SAPA GROUP

ALUMINIUM IS PART OF THE SOLUTION

SVEIN TORE HOLSETHER
PRESIDENT & CEO
SAPA GROUP
WHAT DO WE DO?
CREATING THE JV
FUTURE OPPORTUNITIES
FIVE STAR RATING FOR TESLA MODEL S
THE PRINCIPLE OF ENERGY ABSORPTION WITH ALUMINIUM PROFILES
ALUMINIUM HAS UNIQUE PROPERTIES

- Low weight
- High strength
- Superior malleability
- Corrosion resistance
- Recyclable with low energy input
ALUMINUM IS PART OF THE SOLUTION

8% of the Earth’s crust consists of aluminum

75% of all aluminum ever produced still in use

>50% of Sapa’s Production* based on recycled aluminum

5% of original energy required when recycling

* ESTIMATE
OUR VALUE CHAIN – MOVING TOWARDS CIRCULAR ECONOMY

SAPA WORKS ACROSS A BROAD PART OF THE ALUMINIUM VALUE CHAIN AND WE CARE FOR ALL THE PARTS OF IT
ALL AROUND YOU

At home  In your office  In your car  When travelling
ALUMINIUM WINDOWS
WHAT DO WE DO?

CREATING THE JV

FUTURE OPPORTUNITIES
ORKLA AND HYDRO FORM A WORLD-LEADING ALUMINIUM SOLUTIONS PROVIDER

- Strong combination of competence and culture
- Through knowledge sharing of best practices, we will improve our network, our offering and our entire organization
- We have global reach and local presence, in addition to leading process capacity and industry knowledge
- We will continue to strengthen R&D by merging the best from both companies
- 1 BNOK synergy potential
Hydro builds its first aluminium operation in Karmøy, Norway

1963

Opens first extrusion company outside Sweden

1971

Builds first extrusion plant outside Norway

1986

Acquires plants in Europe from Alcan

1997

Enters South America, Brazil

2000

First foothold in America

2005

JV between Sapa/Alcoa is created

2007

Builds a tubing plant in Suzhou, China

2009

Indalex acquired

2010/11

Expansion Asia

2013

Sapa opens first production facility in Vetlanda, Sweden
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Asia

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……MERGED INTO A NEW COMPANY CALLED SAPA

2005

2010/11

2013

Indalex acquired
sapa:

A TRULY GLOBAL PLAYER

- With presence in more than 40 countries
- With more than 100 production units
- 23,500 employees
- 46 Bn. NOK Sales
DEDICATED LEAD FOR INTEGRATION PLANNING

Integration Planning Team (IPT)
- Lene Trollnes, Hydro (Lead)
- Erika Ahlqvist, Sapa (Deputy)
- David Holden, Hydro
- Stener Finsrud, Sapa
- Liv Tvenge, Hydro
- Susanne Rothstein, Sapa
- Cathrine Øverli, assistant
- Legal counsel NewCo
- External resources

Steering Committee
- Svein Tore Holsether

Project Owner
- Head of IPT
- Employee representatives
  - Sapa: Kenneth Hertz, Jan Hermansson
  - Hydro: Tor Egil Skulstad, Dietmar Gärtner
- Legal
- Selected members of NewCo mgmt

Advisory board
- Appointed Members of NewCo management

Reference group
- External resources
  - Profiles Europe
  - Profiles Americas
  - Profiles Asia
  - Building Systems
  - Tubes
  - Commercial
  - Sourcing
  - R&D / Go to market
  - HR & Org.
  - CFO area
  - Communication
  - Legal

Business area specific work streams
- Profiles Europe
- Profiles Americas
- Profiles Asia
- Building Systems
- Tubes

Cross NewCo work streams
- Restructuring support (Clean team)
MANNING PROCESS – STARTS WITH ORGANIZATIONAL DESIGN

Phase I
- Proposed organizational design
- Nominated candidates for level 2

Phase II
- External assessment of nominated candidates
- Internal interviews of nominated candidates
- ‘Select’ and communicate

Phase III
- Run similar process for level 3

Announcement (October)  End of Year  By February 15  Closing
The corporate management team was set already before the first announcement.

The level below (L2) was chosen in a thorough and transparent process.

Most L2 leaders were communicated well in advance of the closing.

Clear process for level 3 and 4 established before closing and HQ level 3 and 4 were in place already before closing.
THE INTEGRATION PLANNING COMMUNICATION

- Monthly newsletters translated into 17 languages
- Integration Planning Site with all relevant information (English)
- Monthly union calls with European union representatives (done separately in Sapa/Hydro)
- Reference Group: Two union Board representatives from each side and representatives from EWC
- A new Sapa European Works Council set up during planning period

Integration planning

Project organization now in place
The project organization for the integration planning process is now in place. Both companies are equally represented throughout the organization, as are the employees, with two employee representatives each from Sapa and Hydro participating in the reference group.

Reference group
- Head of IFT
- Additional representatives: Sapa, Kenneth Mortz (Chairman), Sapa Hoeskov, Andrea Lewell, Hydro, Carl Wilker
- Legal
- Select members of Nominated Management

Integration Planning Team (IPT)
- Lene Troines (Hydro, leader)
- Sapa, Michael Christensen
- Hydro, Hans Blomgren
- Reference group
- Lene Troines (Hydro)

Business area specific work streams
Cross New Company work streams

Project begins with meeting for more than 100 leaders
The Integration Planning Team (IPT) invited more than 100 Hydro and Sapa leaders from around the world to a project kick-off meeting on November 15. During the meeting, the leaders were informed about the overall project organization and work streams, roles and responsibilities and what we can and cannot do at this stage.

"We also discussed the principles we intend to follow during the planning process. These include openness and fairness," says Lene Troines, who is heading the IPT.

"Our desire is to have a balance of leadership between the two companies. This is for example reflected by the fact there are representatives from both Hydro and Sapa in all the business area work streams. In addition, we will emphasize strong people processes to secure the best use of talent from both sides, and to minimize uncertainty.

"Our priorities in the integration planning are meeting customer demands, realizing synergies, and optimizing for the long term. But until closing, we are working only with integration planning. We are separate companies and competitors that must continue to meet business targets and satisfy customers."
TRANSPARENT PROCESS WITH FACT-BASED APPROACH

*Templates available
AUGUST 19 2013 WE FINALLY GOT AN APPROVAL FROM CHINESE COMPETITION AUTHORITIES

Chinese authorities approve joint venture

(August 19, 2013) The Chinese competition authorities (MOFCOM) have approved the transaction whereby Hydro and Orkla will have 50/50 ownership of the planned Sapa joint venture.

The approval of the Chinese competition authorities marks the conclusion of the competition law assessment of the agreement, necessary for closure. The transaction has already been approved by the EU Commission, the U.S. Department of Justice and relevant competition authorities in several other countries.

The owners intend to close the transaction as soon as possible and with accounting effect from September.

Until closing of the transaction, Sapa and Hydro’s Extruded Products business remain independent companies. This means that no actual integration of operations can take place until after closing.
SAPA’S BUSINESS PRIORITIES WERE CRYSTAL CLEAR

1. Retain Business
2. Extract Synergies
3. Improve margins
4. Clarify strategic direction
5. Build future organization

While never compromising on safety or compliance
100-DAY PLANS ALL DELIVERED ON BY END OF 2013
RESTRICTURING DONE QUICKLY FOR THE BENEFIT OF EMPLOYEES AND COMPANY

- 15 main restructuring projects have been announced:
  1. Bedwas (UK)
  2. Bolzano (Italy), divestment
  3. Fossanova (Italy)
  4. Guelph (Canada)
  5. Hannover (Germany)
  6. Harderwijk (The Netherlands)
  7. Haticon (Germany), divestment
  8. Miami (USA)
  9. Pinon (France)
  10. Seneffe (Belgium)
  11. Vetlanda (Sweden)
  12. Workington (UK)
  13. X-docs (France)
  14. Corporate overhead costs
  15. Salko (Finland)

- Divestment of MPE operations in Harderwijk (NL) and extrusions in Raufoss (Norway) due to decision by EU Competition authorities

THE LOCATIONS MARKED WITH RED ON THE MAP IS LOCATIONS THAT HAVE BEEN CLOSED/SOLD
SAPA’S EBITDA IS MOVING IN THE RIGHT DIRECTION
WHAT DO WE DO?
CREATING THE JV
FUTURE OPPORTUNITIES
GLOBAL ALUMINIUM DEMAND EXPECTED TO GROW ACROSS REGIONS AND SEGMENTS

STRONG DEMAND DRIVERS IN KEY ALUMINIUM SEGMENTS

<table>
<thead>
<tr>
<th>Segment</th>
<th>Drivers</th>
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<tbody>
<tr>
<td>Transport</td>
<td>Growth in automotive vehicle production</td>
</tr>
<tr>
<td></td>
<td>Aluminium content in cars increasing</td>
</tr>
<tr>
<td></td>
<td>Growth in other transport modes, e.g. railway</td>
</tr>
<tr>
<td>Building &amp; Construction</td>
<td>Urbanization</td>
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<tr>
<td></td>
<td>Housing market recovery in mature regions</td>
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<tr>
<td></td>
<td>Energy neutral buildings</td>
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<tr>
<td>Electrical</td>
<td>Urbanization</td>
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<tr>
<td></td>
<td>Substitution from copper</td>
</tr>
<tr>
<td>Machinery &amp; equipment</td>
<td>Improving industrial sentiment in mature regions</td>
</tr>
<tr>
<td></td>
<td>Manufacturing activity and industrial growth in emerging countries</td>
</tr>
<tr>
<td>Packaging</td>
<td>Urbanization</td>
</tr>
<tr>
<td></td>
<td>Environmental friendly solutions</td>
</tr>
</tbody>
</table>

SOURCE: CRU, HYDRO ANALYSIS
WE’RE PROUD SUB-SUPPLIERS IN NICHE MARKETS
KEEPING THE DESIGN, SHEDDING ~400 KG
LEONI HAS PARTNERED WITH SAPA IN REPLACING COPPER WITH COATED ALUMINIUM IN ITS BATTERY CABLES AND JAGUAR HAS DONE THE SAME
SAPA AND TESLA IN NORTH AMERICA
- GLOBAL OFFERING LOCALLY

100% committed to Aluminium

Tesla Model S
- 5 Star Crash Rating
- 416 HP
- 482 km Per Charge
HIGH-END CAR BRANDS ARE LEADING THE WAY
SAPA AND FORD F-150, A MULTI-PLANT DELIVERY TO THE AMERICA’S HIGHEST SELLING VEHICLE

PICTURE WITH COURTESY OF FORD MOTORS
LEGISLATION IS KEY DRIVER FOR GROWING INTENSITY IN AUTO SEGMENT

US: CAFE TARGET

EUROPEAN UNION: EMISSIONS TARGET

SOURCE: CRU, HYDRO ANALYSIS * CORPORATE AVERAGE FUEL ECONOMY (CAFE)
UTILITY TRAILER
– LIGHTWEIGHTING AMERICA’S TRANSPORTATION
sapa:

40%

100%
WE WILL HAVE TO RE-THINK DESIGN TO MEET FUTURE ENVIRONMENTAL REQUIREMENTS
UTILIZING OFFSHORE OIL AND GAS TECHNOLOGY TO DEVELOP A NEW BRIDGE CONCEPT
ALUMINIUM SUBSTITUTING COPPER IN AIR CONDITIONERS – PANASONIC DRIVING THE CHANGE

- Sapa has developed a solution of aluminium tubes with helical grooves
- Panasonic awarded Sapa the ‘gold’ prize for innovation in their Annual Supplier Awards
- Sapa has entered into a significant supply contract with Panasonic
EXTRUSION OUTLOOK IMPROVING

EXTRUSION DEMAND, SELECTED REGIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>Europe</th>
<th>YoY-growth</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td>-10.0 %</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td>-8.0 %</td>
</tr>
<tr>
<td>2014 E</td>
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<td>-6.0 %</td>
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<tr>
<td>2015 E</td>
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<td>-4.0 %</td>
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<tr>
<td>2016 E</td>
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<td>0.0 %</td>
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EXPECTED MARKET DEVELOPMENT

- US housing market sustaining positive momentum
- Construction activity in peripheral Europe showing signs of recovering, although from low levels
- Growth in transport segment

GLOBAL SEGMENT COMPOSITION, EXTRUSION

- Construction: 65%
- Transport: 13%
- Machinery & equipment: 12%
- Consumer Durables: 3%
- Electrical: 3%
- Other: 3%

(2013)

SOURCE: CRU AND HYDRO ANALYSIS
SHAPING A LIGHTER FUTURE