



HYDRO

3

THIRD  
QUARTER REPORT

2017

## *Contents*

<b>Financial review</b>	2
Overview	2
Market developments and outlook	5
Additional factors impacting Hydro	8
Underlying EBIT	9
Finance	14
Tax	14
<b>Interim financial statements</b>	15
Condensed consolidated statements of income (unaudited)	15
Condensed consolidated statements of comprehensive income (unaudited)	16
Condensed consolidated balance sheets (unaudited)	17
Condensed consolidated statements of cash flows (unaudited)	18
Condensed consolidated statements of changes in equity (unaudited)	19
Notes to the condensed consolidated financial statements (unaudited)	20
<b>Alternative performance measures</b>	26
<b>Additional information</b>	30
Financial calendar	30

Oslo, October 24, 2017

# Overview

## Summary underlying financial and operating results and liquidity

Key financial information	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
NOK million, except per share data								
Revenue	22 799	24 591	(7) %	20 174	13 %	70 416	60 703	81 953
Earnings before financial items and tax (EBIT)	2 323	2 946	(21) %	1 376	69 %	7 678	5 047	7 011
Items excluded from underlying EBIT <sup>1)</sup>	123	(16)	>100 %	101	21 %	(18)	(451)	(586)
Underlying EBIT <sup>1)</sup>	2 446	2 930	(17) %	1 477	66 %	7 660	4 596	6 425
<i>Underlying EBIT :</i>								
Bauxite & Alumina	413	662	(38) %	153	>100 %	1 831	516	1 227
Primary Metal	1 298	1 486	(13) %	637	>100 %	3 684	1 657	2 258
Metal Markets	91	244	(63) %	117	(22) %	359	358	510
Rolled Products	95	84	12 %	211	(55) %	285	701	708
Energy	368	284	30 %	285	29 %	1 075	983	1 343
Other and eliminations <sup>2)</sup>	181	170	7 %	75	>100 %	426	380	380
Underlying EBIT <sup>1)</sup>	2 446	2 930	(17) %	1 477	66 %	7 660	4 596	6 425
Earnings before financial items, tax, depreciation and amortization (EBITDA) <sup>3)</sup>								
	3 766	4 335	(13) %	2 792	35 %	11 863	8 922	12 485
Underlying EBITDA <sup>1)</sup>	3 889	4 319	(10) %	2 753	41 %	11 845	8 331	11 474
Net income (loss)								
	2 184	1 562	40 %	1 119	95 %	5 585	5 578	6 586
Underlying net income (loss) <sup>1)</sup>	1 785	2 214	(19) %	958	86 %	5 580	2 906	3 875
Earnings per share								
	1.00	0.73	37 %	0.53	88 %	2.59	2.61	3.13
Underlying earnings per share <sup>1)</sup>	0.82	1.04	(21) %	0.46	80 %	2.61	1.37	1.83
<i>Financial data:</i>								
Investments <sup>1)</sup>	1 424	1 420	-	1 914	(26) %	4 216	5 596	9 137
Adjusted net cash (debt) <sup>1)</sup>	(2 976)	(5 146)	42 %	(8 072)	63 %	(2 976)	(8 072)	(5 598)
Key Operational information								
	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
Bauxite production (kmt) <sup>4)</sup>	3 043	2 943	3 %	2 777	10 %	8 386	8 069	11 132
Alumina production (kmt)	1 605	1 576	2 %	1 635	(2) %	4 704	4 706	6 341
Primary aluminium production (kmt)	527	523	1 %	526	-	1 566	1 559	2 085
Realized aluminium price LME (USD/mt)	1 921	1 902	1 %	1 612	19 %	1 859	1 552	1 574
Realized aluminium price LME (NOK/mt)	15 496	16 265	(5) %	13 375	16 %	15 510	13 049	13 193
Realized USD/NOK exchange rate	8.07	8.55	(6) %	8.30	(3) %	8.35	8.41	8.38
Rolled Products sales volumes to external market (kmt)	236	239	(1) %	231	3 %	716	697	911
Sapa sales volumes (kmt) <sup>5)</sup>	170	180	(6) %	170	-	527	527	682
Power production (GWh)	2 509	2 369	6 %	2 946	(15) %	7 746	8 781	11 332

1) Alternative performance measures (APMs) are described in the corresponding section in the back of the report.

2) Other and eliminations includes Hydro's 50 percent share of underlying net income from Sapa.

3) EBITDA per segment is specified in Note 2: Operating segment information.

4) Paragominas production, on wet basis.

5) Hydro's 50 percent share of Sapa sales volumes.

Hydro's underlying earnings before financial items and tax decreased to NOK 2,446 million in the third quarter, down from NOK 2,930 million in the second quarter. The decrease mainly reflects higher raw material costs and negative currency effects.

Compared to the third quarter of 2016 the underlying EBIT increased significantly from NOK 1,477 million to NOK 2,446 million. The increase reflects a higher all-in metal price<sup>1)</sup> and alumina sales price, partly offset by increased raw material costs.

For the nine months of 2017 Hydro's underlying EBIT increased to NOK 7,660 million from NOK 4,596 million for the first nine months of 2016. The increase reflects a higher all-in metal price<sup>1)</sup> and alumina sales price, partly offset by increased raw material costs and unfavorable currency developments.

Due to the ongoing performance challenges in Rolled Products, progress on Hydro's "Better" improvement program is behind plan. While Hydro does not expect to reach the year end target of NOK 500 million, the delay is not expected to impact the 2019 target of NOK 2.9 billion.

Hydro's net cash position<sup>2)</sup> increased by NOK 1.7 billion to NOK 7.7 billion at the end of the quarter. Net cash provided by operating activities amounted to NOK 3.0 billion. Net cash used in investment activities, excluding short term investments, amounted to NOK 1.3 billion.

1) The all-in metal price refers to the LME cash price plus premiums.

2) Net cash (debt) includes Cash and cash equivalents and Short-term investments less Bank loans and other interest bearing Short-term debt and Long-term debt.

## Reported EBIT and net income

Reported earnings before financial items and tax amounted to NOK 2,323 million for the third quarter. In addition to the factors discussed above, reported EBIT included net unrealized derivative gains of NOK 23 million and negative metal effects of NOK 151 million. Reported earnings also included a net gain of NOK 6 million in Sapa (Hydro's share net of tax) relating to unrealized derivative losses.

In the previous quarter reported earnings before financial items and tax amounted to NOK 2,946 million, including net unrealized derivative losses of NOK 66 million and positive metal effects of NOK 138 million. Reported earnings also included a net loss of NOK 56 million in Sapa (Hydro's share net of tax) relating to unrealized derivative gains, and net foreign exchange gains.

For the first nine months of 2017 reported earnings before financial items and tax amounted to NOK 7,678 million. Reported EBIT included net unrealized derivative losses of NOK 235 million and positive metal effects of NOK 273 million. Reported earnings also included a net loss of NOK 19 million in Sapa (Hydro's share net of tax) relating to unrealized derivative losses and net foreign exchange losses.

For the first nine months of 2016 reported earnings before financial items and tax amounted to NOK 5,047 million. Reported EBIT included net unrealized derivative gains of NOK 356 million and positive metal effects of NOK 23 million. Reported earnings also included a net gain of NOK 90 million in Sapa (Hydro's share net of tax) relating to unrealized derivative gains and net foreign exchange gains. Reported EBIT also included a charge of NOK 192 million related to environmental and demolition commitments in Kurri Kurri, an impairment charge of NOK 140 million related to the decision to divest the Hannover site, a gain of NOK 342 million for the sale of certain assets in Grenland, including Herøya Industrial Park, and a negative adjustment of NOK 28 million related to the sale of the Slim rolling mill in the fourth quarter of 2015.

Net income amounted to NOK 2,184 million in the third quarter including a reduction in tax expense and related interest income of NOK 125 million in total following a closed tax case in September 2017. Net income also includes net foreign exchange gains of NOK 520 million, mainly unrealized, reflecting a weakening of USD against BRL affecting US dollar debt in Brazil, while the weakening of EUR forward rates against NOK resulted in an unrealized gain on the embedded derivatives in power contracts denominated in EUR.

In the previous quarter net income amounted to NOK 1,562 million including a net foreign exchange loss, mainly unrealized of NOK 918 million reflecting a weakening of BRL against USD affecting USD debt in Brazil, while the strengthening of EUR forward rates against NOK resulted in an unrealized loss on the embedded derivatives in power contracts denominated in EUR.

Net income amounted to NOK 5,585 million for the first nine months of 2017. This includes a net foreign exchange loss of NOK 180 million reflecting a weakening of BRL against USD affecting US dollar debt in Brazil, while the strengthening of EUR forward rates against NOK resulted in an unrealized loss on the embedded derivatives in power contracts denominated in EUR.

For the first nine months of 2016 net income amounted to NOK 5,578 million. This included a net foreign exchange gain of NOK 2,293 million reflecting the strengthening BRL versus US dollars affecting US dollar liabilities in Brazil, as well as the strengthening Norwegian kroner versus Euro affecting liabilities in Euro in Norway and embedded currency derivatives in power contracts. Net income also included a reduction in tax expense and related interest income of NOK 700 million in total following settlement of a tax case in April 2016.

## Market developments and outlook

Industry statistics, commentary and other information in the table and text in this section have been derived from analyst reports, trade associations and other public sources as well as Hydro's own analysis unless otherwise indicated. The information in this section is intended to provide an overview of the main developments in the key markets Hydro is exposed to, and does not have any direct relationship to the reported figures of Norsk Hydro. Statistics presented in prior reports may have been restated based on updated information. Currency rates have been derived from Norges Bank.

Market statistics	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
USD/NOK Average exchange rate	7.96	8.51	(6) %	8.32	(4) %	8.30	8.41	8.40
USD/NOK Period end exchange rate	7.97	8.39	(5) %	8.05	(1) %	7.97	8.05	8.62
BRL/NOK Average exchange rate	2.52	2.65	(5) %	2.56	(2) %	2.62	2.38	2.42
BRL/NOK Period end exchange rate	2.50	2.55	(2) %	2.48	1 %	2.50	2.48	2.65
USD/BRL Average exchange rate	3.16	3.22	(2) %	3.24	(2) %	3.17	3.55	3.48
USD/BRL Period end exchange rate	3.19	3.29	(3) %	3.24	(2) %	3.19	3.24	3.25
EUR/NOK Average exchange rate	9.35	9.38	-	9.29	1 %	9.23	9.38	9.29
EUR/NOK Period end exchange rate	9.41	9.57	(2) %	8.99	5 %	9.41	8.99	9.09
<i>Bauxite and alumina:</i>								
Average alumina price - Platts PAX FOB Australia (USD/t)	334	296	13 %	234	43 %	324	236	255
China bauxite import price (USD/mt CIF China)	51	50	2 %	49	5 %	50	49	49
Global production of alumina (kmt)	31 351	30 749	2 %	29 456	6 %	92 656	84 554	114 963
Global production of alumina (ex. China) (kmt)	14 155	13 778	3 %	13 868	2 %	41 596	40 556	54 720
<i>Primary aluminium:</i>								
LME three month average (USD/mt)	2 028	1 915	6 %	1 633	24 %	1 933	1 578	1 610
LME three month average (NOK/mt)	16 125	16 303	(1) %	13 585	19 %	16 022	13 240	13 509
Standard ingot premium (EU DP Cash)	141	144	(2) %	119	18 %	144	132	132
Extrusion ingot premium (DP)	345	327	6 %	317	9 %	327	319	317
Global production of primary aluminium (kmt)	16 106	15 989	1 %	14 998	7 %	47 567	43 546	59 001
Global consumption of primary aluminium (kmt)	16 165	16 504	(2) %	15 313	6 %	47 517	44 833	60 079
Global production of primary aluminium (ex. China) (kmt)	6 845	6 720	2 %	6 788	1 %	20 267	20 098	26 946
Global consumption of primary aluminium (ex. China) (kmt)	7 350	7 558	(3) %	7 090	4 %	22 054	21 277	28 219
Reported primary aluminium inventories (kmt)	5 371	5 324	1 %	4 966	8 %	5 371	4 966	5 027
<i>Rolled products and extruded products:</i>								
Consumption rolled products - Europe (kmt)	1 240	1 280	(3) %	1 202	3 %	3 752	3 623	4 719
Consumption rolled products - USA & Canada (kmt)	1 282	1 333	(4) %	1 235	4 %	3 847	3 643	4 786
Consumption extruded products - Europe (kmt)	764	822	(7) %	740	3 %	2 343	2 290	2 976
Consumption extruded products - USA & Canada (kmt)	623	627	(1) %	597	4 %	1 860	1 806	2 351
<i>Energy:</i>								
Average southern Norway spot price (NO2) (NOK/MWh)	258	252	2 %	212	22 %	263	212	233
Average mid Norway spot price (NO3) (NOK/MWh)	267	262	2 %	271	(2) %	270	244	266
Average nordic system spot price (NOK/MWh)	266	257	4 %	235	14 %	268	229	250

## Bauxite and alumina

For the first eight months of 2017, Chinese alumina imports were 2.0 million mt, 3 percent lower than the same period in 2016. For the first eight months of 2017, Chinese bauxite imports increased 34 percent to 44.7 million mt compared to the first eight months of 2016. Driven by the continued ramp-up of a new bauxite mine, imports from Guinea surged to 17.7 million mt in the first eight months of the year, compared to 6.5 million mt over the same period in 2016. Supply of bauxite from the Atlantic basin accounted for 47 percent of Chinese imports over the period, up from 35 percent for the same period in 2016.

Platts alumina spot prices averaged USD 334 per mt in the third quarter, an increase of USD 38 per mt compared to the previous quarter. Prices started the quarter at USD 307 per mt, remained steady until mid-August, before rallying strongly to

440 USD per mt at quarter-end. Average prices represented 16.5 percent of LME in the third quarter compared with 15.5 percent in the previous quarter. According to Chinese import statistics, the average delivered China bauxite price was USD 50.0 per mt for the first eight months of the year, marginally above the USD 49.2 per mt average in corresponding period in 2016.

## Primary aluminium

Three-month LME prices ranged between USD 1,892 and USD 2,191 per mt throughout the third quarter of 2017. The average LME three-month price was USD 2,028, increasing by USD 112 per mt compared to the second quarter. European average all-in metal prices<sup>1)</sup> increased from USD 2,055 per mt in the second quarter to USD 2,153 in the third quarter, both due to increase in LME prices and premiums.

European duty paid standard ingot premiums ended the quarter at USD 152 per mt, compared to USD 133 at the beginning of the quarter, and averaged USD 141 per mt in the third quarter compared to USD 144 per mt in the second quarter. Midwest premiums started the third quarter at USD 170 per mt, and ended the quarter at USD 204 per mt, averaging USD 173 per mt compared to USD 199 per mt in the second quarter.

Shanghai Futures Exchange (SHFE) prices increased in the third quarter compared to the second and at a higher rate than the LME. Semis exports have decreased throughout the quarter as arbitrage has been reduced compared to the second quarter.

Global primary aluminium consumption decreased by 2.1 percent to 16.2 million mt in the third quarter compared to the second, mainly due to seasonality. Compared to the third quarter of 2016, global demand increased 5.6 percent. Global demand for primary aluminium grew by 6.1 percent in 2016, and is expected to grow by around 5-6 percent in 2017.

Outside China, demand seasonally decreased by 2.8 percent in the third quarter compared to the second quarter, while the year-on-year increase from the third quarter of 2016 was 3.7 percent. Consumption outside China amounted to 7.3 million mt for the third quarter of 2017. Corresponding production amounted to 6.8 million mt, an increase of 1.9 percent compared to the second quarter. Production outside China experienced a 0.8 percent increase compared to the third quarter of 2016, largely driven by ramp up of new production capacity in India. Demand for primary aluminium outside China grew by around 3.2 percent in 2016, and is expected to grow by 3-4 percent in 2017.

Compared to the second quarter of 2017, Chinese aluminium consumption decreased by 1.5 percent to 8.8 million mt, mainly due to lower seasonal activity in the third quarter. The year-on-year increase compared to the third quarter of 2016 was, however, 7.2 percent. Corresponding aluminium production decreased by 0.1 percent compared to the second quarter, but increased 12.9 percent compared to the third quarter of 2016. The ramp up of new capacity continues in China, but at the same time the government has ordered closing of plants, as some smelters are running without governmental approvals. The Chinese government has also announced that there will be additional smelter curtailments in order to reduce winter air pollution in a number of Chinese cities. Demand for primary aluminium in China is expected to grow by around 6-8 percent in 2017 and production is expected to increase by 10-12 percent.

The global primary aluminium market is expected to be largely balanced in 2017.

European demand for extrusion ingot increased in the third quarter compared to the third quarter of 2016. Demand for sheet ingot and primary foundry alloys also continued increasing, mainly due to the positive developments in the automotive industry.

1) The all-in metal price refers to the LME cash price plus premiums.

Total global stocks at the end of the third quarter were 12 million mt, at the same level as at end of the second quarter, up 0.3 million mt compared to the third quarter of 2016. LME stocks have declined further, amounting to 1.3 million mt at the end of the third quarter, down 0.1 million mt from the end of the second quarter. Compared to third quarter of last year, LME stocks are down 0.9 million mt. Chinese reported stocks have increased 0.4 million mt since the second quarter, and 1.4 million mt since the third quarter of 2016. Estimated unreported global stocks have fallen 0.3 million mt compared to the second quarter of 2017 and fallen 0.1 million mt compared to the third quarter of 2016.

## Rolled products

European demand for flat rolled products declined by around 3 percent compared to the second quarter of 2017 due to seasonality. Compared to the third quarter of the previous year demand increased by around 3 percent.

Demand growth in automotive remained solid as substitution of steel by aluminium for automotive body sheet outweighed the seasonal car production decline. Building and construction demand improved further. Beverage can developed positively driven by conversions of beverage can production lines from steel to aluminium. Foil products growth was positive driven by increased demand from the US. The demand growth in general engineering was solid driven by sound industrial activity.

The European demand for flat rolled products is expected to slightly decline in the fourth quarter due to seasonality.

## Extruded products

Demand for extruded products in Europe and North America decreased compared to the previous quarter by 7 and 1 percent respectively, driven by seasonality.

In North America, total demand for extruded products increased by 4 percent compared to the same quarter last year. The increase was driven by stronger automotive demand and higher activity in the building and construction market. The commercial transportation market has bottomed out and is now trending upwards. In Europe, total demand for extruded products increased by 3 percent compared to the same quarter last year. Europe experienced stronger automotive and transportation demand, as well as an improved building and construction market.

The fourth quarter is a seasonally weak quarter, and demand traditionally decreases from the third quarter.

## Energy

Nordic spot prices were on average slightly higher compared to the previous quarter. A continued deficit in the Nordic hydrological balance gave support to prices. Prices were stable before declining somewhat during the summer holiday season. In August prices increased, based on lower supply due to maintenance of nuclear power plants in Sweden as well as rising power consumption after holiday season, before stabilizing in September.

The Nordic hydrological balance ended at around 9 TWh below normal<sup>1)</sup> for the third quarter compared to around 3 TWh below normal at the end of the previous quarter. Water reservoirs in Norway were 83 percent of full capacity at the end of the quarter, which is somewhat below the normal level. Snow reservoirs were also somewhat lower than normal at the end of the quarter.

1) Normal based on long term historical averages.



## *Additional factors impacting Hydro*

Primary Metal has sold forward around 55 percent of its expected primary aluminium production for the fourth quarter of 2017 at a price level of around USD 2,075 per mt.<sup>1)</sup>

On July 10, 2017, Hydro entered into a contract to acquire 50 percent of the shares in Sapa AS, which was a joint venture owned 50 percent by Hydro and 50 percent by Orkla, a listed company in Norway. Following completion of the transaction on October 2, 2017, Hydro owns 100 percent of Sapa AS. For more information see note 4 to the interim financial statements.

Sapa Profiles Inc. (SPI), a Portland, Oregon based subsidiary of Hydro Extruded Solutions AS (formerly Sapa AS) is under investigation by the United States Department of Justice (DOJ) Civil and Criminal Divisions regarding certain aluminum extrusions that SPI manufactured from 1996 to 2015, including extrusions that were delivered to a supplier to NASA. SPI is cooperating fully in these investigations. The investigations are currently ongoing, and, at this point, the outcome of the investigations and of any identified quality issues, including financial consequences, is uncertain. SPI also has been temporarily suspended as a federal government contractor. Based on the information currently known to Hydro, Hydro does not expect any resulting liabilities to have a material adverse effect on its consolidated results of operations, liquidity or financial position. As part of the share purchase agreement the parties have agreed that Orkla ASA shall indemnify Hydro for 50 percent of any liability in relation to this case.

In September, Hydro issued a notice of force majeure to its bauxite customers as Hydro will not receive the full contracted volumes of MRN bauxite due to lower production at the bauxite mine. MRN, where Hydro has a 5 percent ownership and additional 40 percent off-take interests, is experiencing problems with its tailing systems due to lack of water caused by a very dry period in the region. It is not expected that production at the Alunorte alumina refinery will be affected, and Hydro is progressing on finding solutions for third-party customers.

Norsk Hydro announced the intended cancellation of its standard listing of ordinary shares on the London Stock Exchange (LSE). The last day of trading in the Hydro-shares on the LSE is expected to be October 31, 2017.

1) Prices are fixed mainly one month prior to production. As a result, and due to the hedging of product inventories, Hydro's realized aluminium prices lag LME spot prices by around 1 to 2 months.

## Underlying EBIT

Alternative performance measures (APMs) are described in the corresponding section in the back of the report.

## Bauxite & Alumina

Operational and financial information	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
Earnings before financial items and tax (EBIT) (NOK million)	413	662	(38) %	153	>100 %	1 831	516	1 196
Underlying EBIT (NOK million)	413	662	(38) %	153	>100 %	1 831	516	1 227
Underlying EBITDA (NOK million)	1 057	1 248	(15) %	664	59 %	3 639	1 962	3 221
Alumina production (kmt)	1 605	1 576	2 %	1 635	(2) %	4 704	4 706	6 341
Sourced alumina (kmt)	667	645	3 %	512	30 %	1 912	1 658	2 541
Total alumina sales (kmt)	2 251	2 196	3 %	2 221	1 %	6 576	6 372	8 843
Realized alumina price (USD/mt) <sup>1)</sup>	297	295	1 %	240	24 %	300	233	240
Bauxite production (kmt) <sup>2)</sup>	3 043	2 943	3 %	2 777	10 %	8 386	8 069	11 132
Sourced bauxite (kmt) <sup>3)</sup>	2 013	1 809	11 %	2 108	(5) %	5 497	6 265	8 499

1) Weighted average of own production and third party contracts. The majority of the alumina is sold linked to either the LME prices or alumina index with a one month delay.

2) Paragominas production, on wet basis.

3) 40 percent MRN off take from Vale and 5 percent Hydro share on wet basis.

Underlying EBIT for Bauxite & Alumina decreased compared to the second quarter. Higher bauxite and caustic prices, negative currency effects and increased depreciation, primarily in Paragominas, were partly offset by improved consumption factors. The ongoing ramp-up process of the new press filter operation caused additional cost at the alumina refinery.

Bauxite & Alumina made progress on its "Better Bauxite & Alumina" improvement program and is expecting to achieve both the 2017 target, and NOK 1 billion of annual improvements by the end of 2019.

Compared to the third quarter of 2016 the underlying EBIT increased, mainly due to higher realized alumina prices, partly offset by higher caustic and energy prices.

Compared to the first nine month of 2016 the underlying EBIT increased mainly due to higher realized alumina prices. This was partly offset by higher caustic and energy prices, and negative currency effects.

## Primary Metal

<b>Operational and financial information <sup>1)</sup></b>	<b>Third quarter 2017</b>	<b>Second quarter 2017</b>	<b>Change prior quarter</b>	<b>Third quarter 2016</b>	<b>Change prior year quarter</b>	<b>First 9 months 2017</b>	<b>First 9 months 2016</b>	<b>Year 2016</b>
Earnings before financial items and tax (EBIT) (NOK million)	<b>1 282</b>	1 538	(17) %	591	>100 %	<b>3 617</b>	1 666	2 285
Underlying EBIT (NOK million)	<b>1 298</b>	1 486	(13) %	637	>100 %	<b>3 684</b>	1 657	2 258
Underlying EBITDA (NOK million)	<b>1 795</b>	1 991	(10) %	1 125	59 %	<b>5 178</b>	3 104	4 172
Realized aluminium price LME (USD/mt) <sup>2)</sup>	<b>1 921</b>	1 902	1 %	1 612	19 %	<b>1 859</b>	1 552	1 574
Realized aluminium price LME (NOK/mt) <sup>2)</sup>	<b>15 496</b>	16 265	(5) %	13 375	16 %	<b>15 510</b>	13 049	13 193
Realized premium above LME (USD/mt) <sup>3)</sup>	<b>261</b>	273	(4) %	251	4 %	<b>266</b>	269	263
Realized premium above LME (NOK/mt) <sup>3)</sup>	<b>2 106</b>	2 330	(10) %	2 082	1 %	<b>2 223</b>	2 265	2 201
Realized USD/NOK exchange rate	<b>8.07</b>	8.55	(6) %	8.30	(3) %	<b>8.35</b>	8.41	8.38
Primary aluminium production (kmt)	<b>527</b>	523	1 %	526	-	<b>1 566</b>	1 559	2 085
Casthouse production (kmt)	<b>548</b>	551	(1) %	541	1 %	<b>1 620</b>	1 622	2 146
Total sales (kmt)	<b>568</b>	579	(2) %	573	(1) %	<b>1 724</b>	1 720	2 248

1) Operating and financial information includes Hydro's proportionate share of underlying income (loss) of equity accounted investments.

2) Realized aluminium prices lag the LME price developments by approximately 1.5 - 2 months.

3) Average realized premium above LME for casthouse sales from Primary Metal.

<b>Operational and financial information Qatalum (50%)</b>	<b>Third quarter 2017</b>	<b>Second quarter 2017</b>	<b>Change prior quarter</b>	<b>Third quarter 2016</b>	<b>Change prior year quarter</b>	<b>First 9 months 2017</b>	<b>First 9 months 2016</b>	<b>Year 2016</b>
Revenue (NOK million)	<b>1 370</b>	1 483	(8) %	1 223	12 %	<b>4 208</b>	3 545	4 801
Underlying EBIT (NOK million)	<b>220</b>	291	(24) %	131	68 %	<b>667</b>	234	341
Underlying EBITDA (NOK million)	<b>497</b>	604	(18) %	416	19 %	<b>1 558</b>	1 121	1 528
Net income (loss) (NOK million)	<b>159</b>	232	(31) %	74	>100 %	<b>489</b>	49	98
Underlying Net income (loss) (NOK million)	<b>159</b>	232	(31) %	74	>100 %	<b>489</b>	49	98
Primary aluminium production (kmt)	<b>78</b>	78	-	77	1 %	<b>232</b>	229	306
Casthouse sales (kmt)	<b>78</b>	80	(3) %	79	(1) %	<b>239</b>	230	310

Underlying EBIT for Primary Metal declined in the third quarter due to negative currency effects, as the NOK strengthened against the USD, in addition to seasonally lower volumes and higher carbon costs. This was partly offset by lower alumina and fixed costs.

The "Better Primary Metal" program will be behind plan for 2017 due to slower than expected progress on the improvement program in Albras. The delay is not expected to impact the 2019 target of NOK 1.0 billion.

Compared to the third quarter of 2016, underlying EBIT improved substantially, mainly due to higher realized all-in metal prices<sup>1)</sup> partly offset by higher raw material costs.

Underlying EBIT for the first nine months of 2017 improved substantially compared with the same period in 2016, mainly due to higher realized all-in metal prices partly offset by higher raw material costs.

1) The all-in metal price refers to the LME cash price plus premiums.

## Metal Markets

Operational and financial information	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
Earnings before financial items and tax (EBIT) (NOK million)	59	282	(79) %	131	(55) %	328	457	629
Underlying EBIT (NOK million)	91	244	(63) %	117	(22) %	359	358	510
Currency effects	12	44	(72) %	(2)	>100 %	36	6	-
Inventory valuation effects	(29)	48	>(100) %	3	>(100) %	(19)	(22)	(13)
Underlying EBIT excl. currency and inventory valuation effects	107	152	(29) %	116	(7) %	342	374	524
Underlying EBITDA (NOK million)	114	268	(58) %	141	(19) %	429	429	604
Remelt production (kmt)	136	152	(10) %	125	8 %	431	415	548
Metal products sales excluding ingot trading (kmt) <sup>1)</sup>	707	759	(7) %	720	(2) %	2 201	2 233	2 893
Hereof external sales (kmt)	639	675	(5) %	652	(2) %	1 987	2 010	2 627

1) Includes external and internal sales from primary casthouse operations, remelters and third party metal sources.

Underlying EBIT for Metal Markets declined in the third quarter, mainly due to negative inventory valuation and less positive currency effects. Results from remelters declined in the third quarter driven by lower sales volumes in Europe.

Compared to the third quarter of 2016, underlying EBIT for Metal Markets declined somewhat due to negative inventory valuation partly offset by positive currency effects. Results from remelters declined somewhat mainly due to lower contribution margins in the US.

Underlying EBIT for the first nine months of 2017 were stable compared with the same period in 2016, mainly due to positive currency effects, in addition to improved results from sourcing and trading activities, partly offset by lower results from the remelters.

## Rolled Products

Operational and financial information	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
Earnings before financial items and tax (EBIT) (NOK million)	(22)	84	>(100) %	255	>(100) %	512	863	953
Underlying EBIT (NOK million)	95	84	12 %	211	(55) %	285	701	708
Underlying EBITDA (NOK million)	312	297	5 %	407	(23) %	916	1 284	1 507
Sales volumes to external market (kmt)	236	239	(1) %	231	3 %	716	697	911

### Sales volumes to external markets (kmt) - Product areas

Can & foil	91	89	2 %	84	8 %	265	242	321
Lithography & automotive	76	75	2 %	74	3 %	229	231	298
Special products	69	75	(8) %	72	(4) %	222	225	292
Rolled Products	236	239	(1) %	231	3 %	716	697	911

Underlying EBIT for the third quarter improved slightly compared to the second quarter of 2017. The increase was primarily due to an accrual for employee compensation recognized in the second quarter. This was partly offset by negative currency developments and seasonal effects including summer shutdown in certain plants. The Neuss smelter result was on same level compared to prior quarter.

Progress on the "Better Rolled Products" program is behind the 2017 target. The delay is expected to impact the 2019 target of NOK 0.9 billion.

Compared to the third quarter of 2016 the underlying EBIT declined. The development was impacted by reduced margins in certain product segments, depreciation and ramp-up costs for the new automotive line 3, negative currency developments and a number of smaller cost elements. The Neuss smelter benefited from the all-in metal price development.

Underlying EBIT for Rolled Products for the first nine months is significantly below last year due to a combination of factors. These include, reduced margins, costs related to year end maintenance, start-up costs for the new automotive line 3, an accrual for employee compensation and a number of other smaller cost elements. Results from the Neuss smelter has improved driven by the all-in metal price development.

## Energy

Operational and financial information	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
Earnings before financial items and tax (EBIT) (NOK million)	368	284	30 %	295	25 %	1 075	980	1 343
Underlying EBIT (NOK million)	368	284	30 %	285	29 %	1 075	983	1 343
Underlying EBITDA (NOK million)	424	337	26 %	336	26 %	1 237	1 141	1 553
Direct production costs (NOK million) <sup>1)</sup>	154	125	23 %	164	(6) %	443	483	639
Power production (GWh)	2 509	2 369	6 %	2 946	(15) %	7 746	8 781	11 332
External power sourcing (GWh)	2 497	2 295	9 %	2 248	11 %	7 064	6 697	8 935
Internal contract sales (GWh)	3 723	3 507	6 %	3 377	10 %	10 700	10 056	13 435
External contract sales (GWh)	115	161	(29) %	118	(2) %	537	534	769
Net spot sales (GWh)	1 168	996	17 %	1 699	(31) %	3 573	4 887	6 063

1) Includes operational costs except for depreciation, maintenance costs, property taxes, concession fees for Hydro as operator and transmission costs.

Underlying EBIT for Energy increased compared to the previous quarter, mainly due to improved commercial results and higher production, partly offset by periodically higher property tax.

Compared to the third quarter of the previous year underlying EBIT increased mainly due to improved commercial results, higher prices and lower area costs, partly offset by lower production.

Compared to the first nine months of the previous year underlying EBIT increased mainly due to higher prices, improved commercial results and lower area costs, partly offset by significantly lower production.

## Other and eliminations

Financial information	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
NOK million								
Earnings before financial items and tax (EBIT)	222	97	>100 %	(48)	>100 %	315	566	605
Sapa (50%) <sup>1)</sup>	209	329	(36) %	157	33 %	819	610	777
Other	(96)	(71)	(35) %	(66)	(46) %	(307)	(328)	(458)
Eliminations	68	(88)	>100 %	(17)	>100 %	(87)	98	61
Underlying EBIT	181	170	7 %	75	>100 %	426	380	380

1) Hydro's share of Sapa's underlying net income.

Other is mainly comprised of head office costs, costs related to holding companies and service centers related to Hydro's operations.

Eliminations are comprised mainly of unrealized gains and losses on inventories purchased from group companies which fluctuate with product flows, volumes and margin developments throughout Hydro's value chain.

Operational and financial information Sapa (50%)	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
Revenue (NOK million)	6 992	7 655	(9) %	6 570	6 %	21 808	20 558	26 663
Underlying EBIT (NOK million)	294	457	(36) %	244	20 %	1 140	931	1 099
Underlying EBITDA (NOK million)	456	626	(27) %	406	12 %	1 632	1 423	1 749
Net income (loss) (NOK million)	215	273	(21) %	172	25 %	800	700	889
Underlying net income (loss) (NOK million)	209	329	(36) %	157	33 %	819	610	777
Sales volumes (kmt)	170	180	(6) %	170	-	527	527	682

Underlying EBIT for Sapa decreased compared to the previous quarter, in line with general seasonality in the extrusion business.

Underlying EBIT increased compared to the same quarter of the previous year, mainly driven by a higher share of value-add business.

Underlying EBIT for the first nine months of 2017 improved compared to the same period in 2016, influenced by the same factors as discussed above.

## Finance

Financial income (expense)	Third quarter 2017	Second quarter 2017	Change prior quarter	Third quarter 2016	Change prior year quarter	First 9 months 2017	First 9 months 2016	Year 2016
NOK million								
Interest income	86	77	12 %	93	(8)%	255	352	468
Dividends received and net gain (loss) on securities	16	57	(73)%	8	87 %	84	85	105
Financial income	101	134	(24)%	102	-	339	437	574
Interest expense	(62)	(96)	35 %	(75)	18 %	(262)	(240)	(362)
Capitalized interest	21	25	(15)%	30	(29)%	67	84	97
Net foreign exchange gain (loss)	520	(918)	>100%	358	45 %	(180)	2 293	2 266
Net interest on pension liability	(34)	(34)	-	(45)	25 %	(101)	(146)	(210)
Other	(61)	(71)	13 %	(51)	(20)%	(201)	(162)	(240)
Financial expense	384	(1 093)	>100%	216	78 %	(677)	1 829	1 552
Financial income (expense), net	485	(959)	>100%	317	53 %	(338)	2 266	2 126

The net foreign exchange gain, mainly unrealized, of NOK 520 million reflects a weakening of USD against BRL affecting US dollar debt in Brazil, while the weakening of EUR forward rates against NOK resulted in an unrealized gain on the embedded derivatives in power contracts denominated in EUR.

## Tax

Income tax expense amounted to NOK 624 million for the third quarter of 2017 or about 22 percent of income before tax. The tax rate reflects a reduced tax expense of NOK 108 million related to a favorable decision from the Norwegian Tax Appeal Board in a tax dispute, in September 2017.

## Interim financial statements

### Condensed consolidated statements of income (unaudited)

NOK million, except per share data	Third quarter		First 9 months		Year
	2017	2016	2017	2016	2016
Revenue	<b>22 799</b>	20 174	<b>70 416</b>	60 703	81 953
Share of the profit (loss) in equity accounted investments	<b>371</b>	256	<b>1 271</b>	749	985
Other income, net	<b>240</b>	96	<b>588</b>	688	1 030
Total revenue and income	<b>23 410</b>	20 526	<b>72 276</b>	62 140	83 969
Raw material and energy expense	<b>14 768</b>	12 886	<b>45 437</b>	38 760	52 151
Employee benefit expense	<b>2 416</b>	2 281	<b>7 706</b>	7 103	9 485
Depreciation, amortization and impairment	<b>1 450</b>	1 416	<b>4 192</b>	3 874	5 474
Other expenses	<b>2 454</b>	2 568	<b>7 262</b>	7 355	9 848
Total expenses	<b>21 087</b>	19 150	<b>64 597</b>	57 092	76 958
Earnings before financial items and tax (EBIT)	<b>2 323</b>	1 376	<b>7 678</b>	5 047	7 011
Financial income	<b>101</b>	102	<b>339</b>	437	574
Financial expense	<b>384</b>	216	<b>(677)</b>	1 829	1 552
Financial income (expense), net	<b>485</b>	317	<b>(338)</b>	2 266	2 126
Income (loss) before tax	<b>2 808</b>	1 693	<b>7 340</b>	7 313	9 137
Income taxes	<b>(624)</b>	(574)	<b>(1 756)</b>	(1 736)	(2 551)
Net income (loss)	<b>2 184</b>	1 119	<b>5 585</b>	5 578	6 586
Net income (loss) attributable to non-controlling interests	<b>147</b>	34	<b>301</b>	249	199
Net income (loss) attributable to Hydro shareholders	<b>2 037</b>	1 085	<b>5 284</b>	5 328	6 388
Basic and diluted earnings per share attributable to Hydro shareholders (in NOK) <sup>1)</sup>	<b>1.00</b>	0.53	<b>2.59</b>	2.61	3.13
Weighted average number of outstanding shares (million)	<b>2 045</b>	2 043	<b>2 044</b>	2 042	2 042

1) Basic earnings per share are computed using the weighted average number of ordinary shares outstanding. There were no significant diluting elements.

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).



## Condensed consolidated statements of comprehensive income (unaudited)

NOK million	Third quarter		First 9 months		Year
	2017	2016	2017	2016	2016
Net income (loss)	2 184	1 119	5 585	5 578	6 586
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to income statement:</b>					
Remeasurement postemployment benefits, net of tax	209	(84)	1 037	(1 207)	178
Share of remeasurement postemployment benefits of equity accounted investments, net of tax	-	-	(2)	-	(41)
<b>Total</b>	<b>209</b>	<b>(84)</b>	<b>1 035</b>	<b>(1 207)</b>	<b>137</b>
<b>Items that will be reclassified to income statement:</b>					
Currency translation differences, net of tax	(1 902)	(2 296)	(3 388)	445	4 114
Unrealized gain (loss) on securities, net of tax	(22)	(9)	(85)	(31)	(47)
Cash flow hedges, net of tax	68	(11)	71	36	115
Share of items that will be reclassified to income statement of equity accounted investments, net of tax	(198)	(279)	(18)	(558)	(281)
<b>Total</b>	<b>(2 054)</b>	<b>(2 595)</b>	<b>(3 420)</b>	<b>(108)</b>	<b>3 901</b>
<b>Other comprehensive income</b>	<b>(1 846)</b>	<b>(2 679)</b>	<b>(2 384)</b>	<b>(1 315)</b>	<b>4 038</b>
<b>Total comprehensive income</b>	<b>338</b>	<b>(1 560)</b>	<b>3 200</b>	<b>4 263</b>	<b>10 624</b>
Total comprehensive income attributable to non-controlling interests	(4)	(152)	(47)	557	889
<b>Total comprehensive income attributable to Hydro shareholders</b>	<b>342</b>	<b>(1 408)</b>	<b>3 247</b>	<b>3 706</b>	<b>9 735</b>

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

## Condensed balance sheets (unaudited)

NOK million, except number of shares	September 30		December 31
	2017	2016	2016
<b>Assets</b>			
Cash and cash equivalents	17 853	7 952	8 037
Short-term investments	1 985	4 438	4 611
Accounts receivables	13 156	11 495	10 884
Inventories	13 585	11 517	12 381
Other current assets	255	204	457
<b>Total current assets</b>	<b>46 834</b>	<b>35 605</b>	<b>36 371</b>
Property, plant and equipment	56 500	54 476	58 734
Intangible assets	5 427	5 469	5 811
Investments accounted for using the equity method	18 178	19 333	19 807
Prepaid pension	5 296	3 227	4 195
Other non-current assets	5 322	6 563	5 875
<b>Total non-current assets</b>	<b>90 723</b>	<b>89 067</b>	<b>94 422</b>
<b>Total assets</b>	<b>137 557</b>	<b>124 672</b>	<b>130 793</b>
<b>Liabilities and equity</b>			
Bank loans and other interest-bearing short-term debt	9 065	3 562	3 283
Trade and other payables	10 347	9 131	10 108
Other current liabilities	3 542	4 193	3 716
<b>Total current liabilities</b>	<b>22 954</b>	<b>16 885</b>	<b>17 106</b>
Long-term debt	3 077	3 409	3 397
Provisions	4 507	3 764	4 384
Pension liabilities	12 808	13 771	12 871
Deferred tax liabilities	2 621	2 480	2 384
Other non-current liabilities	3 691	2 969	3 011
<b>Total non-current liabilities</b>	<b>26 703</b>	<b>26 392</b>	<b>26 047</b>
<b>Total liabilities</b>	<b>49 657</b>	<b>43 277</b>	<b>43 153</b>
Equity attributable to Hydro shareholders	82 685	75 877	81 906
Non-controlling interests	5 216	5 518	5 733
<b>Total equity</b>	<b>87 900</b>	<b>81 395</b>	<b>87 640</b>
<b>Total liabilities and equity</b>	<b>137 557</b>	<b>124 672</b>	<b>130 793</b>
<b>Total number of outstanding shares (million)</b>	<b>2 045</b>	<b>2 043</b>	<b>2 043</b>

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

## Condensed consolidated statements of cash flows (unaudited)

NOK million	Third quarter		Nine months ended September 30		Year
	2017	2016	2017	2016	2016
<b>Operating activities</b>					
Net income	2 184	1 119	5 585	5 578	6 586
Depreciation, amortization and impairment	1 450	1 416	4 192	3 874	5 474
Other adjustments	(684)	(225)	(1 829)	(3 681)	(2 042)
Net cash provided by operating activities	2 950	2 310	7 948	5 771	10 018
<b>Investing activities</b>					
Purchases of property, plant and equipment	(1 501)	(1 611)	(4 247)	(4 351)	(6 913)
Purchases of other long-term investments	(14)	(53)	(75)	(122)	(183)
Purchases of short-term investments	-	(1 750)	(5 094)	(3 050)	(4 650)
Proceeds from long-term investing activities	166	191	701	877	1 115
Proceeds from sales of short-term investments	3 250	-	7 850	4 550	5 850
Net cash provided by (used in) investing activities	1 901	(3 223)	(865)	(2 096)	(4 781)
<b>Financing activities</b>					
Loan proceeds	3 342	1 927	7 771	3 831	5 208
Principal repayments	(1 802)	(1 789)	(5 627)	(4 609)	(7 525)
Net increase (decrease) in other short-term debt	4 017	(237)	3 782	337	265
Proceeds from shares issued	11	5	29	24	28
Dividends paid	(369)	(87)	(2 994)	(2 246)	(2 362)
Net cash provided by (used in) financing activities	5 199	(181)	2 961	(2 663)	(4 386)
Foreign currency effects on cash and bank overdraft	(190)	(174)	(228)	23	269
Net increase (decrease) in cash, cash equivalents and bank overdraft	9 860	(1 268)	9 816	1 035	1 120
Cash, cash equivalents and bank overdraft at beginning of period	7 993	9 220	8 037	6 917	6 917
Cash, cash equivalents and bank overdraft at end of period	17 853	7 952	17 853	7 952	8 037

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

## Condensed consolidated statements of changes in equity (unaudited)

NOK million	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro shareholders	Non-controlling interests	Total equity
January 1, 2016	2 272	29 068	(913)	45 850	(2 107)	74 169	5 159	79 329
<i>Changes in equity for 2016</i>								
Treasury shares issued to employees		1	44			45		45
Dividends				(2 043)		(2 043)	(203)	(2 246)
Capital contribution in subsidiaries							4	4
Items not reclassified to income statement in subsidiaries sold				16	(16)	-		-
Total comprehensive income for the period				5 328	(1 622)	3 706	557	4 263
September 30, 2016	2 272	29 070	(870)	49 151	(3 746)	75 877	5 518	81 395
January 1, 2017	2 272	29 070	(870)	50 210	1 224	81 906	5 733	87 640
<i>Changes in equity for 2017</i>								
Treasury shares issued to employees		27	60			87		87
Dividends				(2 556)		(2 556)	(474)	(3 029)
Capital contribution in subsidiaries							3	3
Items not reclassified to income statement in subsidiaries sold				10	(10)	-		-
Total comprehensive income for the period				5 284	(2 037)	3 247	(47)	3 200
September 30, 2017	2 272	29 097	(810)	52 948	(823)	82 685	5 216	87 900

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

## *Notes to the condensed consolidated financial statements*

### **Note 1: Accounting policies**

All reported figures in the financial statements are based on International Financial Reporting Standards (IFRS). Hydro's accounting principles are presented in note 2 Significant accounting policies in Hydro's Financial Statements - 2016.

The interim accounts are presented in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with Hydro's Financial Statements - 2016 that are a part of Hydro's Annual Report - 2016.

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

## Note 2: Operating segment information

Hydro identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Hydro to identify its segments according to the organization and reporting structure used by management. See Hydro's Financial statements - 2016 note 7 Operating and geographic segment information for a description of Hydro's management model and segments, including a description of Hydro's segment measures and accounting principles used for segment reporting.

The following tables include information about Hydro's operating segments, including a reconciliation of EBITDA to EBIT for Hydro's operating segments.

NOK million	Third quarter		First 9 months		Year
	2017	2016	2017	2016	2016
<b>Total revenue</b>					
Bauxite & Alumina	5 612	4 925	17 381	13 709	19 543
Primary Metal	8 958	7 900	27 174	23 600	30 862
Metal Markets	11 862	10 649	37 615	33 137	43 254
Rolled Products	6 435	5 648	19 281	17 370	22 632
Sapa	-	-	-	-	-
Energy	1 831	1 576	5 536	4 865	7 180
Other and eliminations	(11 900)	(10 525)	(36 571)	(31 979)	(41 517)
<b>Total</b>	<b>22 799</b>	<b>20 174</b>	<b>70 416</b>	<b>60 703</b>	<b>81 953</b>
<b>External revenue</b>					
Bauxite & Alumina	3 293	2 997	10 092	8 139	12 059
Primary Metal	1 865	1 459	5 510	3 947	5 529
Metal Markets	10 675	9 678	33 850	29 980	39 420
Rolled Products	6 380	5 637	19 163	17 264	22 469
Sapa	-	-	-	-	-
Energy	582	394	1 783	1 334	2 426
Other and eliminations	3	8	18	39	50
<b>Total</b>	<b>22 799</b>	<b>20 174</b>	<b>70 416</b>	<b>60 703</b>	<b>81 953</b>
<b>Internal revenue</b>					
Bauxite & Alumina	2 320	1 929	7 289	5 570	7 484
Primary Metal	7 093	6 441	21 665	19 653	25 333
Metal Markets	1 187	971	3 765	3 157	3 834
Rolled Products	55	11	118	106	163
Sapa	-	-	-	-	-
Energy	1 249	1 182	3 753	3 532	4 753
Other and eliminations	(11 903)	(10 533)	(36 589)	(32 018)	(41 567)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share of the profit (loss) in equity accounted investments</b>					
Bauxite & Alumina	-	-	-	-	-
Primary Metal	159	74	488	48	96
Metal Markets	-	-	-	-	-
Rolled Products	-	-	-	-	-
Sapa	215	172	800	700	889
Energy	-	-	-	-	-
Other and eliminations	(3)	10	(17)	1	-
<b>Total</b>	<b>371</b>	<b>256</b>	<b>1 271</b>	<b>749</b>	<b>985</b>

NOK million	Third quarter		First 9 months		Year
	2017	2016	2017	2016	2016
<b>Depreciation, amortization and impairment</b>					
Bauxite & Alumina	644	511	1 807	1 447	2 279
Primary Metal	504	488	1 501	1 446	1 913
Metal Markets	24	24	70	71	94
Rolled Products	217	196	630	583	799
Sapa	-	-	-	-	-
Energy	56	51	163	157	210
Other and eliminations	7	146	21	171	178
<b>Total</b>	<b>1 450</b>	<b>1 416</b>	<b>4 192</b>	<b>3 874</b>	<b>5 474</b>
<b>Earnings before financial items and tax (EBIT) <sup>1)</sup></b>					
Bauxite & Alumina	413	153	1 831	516	1 196
Primary Metal	1 282	591	3 617	1 666	2 285
Metal Markets	59	131	328	457	629
Rolled Products	(22)	255	512	863	953
Sapa	215	172	800	700	889
Energy	368	295	1 075	980	1 343
Other and eliminations	7	(220)	(485)	(134)	(285)
<b>Total</b>	<b>2 323</b>	<b>1 376</b>	<b>7 678</b>	<b>5 047</b>	<b>7 011</b>
<b>EBITDA</b>					
Bauxite & Alumina	1 057	664	3 639	1 962	3 475
Primary Metal	1 779	1 079	5 111	3 113	4 199
Metal Markets	82	154	397	528	723
Rolled Products	196	451	1 143	1 446	1 752
Sapa	215	172	800	700	889
Energy	424	346	1 237	1 137	1 553
Other and eliminations	13	(74)	(465)	37	(107)
<b>Total</b>	<b>3 766</b>	<b>2 792</b>	<b>11 863</b>	<b>8 922</b>	<b>12 485</b>
<b>Investments <sup>2)</sup></b>					
Bauxite & Alumina	296	596	972	1 916	3 544
Primary Metal	768	893	2 394	2 339	3 396
Metal Markets	45	16	72	43	101
Rolled Products	223	228	500	955	1 615
Sapa	-	-	-	-	-
Energy	90	72	247	203	318
Other and eliminations	2	109	30	140	162
<b>Total</b>	<b>1 424</b>	<b>1 914</b>	<b>4 216</b>	<b>5 596</b>	<b>9 137</b>

1) Total segment EBIT is the same as Hydro group's total EBIT. Financial income and expense are not allocated to the segments. There are no reconciling items between segment EBIT to Hydro EBIT. Therefore, a separate reconciliation table is not presented.

2) Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments.

NOK million	EBIT	Depr., amor., and impairment	Other items <sup>1)</sup>	EBITDA
<b>EBIT - EBITDA Third quarter 2017</b>				
Bauxite & Alumina	413	644	-	1 057
Primary Metal	1 282	504	(7)	1 779
Metal Markets	59	24	(1)	82
Rolled Products	(22)	217	-	196
Sapa	215	-	-	215
Energy	368	56	-	424
Other and eliminations	7	7	-	13
<b>Total</b>	<b>2 323</b>	<b>1 450</b>	<b>(8)</b>	<b>3 766</b>

NOK million	EBIT	Depr., amor., and impairment	Other items <sup>1)</sup>	EBITDA
<b>EBIT - EBITDA First nine months 2017</b>				
Bauxite & Alumina	1 831	1 807	-	3 639
Primary Metal	3 617	1 501	(7)	5 111
Metal Markets	328	70	(1)	397
Rolled Products	512	630	-	1 143
Sapa	800	-	-	800
Energy	1 075	163	-	1 237
Other and eliminations	(485)	21	-	(465)
<b>Total</b>	<b>7 678</b>	<b>4 192</b>	<b>(7)</b>	<b>11 863</b>

1) Investment grants, and amortization of excess values in equity accounted investments and impairment loss of such investments.

### Note 3: Contingent liabilities

Hydro is involved in or threatened with various legal and tax matters arising in the ordinary course of business. Hydro is of the opinion that it is not probable that the resulting liabilities, if any, will have a material adverse effect on its consolidated results of operations, liquidity or financial position.

### Note 4: Subsequent events - Acquisition of Sapa

On July 10, 2017, Hydro entered into a contract to acquire 50 percent of the shares in Sapa AS, which was a joint venture owned 50 percent by Hydro and 50 percent by Orkla, a listed company in Norway. Following completion of the transaction on October 2, 2017, Hydro owns 100 percent of the parent company Sapa AS, which is now renamed Hydro Extruded Products AS.

The acquisition of Orkla's ownership interest in Sapa confirms Hydro's strategy of being integrated and the combination is intended to make Hydro fully integrated across the value chain and markets. Hydro will increase its strength in technology, research and development, innovation and product development, and the service offering to the customers.

Hydro has paid a cash consideration of NOK 11.9 billion for the 50 percent shares acquired on October 2. The pricing is based on an agreed enterprise value of NOK 27 billion for 100 percent of Sapa on a cash and debt free basis, adjusted for certain items such as level of working capital and investments made during 2017. Adjustments based on the actual status as of closing is expected to be made during the fourth quarter. The fair value of Hydro's previously held 50 percent interest in Sapa is estimated at NOK 8.9 billion, resulting in a total value of Sapa's net assets of NOK 20.7 billion. A remeasurement gain of about NOK 2.1 billion, including certain items previously recognized in Other Comprehensive Income of about NOK 750 million, will be recognized in Other income, net, in the fourth quarter of 2017.



Acquisition related costs incurred during 2017 were approximately NOK 20 million, included in operating costs.

Hydro has started the process of identifying the fair value of assets acquired and liabilities assumed. This process depends on access to detailed information of Sapa's businesses, and many of these procedures could thus not start before Hydro obtained control with Sapa at completion of the transaction. The estimated fair value of net assets of Sapa included in the table below are early estimates based on limited knowledge of the specific assets and liabilities. The final fair value assessment is required to be completed within 12 months from completion of the transaction, and may differ significantly from these estimates.

### Acquired assets and liabilities

NOK million	
Cash and cash equivalents	795
Accounts receivables	8 764
Inventories	5 785
Other non-current assets	340
<b>Total current assets</b>	<b>15 685</b>
Property, plant and equipment	14 145
Intangible assets, including goodwill	7 451
Other non-current assets	1 530
<b>Total non-current assets</b>	<b>23 126</b>
<b>Total assets acquired</b>	<b>38 811</b>
Bank loans and other interest-bearing short-term debt	3 555
Other current liabilities	10 112
<b>Total non-current liabilities</b>	<b>13 666</b>
Long-term debt	-
Deferred tax liabilities	1 975
Other non-current liabilities	2 398
<b>Total non-current liabilities</b>	<b>4 374</b>
<b>Net assets acquired</b>	<b>20 772</b>
Non-controlling interests	50
<b>Net assets acquired by Hydro</b>	<b>20 722</b>

Sapa has certain uncertain and contingent liabilities mainly related to historic environmental issues on sites currently held and sites resold to others prior to Hydro's acquisition, as well as certain tax exposures. Investigation of the magnitude of such uncertain and contingent liabilities is ongoing. The preliminary estimate of such obligations included in the table above amounts to NOK 579 million and a related indemnity asset receivable from the seller of NOK 47 million. Further, Sapa Profiles, Inc, a US subsidiary of Sapa, is under investigation by the United States Department of Justice. This matter is further described in the section Market developments and outlook, in the sub section Additional factors impacting Hydro. The outcome of this investigation is not known, and no estimate have been included in the summary of assets and liabilities above. Should a liability be concluded to exist, Hydro will be entitled to reimbursement from the seller for 50 percent of the amount.

A preliminary estimate of goodwill in the transaction amounts to NOK 5,109 million, including goodwill recognized in Sapa prior to the acquisition, and is reflected in the preliminary purchase price allocation. A significant contributor to the estimated goodwill is synergies in the transaction. The amount of goodwill will be affected by adjustments of the valuation of recognized and unrecognized assets and liabilities which were present at completion of the transaction, as well as adjustments to the share price.

The results from January to September for Sapa is reported as 50 percent owned joint venture, no results from the acquired businesses are included in Hydro's consolidated income statement as results from the Group's controlled business as of September 30, 2017. The following information represents pro forma financial information as if the acquisition was completed

as of the beginning of 2017. The pro forma financial information is based on Hydro's interim financial statements as of September 30, 2017, and Sapa's management reporting as of the same date. This pro forma financial information is based on the transaction completed by Hydro and Orkla as of October 2, 2017. Terms of the transaction may have been different had the acquisition been completed at an earlier time. Pro forma information has been prepared for information purposes only, and is not intended to indicate what the results of operations would have been if the transaction had occurred at the beginning of 2017.

### Pro forma combined financial information Hydro

NOK million	01.01-30.09 2017
Revenue	110 117
Earnings before financial items and tax (EBIT)	8 907
Net income	6 227
Net income (loss) attributable to non-controlling interests	302
Net income (loss) attributable to Hydro shareholders	5 925

Hydro issued an information memorandum dated July 31, 2017 describing the acquisition. The document contains more detailed information about the transaction, and is available at [www.hydro.com](http://www.hydro.com).

## *Alternative performance measures (APMs)*

Alternative performance measures, i.e. financial performance measures not within the applicable financial reporting framework, are used by Hydro to provide supplemental information, by excluding items that, in Hydro's view, does not give an indication of the periodic operating results or cash flows of Hydro. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is Hydro's experience that these are frequently used by analysts, investors and other parties. Management also uses these measures internally to drive performance in terms of long-term target setting and as basis for performance related pay. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant. Operational measures such as, but not limited to, volumes, prices per mt, production costs and improvement programs are not defined as financial APMs. To provide a better understanding of the company's underlying financial performance for the relevant period, Hydro focuses on underlying EBIT in the discussions on periodic underlying financial and operating results and liquidity from the business areas and the group, while effects excluded from underlying EBIT and net income (loss) are discussed separately in the section on reported EBIT and net income. Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. Disclosures of APMs are subject to established internal control procedures.

### **Hydro's financial APMs**

- *EBIT*: Income (loss) before tax, financial income and expense.
- *Underlying EBIT*: EBIT +/- identified items to be excluded from underlying EBIT as described below.
- *EBITDA*: EBIT + depreciation, amortization and impairments, net of investment grants.
- *Underlying EBITDA*: EBITDA +/- identified items to be excluded from underlying EBIT as described below + impairments.
- *Underlying net income (loss)*: Net income (loss) +/- items to be excluded from underlying income (loss) as described below.
- *Underlying earnings per share*: Underlying net income (loss) attributable to Hydro shareholders divided by a weighted average of outstanding shares (ref.: the interim financial statements).
- *Investments*: Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments.
- *Adjusted net cash (debt)*: Short- and long-term interest-bearing debt adjusted for Hydro's liquidity positions, and for liquidity positions regarded unavailable for servicing debt, pension obligation and other obligations which are considered debt-like in nature.
- *Metal Markets specific adjustments to underlying EBIT*:
  - *Currency effects* include the effects of changes in currency rates on sales and purchase contracts denominated in foreign currencies (mainly US dollar and Euro for our European operations) and the effects of changes in currency rates on the fair valuation of derivative contracts (including LME futures) and inventories mainly translated into Norwegian kroner. Hydro manages its external currency exposure on a consolidated basis in order to take advantage of offsetting positions.
  - *Inventory valuation effects* comprise hedging gains and losses relating to inventories. Increasing LME prices result in unrealized hedging losses, while the offsetting gains on physical inventories are not recognized until realized. In period of declining prices, unrealized hedging gains are offset by write-downs of physical inventories.

### Items excluded from underlying EBIT, EBITDA, net income (loss) and earnings per share

Hydro has defined two categories of items which are excluded from underlying results in all business areas, equity accounted investments and at group level. One category is the timing effects, which are unrealized changes to the market value of certain derivatives and the metal effect in Rolled Products. When realized, effects of changes in the market values since the inception are included in underlying EBIT. Changes in the market value of the trading portfolio are included in underlying results. The other category includes material items which are not regarded as part of underlying business performance for the period, such as major rationalization charges and closure costs, major impairments of property, plant and equipment, effects of disposals of businesses and operating assets, as well as other major effects of a special nature. Materiality is defined as items with a value above NOK 20 million. All items excluded from underlying results are reflecting a reversal of transactions recognized in the financial statements for the current period, except for the metal effect. Part-owned entities have implemented similar adjustments.

Items excluded from underlying EBIT and net income <sup>1)</sup>	Third quarter 2017	Second quarter 2017	Third quarter 2016	First 9 months 2017	First 9 months 2016	Year 2016
NOK million						
Unrealized derivative effects on LME related contracts	(30)	92	(32)	80	(314)	(401)
Unrealized derivative effects on power and raw material contracts	7	(25)	(68)	155	(41)	(61)
Metal effect, Rolled Products	151	(138)	(48)	(273)	(23)	(91)
Significant rationalization charges and closure costs	-	-	124	-	192	192
Impairment charges	-	-	140	-	140	426
(Gains)/losses on divestments	-	-	-	-	(314)	(314)
Other effects	-	-	-	-	-	(223)
Items excluded in equity accounted investments	(6)	56	(15)	19	(90)	(113)
Items excluded from underlying EBIT	123	(16)	101	(18)	(451)	(586)
Net foreign exchange (gain)/loss	(520)	918	(358)	180	(2 293)	(2 266)
Calculated income tax effect	123	(250)	95	(41)	773	841
Other adjustments to net income	(125)	-	-	(125)	(700)	(700)
Items excluded from underlying net income	(398)	652	(161)	(5)	(2 671)	(2 712)
Income (loss) tax rate	22 %	21 %	34 %	24 %	24 %	28 %
Underlying income (loss) tax rate	26 %	23 %	33 %	26 %	36 %	38 %

1) Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.

- *Unrealized derivative effects on LME related contracts* include unrealized gains and losses on contracts measured at market value, which are used for operational hedging purposes related to fixed-price customer and supplier contracts, where hedge accounting is not applied. Also includes elimination of changes in fair value of certain internal physical aluminium contracts.
- *Unrealized derivative effects on power and raw material contracts* include unrealized gains and losses on embedded derivatives in raw material and power contracts for Hydro's own use and for financial power contracts used for hedging purposes, as well as elimination of changes in fair value of embedded derivatives within certain internal power contracts.
- *Metal effect in Rolled Products* is an effect of timing differences resulting from inventory adjustments due to changing aluminium prices during the production, sales and logistics process, lasting two to three months. As a result, margins are impacted by timing differences resulting from the FIFO inventory valuation method (first in, first out), due to changing aluminium prices during the process. The effect of inventory write-downs is included. Decreasing aluminium prices in Euro results in a negative metal effect on margins, while increasing prices have a positive effect.
- *Significant rationalization charges and closure costs* include costs related to specifically defined major projects, and not considered to reflect periodic performance in the individual plants or operations. Such costs involve termination benefits, dismantling of installations and buildings, clean-up activities that exceed legal liabilities, etc. Costs related to regular and continuous improvement initiatives are included in underlying results.
- *Impairment charges (PP&E and equity accounted investments)* relate to significant write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value. Gains from reversal of impairment charges are simultaneously excluded from underlying results.
- *(Gains) losses on divestments* include a net gain or loss on divested businesses and/or individual major assets.

- *Other effects* include recognition of pension plan amendments and related curtailments and settlements, insurance proceeds covering asset damage, legal settlements, etc. Insurance proceeds covering lost income are included in underlying results.
- *Items excluded in equity accounted investments* reflects Hydro's share of items excluded from underlying net income in Sapa and Qatalum and are based on Hydro's definitions, including both timing effects and material items not regarded as part of underlying business performance for the period.
- *Net foreign exchange (gain) loss*: Realized and unrealized gains and losses on foreign currency denominated accounts receivable and payable, funding and deposits, embedded currency derivatives in certain power contracts and forward currency contracts purchasing and selling currencies that hedge net future cash flows from operations, sales contracts and operating capital.
- *Calculated income tax effect*: In order to present underlying net income on a basis comparable with our underlying operating performance, the underlying income taxes are adjusted for the expected taxable effects on items excluded from underlying income before tax.
- *Other adjustments to net income* include other major financial and tax related effects not regarded as part of the underlying business performance of the period.

Items excluded from underlying EBIT per operating segment and for Other and eliminations <sup>1)</sup> NOK million	Third quarter 2017	Second quarter 2017	Third quarter 2016	First 9 months 2017	First 9 months 2016	Year 2016
Impairment charges	-	-	-	-	-	285
Other effects <sup>2)</sup>	-	-	-	-	-	(254)
<b>Bauxite &amp; Alumina</b>	-	-	-	-	-	31
Unrealized derivative effects on LME related contracts	(20)	(8)	(24)	1	(57)	(93)
Unrealized derivative effects on power contracts	36	(44)	(54)	66	(143)	(125)
Significant rationalization charges and closure costs	-	-	124	-	192	192
<b>Primary Metal</b>	16	(52)	47	67	(9)	(27)
Unrealized derivative effects on LME related contracts	31	(38)	(14)	31	(99)	(119)
<b>Metal Markets</b>	31	(38)	(14)	31	(99)	(119)
Unrealized derivative effects on LME related contracts	(35)	139	4	46	(167)	(183)
Metal effect	151	(138)	(48)	(273)	(23)	(91)
(Gains) losses on divestments	-	-	-	-	28	28
<b>Rolled Products</b>	116	-	(45)	(227)	(161)	(246)
Unrealized derivative effects on power contracts	-	-	(10)	-	4	-
<b>Energy</b>	-	-	(10)	-	4	-
Unrealized derivative effects on power contracts <sup>3)</sup>	(29)	19	(4)	90	98	64
Unrealized derivative effects on LME related contracts <sup>3)</sup>	(5)	(1)	2	2	9	(6)
Impairment charges	-	-	140	-	140	140
(Gains)/losses on divestments	-	-	-	-	(342)	(342)
Other effects <sup>4)</sup>	-	-	-	-	-	32
Unrealized derivative effects (Sapa)	(8)	67	(26)	20	(125)	(166)
Significant rationalization charges and closure costs (Sapa)	-	-	21	-	21	55
Net foreign exchange (gain) loss (Sapa)	-	9	(17)	5	(24)	(49)
Calculated income tax effect (Sapa)	2	(19)	7	(6)	39	48
<b>Other and eliminations</b>	(40)	74	123	111	(186)	(225)
<b>Items excluded from underlying EBIT</b>	123	(16)	101	(18)	(451)	(586)

1) Negative figures indicate reversal of a gain and positive figures indicate reversal of a loss.

2) Other effects in Bauxite & Alumina include a compensation relating to the completion of outstanding contractual arrangements with Vale.

3) Unrealized derivative effects on power contracts and LME related contracts result from elimination of changes in the valuation of embedded derivatives within certain internal power contracts and in the valuation of certain internal aluminium contracts.

4) Other effects in Other and eliminations include the remeasurement of environmental liabilities, due to changes in interest rate, related to closed business in Germany.

<b>Underlying EBITDA</b>	<b>Third quarter 2017</b>	<b>Second quarter 2017</b>	<b>Change prior quarter</b>	<b>Third quarter 2016</b>	<b>Change prior year quarter</b>	<b>First 9 months 2017</b>	<b>First 9 months 2016</b>	<b>Year 2016</b>
NOK million								
EBITDA	3 766	4 335	(13) %	2 792	35 %	11 863	8 922	12 485
Items excluded from underlying EBIT	123	(16)	>100 %	101	21 %	(18)	(451)	(586)
Reversal of impairments	-	-	-	(140)	100 %	-	(140)	(426)
<b>Underlying EBITDA</b>	<b>3 889</b>	<b>4 319</b>	<b>(10) %</b>	<b>2 753</b>	<b>41 %</b>	<b>11 845</b>	<b>8 331</b>	<b>11 474</b>

<b>Underlying earnings per share</b>	<b>Third quarter 2017</b>	<b>Second quarter 2017</b>	<b>Change prior quarter</b>	<b>Third quarter 2016</b>	<b>Change prior year quarter</b>	<b>First 9 months 2017</b>	<b>First 9 months 2016</b>	<b>Year 2016</b>
NOK million								
Net income (loss)	2 184	1 562	40 %	1 119	95 %	5 585	5 578	6 586
Items excluded from net income (loss)	(398)	652	>(100) %	(161)	>(100) %	(5)	(2 671)	(2 712)
<b>Underlying net income (loss)</b>	<b>1 785</b>	<b>2 214</b>	<b>(19) %</b>	<b>958</b>	<b>86 %</b>	<b>5 580</b>	<b>2 906</b>	<b>3 875</b>
Underlying net income attributable to non-controlling interests	102	94	9 %	22	>100 %	240	117	129
<b>Underlying net income attributable to Hydro shareholders</b>	<b>1 684</b>	<b>2 121</b>	<b>(21) %</b>	<b>936</b>	<b>80 %</b>	<b>5 340</b>	<b>2 790</b>	<b>3 746</b>
Number of shares	2 045	2 044	-	2 043	-	2 044	2 042	2 042
<b>Underlying earnings per share</b>	<b>0.82</b>	<b>1.04</b>	<b>(21) %</b>	<b>0.46</b>	<b>80 %</b>	<b>2.61</b>	<b>1.37</b>	<b>1.83</b>

<b>Adjusted net cash (debt)</b>	<b>Sep 30 2017</b>	<b>Jun 30 2017</b>	<b>Change prior quarter</b>	<b>Sep 30 2016</b>	<b>Jun 30 2016</b>	<b>Change prior quarter</b>
NOK million						
Cash and cash equivalents	17 853	7 993	9 860	7 952	9 220	(1 268)
Short-term investments <sup>1)</sup>	1 985	4 896	(2 911)	4 438	2 629	1 809
Short-term debt	(9 065)	(3 741)	(5 323)	(3 562)	(3 593)	32
Long-term debt	(3 077)	(3 183)	107	(3 409)	(3 474)	65
<b>Net cash (debt)</b>	<b>7 697</b>	<b>5 965</b>	<b>1 732</b>	<b>5 419</b>	<b>4 781</b>	<b>638</b>
Cash and cash equiv. and short-term investm. in captive insurance company <sup>2)</sup>	(1 064)	(1 054)	(11)	(1 128)	(1 127)	(1)
Net pension obligation at fair value, net of expected income tax benefit <sup>3)</sup>	(6 527)	(6 929)	401	(8 597)	(8 728)	131
Operating lease commitments, net of expected income tax benefit <sup>4)</sup>	(507)	(507)	-	(487)	(487)	-
Short- and long-term provisions net of exp. income tax benefit, and other liab. <sup>5)</sup>	(2 574)	(2 621)	47	(3 279)	(3 197)	(82)
<b>Adjusted net cash (debt)</b>	<b>(2 976)</b>	<b>(5 146)</b>	<b>2 170</b>	<b>(8 072)</b>	<b>(8 758)</b>	<b>686</b>
<b>Net debt in EAI <sup>6)</sup></b>	<b>(6 895)</b>	<b>(7 619)</b>	<b>724</b>	<b>(6 141)</b>	<b>(7 164)</b>	<b>1 023</b>
<b>Adjusted net cash (debt) incl. EAI</b>	<b>(9 871)</b>	<b>(12 764)</b>	<b>2 894</b>	<b>(14 213)</b>	<b>(15 922)</b>	<b>1 709</b>

1) Hydro's policy is that the maximum maturity for cash deposits is 12 months. Cash flows relating to bank time deposits with original maturities beyond three months are classified as investing activities and included in short-term investments on the balance sheet.

2) Cash and cash equivalents and short-term investments in Hydro's captive insurance company Industriforsikring AS are assumed to not be available to service or repay future Hydro debt, and are therefore excluded from the measure Adjusted net debt.

3) The expected income tax benefit related to the pension liability is NOK 985 million and NOK 1,050 million for September 2017 and June 2017, respectively.

4) Operating lease commitments are discounted using a rate of 1.29 percent for both 2017 and 2016. The expected tax benefit on operating lease commitments is estimated at 30 percent. The net present value of operating lease commitments is re-calculated once a year in connection with full year reporting.

5) Consists of Hydro's short and long-term provisions related to asset retirement obligations, net of an expected tax benefit estimated at 30 percent, and other non-current financial liabilities.

6) Net debt in equity accounted investments is defined as the total of Hydro's relative ownership percentage of each equity accounted investment's short and long-term interest bearing debt less their cash position, reduced by total outstanding loans from Hydro to the equity accounted investment. Net debt per individual equity accounted investment is limited to a floor of zero. Currently, the adjustment is related to Qatalum and Sapa.

## *Additional information*

### Financial calendar

#### Financial calendar 2017

November 30                      Capital Markets Day

#### Financial calendar 2018

February 16	Fourth quarter results
Mars 23	Annual report
April 25	First quarter results
May 7	Annual General Meeting
July 24	Second quarter results
October 24	Third quarter results

Hydro reserves the right to revise these dates.

### 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 is a fully integrated aluminium company with 35,000 employees in 40 countries on all continents, combining local expertise, worldwide reach and unmatched capabilities in R&D. In addition to production of primary aluminium, rolled and extruded products and recycling, Hydro also extracts bauxite, refines alumina and generates energy to be the only 360° company of the global aluminium industry. Hydro is present within all market segments for aluminium, with sales and trading activities throughout the value chain serving more than 30,000 customers. Based in Norway and rooted in more than a century of experience in renewable energy, technology and innovation, Hydro is committed to strengthening the viability of its customers and communities, shaping a sustainable future through innovative aluminium solutions.

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**HYDRO**

*Infinite aluminium*