

Capital Markets Day

Hydro Aluminium

Executive vice president
Jon-Harald Nilsen
Senior vice president
Arvid Moss
Oslo, December 9, 2002





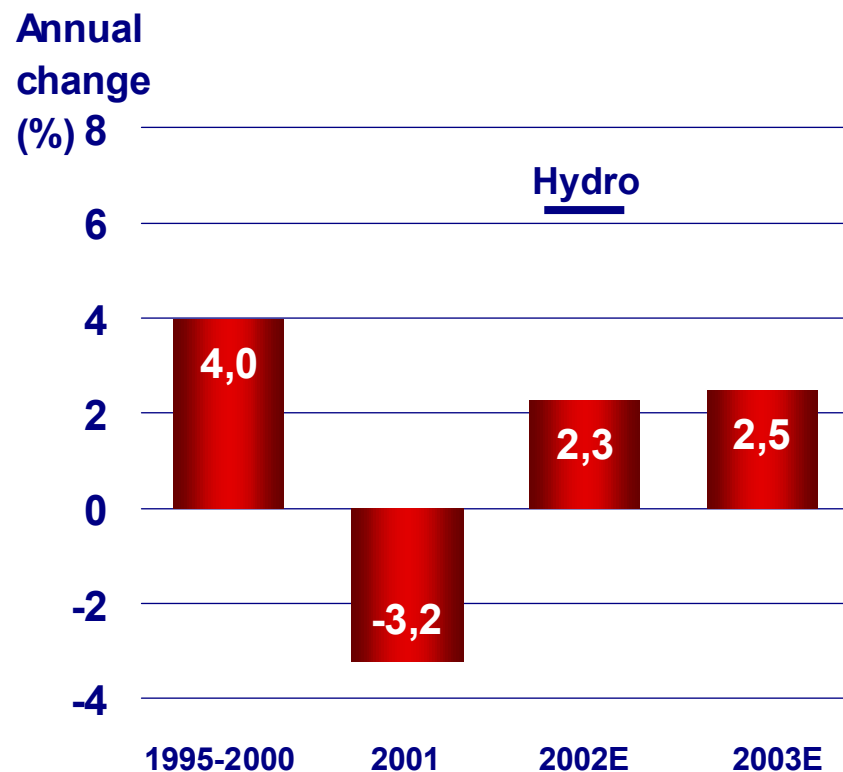
What we said and what we have done

<i>Focus areas 2002</i>	<i>Actions taken 2002</i>
<ul style="list-style-type: none"> ● Successful integration of VAW and Technal ● Realisation of significant short term improvement potentials 	<ul style="list-style-type: none"> ● All formal structures in place ● Improvement and synergy programs on track
<ul style="list-style-type: none"> ● Successful restructuring of Magnesium ● Execution of large projects ● Divestment of Flexible Packaging 	<ul style="list-style-type: none"> ● Porsgrunn primary closed Extended remelt network ● All projects at or better than plans ● Agreement in principle

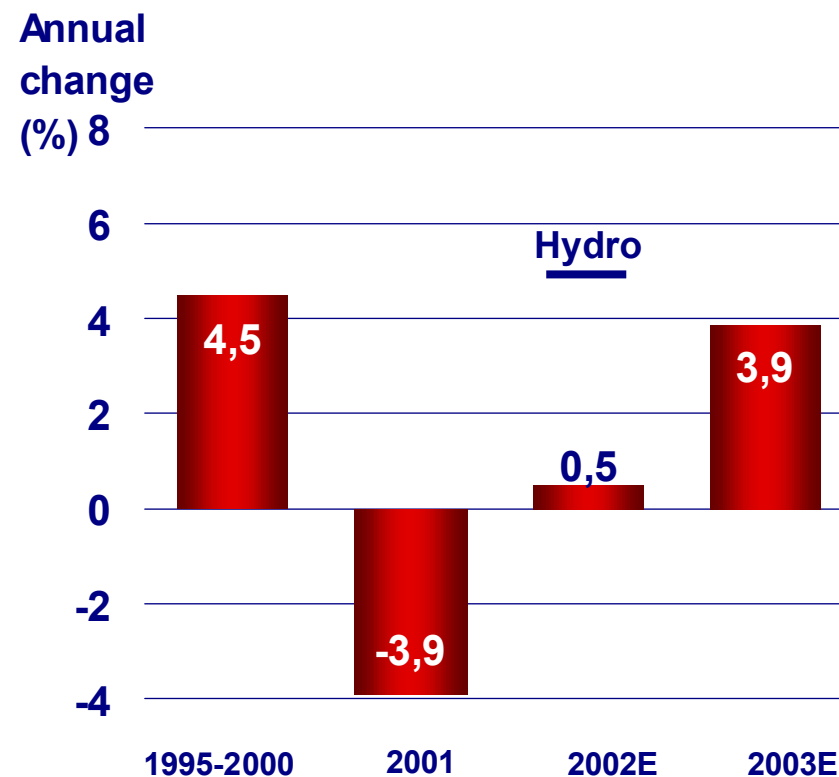


Europe: Moderate growth

Est. European rolled products shipments



Est. European extrusion shipments



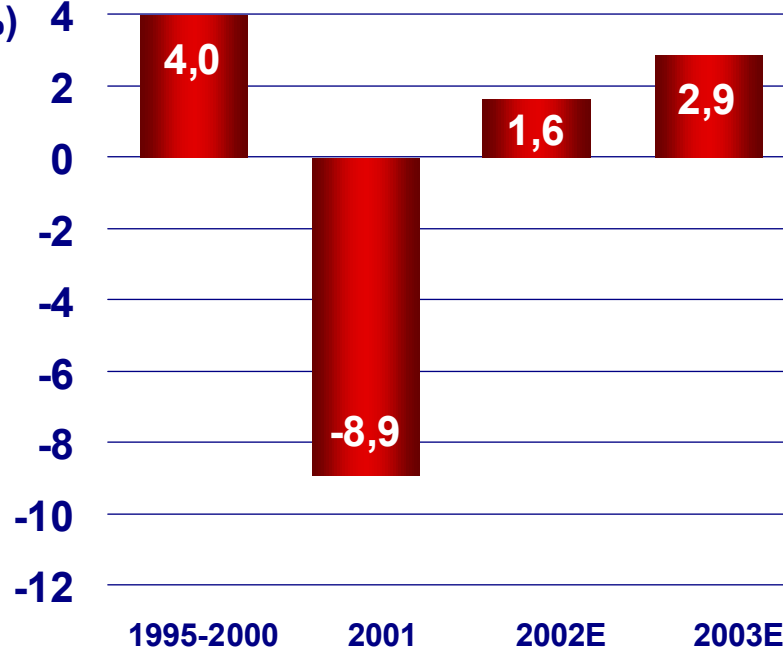
Source: EAA

US: Low growth, recovery expected in 2003



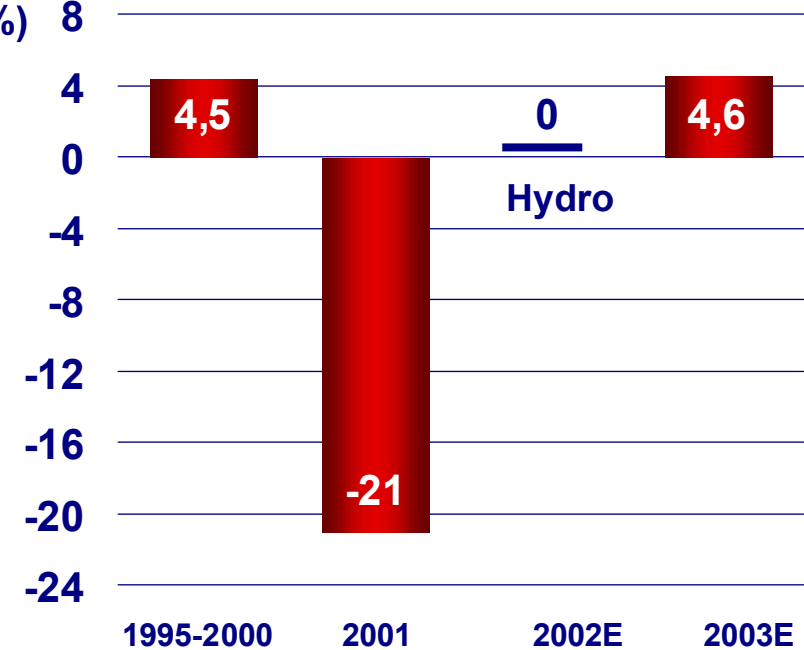
Est. US rolled products shipments

Annual
change
(%)



Est. US extrusion shipments

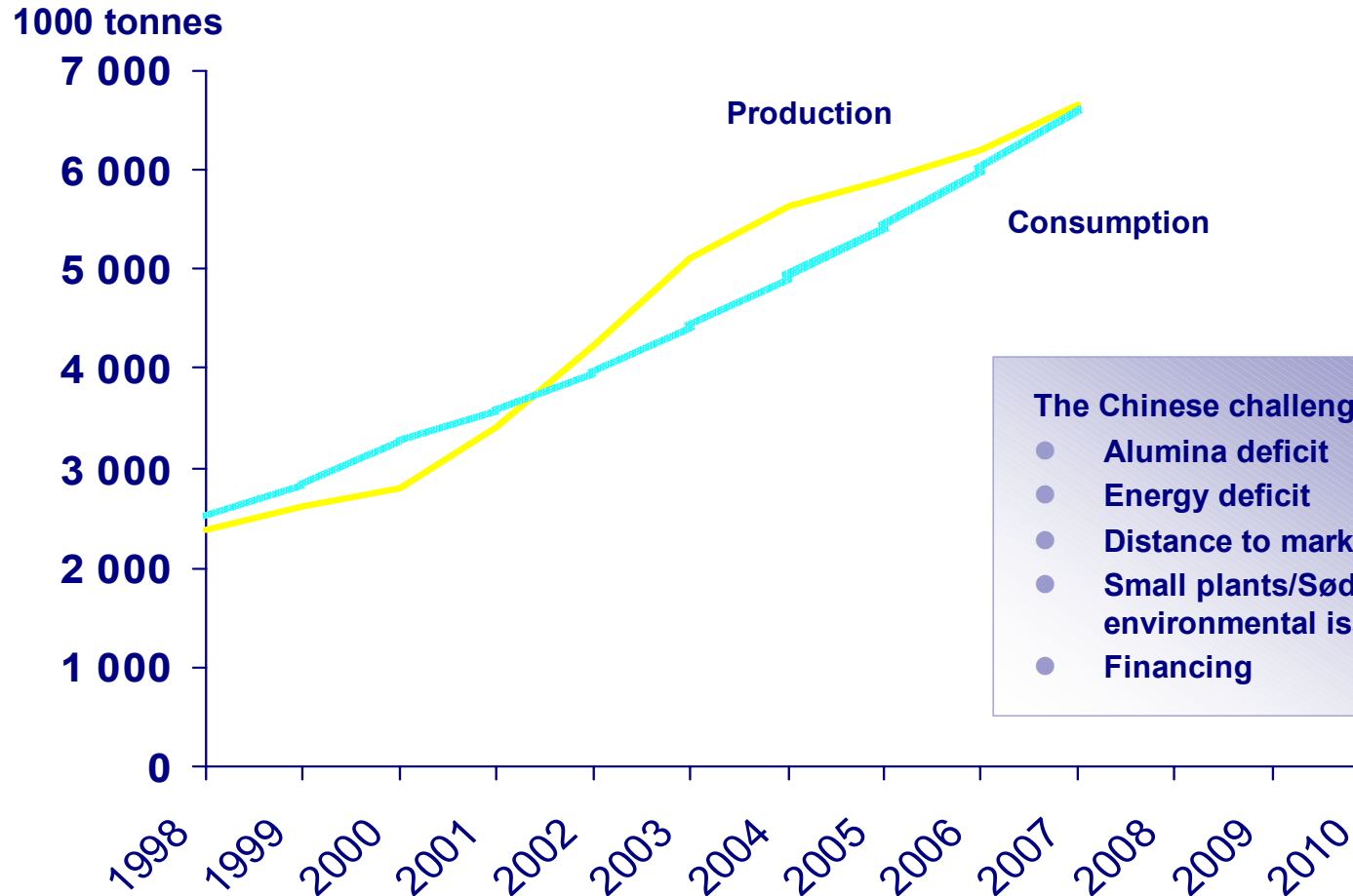
Annual
change
(%)



Source: CRU



China: Primary metal balance



Decision made by central government to close down inefficient and polluting Søderberg capacity due to environmental legislation. Søderberg plants assumed to be closed down by around 1 million tonnes between 2003-2007 (200 000 tonnes per year in 2003 and 2004, 300 000 tonnes per year in 2005 and 2006).

Source: CRU, HAL

Creating value in Hydro Aluminium



Rapid acquisition and integration processes



Industry examples: Time from announcement to closing

	<u>Days</u>
Hydro/ VAW	67
Hydro/ Technal	86
Alcan/ Algroup	140 (440 from APA -announcement)
Pechiney/ Corus	240 (expected)
Alcoa/ Reynolds	258

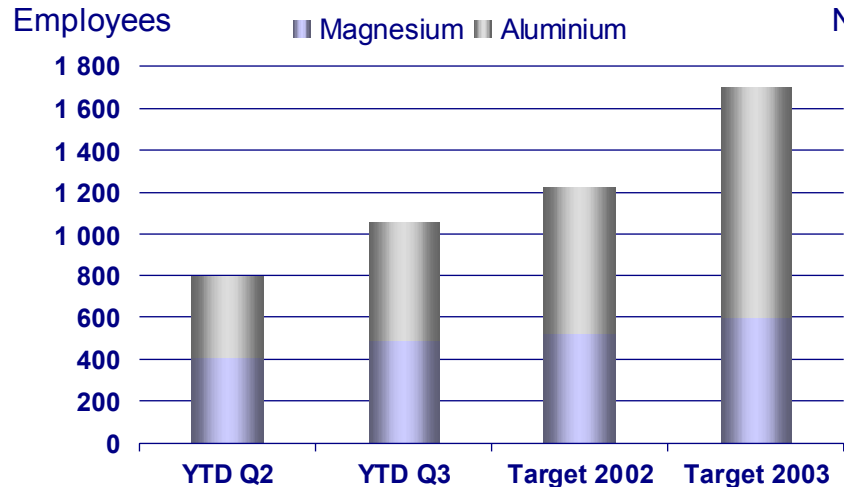
Hydro Aluminium

- Broad experience and diversity in the management teams
- Kept momentum in day-to-day business
- Successful execution of value capturing

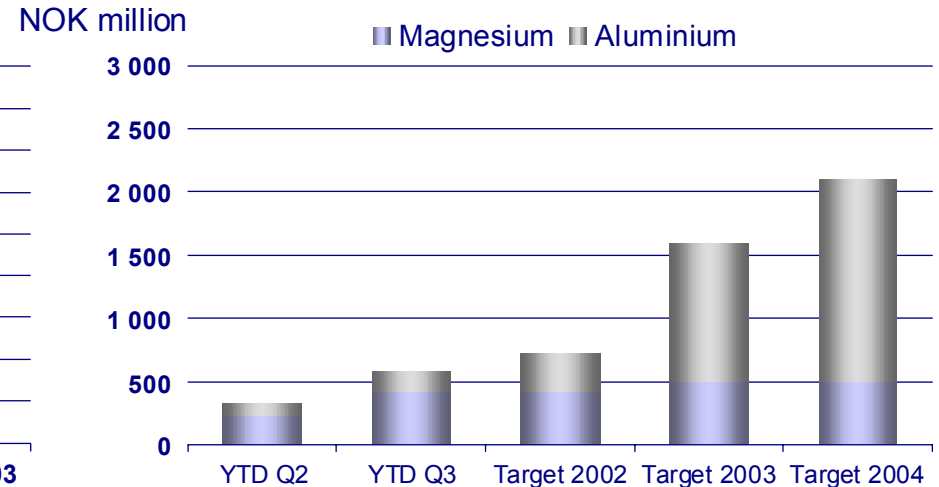


Aluminium improvement program on track

Workforce reduction



Cost reductions



	Realized			Remaining	Total
	2001	1st half 2002	Q3-2002	Estimate	
Magnesium	700	59	-69	24	714
Aluminium	-	127	108*	435	670

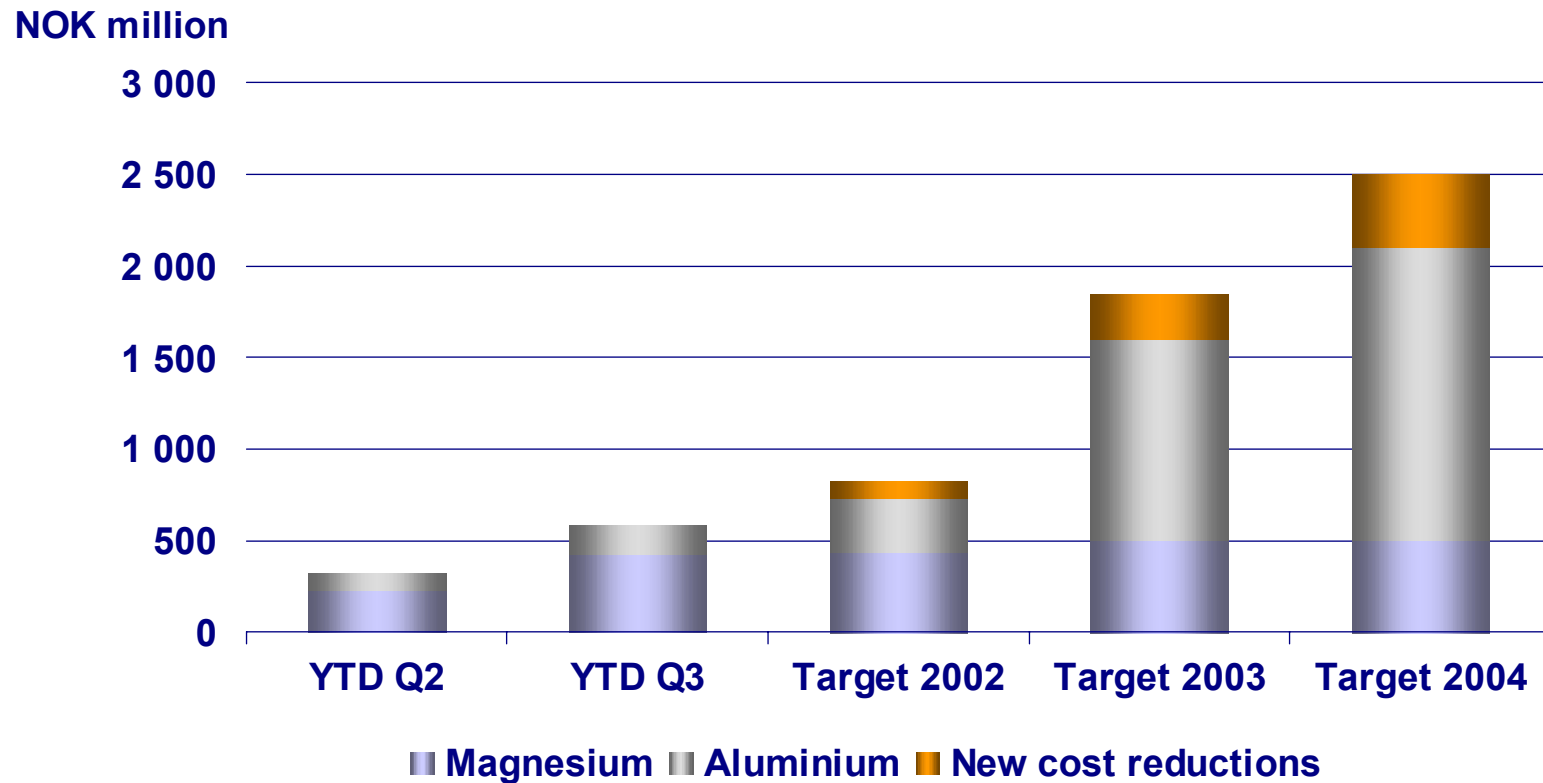
Workforce and cost reductions relative to 2001.

*) NOK 19 million expensed in Q3, NOK 89 million charged to VAW opening balance.

Aluminium improvement program

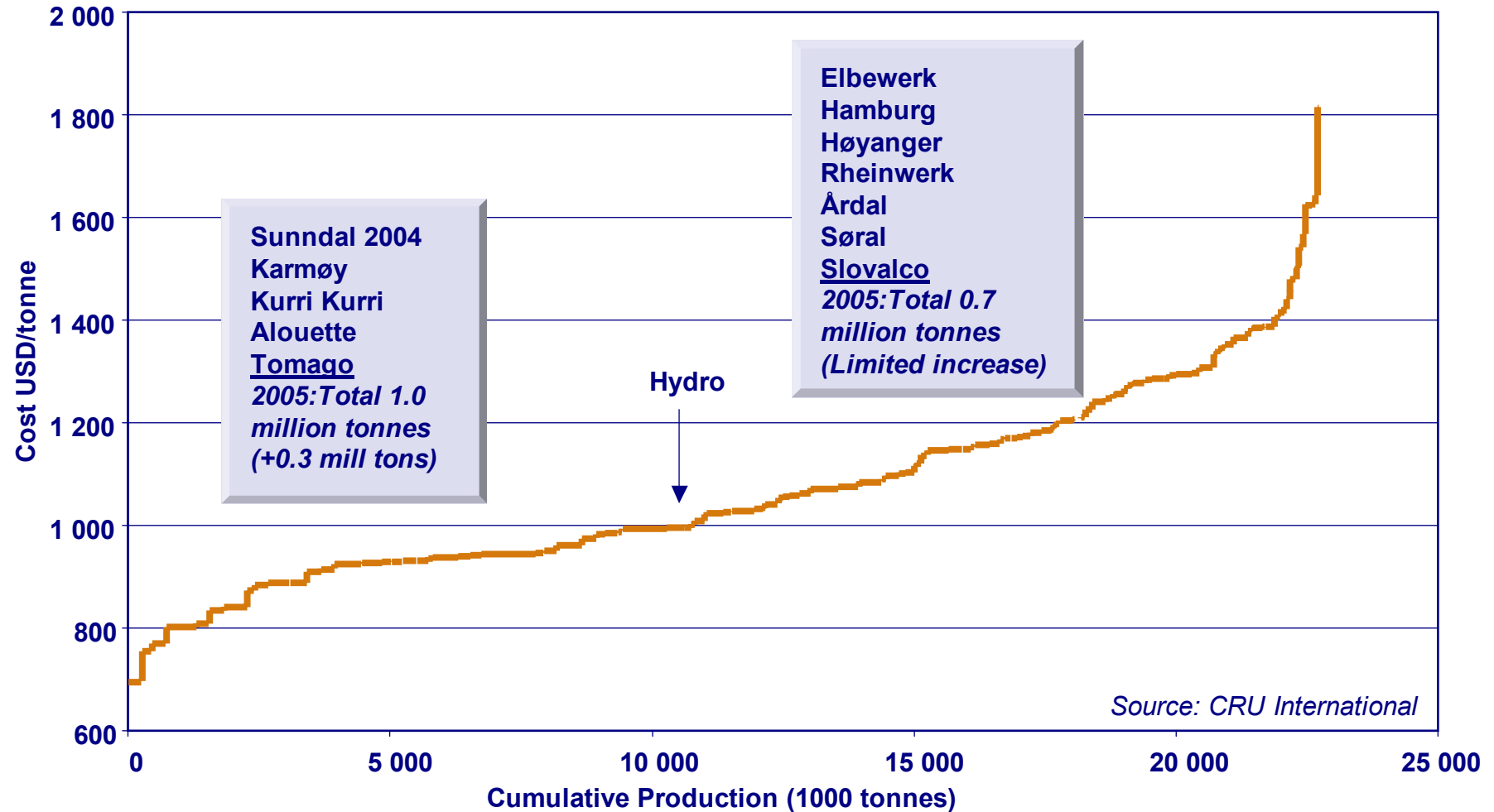
Raised targets

Cost reductions





Primary Metal: Cost Curve Position 2001



Cash operating cost calculated includes liquid metal cost, casthouse cost, casting losses, site overhead cost, freight cost interest on work in progress, margin cost and head office cost.
VAW included in Hydro's figures

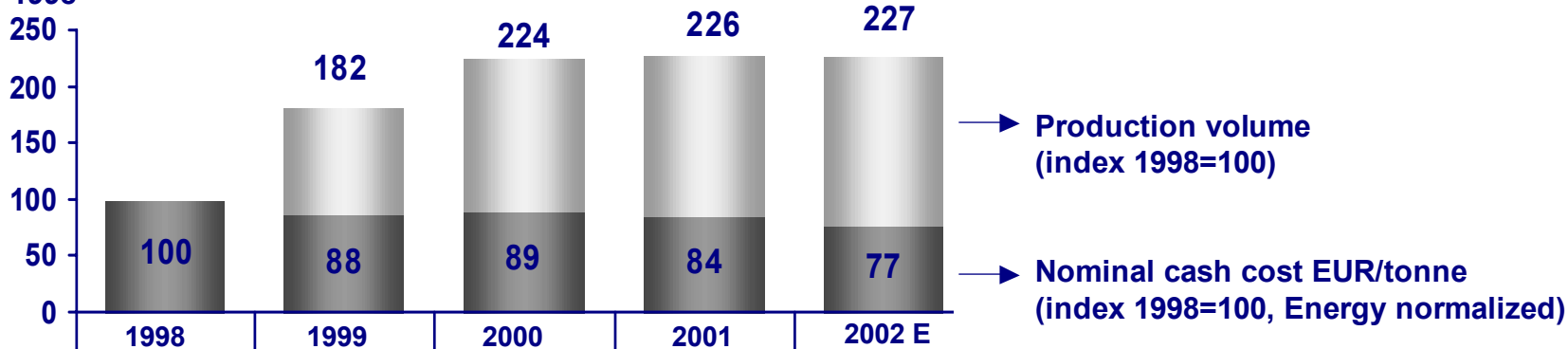


Metal Products

Increased volume and lower cost in operations

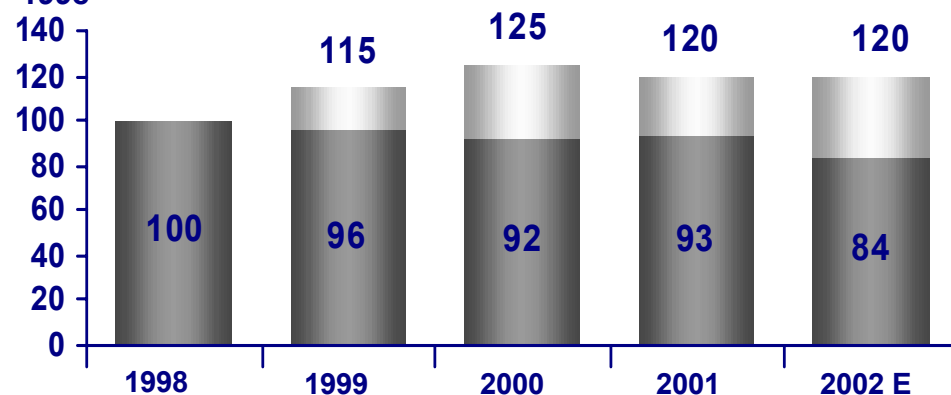
100= Cost & Production volume 1998

Rackwitz ~23 000 tonnes per year



100= Cost & Production volume 1998

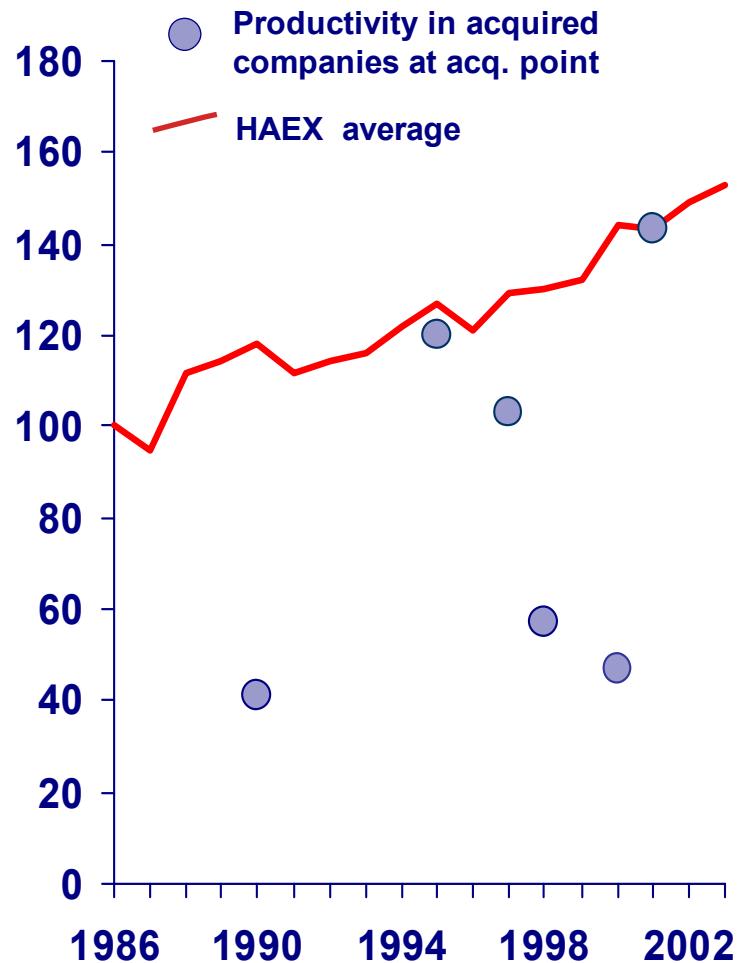
Karmøy ~196 000 tonnes per year



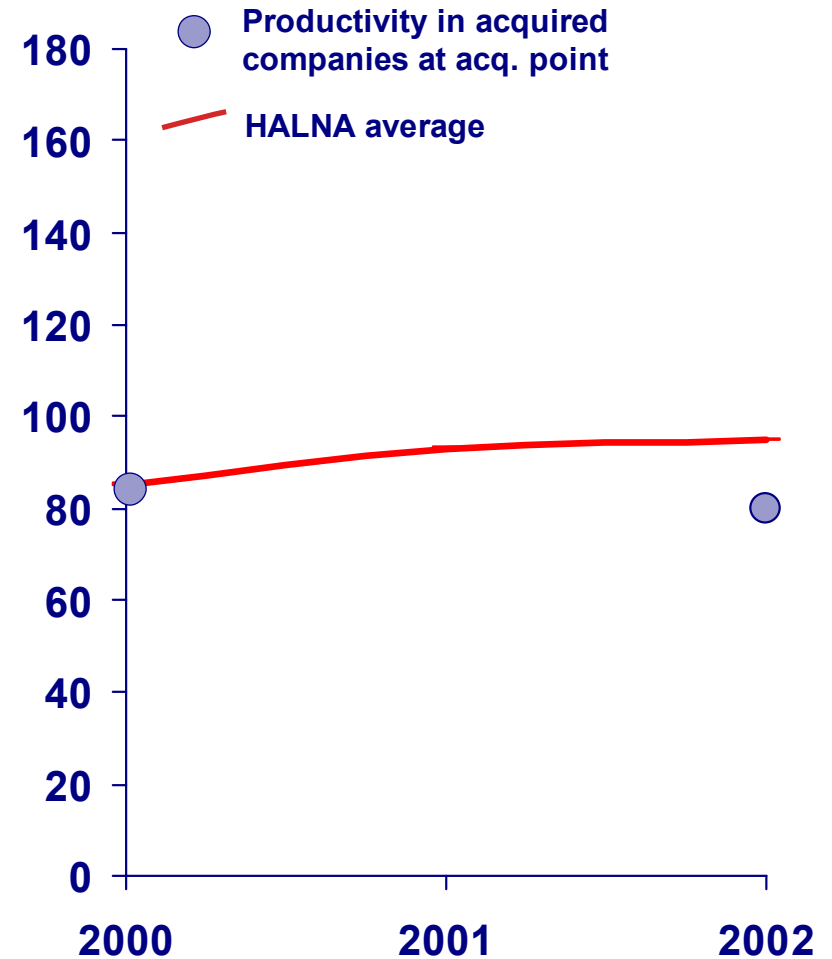


Extrusions: Increased press productivity

Extrusion Europe & South America
Kg/hour (index, 1986=100)



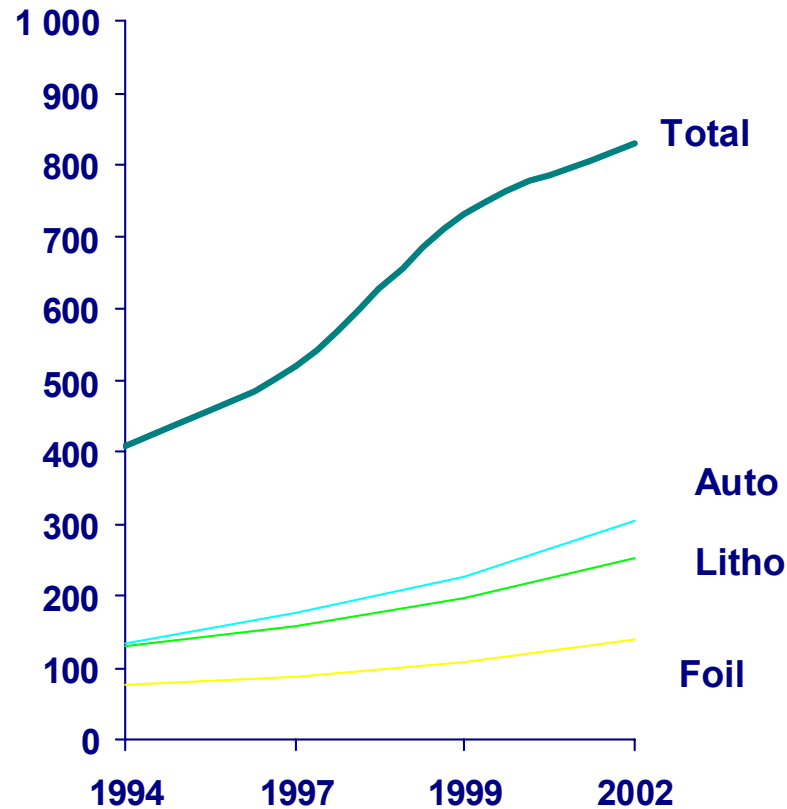
Extrusion North-America
Kg/hour (index, European 1986=100)



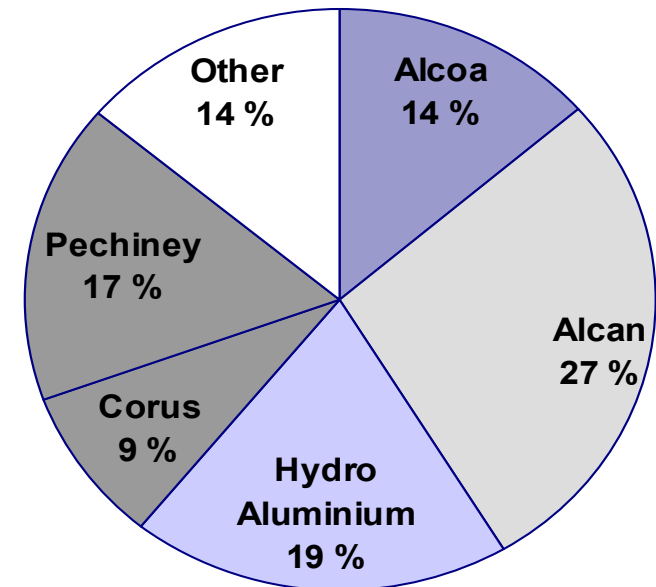


Rolled Products: Increased volume. Improved industry structure

Volume
1 000 tonnes per year



Estimated market shares 2001
100% = 3.2 million tonnes per year



Four largest 2002: 86% market share*
Four largest 1998: 58% market share

*Assumed Hydro/VAW and Pechiney/Corus together

Source: EAA, Annual Reports

Value chain priorities

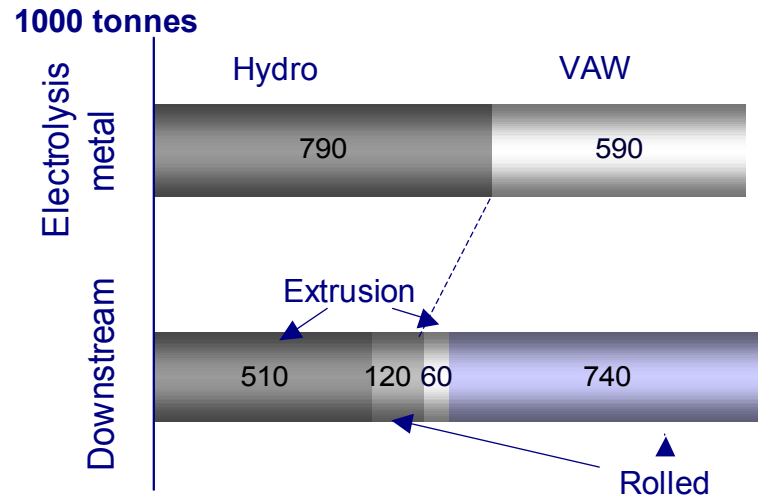
The path going forward



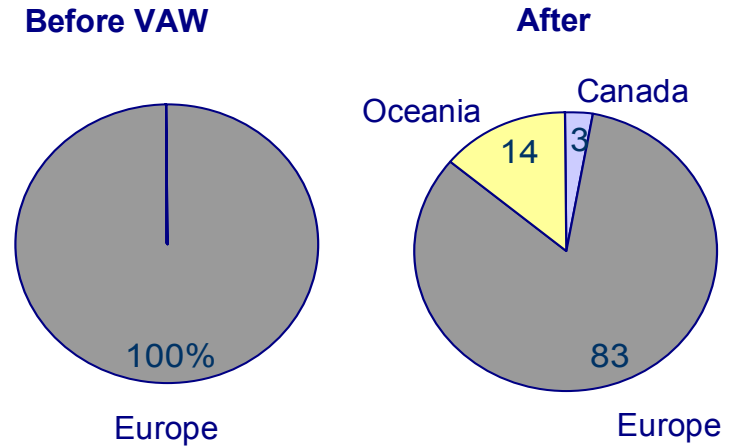


The new strategic platform

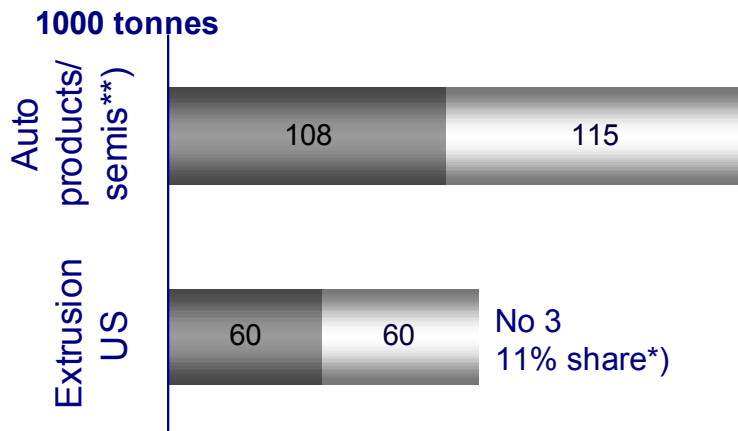
More downstream



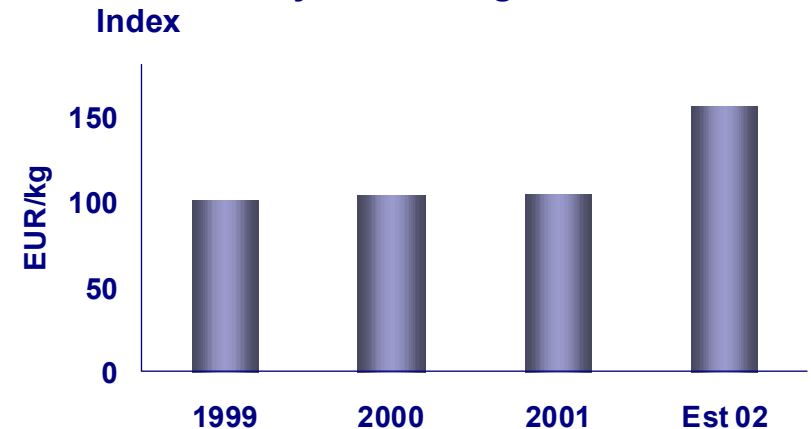
.. and Primary Metal in new areas



In addition to Rolling, leap forward in two areas



Technal: Quantum leap for Building Systems
Systems Margin

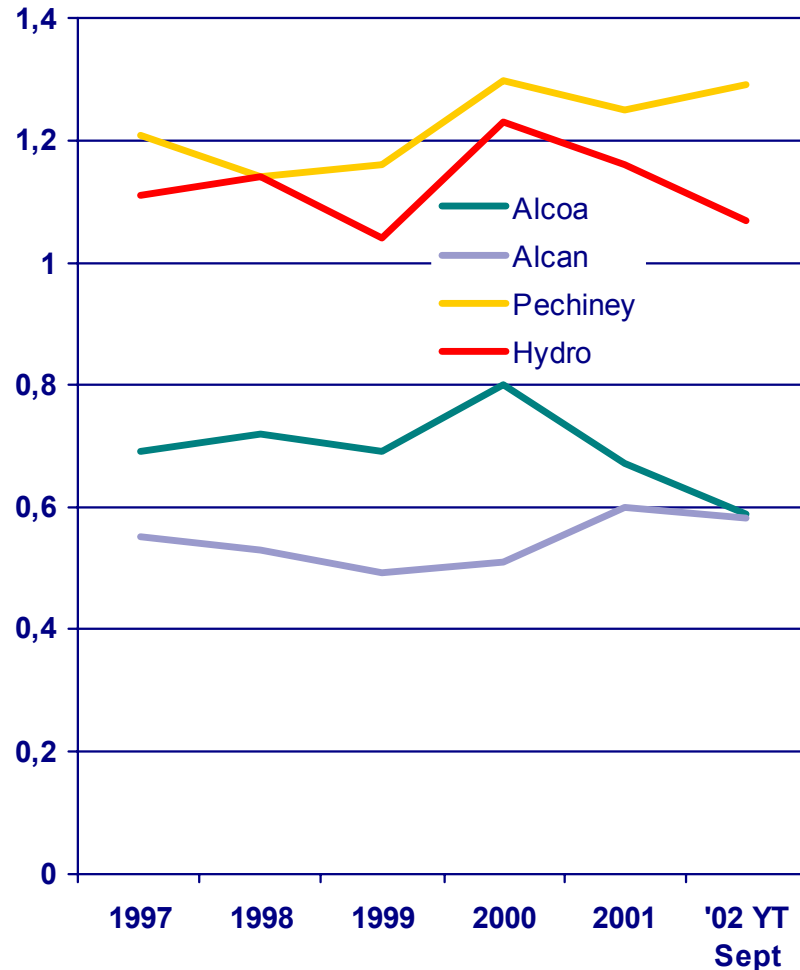


*) With automotive **) In addition HAL sells 180.000 t Foundry alloys

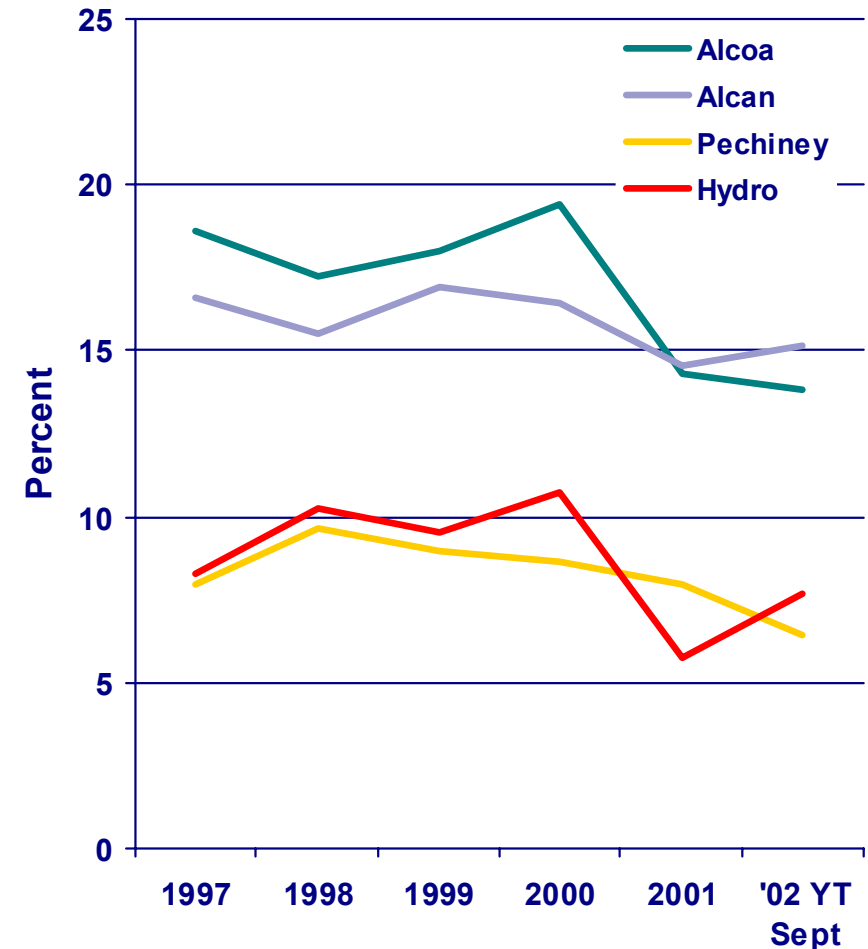


A different business: Higher capital turn, more margin business

Sales / Gross Investments



EBITDA / Sales



Source: Annual reports, quarterly reports, proxy figures where needed to get comparative figures. HAL corrected for VAW 1.1 - 15.3.02 and for unrealised currency losses in Brazil

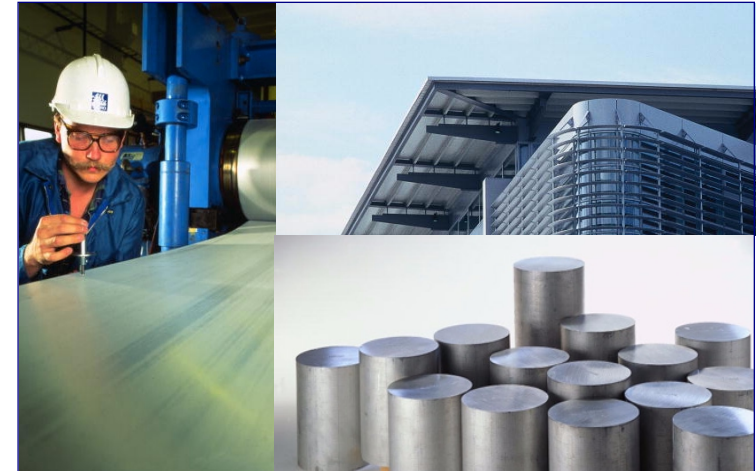


Key steps in Hydro Aluminium's strategy

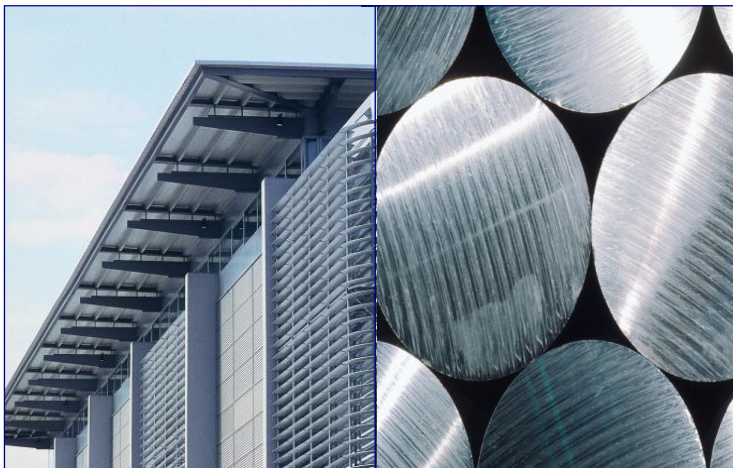
1. Global upstream



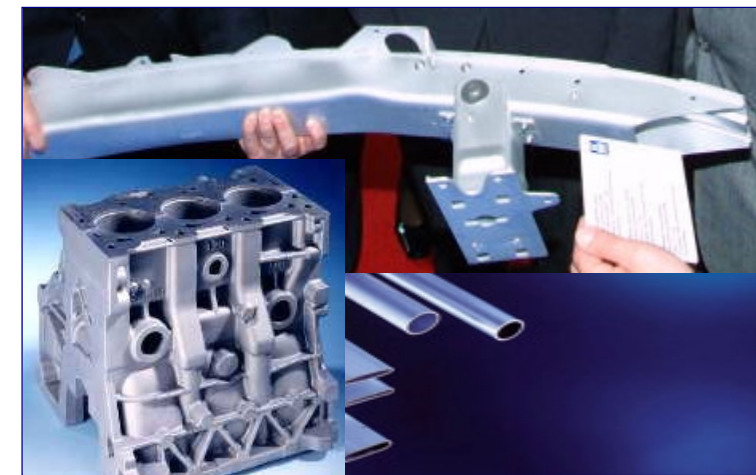
2. Europe mid- and downstream



3. Outside Europe, mid- and downstream

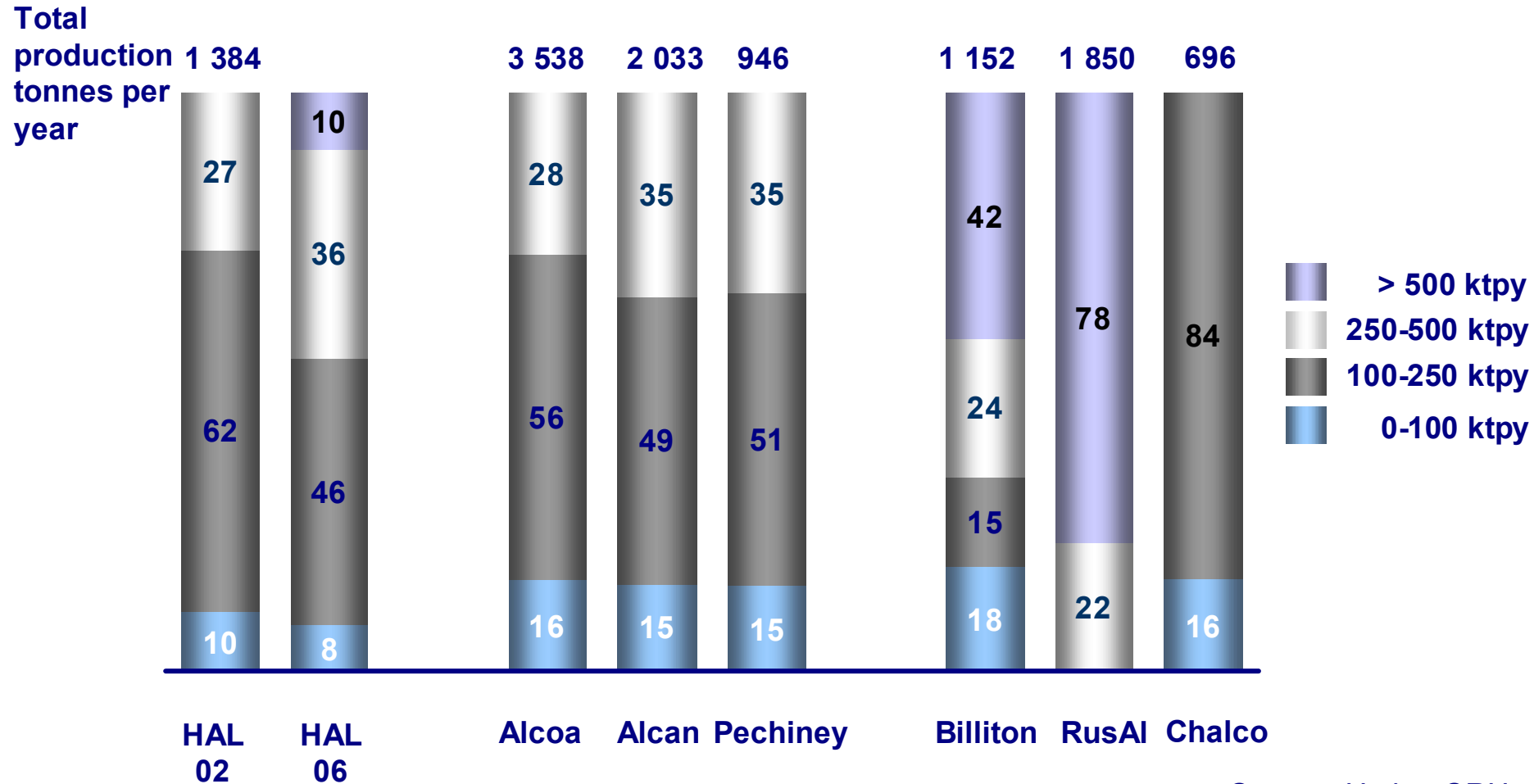


4. Global automotive



Hydro Aluminium: Improved smelter structure

Percent of annual production, 2001



Source: Hydro, CRU



The leading player in Europe

Key strengths

Metal (casthouse) Products

- Unique business model
- High recognition in market
- Low cost to market

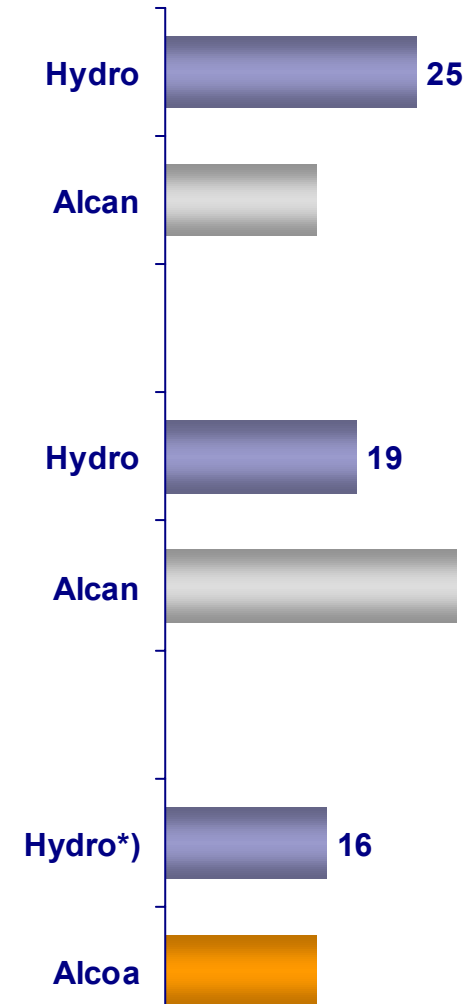
Rolled Products

- Strong market positions in specialized products
- High technology standard
- 50% partner in the world's leading rolling mill

Extrusion

- Unique business model
- High recognition in market
- Strong performance culture

Market shares Europe



*) total, including automotive use



Key strengths

- Innovative business solutions
- Excellence in customer cooperation
- Industry benchmark in operation of key technologies





Priorities ahead

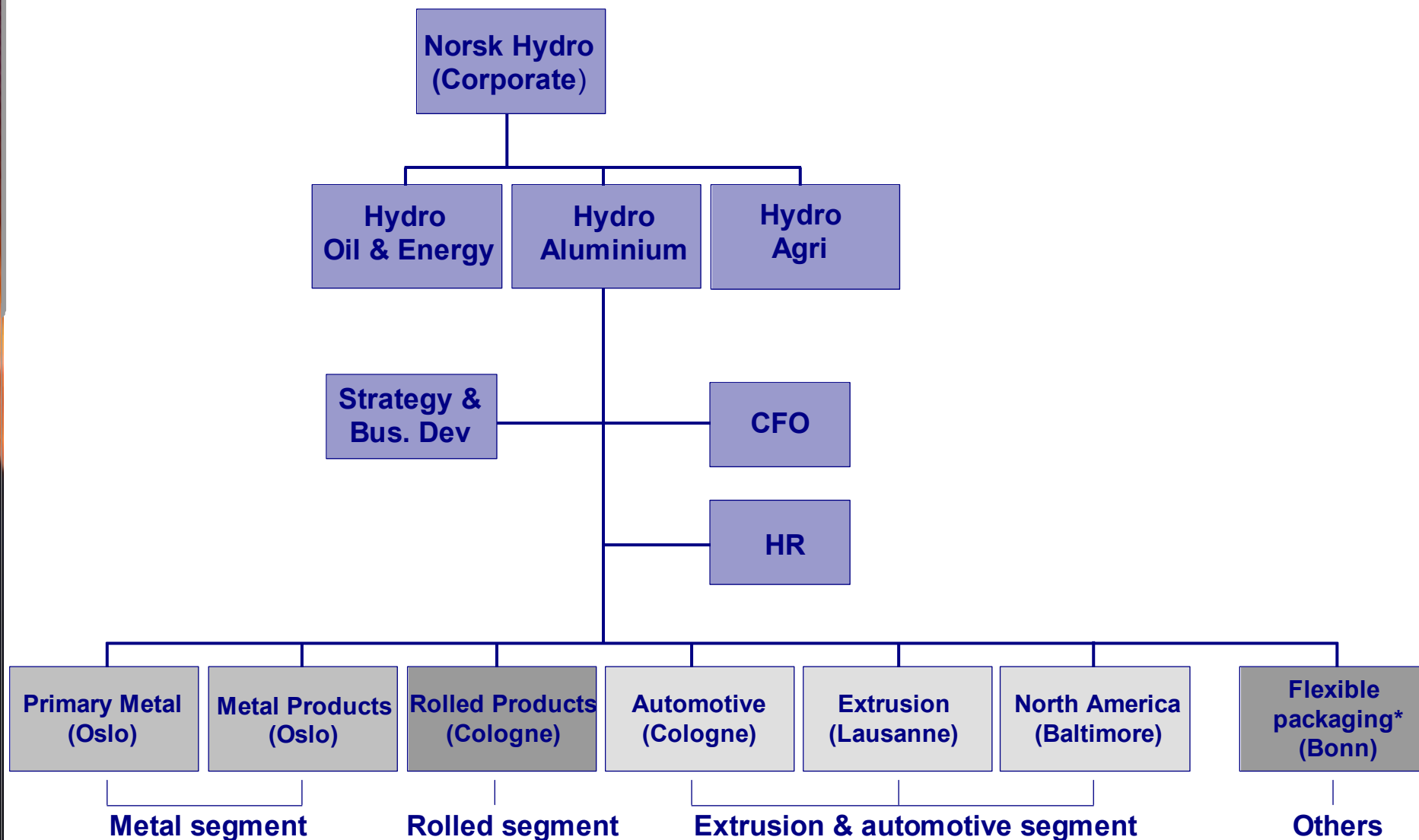
- **Deliver improvement programs and value capturing as planned**
- **Further enhance value of HAL-VAW integration**
- **Win market share based on strengths**
- **Improve relative cost position for smelter system**
- **Continue active portfolio management**
- **Meet 10% CROGI target 2004 (normalized prices)**

Additional information





Norsk Hydro organization



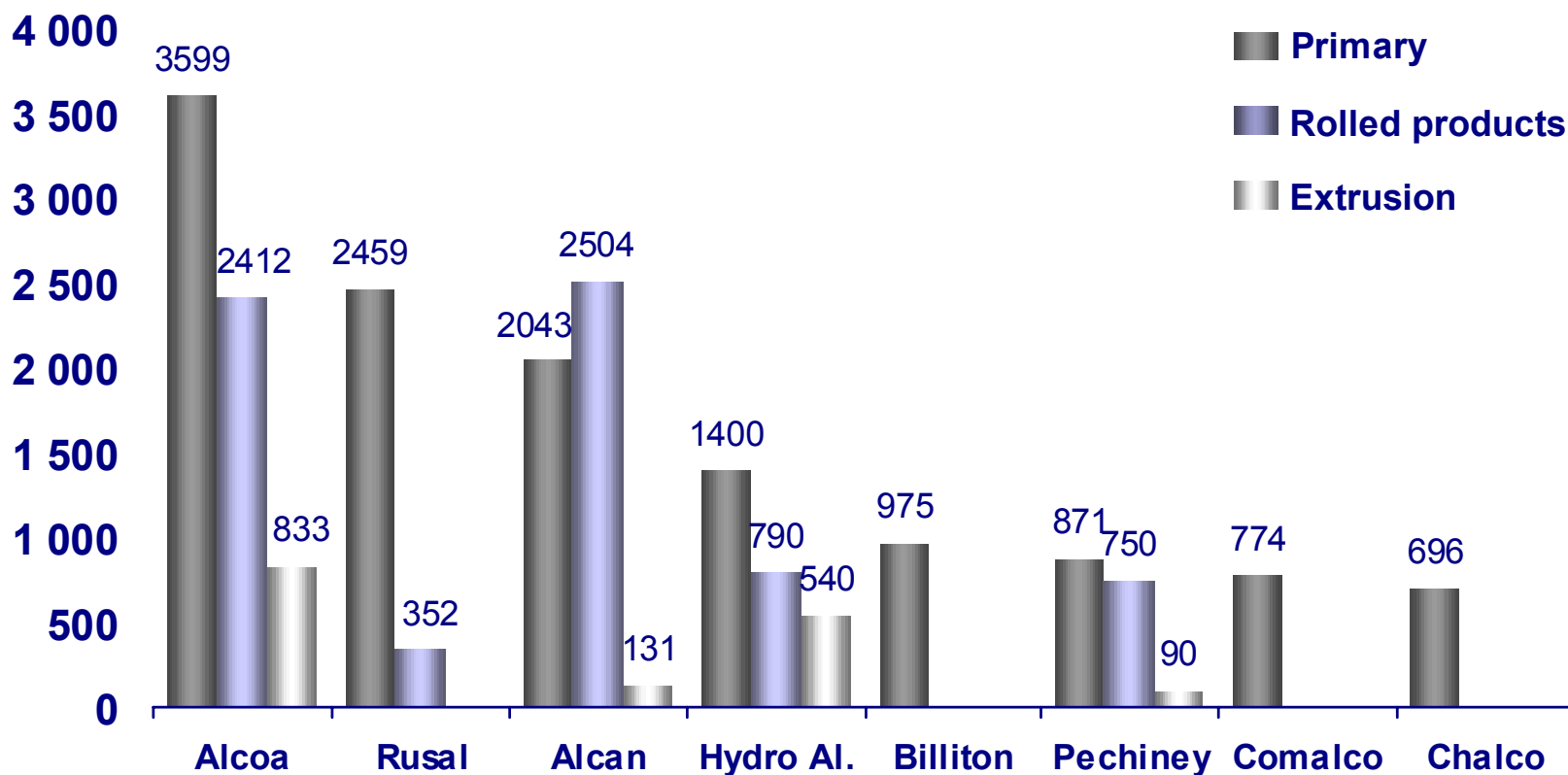
* Flexible Packaging will be divested



HAL is now among the top three integrated aluminium companies

Global: Companies ranked by 2001 primary production

1000 tonnes

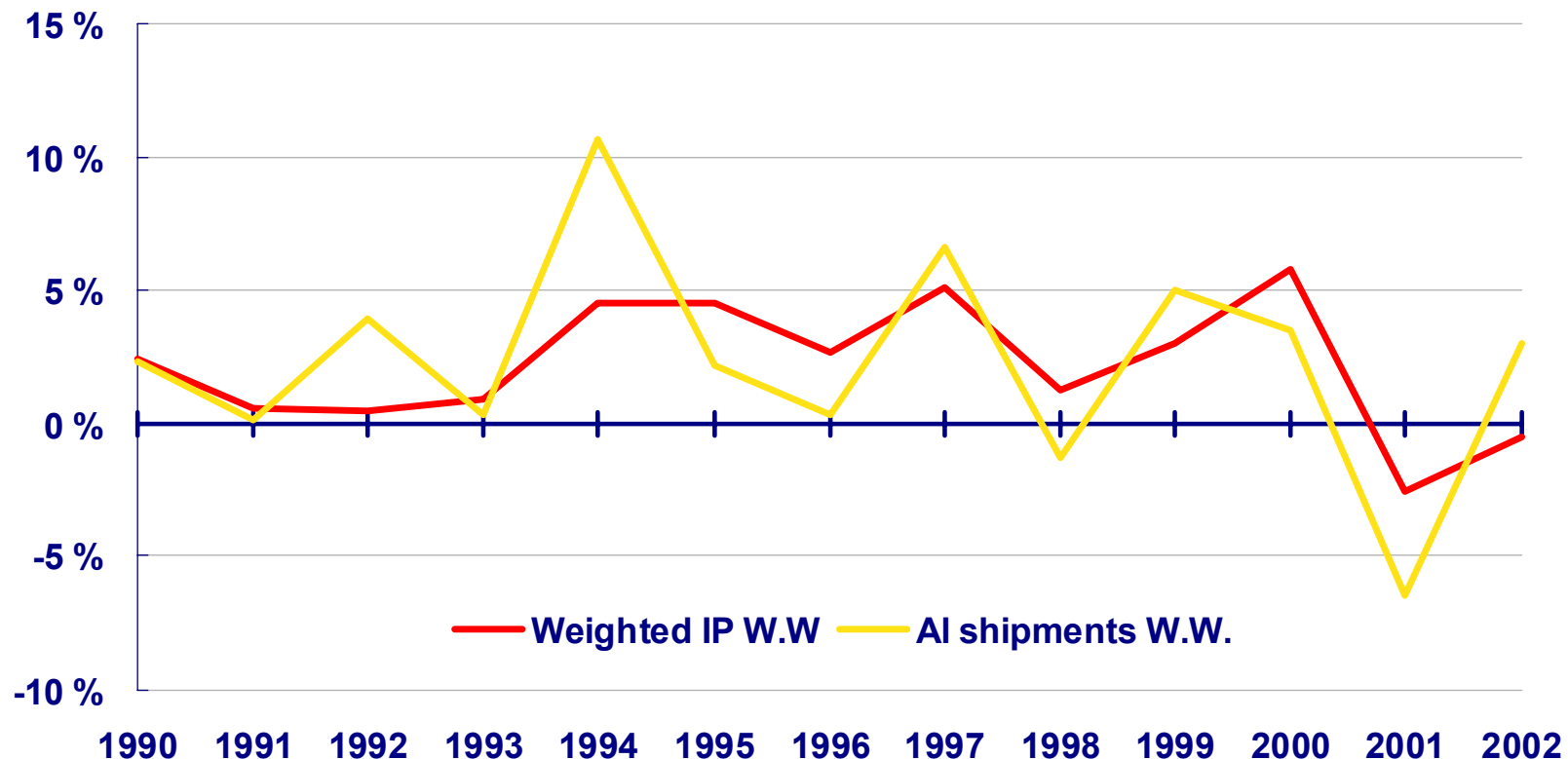


Note: VAW's Kurri Kurri-smelter in Australia and HAL's Wells extrusion system in the US included full-year
Sources: CRU/Brook Hunt Febr 2002/Hydro/Companies' web-sides

Moderate growth in primary shipments- 6 % drop in 2001



Change over
previous year



Updated: November 2002

Source: CRU, WBMS, HAMP