



Aluminium

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Performance and strategic direction

Focus areas

- The aluminium market – structural changes and outlook
- Value creation
- Strategy and priorities

A fully integrated global aluminium company

Bauxite/
alumina



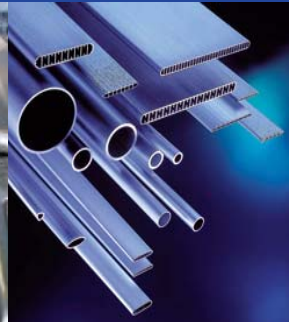
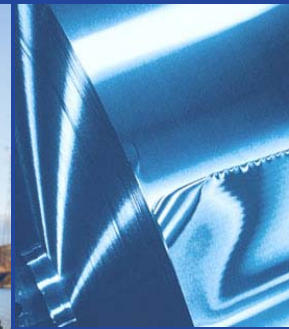
Electrolysis
metal

Casthouse
products

Rolling Extrusion

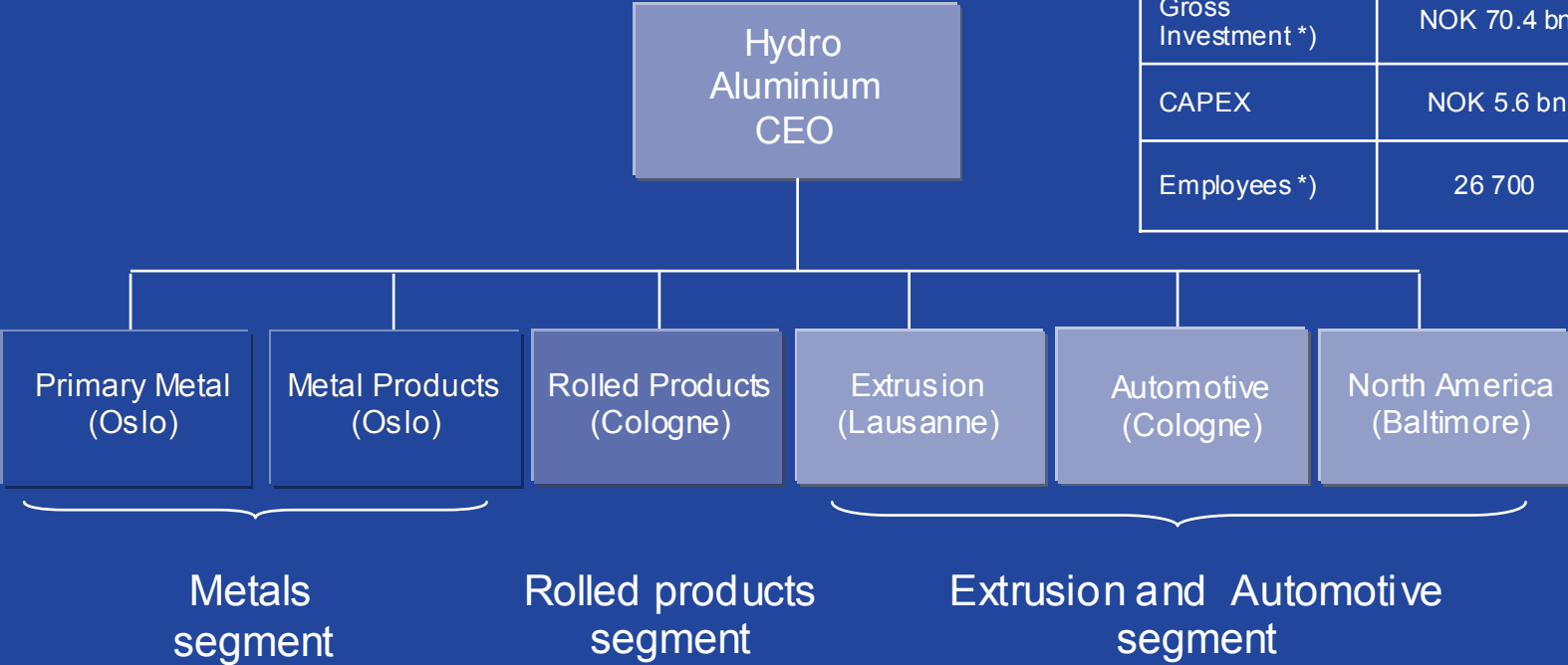
Fabrication
& Systems

Automotive



Hydro Aluminium 2003

Revenues	NOK 69.2 bn
EBITDA	NOK 6.5 bn
Gross Investment *)	NOK 70.4 bn
CAPEX	NOK 5.6 bn
Employees *)	26 700



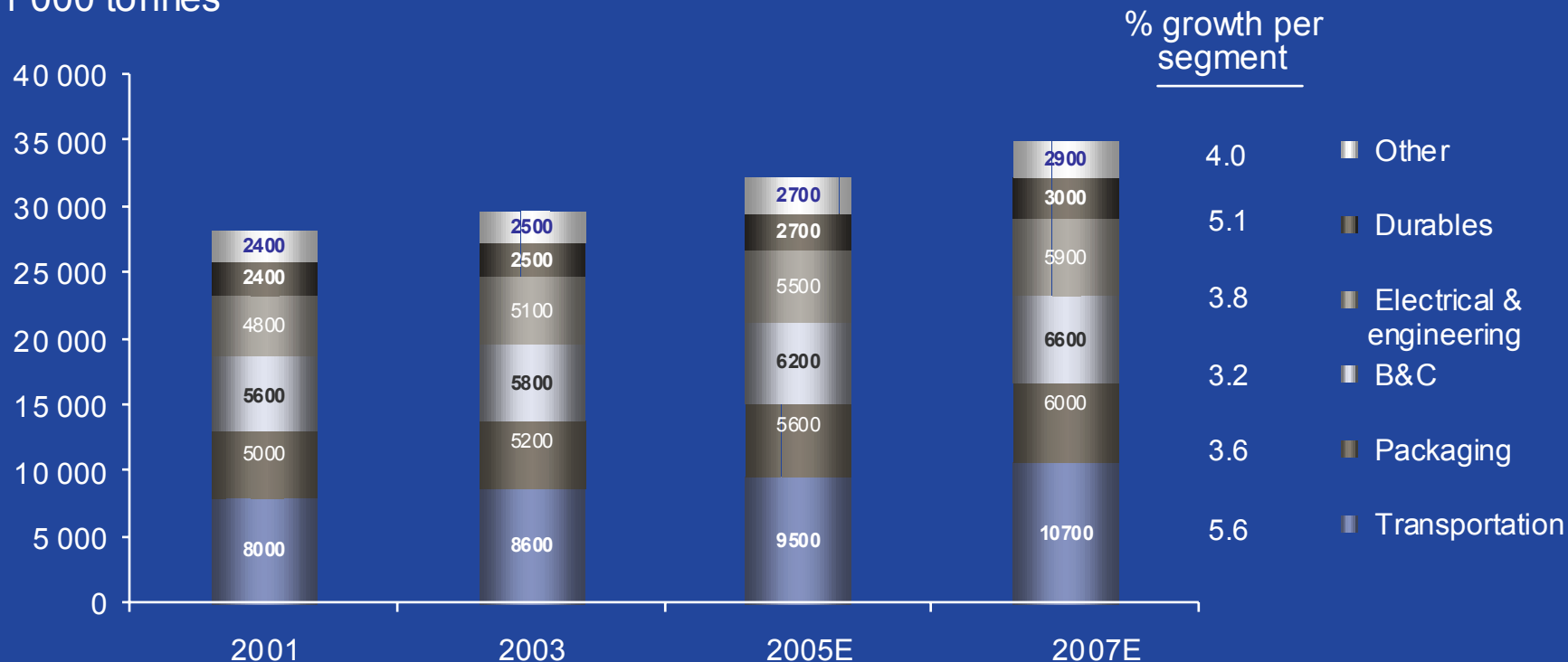
* Gross Investment and employees by 31.12.2003



Western World* demand expected to grow in the coming years

4.4% average annual growth 2004 – 2007E

1 000 tonnes



* World excluding Central and Eastern Europe, China, Russia, Ukraine, North Korea

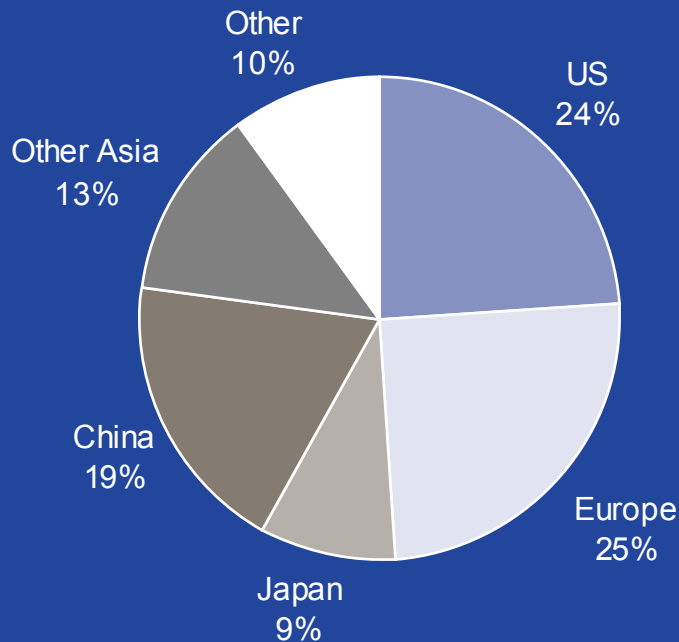
Sources: BrookHunt; Hydro Aluminium



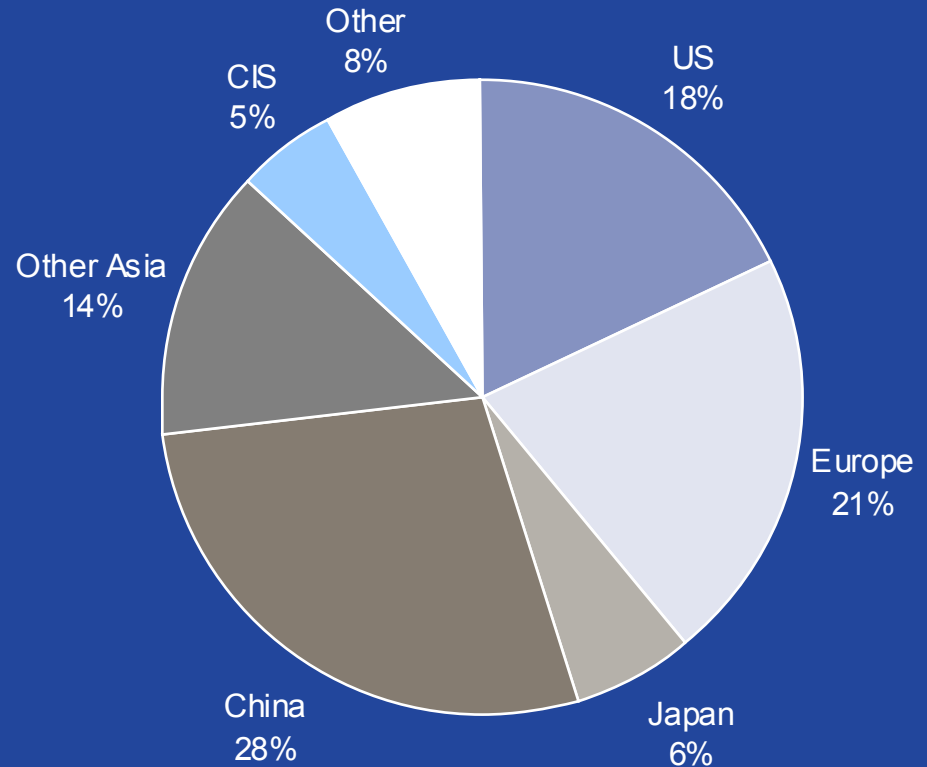
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China is emerging as a major aluminium market

Global primary demand 2003
27.3 million tonnes



Global primary demand 2012E
42 million tonnes

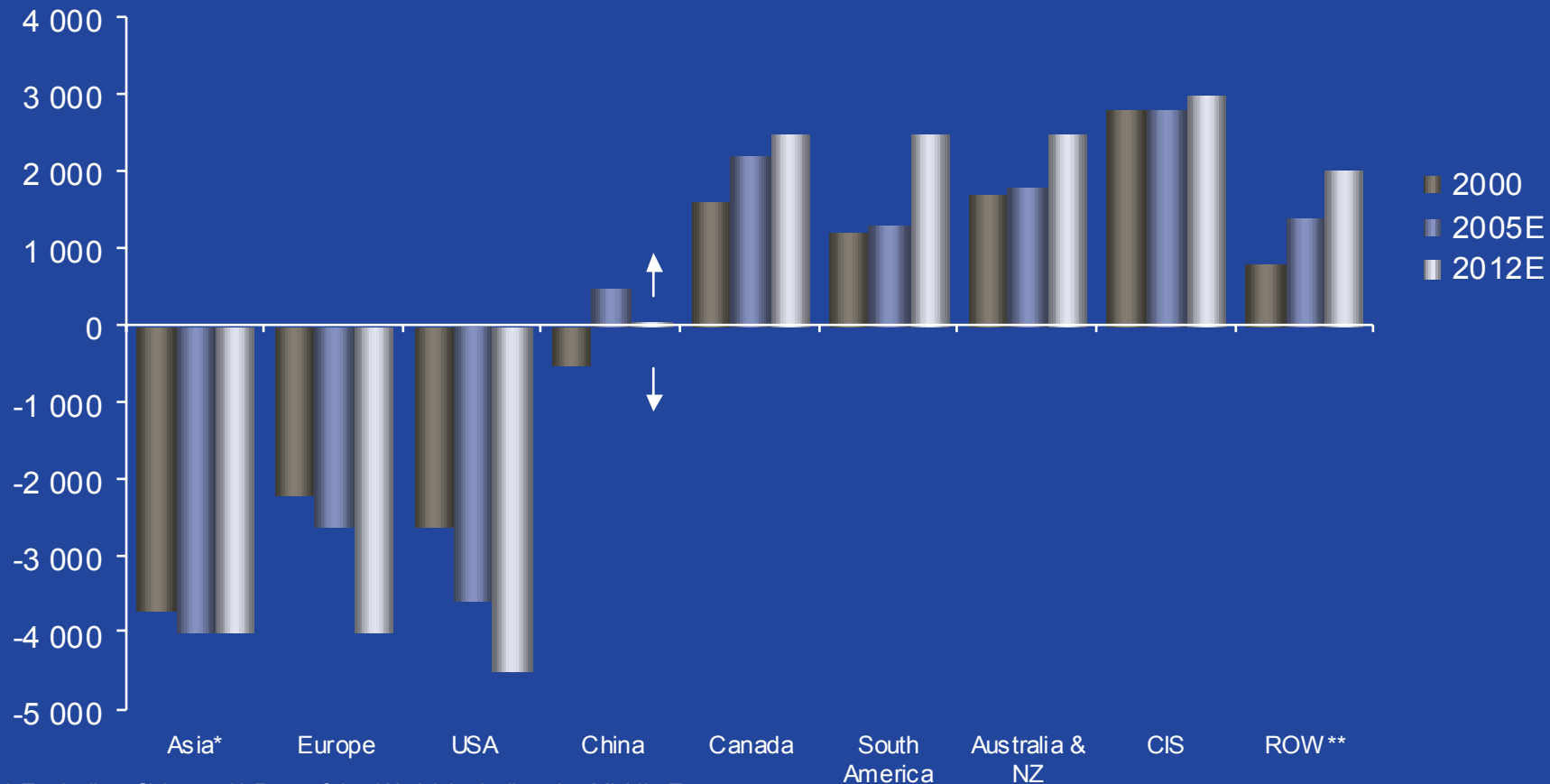


Sources: CRU; Hydro Aluminium

The metal deficits in Europe and the US will continue to grow

Net exports, primary aluminium

1 000 tonnes



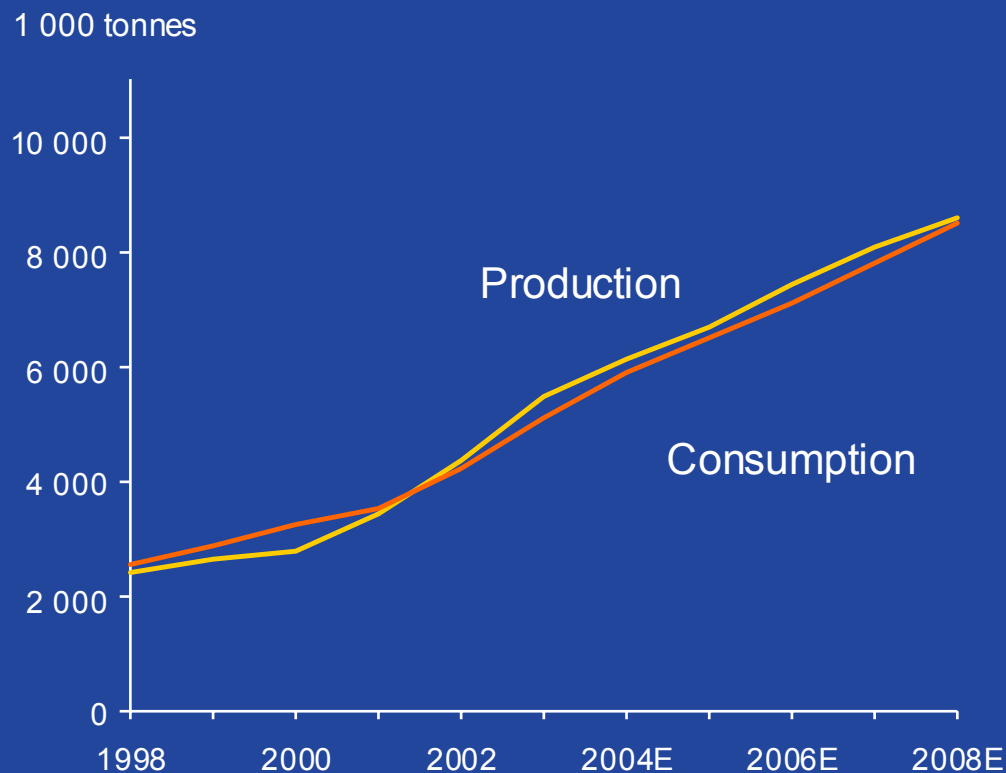
* Excluding China ** Rest of the World, including the Middle East

Source: CRU, Hydro Aluminium



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China expected to be balanced



Main permanent challenges

- Limited bauxite reserves
- Alumina deficit

Semi-permanent

- Energy deficit in most provinces – high prices
- Grid
- High inland transport costs of alumina and metal

Short term/policy items

- Reduced/eliminated VAT rebate for export
- Increased power taxes – especially for old plants
- Tighter credit terms

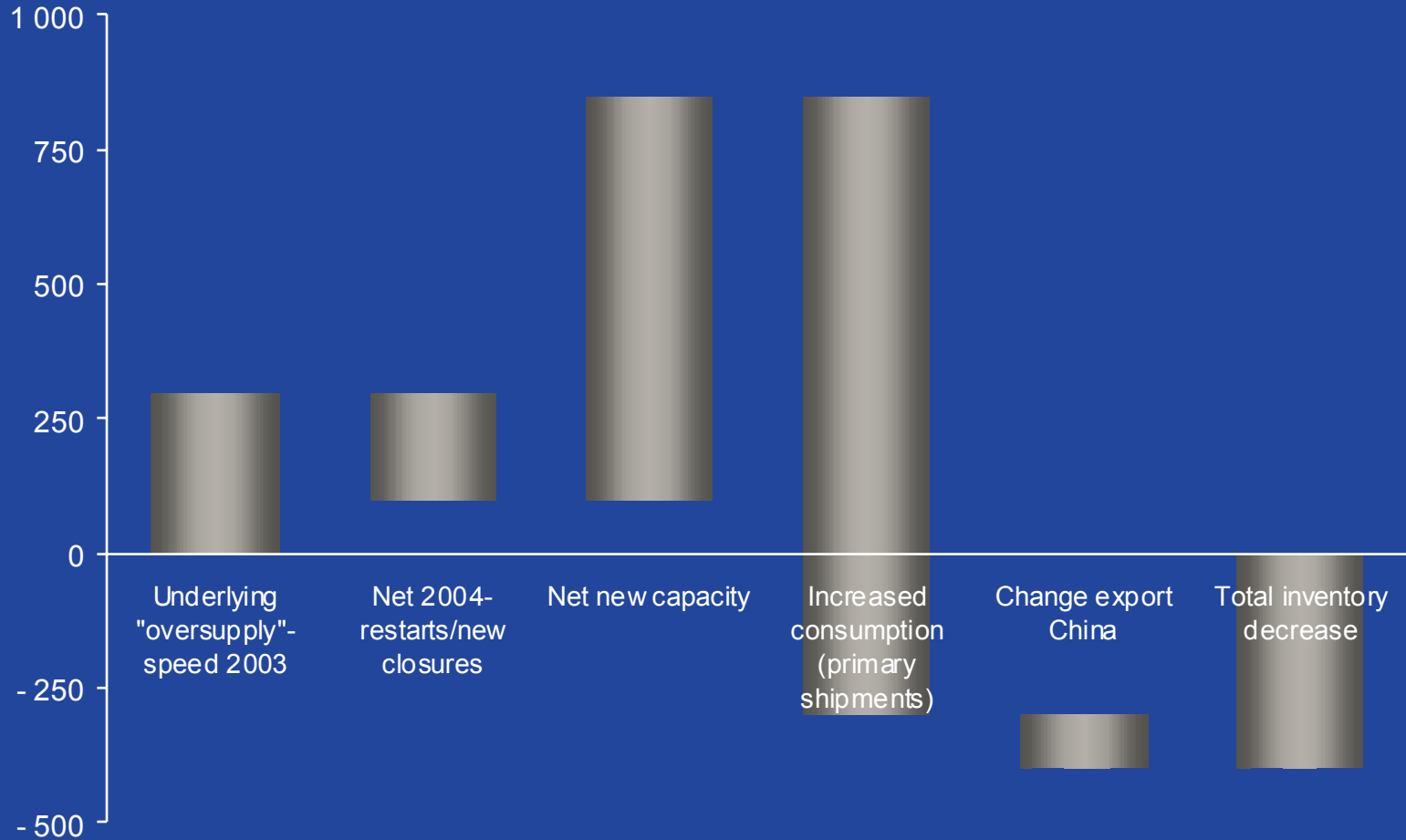
Source: CRU, Hydro Aluminium



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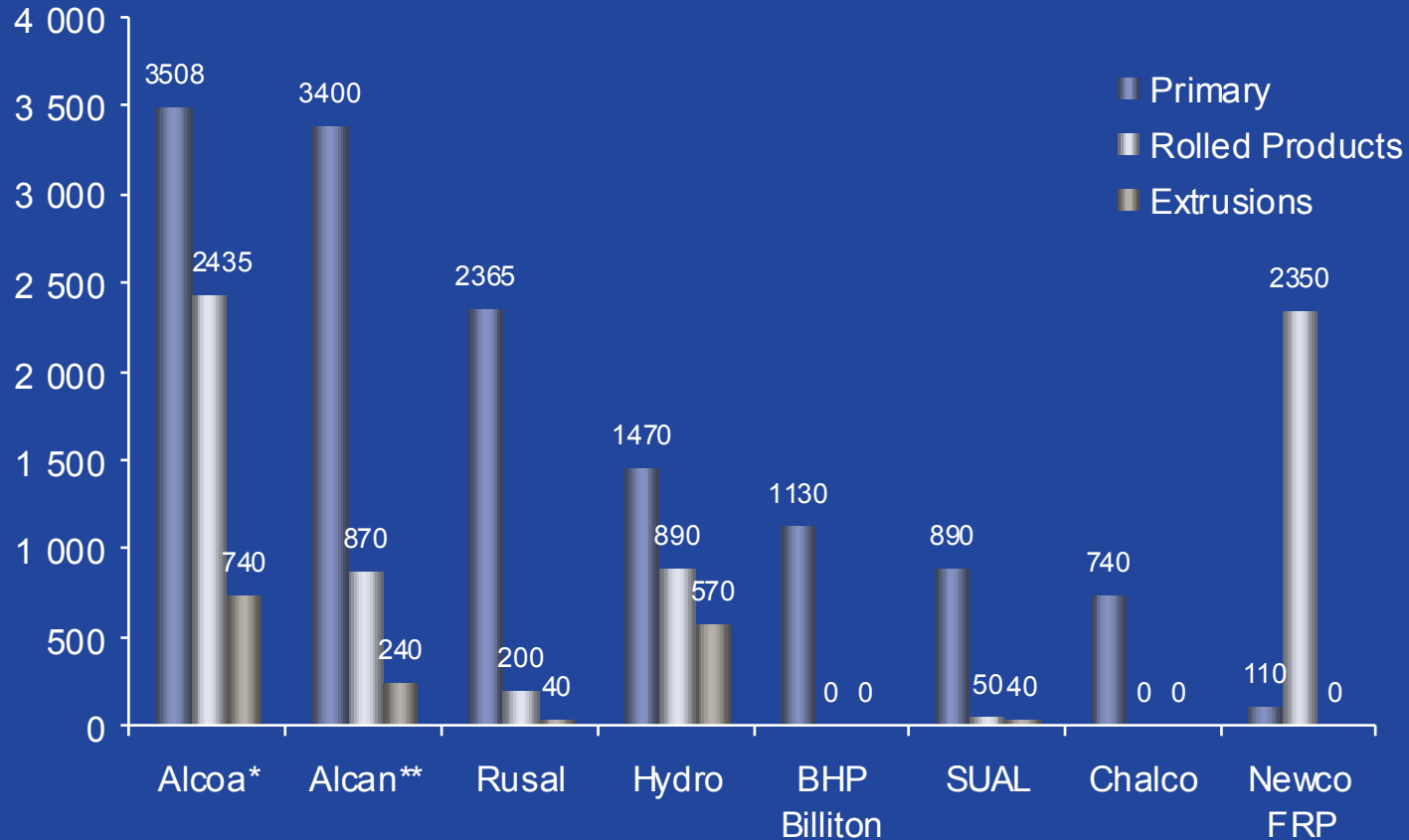
Metal balance 2004 better than expected

1 000 tonnes



A changing industry structure

Production
Million tonnes



*Excluding effect of agreement in principle to acquire part of Rusal's rolled products capacity

** After spin-off

Sources: Company reports; CRU; Urandaline; Hydro Aluminium

We have delivered on our commitments

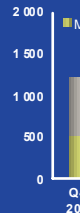
CROGI target achieved one year ahead of plan

CROGI
Percent



Date: 2004-01-31

Improvement programs delivered



Date: 2004-01-31

Restructuring
Magnesium
Aluminium
Workforce
* Of which

Date: 2004-01-31

All projects as planned

Date: 2004-01-31

Active portfolio development

- Diversification
- New products
- Spin-offs
- Reacquisitions

Date: 2004-01-31

Strengthened market positions

Annual change
in percent



Sources: CROGI

Date: 2004-01-31

Delivering on strategic priorities



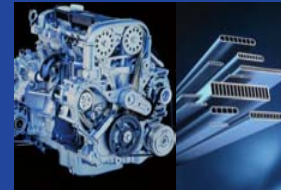
1. Improve global cost position upstream



2. Strengthen leadership in Europe, midstream and downstream



3. Performance focus and selective growth outside Europe midstream and downstream



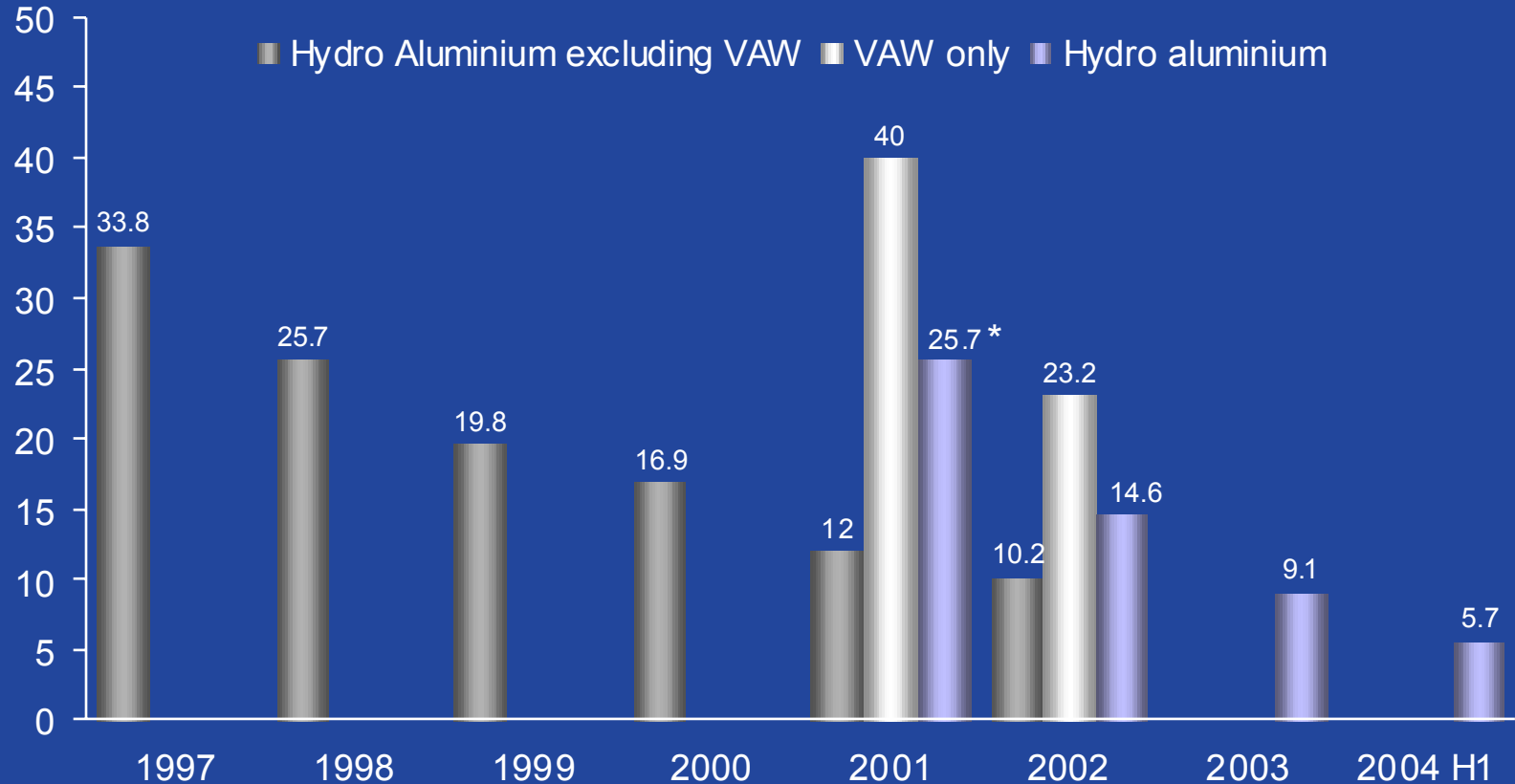
4. Performance focus and selective growth in global automotive

Date: 2004-09-02 * Page: 17



Strong improvement within safety

Total recordable injuries per million worked hours



* Constructed based on each company's performance prior to acquisition

The Hydro Way – Building a Strong Company Culture

Hydro Way Dialogue Forums

Values

Courage
Respect
Cooperation
Determination
Foresight



Institutional talents

ability to develop
the businesses
to optimize
act to
realize
or social

Our **mission** is to help create a more viable society by developing natural resources and products in innovative and efficient ways

Creating value through innovative solutions

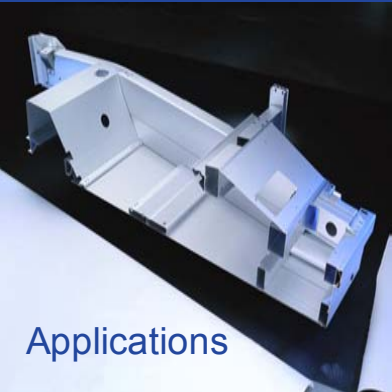
Agile organisation

Customer responsiveness

Unique portfolio

My @ccount
Hydro Aluminium
Business concepts

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Best Practices
contributing to performance culture and integration



Applications

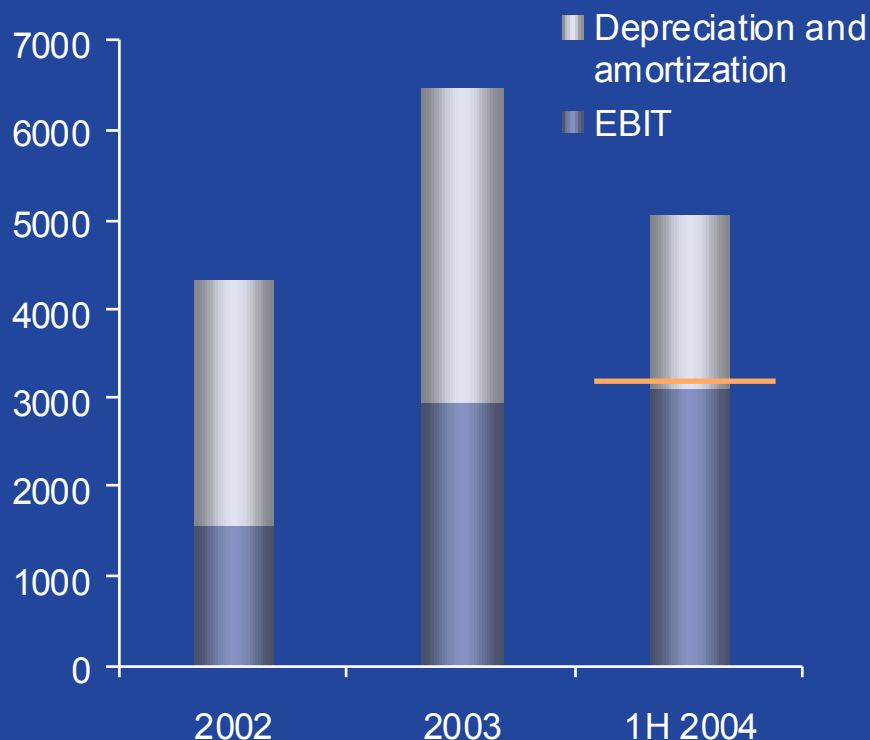


Technology

Continued strong focus on bottom line growth

EBITDA

NOK million



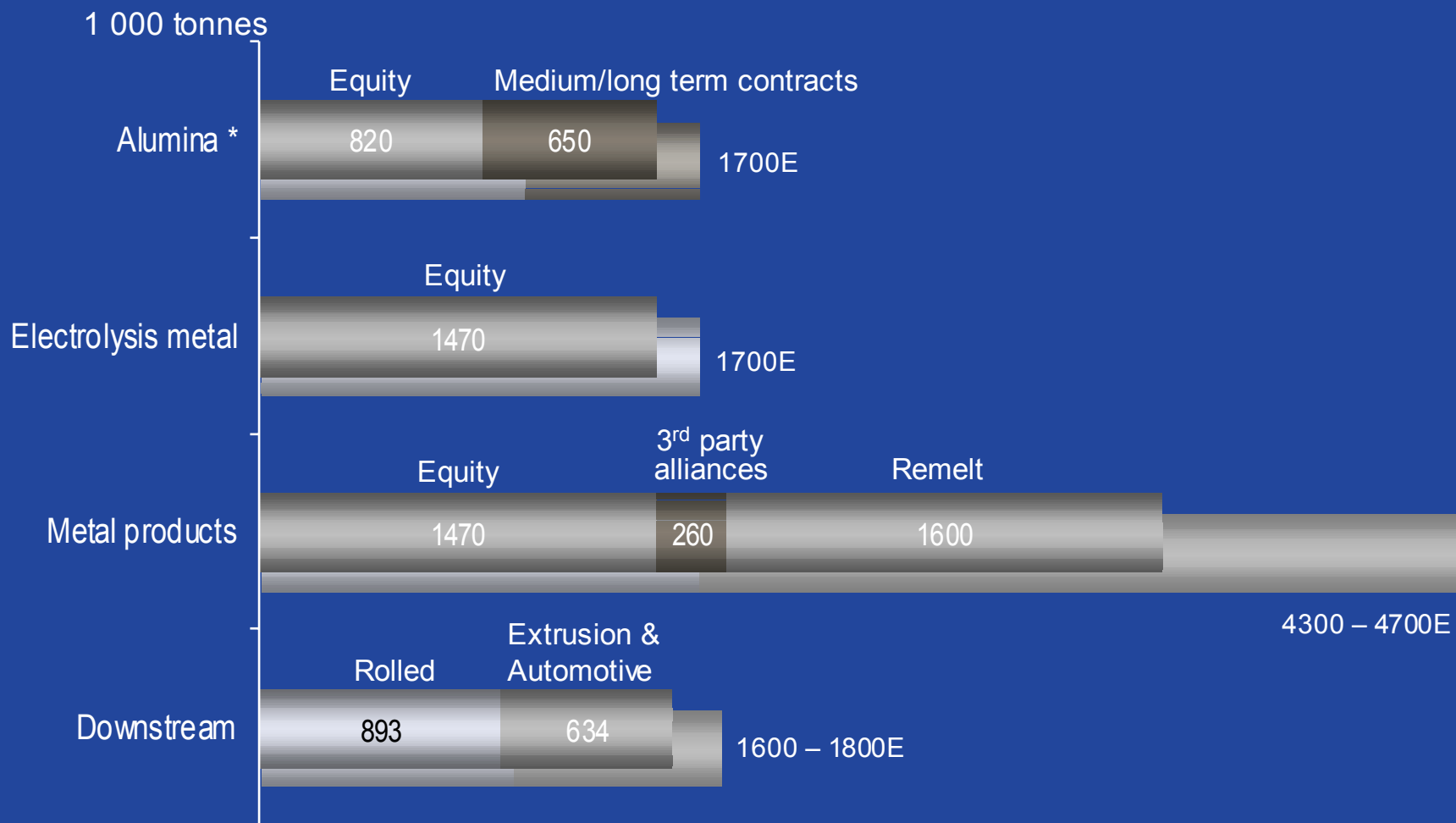
- + Full effect of implemented and new improvement programs
- + Volume increase from investments and better asset utilisation
- + Best practice sharing and focus on continuous improvements
- + Strengthening market positions
- + Turnaround, sell or close underperforming units
- Increased energy prices in Europe
- Cost increases – raw materials for anode production and freight

EBITDA 1H 2003



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A unique portfolio composition 2003 and development to 2007E



* Aluminium equivalents (2 tonnes alumina per tonne aluminium)



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Key elements in our strategy



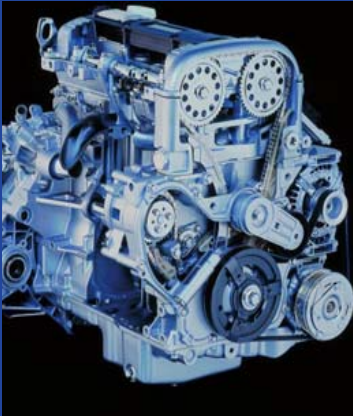
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4. Performance focus and selective growth in global automotive

Continued strong focus on bottom-line growth

- Continue to strengthen European leadership and build global presence in selected segments and geographical areas
- Capitalize on a unique portfolio profile and value chain integration in an environment of structural change
- Improve relative cost position primary
 - Energy in Europe a particular challenge
- Sharing of Best Practice throughout the value chain
- Active portfolio development

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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Appendix

Aluimprover – New improvement program

Aluimprover Norway

- Annual cost reduction: NOK 350~400 million
- Cost of program: NOK 800 million
- Demanning: 800 employees
- Completed in first quarter 2005

Aluimprover Germany under evaluation

Strong focus on best practice transfer in all smelters



Active portfolio development 2002 - 2005

Alumina

- Alunorte expansions I, II
- Comalco agreement
- Alpart transaction

Primary smelters

- Sunndal 4
- Alouette
- Sørøst
- Svalco expansion and increased ownership

Carbon

- Ardal expansion
- Aluchemie expansion

Metal Products

- Sayansk casthouse
- Talum agreement
- New casthouses in North America, Brazil and Spain

Rolled Products

- Grevenbroich: new litho line
- Upgrading of Hamburg and Slim

Extrusions

- New press in Brazil

Automotive

- Precision Tubing press in Tønder
- New Precision Tubing plants in China and Mexico
- New engine casting line in Alucast

Divestments

- Flexible Packaging
- AOS
- HALCO

Closures & restructuring

- Headquarters and commercial offices
- Moultrie
- Sanquhar
- Leeds
- Decision taken on Sørøst capacity in Ardal, Høyanger and Kamøy