

Leading the way: A groundbreaking partnership to accelerate net-zero transition for industries



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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.

Transaction details

- Macquarie Asset Management has signed an agreement with Hydro relating to the future acquisition of 49.9 percent of Hydro's renewable energy company Hydro Rein.
- Hydro and Macquarie Asset Management will form a joint venture (JV) where Hydro will own the remaining 50.1 percent of the company.
- The transaction values Hydro Rein at USD 333 million per June 30, 2023.
- Macquarie Asset Management intends to invest equity of USD 332 million over the coming years.
- No further equity injections from Hydro are planned for, with the ambition to be self-funded for growth.
- Onshore wind projects located close to Hydro's smelters in Norway are not part of the JV.
- The JV will be accounted for as non-controlled investment using the equity method.
- The transaction is subject to standard regulatory approvals and transaction terms required by both sides. This includes several conditions precedents (CPs) on both Hydro and Macquarie Asset Management which need to be satisfied, including related to funding of the transaction. Subject to satisfaction, closing of the transaction is expected in second quarter 2024.

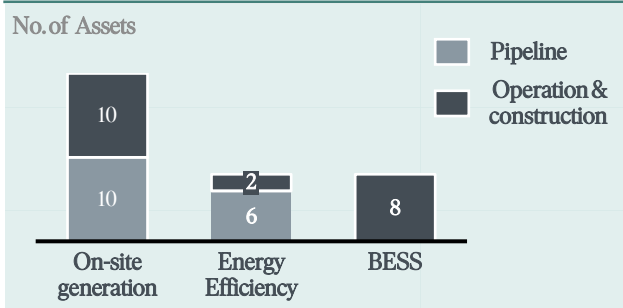


Hydro Rein: A preferred supplier of renewable energy solutions to industrials

Renewable Energy

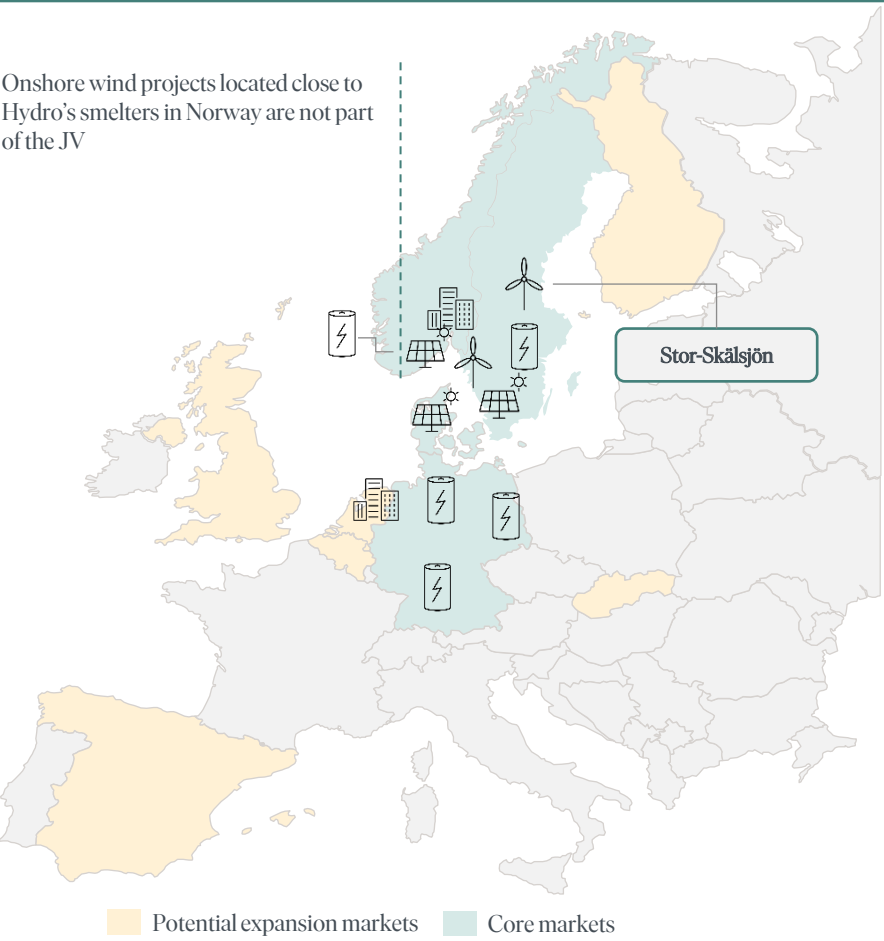


Energy Solutions

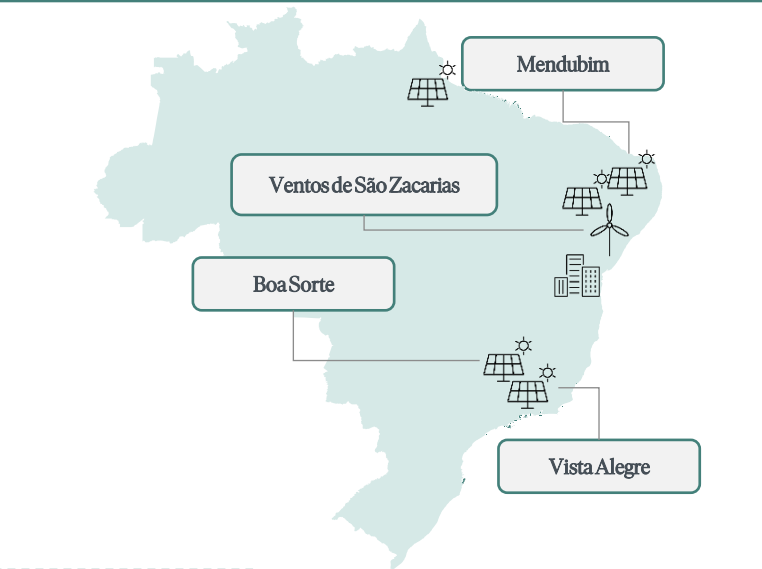


Europe

Onshore wind projects located close to Hydro's smelters in Norway are not part of the JV



Brazil



-  Rein Office
-  Onshore Wind
-  Solar PV
-  Energy Solutions²

Canada



Notes: (1) Total portfolio within JV scope, including Irupé (2) Only projects in operation and under construction

Hydro Rein is on track to deliver on its 2026 targets

Targets communicated at Hydro's Capital Markets Day 2022

3 GW

Gross portfolio in operation and construction

>500 MW

added gross capacity to pipeline on average annually

400-450 MNOK¹⁾

Estimated EBITDA contribution from projects in construction

Key numbers¹⁾: portfolio under construction – as of Q3 2023

1.7 GW

Gross portfolio in operation and construction

~3 BNOK

Estimated pro-rata Equity Capex (net of agreed farm-downs)

~410 MNOK

Estimated pro-rata EBITDA²⁾ from projects in construction

1.5 GW

Gross capacity added to the pipeline in 2023YTD

Notes: (1) All financial figures in MNOK has been converted by using fixed FX of 9.7 in EUR/NOK and USD/NOK
(2) 10-year run rate EBITDA (nominal average 2026-35)



Delivering sustainable & attractive risk adjusted returns

Key value creation levers

- Identifying, developing, constructing and operating attractive assets, utilizing core strengths of the two companies
- Financial optimization and farmdowns
- Scaling and synergies
- Operational platform, project execution
- Leveraging from the Hydro context; Markets competence, large power consumer, decarbonization strategy
- Targeting eIRR of 10-20 % (total platform value)

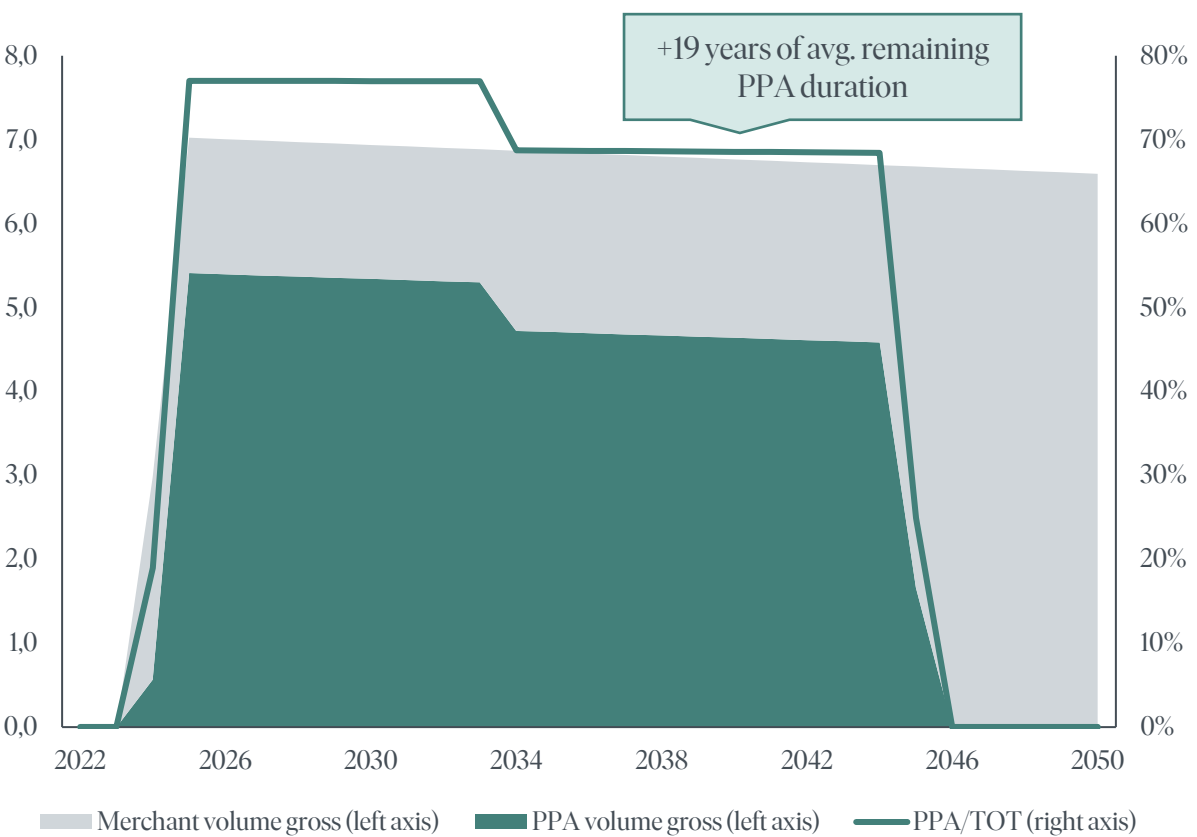


PPAs as a driver for industrial competitiveness



- Stor-Skälsjön – 10 year PPA
 - Mendubim – 20 year PPA
 - Boa Sorte – 20 year PPA
 - Vista Alegre – 21 year PPA
 - Ventos de São Zacarias – 20 year PPA
- Hydro REIN generally targets projects with 60-70% PPA coverage, however, with flexibility to deviate depending on project and price area

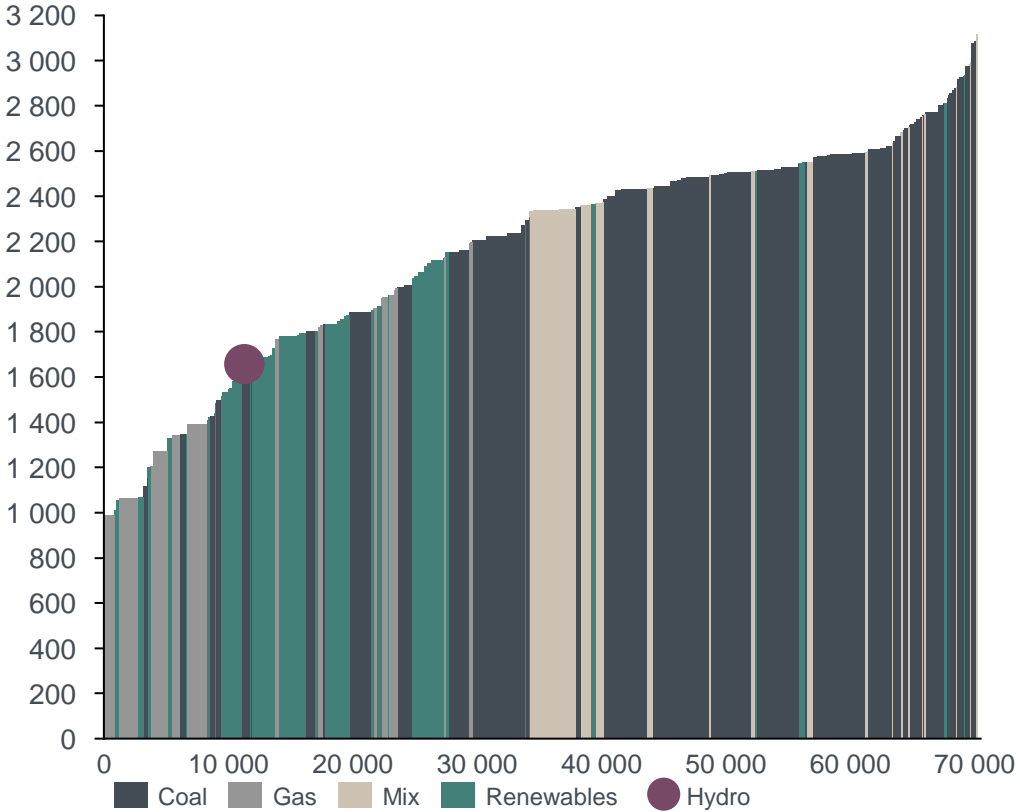
PPA volume gross (TWh) – projects in construction and secured



A key contributor to securing power for Hydro's portfolio

Long-term renewable power contracts ensure robustness

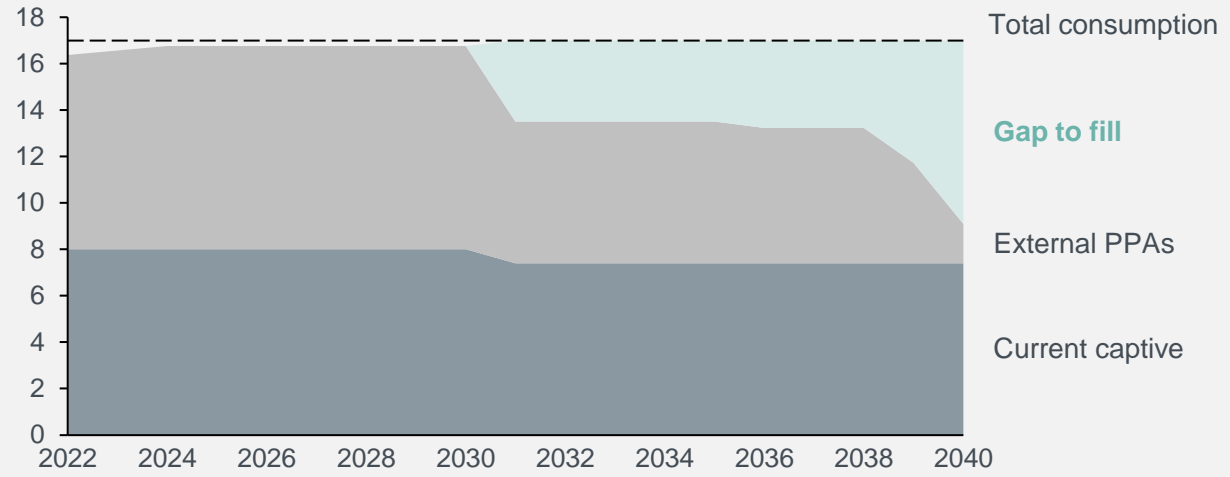
Smelter business operating cost curve 2022, USD/tonne



Source: CRU, Hydro analysis
 1) Net ~8 TWh captive assumed available for smelters. 2) Albras (51%). 3) Total Alunorte and Paragominas – all consumption sourced through Hydro

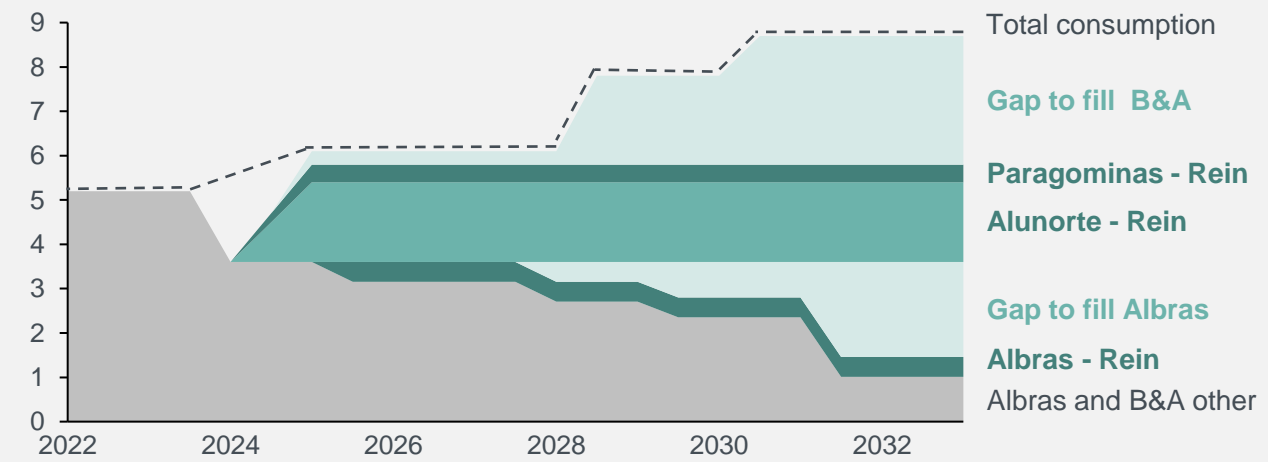
Norway: Power sourcing for Hydro smelters¹⁾

Consumption, TWh



Brazil: Power sourcing for Hydro JV smelters²⁾ and B&A³⁾

Consumption, TWh



Uniquely positioned for long term value creation

- 1** | Become the preferred supplier of renewable energy solutions to industrial customers in core markets – key enabler for decarbonization of Hydro
- 2** | Focus on growing in the Nordics and develop in selected markets in Europe, strong foothold in Brazil established
- 3** | Safe and sustainable project execution in close collaboration with partners
- 4** | Drive performance through organizational excellence and commercial expertise in renewables markets



Appendix

Joining forces to accelerate the growth of Hydro Rein and industrial decarbonization



- 118 years of experience in renewables and industry development
- Industry scaling, project execution and safe operations are core capabilities
- Among world's largest players in aluminium, leading the way in low-carbon products



- Leading provider of renewable energy solutions to industrials
- More than 35 renewable projects in the pipeline in the Nordics and Brazil
- Trusted long-term partner for customers and local stakeholders



- One of the world's largest green infrastructure developers and investors
- Commercial strength and leading expertise in renewable project development globally
- 90 GW pipeline of renewable assets in more than 25 markets



The Joint Venture is an important step in executing on Hydro's 2025 strategy



1 Strengthen position in low-carbon aluminium



2 Diversify and grow in new energy

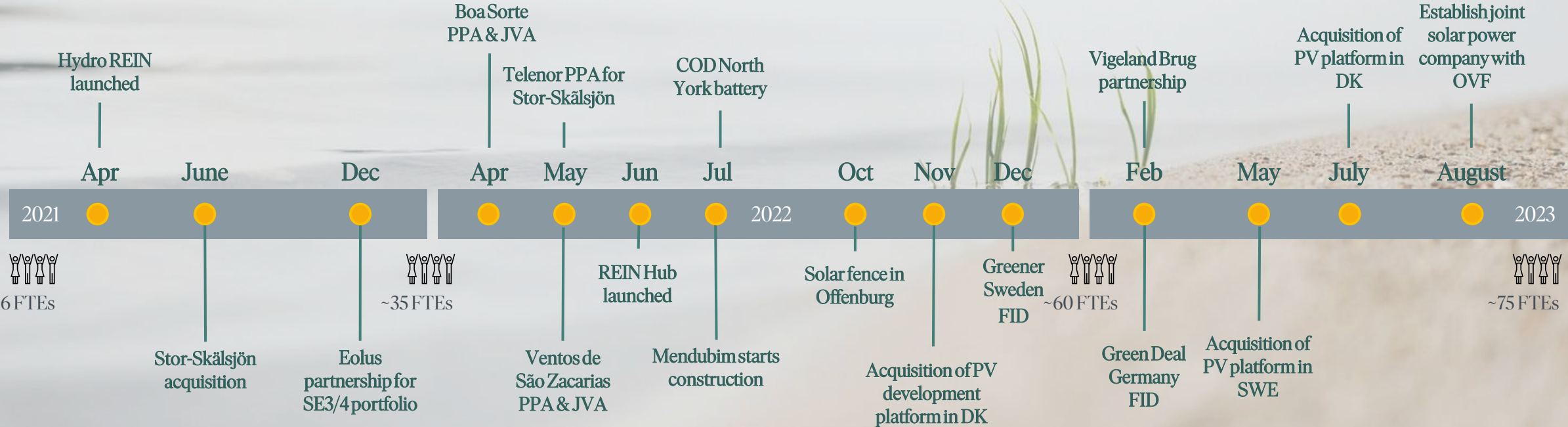


Lifting profitability, driving sustainability



Hydro Rein's journey: Fast tracking portfolio development

Selected milestones



Portfolio overview: Renewable energy projects in the Nordics and Brazil



	Project	Country	Price area	Technology	# Projects	Ownership (%)	Partner(s)	Gross capacity (MW)	Production (GWh)	FID	COD
UNDER CONSTRUCTION	Stor-Skälsjön		SE2		1	25%	MEAG	260	807	2021	2024
	Ventos de São Zacarias		Northeast		1	49.9%		456	1,957	2022	2024
	Mendubim		Northeast		1	33.3%	Scatec	531	1,227	2022	2024
	Boa Sorte		Southeast		1	30%		438	964	2022	2024
SECURED	Vista Alegre ²		Southeast		1	30%		902	2,102	2024	2025
PIPELINE ¹	Geisli Energi		NO1/NO2		16	49.9%		655	730	2027+	2028+
	SE3/SE4 portfolio		SE3/SE4		9	50%	eolus	672	2,000	2028-29	2030-31
	S140 & S148 (Kalmar & Skåne län)		SE4		2	100%	N/A	118	143	2027	2028
	M36 & M108 (Jylland)		DK1		2	50%	COMMERZ REAL	362	412	2025-27	2027-28
	M93A (Tønder)		DK1		1	100%	N/A	114	145	2025	2027
	M98 (Randers)		DK1		1	100%	N/A	296	374	2026	2027
	Fótons de Santa Conceição		Northeast		1	49.9%		133	290	2024	2026

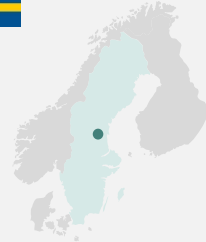
Notes: (1) Excludes Irupé project, an early stage floating solar PV project in Brazil with up to 2 GW potential (2) Rein has secured an option to enter the project



Projects under construction



Stor-Skälsjön



Location: Sundsvall, SE2
Plant Capacity: 260 MW
Annual Production: 807 GWh
REIN Ownership: 25%
COD: Q1/2024
Workers at site: ~170 workers



Blade lifting



Blade installation



Mendubim



Location: Rio Grande do Norte, Northeast
Plant Capacity: 531 MWp
Annual Production: 1227 GWh
REIN Ownership: 33.3%
COD: Q1/2024
Workers at site: ~1150 workers



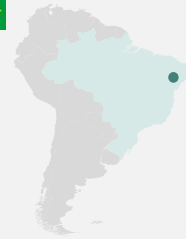
PV modules installation



Substation view



Ventos de São Zacarias



Location: Piauí, Northeast
Plant Capacity: 456 MW
Annual Production: 1957 GWh
REIN Ownership: 49.9%
COD: Q4/2024
Workers at site: ~1493 workers



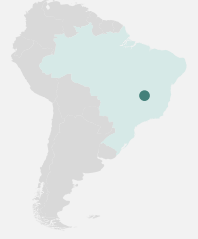
Sub-structure installation



Substation view



Boa Sorte



Location: Minas Gerais, Southeast
Plant Capacity: 438 MWp
Annual Production: 964 GWh
REIN Ownership: 30%
COD: Q2/2024
Workers at site: ~1315 workers



PV modules installation



Substation view

Delivering local energy solutions for global competitiveness

Greener Sweden: Plants switching to locally produced renewable energy

Combined usage of solar energy and battery energy storage system

PV



4.2 MWp

BESS



4.5 MW

Energy efficiency



Heat capture and reuse



Hydro's plants in Norway to cut yearly power consumption equal to 100 GWh

New energy efficiency measures to optimize power consumption

LED switch



50 GWh

Pump and fan



50+ GWh

Compressed air consumption



50+ GWh



Diverse team with background in industry and renewable energy



75 employees

50/50 gender balance

20 different nationalities

Hydro Rein and Macquarie Asset Management enable industrial net-zero journey



REIN |  Hydro

 **MACQUARIE**



Hydro

Industries that matter