

(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

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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.

## 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

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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.

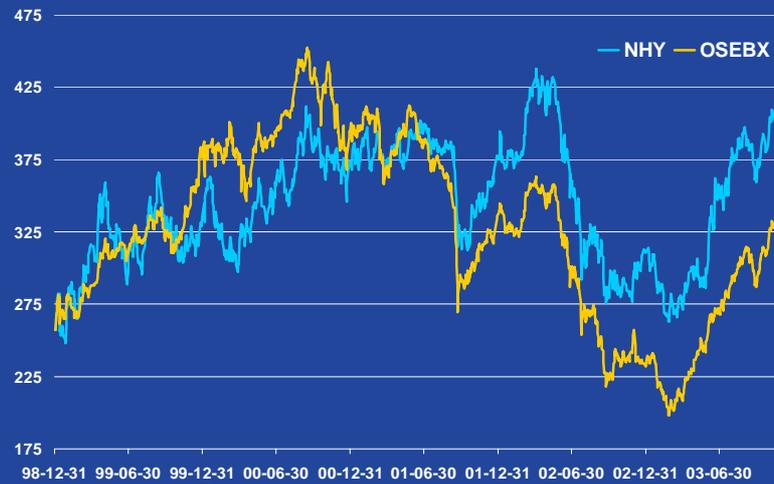
It seems that OPEC has reasonable control over the combined oil supply of its members, indicating oil prices at a relatively high level, although they may be lower in dollar terms than in 2003.

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%



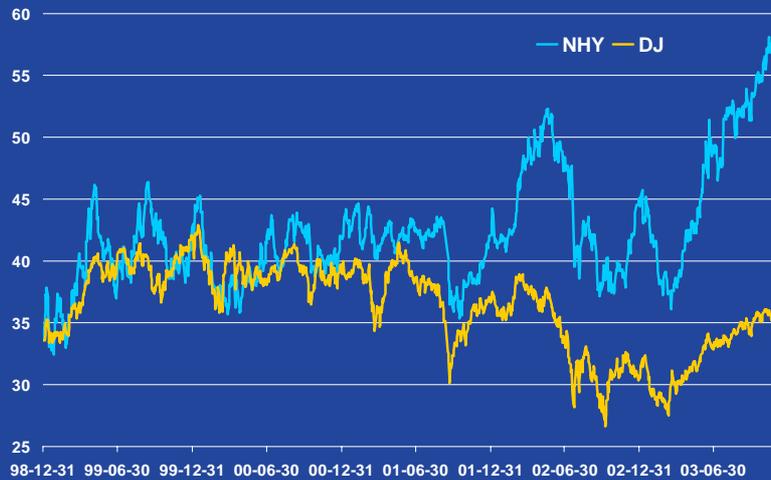
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Over the period from the beginning of 1999 (share price NOK 257) up until today Hydro's total return to shareholders, i.e. share price appreciation and dividends, measured in NOK has been approximately 12% as an average per year. The share has clearly 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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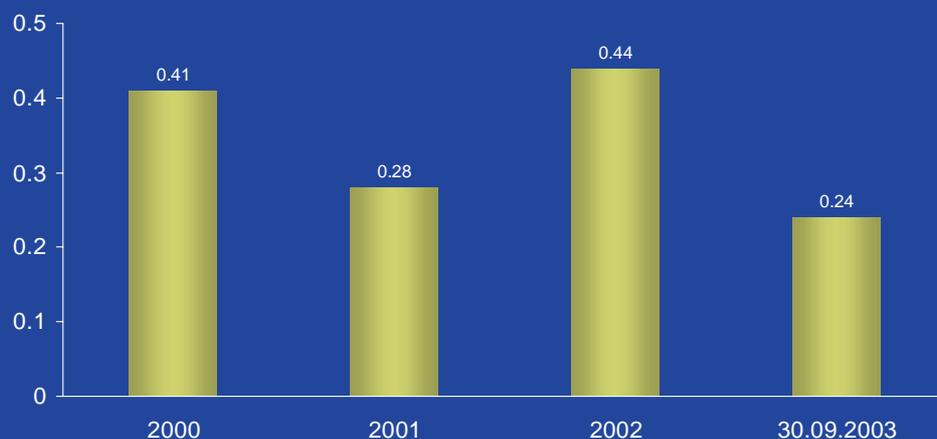
Measured in USD, Hydro's average annual total shareholder return has been approximately 14% since the start of 1999. The Hydro share has outperformed the Dow Jones Industrial Index quite significantly, particularly during the last couple of years.

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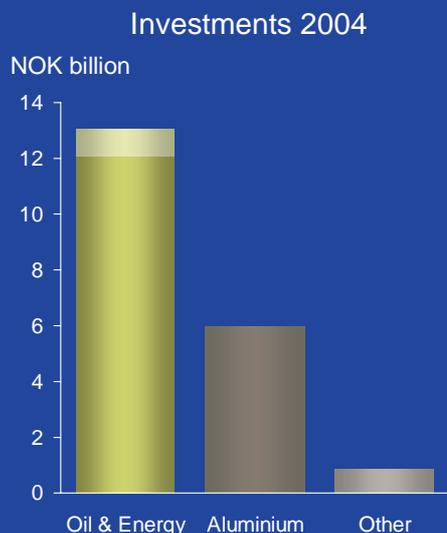
The ratio of net interest-bearing debt to equity has been our main indicator of financial strength. As of the end of the third quarter this ratio was at 0.24 indicating a strong financial position, as this is well below our target level of 0.5. The Agri transaction will further improve our financial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

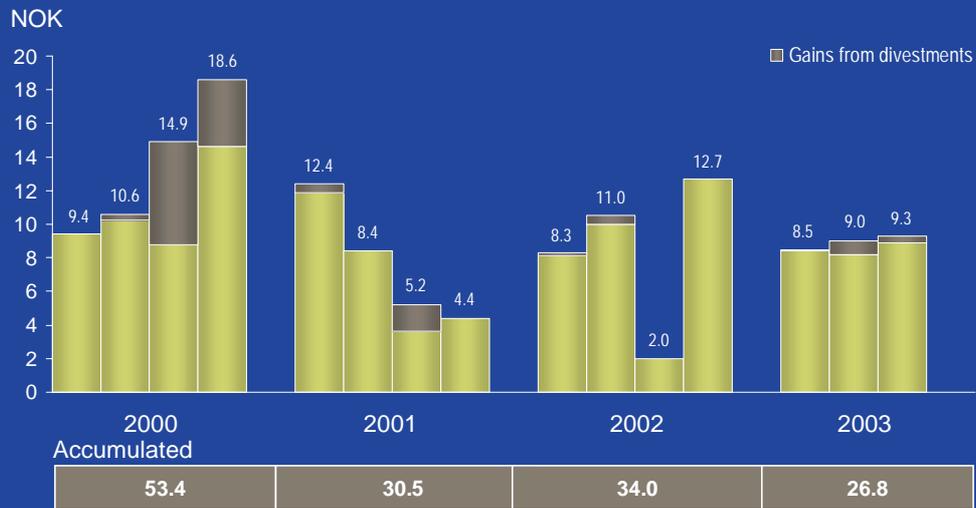
Capital expenditure for 2005 is currently expected to be at the same level as in 2004. In 2005 and 2006 the Ormen Lange project will represent a large part of our capital expenditure.

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

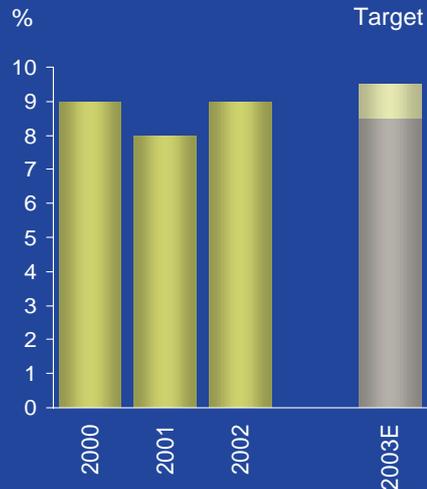
Our performance in 2003 has led to an approximately 25% increase in EPS for the first three quarters compared to the corresponding period last year. This is about the same level as we had in 2001, but below the 2000-level when we had significant gains from divestments.

## 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.

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](http://www.hydro.com)).

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