

**Presentation given by  
Senior Vice President Ida Helliesen  
to Fixed Income Investors**

**Berlin, Sept. 7-8th 2000**



# Norsk Hydro - Business Focus

**Light Metals**

**Oil and  
Energy**

**Agriculture**

- ✓ Concentration on 3 core areas
- ✓ Divesting or alliances non-core areas
- ✓ Exploit new technology and capabilities across business units
- More focused - Multibusiness



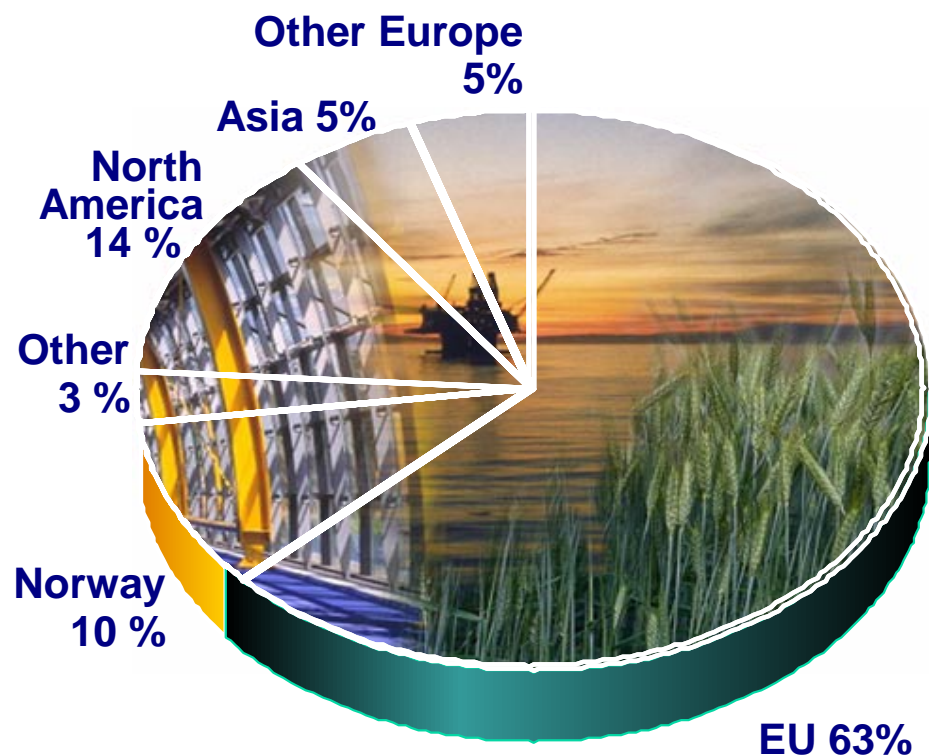
# Norsk Hydro 1999

- ✓ Operating revenues NOK 102 bill.
- ✓ Operating income NOK 7.7 bill.
- ✓ Return on capital employed 9 %
- ✓ Investments NOK 12.3 bill. \*
- ✓ Almost 39,000 employees \*\* in 70 countries

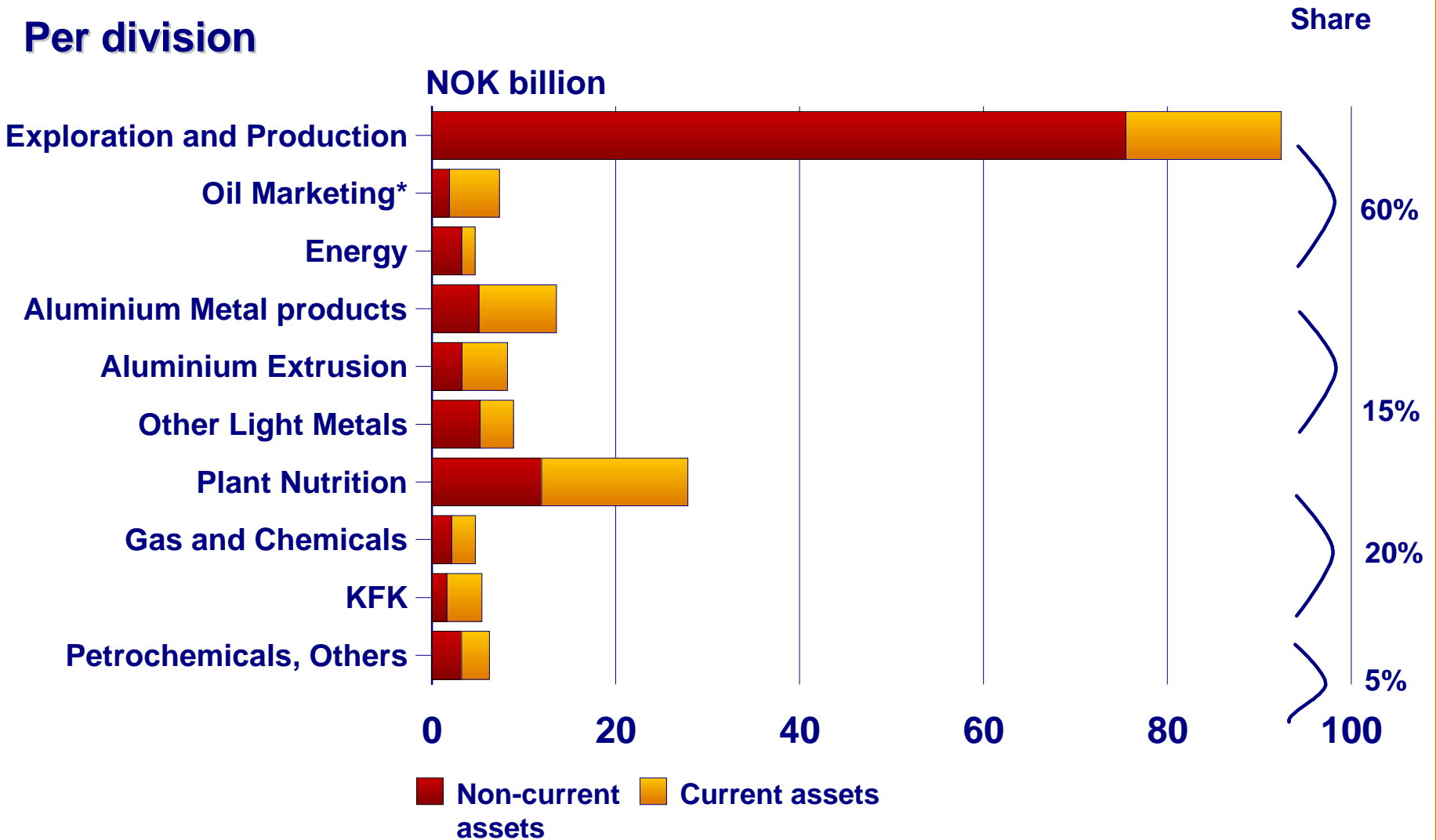
\* 53 bill. NOK including the Saga aquisition

\*\* Average 1999

## Sales



# Total assets\* 1999 NOK 177 Bill.



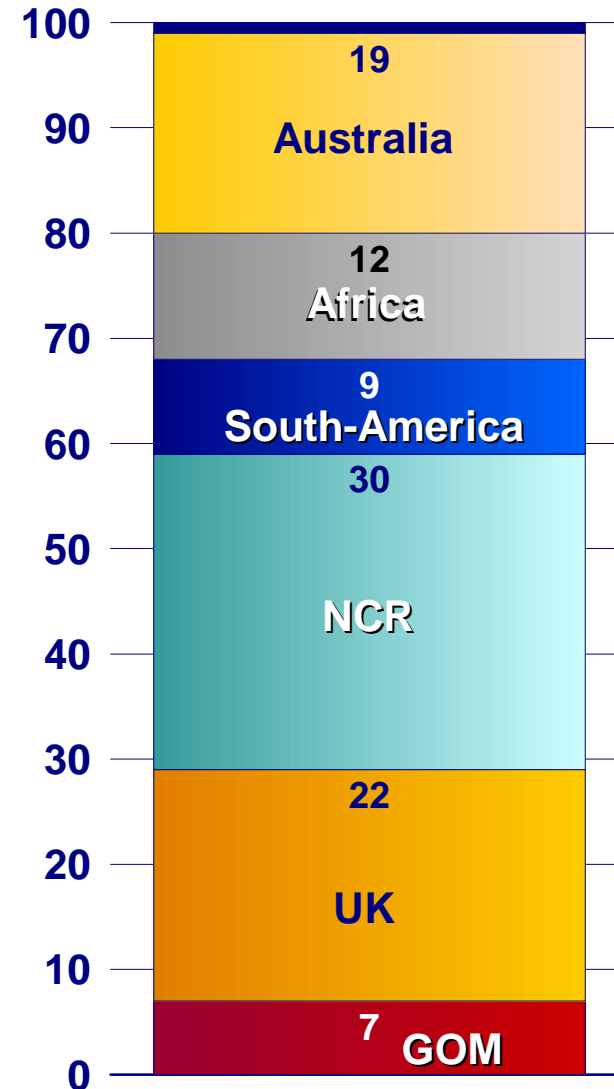
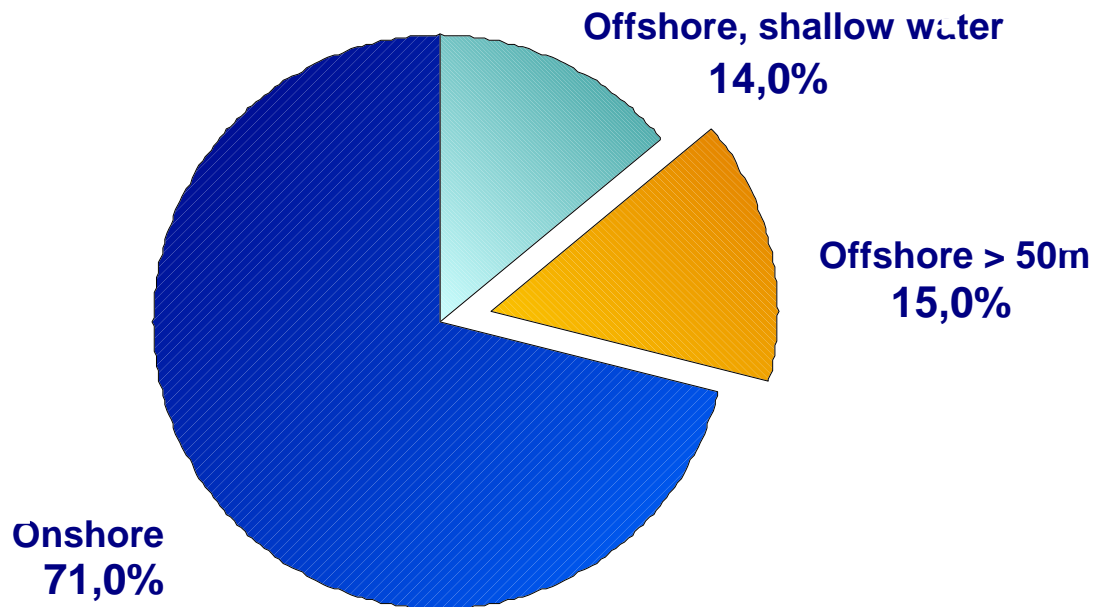
## **Oil, gas and energy - selective growth**

- ✓ **Production 420 000 boe/day**
  - ▶ **Saga Merger mid 1999**
  - ▶ **Production target approx. 800 000 boe/day within existing licences and investment levels**
  
- ✓ **Proven oil and gas reserves end 1999, 2,1 billion boe - 14 years production life**
  
- ✓ **Norwegian Continental Shelf and International positions (Angola, Canada, North West Russian, Iran)**
  
- ✓ **Second largest hydro-electric power producer in Norway**



# Norwegian continental shelf importance offshore > 50 meter

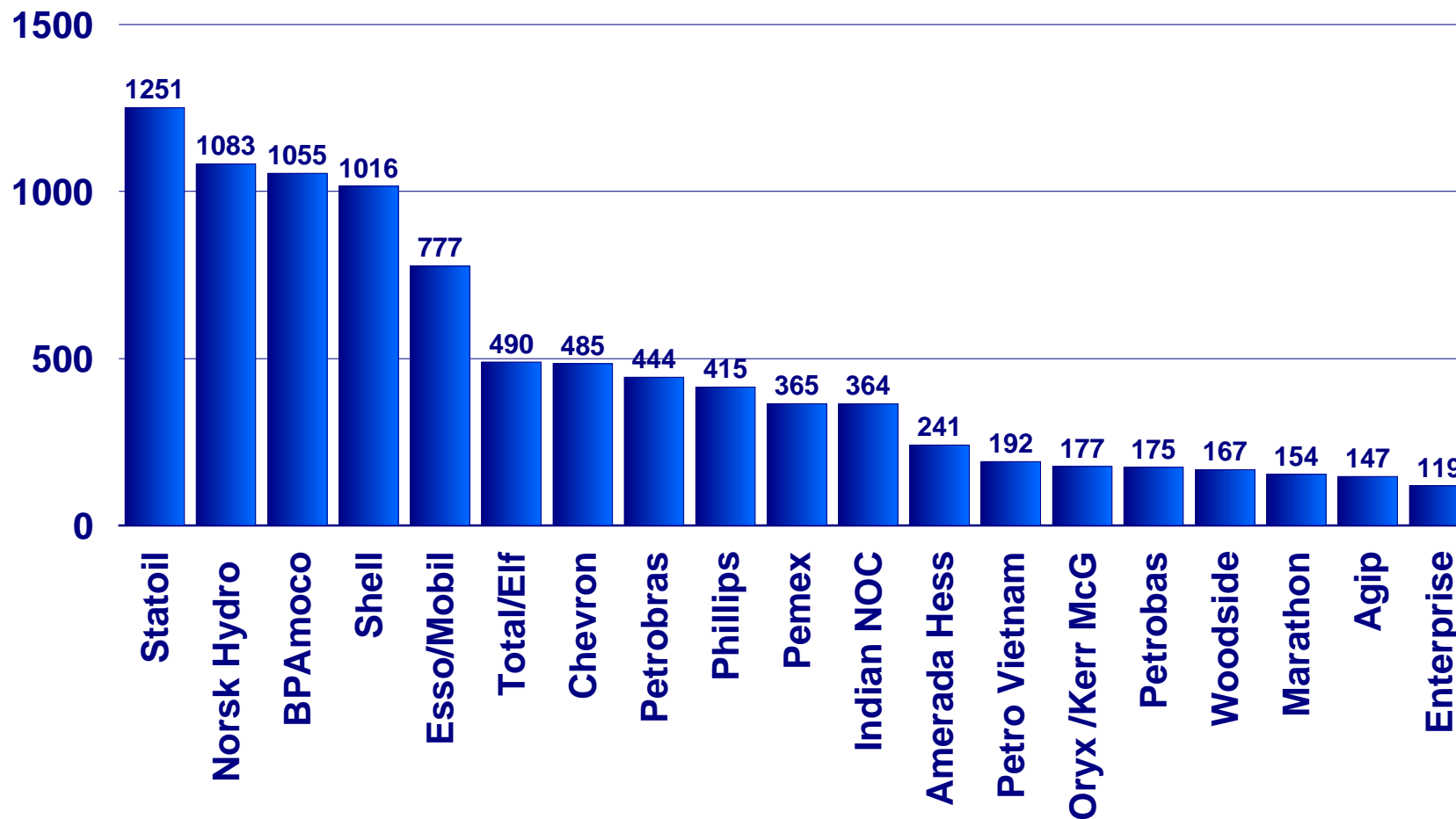
Global Oil Production in %



# Competence from Off-shore Deepwater

Production as operator, 1997, deepwater >50 meter

1000 bbl/day



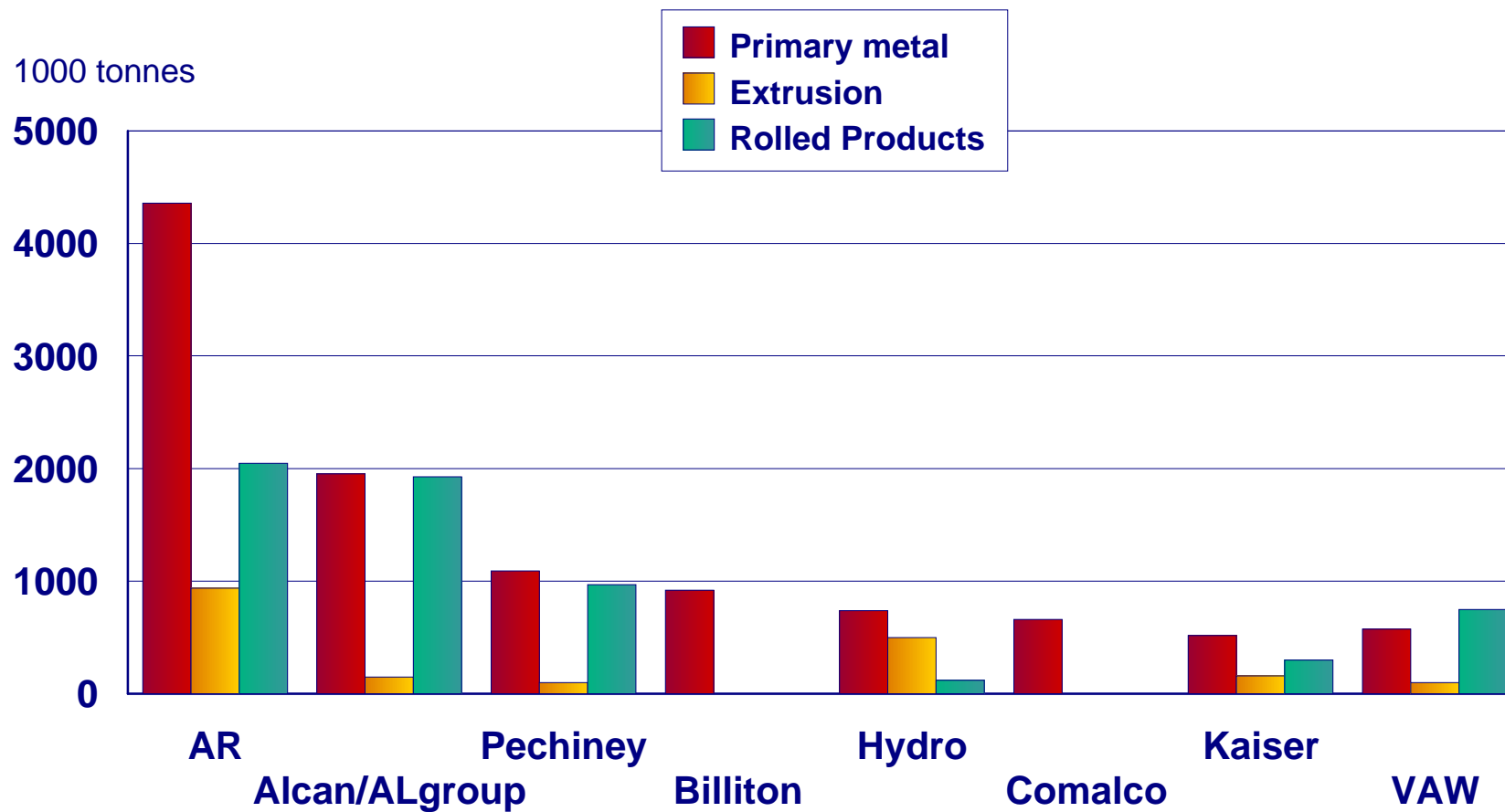
\* Includes Saga

Source: Oil & Gas Journal McKinsey



# New Global Industry Structure Aluminium

## Production capacity year 2000



# Light Metals - Selective growth

**Aluminium** ✓ **2.5% - 3% Growth in demand**

- **Transport**
- **Construction**
- **Packaging**

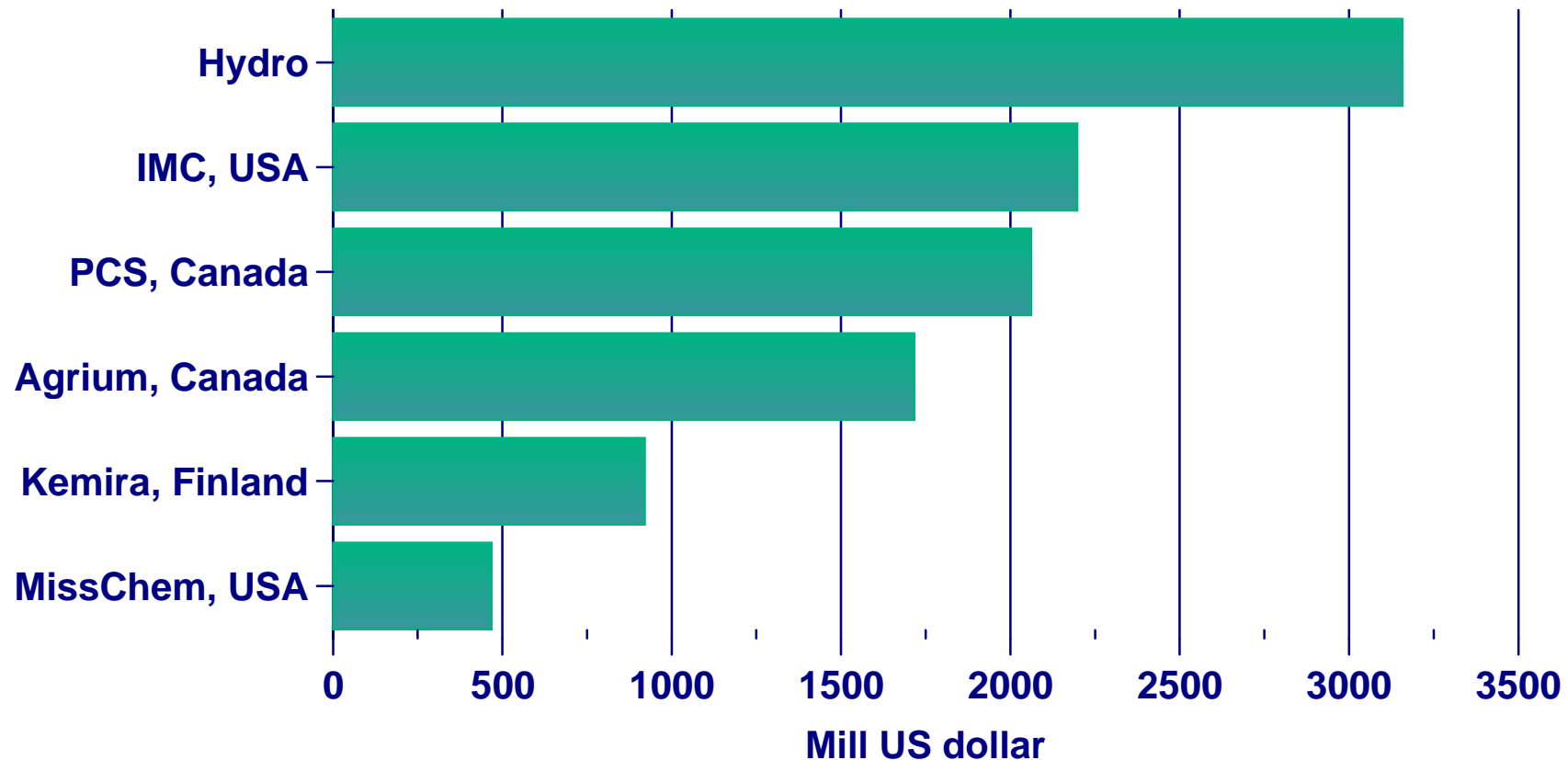
✓ **Recent strategic steps taken by Hydro**

- **Alliance in Brazil: Alumina and Metal**
- **Acquired US extrusion company: Wells**
- **Brownfield smelter investment in Norway**

**Magnesium** ✓ **World's largest producer**



# Hydro - The leading supplier of Plant Nutrition - Globally



Revenue from Fertilizer in 1999



# Agri - Turnaround mode

- ✓ **Hydro the largest producer in Europe - Capacity reduction within European industry**
- ✓ **Hydro has a global marketing and distribution network**
- ✓ **Global Market Growth of 1.5- 2.0% per year**
- ✓ **Fertilizer (and water) key input for efficient crop production**

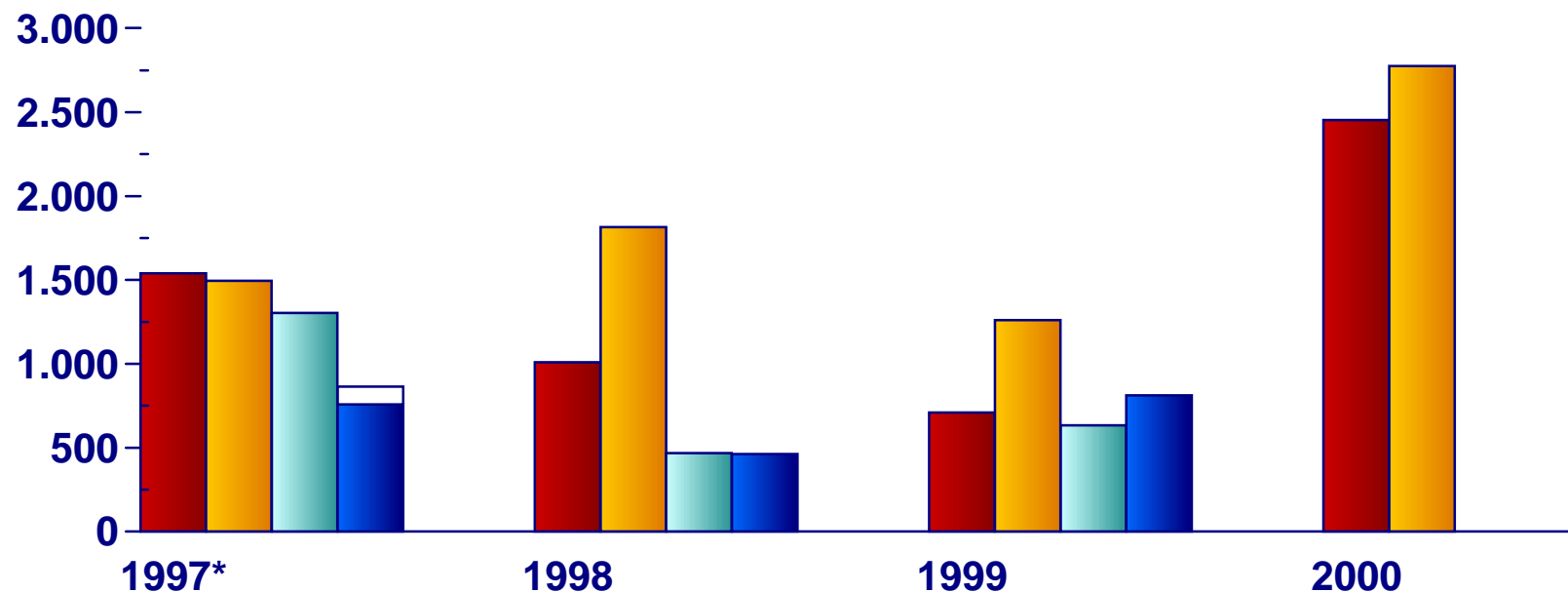


# Financial performance by 2q. 2000

## Net income

By quarter

NOK million



Accumulated	5,205	3,754	3,416	5,226
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\*) After effect of changes in tax law, 4th qtr 1997, NOK 106 million

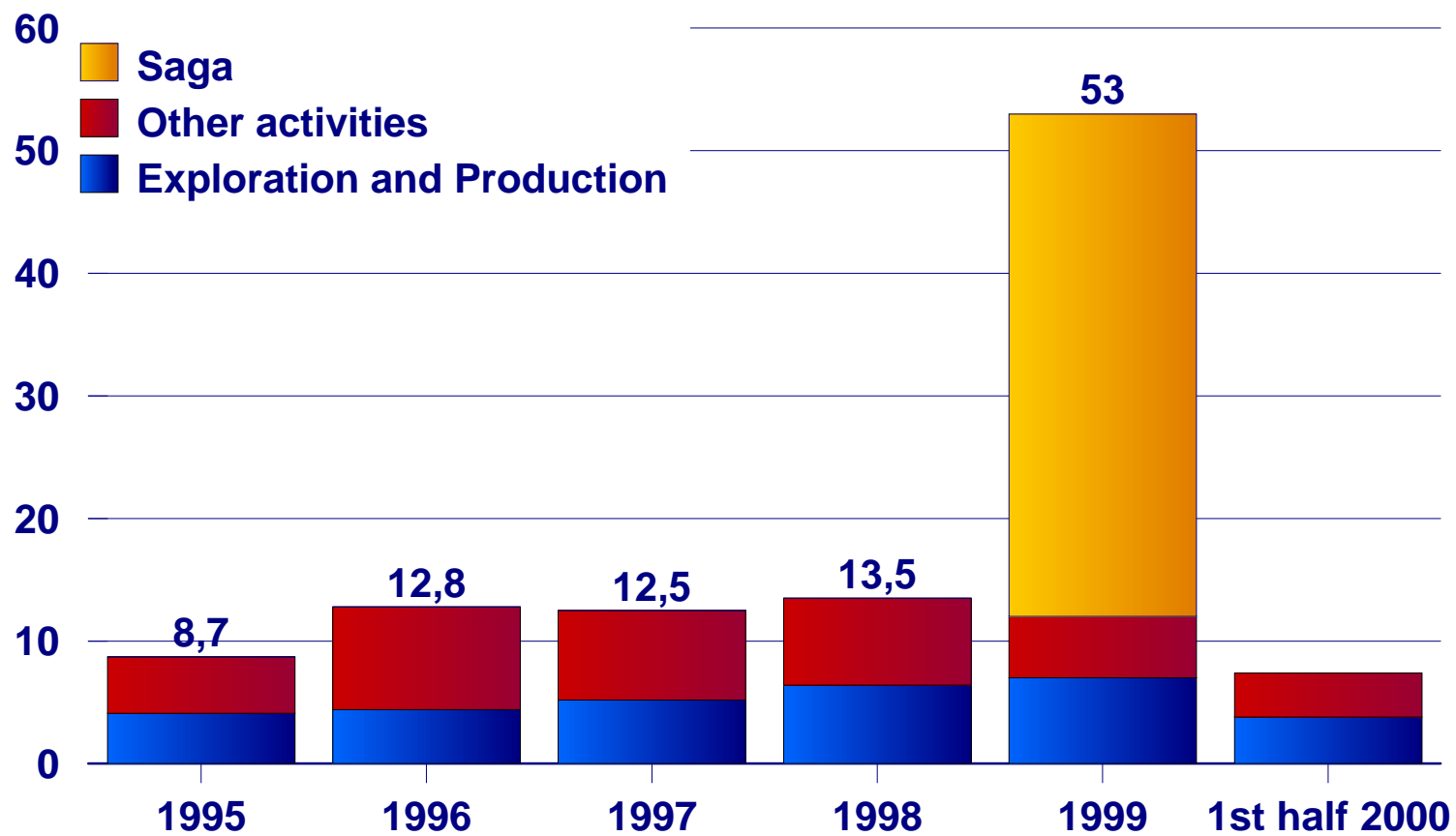


# Financial strategy

- **Limited ability to control timing of investments**
- **Ability to sell assets**
- **Keep all financing sources open**
  - **Bond market**
  - **Bank loans**
  
  - **Equity market**
- **Raise funds when markets are receptive**

# Investments

NOK billion



# **Focusing and improving financial ratios**

## **Divestments 1999 and 2000**

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- ✓ **Pronova Biopolymer**
- ✓ **Dyno shares**
- ✓ **UK oil and gas licences**
- ✓ **Hydro Seafood\***
- ✓ **Others**

**Total value 14 BNOK (1.6 billion USD)**

**\*Approval from authority pending**

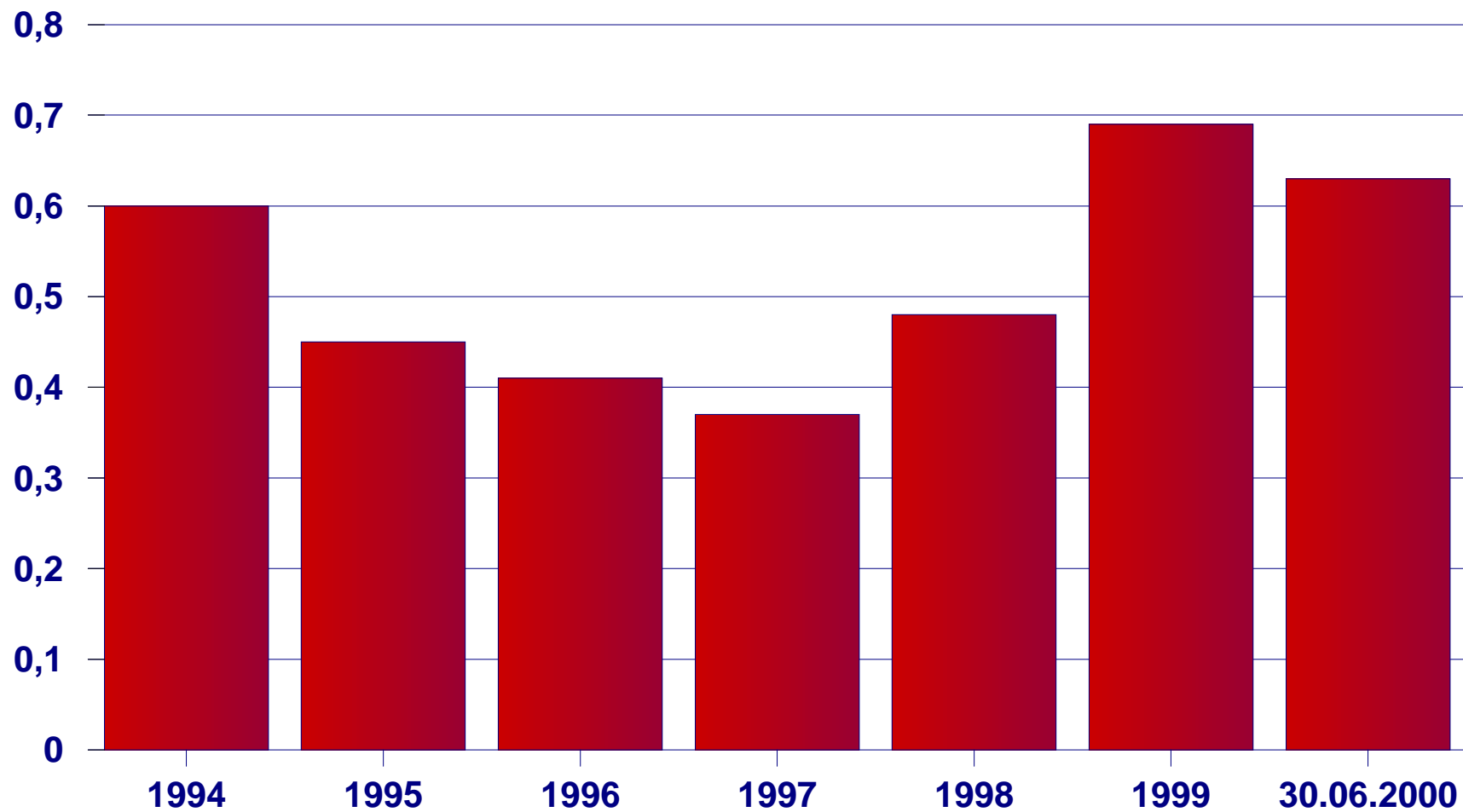
# Financial targets

- ✓ Shareholder return 15-20% per year over a business cycle
- ✓ Cash Return on Gross Investment, nominal after tax 10%
- ✓ Return on new investments, real rate after tax 10%
- ✓ Dividend: Share of net income 30%
- ✓ Solidity: Longterm debt/equity 0,5



# Financial position

## Long-term debt/equity



Long-term interest bearing debt divided by shareholders' equity plus minority interest

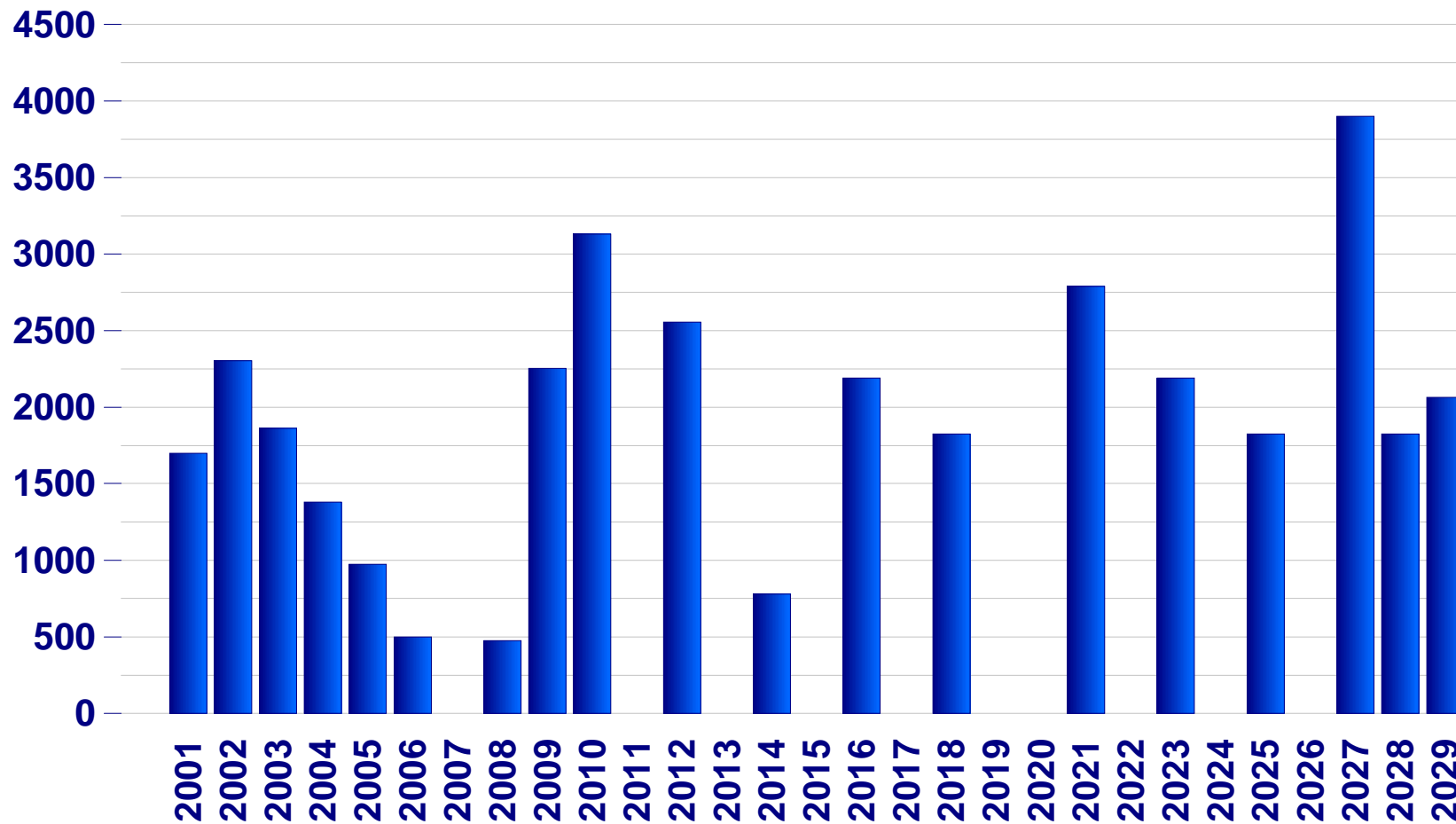
# Funding Strategy

- ✓ Long-term funding - aligned with long term industrial perspective - mainly bonds
- ✓ Mainly fixed interest - predictability and stability
- ✓ Bond issues
  - 1980's Europe
  - 1990's US
  - 1999/00 400 Mill euroEurope likely to be more important for us in the future
- ✓ Maintain Investment Grade Rating



# Long-term debt repayment profile

Average maturity: 15,2 years



Committed long-term standby credit facilities:

Committed short-term credit facilities:

USD 1.95 bn. (NOK 17.5)

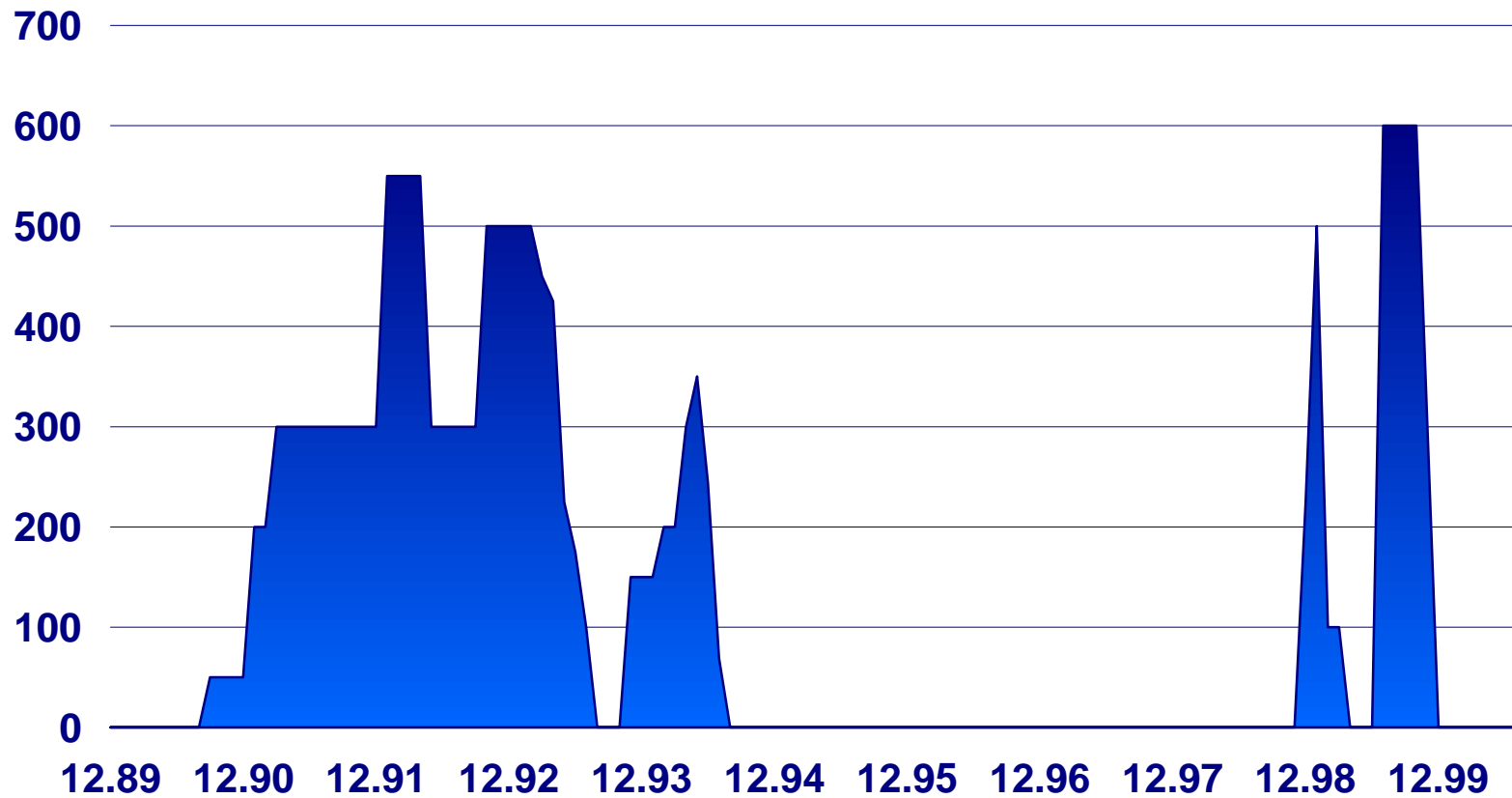
NOK 3.3 bn.



# Drawdowns on long-term standby credit facilities

## Norsk Hydro ASA

USD millions



# Performance of Hydro's euro 400 mill. issue

Spread Developments - Norsk Hydro ASA EUR 400 million

