

Hydro to become 'Better, Bigger and Greener'

Norwegian based aluminium producer, Hydro has set new production targets. "This is an important element in our value proposition to customers," says President and CEO, **Svein Richard Brandtzæg** (Pictured).



Hydro launched its new aspiration at its Capital Markets Day in late November 2014. With a defined roadmap for each of the three pillars of the aspiration, Hydro has set specific targets to be reached by 2018-2020.

"Our ambition is to be the best aluminium company in the world. In other words, the aspiration signals our determination to strengthen our position as technology leader and as a benchmark in operational and customer excellence," says Brandtzæg.

Better

"Doing things better tomorrow than we did today is the essence of our business model and a promise to our customers," says Brandtzæg.

He explains that the 'Better' part of the company's aspiration is very much about cooperation with customers, utilising technology and the competence Hydro has built over its 109 year-long history.

"To be better is a continuous improvement process that never ends. Hydro shall be the best in financial, commercial and operations, and of course in health, safety and the environment," Brandtzæg states, adding that the Aluminium Metal Production System (AMPS), which is implemented in its Primary Metal business, is a good example of how the company continuously strives

to become better in day-to-day operations.

Following the financial crisis, which hit the aluminium industry in 2008 and 2009, Hydro introduced decisive measures to improve its relative cost position within the industry.

The \$300 Program, which improved the cost base for its fully owned primary smelters by \$300 per metric ton, was completed in 2013. In recent years, the company also added similar programmes for all operations across its integrated value chain.

"We have used the time after the finance crisis well, and as a company, Hydro is now coming out of the crisis as a better, more stream-lined company with increased customer focus, and – I believe – a great value proposition to our customers," he says.

Bigger

"Our response to the finance crisis in 2008 and 2009 was about creating a more robust, competitive and stronger Hydro," says Brandtzæg.

He says Hydro put in place effective measures to cut cost across its businesses, but emphasises that recent years has also been about industry shaping activities, such as starting up Qatalum in 2010, acquiring some of the best bauxite and alumina assets in the world in 2011, and establishing the SAPA joint venture in 2013.

"We also have several projects that are being matured right now, but these will not be realised until the time is right," he says.

Greener

When it comes to the 'Greener' part of Hydro's new aspiration, Brandtzæg says the company acknowledges that environmental footprint will become more and more important in the years to come, also for aluminium producers.

In 2013, Hydro launched its goal to become carbon neutral by 2020. "We will reach this target by working in three parallel streams. First, we will work with ourselves by reducing our direct emissions. Secondly, we will work with our customers to produce products that help reduce emissions in the use-phase, and thirdly we will almost double our share of recycling towards 2020," says Brandtzæg.

According to the CEO, Hydro's portfolio of casthouse products has a low carbon footprint, mainly due to well-run smelters and the extensive use of hydro-electric power in several of its smelters.

"More importantly, however, aluminium enables reduced CO₂ emissions when it is used, for instance because carmakers are able to build lighter and more fuel efficient cars. The positive contribution from aluminium in this use phase can more than make up for the emissions from producing the metal," he says. ■