



Aluminium

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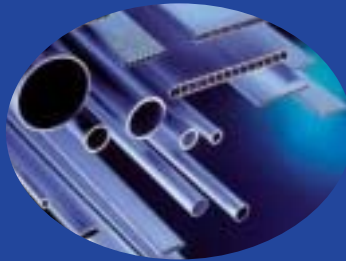
Automotive sector

A broad product range

Structures



Precision tubing



Castings



Aluminium &
magnesium alloys

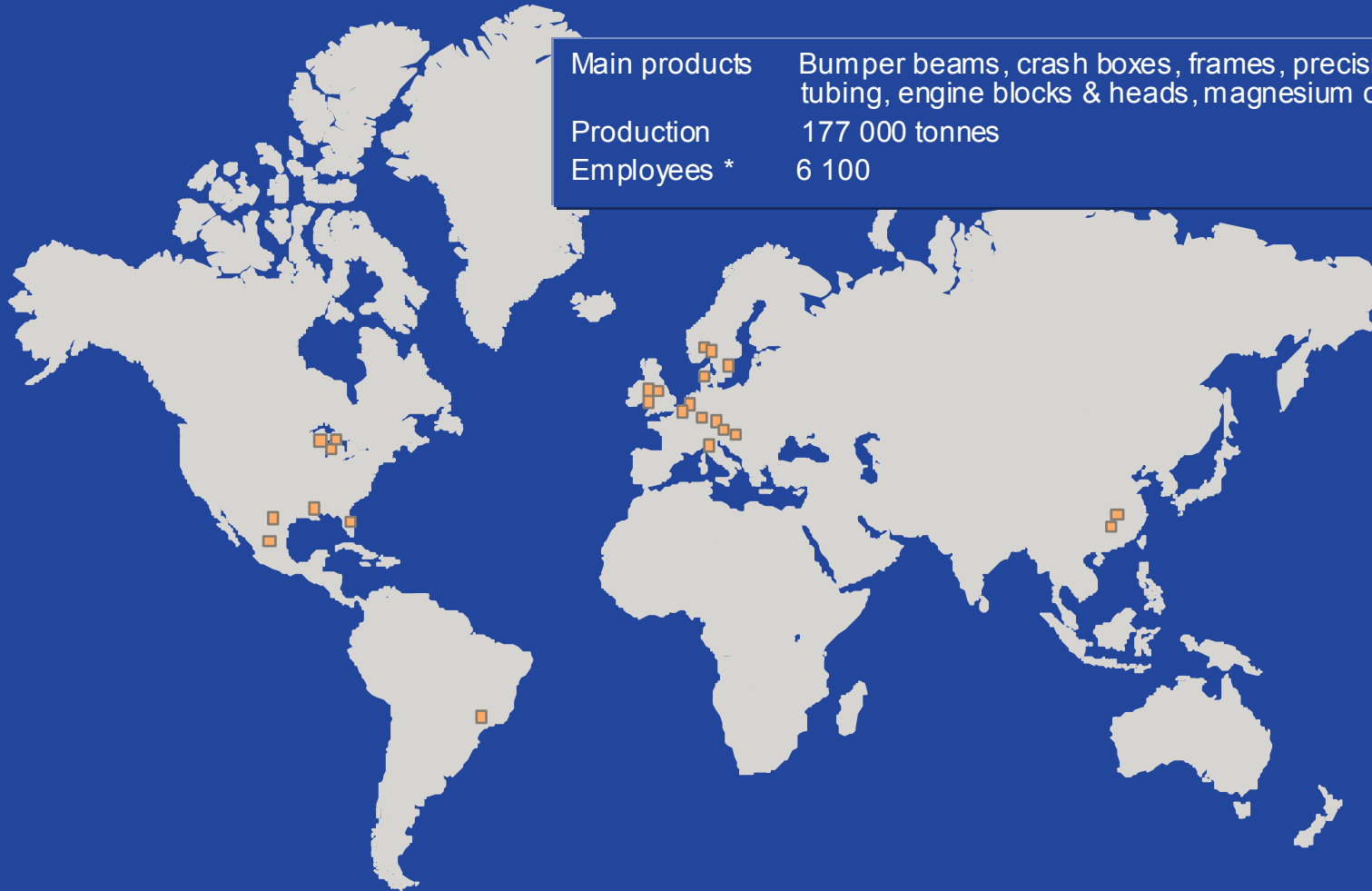


Rolled
products



Magnesium castings
(Meridian, 49%)

Present in all major markets

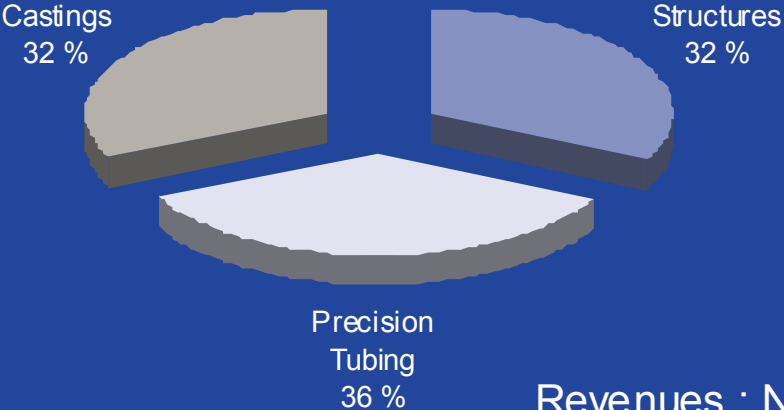


Main products	Bumper beams, crash boxes, frames, precision tubing, engine blocks & heads, magnesium castings (JV)
Production	177 000 tonnes
Employees *	6 100

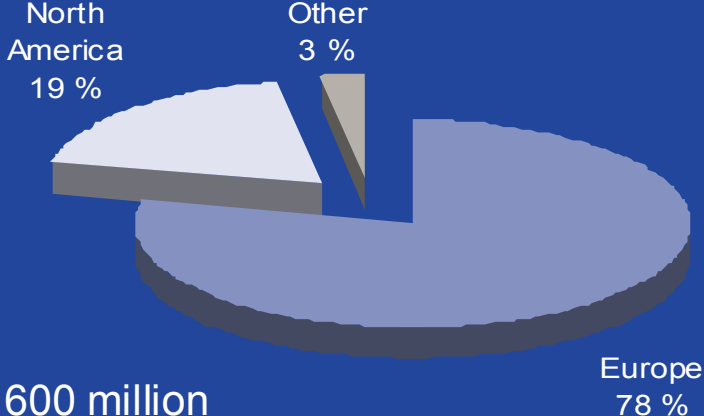
* 100% owned companies per 31.12.2003

Product portfolio and main markets – 2003

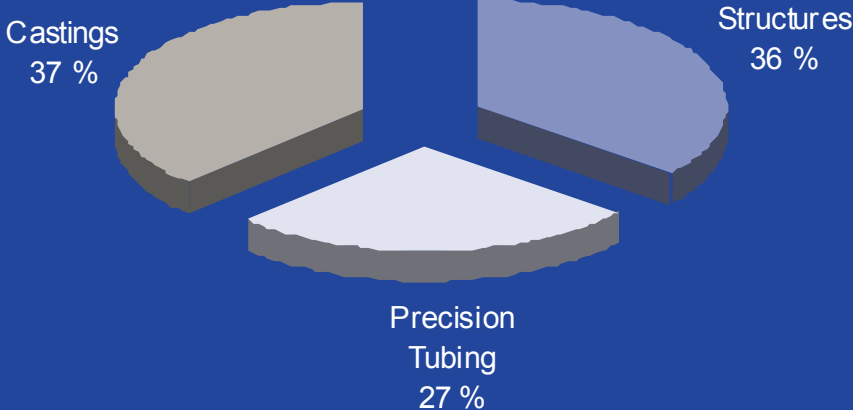
Shipments : 177 000 tonnes



Markets (% of revenue)



Revenues : NOK 7 600 million



Our customers

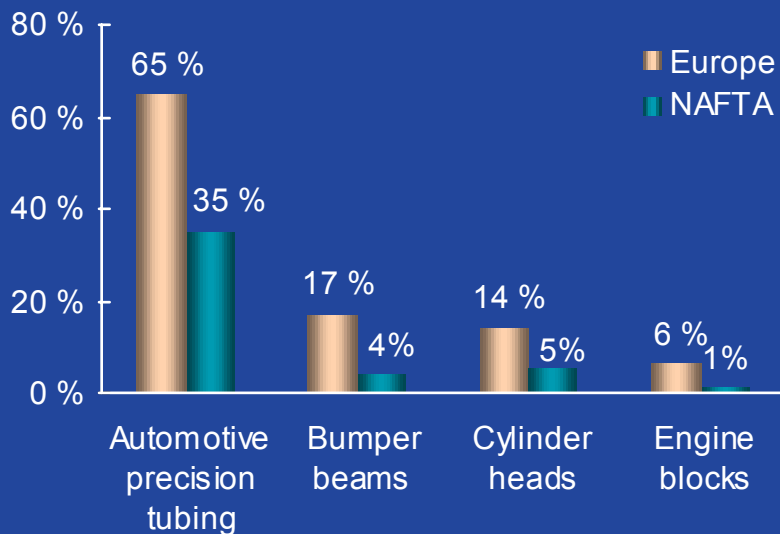


Key value drivers and competitive strengths

- High quality asset base
- Competence across the value chain
- Leading market positions
- Strong reputation for process and product innovation within our main product ranges
- High capacity utilisation going forward

Market positions 2003

(% of total market incl. steel/ cast iron solutions)



Non captive Aluminium components market share in Europe:

- Bumper beams 75 %
- Cylinder heads 24 %
- Engine blocks 34 %



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Delivering according to plan

What we said in 2003

What we have done

Successfully launch new product programs

- All major projects launched in accordance with QS 9000
- Renault Megane bumper programs, BMW 5-series bumper and front end programs, GM EV6 block & head, Ford Lion head, VW radiator tubing

Fully utilize existing capacities

- Alunord, Skultuna and Raufoss
- Dillingen line capacity utilization from 62% in 2003 to 94% in 2004
- Tønder new press running 3 shifts

Differentiated value added products – leading edge

- Focus on high volume engineered crash management components
- Focus on extrusion based tubing with enhanced value added
- Launch of first high feature diesel V-block
- Shift towards higher value added cylinder heads

Focus portfolio

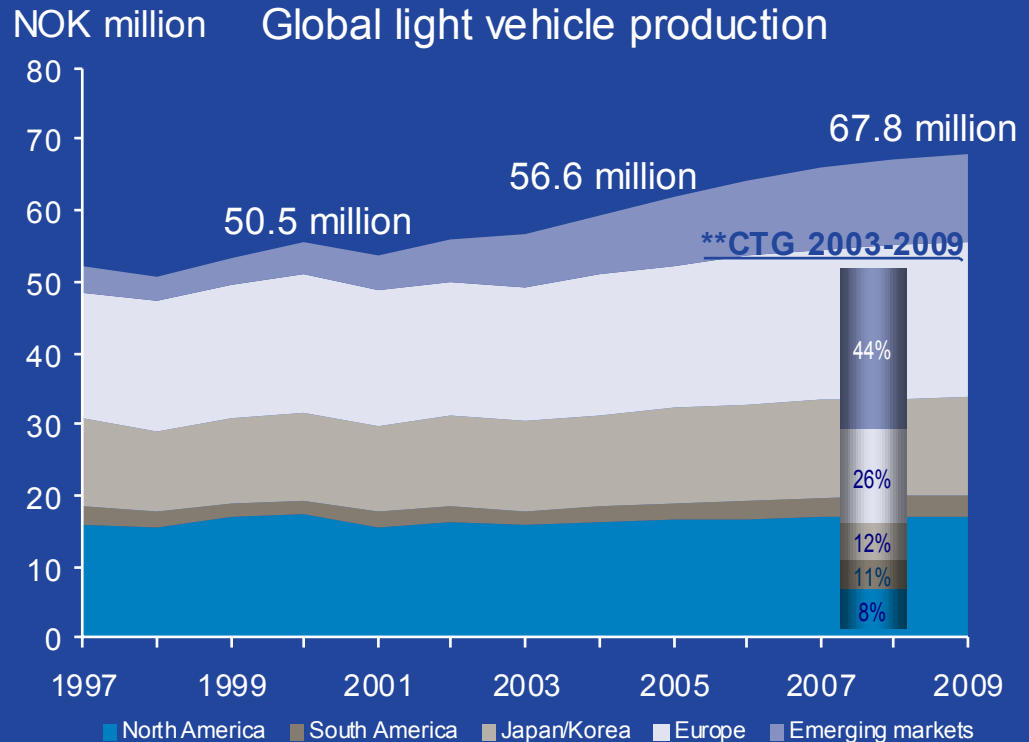
- Closure of Leeds in process
- Restructuring of several plants ongoing
- No new orders in engine cradle and gearbox business
- Capacity expansion for core products in Tønder, Alunord, Dillingen, Saltillo, Győr



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Strong contribution to growth by emerging markets*

- Annual global vehicle production expected to grow 11 million to 2009
- Almost 44% of global growth emanates from the emerging markets (of which 69% in China)
- European growth 2,6 million – mainly in central and Eastern Europe



*Emerging markets = China, Taiwan, Indonesia, Philippines, Thailand, Malaysia, Australia, India and South Africa

**CTG=Contribution to Growth

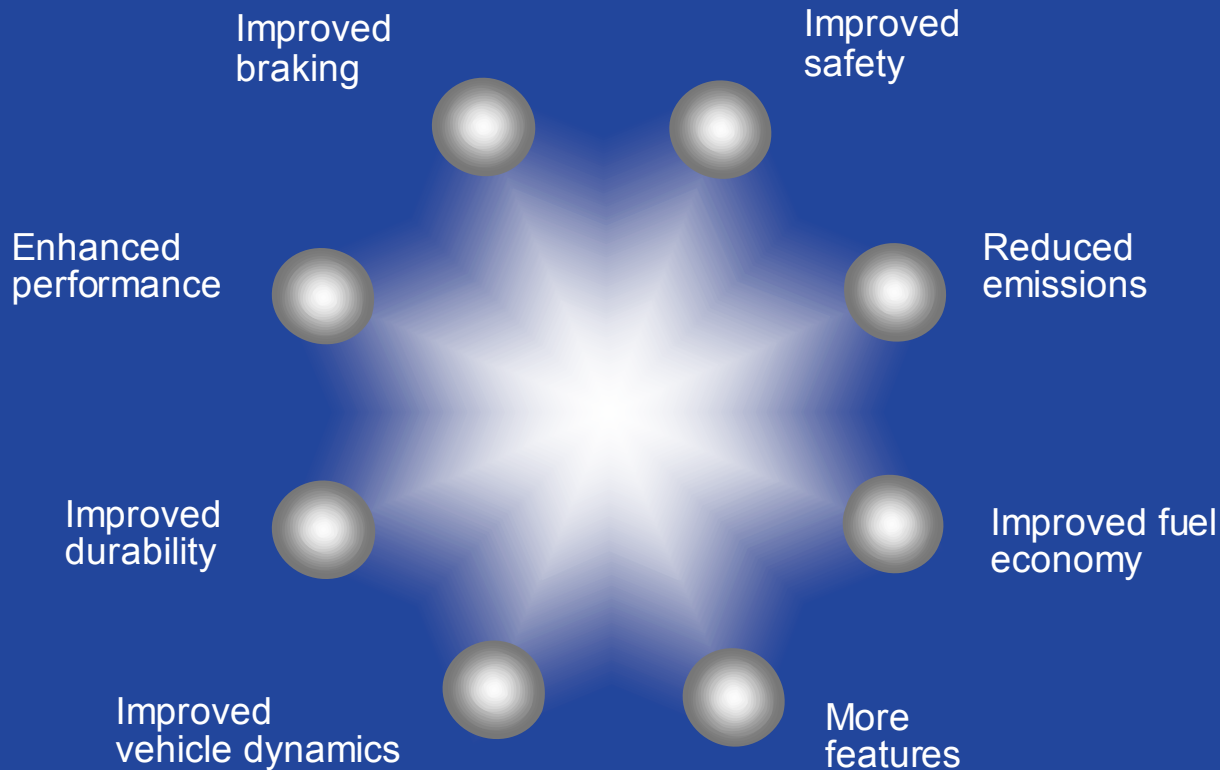
Source: CSM 2004



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Reducing vehicle weight by aluminium yields improved driving characteristics

10% reduction in vehicle weight results in...



Source: CSFB, 2004

Focus on weight reduction strengthens aluminium attractiveness

Emphasis on weight reduction



- Growing light metal demand in automotive
- Continuous search for innovative and cost efficient Aluminium solutions
- Substitution from steel to Aluminium continues

- Environmental legislation
 - Fuel economy and oil prices
- Comfort features require weight savings elsewhere
- Improved vehicle performance

Sources: CSFB, JDP-LMC, Hydro Aluminium

Growing emerging markets and increasing diesel penetration foster expansion

Shifting product mix

- SUVs and light trucks continue to gain share (57 % of 2003 vehicle sales in North America)
- Further increase in diesel engine penetration (Europe 44 %)

- New solutions and products for SUVs and light trucks required
- Hydro holds strong position in diesel blocks & heads

Sources: CSFB, JDP-LMC, Hydro Aluminium

Global presence is a decisive success factor

**Changing vehicle
design &
manufacturing**



- **Bigger volumes – global presence of component suppliers required**

- Shorter product life cycles
- Derivative vehicles based off common platforms
- Increased component sharing across platforms
- Modular assembly of pre-assembled systems

Sources: CSFB, JDP-LMC, Hydro Aluminium

Automotive industry requires the highest levels of expertise from its main suppliers

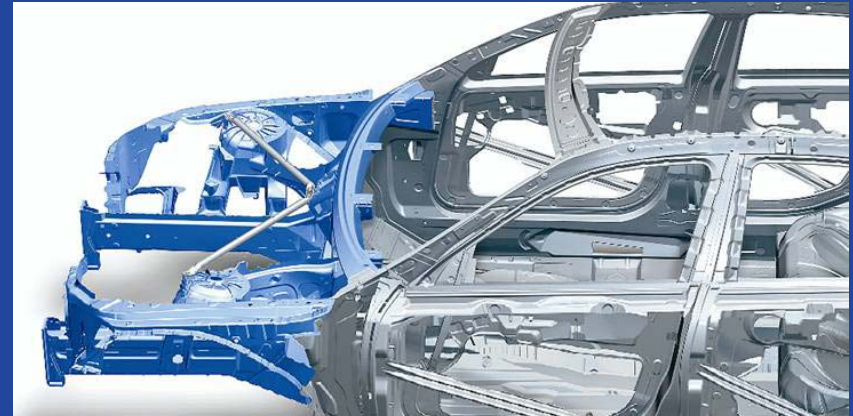
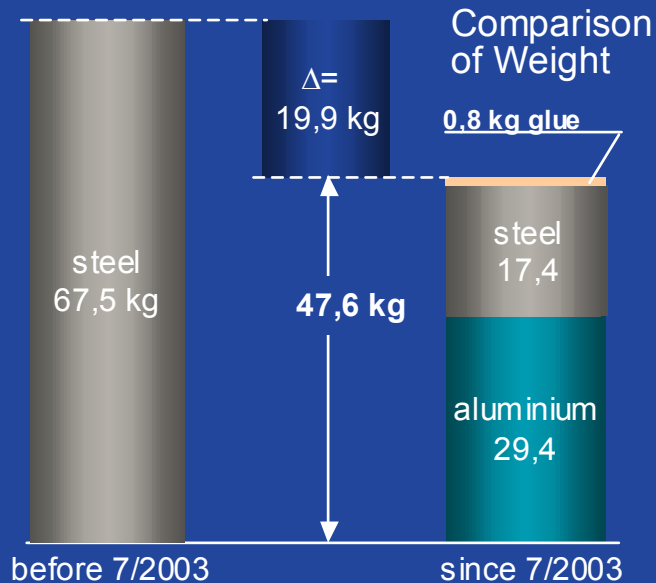
Outsourcing of component systems

- Shifting capital expenditures to suppliers
- Shifting supply chain management to Tier 1 integrators
- Continued cost pressure on suppliers

- Growing opportunity for competent suppliers to influence development and production process
- HAL is well positioned to cope with cost pressure

Sources: CSFB, JDP-LMC, Hydro Aluminium

A success story : BMW 5-series aluminium front end



Hydro delivers to BMW 5-series:

- Front structure - front beam and crash boxes, longitudinals, diagonal tube and miscellaneous extrusions
- Sheet and welded tubes for front module inner parts and rear axle sub-frame
- Precision tubing through tier suppliers

Priorities going forward

Precision Tubing

- Continued high profitability
- Continue to grow – niches with strong positions
- China and Mexico, new plants ready to produce in 2005

Castings

- Good profit going forward
- Start up of new production line in Dillingen for diesel engine (2004)
- Reduced investment levels – focus on utilizing existing assets
- Restructuring
 - Leeds closure in 2005
 - Develop Asian markets

Structures

- Profitability increasing
- Develop on the basis of a high quality asset base and leading competencies
- Focus portfolio to segments with strong positions

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).





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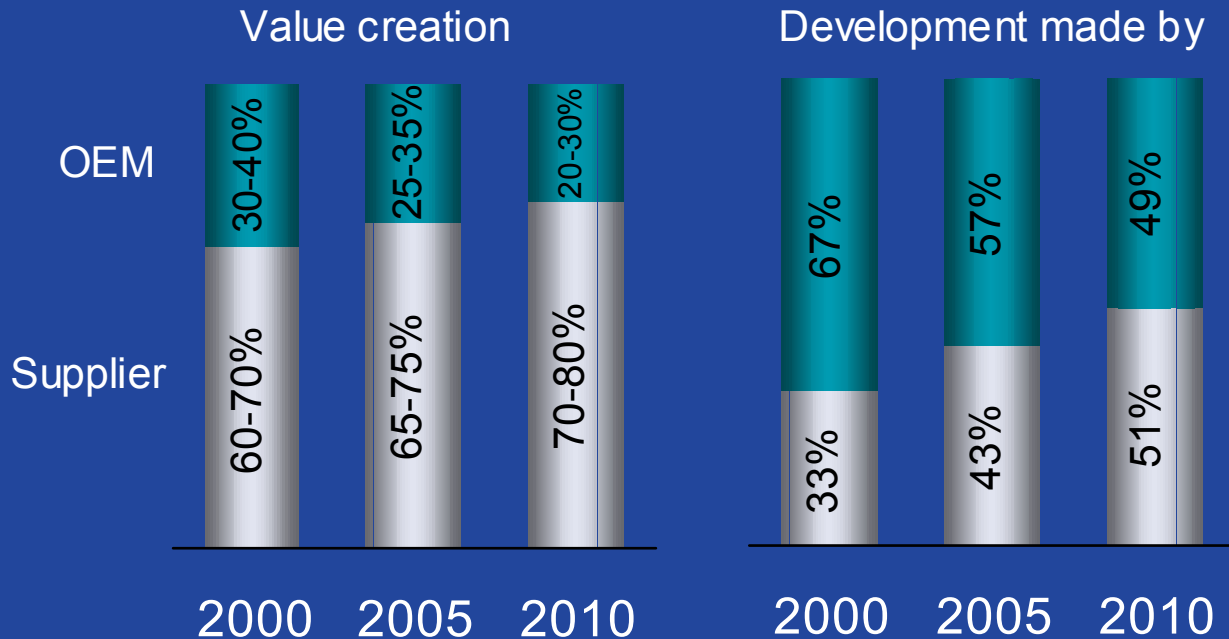


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Appendix

Trends in the automotive supplier industry

Shifting value adding from OEMs to suppliers



- Value creation: OEM reduction, supplier increasing
- Higher R&D activities by the supplier

Source: Roland Berger & partners

Automotive sector overview

- Operating revenues € 1.9 billion

€ million

- Components*

1 100

- Aluminium & magnesium alloys

500

- Sheet and profiles

300

- Global businesses

- Castings (Al & Mg)
- Structures
- Precision tubing
- Rolled products
- Foundry alloys (Al & Mg)

* incl. 49% Meridian JV



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