

Norsk Hydro ASA Capital Markets Day 2002

**President and CEO
Eivind Reiten
Oslo, December 9, 2002**



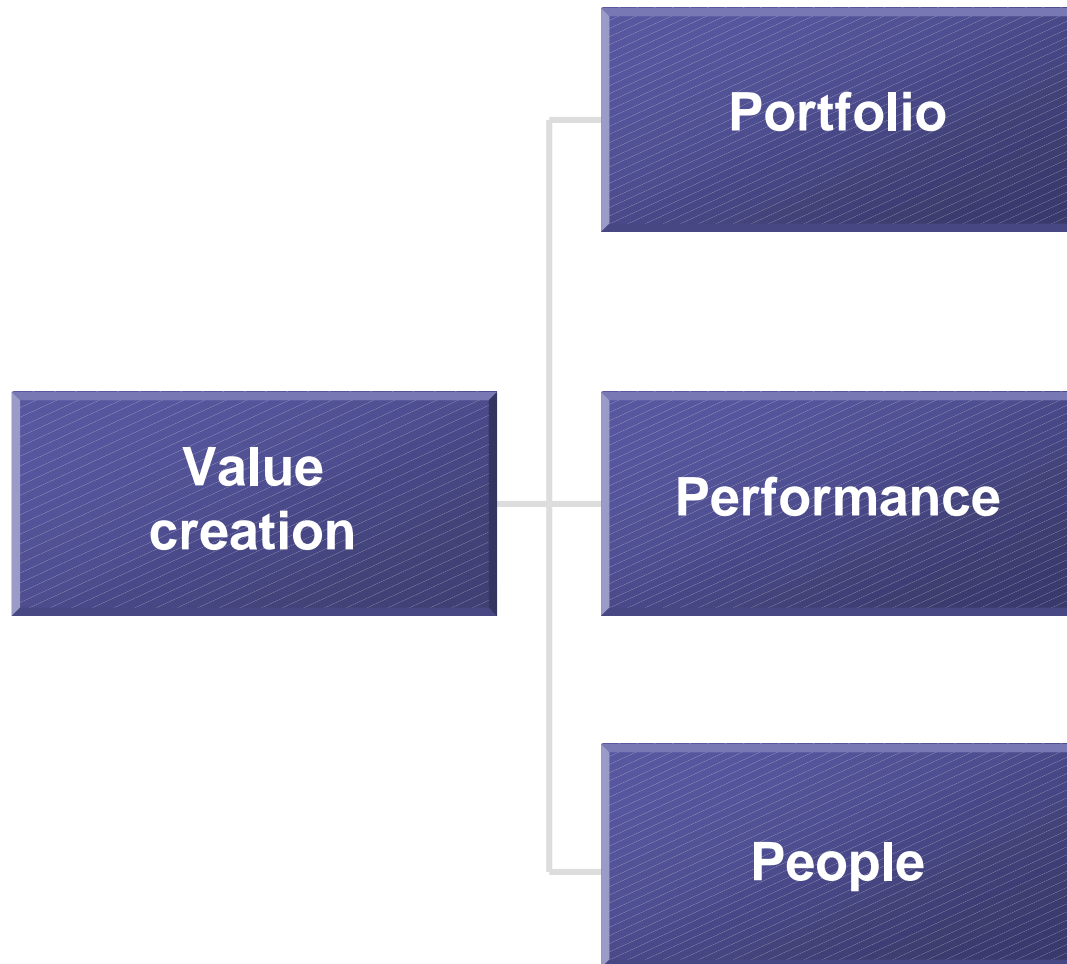


Today's main messages

- **We deliver on our commitments**
- **2003 plans show performance improvements under unchanged market conditions**
- **Active portfolio management to continue**
- **Attractive potential in all three Business Areas**



Key levers for value creation





We deliver: Active portfolio management

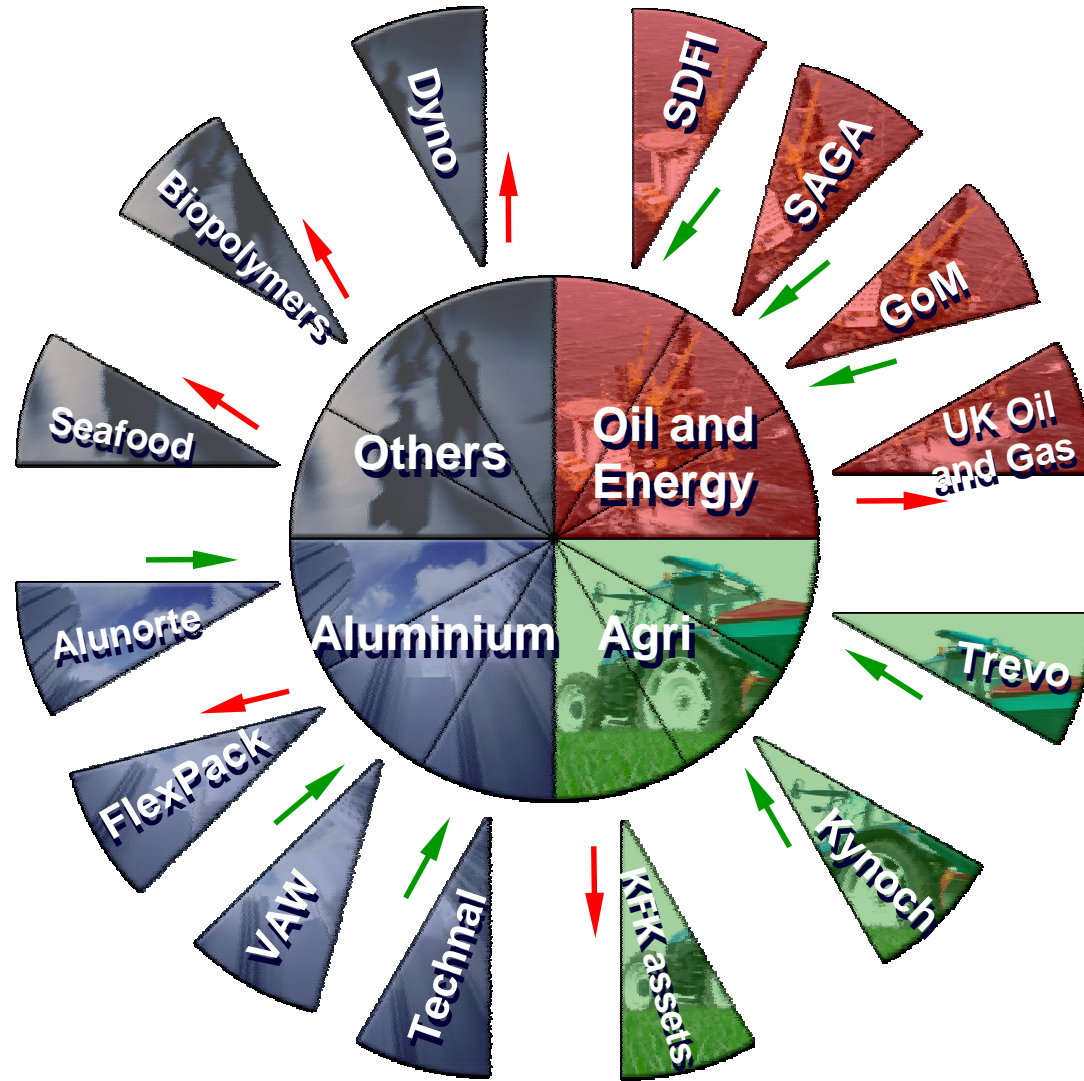
- **Strategic acquisitions**
 - VAW Aluminium
 - Technal
 - SDFI

- **Divestments – more than NOK 6 billion**
 - KFK assets
 - Flexible Packaging
 - Oil and gas assets

- **Major investment projects on track**
 - Grane, Sunndal, Alunorte, Qafco



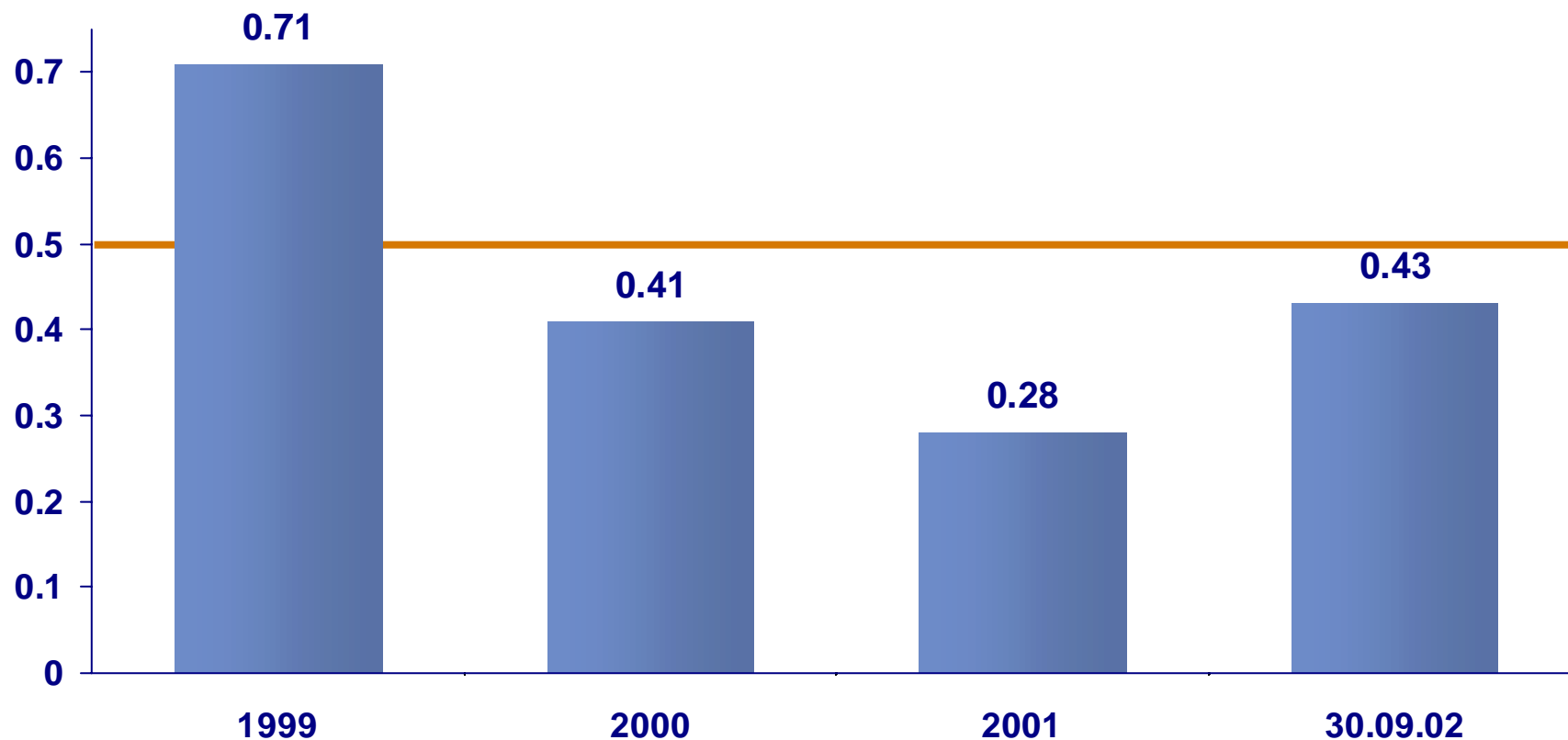
Strengthening the core businesses





We deliver: Maintained financial strength

Ratio

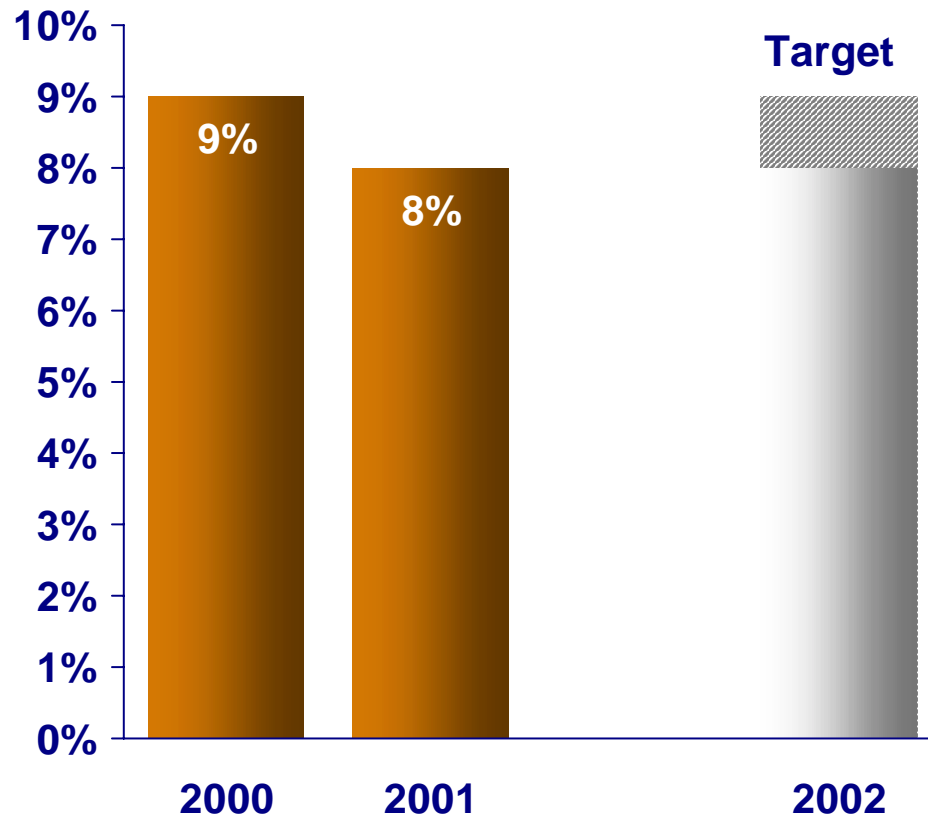


Net interest-bearing debt divided by shareholders' equity plus minority interest



We deliver: 2002 CROGI target

Normalized CROGI



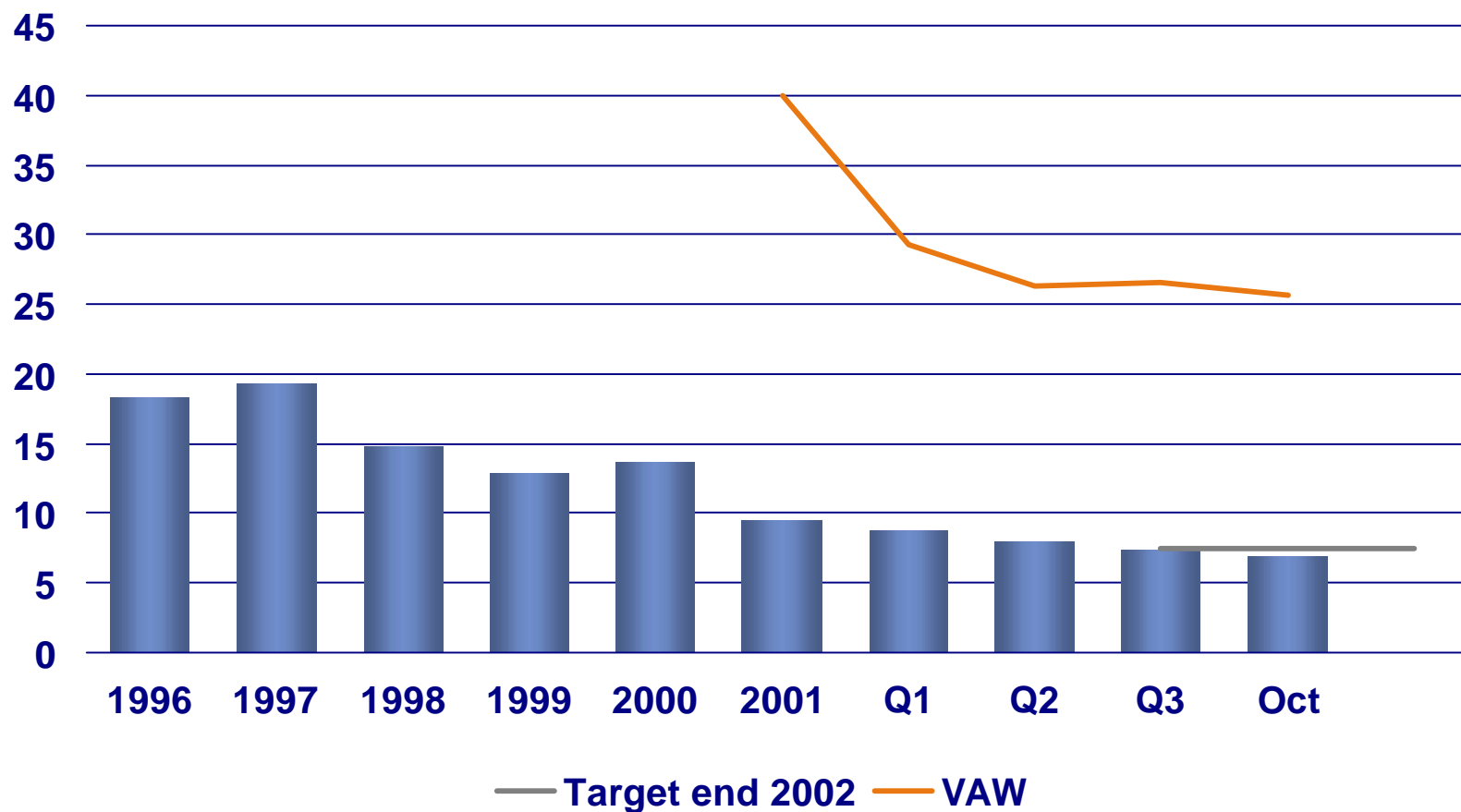
Normalized to reflect long-term commodity prices and a stable exchange rate – not normalized for volumes and margins

* Cash Return on Gross Investments



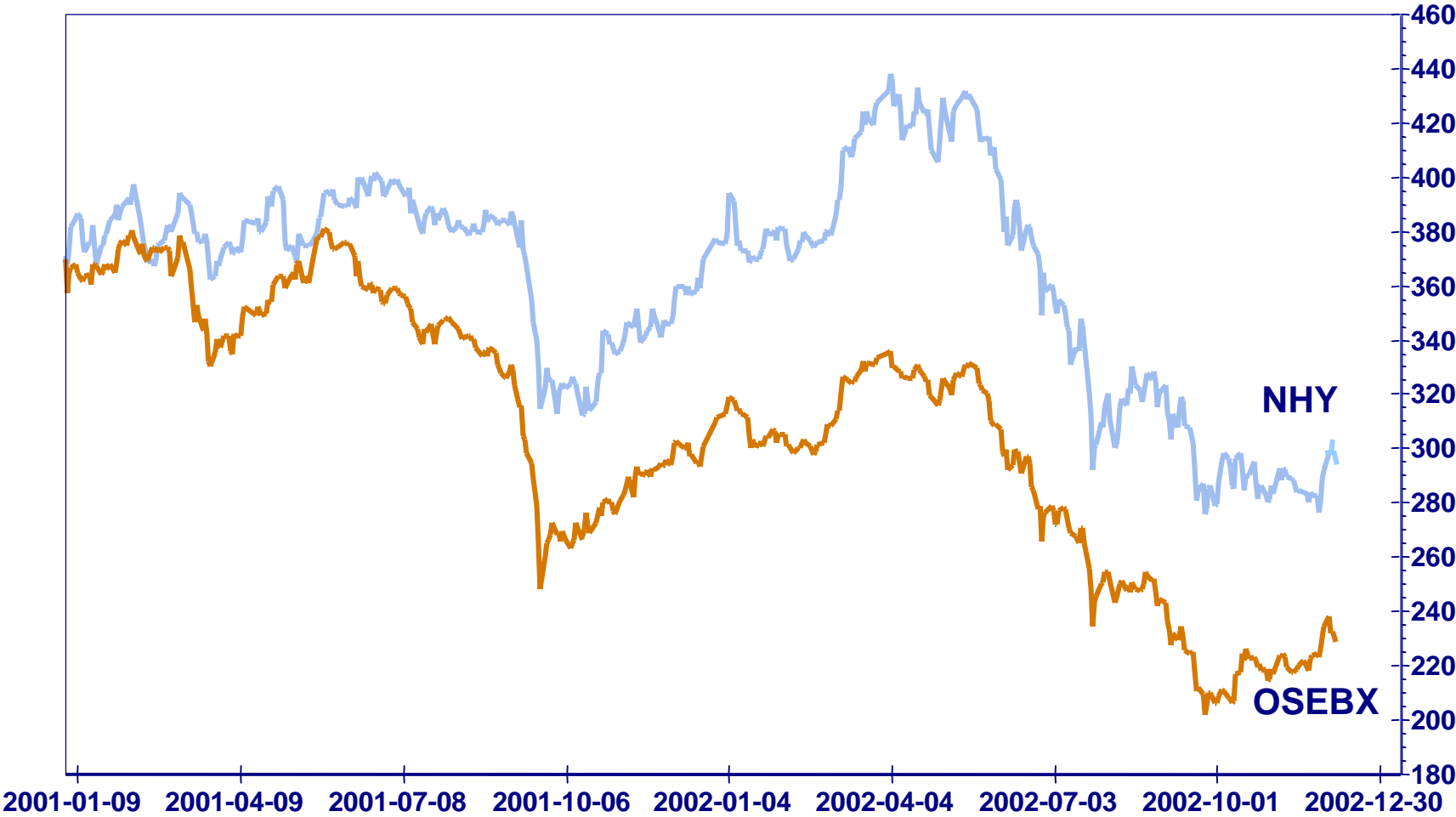
We deliver: Safety performance

Reported injuries per million hours, Hydro employees





Share price performance



Source: Reuters



Challenging market environment

- **Delayed global economic recovery**
 - Europe weak – particularly Germany
 - US recovery with doubtful strength
 - Political uncertainty may slow down recovery further

- **High, but volatile oil prices, weak aluminium market, fertilizer prices below long-term trend**

- **Significant impact for Hydro of NOK/USD rate changes**

- **Hydro's 2003 plans not based on improvements in general market situation**

Oil and Energy: Strong production growth



- **2002 production target being met;
new target for 2003 is 510 000 barrels per day**
- **Target of 8% average annual growth confirmed
and extended one more year to 2006**
- **On track to meet F&D cost target of 5 dollars
per barrel in 2003**
- **Rigorous examination of international exploration
strategy during 2003**

Aluminium: Value creation through better performance



- **Creating a world class company by successfully integrating two strong organizations**
- **Extensive improvement efforts lead to higher cost reduction targets**
 - **End 2003 target up from EUR 200 to 250 million**
- **Major investment projects on track**
- **Gaining market share in mid- and downstream segments under challenging market conditions**

Agri: The industry leader

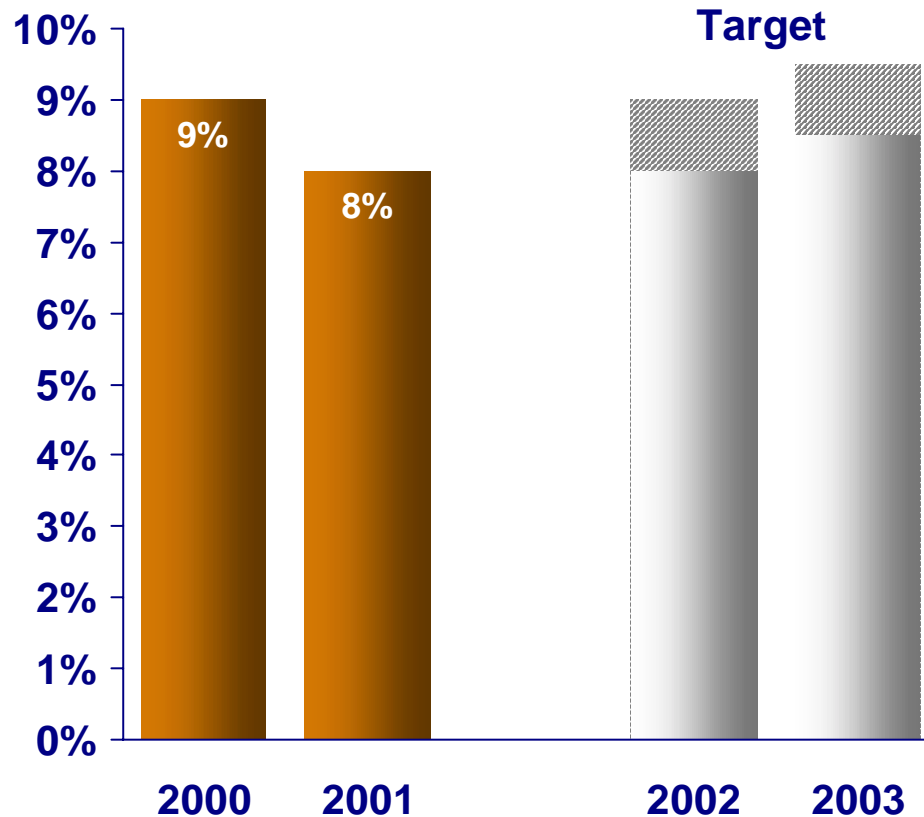


- **Building on position as global leader in selected industry segments**
- **Continue productivity improvements**
- **Remain alert to opportunities created by industry consolidation**



CROGI target for 2003

Normalized CROGI



- Higher oil and gas production
- Aluminium improvement programme
- Agri leveraging strong market positions
- Divestment of under-performing assets

* Cash Return on Gross Investments



Moving forward

- **Delivering on 2002 return target; higher target set for 2003**
- **Significant potential in all three Business Areas**
 - **Oil and Energy: Several years of high production growth**
 - **Aluminium: Improved performance as world class player**
 - **Agri: Leveraging strong market positions**
- **Continued evaluation of attractive strategic options; retaining flexibility of timing**
- **Maintaining financial strength provides a basis for strategic moves**