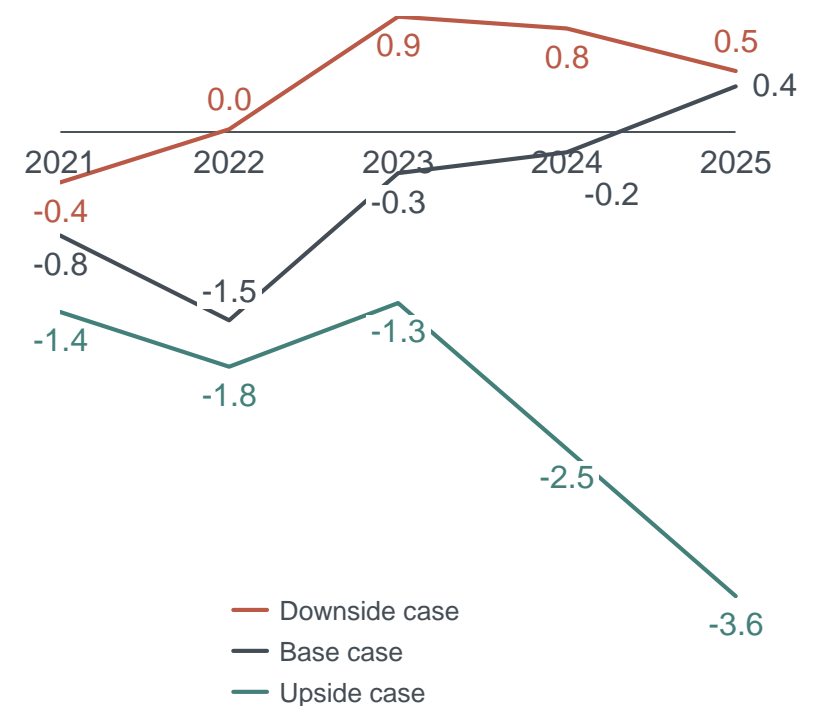
Global production estimates  
Million tonnes, primary aluminium



China annual supply  
Million tonnes, primary aluminium



Global balance estimates<sup>1)</sup>  
Million tonnes, primary aluminium



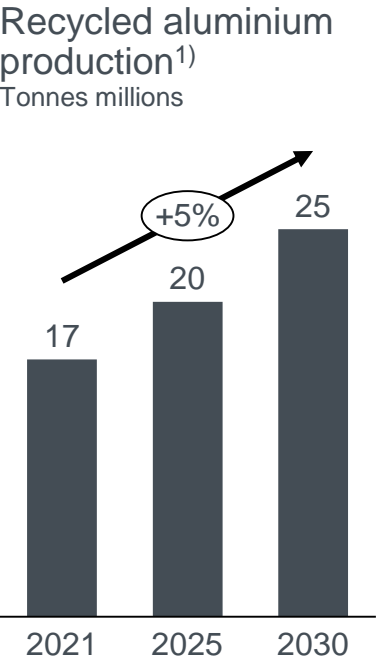
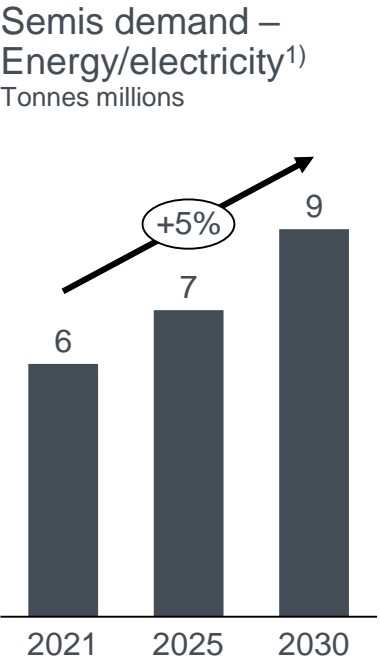
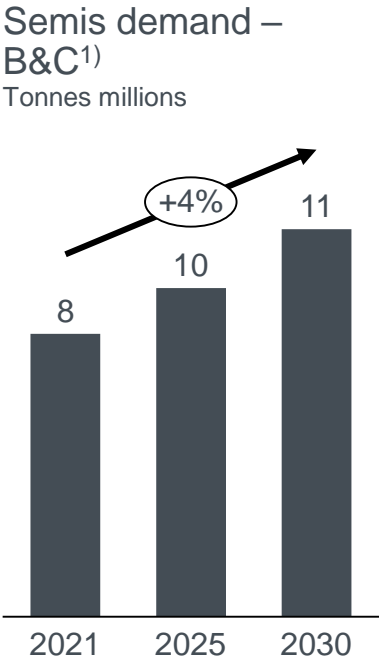
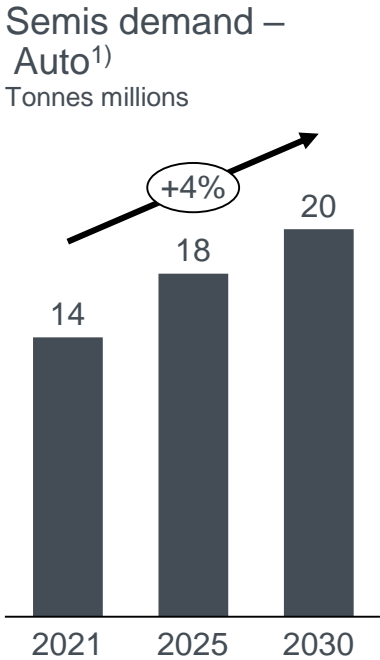
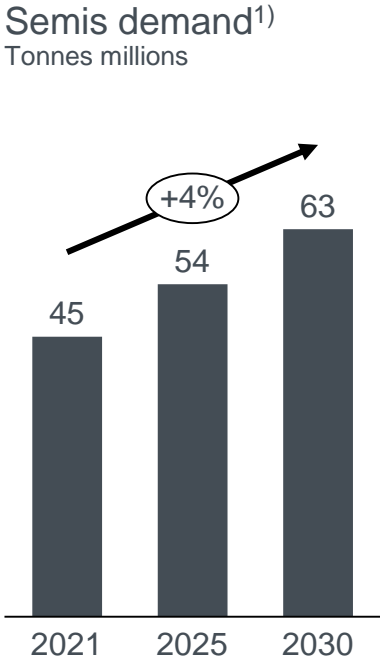
1) Downside, base, and upside cases are lowest, median, and highest balance selected from cited consultancies  
Source: CRU, Woodmac, Harbor, Citi and Goldman Sachs

# Aluminium part of the solution to the global climate crisis



Rising demand across all segments

- Sustainable and smart mobility
- Renovated, energy efficient buildings
- Cleaner energy and cutting-edge clean technological innovation
- Longer lasting products that can be repaired, recycled and re-used

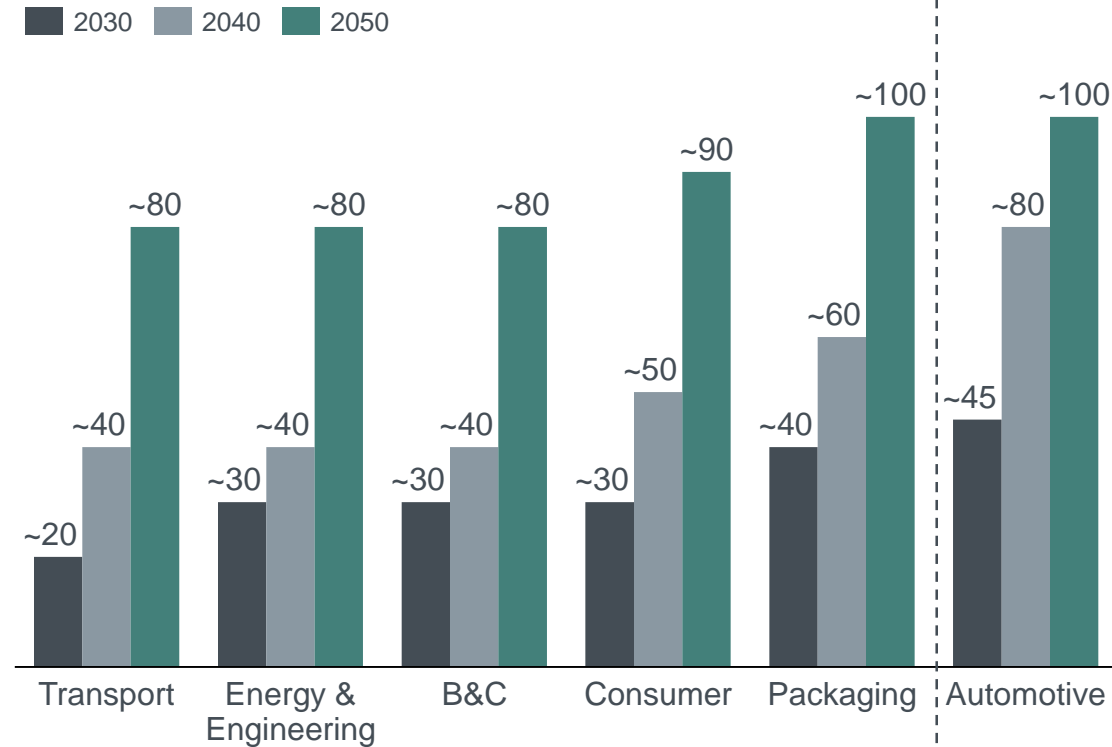


1) All figures World ex-China  
Source: CRU

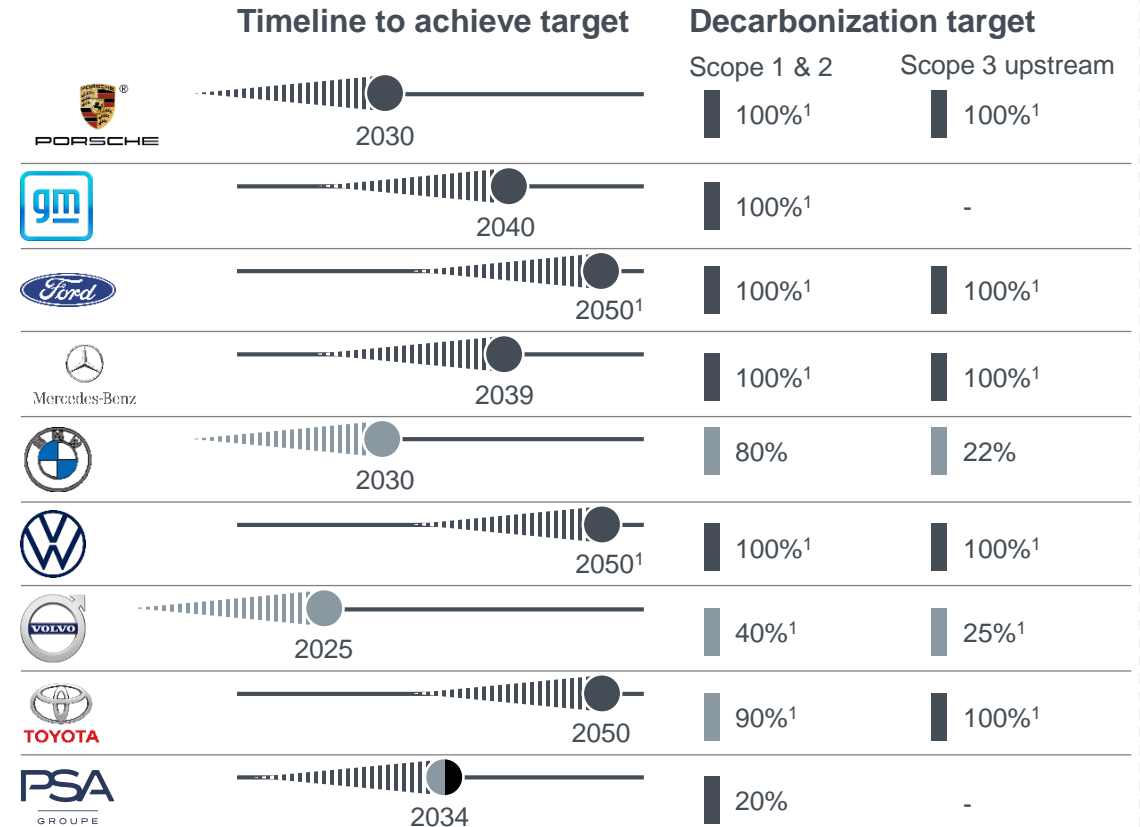
# Expecting strong demand for greener aluminium

Ambitious abatement targets driving demand in all sectors but especially Automotive OEMs

Share of greener<sup>1)</sup> aluminium demand per segment  
% greener of total aluminium demand



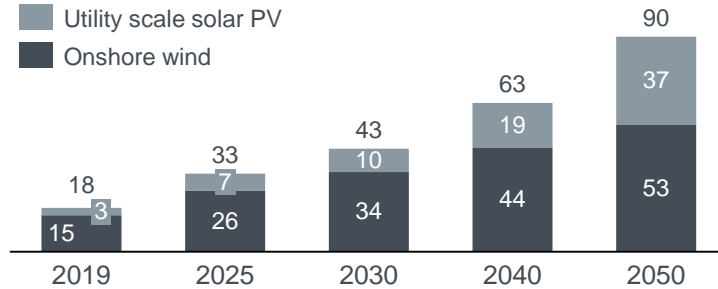
OEMs are pushing for ever more ambitious lifecycle decarbonization targets



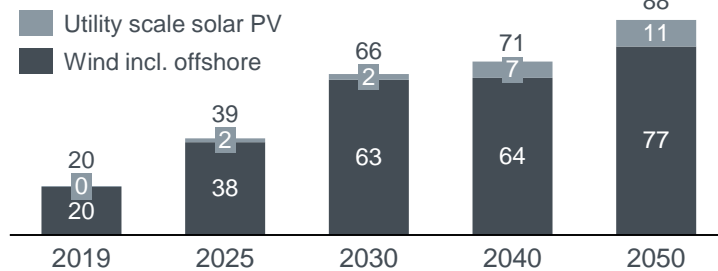
<sup>1)</sup> Greener aluminium includes "near zero" tCO<sub>2</sub>/t, <2 tCO<sub>2</sub>/t and 50%+ PCS-aluminium  
Source: McKinsey market analysis (high level estimate)

# Strong demand for renewables and storage/energy carrier solutions

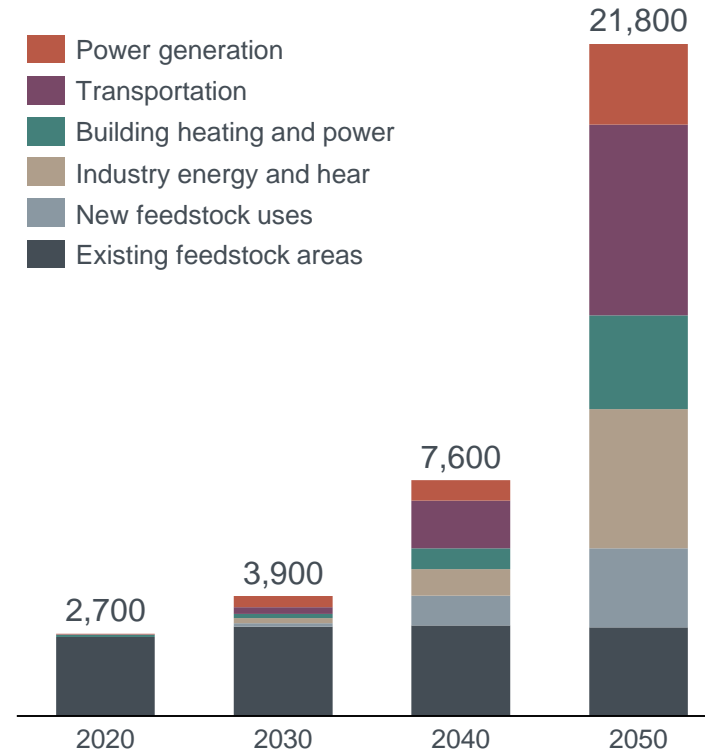
Brazil renewable capacity forecast  
GW



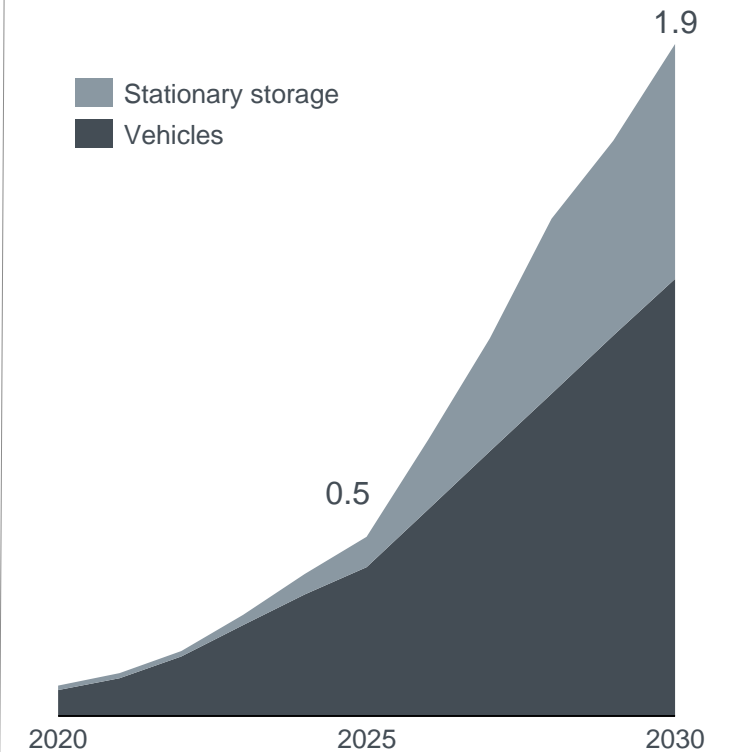
Northern Europe<sup>1)</sup> renewable capacity forecast  
GW



Global hydrogen demand  
TWh



European battery demand  
TWh



1) Northern Europe includes Norway, Denmark, Sweden, Finland, Estonia, Lithuania and Latvia  
Source: BloombergNEF, IRENA – Corporate sourcing of renewables: Market and Industry Trends, Statnett, Rystad Energy 1,6 scenario IPCC for batteries



# Strategy update

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# Progress made on the 2025 strategy



Seizing opportunities where our capabilities match the megatrends

## 1 Strengthen position in low-carbon aluminium



## 2 Diversify and grow in new energy





# Strengthen position in low-carbon aluminium



Improvement program, commercial ambition and recycling investments key strategic levers

## Cost-competitive asset base



- Safety and operational excellence
- 1<sup>st</sup> quartile cost positions upstream
- Continuous improvement and optimization of portfolio

## Commercial uplift



- New products, including greener brands
- Market share in attractive segments
- Margin expansion in customer projects
- Substitution potential

## Recycling growth



- Double post-consumer scrap use by 2025
- Develop recycling value chain from sourcing to products and customers
- Strong market position across value chain



Profitability & Sustainability



**Hydro**

*Industries that matter*