



Hydro Oil & Energy

Johan Kr. Mikkelsen, Senior Vice President
Operations and Production Norway



Running NCS operations in “*innovative and efficient ways*”

Capital Markets Day

December 12, 2003

Our Mission...

...is to create a more viable society by developing natural resources and products in innovative and efficient ways

Our common Values are:

- Courage
- Determination
- Cooperation
- Respect
- Foresight

An innovative and efficient operator

- Continuous focus improves personnel safety and reduces environmental discharges
- Cost-effective offshore operations prolong field life
- Advanced drilling techniques increase oil production
- Concentration on core areas enables future value generation
- New, successful development projects contribute to continued production growth

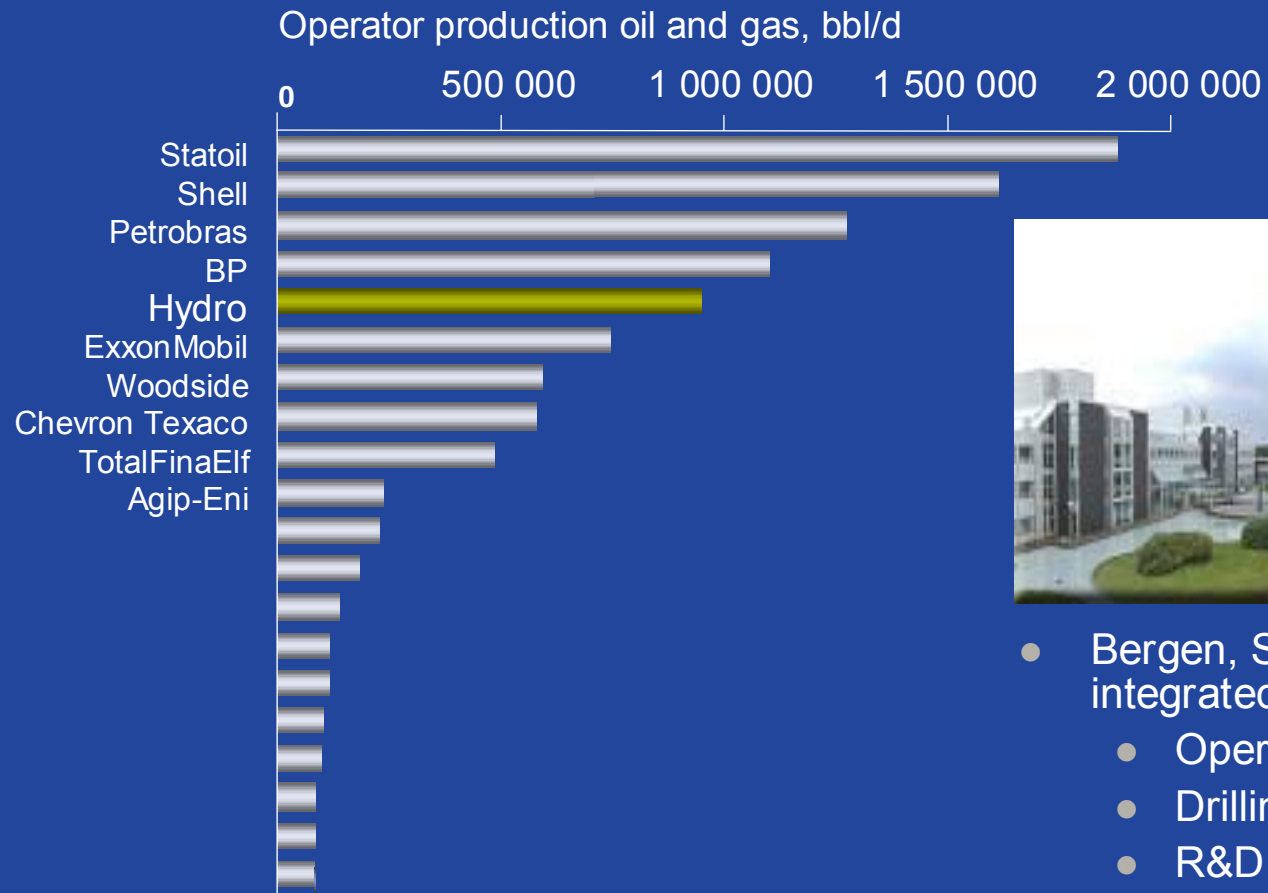
Operations and Production Norway

Hydro is operator for:

- ~ 900.000 bbl/d - 30% of total Norwegian oil production
- 15 installations



A large offshore operator (Water depths above 100 meter)

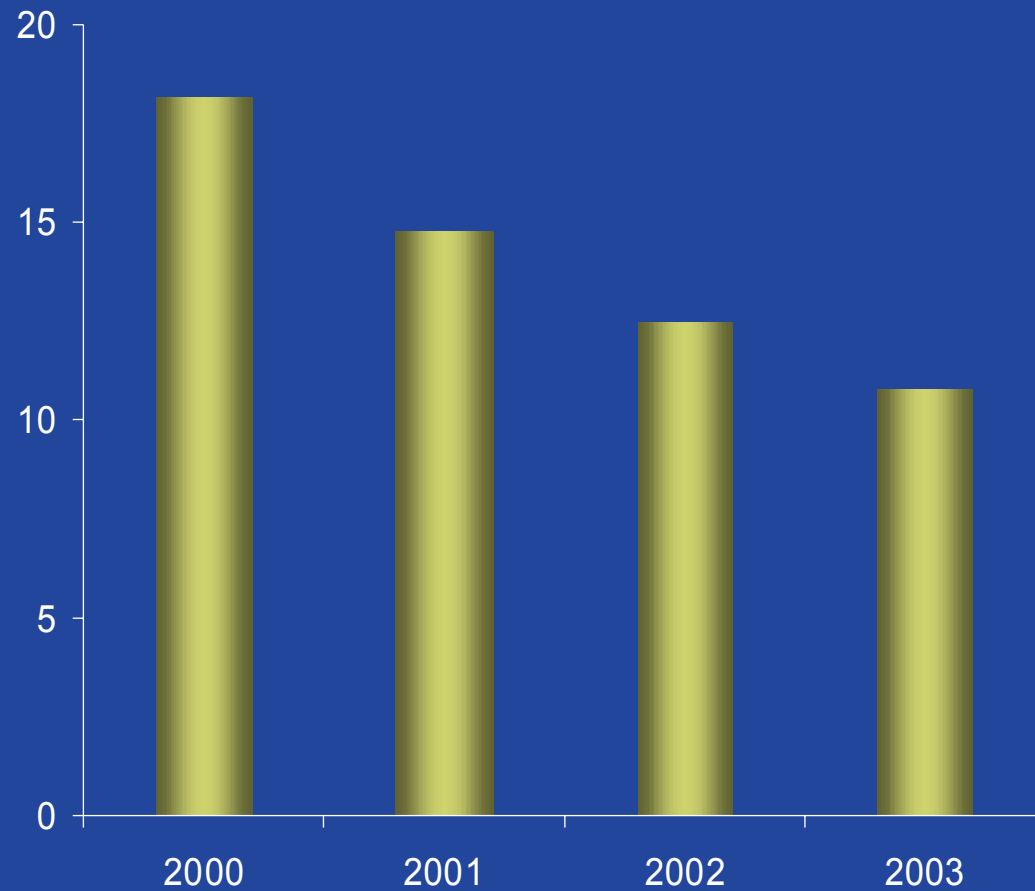


- Bergen, Sandsli integrated headquarter for
 - Operations
 - Drilling
 - R&D

Source: Infield; McKinsey

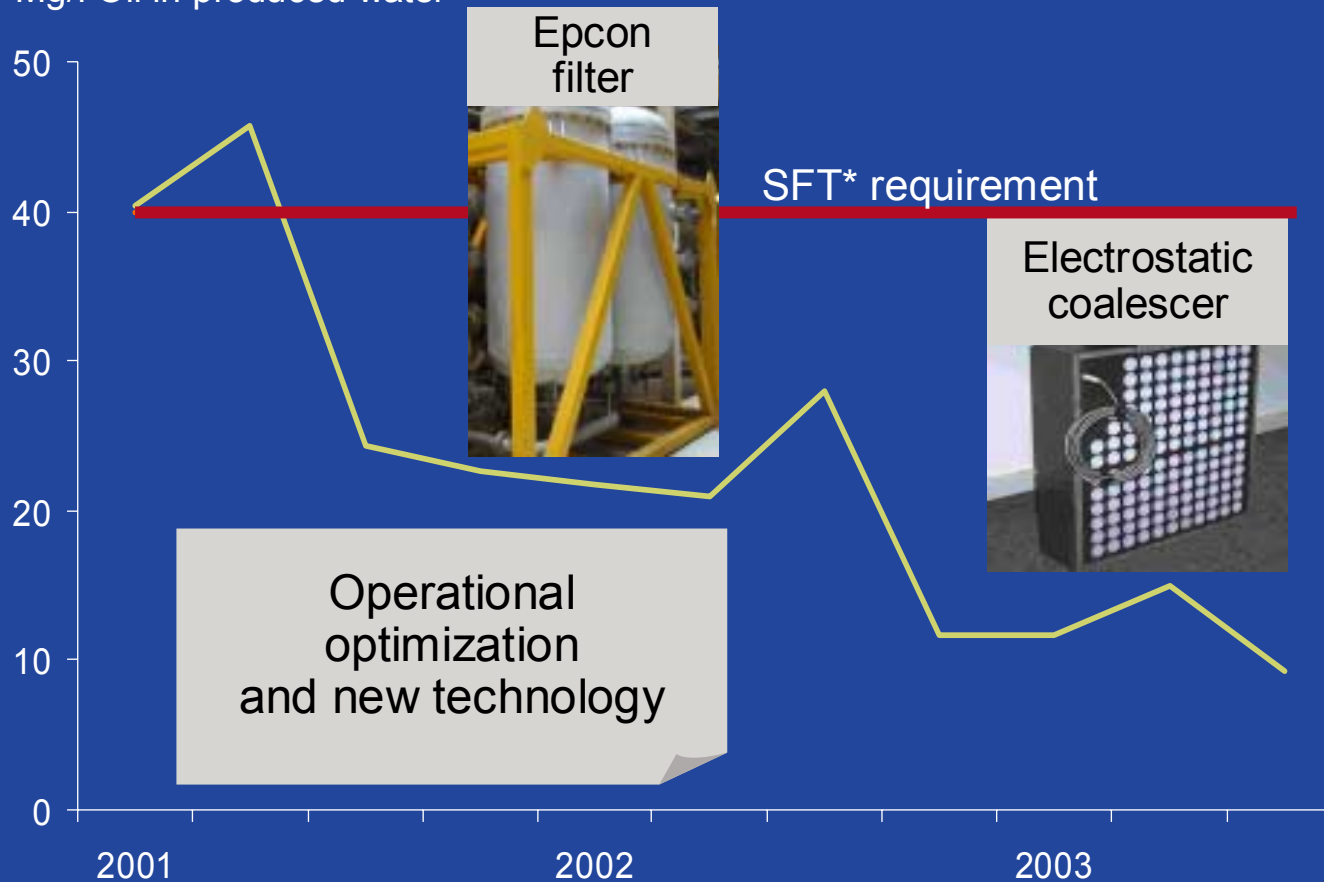
Positive development in injury rate on Hydro operated fields

Personnel injuries
per million work hours



Respect for the environment Troll C reduces discharges to sea

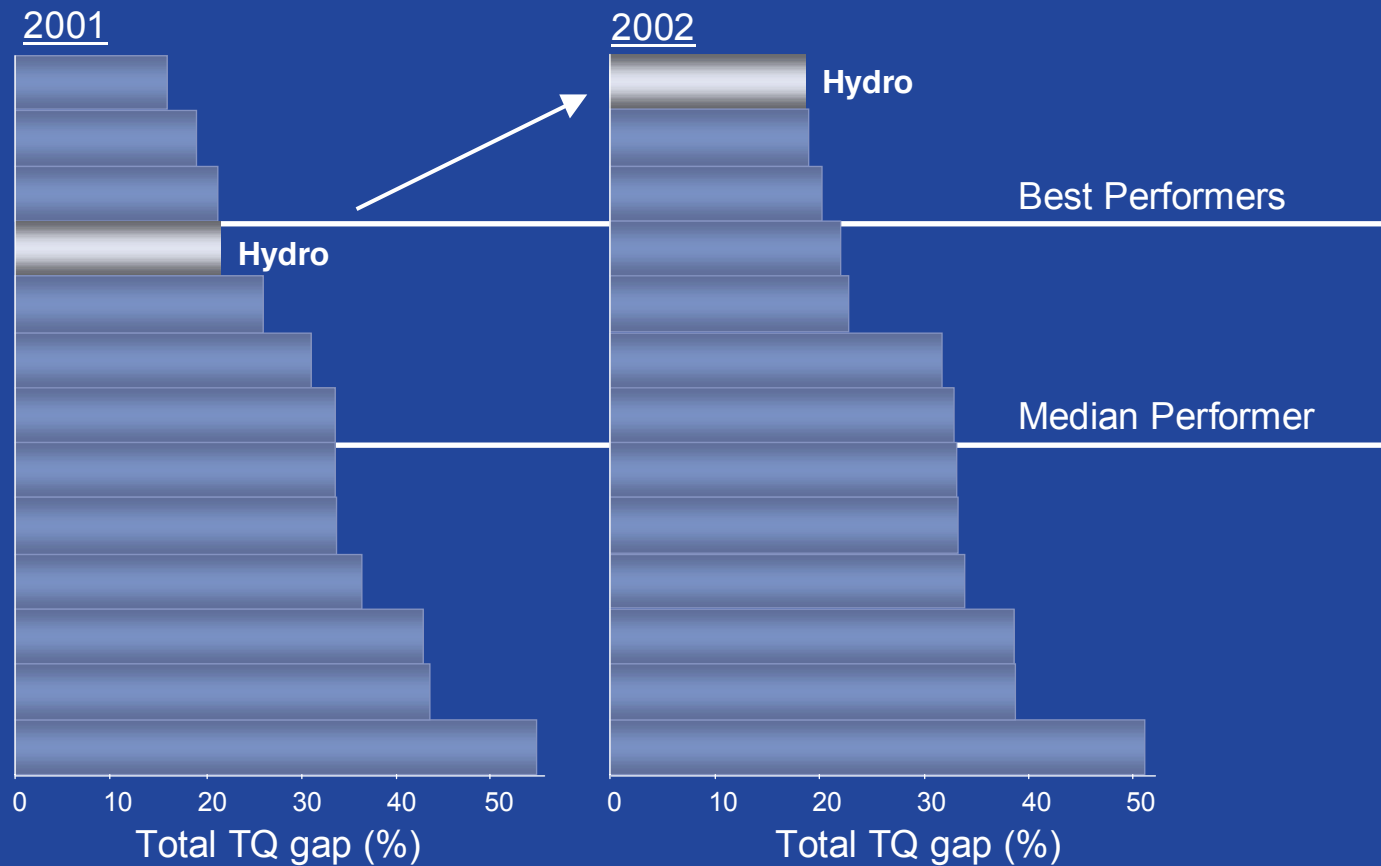
Mg/l Oil in produced water



* Pollution Control Agency

An efficient offshore operator

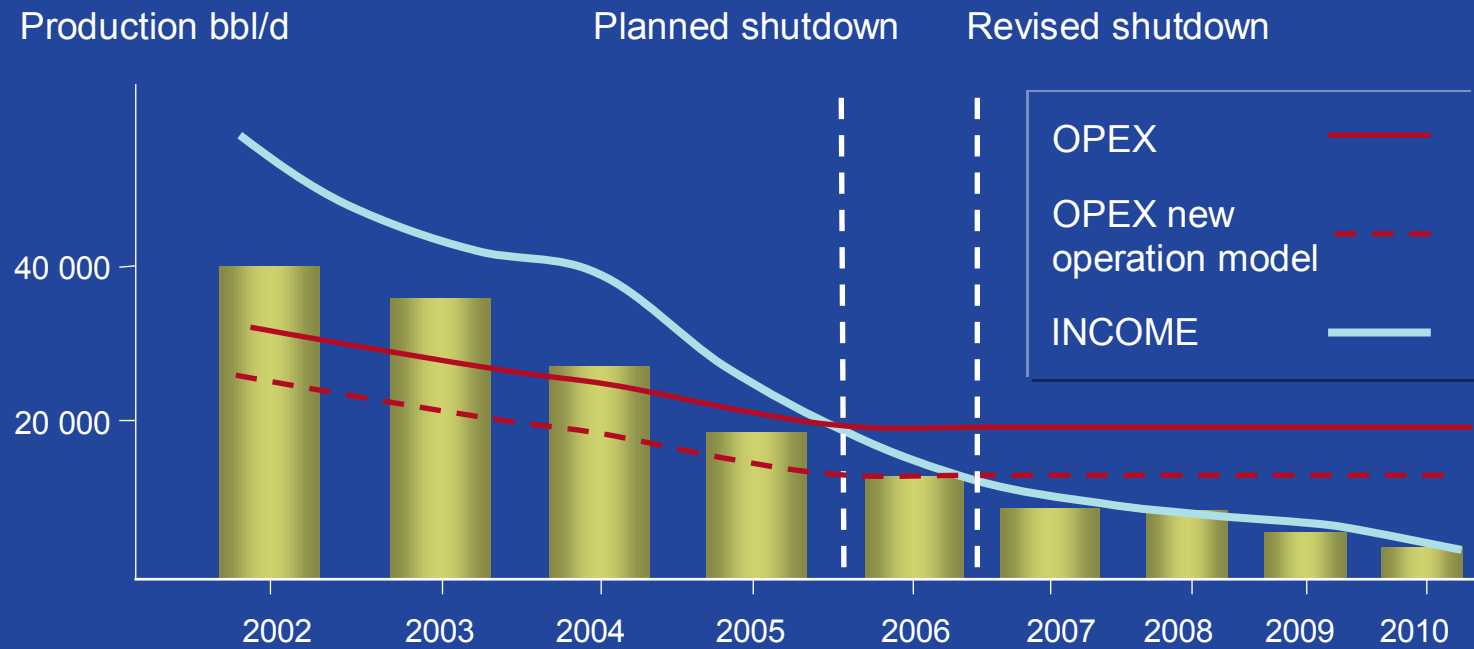
McKinsey Benchmark 2002 (Norway and UK North Central)



Source: McKinsey 2002

More efficient operations extend Brage life

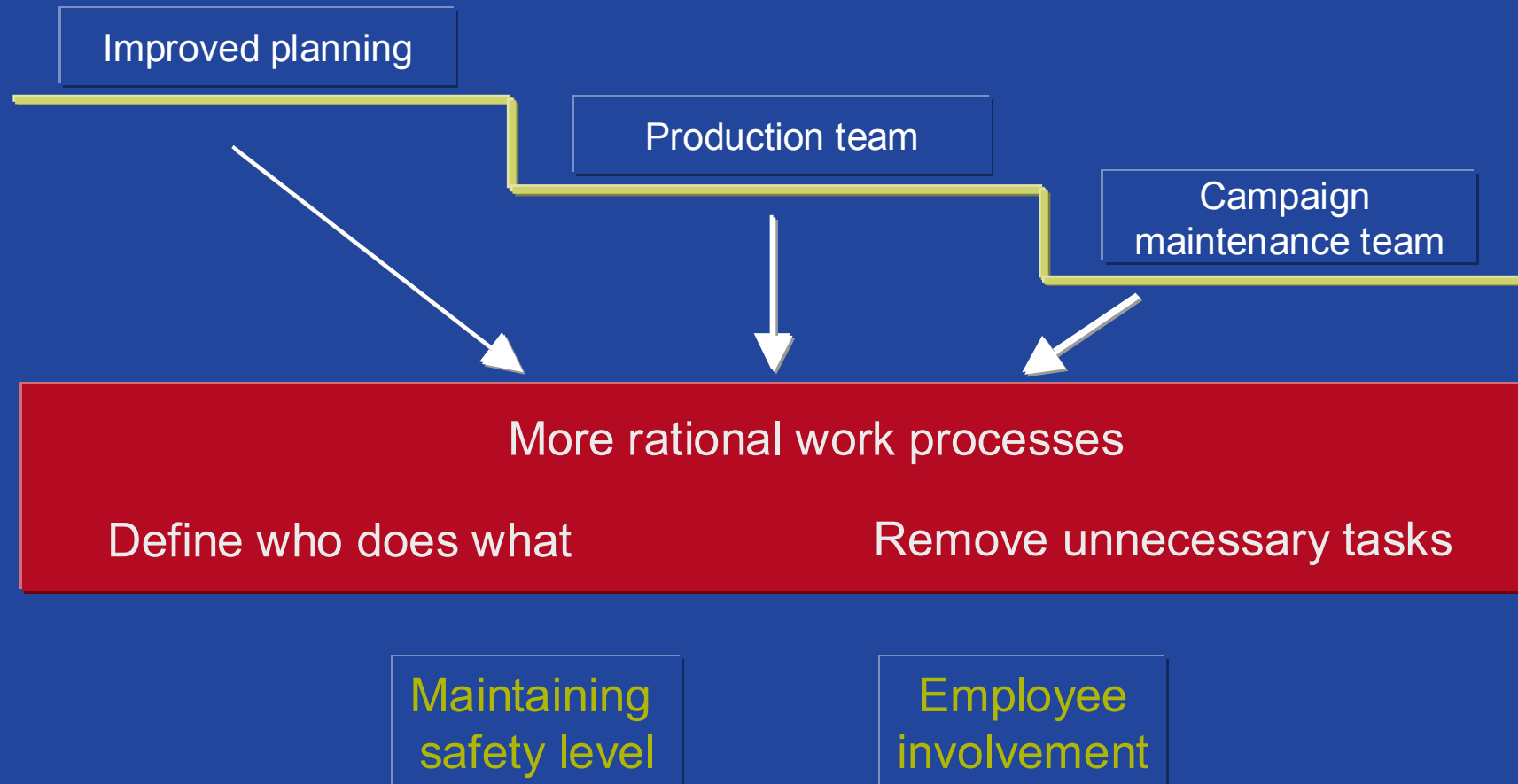
OPEX reduction extends lifetime by 1-2 years



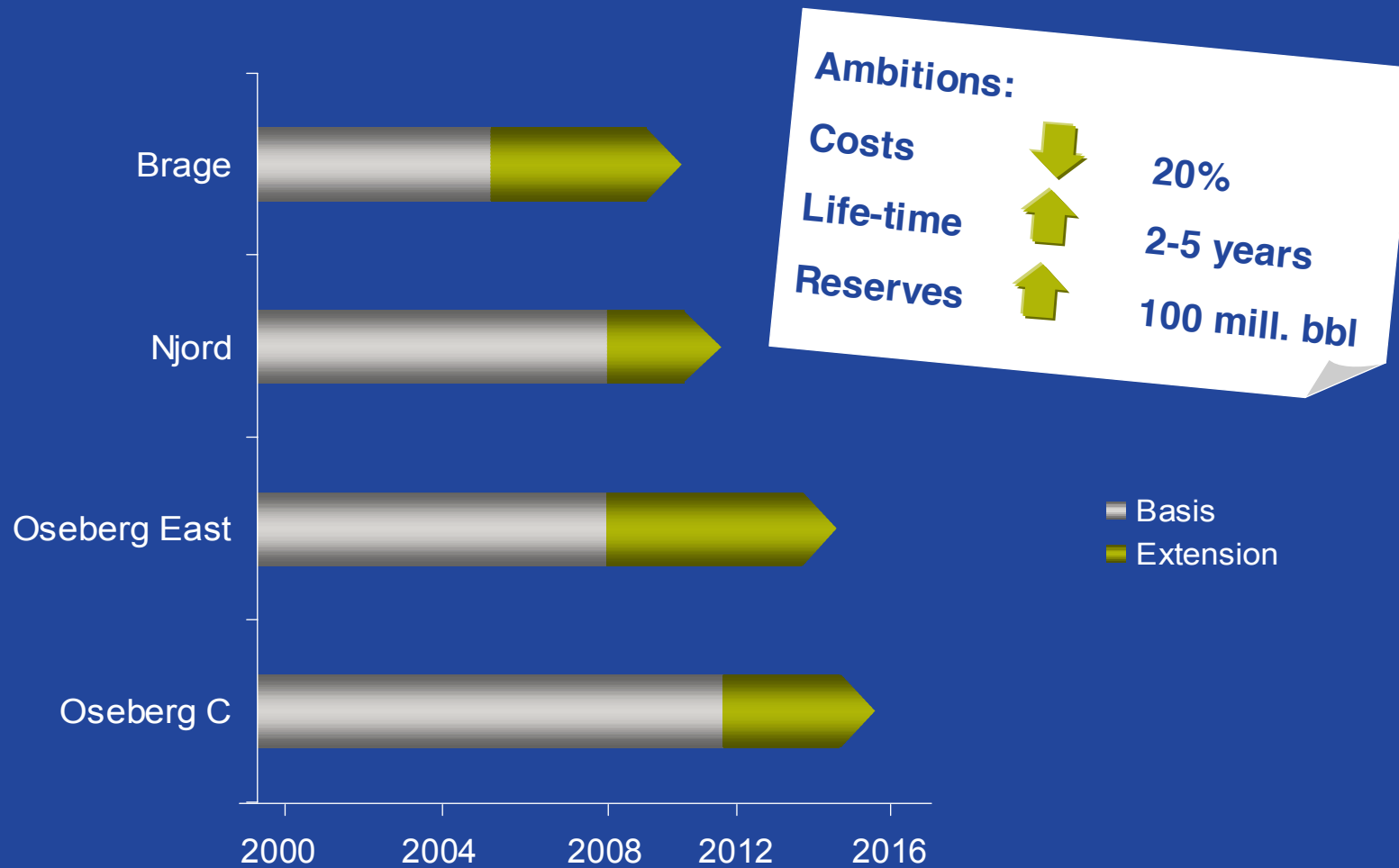
New wells can further extend life by 1-5 years

Key elements in new Brage organisation

Operating cost reduction of approx. NOK 100 million – 25%

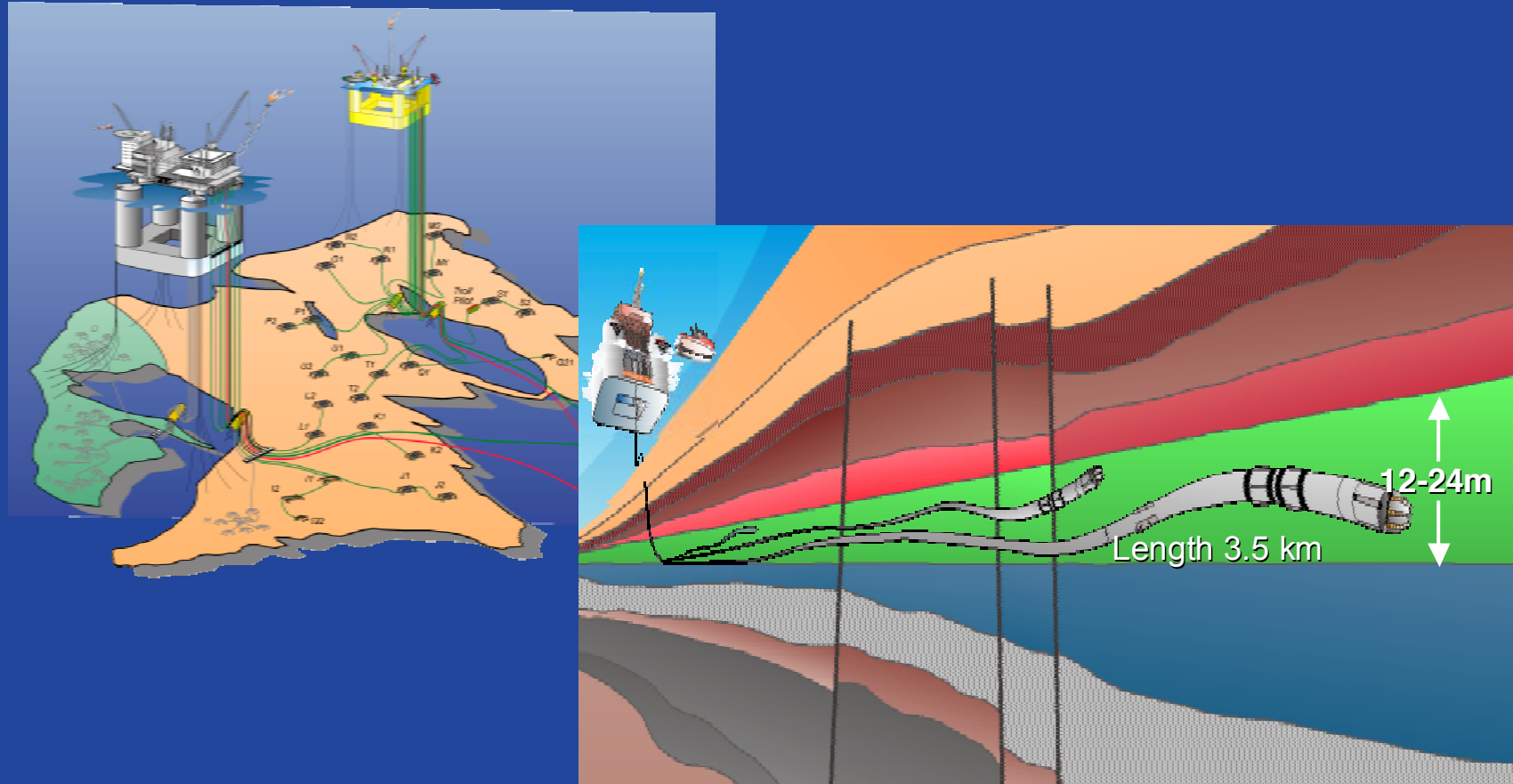


Ambitions to extend production life



Courage to push technological boundaries

Horizontal well no. 100 drilled on Troll Oil



Advanced drilling technology has created 1 400 million barrels of oil on Troll

1986: Reserves: 0

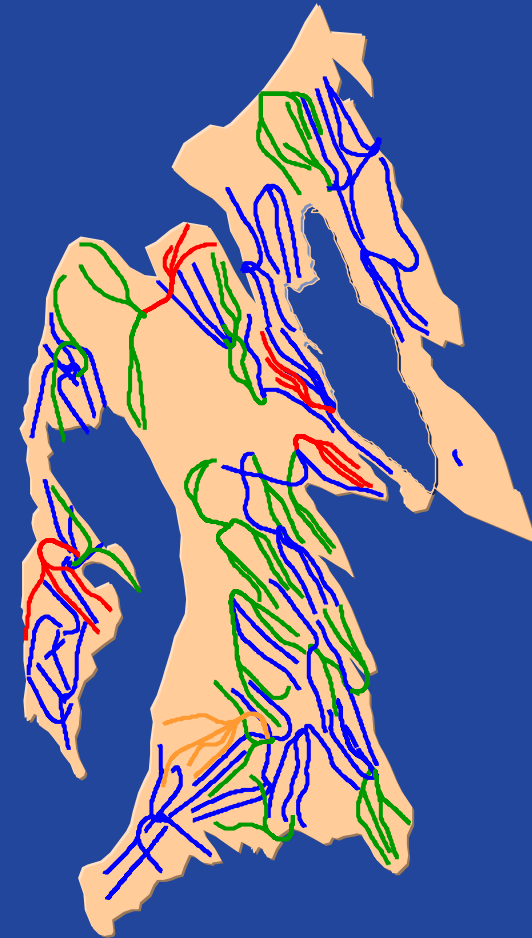
1997: 23 wells
Reserve estimate: 1 200 mill. bbl

2000: 62 wells
Reserve estimate: 1 330 mill. bbl

2003: 100 wells
Reserve estimate: 1 400 mill. bbl

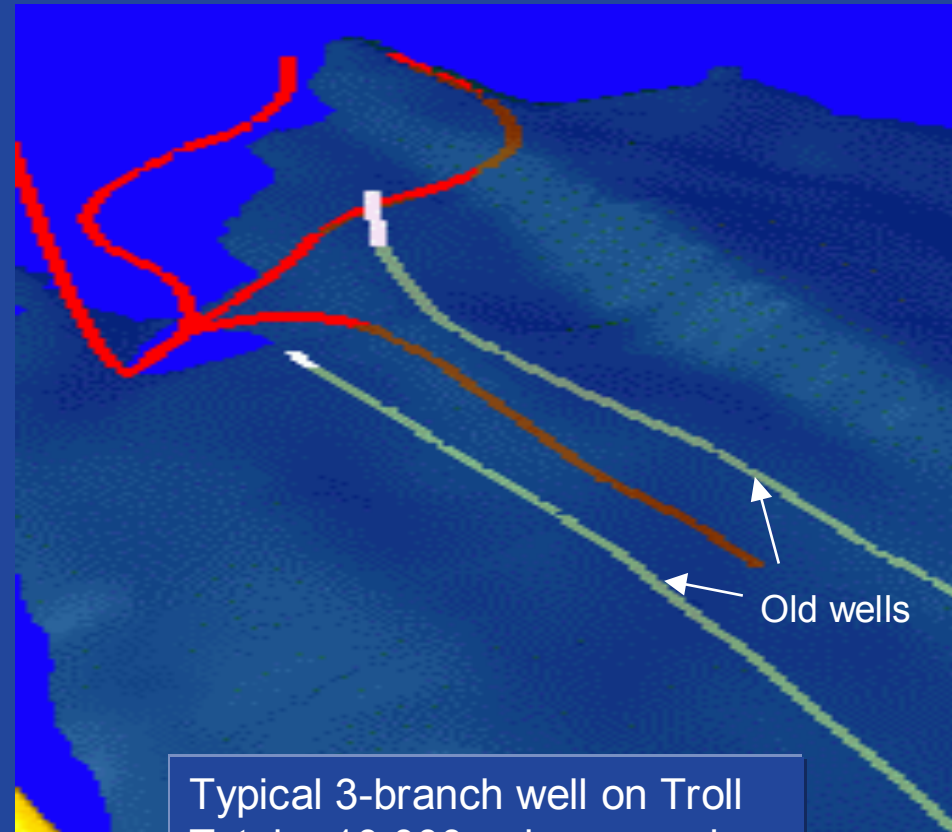
- Triple-branch wells
- Dual-branch wells
- Single horizontal wells

21 dual-branch and 4 triple-branch wells



Multilateral wells make new reserves profitable

- Hydro has drilled 30 of 60 multilateral wells in the North Sea area
- Multilateral wells make smaller oil pockets profitable (from 2 mill. bbl to 1 mill. bbl)

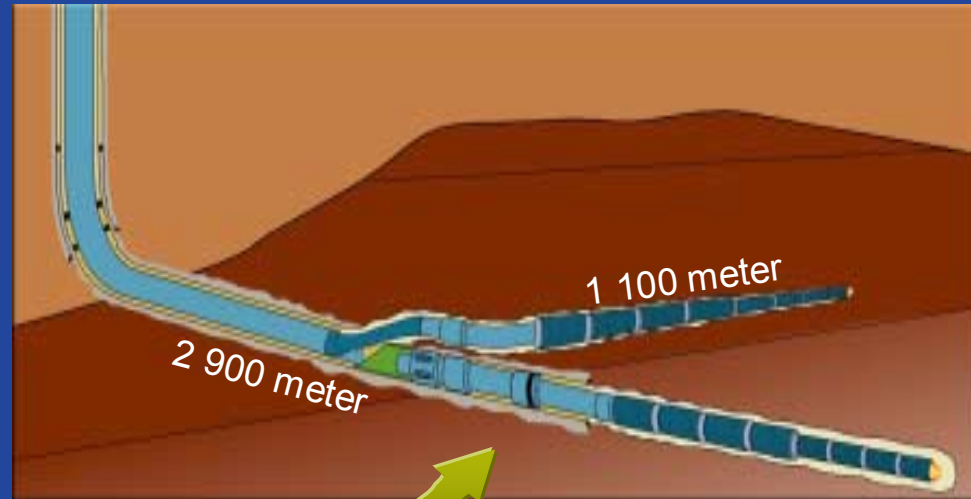
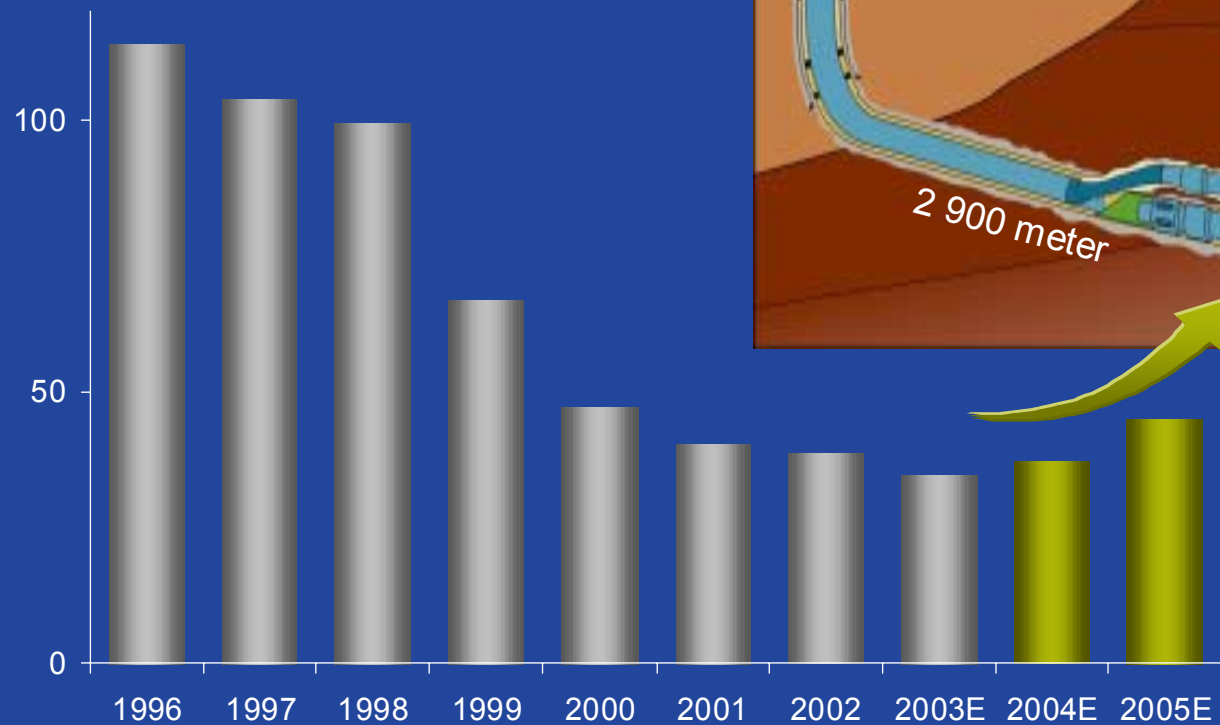


Typical 3-branch well on Troll
Total ~ 10 000 m in reservoir

Advanced drilling provides increased production on mature fields

Brage

Oil production 1 000 bbl/d



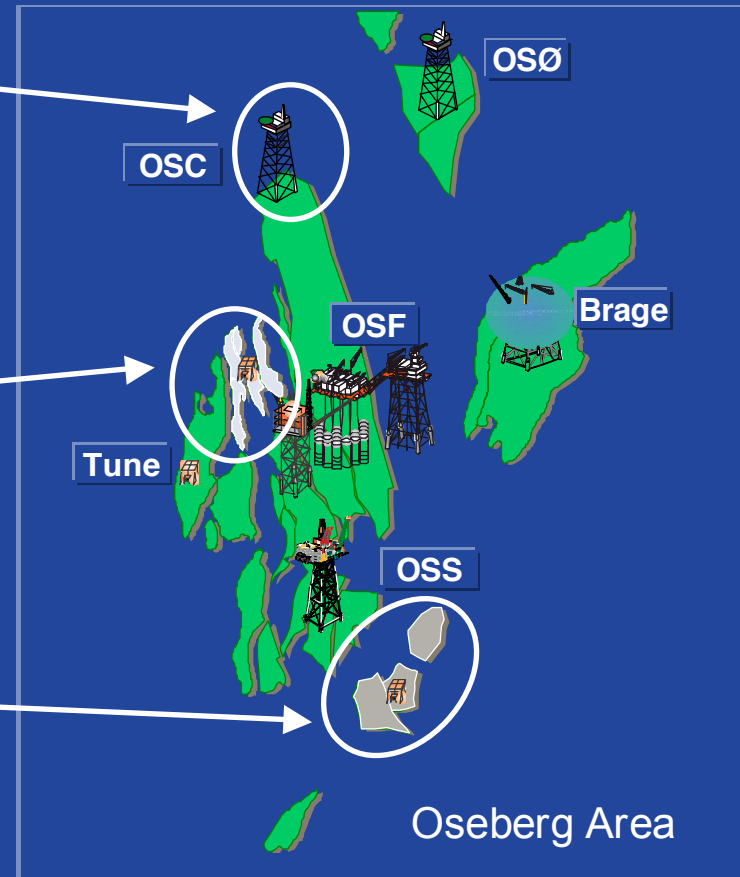
Foresight to further develop core areas

New projects increase reserves by ~ 70 million bbl

- Oseberg C Gas module
 - Additional reserves: 15 million bbl oil

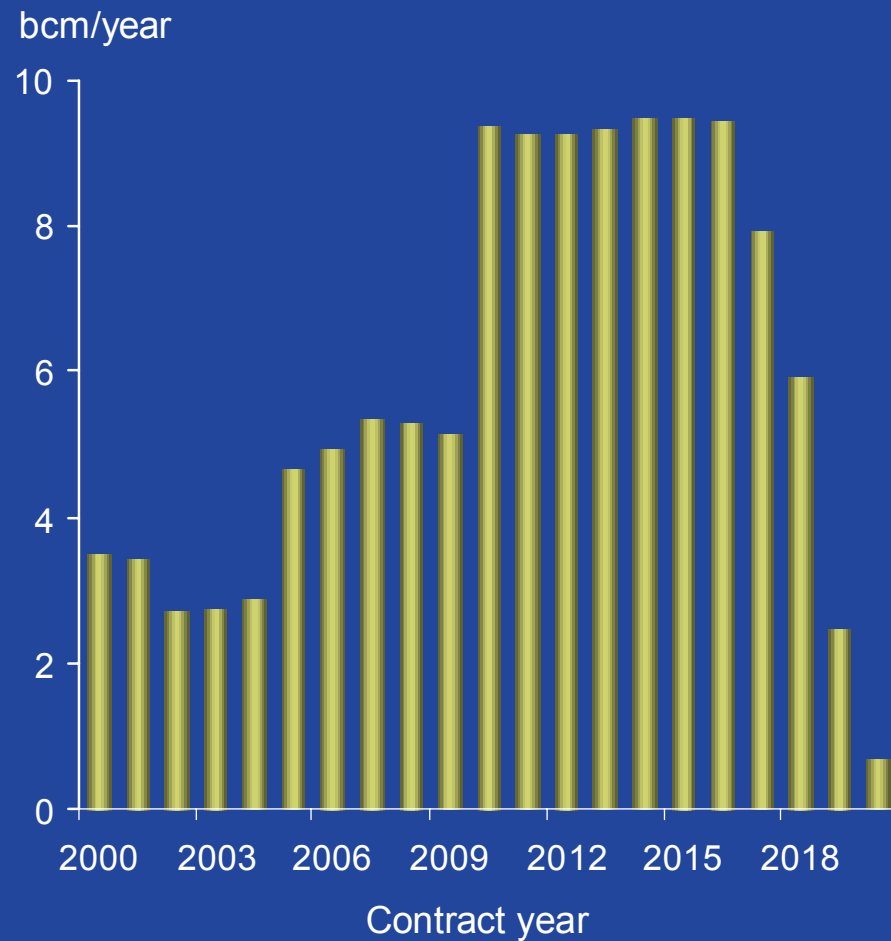
- Vestflanken
 - Reserves: 30 million bbl oil, 5 bcm gas

- Oseberg South J structure
 - Reserves: 24 million bbl oil



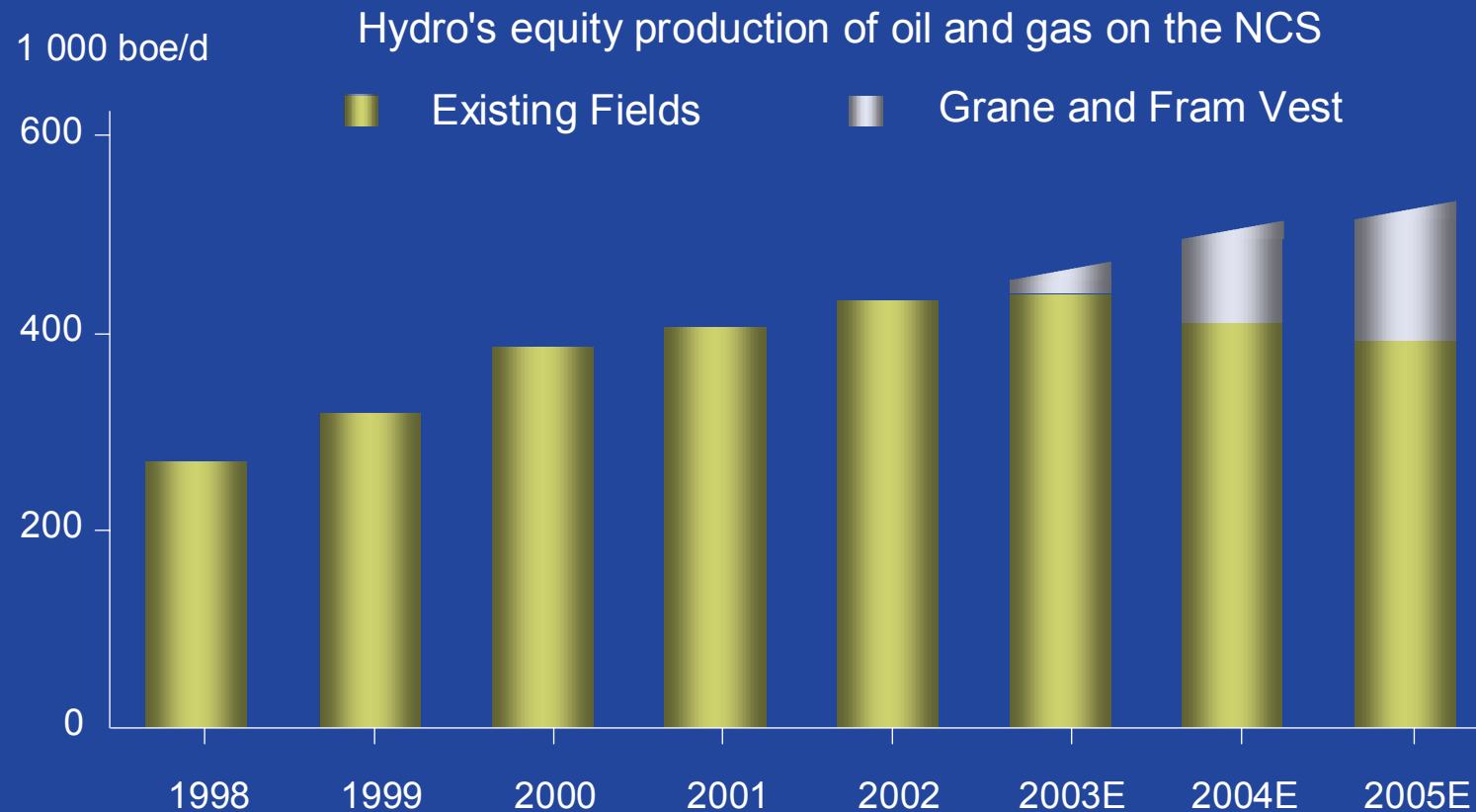
Oseberg – an increasingly important centre for gas exports

- Flexibility for swing production
- Investments already made
- Remaining reserves*:
116 bcm



Based on OED Fact Sheet
* incl. TOGI

Grane and Fram Vest contribute to continued strong production growth for Hydro



Successful project execution through cooperation with contractors

Grane – largest new Oil Development in Norway

- Discovered: 1991
- Plan for Development and Operations approved: June 2000
- Main Contractor: Aker Kværner
- Started: September 2003

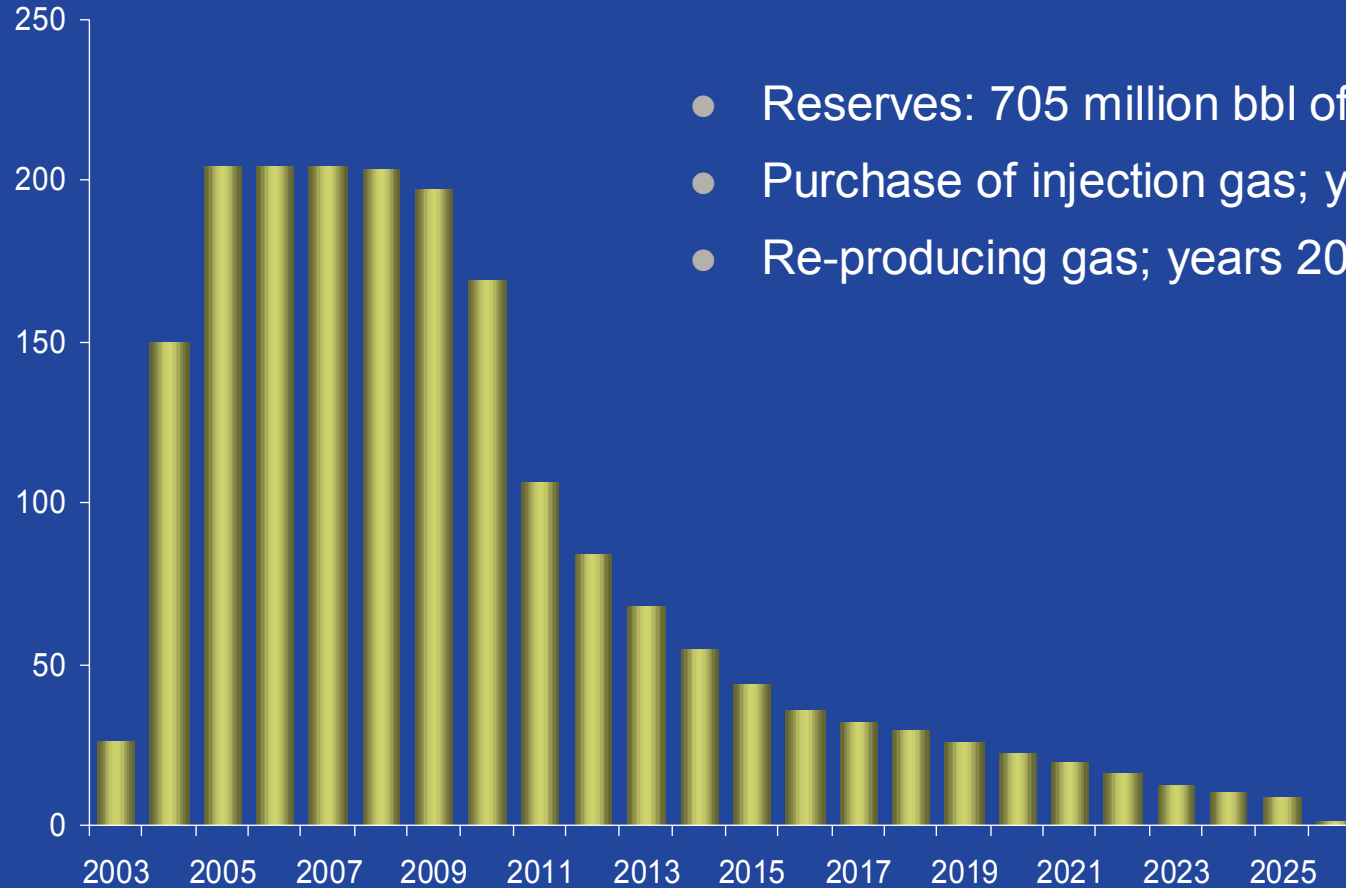


1.5 Bn NOK below budget – 1 month ahead of schedule

20 years+ of Grane production

Oil production

1 000 bbl/d
250



- Reserves: 705 million bbl of oil
- Purchase of injection gas; years 2003-2011
- Re-producing gas; years 2026-2032

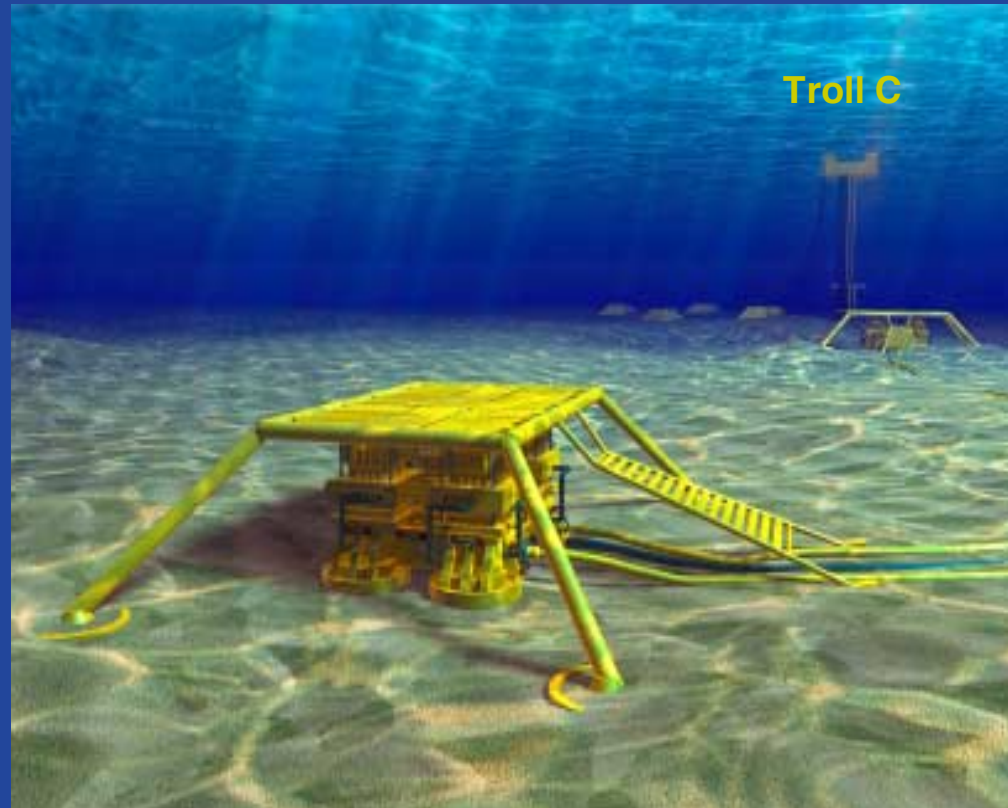


HYDRO

Determination means defining a goal and staying the course

Fram Vest

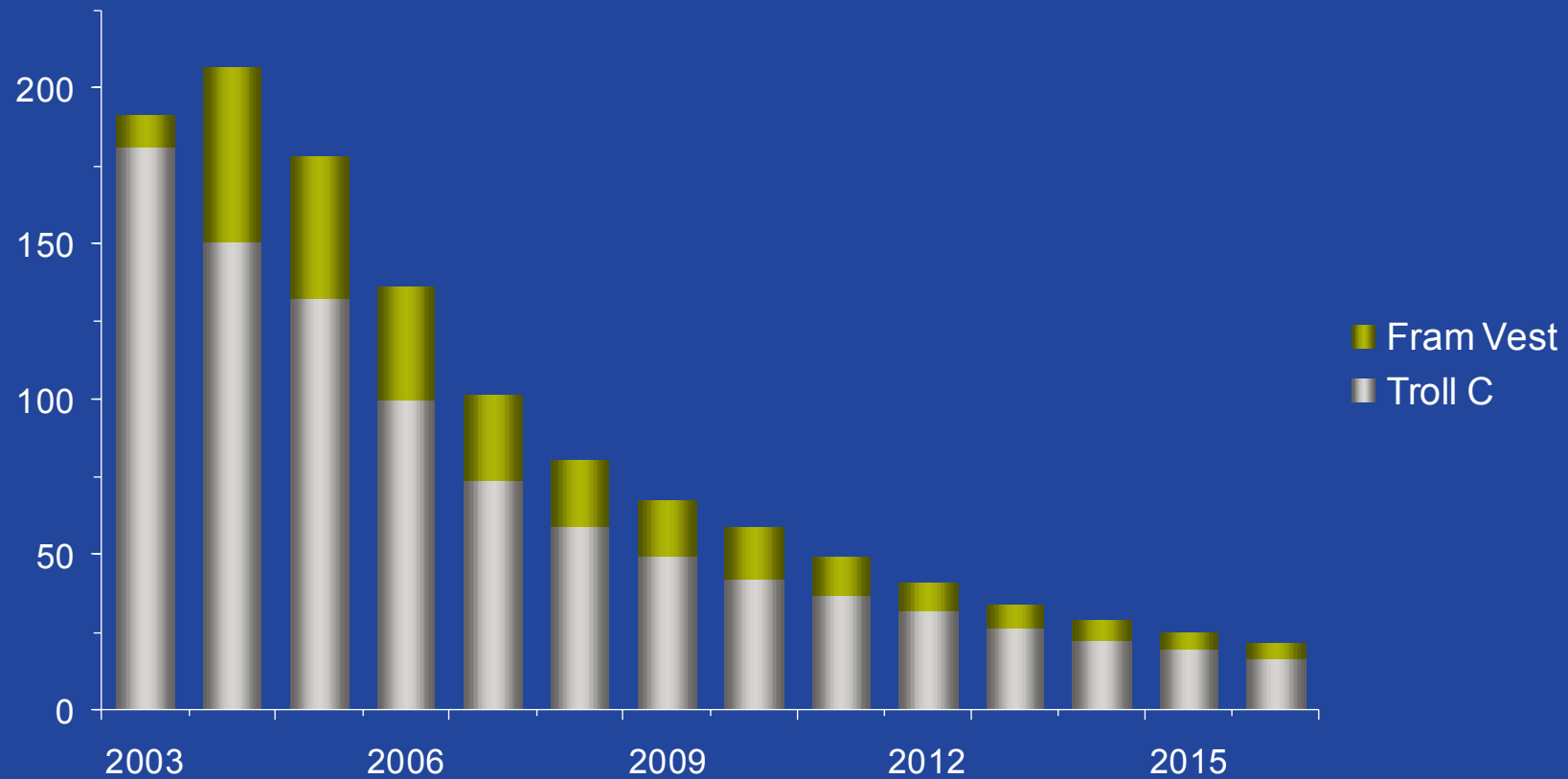
- Started on time:
October 2, 2003
- Subsea development
25 km from Troll C
- 650 million NOK (20%)
below budget
- Hydro 25% share



Fram Vest contributes to extended life for existing infrastructure

Expected production
1 000 bbl/d

Reserves: 100 million bbl oil, 8 bcm gas



Summary

- Continuous focus on Health, Safety and Environment
- Cost-effective operations and advanced drilling increase oil recovery and extend field life
- Maximizing values in Hydro's core areas on the NCS by successful project execution and use of existing infrastructure

Forward-Looking Statements/ Use of Non-GAAP Financial Measures

In order to utilize the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2002 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

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Hydro Oil & Energy

Jens Hagen
Vice President Research and Technology



Value creation through technology – The Ormen Lange example

Capital Markets Day
December 12, 2003

Value creation through technology

Birkeland and Eyde: The spirit lives on



*Professor
Birkeland*

- Hydro was founded in 1905 by Birkeland and Eyde, based on an invention by Birkeland
- Still technology and research are important elements in our value creation

Value creation through technology

The Ormen Lange history

- Identified by Hydro in 1989
- Licence awarded in 1996
- Drilled in 1997
- Proved 400 billion Sm³ of gas
- Second largest gas discovery in Norway



The “discovery” section

The Ormen Lange history

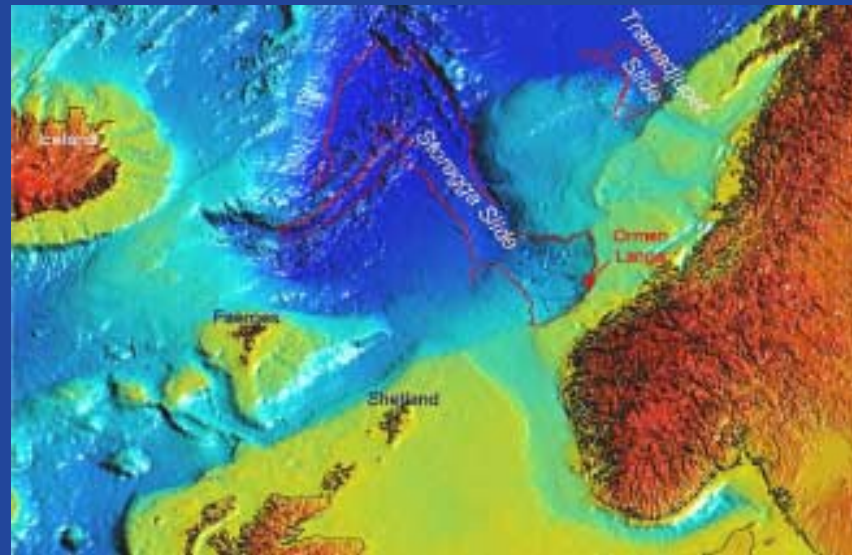
Challenges

Located in a slide area

Storegga slide
one of the largest sub-
marine slides in the world

Slide took place 8 200
years ago

Stability problems had to
be addressed



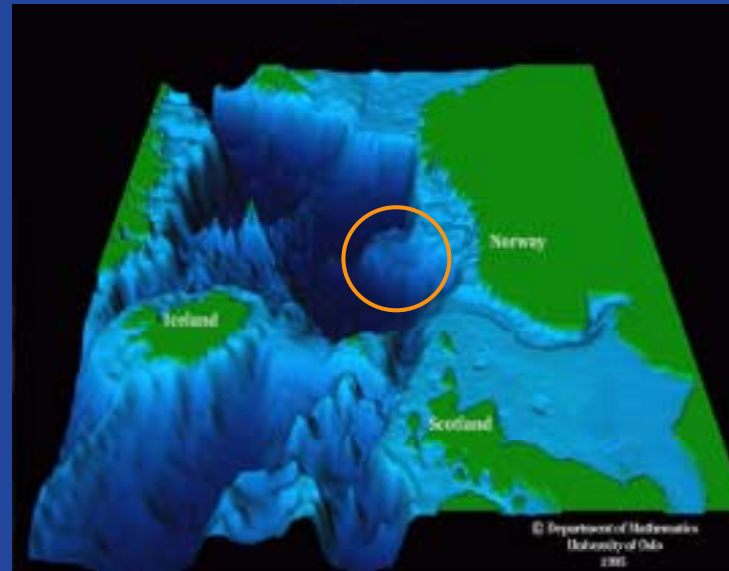
The Ormen Lange history

Challenges

Located in a slide area

Deep water

Situated 800 to 1 200 m
below sea level



The Ormen Lange history

Challenges

Located in a slide area

Deep water

Harsh environment

Extreme waves, up to more than 30 m

Negative temperatures at seabed



The Ormen Lange history

Challenges

Located in a slide area

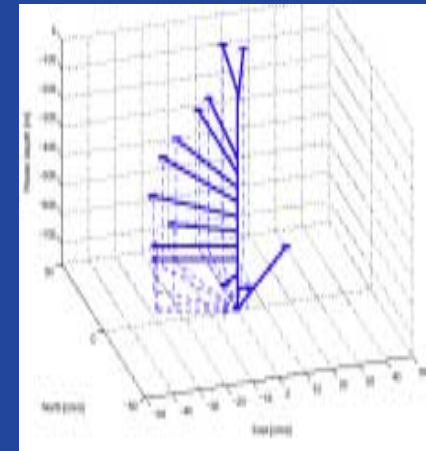
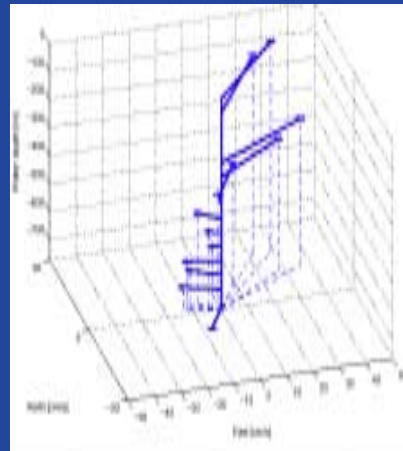
Deep water

Harsh environment

Strong and complicated currents

Currents varies with depth and time during the day

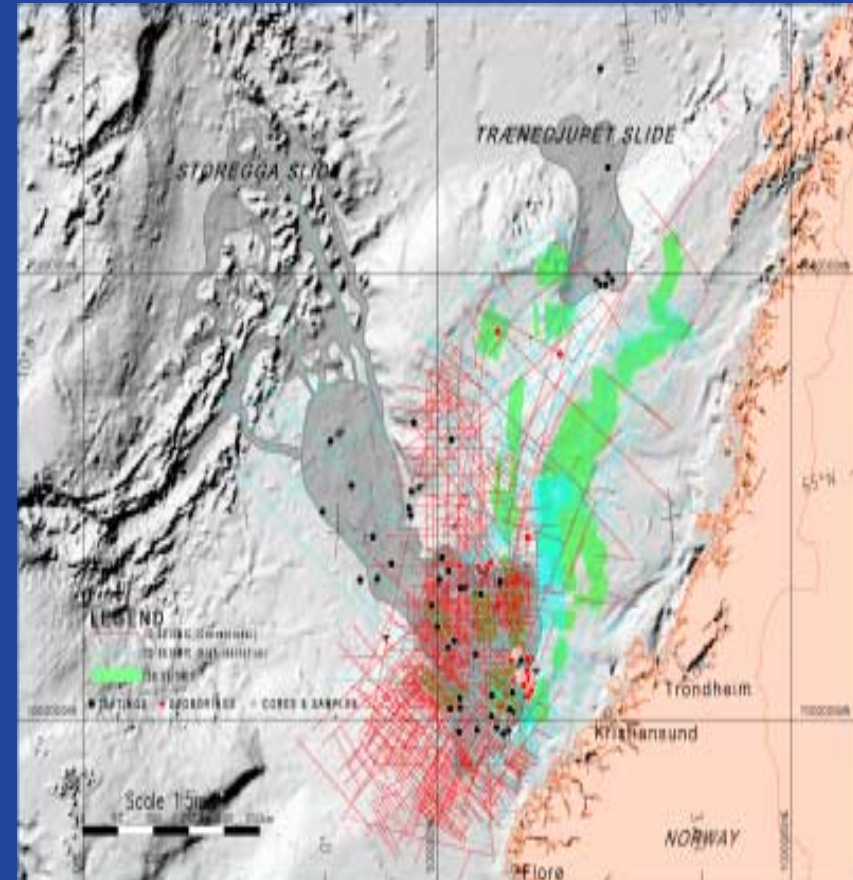
Example:
Current profile with 3 hrs.
time difference



The Ormen Lange history

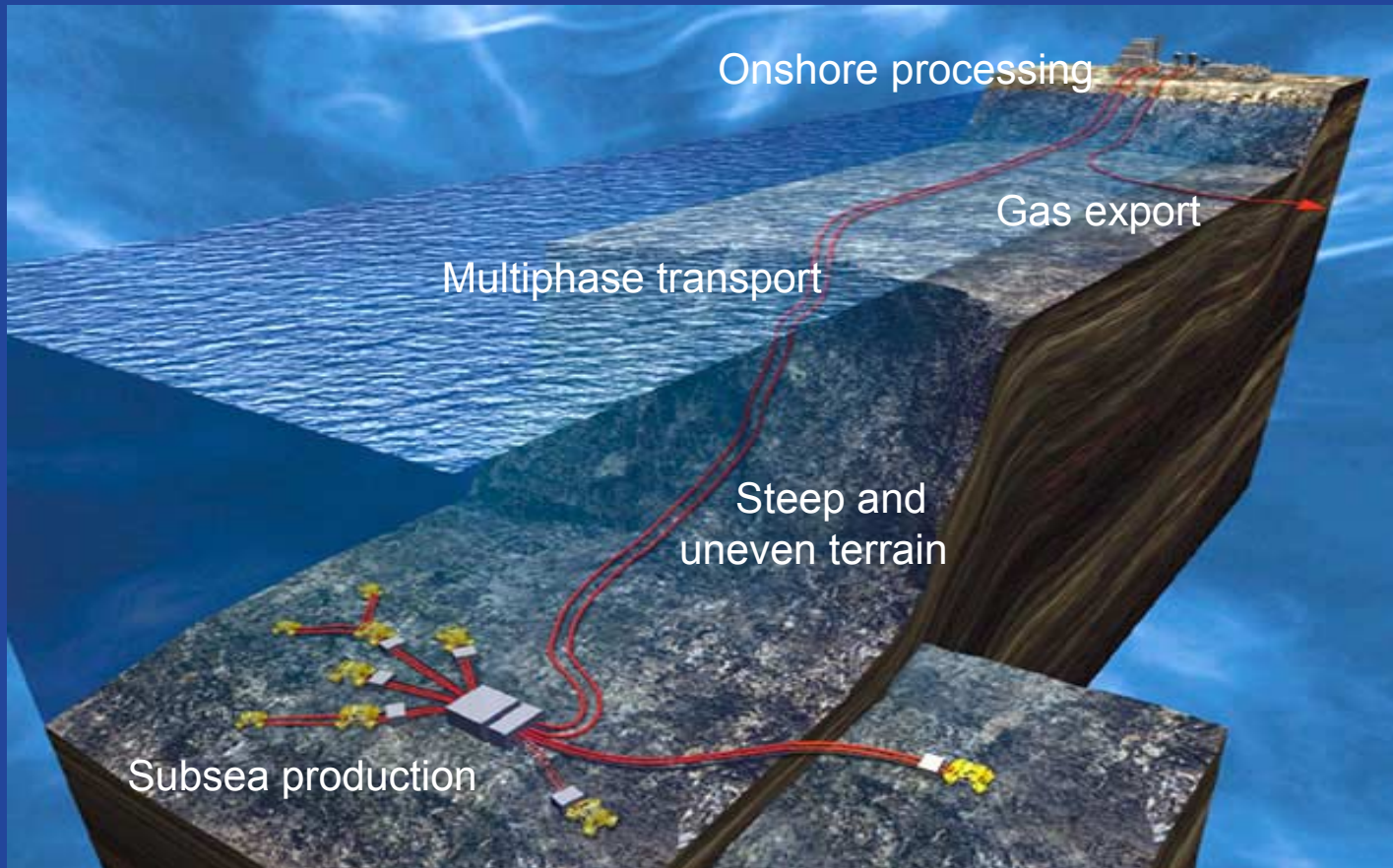
Solutions – slide stability

- No danger for additional slides
- Extensive studies performed by:
 - Hydro
 - EU research
 - Several universities
 - Various research institutes
- A new ice age is a prerequisite for future slides



The Ormen Lange history

The final concept

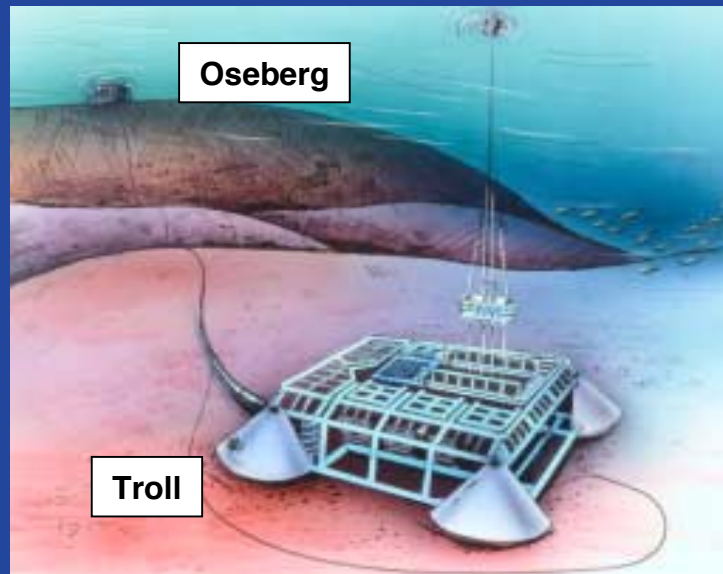


The Ormen Lange history

Building on Hydro's unique subsea experience

TOGI; Troll Oseberg Gas Injection

- Subsea production and multiphase transport system
 - Started gas production from Troll in 1991
 - 48 km transport to Oseberg
 - Increased oil recovery on Oseberg;
20 - 30 million Sm³
 - Perfect production regularity



The Ormen Lange history

Building on Hydro's unique subsea experience

TOGI; Troll Oseberg Gas Injection

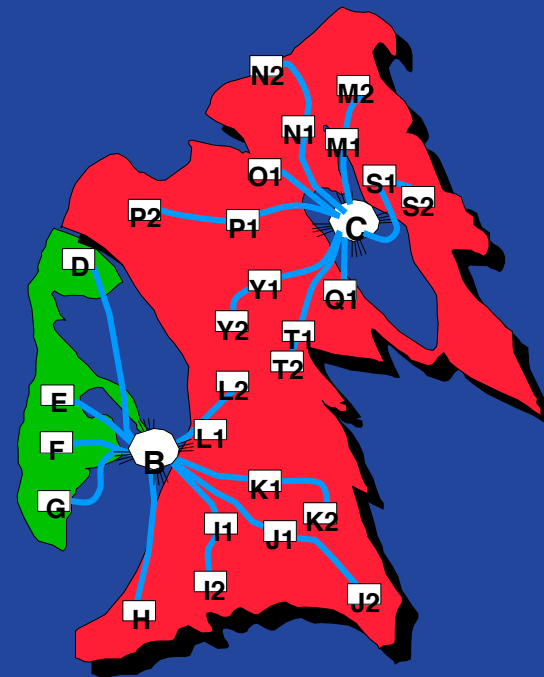
Troll Oil; Extensive use of subsea wells

27 subsea clusters

101 wells in service

16-25+ more wells planned

Advanced system of remote well control



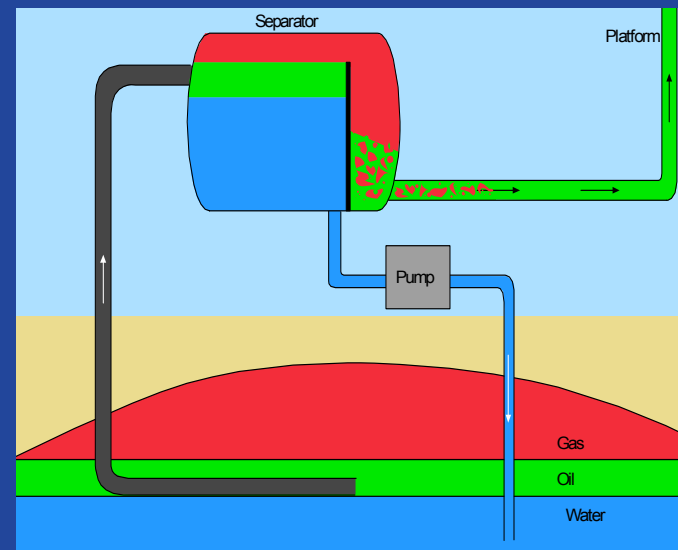
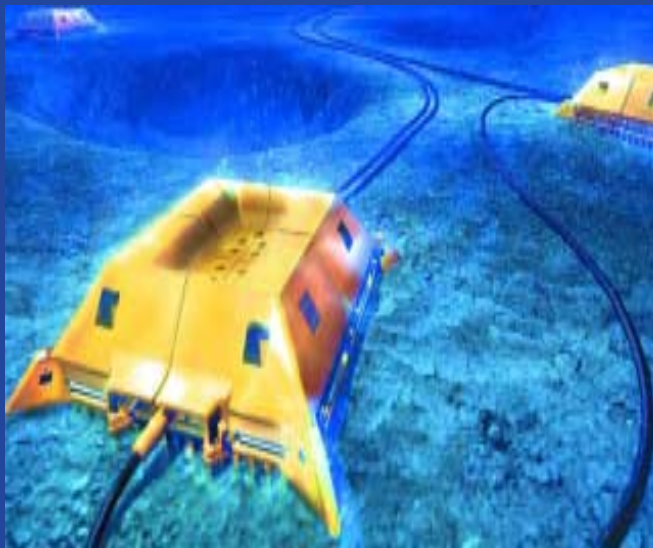
The Ormen Lange history

Building on Hydro's unique subsea experience

TOGI; Troll Oseberg Gas Injection

Troll Oil; Extensive use of subsea wells

Subsea processing; Troll Pilot



First subsea separation unit in the world

The Ormen Lange history

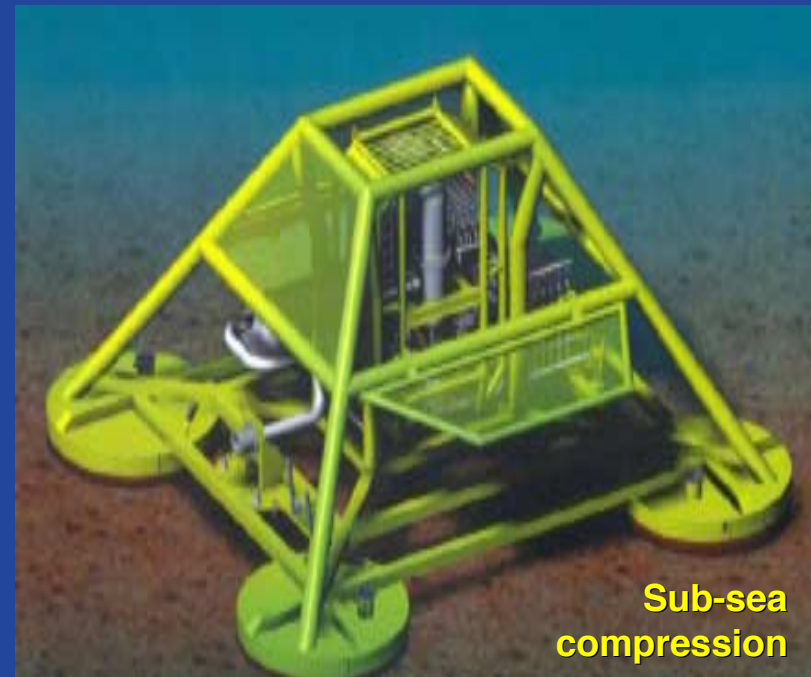
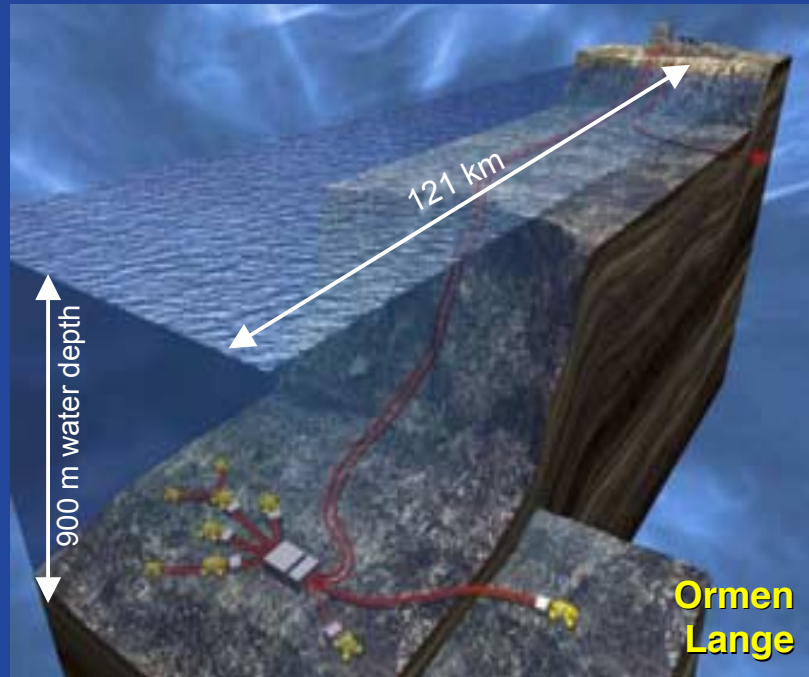
Hydro is pushing subsea technology through our research facilities and in close cooperation with supply industry...



The pipe separator; a new concept for subsea processing

The Ormen Lange historyand we are still pushing the limits...

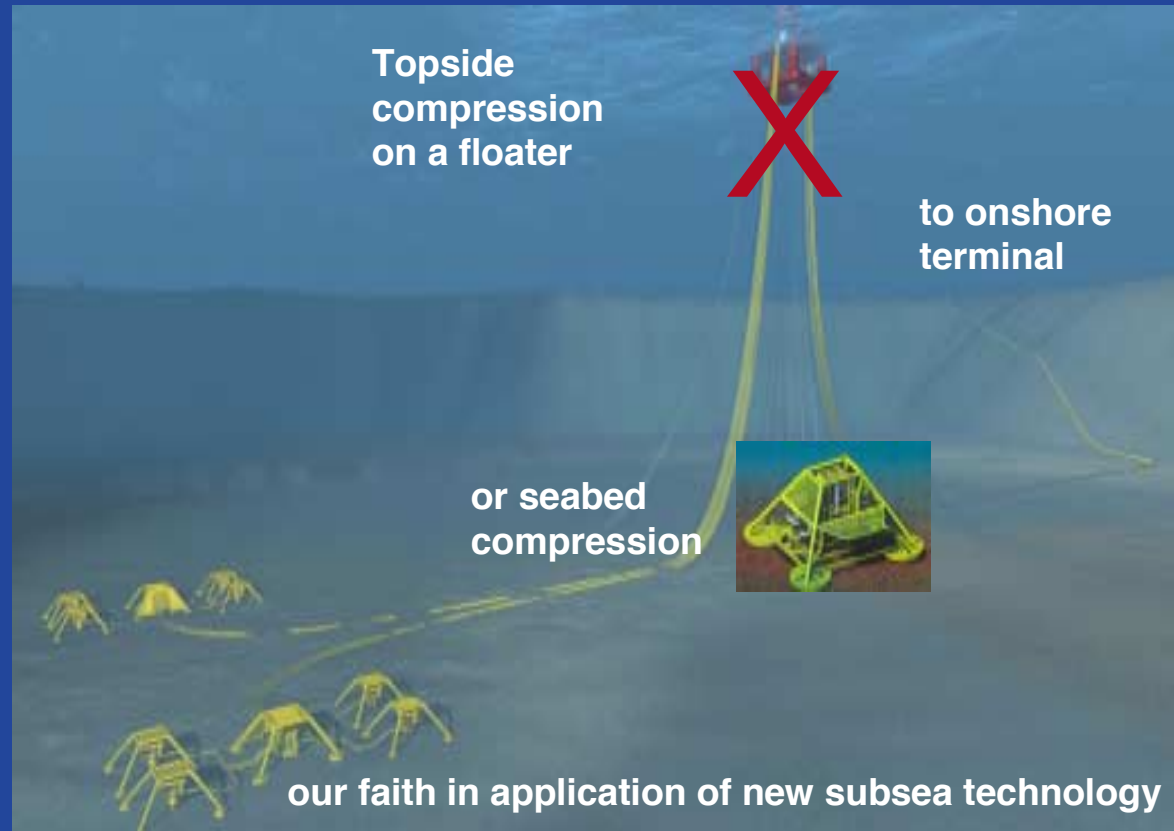
- Subsea production facilities
- Future subsea compression (to be qualified)



The Ormen Lange history

....for application on Ormen Lange phase II development

- Subsea compression can result in significant savings, compared to the planned late stage compression platform

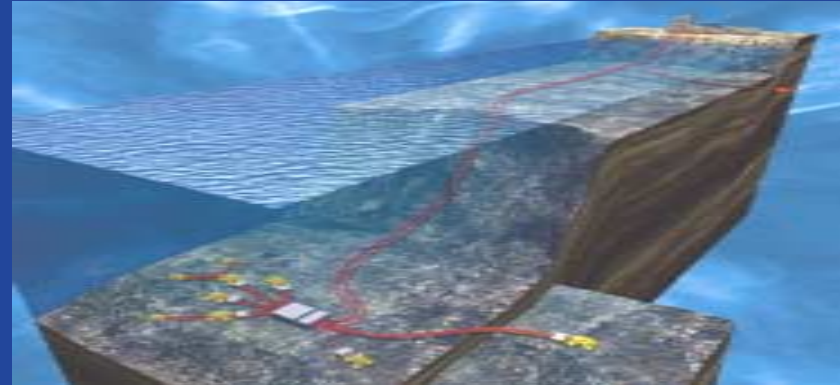


The Ormen Lange history

Flow assurance / Multiphase transport

The challenges:

- Long distance 121 km
- Steep and uneven terrain
- Partly negative sea-bottom temperatures



Hydro has unique testing facilities regarding:

- High pressure
- High temperature
- Real fluids
- Tilted pipes

Hydro's testing facilities in Porsgrunn



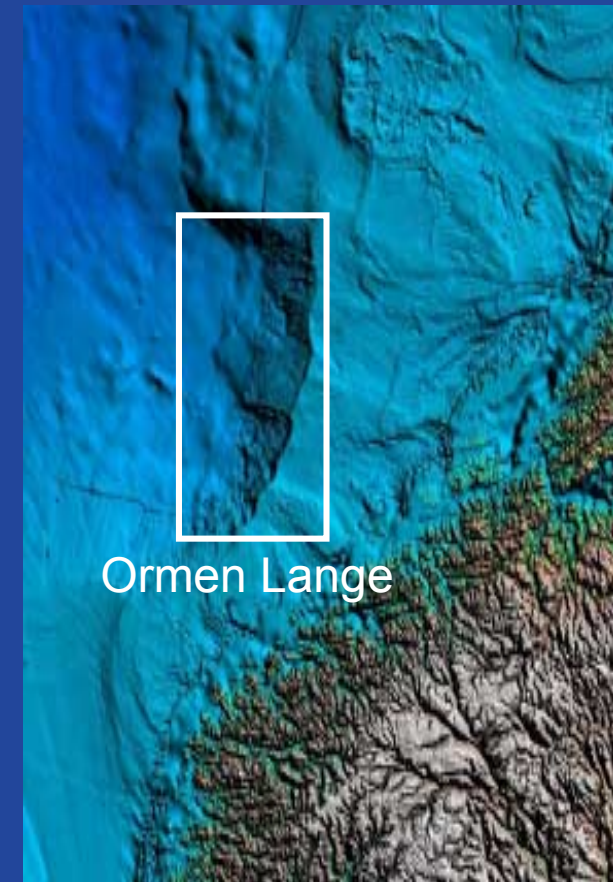
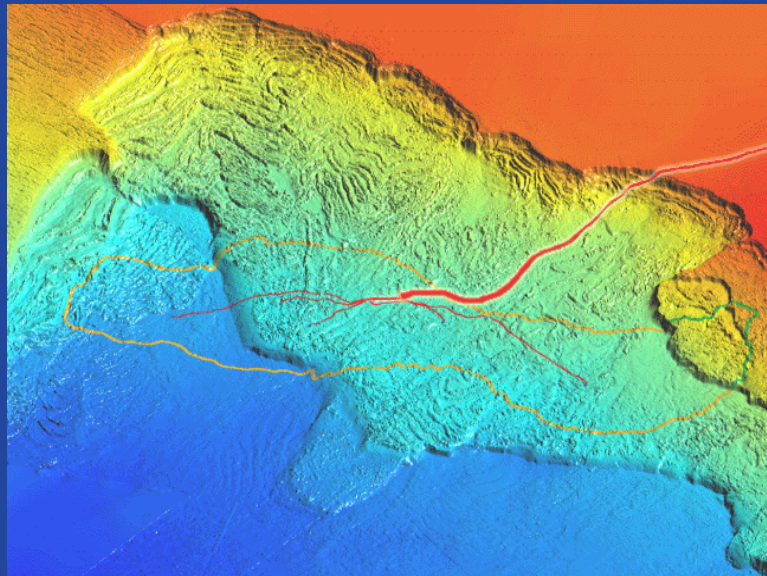
Ormen Lange fluids have been studied here

The Ormen Lange history

Pipe-laying in extremely uneven terrain

Key elements:

- Detailed topography mapping
- Estimate of maximum free span
- Estimate of need for rock dumping
- Development of a simulator



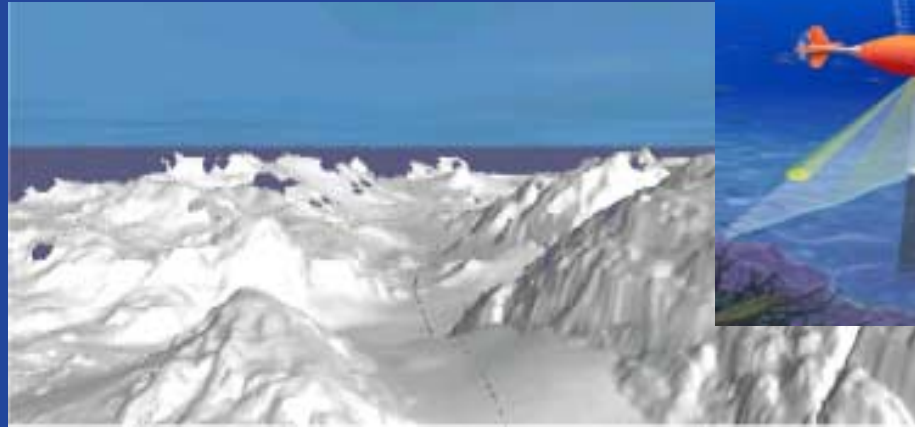
The Ormen Lange history

Pipe-laying in extremely uneven terrain

Topography mapping

Hugin AUV

Extensive use
of AUV for
detailed
topography
mapping



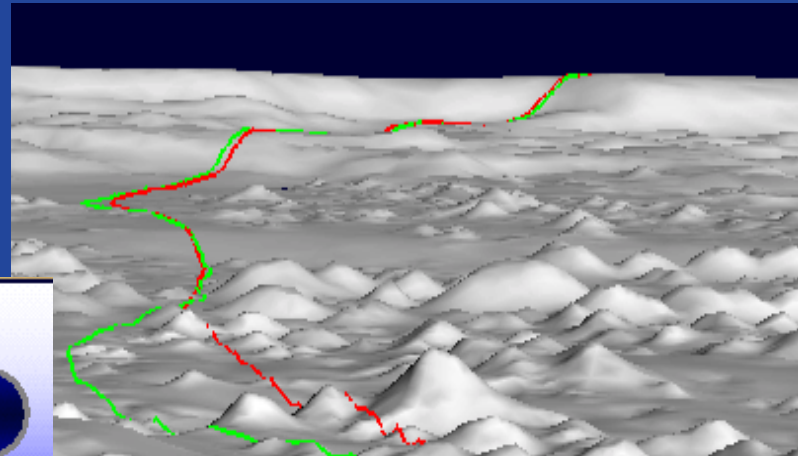
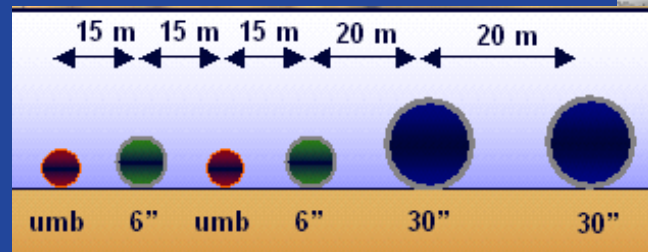
The Ormen Lange history

Pipe-laying in extremely uneven terrain

Topography mapping

Optimal pipeline routing

Huge efforts have been made to identify the most cost effective routing



The Ormen Lange history

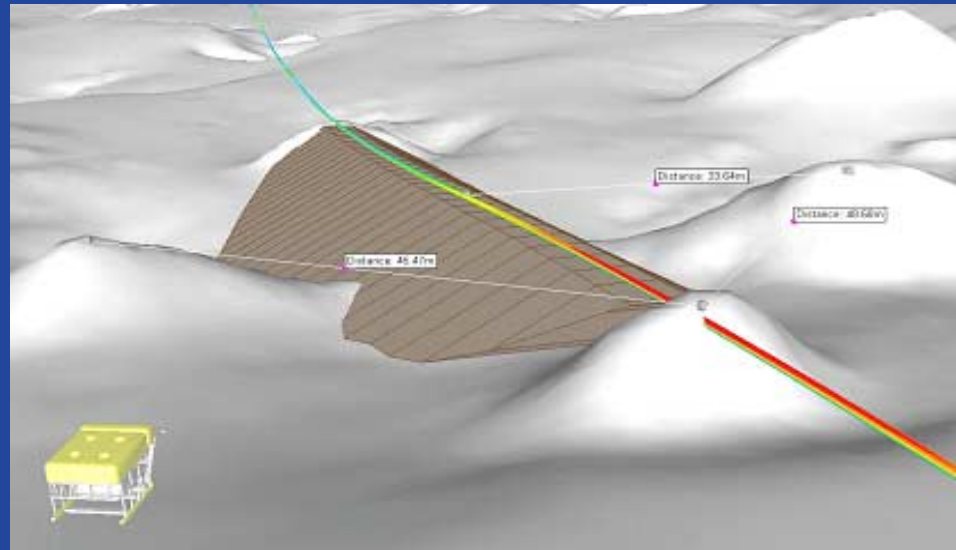
Pipe-laying in extremely uneven terrain

Topography mapping

Optimal pipeline routing

Simulator, rock dumping

First pipeline simulator in the world



The Ormen Lange history

Pipe-laying in extremely uneven terrain

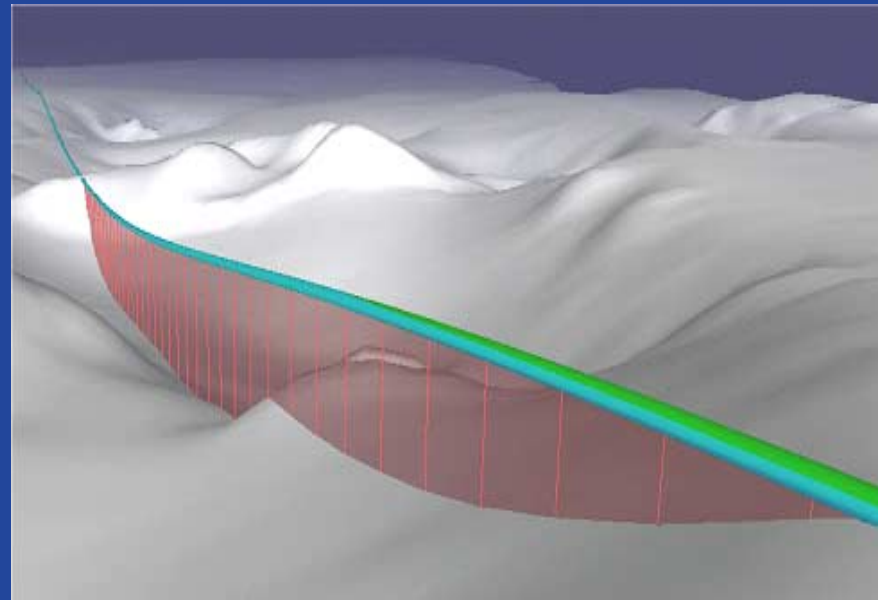
Topography mapping

Optimal pipeline routing

Simulator, rock dumping


Simulator; free span

Leading knowledge
about max. length of
free spans



Value creation through technology

The Ormen Lange history



The production capacity from Ormen Lange is 20 billion Sm³ gas/year,

equivalent to the total Norwegian energy consumption during the next 20 years,

or 20% of the UK gas demand

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Olav Skalmeraas
Vice President



Hydro in the European Gas Market

Capital Markets Day

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Presentation Outline

- Gas market overview
 - Supply and demand
 - Regulatory issues
 - Price formation
- Hydro's gas portfolio
 - Major achievements in 2003
 - Market positions and strategies
- Summary

Presentation Outline

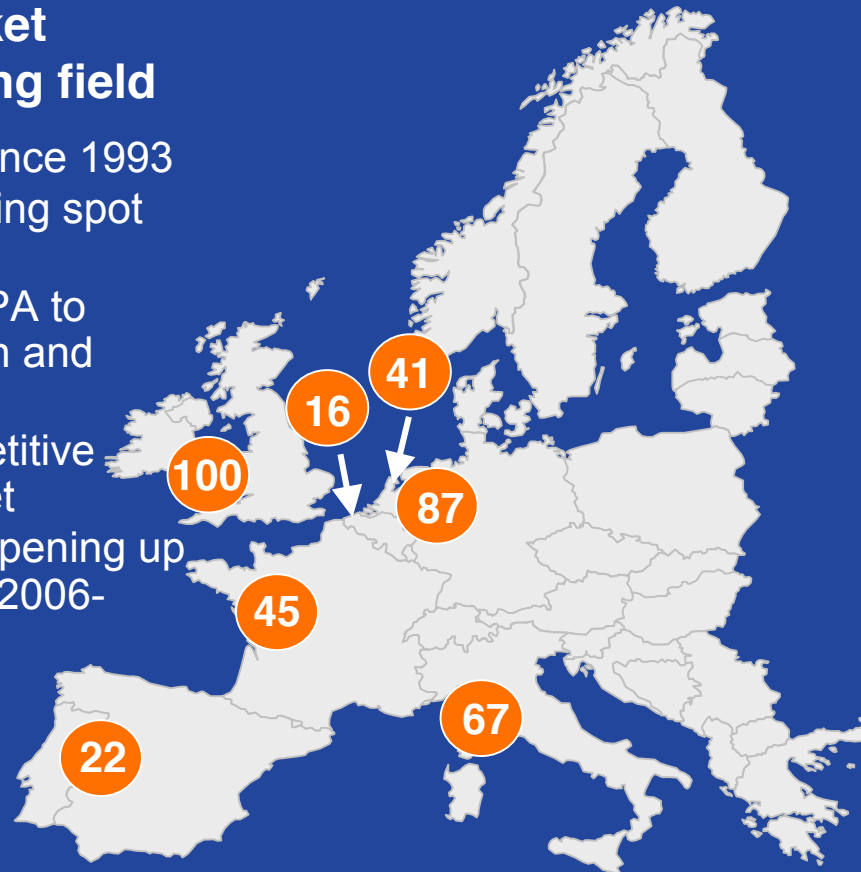
- Gas market overview
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European Gas Market Characteristics

UK gas market

- Level playing field

- Liberalized since 1993
- Well functioning spot market
- Regulated TPA to transportation and storage
- Highly competitive supply market
- Supply gap opening up in the period 2006-2010



● Gas demand
2002 (bcm)

Continental gas market

- Moving towards UK model

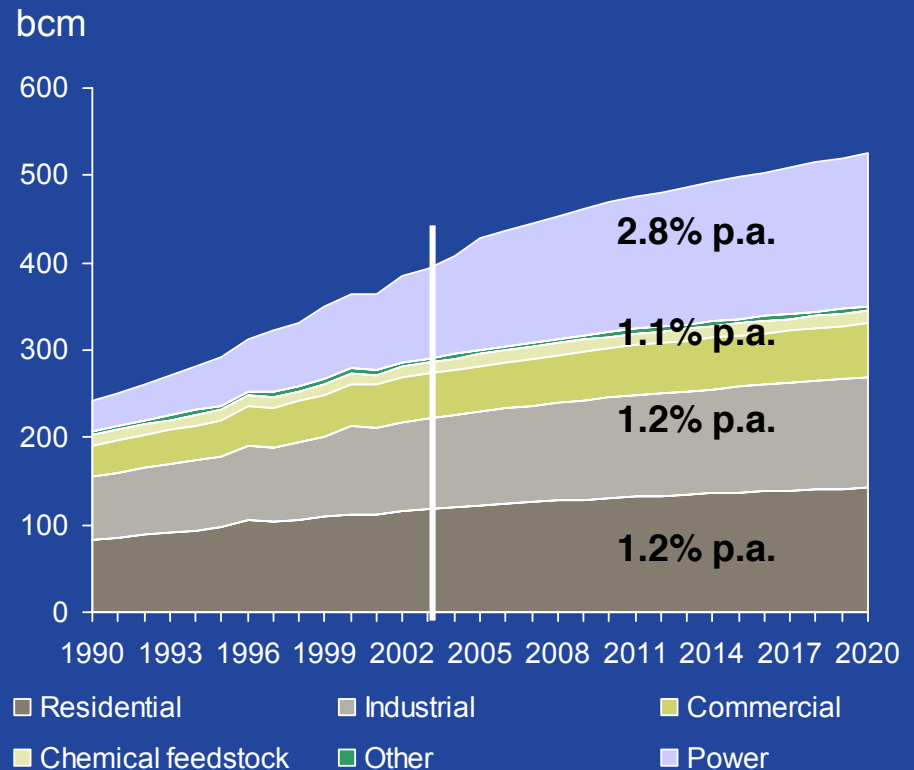
- Varying degree of liberalization
- Limited transportation TPA
- Zeebrugge and TTF liquid gas hubs, and Bunde/Emden emerging
- Dominated by incumbents
- Limited supply competition
- Oversupply

Source: BP Statistical Review of World Energy (July 2003)

Note: A conversion factor of 1.17 bcm per mtoe has been used

EU “Big 7” Gas Demand Forecast

- Expected gas demand growth 1.8% annually 2002-2020
- Growth mainly driven by demand in gas for power
- Key uncertainties
 - Nuclear power
 - Kyoto protocol implementation and renewables
 - Price level relative to other energy sources (oil, coal, electricity, solar, fuel cells etc.)



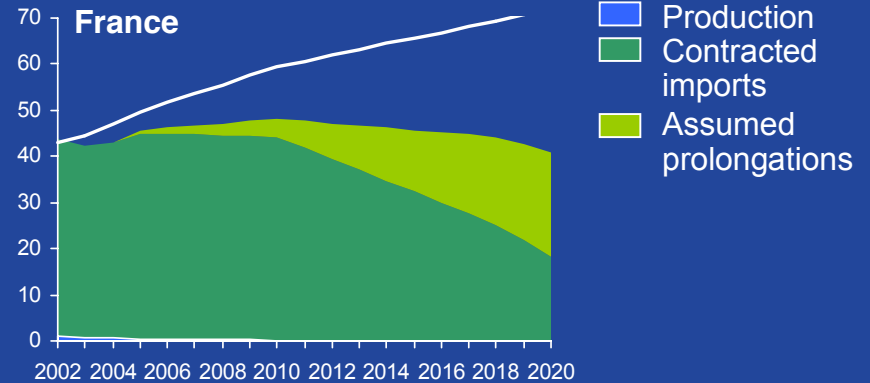
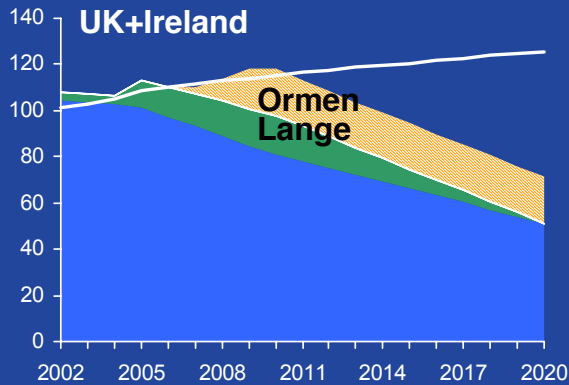
Source: Global Insight Supply and Demand Report July 2003; Norsk Hydro

Note: “Big 7” consists of the UK, Germany, the Netherlands, Belgium, France, Italy and Spain
A conversion factor of 1.17 bcm per mtoe has been used

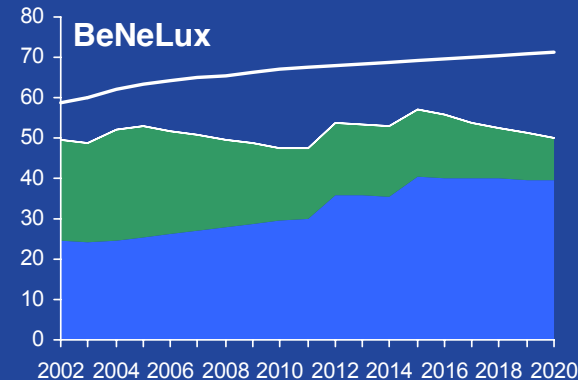
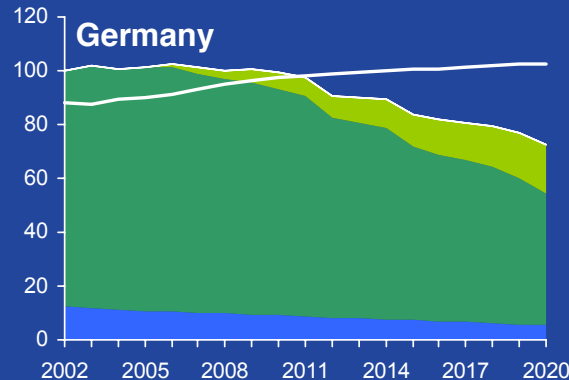
Supply and Demand by Country

Contracted Imports and Exports

bcm (100% ACQ)



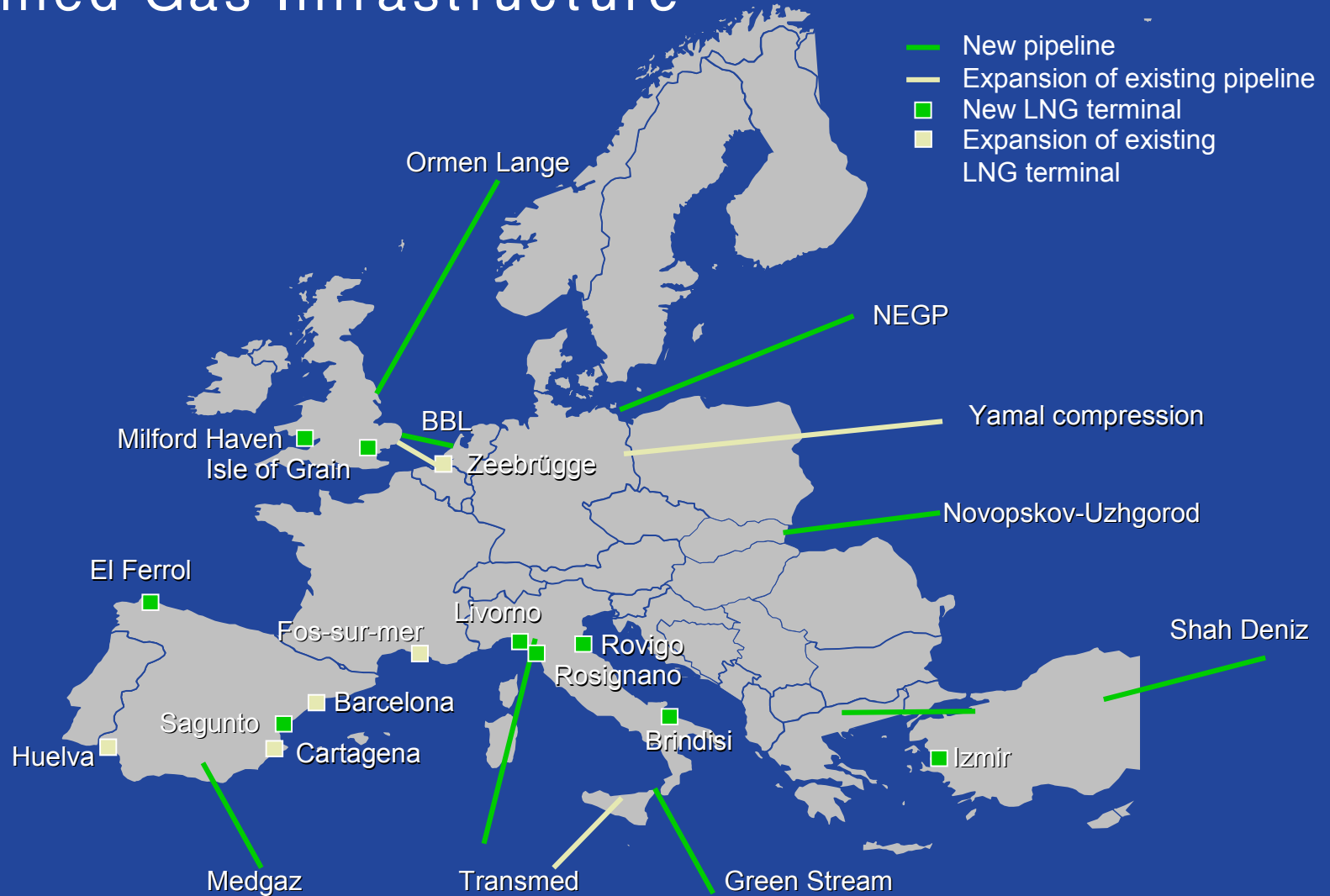
- Production
- Contracted imports
- Assumed prolongations



Source: Global Insight Supply and Demand Report July 2003

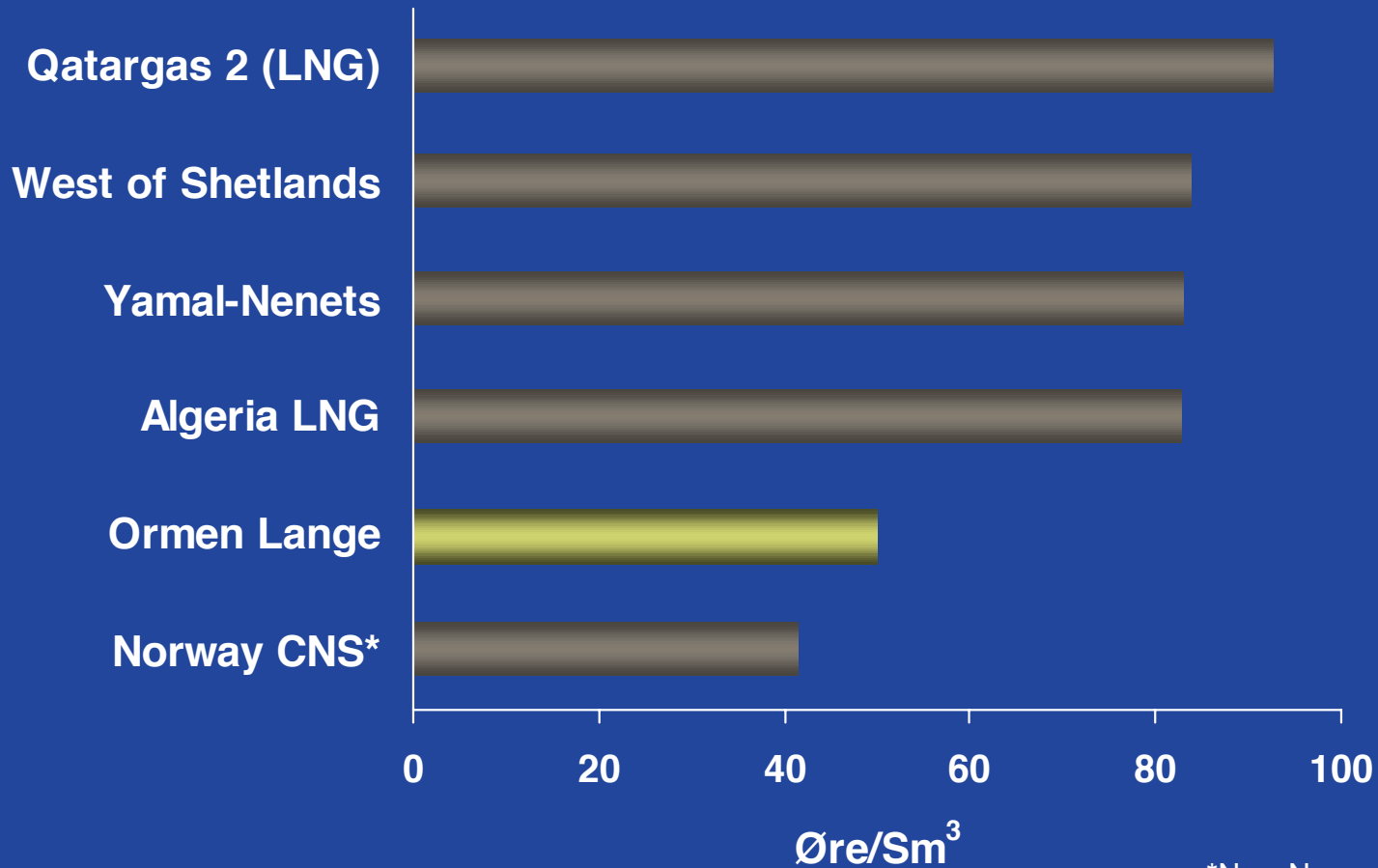
Note: A conversion factor of 1.17 bcm per mtoe has been used

Planned Gas Infrastructure



Norwegian Supplies to the UK are Competitive

Gas delivered to the UK National Balancing Point (NBP)



Source: Wood Mackenzie (November 2002) ; Hydro

*New Norway Central North Sea

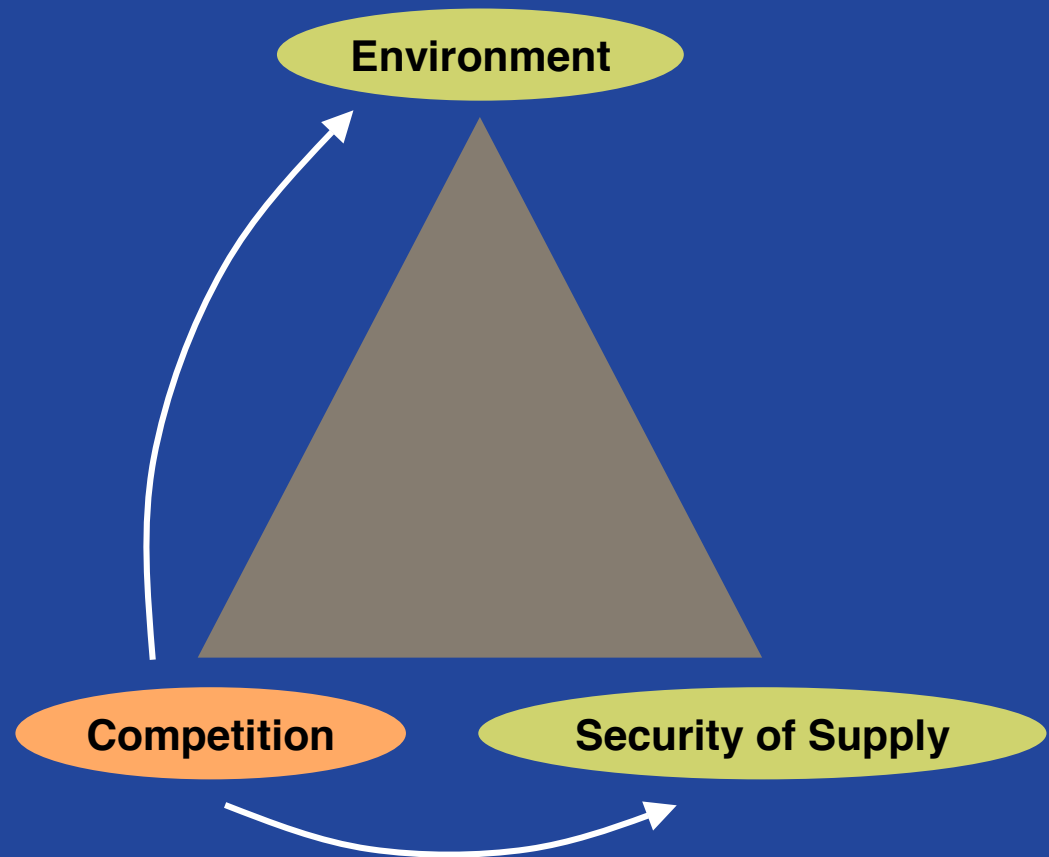
Gas Market Liberalization Continues – Creates New Business Opportunities

- A revised Gas Directive was adopted on 26, June 2003
 - Market opening for business customers by July 2004, and full market opening by July 2007
 - Legal separation of transmission/distribution and marketing by July 2004 and January 2007 respectively
 - Regulated TPA and independent regulator
- The member countries have one year to implement the new directive into their own legislation

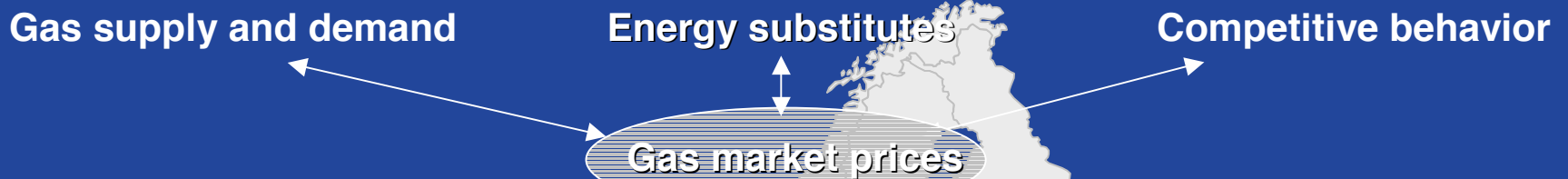
European Authorities Concerned – Security of Supply Matters

Need for new capacity:

- Increasing gas demand
- Decreasing supply from “near” gas sources
- Gap to be closed mainly by one source (Russia)
- Gas supplies to fulfill environmental concerns



Price Formation in the European Gas Market



UK

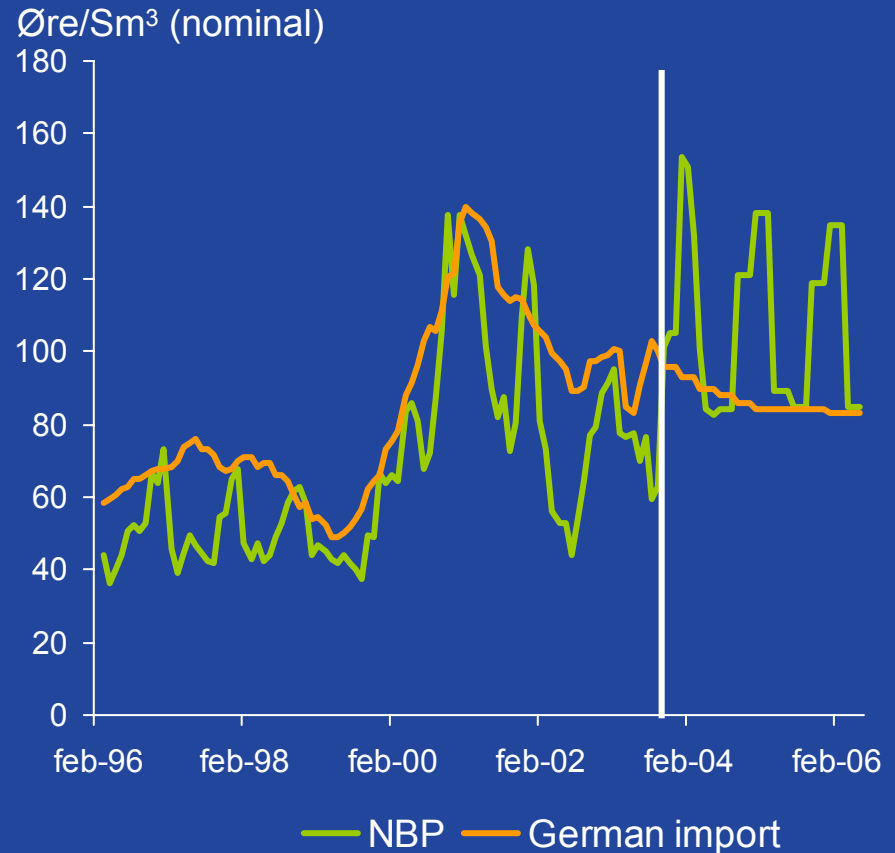
- Supply/demand balance determines prices on a daily basis
- Gas follows oil prices in the long term

Continental markets

- Gas prices linked to oil (substitutes)
- Spot pricing at a few hubs

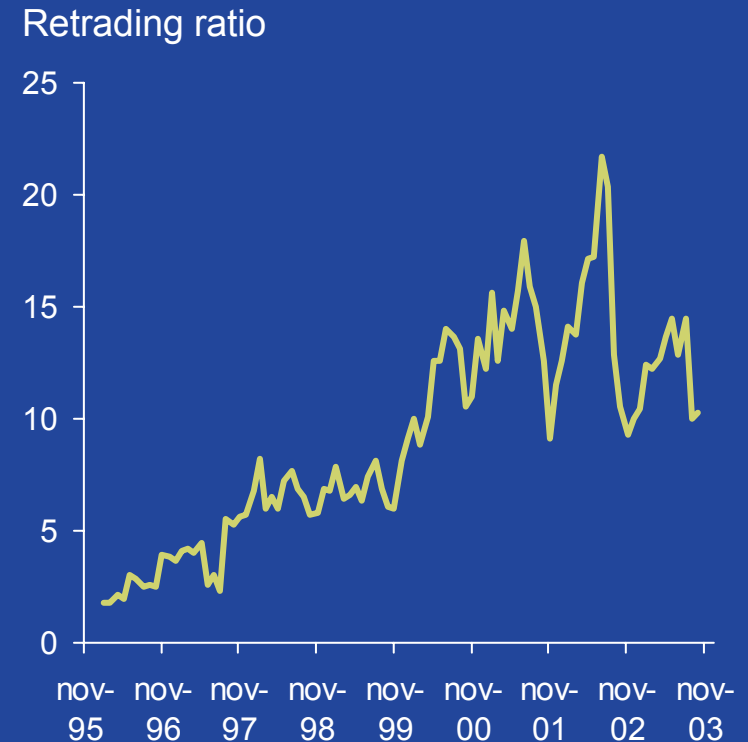
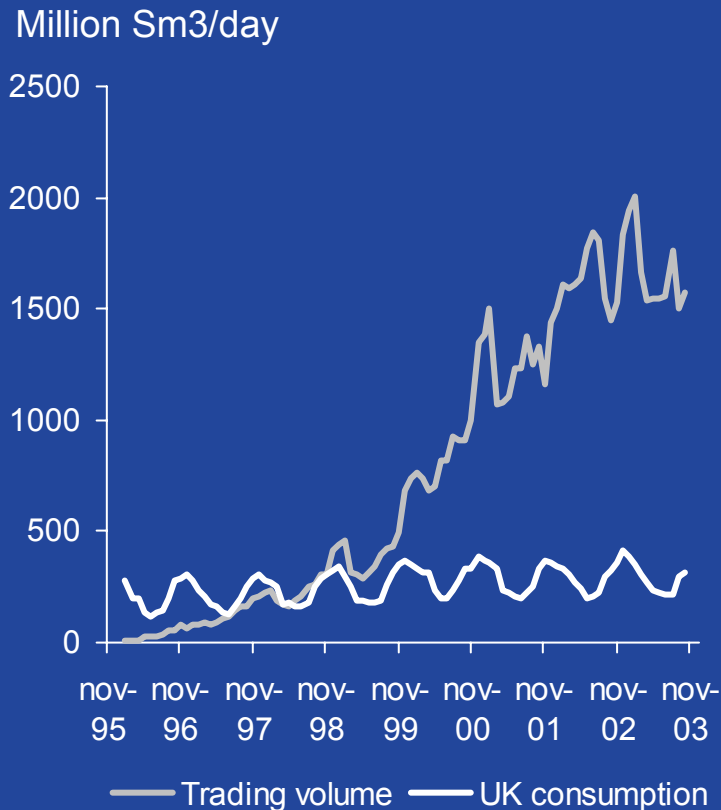
Two Distinct Markets – but One Price...

- The liquid NBP spot price has become the benchmark value of gas in the UK
- NBP spot price influenced by Continental oil indexed prices
- High volatility of spot prices



Note: The National Balancing Point (NBP) is the spot price reference in the UK

Development of NBP Liquidity

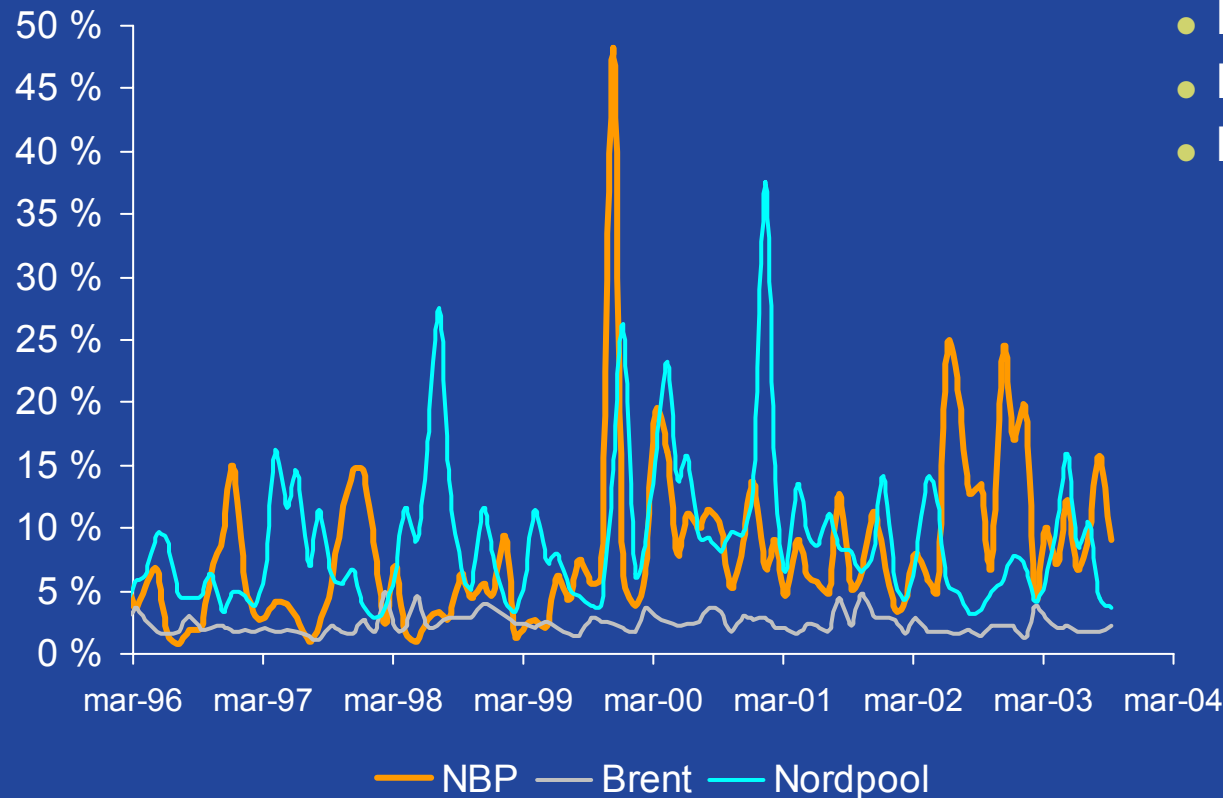


Note: Accumulated volumes traded for each month (as opposed to *during* each month) ; retrading is equal to the number of times the gas has been traded before physical delivery

Source: Heren European Spot Gas Markets (ESGM)

Hydro has Long Experience in Volatile Markets

Monthly average of daily volatility



Average daily volatility

- Nordpool: 10.4%
- NBP: 10.3%
- Brent: 2.7%

Note: Volatility calculated as the standard deviation of $\ln(p_n/p_{n-1})$ for each month

Presentation Outline

- Gas market overview
 - Supply and demand
 - Regulatory issues
 - Price formation
- Hydro's gas portfolio
 - Major achievements in 2003
 - Market positions and strategies
- Summary

Major Achievements in 2003

- Expanded customer portfolio
- Increased value under existing long-term contracts
- Value creation through swap deals
- Gas purchases on the NCS
- Long-term purchase of gas from Maersk
- UK trading and marketing JV with Wingas
- Duke acquisition

HydroWingas – New UK Marketing Joint Venture

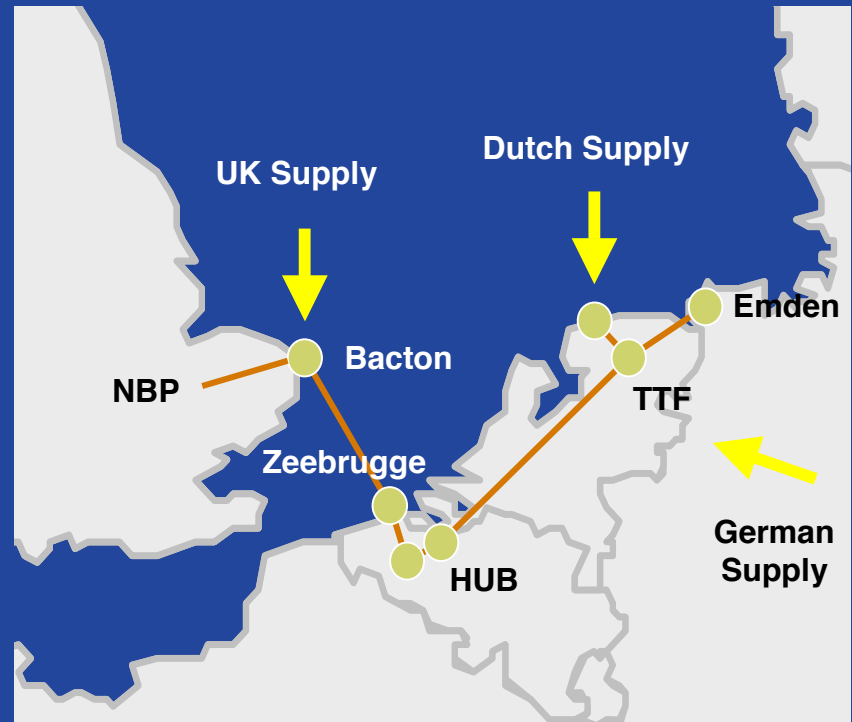
- Jointly owned company to market and sell gas in the UK
 - Primarily to wholesalers, large end-users and power plants
- Combines Wingas' and Hydro's gas and marketing skills
- Builds market presence and expands arbitrage possibilities
- Scale and diversity of sourcing improves competitive strength



Purchase of Duke's European Gas Activities

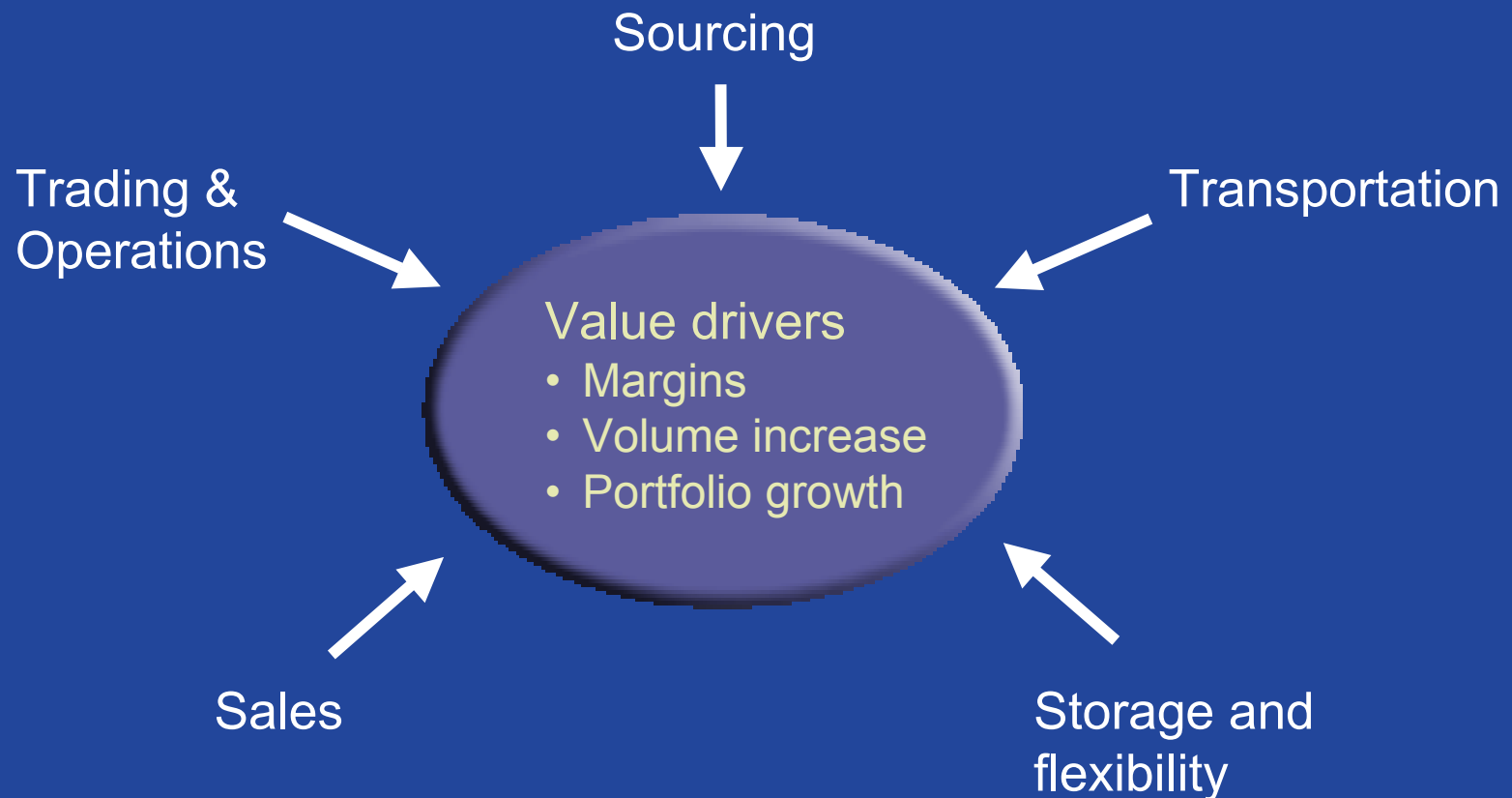
Key assets:

- Supply contracts
- Transportation capacities
- Swap and storage contracts
- End-user contract portfolio



Note: Hub, TTF and the NBP are the marketplaces at Zeebrugge, in the Netherlands and in the UK, respectively

Value Creation Through Active Portfolio Management



Strong and Flexible Gas Position in Northwest Europe

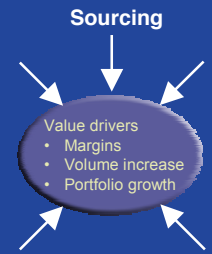


2004 (E)

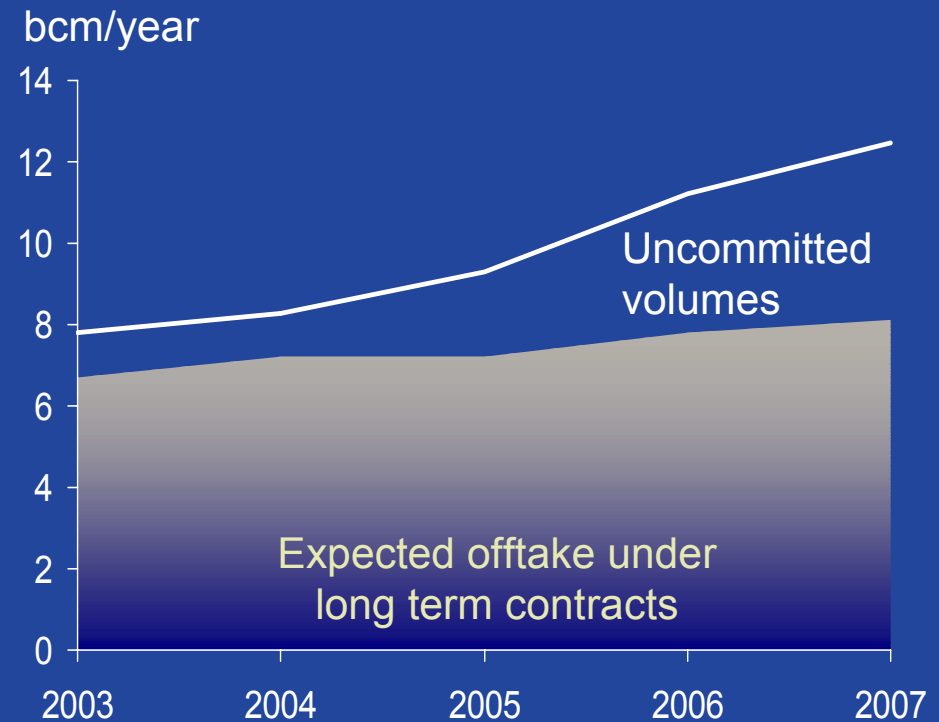
- Equity production: 8 bcm
- Third party purchases: 4-5 bcm



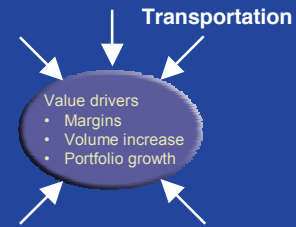
Gas Production Increasing Steeply



- From 7.5 bcm in 2003(E) to 11-12 bcm in 2007(E)
- Continue to develop a strong and mixed customer portfolio
 - Long-term contracts
 - End-user sales
 - Short-term sales



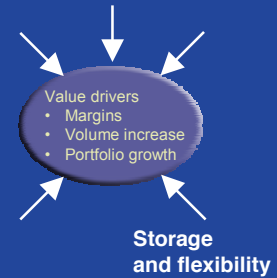
Strong and Flexible Transportation Portfolio in Northwest Europe



- Access to a flexible upstream transportation system
- Interconnector capacity
- Transportation agreements tailored to sales portfolio
- Entry capacities into the Dutch and UK markets



Adding Value Through Storage and Flexibility



- Production flexibility
- Swing in gas sourcing contracts
- Storage and balancing contracts
- Trading
- Hydro pursues storage projects to support growing business and market opportunities

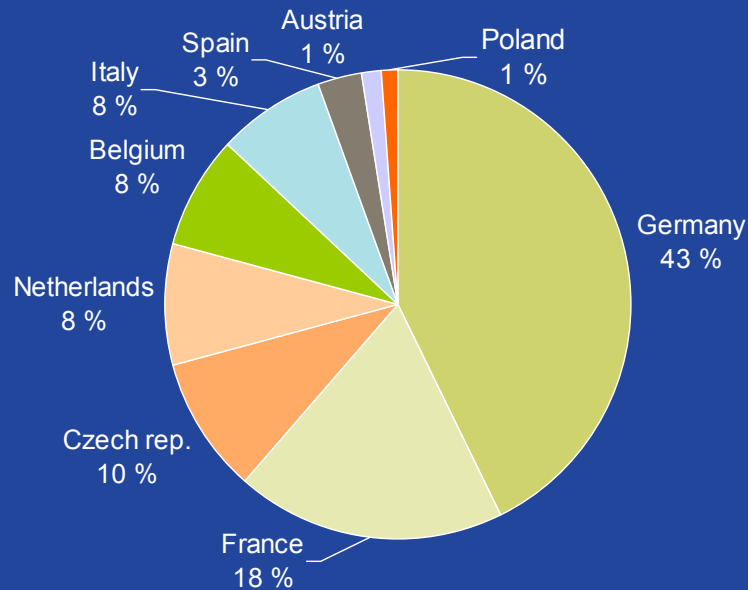


* Subject to approval by EU competition authorities

Hydro's Customer Portfolio 2004

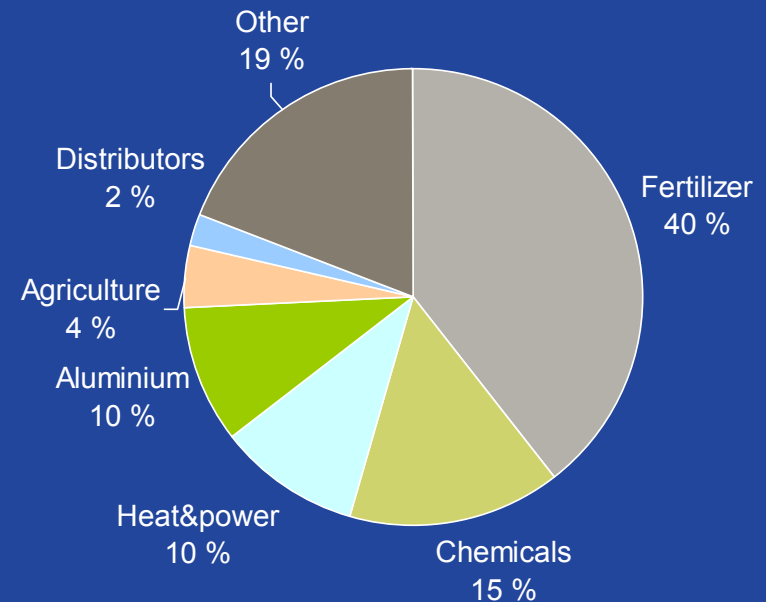


Long-term sales



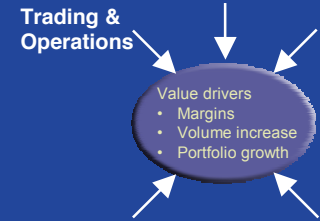
Expected sales in 2004: app. 7 bcm
16 customers in 9 countries

Short-term sales



Expected sales in 2004: 5-6 bcm

Well Developed Trading and Operations Capabilities



- State-of-the-art trading infrastructure including systems
- Ability to successfully balance supply and demand requirements
- Risk governance system



Summary

- Hydro is well positioned and expands its activities in the European gas market
 - Strong physical and contractual positions
 - Extending market presence
 - UK marketing
 - Duke acquisition
 - Growing customer portfolio
 - Building on existing customer relations
 - Expanding trading presence

Forward-Looking Statements/ Use of Non-GAAP Financial Measures

In order to utilize the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2002 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

With respect to each non-GAAP financial measure Hydro uses in connection with its financial reporting and other public communications, Hydro provides a presentation of what Hydro believes to be the most directly comparable GAAP financial measure and a reconciliation between the non-GAAP and GAAP measures. This information can be found in Hydro's earnings press releases, quarterly reports and other written communications, all of which have been posted to Hydro's website (www.hydro.com).

Hydro Oil & Energy

Tore Torvund
Executive Vice President



Progress Review and Forward Strategy

Capital Markets Day
December 11, 2003

Main messages

- We deliver on our operational targets for 2003
- We take corrective actions within exploration
- We extend the 8% growth rate to 2007
- We pursue growth opportunities based on our competence in core areas
- We build a downstream presence in European gas markets
- We have ambitious targets for 2004

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Good afternoon, ladies and gentlemen, this is what I am going to present today

- We deliver on our operational targets for 2003
- We take corrective action within exploration
- We extend the 8 % growth rate to 2007
- We pursue production growth opportunities based on our competence in core areas
- We build a downstream presence in European gas markets
- We have ambitious targets for 2004

I would like to start where we left last year, with a review of our performance.

Strong 2003 performance

	<u>CMD Dec 2002</u>	<u>2003 Estimate</u>
● Production target	510 000 boe/day	525 000 boe/day
● Operating cost (excl. exploration)	82 NOK/boe	} On track
● F&D costs (3 year average)	USD 5/boe	
● RRR (3 year average)	140%	
● CAPEX-level	NOK 11.5 billion	NOK 10.1 billion
● Exploration level	NOK 1.9 billion	NOK 1.7 billion

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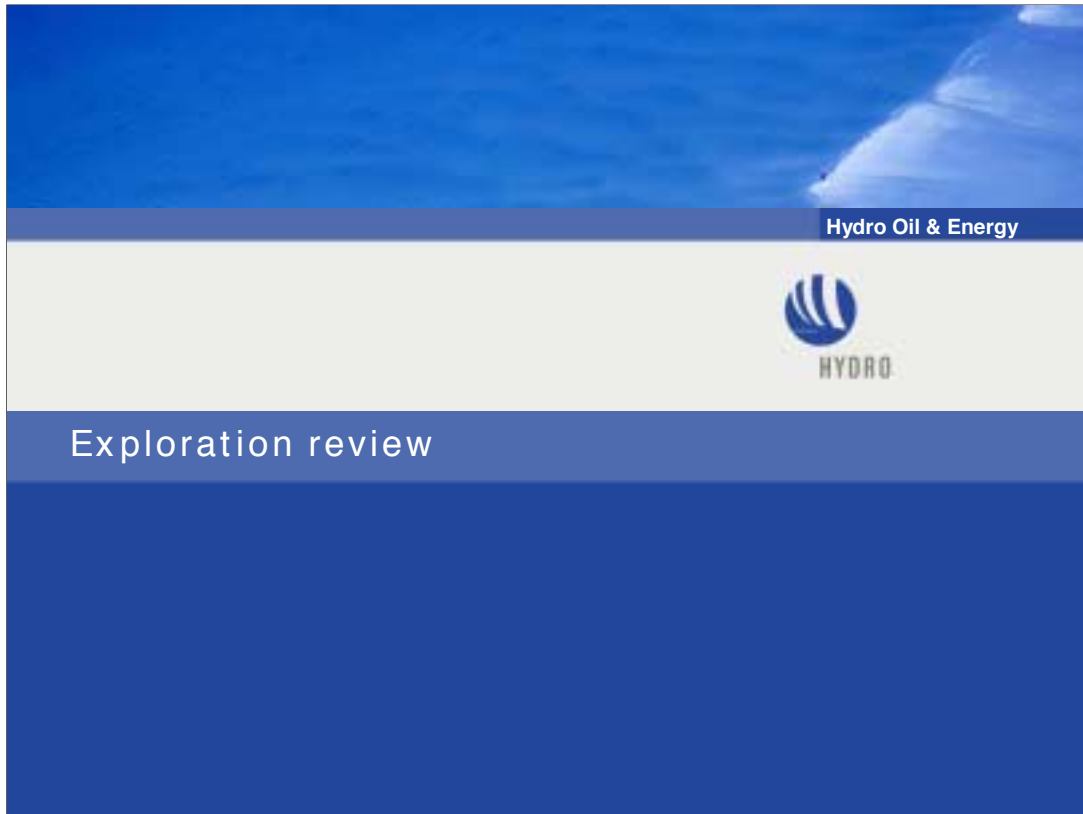


We have ambitious targets for 2003 regarding production, operating cost and reserve replacement, and we expect to deliver on those targets.

After 2nd quarter we increased our production estimate. Continued good production performance allow us to increase it further, to approx. 525 000 bpd.

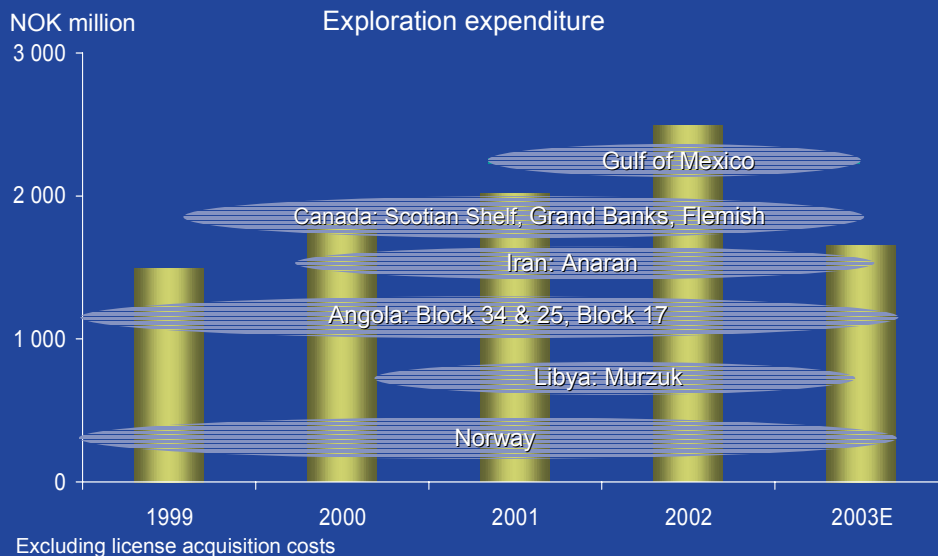
This implies an average in the 4th quarter of 580 000 b/d, which is in line with our production figures for October and November.

We spend less investment funds than envisaged, due to the reduced final cost of several major developments. And we spent less on exploration too.



As I promised you last year, a full review of our exploration performance would be made before any new major exploration commitments were undertaken.

An examination of exploration



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Our international activity was set up as a separate unit in 1997. Since then, an extensive portfolio has been put together; a portfolio, which has been explored mainly over the last three years. This portfolio consisted of high profile exploration opportunities in Canada, in Angola, in the Gulf Mexico and in Iran. In addition we got very prospective acreage in the 16th round in the Norwegian Sea.

All this has led to a high exploration budget over the latest three years, and we spent close to 2 billion in 2001.

In 2002, the exploration budget reached an all-time high of NOK 2.5 billion before coming down to 1.7 this year.

Main exploration wells 1999 - 2003

Area	Number of exploration wells	Number of technical discoveries
Norway	76	39
Angola	25	16*
Canada	13	7
Libya	14	8*
Gulf of Mexico	5	1
Iran	1	In progress*

* Drilling ongoing

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Although we have drilled some 140 wells between 1999-2003, and made discoveries in half of them, the overall performance has not been as I expected.

Of particular disappointment was the dry well in block 34, Angola.

This prospect was located only 60 km from the Girassol find in block 17 and with similar seismic amplitude, the basis for all finds in block 17.

The portfolio we have with Conoco in Gulf of Mexico has not met our expectations so far.

We have made one small commercial find and further options still remain, though these are in the category “high risk/high reward prospects”.

The 16th round on the NCS did not meet ours, or other companies’ expectations.

Exploration review - Main findings

- Portfolio
 - High reward portfolio, but too expensive and too high risk
 - Gulf of Mexico – underestimated drilling costs
 - Too high entry costs
- Organization
 - Need to centralize decision processes

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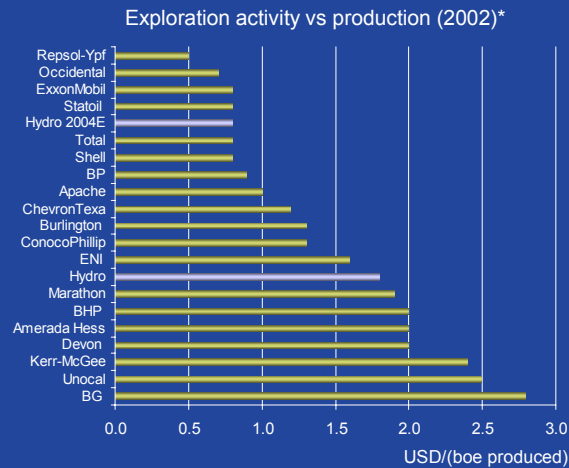


A thorough examination has been performed and the overall conclusions are as follows:

- It was a potentially high reward portfolio, but too expensive and the risk was too high
- In the Gulf of Mexico drilling costs were underestimated
- And the signature bonuses in some competitive markets were too high
- Internally, we have seen a need to centralize the decision processes

Actions taken

- More centralized organization with world-wide responsibility
- Level of exploration reduced:
 - 2004(E): NOK 1 billion
 - Future: NOK 1.5 billion
- More emphasis on moderate risk/reward prospects and infrastructure wells
- Acquisition of resources more prominent, building on unique competence



* Source: EvaluateEnergy

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So what actions have been taken?

We have changed our work processes and a more centralized exploration organization has been implemented.

The new organisation was put in place almost a year ago and includes all our best G&G people.

We are working hard to thoroughly review and examine our total exploration portfolio.

This new organisation has the full responsibility to rank all exploration prospects worldwide.

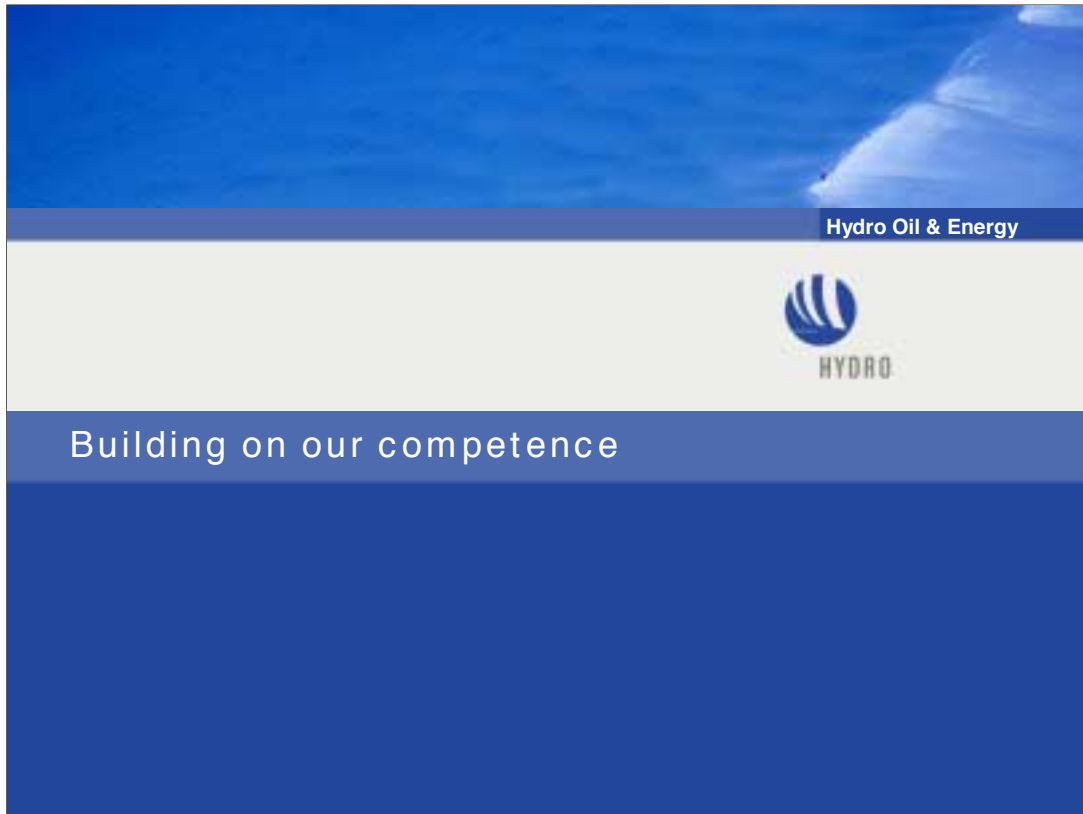
We will scale back our exploration activity next year and will spend around NOK 1 billion.

This is to give ourselves sufficient time and quality in our extensive review and with the aim to coming up with a high-graded portfolio.

Next year our main focus will be on lower risk exploration, exploration around infrastructure, but with a few high risk / high reward wells.

A total of 24 wells will be drilled compared to this year's number, which will end up at 16 wells.

In addition to pure exploration it is our intention to acquire resources in the areas in which we have an active presence. I will come back to that.



In addition to pure exploration it is our intention to acquire resources in the areas in which we have an active presence. I will come back to that.

Scale as operator is basis for competence



Our competence has mainly been developed through our extensive role as an operator in many important and advanced projects on the NCS.

The system on the NCS is such that you normally get a low equity interest in a licence - typically between 10-25% - even if you are an operator.

Therefore, as an equity producer we are ranked as a medium sized company.

However, if we look to the size of our operations we are the 14th largest operator in the world. And, if we just look at offshore, Hydro holds the 5th place.

In terms of competence, Hydro has over the last 30 years developed skills that make it competitive with the major companies in the oil business.

Adding value by applying world class technological competence

Technology/Competence



Troll thin oil zone



Troll Pilot



Grane

Hydro position

- Global leader in multilateral wells
- No 5 globally in number of subsea wells

- First subsea separator in operation
- Leader in flow assurance

- Leader in large project developments and field operation

Benefits

- Increased oil production and recovery
- Reduced drilling costs

- Increased oil production/water handling capacity
- Environmentally beneficial
- Exploitation of small deposits

- Ability to develop and operate challenging projects in a cost-efficient manner

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There are a few technologies, which in particular represent Hydro's competitive edge. These are multilateral wells, sub-sea developments, sub-sea separation, flow assurance and also the management of large projects.

In multilateral drilling we drill up to three horizontal branches out from one single vertical well. So far, half of all multilateral wells in the entire North Sea have been drilled by Hydro.

The application of this type of technology reduces the economic threshold for economic recovery down to 1-2 mill barrels recoverable. This sort of technology for increased recovery is just as relevant onshore as it is offshore.

Hydro is a major operator on sub-sea developments. On the Troll oil field all wells are sub-sea completed and we quite recently drilled sub-sea well no 100 - a triple branched well with a total reservoir section of almost 10 kilometres.

Hydro is a pioneer on sub-sea separation. In fact, Troll Pilot has been in successful operation for 2-3 years and is to our knowledge still the only sub-sea separator in operation worldwide.

Flow assurance is a major challenge within sub-sea development. Hydro has extensive experience of sub-sea transport of both unprocessed liquids (Fram) and gas (Togi) over long distances.

This knowledge has been fundamental for the selected development scheme for the development of Ormen Lange, which I will revert to.

Over many years now Hydro has delivered large projects with the value of approximately NOK 20 billion annually.

These projects has been both onshore and offshore and include projects like Snorre B, Fram Vest, Sunndal IV, Tyin, and several projects in Qatar.

All these projects have been delivered on time and on budget. The platform on this picture is our most recent development, the Grane field, a NOK 17 billion investment, which came on stream late September - ahead of schedule and NOK 1.5 billion below budget.

Ormen Lange – one of the world's most technologically challenging gas projects

- Development plan delivered
 - Total investments (field + pipeline): NOK 66 billion
- Production start October 2007
- Hydro equity: 18%
- 10% real return after tax attained with gas prices below USD 1.7 / MMBtu



Recoverable Resources (100% field)

	Expected	Proven
Gas (bcm)	399	310
Liquids (million bbl)	182	123

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As I promised you last year the PDO for Ormen Lange was going to be submitted to Norwegian authorities in Q4 of 2003.

Last week therefore marked an important milestone not only for Hydro, but also for our partners Shell, ExxonMobil, BP, Statoil and Petoro.

The Ormen Lange PDO was submitted according to schedule and with all partners in full agreement to the proposed development scheme.

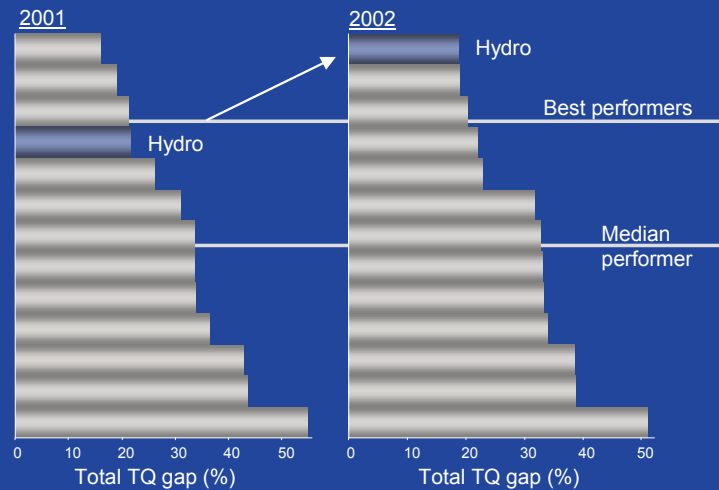
The Ormen Lange is the one most challenging offshore gas development in the world

- The development scheme is the first real deep-water development project on the NCS, 1000 m
- Of particular challenge are sub-zero sea temperatures and the very uneven seabed caused by the Storegga slide
- Development consists of sub-sea facilities with gas processing onshore and the world longest sub-sea pipeline – 1200 km - from mid Norway to the UK
- The overall investment sum for the entire development is approx NOK 66 billion (US\$ 10 billion)
- The project is robust. We expect 10 % real after tax rate of return – with gas prices as low as \$1.70/MMBtu (equivalent to 50 øre/m³)
- We intend to deliver gas to the UK and the Continent from Q4 2007. At plateau production, the field will delivered more than 20 percent of the entire Norwegian gas export volume, which is equivalent to one-fifth of the total UK gas requirement.

An efficient offshore operator

McKinsey Benchmark 2002 (Norway and UK North Central)

- Total manning in Oil & Energy cut from 4 600 to 3 800
- Continuous focus on improving work processes



Source: McKinsey 2002

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Hydro has always been a cost effective producer in the North Sea.

When we started up our first platform, the Oseberg platform 15 years ago, all our employees were recruited from our land-based activities.

Hydro's values of courage, cooperation, respect, determination, and foresight were transferred to our North Sea operations.

As our portfolio matures, new cost reduction initiatives have been taken.

Examples of these initiatives are reduced manning on the Brage platform from 41 down to 27.

There has also been an overall demanning throughout the Oil & Energy organization, down 800 to the present level of 3,800.

Excluding the effects of transfer of operatorships in the Tampen area, this is a reduction in manning of seven percent.

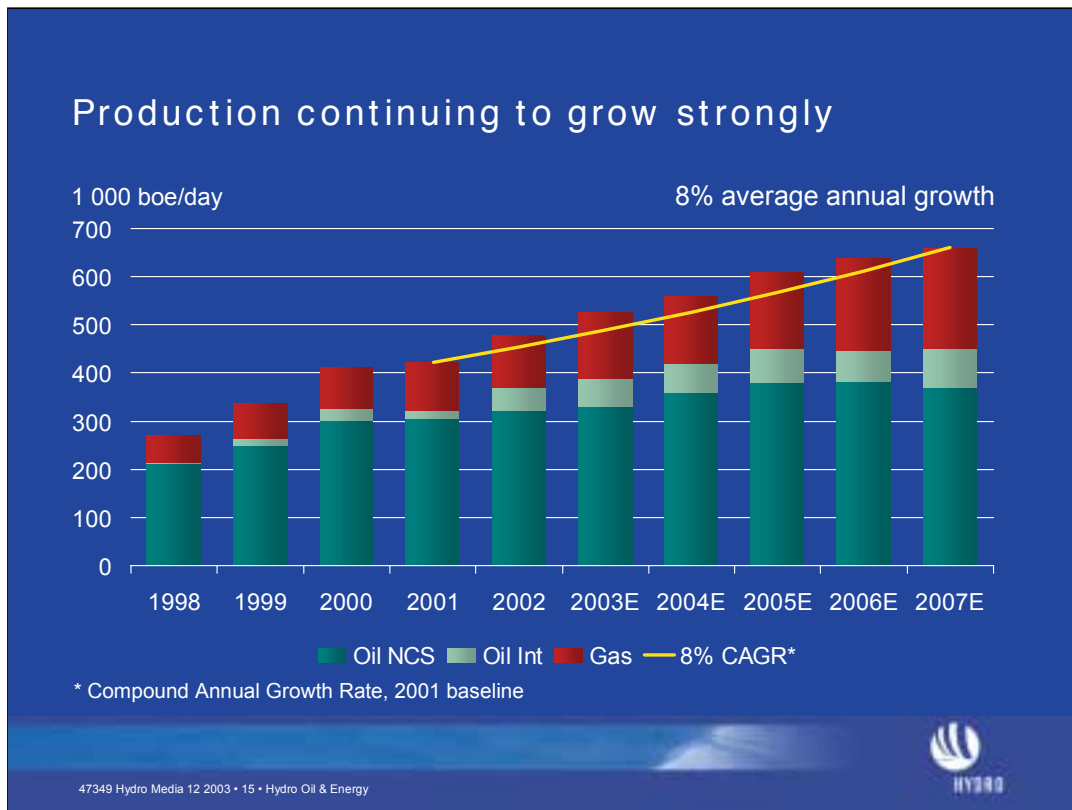
The annual benchmark from McKinsey includes about 80 percent of the production both in the UK and the Norwegian sector of the North Sea.

It concludes this year by ranking Hydro as the number one operator. I am glad to observe this, but further improvement will always be high on my agenda.

It is also very satisfactory to note that we have improved our safety records at the same time. This underlines the fact that has always been my view: A safe working environment is also a very efficient working environment.



Let me turn to production and how we intend to achieve further growth here.



Hydro has enjoyed very strong production growth for many years. Looking back to 1998 we produced 270 000 bpd while we in 2004 shall have more than doubled this production.

This increase in our production is partly due to organic growth, partly due to acquisitions. Most important acquisitions have been Saga in 1999 and SDFI in 2001.

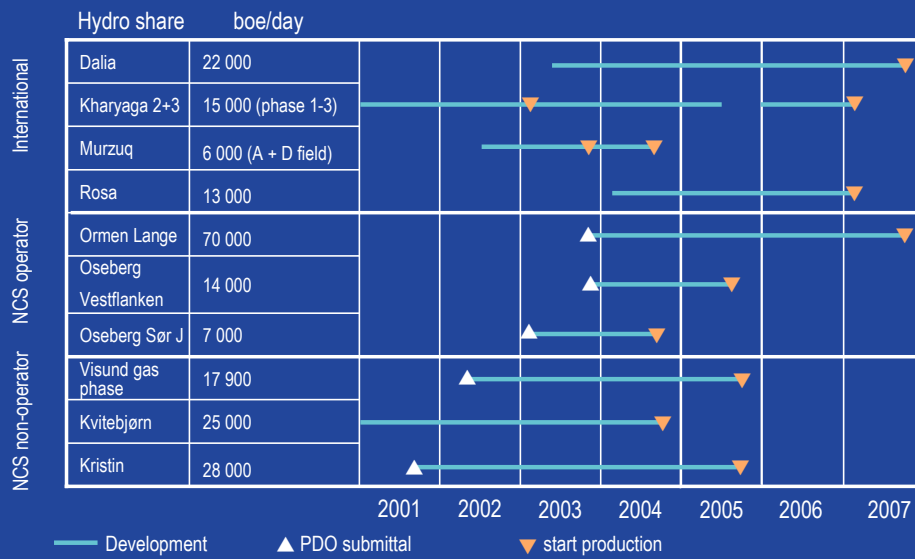
Hydro's production growth is among the highest of our peer group. We said last year that we would grow the production baseline at 8 % annually to 2006, using 2001 as reference year.

I am pleased now that we will extend this trend by one more year, to include also 2007.

We also see there is a slight increase in our international oil production which is assumed to reach 10 – 12 % over the period.

However, based upon net present value considerations, our international engagement today represent over 20 % of total upstream value.

New fields onstream 2004 – 2007



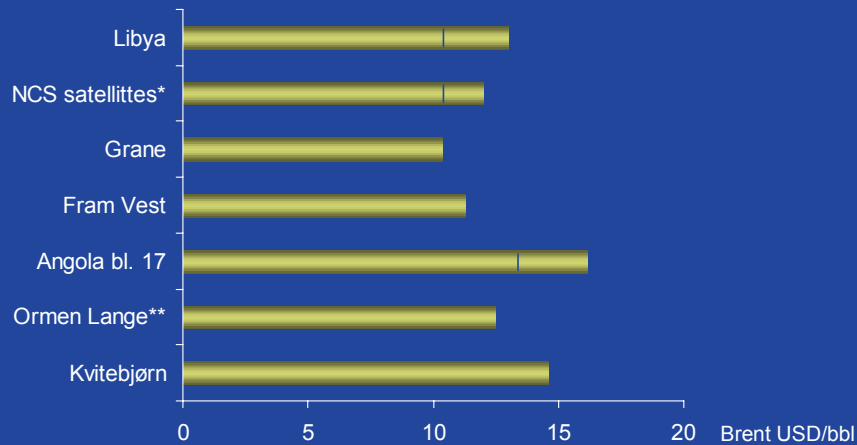
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Just to give you confidence on these estimates, 90 % of 2007 production forecast is based on sanctioned projects – all with attractive economics.

Strong production growth based on attractive project portfolio

Oil price giving 10% real rate of return post tax



*NCS satellittes – Vigdis extension, Mikkel, Oseberg Vestflanke, Visund gas export

**Equivalent to USD 1.7 / MMBtu

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All our recent projects satisfy our 10 % real rate of return criteria based upon oil prices of USD 16/barrel, while the most important ones Grane and Ormen Lange have break-even prices below USD 13/boe.

This shows that Hydro has still a very attractive investment portfolio with substantial robustness when faced with low oil prices.

With such a robust development portfolio, why is it difficult to reach our CROGI target of 10 percent?

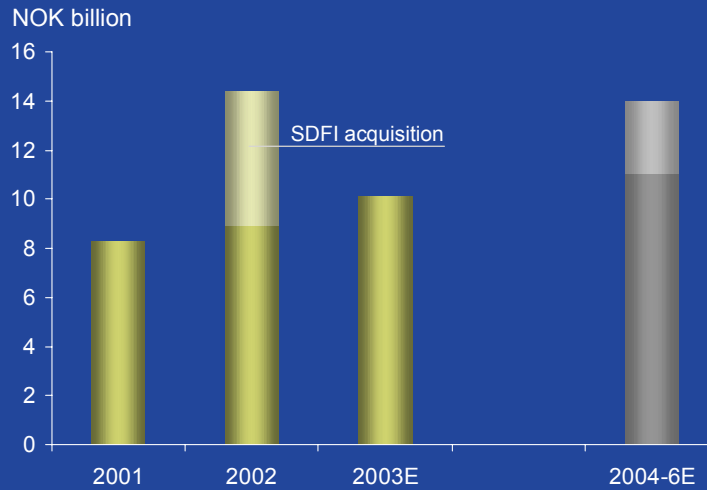
This is due to the fact that many of our mature assets have low production while these assets still have their full investment in the denominator.

Mature fields like Brage and Njord are such examples. On the other hand will our new assets Fram and Grane generate very high CROGIs in the years to come when the oil production is on plateau level.

Having said all this, we will be close to 10 % in 2003 and we have a business plan for 2004 where we will exceed 10 %, based on normalized prices of 18 dollar per barrel.

High investment level going forward

Annual investments O&E



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It requires capital to grow production at a rate of 8 % annually.

The capital need of this portfolio, Ormen Lange included, is an investment level of NOK 11-14 bill/ year in the coming three years.

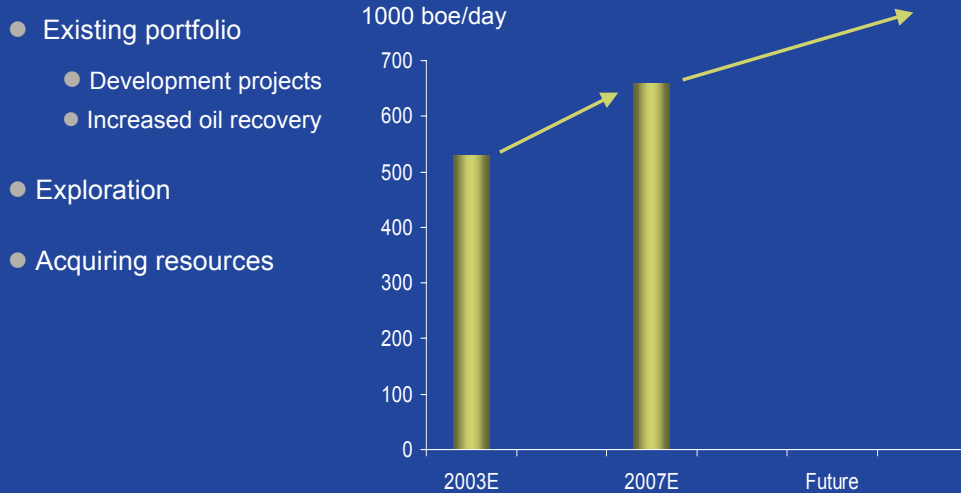
We are currently in the process of finalizing the sale of our Snøhvit stake. The transaction would – if approved - reduce our investment commitments for the coming three years.

As we have told you previously, the reason for the divestment of Snøhvit is that LNG is not part of our strategy.



So, what about our production growth beyond 2007?

Three sources of longer term production growth



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Beyond 2007, production growth will come from our existing portfolio of development projects. We still have an interesting portfolio which will be brought forward for development decision.

Our producing assets still hold considerable hydrocarbons which have not yet been commercialised. We are making organizational changes to strengthen the cooperation between our research and operational people with the aim of further improving our ability to increase the recovery in existing fields.

As already mentioned, we are presently reviewing all our exploration acreage to high-grade our exploration portfolio.

This might increase the exploration funding for 2005 and onwards. Our plan is to aim at an exploration level of NOK 1.5 billion/yr.

In the review of our strategy, we have concluded that we will be more active in acquiring resources where we can apply our unique competence in development and operation of upstream business.

I will now briefly give an update on our business in the different regions.

Angola – Development portfolio and exploration

- Block 17 value creation
 - Jasmin production start
 - Dalia development
 - Satellite tie-ins to Dalia and Girassol
- Clarify exploration potential Block 34
 - Well 34-2 drilling
- Pursue business development opportunities



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Let me start with Angola.

Block 17 is key asset where two new discoveries have been announced this year, making a total of 15 finds in all.

The second well is spudded on block 34. Although the block doesn't have the same potential as originally estimated we have identified several smaller structures.

Commercial developments might be possible if oil is discovered.

Through block 34 we have developed good cooperation with Sonangol.

This might give cause for new business opportunities.

Canada – Development portfolio

- Hibernia and Terra Nova value creation
- Develop Hebron Ben Nevis
 - Recoverable resources ~ 600 million bbls
- Evaluate the Annapolis gas discovery
- Exploration scaled back



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In Canada, we will concentrate on maximizing the value of the Hibernia and Terra Nova fields. Both fields have shown very good performance this year and provide important contributions to our international production.

We have been working together with Chevron-Texaco to improve the development scheme for Hebron Ben Nevis, where the expected reserves are 600 million barrels.

The development scenarios are very much identical to a typical NCS development. That means our NCS experience fully can be applied in this context. The field is expected to generate 10% real return after tax based on our decision criteria.

The gas find Annapolis on Scotian shelf will be further evaluated.

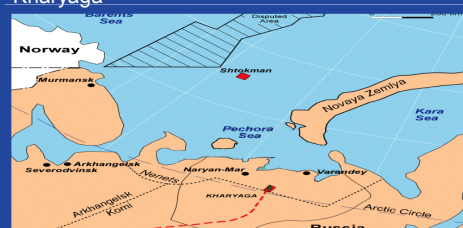
No further frontier exploration is planned in the near term.

Russia – Development portfolio and business opportunities

- Further development of the Kharyaga field
- Technology co-operation agreement with Rosneft for the Shtokman field
- Pursue business development opportunities



Kharyaga



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Hydro has been present in Russia for 15 years. In 1999, the production started from the Kharyaga field in the Timan Pechora basin.

Phase two of the Kharyaga development came on stream this autumn and we intend to expand capacity even further.

We have for the last 12 years been in discussions with Gazprom concerning the huge Shtokman gas field in the Barents Sea.

We recently signed a technical cooperation agreement with Rosneft regarding development scenarios for Shtokman. Rosneft has a joint venture with Gazprom with the responsibility to develop the Shtokman field.

The development concept for Ormen Lange with a sub-sea to land concept has been introduced to be studied further for the this field. If this concept is achievable for Shtokman it will considerably reduce the cost.

The concept would be beneficial with regard to arctic climatic challenges. Our extensive knowledge on flow assurance has therefore created a lot of interest in Russia.

In addition other business opportunities are being pursued.

Iran – Exploration portfolio

- Anaran exploration contract
 - Seismic acquisition completed
 - Drilling campaign ongoing
 - Prepare for a field development contract
- Pursue new business opportunities



Anaran drilling rig

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On Anaran, we have successfully completed the seismic acquisition programme and are currently drilling our first exploration well in this area.

The drilling operation has proved to be somewhat more difficult than originally planned.

However, we are now confident that these challenges will be solved and the well will be finalized during Q1 2004.

We plan to drill two or three more wells on this exploration acreage during the course of 2004.

Our prime objective in Iran is to focus on development of the Anaran area which we believe can hold high potential and may take many years to develop fully.

A successful completion of our activity in this country will help positioning Hydro for new opportunities in Iran. We therefore mainly concentrate on this issue for the moment while at the same time positioning ourselves further.

Development opportunities

- **Gulf of Mexico**

- Lorien development
- Exploration scaled back



Gulf of Mexico

- **Libya**

- Marbruk/Murzuq developments
- Pursuing new opportunities



Libya

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In the Gulf of Mexico the Lorien find can be developed as a tie-back to existing infrastructure.

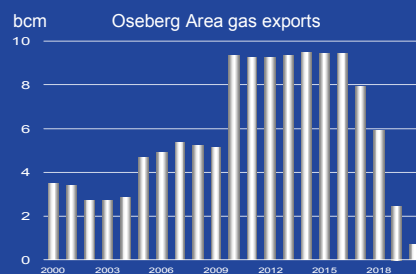
We will evaluate the remaining potential in the Conoco-Phillips portfolio, which may contain some exciting prospects in deep-water areas. However, funds for these prospects have not been allocated for next year.

In Libya, we are pleased with the development of Mabruk and Murzuq. Libya has a very interesting resource base and as the general political situation improves we will continue to pursue new opportunities in the country.

Norway – Exploration, Development and IOR

Existing portfolio provides longer term opportunities

- Increased gas export from Oseberg and Troll
- Ormen Lange ramp-up
- Increased oil recovery
- Development opportunities



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I shall now turn my attention to the NCS – and let there be no doubt that the NCS still is in the centre of our map, also in a long term perspective!

There are opportunities to increase longer term production at low cost from our existing portfolio: Gas exports are currently being restricted for reservoir reasons from both Oseberg and Troll and can be increased in the future at little or no cost.

For example, 3 bcm has been produced from Oseberg this year something which might increase to 10 bcm in 2010 without new investments

Gas production from Ormen Lange will start in October 2007. Full capacity will be reached in 2010 amounting to 4 bcm for Hydro's share.

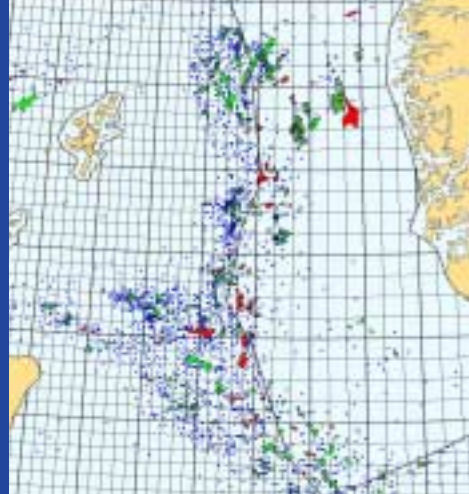
I already have mentioned that most of our fields have still improved oil recovery potential and we strengthen our efforts to realize these resources. Our portfolio still contains satellites, which will be developed in connection to existing platforms.

Still potential on the NCS given the right incentives

- Proposals from “Kon-kraft”:

- Reduce special tax level on new developments
- Volume allowance on existing fields for increased recovery

Exploration wells
UK and Norway drilled 1965-2003



Source: Norsk Hydro, Petrobank

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Just looking at the number of wells drilled in the Norwegian sector of the north Sea compared to the UK one, it would appear that there should be scope for more exploration and thus value creation– given the right incentives!

There is no geological reason why there is such a huge difference between the two sectors.

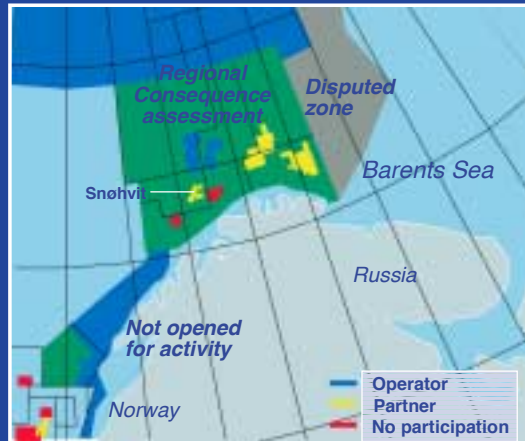
A joint industry study which I have had the privilege to chair – has presented a comprehensive report on the potential for increasing the competitiveness of the NCS.

The proposal include a reduction of special tax level, currently 50%, on new developments, volume allowance on existing fields to encourage investments in increased recovery.

We hope for positive reaction from government and Storting during the Spring session.

New areas have to be opened for exploration

- Still potential for large oil and gas finds, but high risk
- Risk/reward balance made more favourable by improving frame conditions
- Industry commitment to explore with minimal environmental impact
- Hydro well positioned



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We still see a potential for large oil and gas discoveries on the NCS, especially in northern areas although there is high risk.

We believe improved frame conditions will enhance a better risk /reward balance.

Hydro has already been awarded licences in the areas Nordland VI and in the Barents Sea.

The Norwegian government are currently re-evaluating its policy regarding these regions and we hope for positive clarification in near future.

Hydro is committed to carrying out our activities with a minimum of environmental impact.

We have many examples of how environmental awareness has been put into practice in our operations.

Strategic directions for acquiring resources

Framework

- Returns before growth
- Fit with core competences

Geography

- Primarily current areas of activity
- Potential step-out to adjoining basins.

As already mentioned, we will put more emphasis into acquiring resources.

We will follow these criteria:

- Returns will have a clear priority over volume growth – we will not compromise our overall targets on capital discipline
- We will acquire resources where we can use our core competencies in reservoir management, flow assurance and management of large projects
- We will primarily concentrate on the geographical areas where we are established – and also evaluated adjoining areas.

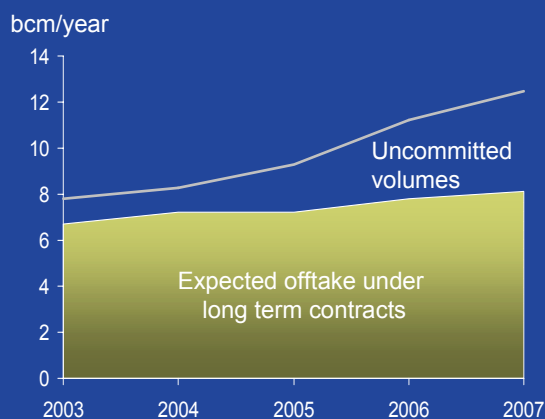


Last year we talked about the two strategic directions for Hydro's Oil & Energy. The first one which we now have been through, is how to develop our upstream position world wide.

The second direction is how to position for business opportunities in the gas markets in Europe. We still believe that interesting business opportunities exist. So far, our European gas business – mainly in the Netherlands - has created interesting margins with limited capital investment.

Gas production increasing steeply

- From 7.5 bcm in 2003(E) to 11-12 bcm in 2007(E)
- Producer-wholesaler-trader role
- Portfolio of longer and shorter term sales



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Hydro's main competitive advantage in the European gas market lies in its very strong NCS resource position.

This gas can be supplied to the European market very competitively as I showed you when talking about Ormen Lange earlier.

Our gas production has started a steep increase. This year we expect to export more than 7.5 bcm, a significant increase from 6.4 bcm last year. By 2007 we expect our production to be between 11-12 bcm.

We are currently committed to a future sales volume of some 7 bcm/y under existing long-term contracts. This gives a substantial volume of uncommitted gas. We think this uncommitted gas will create business opportunities.

In many places in the European markets good margins exist at the wholesale level. Hydro has developed a producer/wholesaler/trader business model allowing it to optimise our total portfolio and add extra margins where possible.

Total gas sales of 12-13 bcm planned for 2004(E)

- Duke's Dutch marketing business acquired
- Contract with Mærsk for new supplies from 2004/5
- Sourcing from:
 - Equity production: 8 bcm
 - 3rd parties and hubs: 4-5 bcm
- Further value added by:
 - Optimizing logistics
 - Example: East-west swaps
 - Managing 3rd party portfolios
 - Trading



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Next year we plan to sell 12-13 bcm to direct customers and under our existing long-term contracts.

The portfolio was recently enhanced further by the contract entered into with Mærsk for delivery of 0.6 bcm/yr into the Netherlands from next year.

The acquisition of Duke's activities in the Netherlands, which includes both customers and sourcing arrangements, underlines our step-by-step approach into the European energy market.

Further value is added to our gas portfolio by optimising logistics across Europe. Several swap arrangements with other parties has been concluded and created win-win situations.

HydroWingas – New UK marketing joint venture

- Jointly owned company to market and sell gas in UK
 - Primarily to wholesalers, large end-users and power plants
- Combines Wingas and Hydro's gas and marketing skills
- Builds market presence and expands arbitrage possibilities
- Scale and diversity of sourcing improves competitive strength



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To further increase our position in the downstream market, Hydro has entered into an agreement with the German company Wingas, owned 65 % by BASF and 35 % of Gazprom.

The jointly owned company is formed to market gas in the UK – combining the two companies' marketing skills.

The company will target wholesalers and large end-users including power plants.

We source from NCS, UK and the Continent – provides operational flexibility.

And this ends my long term strategy outline.

Let me now turn to the near term financial targets

Targets for 2004

- Production target 560 000 boe/day
- Production costs NOK 24/boe
- F&D costs (3 years average) USD 6/boe
- RRR (3 years average) 120%
- CAPEX-level NOK 11 billion
- Exploration level NOK 1 billion
- Investments in new development projects to meet USD 16/bbl* hurdle rate for 10% real, after tax return

* Previous hurdle rate of USD 14/bbl had been fixed since 1999

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Our targets 2004 are as follows:

Production growth is to continue – the target is 560,000 boe /day – which is an increase of 7 % compared with this years estimate.

Last year our cost target was set to 82 NOK / barrel excluding exploration, but including depreciation. We will also meet this target next year.

We have decided to change the metric that we will report to you as our target, to production cost per barrel as defined in our accounts.

This is also more in line with the way that we manage our daily operations where we have full focus on controlling cash costs.

The target for production cost will be NOK 24/boe which places Hydro at the top quartile in this metric. There is an increase from this year to cater for purchase of injection gas to the Grane field.

Reserve replacement on a three year average is set to 120 % and the F&D cost for the same time interval will be USD 6 /boe.

Investment frame for next year NOK 11 billion.

Exploration cost next year will be NOK 1 billion.

24 wells to be drilled, 8 more than this year when exploration cost was NOK 1.7 billion.

Our investment decision criterion has been revised: 10 % real rate of return after tax based on \$16/bbl oil price.

The previous target set in 1999 was \$ 14/bbl.

We have decided to change this because we have adjusted for inflation, and a better capital budgeting and investment decision making processes have improved Hydro's ability to deliver large project on time and budget.

Investment estimates have a 70% chance of being met, rather than using the expected value term.

Also reduction in exploration activities going forward and manning reduction contributes to overall lower costs.

Summary

- We have delivered on our operational targets for 2003
- We haven taken corrective actions within exploration
- We extend the 8% growth rate to 2007
- We pursue growth opportunities based on competence in core areas
- We build a downstream presence in European gas markets
- We have ambitious targets for 2004

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To summarize

- We have delivered on our operational targets for 2003
- We have taken corrective actions within exploration
- We extend our 8 % growth rate to 2007
- We pursue growth opportunities based on our unique competence
- We build a downstream presence in European gas markets
- We have ambitious targets for 2004

I started out by making reference to what I said one year ago and how we delivered on that. Now I would like end by welcoming you back next year to review what I have put forward today.

Thank you for your attention.

Tore Torvund
Executive Vice President



Progress Review and Forward Strategy

Capital Markets Day

December 11, 2003

Main messages

- We deliver on our operational targets for 2003
- We take corrective actions within exploration
- We extend the 8% growth rate to 2007
- We pursue growth opportunities based on our competence in core areas
- We build a downstream presence in European gas markets
- We have ambitious targets for 2004

Strong 2003 performance

	<u>CMD Dec 2002</u>	<u>2003 Estimate</u>
● Production target	510 000 boe/day	525 000 boe/day
● Operating cost (excl. exploration)	82 NOK/boe	} On track
● F&D costs (3 year average)	USD 5/boe	
● RRR (3 year average)	140%	
● CAPEX-level	NOK 11.5 billion	NOK 10.1 billion
● Exploration level	NOK 1.9 billion	NOK 1.7 billion

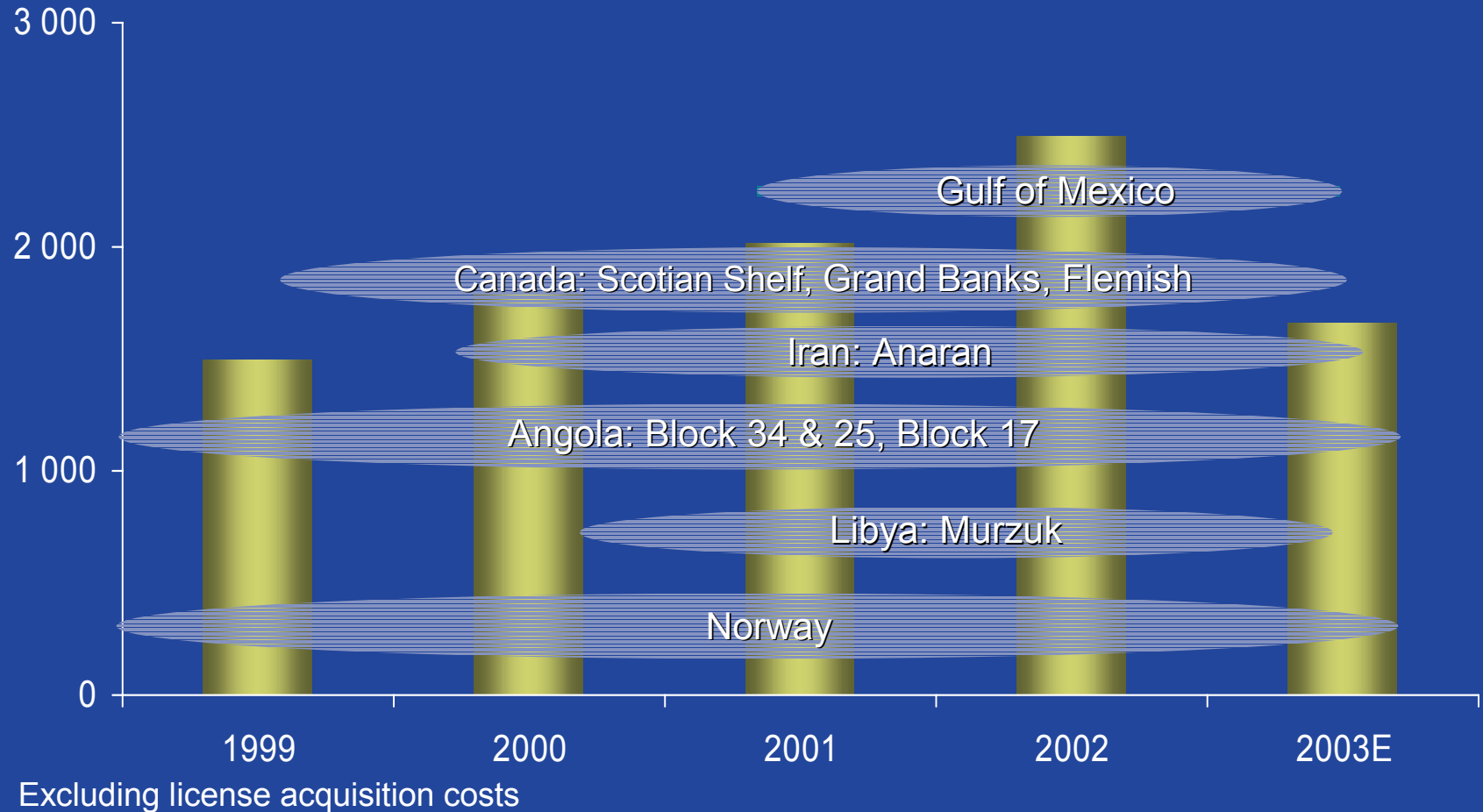


Exploration review

An examination of exploration

NOK million

Exploration expenditure



Main exploration wells 1999 - 2003

Area	Number of exploration wells	Number of technical discoveries
Norway	76	39
Angola	25	16*
Canada	13	7
Libya	14	8*
Gulf of Mexico	5	1
Iran	1	In progress*

* Drilling ongoing

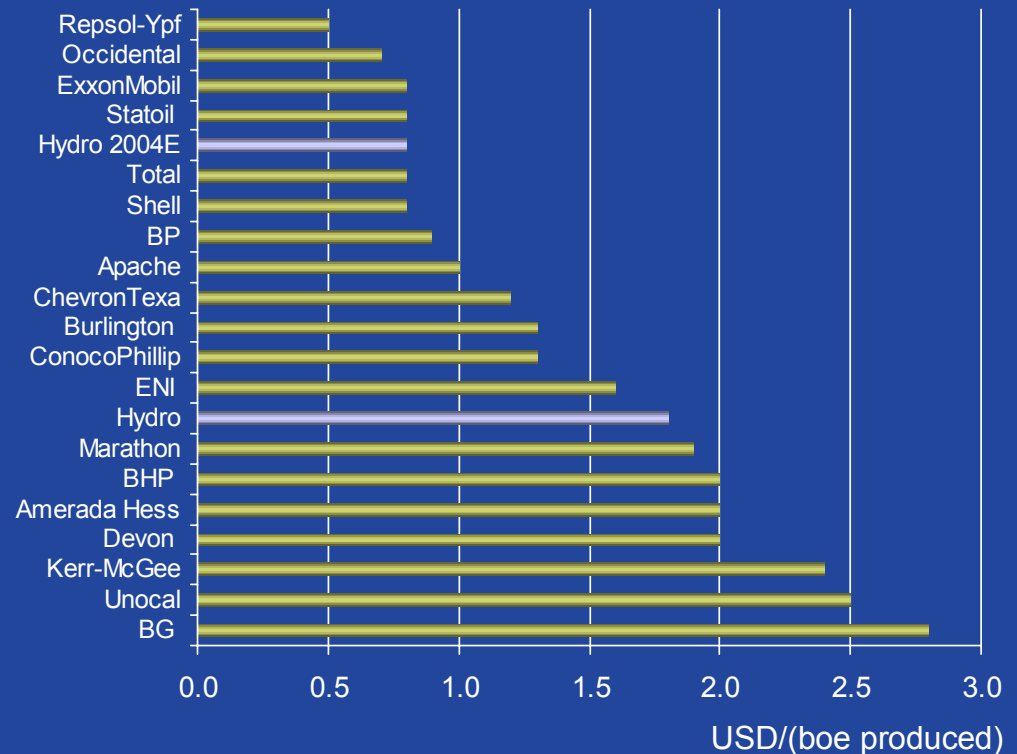
Exploration review - Main findings

- Portfolio
 - High reward portfolio, but too expensive and too high risk
 - Gulf of Mexico – underestimated drilling costs
 - Too high entry costs
- Organization
 - Need to centralize decision processes

Actions taken

- More centralized organization with world-wide responsibility
- Level of exploration reduced:
 - 2004(E): NOK 1 billion
 - Future: NOK 1.5 billion
- More emphasis on moderate risk/reward prospects and infrastructure wells
- Acquisition of resources more prominent, building on unique competence

Exploration activity vs production (2002)*



* Source: EvaluateEnergy



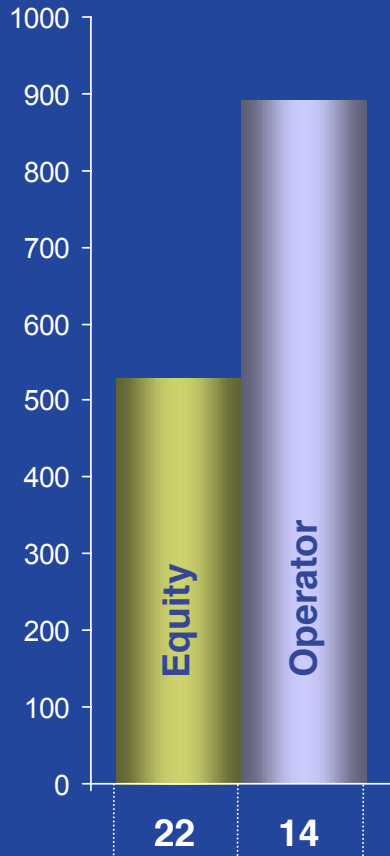
Hydro Oil & Energy



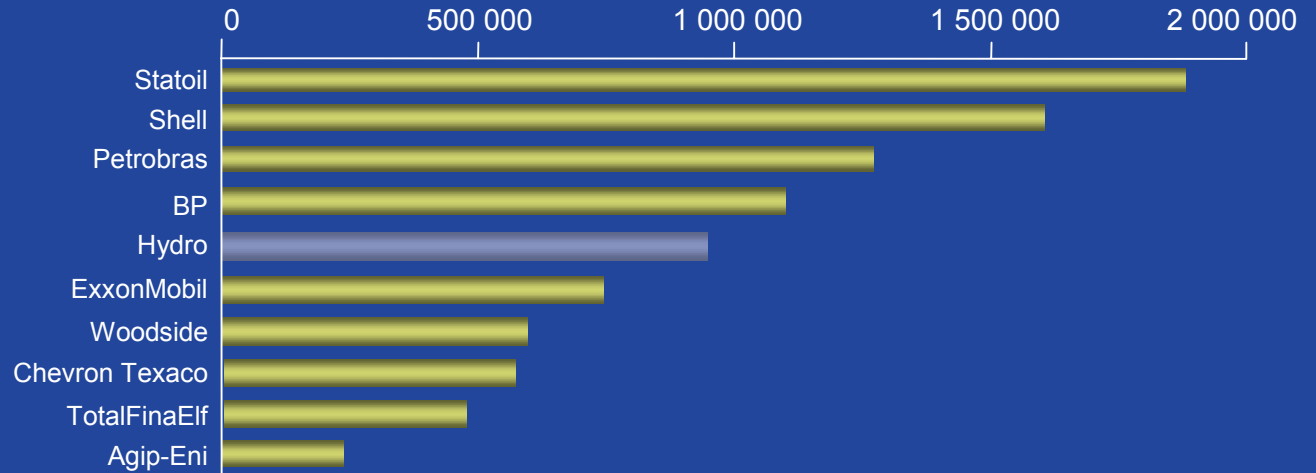
Building on our competence

Scale as operator is basis for competence

1000 boe/day Production 2003(E)



Offshore operator production oil and gas, boe/day *



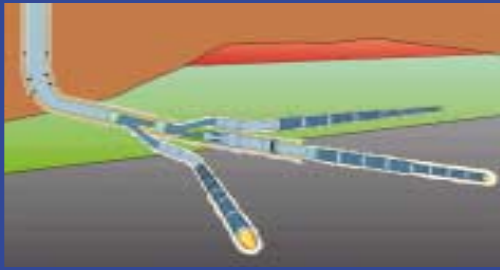
*Deeper than 100m

On&offshore: World-ranking (excl. national oil companies)

Source: Infield; McKinsey

Adding value by applying world class technological competence

Technology/Competence



Troll thin oil zone



Troll Pilot



Grane

Hydro position

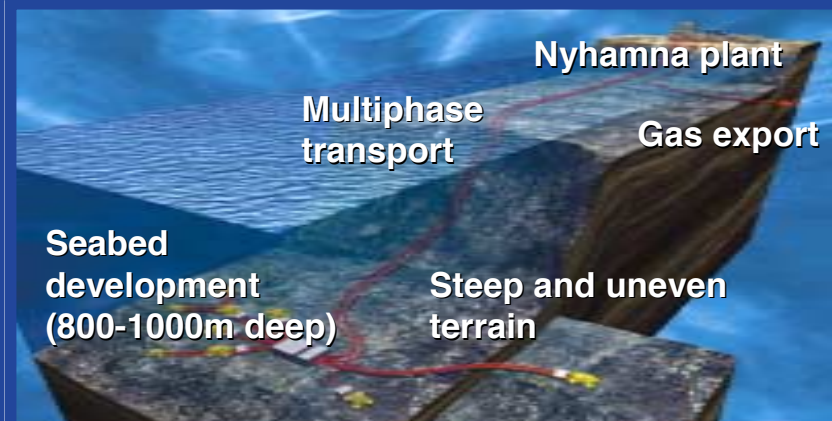
- Global leader in multilateral wells
- No 5 globally in number of subsea wells
- First subsea separator in operation
- Leader in flow assurance
- Leader in large project developments and field operation

Benefits

- Increased oil production and recovery
- Reduced drilling costs
- Increased oil production/water handling capacity
- Environmentally beneficial
- Exploitation of small deposits
- Ability to develop and operate challenging projects in a cost-efficient manner

Ormen Lange – one of the world's most technologically challenging gas projects

- Development plan delivered
 - Total investments (field + pipeline): NOK 66 billion
- Production start October 2007
- Hydro equity: 18%
- 10% real return after tax attained with gas prices below USD 1.7 / MMBtu



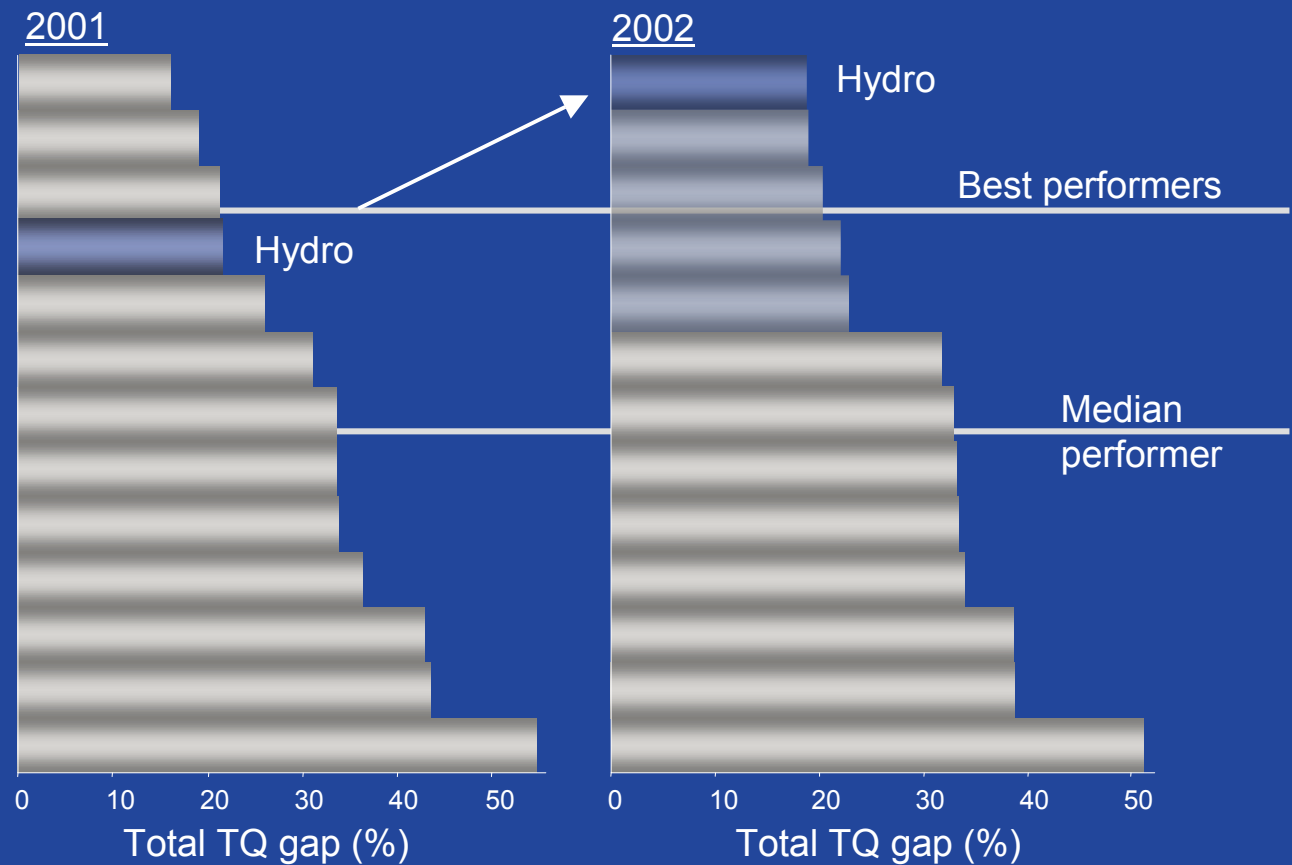
Recoverable Resources (100% field)

	Expected	Proven
Gas (bcm)	399	310
Liquids (million bbl)	182	123

An efficient offshore operator

McKinsey Benchmark 2002 (Norway and UK North Central)

- Total manning in Oil & Energy cut from 4 600 to 3 800
- Continuous focus on improving work processes

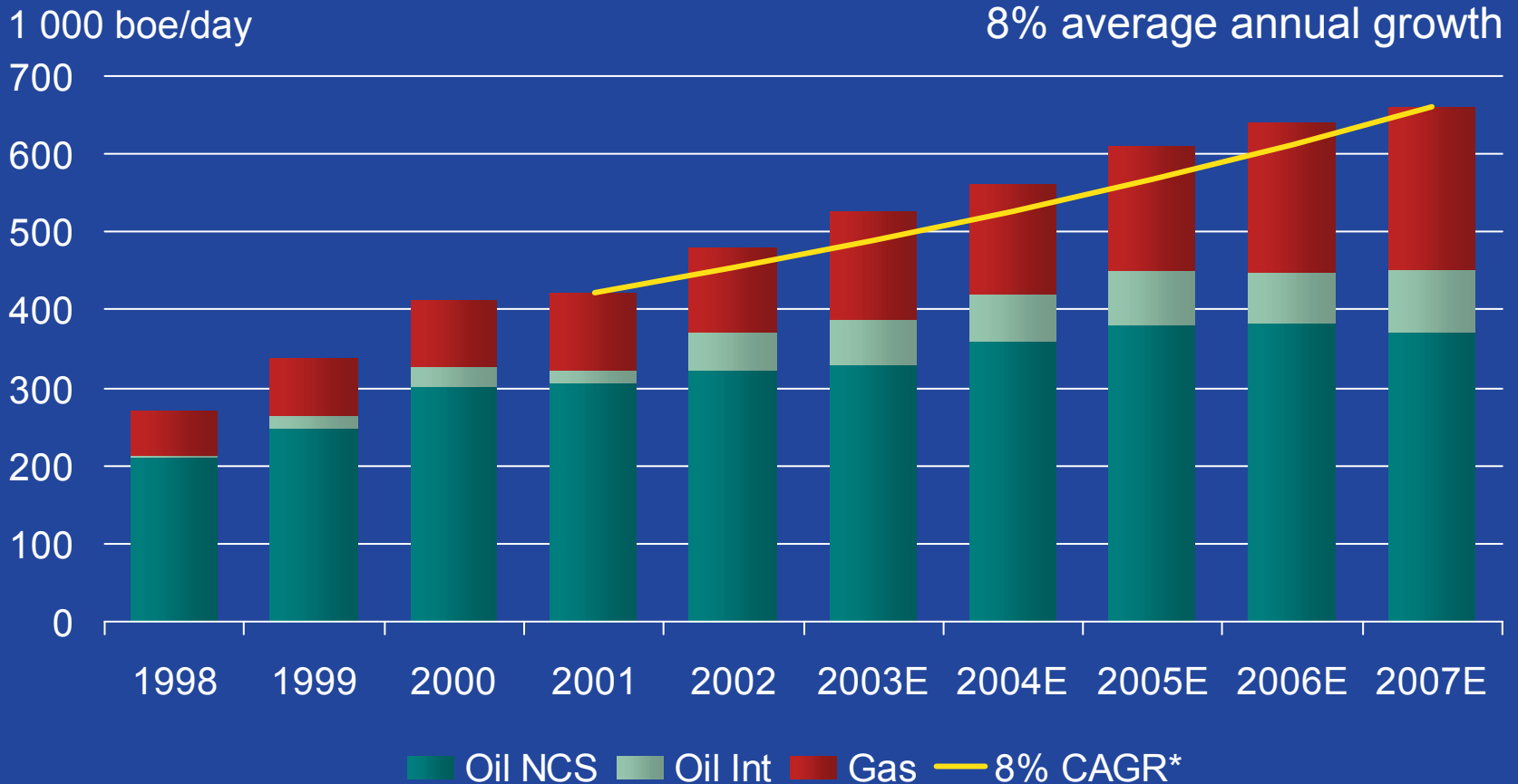


Source: McKinsey 2002



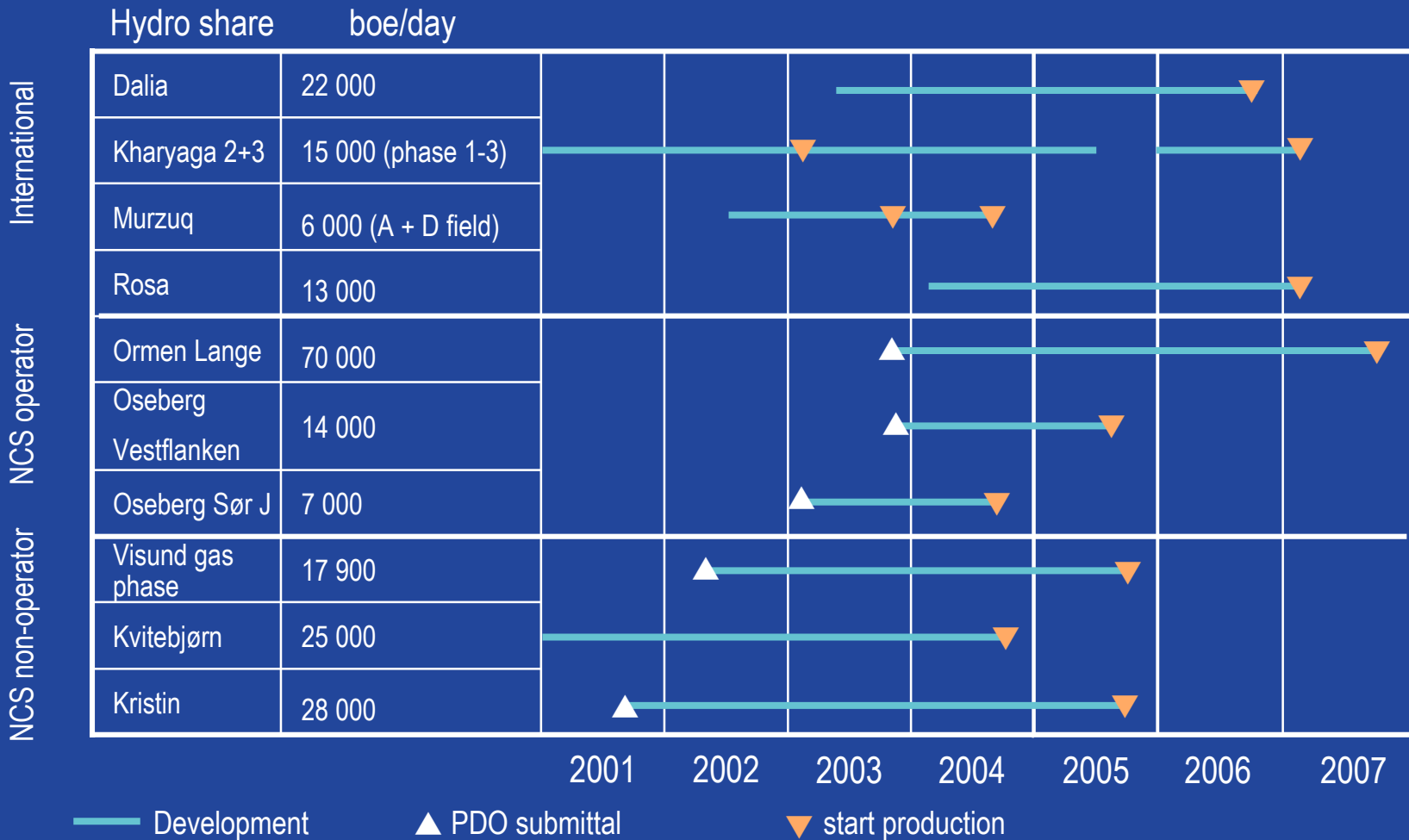
Basis for future production growth

Production continuing to grow strongly



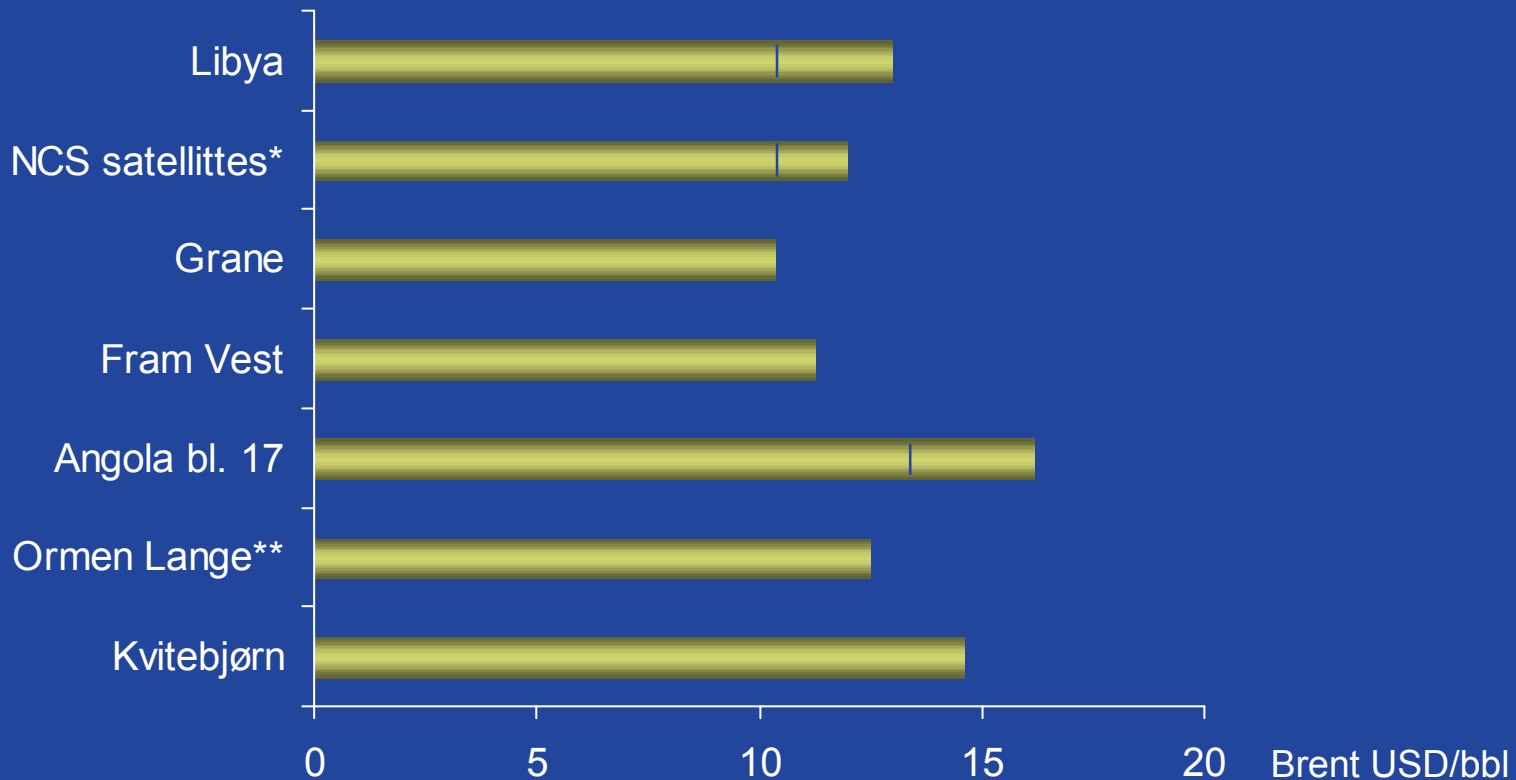
* Compound Annual Growth Rate, 2001 baseline

New fields onstream 2004 – 2007



Strong production growth based on attractive project portfolio

Oil price giving 10% real rate of return post tax

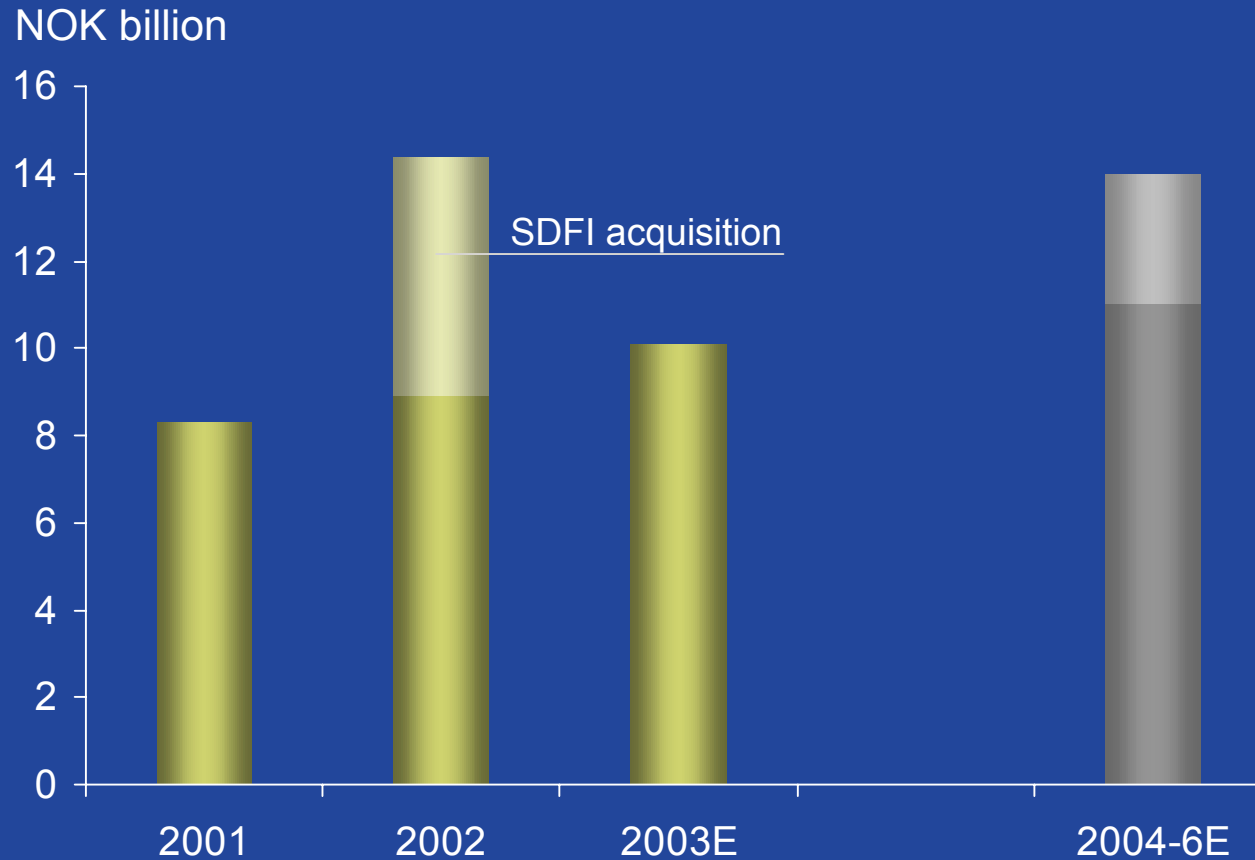


*NCS satellites – Vigdis extension, Mikkel, Oseberg Vestflanke, Visund gas export

**Equivalent to USD 1.7 / MMBtu

High investment level going forward

Annual investments O&E

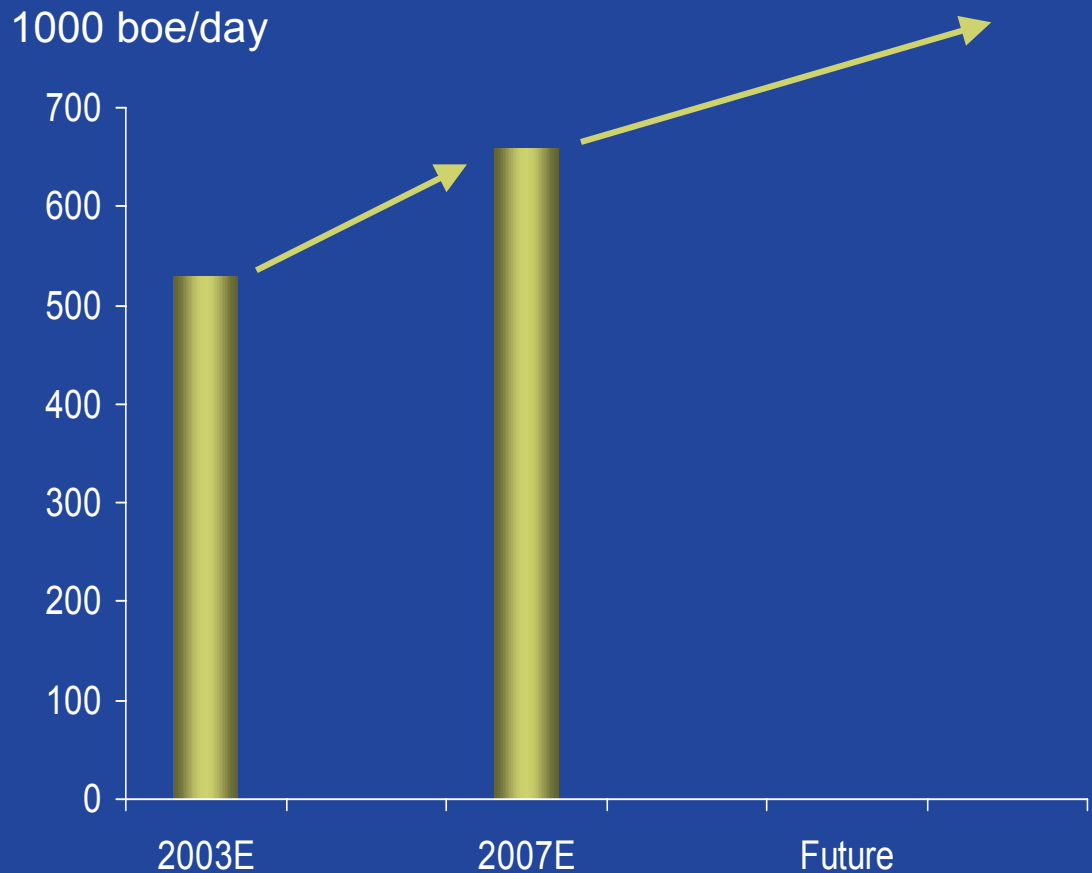




Production growth beyond 2007

Three sources of longer term production growth

- Existing portfolio
 - Development projects
 - Increased oil recovery
- Exploration
- Acquiring resources



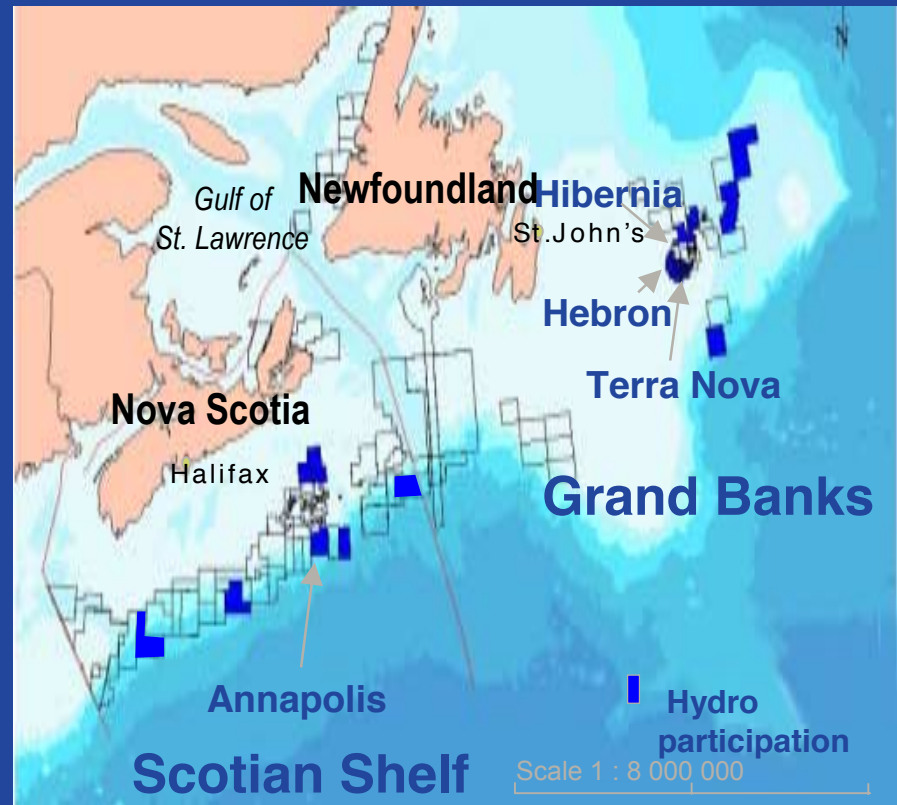
Angola – Development portfolio and exploration

- Block 17 value creation
 - Jasmin production start
 - Dalia development
 - Satellite tie-ins to Dalia and Girassol
- Clarify exploration potential Block 34
 - Well 34-2 drilling
- Pursue business development opportunities



Canada – Development portfolio

- Hibernia and Terra Nova value creation
- Develop Hebron Ben Nevis
 - Recoverable resources ~ 600 million bbls
- Evaluate the Annapolis gas discovery
- Exploration scaled back



Russia – Development portfolio and business opportunities

- Further development of the Kharyaga field
- Technology co-operation agreement with Rosneft for the Shtokman field
- Pursue business development opportunities



Kharyaga



Iran – Exploration portfolio

- Anaran exploration contract
 - Seismic acquisition completed
 - Drilling campaign ongoing
 - Prepare for a field development contract
- Pursue new business opportunities



Anaran drilling rig

Development opportunities

- **Gulf of Mexico**

- Lorien development
- Exploration scaled back



Gulf of Mexico

- **Libya**

- Marbruk/Murzuq developments
- Pursuing new opportunities

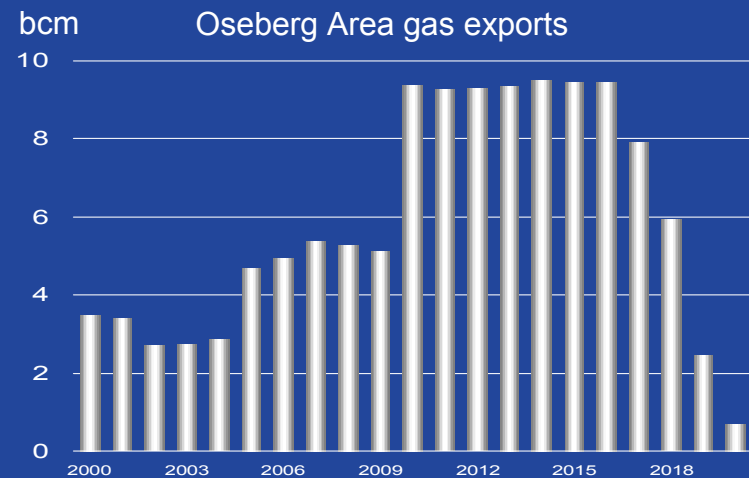


Libya

Norway – Exploration, Development and IOR

Existing portfolio provides longer term opportunities

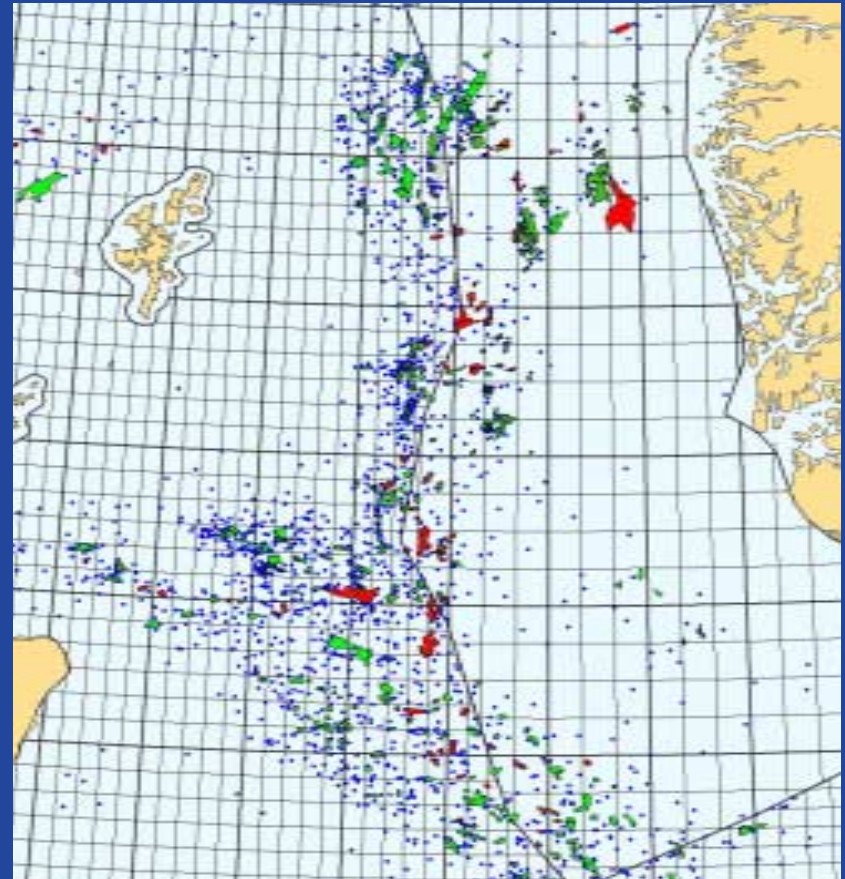
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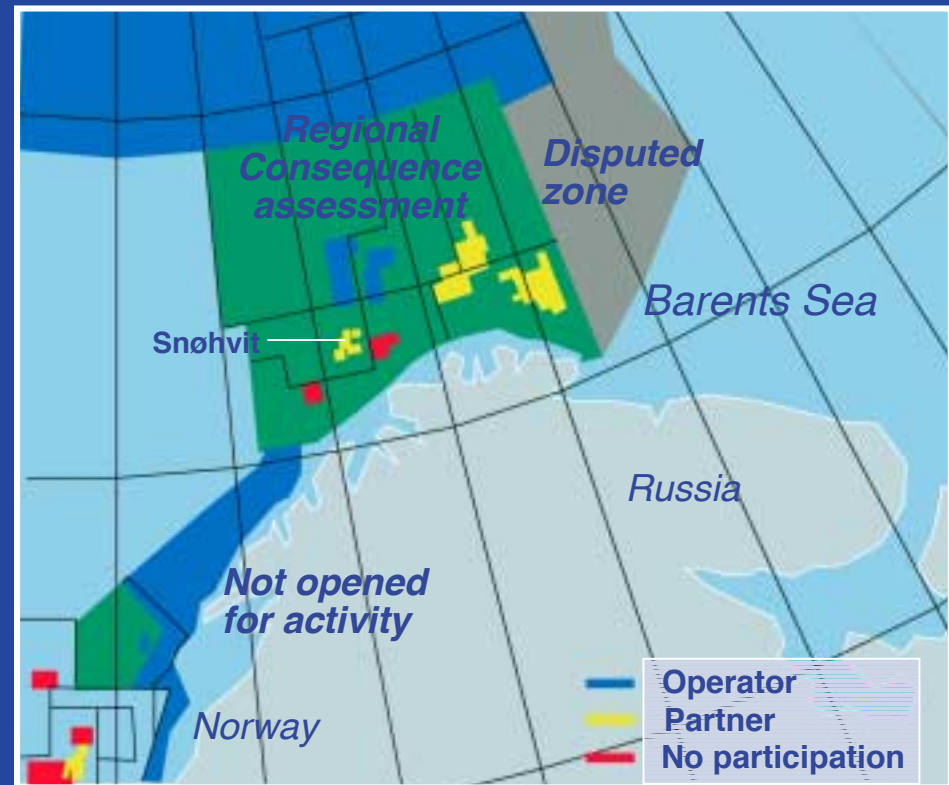
Exploration wells
UK and Norway drilled 1965-2003



Source: Norsk Hydro, Petrobank

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Strategic directions for acquiring resources

Framework

- Returns before growth
- Fit with core competences

Geography

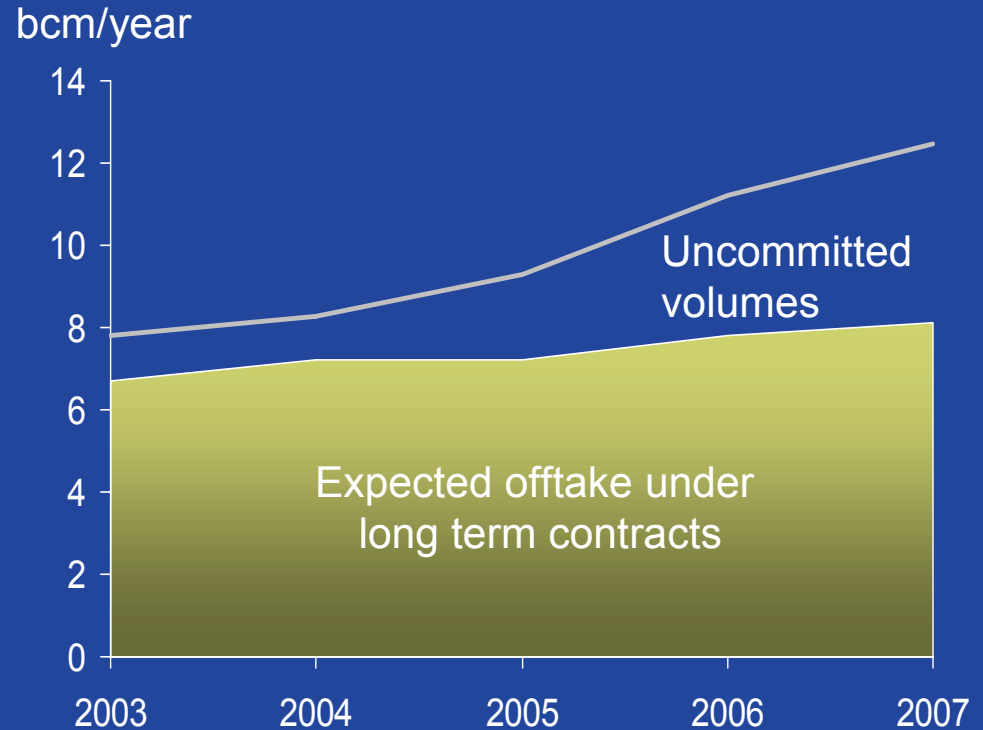
- Primarily current areas of activity
- Potential step-out to adjoining basins



Building a downstream presence in European gas markets

Gas production increasing steeply

- From 7.5 bcm in 2003(E) to 11-12 bcm in 2007(E)
- Producer-wholesaler-trader role
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Summary

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- We pursue growth opportunities based on competence in core areas
- We build a downstream presence in European gas markets
- We have ambitious targets for 2004

Hydro Aluminium

Jon-Harald Nilsen
Executive Vice President



Performance and strategic progress

Capital Markets Day
December 11, 2003

Presentation outline

- Market
- Performance
- Strategy - portfolio
- Special update
 - Primary Metal cost position
 - Rolled products segment
 - Extrusion and Automotive segment

<i>What we said</i>	<i>What we have done</i>
<ul style="list-style-type: none"> • Deliver improvement programs and value capturing as planned 	<ul style="list-style-type: none"> • Ahead of plan
<ul style="list-style-type: none"> • Further enhance value of HAL-VAW 	<ul style="list-style-type: none"> • Alouette expansion, litho expansion, best practise sharing
<ul style="list-style-type: none"> • Win market share based on strengths 	<ul style="list-style-type: none"> • On track – ahead in selected segments
<ul style="list-style-type: none"> • Improve relative cost position for smelter system 	<ul style="list-style-type: none"> • Controllable cost elements and projects on track
<ul style="list-style-type: none"> • Continue active portfolio management 	<ul style="list-style-type: none"> • Out: Flexpack, VAW-IMCO JV, Søderberg In: Alunorte II, Comalco, Talum, Sayansk
<ul style="list-style-type: none"> • Meet 10% CROGI target 2004 (normalized prices) 	<ul style="list-style-type: none"> • Continued improvements in 2003

At the last year's Capital Market Day Hydro Aluminium listed certain priorities for 2003, and this is the summary of what we have done through 2003. The summary is that Hydro Aluminium is on or ahead of plan. We deliver.

Changes in our portfolio.

- Since last time we met, Hydro Aluminium has closed the sale of Flexible packing, worth approx. 400 mill Euro on a 100 % - basis. Our partner IMCO in the VAW-IMCO 50/50 JV – focused on recycling in Germany - redeemed Hydro's shares last year after the acquisition of VAW. The deal is now closed. The sale gave an insignificant net, positive P&L-effect.
- Over the last 12 months Hydro Aluminium has made important moves in the alumina area; - starting up Alunorte I – expansion, agreeing to start expansion II immediately, and signing the 26 year deal with Comalco to buy 500.000 tonnes annually from 2005.
- We have secured new sources for metal products, through the casthouse technology deal with Rusal, giving us access to up to 80.000 of Extrusion Ingot annually, as well as the new deal with Talum in Slovenia, securing us approx. 70.000 tonnes per annum of foundry alloys.



Hydro is one of the three largest integrated global aluminium companies.

• **Upstream:** Hydro Aluminium is engaged in a long value chain, starting with bauxite mining in Brazil. Next step is alumina production, through equity ownership in companies in Brazil, Jamaica, and Germany. Hydro's electrolysis production takes place in Norway, Germany, Canada and Australia. Liquid metal is not a tradable product.

• **Midstream:** The next step in the value chain is therefore the production of metal products, which is used for further processing downstream. Processing takes place in casthouses at smelters, as well as in specialised remelters close to customers. Input material will be liquid metal, process scrap, old scrap and ingots.

• **Downstream:** In semifabrication processes Hydro is engaged in extrusion production globally, with flat rolled production mainly in Europe.

Fabrication and systems business, and automotive products, represent the end of Hydro's value chain. The production is driven by customer orders, and there is a high degree of differentiation opportunities.

Solid growth expected

Saving weight
in cars



Construction
material



Packaging



Recyclability up to 90%
Only 5% energy use in recycling



**4 – 4.5%
global
growth
going
forward**

47347 Hydro Media 122003 5 Hydro Aluminium

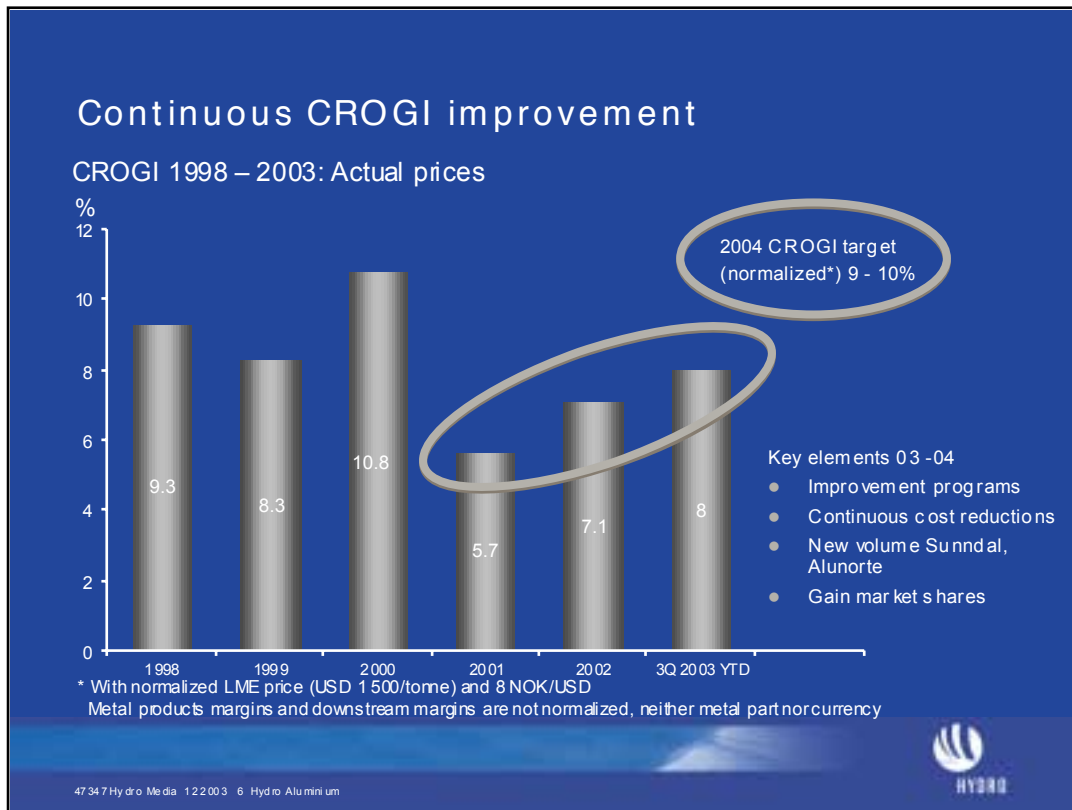


An important basis for our business is that we are working with a material with very strong growth expectations medium and long term.

We expect that primary aluminium consumption – based on its valuable properties in many applications - will have a strong growth going forward mid- and long term. Globally the long term growth rate is 4 – 4.5 % annually – mainly driven by China and CIS - while the growth rate in the Western World is about 2.5 %.

The outlook is more positive than for many other materials also due to the materials recyclability. Recycled aluminium has the same properties as primary and can be recycled with use of only 5 % of the energy used to produce electrolysis metal. Aluminium can really contribute to a more viable society, and we are working hard to develop new applications with our customers to meet all stakeholders needs.

Our ambition is – based on a profitable business strategy - to reduce or eliminate possible negative impacts on nature and society, and in many cases use of aluminium to the benefit of nature and society at large.



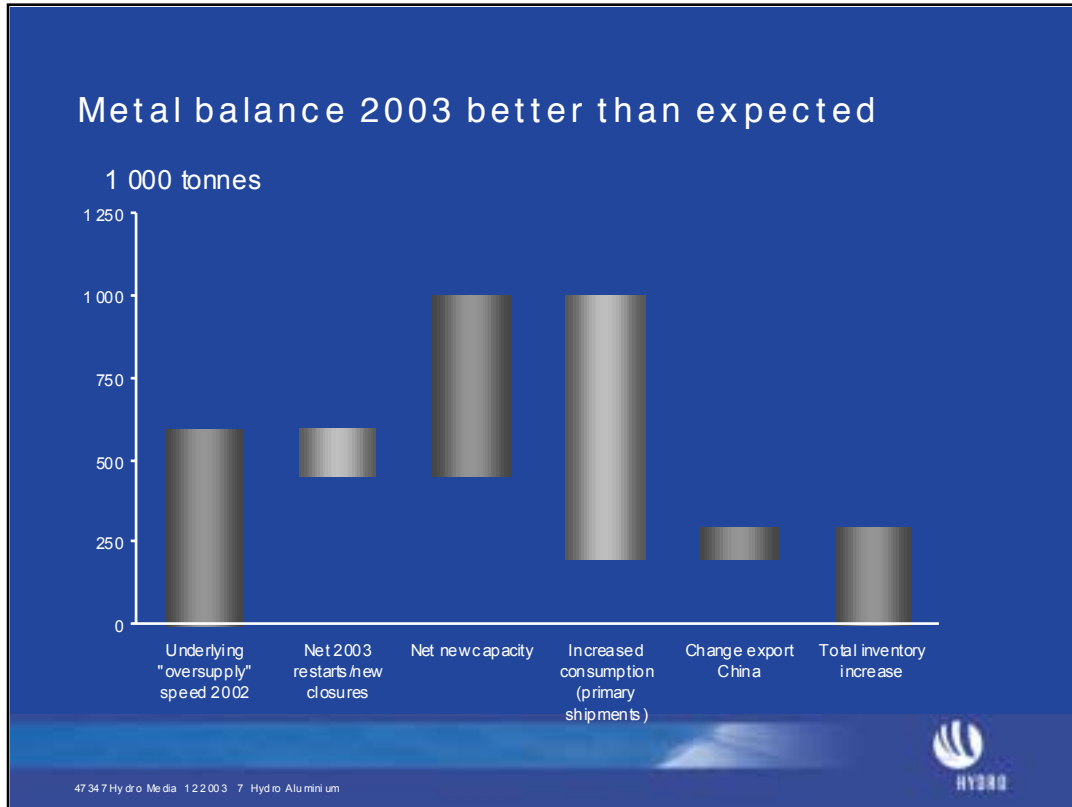
Despite the challenging market conditions along the value chain with low growth and downward margin pressure over the last 2 years, we have improved our CROGI-performance year by year from 2001. From a level less than 6 pct in 2001, also influenced by the closure of Porsgrunn, we are now at a level of approx. 8 pct.

Our focus has been on self-help-measures, like cost improvement programs, and to gain profitable market shares based on our value propositions to the customers.

We have faced a substantial income reduction over recent years as a result of the change in the dollar rate. If the 2001-LME and NOK/USD-rate had been actual prices for 2003, our results would have been approx. 3.1 bn NOK higher in the Primary Metal sector (of this 2.6 bn NOK is the effect of the NOK/USD-change). This is to show the negative effect we are faced with with USD-income and a substantial part of our cost in local currency.

For 2004 our target is further improvement. Because that the economic recovery is coming later than expected – and this delays the improvement in downstream volumes and margins, the target for 2004 is 9 - 10 pct on a normalised basis. (Note: In this context have in mind that we only normalise the primary results for LME and currency. We do not adjust the margins or volume in metal products or volume or margins downstream)

Included in the above target are also some negative effects from costs connected to future restructuring or improvement programs. Such effects will be negative for 2004, and clearly positive the years thereafter. The potential closure of the plant in Leeds is one example.

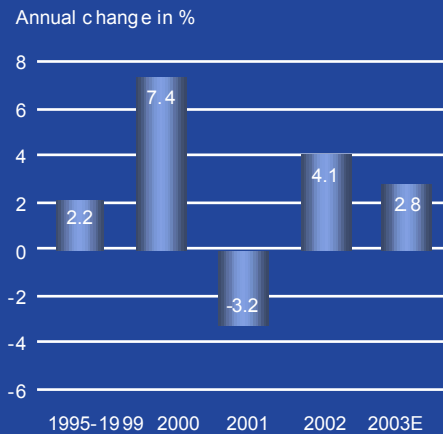


The development of the primary metal balance in 2003 has been somewhat better than expected..

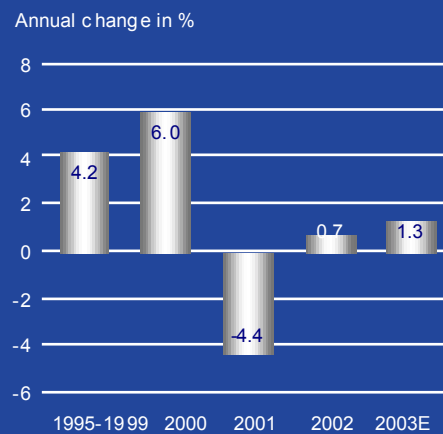
- The underlying oversupply (i.e. inventory increase if there were no changes in demand or supply) from 2002 was 600.000 tonnes. Out of this approx 250.000 tonnes was net export from China in 2002.
- It was expected that restarts would bring some idled capacity back to the market this year. Instead we have seen more closures, mainly in the US North-West. Aggregated closures are now approx. 1.9 mill.tonnes in the Western World.
- Net new capacity outside China and CIS is around 500.000 tonnes compared to last year. This is mainly coming from Asia and Africa. The increase in consumption (shipments) in 2003 is expected to be somewhat lower than we estimated 8 months ago, approx. 800.000 tonnes.
- The export from China is estimated to increase only 100.000 tonnes, and is estimated to reach 350.000 tonnes. This is clearly lower than estimated by most sources last year and early this year.
- In total this means that our current estimate for inventory increase is approx. 300.000 tonnes this year – approx 2-300.000 tonnes lower than consensus estimate early this year. Reported stocks as of end October were at the same level as year end 2002, and some of the expected increase in total stocks is likely to relate to unreported stocks.
- All in all the primary metal balance is somewhat better than expected some months ago, and this has supported an increase in LME-prices to above 1500 USD/ton in the last weeks..

Europe: Weak markets

Rolled products shipments



Extrusion shipments



Source: EAA

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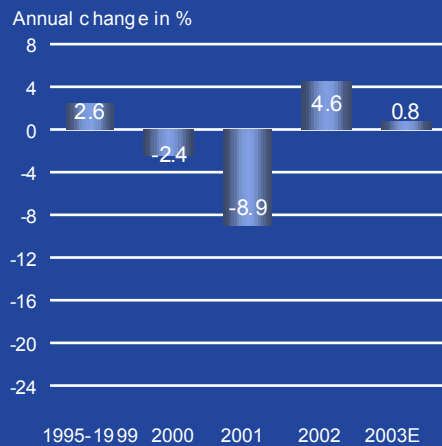
When we met in Dusseldorf in March, we were somewhat optimistic regarding the market development downstream in Europe. However, the growth-rates have turned out to be lower than originally expected. As seen from the graphs above, the shipments of rolled products are expected to increase by 2.8 %, and extrusions by 1.3 % by yearend. This is slightly higher than we estimated in March for rolled products, but only 1/3 of the growth we expected for extrusion. Over the last months we see an even slower total market growth downstream, and we expect 4Q to be below average due to seasonal effects.

Automotive assembly in Europe is expected to go down approx. 3 % from 2002 to 2003

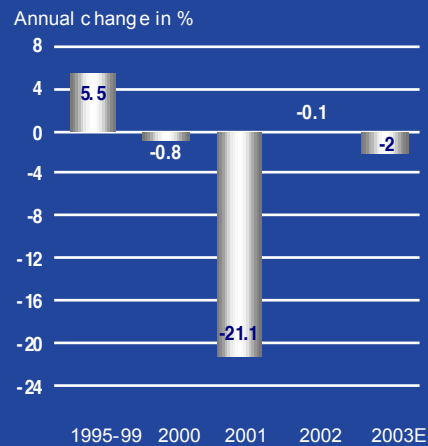
(Note: Rolled products shipments for 2002 has also been updated, and the growth is now 4,1 % (3 %))

US Markets still weak

Rolled products shipments



Extrusion shipments



Sources: CRU, AA

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Markets in the US have not recovered through 2003. We see especially in extrusions that we have the 3rd year at minus 20 percent compared to the level in 2000. While the forecast eight months ago was 4,5 % market growth, the latest estimate is a continued fall of 2 %. (Note: Estimate for rolled products shipments for 2003 has also been revised down, and the growth is now 0,8 % (1,9 %))

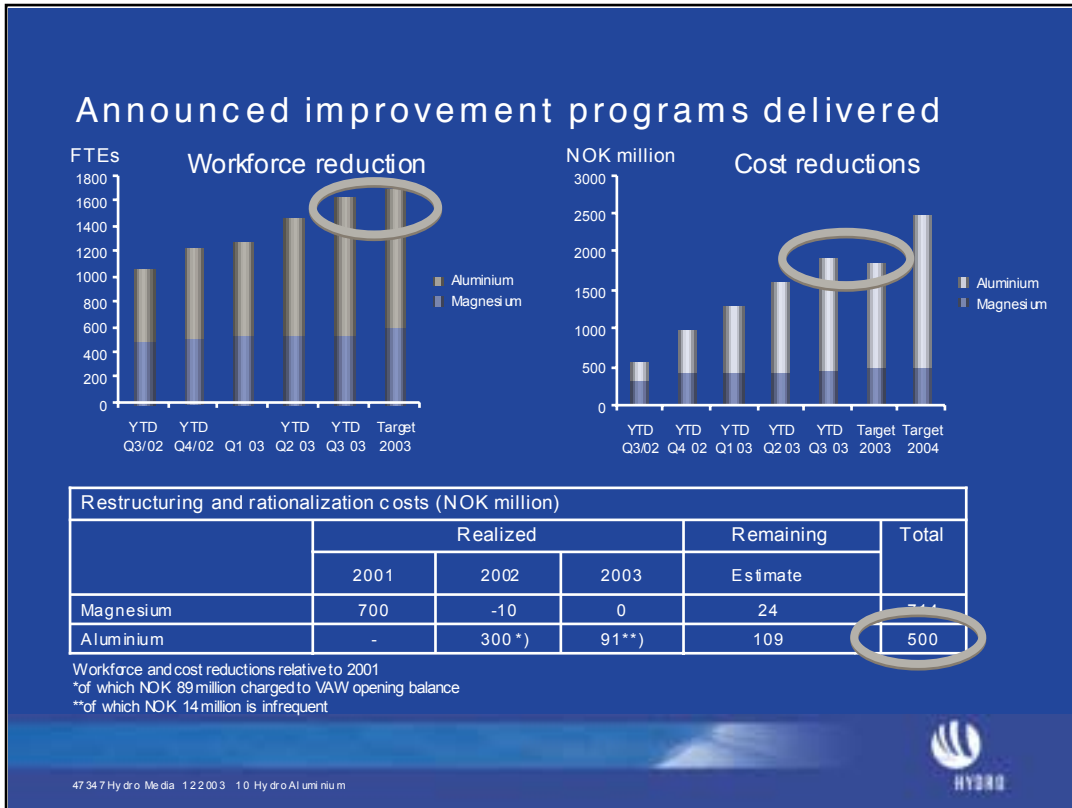
Macroeconomic data points at a strong growth in the GDP in the US in 3rd Q, and industry starts to show first signs of recovery in the aluminium market. We expect some recovery for next year.

Automotive assembly in the NAFTA areas is estimated to be reduced with 2 % from 2002 to 2003.

All in all the downstream consumption has been weak in Europe and US in total, and this has put a constant downward pressure on margins.

With the relative weak downstream markets in both Europe and the US, - why is the LME so high, - around 1500 USD/ton? The main reasons as we see it are:

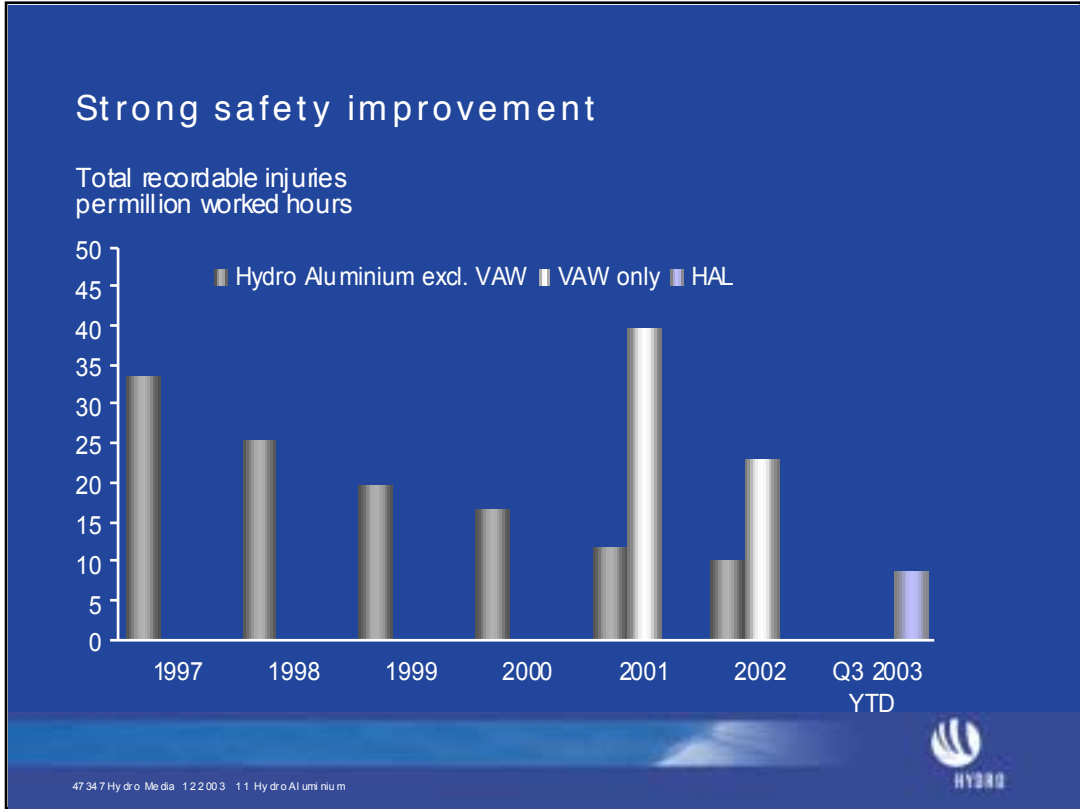
- Future recovery is factored into the price
- Strong continued consumption growth in China and lower export of primary than expected
- Some hundred thousand tonnes of primary have been used in the secondary industry instead of scrap (availability, price)
- Continued high power cost in the Northwest and high alumina spot prices have kept a significant portion of primary capacity out of the market



We have announced earlier that are on track to deliver the improvement programs. Today we announce that by the end of the year, we will have achieved a run-rate of improvements showing that we will meet our 2004-target.

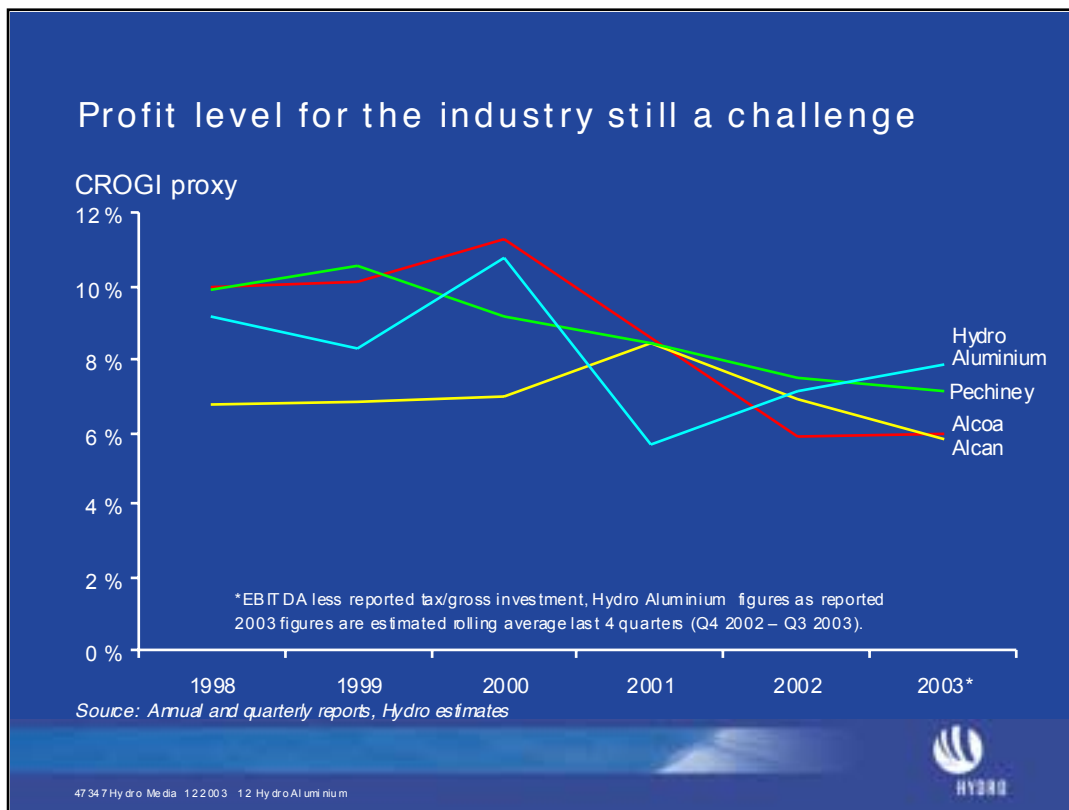
By end of 3 Q we had reduced manning by 1630 out the 1700 targeted in the programs. Cost reductions are slightly ahead of plan as well.

The original cost estimate for restructuring of our aluminium activities to reach the above targets was 700 mill NOK. This is now reduced to 500 mill.NOK. The remaining charge of 109 mill.NOK will be split between 4 Q and 2004.



One area where we have seen major improvements over the last 18 months, is safety.

Measured as lost time injuries per million hours worked, VAW had a level of 40 in 2001. Last year we brought this down to 24, and now we have combined TRI-value of 9 for the whole system. And we still work hard to get better, as we see a strong link between improved safety performance and better operational results.



The economic downturn in the Western World since mid-2001 has hit the aluminium industry hard. The graph shows that all companies have had low returns on capital over the last 3 years.

(Note: 2000-figure for Hydro Aluminium was positively affected by high NOK/USD, while in 2001 the charges for closure of the magnesium plant in Porsgrunn affected the CROGI negatively)

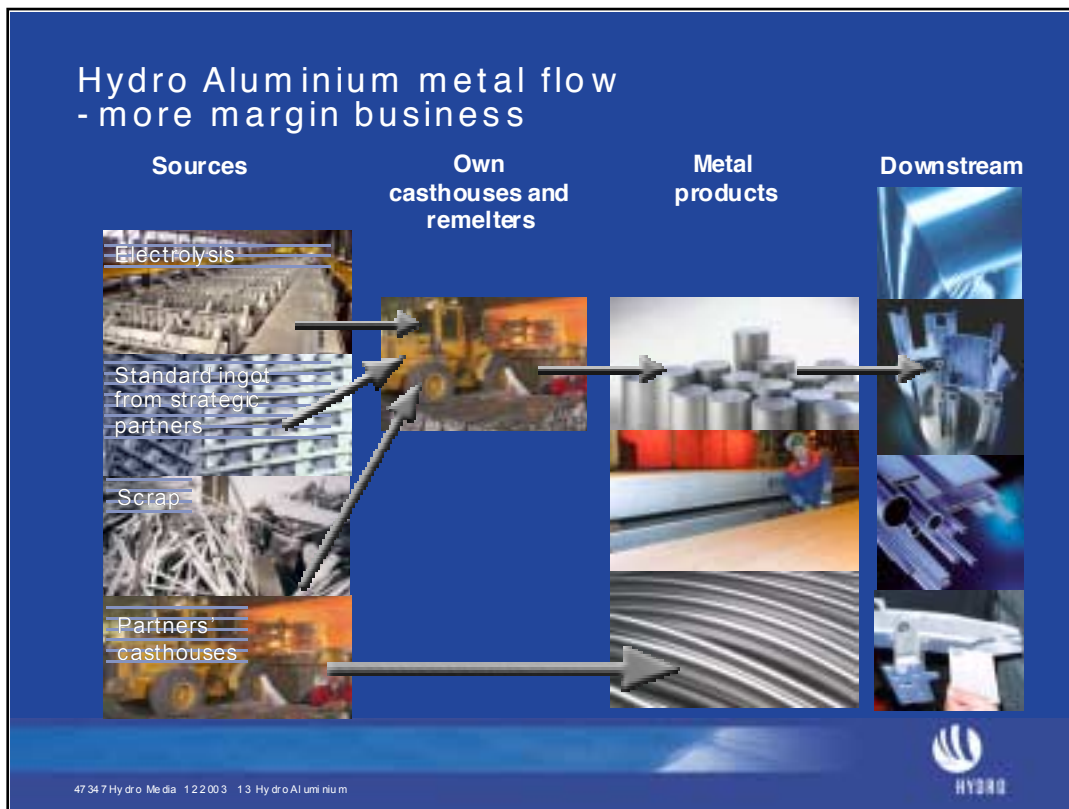
The above measure is a CROGI-proxi based on available information in annual and quarterly reports. For 2003 we have used last 4 quarters.

(Note: The calculation of the CROGI-proxi for Hydro Aluminium does not necessarily reflect what the CROGI would have been if Hydro Aluminium was a stand-alone company. Certain unallocated corporate costs in Hydro have not been allocated to Hydro Aluminium, including amortization of unrecognised losses regarding pension schemes in Norway and Germany. Income tax for Hydro Aluminium has been calculated based on an assumed income tax rate of 30 %.)

Even though there are uncertainties in this method, we believe that the trends are right. We have improved our performance over the last 2 years.

However, we are not satisfied with the level we have achieved so far, since we are still below our internal target.

(Note: Results above are all based on actual prices, no normalisation)



Key elements in HAL's metal flow are shown here.

• Four main sources of metal:

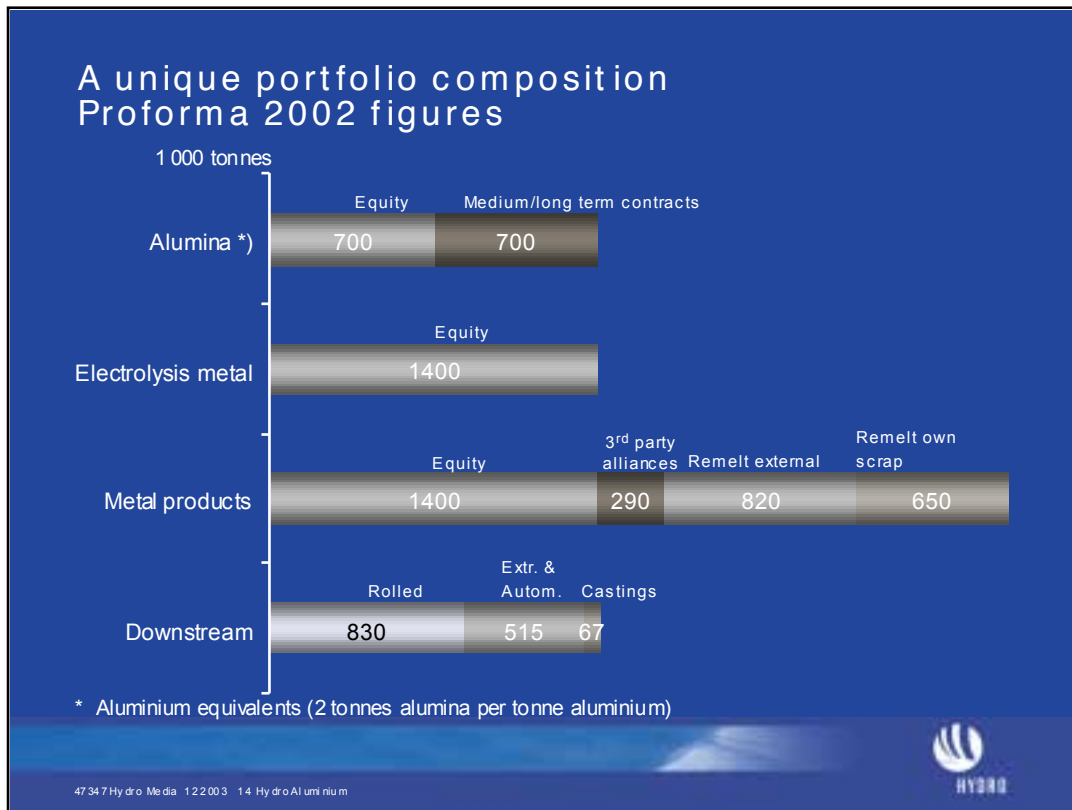
- Own liquid metal from own smelter capacity (approx. 1.47 millt this year)
- Metal from 3rd party alliances. Typical alliance partners are Albras and Rusal
- Scrap from own downstream-activity (process scrap), and external scrap, - both process scrap and "old scrap" (real recycling)
- As a fourth element, we have agreements with partners to handle their casthouse products, examples are Talum in Slovenia and Slovalco in Slovakia.

• Next step is the special business we have created in Metal products; - a total business volume of approx. 3,3 mill.ton is sold to market, and most of it is processed in our own casthouses and remelters.

• Approx. 2 mill.tonnes metal products are used by our downstream system (Approx. 1,5 mill. downstream products sold, the rest is process scrap)

• **Hedging policy:**

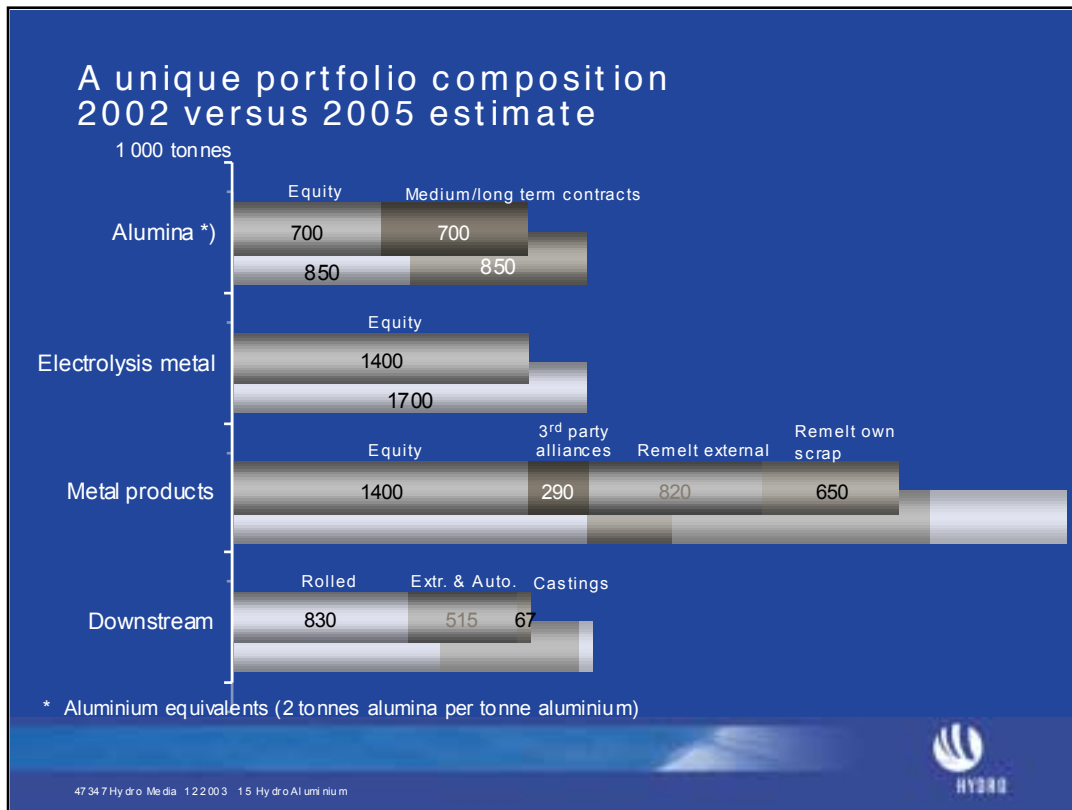
- As a general rule, Hydro Aluminium's own electrolysis production is fully exposed to LME volatility.
- Main exception, is a strategic hedge of the Sunndal expansion (volumes, see annual report) where part of the expansion production is hedged at about 1500 \$/ t LME and NOK to USD of about 9.30 through 2007. (Note: Qualifies for hedge accounting & is included in Metals results when realized)
- The rest of the value chain are margin businesses. Revenues & certain raw materials are economically hedged in terms of LME & currency with the purpose of "locking in margins" on such transactions. This avoids LME & currency risk. (Note: These "price" hedges do not qualify for hedge accounting. Realized LME effects are included with the business results while unrealised gains & losses are included at the HAL level. Effects of currency hedges are included as financial items below EBITDA.)



What creates the unique portfolio, and what are the benefits?

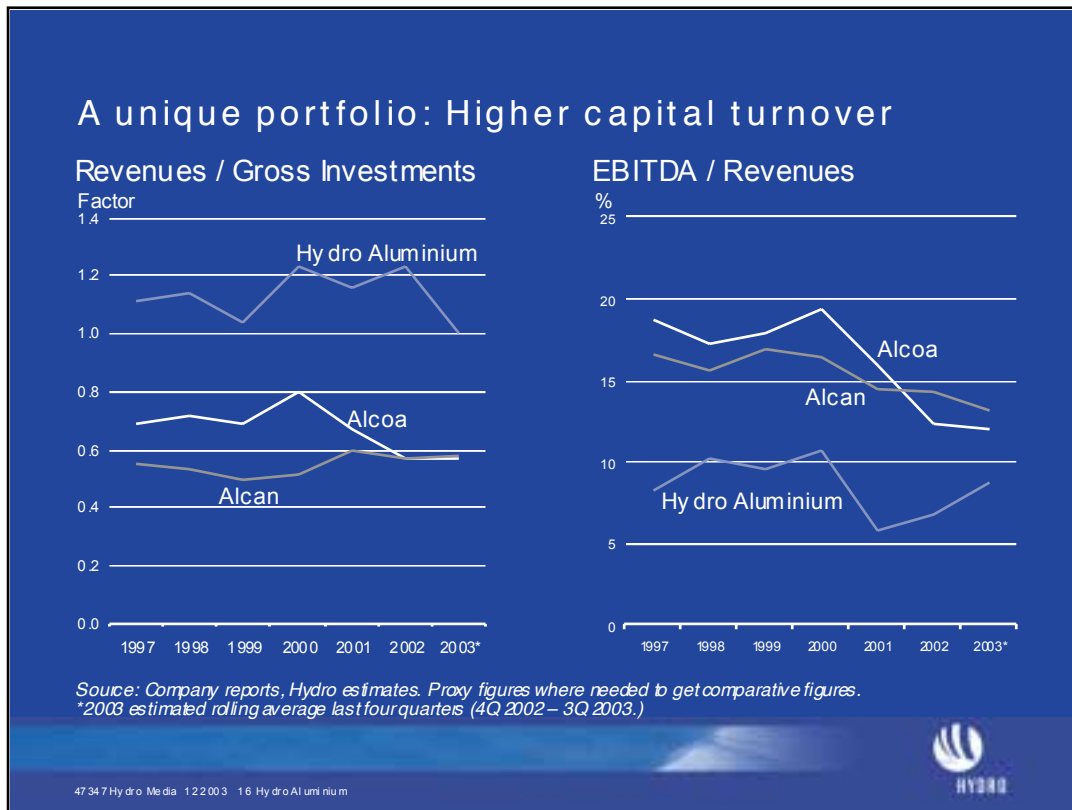
1. We are short on alumina. Approx. 50 % of our need is covered through long-term contracts. Bauxite and alumina are business more and more operated through mining companies, like Rio Tinto, Comalco and Billiton, in addition to Alcoa's strong position. We are convinced that our portfolio gives us the best risk/reward balance, and allow us to spend management time and capital in other areas where we could be leading.
2. Metal Products: We have created a special business platform in this part of the value chain. Based on commercial and technical skills we go to market with a volume of more than twice our primary production, with limited extra capital employed. In addition to alliance partners, we get material from the scrap market and through ingot sources in remote regions. Benefits; strong market positions, capitalise on competence, create flexibility for be able to source of downstream expansions.
3. We have a different balance downstream between rolling and extrusions than other companies: The volume relation is for us less than 1.5 – 1, while for Alcan it is 20 – 1 and for Alcoa 3 – 1. Benefits; - Extrusion requires less capital invested per ton – or per million revenue - than rolled products (a “capital light” downstream focus). Extrusion is for us a sound, profitable business, delivering above profit targets. Easier to exploit step by step growth opportunities, and create value through integration and productivity gains, less fixed cost, easier to expand geographically
4. The fourth differentiating element is the one you do not see here: We are not into Flexible packaging – a major part of both Alcoa and Alcan, especially after the acquisition of Pechiney. We can focus attention on a shorter value chain.

(Note: Proforma 2002: As if Hydro had owned VAW from 1.1.2002)



Let me use also this figure to give you an update of strategic progress since last year, and some expected changes up to 2005

1. We focused on improved cost situation upstream, and in the alumina area the alumina supply is strengthened through increased volumes in Alunorte I and later from Alunorte II. The new Comalco 26-year contract is an important pillar in our long term contract portfolio.
2. In the electrolysis we produce approx. 70.000 tonnes more this year, mainly due to expansion in the new cost effective Sunndal plant. Towards 2005 the low-cost plant Alouette will expand with 60.000 tonnes. All this will contribute to improve our metal cost position, and total production will grow to approx. 1,7 mill.tonnes. At latest by end of 2006 we will close down high cost Söderberg-capacity in Høyanger and Årdal.
3. In the metal products area our strategy is to pursue the European leadership and grow globally. Over the last 12 months we have signed new key sourcing contracts (Sayansk, Talum), and we take profitable market shares both in Europe and globally.
4. Downstream leadership in selected segments; - yes, we see profitable growth in extrusion and we expand volumes in high-margin niches like litho and foil. In automotive we see continued growth for our precision tubing business, and we also expand globally with a new plant in China. In total we continue to improve our downstream portfolio, including fixing, selling or closing under-performing activity.



The difference in portfolio also makes a difference to the others when it comes to key figures. The graph shows that we have a much higher capital turnover than Alcoa and Alcan. Main reasons are

- Short alumina position
- Our business model in metal products (alliances, scrap conversion, trading)
- Relatively more extrusion downstream

As the consequence of our portfolio, we have lower EBITDA-margins than the others. Over the last 2 years we can show a strong improvement in the EBITDA-margin, partly due to cost improvement programs. The improvement is also strong compared to peers.

Combining these two key figures – and deduct tax from EBITDA – we get the CROGI-figure. And as showed earlier, our lower margin is more than compensated through higher capital turnover, so we get a CROGI-figure ahead of peers

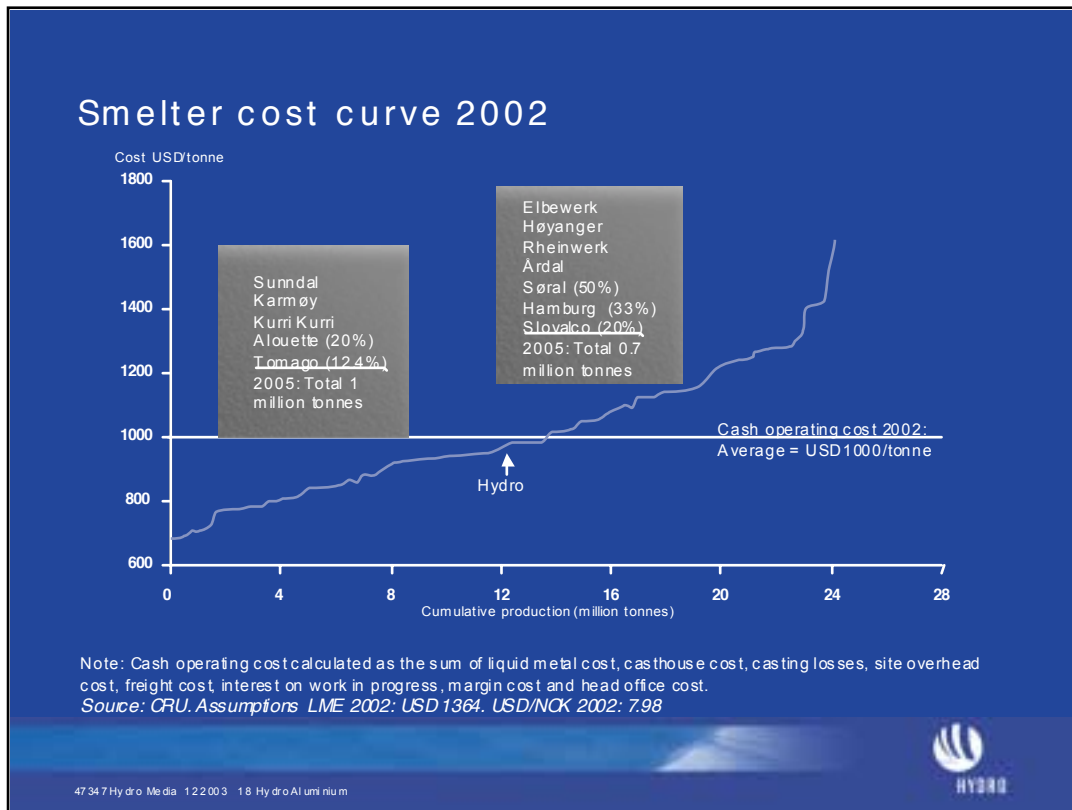
We are not different by default, we are different, and pursue a different strategy, because it's to the benefit of our results. Where we are strong, we will focus our growth. Where we see opportunities some years ahead, or we see imperfections; - we add management attention. This is how you should recognise us in Hydro Aluminium. We will continue to strengthen our unique position to the benefits of our results and shareholders.

(Note: On this slide Alcan does not include Pechiney pro forma)

- Primary cost position
- Rolled products segment
- Extrusion and Automotive segment



Special update



CRU Illustration: Cash operating cost on Y-axis. Accumulated global production X-axis.

- New capacity in the industry mainly added to the left, at low cost. Examples are South-America, South Africa and in the Gulf States. Cost in new Chinese smelters are more uncertain.
- Any plant will be "carried to the right" when new, low cost capacity is added. A plant is also carried to the right if improvement is lower than others.
- Hydro Aluminium is slightly better than average on the curve
 - 0,7 mill tpy will be above average in 2005. Of this 70.000 tonnes will close latest in 2006. However many of these plants have the advantage of being close to market (logistics savings, cashouses with product delivery).
 - 1 mill tons to the left of average: An increase of 300.000 tons in larger plants. Expansion in Sunndal and Alouette move us to the left. This is where we put money for new capacity.

Challenges in Europe:

- Annual cost and wage increases
 - Must be compensated through continuous efficiency measures
- Structural cost – some small smelters, high manning intensity
 - Restructuring – step changes in labour productivity.
- Energy-situation
 - Main principle: Long term contracts.
 - Shorter contracts in Germany – expiry is approaching in a few years time
- USD-currency

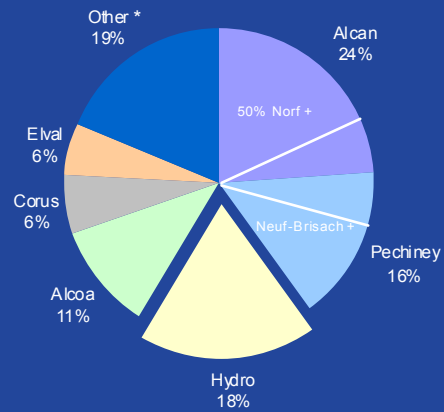
We work hard through improvement programs and restructuring to improve our relative cost position continuously.

Rolled Products: Further industry restructuring

- Industry returns in Europe has been low for many years
- Capacity utilization at < 80%
- Industry restructuring continues

Market shares Europe 2002

Total sales 3,520 kt



* Others include imports

Source: EAA, Hydro Aluminium estimates

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Our overall market share is around 18 %, with stronger positions in Litho (44 %), foil and automotive (21 – 25 %).

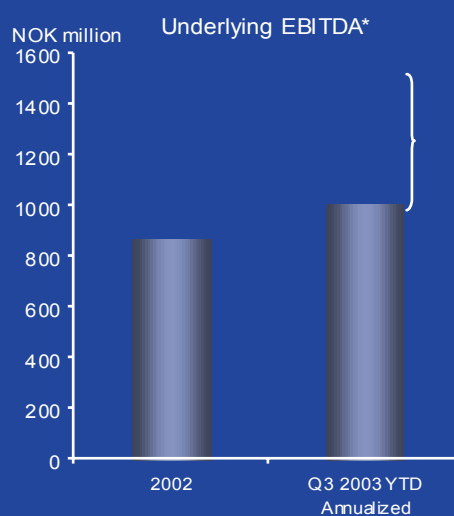
As known from the ruling by the European Commission, Alcan will have to divest either Neuf Brisach or the 50 % share in Norf, both options with smaller plants in addition. Potential divestment volumes from the above represent between approx. 13 % and 18 % of the European market. In the end Alcan's market share may therefore not experience a major change.

It is however critical from an industrial point of view that the new owner can contribute to develop a professional rolling industry in Europe, and give a satisfactory return on invested capital.

The rolled product industry in Europe has not been at satisfactory returns on capital over the last years. In the US the returns have been more satisfactory. Capacity utilisation is still low in Europe, and big parts of the market are facing severe margin pressure as a result of too high supply.

Rolled Products: Closing the performance gap

- Improve relative cost position
- Optimize production system
- Continue to grow in high-margin segments
- Expand product offerings – commercial and technical services
- Stronger focus on margins



*) For explanation of adjustments to underlying EBITDA see appendix

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Financial improvement in the Rolled Products segment is one of Hydro Aluminium's top priorities. Since last year we have made substantial progress in underlying performance (excl. infrequent items like VAW-integration cost and restructuring cost, and also excluding LME effect on inventory value).

The remaining gap cannot be closed through any single action. A number of measures are needed, - and we are working on all internal potentials.

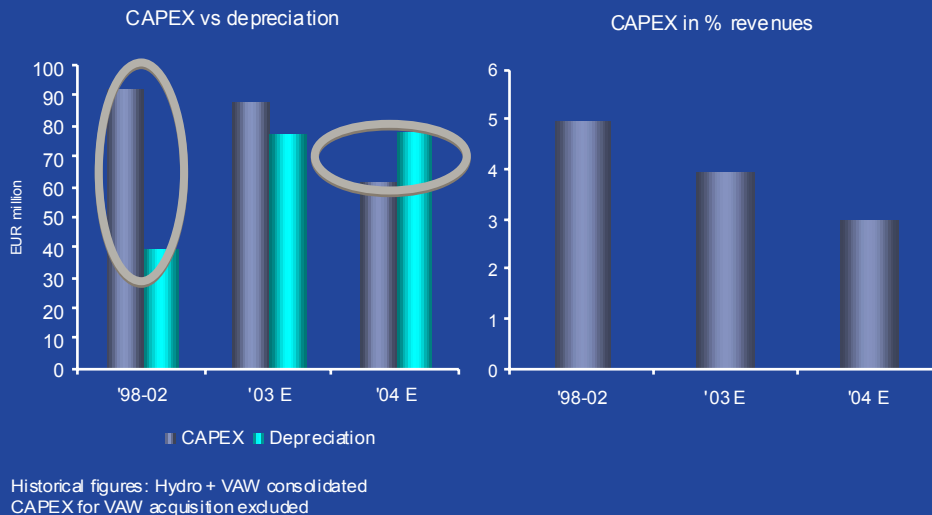
Cost reductions will have to be a key measure going forward, included also an optimised product mix between the plants.

This is an industry traditionally very sensitive to volume – due to the high capital involved. An increased focus on margin management is needed, and we will also work to strengthen our product offerings, based on our successful experiences in extrusion and metal products.

Conclusion: There will be a strong, continued focus on improvements, and we look forward to give you progress updates ahead.

(Note: See also appendix for details)

Rolled Products: Improved net cash flow ahead

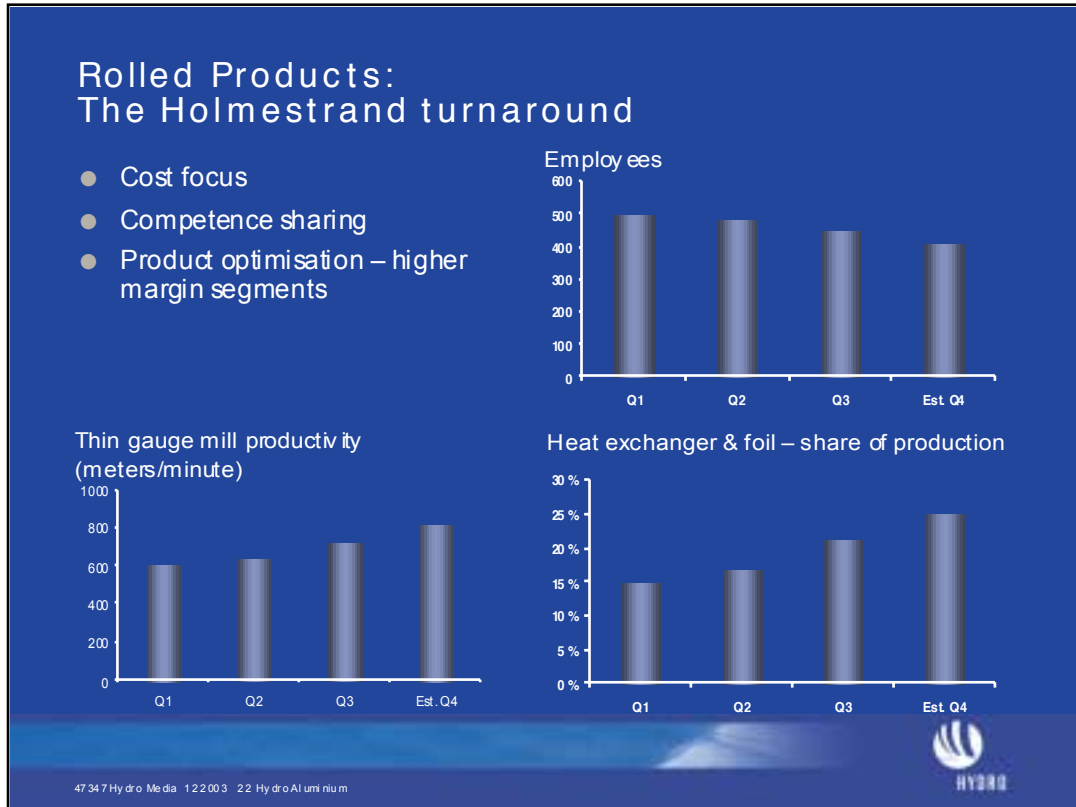


Rolled Products has been through a period with large investments. It includes upgrades of the old Reynolds mills bought by VAW in 1998 (Hamburg, Italy, Spain), acquisition of a mill in Malaysia including upgrade, as well as new dedicated lines in some product areas, to be able to produce specialized products with higher margins.

The investments will now go somewhat down, and be at approx the same level as depreciation.

The investments made have improved our cost position and improved our mix. We therefore see a strong improvement in CAPEX ratio to revenues, going from 5 % in the period 98 – 02 to 4 % this year and approx. 3 % next year.

At this investment level we are below the level of our peers .



Holmestrand is a rather small part of our rolling system, approx. 10 % of the revenues from the rolling segment. Last year the plant's result turned dramatically negative due to higher prices on scrap and operational problems.

A major turnaround program was initiated early this year, and the results are positive so far

1. Manning is reduced with almost 20 %
2. High competence available from the former VAW-organisation is being used to support operations, which has boosted the plant's productivity level
3. A change in product mix of higher margin products starts to pay off.

However, there is still a way to go until we reach a satisfactory return.

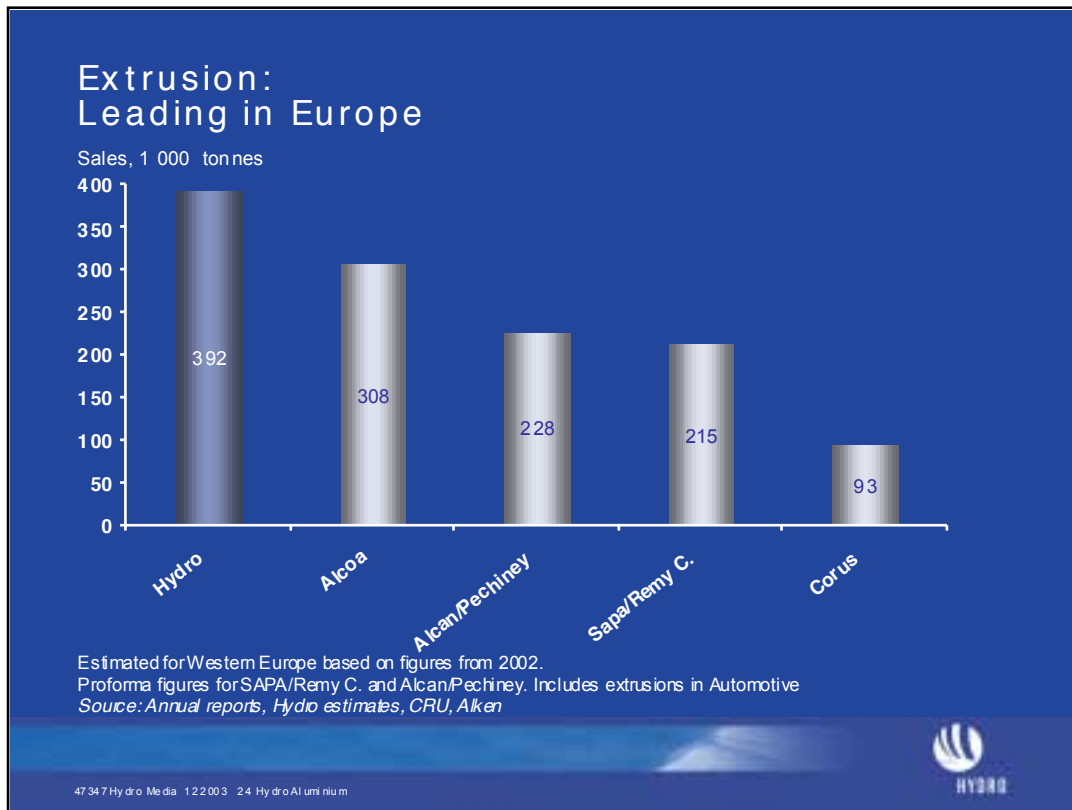


Our second reported downstream segment is the Extrusion and Automotive segment, which includes three business sectors in Hydro Aluminium.

-Extrusion, focused on general extrusion and building systems globally excl. North America. Extrusion has since long produced very good results for Hydro, and we will continue to grow this business selectively.

- North-American-sector, responsible for extrusion plants in North-America, and also including metal products and with 6 remelters with approx. 400.000 tonnes capacity. In North America we have had a very tough job to improve operations, while experiencing difficult markets.

- Automotive focus on three product groups heat exchangers, structures and castings. In Automotive focus has been on a turnaround of under-performing units for the last 2 years, and relentless focus on cost reductions in all three product groups continues



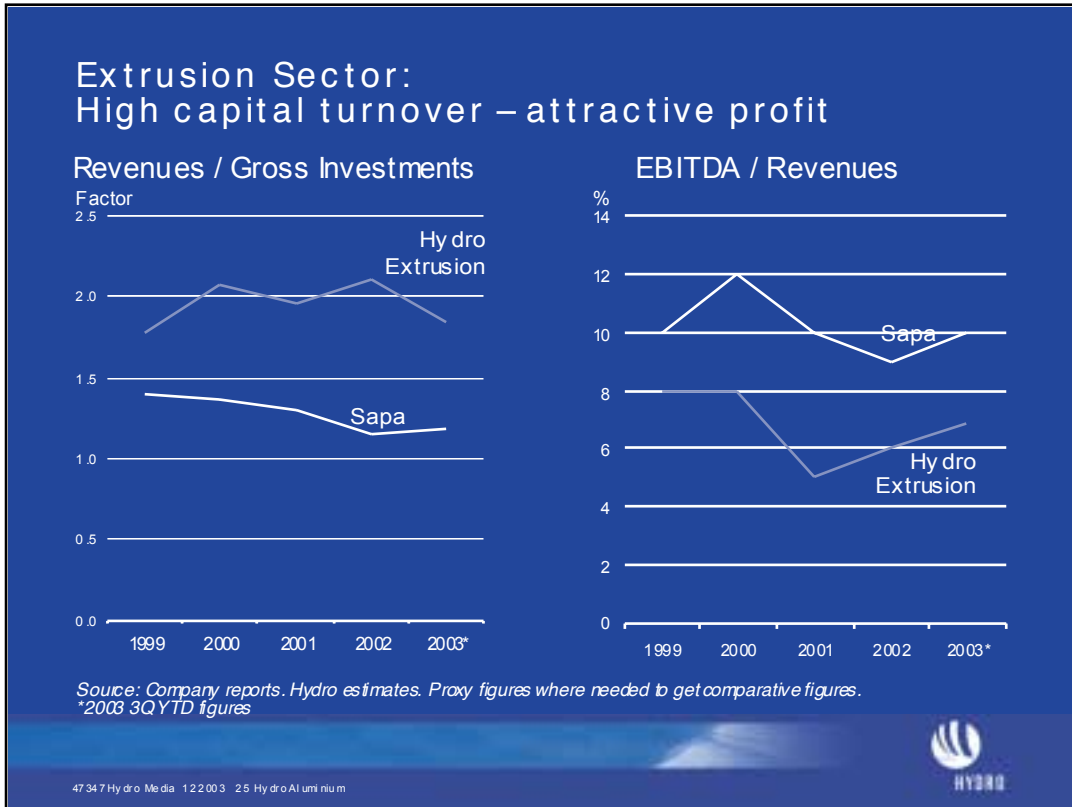
Hydro Aluminium has grown slightly faster than the market for extrusions for many years, both organically and through small acquisitions. Today we are actually approx. 30 % bigger than Alcoa, and recognised as the market leader. Our products to market can be split in three major groups

1. General extrusion (Extrusion sector)
2. Building Systems (Extrusion Sector)
3. Automotive Products (Automotive Sector)

Volumes from all three are included above, to make it comparable to other companies.

Hydro has built this position step wise, based on a separate, strong business model and operational philosophy.

(Note: European market consumption 2,4 mill tonnes (EAA)
 Shipment data used as market share indicators – ignoring exports outside Europe)



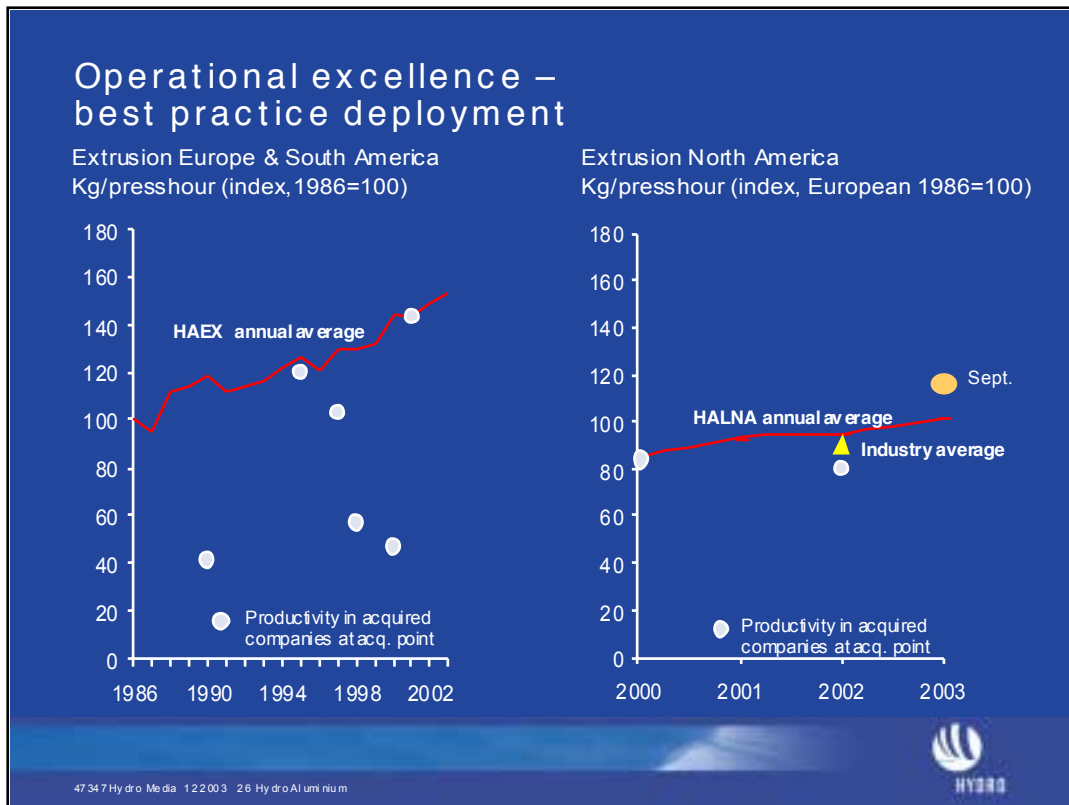
Both Hydro and Sapa are leading extrusion companies in Europe.

Within the activity of the Extrusion Sector (Extrusions and Building Systems ex North America) Hydro has delivered a return above our CROGI-target for many years, and we have grown with solid profit.

Above you see a comparison with SAPA, a listed company in Sweden. As you can see, we have a substantially higher capital turnover than SAPA, and they have a somewhat higher margin. This is partly due to product-mix, but our high capital turnover is also a result of consistent focus on net operating capital and lean assets.

Combining these figures, and deduction tax from EBITDA, will give a CROGI-proxy. Figures shows that we over this period have been in line with, or slightly ahead of SAPA.

(Note: Sapa had gains from sales of assets in 2000 and 2001 included above)



A key strength for Hydro's extrusion business has been the business and organisational model. Graphs showing productivity development for Hydro's extrusion activity: Index Hydro Aluminium Extrusion's productivity in 1986 = 100

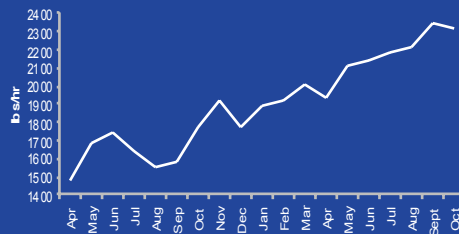
- Europe: Impressive development, 3% annual improvement
 - including all low-productivity plants bought
- Strong focus on performance (benchmarking, best practice sharing)
- Big system – local dedicated plants serving local markets
- Strong management system

- US: Productivity 50 % lower than in Europe. Hydro average still above industry average in the US
- Our target to improve productivity and close the gap to Hydro's European performance through:
 - Better management systems
 - Transfer of and development of competence
 - Higher quality products
- We therefore see a substantial value creation potential if we close the gap
 - Transfer management
 - Best practise, competence

- No major investments to get there.
- Systematic work still to come in the near future.

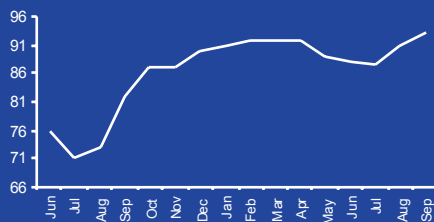
North America: Closing the performance gap

Press productivity

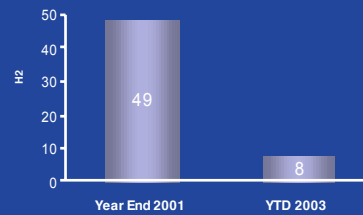


- Closed plant
- Closed presses
- Fewer shifts
- Operational improvement

On time delivery, %



Safety – TRI rate



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Strong operational improvement

Created a much better platform for improved customer and product portfolio and future growth.

However, in 2003 a weak financial year, due to low market, and a 20 mill USD accrual for loss in Goldendale.

Automotive: Closing the performance gap

Precision tubing (NOK 2 billion revenues)

- Continue to grow – small niches with strong positions
- China – new plant to be built in 2004

Casting (NOK 2.8 billion revenues)

- Completion of new production line in Dillingen (G) for diesel engine (2004)
- Restructuring
 - Low cost Mexico and Hungary
 - Restructuring Leeds

Structures (NOK 2.7 billion revenues)

- Ramp up ongoing – still high cost
 - Strong improvement from 2002, ambition to close gap by 2005
- High quality asset base and leading competence
- Focus portfolio to niches with strong positions
 - Strong volume growth ahead based on existing contracts

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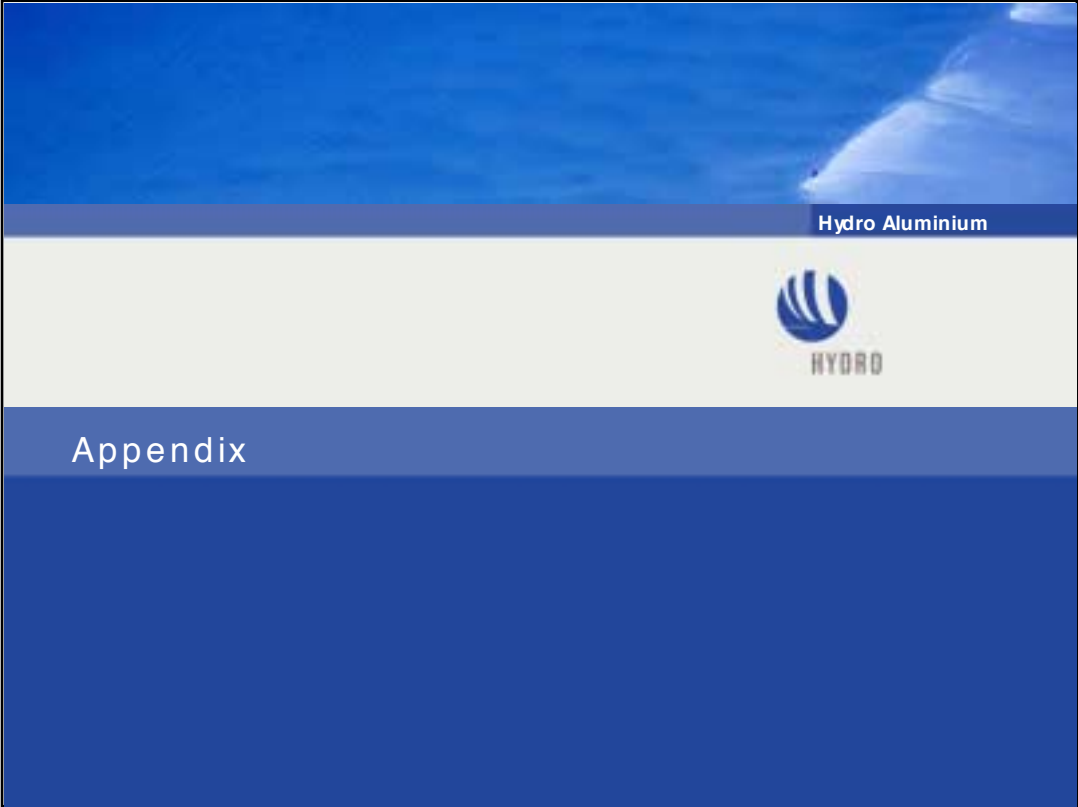
Precision Tubing; - growing from strong position.

Castings; - VAW was not able to deliver satisfactory returns in this business, and even though we have made improvements, we are not satisfied with the profit level. We will therefore continue to reduce cost and expand in low cost areas. We are looking at a potential closing of our facility in Leeds, and consultations with workers are in its final stage.

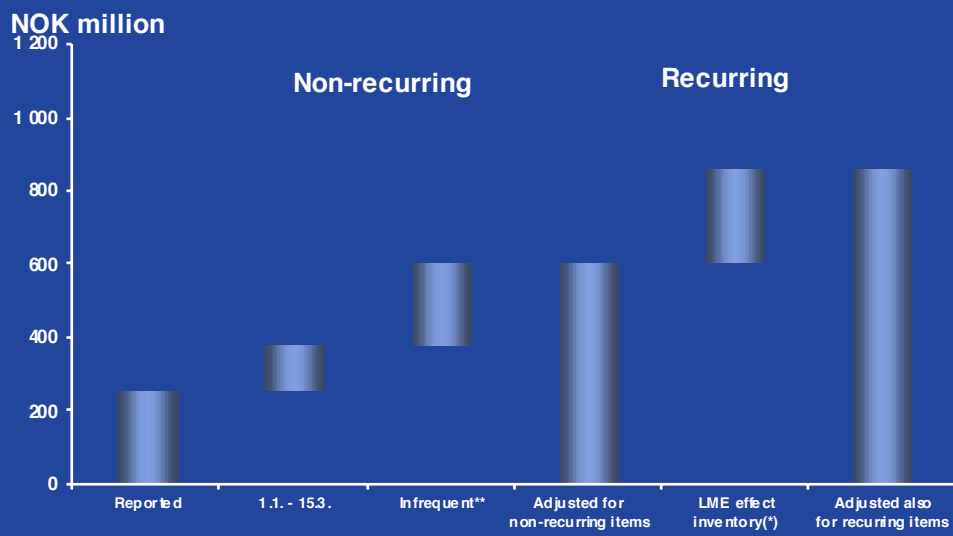
Structures; - we still have too high cost compared to the revenue level, as we still ramp up certain products. Very strong focus on cost improvements, and slimming down the portfolio. Focus on high volume orders going forward, as these seem to give a more satisfactory return.

Priorities for Hydro Aluminium

- Continue to improve our competitive position in a market with strong growth expected
- Relentless focus on cost reductions throughout the value chain
- Improve relative cost position primary - execute on large projects
- Strengthen European leadership - exploit the global platform
 - Differentiation – selected segments
- Strengthen our unique portfolio profile
 - Metal products, extrusion value chain, selected rolled segments
- Active portfolio management



Rolled Products underlying EBITDA 2002

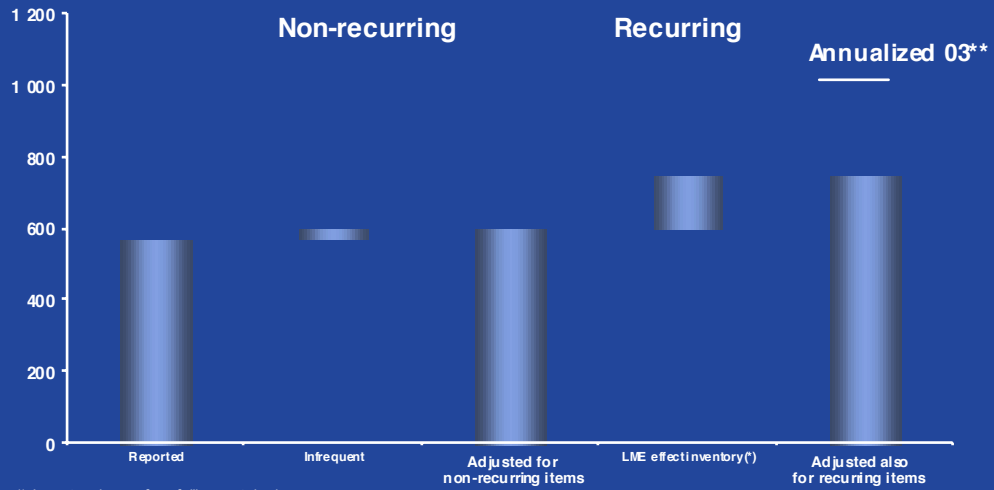


*) Inventory losses from falling metal prices

***) Infrequent items mainly include items related to VAW integration (inventory adjustment to fair value, integration cost and rationalization)

Rolled Products Underlying EBITDA 2003 YTD

NOK million



*) Inventory losses from falling metal prices

**) YTD Q3* (4/3)



Forward-Looking Statements/ Use of Non-GAAP Financial Measures

In order to utilize the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2002 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

With respect to each non-GAAP financial measure Hydro uses in connection with its financial reporting and other public communications, Hydro provides a presentation of what Hydro believes to be the most directly comparable GAAP financial measure and a reconciliation between the non-GAAP and GAAP measures. This information can be found in Hydro's earnings press releases, quarterly reports and other written communications, all of which have been posted to Hydro's website (www.hydro.com).

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Analysis and evaluation of strategic options for the three business areas and for Hydro up to June 2003 found attractive business opportunities in all three of our business areas. Financial and managerial capacity constraints might limit possibilities for realizing these opportunities within the present corporate structure.

A decision was made to concentrate Hydro's future development on realizing the many attractive possibilities for value creation in Oil and Energy and in Aluminium.

Both Agri and Hydro's shareholders were found to be best served by having Agri develop its strong potential as a separate company.

With these decisions our ongoing discussions of the Group's portfolio are completed. The decision to move ahead with Oil & Energy and Aluminium as the core business areas will stand and is not up for re-evaluation.

John O. Ottestad
Executive Vice President and CFO



Financial status and policies

Capital Markets Day
December 11, 2003

Presentation outline

- Agri listing
- Update on financial policies
 - Rating
 - Debt / Equity
 - Shareholder policy
- Capital expenditures and operational improvements
 - 2004 capital expenditures
 - High quality investment projects
 - Divestment status
 - Cost saving initiatives
 - Operating capital reductions
- Financial priorities

Agri listing

- Transaction
 - March 25, 2004
 - Demerger and 20% offering
- Share split
 - One Agri share for each Hydro share
- Agri capital structure October 1, 2003
 - Net interest-bearing debt NOK 8.5 billion
 - Equity at book value NOK 8 billion

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- Hydro's Board of Directors have recently decided to recommend to Hydro's shareholders that Hydro demerge its Agri business. The Demerger Information Memorandum was published on 1st December 2003. An Extraordinary General Meeting will be held on 15th January 2004, where Hydro's shareholders will vote on the proposed demerger of Agri.
- Agri is planned to be listed as a separate company on the Oslo Stock Exchange (OSE) on 25th March, 2004. On this date Hydro's shareholders will receive 80 percent of Agri in the form of one share in Agri for each share they hold in Hydro. Hydro will hold the remaining 20 percent of the shares, which Hydro plans to sell at the time of the demerger, subject to market conditions. The chosen structure of a demerger allows for a transfer of most of Agri's value directly to Hydro's shareholders. Hydro's offering of the remaining 20 percent of Agri's shares will contribute to effectively position the new company in the capital markets.
- Agri will start out with a capital structure of NOK 8.5 billion in net interest-bearing debt and approximately NOK 8.0 billion in equity at book value. This capital structure combined with Agri's cash generating abilities and the suggested authorisation to issue 15 million shares, is regarded to give Agri sufficient financial strength to pursue Agri's strategic plans. Hydro will not participate in funding of Agri.
- Further details about the proposed transaction structure and Agri can be found in the Demerger Information Memorandum.

Financial position

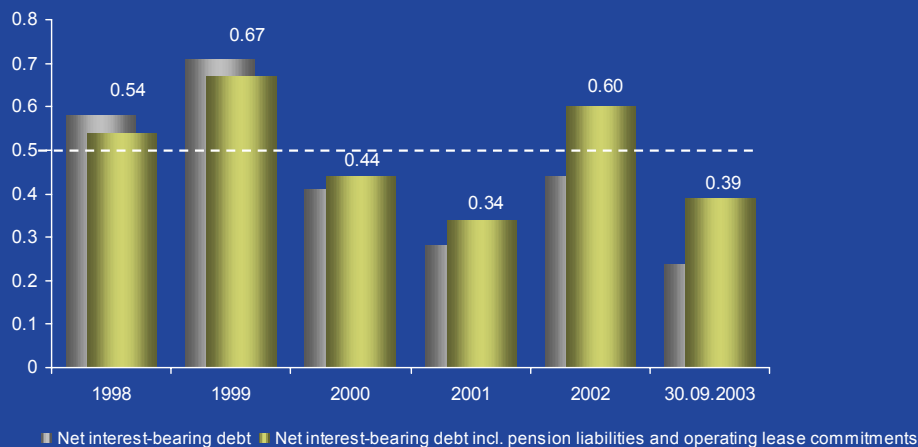
- Proceeds from Agri listing
 - Funding of ongoing investment projects
 - Debt reduction
 - Dividend and share buy-back
- Maintain “A”/“A2” rating
 - Risk mitigation
 - Financial preparedness to pursue strategic options

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- Proceeds from Agri, cover the NOK 8.5 billion net interest-bearing debt allocated to Hydro Agri as of 1st October 2003, and any proceeds from the sale of Hydro’s remaining 20 percent ownership interest.
- Beyond funding of the ongoing investment program within Oil and Energy and Aluminium, proceeds from the Agri separation will be used to finance dividend payments and share repurchases, according to existing shareholder policy, as well as debt reduction. The effect of exiting Agri on Hydro’s future cash generation and ability to maintain financial strength have to be taken into account when balancing between payments to shareholders and debt reduction.
- Hydro’s present credit rating is: “A” with negative outlook from Standard & Poor’s and “A2” from Moody’s. Hydro’s goal to maintain the “A”/“A2” rating is not changed by the Agri exit. This is motivated by risk assessments, maintaining a financial preparedness, access to capital markets and bond holder considerations.

Financial solidity



Interest-bearing debt + Net pension liability (tax adjusted) + Operating lease commitments - cash and cash equivalents - Other liquid assets divided by Shareholders' Equity + Minority interest

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- Financial solidity is calculated as interest-bearing debt less cash and cash equivalents and other liquid assets divided by shareholders' equity and minority interest. Commitments such as operating leases and pension obligations not recorded on the balance sheet have until 2002 been insignificant. Following the acquisition of VAW, changes in the market value of invested pension assets and interest rates, the net unfunded pension liabilities increased significantly during 2002.
- Consequently Hydro has decided to include operating lease commitments and net unfunded pension liabilities when assessing financial solidity as these commitments are debt-like in nature. The forward bar shows the impact on the financial solidity metric when operating leases and net pension liabilities are taken into account. When assessing financial capacity and solidity, Hydro pays due regard to these commitments and any other items not recognized on the balance sheet.
- Hydro has chosen a method similar to that of Standard & Poors' for calculating the value of operating lease commitments and pension liabilities to be included as debt-like instruments in net interest-bearing debt. This includes discounting the operating lease commitments with a 10% discount rate and determining a net pension liability at fair value after deduction for future expected income tax benefits.
- Despite that net-interest bearing debt has increased as a result of the new definition, Hydro is committed to maintaining the same ratio of 0.5 to Equity going forward.
- As of 30 September, 2003 the adjusted net interest-bearing debt to adjusted equity was 0.39. However, a tax payment of approximately NOK 7 billion was due 1st October 2003. If the solidity metric had been adjusted for the high cash position as of 30 September, 2003 caused by the tax payment due on 1st October in order to make it more comparable to current tax payable situation at year-end, the solidity metric would have been 0.48.

Pension liabilities – 2003 development

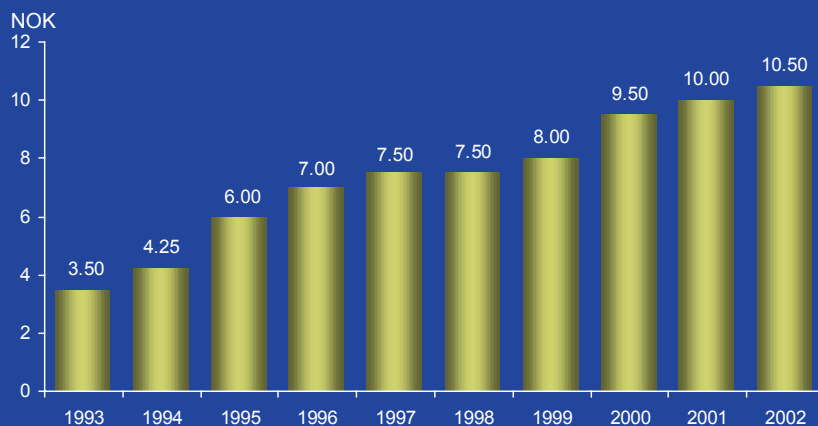
- Pension cost in 2003 in line with the estimate
- Long-term interest rates have declined
 - Sensitivity guidance:
 - 0.5% reduction in long-term interest rate results in an approximately 10% increase in pension obligations
 - All pension assumptions to be revised at year-end
- Improvements in financial markets leading to increased returns on pension assets
- Agri to assume responsibility for approximately NOK 2 billion in net pension liabilities

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- Hydro expects that the pension costs for 2003 to be in line with the previously disclosed estimate of NOK 2.4 billion. A new estimate for pension costs for 2004 will be disclosed as part of the presentation of Hydro's fourth quarter results in February 2004.
- During 2003 the long-term interest rates have continued to fall compared to the 2002 level. At year-end the assumptions currently employed for calculating pension costs and liabilities will be revised. A reduced long-term interest rate implies a lower discount rate and consequently a higher pension obligation. Hydro undertakes, at the end of each financial year, a thorough evaluation of the other assumptions used, such as the "Expected return on pension assets" and "Rate of compensation increase". A revised set of assumptions at year-end 2003 will have no effect on the 2003 pension costs, but will first materialize in the 2004 pension costs. The fair value of pension plan assets and pension obligations calculated according to the revised assumptions will be disclosed in Hydro's Annual Report for 2003 as part of the Notes to the consolidated financial statements.
- As a sensitivity guidance, Hydro has estimated that the 0.5% reduction in long-term interest rates (assuming no changes in the other assumptions used for calculating the pension obligations) will increase its pension obligations at fair value by approximately NOK 2.5 billion
- When Agri is listed as a separate company it will assume responsibility for approximately NOK 2 billion in net pension liabilities. As the main principle, all liabilities and assets related to current Agri companies will be transferred as part of the separation. This also includes liabilities related to early retirement and post-retirement medical benefits.

Dividend policy maintained



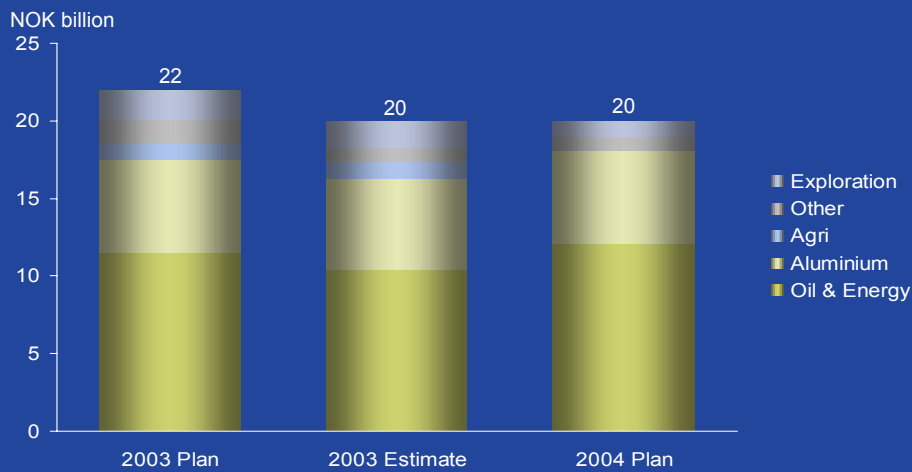
- 30% of Net Income as average over some years
- Supplemented by share buy-backs
- Increase in line with results

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- Shareholder policy as described in Hydro's annual report for 2002 will be maintained after exiting Agri.
- It is a target for Hydro to have a stable increasing dividend per share in line with growth in results. Growth in earnings, however, in the short to medium term will be impacted by the separation of Agri.
- Share buy-backs will be used as a supplement to dividend payments.
 - At the Annual General Meeting in May 2003 Hydro was authorized to buy back 5 million shares. The Norwegian State agreed to participate proportionally. This means that up to 2.8 million shares may be bought in the market. So far, 53 percent of this authorization has been utilized. These shares will be proposed cancelled at the Extraordinary General Meeting in January 2004.
 - Hydro was also authorized to buy back 5 million of the company's own shares at the Annual General Meetings in 1999 and in 2000. These authorizations have been fully utilized.
 - After the proposed cancellation of treasury shares and the cancellation of a proportional part of the State's shares, Hydro will have a total of 8.4 million treasury shares. In total, including the proposed cancellation, Hydro has spent NOK 4.5 billion on share buy-backs. (1999: NOK 1,599 million, 2000: NOK 763 million, 2001: NOK 1,155 million and 2003: NOK 1,000 million)

Capital expenditures*



* Excluding implementation effect in 2003 of new accounting standard on asset retirement obligations (SFAS 143), totalling NOK 1.9 billion, Agri is not included in the 2004 allocation

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- The original capital expenditures plan for 2003 amounted to approximately NOK 22 billion, including exploration activities. Projects such as Grane and Fram Vest have been completed below planned costs. In addition certain projects in Oil & Energy have been postponed to 2004, and exploration activities in 2003 have been taken down compared to plan. The NOK/USD exchange rate has also influenced the capital expenditures positively. Hence total capital expenditures and exploration activities for 2003 are expected to amount to approximately NOK 20 billion (including the implementation effect of new accounting standard on asset retirement obligations (SFAS 143) of NOK 1.9 billion).
- For 2004 total capital expenditures, including exploration activities, but excluding Agri, has been set at approximately NOK 20 billion. Of this NOK 1 billion is related to exploration activities. Aluminium will continue with an investment level in 2004 of approximately NOK 6 billion, whilst investments in Oil & Energy will be approximately NOK 12 billion, up NOK 2 billion compared to 2003.
- All new investment projects must satisfy Hydro's minimum return requirement of a real Internal Rate of Return (IRR) after tax of 10 percent with the following assumptions:
 - Oil USD 16.0/bbl
 - Aluminium USD 1,400/tonne
 - USD/NOK 8.0

High quality investment projects

- Ormen Lange, Norway
 - Strengthens Hydro's equity gas position
- Block 17, Angola
 - Increases Hydro's oil production internationally
- Sunndal, Norway
 - Expansion of Europe's largest aluminium smelter completed
- Alouette, Canada
 - Among the world's 10% lowest cost aluminium smelters
- Alunorte, Brazil
 - One of the lowest alumina conversion costs in the world
 - Improves Hydro's captive alumina coverage

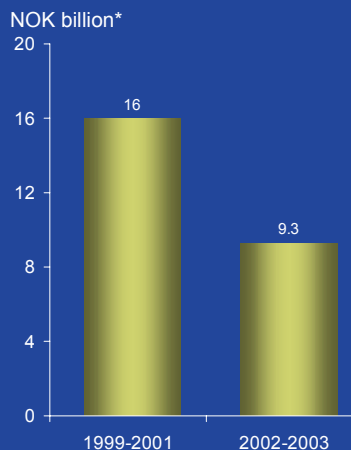
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- The coming years Hydro has committed capital to several large high quality investment projects in Oil & Energy and Aluminium.
- In Oil & Energy the main focus in Norway will be on the Ormen Lange project. The plan for development and operation has recently been submitted and production is scheduled to start in October 2007. Several contracts for the projects have already been awarded. Internationally the main investment projects are the Dalia and Rosa fields in Angola.
- Within Aluminium the expansion at Sunndal, creating Europe's largest primary aluminium smelter, will be completed in 2004 ahead of schedule and below budget. Furthermore the expansion of the part-owned primary aluminium smelter, Alouette in Canada, continues in 2004. When completed Alouette will be among the top 10 percent of low-cost smelter capacity in the world. In Brazil Hydro is taking part in the next expansion project at the Alunorte alumina refinery, in which Hydro has a 34 percent ownership interest. Alunorte has one of the lowest conversion costs in the industry and the expansion project will further improve Hydro's alumina cost position.
- All the mentioned projects show robust profitability against Hydro's return requirements.

Strong divestment record

- Deals signed in 2003
 - Scanraff
 - Gjøa
 - Carmeda
 - VAW IMCO
 - Other
- Total divestments for the period 1999 – 2003: NOK 25.3 billion



* All numbers are based on enterprise value

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- For the period 2002 to 2003 Hydro has divested or entered into agreements to divest assets totalling NOK 9.3 billion. This has been accomplished in a period where the financial markets have been weak, and obtaining a satisfactory price has therefore been challenging.
 - Flexible Packaging NOK 3.2 billion
 - Scanraff NOK 1.8 billion
 - Gjøa NOK 0.2 billion
 - Various E&P assets NOK 0.6 billion
 - Treka assets NOK 2.6 billion
 - Carmeda NOK 0.2 billion
 - VAW IMCO NOK 0.2 billion
 - Other NOK 0.5 billion
 - EBITDA for divested assets was approximately NOK 800 million for the last year (2001 or 2002) owned by Hydro prior to the year of divestment.
 - Signed deals in 2002 amount to NOK 6.4 billion
 - Signed deals in 2003 amount to NOK 2.9 billion
 - After tax gain for deals completed or signed in the 2002-2003 period is approximately NOK 1.5 billion
 - Hydro remains committed to its strategy of selling, fixing or closing down underperforming business units.

RoaCE – new return metric

- Most commonly used metric for oil companies
 - Facilitates peer benchmarking
- Still focus on cash margins and asset productivity
- 10% IRR after tax for investment projects

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- CROGI (Cash Return on Gross Investment) has been Hydro's financial metric since 2000. CROGI is a cash based return metric and has proved to be of significant value during the Agri turnaround and the integration processes in Aluminium. When Agri is listed as a separate company, a larger share of Hydro's earnings will come from the Oil and Energy activities. In the oil industry most companies use RoaCE (Return on average Capital Employed), and in the future Hydro will use this return metric.
- RoaCE facilitates benchmarking with Hydro's peers. It is however important to note that RoaCE is, as all other financial metrics, influenced by a company's accounting principles and can result in significant differences when comparing RoaCE for different companies. This is particularly important when comparing companies with an active acquisition history.
- Although RoaCE is a metric that will be used to measure and follow up overall financial performance, its introduction will not change Hydro's financial steering model. Hydro will still focus on cash generation through asset productivity, capital discipline and reductions in operating capital. Hydro is committed to its 10 percent internal rate of return after tax (IRR) requirement for new investment projects.

Strong cost saving record

Initiatives to increase efficiency continue in all parts of the organization

	Reduced manning	Annual cost saving (NOK million)	Compared to year
Saga Petroleum acquisition	800	1,000 ²⁾	1999
Oil & Energy improvements	800 ¹⁾	900 ²⁾	2002
Agri Turnaround	3,750	2,900	1998
Aluminium improvements	1,600	2,500	2001
Hydro Business Partner improvements	1,400 ¹⁾	1,500	2000

1) Including temporary hires

2) Gross cost savings

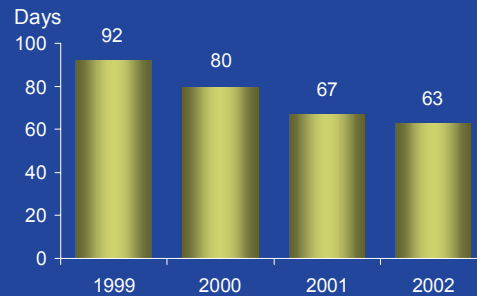
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- Hydro has over the last 4 years achieved significant manning reductions and cost reductions in its operations. This has been accomplished through major programs such as the Agri Turnaround and Magnesium restructuring, but also through continuously adjusting manning levels to the activity level in the Company. The table above gives a summary of some of the accomplishments. Annual cost savings also include improvements not related to manning reductions shown in the left column. Thus there is not a direct link between manning reductions and cost savings.
- Hydro's acquisition of Saga Petroleum in 1999, and the following integration of the two companies, resulted in manning reductions of approximately 800 and annual cost savings (gross) of approximately NOK 1 billion.
- Oil & Energy transferred the operatorship for the Tampen area to another operator at the end of 2002. In addition to other demanning initiatives this contributed to the savings achieved compared to 2002.
- The Agri turnaround has been successfully completed resulting in fixed cost savings and a reduction in manning of approximately 30 percent.
- Aluminium are on track towards completing the improvement programmes initiated as a results of the Magnesium restructuring and the VAW acquisition, by the end of 2003. This is expected to result in annual cost savings of approximately NOK 2.5 billion compared to 2001. Furthermore Aluminium have, on an ongoing basis, reduced manning and increased cost efficiency which are not included in the table above.
- Hydro Business Partner is a shared service provider, and the corresponding savings have continuously been distributed back to the business areas. Thus the cost savings have been reported as improved financial results for the business areas.
- Cost savings generated in Oil & Energy and Hydro Business Partner are partly allocated to Hydro's partners on the Norwegian continental shelf. Hence Hydro does not benefit from 100% of the savings
- 2004 priorities:
 - Further improve operational performance in Aluminium
 - Adapt Oil & Energy organisation to forecasted activity level and increase efficiency
 - Streamline Corporate governance and business support functions after the Agri listing
 - Focus on continuous improvements in all parts of the organisation, not only large scale initiatives

Reductions in net operating capital

- Substantial reductions in operating capital days achieved through
 - Efficient invoicing processes and optimal credit limits
 - Optimizing inventory levels
- Cash released



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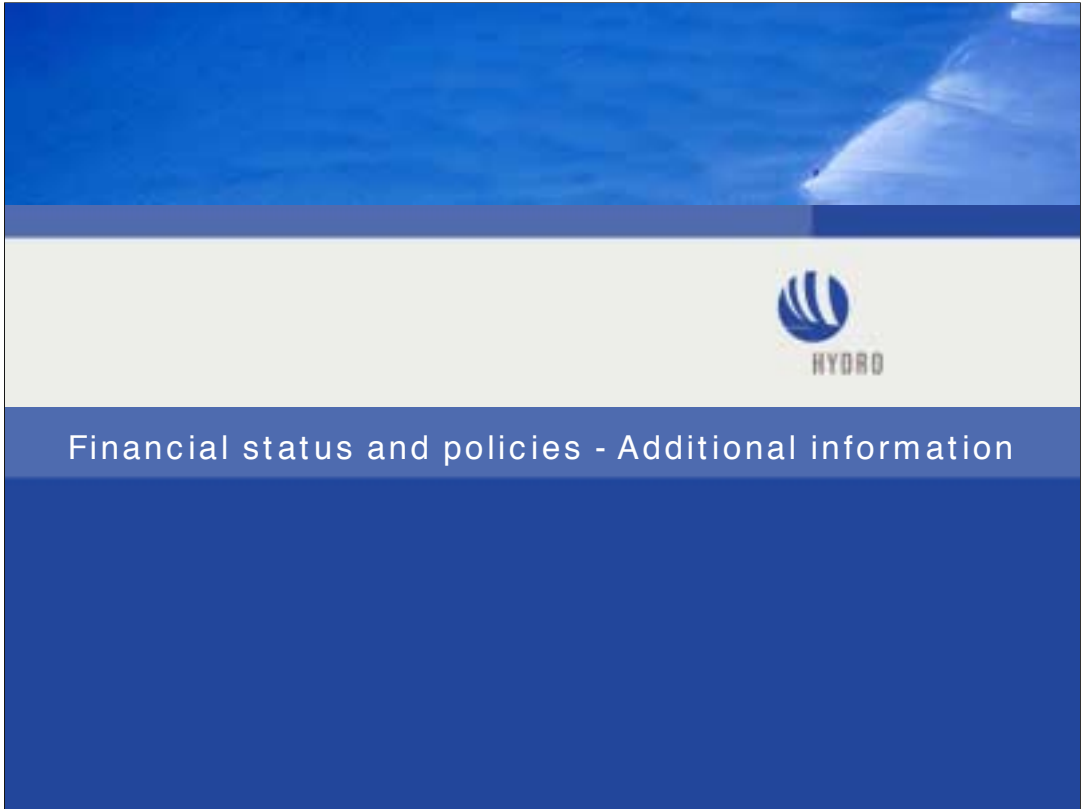
- Net Operating capital is defined as Accounts Receivable plus Inventories less Accounts Payable
- Net Operating capital days is defined as Net operating capital multiplied by 365 divided by Operating revenues

Financial priorities

- Earnings improvement
 - Meet profitability targets
 - Growth in Earnings per Share (EPS)
- Efficiency and capital discipline
- Successful Agri listing
- Financial preparedness



- Going forward improved earnings in terms of meeting return targets and bottom line growth have top priority.
- Meeting the financial targets require:
 - Operational efficiency
 - Excellent investment execution
 - Portfolio pruning
 - Capital discipline
 - New investments need to meet demanding return requirements in addition to strategic fit
 - Under-performing units will be turned around or exited. Non-core assets will be divested.
- Preparing for a successful listing of Agri will still have full attention
- Hydro will continue to prioritize a strong financial position.



Indicative price and currency sensitivities 2004

NOK million

Price sensitivity ¹⁾	Pre tax	After tax	
Oil price (bbl)	1,450	390	USD 1 increase
Aluminium price (tonne)	875	615	USD 100 increase
USD sensitivity ^{1) 2)}	Pre tax	After tax	
USD Oil & Energy	2,900	785	1 NOK increase
USD Aluminium	2,100	1,475	1 NOK increase
USD before financial items	5,000	2,260	1 NOK increase
USD Financial items ³⁾	(2,500)	(1,400)	1 NOK increase
USD Net income	2,500	860	1 NOK increase

1) Reference prices: Oil 18 USD/bbl, Aluminium 1,500 USD/tonne and NOK/USD exchange rate 8.0

2) USD sensitivity estimates assuming USD/NOK changes, all other currencies fixed against NOK

3) Excluding cash flow and equity hedge total exposure USD 1,100 million and USD 350 million debt in USD-based subsidiaries

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- The table above gives an indicative overview of the impact on Hydro's earnings as a result of changes in certain commodity prices and the USD/NOK exchange rate. All sensitivities are based on forecasted production and sales volumes for 2004.
- All estimated effects represent changes in one factor at a time, i.e. disregarding any correlation between the risk factors. For example the estimated USD effect assumes that the USD moves similarly against all currencies, i.e. all other currencies except the USD remain stable against NOK.
- Based on historic observations for the oil price and the aluminium price, the oil price varies more than the aluminium price, i.e. the oil price is more volatile. Consequently price volatility in combination with exposure implies that changes in the oil price are more likely to have a significant impact on Hydro's earnings in the short-term compared to changes in the aluminium price.
- The USD exchange rate is another important risk factor, but Hydro's exposure to USD with relation to the oil and aluminium price is to a large degree mitigated by the fact that a large portion of Hydro's long-term debt is denominated in USD. The NOK/EUR exchange rate is of less importance.
- In general, however, a strengthening of the EUR exchange rate versus USD will reduce Hydro's competitiveness. Furthermore a strengthening of the NOK versus other currencies will reduce the competitiveness of Hydro's Norwegian operations and impact Hydro's earnings negatively.
- Hydro's policies as to price and currency exposure are:
 - To be exposed to oil and gas prices
 - To be exposed to aluminium prices
 - Except Sunndal expansion metal partly sold forward
 - To mainly use funding to hedge currency, but supplemented with currency derivatives.

Financial solidity - calculation

Amounts in NOK Million		31 December 1998	31 December 1999	31 December 2000	31 December 2001	31 December 2002	30 September 2003 ⁵⁾
[A]	Cash and cash equivalents	1,936	7,435	21,766	27,148	5,965	16,461
[B]	Other liquid assets	2,493	2,535	2,490	2,421	2,647	1,743
[C]	Bank loans and other interest-bearing short-term debt	(5,150)	(7,361)	(9,088)	(8,458)	(7,306)	(5,994)
[D]	Current portion of long-term debt	(1,587)	(907)	(2,209)	(1,966)	(1,958)	(1,192)
[E]	Long-term debt	(24,105)	(42,228)	(40,174)	(37,853)	(30,902)	(29,423)
[F]=[A]+[B] +[C]+[D]+[E]	Net interest-bearing debt	(26,413)	(40,526)	(27,215)	(18,708)	(31,554)	(18,406)
[G]	Net pension liabilities at fair value ¹⁾	3,196	4,772	2,561	(2,133)	(10,107)	(11,399)
[H]	Expected income tax benefit, 30% ²⁾	(959)	(1,432)	(768)	640	3,032	3,420
[I]=[G]+[H]	Net pension liabilities tax adjusted	2,238	3,341	1,793	(1,493)	(7,075)	(7,979)
[J]	Operating lease commitments discounted at 10% ³⁾	(2,792)	(4,728)	(6,469)	(5,072)	(4,924)	(4,924)
[K]=[F]+[I] +[J]	Adjusted Net interest-bearing debt	(26,967)	(41,914)	(31,891)	(25,272)	(43,552)	(31,309)
[L]	Net pension liabilities not recognized with equity effect ⁴⁾	733	2,736	610	(2,767)	(6,994)	(7,011)
[M]	Expected income tax benefit, 30% ²⁾	(220)	(821)	(183)	830	2,098	2,103
[N]=[L]+[M]	Equity adjustment off-balance sheet pension liabilities	513	1,915	427	(1,937)	(4,896)	(4,908)
[O]	Minority interest	1,266	1,323	1,419	1,051	1,143	669
[P]	Shareholders' equity	48,245	59,497	71,226	74,793	75,867	84,650
[Q]=[N]+ [O]+[P]	Adjusted Shareholders' equity and minority	50,024	62,735	73,072	73,907	72,114	80,411
[R]=[K]/[Q]	Adjusted debt / equity ratio	0.54	0.67	0.44	0.34	0.60	0.39

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- 1) Net pension liability at fair value as reported in Hydro's Annual Report in the Notes to the consolidated financial statements
- 2) The net pension liability is reduced with an expected future income tax benefit, before the net pension liability is added to net interest-bearing debt. Hydro has chosen to use a 30 percent tax rate as a simplified assumption. This does not represent a forecast of expected income tax effects related to pension costs
- 3) Future operating lease commitments are disclosed in Hydro's Annual Report in the Notes to the consolidated financial statements
- 4) Shareholder's equity is reduced with the after tax net pension liability not currently recognized on the balance sheet. This number is equal to net pension liability at fair value less net pension liability recognized on the balance sheet plus any intangible asset recognized on the balance sheet in connection with pension. In addition the number is reduced with 30 percent tax before being deducted from equity.
- 5) For 30 September 2003 the adjustments are based on the off-balance sheet numbers as of 31 December, 2002.

Forward-Looking Statements/ Use of Non-GAAP Financial Measures

In order to utilize the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2002 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

With respect to each non-GAAP financial measure Hydro uses in connection with its financial reporting and other public communications, Hydro provides a presentation of what Hydro believes to be the most directly comparable GAAP financial measure and a reconciliation between the non-GAAP and GAAP measures. This information can be found in Hydro's earnings press releases, quarterly reports and other written communications, all of which have been posted to Hydro's website (www.hydro.com).

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Analysis and evaluation of strategic options for the three business areas and for Hydro up to June 2003 found attractive business opportunities in all three of our business areas. Financial and managerial capacity constraints might limit possibilities for realizing these opportunities within the present corporate structure.

A decision was made to concentrate Hydro's future development on realizing the many attractive possibilities for value creation in Oil and Energy and in Aluminium.

Both Agri and Hydro's shareholders were found to be best served by having Agri develop its strong potential as a separate company.

With these decisions our ongoing discussions of the Group's portfolio are completed. The decision to move ahead with Oil and Energy and Aluminium as the core business areas will stand and is not up for re-evaluation.



(This presentation follows a short video introducing the new logo)

The new visual profile signals a significant change for Hydro after a year of important strategic decisions. The new Hydro logo builds on our legacy and at the same time signals dynamism and ambitions to move forward.

This change in logo for Hydro enables the new Agri company to take with it the traditional Hydro viking ship.

Today's presentation will cover the main events of 2003 as well as how we intend to take Hydro forward into 2004 and beyond as one strong company building on our strengths in Oil & Energy and Aluminium.

Portfolio strategy process completed

- Hydro to move on as one company positioned to realize value through its competitive strengths in
 - Oil & Energy
 - Aluminium
- Agri to become a separate listed company

47345 • Hydro Media • 12.2003 • *2



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Strategy implementation

- Five years of significant change
 - Oil & Energy – doubling of production
 - Aluminium – transformed through VAW acquisition
 - Agri – prepared for listing
 - Non-core divestments for NOK 25 billion
- Performance culture strengthened by specific initiatives

47345 • Hydro Media • 12.2003 • *3



In 1999 we concluded a major corporate strategy process. This strategy, aimed at creating a more focused corporate portfolio as well as an organization more focused on performance and value creation, has led to significant changes in the company.

Oil and gas production has doubled - from 270,000 bpd in 1998 to 525,000 bpd this year through the acquisition of Saga Petroleum and SDFI interests, as well as through organic growth

Aluminium has almost doubled its business volume, primarily through the acquisition of VAW.

Agri has completed a successful turnaround process - supporting our claim that Hydro was better suited than alternative owners to improve Agri's performance. Agri is now ready to be demerged from Hydro and is being prepared for a listing on the Oslo Stock Exchange.

The strategy process also led to significant internal changes. Value based management considerations formed the basis for business planning and performance management. New performance related pay systems were introduced. The changes have resulted in a much stronger performance culture in the company.

2003 - Meeting our targets

- Portfolio strategy completed
- High level operational performance
- Successful completion of major projects
- Attractive new investment projects approved
- Improved safety record
- Resulting in a strong financial position

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2003 has been a year of key strategic decisions and improved operational performance - enabling us to meet our targets. Our strategy process was completed with clear conclusions regarding Hydro's group level portfolio strategy.

All our 3 business areas have demonstrated improvements in their operational performance. Oil & Energy will attain a total average production of approximately 525 000 bpd for 2003. At the same time costs are being kept well under control.

Aluminium is implementing its improvement programs in line with plans. Moving into 2004, the target of reaching a cost level which on an annual basis is 2.5 billion NOK below the total cost level of VAW and Hydro Aluminium in 2001 is about to be achieved.

Several major Hydro-operated investment projects have been successfully completed during the year. The oil fields Grane and Fram Vest were completed on or ahead of schedule and below budget. At the Sunndal smelter 70% of the new capacity is in production.

We continue to develop new, attractive investment projects. The main one is the NOK 66 billion Ormen Lange field and the gas pipeline to the UK for which development plans were submitted to the authorities last week.

The improvement in operations is also reflected in a continued improvement in our safety performance. After a slight increase last year, as VAW was included in our figures, a level of total recordable injuries per million hours worked is down to 6.9 so far this year, well below our target of 8. Oil & Energy continues its good safety record, while Aluminium has shown very significant improvements.

All these factors together have led to a situation where Hydro is ready to move forward from a position of financial strength, with financial ratios well within our target level just about a year after completing, for cash, one of our largest acquisitions.

Market perspectives

- Main markets 2003
 - Oil and gas prices high
 - Fertilizer prices increasing
 - Aluminium metal price reasonably stable; downstream markets weak
- Expectations for 2004
 - Improving economic outlook – stronger in the US, still weak in Europe
 - Oil prices to stay relatively high with OPEC support
 - Aluminium – slightly improved global metal balance; outlook still uncertain for downstream products
 - US dollar to stay weak

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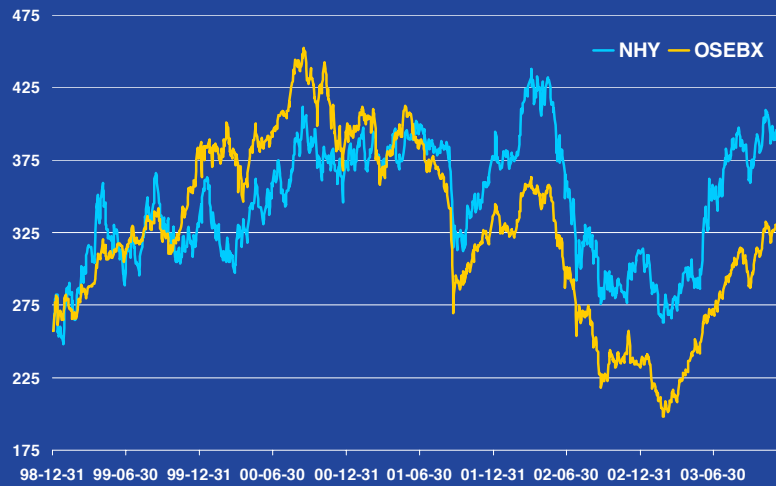
In 2003 we experienced strong markets for oil and gas with high oil prices in dollar terms. Fertilizer prices showed an increasing trend during the year and for most nitrogen products reached levels that we expect to be above the mid-cycle levels. Aluminium metal prices were relatively stable during the year in dollar terms, while the markets for fabricated aluminium products were quite difficult.

For 2004 we see signs of a general economic upturn. These signs are stronger in the US (ref. the third quarter growth figures) than in most European countries. It seems that OPEC has reasonable control over the combined oil supply of its members, indicating oil prices at a relatively high level, although they may be lower in dollar terms than in 2003.

For aluminium we expect a slight improvement in the global supply-demand balance for metal. But the outlook for the fabricated products is still uncertain. We expect the dollar to remain relatively weak compared to the Euro and well below the levels seen in 2001 and 2002 relative to the NOK.

Hydro vs. Oslo Benchmark Index, NOK

Average annual total shareholder return 1999-2003: 12%



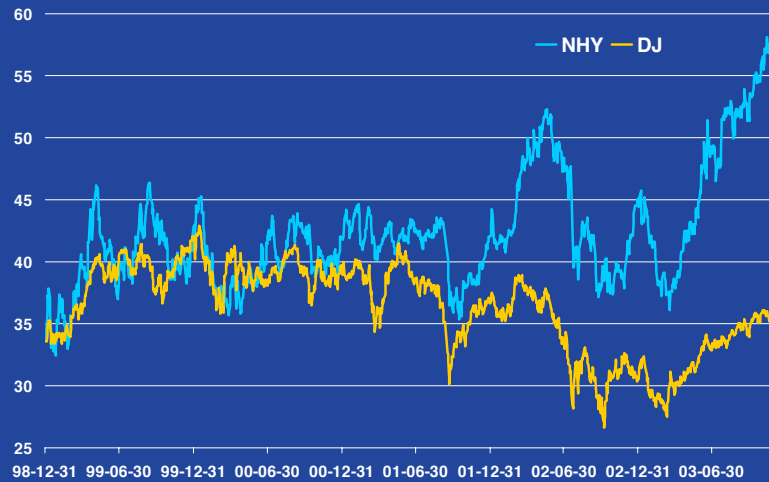
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Over the period from the beginning of 1999 (share price NOK 257) up until today Hydro's total return to shareholders, i.e. share price appreciation and dividends, measured in NOK has been approximately 12% as an average per year. The share has clearly outperformed the Oslo Benchmark Index during this period.

Hydro vs. Dow Jones Industrial Average, USD

Average annual total shareholder return 1999-2003: 14%



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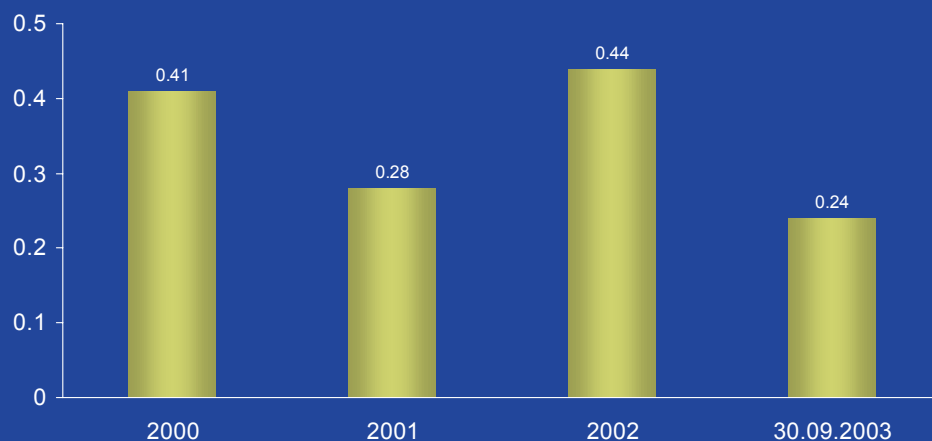
Measured in USD, Hydro's average annual total shareholder return has been approximately 14% since the start of 1999. The Hydro share has outperformed the Dow Jones Industrial Index quite significantly, particularly during the last couple of years.

The measurement of this type of both absolute and relative performance is, of course, quite sensitive to the choice of time period to be evaluated. We have chosen to start at the beginning of 1999 in order to cover the five year period of major changes in Hydro.

Strong financial position

Net interest-bearing debt/equity + minority interests

Ratio



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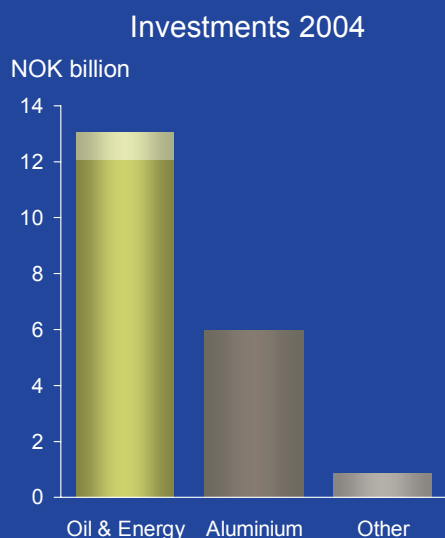
The ratio of net interest-bearing debt to equity has been our main indicator of financial strength. As of the end of the third quarter this ratio was at 0.24 indicating a strong financial position, as this is well below our target level of 0.5. The Agri transaction will further improve our financial position.

But one has to keep in mind that we made tax payments of approximately NOK 7 billion October 1. In addition, as you will see from John Ottestad's presentation later today, key factors like pension liabilities and operating leases, which have not been taken into account in calculating this ratio, change the picture somewhat by bringing the figure closer to 0.5.

This is still one of our key targets, and it remains our policy to maintain a credit rating at the present level (A/A2).

Maintaining capital discipline

- Continued high investment level; NOK 20 billion for 2004; similar level for 2005
- Dividend policy to be maintained
- Approved share buy-back program to be completed
- Ambitions to move beyond organic growth in both Oil & Energy and Aluminium



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We will, also after the completion of the Agri demerger, maintain a strict capital discipline. We have, however, a number of attractive investment projects both within Oil & Energy and Aluminium that will require a relatively high investment level for the next couple of years. For 2004 the total capital allocation, including exploration activities, but excluding Hydro Agri, has been set at approximately NOK 20 billion. Of this NOK 1 billion is related to exploration activities. Hydro Aluminium will continue with an investment level in 2004 of approximately NOK 6 billion, while investment in Oil & Energy will be approximately NOK 12 billion.

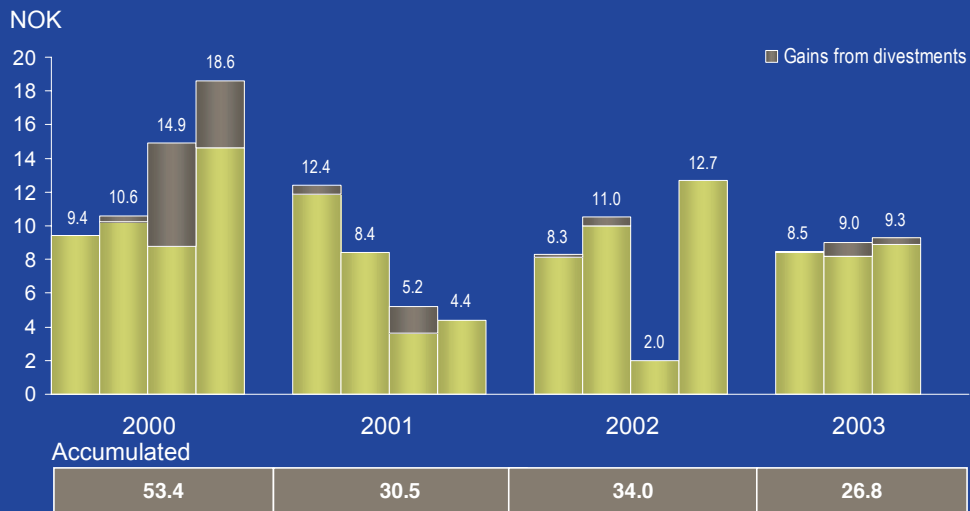
Capital expenditure for 2005 is currently expected to be at the same level as in 2004. In 2005 and 2006 the Ormen Lange project will represent a large part of our capital expenditure.

Hydro intends to continue its dividend policy of having a pay-out ratio of approximately 30% of net income over a period of several years.

We plan to complete the currently approved program for buying back our own shares. Under the authorisation given we can buy another 1.3 million shares in the market.

Both in Oil & Energy and Aluminium we see attractive organic growth in the coming years. But it will be our ambition to move beyond this organic growth both in Oil & Energy and Aluminium if we are faced with attractive opportunities. We need to maintain financial flexibility to enable us to take advantage of such opportunities.

Earnings per share *



* Before effect of change in accounting principles

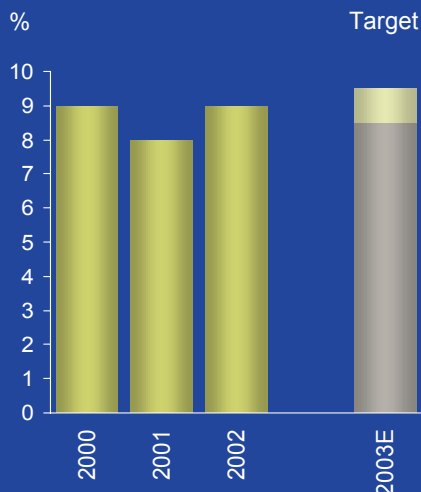
Our performance in 2003 has led to an approximately 25% increase in EPS for the first three quarters compared to the corresponding period last year. This is about the same level as we had in 2001, but below the 2000-level when we had significant gains from divestments.

2003 CROGI to be within target range

Normalized CROGI development

- Normalization assumptions:

- NOK/USD 8.00
- NOK/EUR 7.60
- Oil bbl \$18
- CAN27 tonne \$113
- LME 3M tonne \$1 500
- Restructuring charges and gain/loss on divestments excluded
- Volumes and margins are not normalized



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We are on our way to reaching a normalized CROGI for 2003 within the target range we communicated at last year's Capital Markets Day in December 2002, i.e. between 8.5 and 9.5%.

With good production performance Oil & Energy is likely to show a normalized CROGI level for the year above this range, while Aluminium is showing a significant improvement compared to last year. Pensions and the results of non-core units will tend to reduce the normalized Group CROGI level.

It is important to note that normalization is not intended to remove market effects generally, but only yje volatility caused by movements in the prices for oil, aluminium metal (and certain fertilizer products) as well as the main currency rates.

2004 outlook

Post Agri

- Changes in corporate structure leads to change in main financial metric – from CROGI to RoaCE
- Both Business Areas expected to show 9-10% normalized CROGI; Group CROGI somewhat lower
- More specific discussion of targets at 2003 results presentation
- Continued efficiency improvements in all parts of the organization; further aluminium restructuring

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The Agri demerger leads to a change in the capital structure of the group with the share of our total capital devoted to Oil & Energy increasing significantly. We found CROGI to be a good metric supporting improvement efforts in Agri and Aluminium, while it was not so well suited as an Oil & Energy metric. We have for this reason decided to from 2004 onwards to use Return of average Capital Employed (RoaCE) as the main profitability metric in our external communications. Ottestad will revert to this issue in his presentation.

Our current plans show that both business areas expect to reach a 2004 normalized CROGI in the range of 9 to 10%, or close to their cost of capital.

For the Group as a whole the normalized CROGI figure will be somewhat lower as pension costs and under-performance of non-core units will have a negative effect on the Group level CROGI.

We shall revert to a more specific discussion of 2004 profitability targets when we present the 2003 results as we then will have a more complete picture of the effects of the Agri demerger.

In 2004 we will see further efficiency improvements in all parts of the organization. Aluminium has initiated additional improvement programs, including some restructuring measures at Norwegian plants as well as the planned closure of a casting plant in the UK.

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A strong Hydro moving forward

- A clearly focused company within two strategic industries
- Oil & Energy - value creation through growing production
- Aluminium - value creation through performance improvements and strengthened market positions

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During the last five years Hydro has been through three major transforming transactions - the acquisitions of Saga Petroleum (1999) and VAW Aluminium (2002) and the demerger of Agri to be implemented in 2004. These transactions combined with internal improvements and organic growth has created a strong company which is well positioned for further value creation.

Oil & Energy will continue to show production growth through 2007 in line with an average annual rate of 8% compared to the level in 2001. This is a growth rate above those most other oil companies, of a similar or larger size, are targeting.

Aluminium has already showed significant improvements since the VAW merger and expect to continue to show better results as new improvement programs are being implemented. At the same time, Aluminium intends to build further on the strong positions it has secured in several key market niches.



Hydro has a strong position on the Norwegian Continental Shelf where the potential for additional attractive developments may be significantly increased if appropriate adjustments are made in taxation and government policies restricting access to certain areas.

Production outlook is strong with an average annual growth rate of 8% from 2001 through 2007. New projects like Ormen Lange, with planned production start in 2007, will contribute to keeping production levels high also beyond 2007. For 2003 we expect to reach a production level of approximately 525,000 barrels per day of oil equivalents.

Production growth is the result of significant investments in new field developments both in Norway and abroad. These fields are attractive projects meeting our hurdle rate of 10% internal rate of return after tax at a USD 16 oil price.

Hydro has for several years reported reserve replacement figures, as a three year average, well above 100%. This will be the case also this year. But in line with most other industry players, we have in recent years had limited success in our exploration efforts. The examination of our exploration activities their results has lead to some adjustments in our strategy: We will focus more on acquiring resources already discovered resources where our skills and competences may help develop value creating production solutions. Our exposure to high risk exploration plays will be reduced.

In the coming years we believe that the potential for creating value on the basis of our large currently uncommitted reserves of natural gas will represent very attractive business opportunities.



Aluminium has developed strong market positions in a number of attractive niches which will form the basis for continued profitable developments. This business unit also has developed strong business models - both with its Metal Supplier Concept for the Metal Products unit as well as with its unique way of running the extensive extrusion business.

Recent improvement programs have reduced the cost base significantly. The costs will be brought even further down through new improvement programs which are now being initiated.

The upstream cost position is being improved through our participation in several attractive investment projects. The Brazilian alumina refinery Alunorte is being expanded and will be among the most cost efficient refineries in the world. Smelter expansions at Aluette in Canada and Sunndal in Norway will serve to improve Aluminium's overall cost position.

The Extrusion business has continued to provide reasonably good results despite very difficult market conditions. This business unit should be well positioned to improve earnings as market conditions improve. The Metal Products unit is showing good results and is aiming for further improvements.

Other units like Rolled Products and Automotive need to improve their performance level significantly in order to reach the required return levels. Major efforts are being made in both these units as well as in our North American business.

Developing our competitive strengths

- Leadership in technological and commercial innovation
- First class project execution
- Active portfolio development
- Leadership and performance drive
- Leveraging a unique brand

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We have a very competent, creative and experienced organization which gives us several important competitive strengths which give me a great deal of confidence in the company's ability to move on successfully.

In our two key businesses we are taking leading positions with regard to developing and implementing new technological solutions in value creating ways. Our ability to innovate also within the commercial sphere of business has been demonstrated.

Grane, Fram Vest and Sunndal are recent examples supporting the claim of first class project execution as a competitive edge of Hydro. The Ormen Lange project, one of the world's largest deep water developments, and the associated pipeline will be a major challenge for our organization in the coming year.

Hydro has over the years developed a strong group of leaders at different levels of the organization. This group has demonstrated strategic courage and foresight, an ability to handle extensive and difficult change processes through cooperation, and with respect for those affected, as well as an ability to promote a determined performance culture.

We will develop our brand further in order to grow stronger as one unified company and improve our relationships with different stakeholders. In this we shall combine the strength of our strong legacy with the ability of our organization to change and take advantage of new opportunities.



Several factors lay behind the brand development process, all supporting the need for a more systematic and consistent brand strategy, including the adoption of a mission statement as well as a more explicit description of the company's key values. These factors were:

- Increased emphasis on performance
- Growth by large acquisitions bringing new employees into the company
- Extensive restructurings
- Increased geographic diversification in both markets, employees and leaders



*Hydro creates a more viable
society by developing natural
resources and products in
innovative and efficient ways*

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Forward-Looking Statements/ Use of Non-GAAP Financial Measures

In order to utilize the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2002 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

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Analysis and evaluation of strategic options for the three business areas and for Hydro up to June 2003 found attractive business opportunities in all three of our business areas. Financial and managerial capacity constraints might limit possibilities for realizing these opportunities within the present corporate structure.

A decision was made to concentrate Hydro's future development on realizing the many attractive possibilities for value creation in Oil and Energy and in Aluminium.

Both Agri and Hydro's shareholders were found to be best served by having Agri develop its strong potential as a separate company.

With these decisions our ongoing discussions of the Group's portfolio are completed. The decision to move ahead with Oil and Energy and Aluminium as the core business areas will stand and is not up for re-evaluation.

Eivind Reiten
President and CEO



Shaping our future

Capital Markets Day
December 11, 2003

Portfolio strategy process completed

- Hydro to move on as one company positioned to realize value through its competitive strengths in
 - Oil & Energy
 - Aluminium
- Agri to become a separate listed company

Strategy implementation

- Five years of significant change
 - Oil & Energy – doubling of production
 - Aluminium – transformed through VAW acquisition
 - Agri – prepared for listing
 - Non-core divestments for NOK 25 billion

- Performance culture strengthened by specific initiatives

2003 - Meeting our targets

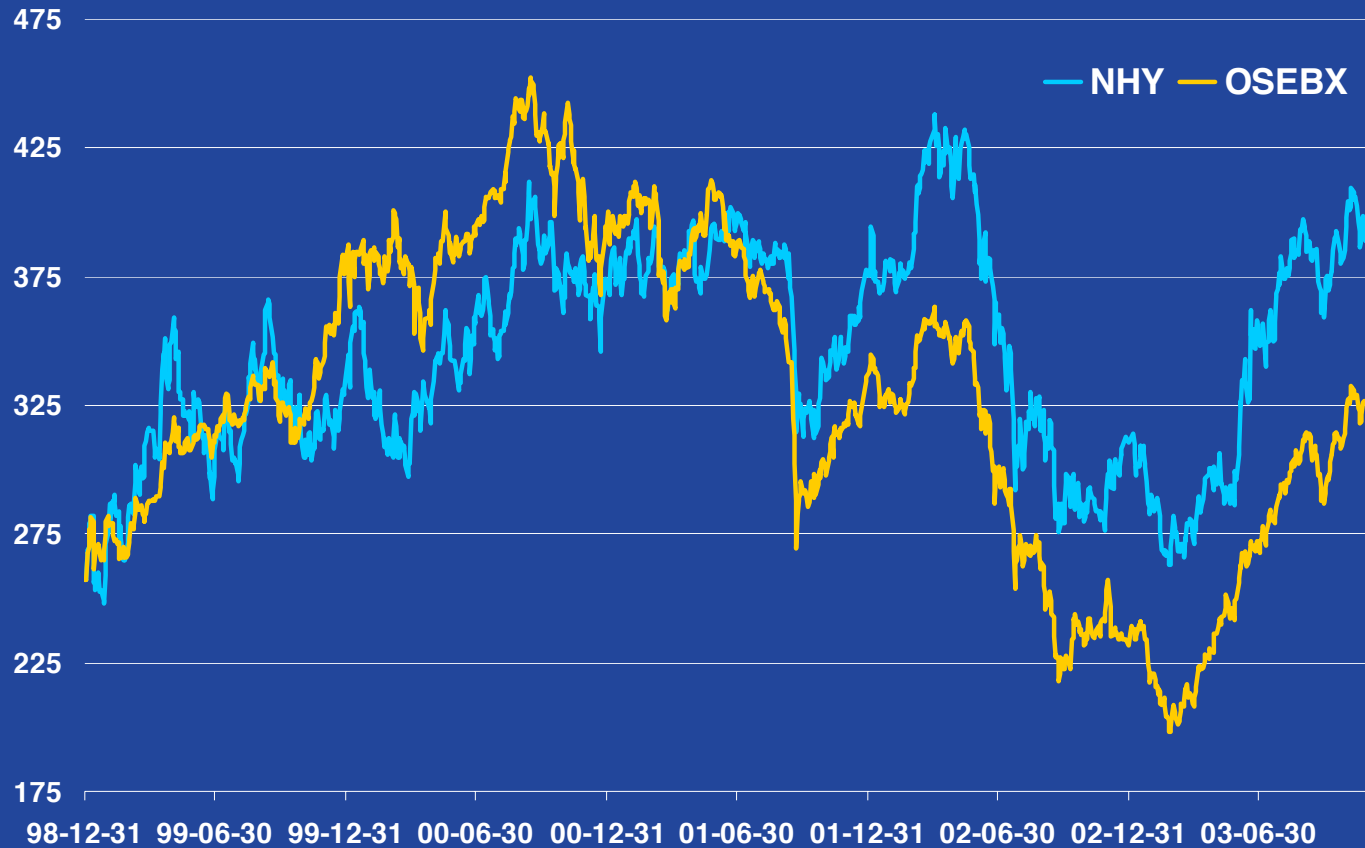
- Portfolio strategy completed
- High level operational performance
- Successful completion of major projects
- Attractive new investment projects approved
- Improved safety record
- Resulting in a strong financial position

Market perspectives

- Main markets 2003
 - Oil and gas prices high
 - Fertilizer prices increasing
 - Aluminium metal price reasonably stable; downstream markets weak
- Expectations for 2004
 - Improving economic outlook – stronger in the US, still weak in Europe
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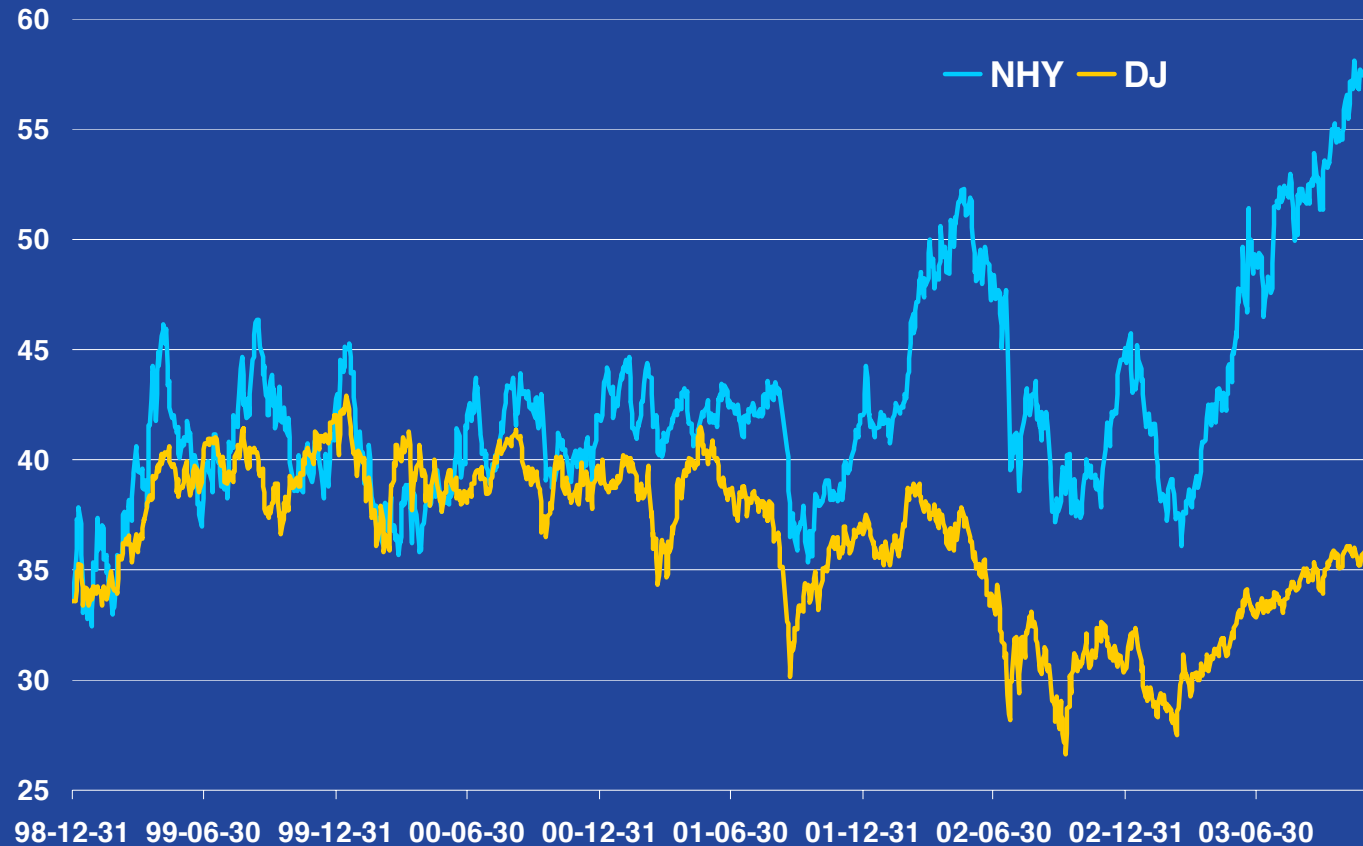
Hydro vs. Oslo Benchmark Index, NOK

Average annual total shareholder return 1999-2003: 12%



Hydro vs. Dow Jones Industrial Average, USD

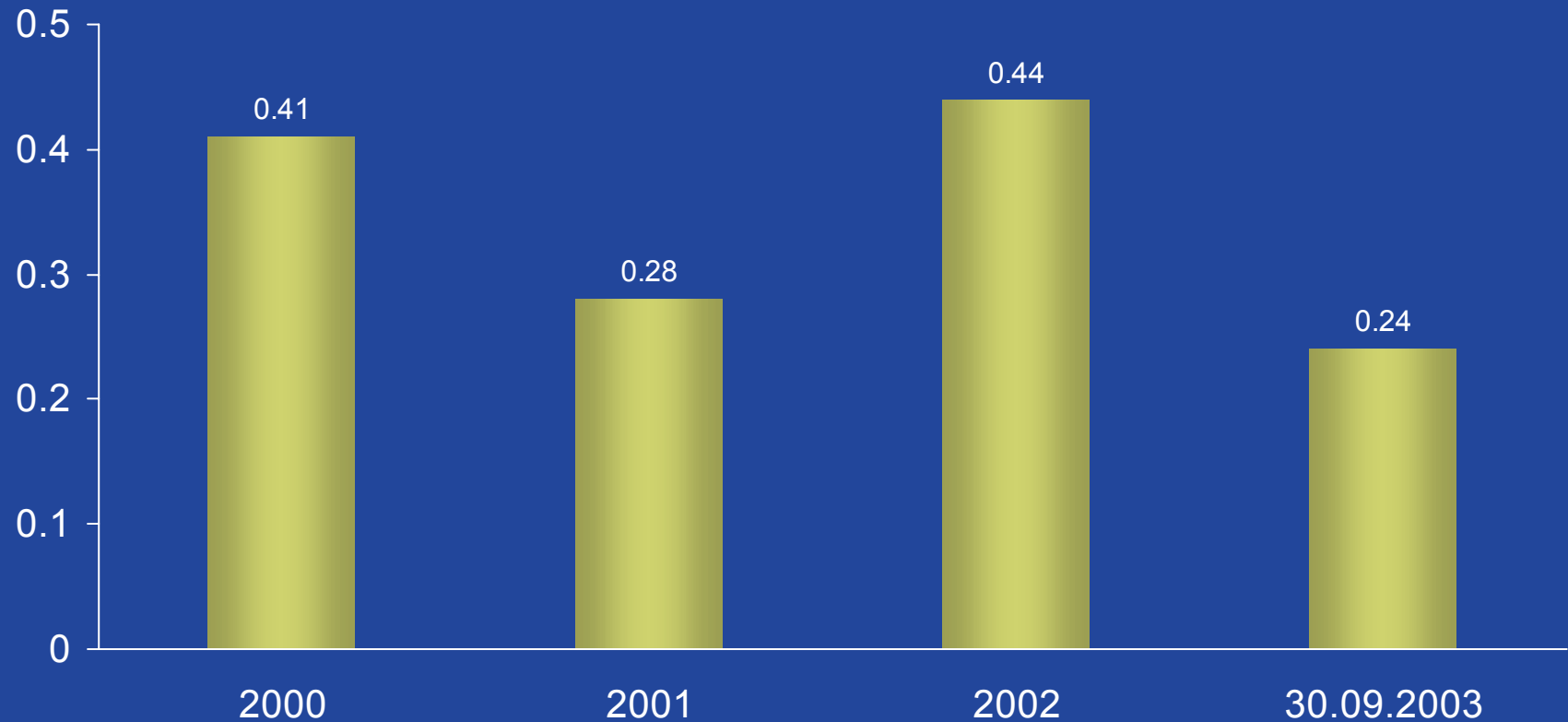
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Strong financial position

Net interest-bearing debt/equity + minority interests

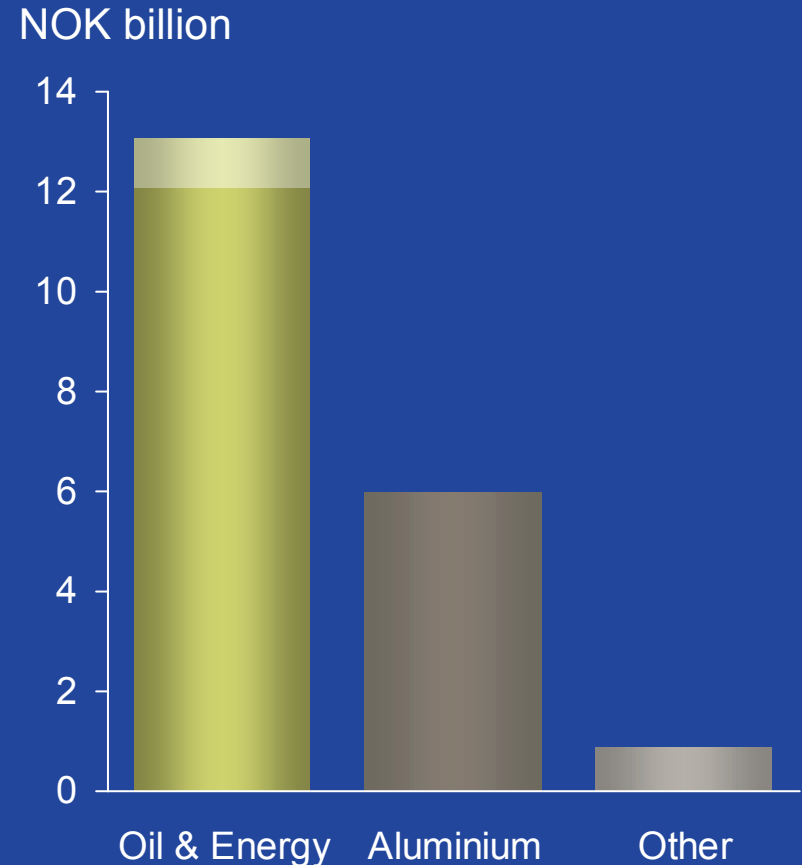
Ratio



Maintaining capital discipline

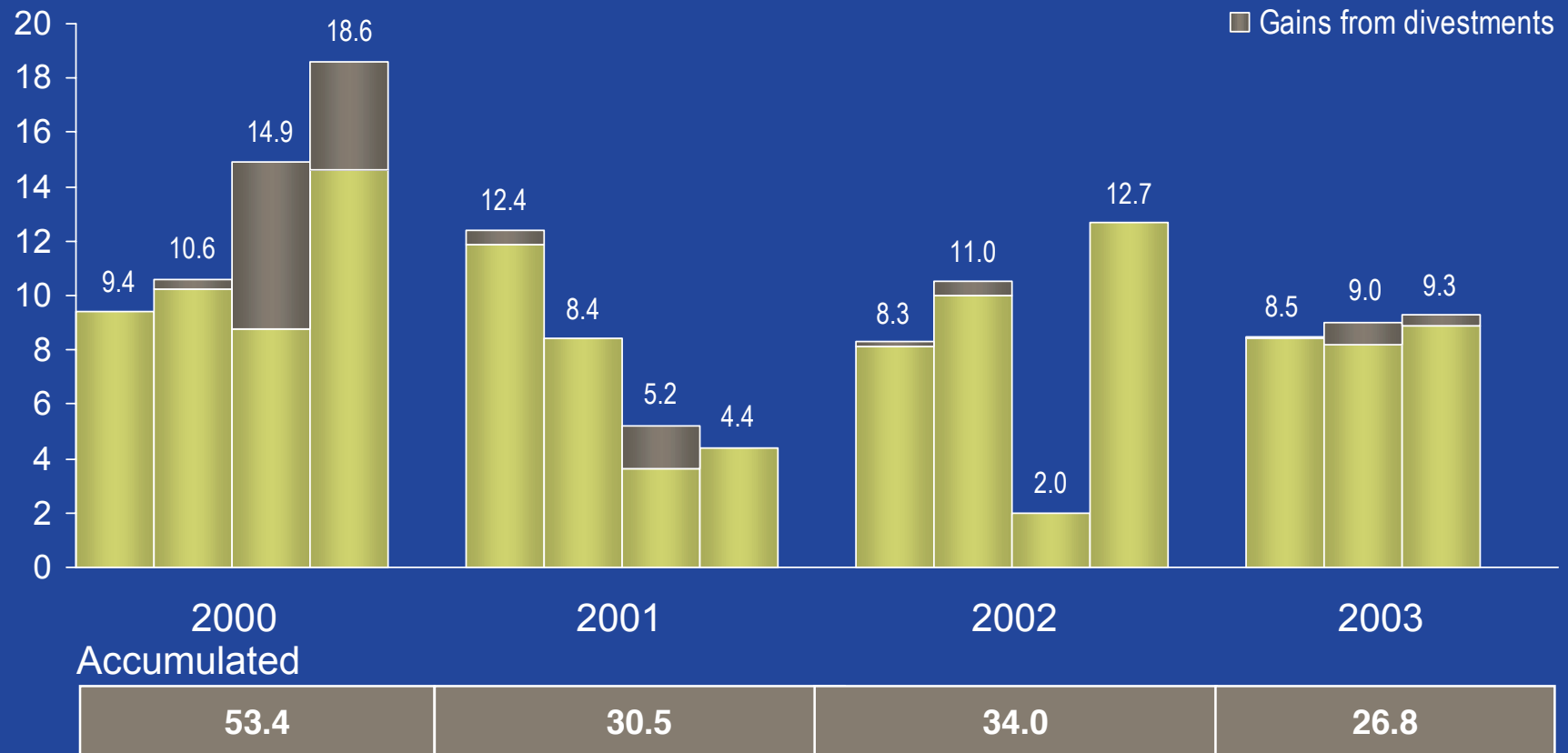
- Continued high investment level; NOK 20 billion for 2004; similar level for 2005
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- Approved share buy-back program to be completed
- Ambitions to move beyond organic growth in both Oil & Energy and Aluminium

Investments 2004



Earnings per share*

NOK



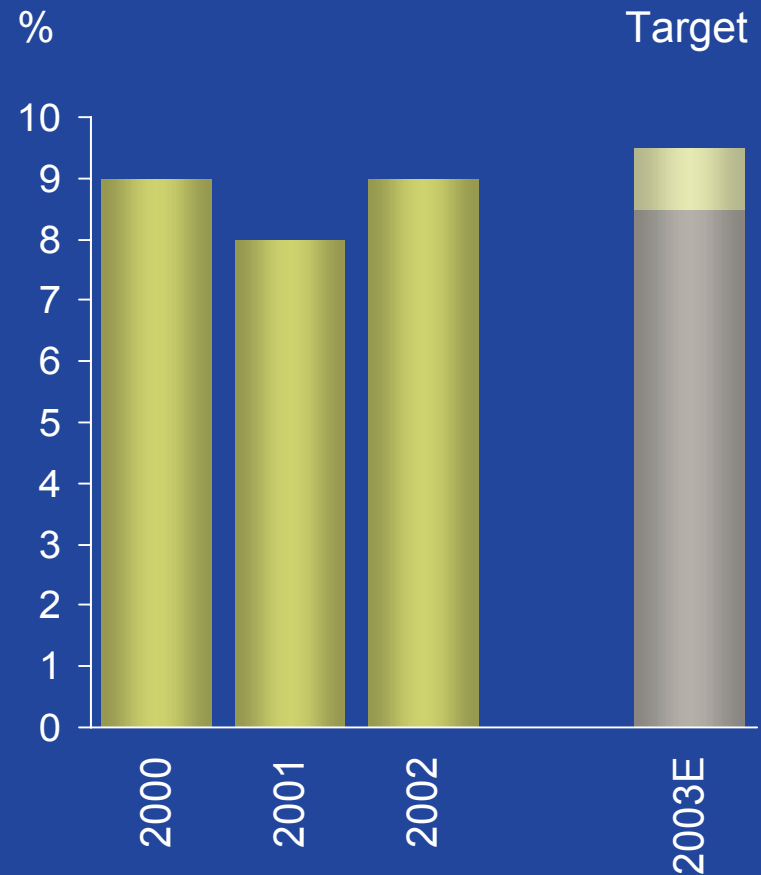
* Before effect of change in accounting principles

2003 CROGI to be within target range

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2004 outlook

Post Agri

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- Both Business Areas expected to show 9-10% normalized CROGI; Group CROGI somewhat lower
- More specific discussion of targets at 2003 results presentation
- Continued efficiency improvements in all parts of the organization; further aluminium restructuring

A strong Hydro moving forward

- A clearly focused company within two strategic industries
- Oil & Energy - value creation through growing production
- Aluminium - value creation through performance improvements and strengthened market positions

Oil & Energy – moving forward

- Strong position on Norwegian Continental Shelf
- Strong production growth through 2007
- Significant investments in attractive projects
- More focus on lower risk resource acquisition; reduced exploration level
- Maximize value of natural gas reserves

Aluminium – moving forward

- Strong market positions and value creating business models
- Cost base significantly reduced; new measures initiated
- Major upstream projects will improve cost position
- Continue to deliver good results in Extrusion and Metal Products
- Need to close performance gaps in Rolled Products and Automotive

Developing our competitive strengths

- Leadership in technological and commercial innovation
- First class project execution
- Active portfolio development
- Leadership and performance drive
- Leveraging a unique brand



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Hydro creates a more viable society by developing natural resources and products in innovative and efficient ways



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Forward-Looking Statements/ Use of Non-GAAP Financial Measures

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John O. Ottestad
Executive Vice President and CFO



Financial status and policies

Capital Markets Day
December 11, 2003

Presentation outline

- Agri listing
- Update on financial policies
 - Rating
 - Debt / Equity
 - Shareholder policy
- Capital expenditures and operational improvements
 - 2004 capital expenditures
 - High quality investment projects
 - Divestment status
 - Cost saving initiatives
 - Operating capital reductions
- Financial priorities

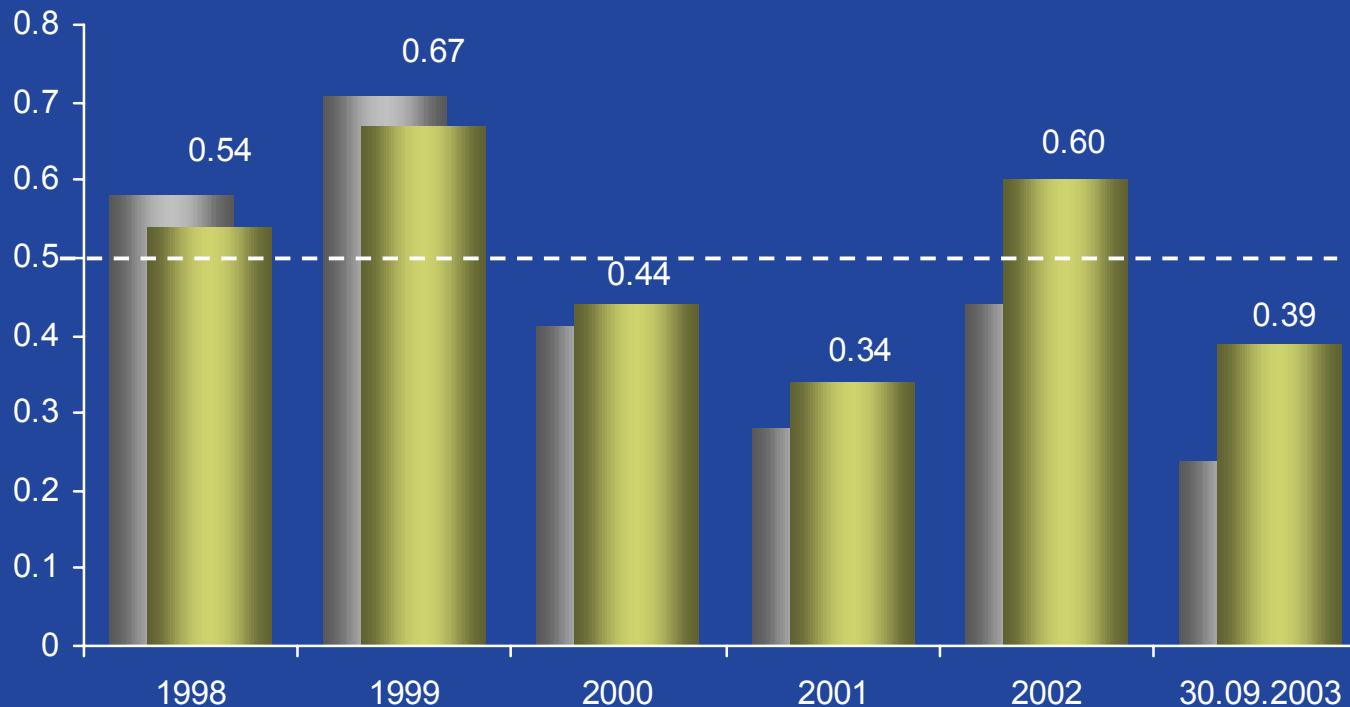
Agri listing

- Transaction
 - March 25, 2004
 - Demerger and 20% offering
- Share split
 - One Agri share for each Hydro share
- Agri capital structure October 1, 2003
 - Net interest-bearing debt NOK 8.5 billion
 - Equity at book value NOK 8 billion

Financial position

- Proceeds from Agri listing
 - Funding of ongoing investment projects
 - Debt reduction
 - Dividend and share buy-back
- Maintain “A”/”A2” rating
 - Risk mitigation
 - Financial preparedness to pursue strategic options

Financial solidity



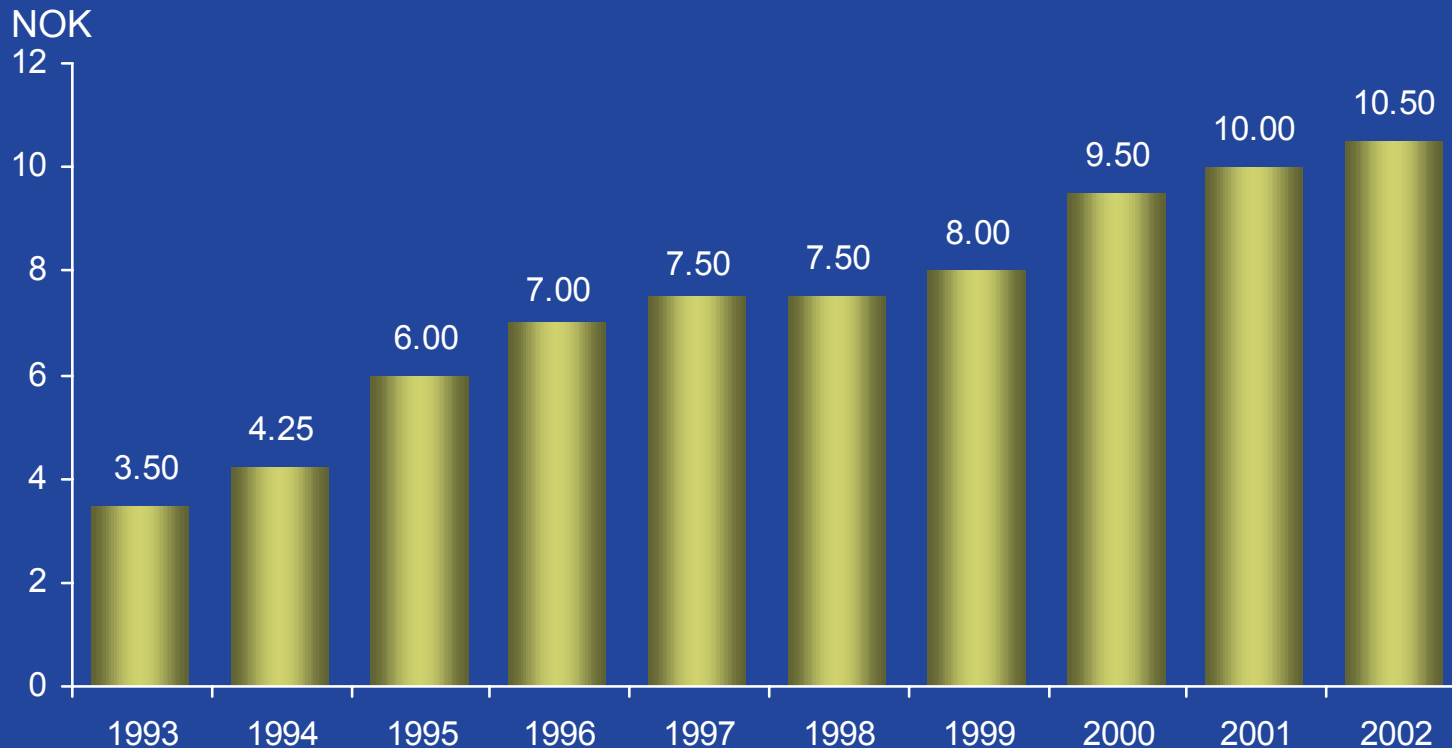
■ Net interest-bearing debt ■ Net interest-bearing debt incl. pension liabilities and operating lease commitments

Interest-bearing debt + Net pension liability (tax adjusted) + Operating lease commitments - cash and cash equivalents – Other liquid assets divided by Shareholders' Equity + Minority interest

Pension liabilities – 2003 development

- Pension cost in 2003 in line with the estimate
- Long-term interest rates have declined
 - Sensitivity guidance:
 - 0.5% reduction in long-term interest rate results in an approximately 10% increase in pension obligations
 - All pension assumptions to be revised at year-end
- Improvements in financial markets leading to increased returns on pension assets
- Agri to assume responsibility for approximately NOK 2 billion in net pension liabilities

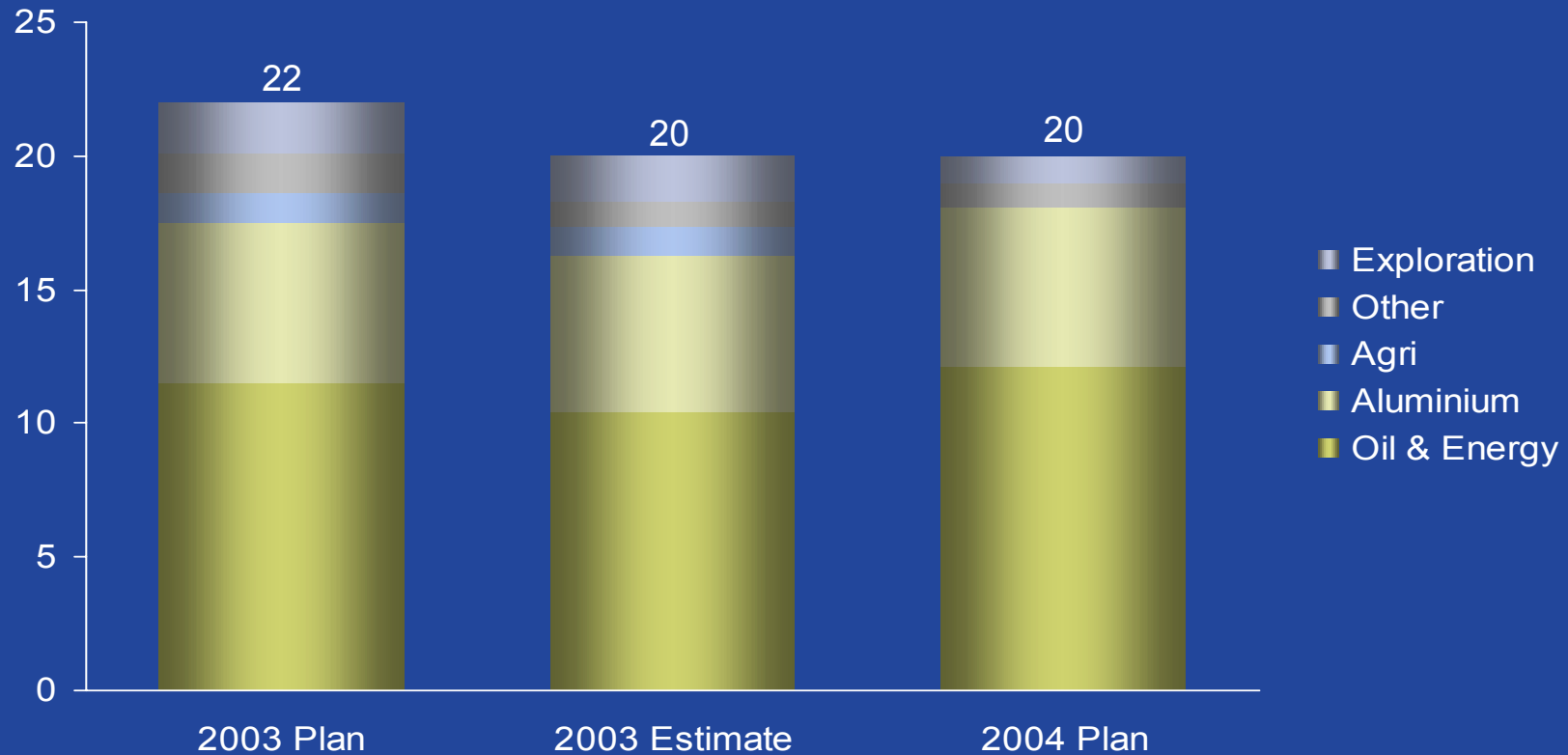
Dividend policy maintained



- 30% of Net Income as average over some years
- Supplemented by share buy-backs
- Increase in line with results

Capital expenditures*

NOK billion



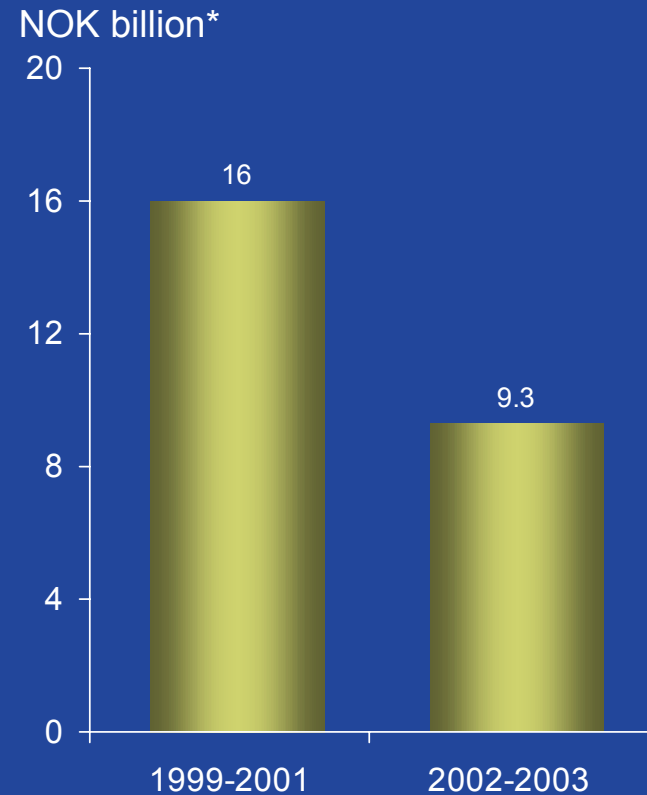
* Excluding implementation effect in 2003 of new accounting standard on asset retirement obligations (SFAS 143), totalling NOK 1.9 billion, Agri is not included in the 2004 allocation

High quality investment projects

- Ormen Lange, Norway
 - Strengthens Hydro's equity gas position
- Block 17, Angola
 - Increases Hydro's oil production internationally
- Sunndal, Norway
 - Expansion of Europe's largest aluminium smelter completed
- Alouette, Canada
 - Among the world's 10% lowest cost aluminium smelters
- Alunorte, Brazil
 - One of the lowest alumina conversion costs in the world
 - Improves Hydro's captive alumina coverage

Strong divestment record

- Deals signed in 2003
 - Scanraff
 - Gjøa
 - Carmeda
 - VAW IMCO
 - Other
- Total divestments for the period 1999 – 2003: NOK 25.3 billion



* All numbers are based on enterprise value

RoCE – new return metric

- Most commonly used metric for oil companies
 - Facilitates peer benchmarking
- Still focus on cash margins and asset productivity
- 10% IRR after tax for investment projects

Strong cost saving record

Initiatives to increase efficiency continue in all parts of the organization

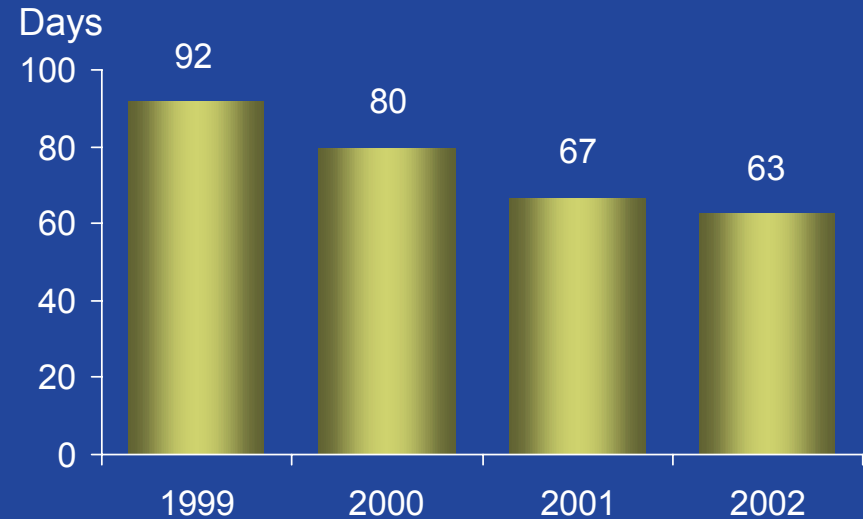
	Reduced manning	Annual cost saving (NOK million)	Compared to year
Saga Petroleum acquisition	800	1,000 ²⁾	1999
Oil & Energy improvements	800 ¹⁾	900 ²⁾	2002
Agri Turnaround	3,750	2,900	1998
Aluminium improvements	1,600	2,500	2001
Hydro Business Partner improvements	1,400 ¹⁾	1,500	2000

1) Including temporary hires

2) Gross cost savings

Reductions in net operating capital

- Substantial reductions in operating capital days achieved through
 - Efficient invoicing processes and optimal credit limits
 - Optimizing inventory levels
- Cash released



Financial priorities

- Earnings improvement
 - Meet profitability targets
 - Growth in Earnings per Share (EPS)
- Efficiency and capital discipline
- Successful Agri listing
- Financial preparedness



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Financial status and policies - Additional information

Indicative price and currency sensitivities 2004

NOK million

Price sensitivity ¹⁾	Pre tax	After tax	
Oil price (bbl)	1,450	390	USD 1 increase
Aluminium price (tonne)	875	615	USD 100 increase
USD sensitivity ^{1) 2)}	Pre tax	After tax	
USD Oil & Energy	2,900	785	1 NOK increase
USD Aluminium	2,100	1,475	1 NOK increase
USD before financial items	5,000	2,260	1 NOK increase
USD Financial items ³⁾	(2,500)	(1,400)	1 NOK increase
USD Net income	2,500	860	1 NOK increase

1) Reference prices: Oil 18 USD/bbl, Aluminium 1,500 USD/tonne and NOK/USD exchange rate 8.0

2) USD sensitivity estimates assuming USD/NOK changes, all other currencies fixed against NOK

3) Excluding cash flow and equity hedge total exposure USD 1,100 million and USD 350 million debt in USD-based subsidiaries



Financial solidity - calculation

Amounts in NOK Million		31 December 1998	31 December 1999	31 December 2000	31 December 2001	31 December 2002	30 September 2003 ⁵⁾
[A]	Cash and cash equivalents	1,936	7,435	21,766	27,148	5,965	16,461
[B]	Other liquid assets	2,493	2,535	2,490	2,421	2,647	1,743
[C]	Bank loans and other interest-bearing short-term debt	(5,150)	(7,361)	(9,088)	(8,458)	(7,306)	(5,994)
[D]	Current portion of long-term debt	(1,587)	(907)	(2,209)	(1,966)	(1,958)	(1,192)
[E]	Long-term debt	(24,105)	(42,228)	(40,174)	(37,853)	(30,902)	(29,423)
[F]=[A]+[B] +[C]+[D]+[E]	Net interest-bearing debt	(26,413)	(40,526)	(27,215)	(18,708)	(31,554)	(18,406)
[G]	Net pension liabilities at fair value ¹⁾	3,196	4,772	2,561	(2,133)	(10,107)	(11,399)
[H]	Expected income tax benefit, 30% ²⁾	(959)	(1,432)	(768)	640	3,032	3,420
[I]=[G]+[H]	Net pension liabilities tax adjusted	2,238	3,341	1,793	(1,493)	(7,075)	(7,979)
[J]	Operating lease commitments discounted at 10% ³⁾	(2,792)	(4,728)	(6,469)	(5,072)	(4,924)	(4,924)
[K]=[F]+[I] +[J]	Adjusted Net interest-bearing debt	(26,967)	(41,914)	(31,891)	(25,272)	(43,552)	(31,309)
[L]	Net pension liabilities not recognized with equity effect ⁴⁾	733	2,736	610	(2,767)	(6,994)	(7,011)
[M]	Expected income tax benefit, 30% ²⁾	(220)	(821)	(183)	830	2,098	2,103
[N]=[L]+[M]	Equity adjustment off-balance sheet pension liabilities	513	1,915	427	(1,937)	(4,896)	(4,908)
[O]	Minority interest	1,266	1,323	1,419	1,051	1,143	669
[P]	Shareholders' equity	48,245	59,497	71,226	74,793	75,867	84,650
[Q]=[N]+ [O]+[P]	Adjusted Shareholders' equity and minority	50,024	62,735	73,072	73,907	72,114	80,411
[R]=[K]/[Q]	Adjusted debt / equity ratio	0.54	0.67	0.44	0.34	0.60	0.39

Forward-Looking Statements/ Use of Non-GAAP Financial Measures

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Cecilie Ditlev-Simonsen
Head of Corporate Communication



Branding for better business

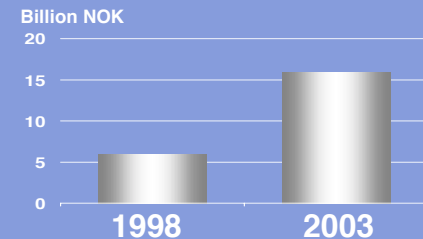
Capital Markets Day
December 11, 2003

A new Hydro is emerging...



Sales and Assets
Divested
NOK 25 billion

Improved earnings

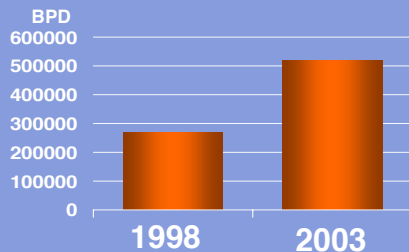


VAW

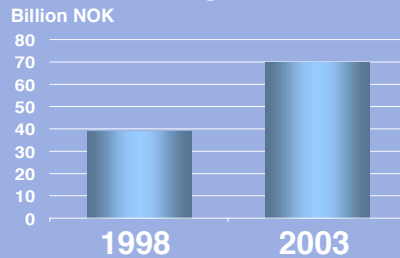
Major change

Contribution
to society
NOK 57 billion
in taxes

Oil/gas production



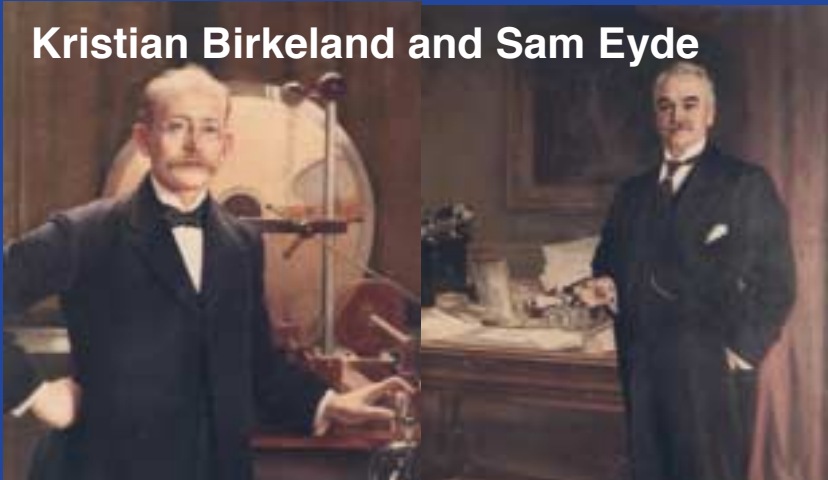
Aluminium production



Agri
turnaround

Leveraging a powerful legacy

Kristian Birkeland and Sam Eyde



Rjukan Waterfalls



First class project execution



We should capitalize on our brand strength to tell a more compelling story

But this is not just about story-telling

Making the Hydro brand explicit

The promise Hydro makes as one company,
which shapes our relationship with all stakeholders,
based upon our identity



The Hydro brand is a tool for value creation

- Common platform will ensure alignment and efficiency
- Stronger international brand will drive performance and perceptions
- Clearly defined brand will enhance differentiation and deepen customer loyalty
- The decision to list Agri reinforces the need to define Hydro's identity and values going forward



The intangible but valuable sum of...

- Vision and values
- Business strategy
- Business results
- History
- Reputation
- Leaders and employees
- Customers and partners
- Switchboard and reception services
- Profiling and communication strategies



The pillars of the Hydro brand

- Our institutional talents
- Our mission
- Our values

We have called this The Hydro Way

Hydro's Institutional Talents

- An ability to develop **source businesses**
- A drive to **optimize**
- An instinct to **commercialize**
- A passion for **social commerce**

Hydro's mission is *to create a more viable society by developing natural resources and products in innovative and efficient ways*

Who we are

Hydro creates a more viable society
by developing natural resources and products
in innovative and efficient ways

What we do

Hydro creates a more viable society
by developing natural resources and products
in innovative and efficient ways

How we do it

Hydro creates a more viable society
by developing natural resources and products
in innovative and efficient ways

Courage

Facing challenges and taking measured risks,
despite uncertain outcomes

A photograph of several wind turbines in a field, with a focus on the nacelle and blades of one turbine in the foreground. The sky is a pale, overcast blue.

Respect

Acting with integrity and recognizing the inherent worth of all people, the value of the earth and the resources it provides

Determination

Defining a goal and
staying the course

Cooperation

Working with others in an
open and inclusive way

Foresight

Seeing around corners and
envisioning long-term opportunities

Implications of The Hydro Way

- Strategic priorities
- Customer Relationship Management
- Management Development
- Performance Management
- Recruitment
- Communication and profiling



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Hydro Aluminium

Jon-Harald Nilsen
Executive Vice President



Performance and strategic progress

Capital Markets Day
December 11, 2003

Presentation outline

- Market
- Performance
- Strategy - portfolio
- Special update
 - Primary Metal cost position
 - Rolled products segment
 - Extrusion and Automotive segment

What we said and what we have done

What we said

- Deliver improvement programs and value capturing as planned
- Further enhance value of HAL-VAW
- Win market share based on strengths
- Improve relative cost position for smelter system
- Continue active portfolio management
- Meet 10% CROGI target 2004 (normalized prices)

What we have done

- Ahead of plan
- Alouette expansion, litho expansion, best practise sharing
- On track – ahead in selected segments
- Controllable cost elements and projects on track.
- Out: Flexpack, VAW-IMCO JV, Søderberg
In: Alunorte II, Comalco, Talum, Sayansk
- Continued improvements in 2003

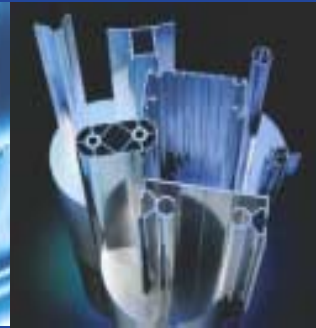
Hydro Aluminium's value chain

Bauxite/
alumina



Electrolysis
metal

Casthouse
products



Rolling Extrusion

Fabrication
& Systems



Automotive

Solid growth expected

Saving weight
in cars



Construction
material



Packaging



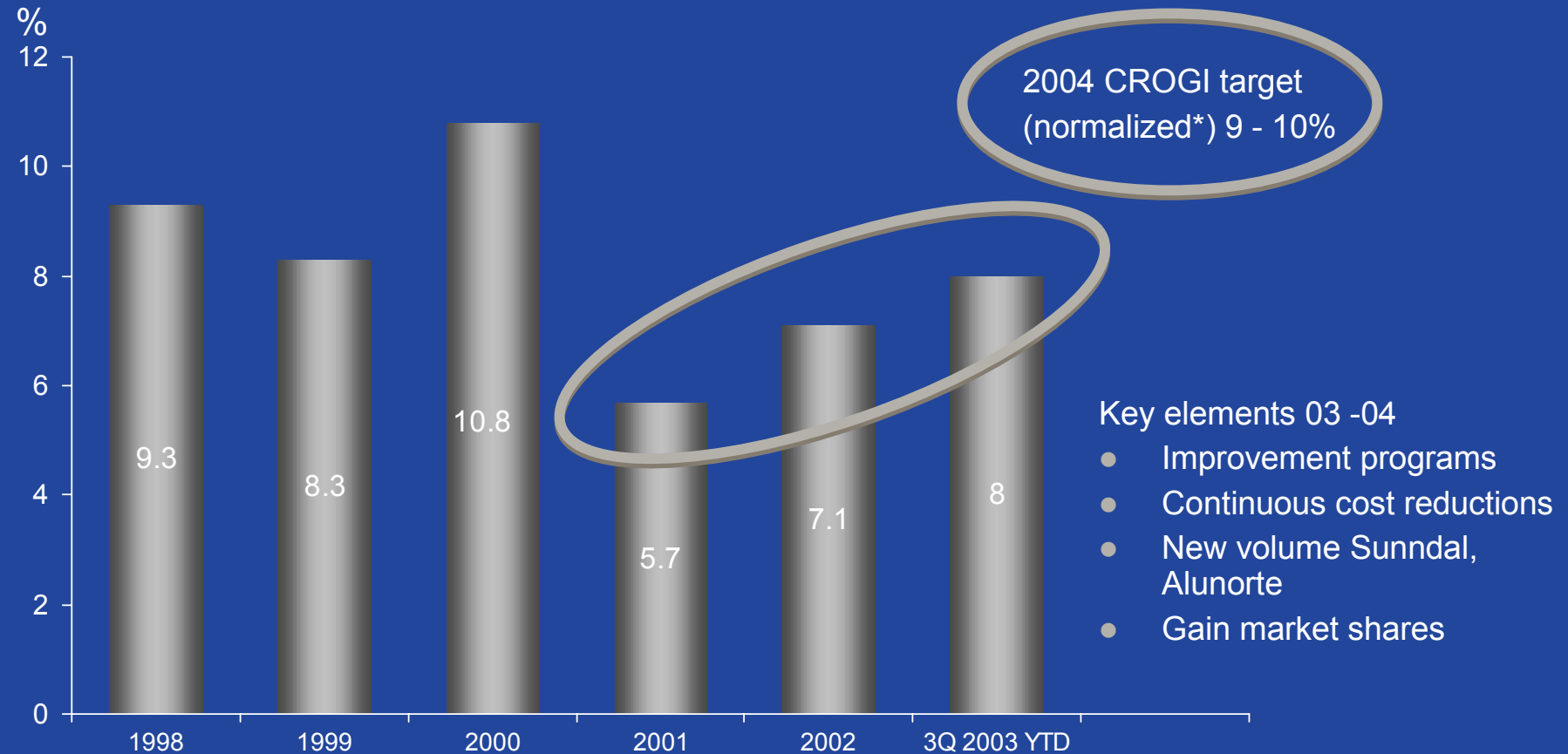
Recyclability up to 90%
Only 5% energy use in recycling



4 – 4.5%
**global
growth
going
forward**

Continuous CROGI improvement

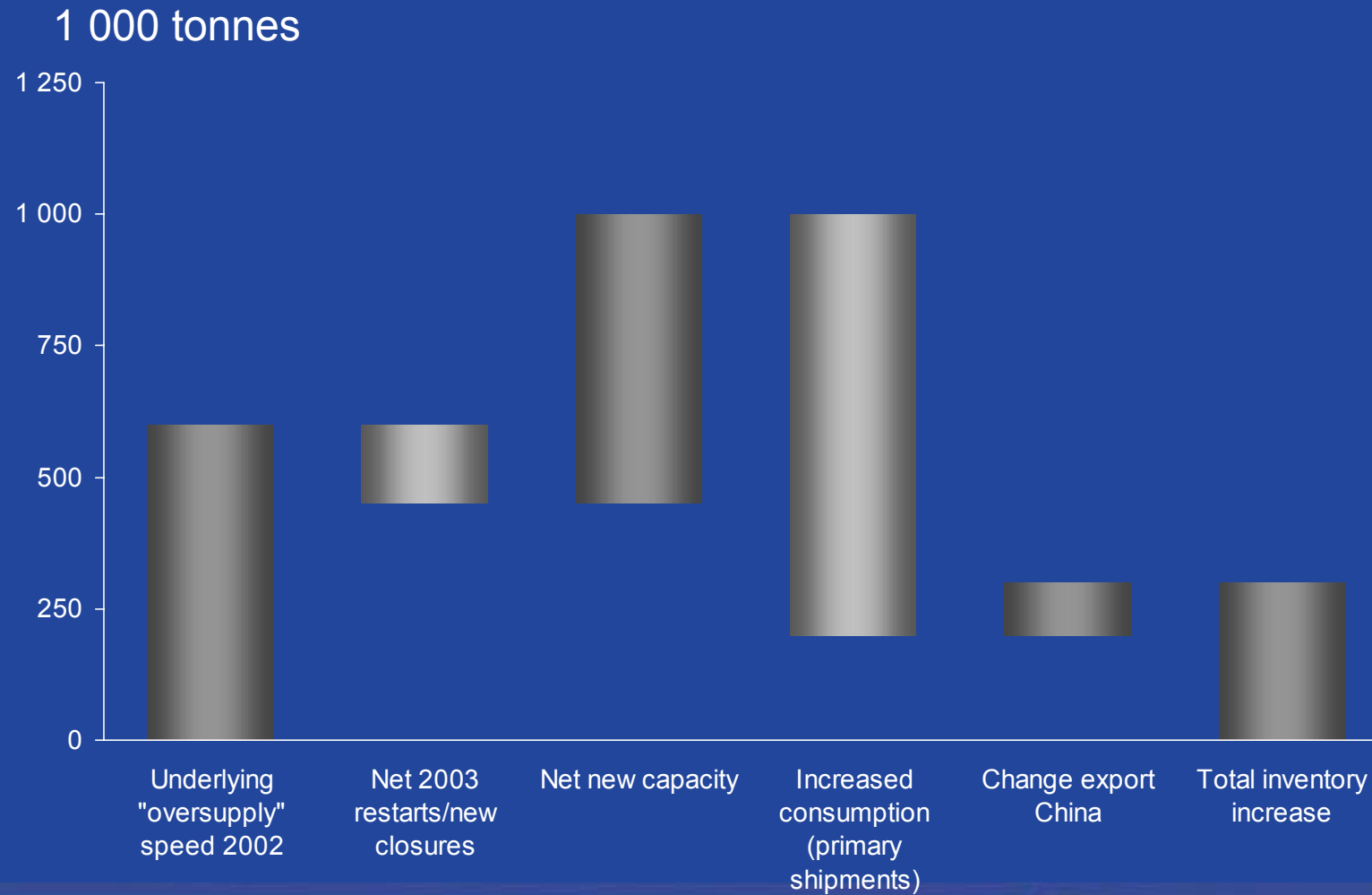
CROGI 1998 – 2003: Actual prices



* With normalized LME price (USD 1 500/tonne) and 8 NOK/USD

Metal products margins and downstream margins are not normalized, neither metal part nor currency

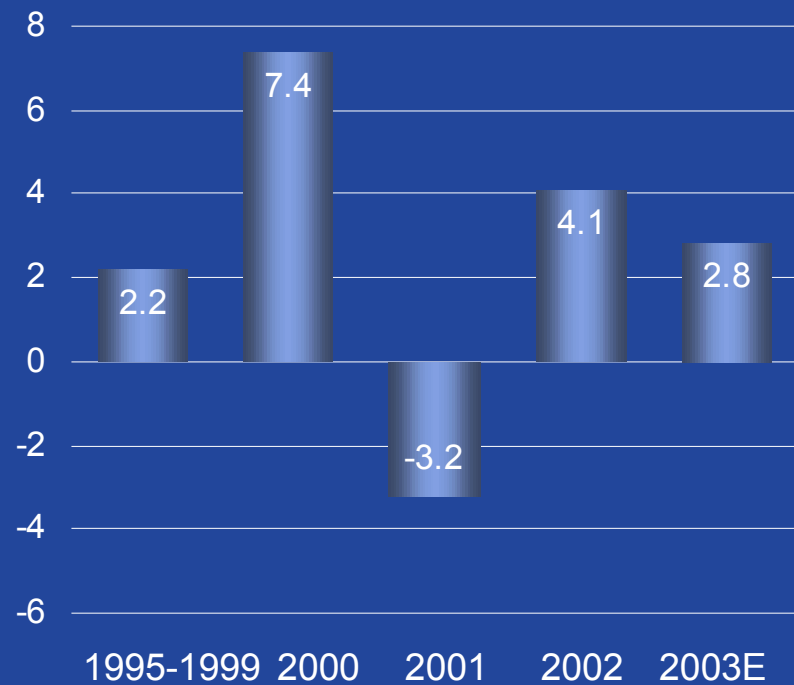
Metal balance 2003 better than expected



Europe: Weak markets

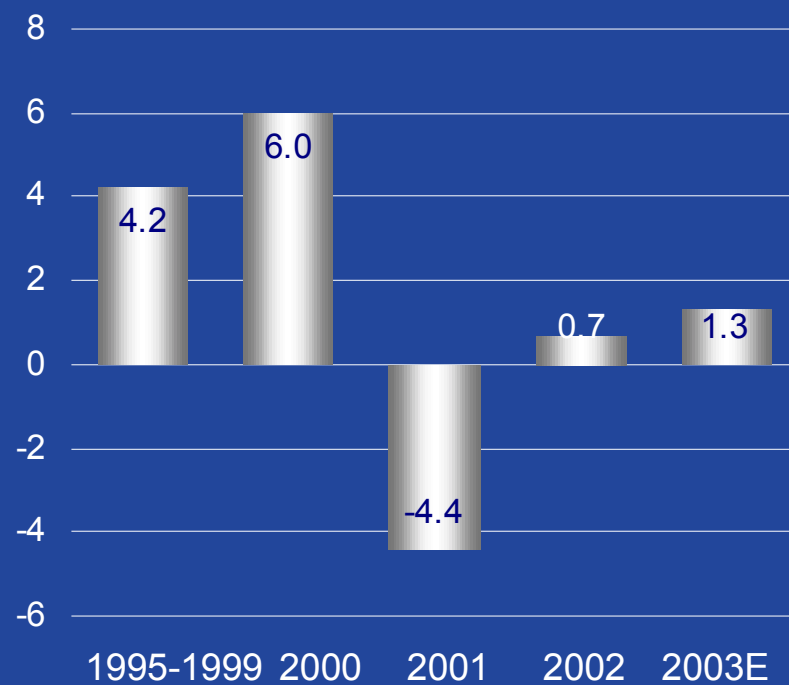
Rolled products shipments

Annual change in %



Extrusion shipments

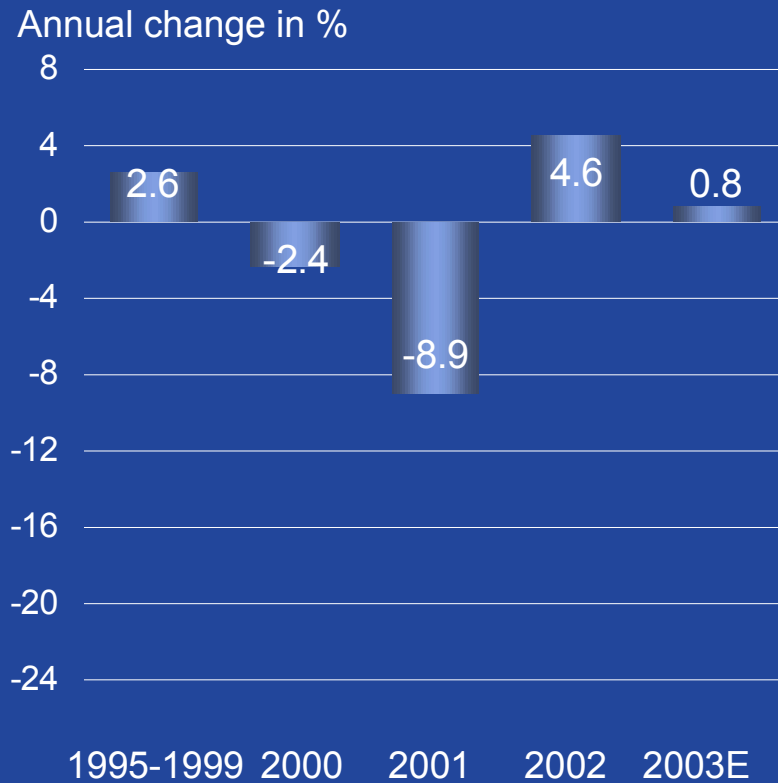
Annual change in %



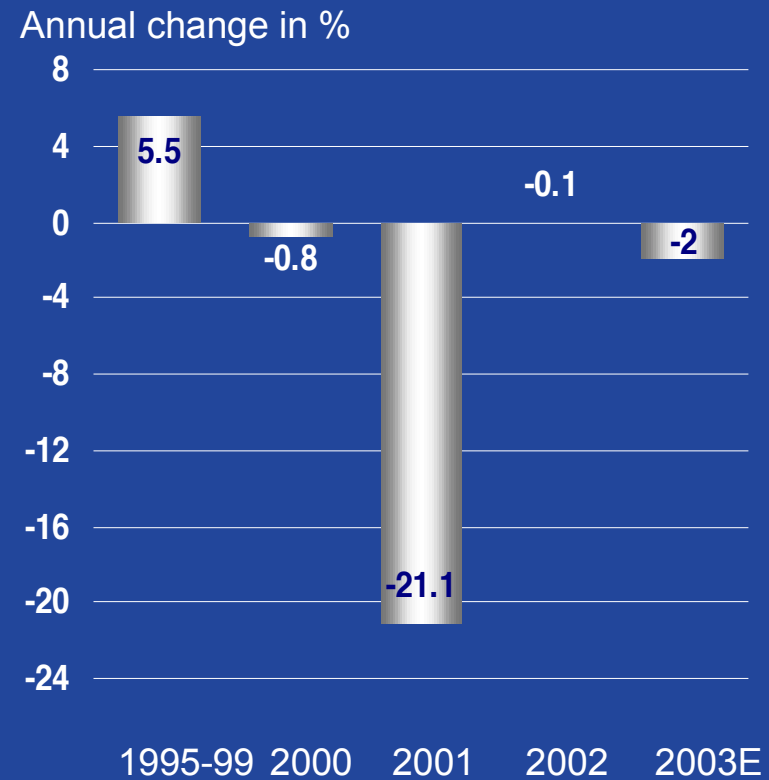
Source: EAA

US Markets still weak

Rolled products shipments

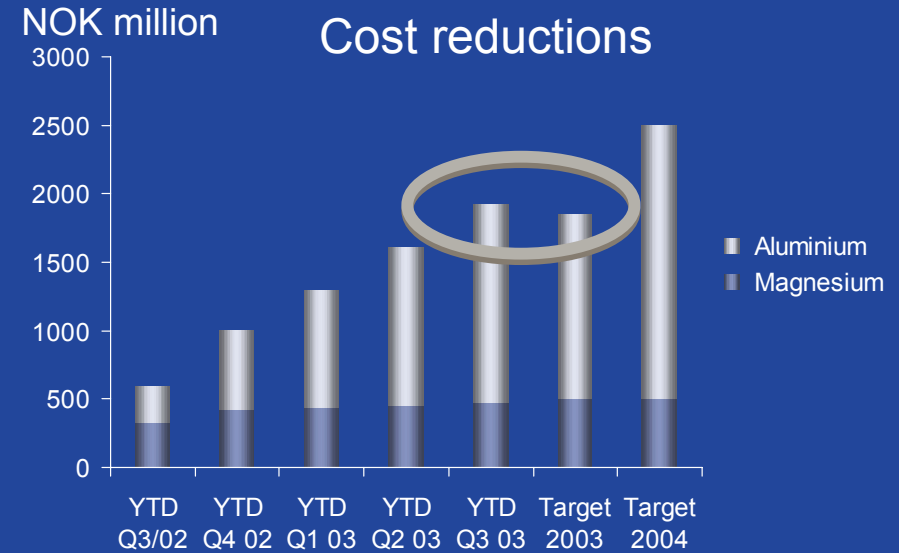
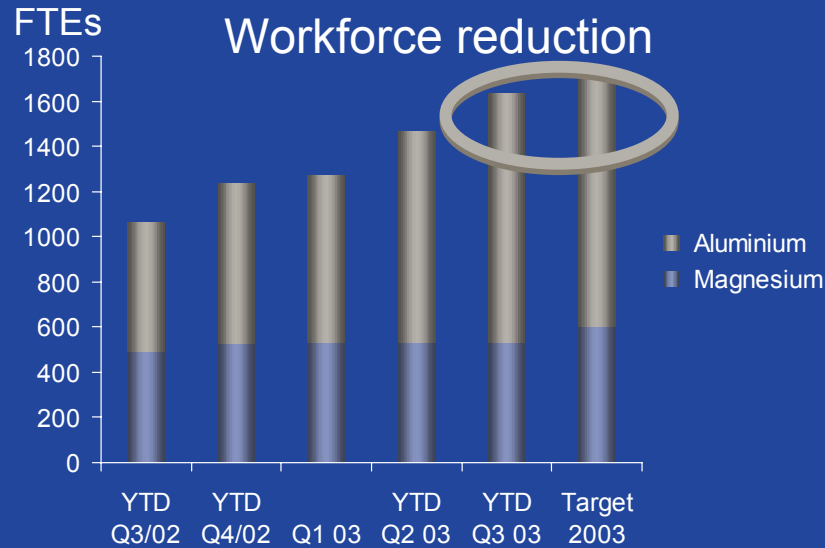


Extrusion shipments



Sources: CRU, AA

Announced improvement programs delivered



Restructuring and rationalization costs (NOK million)

	Realized			Remaining	Total
	2001	2002	2003	Estimate	
Magnesium	700	-10	0	24	714
Aluminium	-	300 *)	91**)	109	500

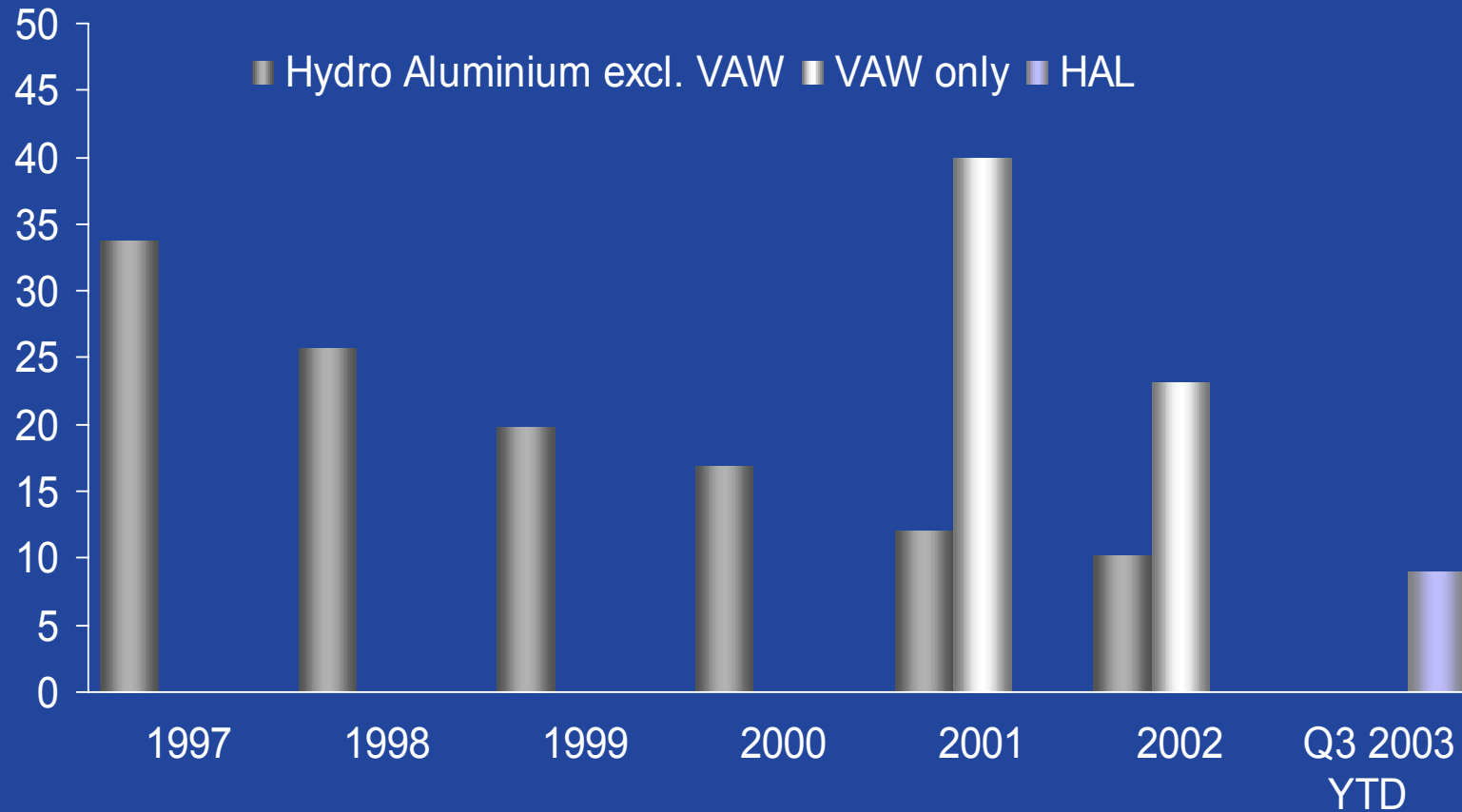
Workforce and cost reductions relative to 2001

*of which NOK 89 million charged to VAW opening balance

**of which NOK 14 million is infrequent

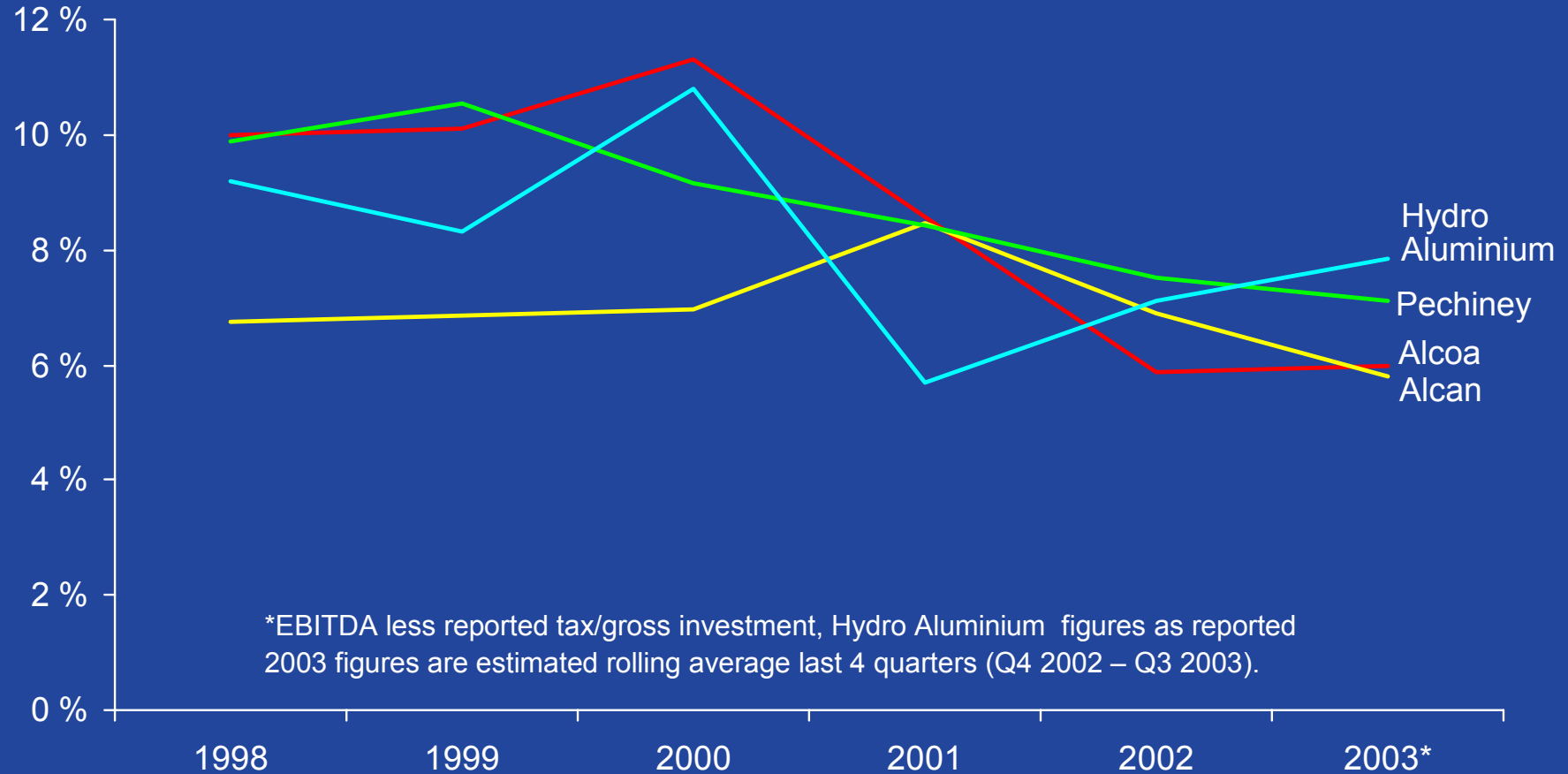
Strong safety improvement

Total recordable injuries per million worked hours



Profit level for the industry still a challenge

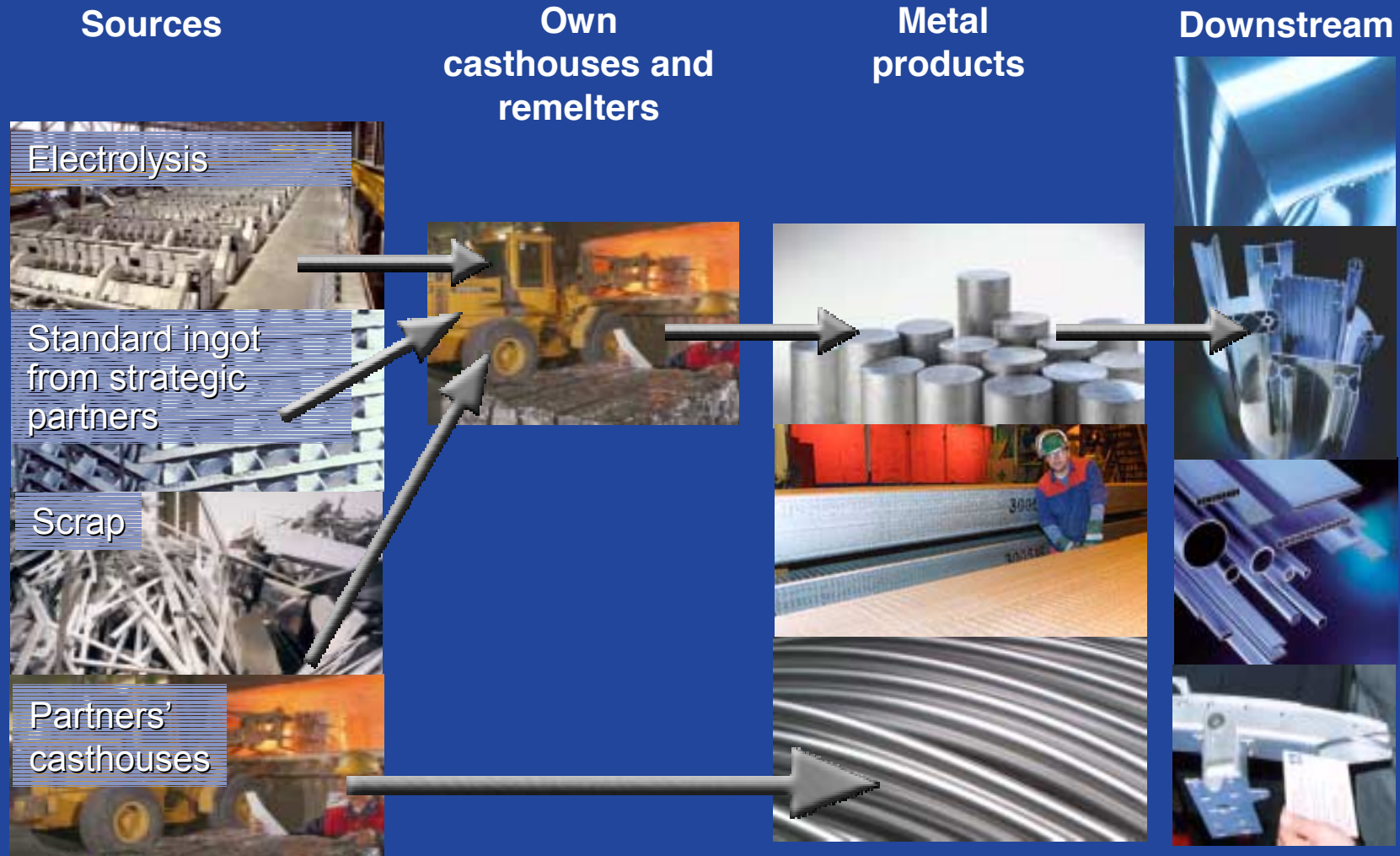
CROGI proxy



*EBITDA less reported tax/gross investment, Hydro Aluminium figures as reported
2003 figures are estimated rolling average last 4 quarters (Q4 2002 – Q3 2003).

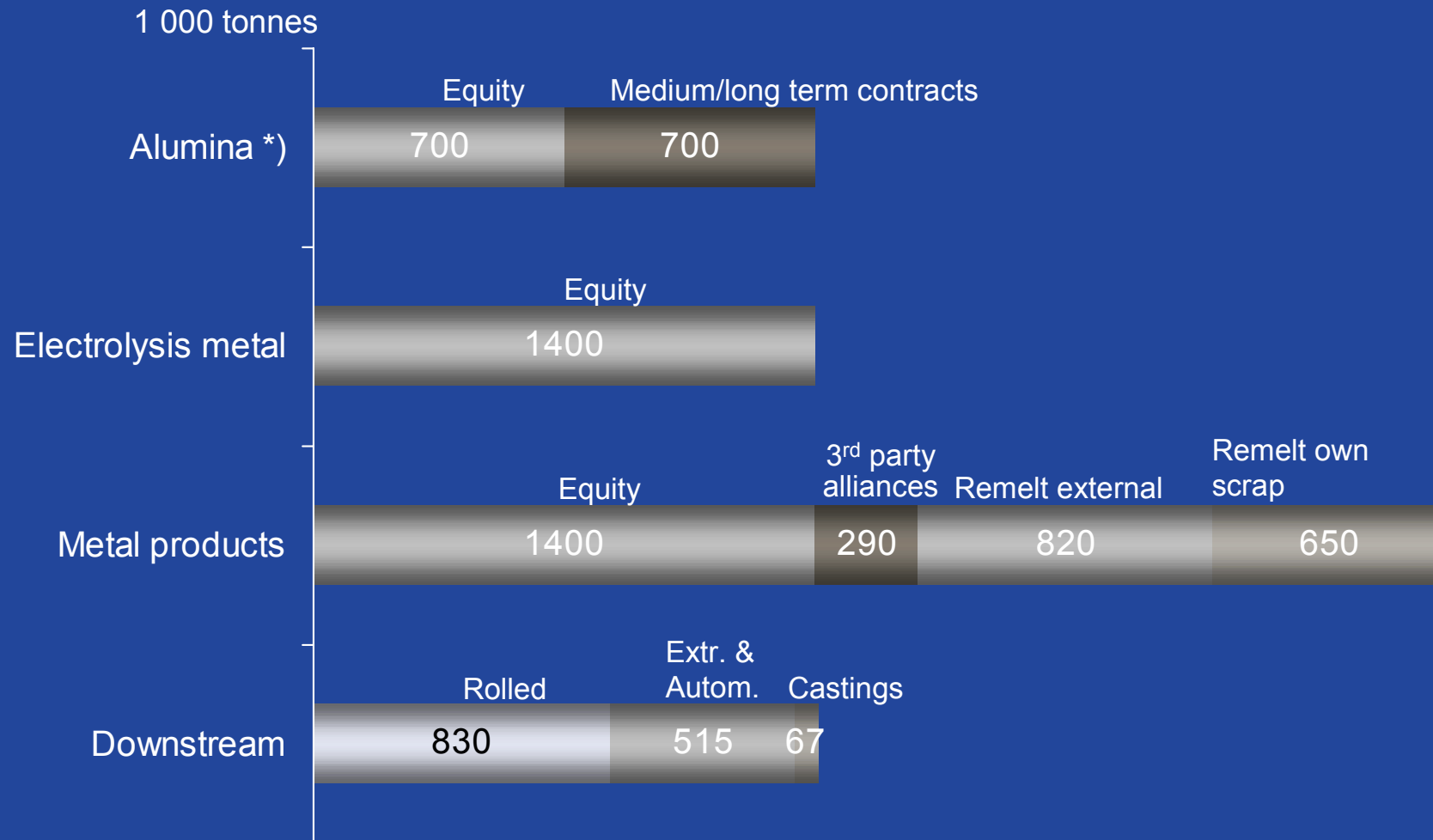
Source: Annual and quarterly reports, Hydro estimates

Hydro Aluminium metal flow - more margin business



A unique portfolio composition

Proforma 2002 figures



* Aluminium equivalents (2 tonnes alumina per tonne aluminium)



A unique portfolio composition 2002 versus 2005 estimate



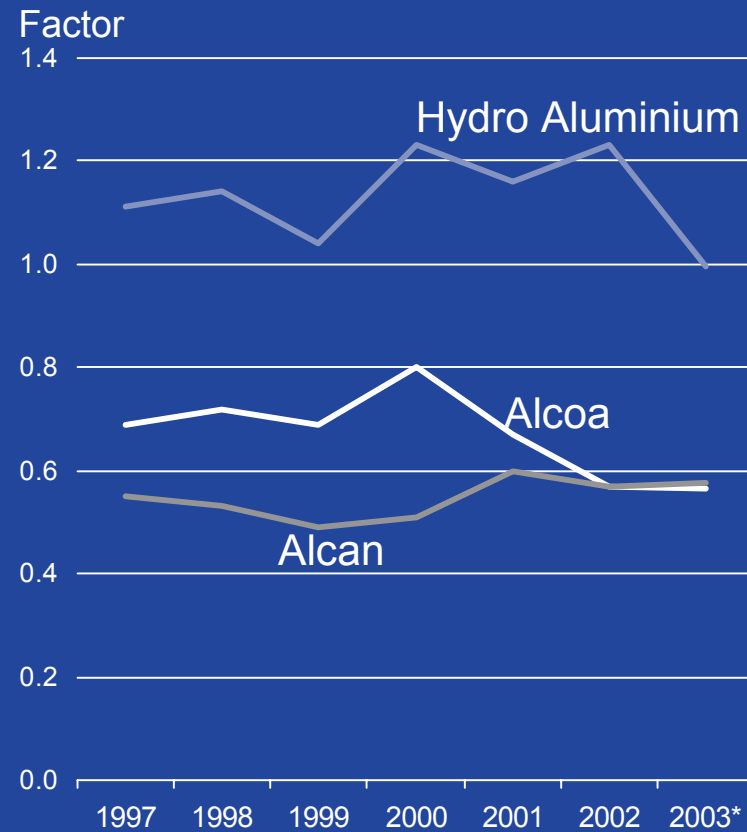
* Aluminium equivalents (2 tonnes alumina per tonne aluminium)



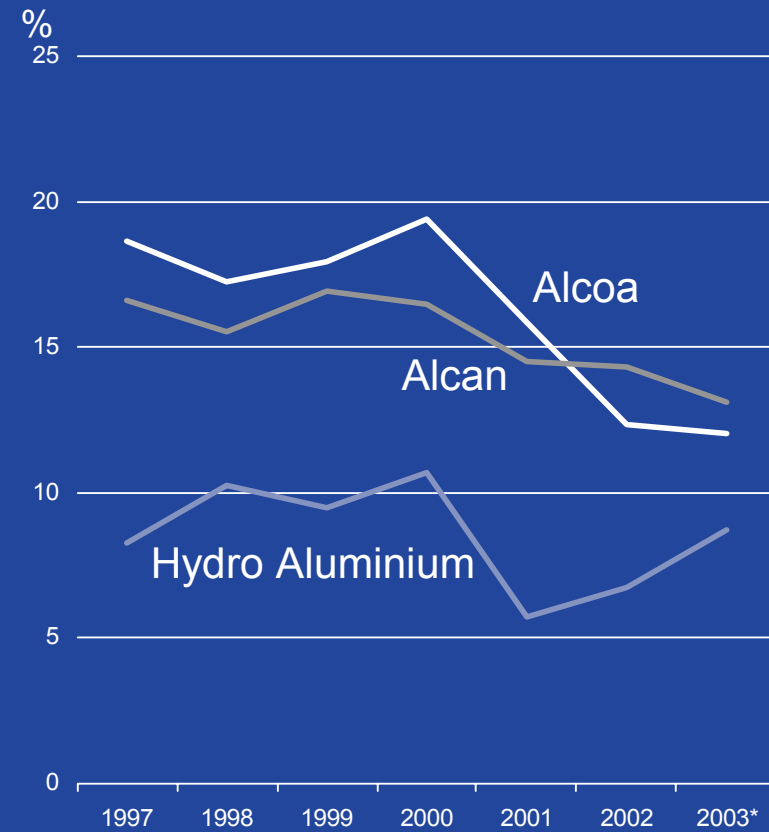
HYDRO

A unique portfolio: Higher capital turnover

Revenues / Gross Investments



EBITDA / Revenues



Source: Company reports, Hydro estimates. Proxy figures where needed to get comparative figures.
 *2003 estimated rolling average last four quarters (4Q 2002 – 3Q 2003.)

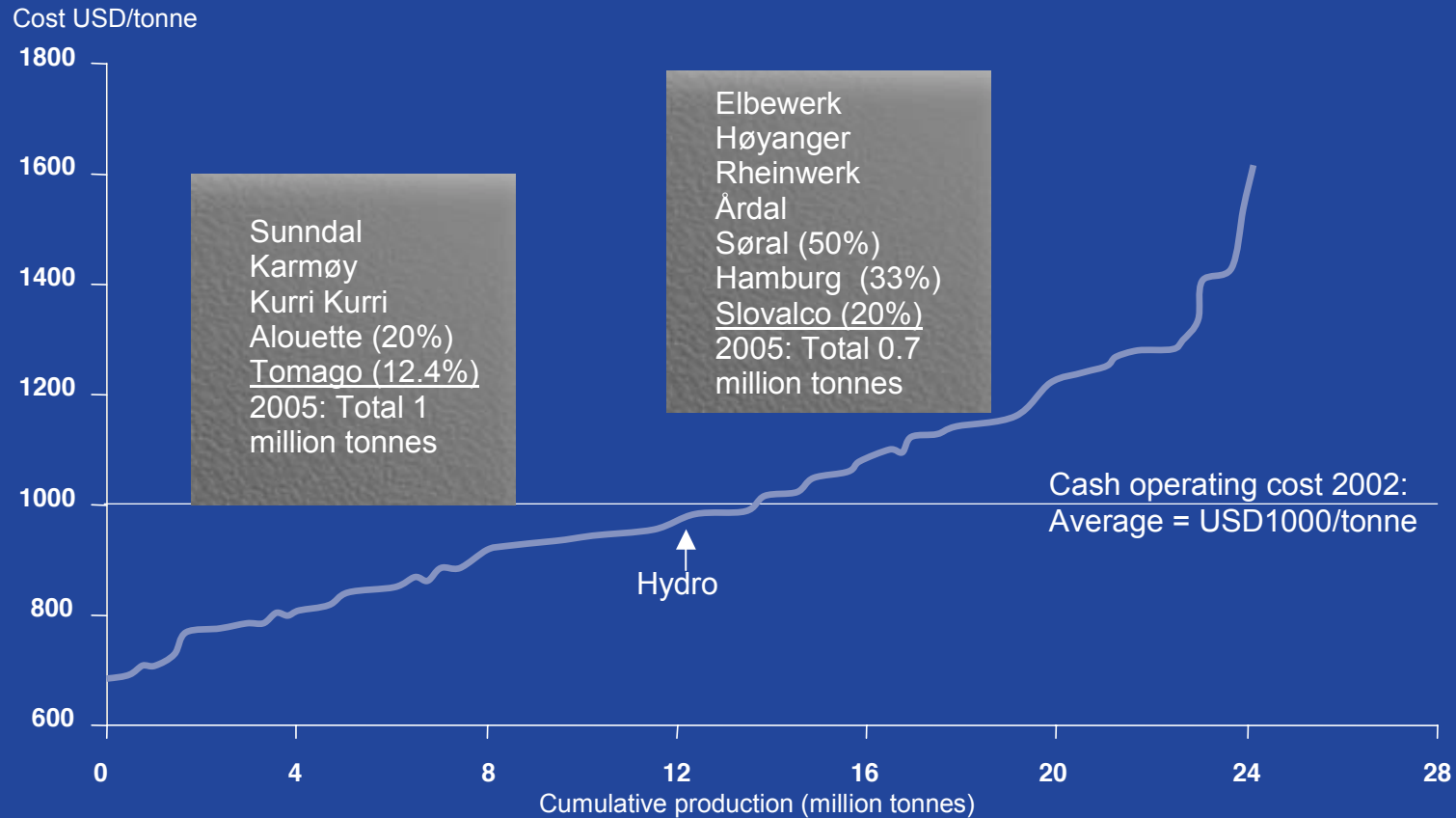


- Primary cost position
- Rolled products segment
- Extrusion and Automotive segment



Special update

Smelter cost curve 2002



Note: Cash operating cost calculated as the sum of liquid metal cost, casthouse cost, casting losses, site overhead cost, freight cost, interest on work in progress, margin cost and head office cost.

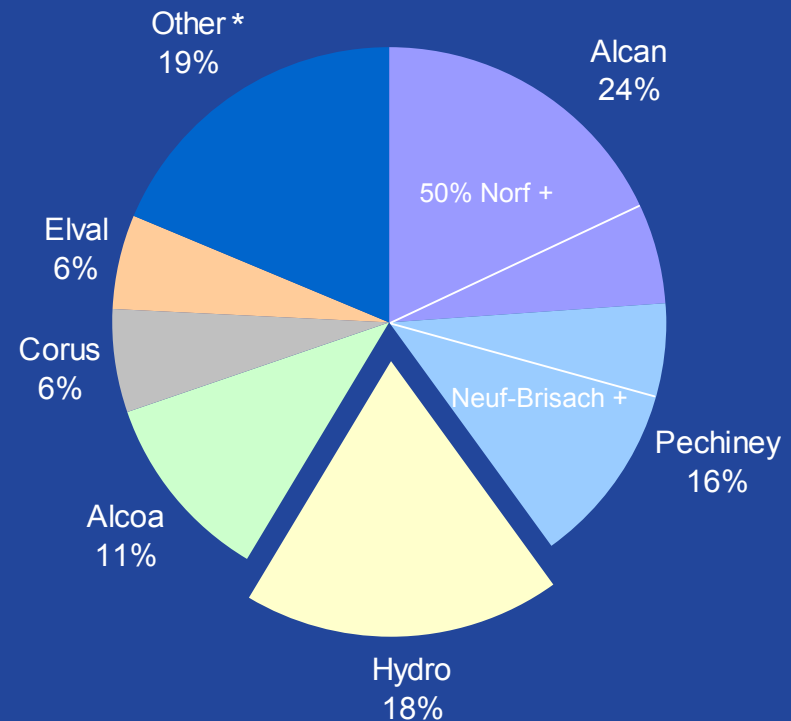
Source: CRU. Assumptions LME 2002: USD 1364. USD/NOK 2002: 7.98

Rolled Products: Further industry restructuring

- Industry returns in Europe has been low for many years
- Capacity utilization at < 80%
- Industry restructuring continues

Market shares Europe 2002

Total sales 3,520 kt



* Others include imports

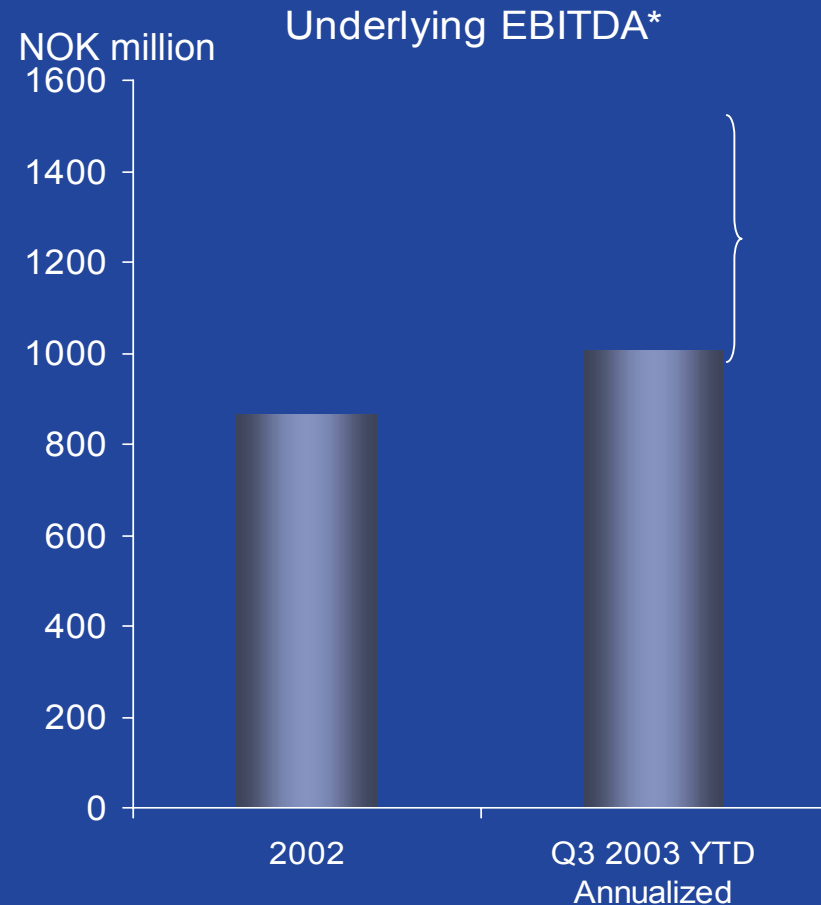
Source: EAA, Hydro Aluminium estimates



HYDRO

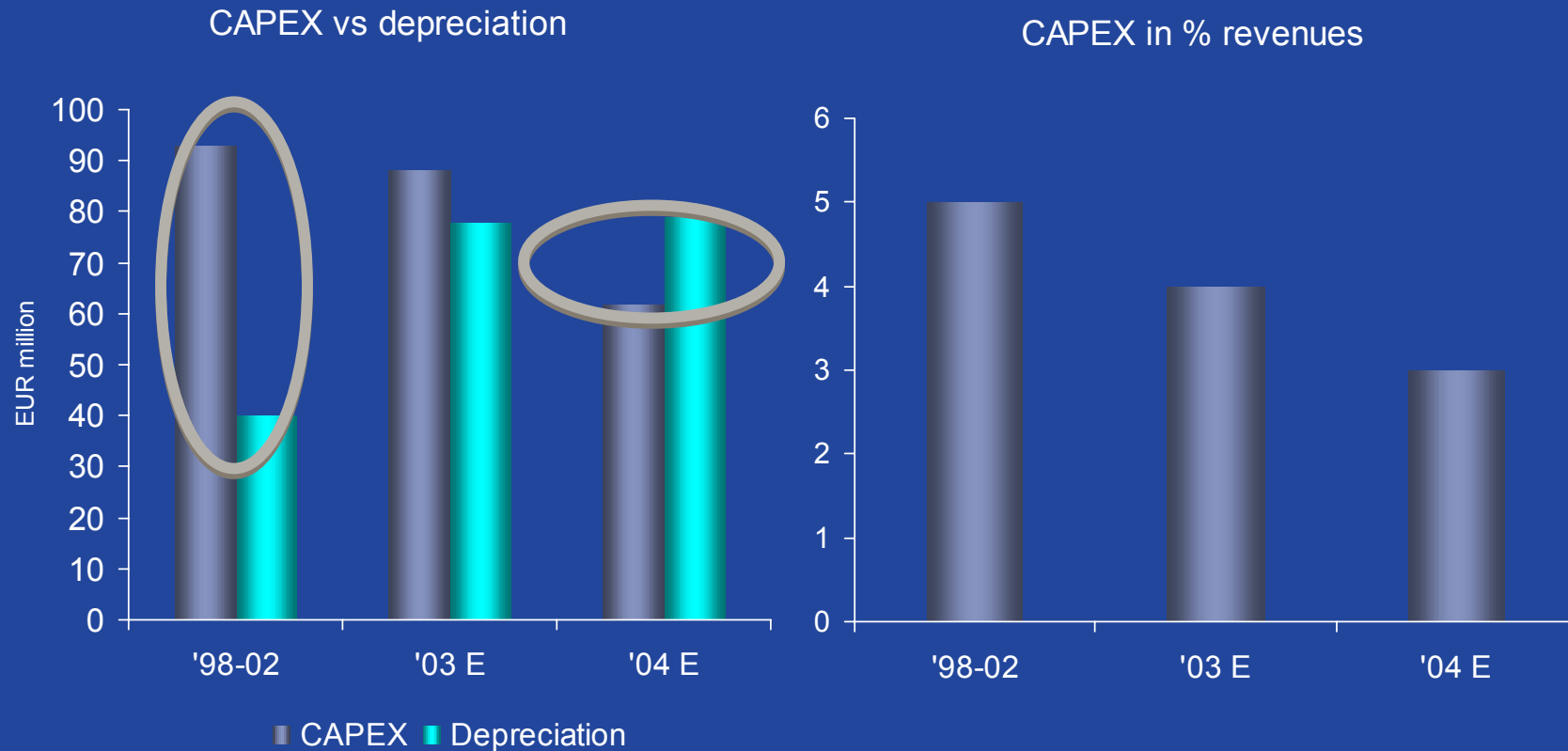
Rolled Products: Closing the performance gap

- Improve relative cost position
- Optimize production system
- Continue to grow in high-margin segments
- Expand product offerings – commercial and technical services
- Stronger focus on margins



*) For explanation of adjustments to underlying EBITDA see appendix

Rolled Products: Improved net cash flow ahead



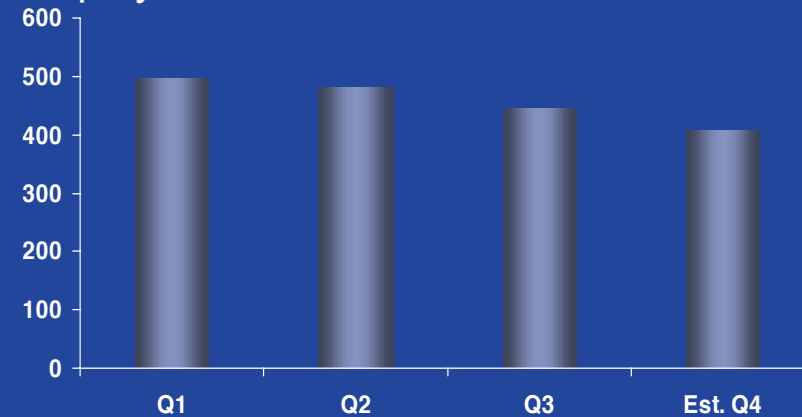
Historical figures: Hydro + VAW consolidated
CAPEX for VAW acquisition excluded



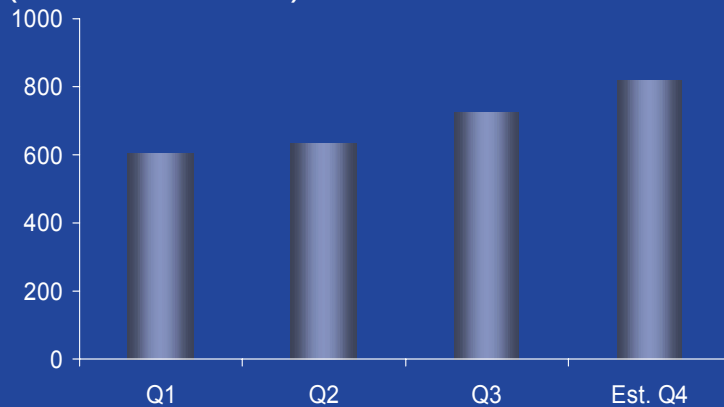
Rolled Products: The Holmestrand turnaround

- Cost focus
- Competence sharing
- Product optimisation – higher margin segments

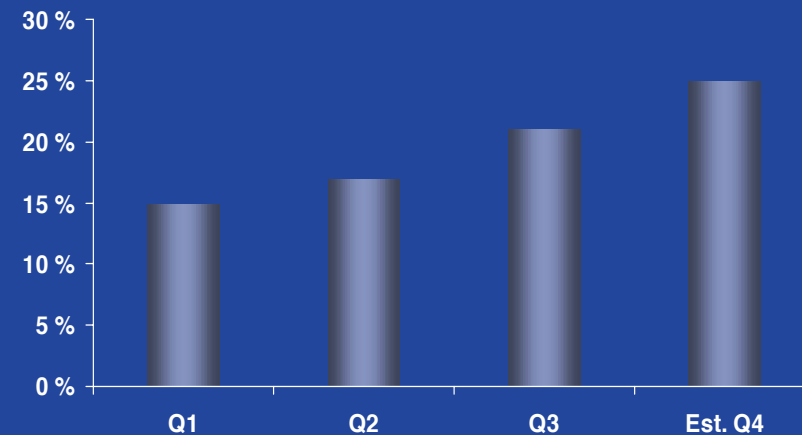
Employees



Thin gauge mill productivity
(meters/minute)



Heat exchanger & foil – share of production



Extrusion and Automotive segment

Extrusion



Revenue: NOK 12.5 bn

Above profit target

Selective growth

North America



Revenue: NOK 5 bn

Below profit-target

Gap to be closed through continued operational improvement, volume growth and improved product mix

Automotive



Revenue: NOK 7.5 bn

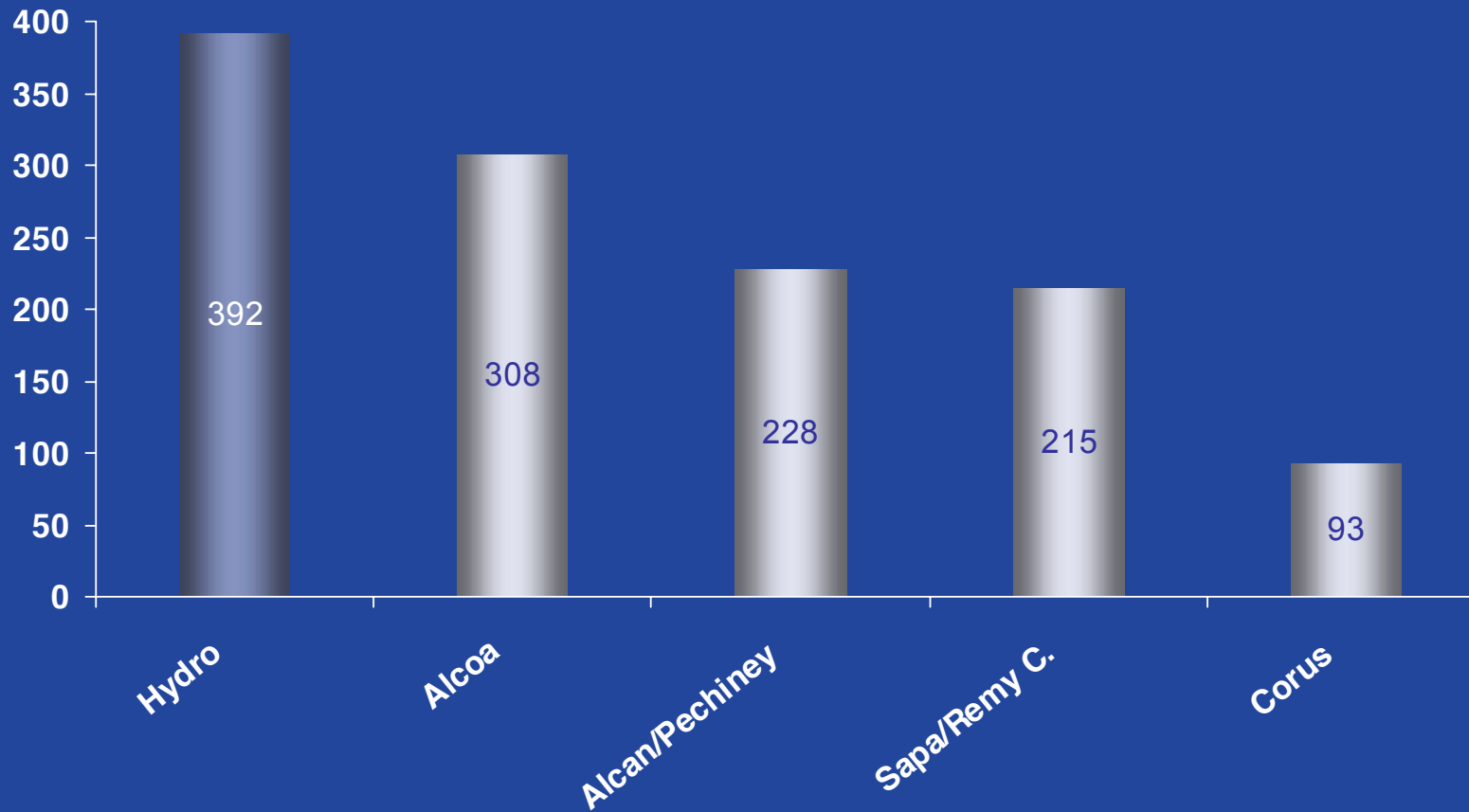
Below profit target

Improving: Gap to be closed through cost improvements, focused portfolio and selective growth

Turnover is Q1 – Q3 2003 annualized

Extrusion: Leading in Europe

Sales, 1 000 tonnes



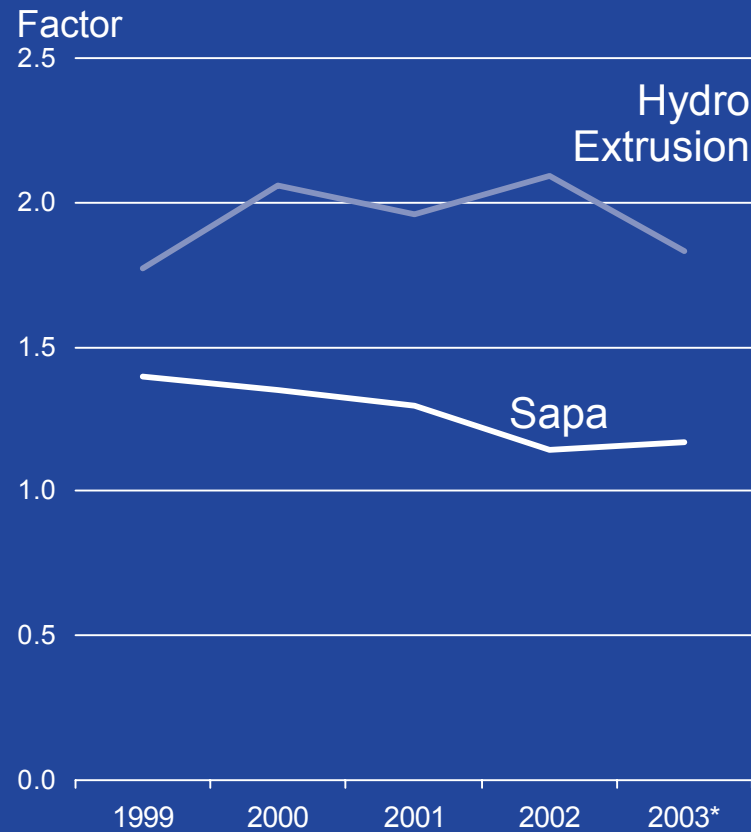
Estimated for Western Europe based on figures from 2002.

Proforma figures for SAPA/Remy C. and Alcan/Pechiney. Includes extrusions in Automotive

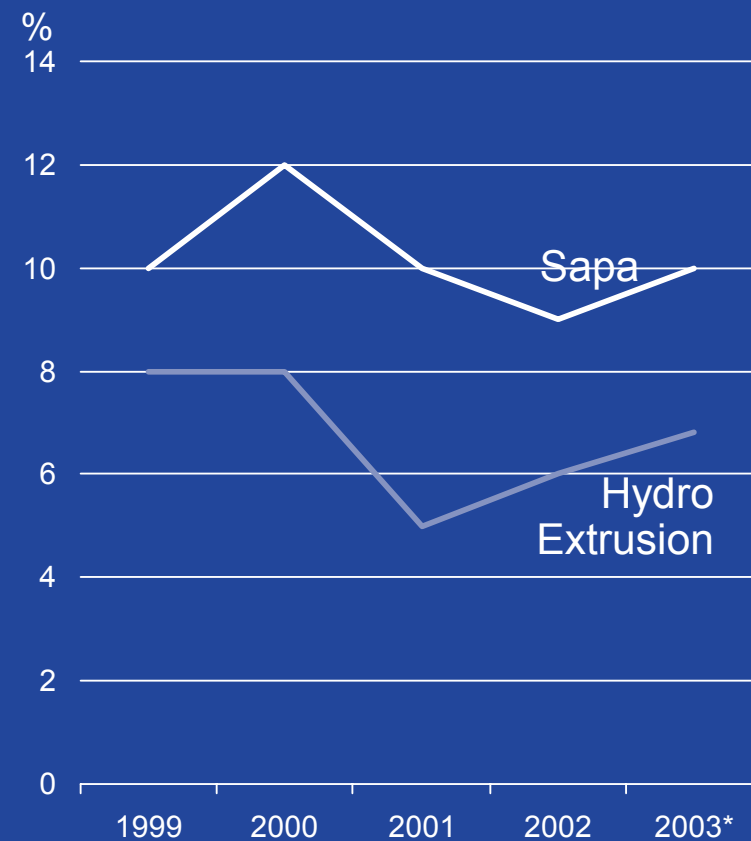
Source: Annual reports, Hydro estimates, CRU, Alken

Extrusion Sector: High capital turnover – attractive profit

Revenues / Gross Investments



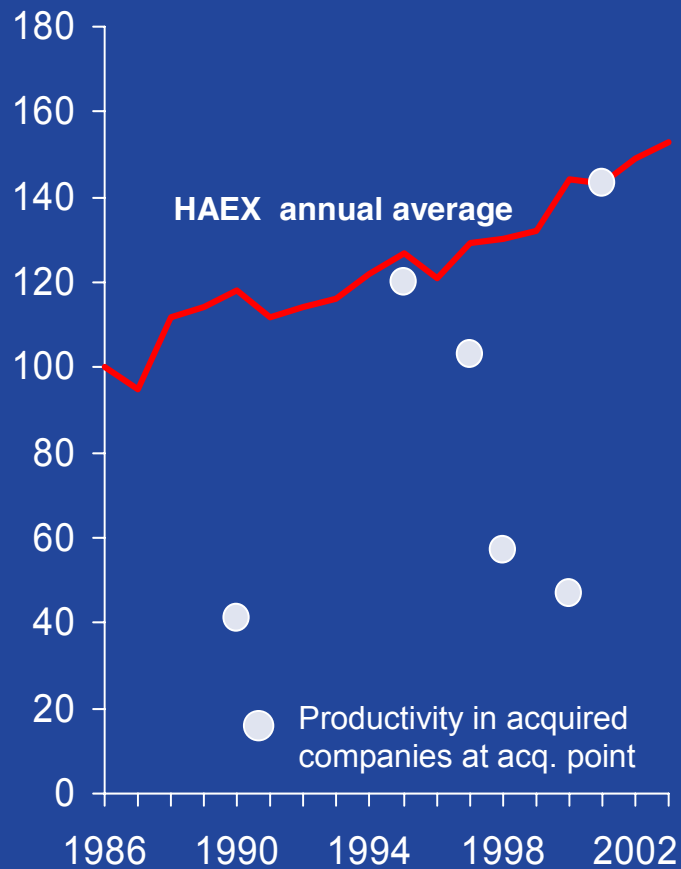
EBITDA / Revenues



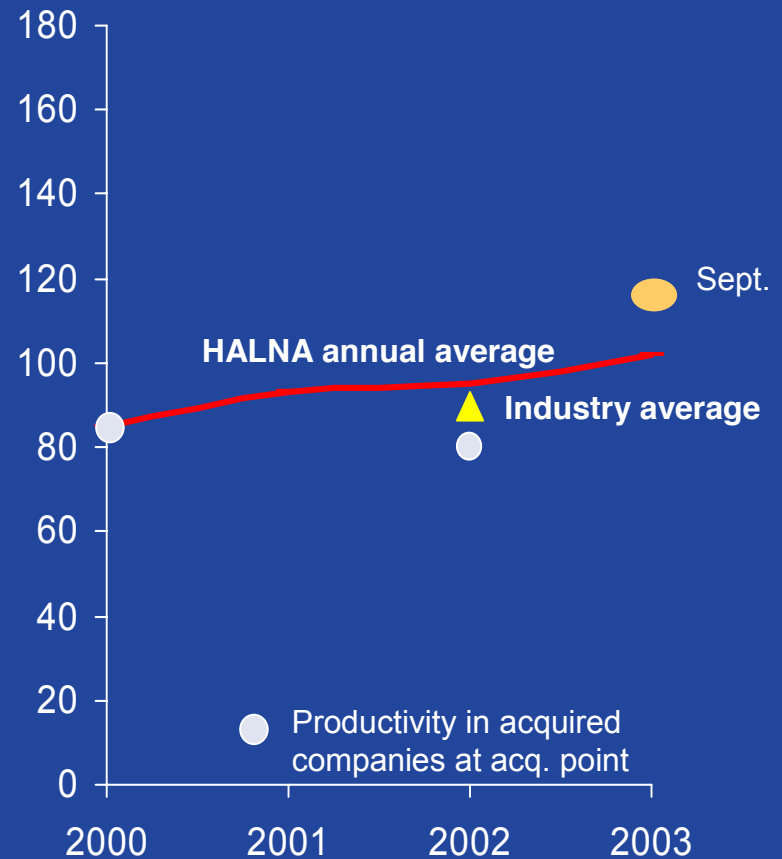
Source: Company reports. Hydro estimates. Proxy figures where needed to get comparative figures.
*2003 3Q YTD figures

Operational excellence – best practice deployment

Extrusion Europe & South America
Kg/presshour (index, 1986=100)

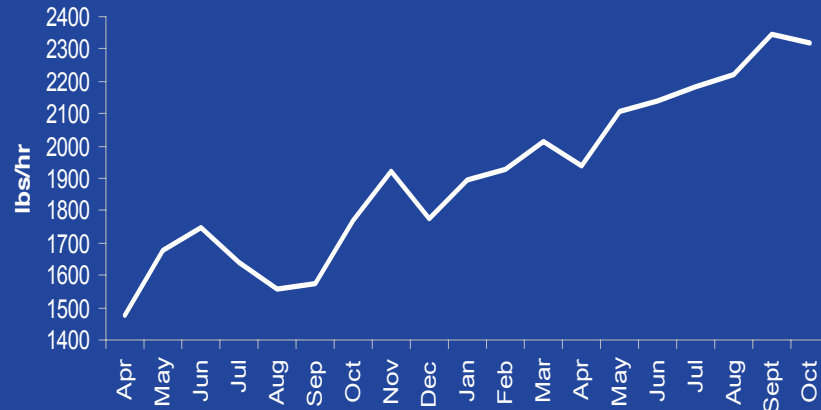


Extrusion North America
Kg/presshour (index, European 1986=100)



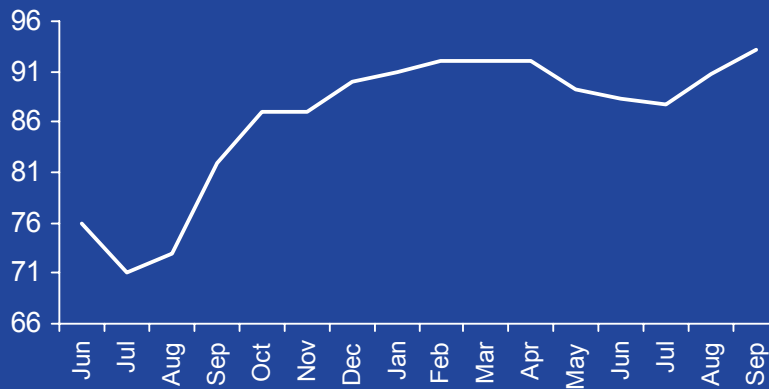
North America: Closing the performance gap

Press productivity

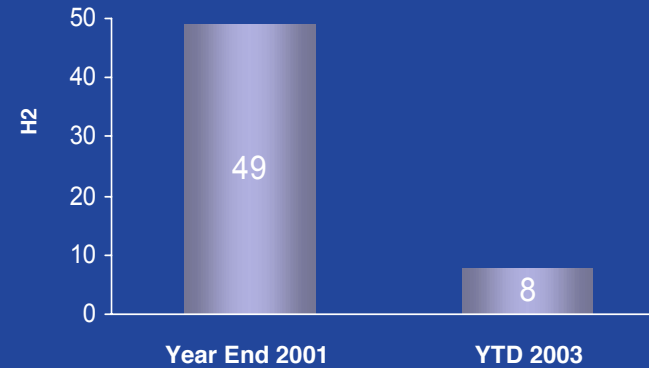


- Closed plant
- Closed presses
- Fewer shifts
- Operational improvement

On time delivery, %



Safety – TRI rate



Automotive: Closing the performance gap

Precision tubing (NOK 2 billion revenues)

- Continue to grow – small niches with strong positions
- China – new plant to be built in 2004

Casting (NOK 2.8 billionn revenues)

- Completion of new production line in Dillingen (G) for diesel engine (2004)
- Restructuring
 - Low cost Mexico and Hungary
 - Restructuring Leeds

Structures (NOK 2.7 billion revenues)

- Ramp up ongoing – still high cost
 - Strong improvement from 2002, ambition to close gap by 2005
- High quality asset base and leading competence
- Focus portfolio to niches with strong positions
 - Strong volume growth ahead based on existing contracts

Priorities for Hydro Aluminium

- Continue to improve our competitive position in a market with strong growth expected
- Relentless focus on cost reductions throughout the value chain
- Improve relative cost position primary - execute on large projects
- Strengthen European leadership - exploit the global platform
 - Differentiation – selected segments
- Strengthen our unique portfolio profile
 - Metal products, extrusion value chain, selected rolled segments
- Active portfolio management



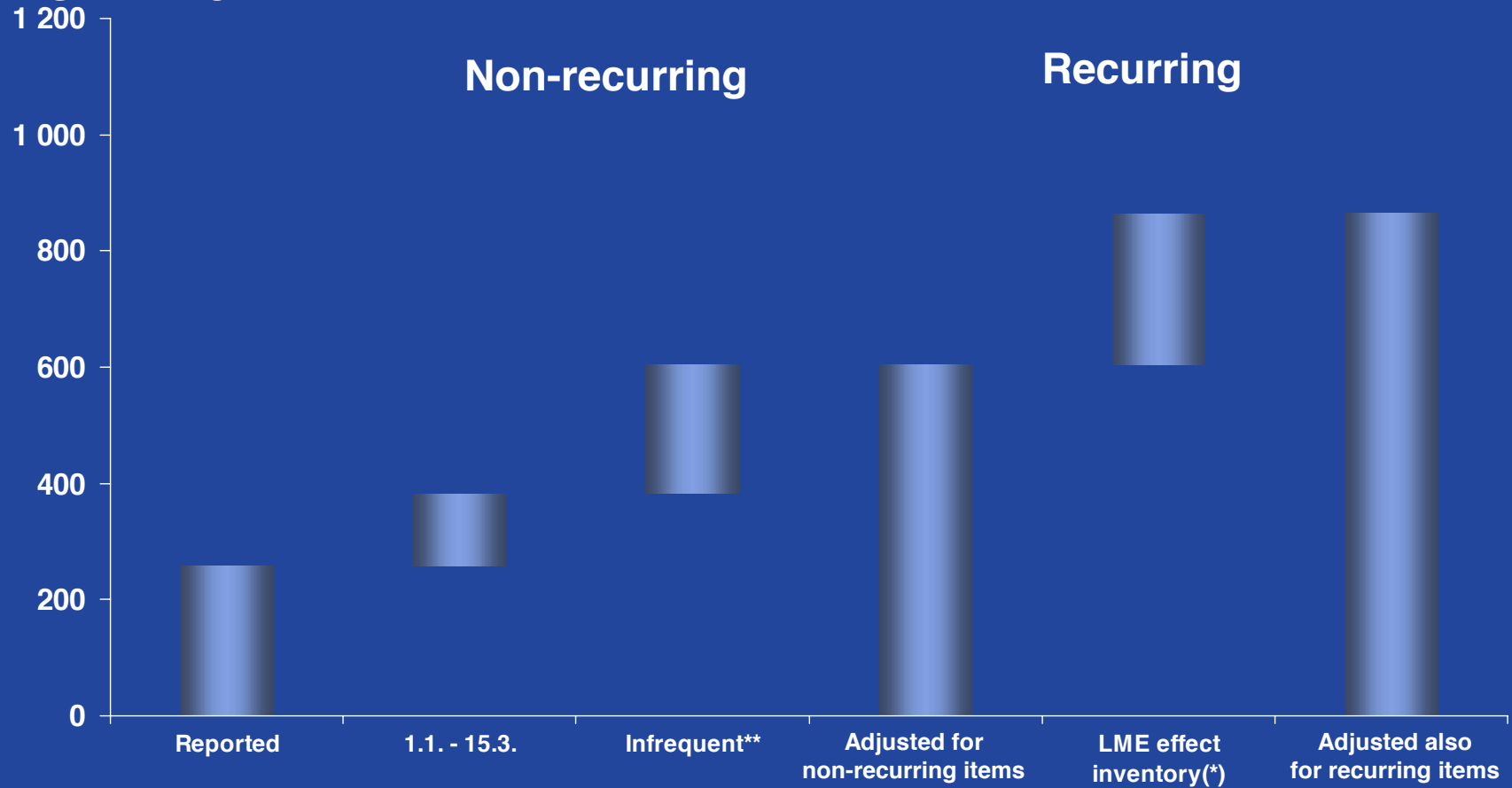
Hydro Aluminium



Appendix

Rolled Products underlying EBITDA 2002

NOK million



*) Inventory losses from falling metal prices

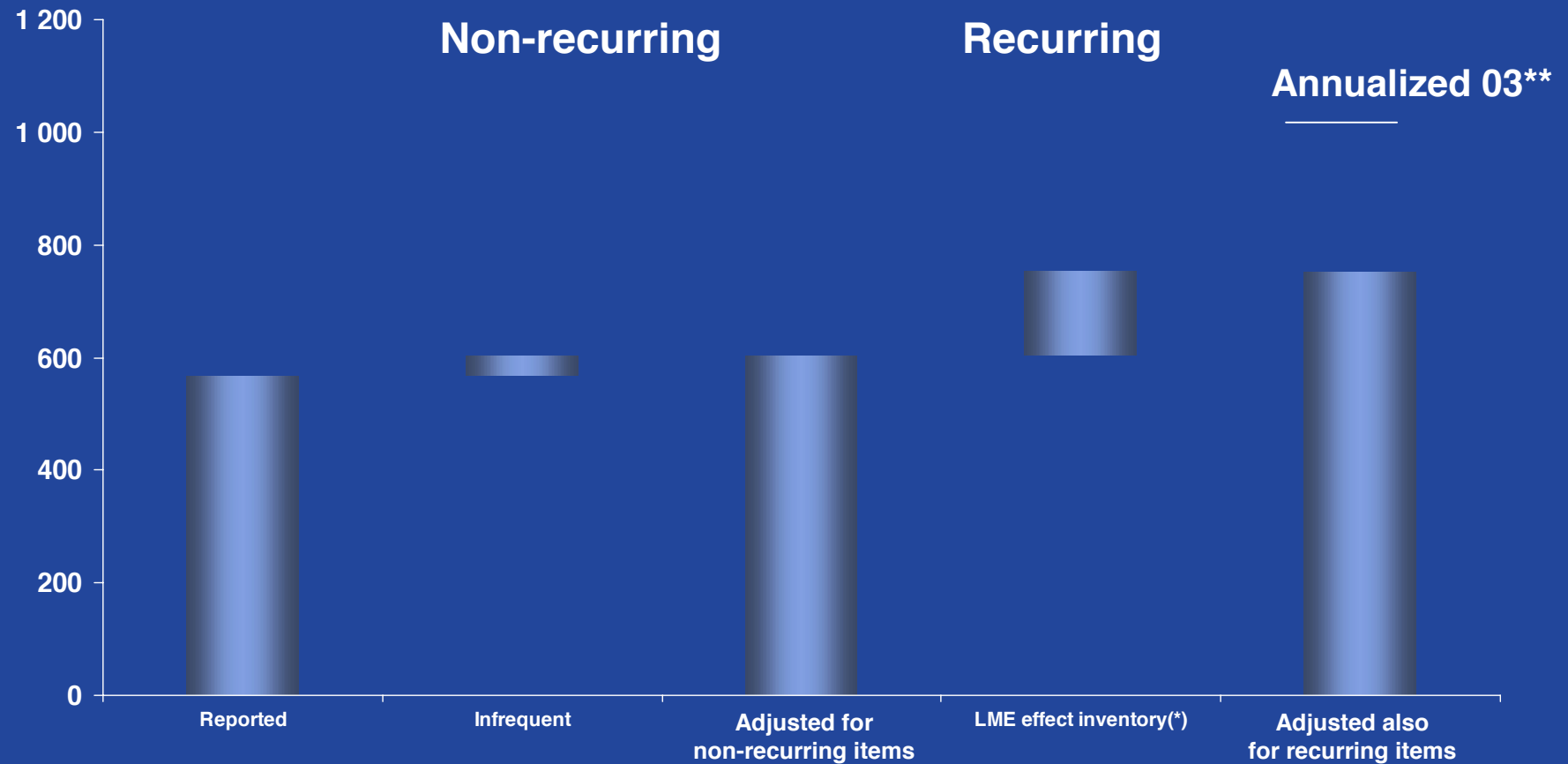
***) Infrequent items mainly include items related to VAW integration (inventory adjustment to fair value, integration cost and rationalization)



HYDRO

Rolled Products Underlying EBITDA 2003 YTD

NOK million



*) Inventory losses from falling metal prices

***) YTD Q3 * (4/3)



HYDRO

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Arvid Moss, Senior Vice President
Strategy and Business Development



Market update

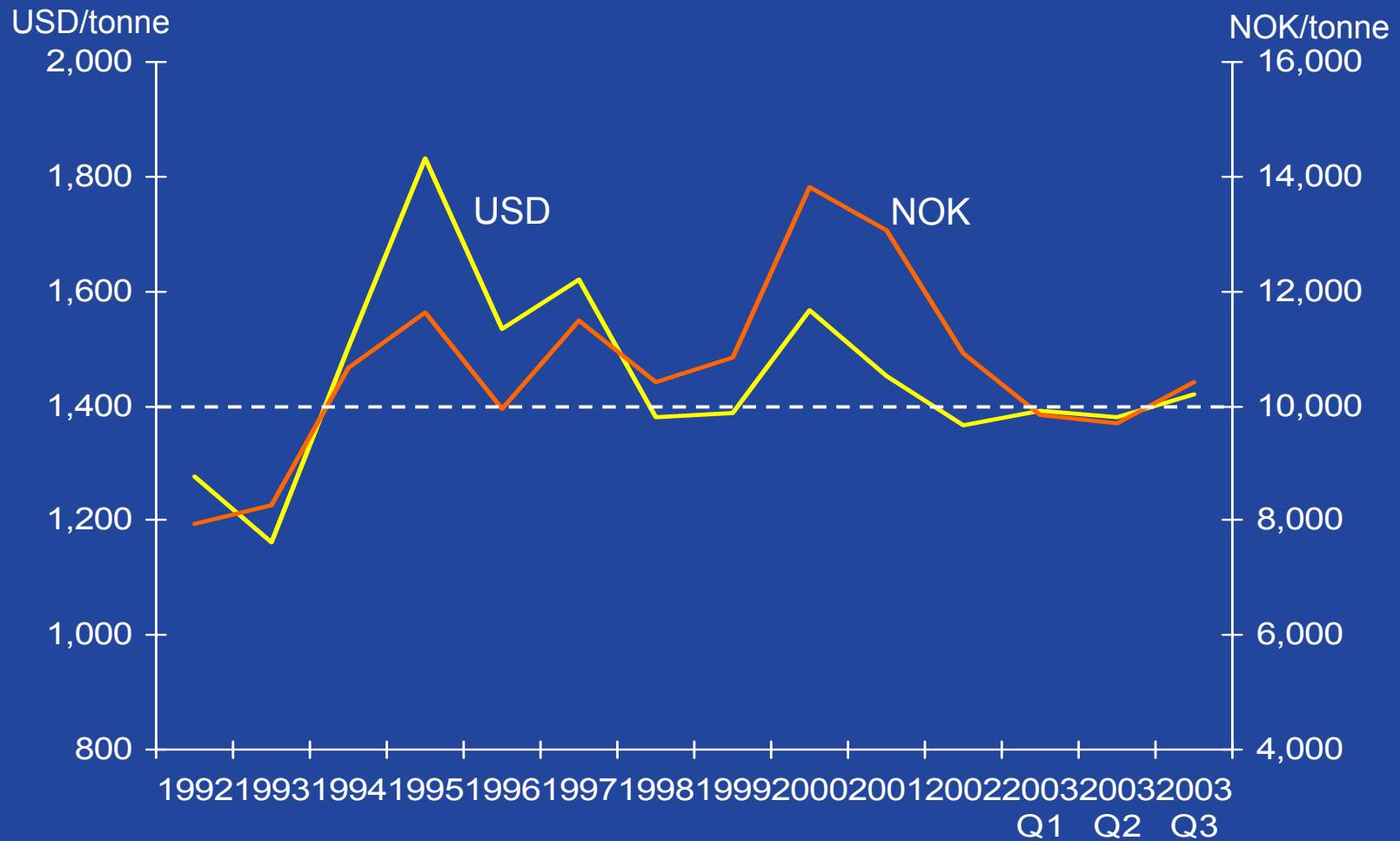
Capital Markets Day

December 12, 2003

Presentation outline

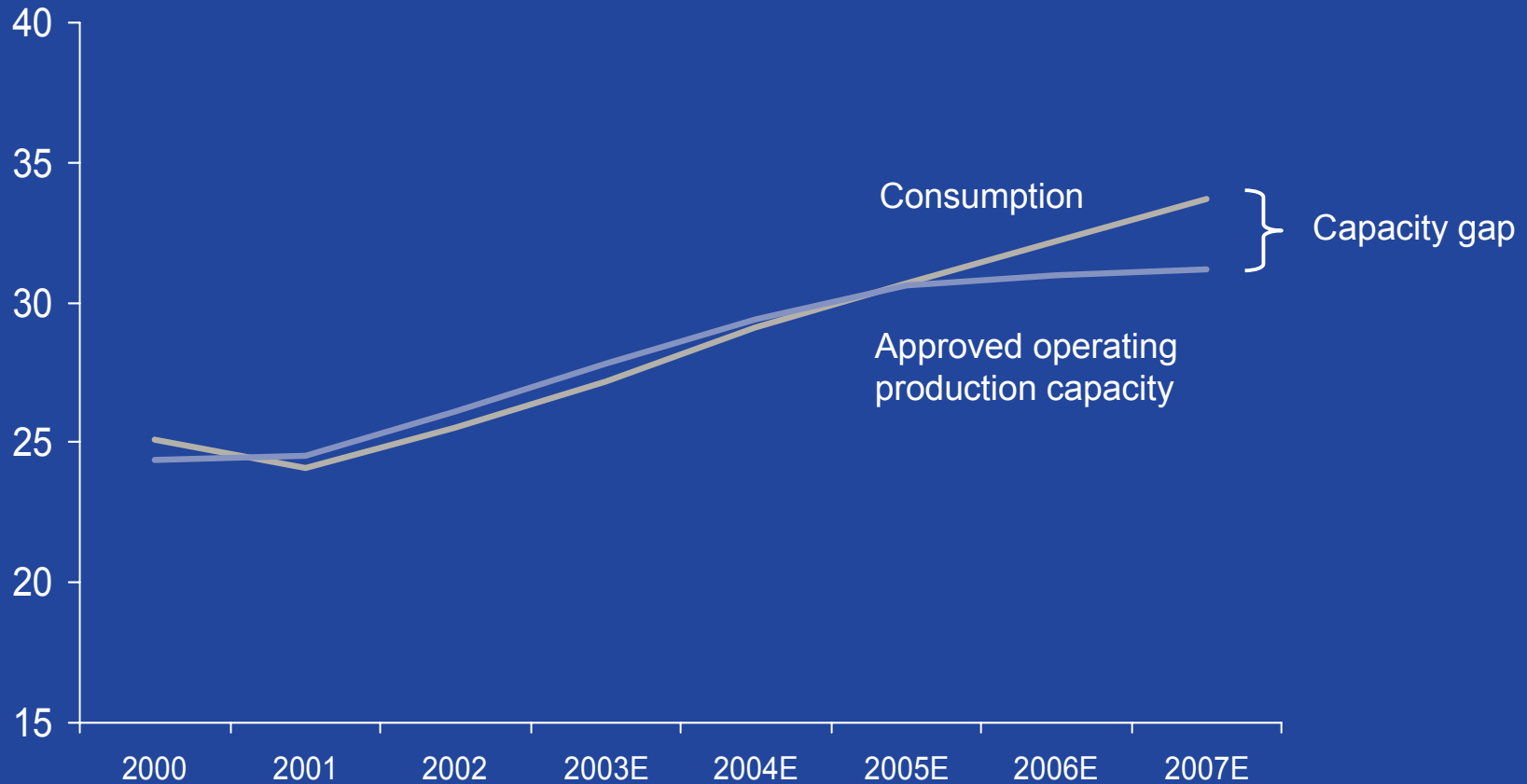
- Primary balance better than expected for 2003
- Strong global demand growth going forward
- Supply side – growth in energy rich pockets and China
- Downstream structure
- Application areas – drivers for growth
- Hydro's exposure to different end-use segments
 - Differentiation - benefits

LME-price



Global Primary metal balance 2000 – 2007

Million tonnes

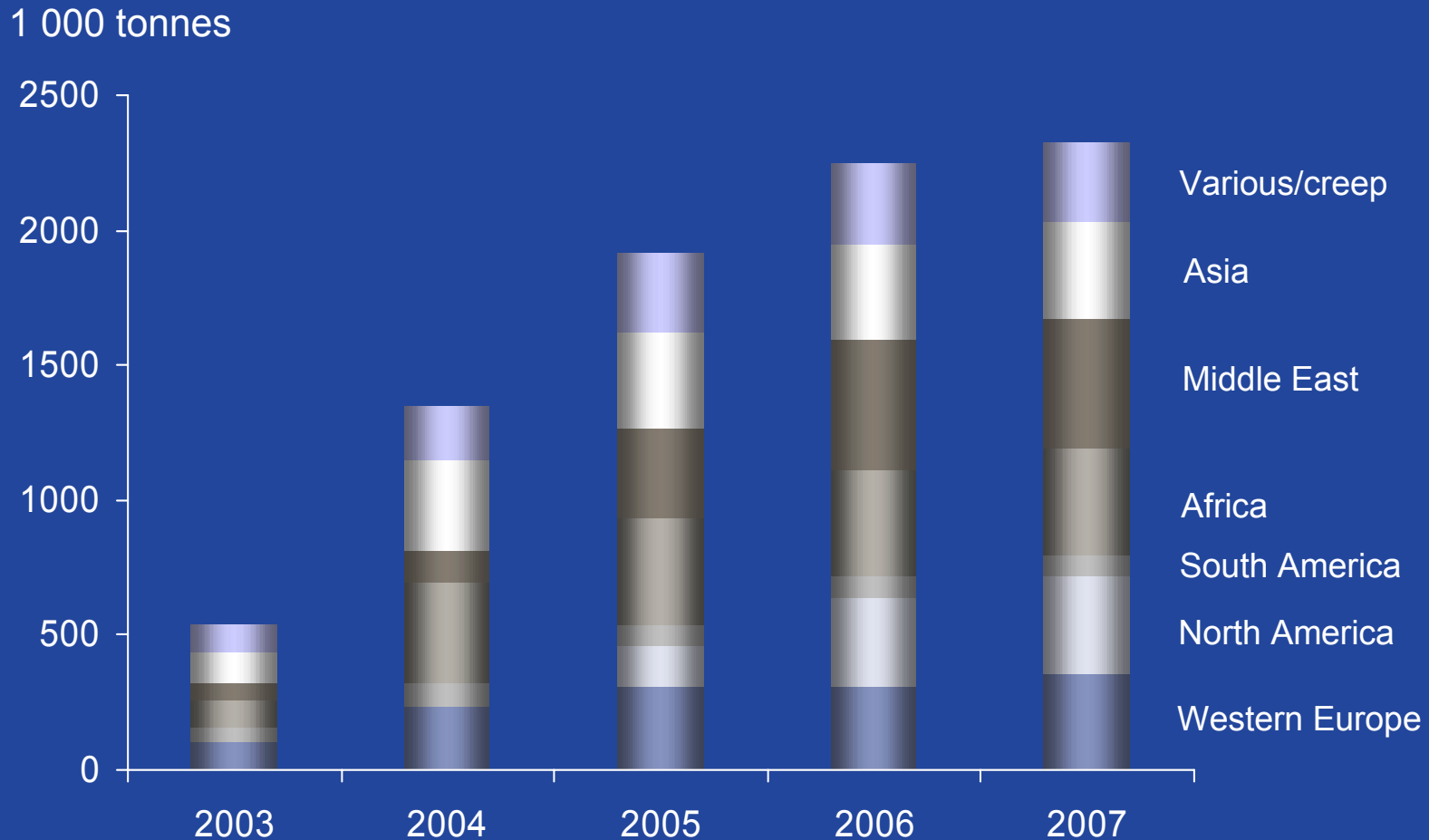


Average global demand growth rate: 4 % (2000-2005); 4.5 % (2006-2007)

Sources: Brook Hunt, CRU, Hydro Aluminium



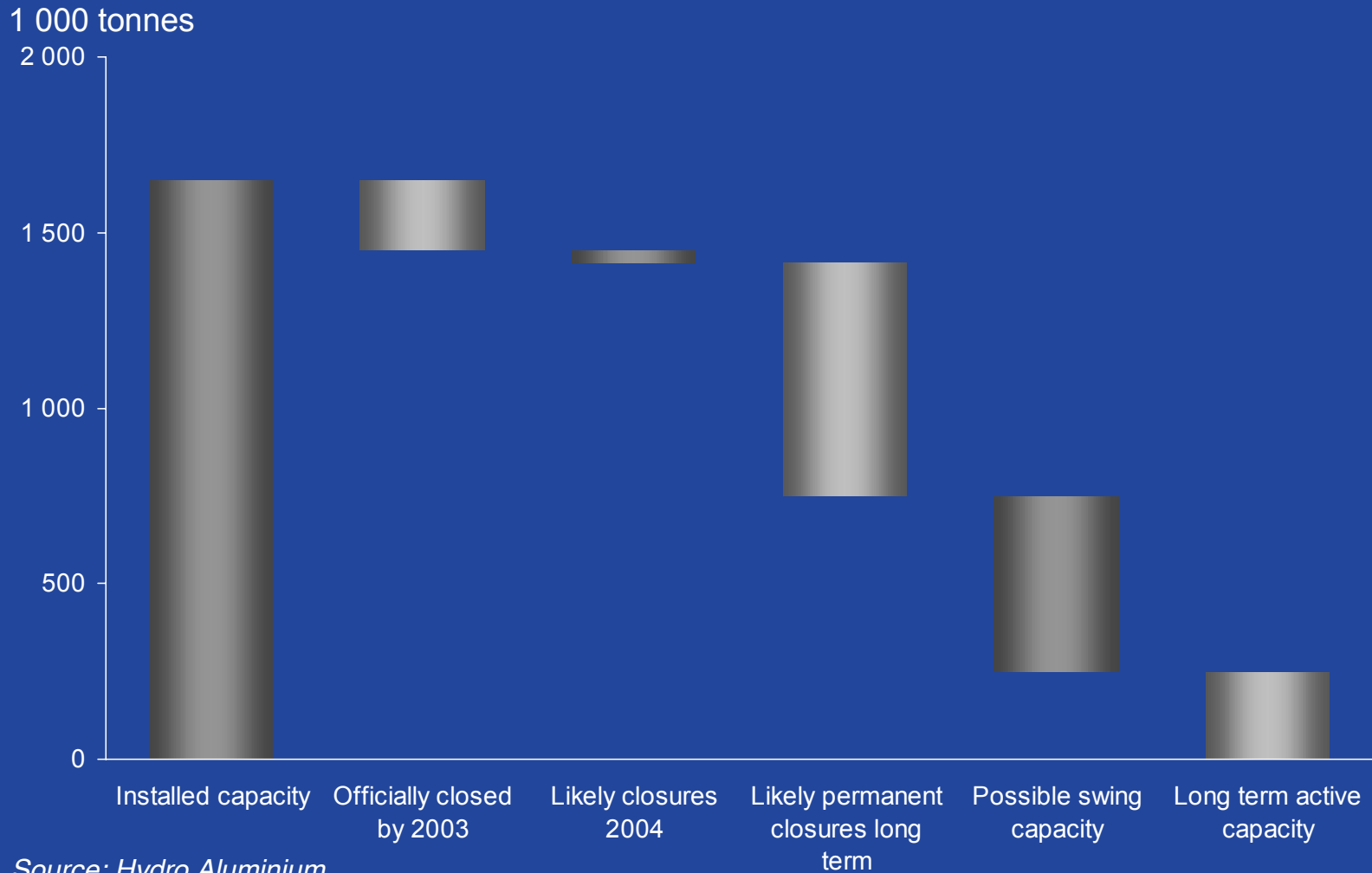
Assumptions on primary production capacity – additional approved Western World capacity



Source: Hydro Aluminium

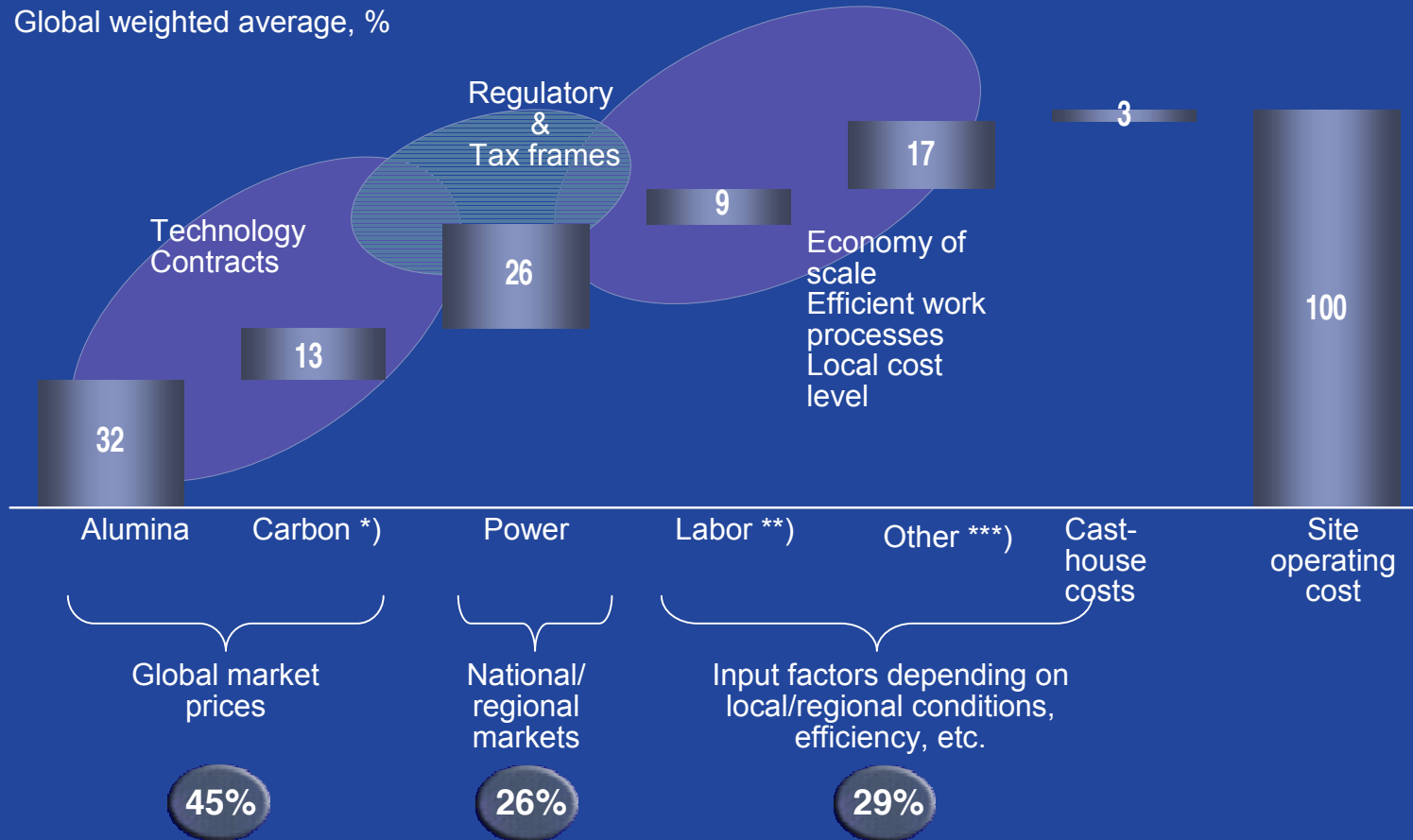


Detailed assumptions on primary production capacity – US North West



Average site operating cost position

Global weighted average, %



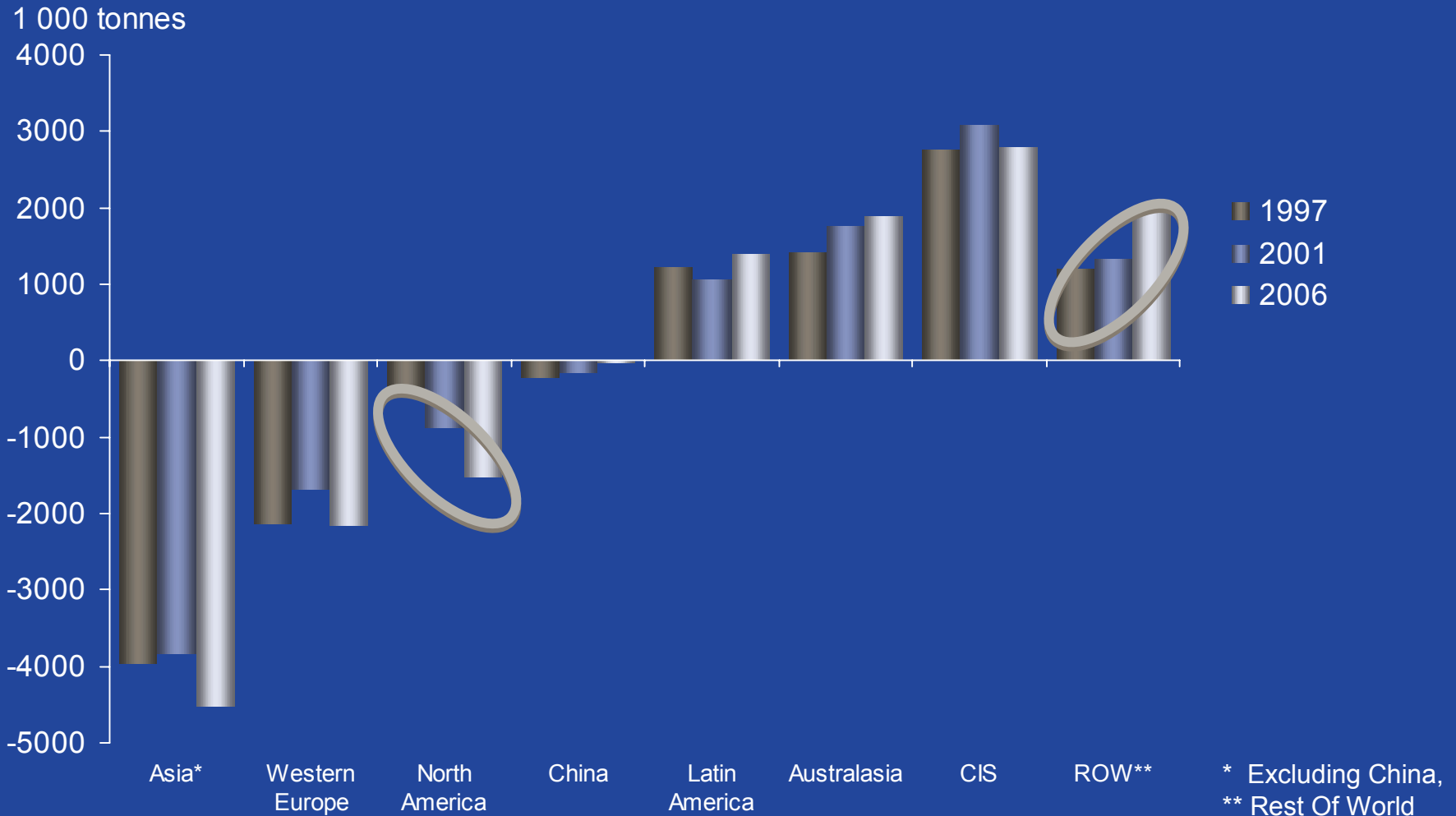
* Raw materials and bake furnace fuel costs

** Includes carbon plant, potroom and maintenance labor costs

*** Relining cost, capital replacement cost, administrative cost

Source: CRU

Global market structure – primary metal balance per region

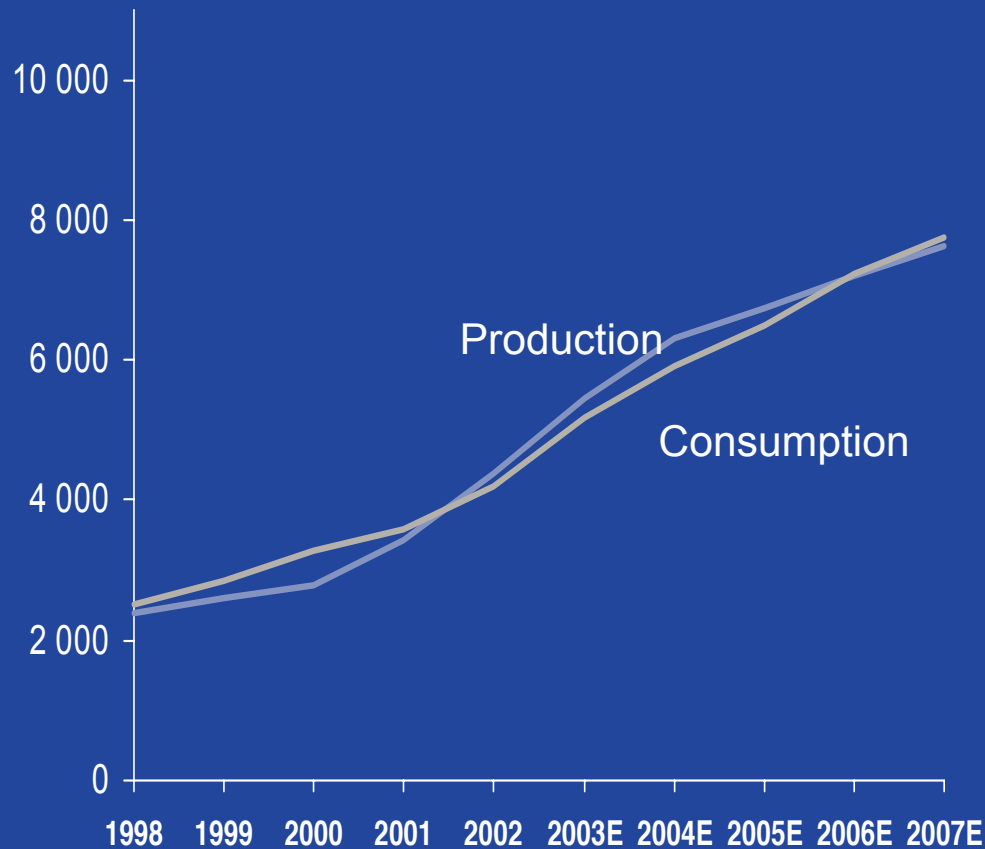


Source: CRU



China – primary metal balance

1 000 tonnes



Source: CRU, Hydro Aluminium

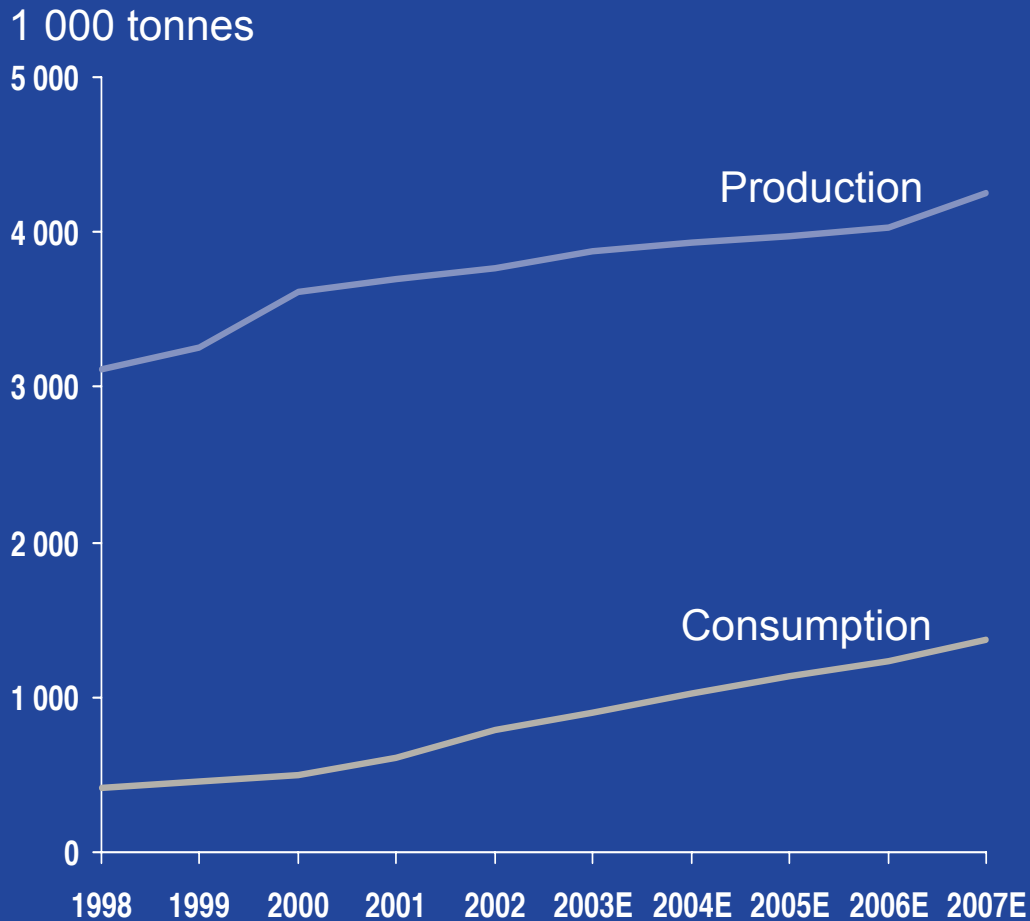
Supply growth drivers:

- High growth in domestic consumption
- Import duties protecting domestic suppliers (primary and downstream)
- Low labor cost and investment per tonne
- Support to local industries provided by regional authorities

Main challenges:

- Alumina deficit
- Energy deficit in some provinces – high prices
- Distance to main export markets
- Small plants/Søderberg – environmental issues
- Financing

CIS – primary metal balance



Source: CRU

Supply growth drivers:

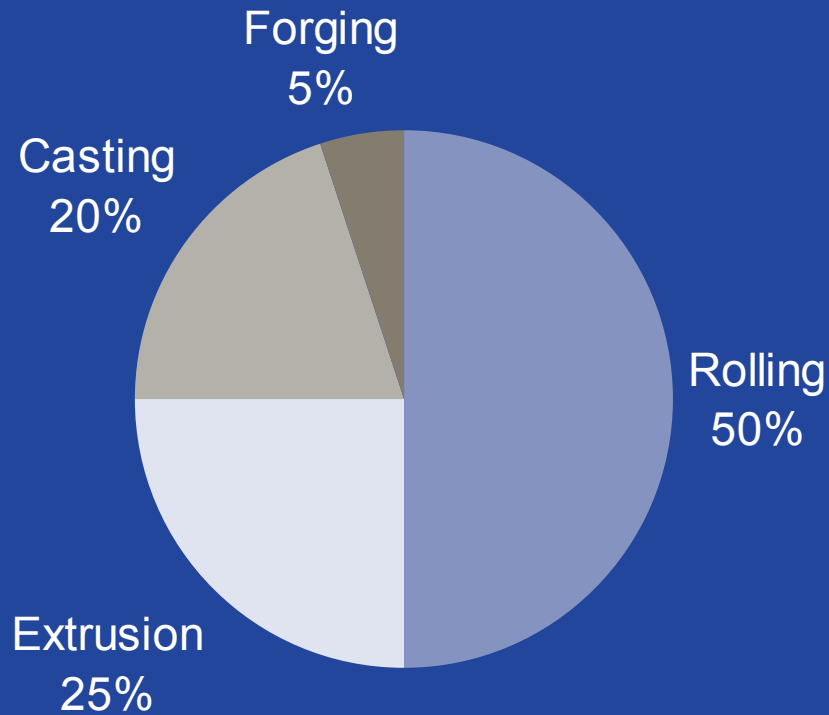
- Abundant energy at low cost
- Low labor costs
- Regional authorities fostering positive environment to attract and maintain industrial activity
- Relative proximity to high potential markets

Main challenges:

- Alumina deficit
- Distance to markets and sources of raw materials
- Health, environmental and safety issues
- Large proportion of old and idle assets; need to upgrade technology
- Low productivity
- Financing
- Uncertain business climate



Total consumption Western World Rolling Products main process chain

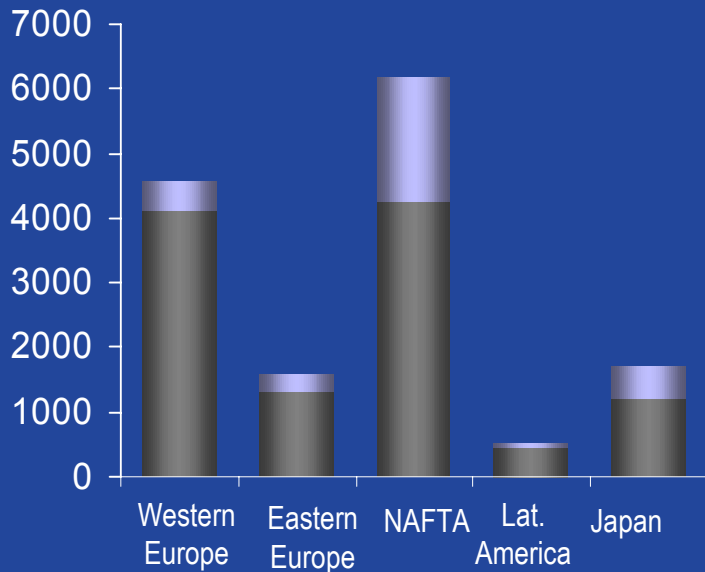


Approx. figures, 2001

Process chain – the level of integration varies

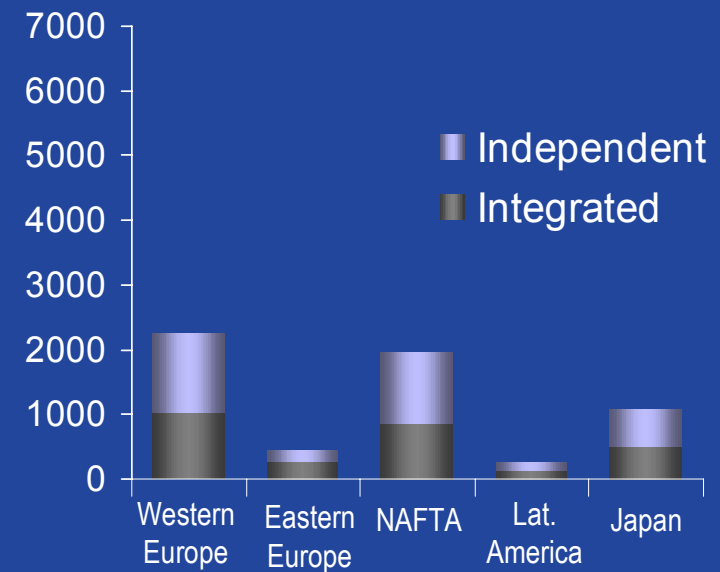
Degree of Rolling integration, 80%

1 000 tonnes



Degree of Extrusion integration, 50%

1 000 tonnes

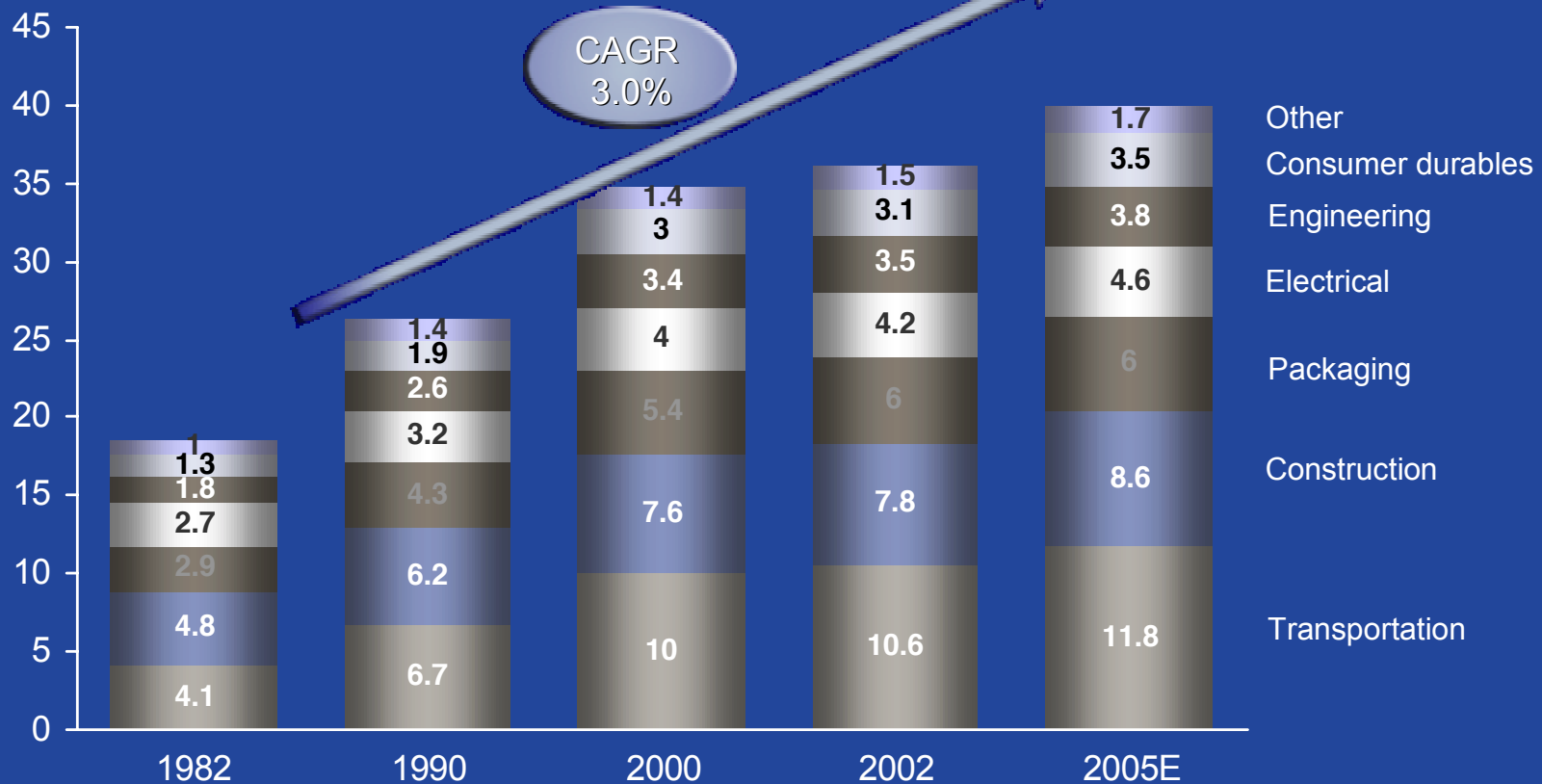


Degree of Casting integration: 10%

Aluminium – a fast growing metal

Aluminium demand development

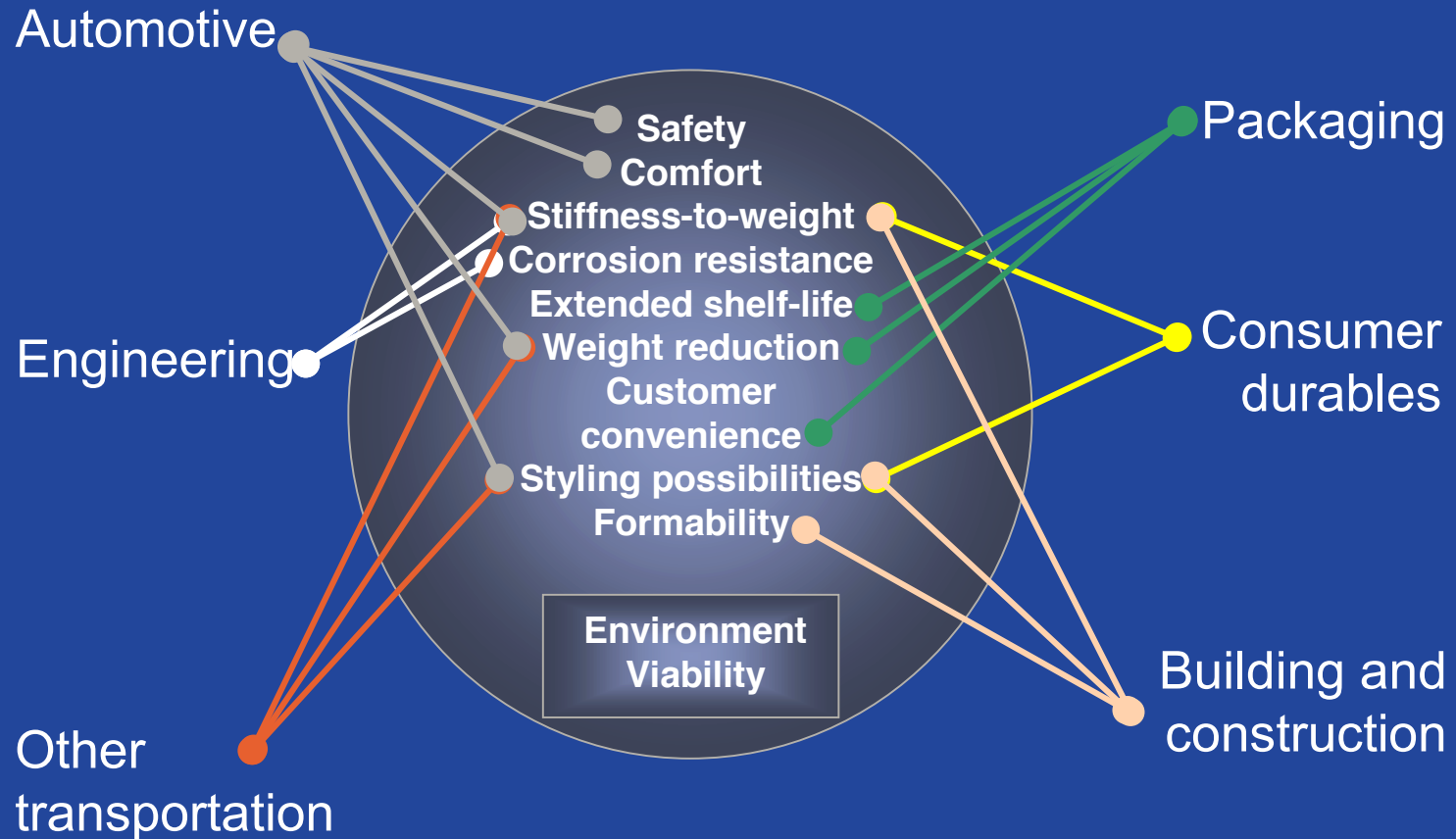
Million tonnes



Source: James F King, Brook Hunt



Application areas for aluminium and main drivers for growth

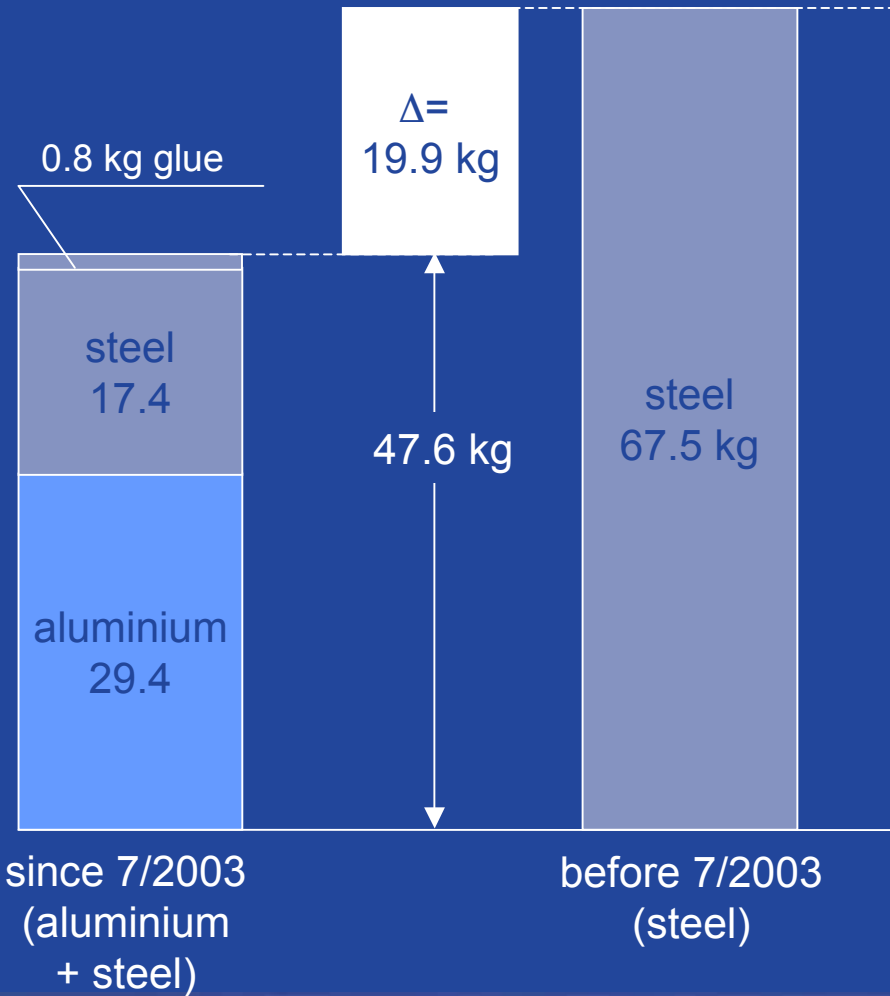


Automotive – a strong driver for growth

What Customers are saying about Aluminium (BMW – Bologna, Nov. 2003)

- Aluminium is becoming more important in automotive design, particularly in the body in white and chassis systems
- Aluminium in the chassis system reduces the weight and provides functional benefits
- Aluminium plays a dominating role in the engine design especially in housing parts
- In the future the combining of materials will play an increasingly important role in engineering
- There is a great demand for material and process technology to reduce costs

Aluminium for the front end structure Weight reduction – new BMW 5-Series

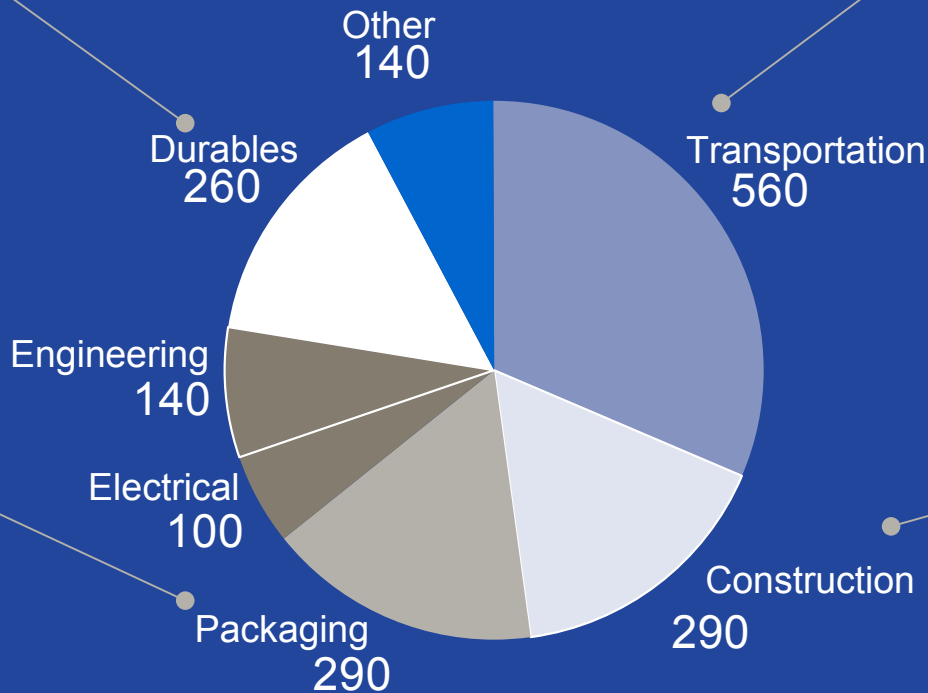


Hydro Aluminium's exposure to different end-use segments

Market dynamics – customer structure

Sales by end-use market (1 000 tons)

2002*



Customers:

Few, large regional/national customers

- Limited material product differentiation
- Lithography segment different

Automotive customers:

Few, mainly global customers

- Strong negotiating power
- Differentiation is key

Other transport customers

- Global, big
- Local, small

Customers

• Large/small and local/global (dependent on products)

- Limited material product differentiation
- Annual or longer contracts

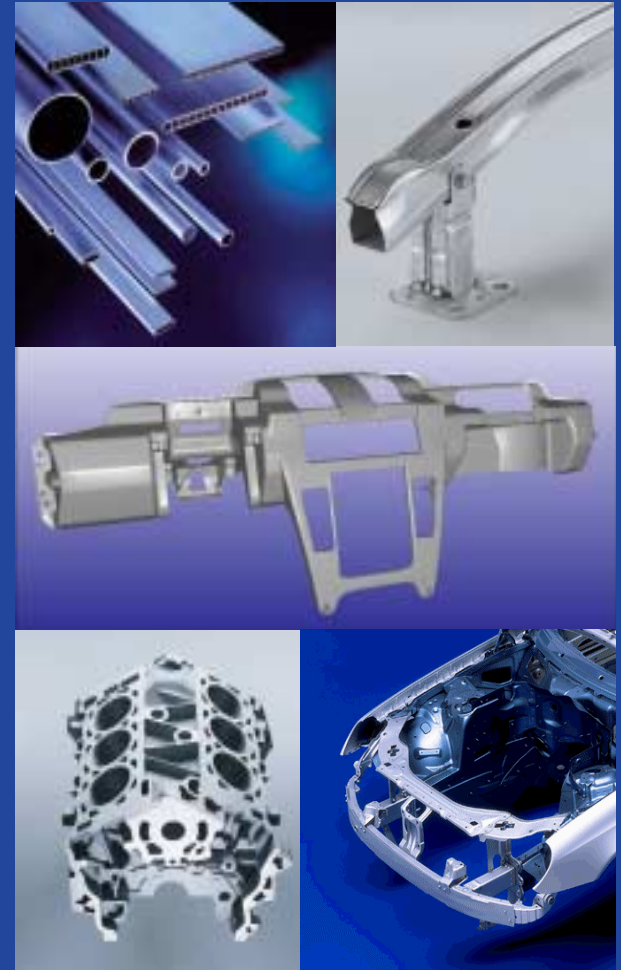
Customers

- Small, local
- Short term contracts

* 2002 includes VAW 01.01 – 15.03.2002
Downstream business sectors plus foundry alloys sold directly to automotive industry

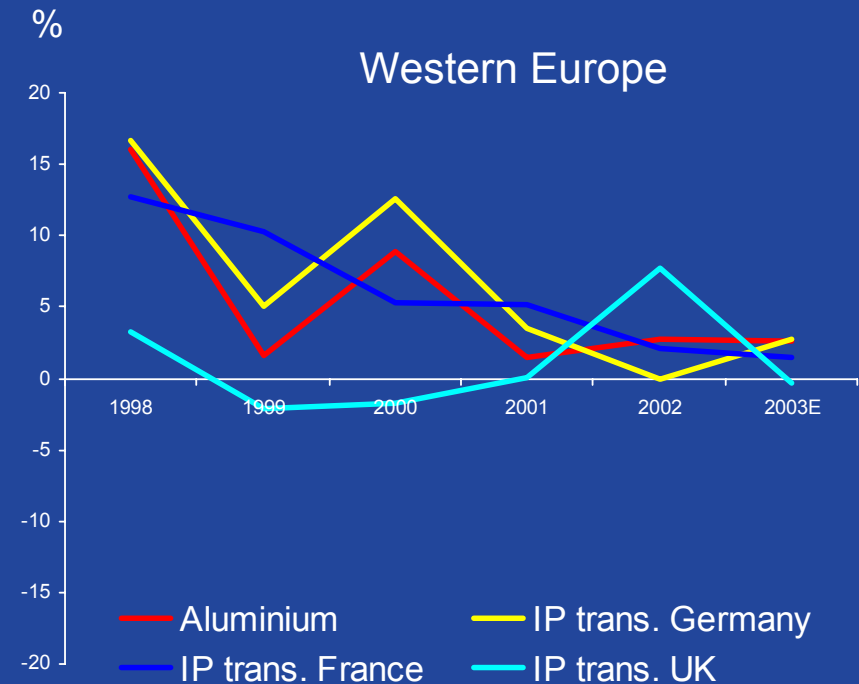
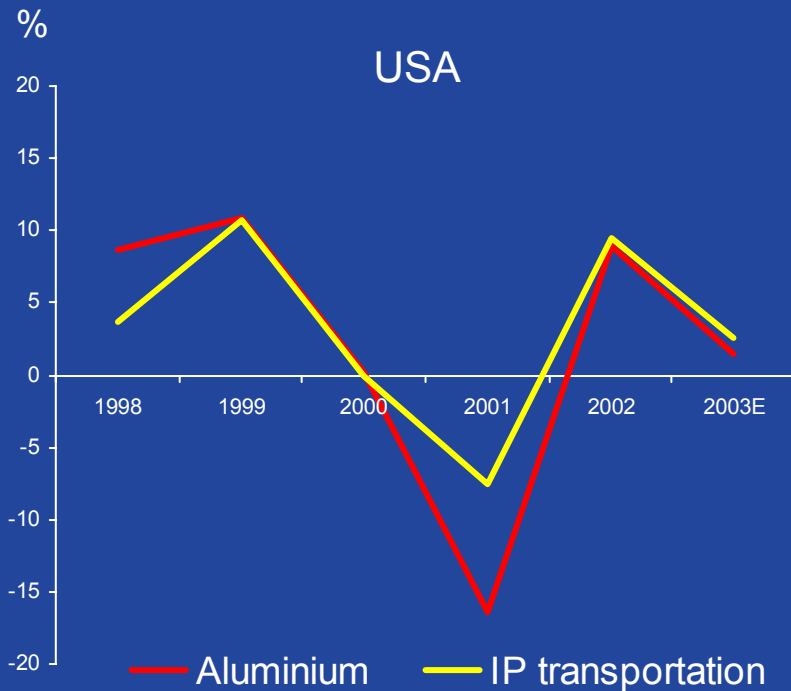
Hydro Aluminium holds leading positions in light weight automotive applications

- Strategy focused on enhancing strong presence in selected market segments
- Key competencies in extruded, rolled and cast applications
 - Material understanding and alloy development
 - Design and process capabilities
 - Leading manufacturing technologies
 - Support to application development in aluminium and magnesium
- Lean organization committed to meeting customers' expectations



Growth indicators – selected examples transportation

Good correlation to growth indicator for Industry production in transport sector



Sources: OEF, CRU, HAL

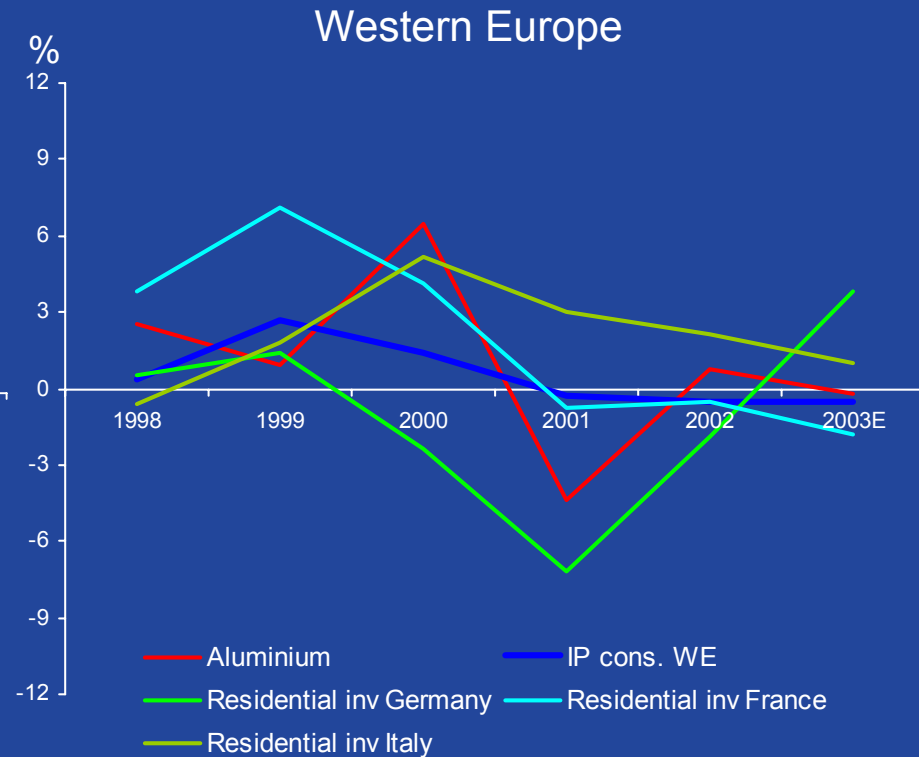
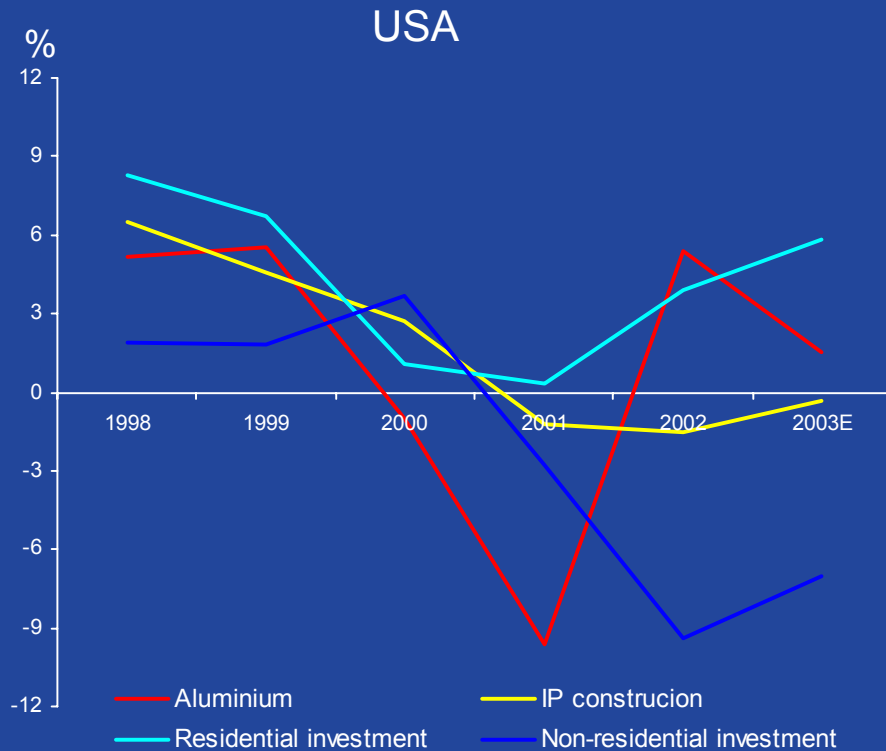
Strong positions in construction segments

- Building applications based on extrusions and rolled products-based
- Broad range of solutions and products spanning from individual residential solutions to large international tender projects
- More than a metal supplier: Building Systems
 - Strong brands: Domal, Technal, Wicona
 - Leadership in product innovation and customer partnerships/relationships
 - Proprietary software for project calculations
 - Advanced technical project support



Growth indicators – selected examples construction

Strong pipeline effect in the US



Sources: OEF, CRU, HAL

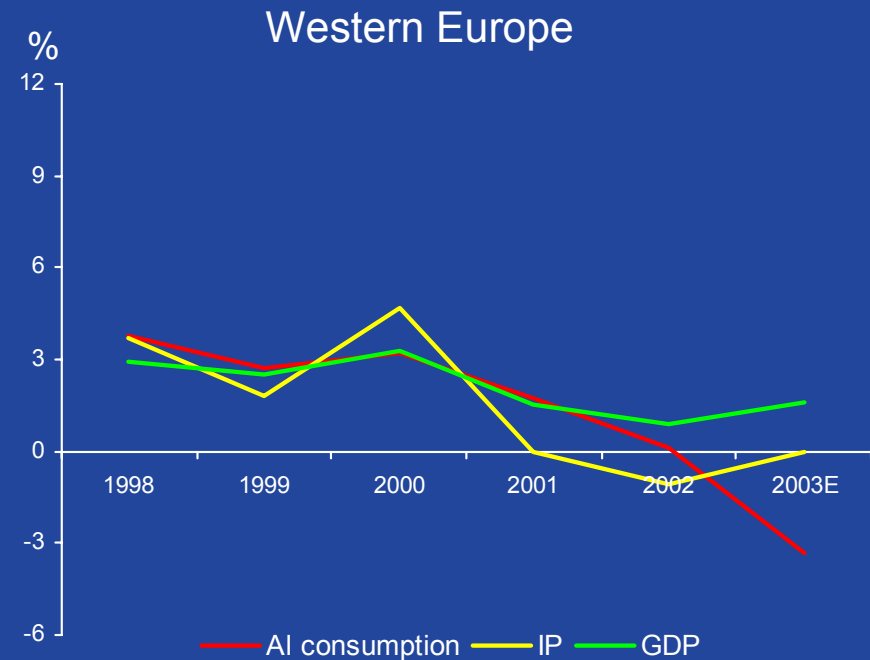
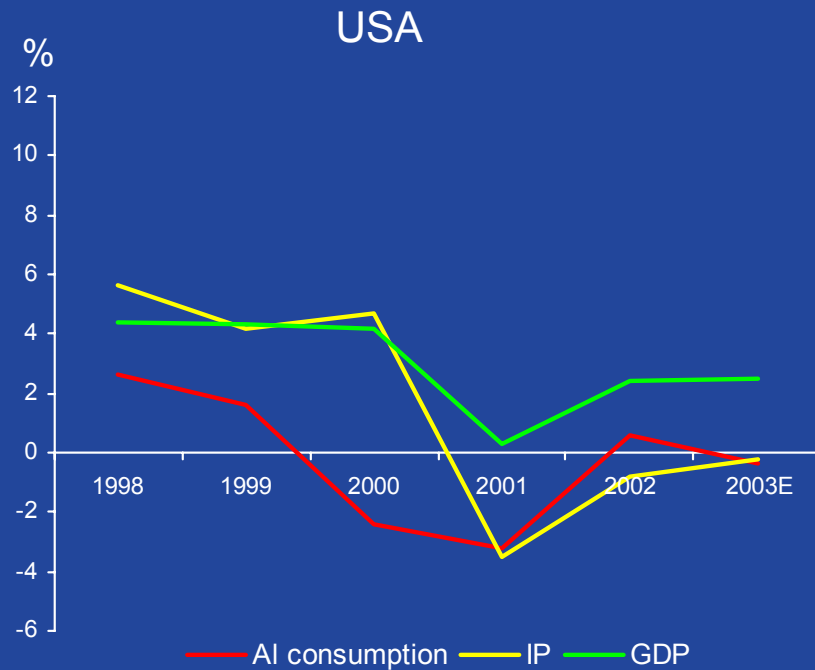
Strong positions in packaging markets

- Hydro Aluminium serves the packaging market with more than just metal
 - Broad range of services to customers
 - Continuous product and service improvements
 - Contribution to increased customer productivity
- Partly dedicated product lines using best available technology
- Hydro Aluminium serves as benchmark for flexible packaging customers to evaluate other foil suppliers



Growth indicators – selected examples packaging

Correlation to GDP stronger than to Industrial production



Sources: OEF, BrookHunt, HAL

Closing remarks

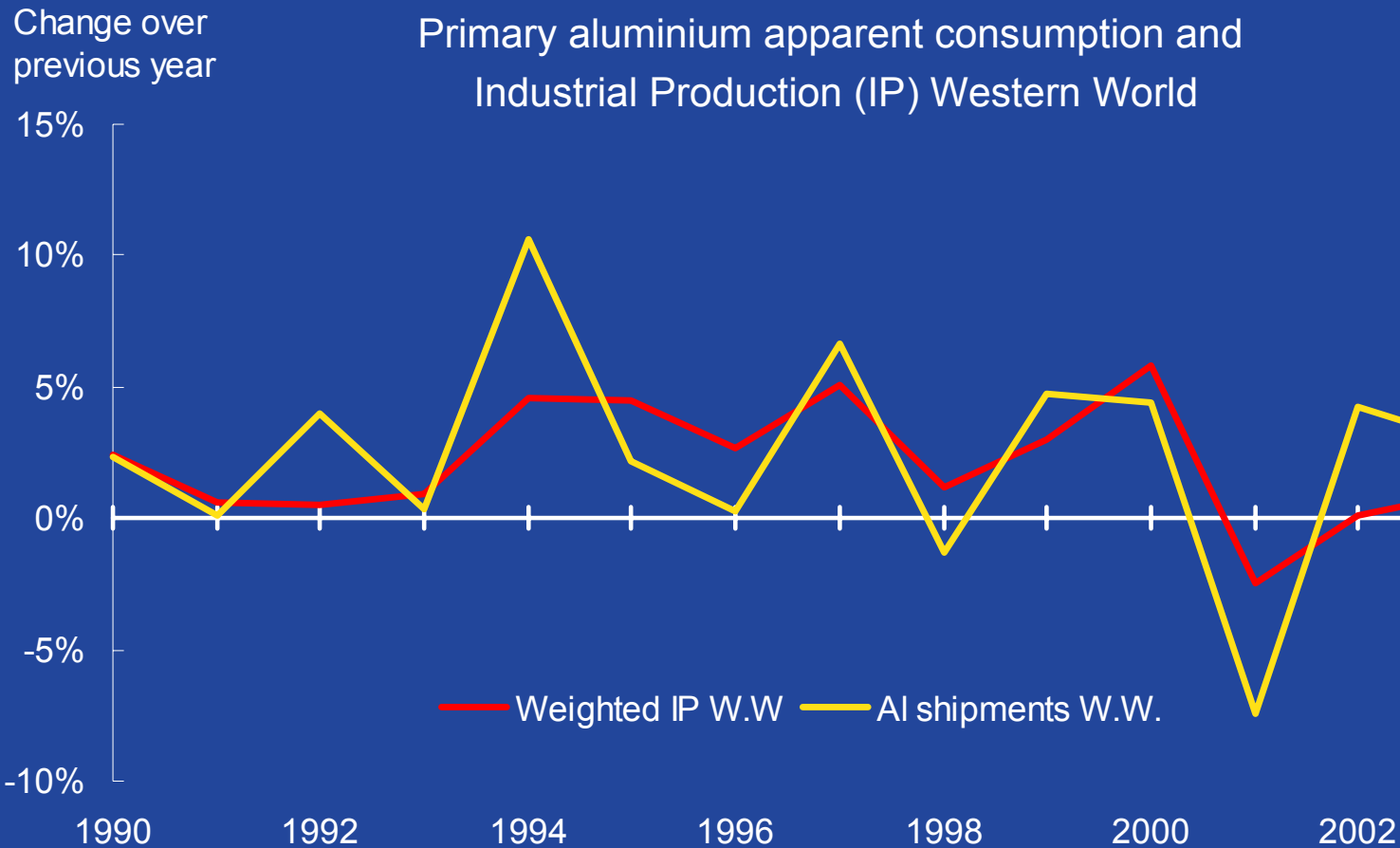
- An attractive material, growing fast on a global basis
- Industry consolidation – both on supply and demand side – continues in most parts of the value chain
- Hydro Aluminium's market and product strategy:
 - Strengthen a unique portfolio: distinct value propositions
 - Strengthen position in construction market through 'Building Systems' brand portfolio
 - Selective growth in automotive engagements
 - Maintain leadership in speciality segments for rolled products – global reach

A leader in selected segments – an innovative partner



Appendix

Shipments growth in line with general economy – short-term influenced by pipeline effects



Updated: November 2003

Sources: CRU, WBMS, AA, EAA

Forward-Looking Statements/ Use of Non-GAAP Financial Measures

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Hydro Aluminium

Kjetil Ebbesberg
CFO Metal Products Sector

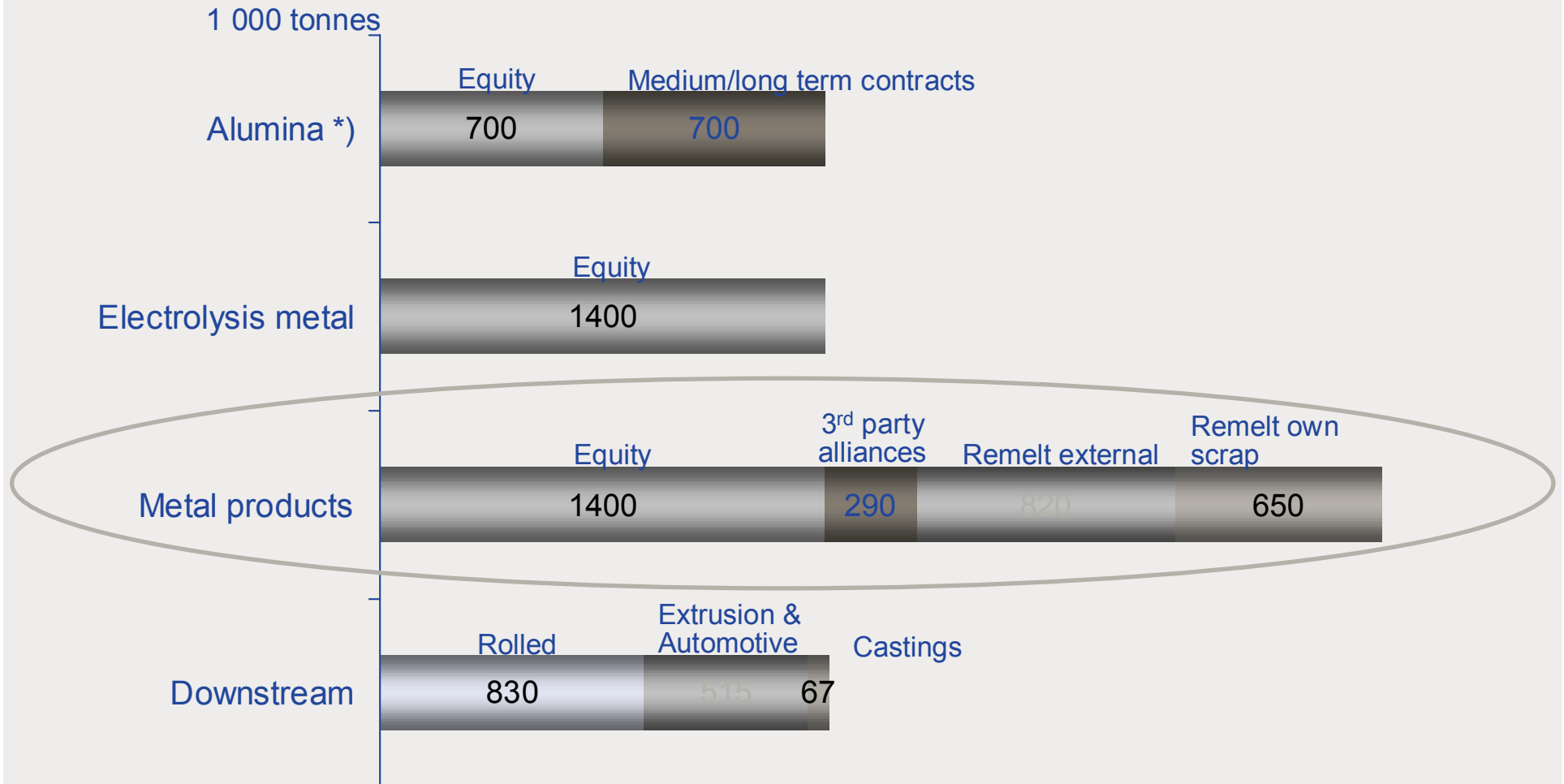


Metal Supplier Concept

Capital Markets Day

December 12, 2003

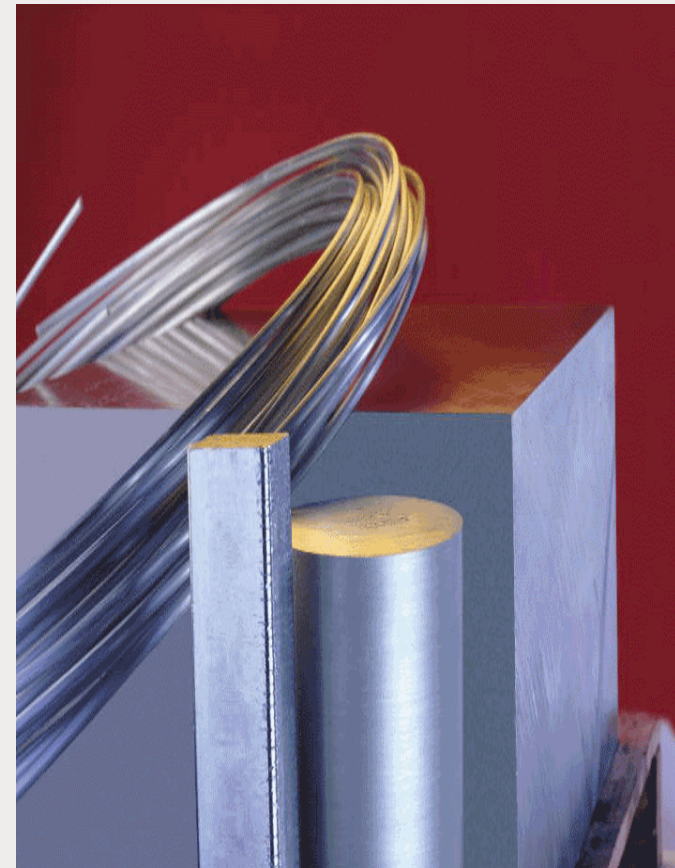
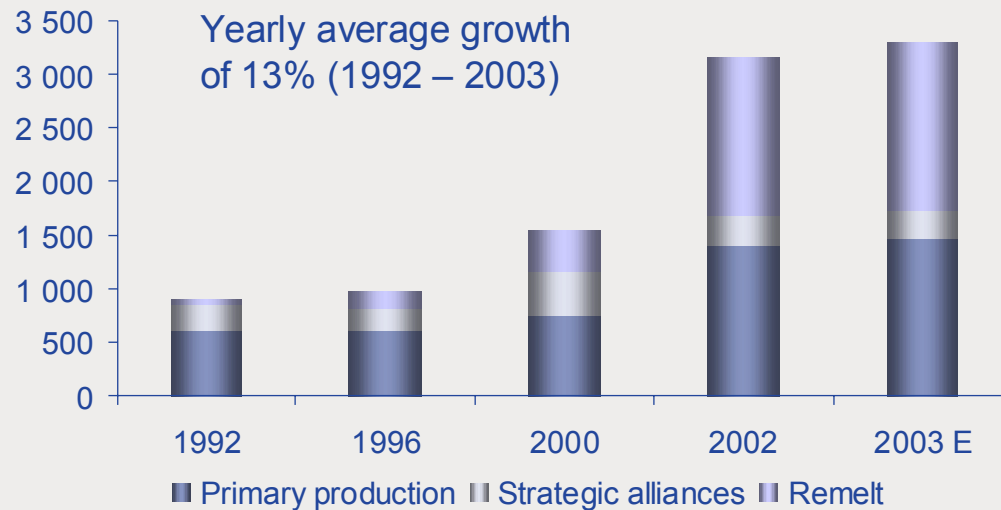
The focus of this presentation



Key figures YTD September 2003 Metal Products Sector

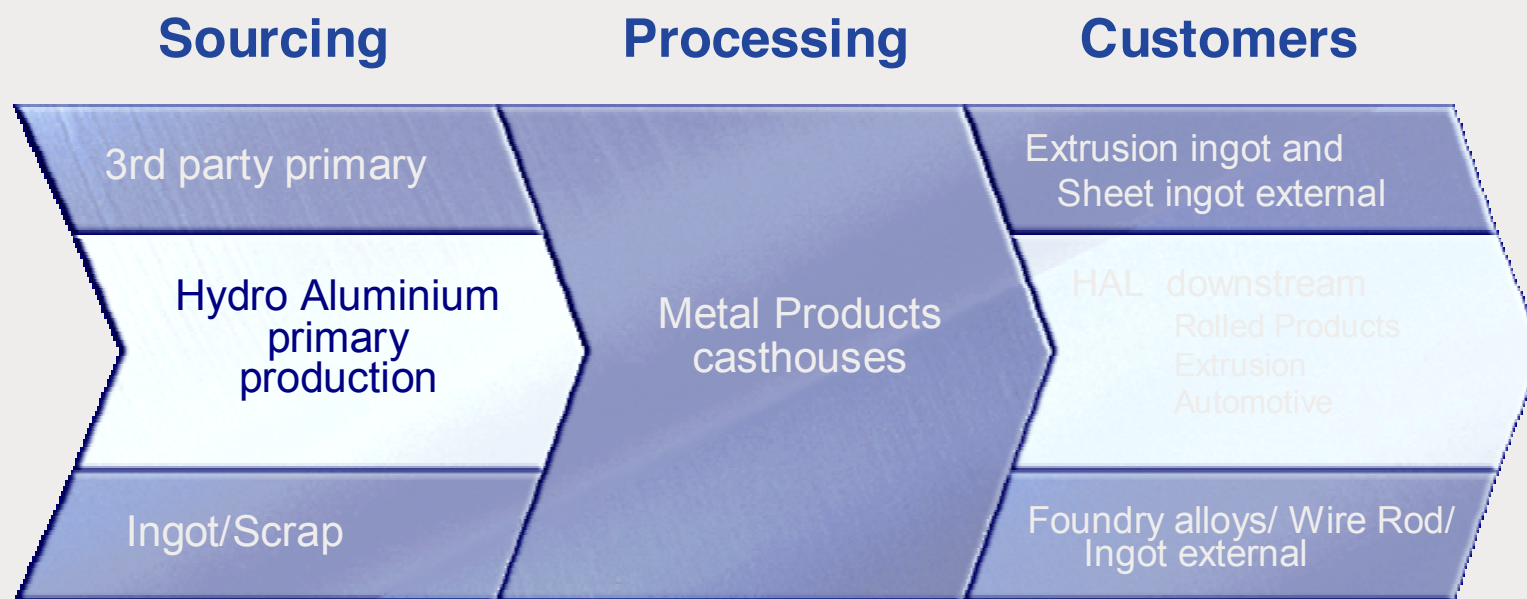
Revenues: NOK 31 billion
 EBITDA: NOK 1.4 billion
 Employees: 2 000

Global tonnage (1 000 tonnes)
 incl. North America*



Hydro Aluminium North America (HALNA) responsible for North American markets

Metal Products Business Model



 Scope of Metal Products

Metal Supplier concept

What is it?

- Focus on market and customers' needs
- Source metal from own smelters, own remelters and alliance partners
- Offer customers commercial and technical services – create win/win
- Reduce cost through optimizing of ingoing and outgoing logistics, and optimized production

Why did we start it?

- Growth opportunities in European market
 - Restructuring of supply and demand (increased metal deficit)
 - However, no need for new primary capacity – increased sourcing from Russia
 - Hydro Aluminium's strong market position

Value added over LME in metal products

- Metal Bulletin figures 2001-2003
 - Extrusion ingot 230-265 USD/t
- Product without official “market price”:
 - Sheet ingot - primary foundry alloys – wire rod: 180 – 310 USD/t



*) Source: Metal Bulletin figures

Value Creation Logic – Metal Products

Achieve superior returns on capital through...

Front-end

- Offering additional value for the customers
 - Product quality
 - Commercial and technical service (Customer Portal, hedging services)
 - Competitive prices

Sourcing

- Optimize metal flow (own primary, external primary, scrap, recycling)
- Supply downstream production with high quality metal

Casthouse operations

- Create value through operational excellence
- Optimise total casthouse system
- Delivering high-end quality

Trading

- Operational hedging to lock in margins to avoid LME & currency risk on specific transactions

The value of Hydro Billet Plus

Front-end

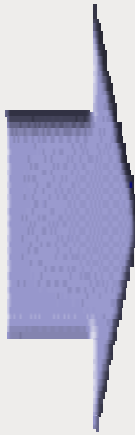
Sourcing

Casthouse operations

Trading

Value for our customers

- Service concept
- Optimization of production system
- Improve understanding of commercial risk, incl. assistance regarding LME
- Better utilize opportunities when buying billets
- Web-enabled



Value for Hydro

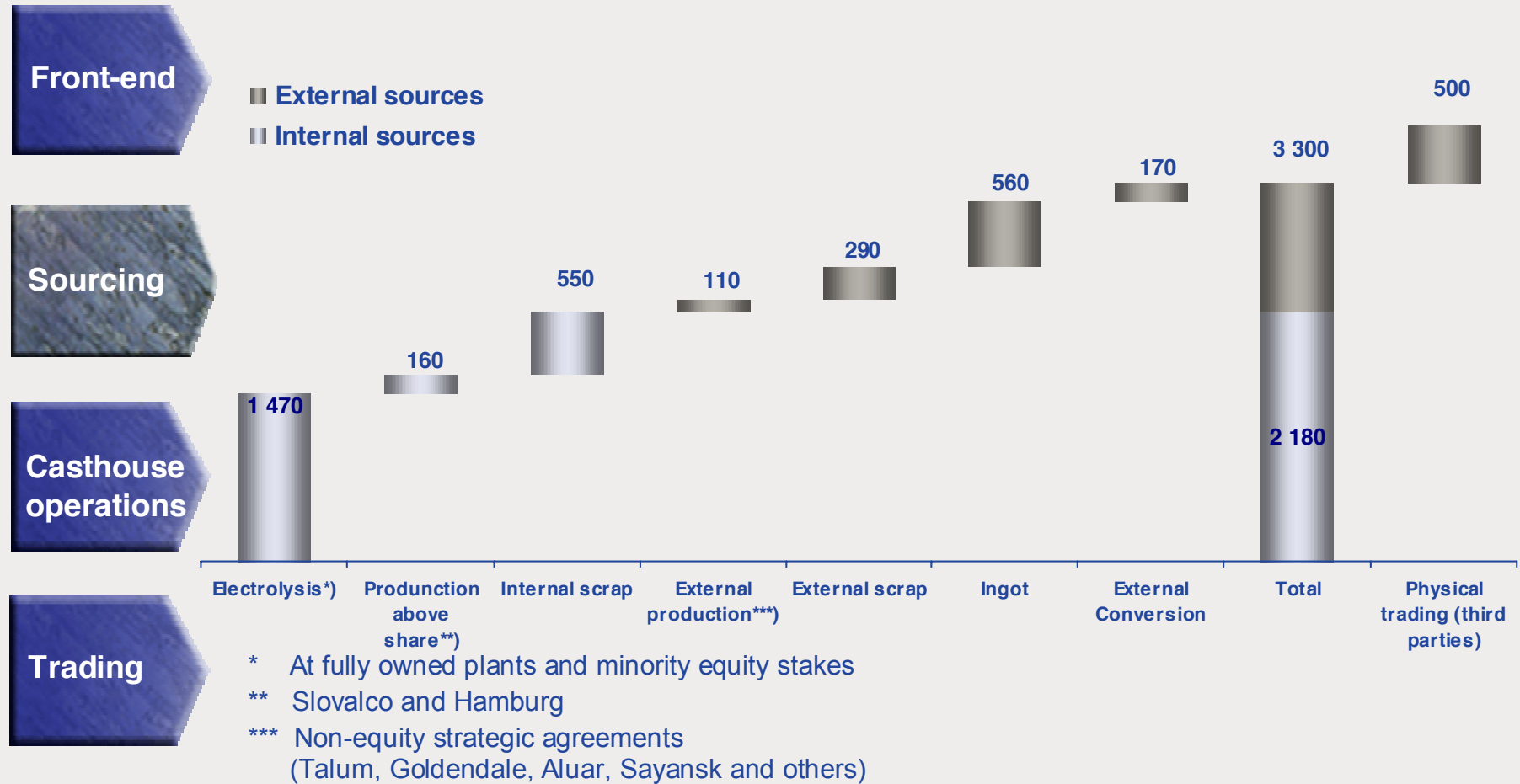
- Increased customer loyalty
- Higher sales volumes
- Improved net margins

Hydro Aluminium Portal provides an extensive range of services



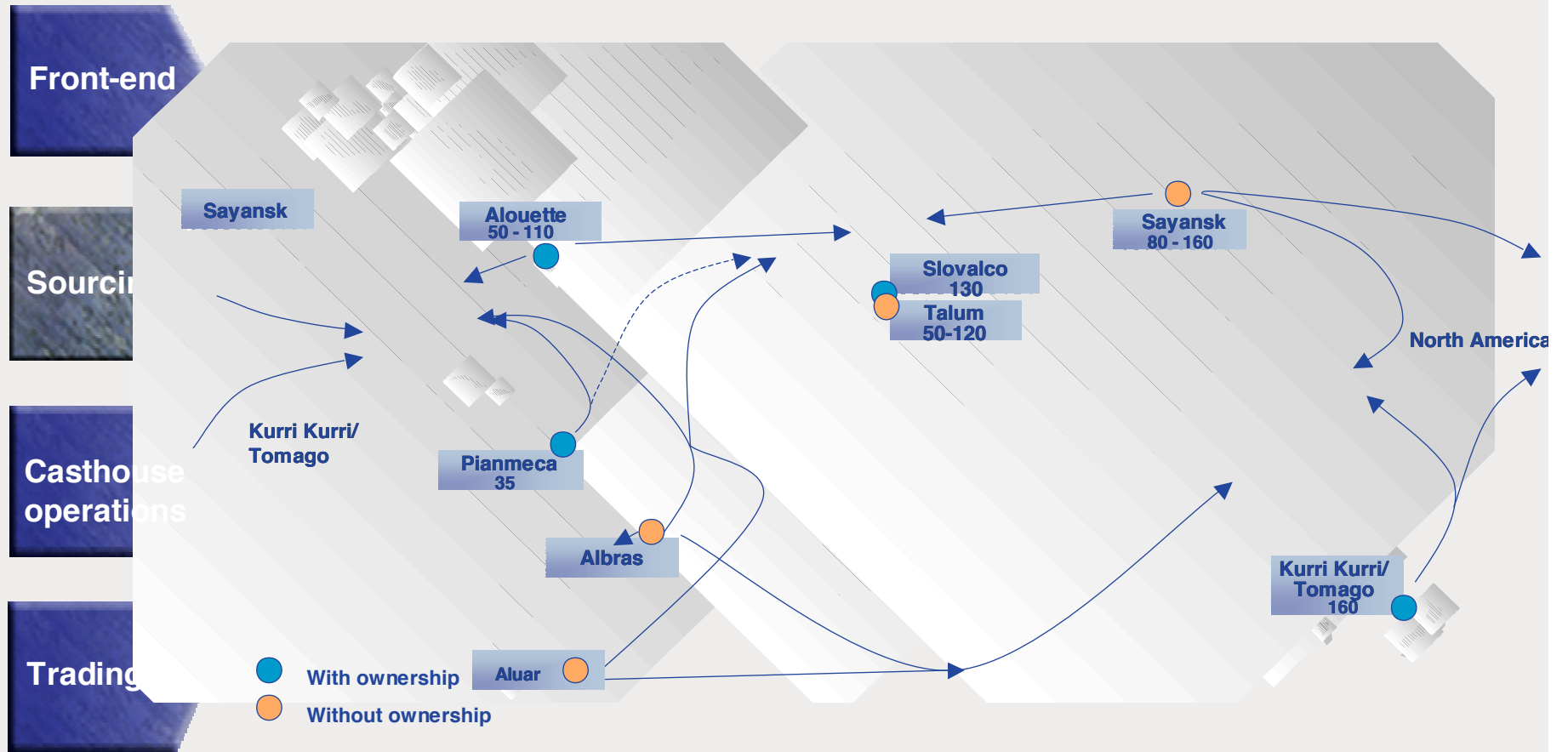
Metal products manages a multi-source system

Estimated full year figures 2003 in 1 000 tonnes



Global Metal Flow

Flexible primary sources (regions, products) become more important to leverage changing market conditions/attractiveness in different regions.



Sourcing from partners: Long term agreement with RusAl

Hydro Aluminium contributions

- Melt treatment & casting technology
- Operational know-how

Hydro Aluminium benefit

- All extrusion ingot output marketed by Hydro (80 000 tonnes)

Schedule

- Production start up 4Q 2003
- Phase 2 2004/2005
- Additional potential (80 000 tonnes)



Sayansk



HYDRO

Operational philosophy

Front-end

- Primary casthouses
 - Maximize capacity utilisation
 - Long series

Sourcing

- Remelters close to market
 - Optimize logistic costs
 - Shorter series
 - More flexible on cost; higher utilisation flexibility

Casthouse operations

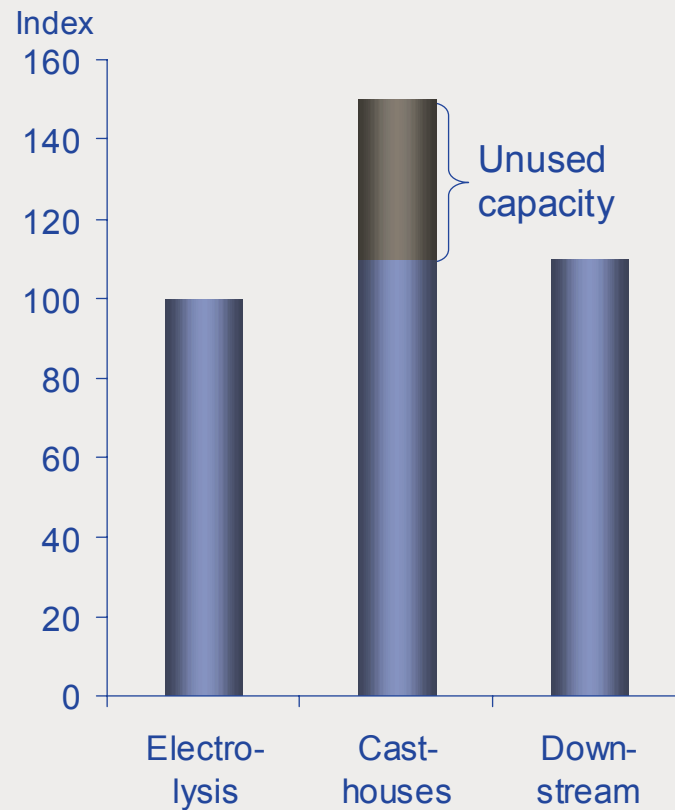
=> Substantial system-cost reduction and flexibility effects achieved

Trading

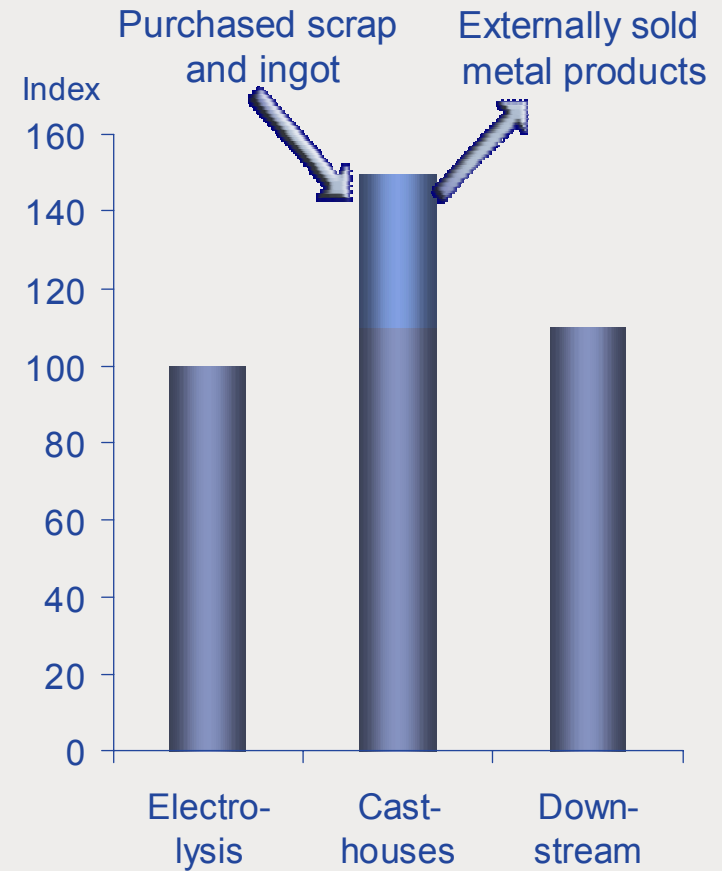
Better overall asset utilization

- Front-end
- Sourcing
- Casthouse operations
- Trading

Asset utilization in traditional aluminium company



Target asset utilization in Hydro Aluminium



Remelting capacity close to customers

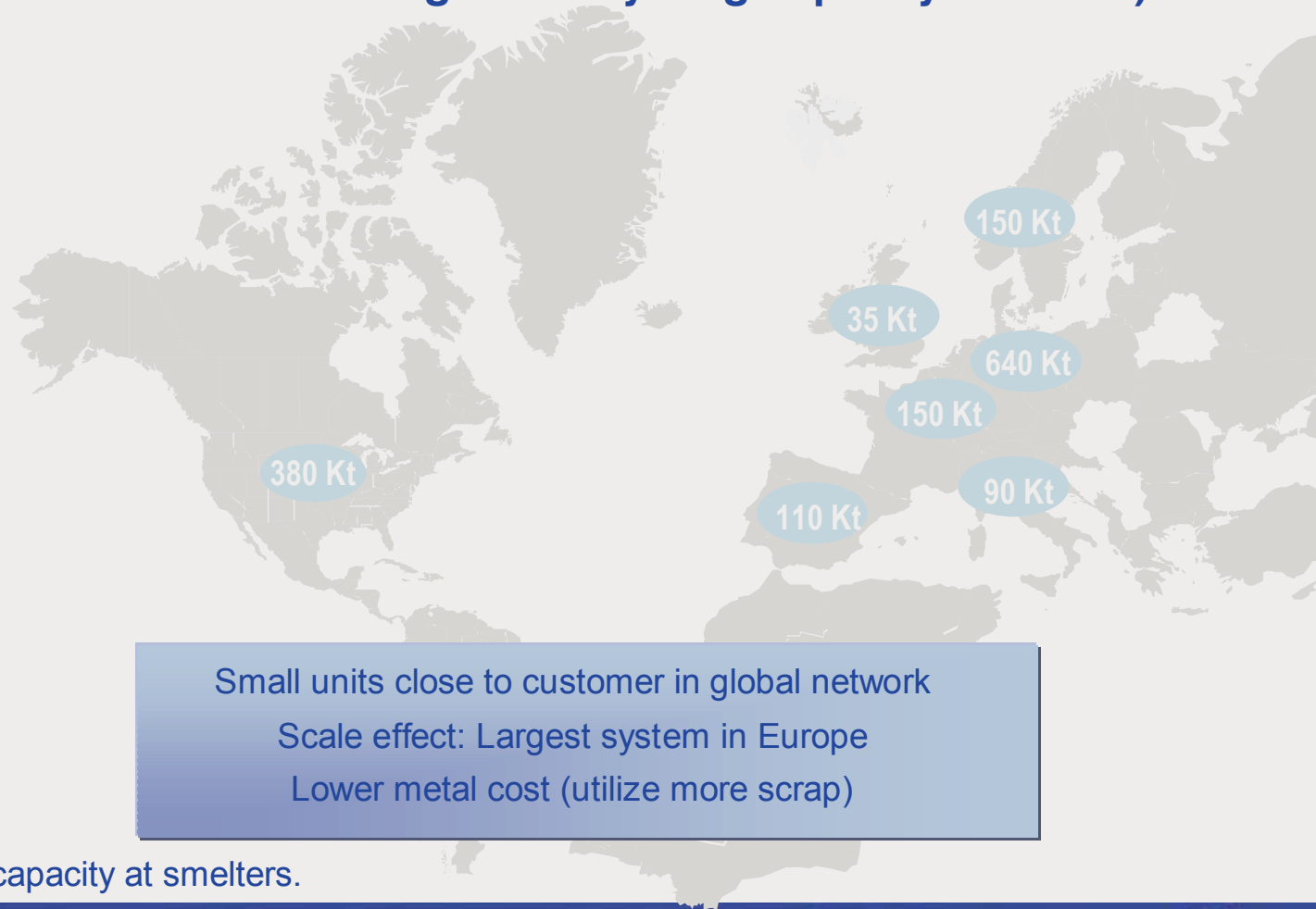
1.5 million tonnes total remelting and recycling capacity in 2003 *)

Front-end

Sourcing

Casthouse operations

Trading



Small units close to customer in global network
Scale effect: Largest system in Europe
Lower metal cost (utilize more scrap)

* Not including capacity at smelters.

Operational efficiency - system effects

Front-end

- High-level system effects
 - Roles of different sites & sources
 - Continuous learning across system from internal benchmarking
 - Flexibility in plants and between plants

Sourcing

- Lead to continuous improvement in operational results, such as
 - Increased uptime and tonnes/man
 - Improved recovery rates
 - Reduced lead-times and improved OTD
 - Lower stocks
 - Improved safety
 - Reduced cost/tonne

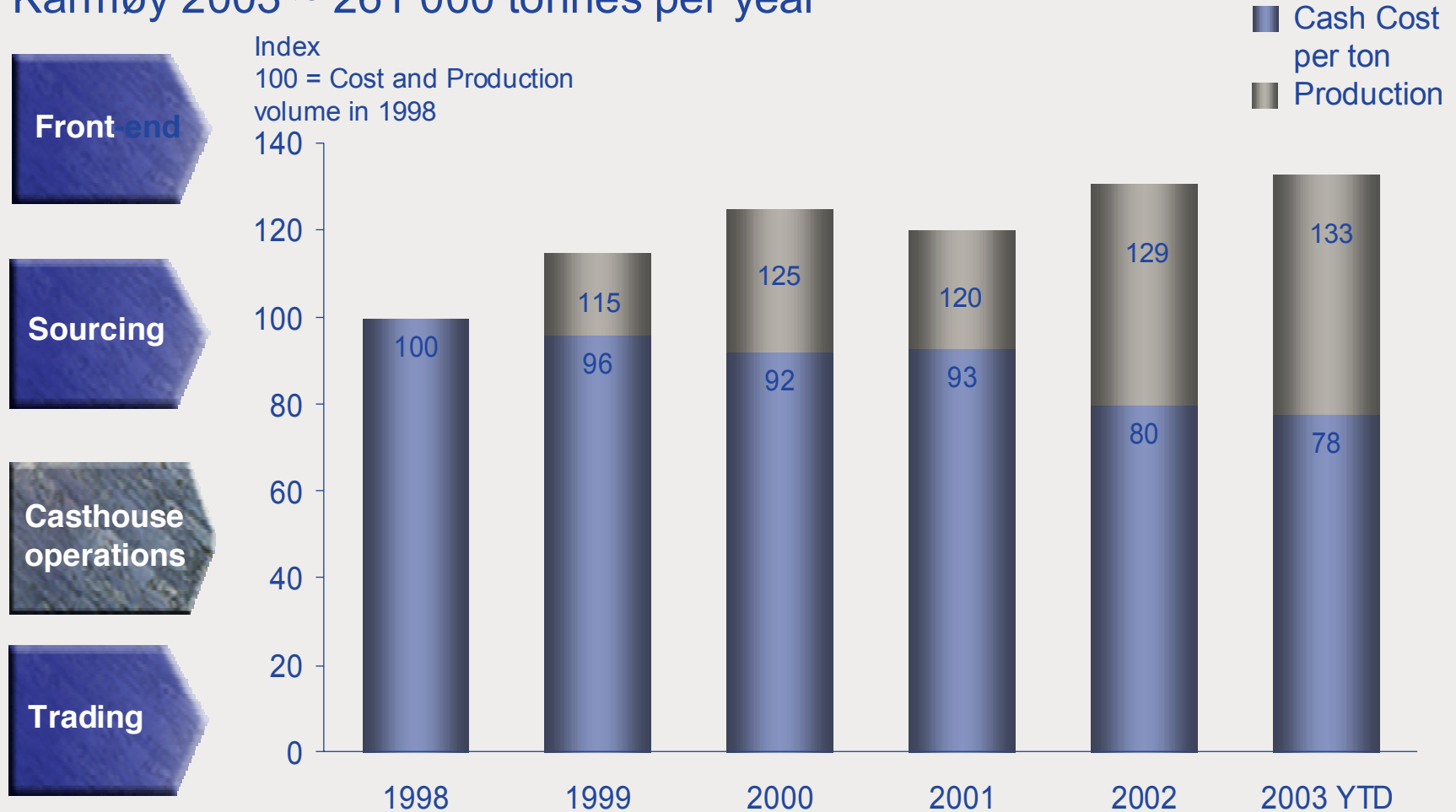
Casthouse operations

Trading

Optimizing casthouses

Increased volume and lower cost in operations

Karmøy 2003 ~ 261 000 tonnes per year



Optimizing casthouses

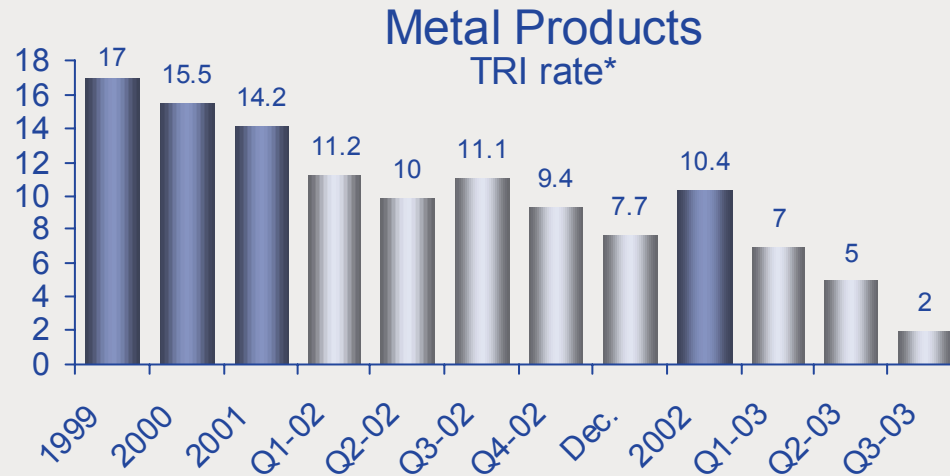
Improved safety performance and reduced stock days

Front-end

Sourcing

Casthouse operations

Trading



*Total recordable injuries per million work-hours



HYDRO

Trading

Front-end

- Physical metal trading (Approx. 500 kt)
 - What is it: Buying from and selling to third parties
 - How we make money:
 - Optimize global logistics, scale effects from internal market
 - Combined competence on sources, markets and risk mitigation tools

Sourcing

- Alumina-based trading
 - Starting point : Balanced alumina position for Hydro (equity and contracts)
 - What is it: Back-to-back for commercial concepts - sell to / toll with third parties (get metal back)
 - How we make money:
 - Optimize global supply and demand structure and logistics
 - Scale effects from internal market
 - Combined competence on sources, markets and risk mitigation tools

Casthouse operations

Trading

- LME-trading
 - LME function needed to execute operational hedging programs
 - Limited day-to-day trading on LME as part of optimization within strict limits

Metal Supplier Concept – What have we achieved?

- A solid business with good profits – focus pays off
 - Value is created through optimised sourcing, casthouse operations and commercial marketing of metal products.
 - Value is added to the products through technical and commercial services.
- A leading position in scrap conversion business
- A very strong market position in Europe
- A concept that can be rolled out globally
- Flexibility in products, geography and timing
 - Allow flexibility in growth downstream
- Alliances created with potentials for further growth
 - Examples from recent years Albras/Alunorte, Talum, Slovalco, Rusal

Priorities Metal Products

- Operational:
 - Cost reductions and best practice sharing
 - Maximize throughput in Extrusion ingot, Foundry alloys and Sheet ingot
 - Expand and maintain leadership in remelting
 - Keep investments at a minimum
- Strategic:
 - Short-term improve and utilize European assets fully
 - Strengthen leading positions in Foundry alloys
 - Contribute to roll-out in North-America
 - Develop Asian markets and establish aluminium foothold in China
 - Continue to establish strategic partnerships

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