



Hydro and Glencore to become partners to further develop Alunorte

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Hydro enters agreement with Glencore to sell 30% of Alunorte and 5% share in MRN

- Hydro has signed an agreement with Glencore to divest
 - 30% of the Brazilian alumina refinery Alunorte
 - 5% ownership in the Brazilian bauxite producer Mineração Rio do Norte (MRN)
 - Glencore acquires an additional 40% of MRN, currently owned by Vale. This 40% stake will be acquired by Hydro from Vale and immediately sold to Glencore on a back-to-back basis
- The sale is an important step to deliver on Hydro's 2025 strategy
 - Proceeds will be used for strategic growth investments in line with Hydro's 2025 strategy and for shareholder distribution. Additional information will be provided on closing of the transaction
 - Alunorte remains a core strategic asset for Hydro, however equity alumina production will be more balanced with demand from aluminium smelter portfolio
 - Efforts will continue to reduce emissions from Alunorte through fuel switch project and electrification of the coal boilers, targeting first decile position on global carbon curve by 2025
 - Strong commitment to continue development of social projects to improve the lives and livelihoods in nearby communities



Alunorte

- Location: **Barcarena, state of Pará, Brazil**
- Annual capacity: **6.3 mt/year**
- Employees: **7 900¹⁾**
- Pre transaction ownership: **92%**
- Post transaction ownership: **62%**



MRN

- Location: **Oriximiná-PA, Brazil**
- Annual capacity: **12.5mt /year**
- Employees: **5 200¹⁾**
- Pre transaction ownership: **5%**
- Post transaction ownership: **0%**

1) Includes contractors

Transaction overview

- Hydro will sell 30% of Alunorte and its 5% ownership of MRN to Glencore
- The transactions will have an enterprise value of USD 1.11 billion with adjustments for net debt as of June 30, 2023
 - Net debt at Alunorte as of March 31, 2023 was USD 335 million
 - The enterprise value and net debt exclude asset retirement obligations of USD 40 million on a 30% basis
- The parties have agreed to a post-closing price adjustment based on financial performance of Alunorte over a 21 month period from June 30, 2023
 - At the end of this period, Hydro may make certain repayments to Glencore which are capped at USD 55 million
- Alunorte's bauxite supply arrangements with Vale are terminated and replaced with a long-term supply agreement with Glencore
- The transactions are subject to customary regulatory approvals. Closing of both transactions is expected in the second half of 2023



Operational and commercial impact of transaction

- Post transaction Hydro will own 62% of Alunorte and 100% of the bauxite mine Paragominas
- Hydro will no longer be an owner of MRN, but it will continue to supply Alunorte with approximately 30% of its bauxite requirements
- There will be no impact on physical supply contracts or cost to Aluminium Metal
- Alunorte will continue to be consolidated in Hydro's financial accounts
- There will be no remeasurement or recognized gain related to this transaction






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