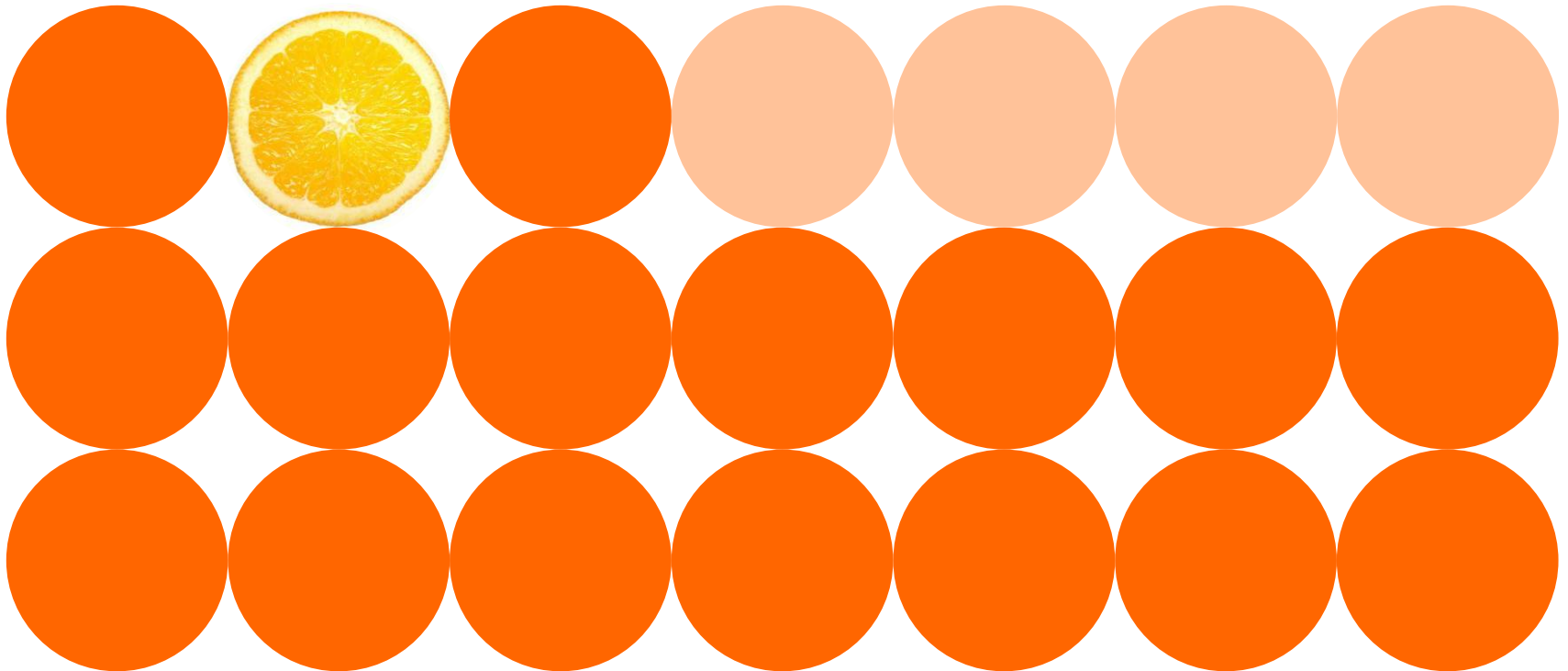


# Hydro



Jørgen C. Arentz Rostrup, Executive Vice President and Head of Energy  
SEB Enskilda's Norway in New York Seminar, May 23, 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.

# Agenda

- Company overview
- Aluminium market outlook
- Solar investments
- Summary

1

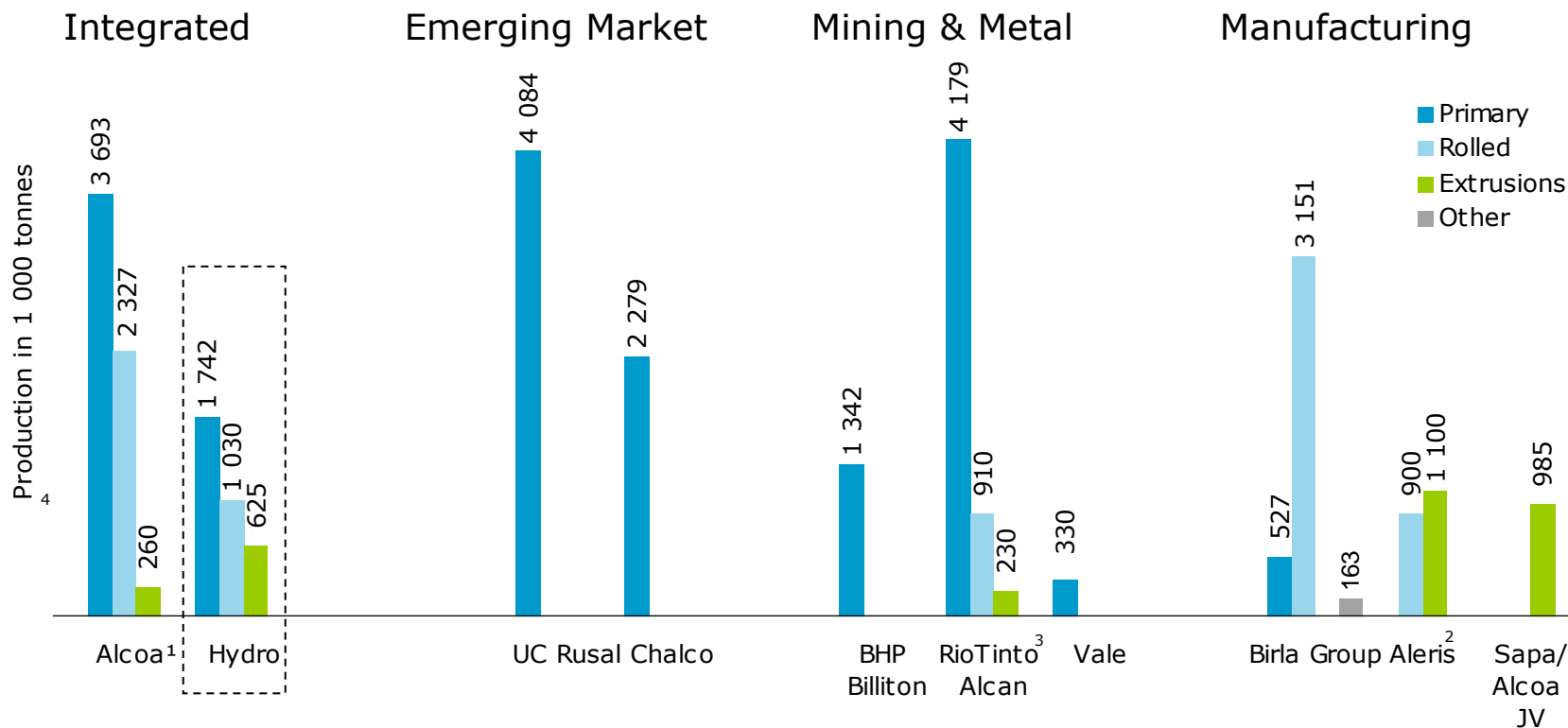
# Company overview

# A resourceful aluminium company



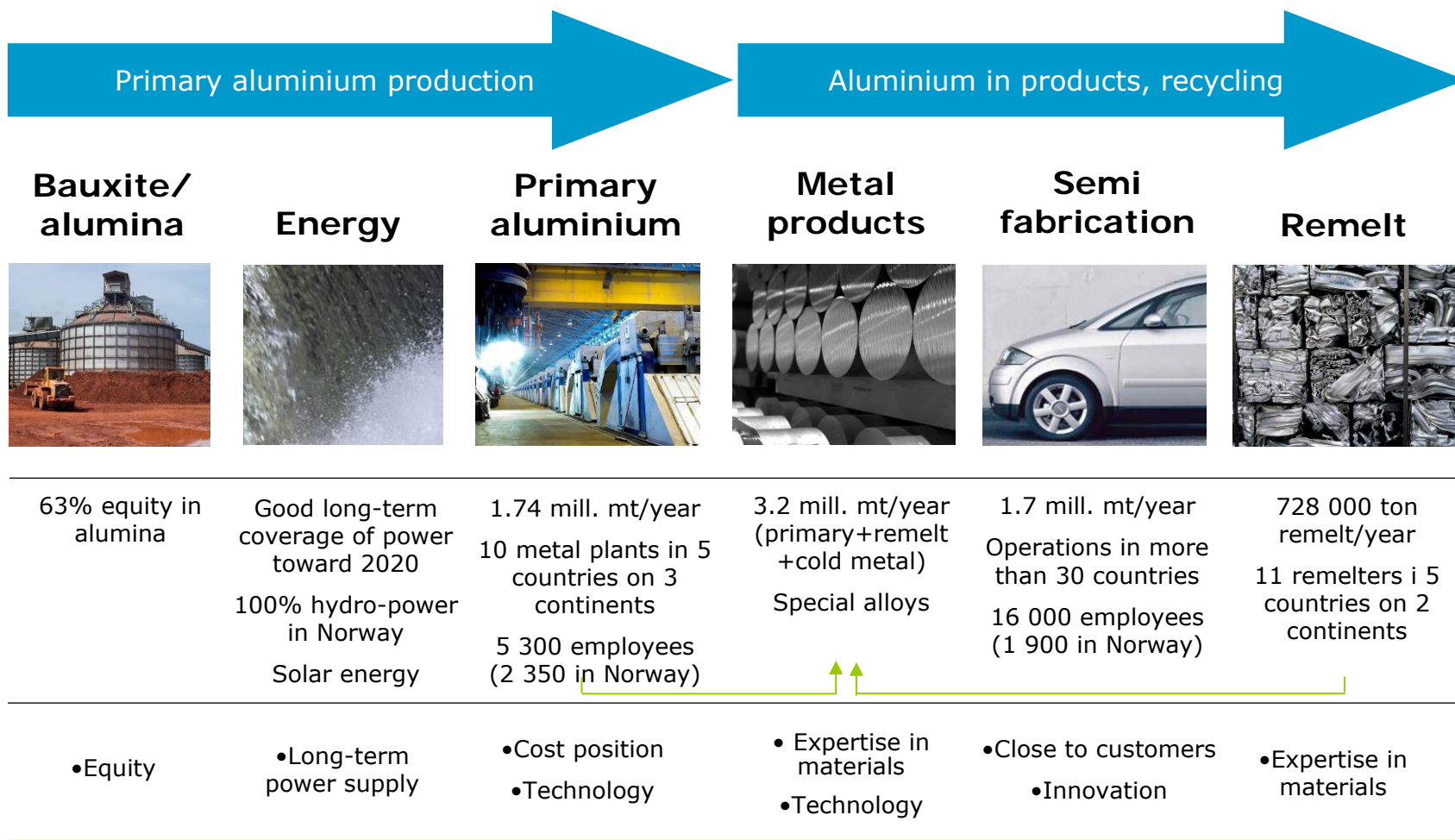
- 22 000 employees
- Operations in more than 30 countries
- Turnover
  - 2006: NOK 99 billion
  - 2007: NOK 94 billion
- Underlying EBIT
  - 2006: NOK 10.2 billion
  - 2007: NOK 9.9 billion
- Market capitalization  
~NOK 100 billion / USD 20 billion

# Strong aluminium industry position

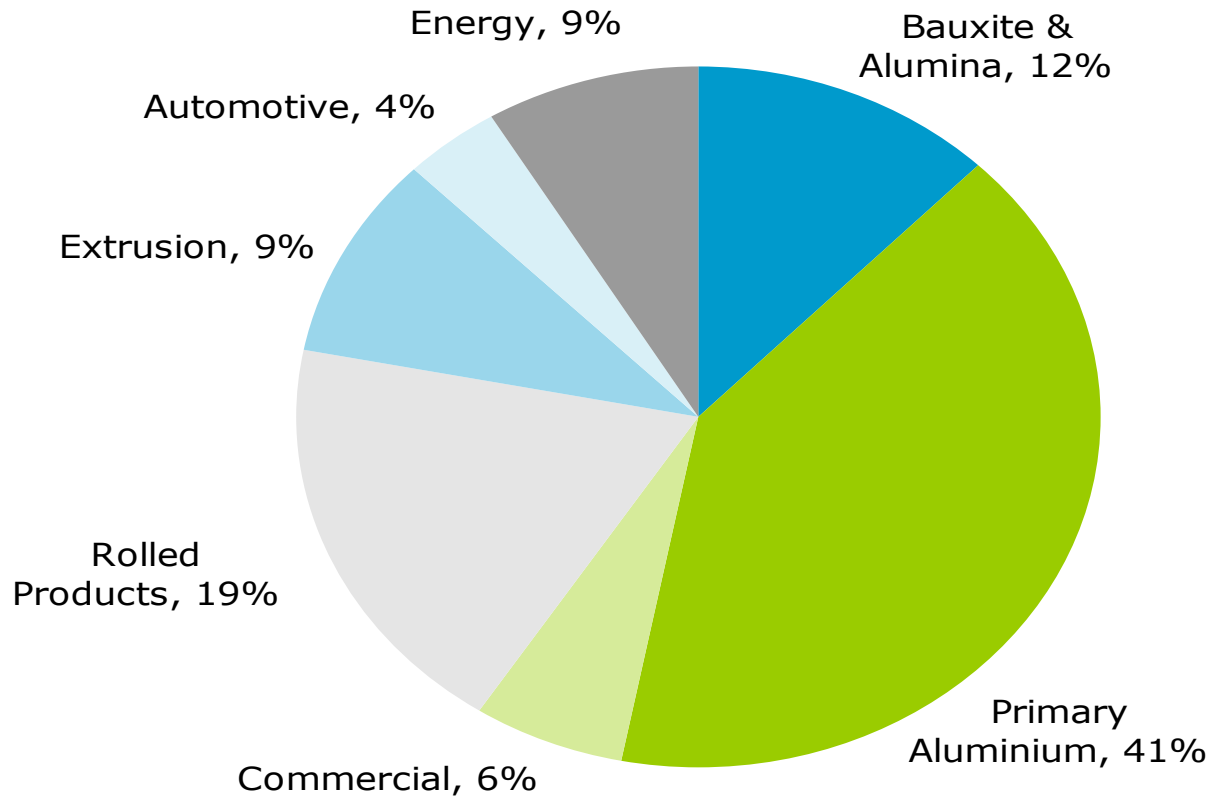


1. Alcoa pro forma for SAPA JV on extrusion
2. Pro forma figures for acquisition of Corus Aluminium's extrusions businesses
3. Pro forma figures for acquisition of Alcan
4. 2007 estimates or company report figures for primary, 2007 estimates for rolled 2006 estimates for extrusion and other

# Hydro in the aluminium value chain



# Capital employed – upstream focus



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



# Underlying EBIT per segment

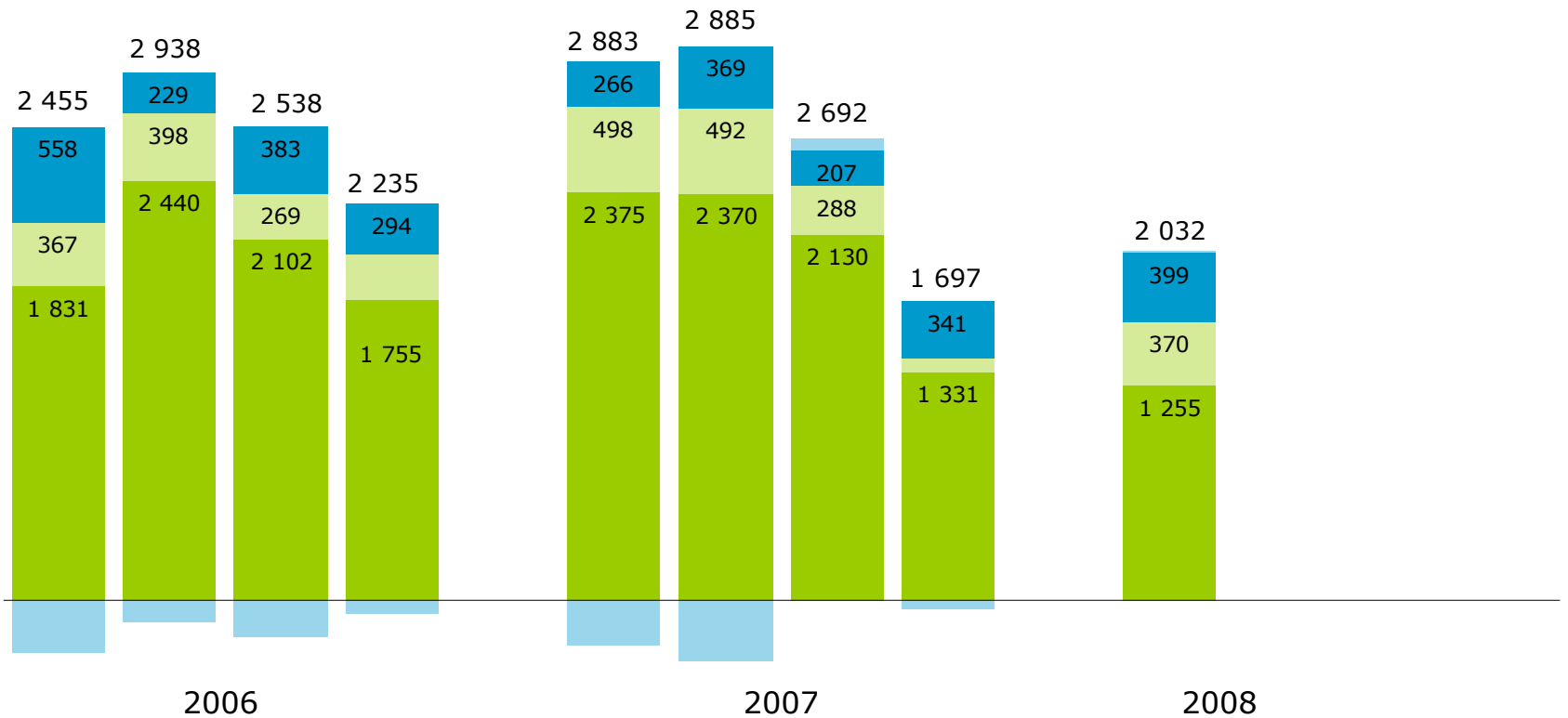
NOK million

■ Aluminium Metal

■ Aluminium Products

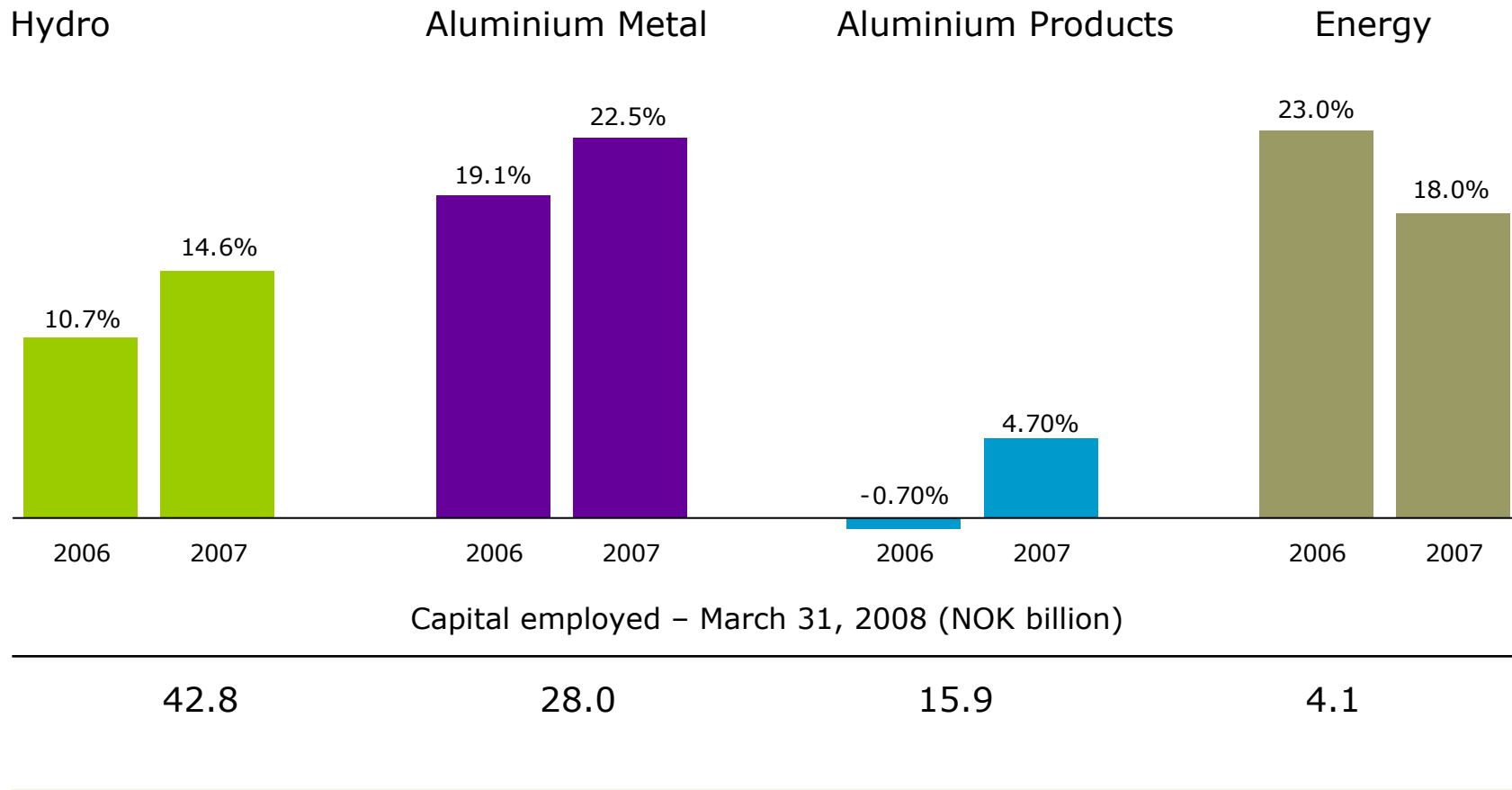
■ Energy

■ Corporate and eliminations



# Improved return on capital

RoaCE

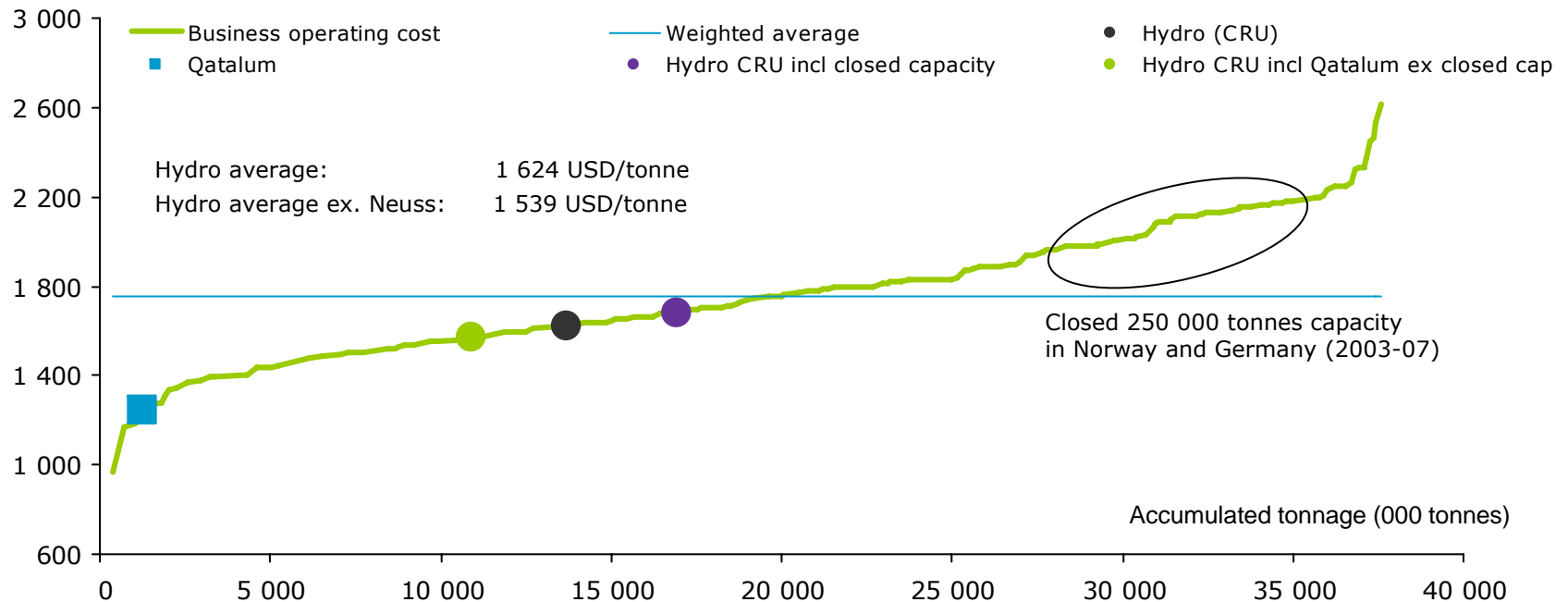


# Growth and restructuring efforts

## 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

140%

120%

100%

80%

60%

40%

20%

0%

2007

2008

2009

2010

2011

2012

2013

2014

2015

LME-linked contracts

MoU new refinery equity

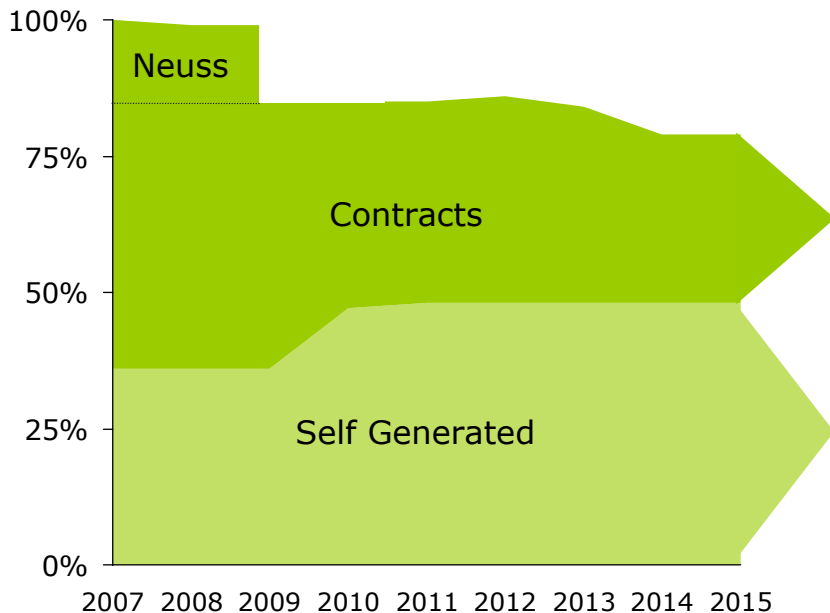
Equity

Based on existing smelter capacity and decided smelter and alumina projects

# Competitive power sourcing

## Critical for aluminium smelting

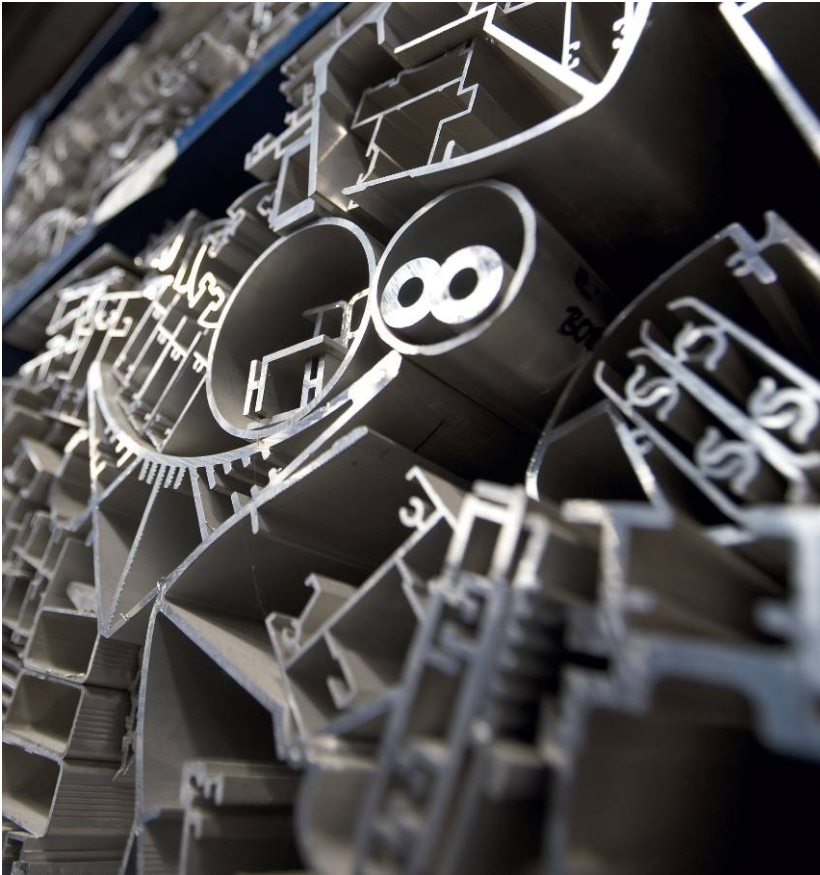
### Power coverage



- Power represents 30% of production costs
- Long-term power sourcing ensures predictable costs
- Globalization of Hydro's power activities

Based on existing smelter capacity and decided smelter projects

# 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

2

## Market outlook



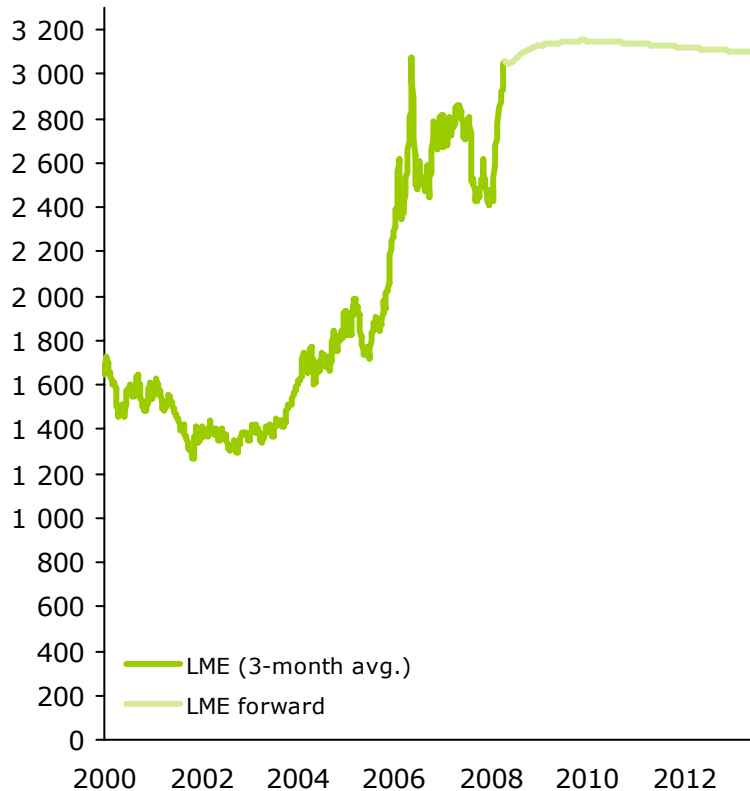


## 2008 outlook

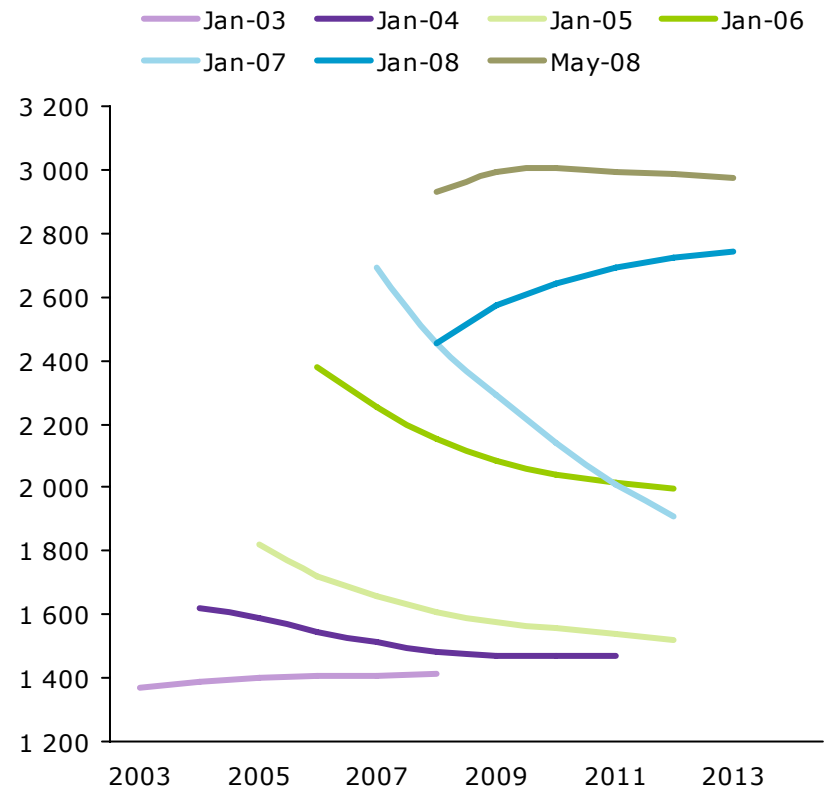
- Primary aluminium demand expected to grow by 8-9%
  - Driven by China and despite weak US economy
- Moderate slowdown in market growth for semi-fabricated products in Europe
- Support for aluminium price at high level
  - Healthy market balance, cost pressure for input factors and weak US dollar

# Significant change in forward curve

USD per tonne

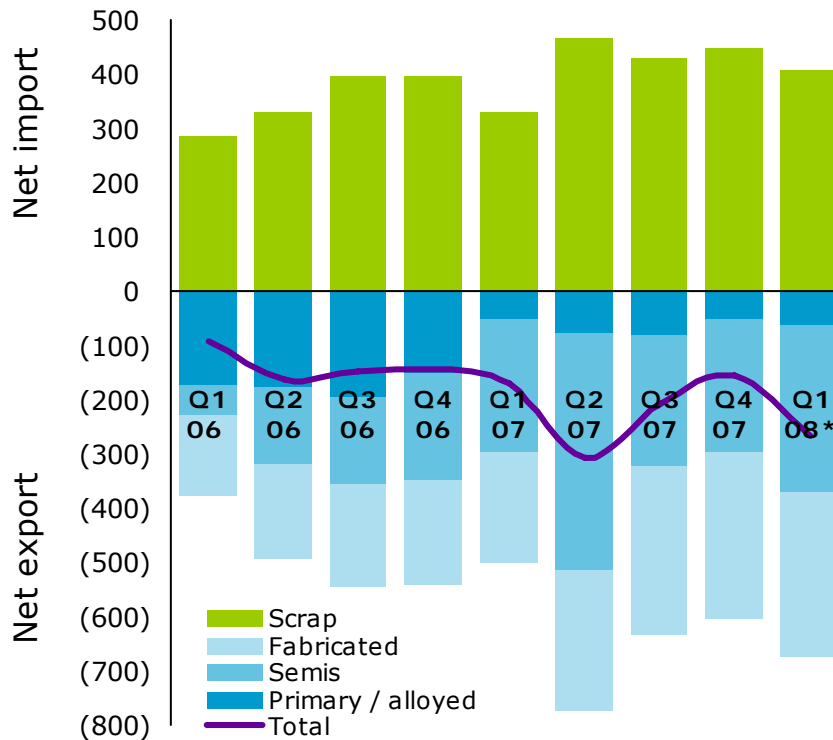


LME forward price, USD/tonne



# 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

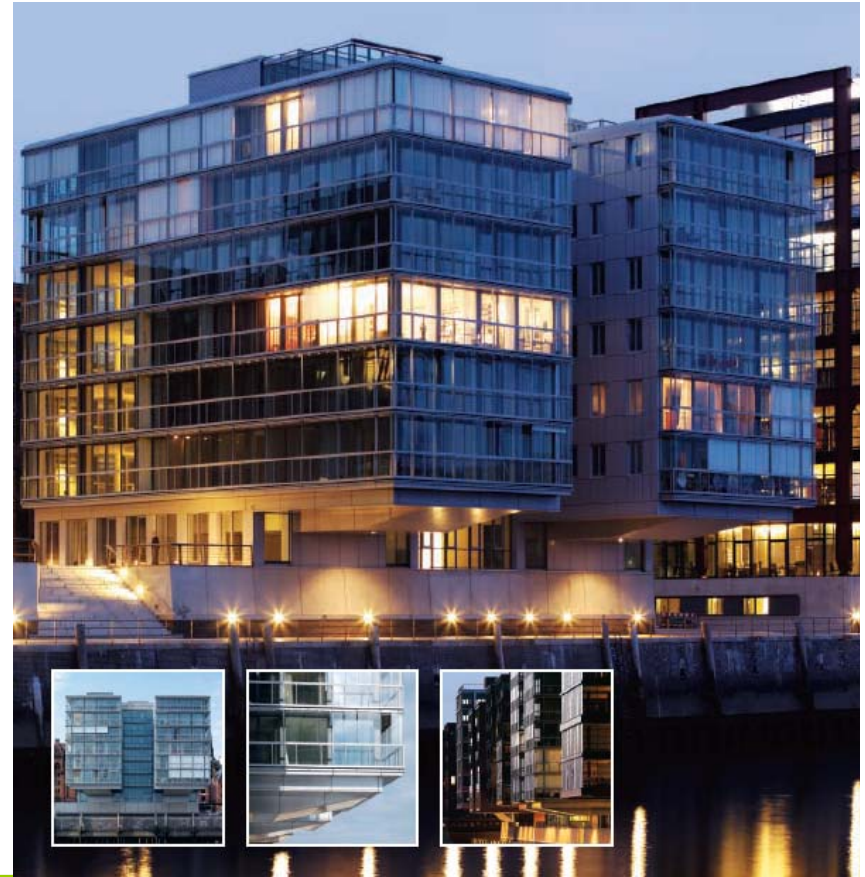
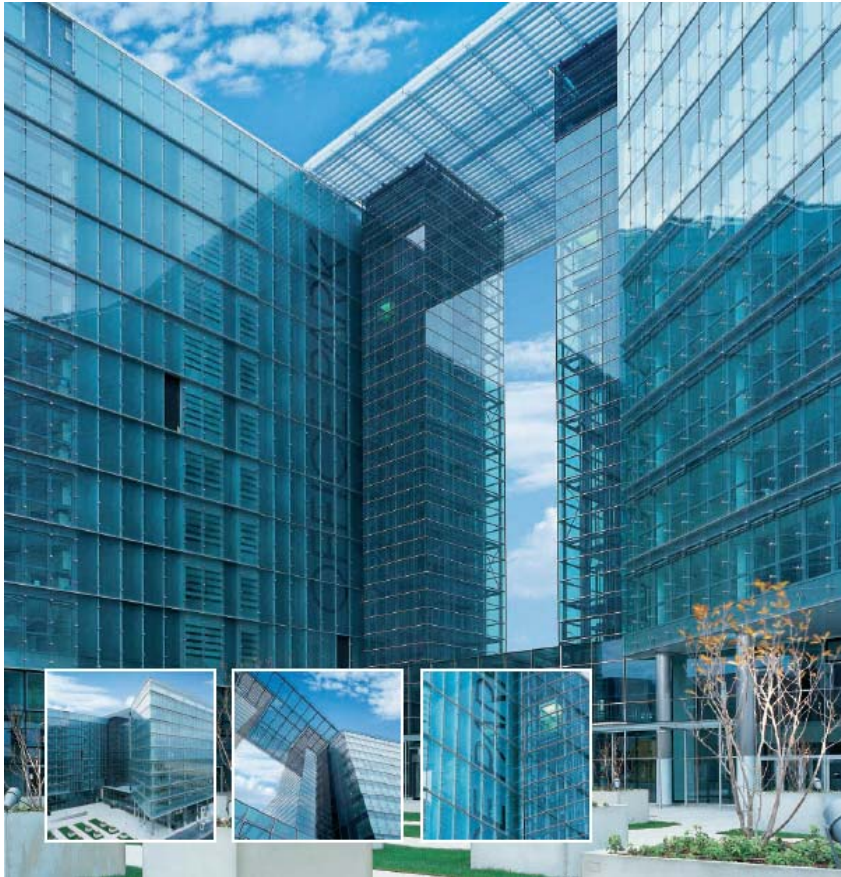
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## Solar investments

# Buildings comprise 30 % of energy consumption in OECD-countries



# Energy-efficient buildings may reduce consumption with as much as 50 %



# Buildings will become energy producers

Energy-efficient buildings with integrated solar systems may cover their own energy consumption



# Ascent – super thin and flexible solar cells

- NASAQ: ASTI
- Hydro recently increased its stake to 34.8% from 23.0%
- Produces thin-film solar cells for integration into buildings
- Pilot plant completed in 2008
- Commercial operation of large-scale plant on stream in 2010





# Ascent + Hydro Building Systems

= a promising partnership

- Joint development team
- Prototype window shades with solar cells
- Energy-efficient facades that capture solar energy

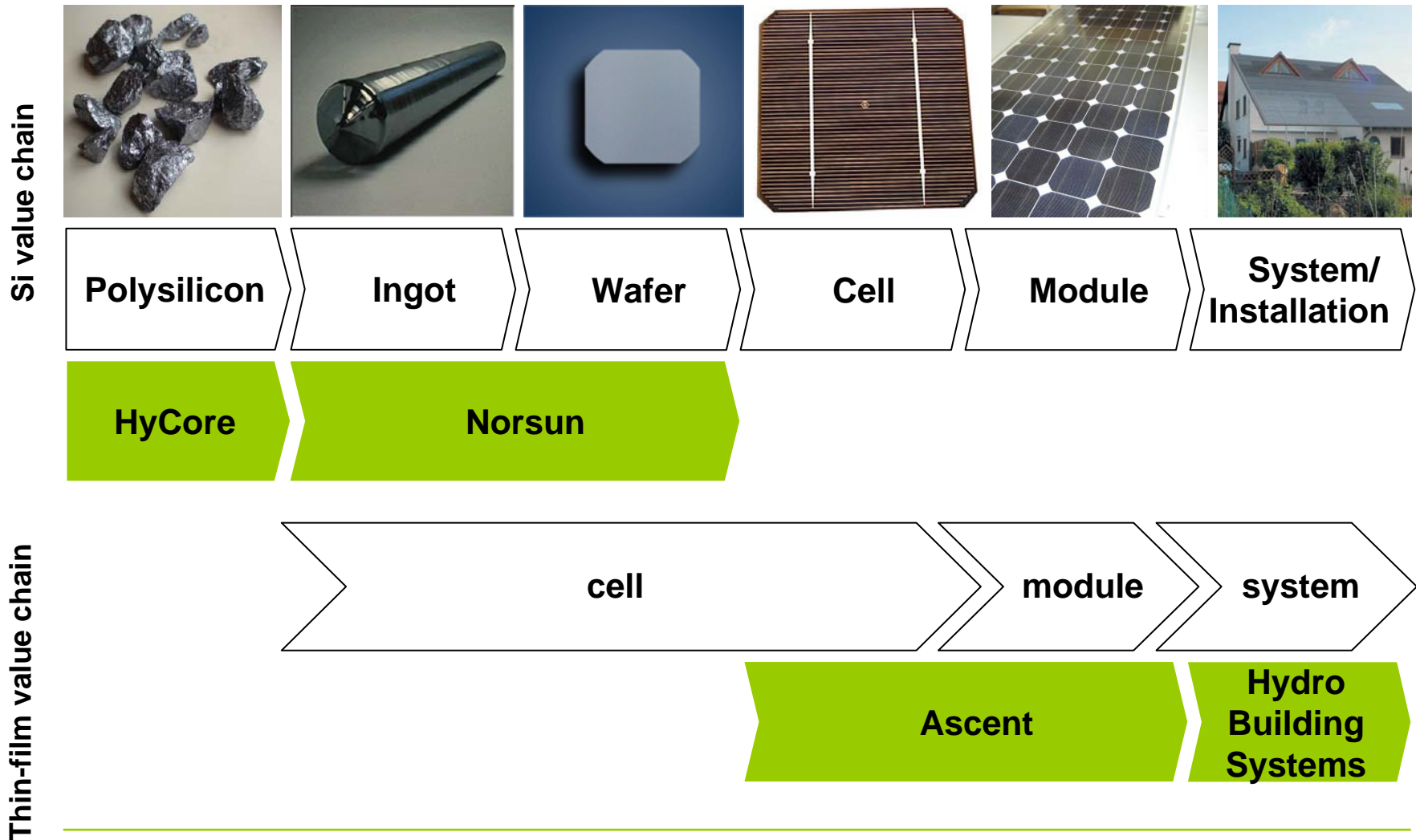


# NorSun - ingot and wafer production

- Hydro largest industrial owner with 18% ownership
- Production of monocrystalline silicon ingots and wafers
- 2008 production in Årdal, Norway: 130 MW
- Planning production of silicon wafers in Singapore and solar-grade silicon in Saudi-Arabia



# Hydro positioned across the solar value chain



4

## Summary



## 2008 priorities

- Operational excellence
- Qatalum execution
- Aluminium Metal growth opportunities
- Aluminium Products selective growth investments
- Solar energy portfolio development



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