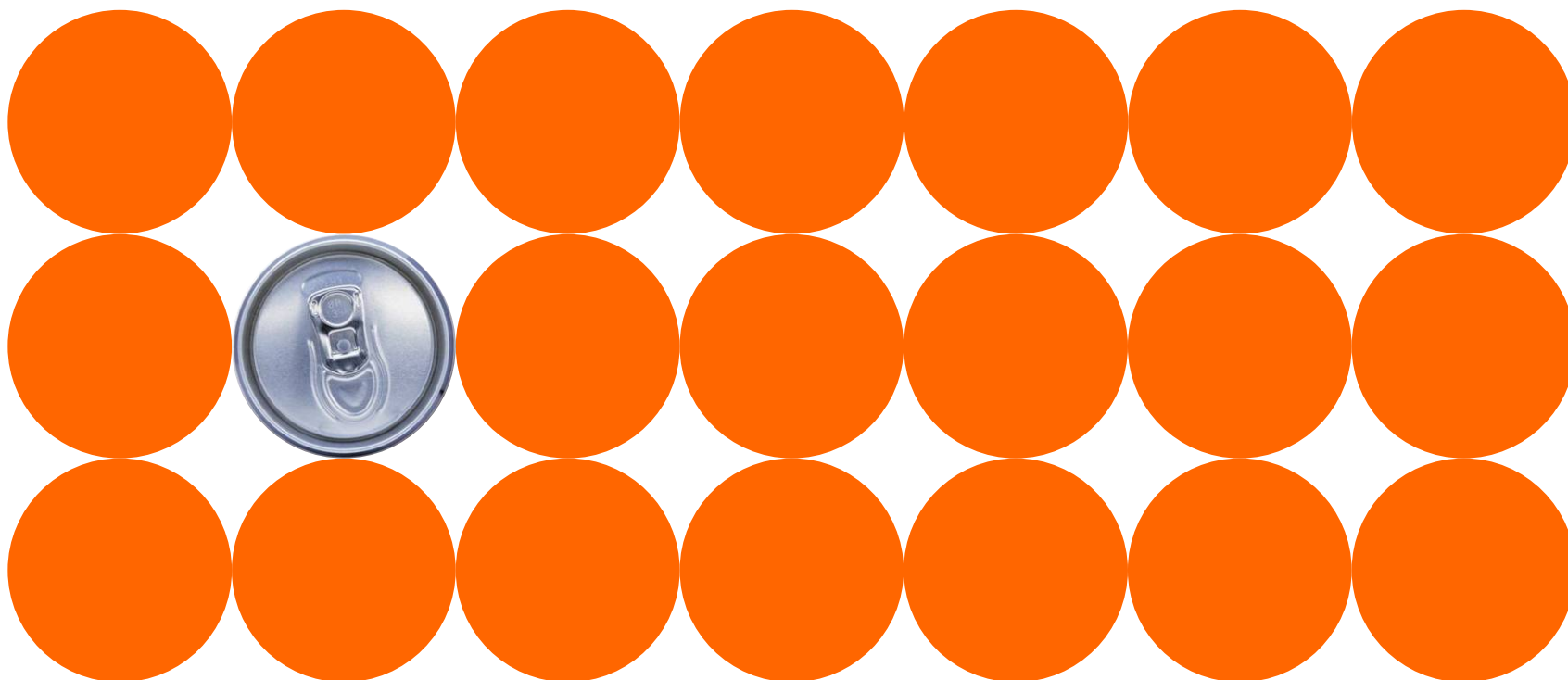


# Hydro - a resourceful aluminium company



Arvid Moss, Senior Vice President and Head of Corporate Strategy  
Chevreux Spring European and Middle East Large Cap Conference– May 20, 2008

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# Cautionary note in relation to certain forward-looking statements

Certain statements included within this announcement contain forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management's plans, objectives and strategies for Hydro, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

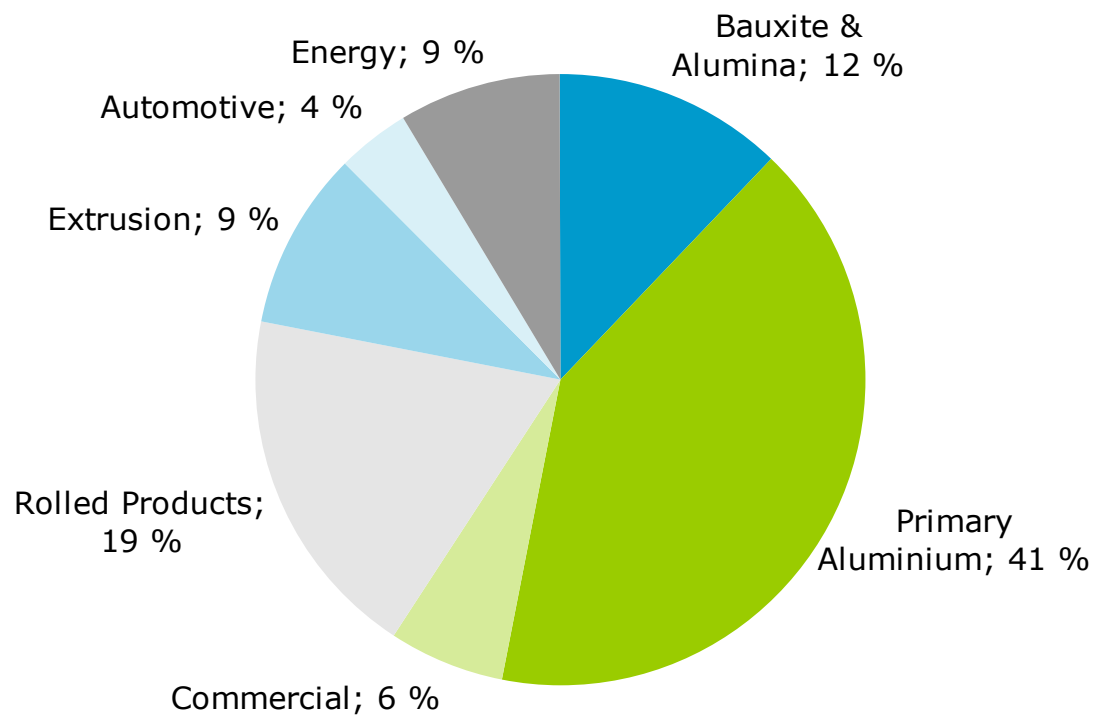
# A resourceful aluminium company



- 22 000 employees
- Operations in more than 30 countries
- Turnover
  - 2006: NOK 99 billion / EUR 12.3 billion
  - 2007: NOK 94 billion / EUR 11.7 billion
- Underlying EBIT
  - 2006: NOK 10.2 billion / EUR 1.3 billion
  - 2007: NOK 9.9 billion / EUR 1.2 billion
- Market capitalization  
~NOK 103 billion / EUR 13.1 billion

# Capital employed – upstream focus

Total NOK 43 billion<sup>1)</sup> March 31 2008



1) Including NOK 5.3 billion in negative capital employed in "Corporate and Other" not shown in graph

# Underlying EBIT per segment

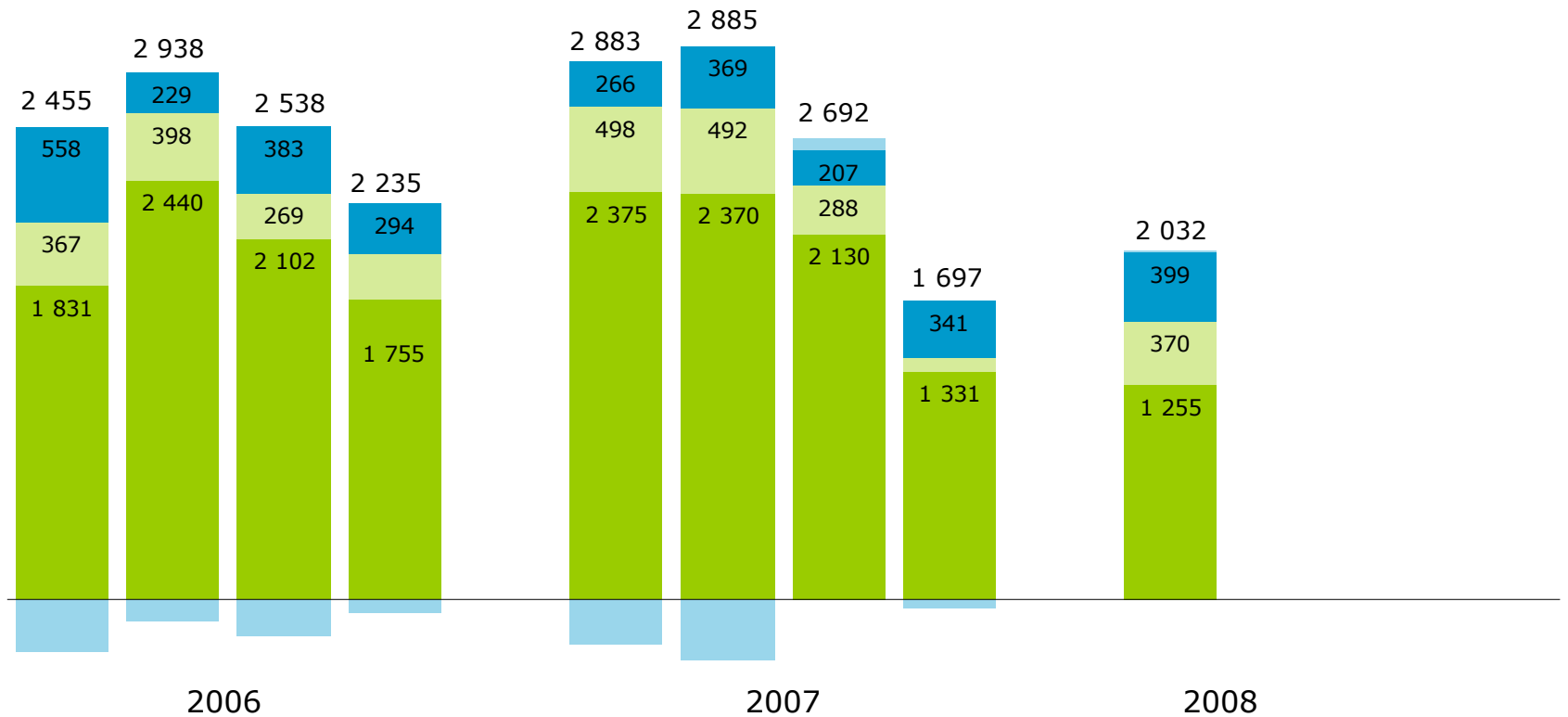
NOK million

■ Aluminium Metal

■ Aluminium Products

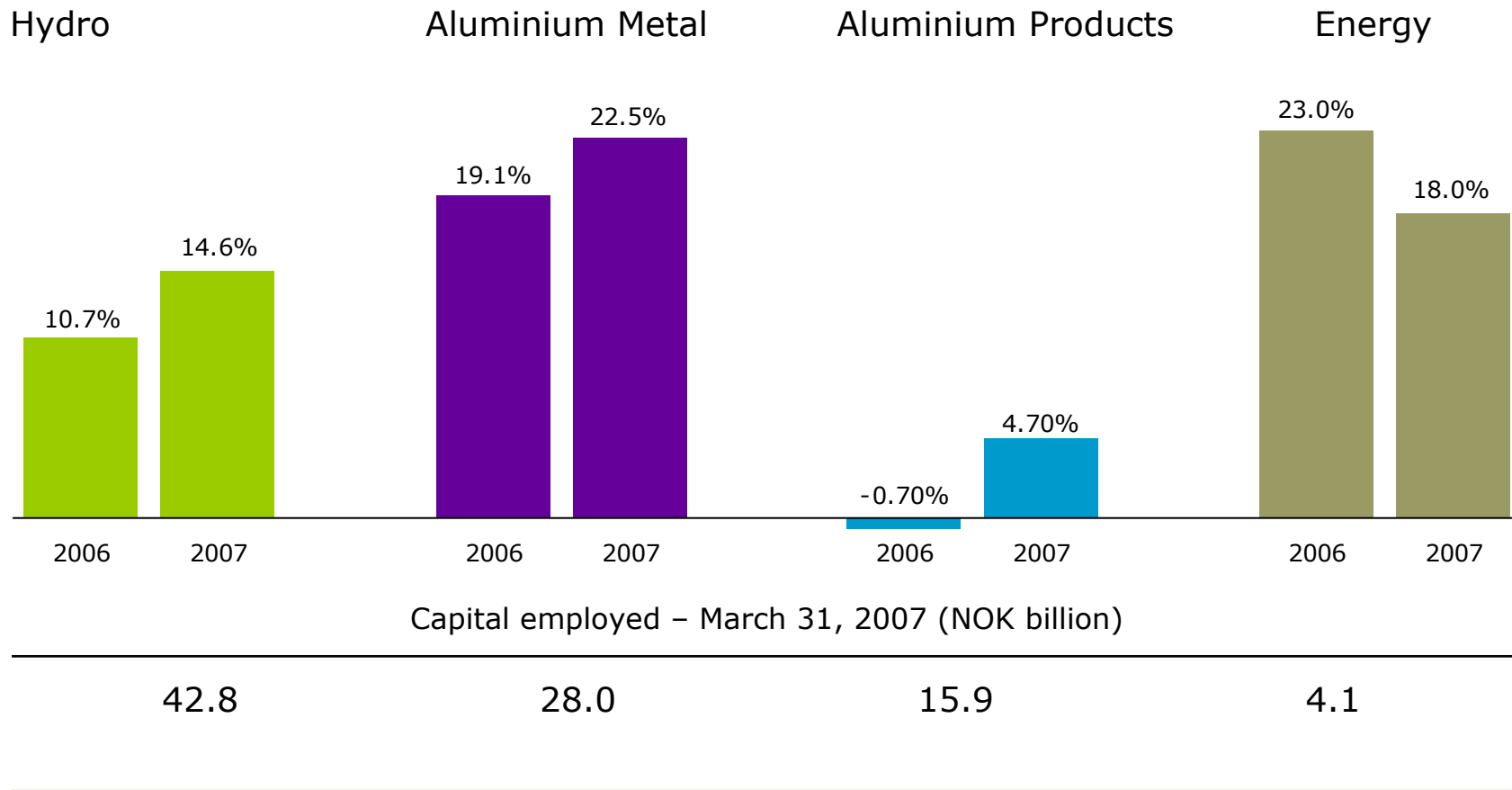
■ Energy

■ Corporate and eliminations

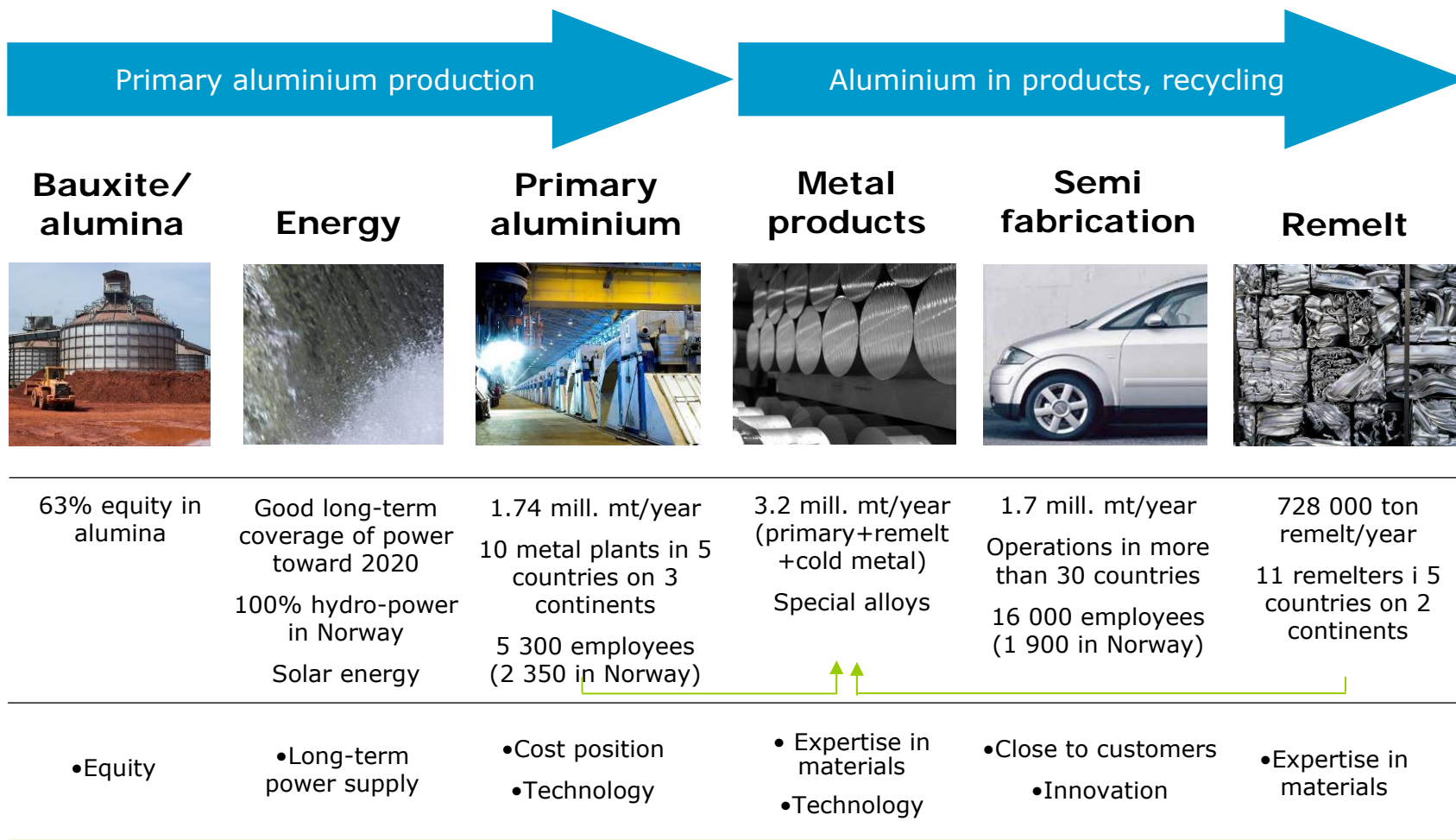


# Improved return on capital

## RoaCE



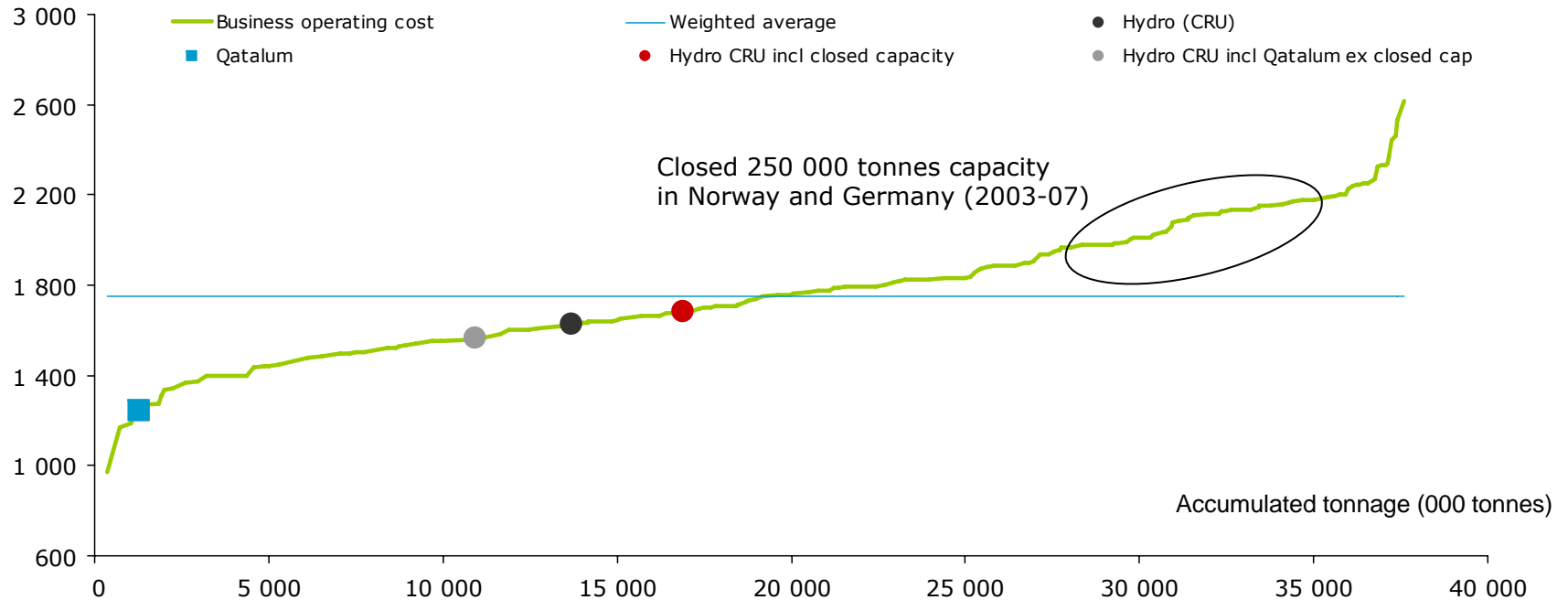
# Hydro in the aluminium value chain



# Growth and restructuring efforts

## Improved cost position

Business operating cash cost  
USD/tonne



\* Source: CRU, 2007. Business operating cost definition. Assumptions 3 month LME 2 705 USD/tonne and 3 month LME lagged 1Q 2 747 USD/tonne. Alumina spot 329 USD/tonne. Hydro numbers for Qatalum



# Qatalum smelter

## Largest greenfield capacity built in one step



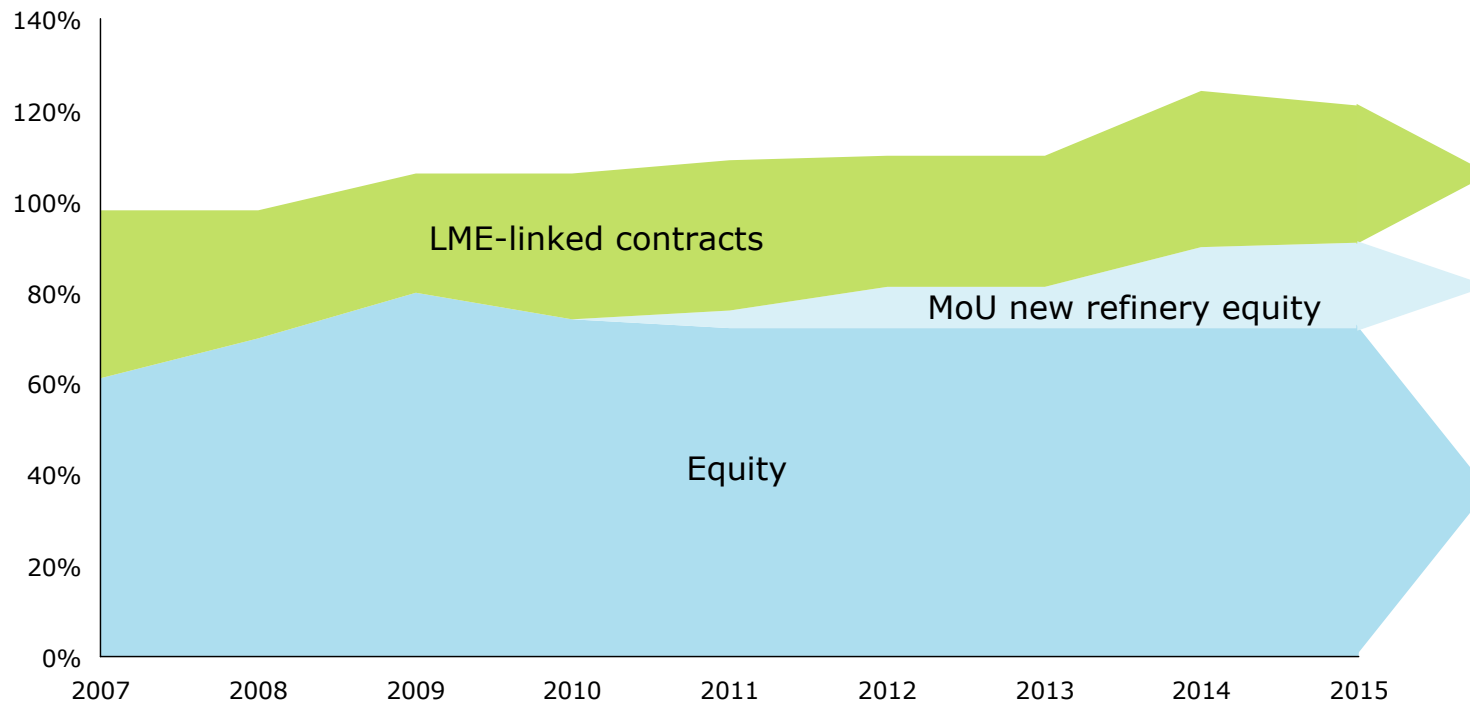
- First-stage capacity
  - Smelter: 585 000 tonnes per year
  - 704 cells in 2 double-lined potrooms
  - Hydro technology
  - Anode plant and cast houses
  - 1 250 MW power plant
  - Possible expansion to 1 200 000 tonnes per year
- Technology designed for
  - Low specific energy consumption
  - High-labour productivity
  - Low emissions
- Investment costs USD 5.6 billion (100%)
- 50/50 joint venture between Hydro and Qatar Petroleum

# Hydro well covered with alumina

## New refinery positions Hydro for further growth in metal

### Alumina coverage

Percent

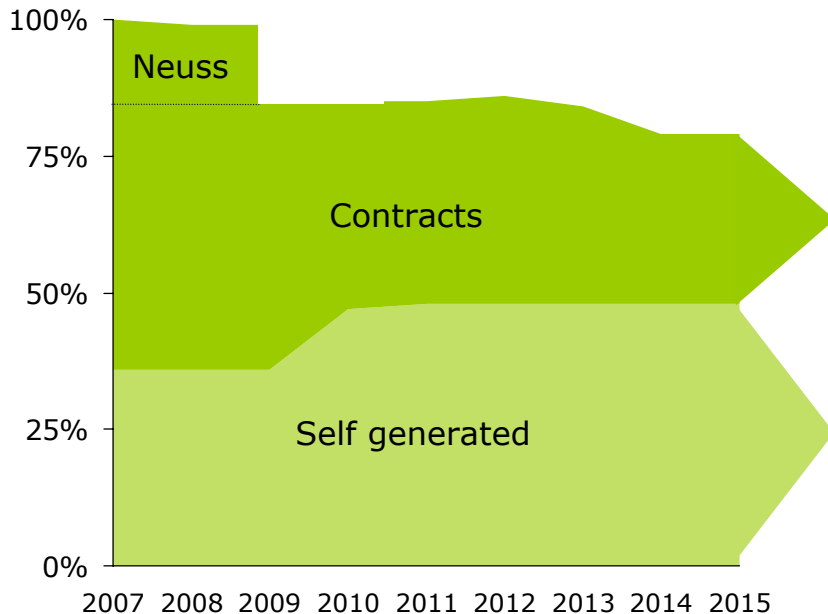


Based on existing smelter capacity and decided smelter and alumina projects

# Competitive power sourcing

## Critical for aluminium smelting

### Power coverage



- Power represents 30% of production costs
- Long-term power sourcing ensures predictable costs
- Globalization of Hydro's power activities
- 9 TWh captive hydroelectric production in Norway

Based on existing smelter capacity and decided smelter projects

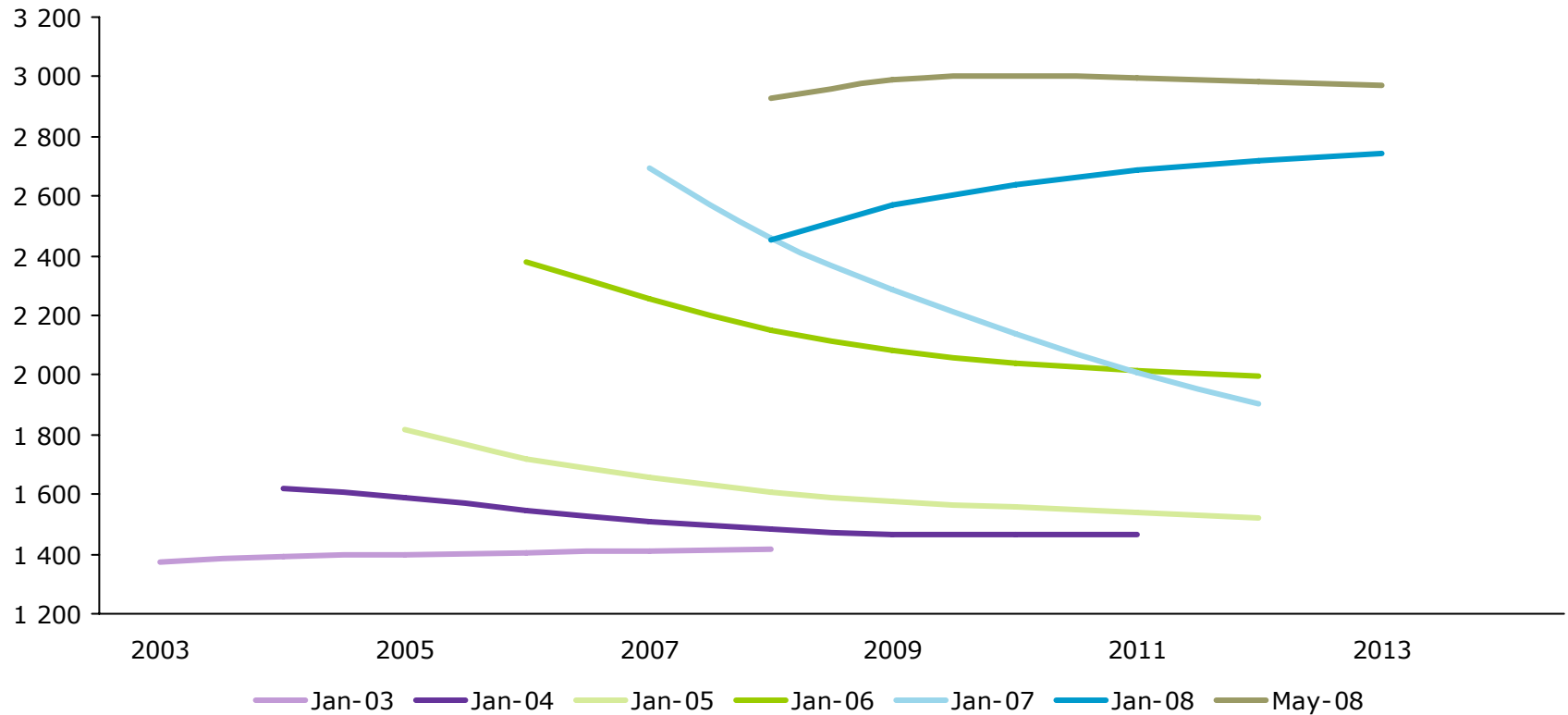


## 2008 outlook

- Primary aluminium demand expected to grow by 8-9%
  - Driven by China and despite weak US economy
- Moderate slowdown in market growth for semi-fabricated products in Europe
- Support for aluminium price at high level
  - Healthy market balance, cost pressure for input factors and weak US dollar

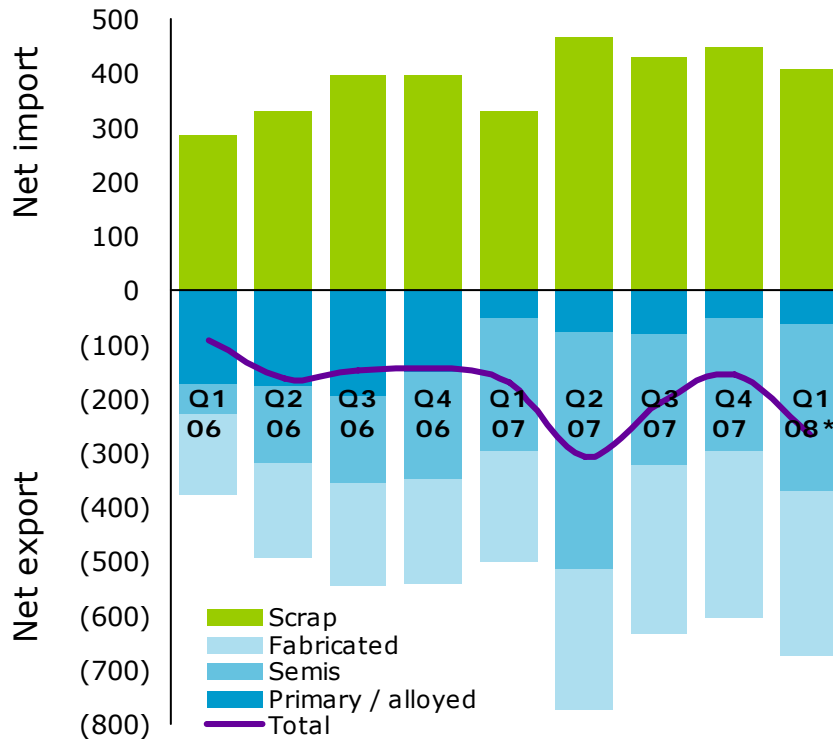
# Significant change in forward curve

LME forward price, USD/tonne



# China

1 000 tonnes



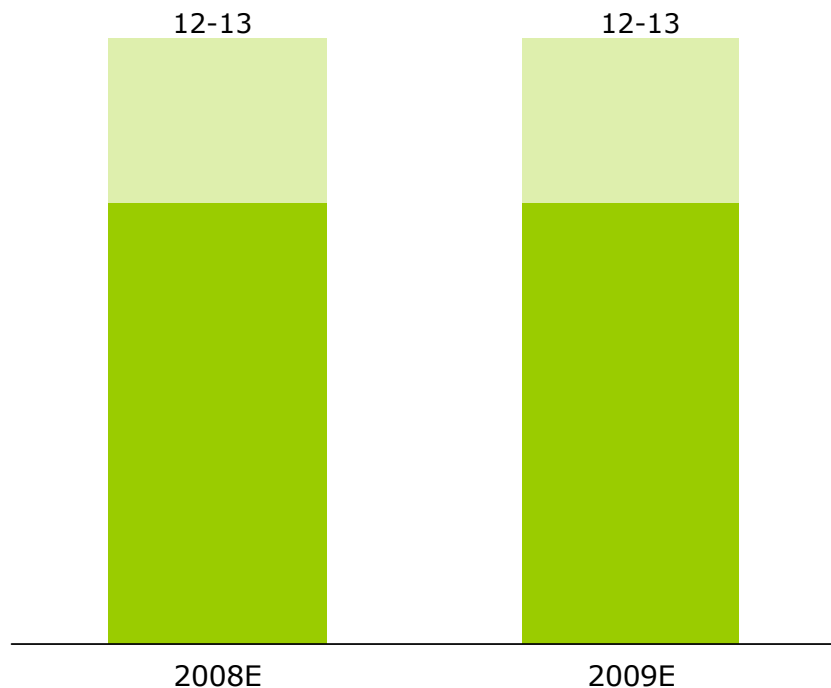
- Export tax on metal and low value-added products
- Majority of export to Asian markets
- China expected to be balanced, medium to long-term in primary aluminium
- Reduced production in Q1 due to power shortages

Source: Hydro 2008 / Antaike

\* Estimate based on January-February

# Capital allocation

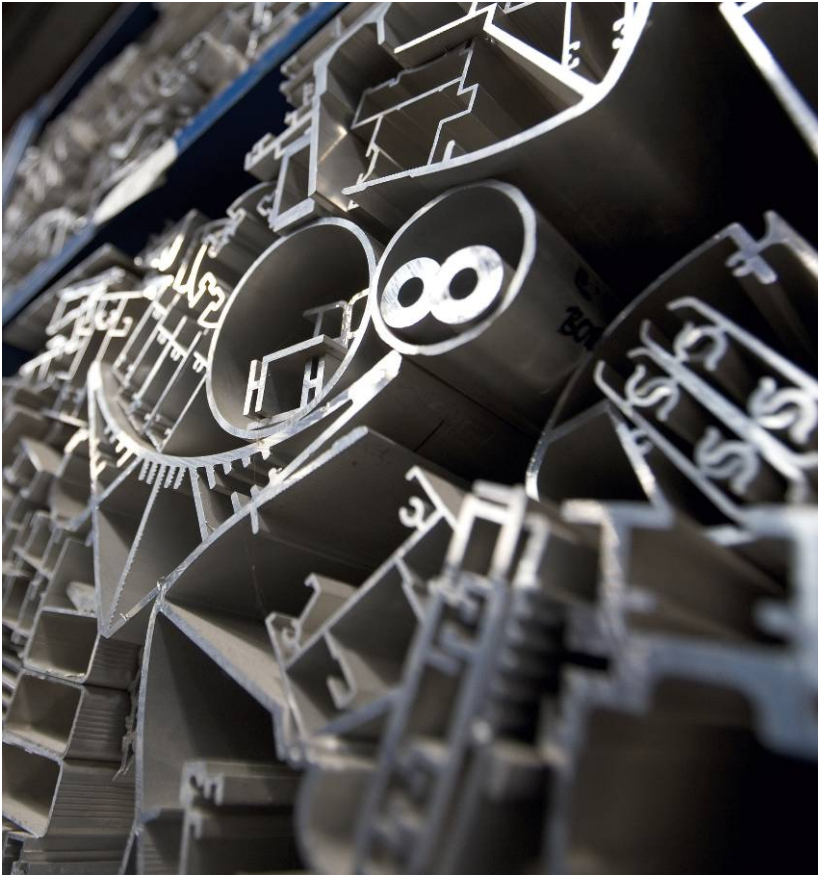
NOK billion



■ Debt-financed investments in joint ventures (upstream)

- ~80% of 2008-2009 investments upstream
- Qatalum: USD 2.8 billion
- Alunorte 3: USD 0.3 billion
- Aluminium Products
  - Selective growth initiatives in Extrusion and Building Systems
- Sustaining capex NOK 3 billion annually

# Business development



## Energy

- NorSun, Norway
  - Increased stake from 16% to 18%
- Ascent Solar, U.S.
  - Increased stake from 23% to 35%
- Convexa, Norway
  - Venture capital fund investment

## Aluminium Metal

- Famco, Taiwan
  - 45% in remelter under construction

## Aluminium Products

- Alumafel, Spain
  - Building systems
- Expral, Spain
  - General extrusion products
- Alumetal, Italy
  - Building systems distribution

~NOK 1.3 billion investments





# Hydro's competitive strengths

- Power position
- Operational performance
- Technological leadership across value chain
- Close to markets and customers
- Reputable partner in joint ventures
- Distinct project management skills
- Financial capacity to grow



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