



Capital Markets Day 2004

Progress review and forward strategy

Tore Torvund, Executive Vice President

2004-12-15

Status targets for 2004

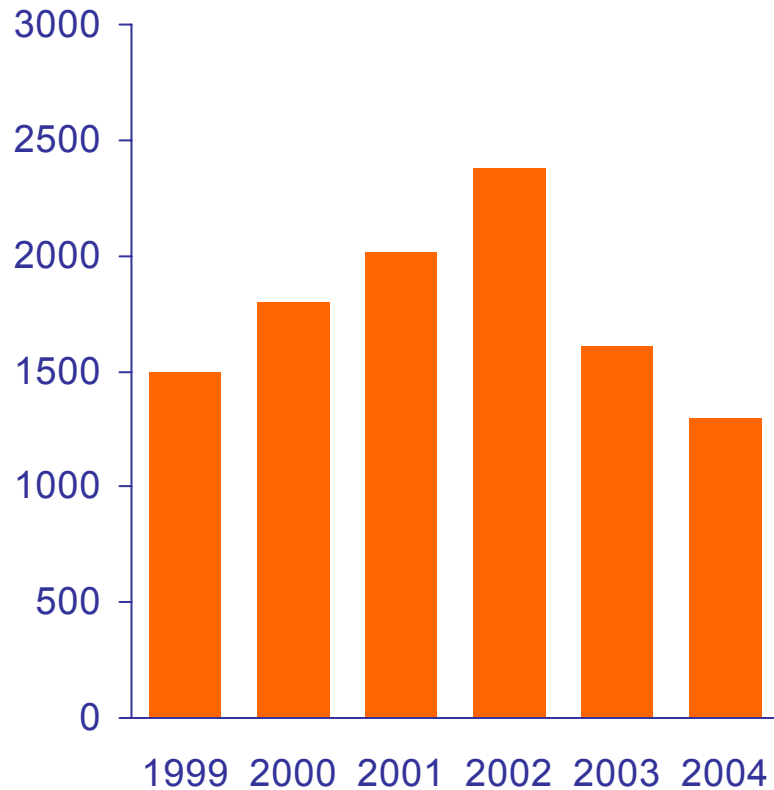
	CMD 2003	2004 Est.
● Production target	560 000 boe/day	570 000 boe/day
● Production cost	NOK 24/boe	NOK 22/boe
● F&D cost ¹⁾	USD 6/boe	} Under pressure
● RRR ¹⁾	120%	
● CAPEX-level	NOK 12 billion	NOK 11 billion
● Exploration level	NOK 1 billion	NOK 1,3 billion

¹⁾ 3 year average, excluding purchase and sale

- **Exploration and acquisition review**

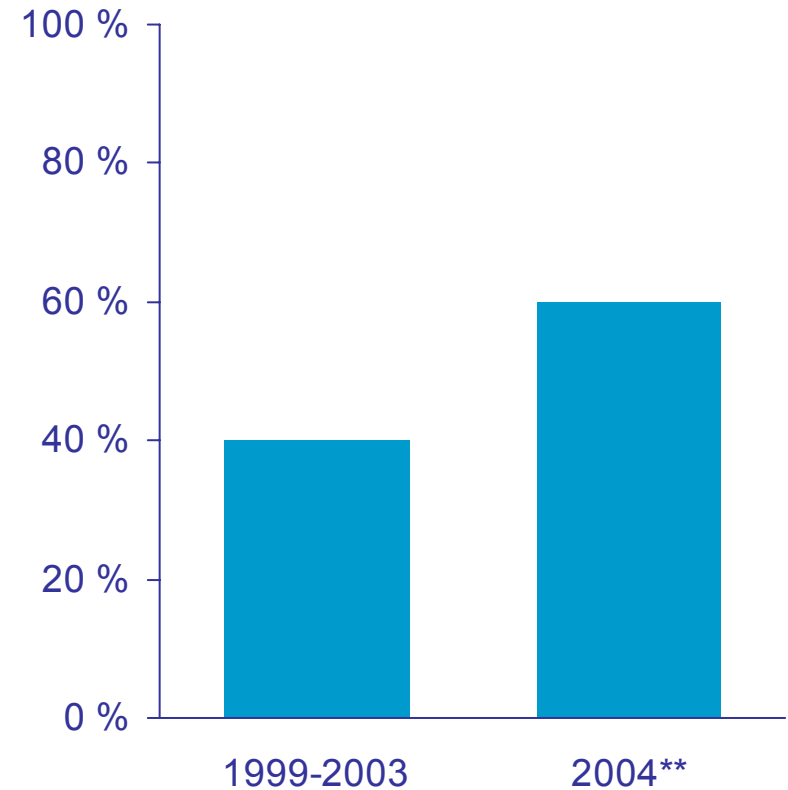
Increased predictability and performance

Exploration expenditure*



*Excluding license acquisition costs

Success rates



**Estimate as of 3rd quarter 2004

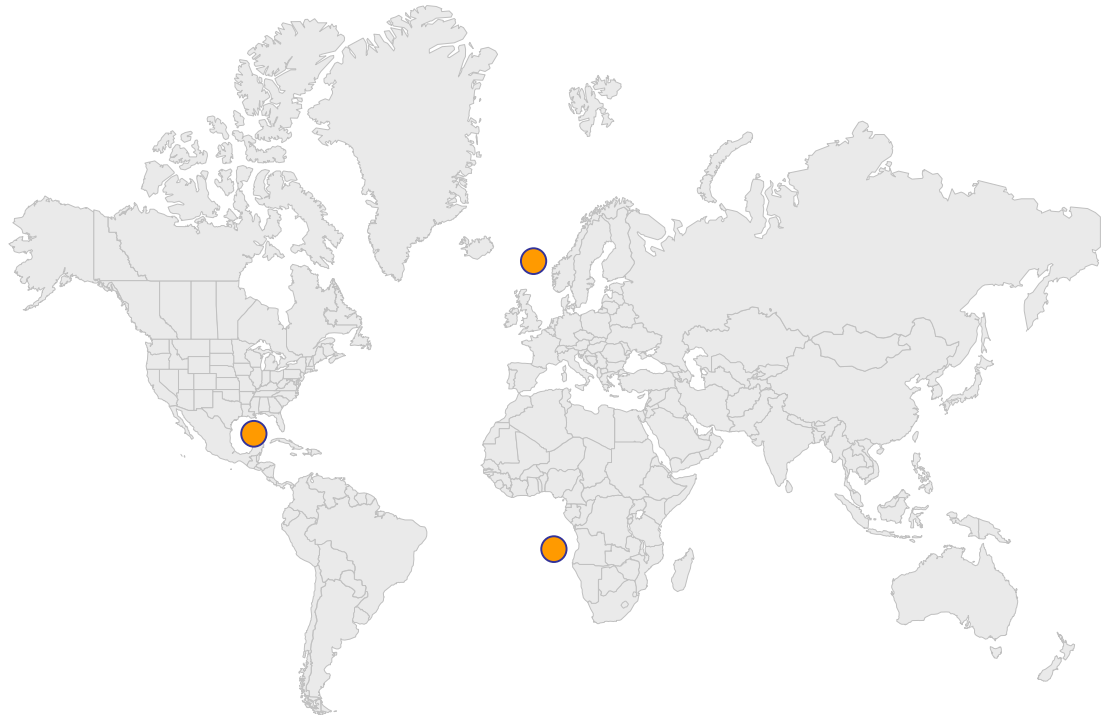
Value creation through acquisitions

- Technical resources added 04

- Angola: Block 4
- GoM: Champlain
- GoM: Lorien
- NCS: PL 248

- 50 000 boe/day production potential by 2008-10

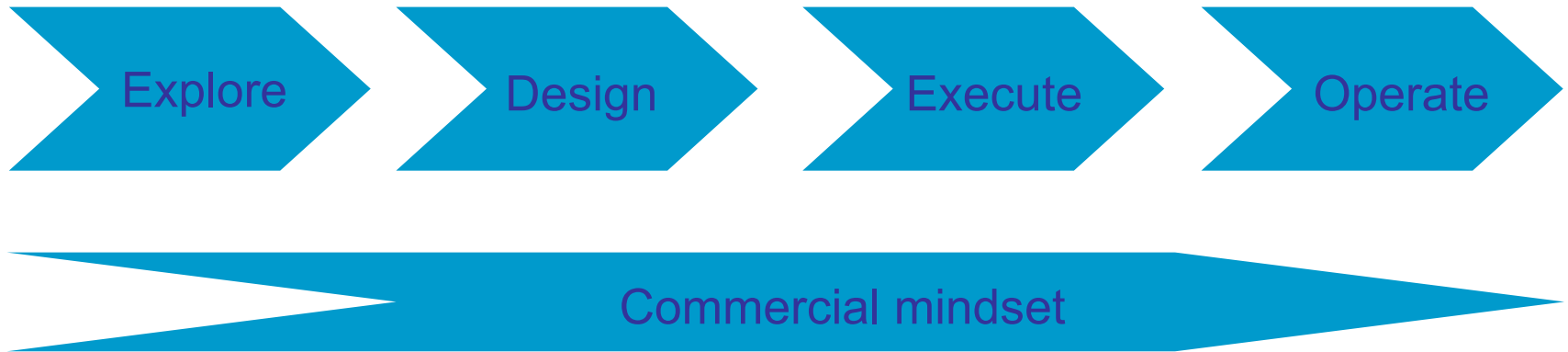
- Robust profitability



- **Exploration and acquisition review**
- **Building on our competence**

Strong expertise in the upstream business

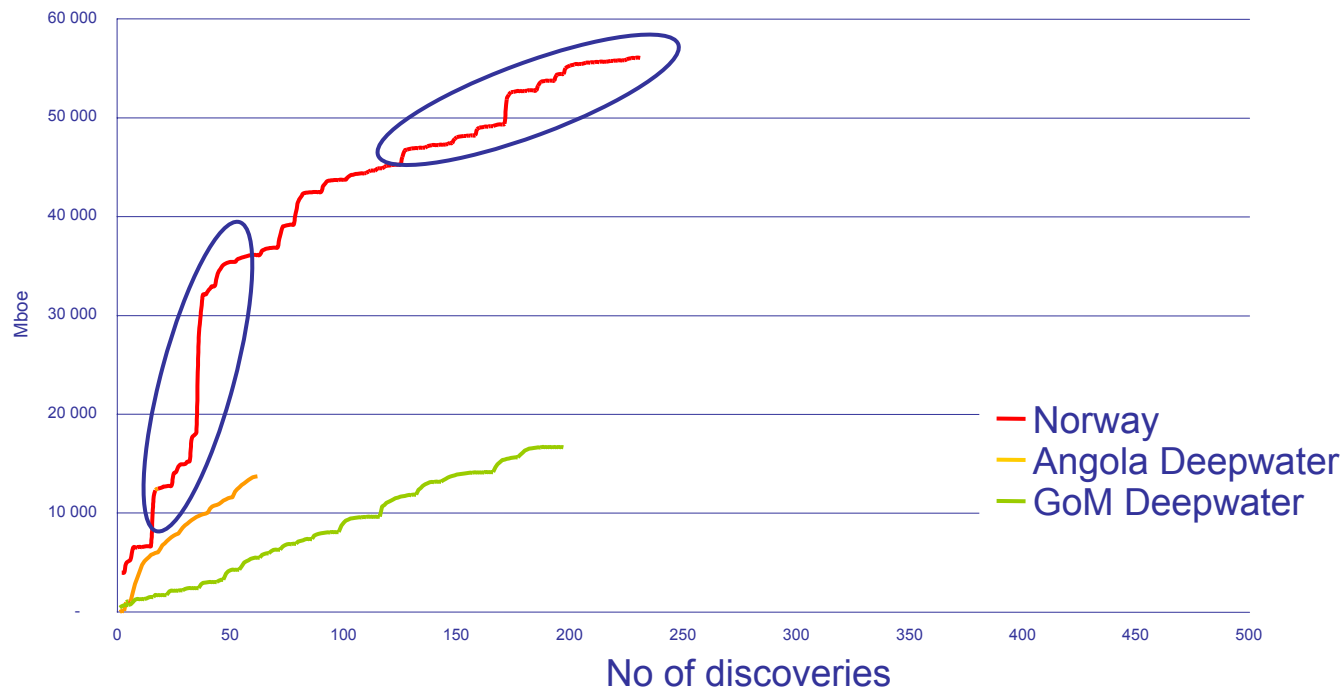
E&P value chain





Revitalizing the benefits of long-term competence focus

Discovering oil-fields is increasingly difficult over time



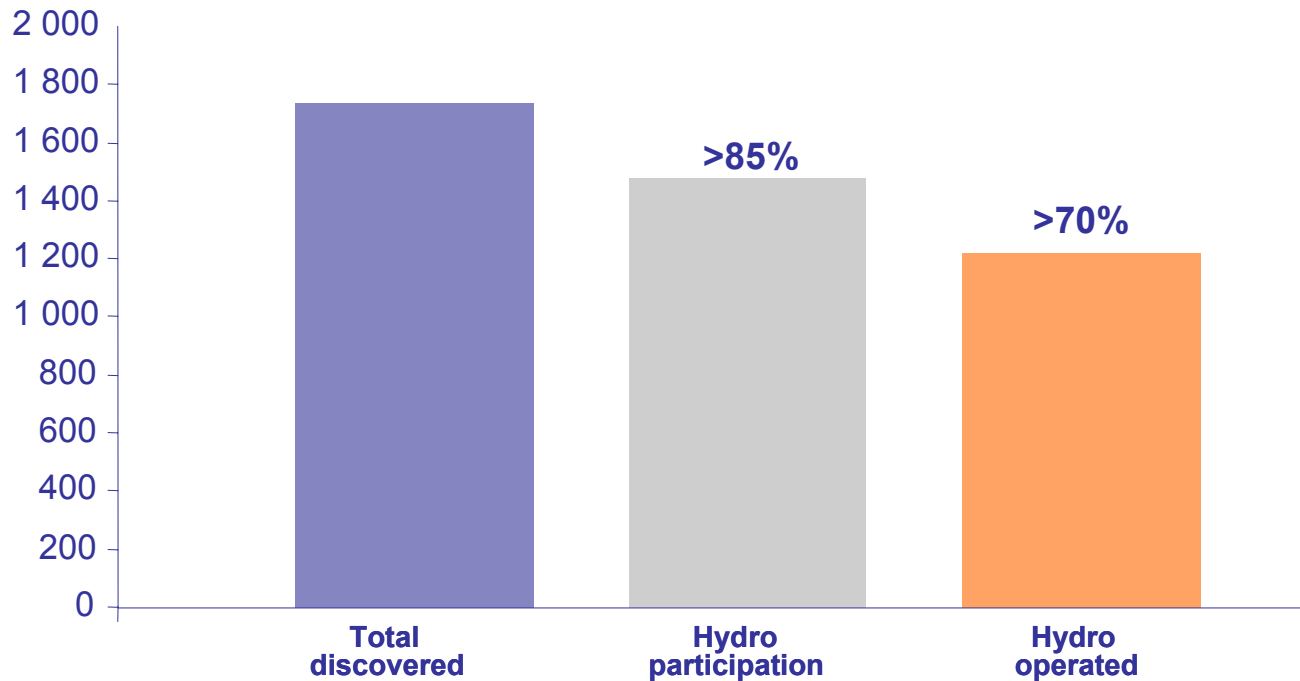
Source: IHS



Revitalizing the benefits of long-term competence focus

NCS: A solid competence basis for internationalization

Mboe recoverable reserves stand alone oil discoveries North Sea since 1990

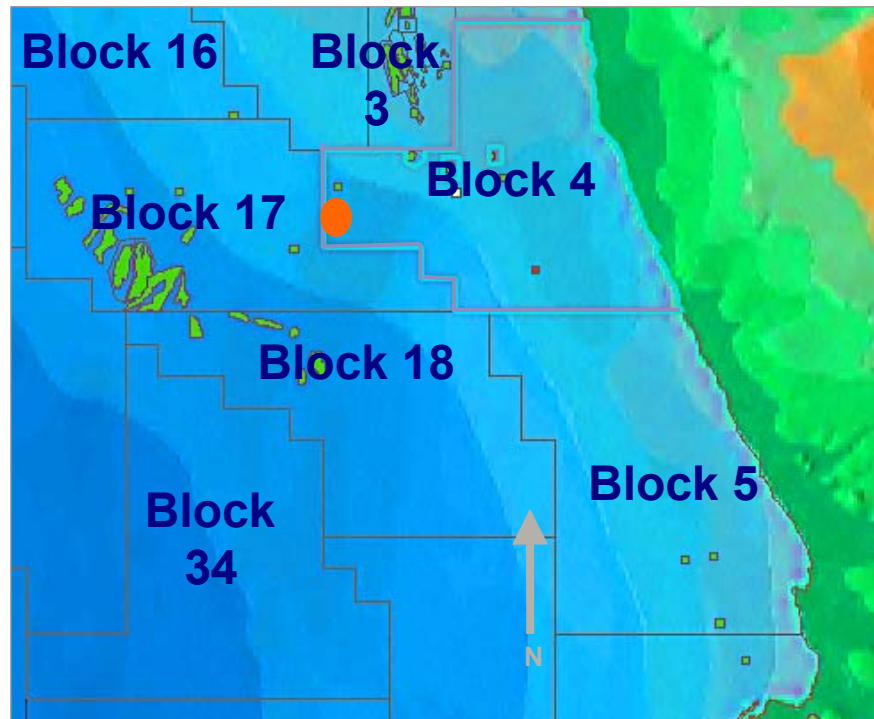


Source: Source: NPD – except Alvheim – Hydro estimate



Revitalizing the benefits of long-term competence focus

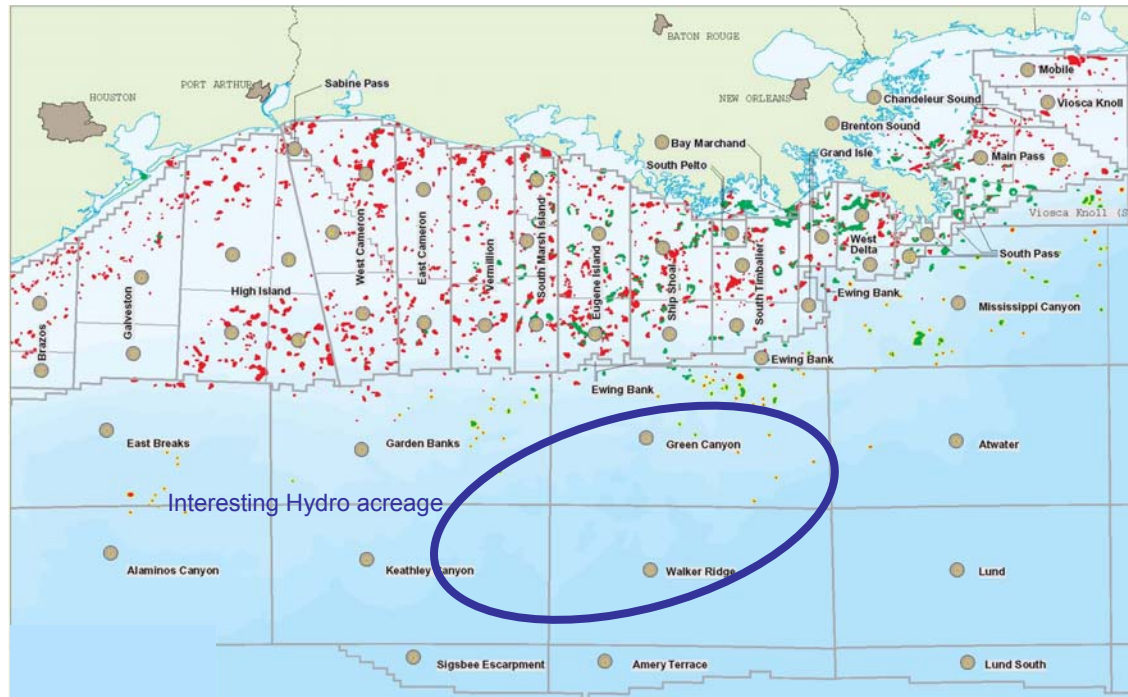
Angola: Oil discovered in Block 4 - Sonangol P&P as operator





Revitalizing the benefits of long-term competence focus

GoM: Commercializing valuable acreage acquired at low cost



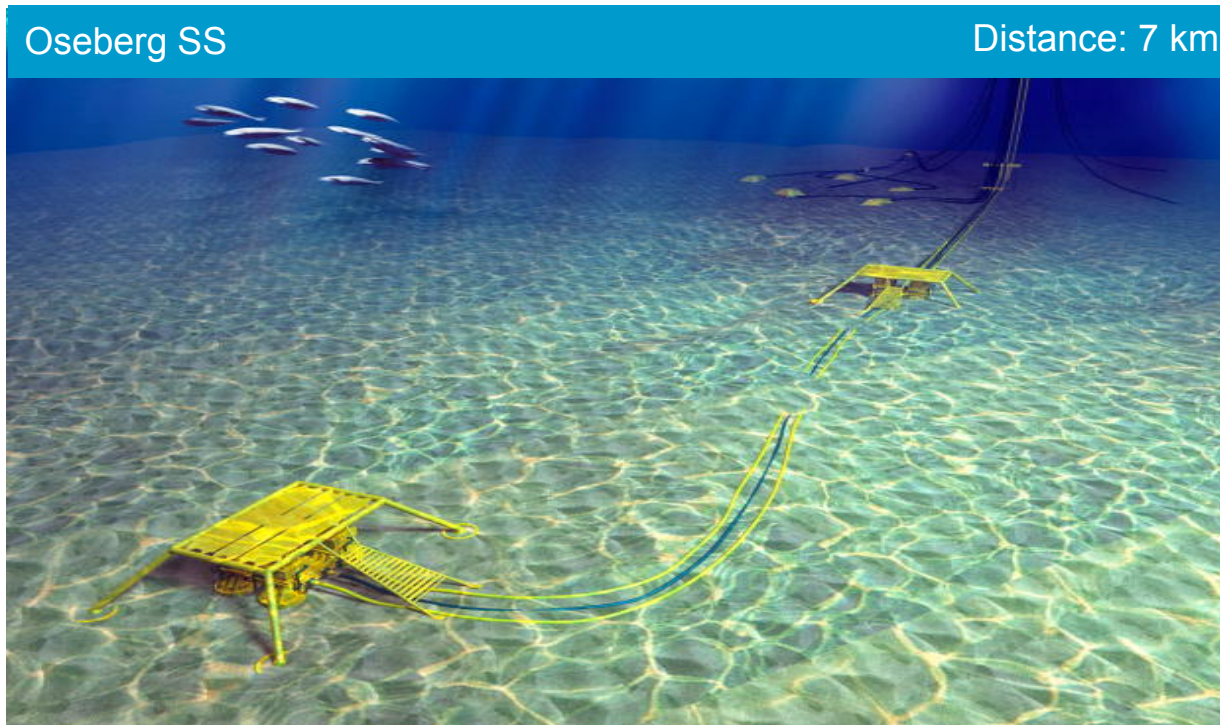
Revitalizing the benefits of long-term competence focus



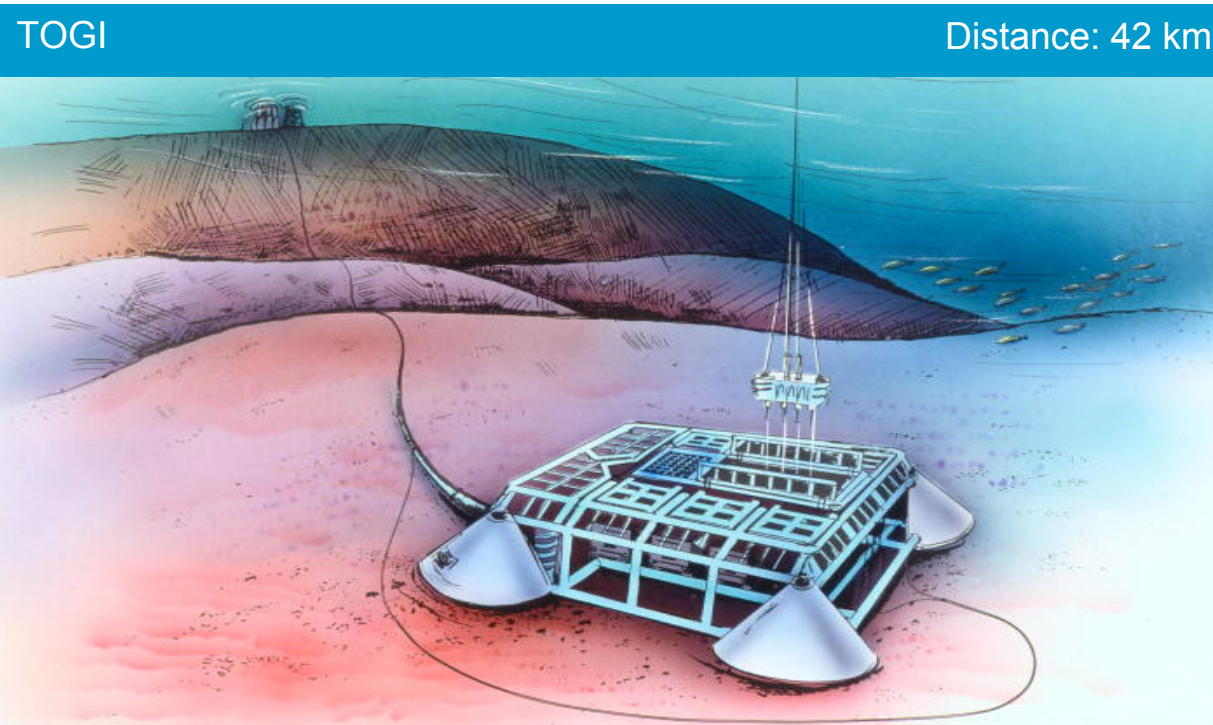
New regions: High potential acreage with limited exposure



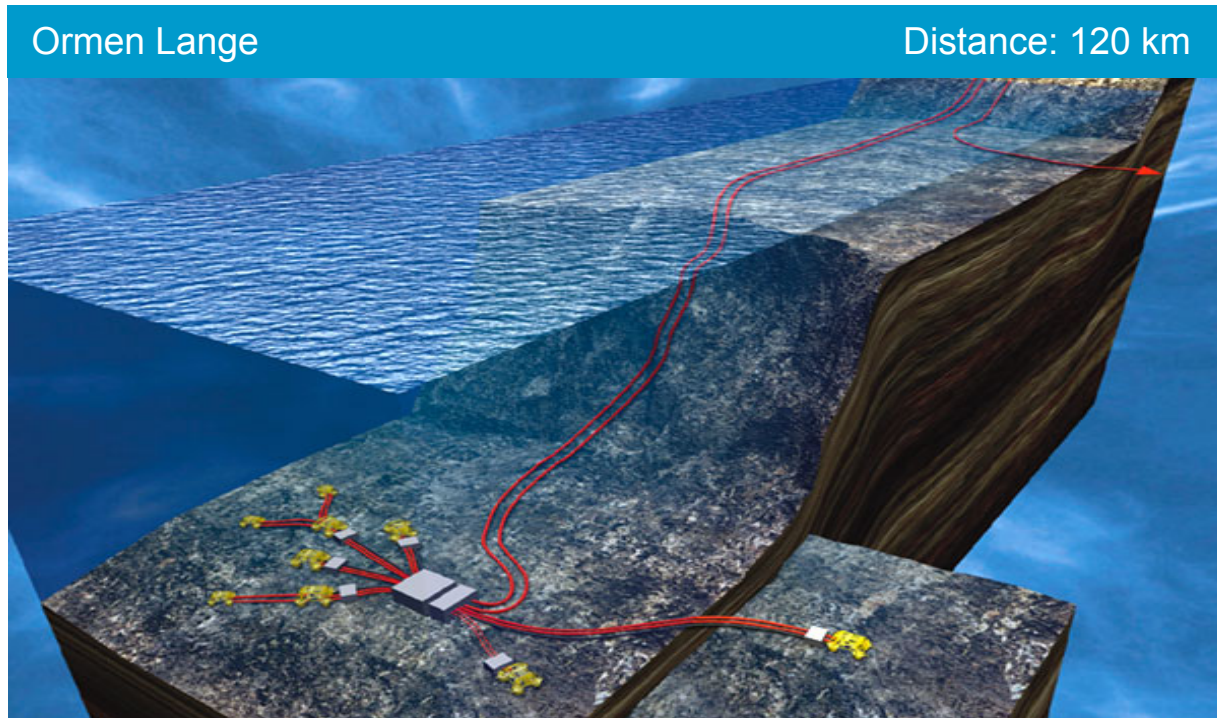
Transportation over long distances is key to future developments



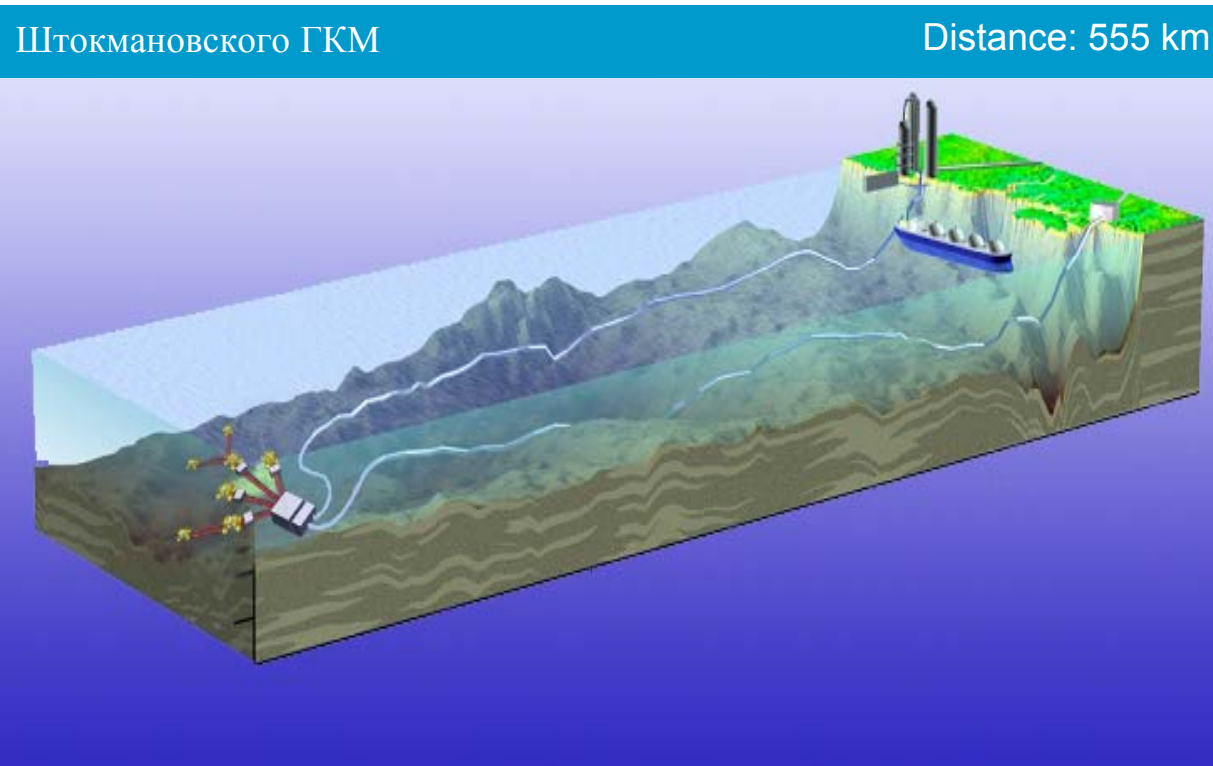
Transportation over long distances is key to future developments



Transportation over long distances is key to future developments



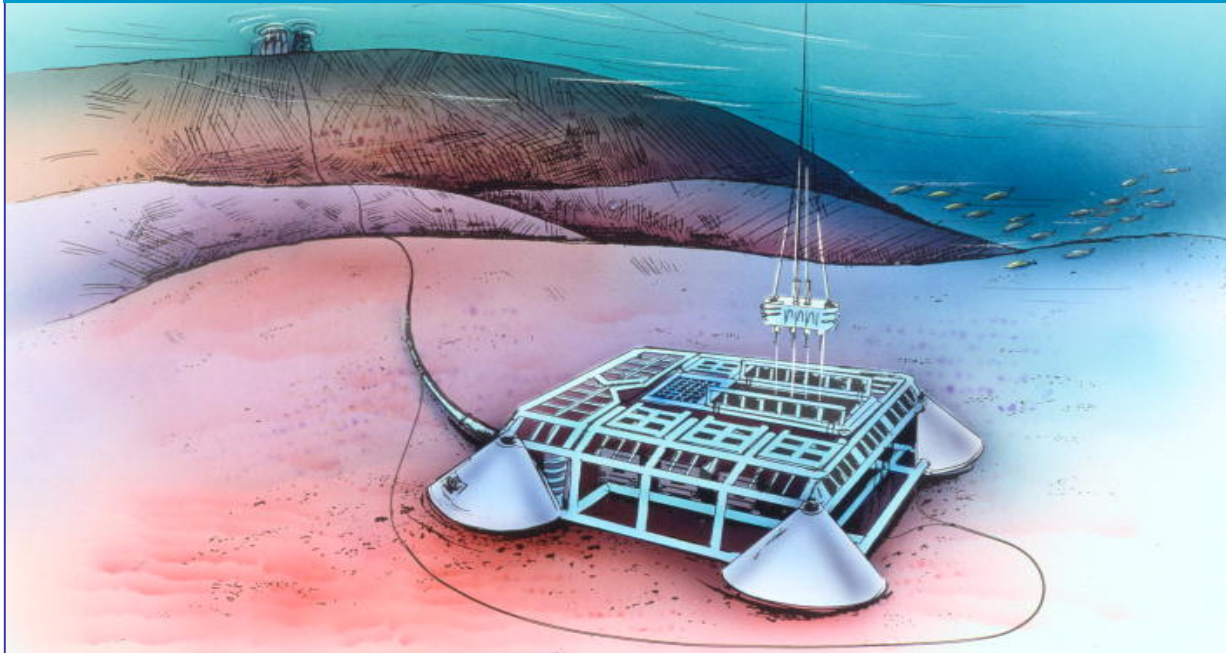
Transportation over long distances is key to future developments



Long-term IOR focus and cost efficiency creates sustainable results



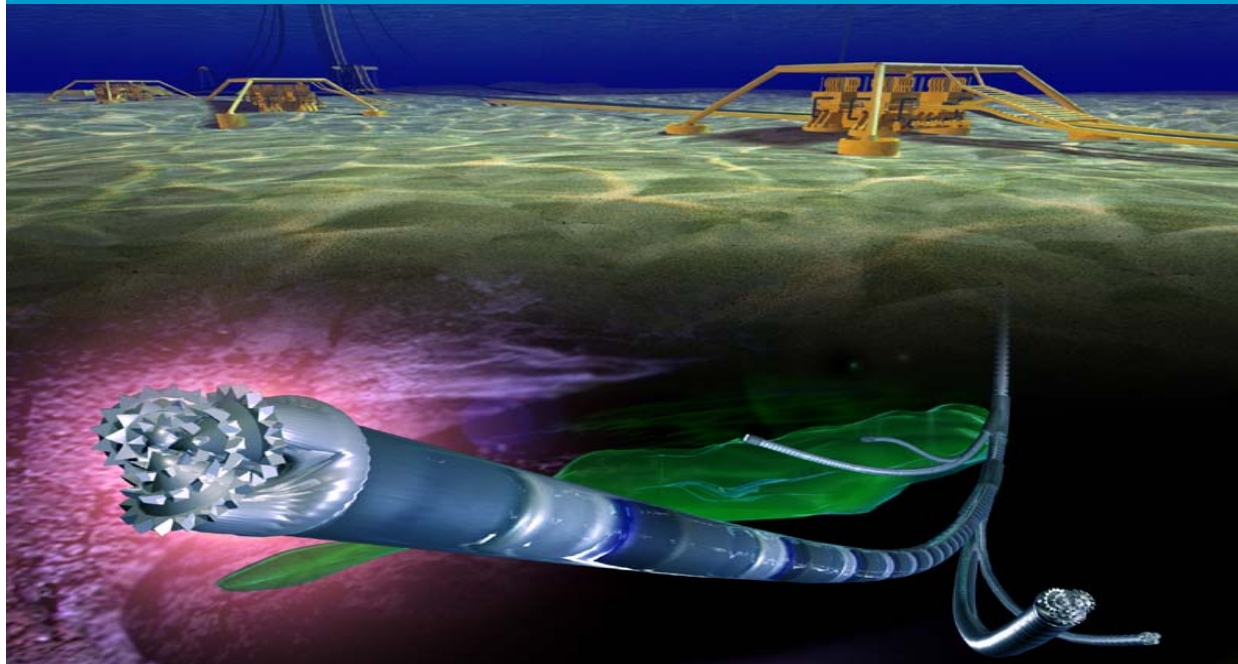
Early mover in gas injection





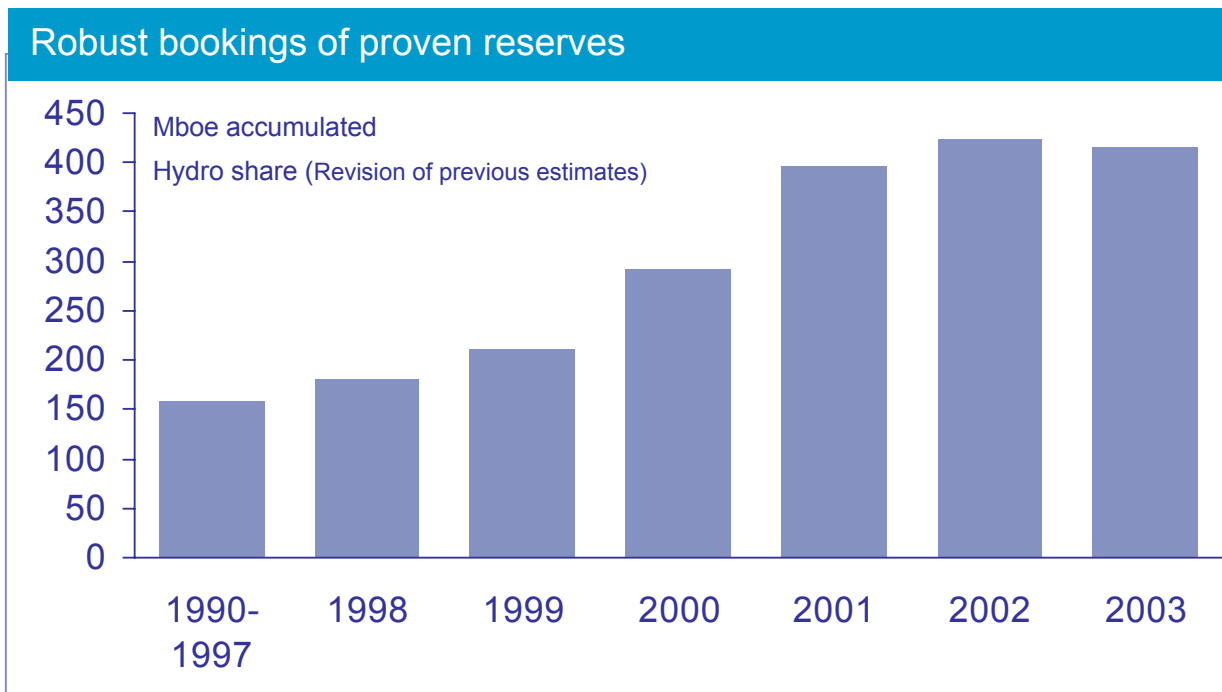
Long-term IOR focus and cost efficiency creates sustainable results

Global leader in multilateral wells





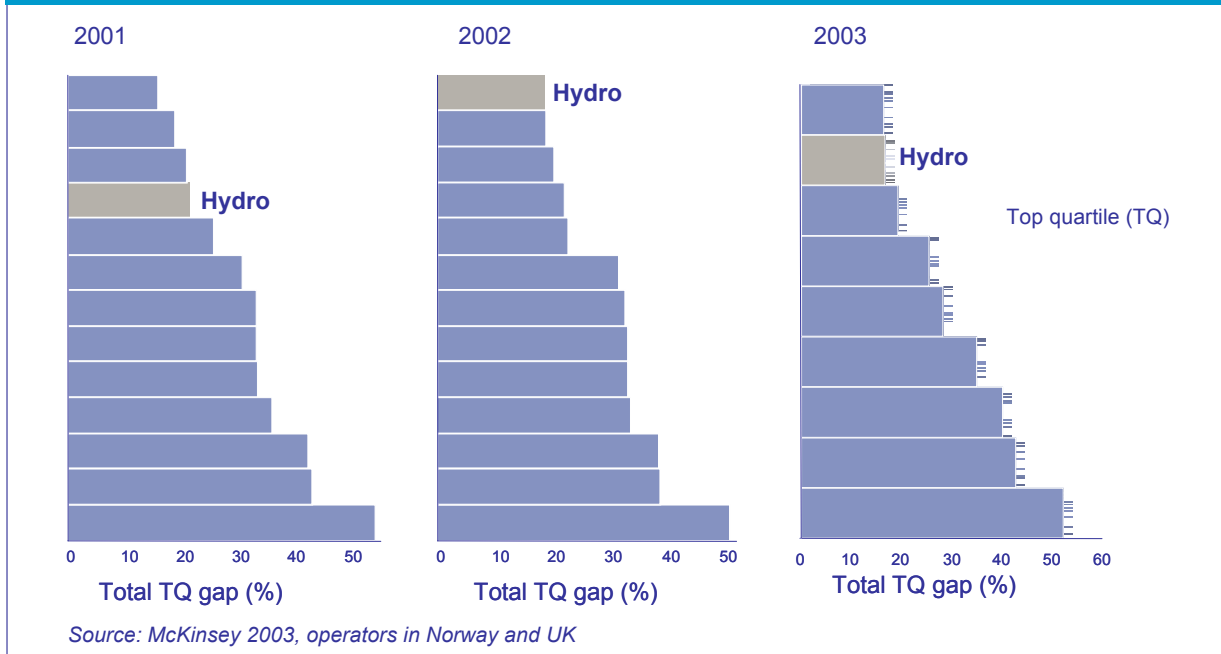
Long-term IOR focus and cost efficiency creates sustainable results



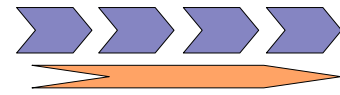


Long-term IOR focus and cost efficiency creates sustainable results

Combined with top quartile cost efficiency



Commercial mindset creating value in all parts of the value chain



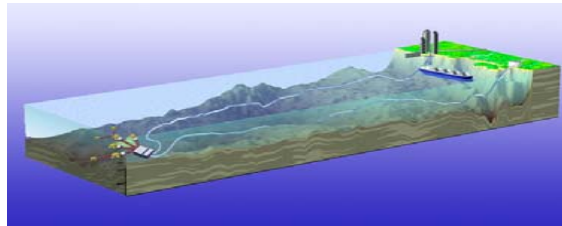
Explore



Block 4 in Angola

Our co-operation with Sonangol yielding results through our joint efforts to commercialise the block 4 discovery

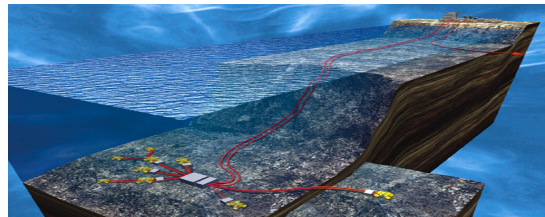
Design



Shtokmanovskoye

Potential role as key partner through long-term focus and technological edge

Execute



OL contracts in place

Having a clear and consistent contracting strategy is key to effective project execution

Operate

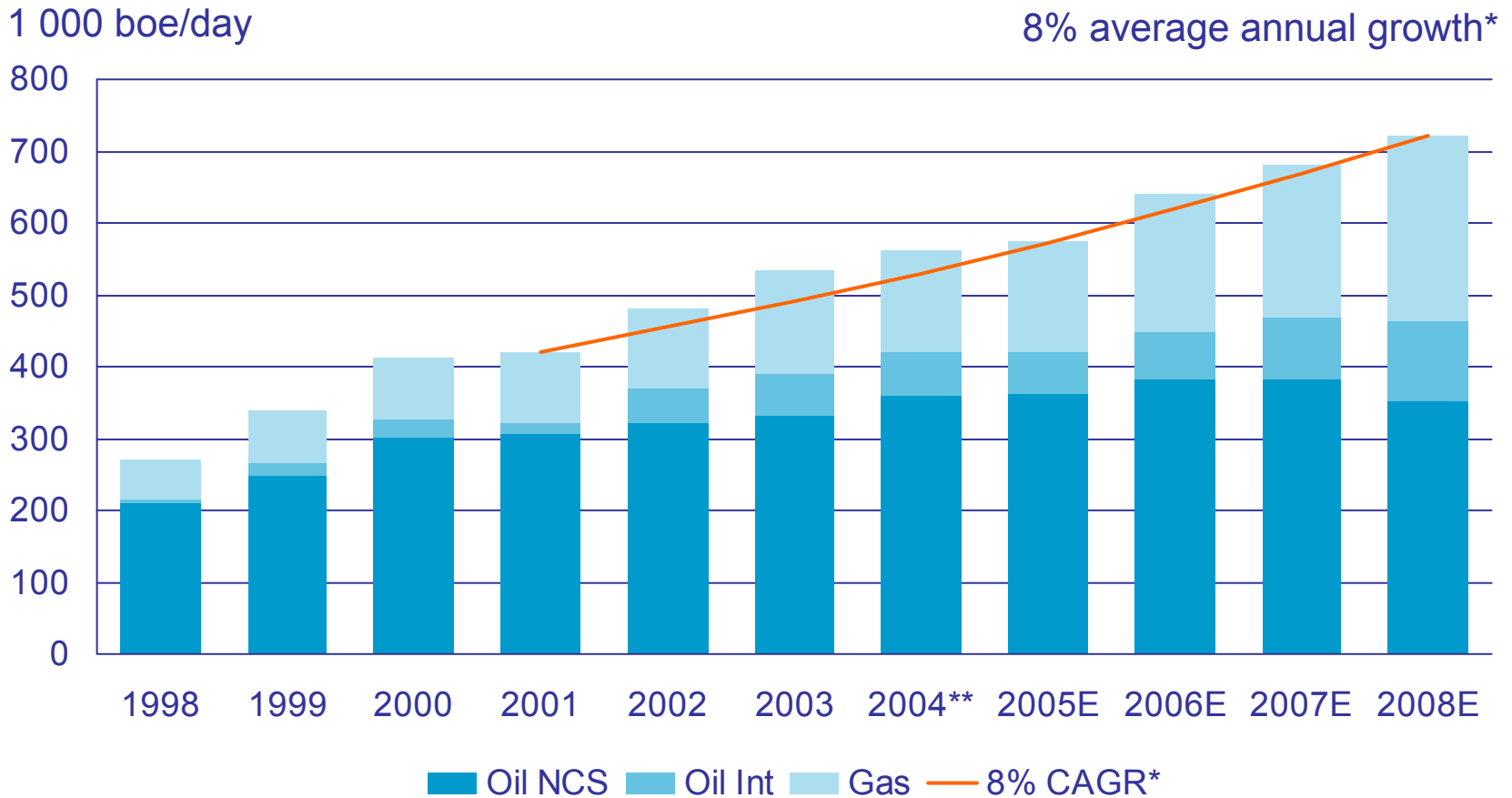


Grane – Oseberg blend

Blending Grane oil into Oseberg oil increases the value of Grane without reducing Oseberg

- **Exploration and acquisition review**
- **Building on our competence**
- **Basis for future production growth**

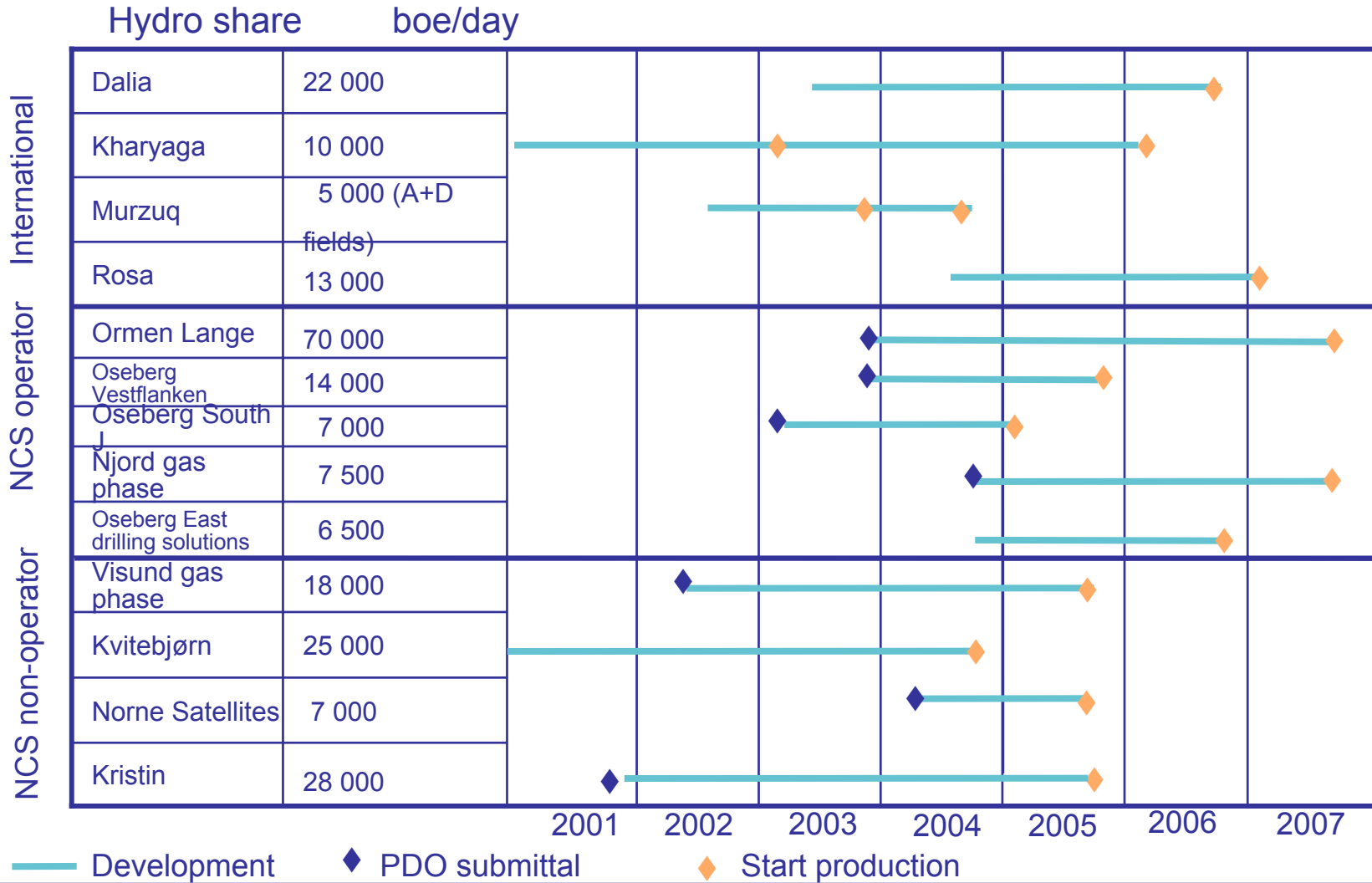
Continued strong production growth



*Compound Annual Growth Rate, 2001 baseline

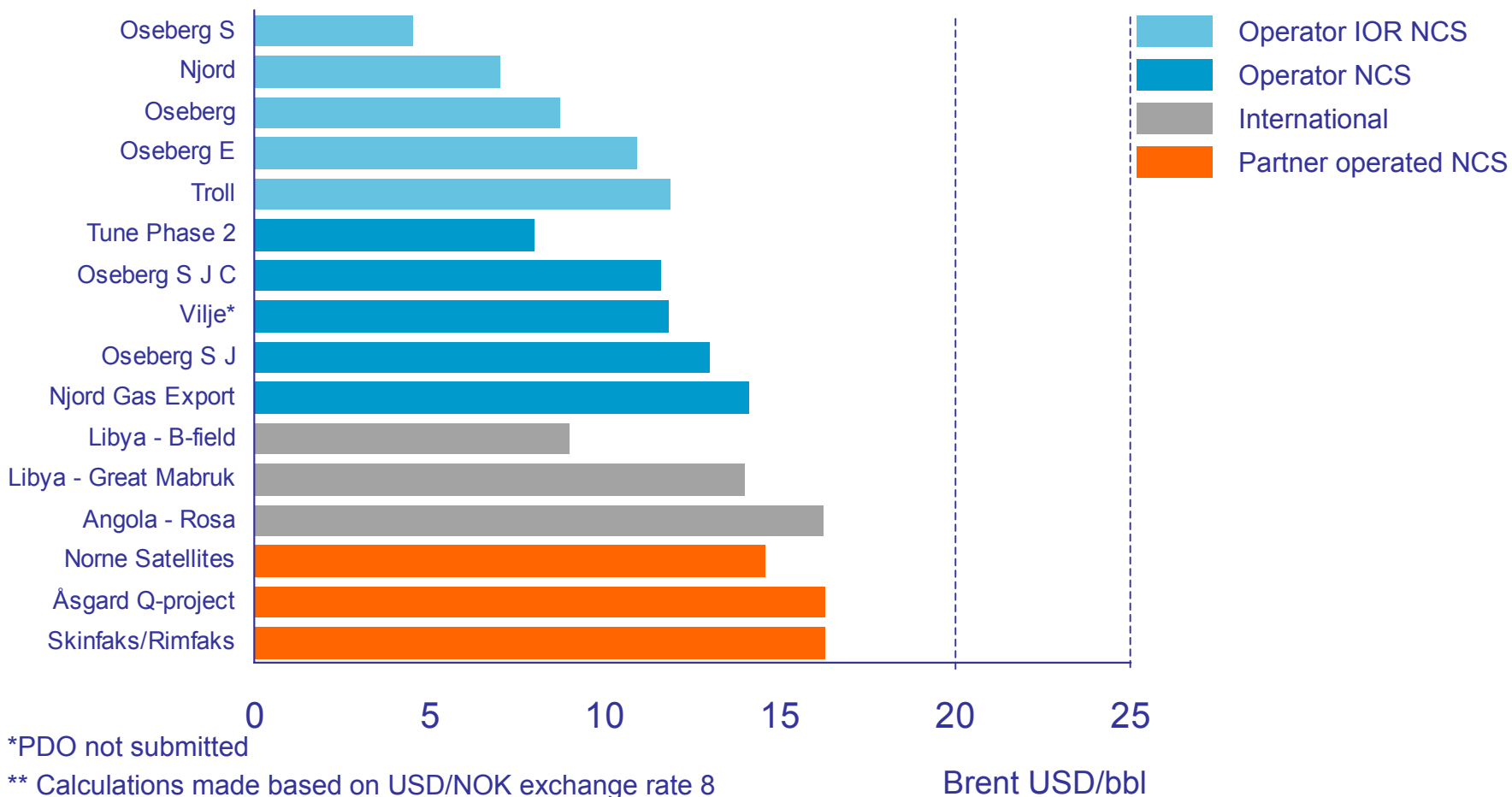
**2004 numbers as communicated on Capital Markets Day 2003

New fields on stream 2004 – 2007



Strong production growth based on attractive project portfolio

Oil price giving 10% real rate of return post tax**



- **Exploration and acquisition review**
- **Building on our competence**
- **Basis for future production growth**
- **Production growth beyond 2008**

Sources of longer term production growth

Existing portfolio

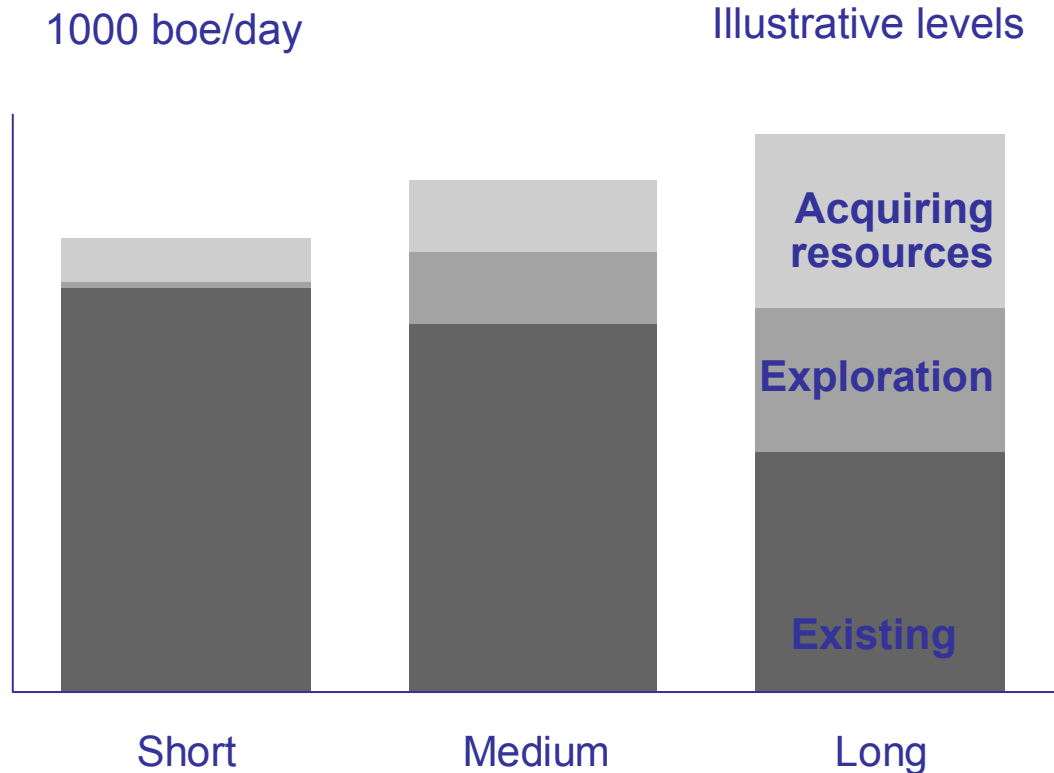
Develop assets in portfolio
Increase oil/gas recovery

Exploration

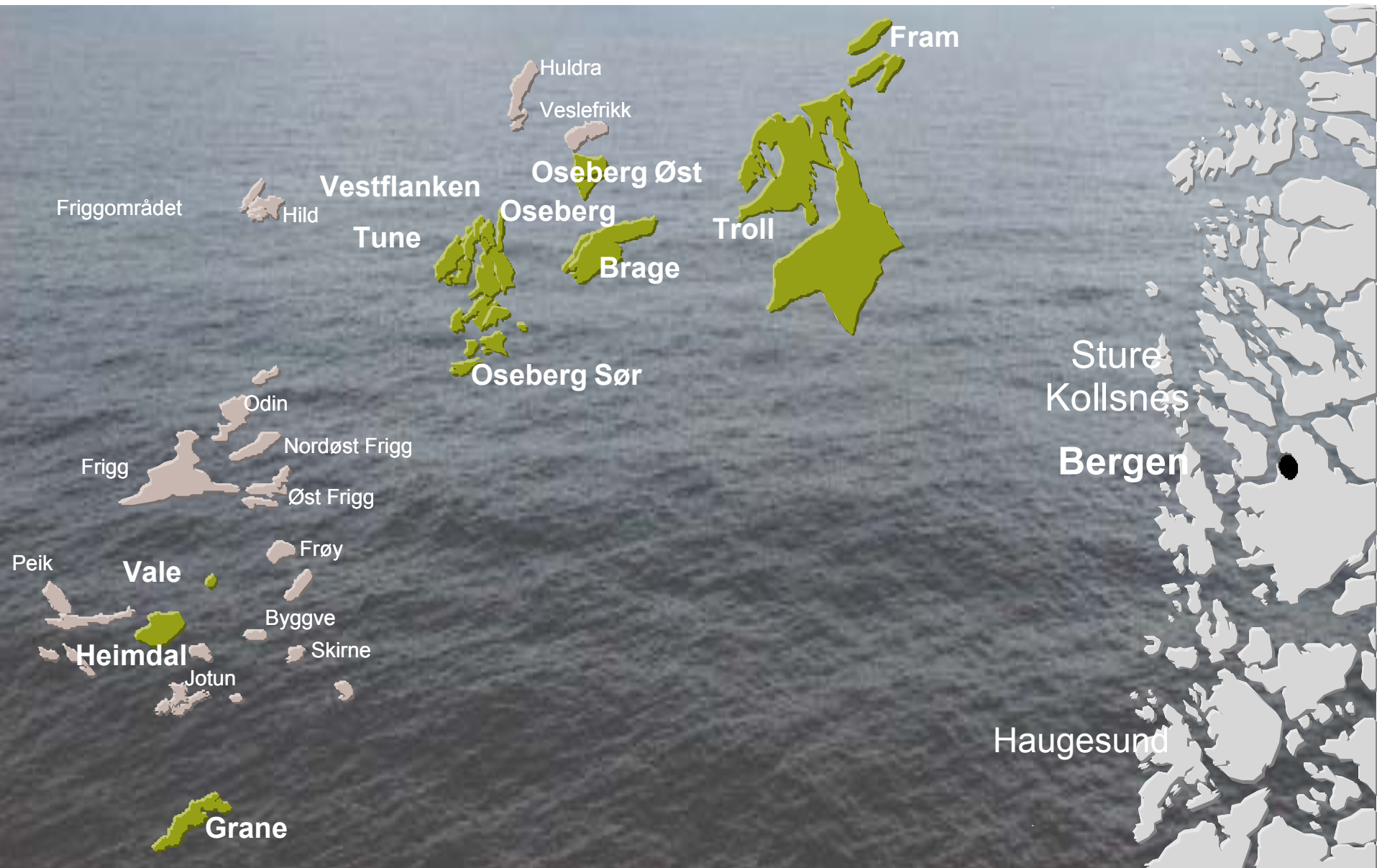
Improved predictability
Increased focus

Acquiring resources

Results emerging
Capital discipline



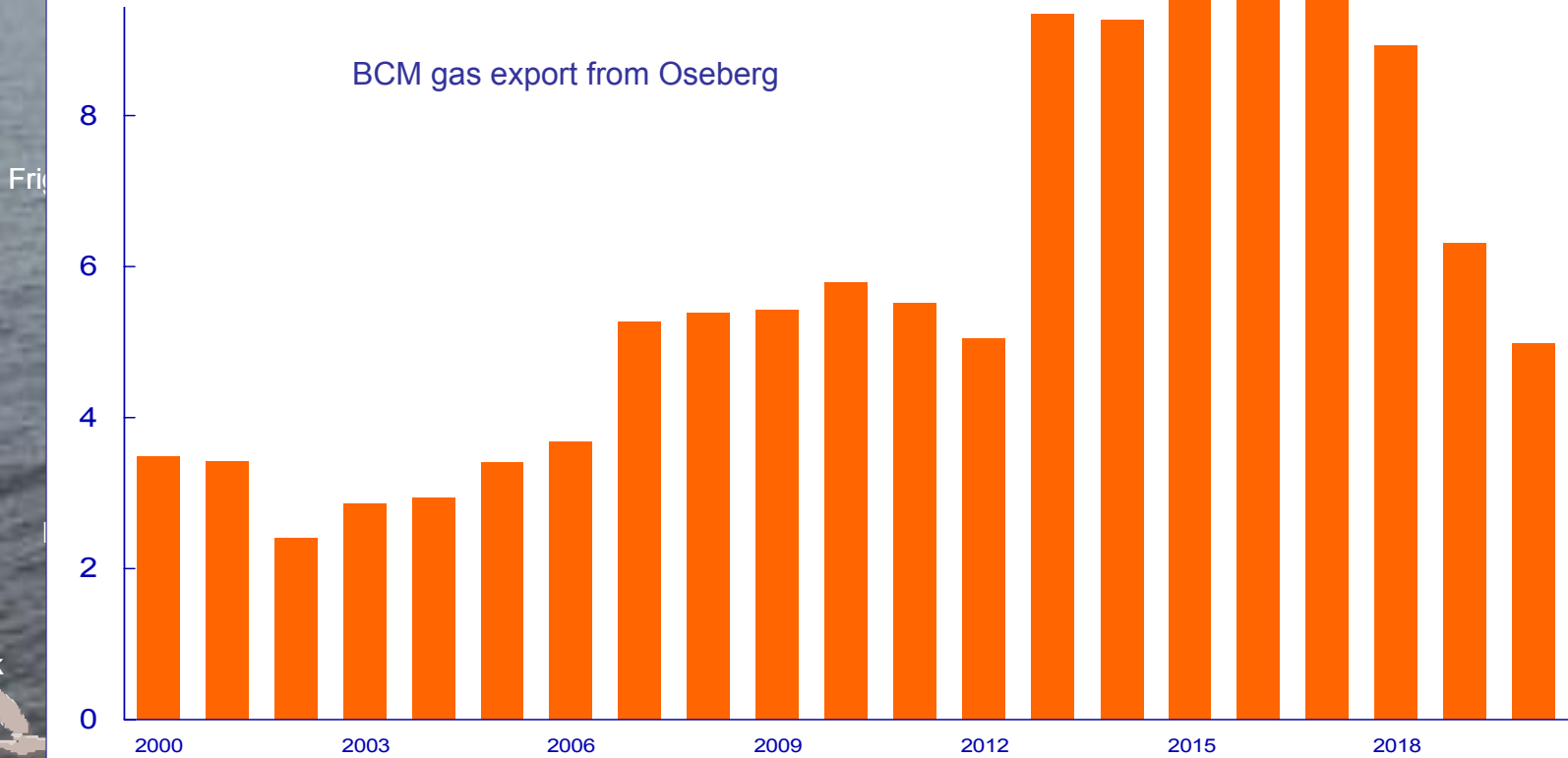
NCS Existing portfolio: Main operated core area



NCS Existing portfolio: Main operated core area

Increased gas export Oseberg

BCM gas export from Oseberg



Peik

Heimdal

Jotun

Skirne

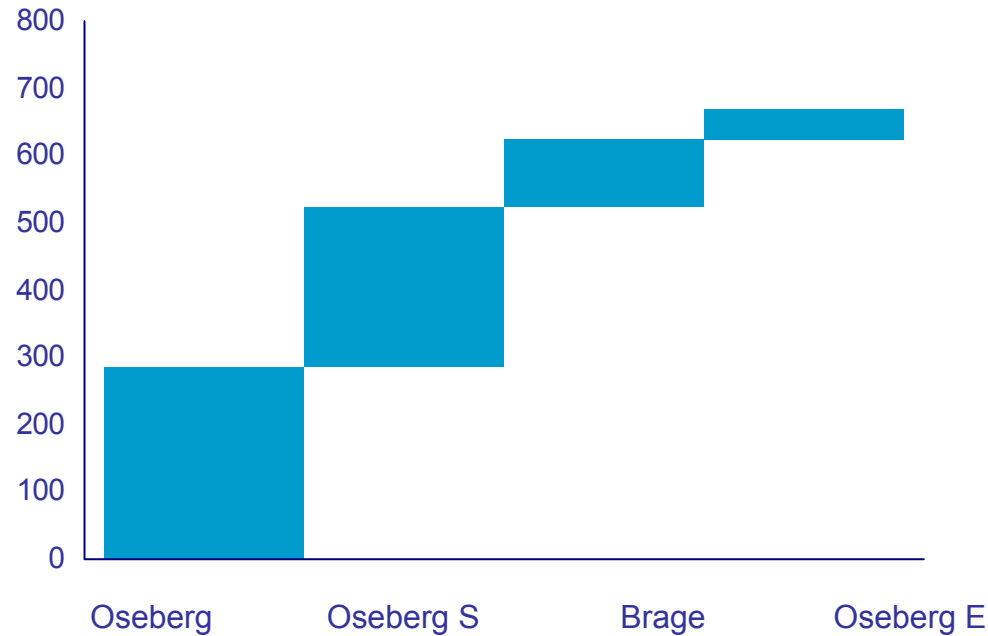
Grane

Haugesund

NCS Existing portfolio: Main operated core area

Significant IOR potential remaining

Remaining mobile hydrocarbons Mboe Hydro share in fields



Peik

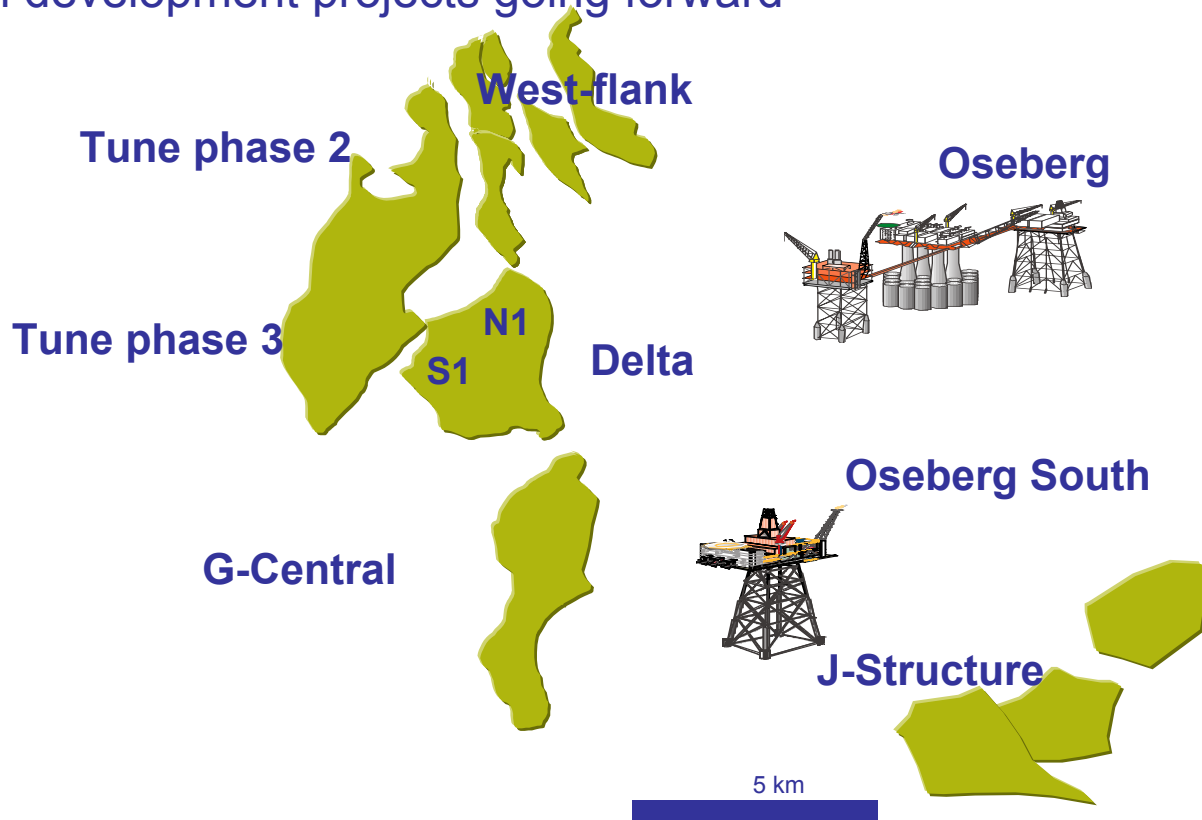
Jotun

Grane

Haugesund

NCS Existing portfolio: Main operated core area

Several development projects going forward

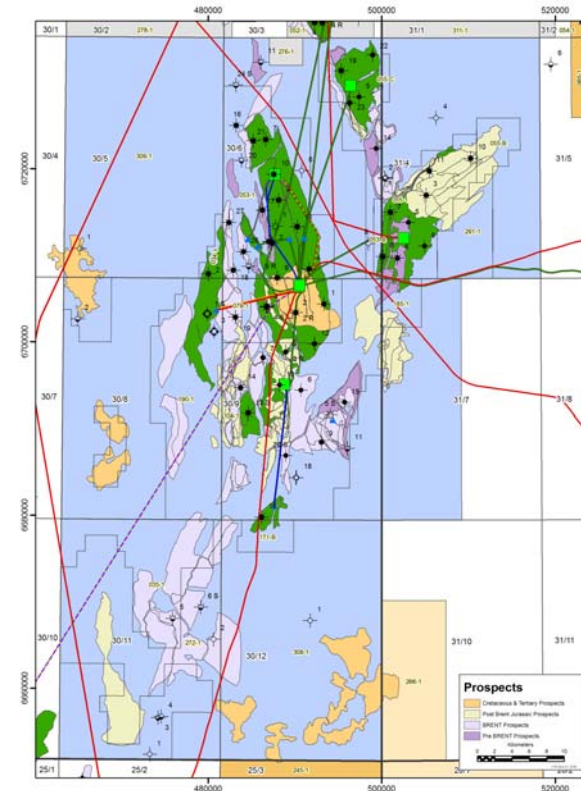
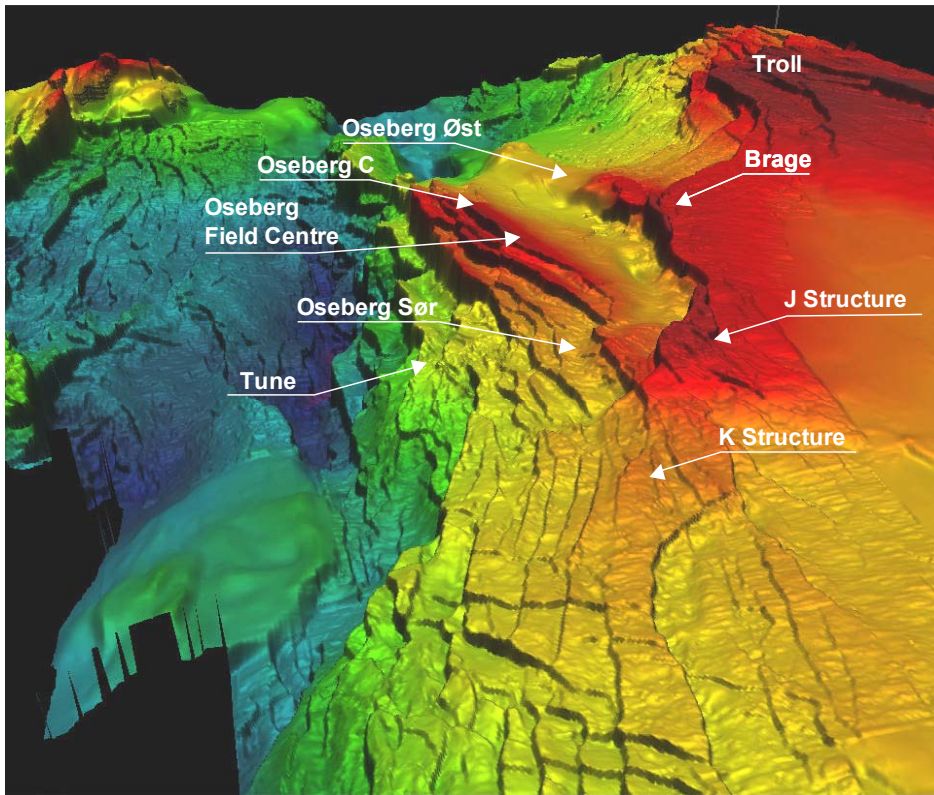


Grane

Haugesund

NCS Existing portfolio: Main operated core area

Significant near infrastructure led exploration potential identified



Fr

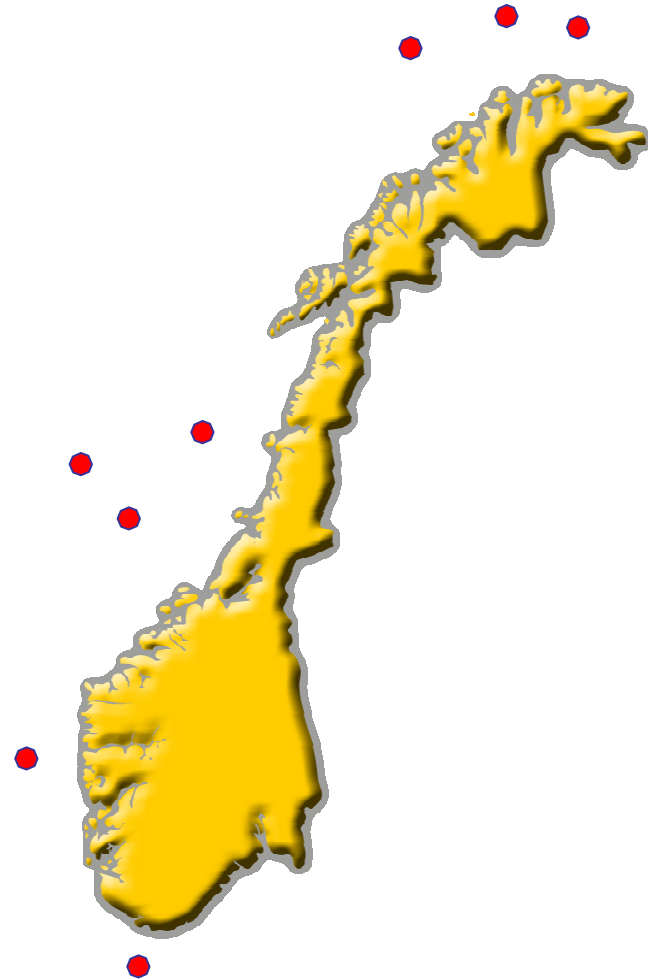
Peik

Haugesund

Grane

NCS Exploration: High risk/reward potential going forward

- Several high potential/high risk wells from north to south
- High equity
- Testing different plays and areas
- 5 to 10 wells in 2005-2007



Canada: Mature area opportunities in highly profitable portfolio

Existing portfolio

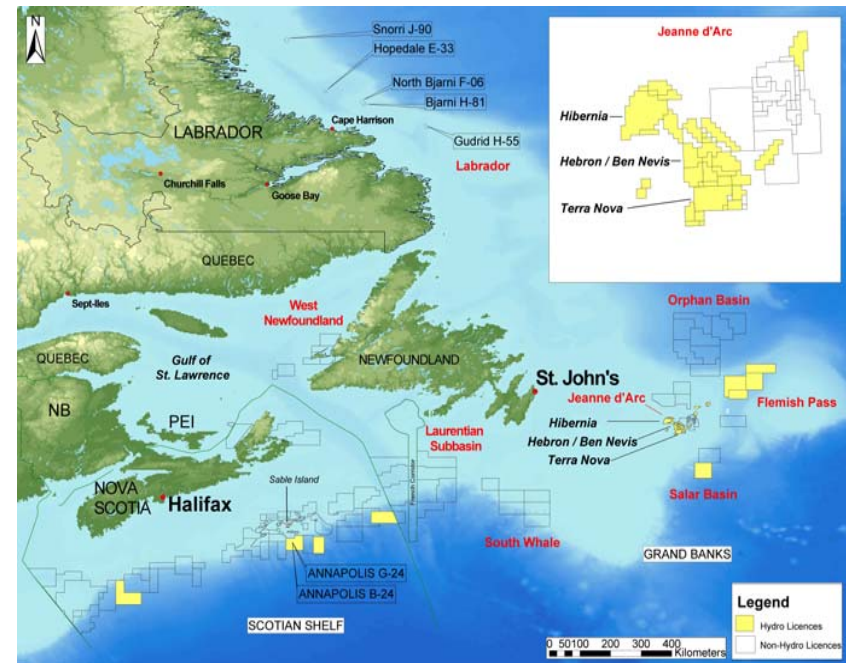
Hibernia and Terra Nova optimization
Hebron development solution

Exploration

Near infrastructure led exploration
Mature current licence portfolio
Assess risk/volume in immature basins

Acquiring resources

Increase technical resources
in the Grand Banks area



Angola:

Diversified opportunities in profitable growth portfolio

Existing portfolio

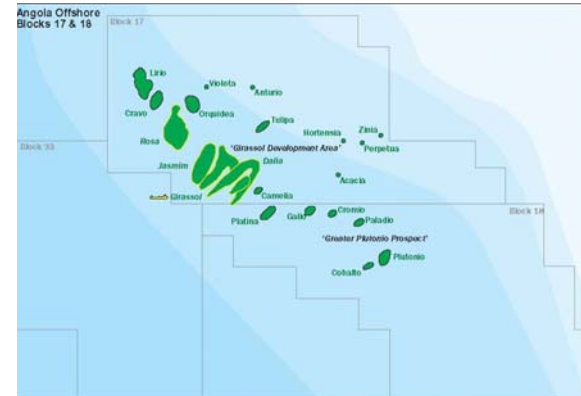
- Girassol and Jasmim optimizations
- Dalia/Rosa development projects
- 3rd production hub selection

Exploration

- Commercialize Block 4 discovery
- Alternative potential in Block 34
- New opportunities with Sonangol P&P
- Significant mid-sized prospect potential

Acquiring resources

- Additional opportunities based on proven reserves



Russia:

Legacy asset opportunities through long-term commitment

Existing portfolio

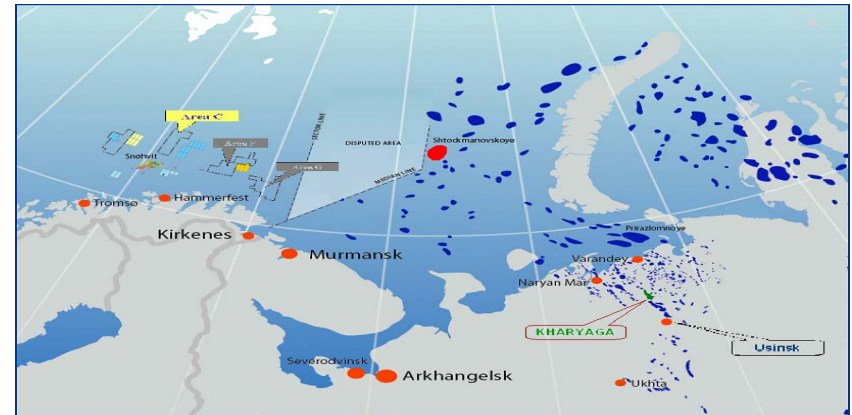
Further development of Kharyaga

Exploration

Pursuing business opportunities

Acquiring resources

Co-operation with Gazprom on the development concept for the Shtokman field



Libya:

Existing exploration potential in long-term core area

Existing portfolio

Mabruk developments

Murzuq developments

Exploration

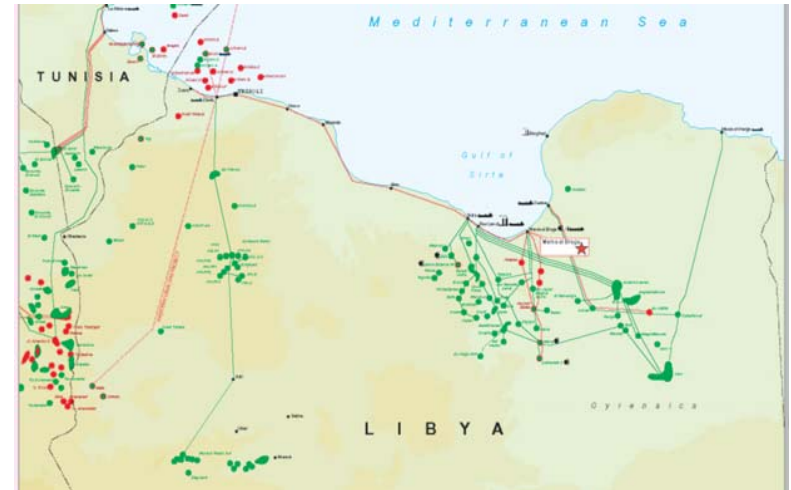
Co-operation with Wintershall

Upcoming EPSA IV exploration rounds

Acquiring resources

Actively pursuing additional value

creating growth opportunities



Iran:

Exploring for oil in key petroleum province

Existing portfolio

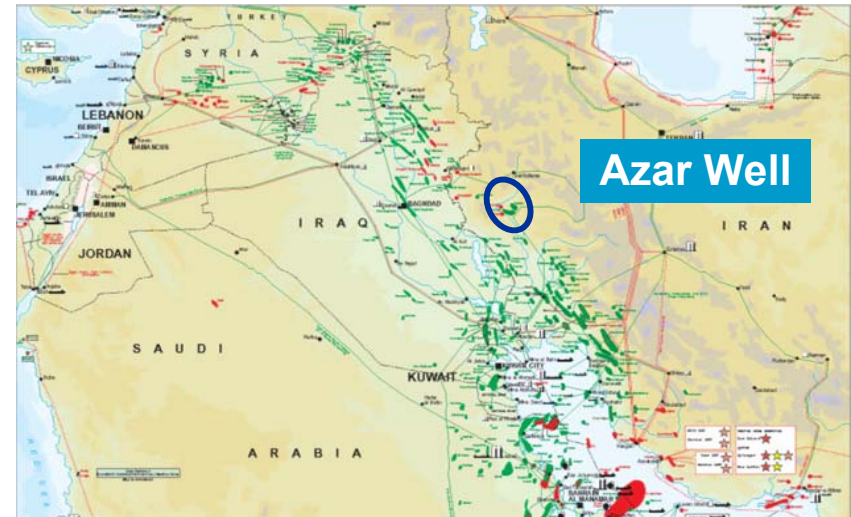
No assets under development
or in production as of yet

Exploration

Azar well with positive progress
Khoramabad contract bid submitted

Acquiring resources

Yadavaran bid submitted



Anaran drilling rig

Gulf of Mexico: Commercial mindset and deep-water competence

Existing portfolio

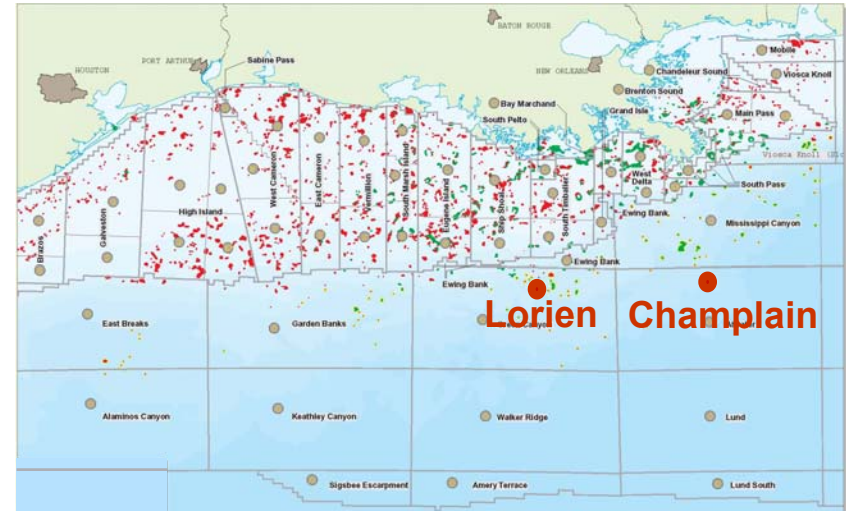
Lorien development
Champlain evaluations

Exploration

Successful lease sales
Operator of 21 blocks
High grade acreage for drilling

Acquiring resources

Actively pursuing additional value
creating growth opportunities

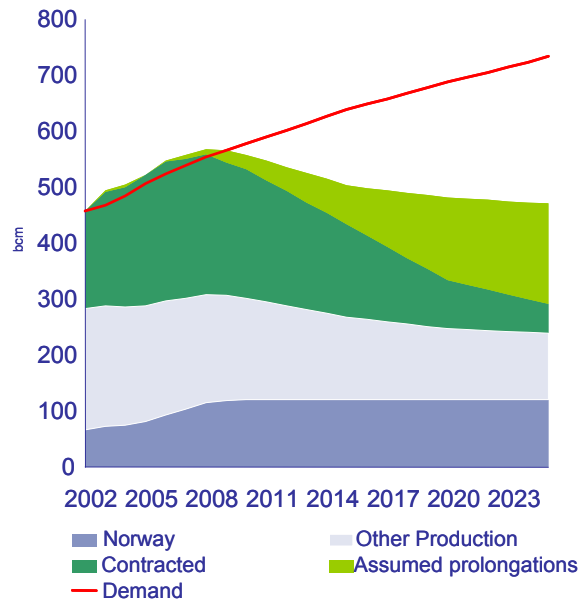


- **Exploration and acquisition review**
- **Building on our competence**
- **Basis for future production growth**
- **Production growth beyond 2008**
- **Downstream positioning for upstream growth**

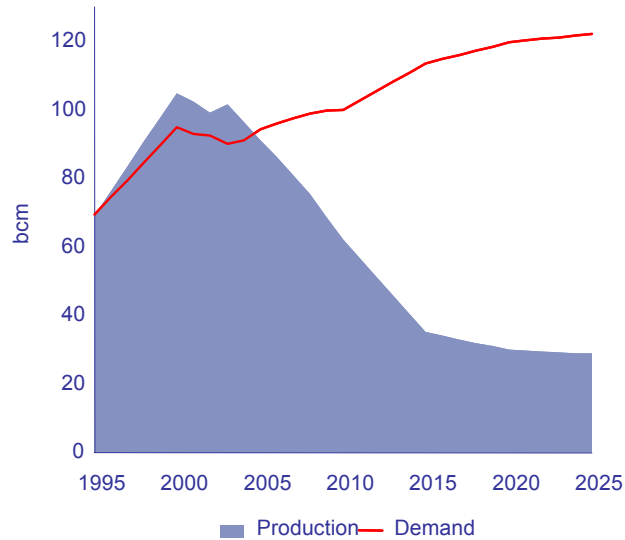
Becoming a key gas supplier for Europe

Strong long term demand for gas

Europe* Gas supply and demand



UK Gas production and demand

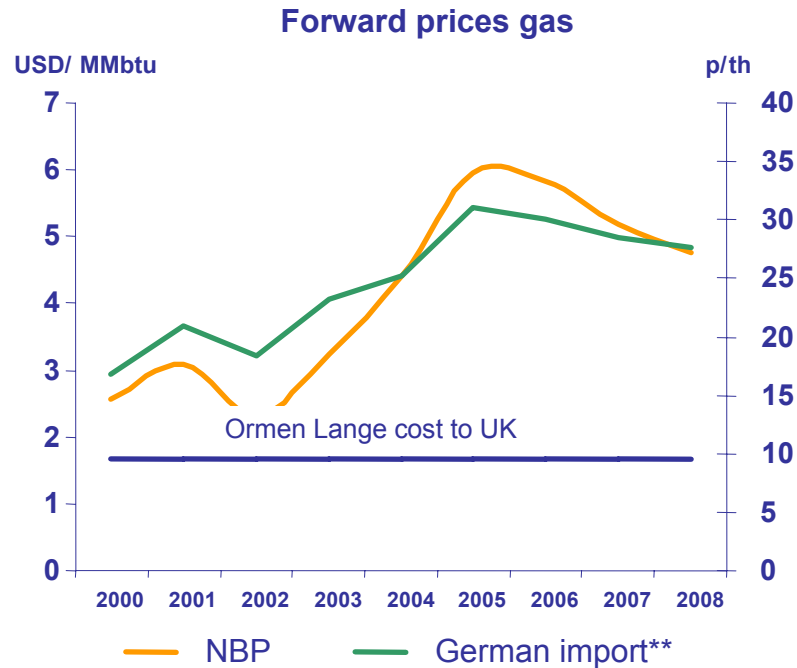


Source: Global Insight Supply and Demand Report June 2004, MPE facts 2004

* Demand in 22 European countries. Excludes Turkey, FSU and Balkans

Becoming a key gas supplier for Europe

Market prices for equity gas are looking strong

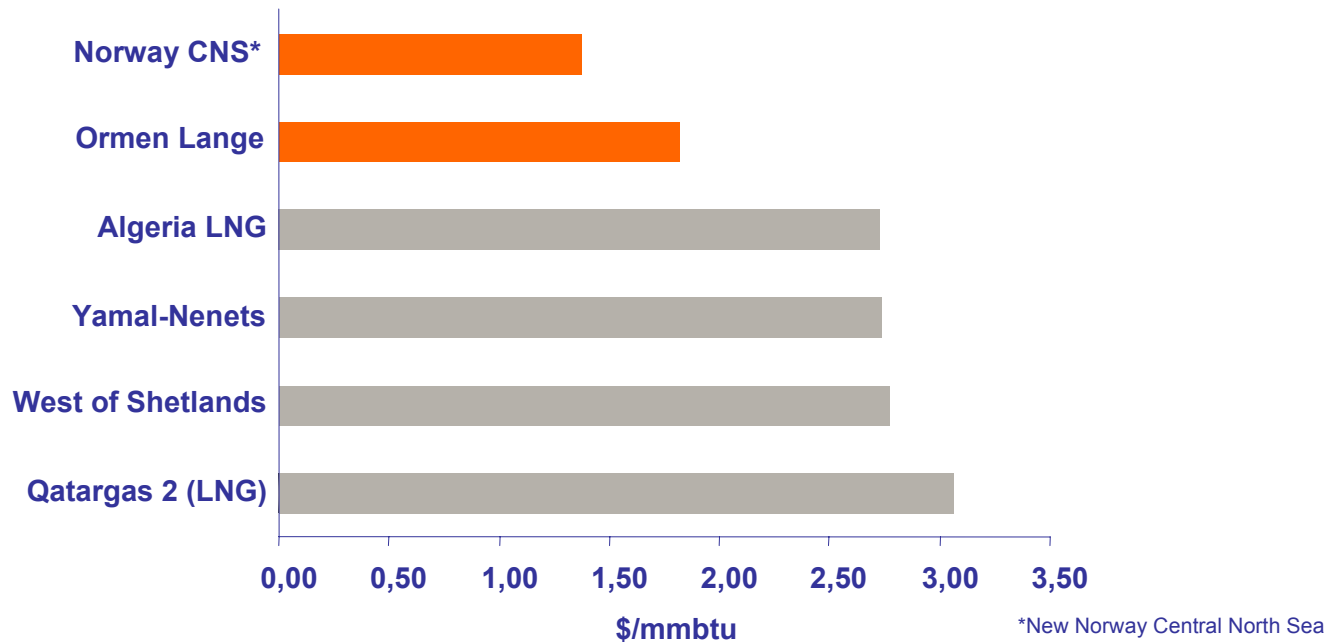


Note: German import price estimate

Sources: Argus 19 Nov 2004; GO and LSFO forwards 19 Nov 2004

Becoming a key gas supplier for Europe

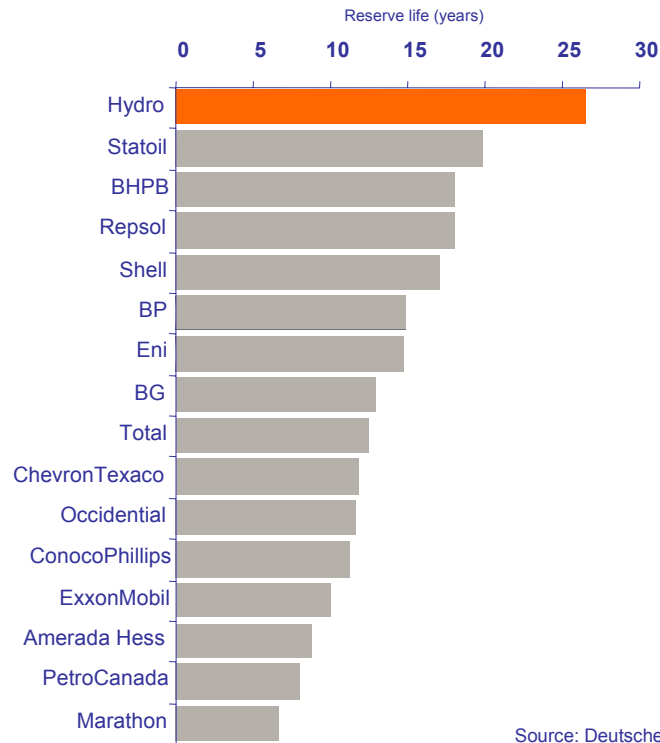
Piped gas to Europe is competitive in the future



Source: Wood Mackenzie (November 2002); Hydro

Becoming a key gas supplier for Europe

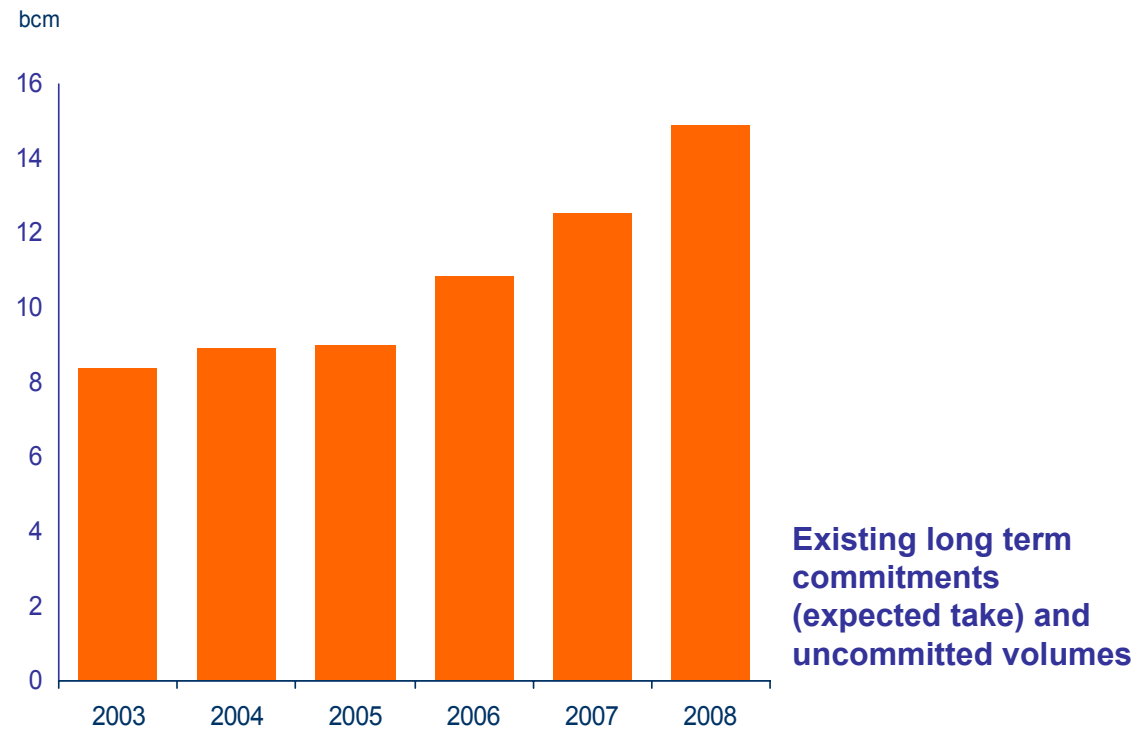
Hydro's gas position is the strongest among peers



Source: Deutsche Bank, Major Oils 2004

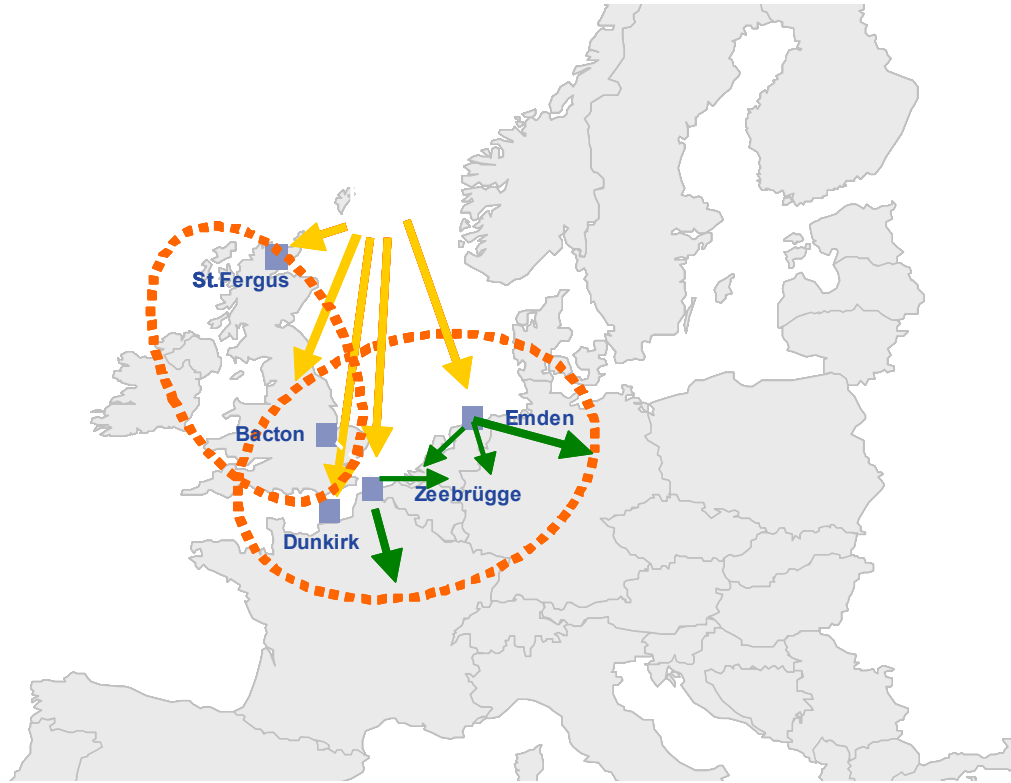
Becoming a key gas supplier for Europe

Strong growth in equity gas production



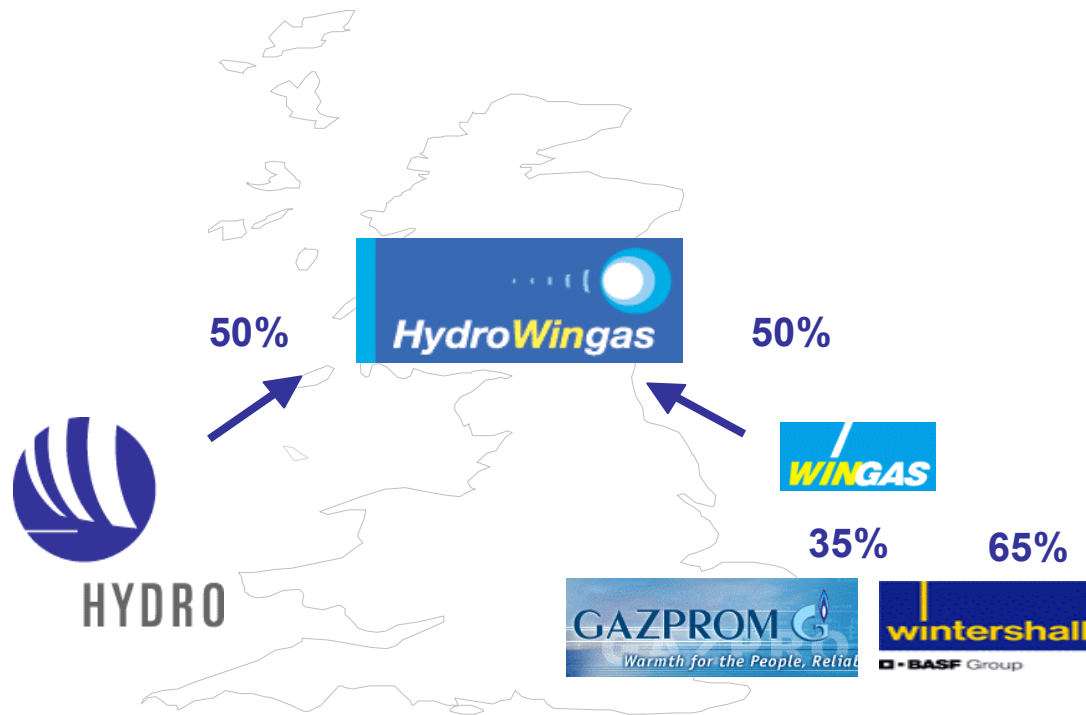
Becoming a key gas supplier for Europe

Strong positions in infrastructure gives high flexibility



Becoming a key gas supplier for Europe

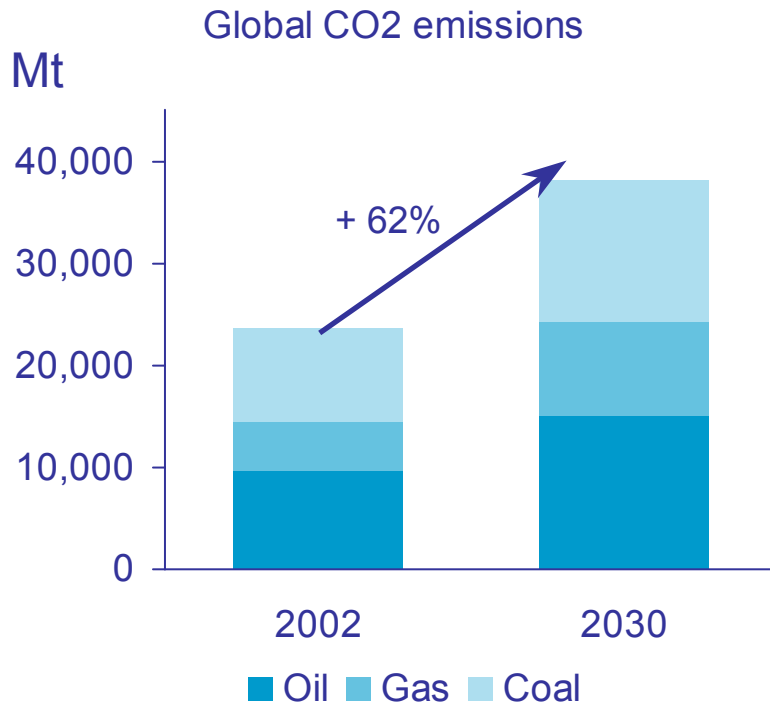
Marketing system in place for sale of uncommitted volumes



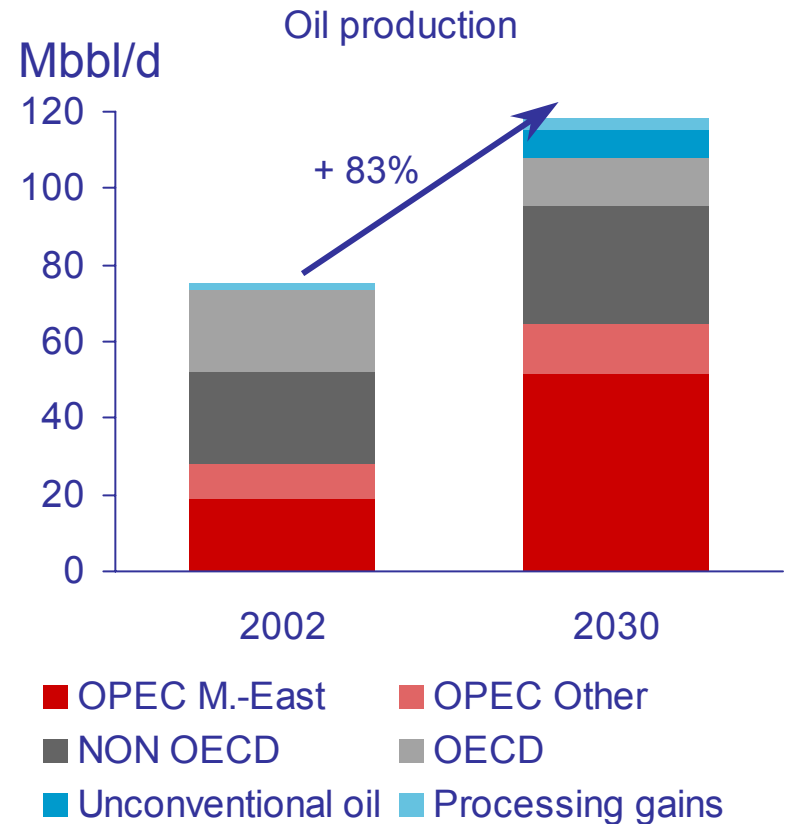
- **Exploration and acquisition review**
- **Building on our competence**
- **Basis for future production growth**
- **Production growth beyond 2008**
- **New energy focus**

Drivers for the development of new energy

Environment



Security of supply



Source: IEA, World Energy Outlook 2004

Hydros focus on new sources of energy



Main messages

- Performing on key operational targets for 2004
- Delivering results from our revised exploration and acquisition strategy
- Extending our 8% growth target through 2008
- Maintaining capital discipline in positive but aggressive markets
- Setting ambitious targets for the future

Targets for 2005

- Production target 575 000 boe/day
- Production costs NOK 24/boe
- CAPEX-level NOK 16 billion
- Exploration level NOK 2 billion

Forward-looking statements/ use of non-GAAP financial measures

In order to utilize the “safe harbor” 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 2003 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 is a Fortune 500 energy and aluminium supplier founded in 1905, with 36,000 employees in nearly 40 countries. We are a leading offshore producer of oil and gas, the world's third-largest integrated aluminium supplier and a pioneer in renewable energy and energy-efficient solutions. As we look forward to our next 100 years, we celebrate a century of creating value by strengthening the viability of the customers and communities we serve

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Progress of a different nature

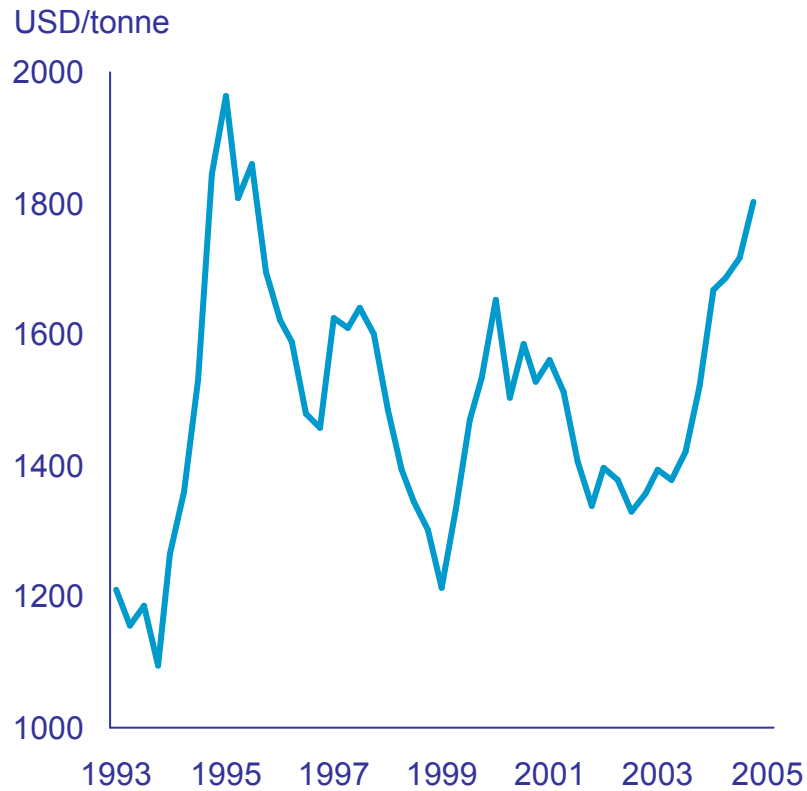


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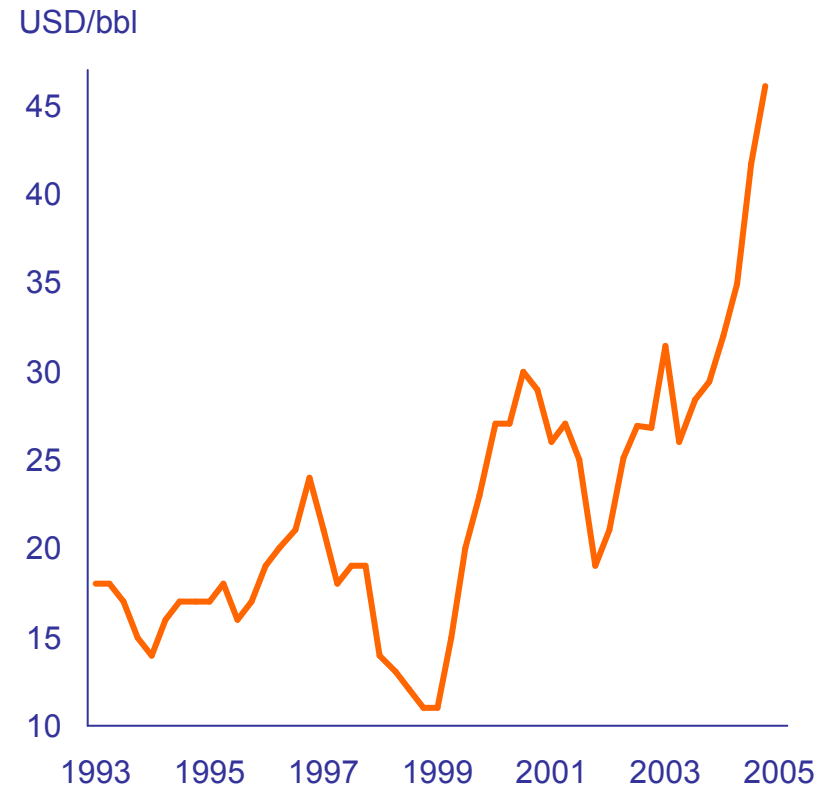
Eivind Reiten, President and CEO
2004-12-15

Adapting to a volatile business climate

Aluminium price



Oil price





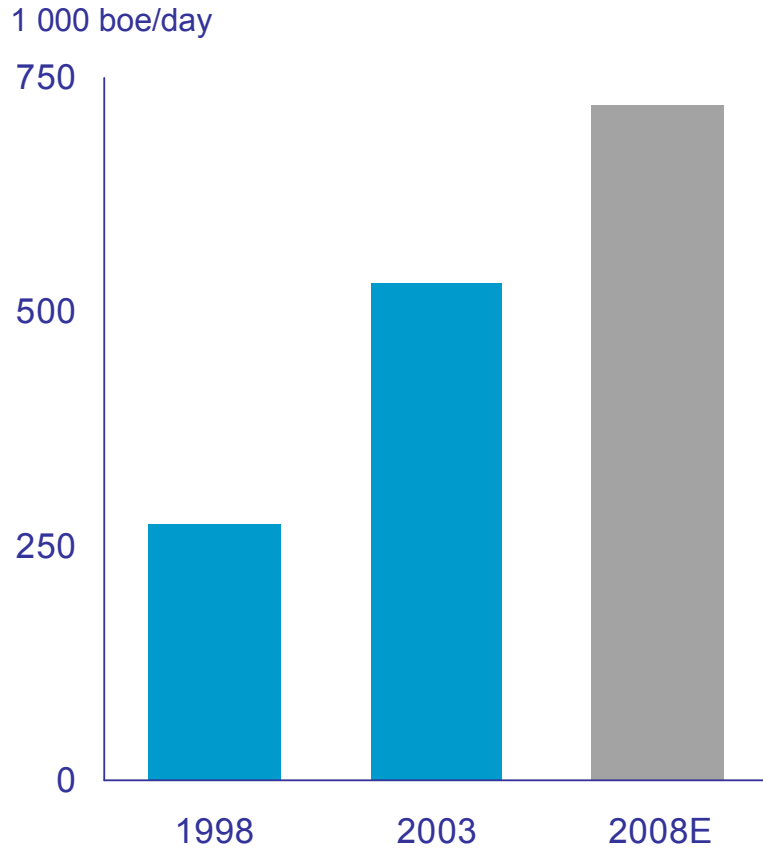
Adjusted hurdle rates

- Oil & Energy USD 25 per barrel
- Aluminium USD 1500 per tonne
- USD/NOK 7

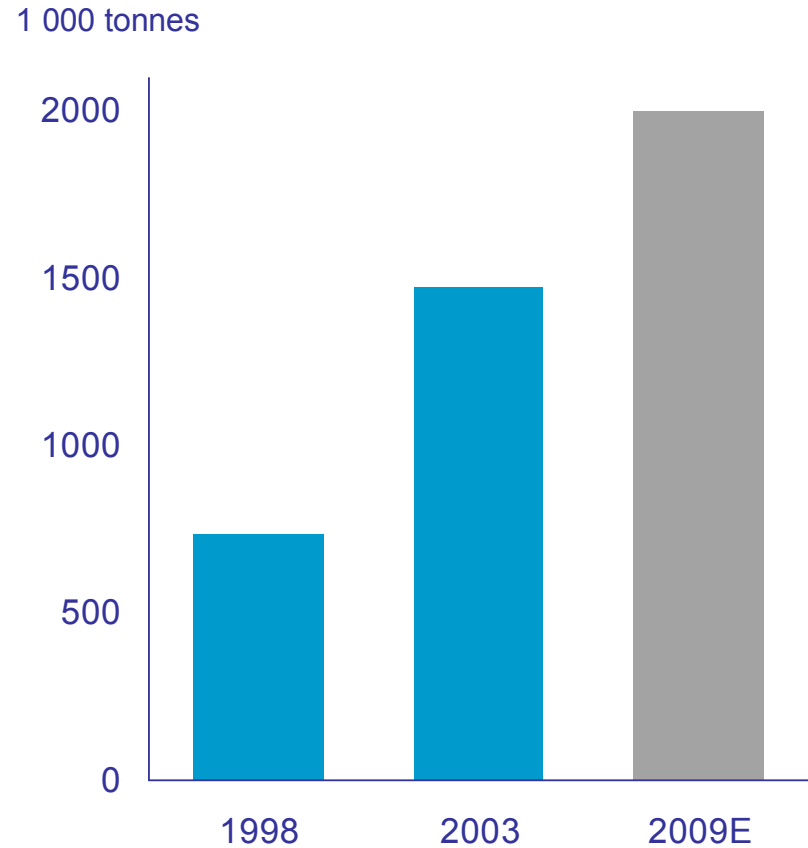
- Robustness test USD 20 per barrel
 USD 1400 per tonne

Consistently delivering profitable growth

Oil and gas production

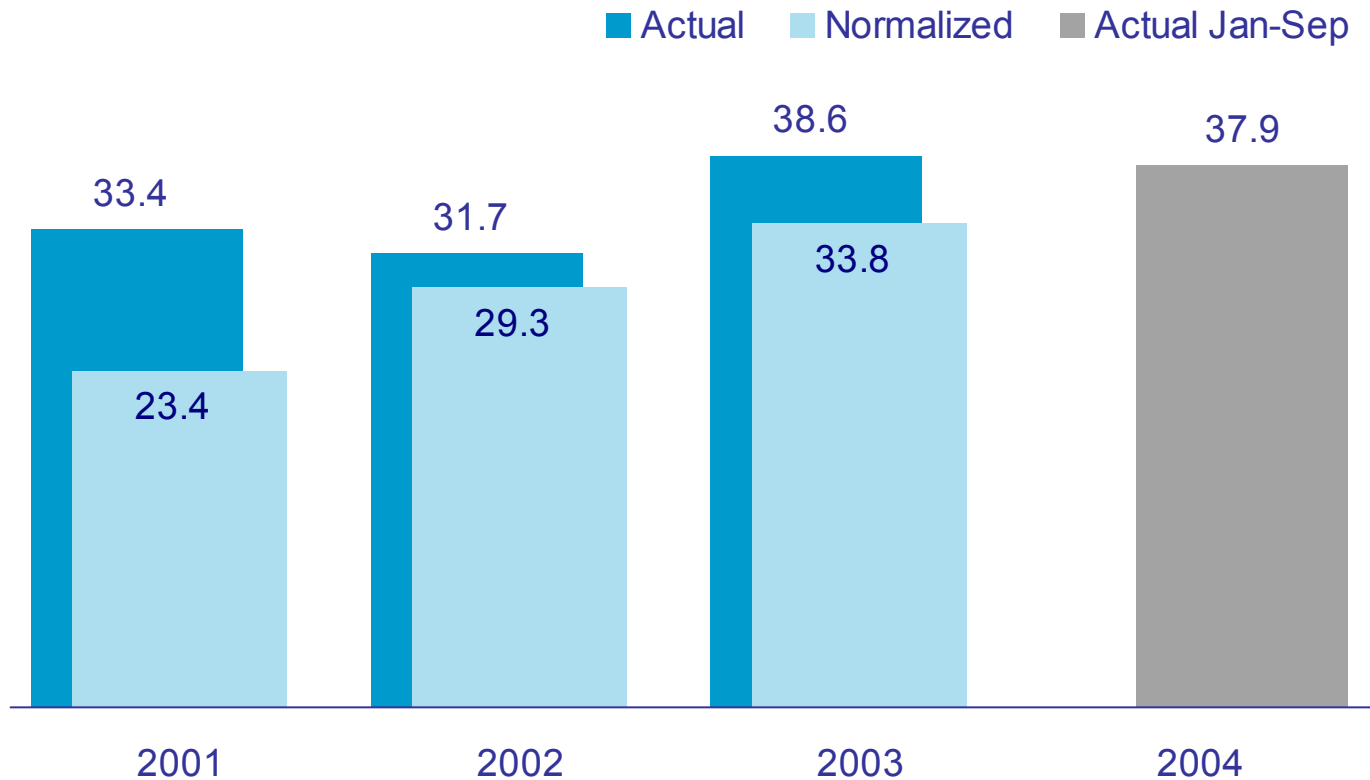


Aluminium production



Strong financial performance

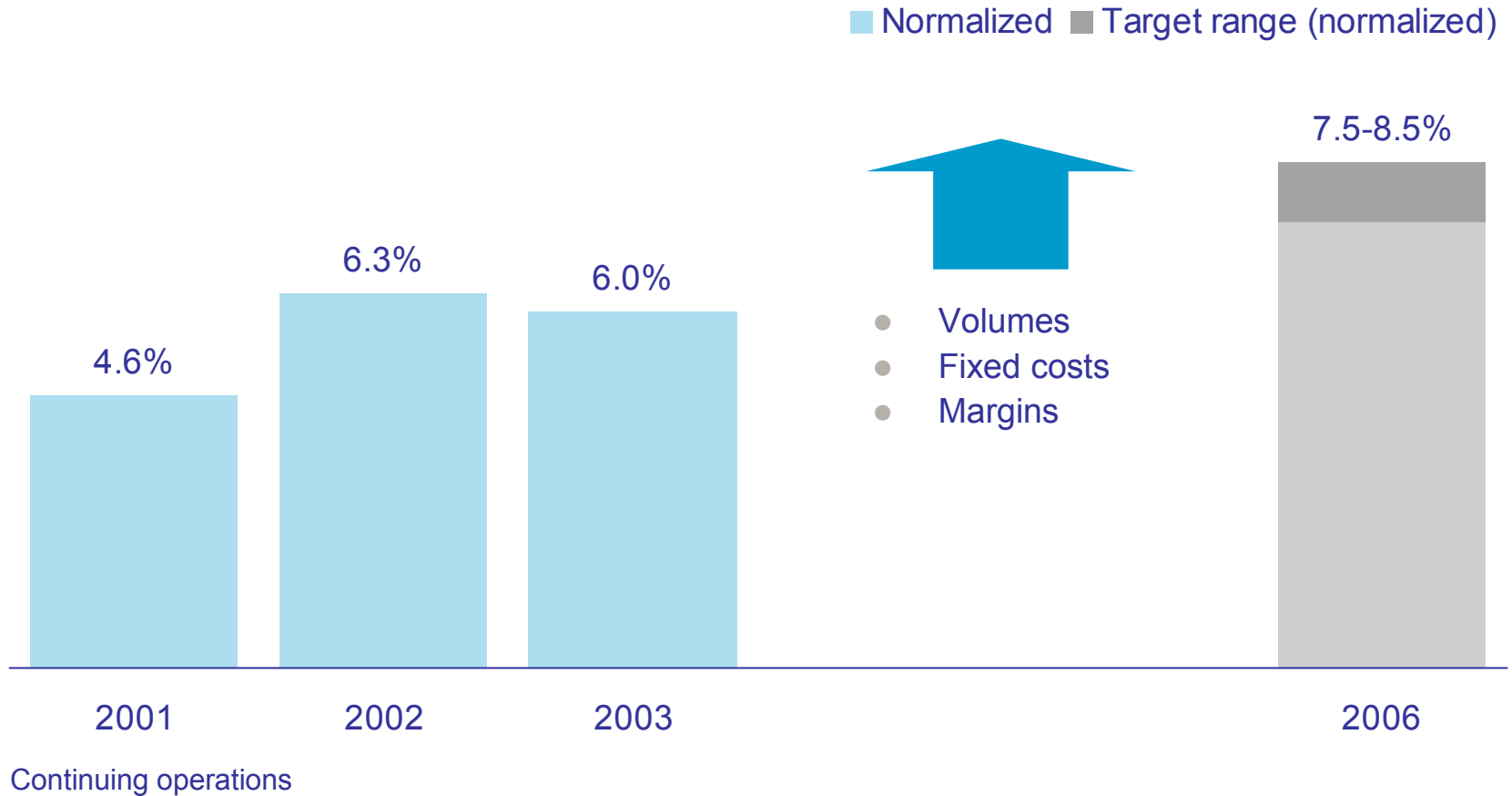
EBITDA – NOK billion



Adjusted EBITDA from continuing operations

Targeting improved returns

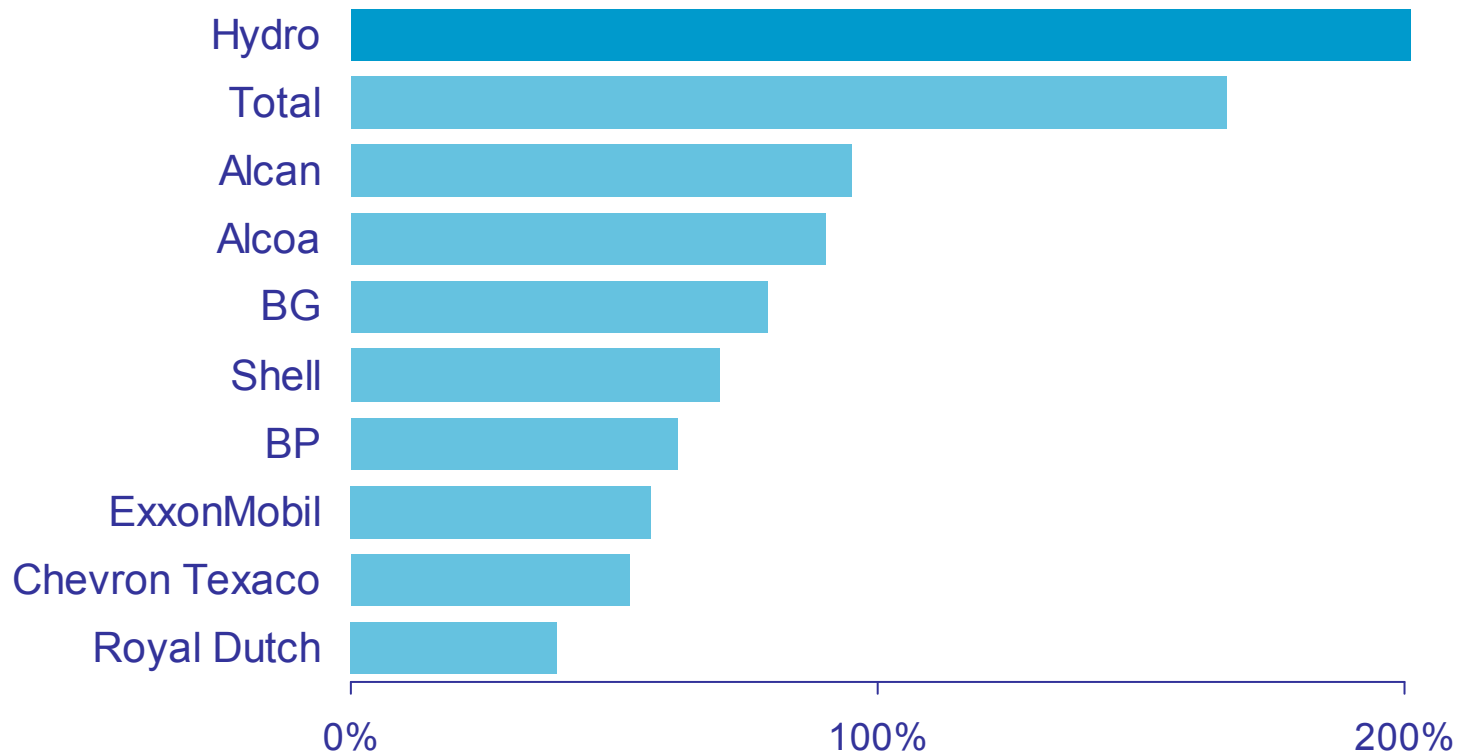
Normalized ROACE



Delivering shareholder value

New York Stock Exchange, USD

Total shareholder return since Dec 31, 1998



Source: Datastream Dec 8, 2004



Energy and aluminium - two strategic industries

- Global industries
- Increasing demand for energy
- Positive growth outlook for aluminium



Developing our oil and energy business

- Revised international strategy bearing fruit
- Stepping up exploration activity
- Increasing recovery from existing assets
- Leveraging our strong gas position
- Continuing cost-effective operations
- Preparing for the future in renewables and hydrogen



New international projects

- Lorien
- Champlain
- Angola Block 4



Leading the way in aluminium

- Developing next-generation primary capacity - location and size
- Attacking the existing cost base
- Selective growth downstream



World-class aluminium project agreed

- Giant smelter with optimal location
- Leveraging Hydro's core competencies
 - Electricity
 - Large scale project execution
 - Technology and global market position
- Building on 35 years of cooperation in Qatar



Building on competitive strengths

Forward-looking statements/ use of non-GAAP financial measures

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Progress of a different nature



Capital Markets Day 2004

Financial perspective

John Ottestad, Executive Vice President and CFO

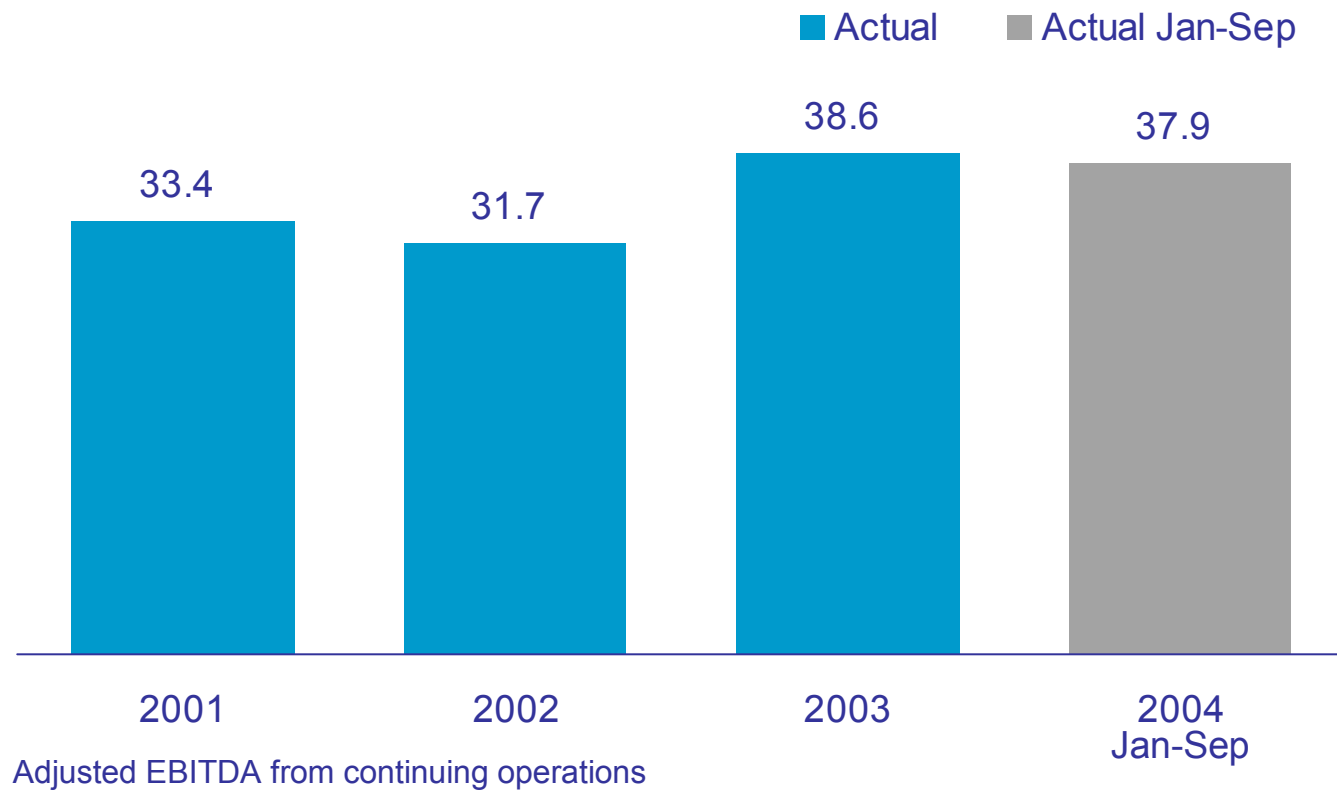
2004-12-15

Financial perspective

- Strong operational performance
- Strong financial position
- Robust and profitable investment portfolio
- Competitive shareholder returns

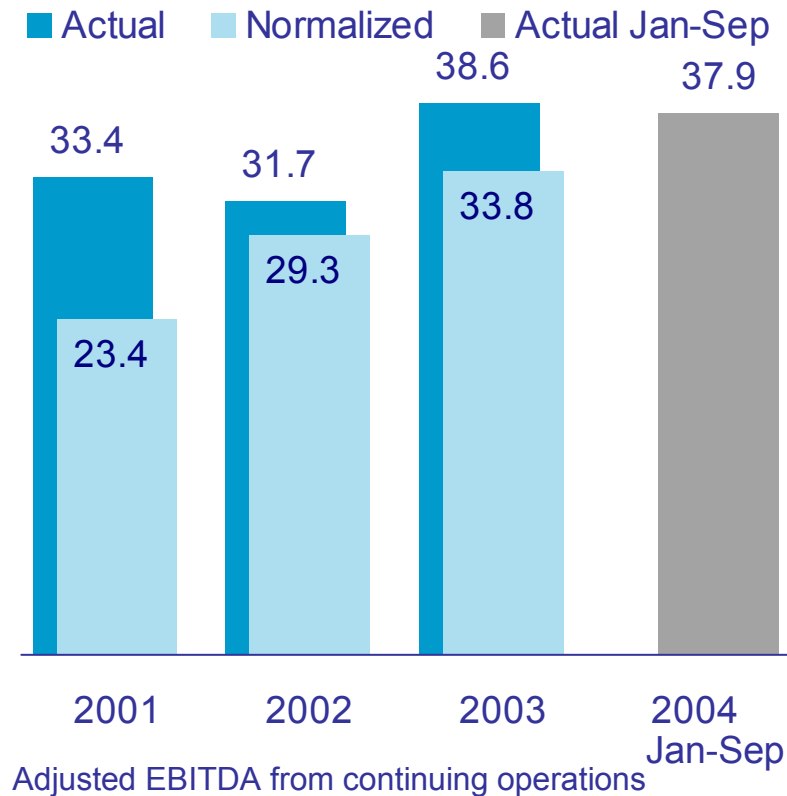
Positive development in earnings

EBITDA – NOK billion



Improvement driven by internal factors

EBITDA – NOK billion

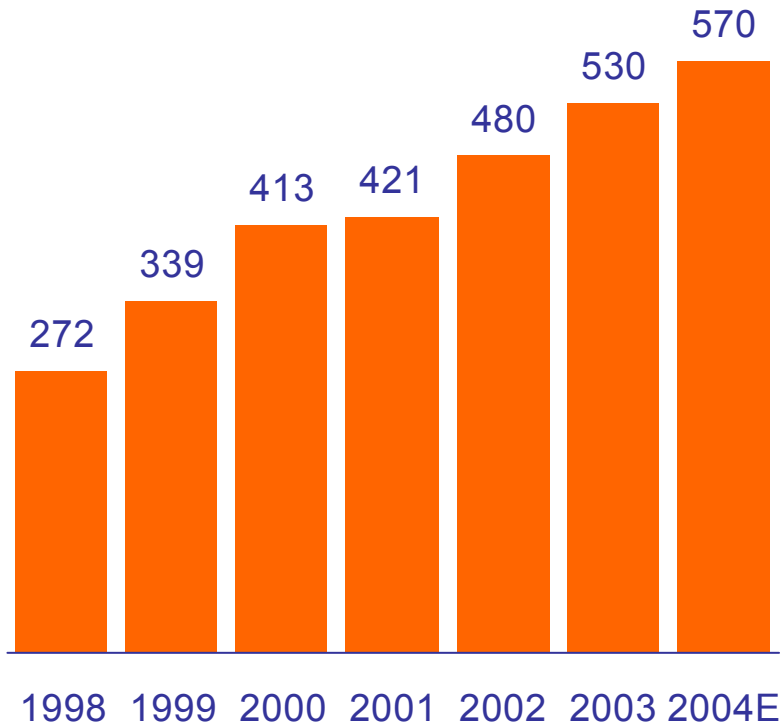


- Normalization assumptions
 - Oil price \$25
 - Aluminium price \$1500
 - USD/NOK 7
 - EUR/NOK 8
- Restructuring charges and gain/loss on divestments are eliminated from normalized figures
- Volumes and margins are not normalized

Delivering volume growth

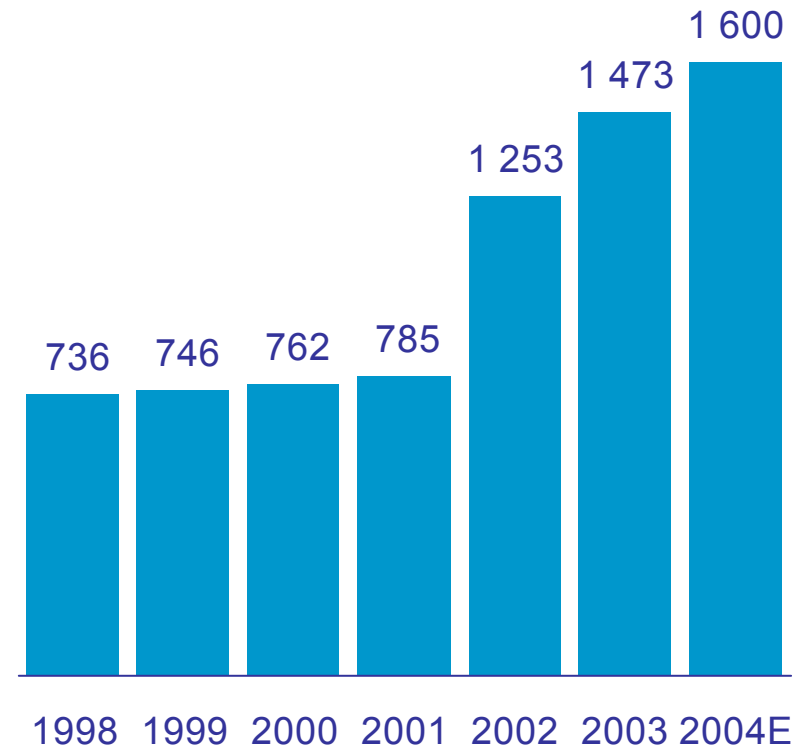
Petroleum production

1000 boe/day



Primary aluminium production

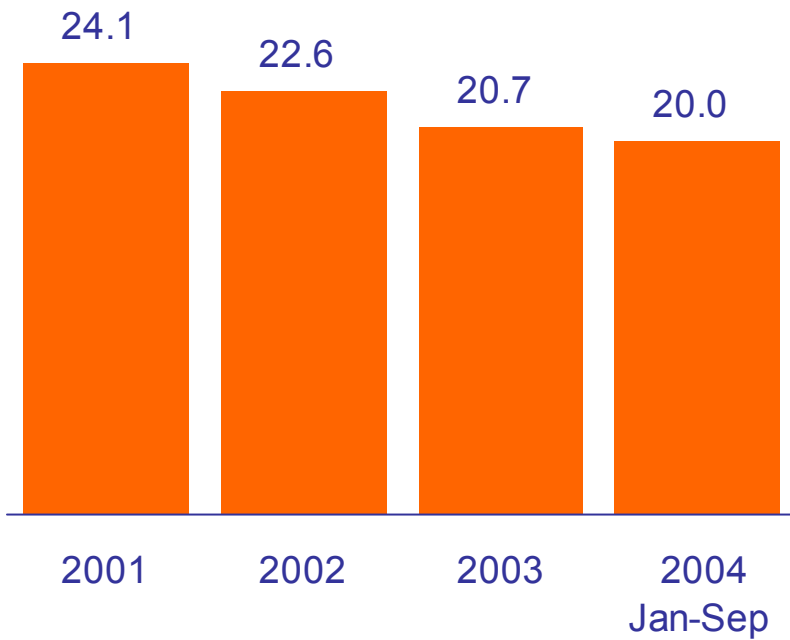
1000 tonnes



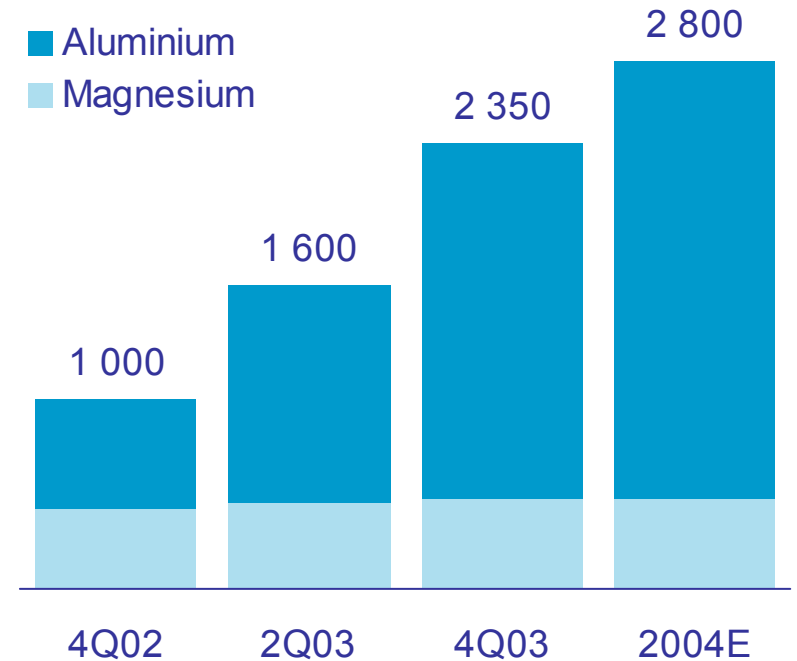
Slovalco consolidated from 2004

Delivering cost reductions

Petroleum production cost
NOK/boe



Aluminium improvements
NOK million

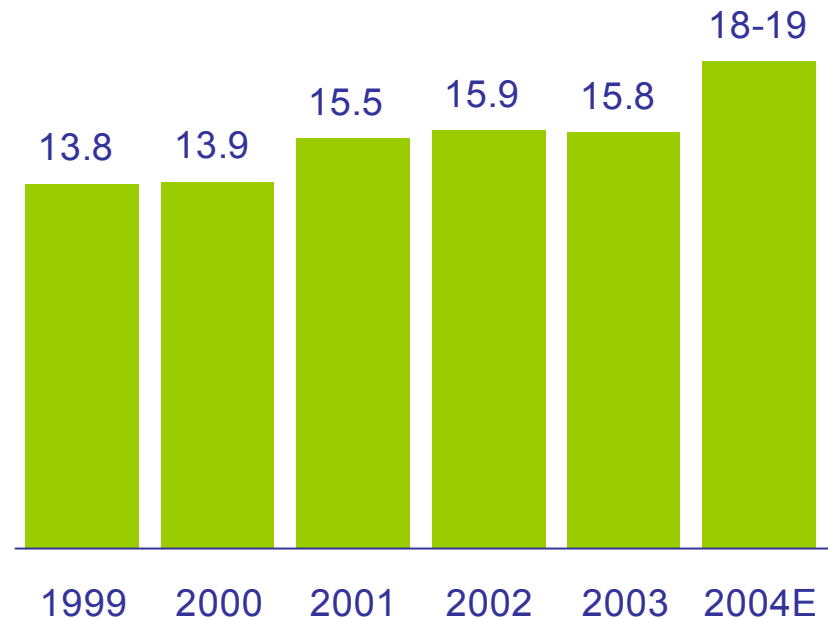


Delivering profitable projects

- Attractive project portfolio
 - Meeting high return requirements
- Excellent project execution
 - A key value driver
 - Basis for future profitability
 - Important for access to new opportunities
- Strong track record
 - All recent projects completed within time and capex frames

Capital expenditure

NOK billion

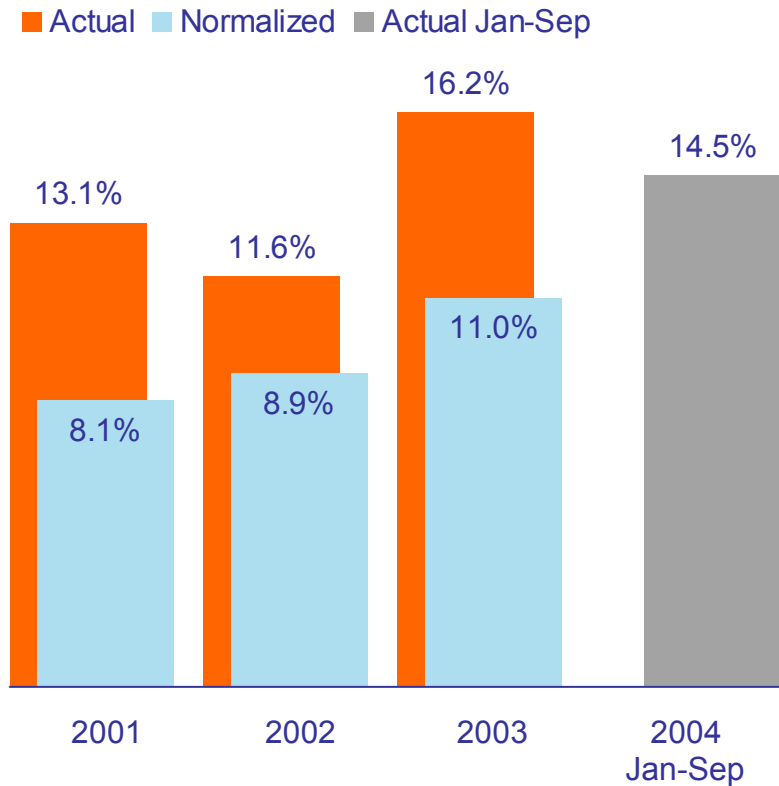


Investments for continuing operations, excluding major acquisitions and effects of changes in accounting principles.

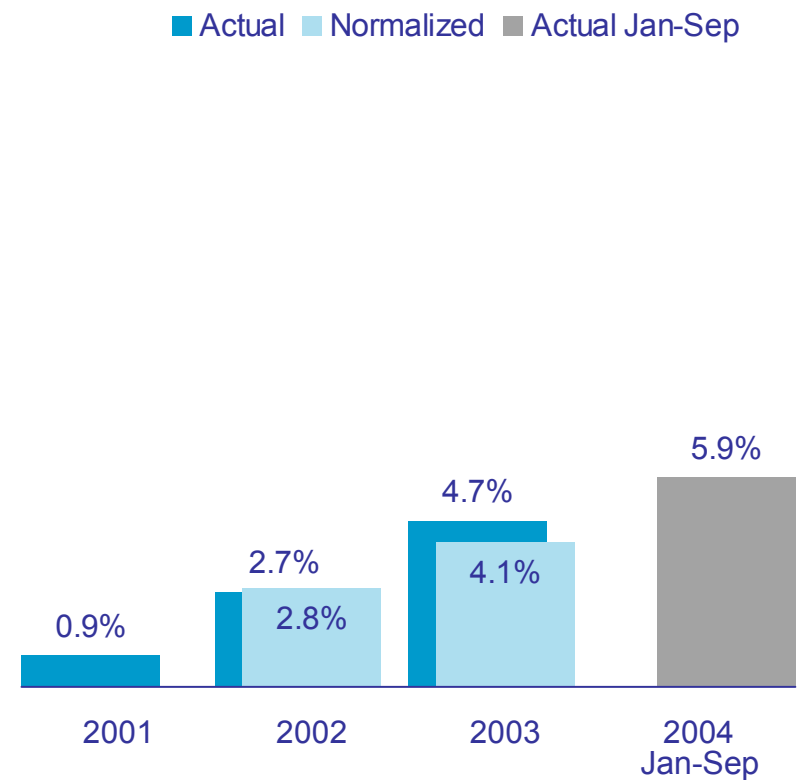
Improving capital efficiency

Return On Average Capital Employed – business areas

Oil & Energy

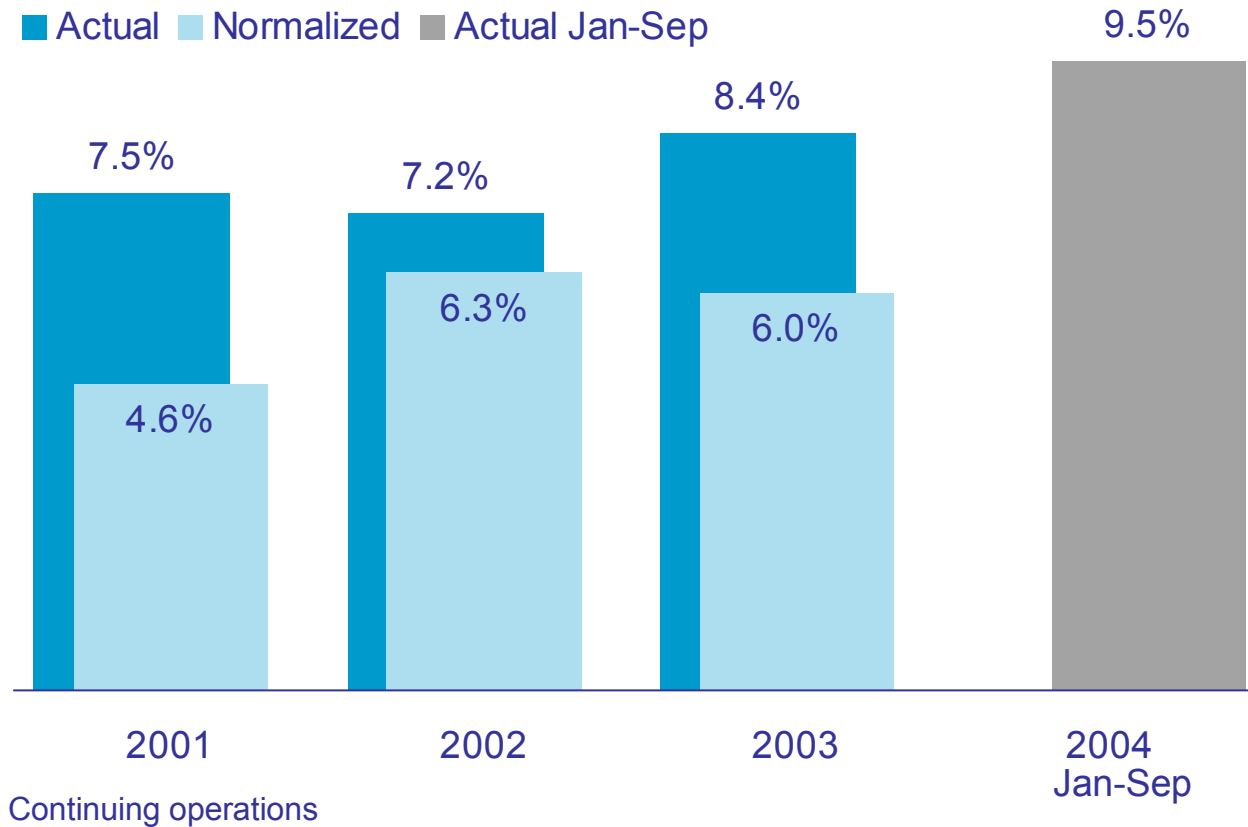


Aluminium



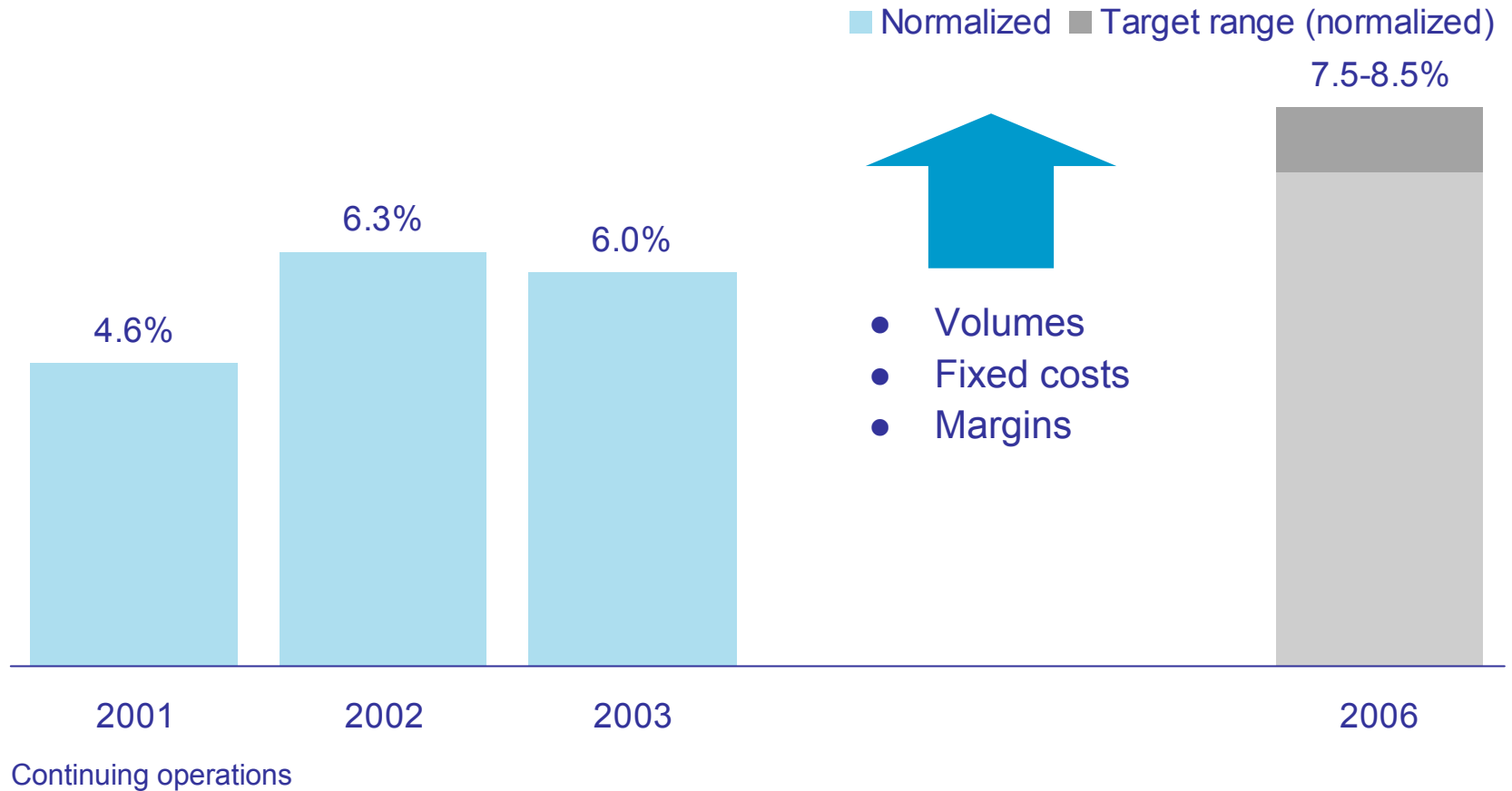
Improving capital efficiency

Return On Average Capital Employed – group level



Targeting improved returns

Normalized ROACE



Strong EUR and NOK a challenge

Weakened competitiveness of European operations

- Relative cost position impaired for European smelters
 - Main trigger for write-down of German smelters
- Negative margin impact for European downstream operations
- Not subject to normalization:
 - Downstream margins
 - Translation of USD based earnings

EUR/USD since 1999



Indicative price and currency sensitivities 2005¹⁾

Based on 2004 prices and currency

NOK million	Before tax	After tax	Change
Oil price per barrel	1,150	310	1 USD
Aluminium price per tonne	800	560	100 USD
USD Oil & Energy	7,250	1,960	1 NOK
USD Aluminium	2,500	1,750	1 NOK
USD before financial items	9,750	3,710	1 NOK
USD financial items ²⁾	(3,100)	(1,705)	1 NOK
USD Net income	6,650	2,005	1 NOK

1) Based on average 2004 prices and expected business volumes for 2005: Oil 38 USD/bbl, Aluminium 1,700 USD/tonne and NOK/USD 6.5

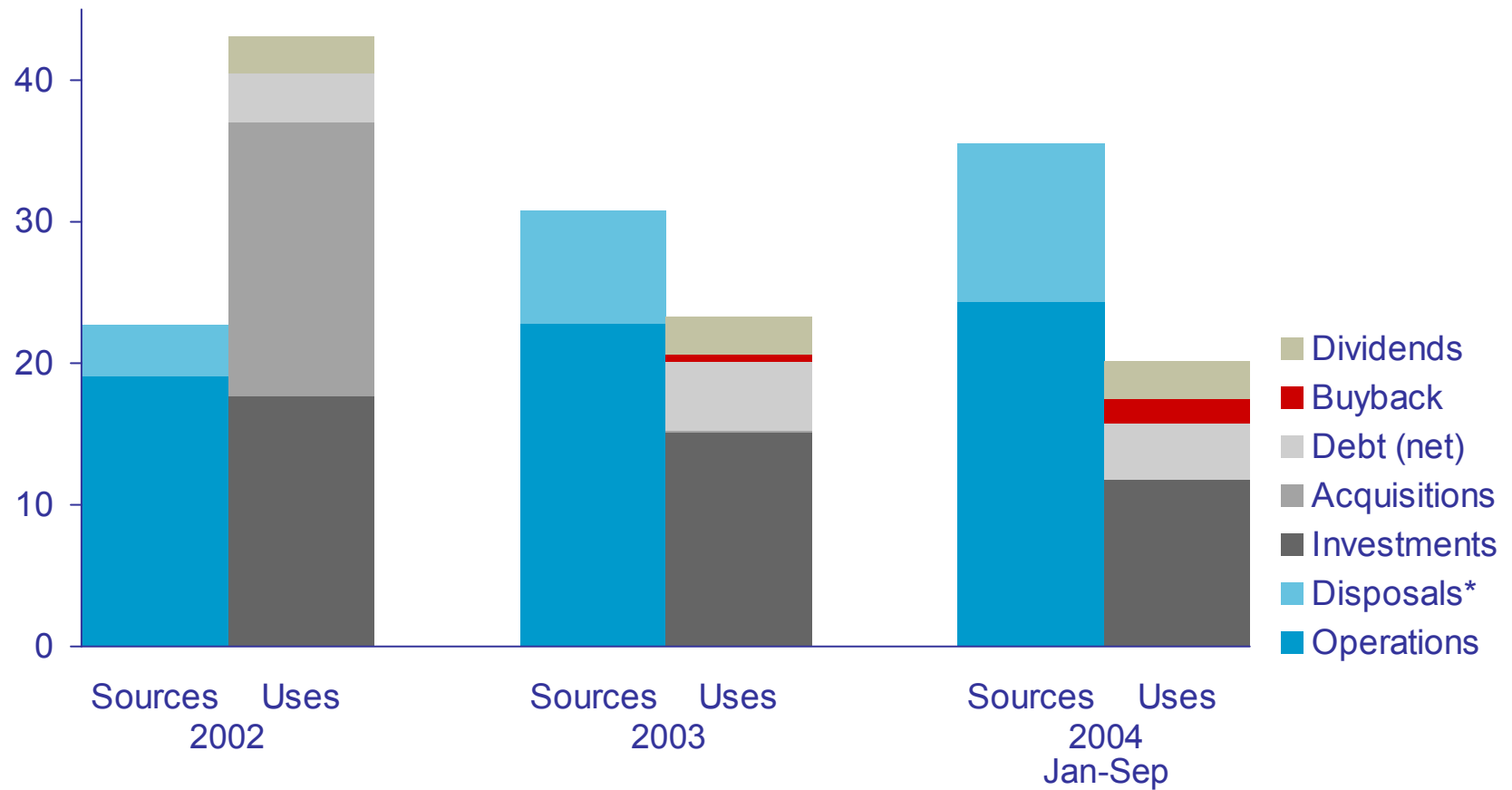
2) USD sensitivity calculated based on long-term debt denominated in USD and net USD amounts sold forward on long-term forward currency contracts. Cash positions denominated in USD, short-term debt denominated in USD and net USD amounts sold forward on short-term forward currency contracts are excluded.

Financial perspective

- Strong operational performance
- **Strong financial position**
- Robust and profitable investment portfolio
- Competitive shareholder returns

Sources and uses of cash

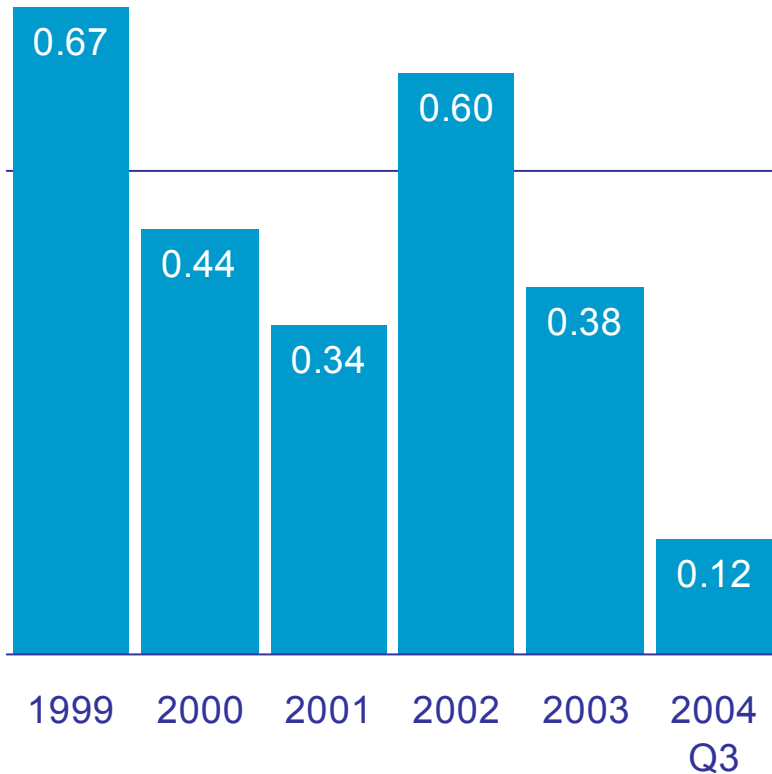
NOK billion



* Net cash from discontinued operations (Agri) included

Strong financial position

Debt/equity ratio



- Maintain current credit rating
 - S&P: A
 - Moodys: A2
 - Secure financial preparedness for potential strategic opportunities
 - Strong balance sheet allows for variance in earnings due to cyclicality
- Target debt/equity ratio 0.5

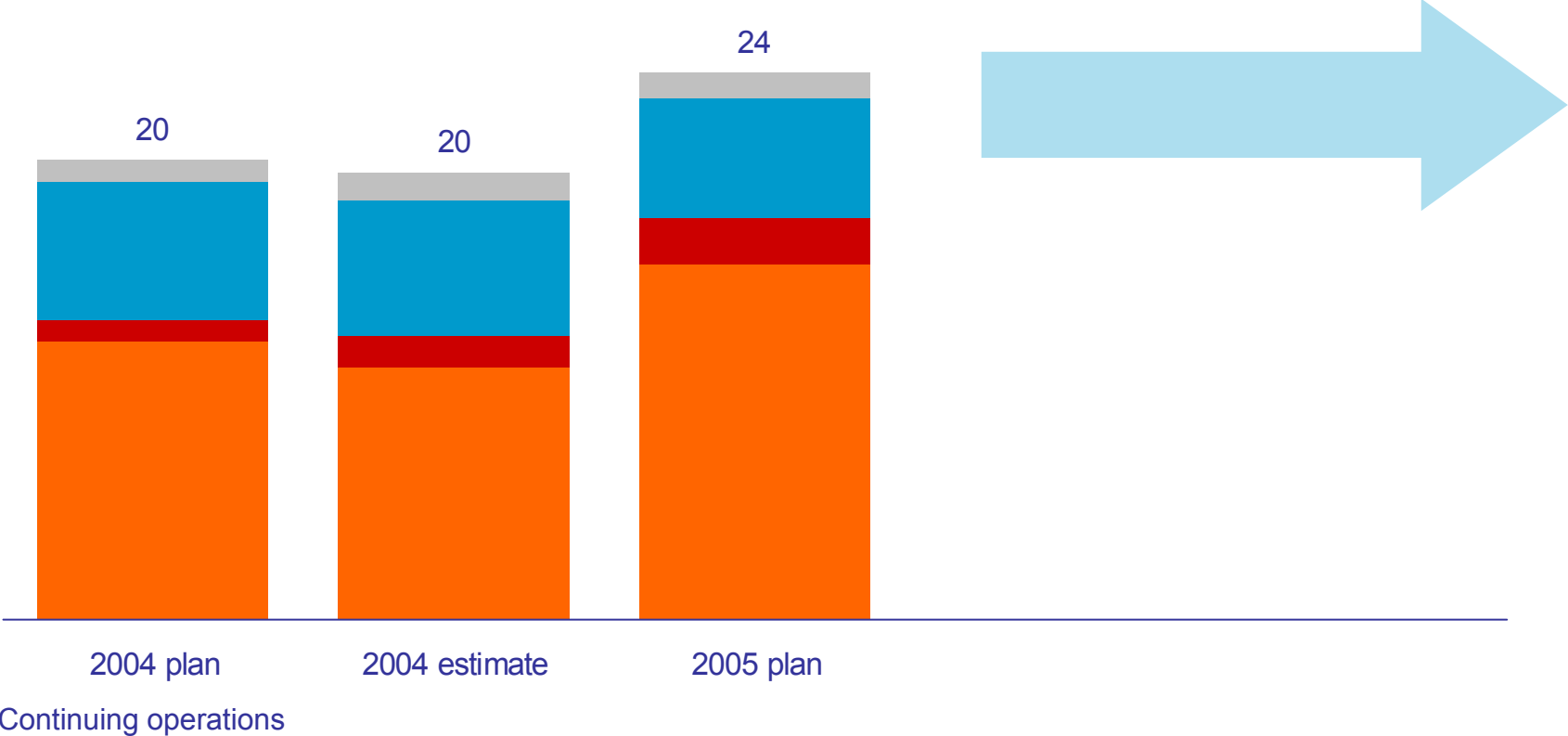
Financial perspective

- Strong operational performance
- Strong financial position
- **Robust and profitable investment portfolio**
- Competitive shareholder returns

Capital and exploration expenditure

NOK billion

Oil & Energy Exploration Aluminium Other





Oil & Energy growth from attractive projects

- Generating above 10% IRR after tax at USD 16/bbl
 - Grane
 - Kvitebjørn
 - Kristin
 - Dalia
- All Hydro-operated projects on time and cost
- Ormen Lange – the next step



Aluminium growth from attractive projects

- Generating above 10% IRR after tax at USD 1400/tonne
 - Sunndal
 - Alouette
 - Alunorte
- All projects on time and cost
- Qatar – the next step

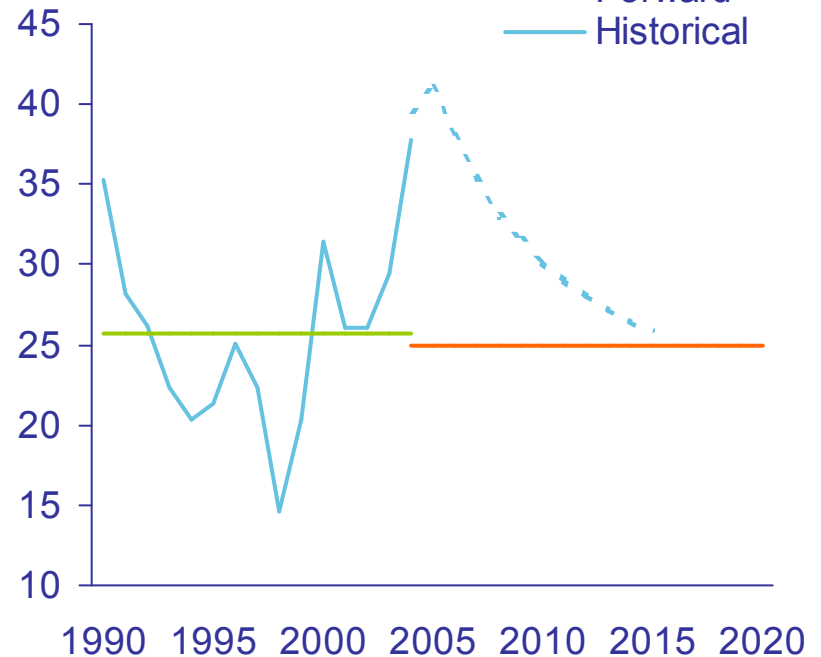
Investment criteria

Capital discipline – basis for future profits

- Strategic fit
- Hurdle rate 10% real IRR after tax
- Mid-cycle price assumptions
 - Oil \$25 per barrel
 - Aluminium \$1500 per tonne
 - USD/NOK 7
 - Aligned with business planning assumptions
- Testing robustness at \$20 / \$1400

Oil price

USD-04/bbl



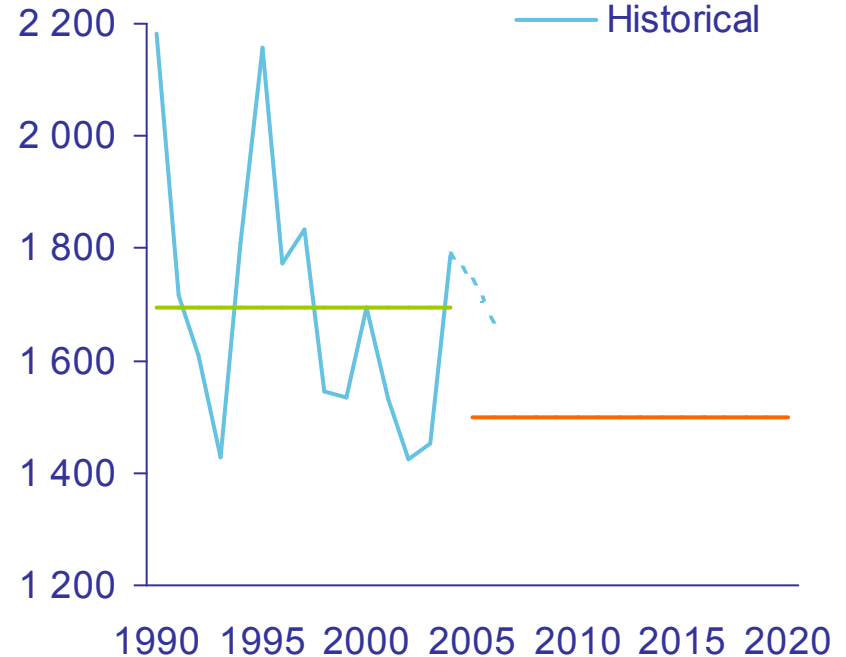
Investment criteria

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 - Oil \$25 per barrel
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 - Aligned with business planning assumptions
- Testing robustness at \$20 / \$1400

Aluminium price

USD-04/tonne

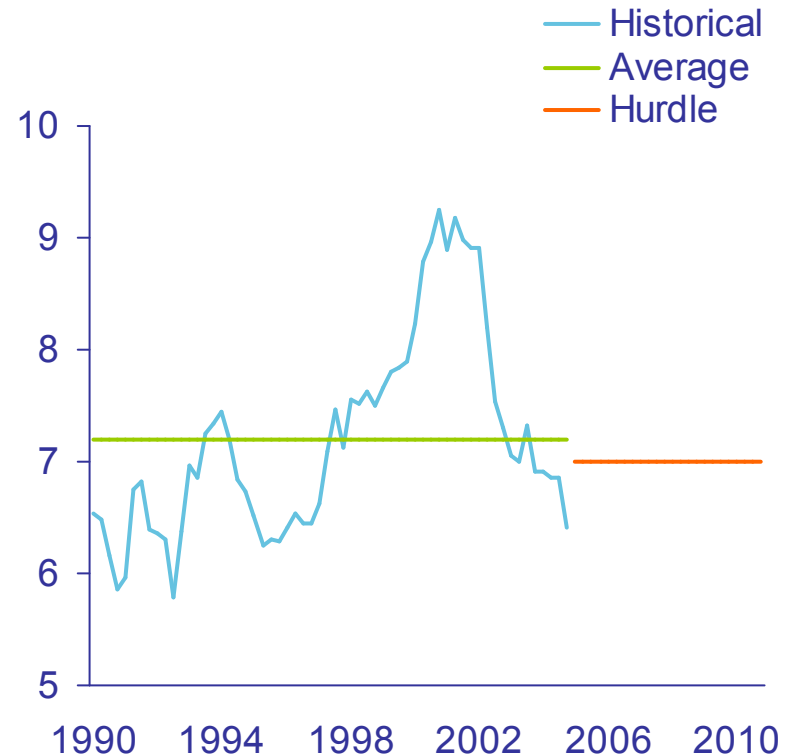


Investment criteria

Capital discipline – basis for future profits

- Strategic fit
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- Mid-cycle price assumptions
 - Oil \$25 per barrel
 - Aluminium \$1500 per tonne
 - USD/NOK 7
 - Aligned with business planning assumptions
- Testing robustness at \$20 / \$1400

USD/NOK



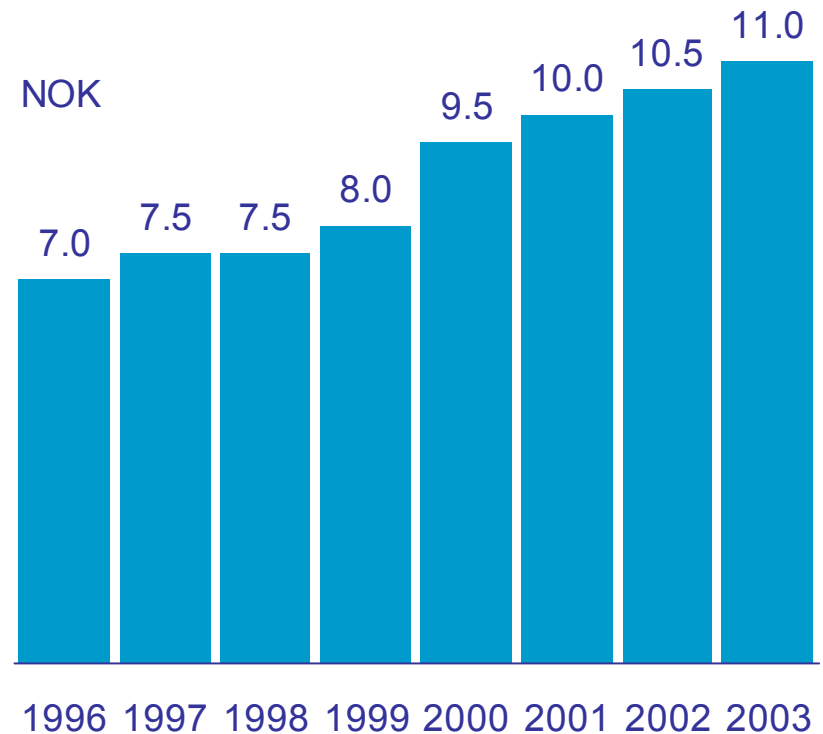
Financial perspective

- Strong operational performance
- Strong financial position
- Robust and profitable investment portfolio
- **Competitive shareholder returns**

Dividend policy

- A steady development in line with the growth in the company's results

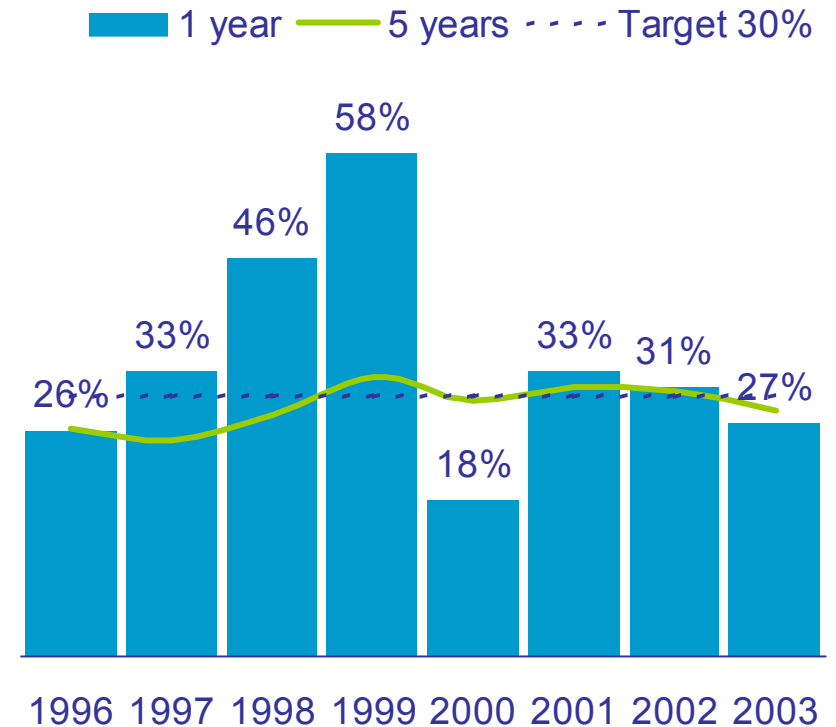
Dividend per share



Dividend policy

- A steady development in line with the growth in the company's results
- 30% payout ratio over time

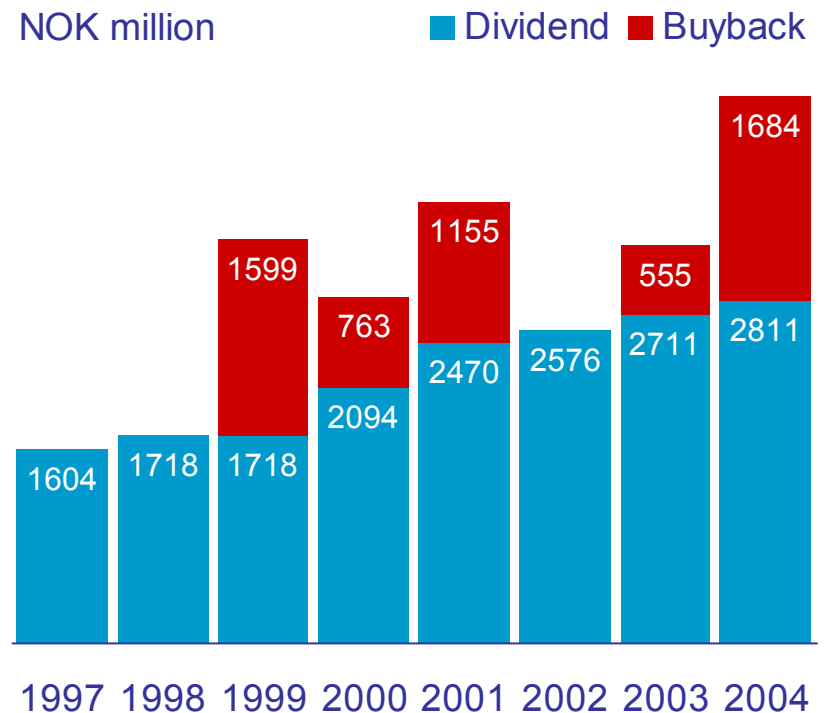
Payout ratio



Dividend policy

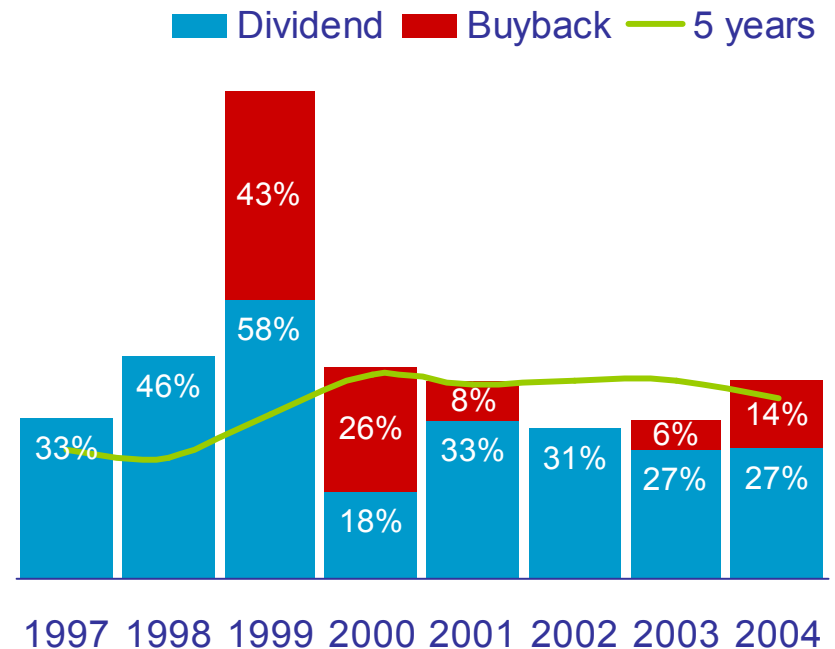
- A steady development in line with the growth in the company's results
- 30% payout ratio over time
- Buyback of shares – a supplement when high earnings
 - New authorization of 10 million shares approved 1 December

Buyback and dividend



Dividend policy

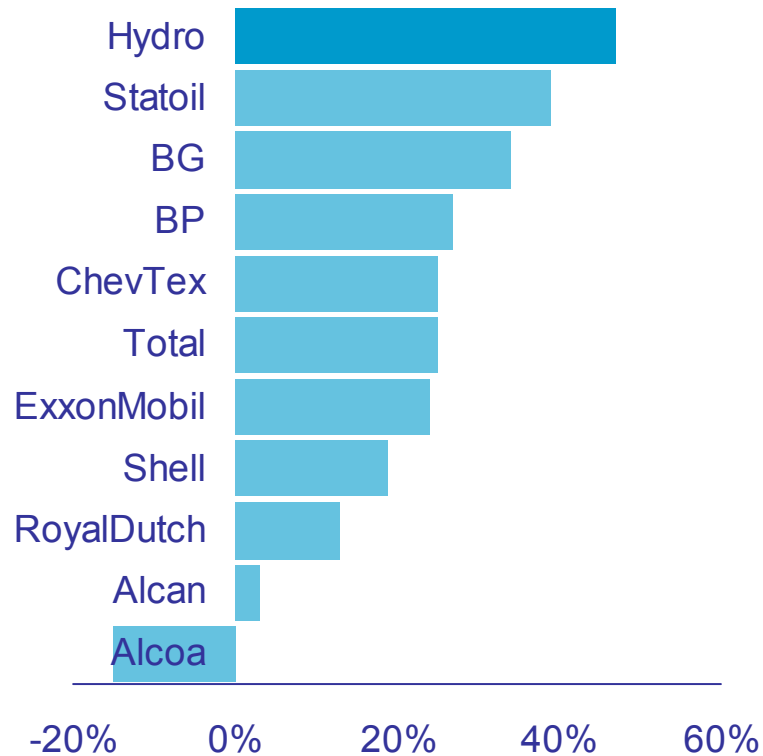
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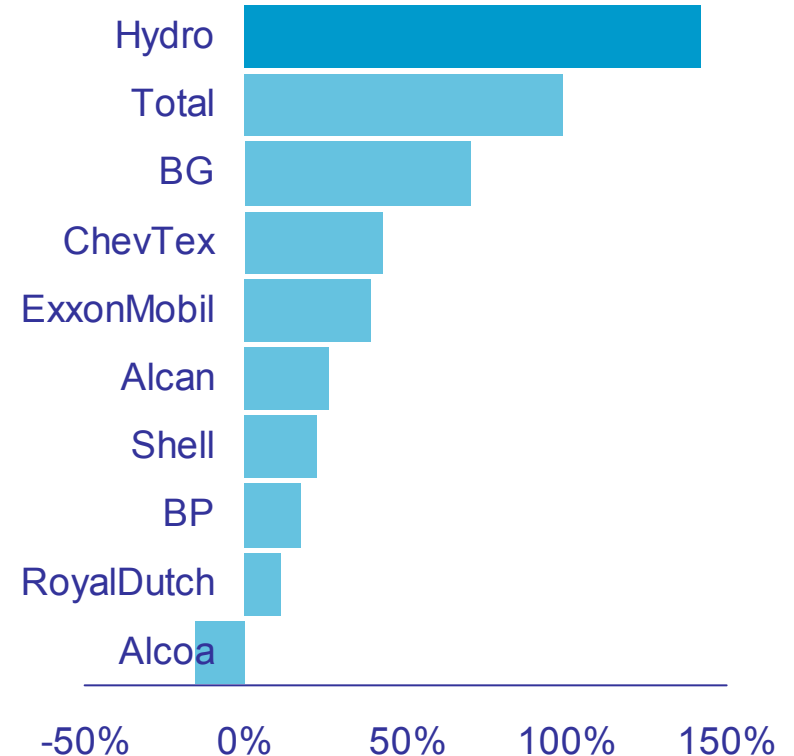
Competitive shareholder returns

New York Stock Exchange, USD

TSR since December 31, 2003



TSR since December 31, 1999



Source: Datastream 8 Dec 2004

Financial priorities

Continue delivering shareholder value

- Relentless focus on performance
- Profitable growth
- Continued capital discipline
- Competitive shareholder returns

Additional information

Indicative price and currency sensitivities 2005¹⁾

Based on normalized prices and currency

NOK million	Before tax	After tax	Change
Oil price per barrel	1,400	380	1 USD
Aluminium price per tonne ²⁾	950	665	100 USD
USD Oil & Energy	4,750	1,285	1 NOK
USD Aluminium ²⁾	2,350	1,645	1 NOK
USD before financial items	7,100	2,930	1 NOK
USD financial items ³⁾	(3,100)	(1,705)	1 NOK
USD net income	4,000	1,225	1 NOK

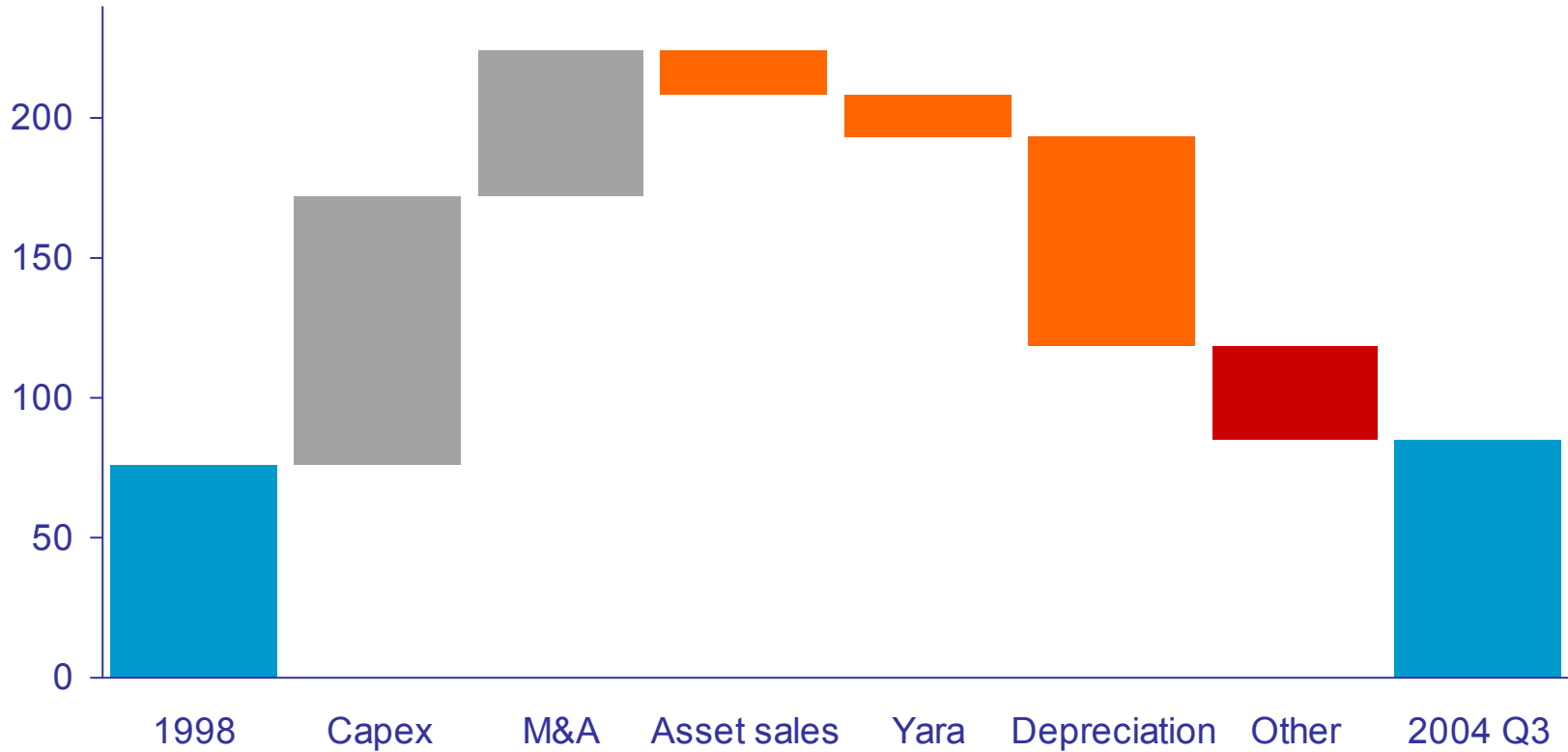
1) Based on normalized prices and expected business volumes for 2005: Oil 25 USD/bbl, Aluminium 1,500 USD/tonne and NOK/USD 7.0

2) Does not include effects of Aluminium's strategic hedging program. For 2005 Aluminium has sold forward approx. 109,000 tonnes of aluminium at an average LME price of approx. 1,510 USD/tonne. Additionally Aluminium has sold forward approx. USD 165,000 million at an average NOK/USD exchange rate of approx. 9.3

3) USD sensitivity calculated based on long-term debt denominated in USD and net USD amounts sold forward on long-term forward currency contracts. Cash positions denominated in USD, short-term debt denominated in USD and net USD amounts sold forward on short-term forward currency contracts are excluded.

Portfolio dramatically changed last 5 years

Development of Capital Employed



Financial solidity – calculation

Amounts in NOK million		31 December 1999	31 December 2000	31 December 2001	31 December 2002	31 December 2003	30 September 2004
[A]	Cash and cash equivalents	7 435	21 766	27 148	5 965	15 249	30 246
[B]	Other liquid assets	2 535	2 490	2 421	2 647	1 581	1 632
[C]	Bank loans and other interest-bearing short-term debt	(7 361)	(9 088)	(8 458)	(7 306)	(5 569)	(3 326)
[D]	Current portion of long-term debt	(907)	(2 209)	(1 966)	(1 958)	(1 242)	(549)
[E]	Long-term debt	(42 228)	(40 174)	(37 853)	(30 902)	(28 568)	(26 718)
[F]=[A]+[B] +[C]+[D]+[E]	Net interest-bearing debt	(40 526)	(27 215)	(18 708)	(31 554)	(18 549)	1 286
[G]	Net pension liabilities at fair value	4 772	2 561	(2 133)	(10 107)	(11 973)	(10 907)
[H]	Expected income tax benefit 30%	(1 432)	(768)	640	3 032	3 592	3 272
[I]=[G]+[H]	Net pension liabilities tax adjusted	3 341	1 793	(1 493)	(7 075)	(8 381)	(7 635)
[J]	Operating lease commitments discounted at 10%	(4 728)	(6 469)	(5 072)	(4 924)	(4 916)	(3 617)
[K]=[F]+[I] +[J]	Adjusted net interest-bearing debt	(41 914)	(31 891)	(25 272)	(43 552)	(31 846)	(9 966)
[L]	Net pension liabilities not recognized without equity effect	2 736	610	(2 767)	(6 994)	(7 862)	(6 940)
[M]	Expected income tax benefit 30%	(821)	(183)	830	2 098	2 358	2 082
[N]=[L]+[M]	Equity adjustment off-balance sheet pension liabilities	1 915	427	(1 937)	(4 896)	(5 504)	(4 858)
[O]	Minority interest	1 323	1 419	1 051	1 143	660	1 792
[P]	Shareholders' equity	59 497	71 226	74 793	75 867	88 080	84 800
[Q]=[N]+ [O]+[P]	Adjusted shareholders' equity and minority	62 735	73 072	73 907	72 114	83 236	81 734
[R]=[K]/[Q]	Adjusted debt / equity ratio	0.67	0.44	0.34	0.60	0.38	0.12

Forward-looking statements/ use of non-GAAP financial measures

In order to utilize the “safe harbor” 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 2003 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 is a Fortune 500 energy and aluminium supplier founded in 1905, with 36,000 employees in nearly 40 countries. We are a leading offshore producer of oil and gas, the world's third-largest integrated aluminium supplier and a pioneer in renewable energy and energy-efficient solutions. As we look forward to our next 100 years, we celebrate a century of creating value by strengthening the viability of the customers and communities we serve

www.hydro.com



HYDRO

Progress of a different nature



Capital Markets Day 2004

Progress in Aluminium

Jon-Harald Nilsen, Executive Vice President

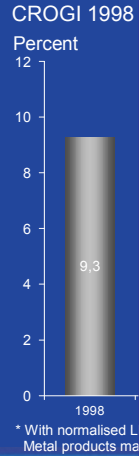
2004-12-15

Progress in Aluminium

- Improved financial and operational performance
- Strong strategic progress upstream and improved cost positions
- Building competitive strengths downstream

We have delivered on our commitments

Return on Capital target achieved one year ahead of plan



Date: 2004-01-16 • Page: 64

Improvement programs delivered



Date: 2004-01-16 • Page: 6

All projects as planned



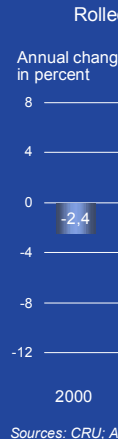
Date: 2004-01-16 • Page: 6

Active portfolio development

- Divest
- New c
- Specia
- Restru

Date: 2004-01-16 • Page:

Strengthened market positions



Date: 2004-01-16 • Page:

Delivering on strategic priorities



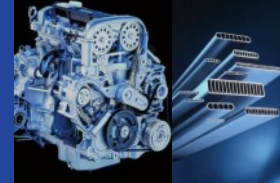
1. Improve global cost position upstream



2. Strengthen leadership in Europe, midstream and downstream



3. Performance focus and selective growth outside Europe midstream and downstream



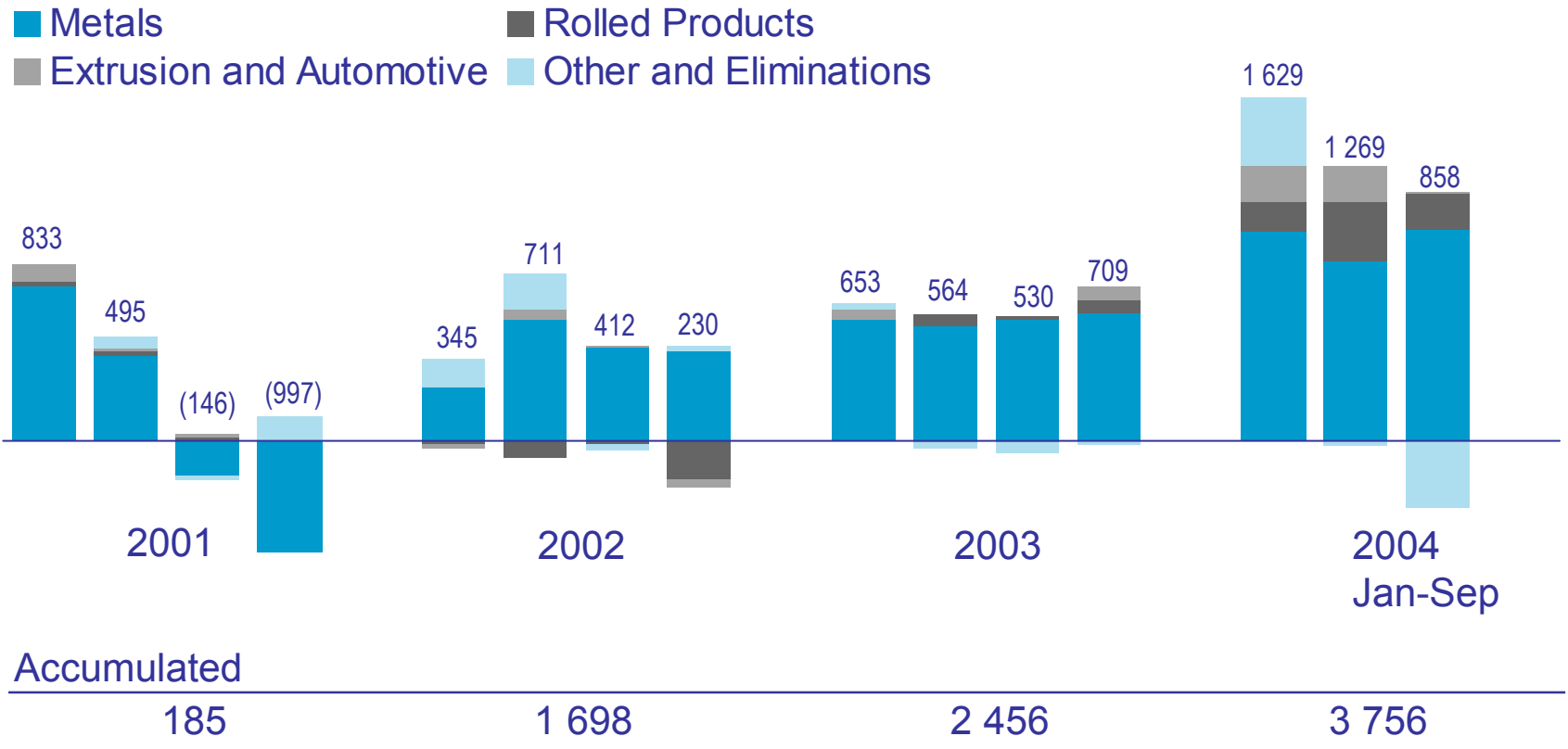
4. Performance focus and selective growth in global automotive

Date: 2004-09-02 • Page: 17

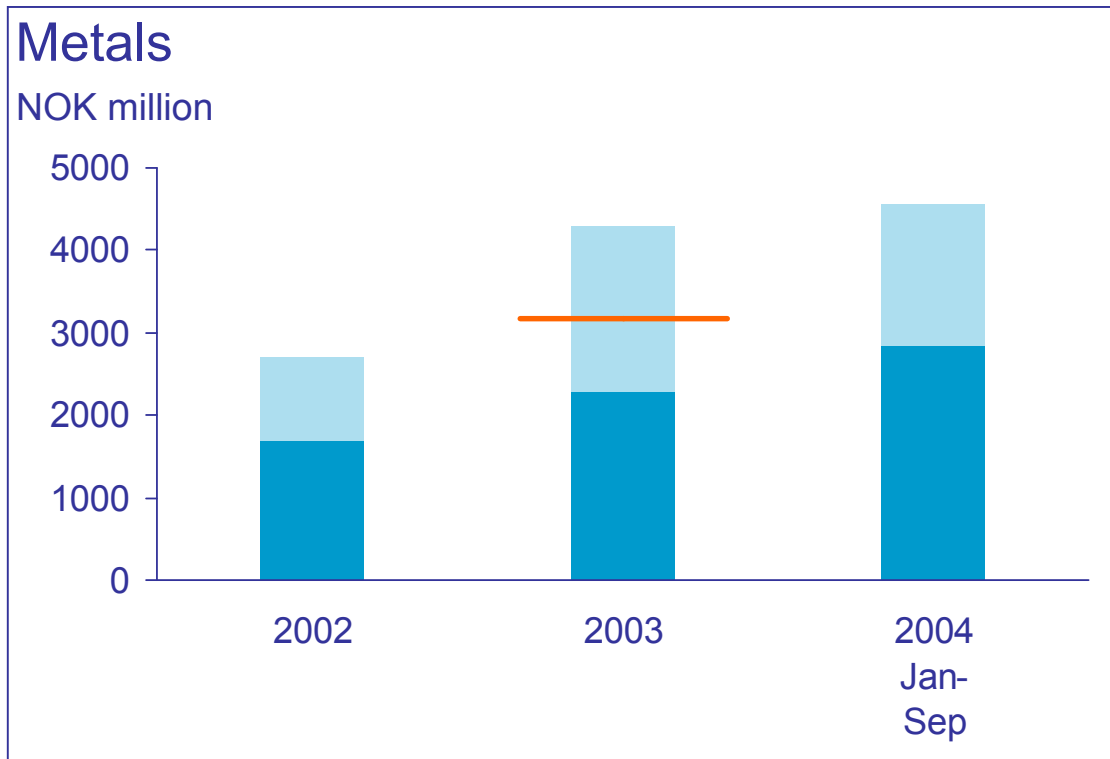


Operating income improving

NOK million



Improving financial performance

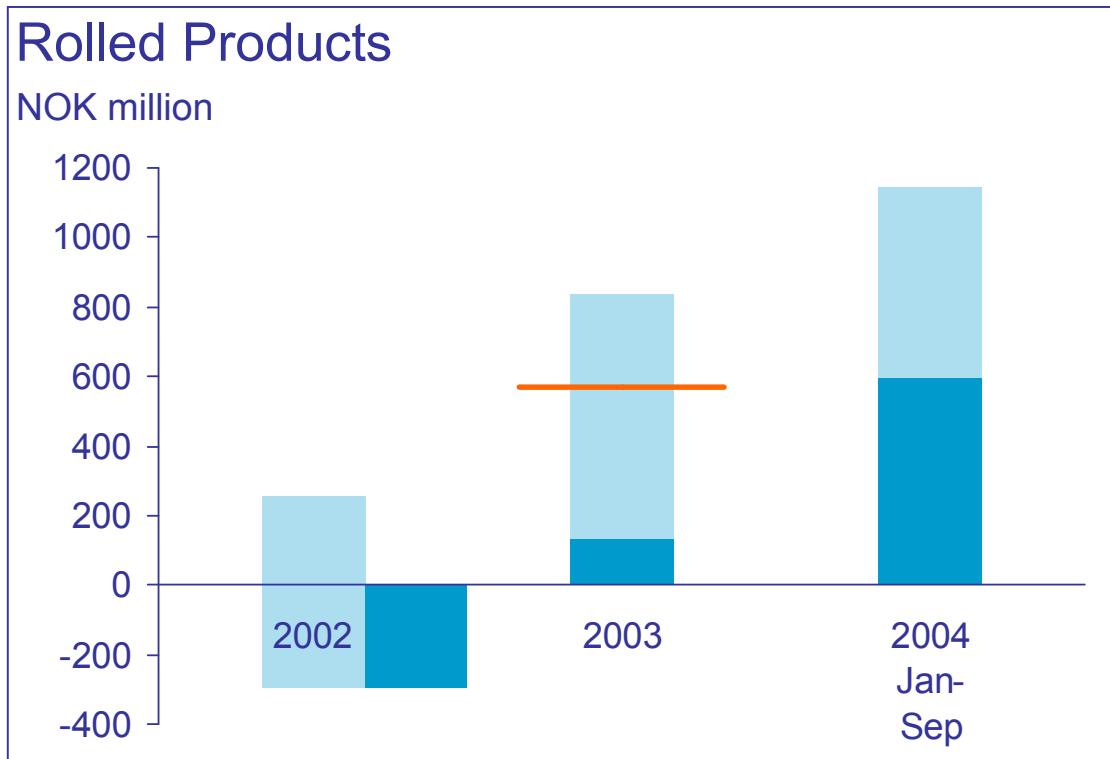


Non-consolidated investees and depreciation

Operating income

EBITDA Jan-Sep 2003

Improving financial performance

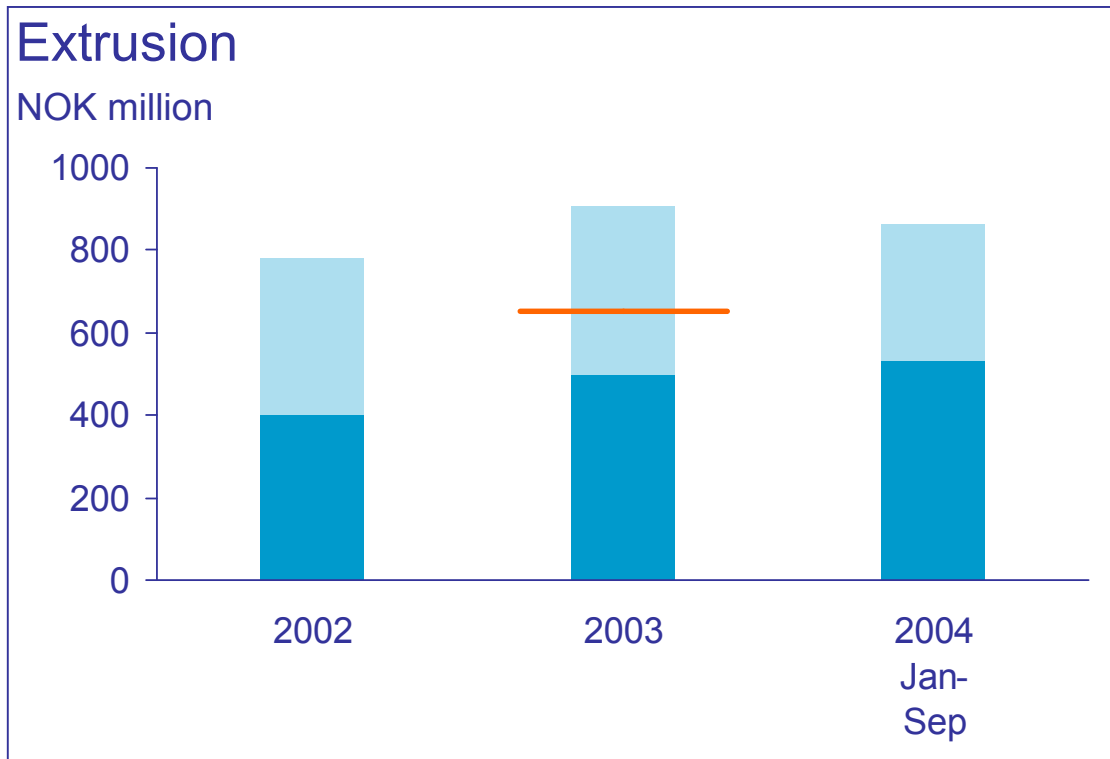


Non-consolidated investees and depreciation

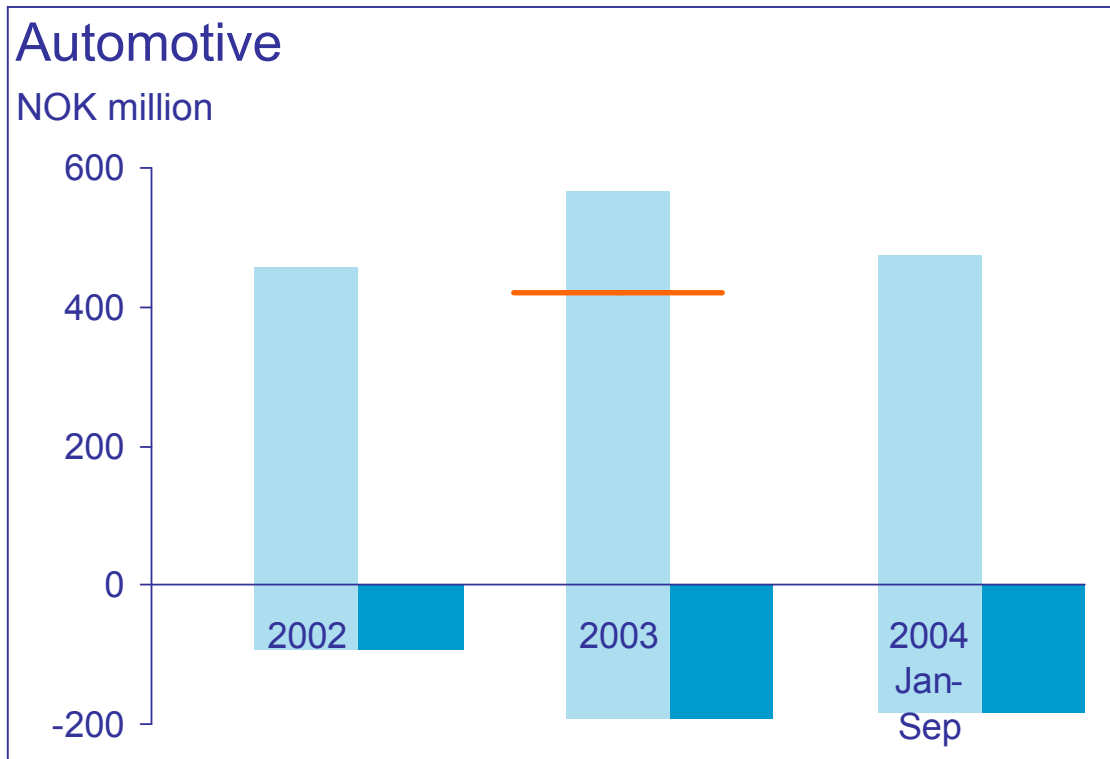
Operating income/loss

EBITDA Jan-Sep 2003

Improving financial performance



Improving financial performance

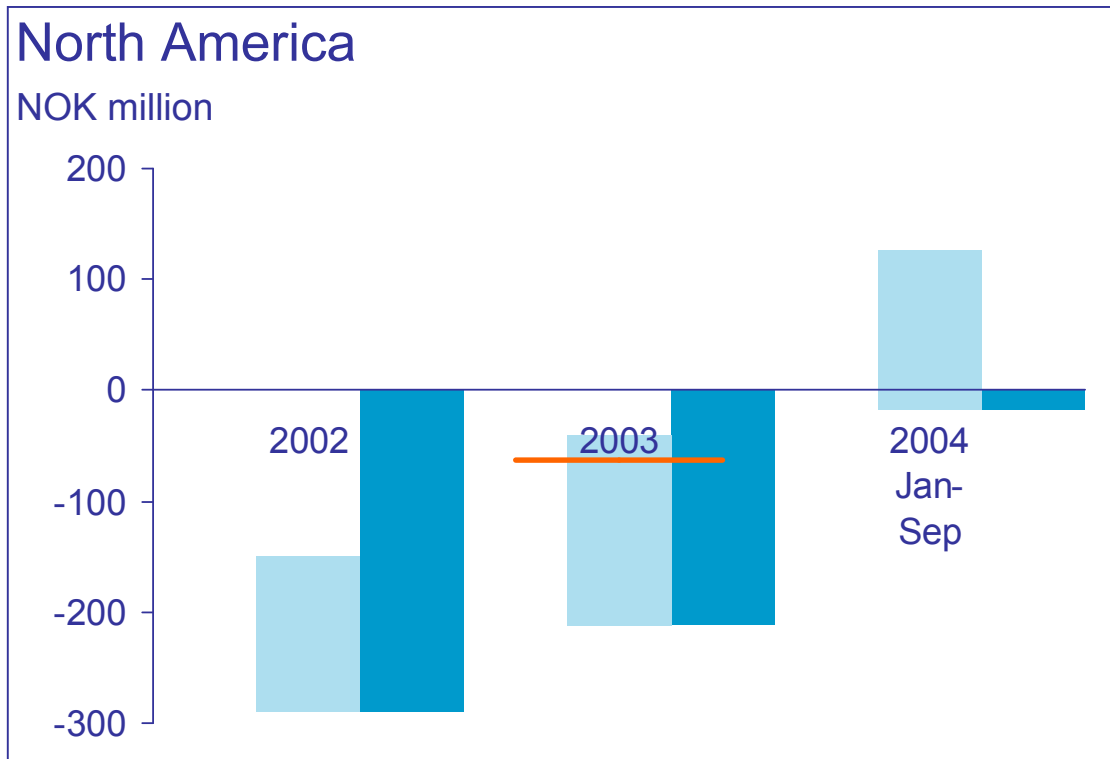


Non-consolidated investees and depreciation

Operating income/loss

EBITDA Jan-Sep 2003

Improving financial performance

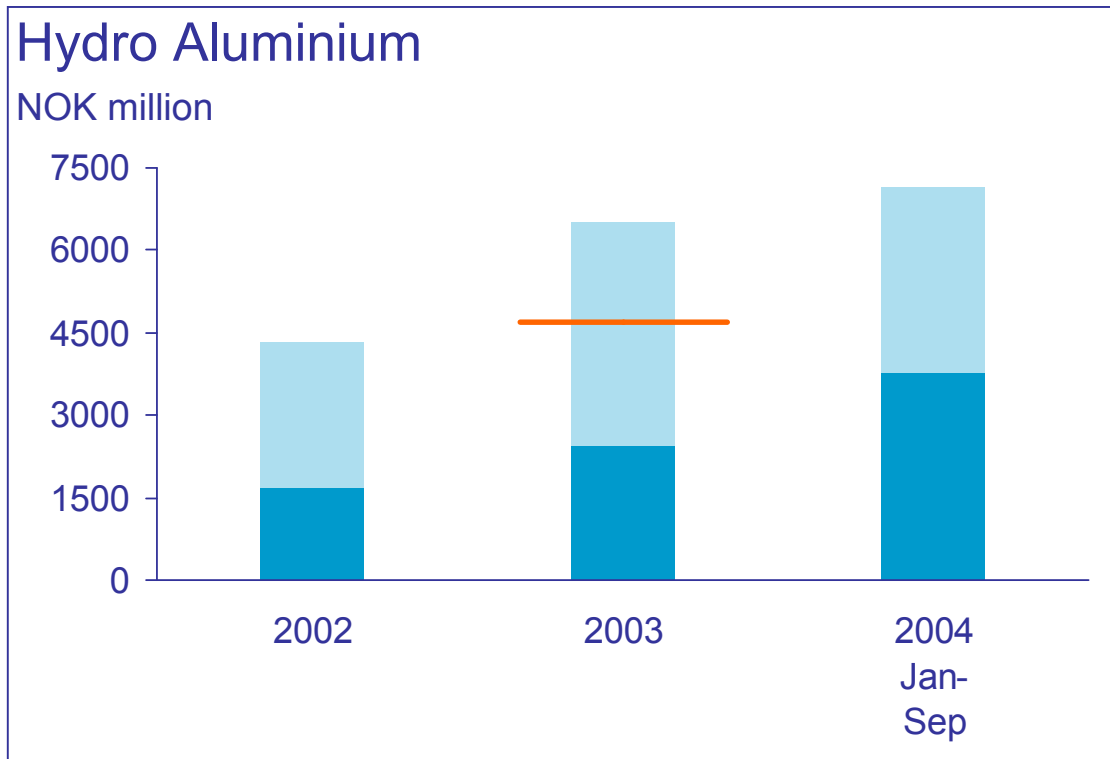


Non-consolidated investees and depreciation

Operating income/ loss

EBITDA Jan-Sep 2003

Improving financial performance



Non-consolidated investees and depreciation

Operating income

EBITDA Jan-Sep 2003

Strengthening strategic positions



Improve alumina relative cost position



Improve aluminium relative cost position



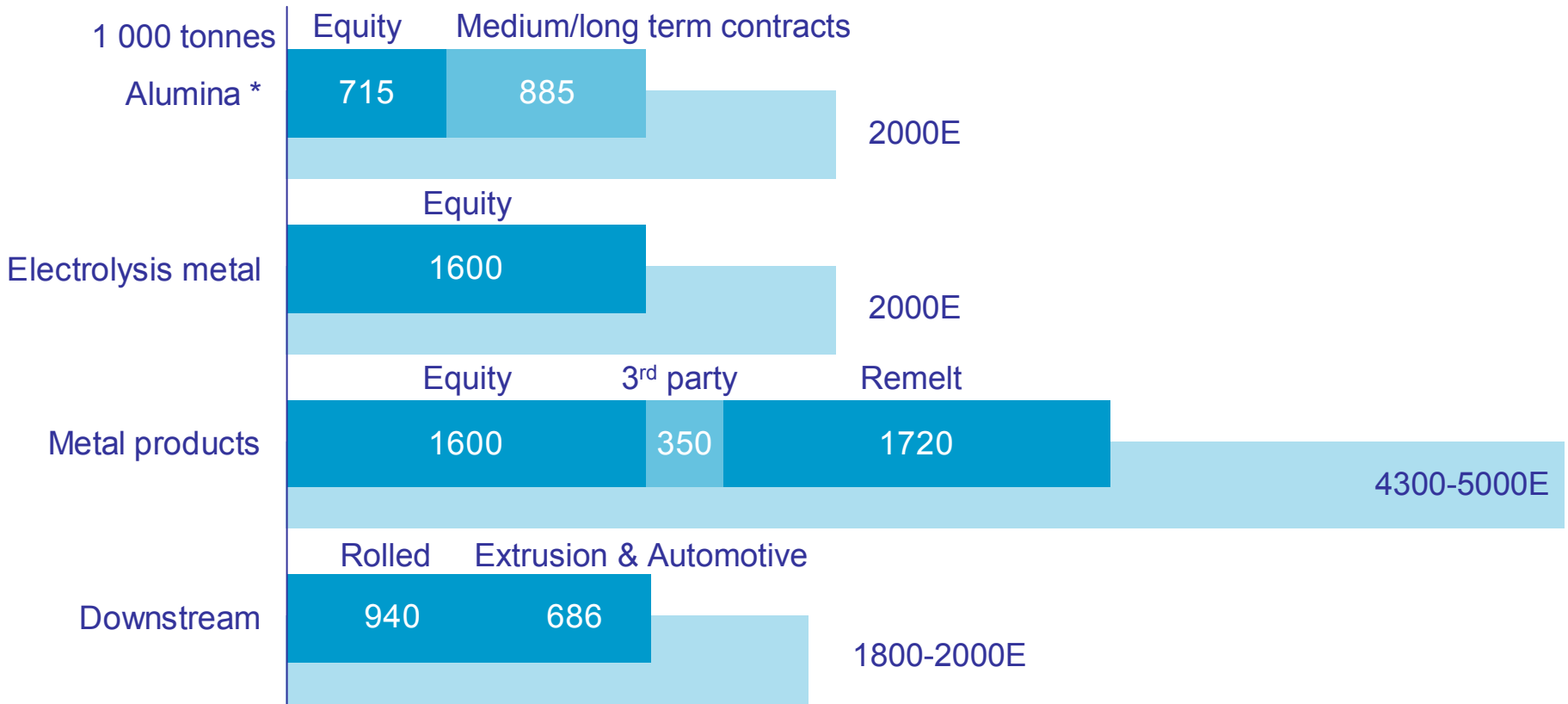
Strengthen leadership position in Europe: Metal Products, Extrusion, Rolled Products and Automotive



Selective growth outside Europe: Metal Products, Extrusion, Rolled Products and Automotive

A unique and differentiated portfolio

Estimates 2004 and 2009**

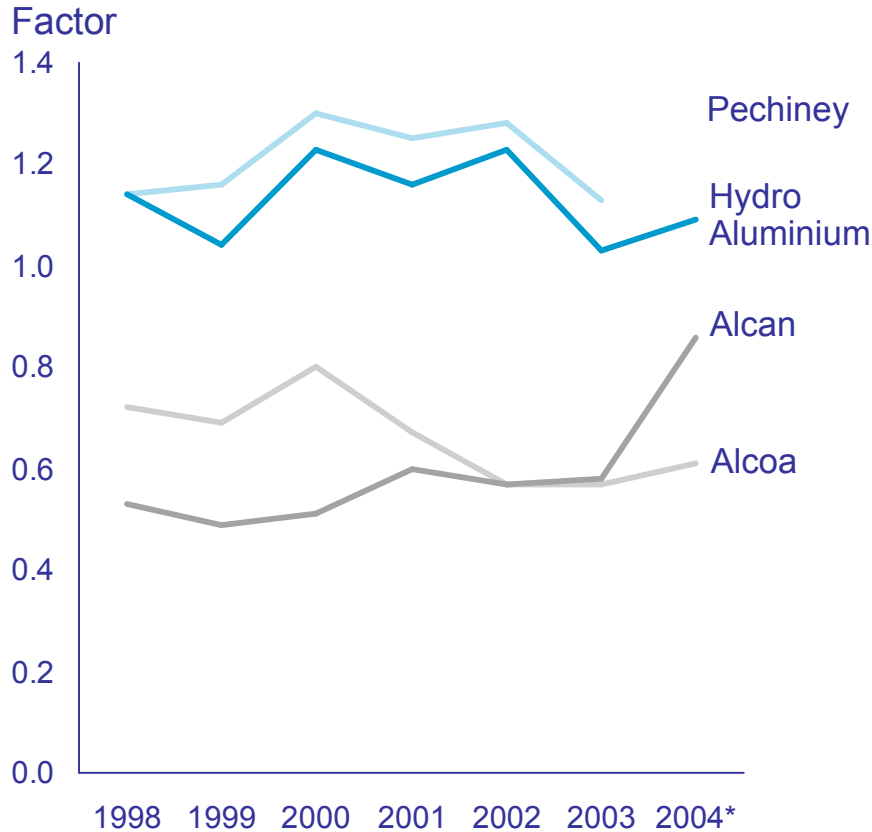


* Aluminium equivalents (2 tonnes alumina per tonne aluminium)

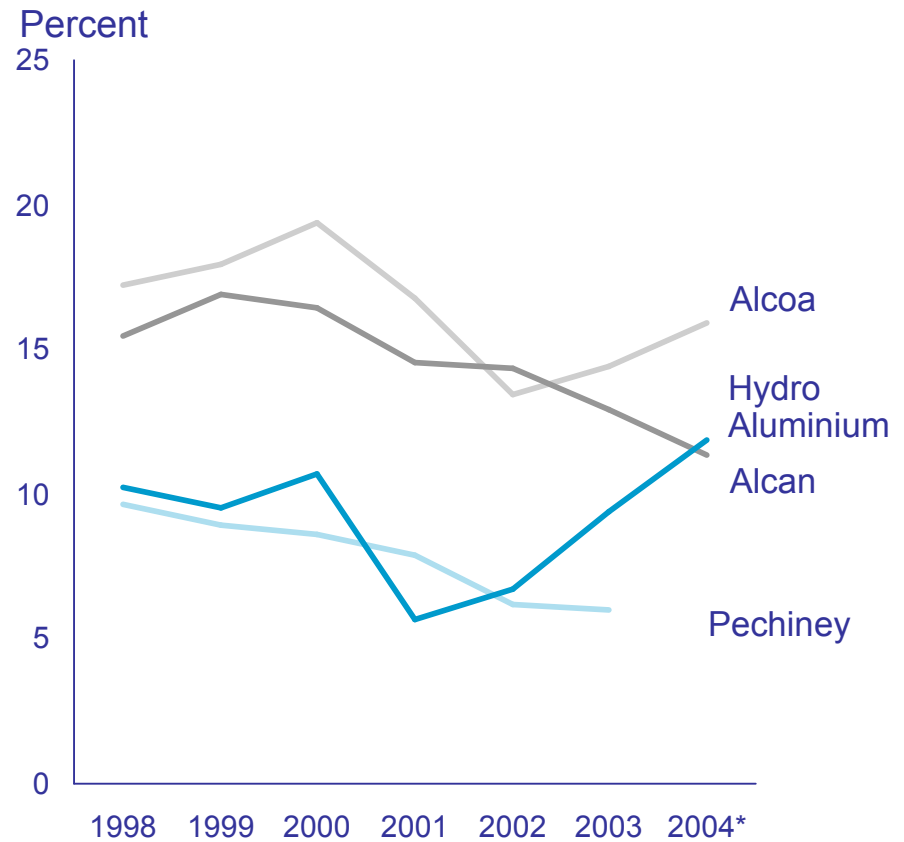
** Including Qatar

A unique portfolio: Higher capital turnover

Revenues / gross investments



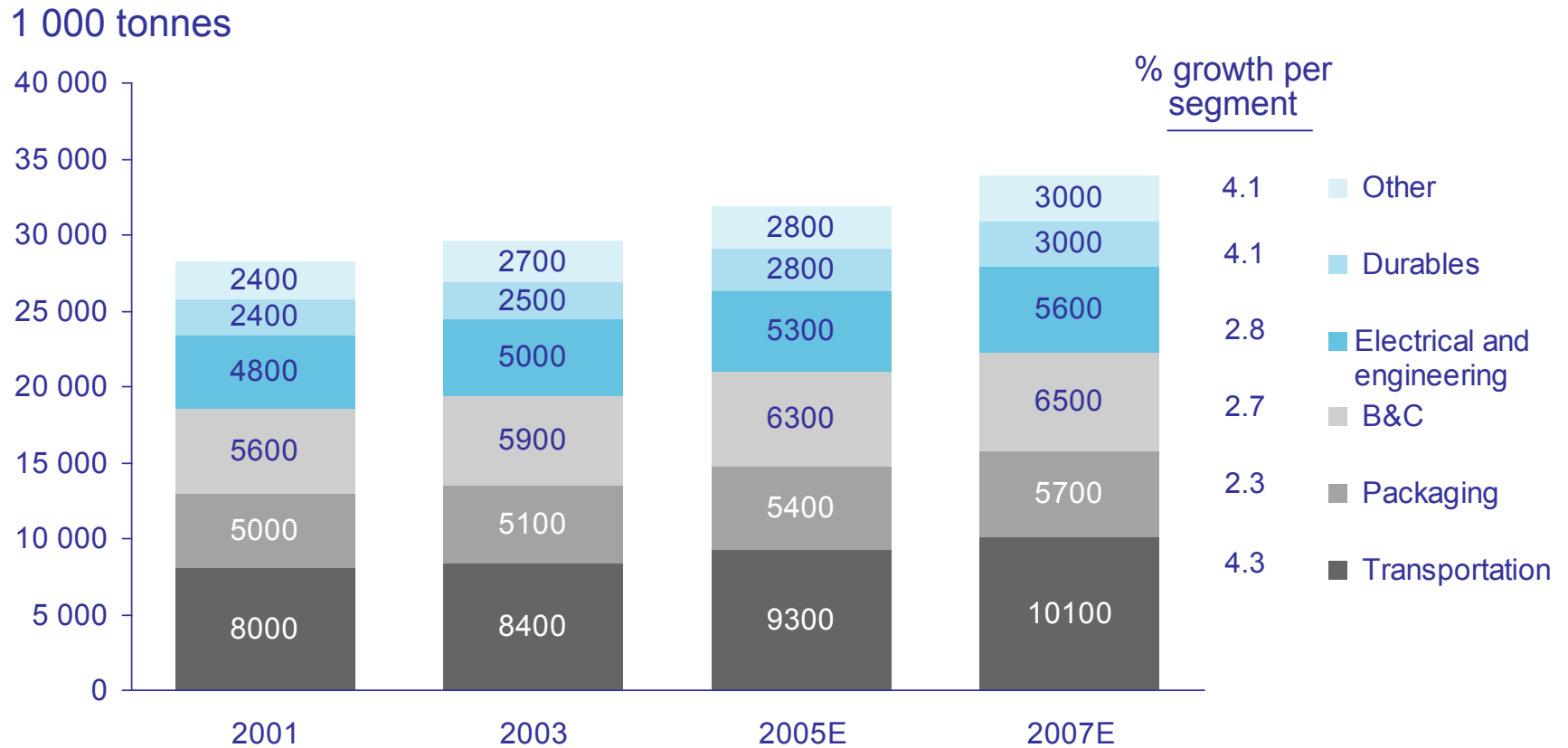
EBITDA / Revenues



Source: Company reports. Hydro-estimates. Proxy figures where needed to get comparative figures.

* Jan-Sep 2004 annualized

Western World* demand expected to grow in the coming years

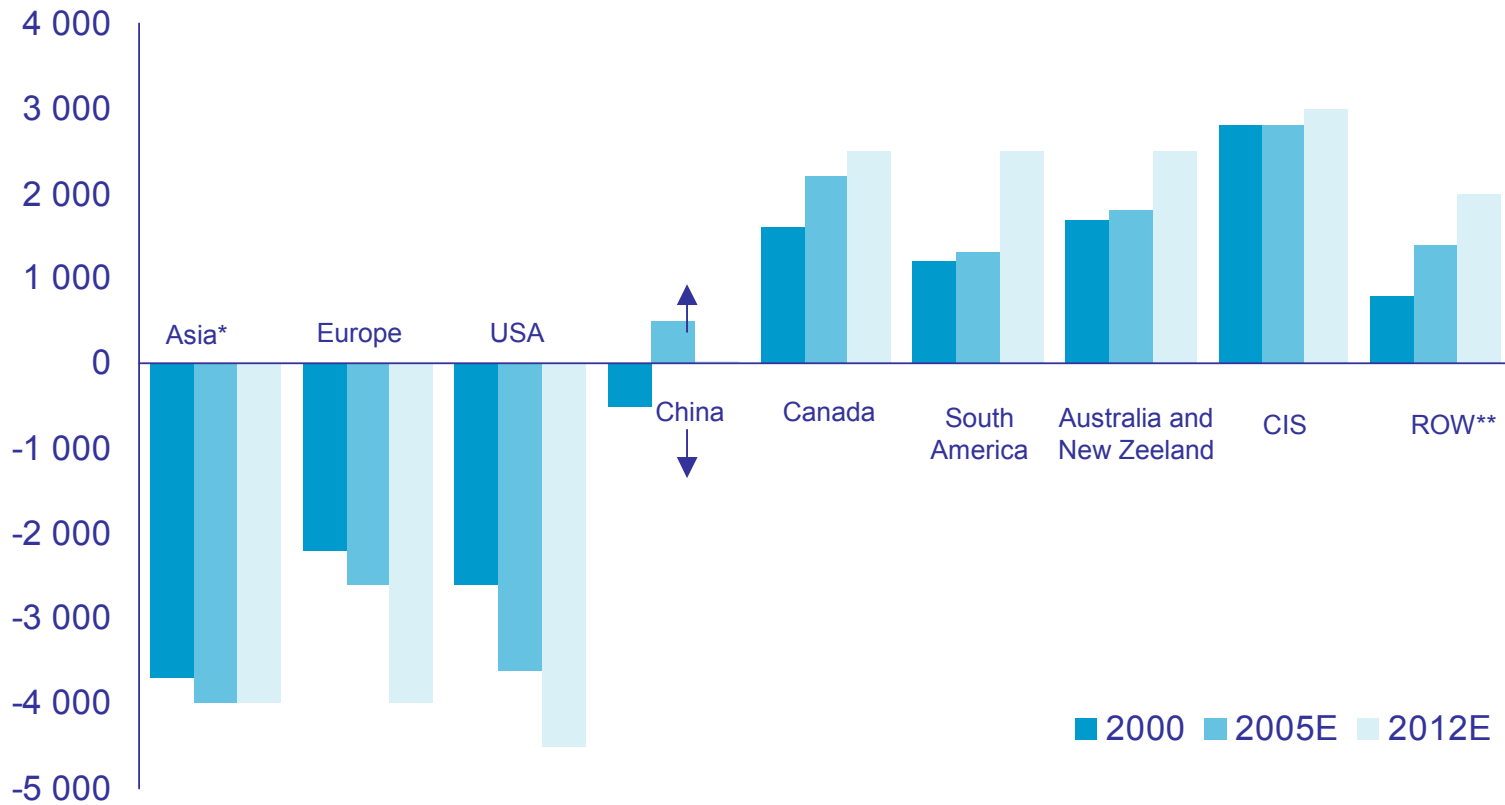


* World excluding Central and Eastern Europe, China, Russia, Ukraine, North Korea

Sources: BrookHunt; Hydro Aluminium

Energy drives primary restructuring

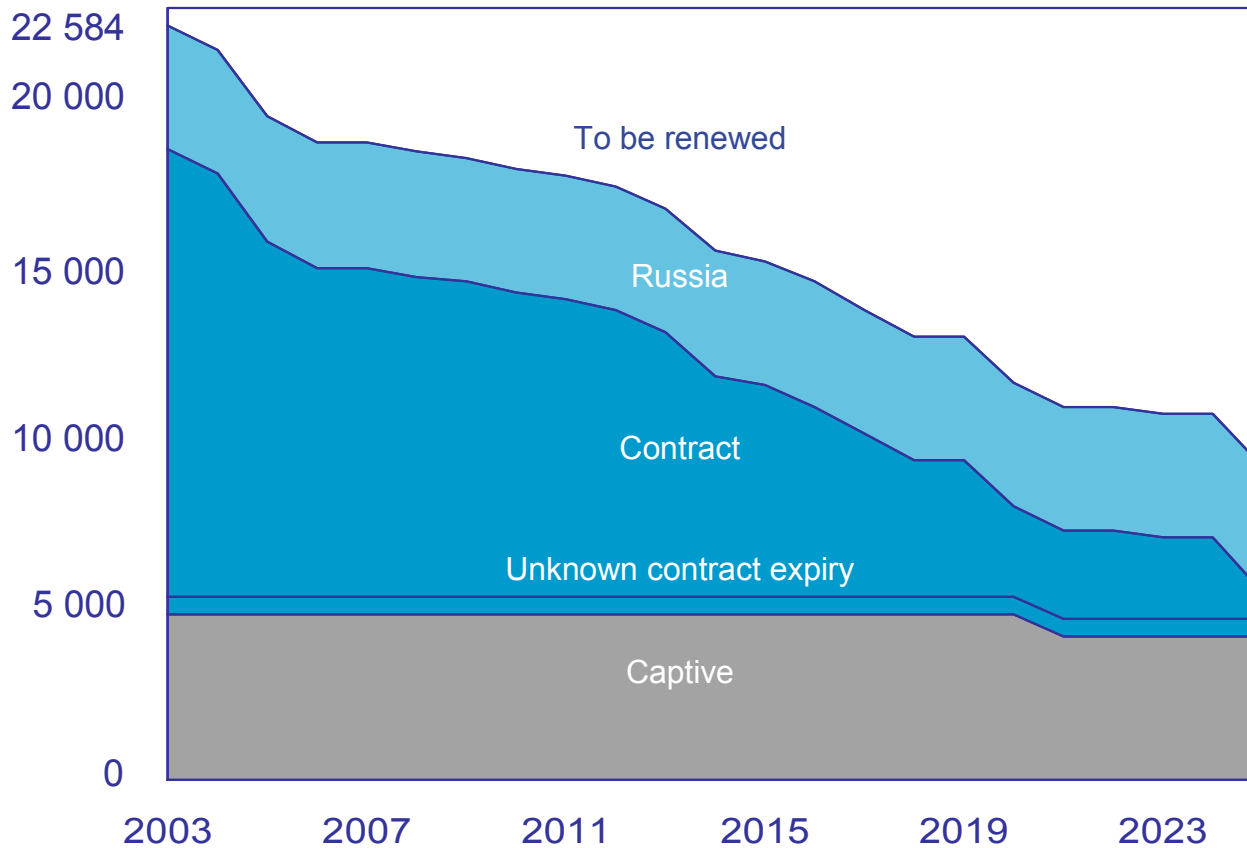
Net exports, 1 000 tonnes



* Excluding China ** Rest of the world, including the Middle East
 Source: CRU, Hydro Aluminium

Increasing industry exposure to market power prices

Aluminum production – power sourcing
1 000 tonnes*

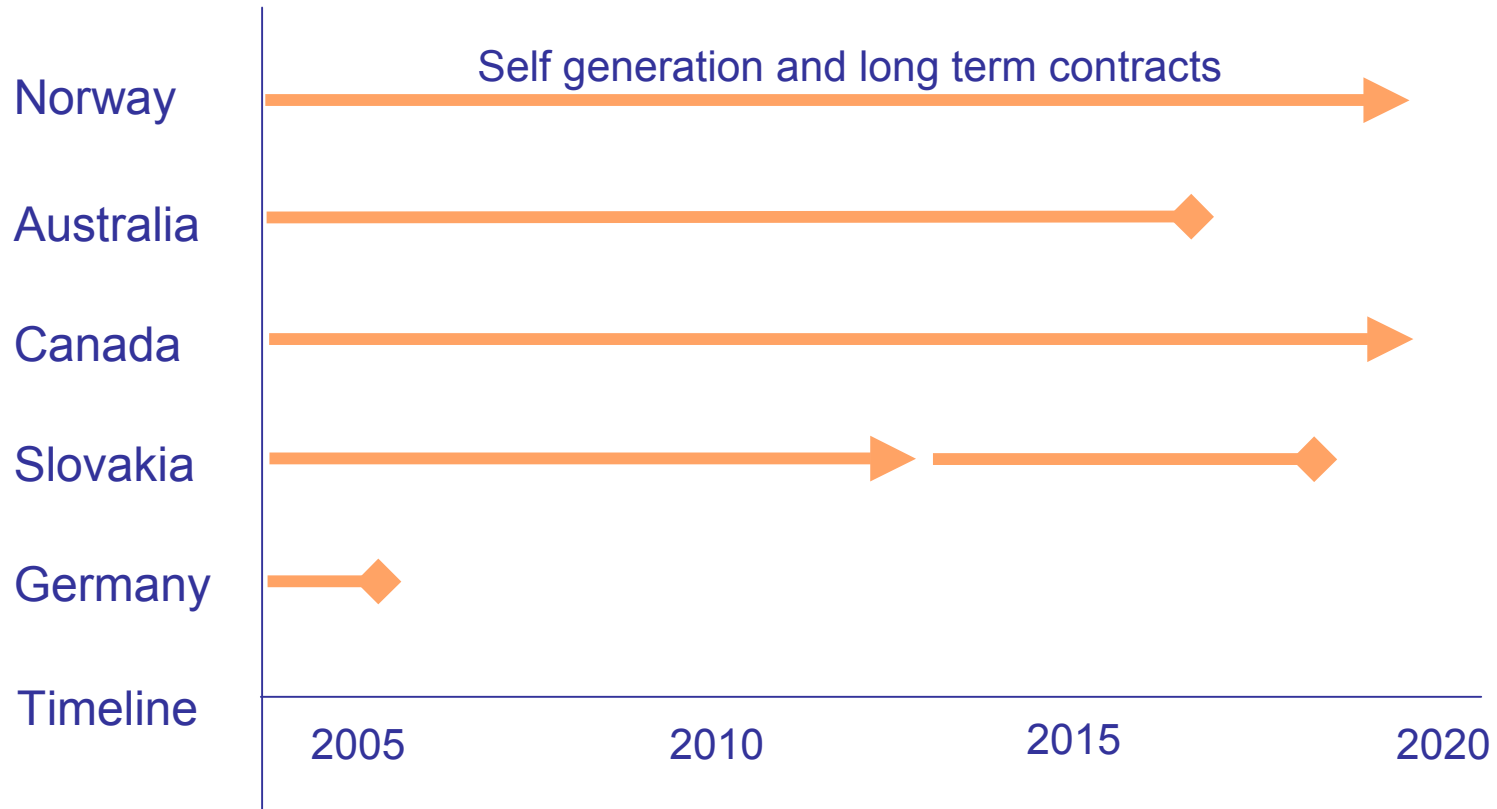


* Excluding China

Source: CRU, Hydro Aluminium

Attractive power contract portfolio for Hydro

Germany a challenge



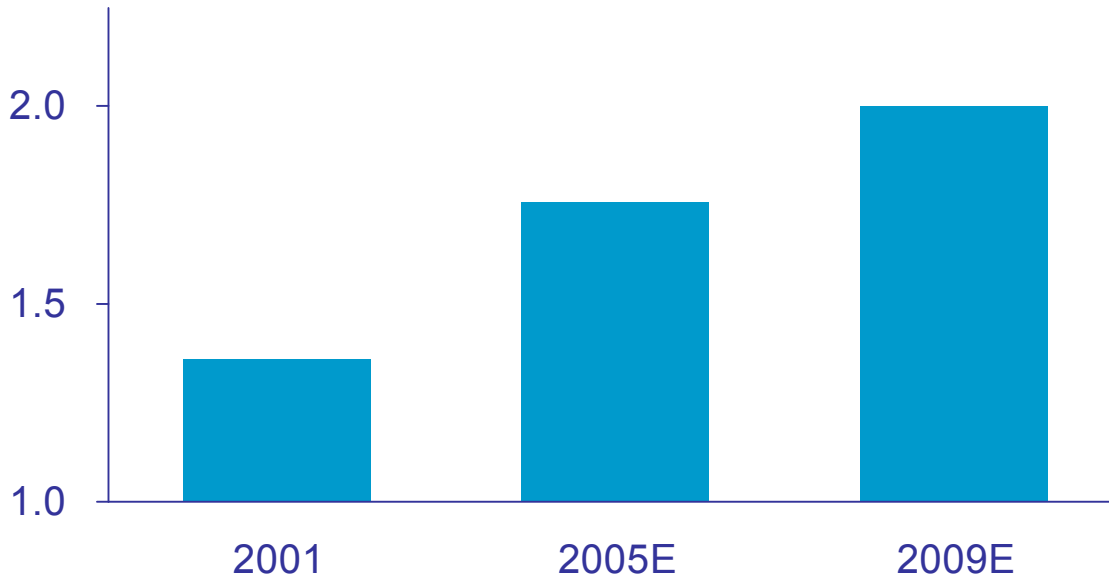
Qatar – the future pattern

- Heads of agreement signed
- Annual capacity
 - 570 000 tonnes
 - Expansion potential up to 1 200 000 tonnes
- Investments
 - Smelter and casthouse: USD 2 – 2.5 billion
 - Power plant: USD 0.7-0.8 billion
- Hydro ownership
 - 49 % in smelter and power station
 - 51 % in casthouse
 - Hydro to market total tonnage
- Production start-up end 2008
- Exceed 10% IRR after tax at USD 1400/tonne



Ambitious primary production growth

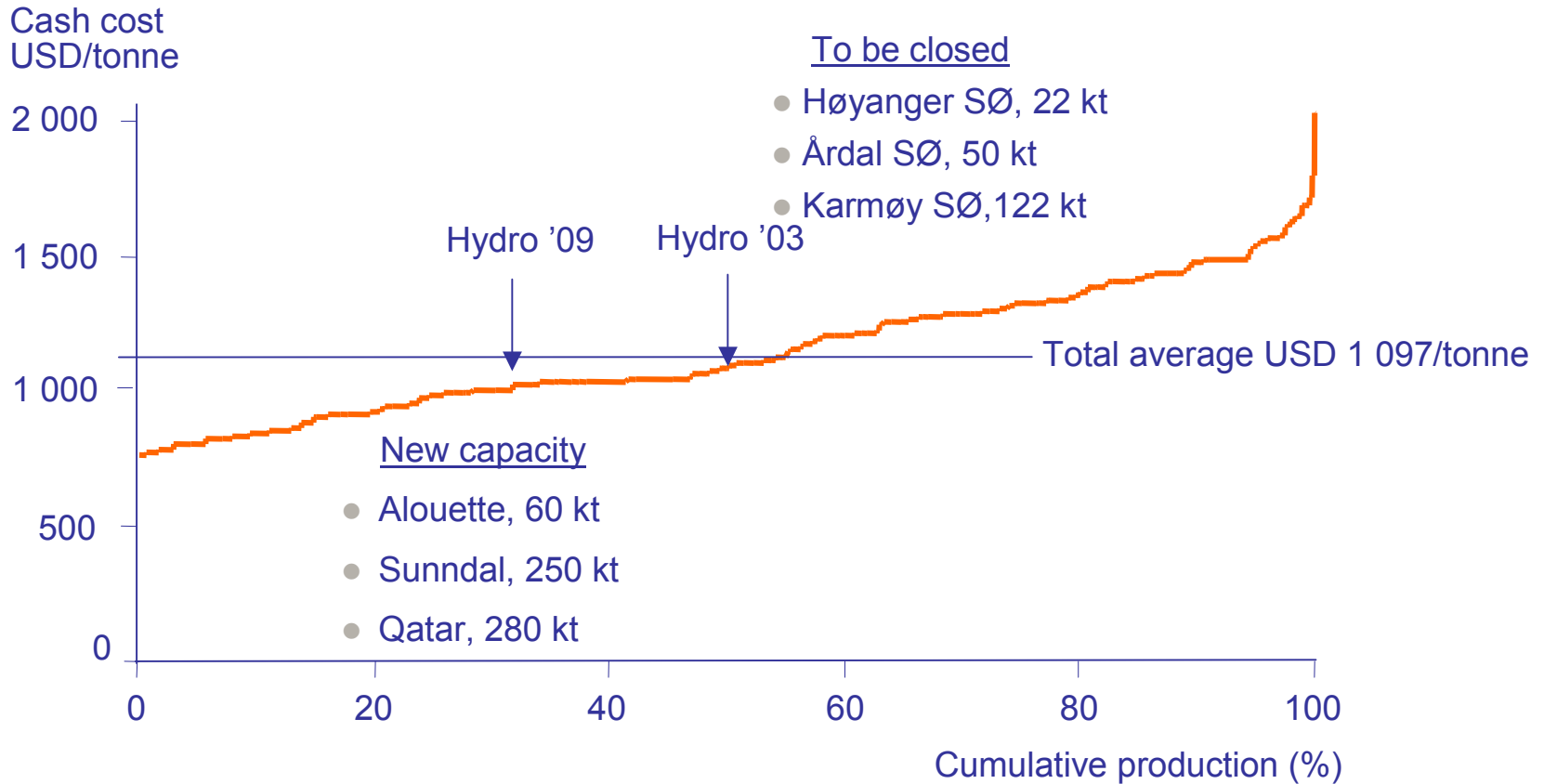
Million tonnes



Production growth, %	1999-2004	2005-2009*
Hydro	36%	27%
Total world	24%	20%

Source: Hydro Aluminium, Brook Hunt long -term outlook 2004. * incl. Qatar for Hydro

Improving relative cost position 2003-2009

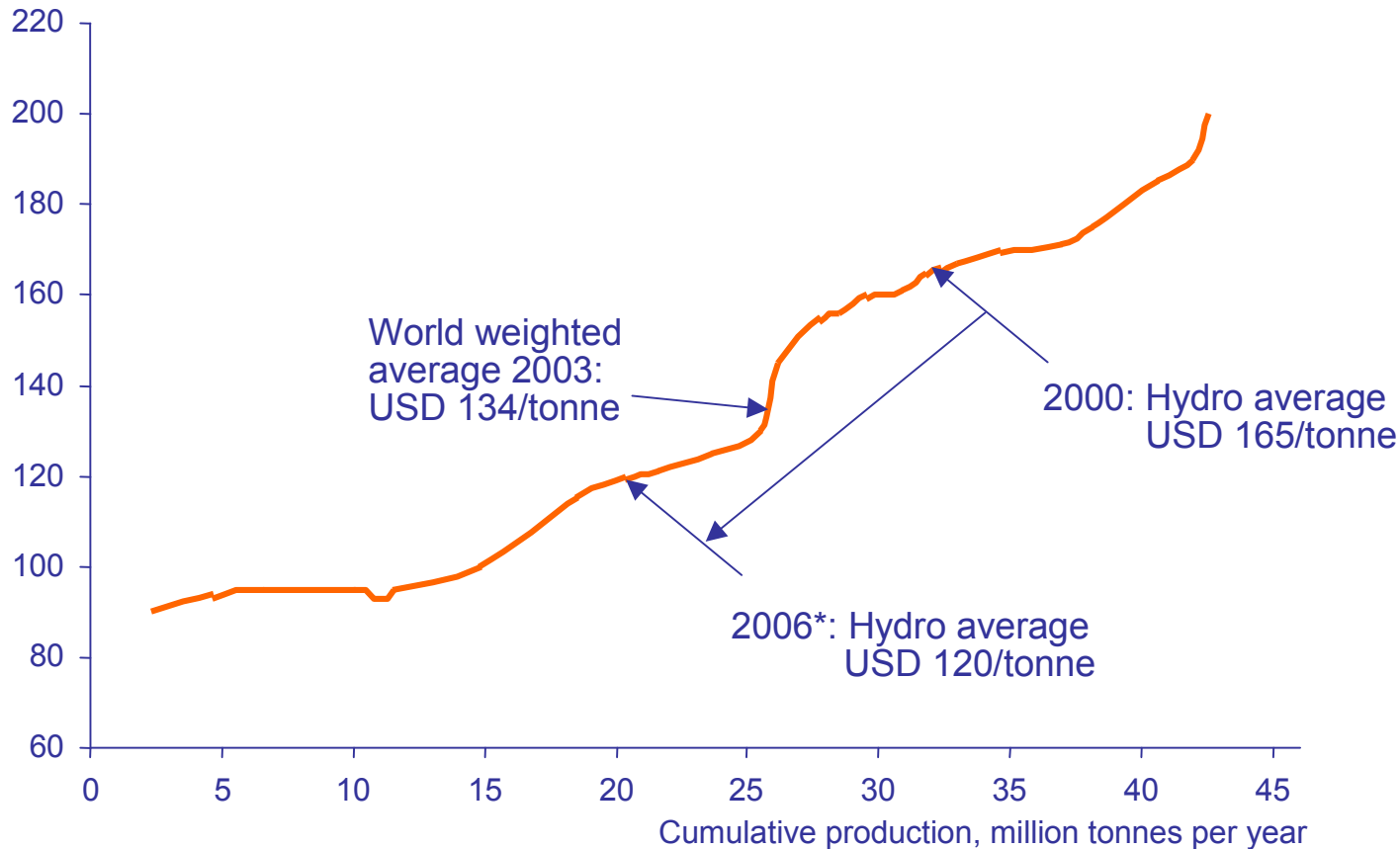


Assumptions: Aluminium price USD 1 500, USD/NOK 7.0, Cumulative production 27.8 million tonnes

Source: CRU, Hydro Aluminium

Increasing equity alumina at lower cost

Cash cost USD/tonne

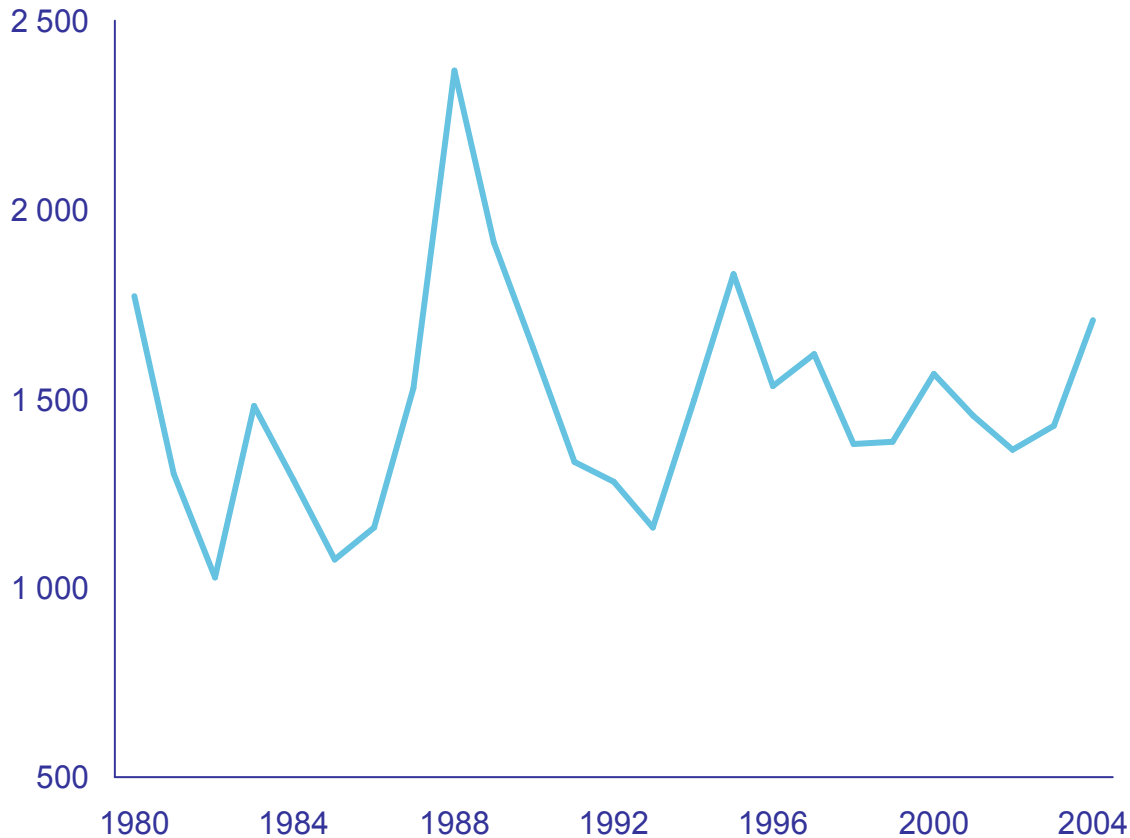


* After sale of alumina plant in Germany. Bauxite to Alunorte at cost.

Source: CRU 2003 : Major Western World Refineries (43 mill tons, i.e 80% of world production)
Hydro Aluminium estimates

Medium term price outlook favourable

USD/tonne



- Strong market fundamentals
- Increased production costs
 - Energy
 - Alumina
 - Carbon raw materials
 - Freight
- Weakening USD

Nominal prices

Downstream activities

Rolled Products



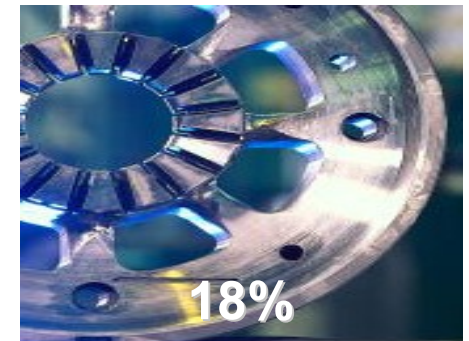
Extrusion



Total revenue*: NOK 35 bn

- Europe 80%
- North America 12%
- Others 8%

Automotive



* Jan-Sep 2004, split on sectors based on revenue

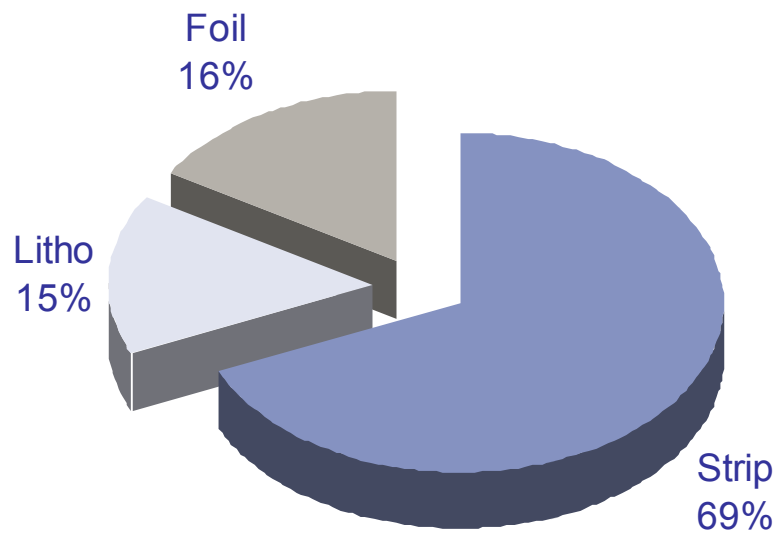
Rolled Products: Building a stronger business

- Growth in high margin segments
 - New litho line in 2005
 - Foil mills upgraded
 - Increased heat exchanger volume
- Delivered on improvement programs
 - Cost reduction and demanning
 - Turnaround of underperforming units
 - Modernization of Slim plant (Italy)
- Optimize plants' product mix
- High capacity utilization through strong market position



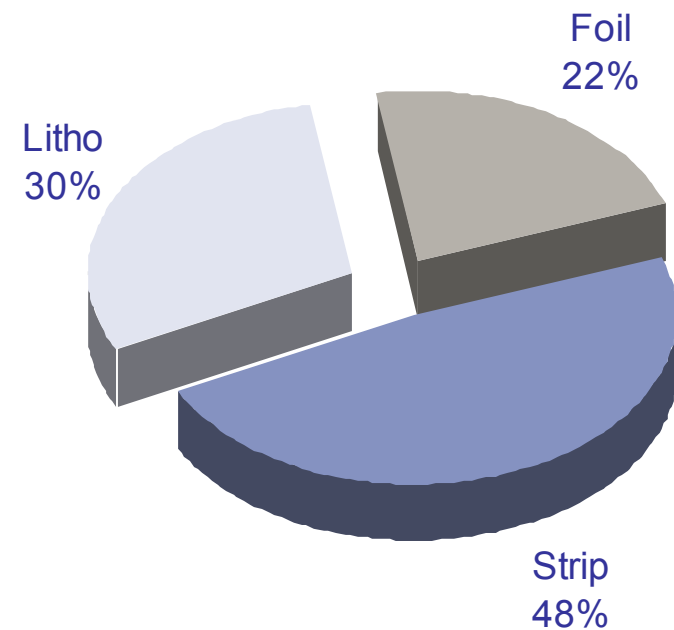
Rolled Products: Increasing focus on higher margin segments

Annualized shipments*
950 000 tonnes



*Jan-Sep 2004: 710 000 tonnes

Operating income Jan-Sep 2004:
NOK 593 million



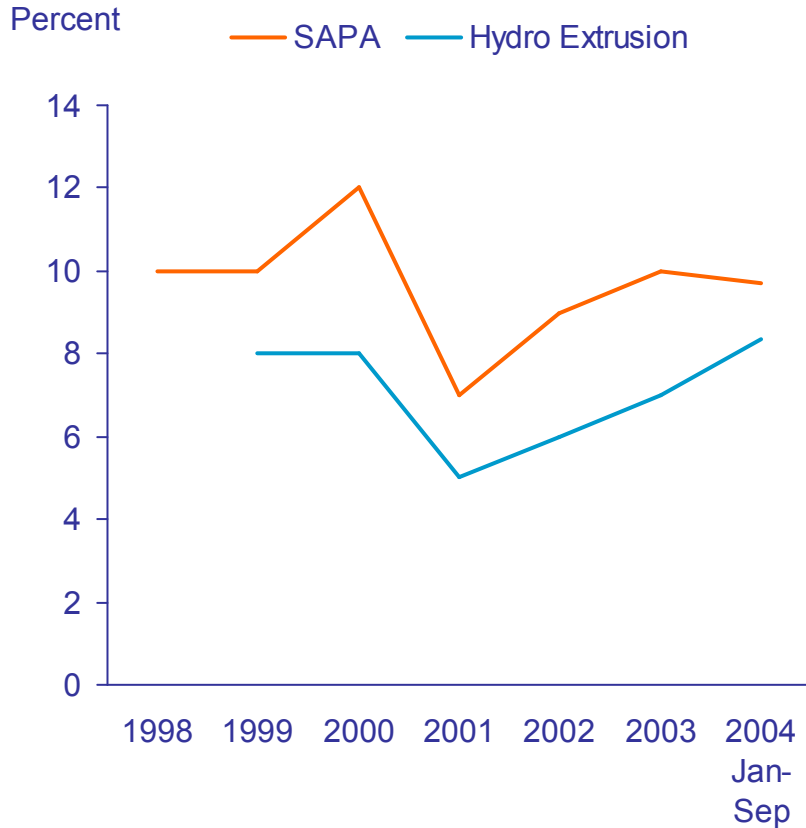
Extrusion: Global growth from leading position in Europe

- Consolidating leadership in Europe
- Closing performance gap in USA
- Expanding in emerging and low cost markets
- Growing value added business
- Realizing system benefits

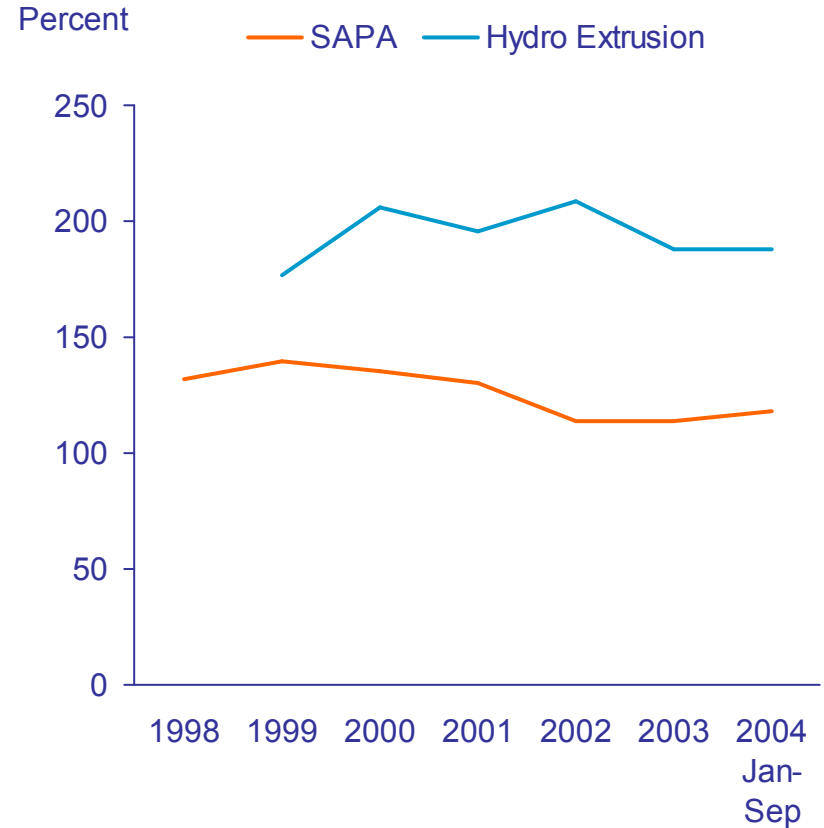


Extrusion: Strong financial performance

EBITDA / Sales



Capital Turnover *

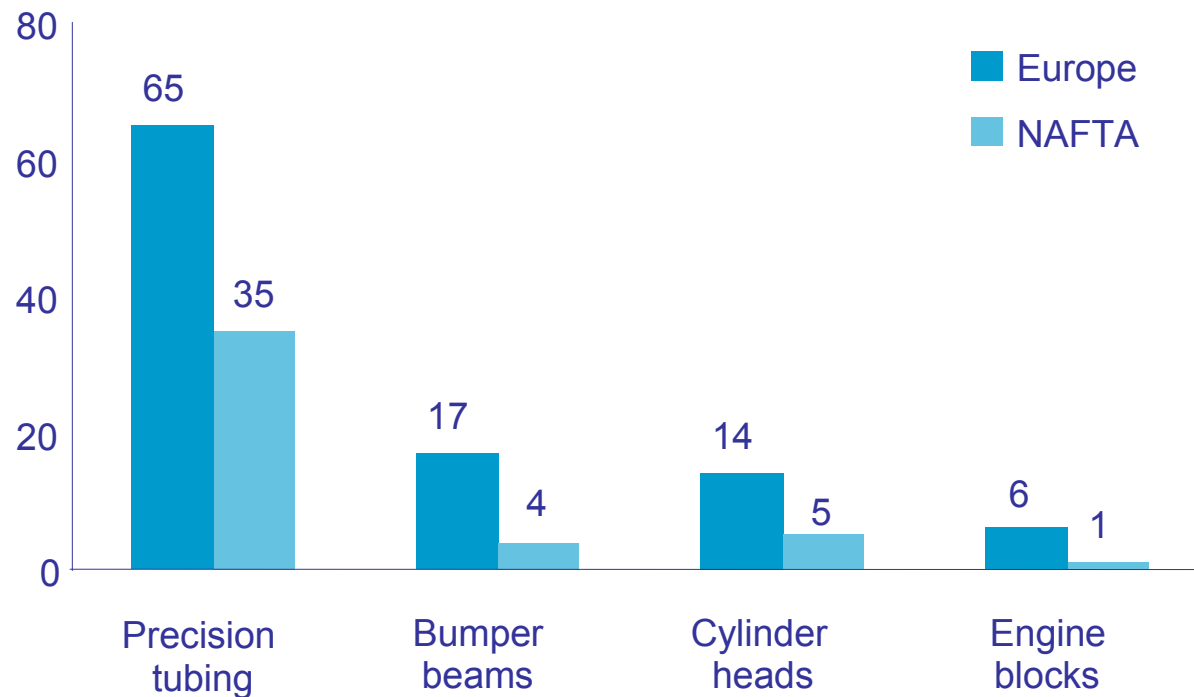


* Sales / Gross investment

Automotive: Leading market positions in focus areas

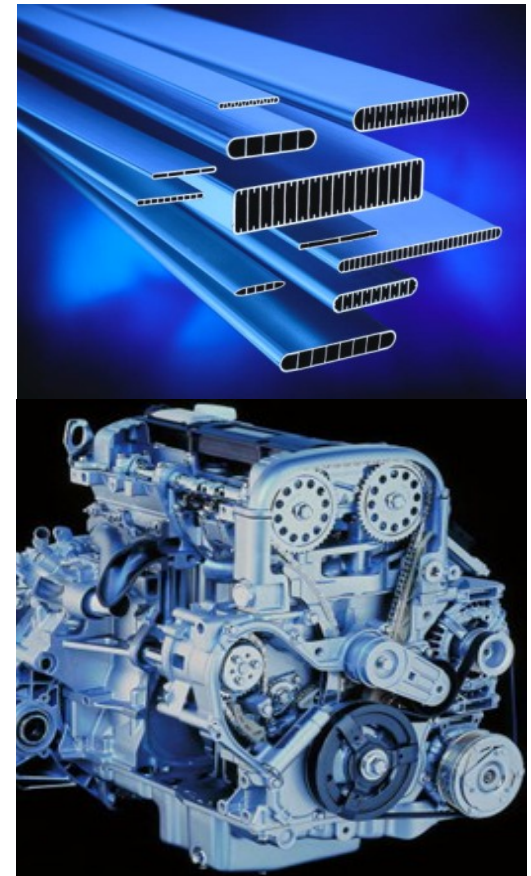
Market positions 2003

% of total market incl. steel/cast iron solutions



Automotive: Building on strengths and fixing underperformance

- Precision Tubing
 - Strong financial performance
 - New plants in China and Mexico 2005
- Structures
 - Improving financial performance from low level
 - Focusing product portfolio
 - Restructuring ongoing
- Castings
 - Improved financial performance
 - New diesel engine line in Dillingen
 - Production shifting towards low cost countries
 - Leeds closure to be finalized in 2005



Continued strong focus on bottom line growth

- Continue to strengthen European leadership and build global presence in selected segments and geographical areas
- Capitalize on a unique and differentiated portfolio profile and value chain integration in an environment of structural change
- Improve relative cost position upstream
 - Energy in Germany a particular challenge
- Sharing of best practice throughout the value chain
- Active portfolio development

Forward-looking statements/ use of non-GAAP financial measures

In order to utilize the “safe harbor” 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 2003 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 is a Fortune 500 energy and aluminium supplier founded in 1905, with 36,000 employees in nearly 40 countries. We are a leading offshore producer of oil and gas, the world's third-largest integrated aluminium supplier and a pioneer in renewable energy and energy-efficient solutions. As we look forward to our next 100 years, we celebrate a century of creating value by strengthening the viability of the customers and communities we serve

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Progress of a different nature