

Assessing the Impact of the Changes: Positioning of Norsk Hydro



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**Norsk Hydro ASA
London, November 1, 2001**

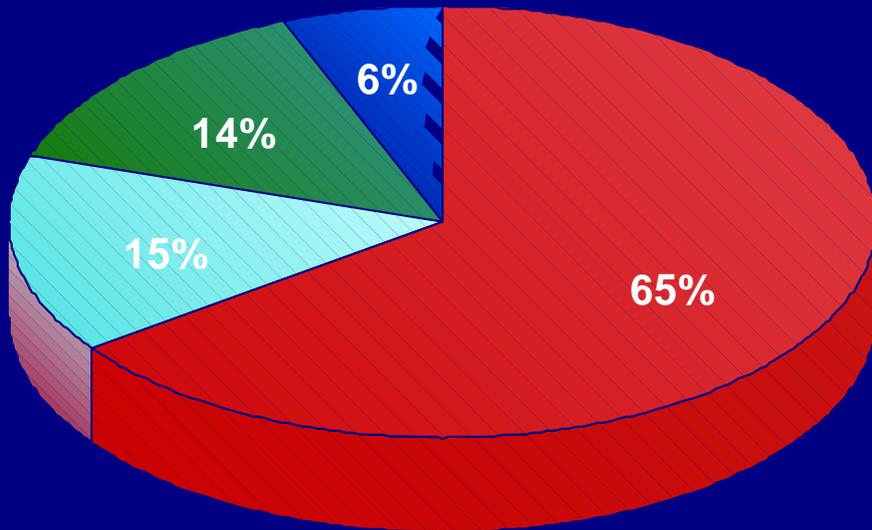
Today's presentation

- ✓ **Norsk Hydro - general comments**
- ✓ **Norwegian upstream activities**
- ✓ **Reorganisation of Norway's oil industry**
- ✓ **Development of Norway's gas resources**
- ✓ **Expanding international E&P activities**
- ✓ **Attractive potential and strong challenges**



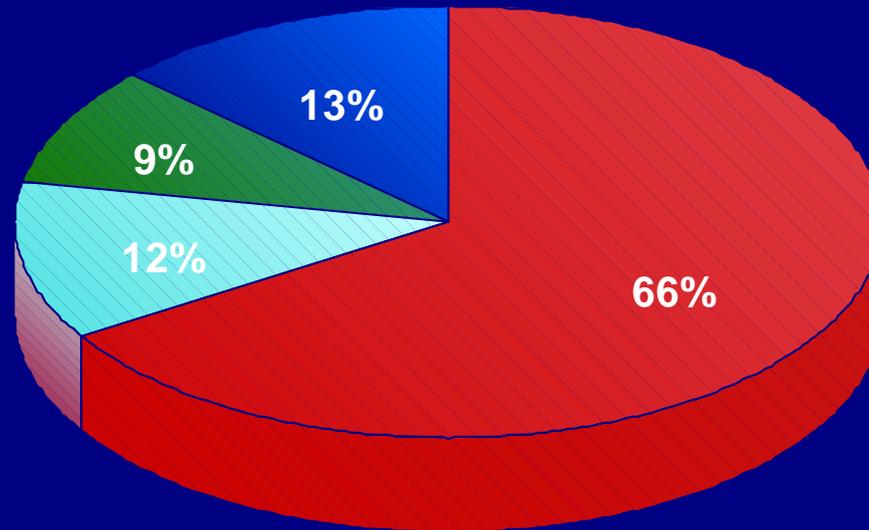
Corporate assets and earnings mix - 2000

Fixed assets



Total: NOK 115 billion

EBITDA



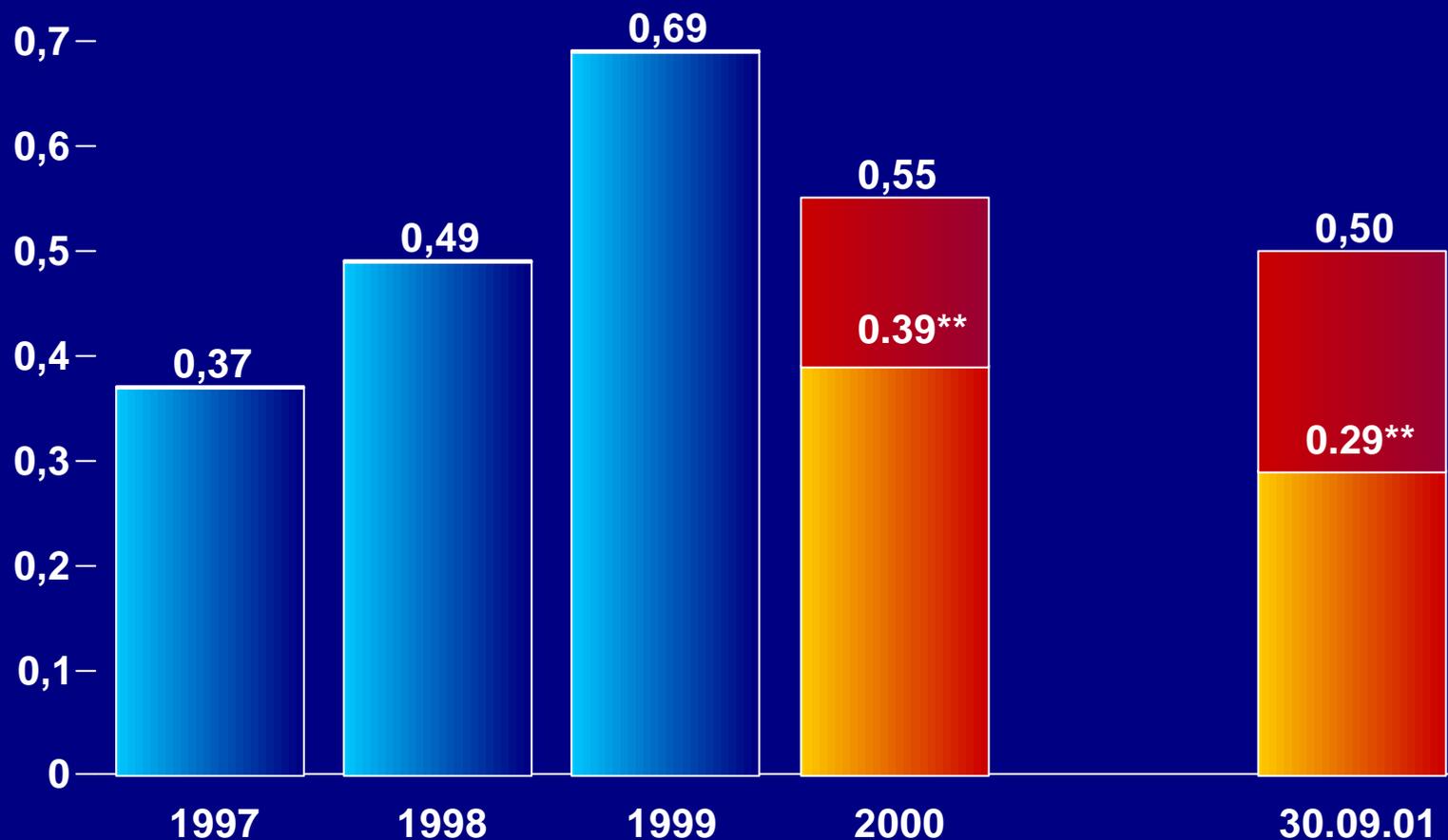
Total: NOK 47 billion

■ Oil & Energy ■ Light Metals ■ Agri ■ Others



Strong financial position

Long-term debt/shareholders' equity *



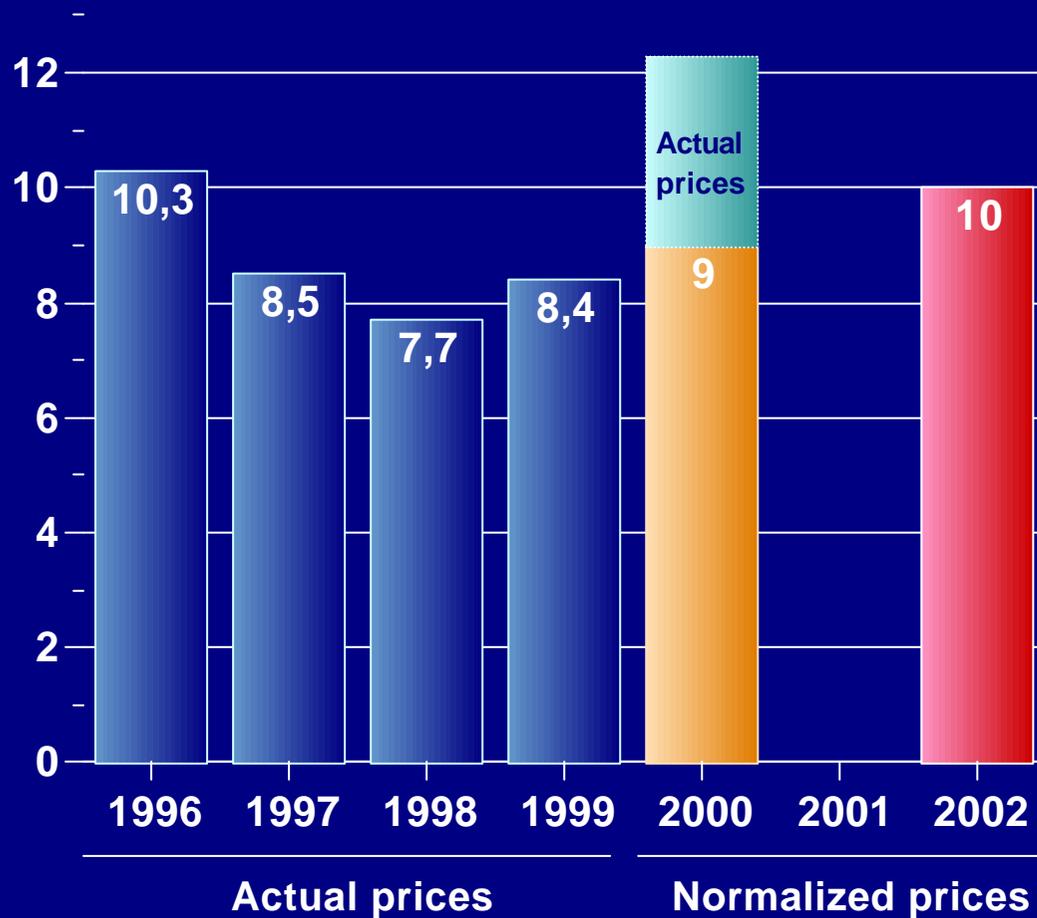
* Long-term debt divided by shareholders' equity plus minority interest

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



CROGI - our key performance metric

CROGI - Cash Return on Gross Investments



✓ Normalized prices:

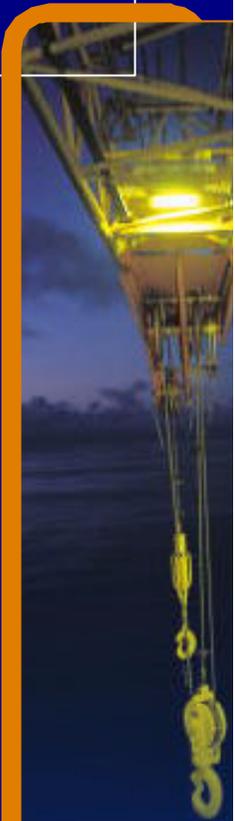
- ▶ NOK/USD: 8.00
- ▶ Brent Blend (USD/bbl) 18
- ▶ CAN27 (DEM/t) 200
- ▶ LME 3M (USD/t) 1,500

✓ Gains from divestments excluded



Growth strategy for Oil and Energy

- ✓ **Balanced portfolio**
 - Norwegian Continental Shelf vs. international positions
 - Deep water vs. lower cost onshore
- ✓ **Develop 4-6 core areas internationally**
 - Each area with a production potential of at least 50,000 boe/day
- ✓ **Implication: 7% average annual production growth**
- ✓ **Strengthen Hydro's position as a gas company**
- ✓ **Sustainable conduct in all operations - safety, environment, social responsibility**



Norsk.Hydro.-a.major.offshore.operator

✓ Operated oil production

- ▶ 1.2 mill. boe/day
- ▶ 35% of NCS oil production

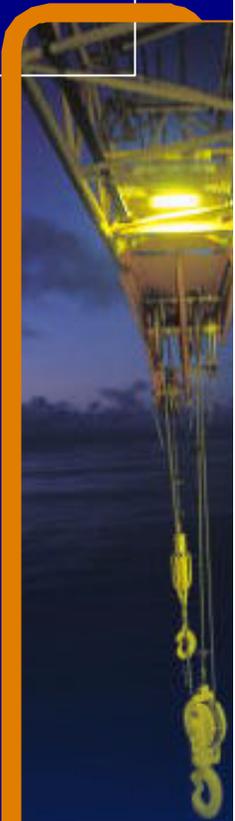
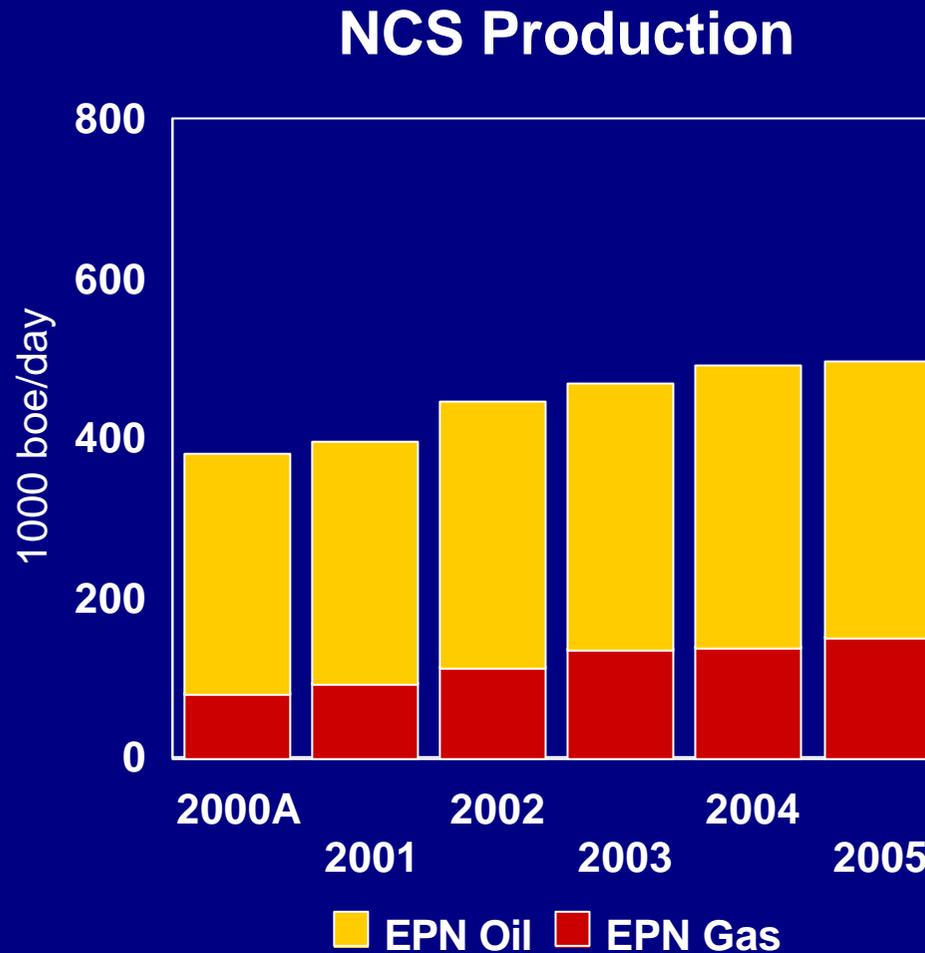
✓ Operated sales gas production

- ▶ 3 BCM/year
- ▶ 6% of NCS exports

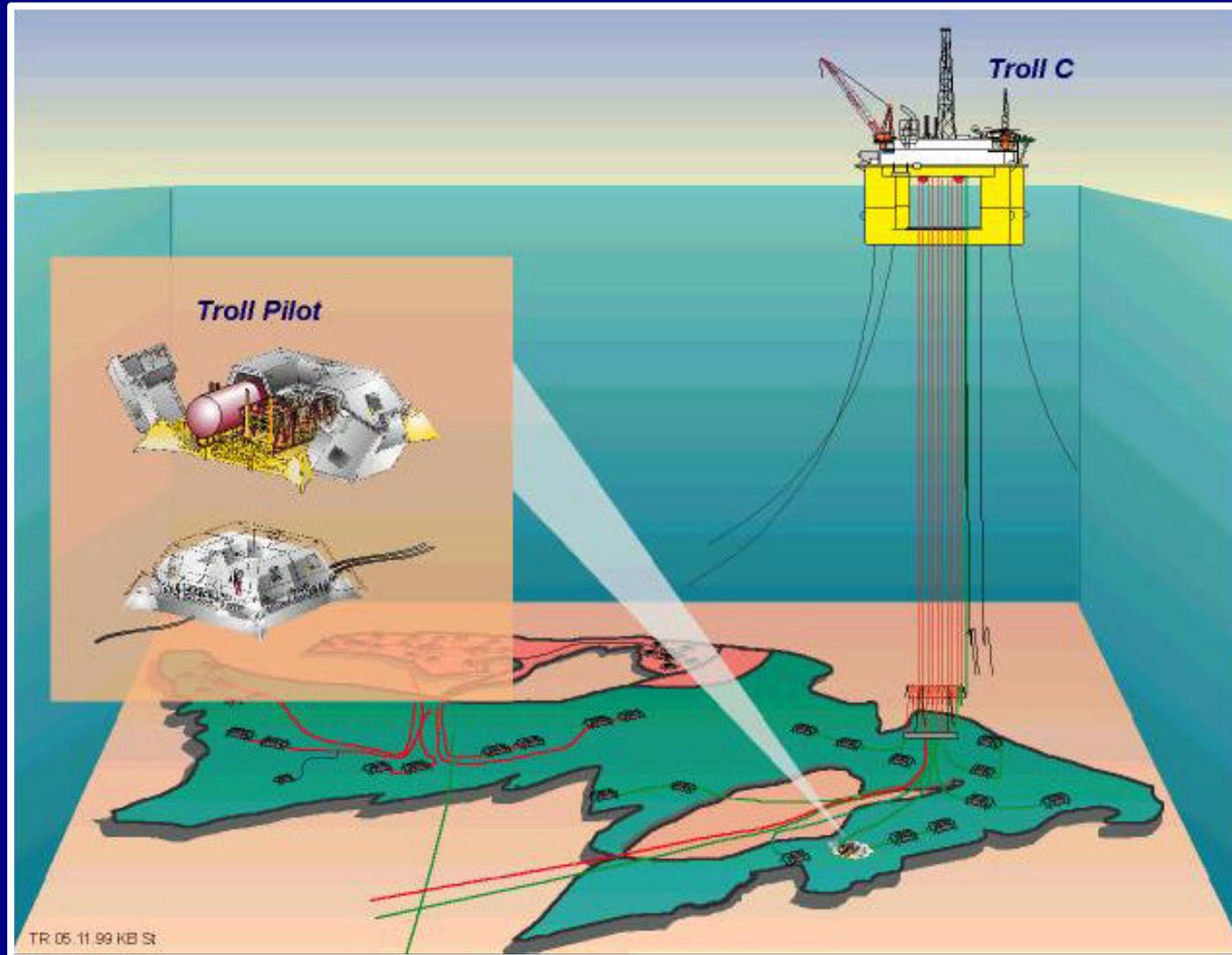


Norwegian production continues to grow

- ✓ NCS production to grow towards 500,000 boe per day over next five years
- ✓ Large fields under development will add new volumes after 2005 - Ormen Lange, Kristin, Snøhvit
- ✓ Production from any SDFI assets will add to these figures



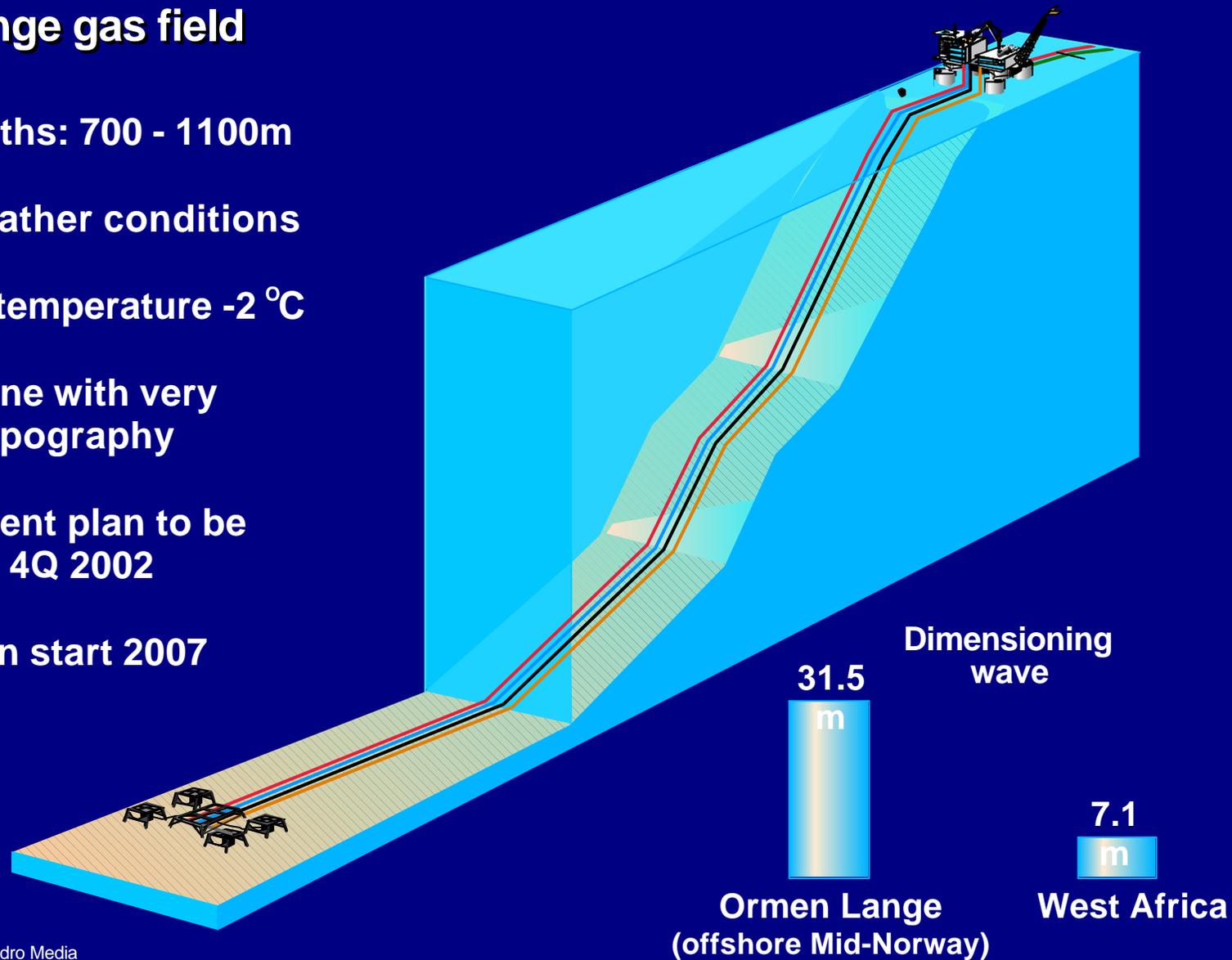
New technology example - subsea separation



Challenging deep water development

Ormen Lange gas field

- ✓ Water depths: 700 - 1100m
- ✓ Tough weather conditions
- ✓ Minimum temperature -2°C
- ✓ Large ravine with very uneven topography
- ✓ Development plan to be submitted 4Q 2002
- ✓ Production start 2007



The state's changing role in the oil industry

✓ Statoil privatisation

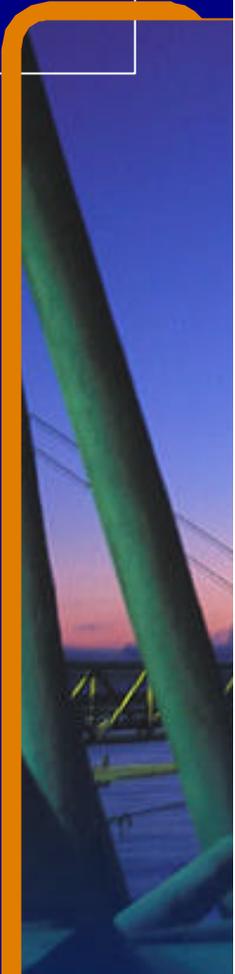
- A new competitor for Hydro in financial markets

✓ SDFI asset sale

- Limited total volume
- Uncertain outcome for Hydro
- Preferred treatment of Statoil increased size imbalance

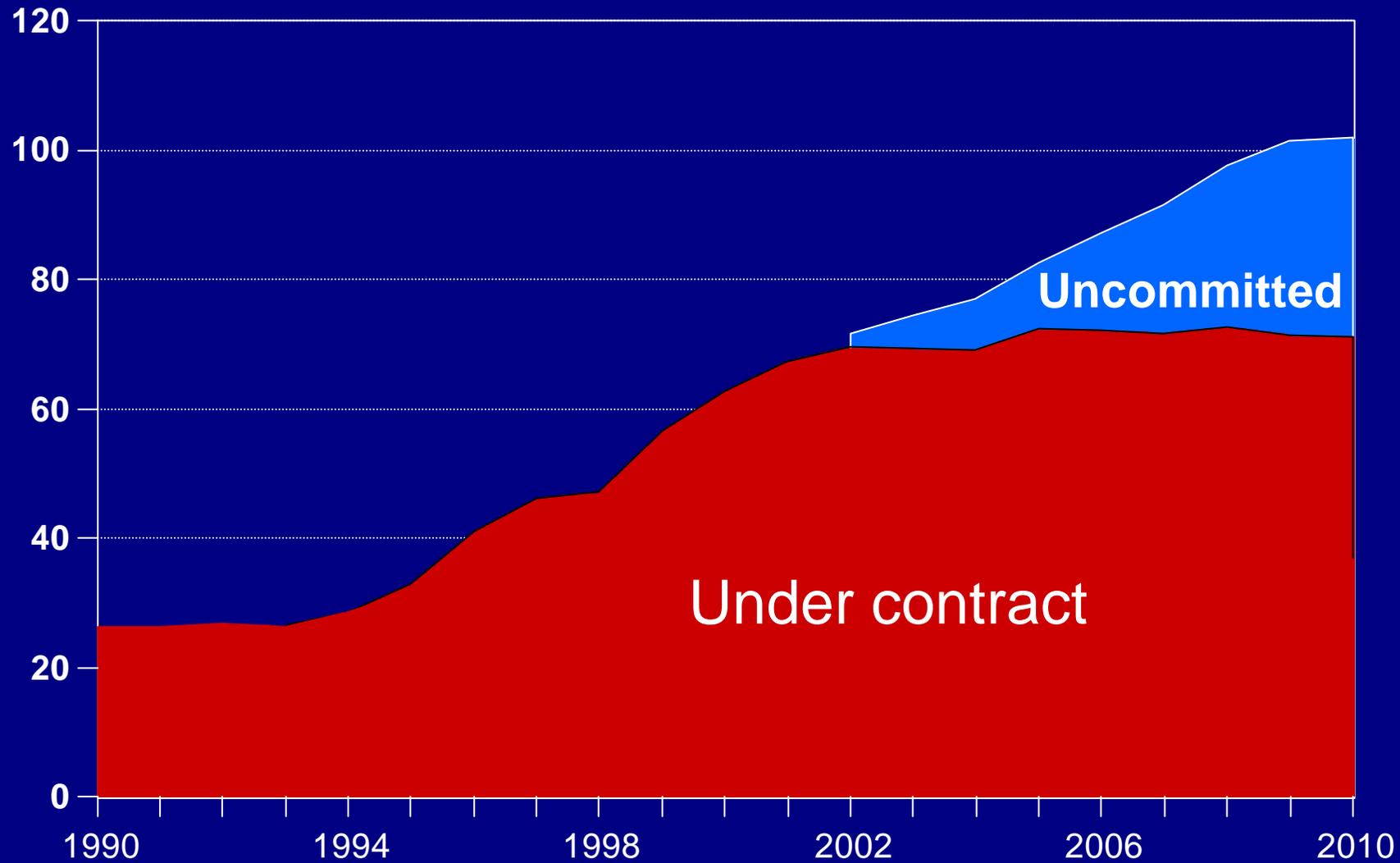
✓ New state companies established

- Petoro - manage SDFI assets
- Gassco - operate gas transportation infrastructure, secure equal access for all producers



Growing export of Norwegian gas

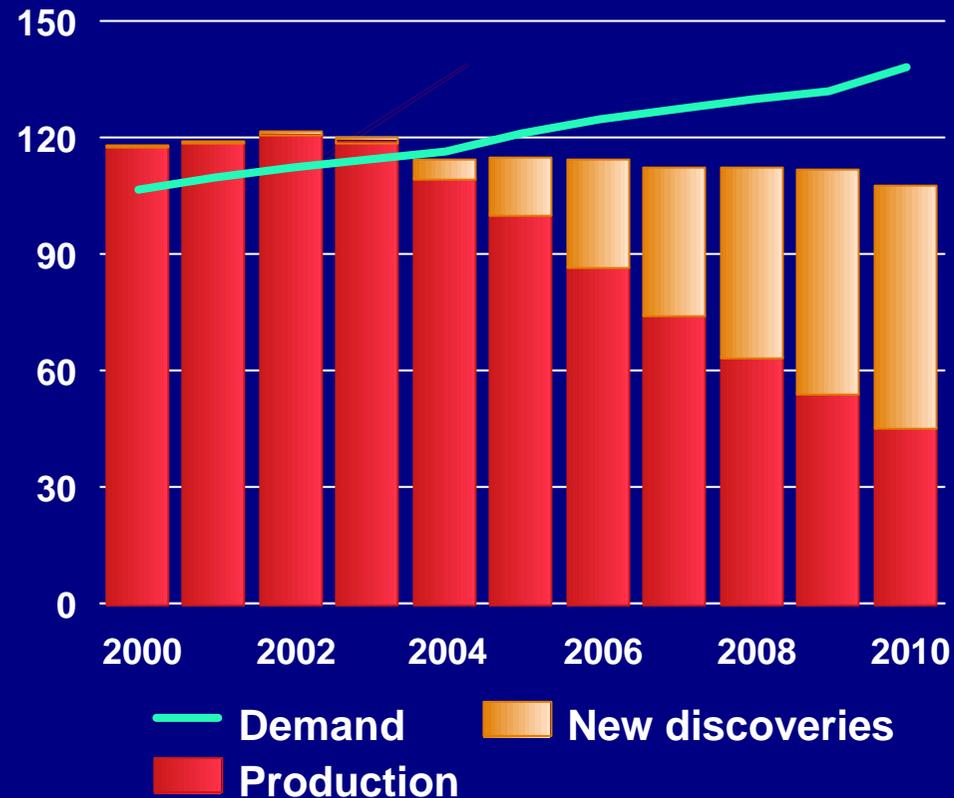
GSM3 (40 MJ)



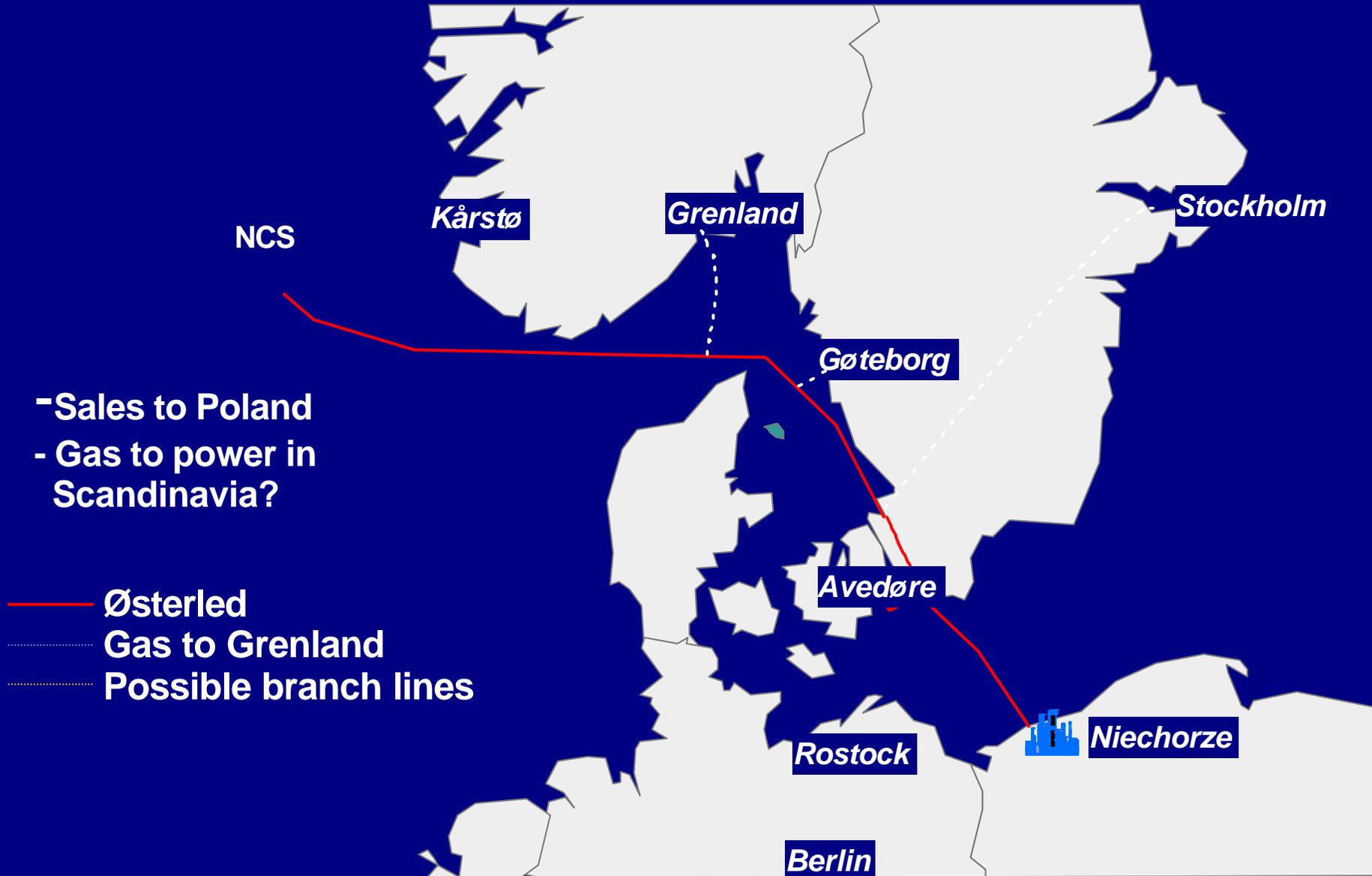
The UK - an important growth market

- ✓ **Well functioning market**
 - ▶ **Established players**
- ✓ **Need for new supplies opening up**

UK and Irland - supply demand balance

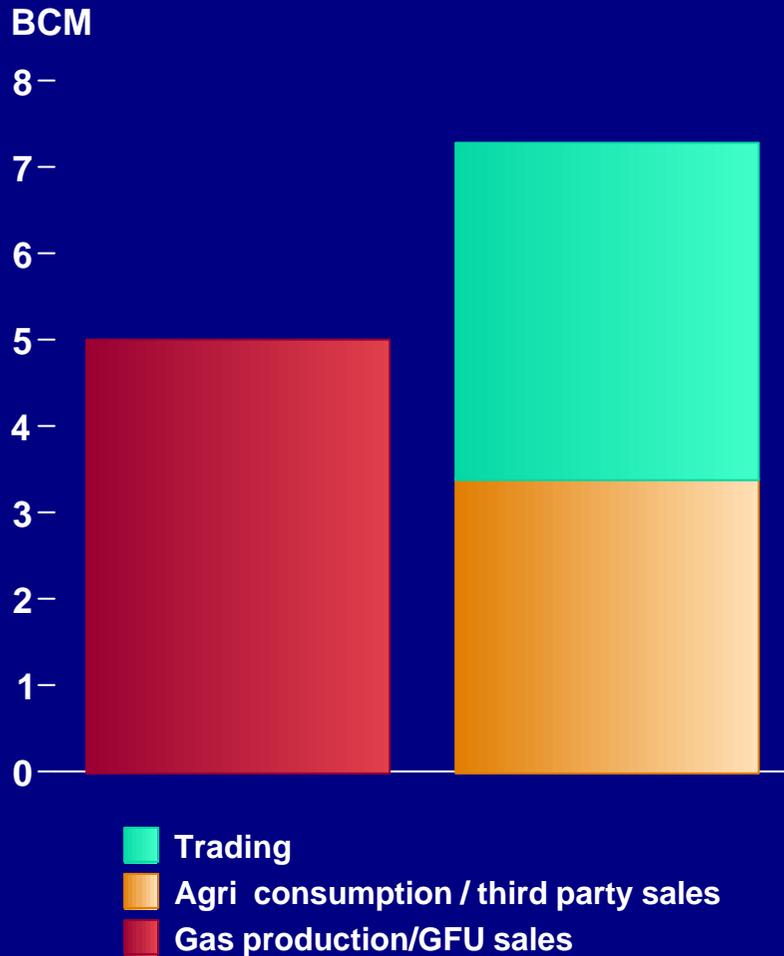


Developing the Nordic Gas Market

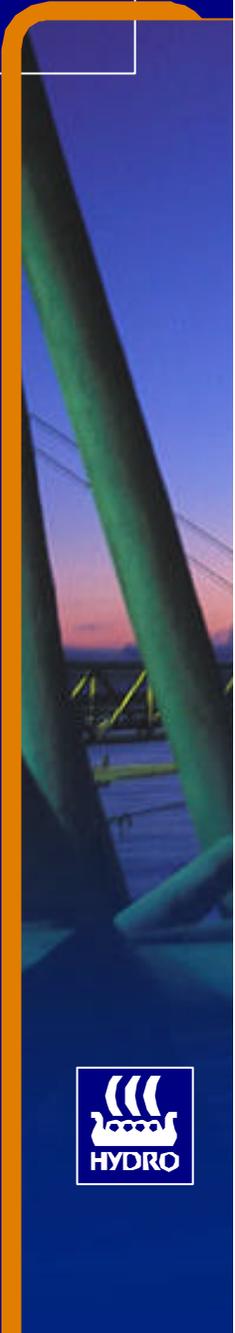


Ready for liberalized European gas market

Turnover of Hydro's European gas business 2000



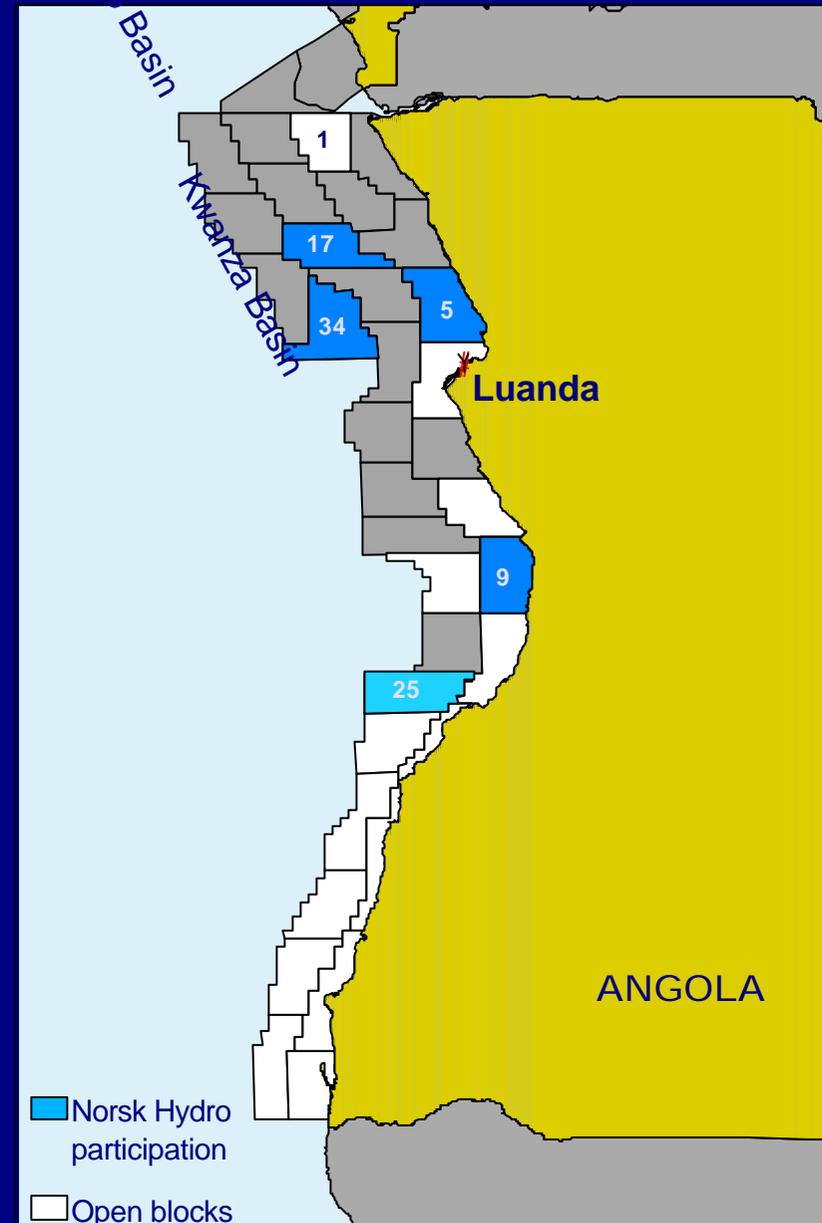
Building an attractive international portfolio



Angola - Stepping up our activities

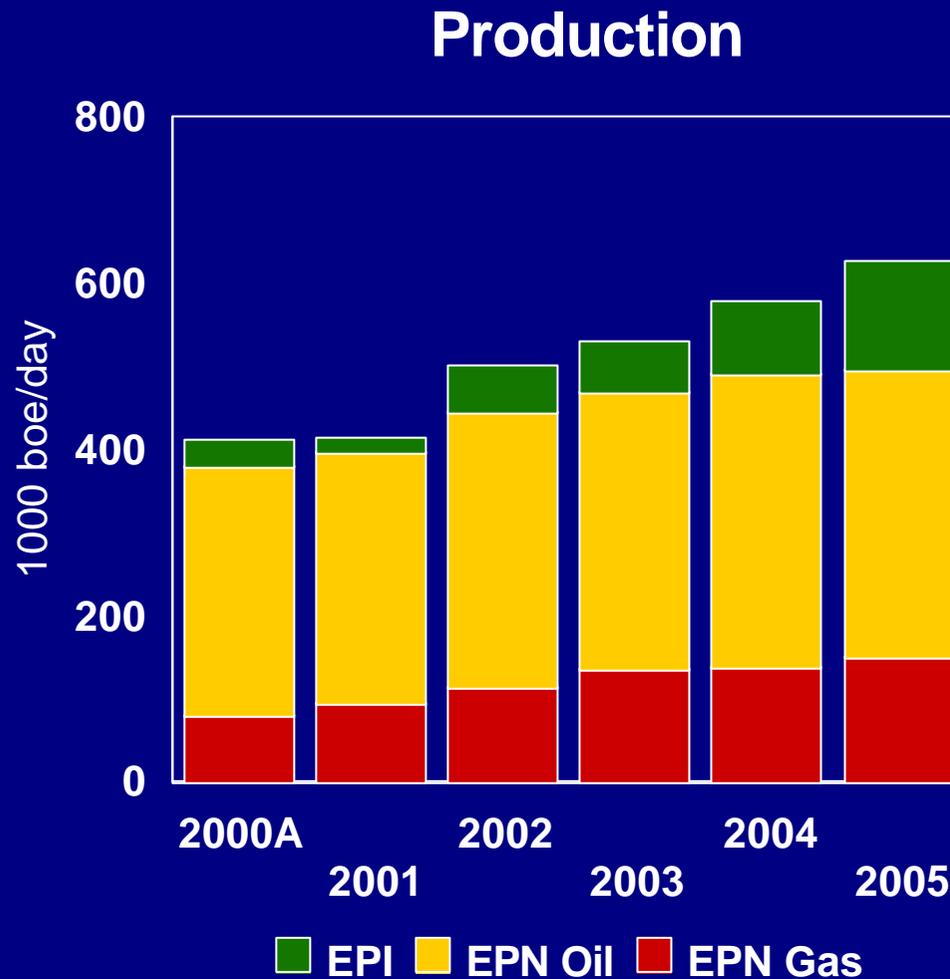
New licenses acquired

- ✓ **Block 34: Hydro 30%, technical assistant to Sonangol**
- ✓ **Block 25: Hydro acquired 10% through farm-in**
- ✓ **Block 17: Girassol to start production in fourth quarter**



Attractive production growth

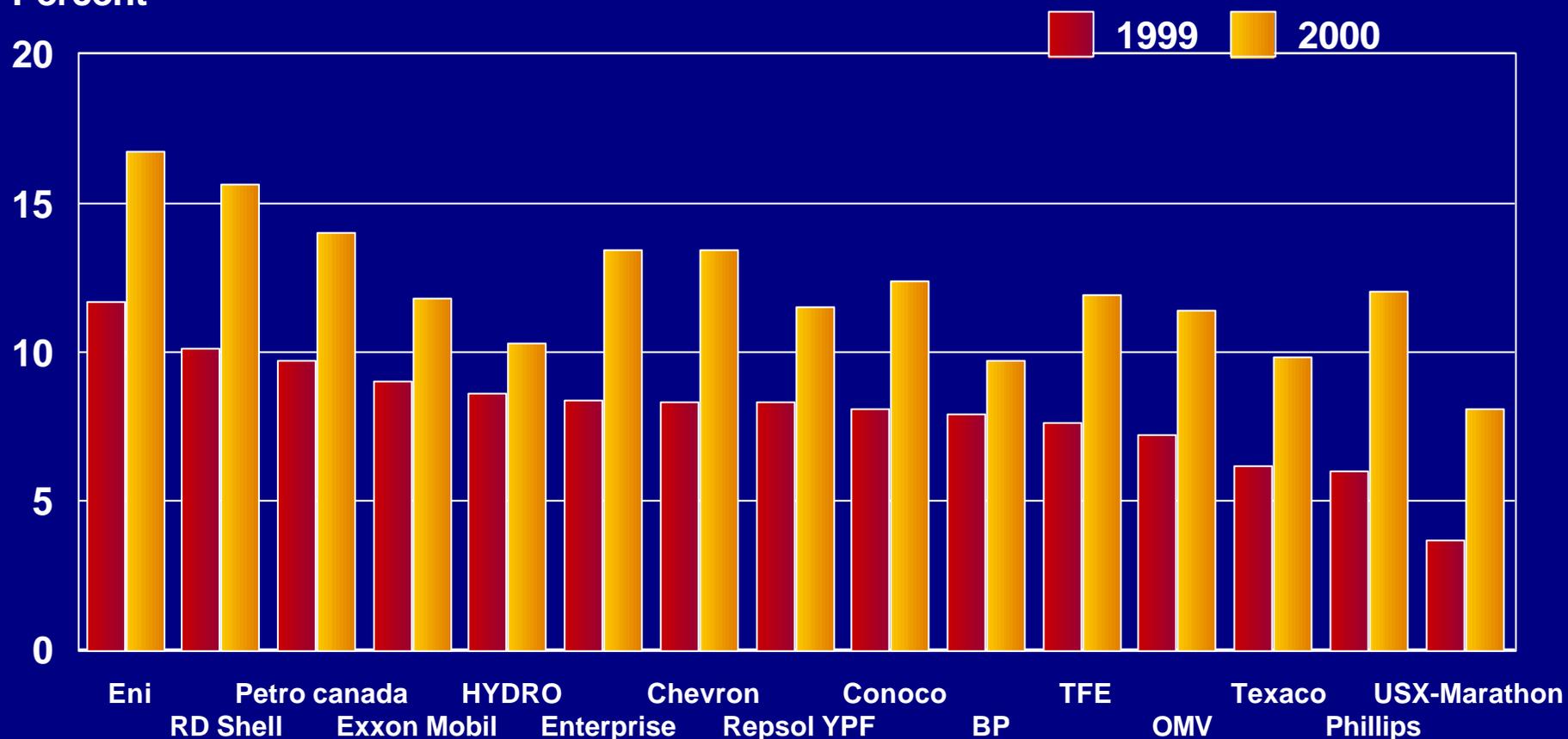
- ✓ 7 % average annual growth rate the next five years
- ✓ Increasing contribution from international portfolio
- ✓ Significant exploration potential may add new volumes beyond 2005



Hydro returns in line with industry average

CROGI (inflation adjusted)

Percent



Source: Goldman Sachs:
Essential Oils



Safe harbour statement

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