

Aluminium Products

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| NOK million | 2007 | 2006 | % change prior year |
|---|---------------|--------|---------------------|
| Operating revenues | 51,399 | 53,588 | (4)% |
| Aluminium Products earnings before financial items and tax (EBIT) | 1,098 | (104) | >100% |
| Items excluded from underlying EBIT | 255 | 1,398 | (82)% |
| Aluminium Products underlying EBIT | 1,353 | 1,294 | 5% |
| Rolled Products | 562 | 520 | 8% |
| Extrusion | 852 | 818 | 4% |
| Automotive | (67) | (51) | (31)% |
| Other and eliminations | 6 | 8 | (21)% |
| Aluminium Products underlying EBIT | 1,353 | 1,294 | 5% |
| RoaCE | 4.7% | (0.7)% | na |
| Number of employees | 15,872 | 19,370 | na |

Market conditions

Market statistics ¹⁾

| Total market consumption (1,000 mt) | 2007 | 2006 | % change prior year |
|--|--------------|-------|---------------------|
| Rolled products - Europe ²⁾ | 4,000 | 3,924 | 2% |
| Rolled products - US ²⁾ | 4,769 | 5,065 | (6)% |
| Extruded products - Europe | 2,741 | 2,763 | (1)% |
| Extruded products - US | 1,451 | 1,702 | (15)% |

1) Source CRU.

2) Apparent consumption.

In the text below, industry statistics have been derived from analyst reports, trade associations and other public sources unless otherwise indicated.

The flat rolled products market in Europe improved in 2007, with total shipments up 2 percent compared to 2006. Following a peak in the second quarter 2007, demand was seasonally lower in the third quarter 2007, but recovered somewhat in the fourth quarter 2007. At the end of 2007 demand was still firm, with the exception of the construction sector.

In the US demand for flat rolled products remained weak in all market sectors, with a further decline at the end of the

year. Total 2007 US shipments were down 6 percent compared to 2006.

The overall growth in the European consumption of extruded aluminium products remained relatively stable compared to 2006. Following a softening in the third quarter due to a slowdown in the construction segment, the market recovered slightly in the fourth quarter. Growth in the European building systems sector amounted to an estimated 2 percent in 2007 compared with 2006, with somewhat softer markets in Southern Europe. Margin levels have increased both for our general extrusion and building systems segment during 2007 compared to 2006.

The US extrusion market continued to fall, reflecting the ongoing decline in the US economy. The decline was most prominent in the residential construction and transportation markets, while the commercial construction market was positive and the engineered products market was relatively stable. Margins have been generally stable, but there are signs of softening. Market demand continued to grow in South America on the strength of the Brazilian and Argentinean economies.

The automotive market in Europe was almost flat in 2007. Total units sold increased slightly by about 1 percent compared to last year and production was relatively unchanged. In North America, car sales were down compared to last year, while Asian and European car manufacturers continued to gain market share from the big three US producers. Sales in China grew significantly, and China is now the second largest market for light vehicles.

Outlook

Market demand for flat rolled products in Europe is expected to recover slightly from the seasonally lower second half of 2007, but shows signs of softening later in 2008. Demand from the automotive and engineering market segments is expected to be stable, while demand from the construction market segment is weakening. Demand in the US market is expected to remain depressed. This, together with a weak US dollar, could lead to increased imports and put pressure on European margins.

The overall outlook for the European extrusion market indicates a softer demand going into 2008, driven by the weakening construction market segment, in particular in Southern Europe. A weaker construction market in Germany is expected to be offset by the continued strong engineering and transportation market segments.

The outlook for the US extrusion market remains poor. Continuing deterioration in the housing market and the ongoing turmoil in the financial and credit markets have increased the level of uncertainty and the risk for further deteriorating economic developments. Margin developments have remained stable, but are expected to come under increasing pressure the longer the current downturn continues. South American markets are expected to post another

strong year, with consumption in Brazil and in Argentina expected to grow around 7 percent.

The outlook for the automotive market is mixed, with a softening expected in the US market while the outlook for the European market remains flat. Automotive markets in Asia and South America are expected to continue to grow. Increased pressure on fuel economy and emissions reductions, including potential new environmental legislation, is expected to increase the use of aluminium in automotive systems and solutions.

Divestments, plant closures, rationalization

The divestment of our automotive casting business and the sale of our 49 percent interest in the magnesium company Meridian Technologies Inc. were completed during the first quarter, together with the divestment of our automotive structures plant in Worcester, UK. Production at our magnesium plant in Becancour, Canada, ceased in the middle of March 2007, and an agreement for the sale of our magnesium remelters in Germany and China was signed in the beginning of July. The transaction was finalized at the end of August. During the first quarter of 2007, we decided to cease operations at the Ellenville extrusion plant in the US following an unsuccessful attempt to divest the operations. Production was closed down by the end of the second quarter of 2007. During the third quarter an agreement was reached to sell our Nordic Aviation Products unit. The sale was completed in early November.

Closure costs, impairment charges and divestment gains/losses related to these items have been excluded from EBIT. See section "Use of non-GAAP financial measures" – "Items excluded from underlying EBIT and income from operations" later in this report for more information on these items.

Revenue and underlying EBIT – sub-segments

Following is a discussion of the underlying operating results for the sub-segments which comprise our Aluminium products business area. See section "Use of non-GAAP financial measures" – "Items excluded from underlying EBIT and income from operations" later in this report for more information on the items excluded for sub-segments EBIT.

ROLLED PRODUCTS

Rolled Products

| NOK million | 2007 | 2006 | % change prior year |
|--|---------------|--------|------------------------|
| Operating revenues | 25,327 | 23,132 | 9% |
| Underlying earning before financial items and tax (EBIT) | 562 | 520 | 8% |
| Sales volumes, 1,000 mt | 1,030 | 1,003 | 3% |
| Number of employees | 4,159 | 4,090 | 2% |

Variance analysis Rolled Products

| NOK million | |
|------------------------------|-------|
| Underlying EBIT 2007 | 562 |
| Underlying EBIT 2006 | 520 |
| Variance Underlying EBIT | 42 |
| Margin | 413 |
| Volume | 143 |
| Depreciation | 61 |
| Other operational costs, net | (516) |
| Other, net | (59) |
| Variance Underlying EBIT | 42 |

Operating revenues

Operating revenues for our Rolled products business increased 9 percent to NOK 25,327 million in 2007 compared to 2006 due to higher volumes and margins. Overall shipments increased about 3 percent compared to 2006, driven by positive developments within our strip market segment, mainly within the can, general engineering and automotive markets, while our shipments to the foil market were slightly below 2006 levels.

Underlying EBIT

Underlying result for our Rolled products business amounted to NOK 562 million for 2007, an increase of about NOK 40 million compared to 2006. Higher volumes and increased margins were partly offset by substantially higher energy costs. Currency effects due to the stronger euro versus the US dollar had a negative impact on margins achieved for our US dollar sales of around NOK 140 million. Approximately 20 percent of our total sales volume is sold in US dollar denominated markets.

EXTRUSION

Extrusion

| NOK million | 2007 | 2006 | % change prior year |
|--|--------|--------|---------------------|
| Operating revenues | 20,421 | 20,402 | 0% |
| Underlying earning before financial items and tax (EBIT) | 852 | 818 | 4% |
| Sales volumes, 1,000 mt | 508 | 526 | (3)% |
| Number of employees | 8,705 | 9,635 | (10)% |

Variance analysis Extrusion

| NOK million | |
|------------------------------|-------|
| Underlying EBIT 2007 | 852 |
| Underlying EBIT 2006 | 818 |
| Variance Underlying EBIT | 34 |
| Margin | (216) |
| Volume | (288) |
| Depreciation | 47 |
| Other operational costs, net | 503 |
| Other, net | (12) |
| Variance Underlying EBIT | 34 |

Operating revenues

Operating revenues for our Extrusion business in 2007 amounted to NOK 20,421 million, largely unchanged compared to 2006. Volumes for 2007 declined for the year, with total shipments falling about 3 percent compared to 2006. Shipments of general extrusions and building systems in Europe were up by 2 percent, compared with record high volumes in 2006. However, shipments were down by 19 percent for our US operations, mainly driven by the substantial downturn in the US market. Strong margins from our European operations contributed to the improved result, while margins for the US operations were stable measured in US dollar, but declined 9 percent due to the weakening dollar versus Norwegian kroner.

Underlying EBIT

Underlying EBIT for our Extrusion business of NOK 852 million for 2007 improved 4 percent compared with 2006. Results for our European extrusion and building systems operations improved on a strong performance in 2006. However, the

effects of the positive developments were largely offset by a poor financial performance for our US operations, notwithstanding significant cost reductions achieved from improvement programs and manning reductions.

Total underlying operating losses amounted to around NOK 100 million for our combined US and South American operations for 2007. Negative developments for our US operations were partly offset by improved results in our South American operations. Significant measures have been taken to compensate for the substantial decline in volumes in North America. Costs have been reduced by manning reductions and other measures. By the end of 2007, we had reduced the number of US employees by about 700 people compared to 2006, and efforts continue to further align the cost structure with the lower market demand. In addition, we have adjusted capacity in our European operations by reducing shifts during the second half of 2007 to adapt to a softening in the European market going into 2008.

AUTOMOTIVE

Automotive

| NOK million | 2007 | 2006 | % change prior year |
|--|-------|--------|---------------------|
| Operating revenues | 6,506 | 10,317 | (37)% |
| Underlying earning before financial items and tax (EBIT) | (67) | (51) | (31)% |
| Automotive sales volume, 1,000 mt ¹⁾ | 117 | 102 | 15% |
| Number of employees | 2,860 | 5,460 | (48)% |

1) Excluding Castings, Magnesium and Worcester

Variance analysis Automotive

| NOK million | |
|------------------------------|-------|
| Underlying EBIT 2007 | (67) |
| Underlying EBIT 2006 | (51) |
| Variance Underlying EBIT | (16) |
| Margin | (143) |
| Volume | 327 |
| Depreciation | 68 |
| Other operational costs, net | (150) |
| Other, net | (118) |
| Variance Underlying EBIT | (16) |

Operating revenues

Operating revenues for our Automotive business amounted to NOK 6,506 million in 2007, down from NOK 10,317 million in 2006, impacted by the divestment of the our magnesium and castings businesses. Increased volumes from our remaining businesses had a positive effect on operating revenues for the year. Total shipments for our Automotive operations increased by about 15 percent compared to 2006. Shipments for Precision Tubing were up approximately 10 percent, while volumes for our Structure business improved around 20 percent.

Underlying EBIT

Underlying losses for our Automotive operations amounted to NOK 67 million for 2007, including about NOK 45 million operating profits from the divested Castings and Magnesium operations. This compared with losses of NOK 51 million in

2006, which included around NOK 175 million of operating profits from the divested activities. Underlying results improved for our Precision Tubing operations but the effects of the positive developments were offset by increased losses within our Automotive structures business. Negative underlying results from our Automotive structures operations amounted to around NOK 100 million for the year. Results were impacted by costs related to starting up new production lines and costs relating to new contracts. The automotive market is characterized by long lead-times for new business to come on stream. Generally new contracts are awarded three years in advance of production start-up to facilitate design and testing and normally last for the entire design lifecycle of a model (5 - 6 years or longer). Total overhead costs declined substantially following the restructuring of our Automotive business portfolio.