

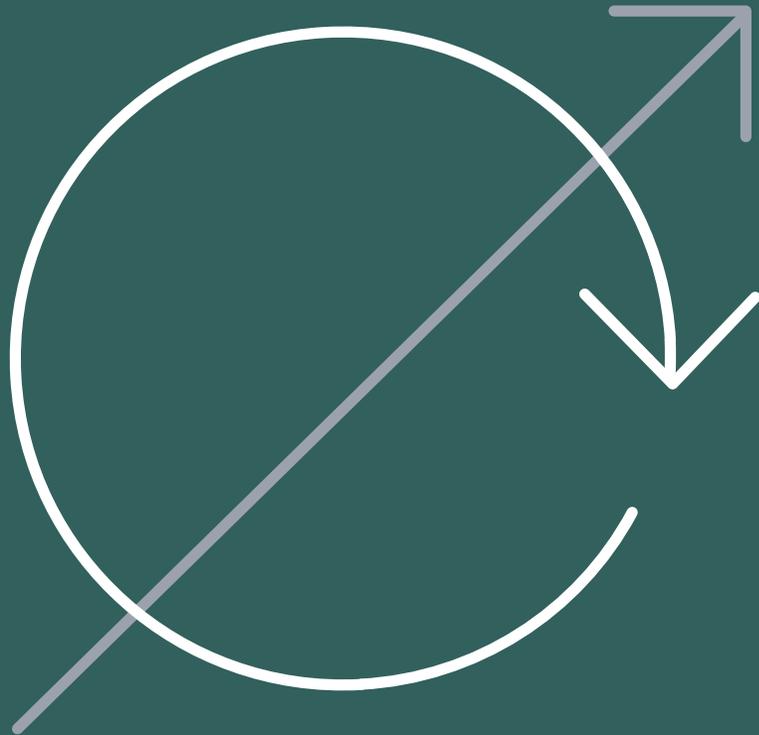


Towards profitability and sustainability: Hydro enters agreement to sell Rolling

President & CEO, Hilde Merete Aasheim

Oslo, 5 March 2021

Profitability & sustainability



Agenda to improve profitability and platform for growth

September 2019: Mobilizing for change

- BNOK 7.3 improvement ambition ●
- Strategic review of Hydro Rolling ●
- New capital allocation framework ●
- 10% RoaCE target over the cycle¹⁾ ●
- Cut CO₂ emissions by 30% by 2030 ●

1) 10% target is Underlying Return on Average Capital Employed

Hydro's strategic direction toward 2025



Seizing opportunities where our capabilities match megatrends

1 Strengthen position in low-carbon aluminium



2 Diversify and grow in recycling and new energy



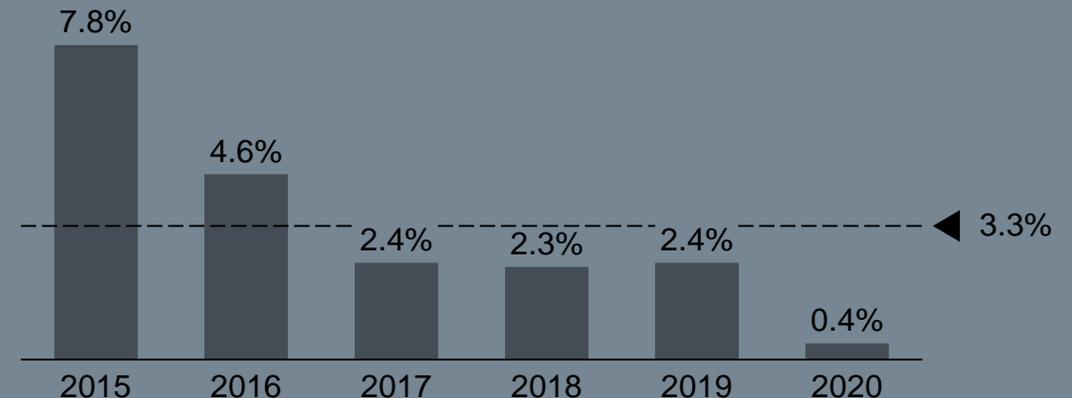
 Profitability & Sustainability

Hydro completes strategic review of Hydro Rolling

- Restructuring and strategic review initiated in May 2019, following too low profitability and cash flow for many years
 - Significant improvement potential identified
 - Strategic review to define the best owner to develop Rolling to its full potential, evaluating different ownership structures
- Restructuring initiatives delivering above expectations, with NOK 500 million of NOK 1.1 billion improvement program delivered by end 2020
 - 2020 results impacted by difficult markets and restructuring costs
- In order to enable Hydro to deliver on 2025 strategy, and ensuring full potential development of Rolling, a 100% sale to KPS Capital Partners (KPS) is viewed as the best solution for all stakeholders



Hydro Rolling underlying return on capital employed
uRoCE (%)



Hydro enters agreement to sell Rolling business to KPS for EUR 1,380 million on an enterprise value basis



- The transaction includes Hydro's 100% owned Rolling business with operations in Germany and Norway
 - The transaction includes the legal entities HARP GmbH and HARP AS, in addition to the global sales offices related to the companies
- The Rolling business has seven plants¹⁾, one R&D center, global sales offices and a total of around 5,000 employees, of which 650 in Norway and remaining mainly in Germany
- The business area contributed around NOK 24 billion in revenue (17% of Hydro's total) and NOK 1.3 billion underlying EBITDA (9% of Hydro's total) in 2020
- In 2020, Rolling had sales of 864,000 tonnes, serving Can, Foil, Lithography, Automotive and General Engineering segments



1) Two in Norway and five in Germany, of which one is a 50% Joint Venture (Alunorf)

KPS Capital Partners holds strong industrial track record



● KPS' portfolio companies operate 159 manufacturing facilities in 22 countries and employ 34,000 people worldwide¹

● Headquarters in New York with European offices in Frankfurt and Amsterdam

1) As of December 31, 2020

KPS
CAPITAL PARTNERS, LP

“KPS is enthusiastic about the opportunity to further develop Rolling to its full potential, including providing the resources necessary to execute a business transformation and grow the business”

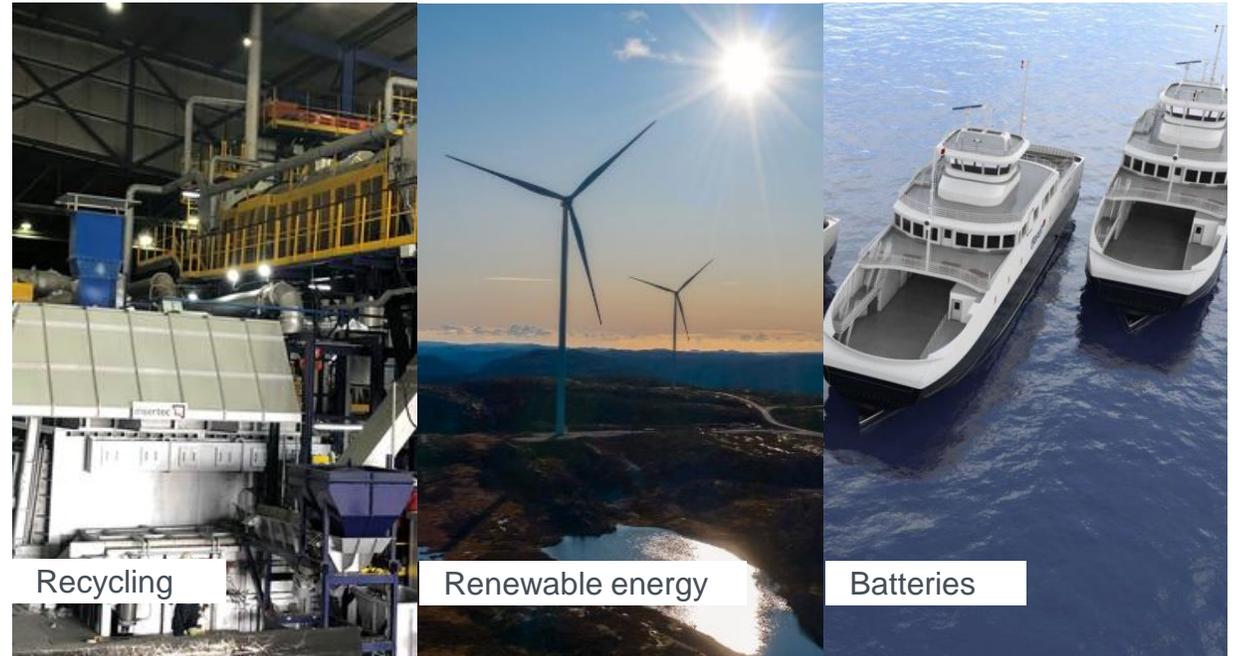
- Michael Psaros, Co-Founder and Co-Managing Partner of KPS

About KPS

- Strong industrial track record of owning manufacturing companies
- Deep understanding of manufacturing process
- Committed to create and maintain world-class manufacturing operations globally
- Constructive approach with all stakeholders, including management teams, employees, unions, customers, vendors and communities
- Capital to support organic growth initiatives involving capacity expansion, equipment upgrades, R&D and new product development
- 30 years together as a team with over 80 investments, 6 fund families raised to date, and assets under management¹ of \$12.3 billion

The sale will enable us to deliver on the 2025 strategy and strengthen our balance sheet

- 1 Strengthen position in low-carbon aluminium
- 2 Diversify and grow to create value
- 3 Strengthen our balance sheet



Profitability & Sustainability

The transaction will have limited impact on other Hydro business areas



- Hydro Rolling operates as a standalone business and performs all activities tied to the production of rolled products without strong dependencies on Hydro
- Rolling has entered agreement on
 - Continued supply of sheet ingot as today and continued supply of liquid metal at Karmøy
 - Continued supply of raw materials for the Rheinwerk smelter
- Reduces Hydro's capex guidance for 2022-25 from NOK 9.0 billion-9.5 billion to NOK 8.0 billion-8.5 billion per year
 - Increases capacity to pursue new growth initiatives
- Reduces Hydro's improvement program target by NOK 1.1 billion by 2025; however, NOK 0.5 billion of target already achieved
 - Commercial ambitions for 2025 reduced by NOK 0.5 billion

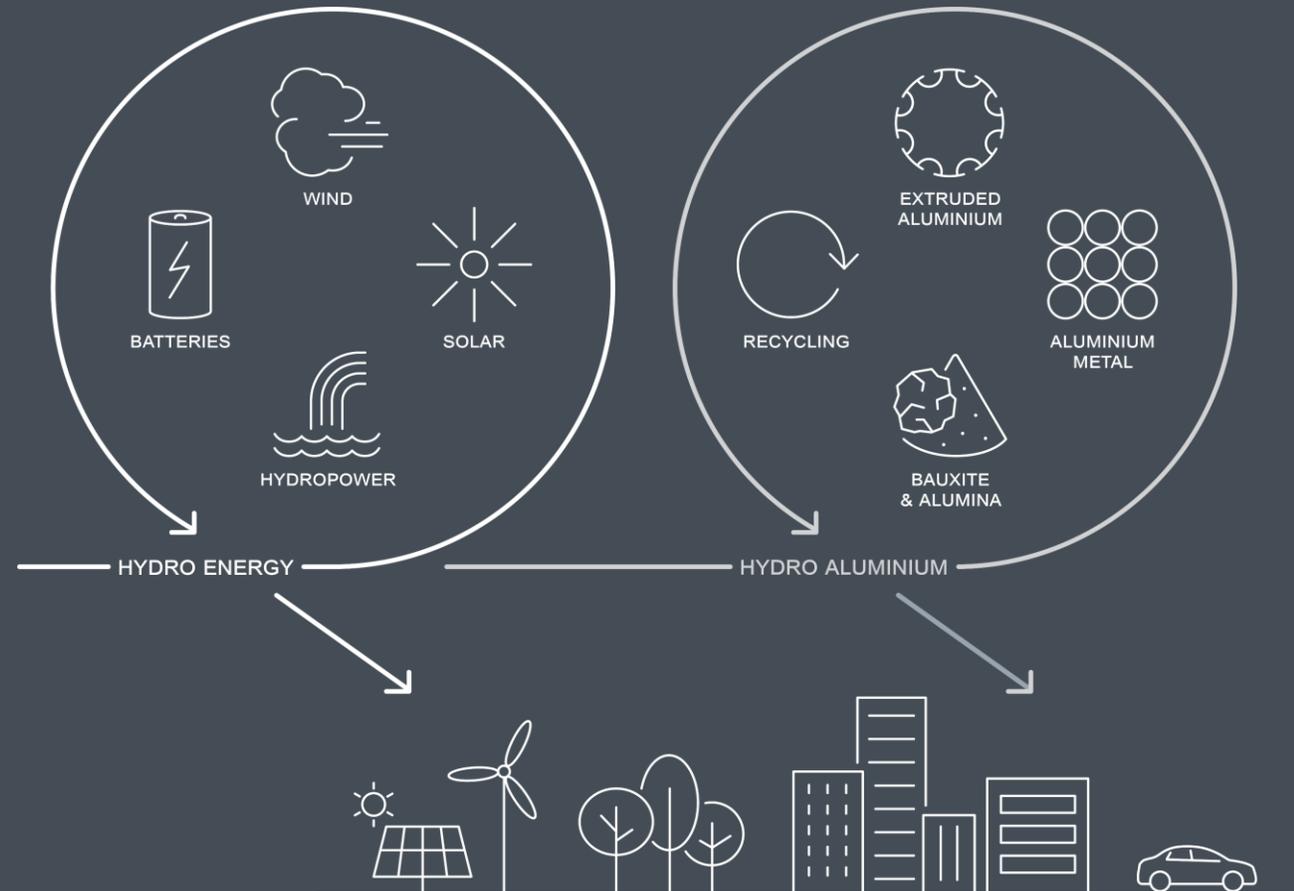
Transaction details

- The agreed EV of the transaction is EUR 1,380 million
- The scope includes the Rolling business area, which generated underlying EBITDA of NOK 1,267 million in 2020
- The sale will result in a reduction of EUR 856 million of pension liabilities and EUR 435 million of cash proceeds
- The sale resulted from a competitive auction process
- The transaction is subject to customary approvals from competition authorities and is expected to be completed during H2 2021
- The valuation indicates an impairment of EUR 160-190 million, which will be included in the annual financial statements for 2020
- Rolling will be reclassified as assets held for sale from Q1 2021 reporting



Hydro 2021: global renewable energy and aluminium company

Building industries that matter



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.



Hydro

Industries that matter