

Capital Markets Day

Hydro Aluminium

Executive Vice President Jon-Harald Nilsen
Norsk Hydro ASA
Oslo, January 8, 2002





What we said and what we have done

<i>Objectives in Dec. 00</i>	<i>Actions taken in 2001</i>
<ul style="list-style-type: none">● Participate in industry restructuring	<ul style="list-style-type: none">● VAW -acquisition● Technal Building Systems● Magnesium restructuring
<ul style="list-style-type: none">● Continue to leverage our strengths● Continue top and bottom line growth	<ul style="list-style-type: none">● Sunndal-expansion● Expansion Søral, Slovalco, Alunorte● Remelters in Spain & Texas● Cost-reduction programmes initiated



Hydro's stated ambition in Aluminium

*A profitable position
among the world's
top three integrated
aluminium
companies*

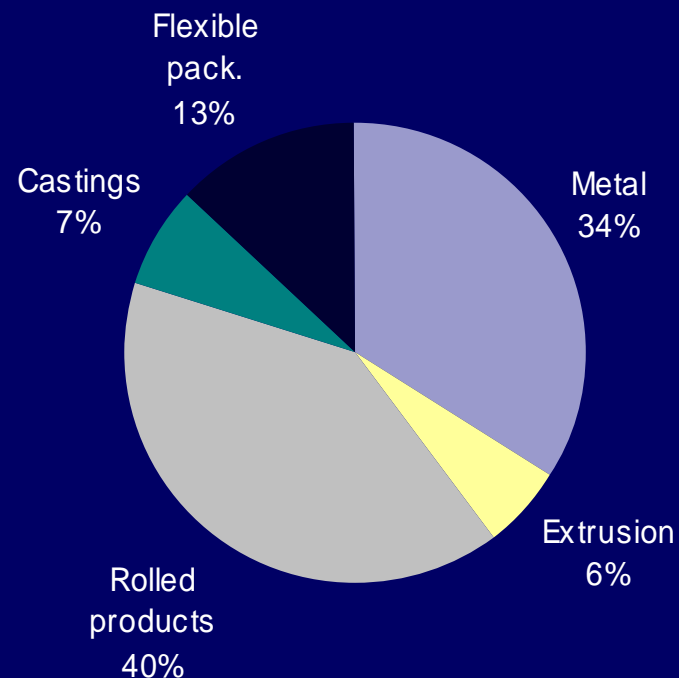
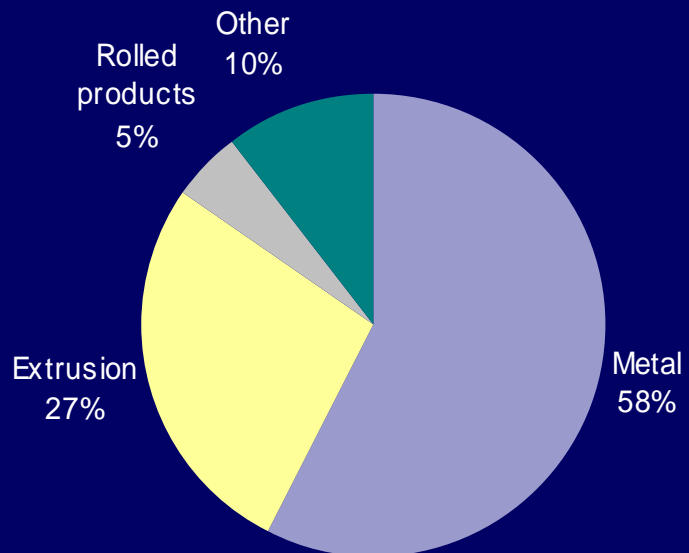


Hydro Light Metals and VAW (2000 - figures)

Gross revenues
EBITDA

Hydro Light Metals
6,400 mill Euro
680 mill Euro

VAW
3,700 mill Euro
450 mill Euro



Employees total
- in Germany
- in Norway

Hydro Light Metals
17,000
1,000
6,300

VAW
16,000
7,600
0

Euro/NOK: 8.00

The new entity: Hydro Aluminium Pro Forma 2000 combined

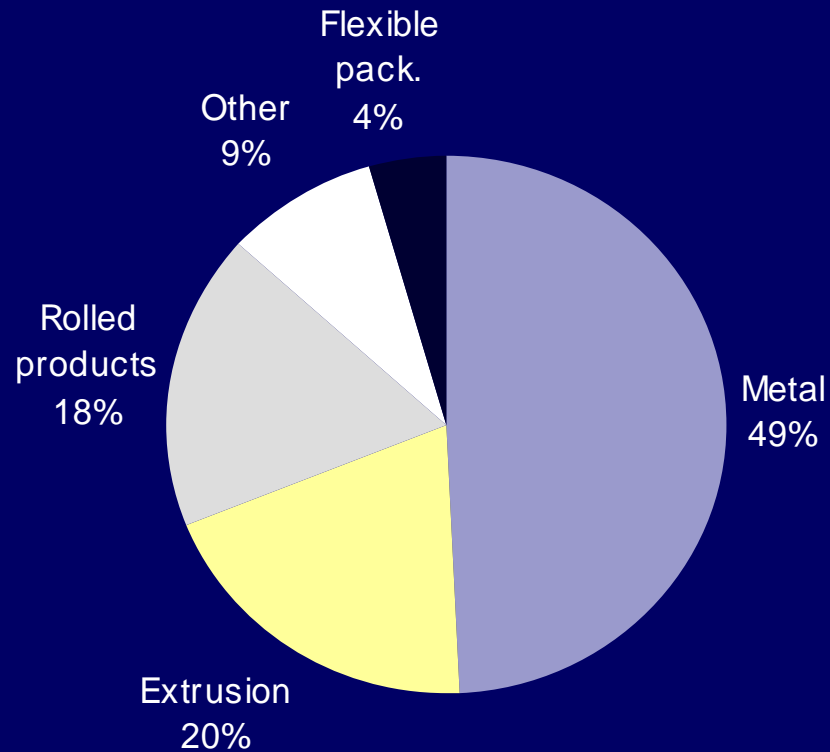


Gross revenues
EBITDA

HAL (Pro Forma)

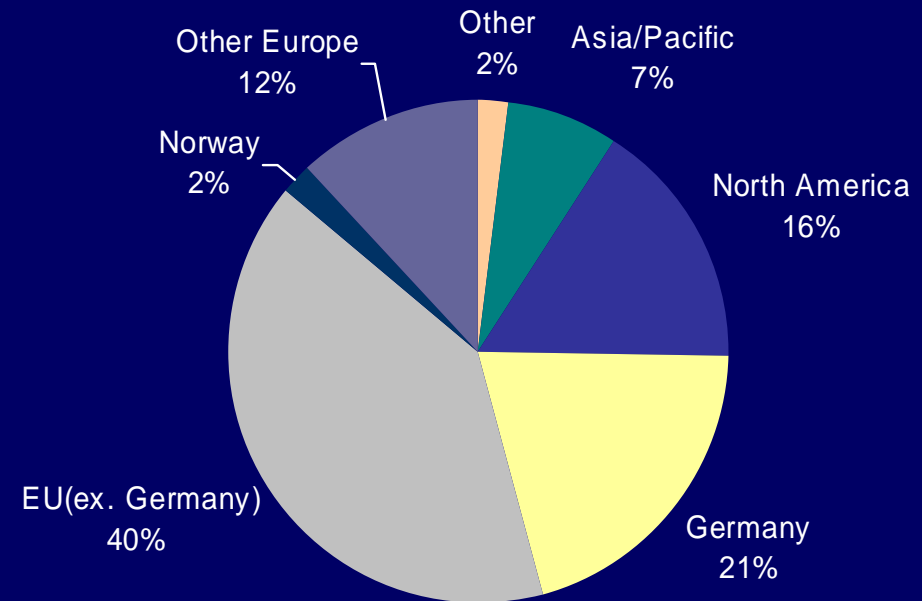
9,700 mill Euro

1,130 mill Euro



Sum sector gross revenues

Combined sales Hydro Aluminium



Sum Business Area's external sales



Hydro — VAW: An attractive combination

Attractive financials

Innovative global force

More value for customers

Significant synergies and value creation

Rapid integration



Transaction highlights

- ✓ **Norsk Hydro acquires all shares in VAW AG from E.ON**
- ✓ **Total consideration is 2 645 mill Euro (21.2 bn NOK)¹⁾ including net interest bearing debt of 757 mill Euro (6.1 bn NOK)**
- ✓ **In addition Norsk Hydro takes over 450 mill. Euro (3.6 bn NOK) unfunded pension obligations**
- ✓ **Expected closing by 1st Quarter 2002**
- ✓ **Acquisition financed through cash and absorption of debt**
- ✓ **Approved by Boards of Norsk Hydro and E.ON. Subject to regulatory approvals and approval by Norsk Hydro Corporate Assembly**

1) All figures are estimates as per 1.1.2002 except where noted. Assumed exchange rate of 8.00 NOK/Euro



Financial impact for Hydro Aluminium

- ✓ **Pro Forma first nine months 2001:**
 - **EBITDA: + 100%**

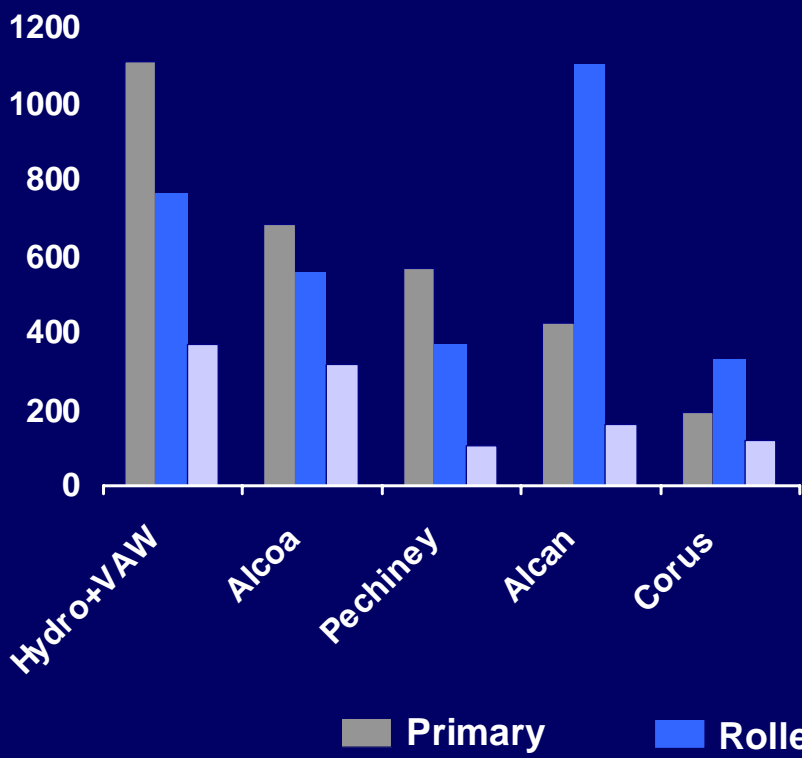
- ✓ **Synergies plus Hydro Aluminium overhead cost improvement project will reduce annual cost by 200 mill Euro (1.6 bn NOK) in 2004**



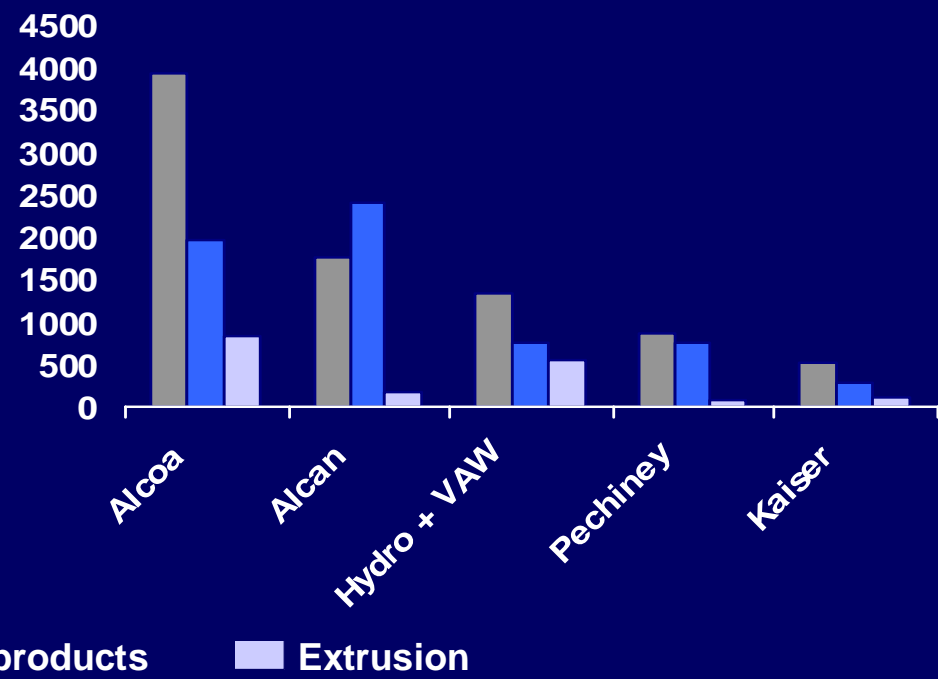
Creating a "top-tier" company

Total production, thousand tonnes, 2000

Europe



Global: World Integrated Aluminium Companies

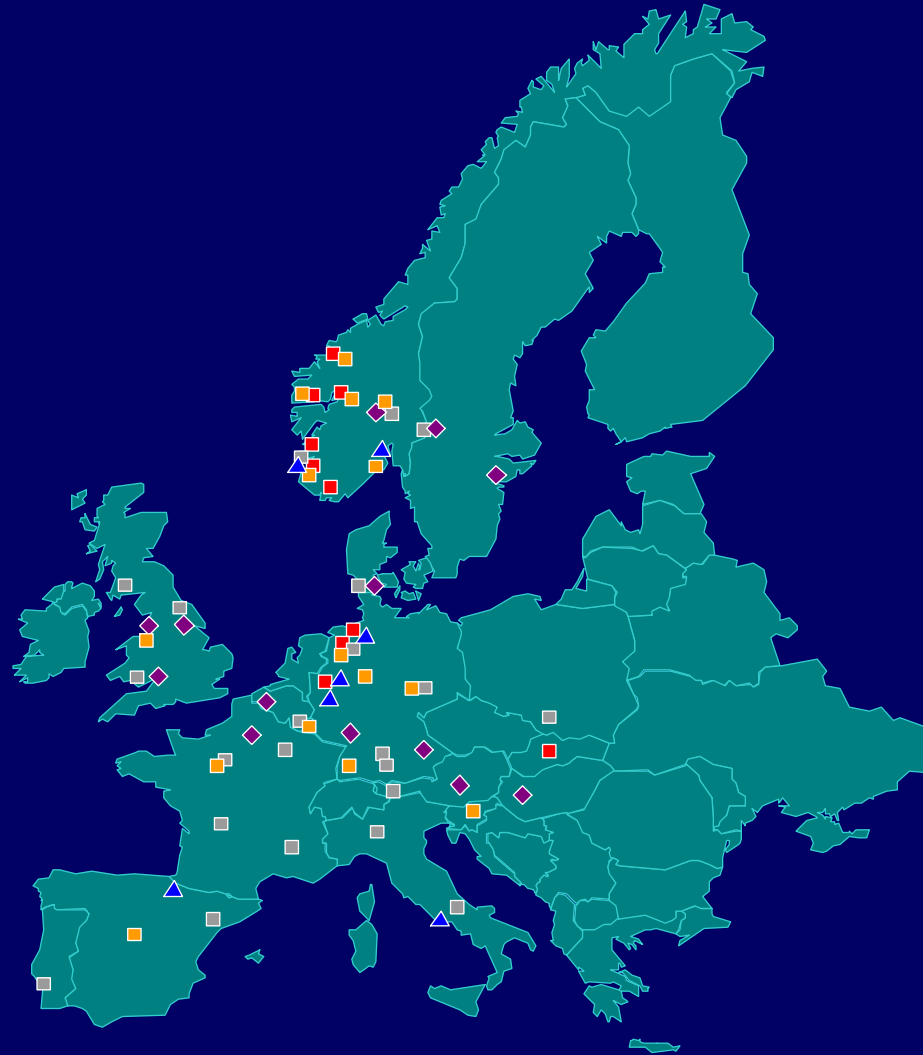


Note: VAW's Kurri Kurri-smelter in Australia and HAL's Wells extrusion system in the US included full-year Alcoa includes Reynolds, Alcan includes Alusuisse



The leading company in Europe

- Europe
- PRIMARY METAL
 - EXTRUSION
 - ◆ AUTOMOTIVE
 - METAL PRODUCTS
 - ▲ ROLLED PRODUCTS



Significant value creation opportunities in North America



- High quality smelter capacity (Alouette)
 - High quality extrusion assets
 - #3 in Extrusion
- ▼
- Roll-out of asset-light metal supply concept
 - Leverage Latin-American metal supply sources
 - Transfer European extrusion business system



Stronger position in Asia/Pacific's growing markets

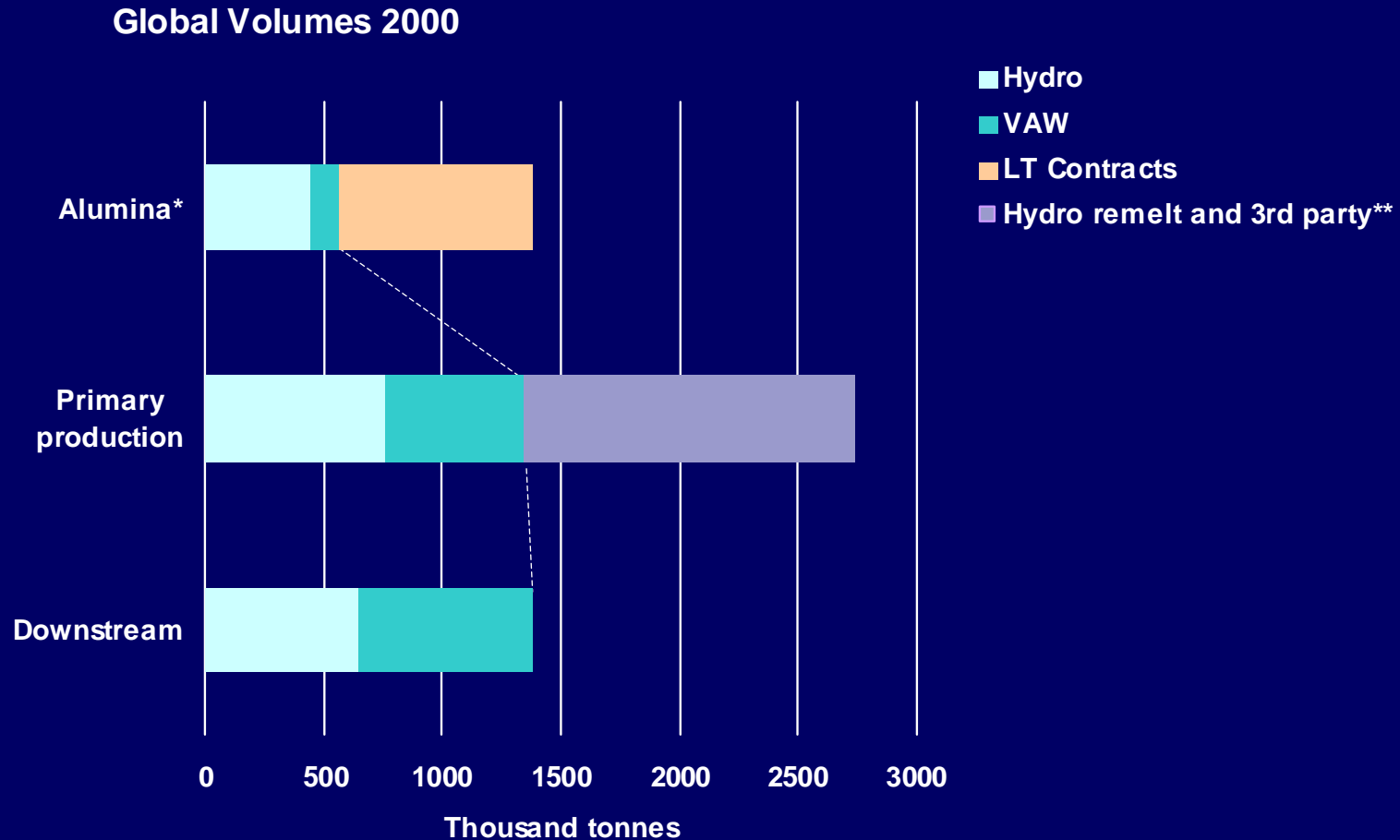


- Low-cost smelter capacity
- Foothold in rolling (Malaysia)
- Foothold in extrusion (China)

- Low-cost brownfield potential
- Opportunities for metal swaps
- Roll-out of asset-light metal supply concept



A full range aluminium company



* Aluminium equivalent. VAW metallurgical alumina only

** Remelt + Hydro non-equity primary: Contracts to sell metal from Sivalco, Talum, Pianmecca, Aluvale. Goldendale tolling agreement. Trading.



Leadership in global market segments

Foil



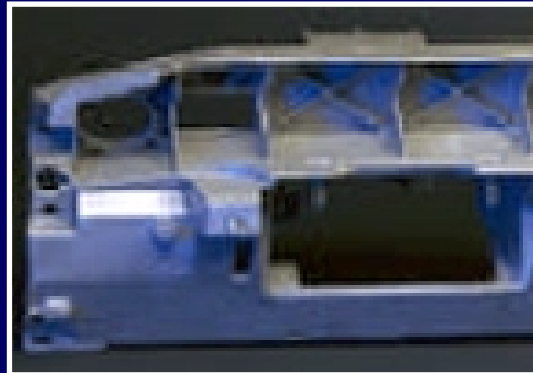
Litho



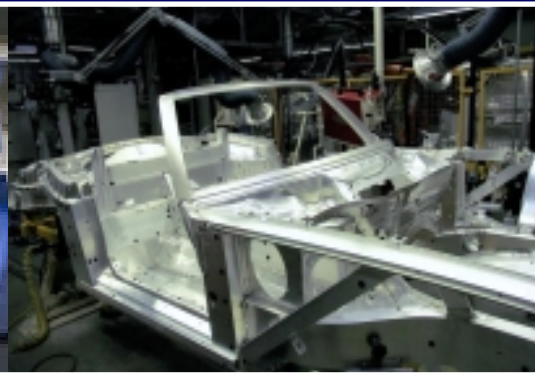
Building systems



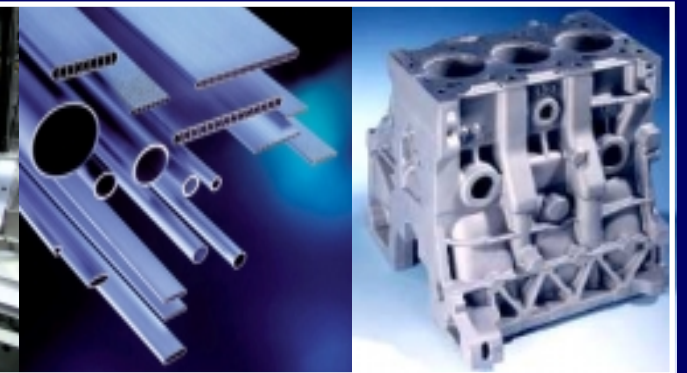
Magnesium alloys



Structures



Heat Transfer Engine castings



Leverage innovative industrial and commercial concepts



- Metal supply concept - recycling

- ✓ Casthouse network increases
 - ✓ Streamlining production
 - ✓ Possible to expand capacity in VAW's casthouses
 - ✓ Logistics improvements
- ✓ Access to broader and bigger scrap base
 - ✓ Increased use of scrap in new products
 - ✓ Optimise scrap use between plants/products

Improved margins



A major step forward — Rolled Products

**Lithographic
sheet**



**Beverage
canstock**

Food can sheet

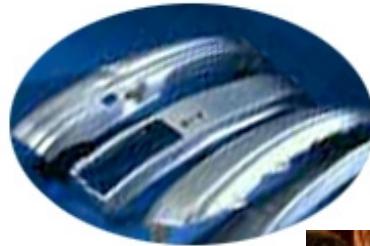
Others



Broader products offering — Automotive

Approx. sales from Hydro + VAW

Structures 300 mill Euro



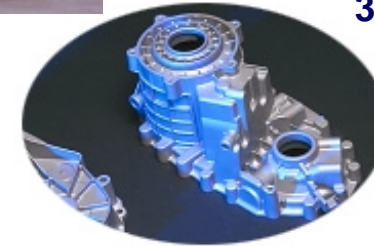
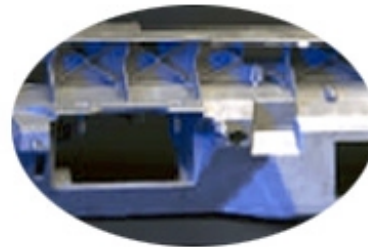
Heat Transfer 300 mill Euro



**Casting
300 mill Euro**



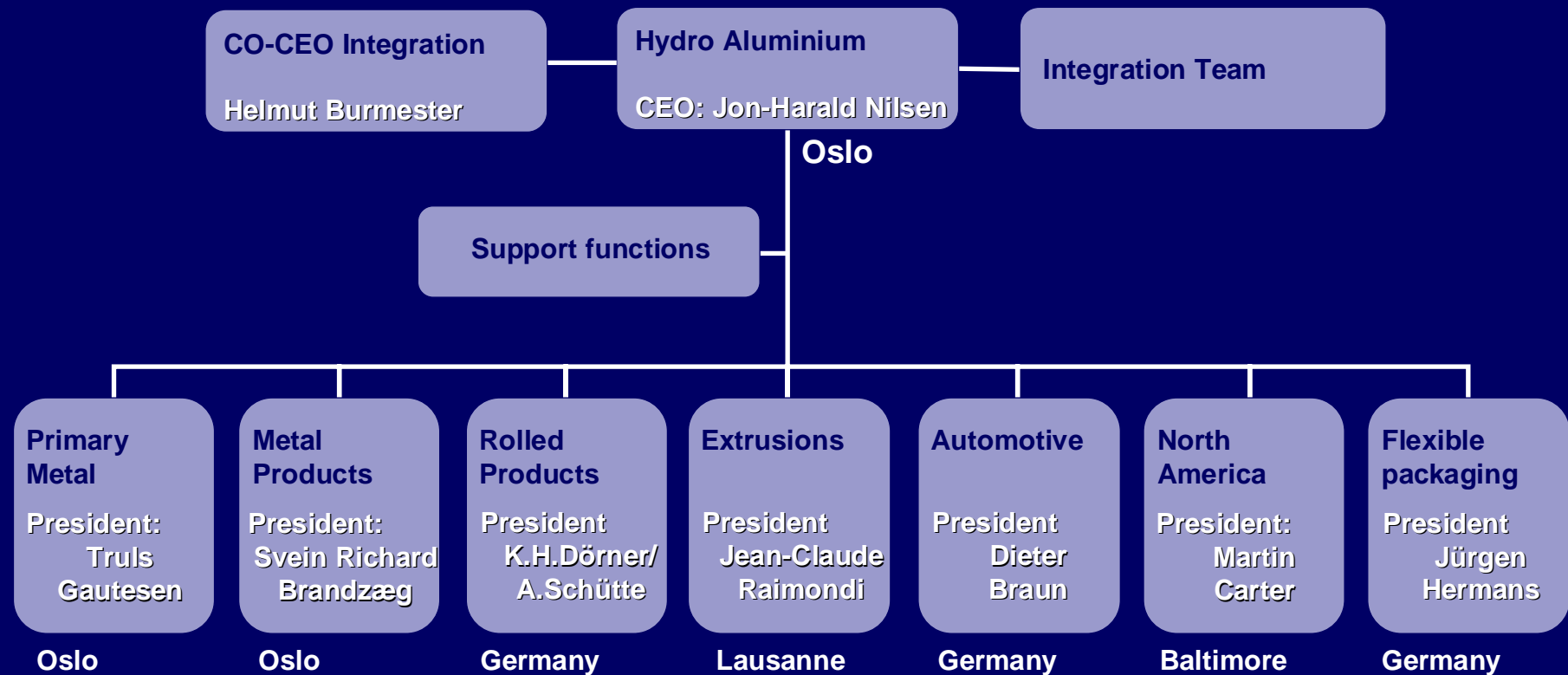
**Alloys: Aluminium & Magn.
Sheet & Sheet Products**



Meridian (49%) 150 mill Euro

Organisational structure and first level management identified

(effective from after closing)





Overall integration philosophy and approach

Transform and develop Hydro Aluminium into an integrated and global entity built on best practice and strength from both companies

Business concepts

- **Leverage best from both**

Governance

- **Align with Hydro corporate and Business Area model**

Organization

- **Use the Hydro re-organization project as starting point**
- **Leverage best from both**

People

- **Equal opportunities**
- **Leverage the competencies in both organizations**



Hydro — VAW: An attractive combination

Attractive financials

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Present situation & Going Forward



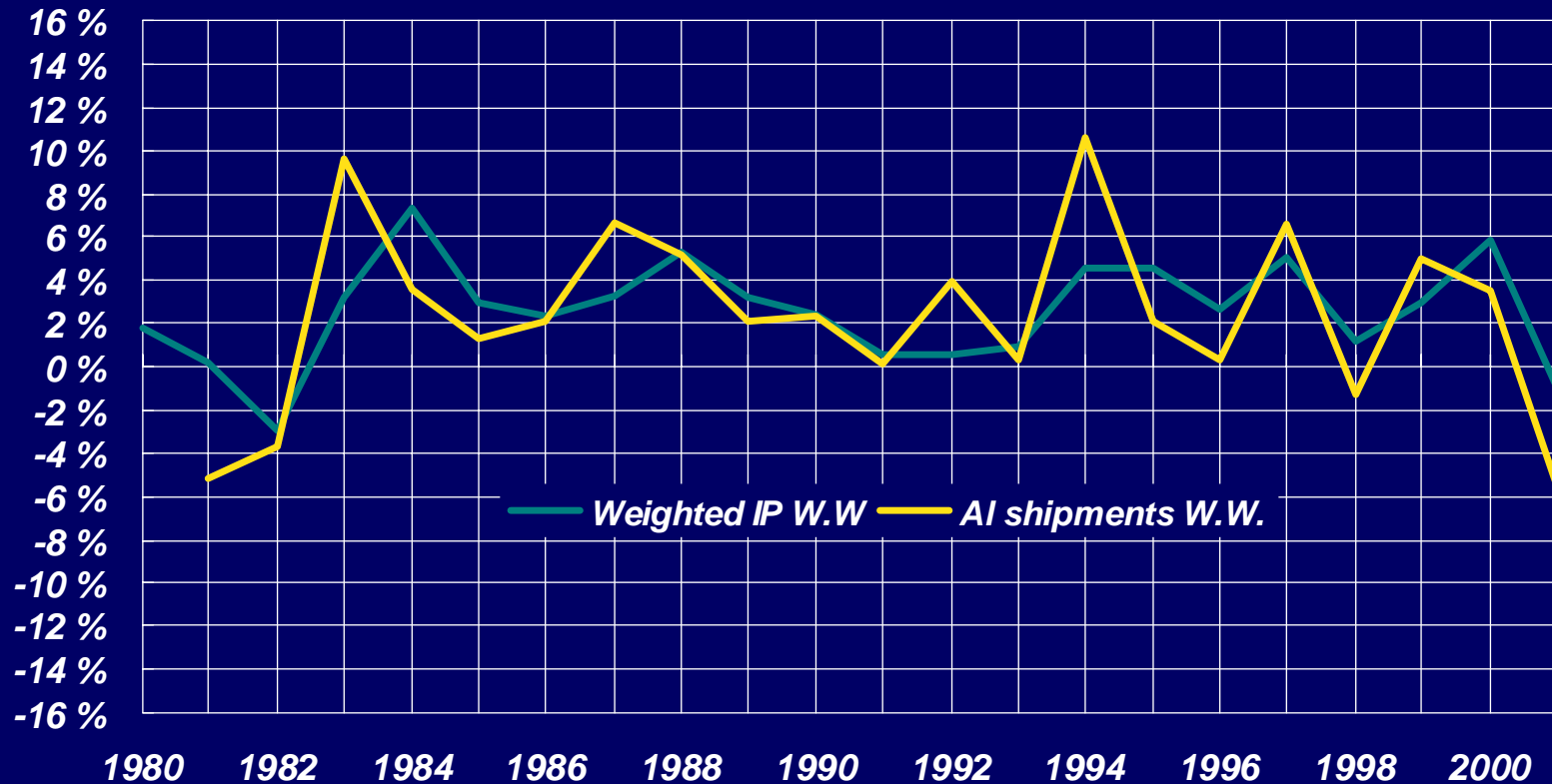


The economic downturn in 2001 has led to a substantial drop in shipments

Fall in aluminium shipment largest drop in 20 years

change over
previous year

Primary Al. apparent consumption and IP Western World



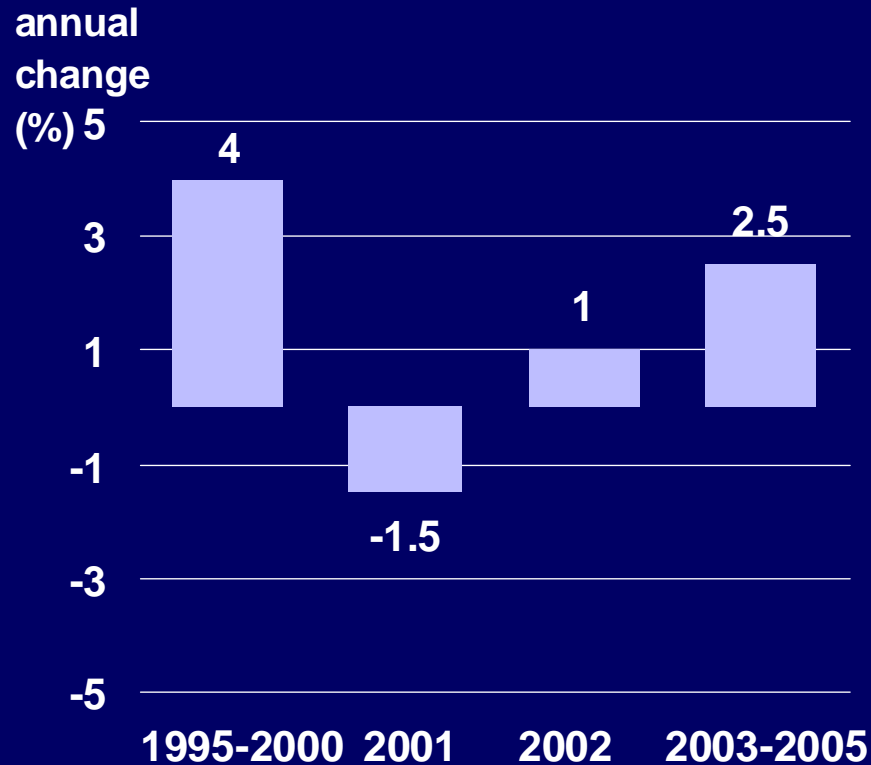
Updated: December '01

Source: CRU, WBMS, HAMP

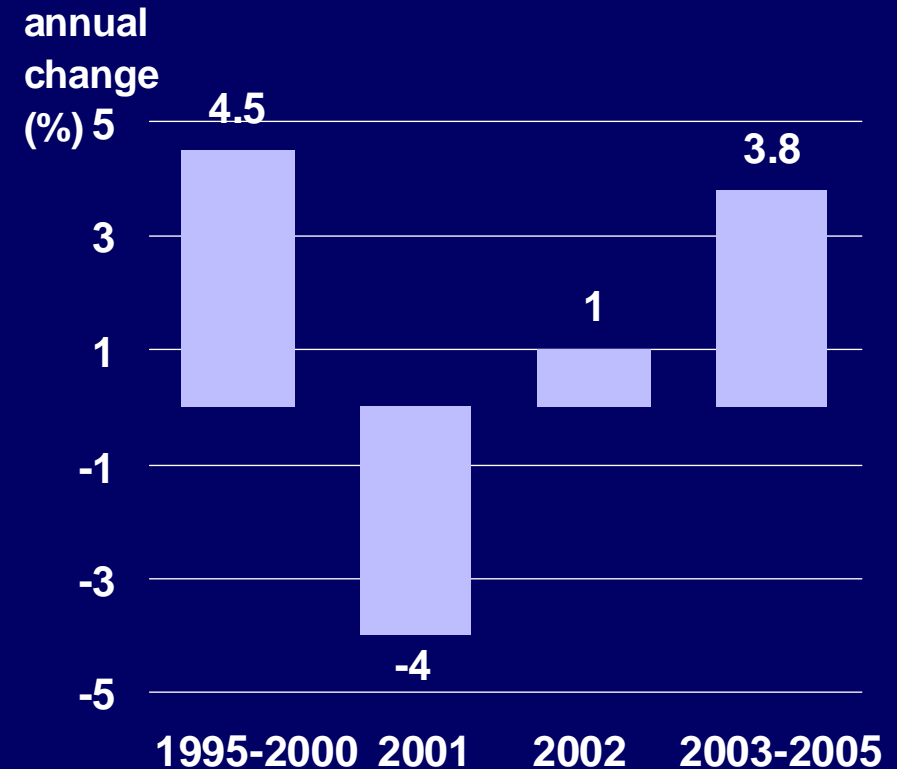
Recovery in downstream shipments in Europe is expected



Est. European rolled products shipments



Est. European extrusion shipments



Source: EAA, CRU



Longer term outlook positive

Light weight of cars (CO₂)



Construction material



Packaging



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



**2.5-3%
growth
going
forward**



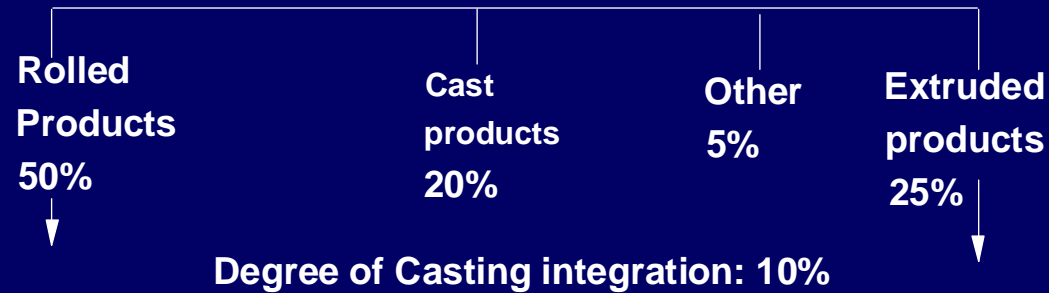
The industry attractiveness has improved

- ✓ **Healthy growth in demand**
- ✓ **Industry consolidation will continue**
- ✓ **High entry barriers**
- ✓ **Better up- and mid-stream supply and demand balance expected**

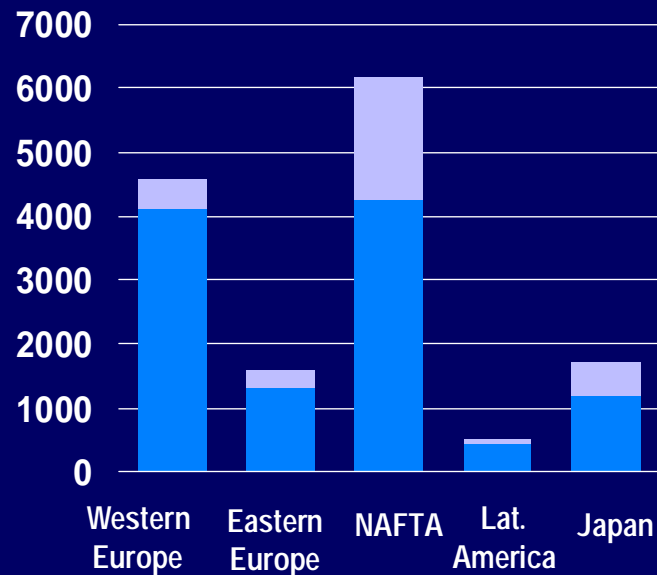


The industry structure

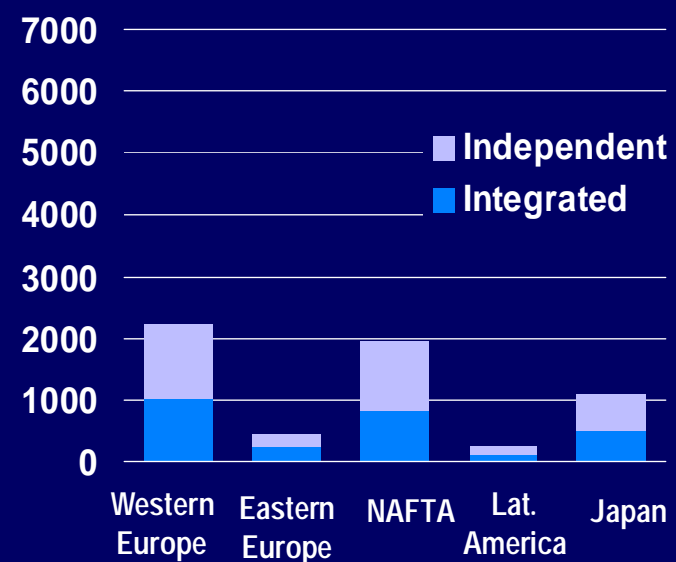
Total consumption of aluminium, Western World



1000 mt Degree of Rolling integration, 80%



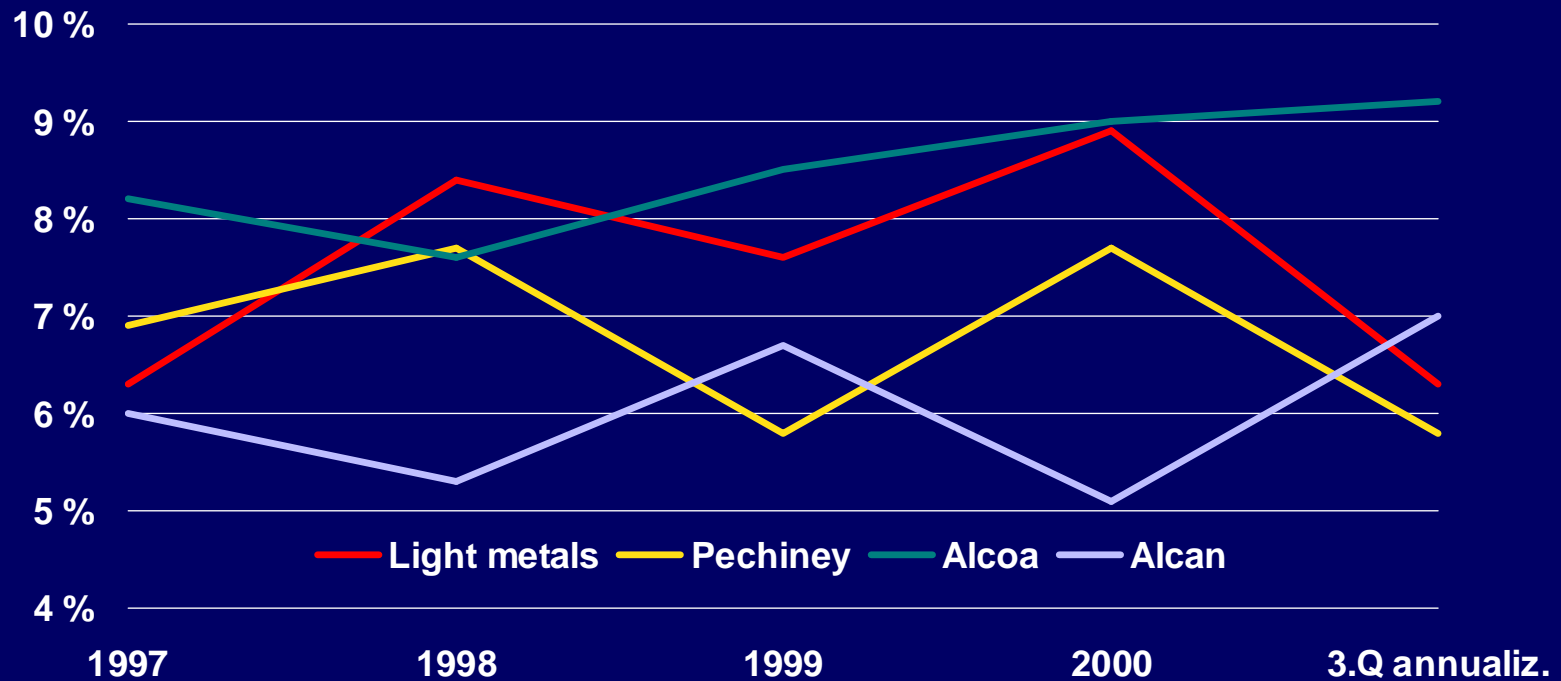
1000 mt Degree of Extrusion integration, 50%



Clearly weaker financial performance for Light Metals in 2001



CROGI proxy % = EBITDA less tax*/Gross investment



Assumed standard tax rate of 30 percent for all companies

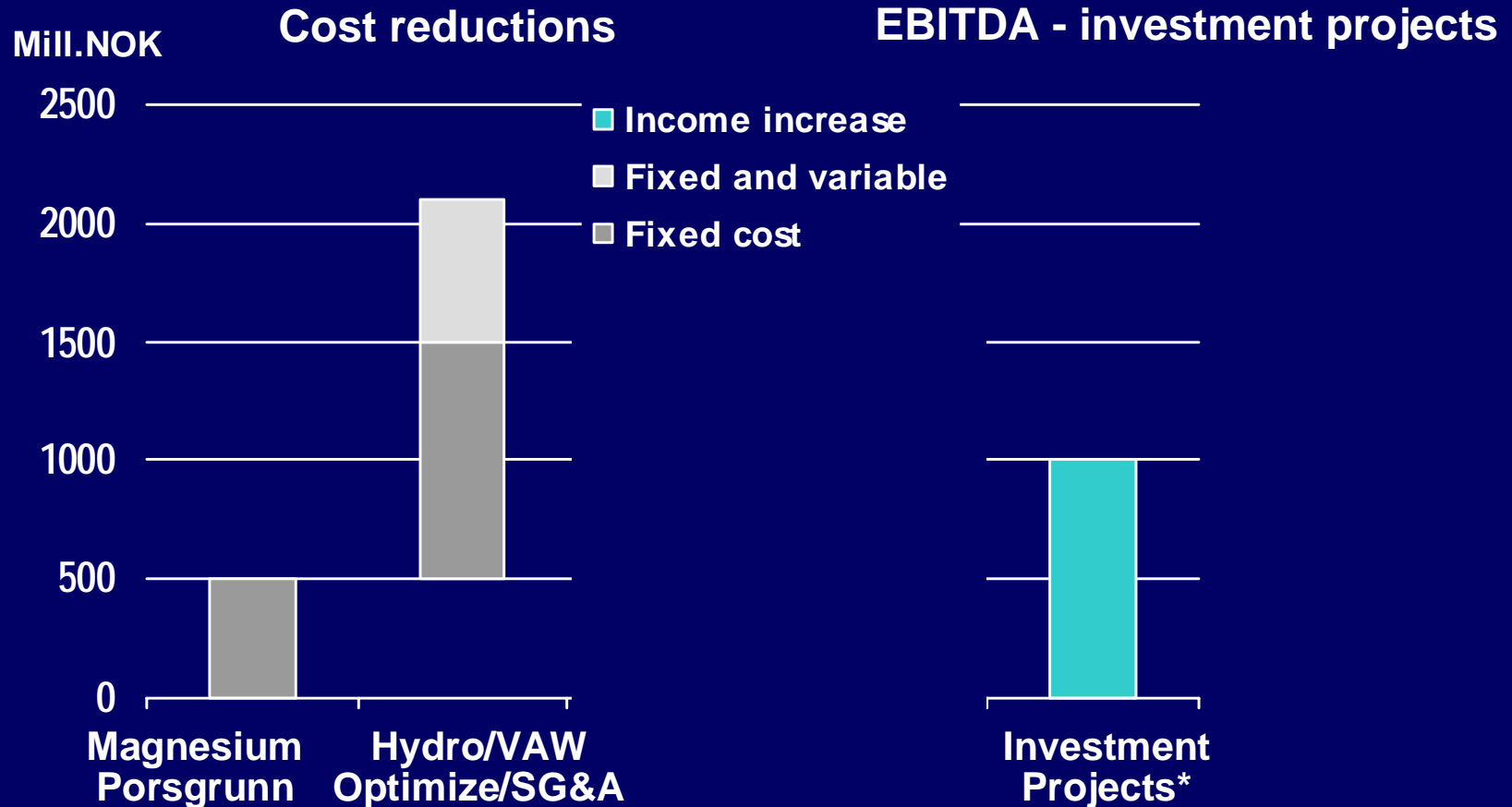
Source: Hydro



Actions taken to improve performance

- ✓ **Decision to close Porsgrunn magnesium production**
- ✓ **Significant cost reduction programmes in SG&A**
- ✓ **Initiatives taken to compensate for lower volumes and margins**
 - **Demanning of 350 employees in Extrusion. Capacity reduction of 10%**
 - **Capacity reduction of 90.000 t remelt in Metal Products**
- ✓ **Further improvement programmes within Primary Metal and Metal Products initiated**

Substantial financial effects of main programmes 2002-2003 (full effect 2004)

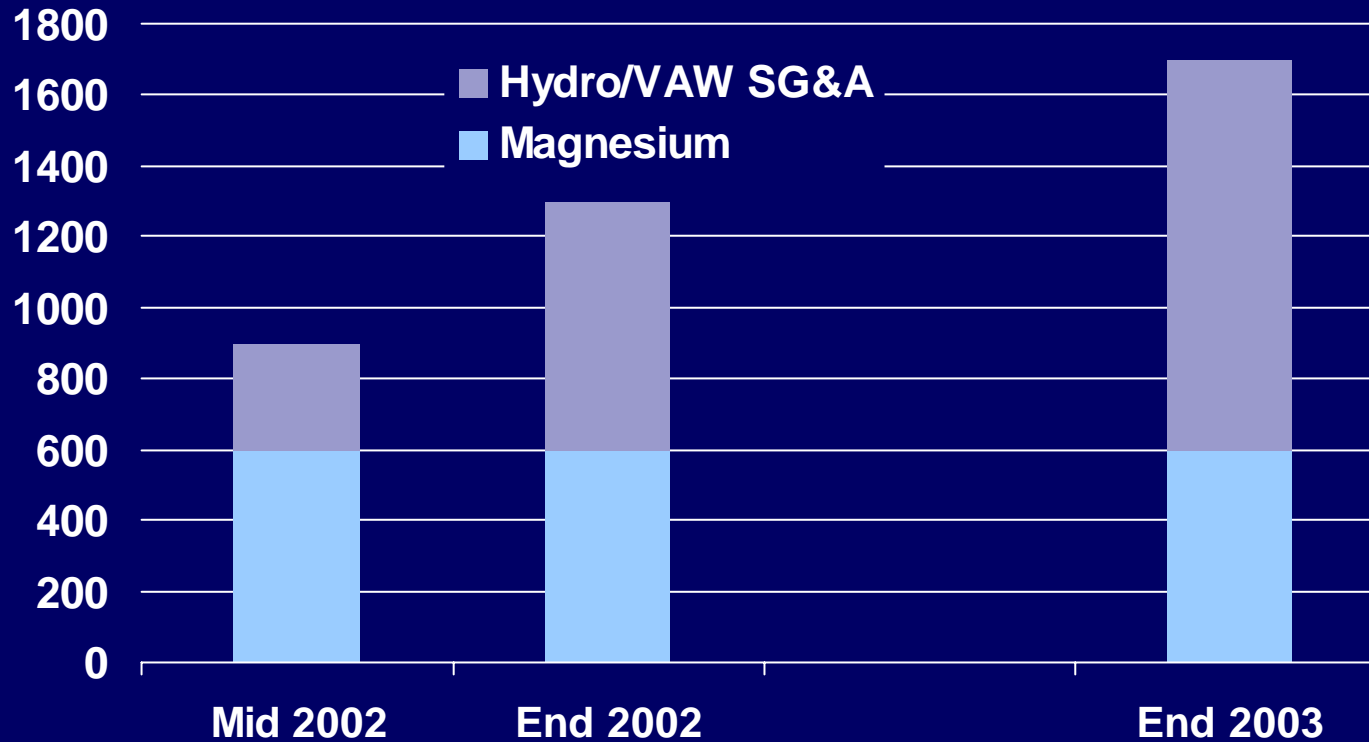


* Projects : Including approved projects like SU 4, Alunorte, Slovalco, Søral, Remelters & Aluchemie



Substantial reduction in manning

Manning

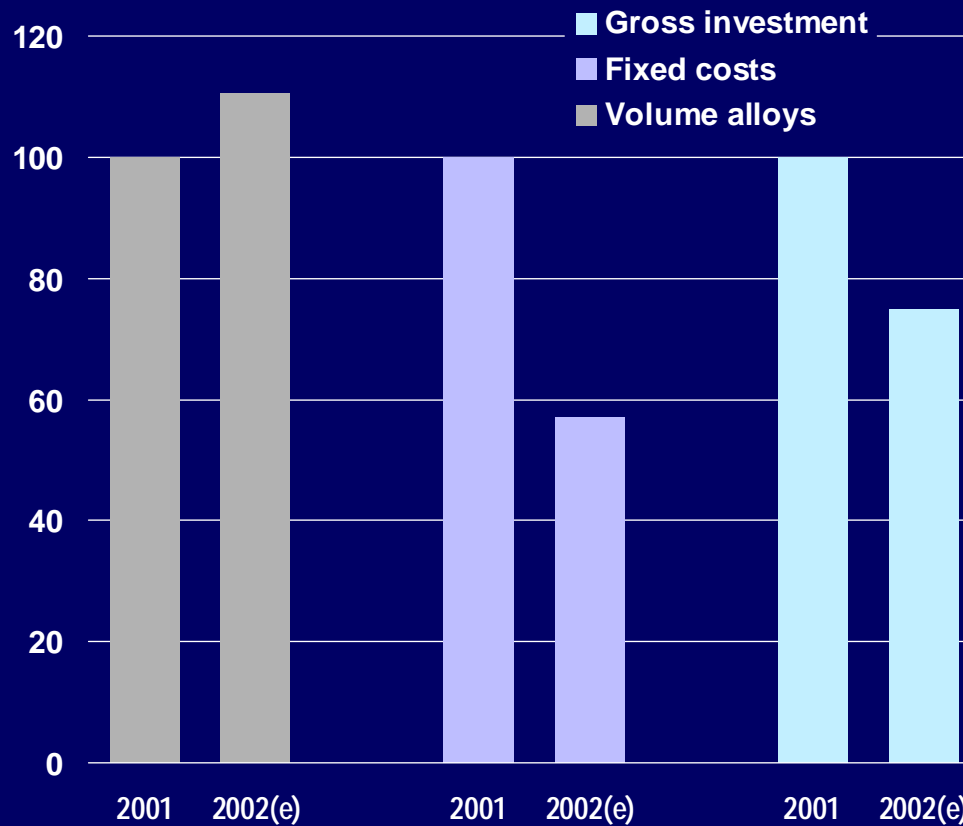


Expected effect approx. 1.2 - 1.4 bn NOK

Net financial effect in 2002 will be negative due to upfront restructuring costs



Magnesium restructuring



- ✓ Focusing on higher margin alloys
- ✓ Long term contracts - automotive
- ✓ Asset-light metal supply concept



The way forward

- ✓ **Forceful integration of VAW and Technal**
- ✓ **Realise significant short term improvement potentials**
- ✓ **Successful restructuring of magnesium**
- ✓ **Execution of large projects**

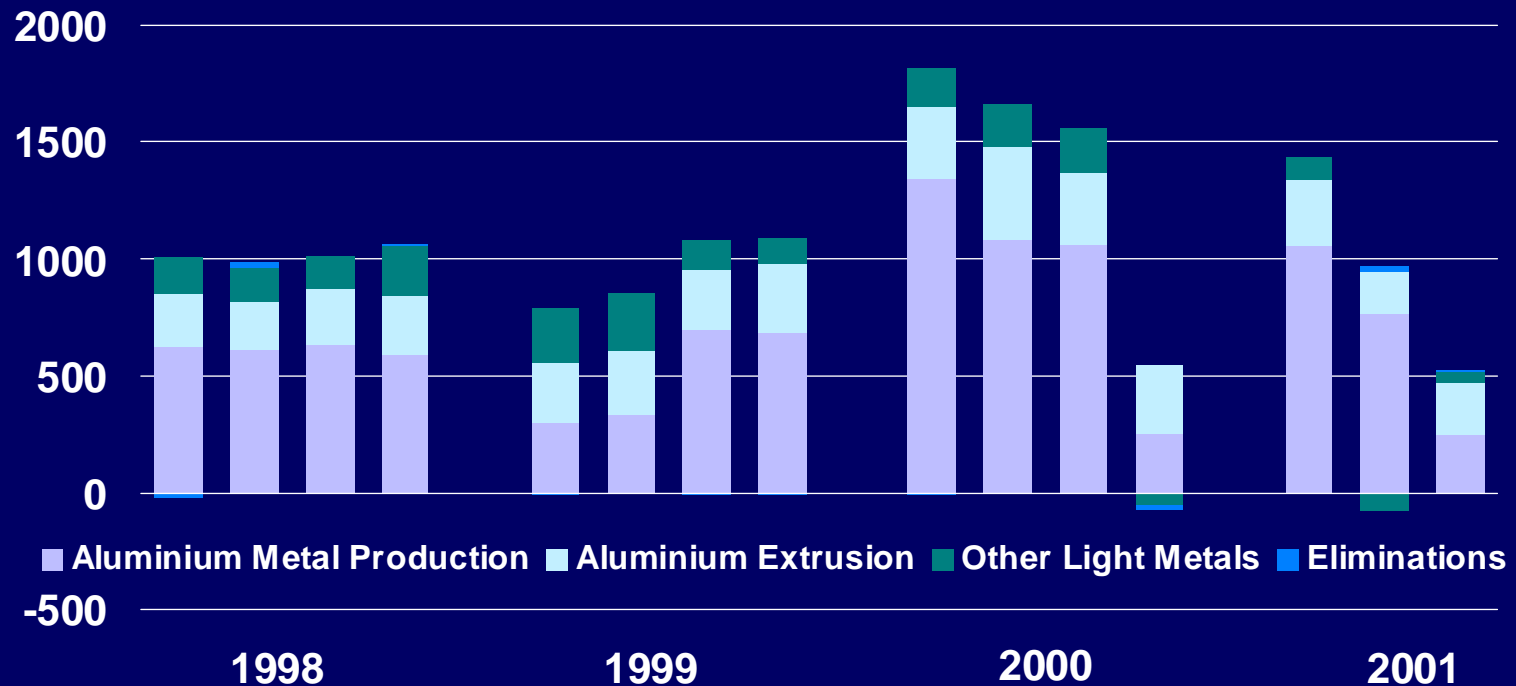


Backup



Hydro Light Metal — quarter by quarter

EBITDA Mill NOK

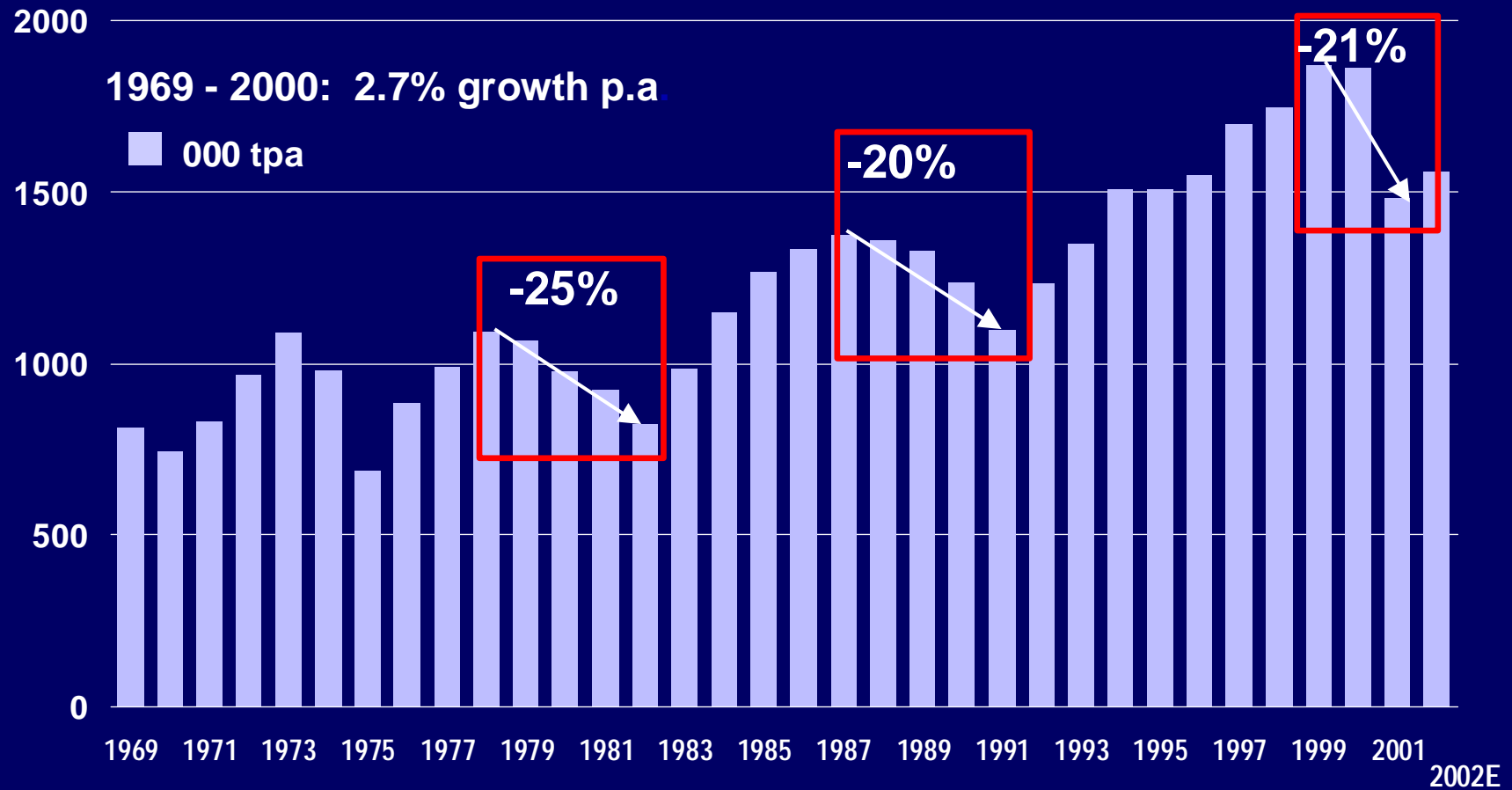


Accumulated	4060	3760	5501	2845
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Effect of slowdown in the US has been extreme



Extrusion shipments





Safe harbour statement

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 the 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 2000 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.