

Capital Markets Day

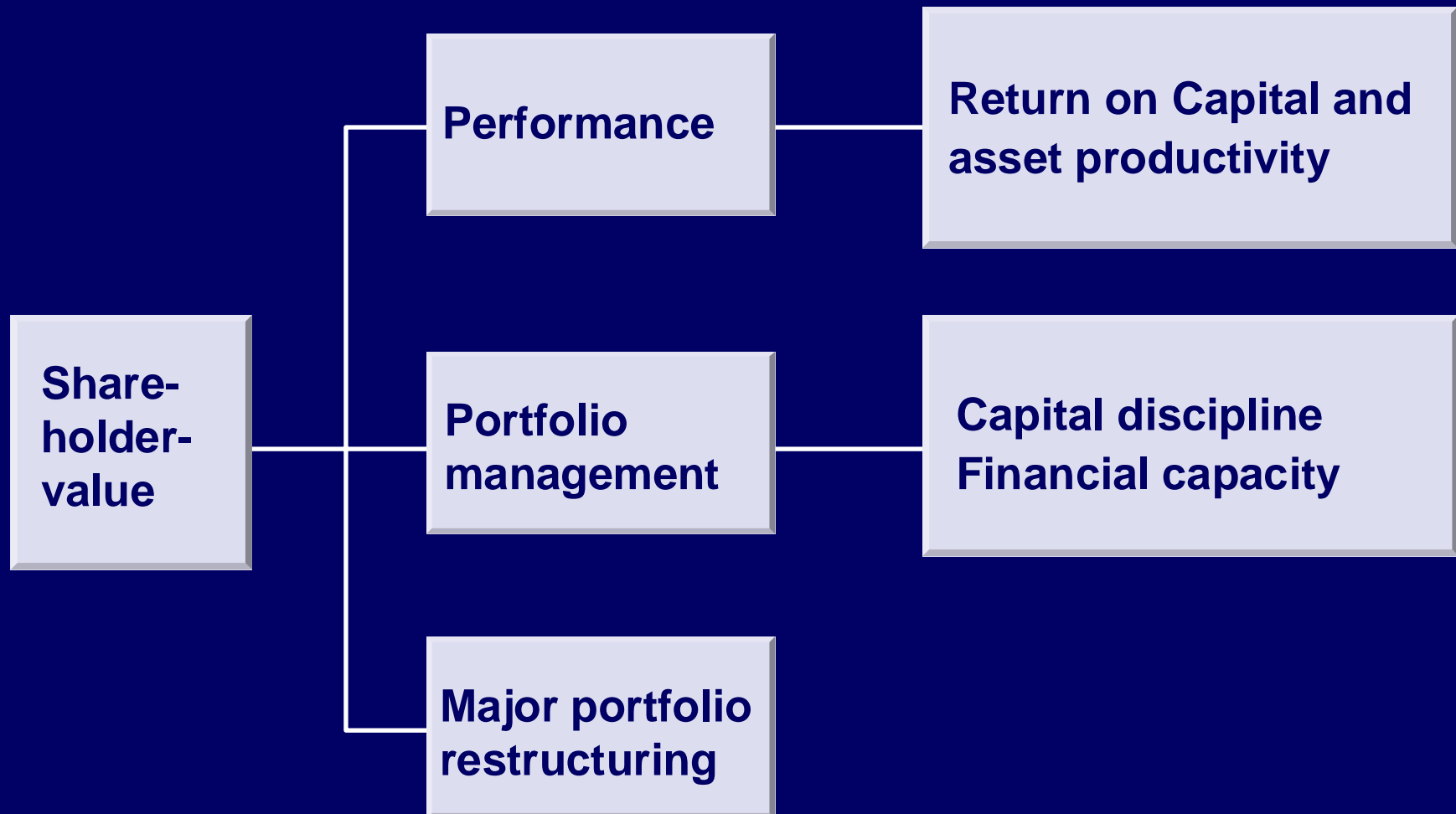
Performance and Financial Strength

Executive Vice President and CFO Leiv L. Nergaard
Norsk Hydro ASA
Oslo, January 8, 2002





Creating shareholder value





VAW Transaction

- **Total consideration is 2,645 mill Euro (21.2 Bn NOK* including net interest bearing debt of 757 mill Euro (NOK 6.1 bn)**
- **In addition Norsk Hydro takes over 450 mill. Euro (3.6 bn NOK) unfunded pension obligations**
- **Acquisition financed through cash and debt**
- **Subject to approval by Norsk Hydro Corporate assembly and regulatory approvals**
- **Expected closing by Q1 2002**

** All figures are estimates as per 1.1.2002 except where noted. Assumed exchange rate of 8,00 NOK/Euro*



VAW Financial impact on Norsk Hydro

- **Pro forma first 9 months 2001**

EBITDA:	+ 7%
EPS:	+ 1.30 NOK/share

- **Estimated* debt/equity: 0.7**
- **Hydro maintains emphasis on keeping A/A2 rating**

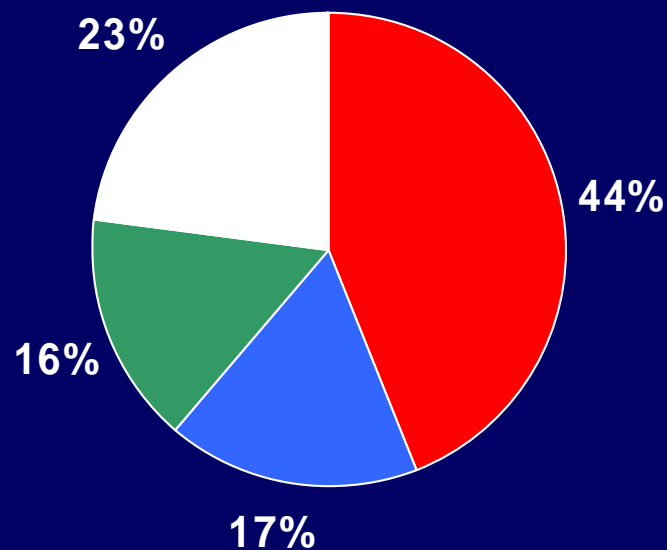
** Estimated after transaction*



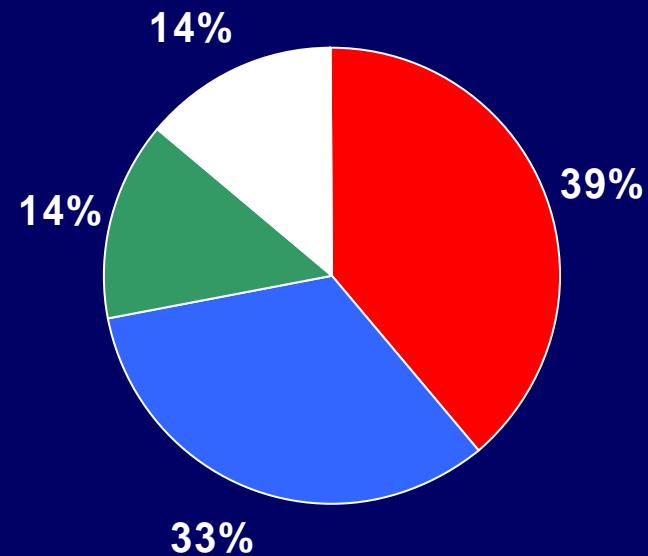
Norsk Hydro and VAW combined

Pro Forma Total assets 30 Sept. 2001

Total assets
Norsk Hydro



Norsk Hydro + VAW



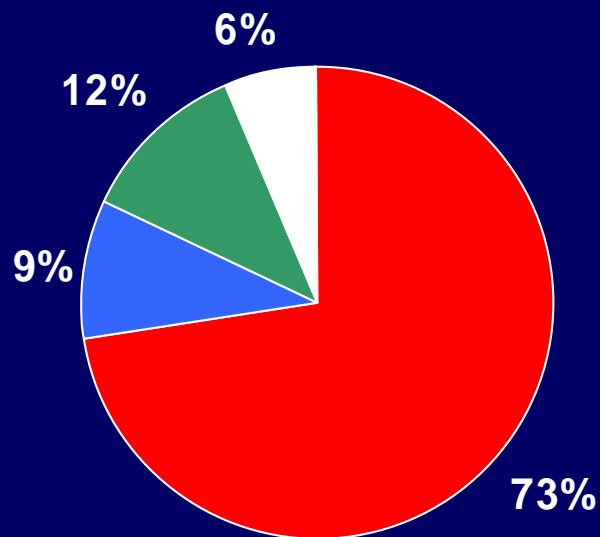
Oil and Energy Aluminium Agri Other



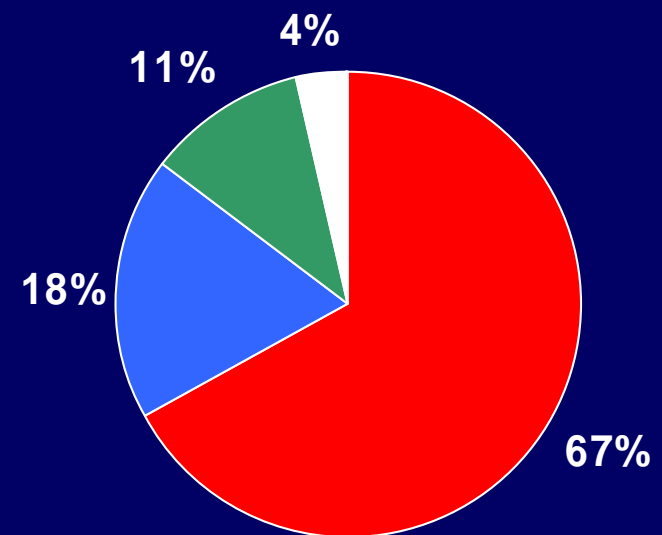
Norsk Hydro and VAW combined

Pro Forma EBITDA first 9 months 2001

Norsk Hydro



Norsk Hydro + VAW

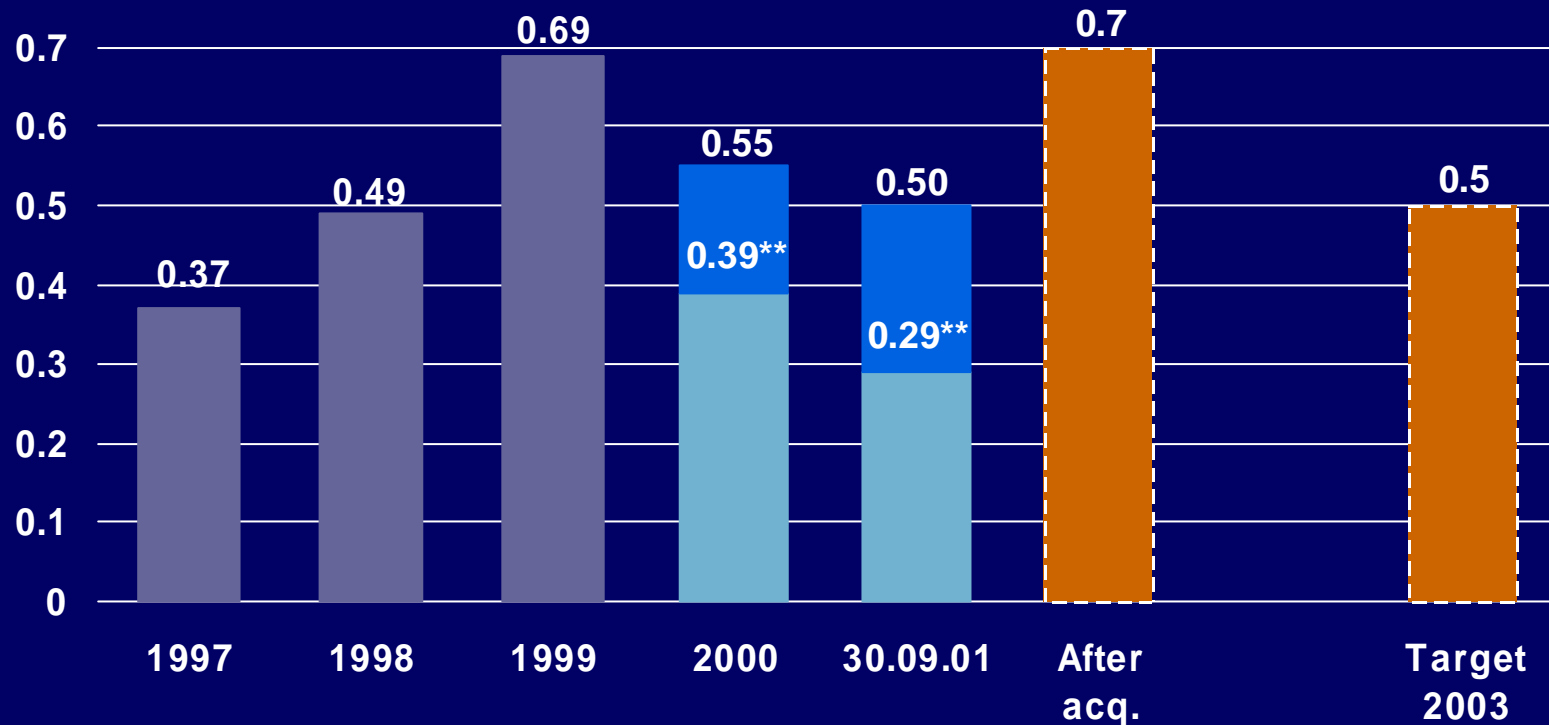


Oil and Energy Aluminium Agri Other



Speedy return to strong financial position

Long-term debt/equity* illustrating expected effect of VAW acquisition



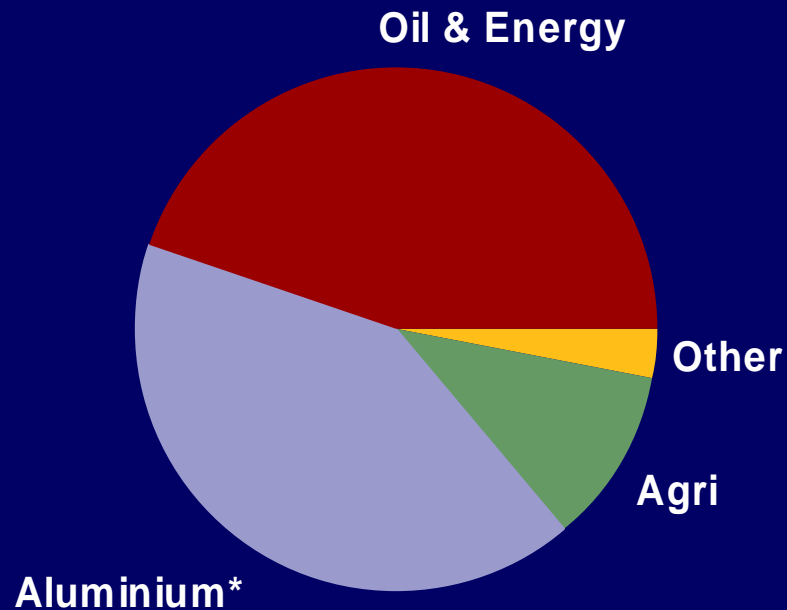
* Long-term debt divided by shareholders' equity plus minority interest

** Adjusted ratio if current cash position had been reduced to NOK 10 for 2000 and 15 billion for 30.09.01



Planned capital allocation 2002

Capital expenditures by business area



Oil and Energy*	8.5 bn. NOK
Aluminium	8.0 bn. NOK
Agri	2.0 bn. NOK
Others	0.5 bn. NOK
Total	19.0 bn. NOK

*Excl. exploration budget of 2.4 bn. NOK

* 2002 VAW investments included. (VAW acquisition cost and potential SDFI acquisition not included)



Active divestment program

- **New divestment target of NOK 10 billion by end 2003**
 - **Larger non-core candidates for divestment include:**
 - Petrochemicals
 - KFK shareholding
 - VAW Flexible Packaging

- **Continued divestments within core areas**
 - **Recent examples:**
 - Pelican, non-core NCS licenses, Oleochemicals business

- **Fix, sell or close underperforming units**



CROGI — our key measure of return

- **CROGI - Cash Return on Gross Investments:**

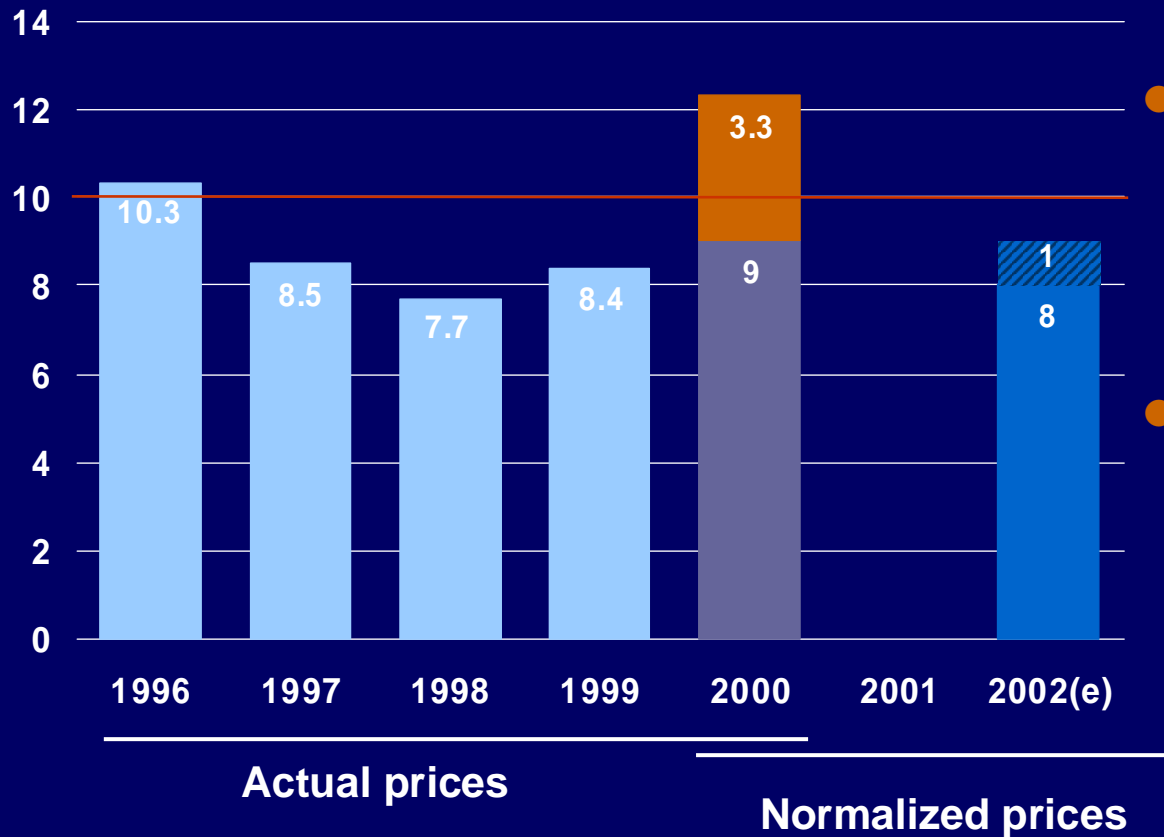
$$\frac{\text{EBITDA less tax}}{\text{Gross invested capital}}$$

- **CROGI at "normalised" prices — good indicator for:**
 - Average over the cycle performance
 - Effects of internal improvement efforts
- **CROGI at actual prices — good profitability indicator for investors**
Should reach 10% as an average over the cycle



CROGI — development

CROGI %

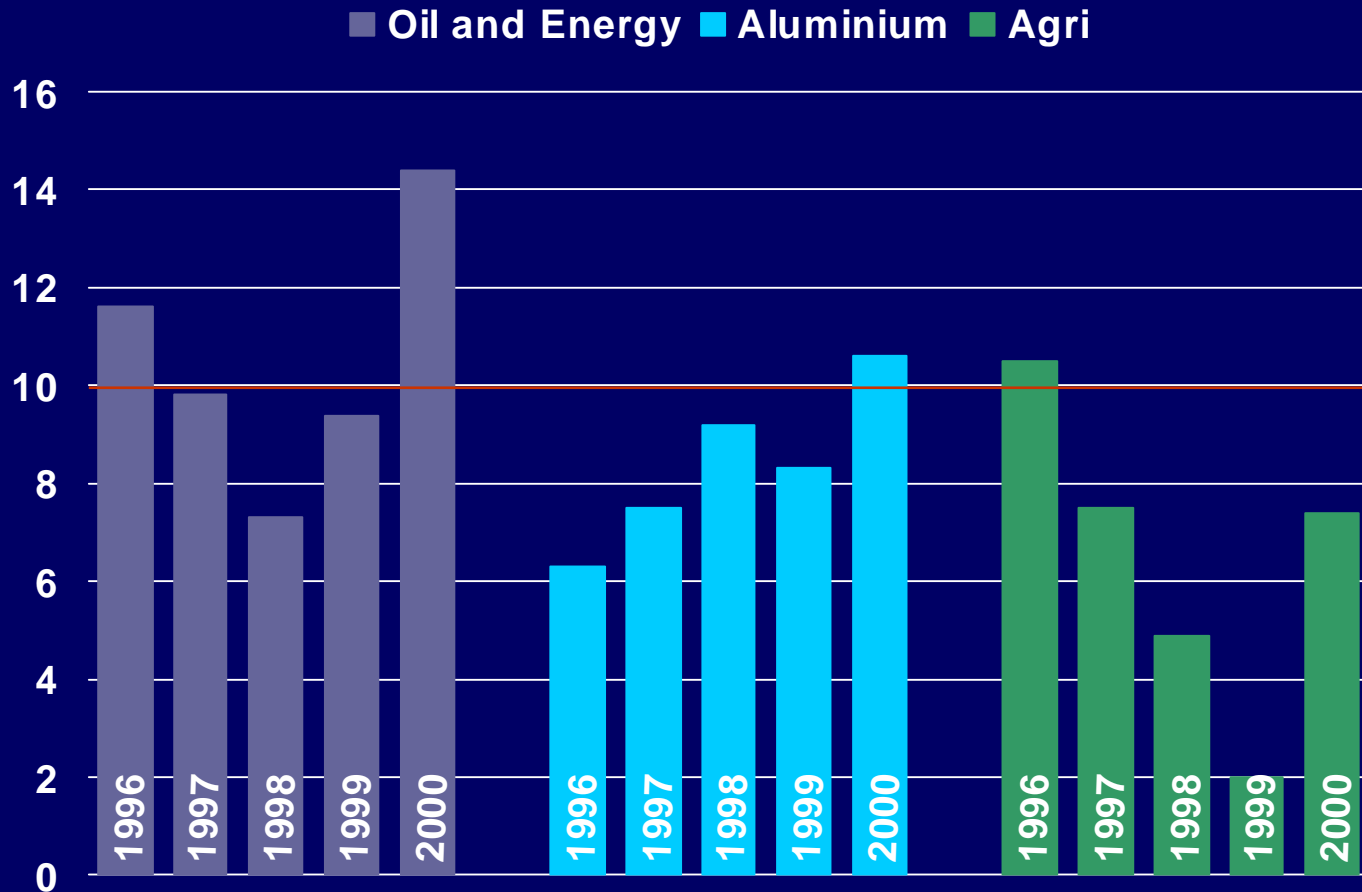


- **Normalized prices:**
 - NOK/USD: 8.00
 - Brent Blend (USD/bbl) 18
 - CAN27 (USD/t) 113
 - LME 3M (USD/t) 1,500
- **Average over the cycle target 10%**



CROGI performance

Actual prices





Medium term CROGI outlook (normalised)

- **Agri — well positioned to show levels above 10% in coming years**
- **Aluminium — programs initiated to bring normalised CROGI to 10% by 2004**
- **Oil and Energy — currently around 9%. Build-up of international production takes time**
- **Asset productivity improvements**
 - **Implement divestment program**
 - **Reduce operating capital**



Norsk Hydro including VAW — indicative sensitivity by unit changes

	EBITDA Mill NOK	Net income Mill NOK	CROGI % points
Oil price + 1 USD/boe	990	215	0.07
LME + 100 USD/t	820	575	0.20
CAN + 10 USD/t	600	420	0.15
Currency + 0.1 NOK/USD	430	105*	0.07

Underlying assumptions :

Oil 18 USD/bbl, LME 1,500 USD/t, CAN 27 113 USD/t, NOK/USD 8.00

Full taxpaying position offshore

* after currency loss on loans and interest (105 after tax)

These elements are not included in the EBITDA and CROGI figures.



Hydro — new reporting format from 2002

NEW

- Exploration and Production
- Energy & Oil Marketing

Hydro Oil and Energy

- Metals 1)
- Rolled products
- Extrusion & Automotive 2)

Hydro Aluminium

Hydro Agri

Other 3)

Sum Hydro

OLD

- Exploration and Production
- Oil Marketing
- Energy

Hydro Oil and Energy

- Aluminium Metal Products
- Extrusion
- Other Light Metals

Hydro Light Metals

- Plant Nutrition
- Gases and Chemicals
- KFK

Hydro Agri

Petrochemicals
Other

Sum Hydro

- 1) Primary Metals + Metal Products incl. Magnesium
- 2) Extrusion + Automotive + the North American Unit
- 3) Petrochemicals + KFK + VAW Flexible packaging + Others



Main financial targets

- **Cash Return on Gross Investment (CROGI*), nominal after tax** **10%**
- **Return on new investments, real rate after tax** **10%**
- **Dividend:**
Share of net income, average over the cycle **30%**
- **Solidity:**
Long term interest-bearing debt/equity **0.5**

* Based on "normalised" price set to reflect average over the cycle performance

Capital Markets Day

Additional sensitivity information





Norsk Hydro including VAW — indicative sensitivity by % changes

	EBITDA Mill NOK	Net income Mill NOK	CROGI % points
Oil price + 5% USD/boe	890	195	0.07
LME + 5% USD/t	615	430	0.15
CAN + 5% USD/t	340	235	0.08
Currency + 5% NOK/USD	1,720	415*	0.29

Underlying assumptions :

Oil 18 USD/bbl, LME 1,500 USD/t, CAN 27 113 USD/t, NOK/USD 8.00

Full taxpaying position offshore

- * after currency loss on loans and interest (420 after tax)
These elements are not included in the EBITDA and CROGI figures.



Financial results Norsk Hydro

	1999	2000	Acc Q3 '01
EBITDA (Mill NOK)	21,944	46,609	30,460
Cash flow per share	58.3	107.0	62.0
Earnings per share	13.90	53.40	26.10

Comments on effects of new offshore tax regime



Oil & Energy — indicative sensitivities

	EBITDA Mill NOK	CROGI % points
Oil price + 1 USD/boe	1,100	0.22
Currency + 0.1 NOK/USD	215	0.04

**Underlying assumptions: Oil 18 USD/bbl, NOK/USD 8.00
Full tax paying position offshore**



Aluminium – indicative sensitivities

	EBITDA Mill NOK	CROGI % points
LME + 100 USD/t	400	0.64
Currency + 0.1 NOK/USD	105	0.17

Underlying assumptions: LME 1,500 USD/t , NOK/USD 8.00
Simplified tax rate: 30%



Agri — indicative sensitivities

	EBITDA Mill NOK	CROGI % points
CAN + 10 USD/t	600	0.89
Oil price + 1 USD/boe	-110	-0.16
Currency + 0.1 NOK/USD	60	0.09

Underlying assumptions: Oil 18 USD/bbl, CAN 113 USD/t , NOK/USD 8.00
Simplified tax rate: 30%

Aluminium – indicative sensitivities by unit changes incl. VAW



	EBITDA Mill NOK	CROGI % points
LME + 100 USD/t	820	0.76
Currency + 0.1 NOK/USD	155	0.14

Underlying assumptions: LME 1,500 USD/t , NOK/USD 8.00
Simplified tax rate: 30%



Norsk Hydro — (excl. VAW) indicative sensitivity by unit changes

	Indicative		
	EBITDA Mill NOK	Net income Mill NOK	CROGI % points
Oil price + 1 USD/boe	990	215	0.08
LME + 100 USD/t	400	280	0.11
CAN + 10 USD/t	600	420	0.17
Currency + 0.1 NOK/USD	375	65*	0.07

Underlying assumptions :

Oil 18 USD/bbl, LME 1,500 USD/t, CAN 27 113 USD/t, NOK/USD 8.00

Full taxpaying position offshore

- * after currency loss on loans and interest (105 after tax)
These elements are not included in the EBITDA and CROGI figures.



Norsk Hydro - (excl. VAW) indicative sensitivity by % changes

	EBITDA Mill NOK	Net income Mill NOK	CROGI % points
Oil price + 5% USD/bbl	890	195	0.08
LME + 5% USD/t	300	210	0.08
CAN + 5% USD/t	340	235	0.09
Currency + 5% NOK/USD	1,500	265*	0.27

Underlying assumptions :

Oil 18 USD/bbl, LME 1,500 USD/t, CAN 27 113 USD/t, NOK/USD 8.00

Full taxpaying position offshore

- * after currency loss on loans and interest (420 after tax)
These elements are not included in the EBITDA and CROGI figures.



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.