Norsk Hydro ASA
10 May, 2004

First quarter 2004

Highlights first quarter

- High oil and gas prices, improved aluminium markets
- Oil and gas production up 11% from Q1 2003
- Strong improvements in Aluminium results
- Successful demerger and listing of Yara
- Strong financial position

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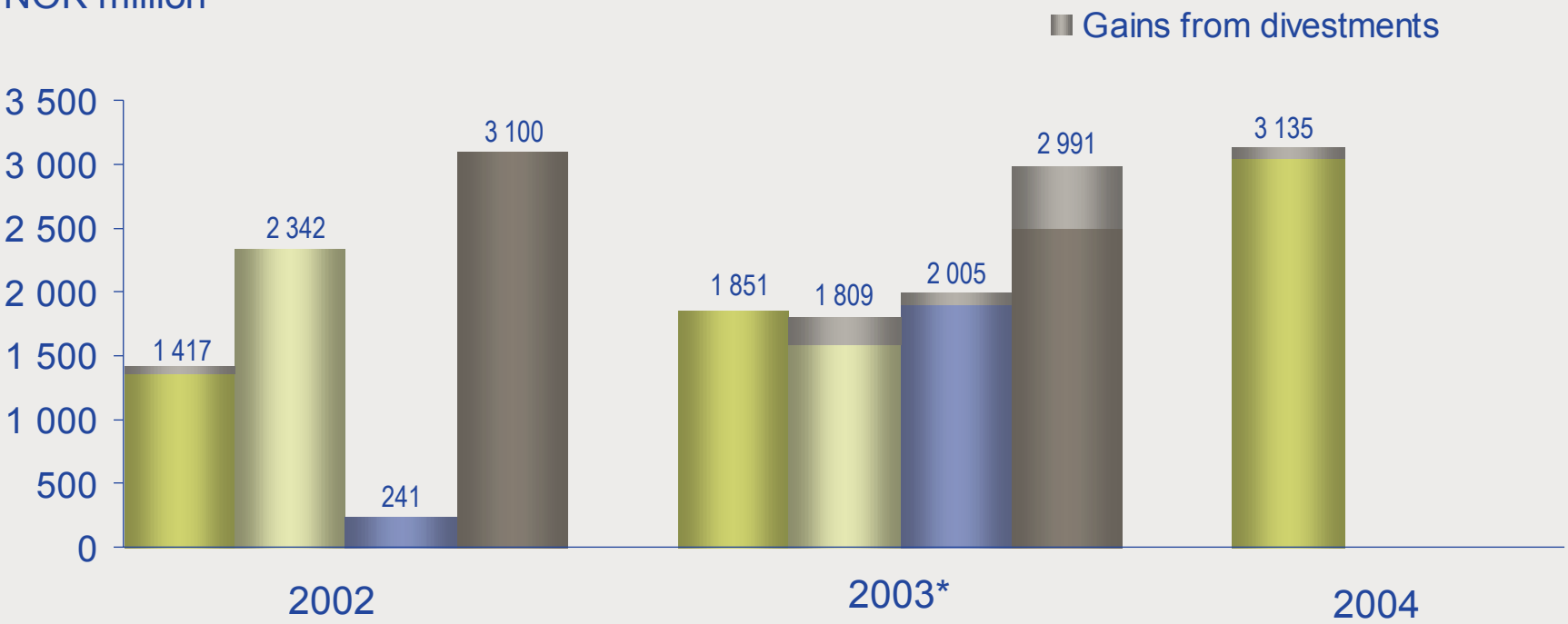
Income from continuing operations*

Per quarter

NOK million



Accumulated

2002	2003*	2004
7 100	8 656	3 135

* Including the effect of change in accounting principles for 1st quarter 2003 amounting to a positive effect of NOK 281 million

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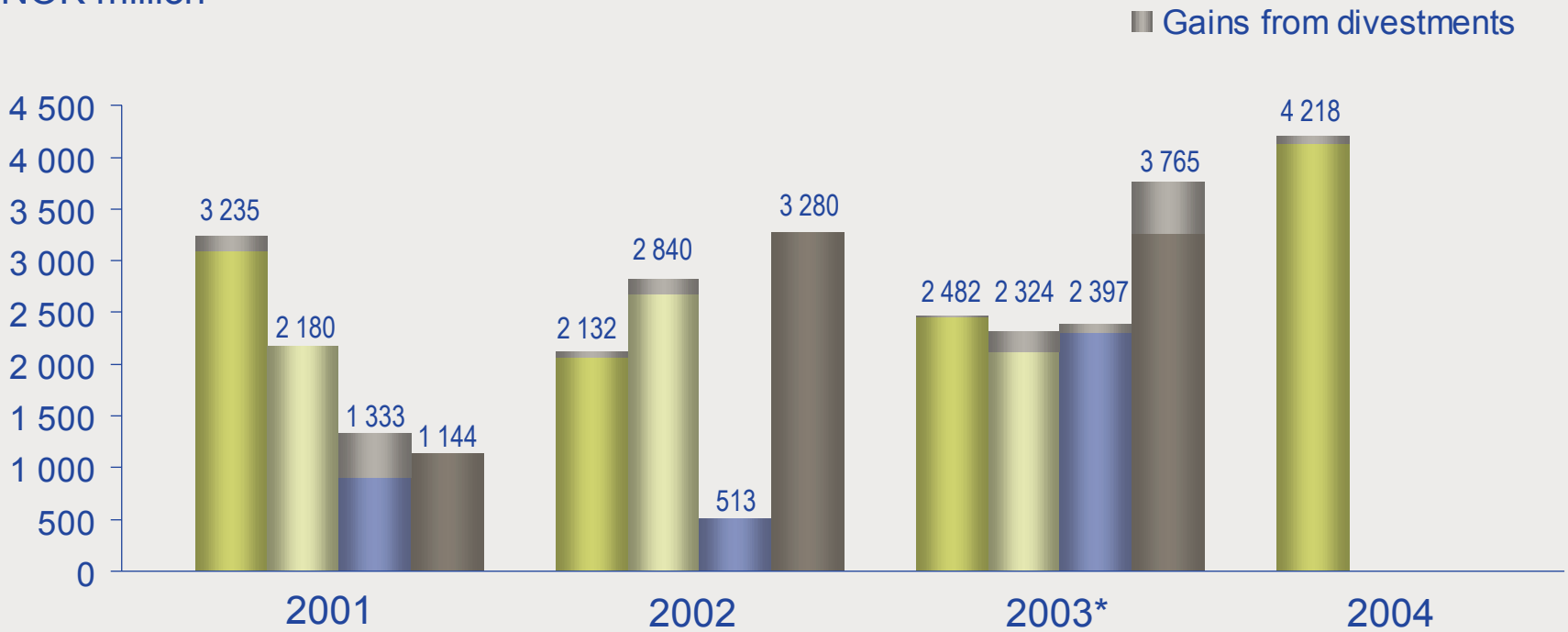
Net income*

Per quarter

NOK million



Accumulated

2001	2002	2003*	2004
7 892	8 765	10 968	4 218

* Including the effect of change in accounting principles for 1st quarter 2003 amounting to a positive effect of NOK 281 million

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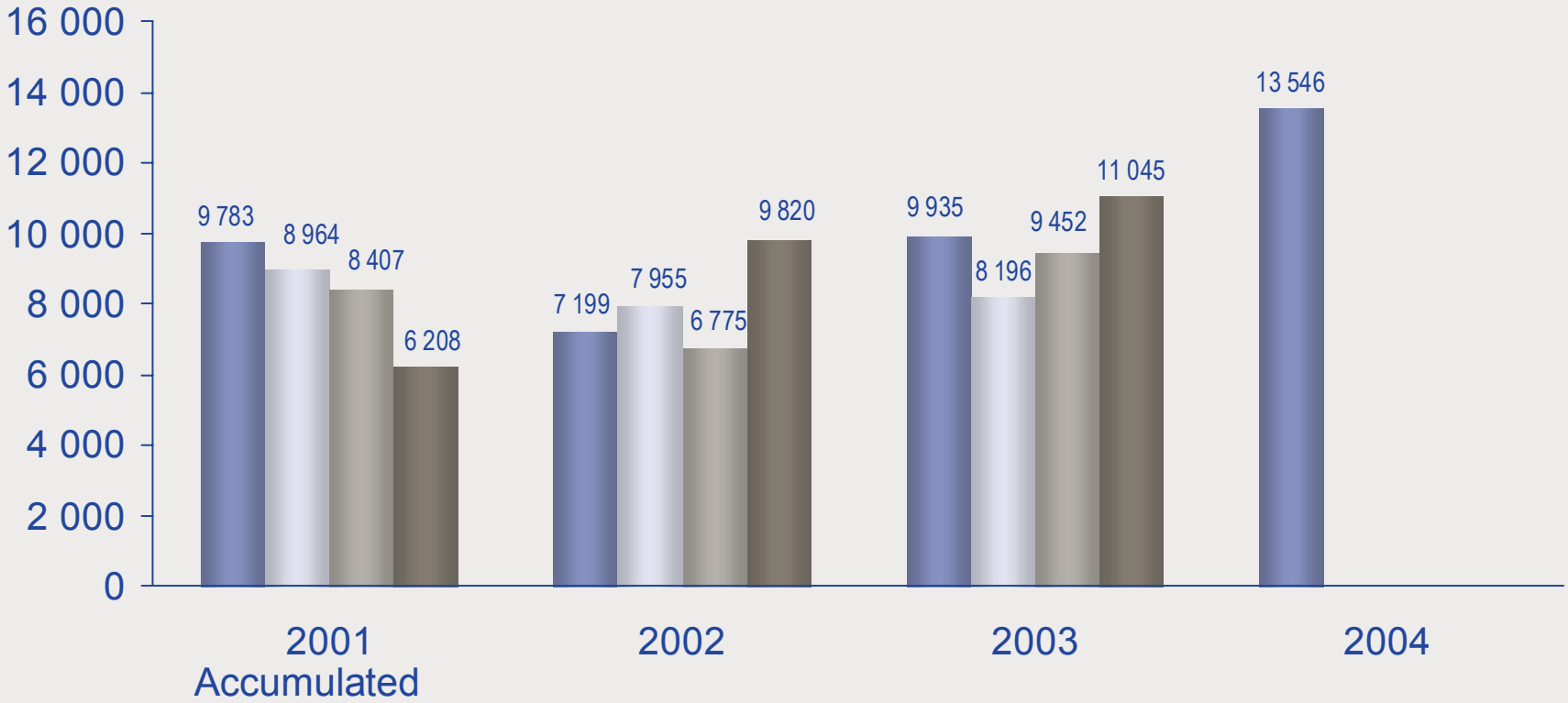
Earnings before interest, tax, depreciation and amortization (EBITDA)

Per quarter

NOK million



Accumulated			
33 362	31 749	38 628	13 546

Consolidated income statements

NOK million	1st quarter 2004	1st quarter 2003
Operating revenues	39 598	35 763
Operating income	9 276	5 982
Equity in net income of non-consolidated investees Financial income (expense), net Other income, net	131 (624) 110	187 (651) -
Income before tax and minority interest Income tax expense Minority interest	8 893 (5 786) 28	5 518 (3 976) 28
Income from continuing operations Income from discontinued operations	3 135 1 083	1 570 631
Income before cumulative effect of change in accounting principle Cumulative effect of change in accounting priciple	4 218 -	2 201 281
Net income	4 218	2 482
Earnings per share from continuing operations - NOK Earnings per share from discontinued operations - NOK Earnings per share - NOK	12.30 4.20 16.50	6.10 2.40 9.60

* For calculation of EPS, 1st quarter 2004: 255 732 220 shares, 1st quarter 2003: 257 960 532 shares

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Variance analysis Hydro group

NOK million	1st quarter
2004 2003	13 546 9 935
Variance EBITDA	3 611
- Prices and currency, Exploration & Production (E&P) - Margin incl. currency effects [1)] - Volume - Fixed costs - Depreciation - Production and exploration costs, E&P - Infrequent items - Trading and unrealized LME effects, Aluminium - New / disposed business - Other	165 805 2 380 (425) (355) (140) (5) 500 (120) 490
Variance operating income	3 294
- Non-consolidated investees - Interest income and other - Other income - Depreciation and amortization	(54) (78) 110 339
Variance EBITDA	3 611

1) Including negative variance for elimination of unrealized gain/loss on electricity contracts of NOK 450 million

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Operating income

Individual operating segment

NOK million	1st quarter 2004	1st quarter 2003
Exploration and Production	7 082	5 482
Energy and Oil Marketing	733	715
Eliminations	3	(22)
Hydro Oil & Energy	7 818	6 175
Metals	989	572
Rolled Products	148	-
Extrusion and Automotive	161	52
Other and Eliminations	331	29
Hydro Aluminium	1 629	653
Other Activities	93	1
Corporate and Eliminations	(264)	(847)
Total	9 276	5 982

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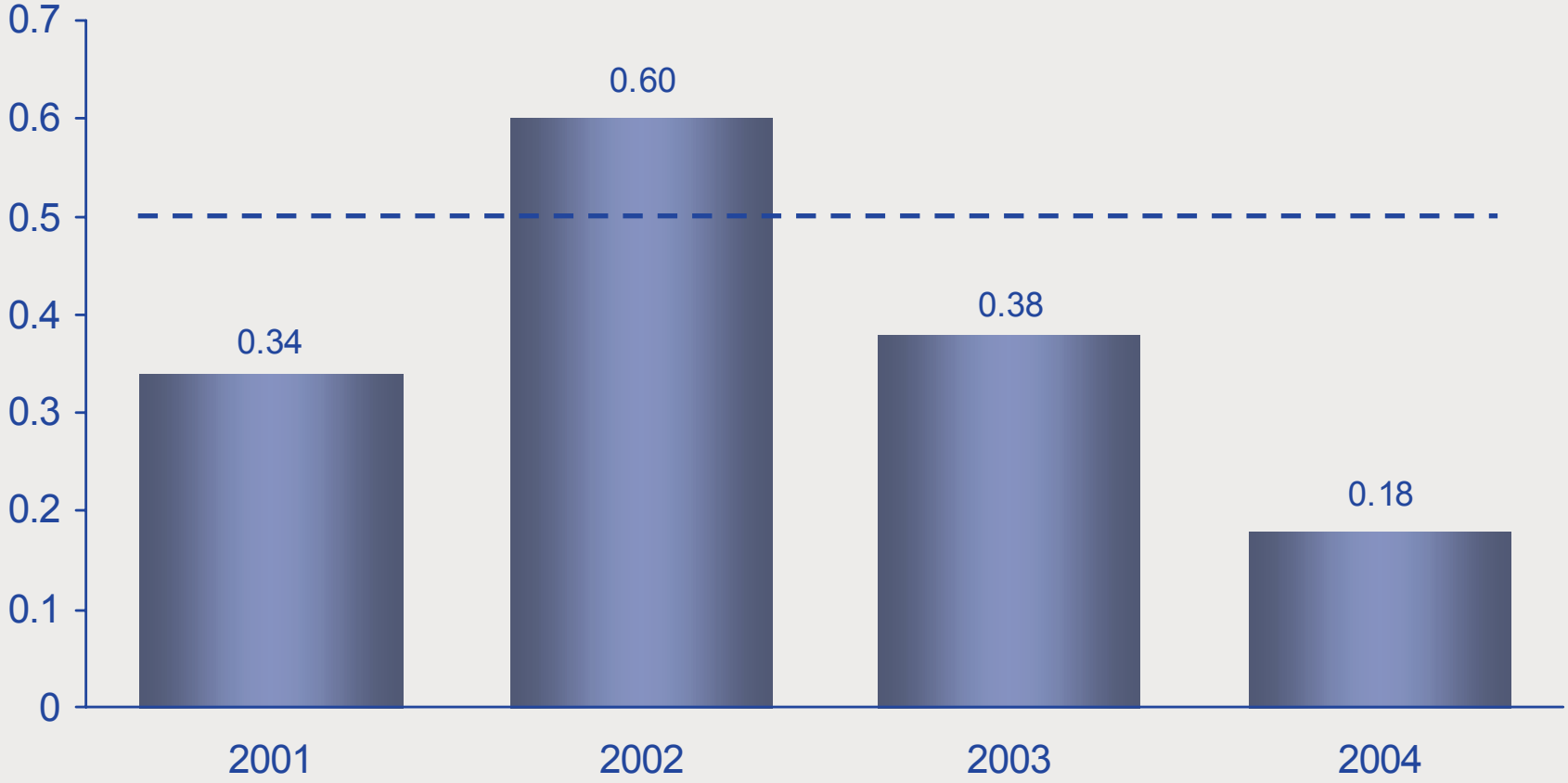
Financial solidity



Interest-bearing debt + Net pension liability (tax adjusted) + Operating lease commitments (discounted) - Cash and cash equivalents – Other liquid assets divided by Shareholders' Equity + Minority interest

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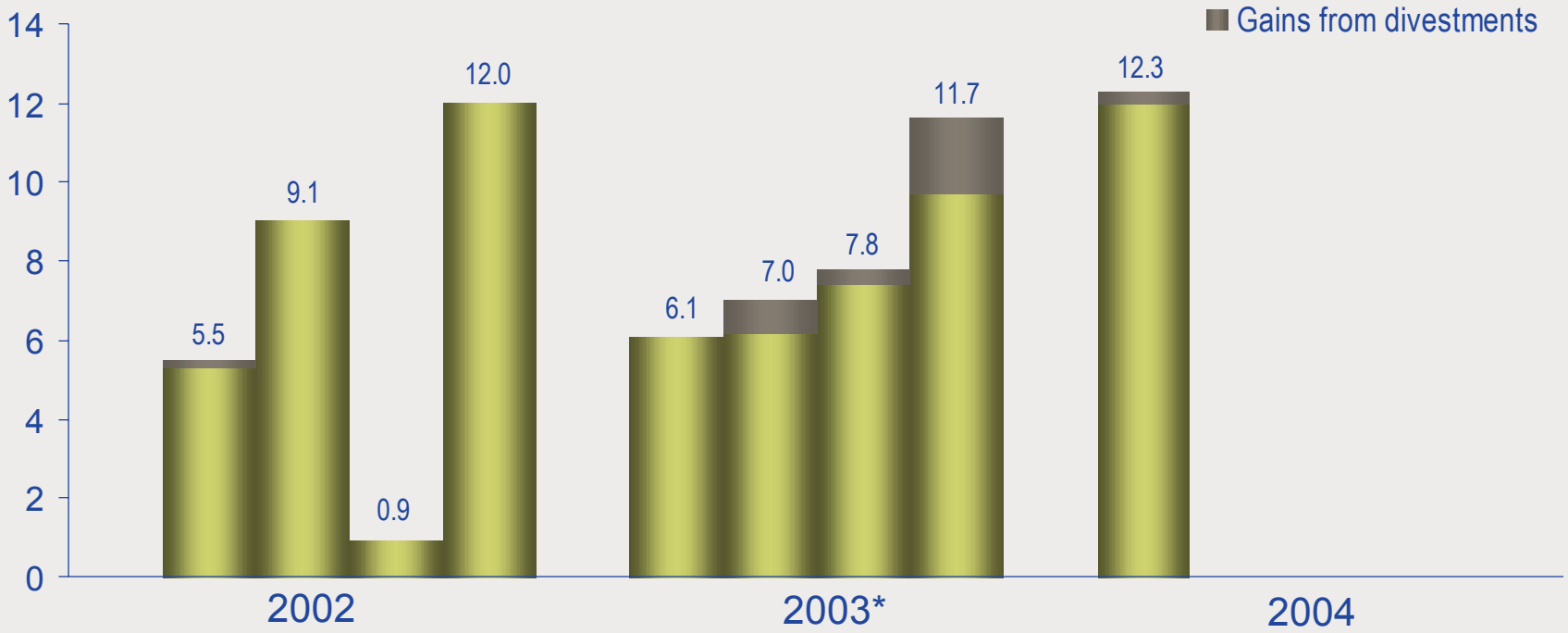
Earnings per share from continuing operations*

NOK



Accumulated

27.5	32.5	12.3

* Before effect of change in accounting principles

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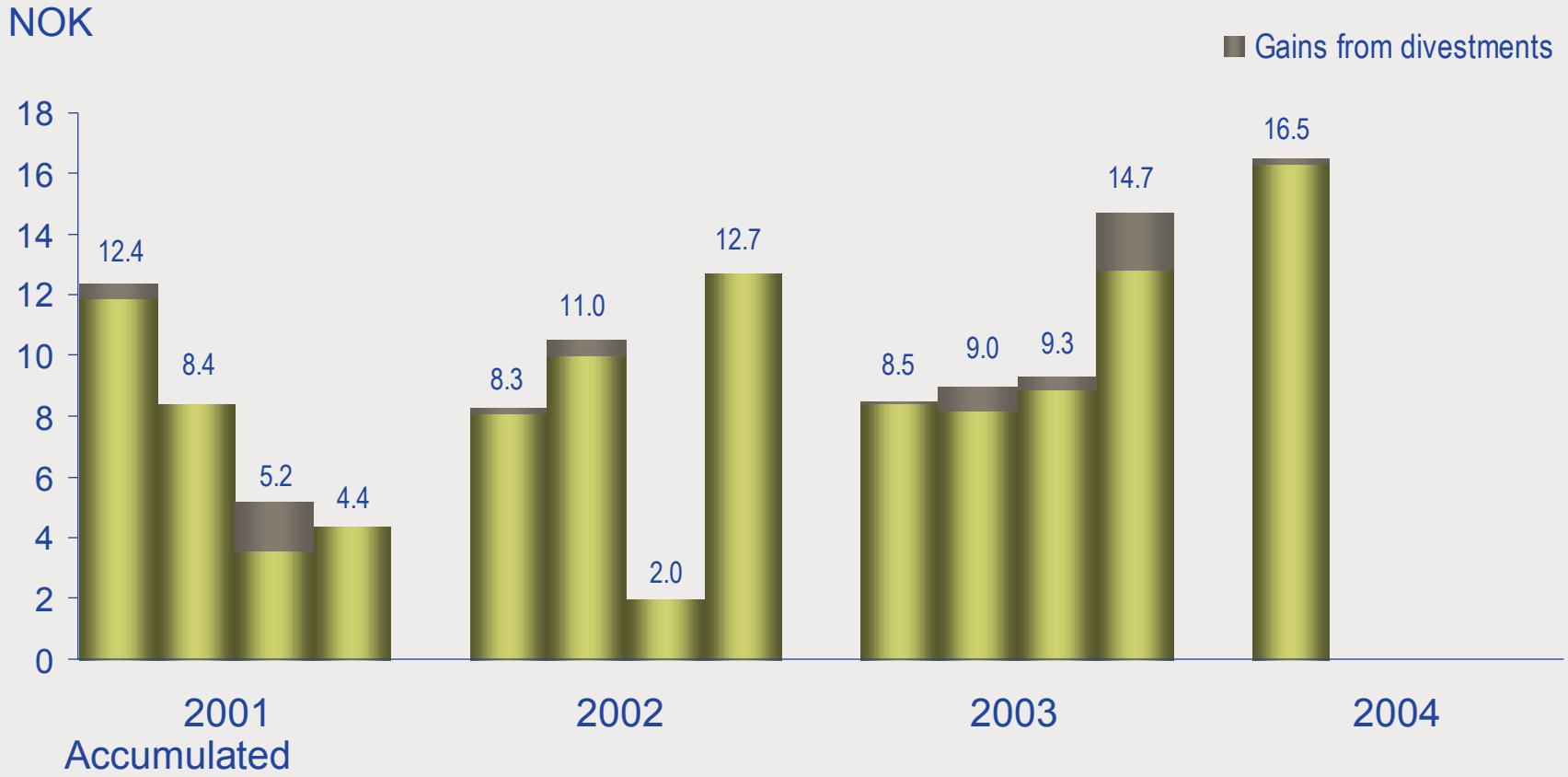
Earnings per share*



Accumulated			
30.5	34.0	41.5	16.5

* Before effect of change in accounting principles

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Oil & Energy – highlights

- Production record – 615 000 boe/day
  - Important contributions from new fields (Grane, Fram Vest)
  - Strong gas demand in Europe
- Good operational performance, low unit costs
- High prices
  - Oil price USD 31.6 per barrel – down 3% in NOK
  - Gas price NOK 1.10 per Sm^3 – up 11%
- Ormen Lange development approved
- Discoveries in Libya

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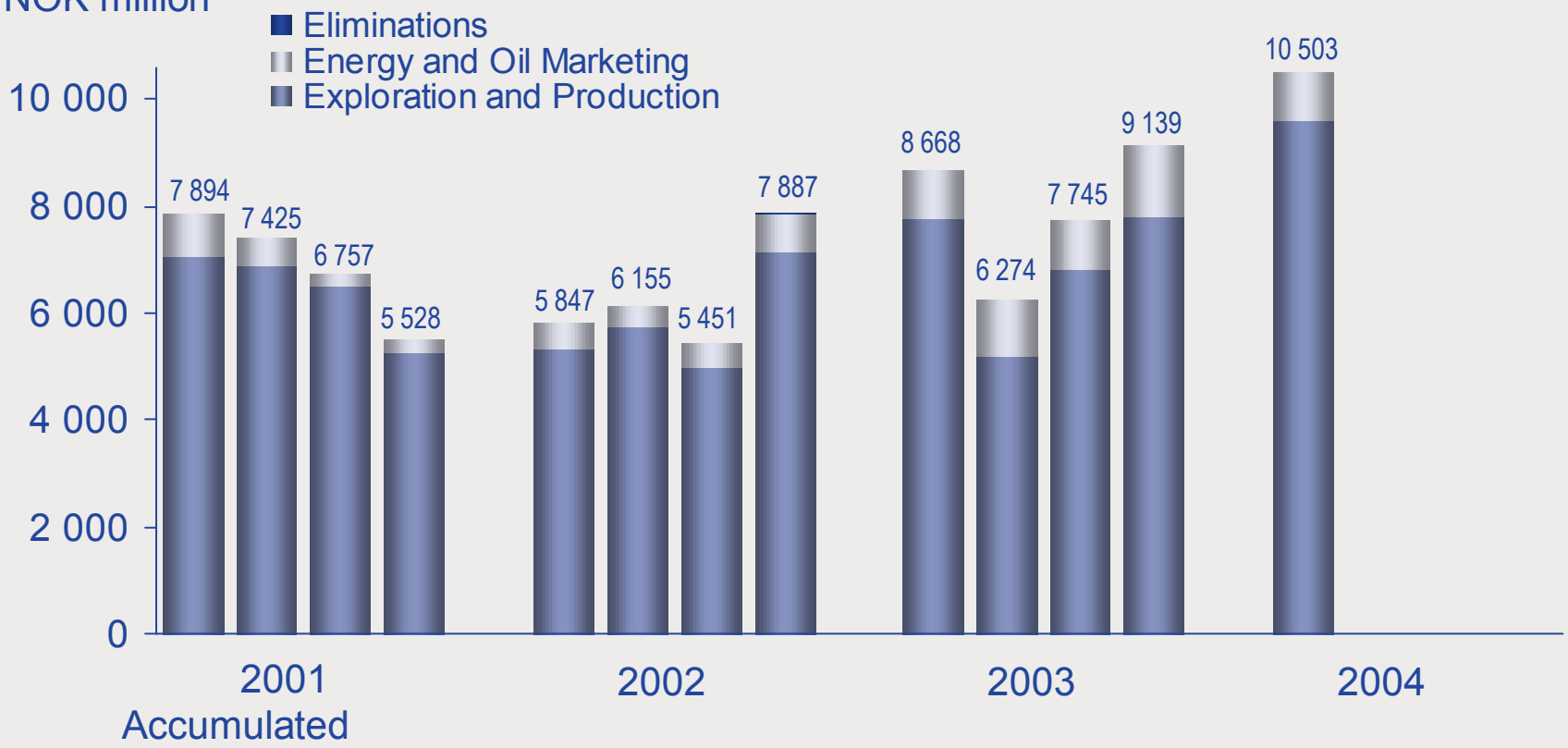
Oil & Energy

EBITDA

NOK million



Accumulated			
27 604	25 340	31 826	10 503

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Petroleum production

Per quarter

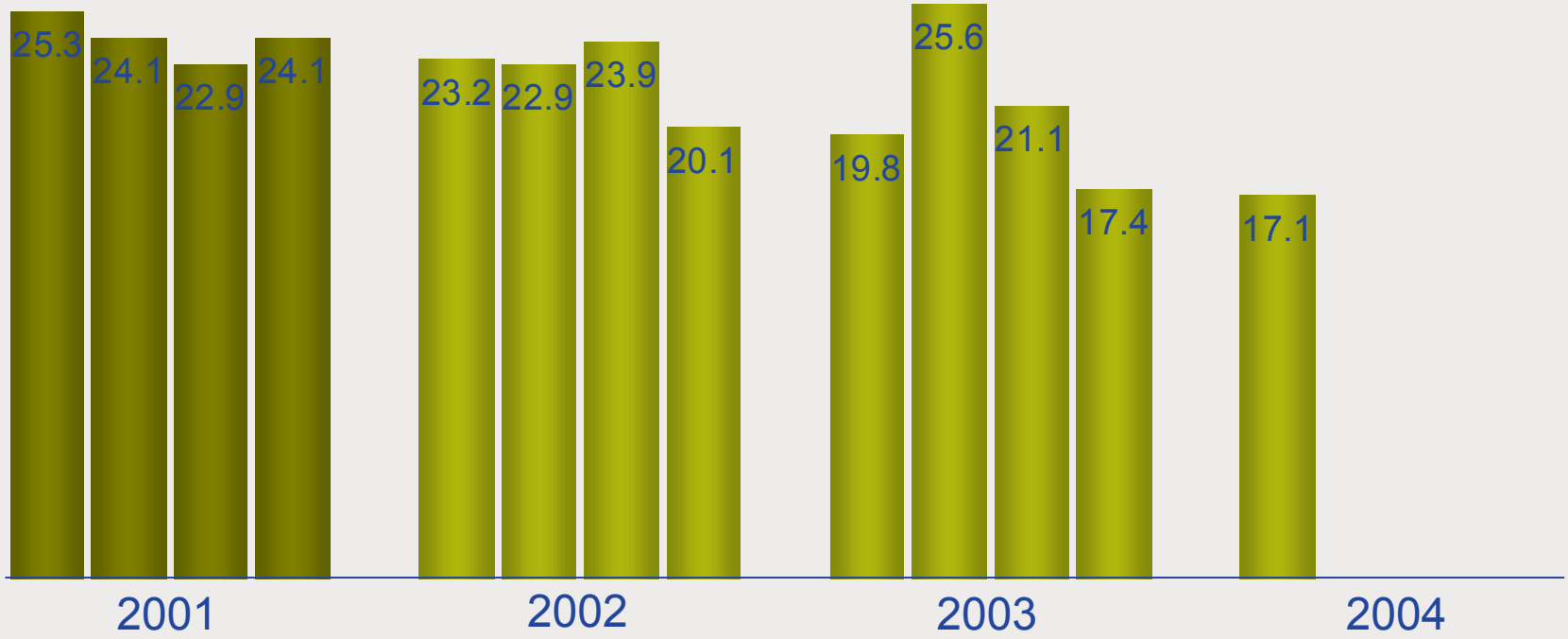
1 000 boe/day

Average per year:

2001	2002	2003	2004
421	480	530	615

Production costs per barrel

NOK/boe



Annual average:

2001	2002	2003	2004
24.1	22.6	20.7	17.1

Oil & Energy – prospects

- 2004 production target 560 000 boe/day
  - Seasonally lower gas sales in Q2 and Q3
  - Planned maintenance mainly in Q3
- Q2 exploration activity
  - Angola and Libya
- Business development
  - Develop NCS potentials
  - Pursue international opportunities

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Aluminium – highlights

- Improved markets
- Higher volumes upstream and downstream
- Continued progress on internal improvements
- Gains on LME positions

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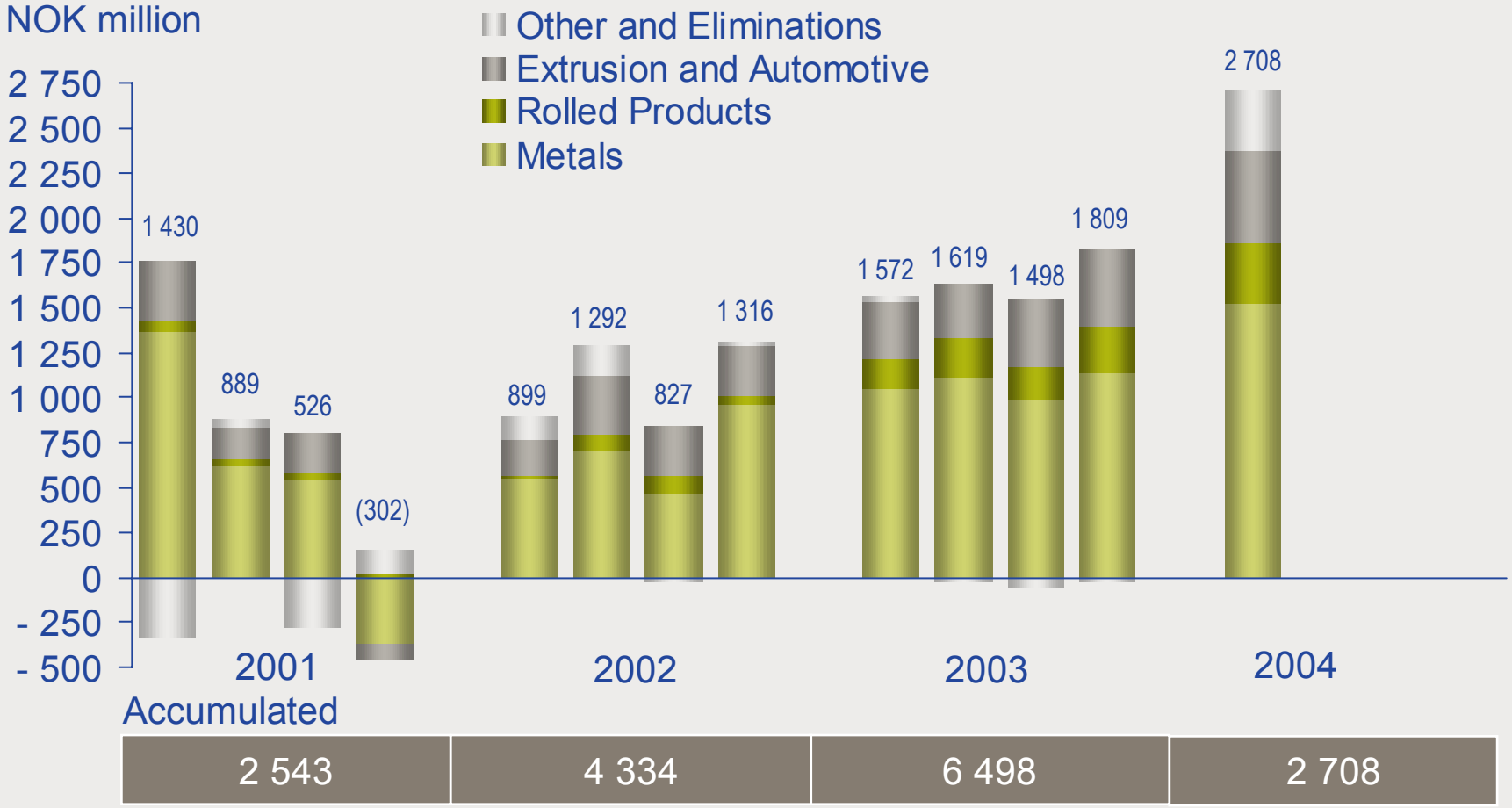
Aluminium

EBITDA



Aluminium – business comments

- Metals
  - Increased volumes, strong trading results
  - Higher aluminium price partly offset by higher variable costs
- Rolled Products
  - Increased volumes and improved product mix
  - Lower margins in EUR – higher in NOK
- Extrusion & Automotive
  - Higher volumes for European extrusion activities
  - North America – operational improvements
  - Automotive results improved as ramp-up continues

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Aluminium – prospects

- Positive outlook for global aluminium market
- Soft market for rolled products in Europe, stronger EUR weakens competitive position for European producers
- Extrusion & Automotive – positive market outlook
- Improvement program for Norwegian smelters
  - Annual cost savings NOK 350-400 million
  - Manning reduction target 800
  - Estimated manning reduction costs NOK 800 million

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Norsk Hydro – priorities ahead

- Meet ambitious oil and gas production target
- Improve competitiveness of European smelters
- Continue first-class project execution
- Ensure profitable growth

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Additional information

EBITDA

Individual operating segment

NOK million	1st quarter 2004	1st quarter 2003
Exploration and Production	9 593	7 770
Energy and Oil Marketing	907	920
Eliminations	3	(22)
Hydro Oil & Energy	10 503	8 668
Metals	1 529	1 047
Rolled Products	335	168
Extrusion and Automotive	512	329
Other and Eliminations	332	28
Hydro Aluminium	2 708	1 572
Other Activities	480	240
Corporate and Eliminations	(145)	(545)
Total	13 546	9 935

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Net financial income (expense)

NOK million	1st quarter 2004	1st quarter 2003
Interest income Dividends and net gain (loss) on securities	184 118	372 9
Interest income and other financial income	302	381
Interest expense Capitalized interest Net foreign exchange gain (loss) Other	(565) 132 (454) (39)	(713) 178 (469) (28)
Interest expense and foreign exchange gain (loss)	(926)	(1 032)
Net financial income (expense)	(624)	(651)

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Depreciation

Individual operating segment

NOK million	1st quarter 2004	1st quarter 2003
Exploration and Production	2 472	2 241
Energy and Oil Marketing	148	143
Hydro Oil & Energy	2 620	2 384
Metals	446	351
Rolled Products	172	148
Extrusion and Automotive	325	267
Hydro Aluminium	943	766
Other Activities	131	207
Corporate and Eliminations	2	1
Total	3 696	3 358

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Equity in net income of non-consolidated investees

Individual operating segment

NOK million	1st quarter 2004	1st quarter 2003
Exploration and Production	1	5
Energy and Oil Marketing	16	53
Hydro Oil & Energy	17	58
Metals	32	105
Rolled Products	-	7
Extrusion and Automotive	25	6
Hydro Aluminium	57	118
Other Activities	58	11
Corporate and Eliminations	(1)	-
Total	131	187

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Statement of Cash Flow

NOK million	31.03.04	31.03.03	31.12.03
Operating activities:			
Net income	4 218	2 482	10 968
Depreciation, depletion and amortization	3 696	3 358	13 947
Other adjustments	625	586	(2 142)
Net cash provided by operating activities	8 539	6 426	22 773
Investing activities:			
Purchases of property, plant and equipment	(3 297)	(2 659)	(14 537)
Purchases of other long-term investments	(199)	(75)	(684)
Net sales of short-term investments	3	1 116	1 136
Proceeds from sales of property, plant and equipment	339	164	647
Proceeds from sales of other long-term investments	309	1 549	6 384
Net cash provided by (used in) investing activities	(2 845)	95	(7 054)
Financing activities:			
Loan proceeds	10	851	264
Principal repayments	(2 956)	(1 748)	(5 167)
Ordinary shares purchased	(445)	-	(555)
Ordinary shares issued	9	21	77
Dividends paid	-	-	(2 711)
Net cash used in financing activities	(3 382)	(876)	(8 092)
Foreign currency effect on cash flows	125	270	702
Net cash provided by discontinued operations	9 470	139	997
Net increase in cash and cash equivalents	11 907	6 054	9 326
Cash and cash equivalents at beginning of period	14 873	5 547	5 547
Cash and cash equivalents at end of period	26 780	11 601	14 873

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Operating income – EBIT – EBITDA

First quarter 2004

NOK million	Operating income	Non-cons investees	Interest income	Selected fin. items	Other income	EBIT	Depr. and Amort.	EBITDA
Exploration and Production	7 082	1	34	4		7 121	2 472	9 593
Energy and Oil Marketing	733	16	7	1		757	150	907
Eliminations	3	-	-	(1)		2	1	3
Hydro Oil & Energy	7 818	17	41	4	-	7 880	2 623	10 503
Metals	989	32	3	46		1 070	459	1 529
Rolled Products	148	-	1	(1)		148	187	335
Extrusion and Automotive	161	25	2	(1)		187	325	512
Other and Eliminations	331	-	1	(1)		331	1	332
Hydro Aluminium	1 629	57	7	43	-	1 736	972	2 708
Other Activities	93	58	6	82	110	349	131	480
Corporate and Eliminations	(264)	(1)	130	(11)	-	(146)	1	(145)
Total	9 276	131	184	118	110	9 819	3 727	13 546

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Adjusted operating income first quarter 2004

NOK million	1st quarter 2004	Adjustments	Adj. operating income
Exploration and Production	7 082	(285)	6 797
Energy and Oil Marketing	733		733
Eliminations	3		3
Hydro Oil & Energy	7 818	(285)	7 533
Metals	989		989
Rolled Products	148		148
Extrusion and Automotive	161		161
Other and Eliminations	331	(350)	(19)
Hydro Aluminium	1 629	(350)	1 279
Other Activities	93		93
Corporate and Eliminations	(264)	(154)	(418)
Total operating income	9 276	(789)	8 487

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Infrequent and other special items impacting operating income first quarter 2004

Item	Segment	NOK million
Gain regarding sale of Gjøa	Exploration and Production	(285)
Unrealized gain on LME postitions	Aluminium, Other and Eliminations	(350)
Elimination of unrealized loss on internal power contracts	Corporate and eliminations	(154)
Net impact on operating income		(789)

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Adjusted operating income first quarter 2003

NOK million	1st quarter 2003	Adjustments	Adj. operating income
Exploration and Production	5 482		5 482
Energy and Oil Marketing	715	130	845
Eliminations	(22)		(22)
Hydro Oil & Energy	6 175	130	6 305
Metals	572		572
Rolled Products	-		-
Extrusion and Automotive	52		52
Other and Eliminations	29		29
Hydro Aluminium	653		653
Other Activities	1		1
Corporate and Eliminations	(847)	528	(319)
Total operating income	5 982	658	6 640

1) Estimated tax effect on adjustments 60 million NOK

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Infrequent and other special items impacting operating income first quarter 2003

Item	Segment	NOK million
Reduction in market value of derivatives for power	Energy and Oil Marketing	130
Infrequent charges regarding pensions	Corporate and Eliminations	230
Elimination of unrealized gain on internal power contracts	Corporate and Eliminations	298
Net impact on operating income		658

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Consolidated balance sheet

NOK million	31.03. 2004	31.03.2003	31.12.2003
Cash and cash equivalents	26 780	11 601	14 873
Other liquid assets	1 543	1 495	1 553
Receivables	36 223	35 997	33 444
Inventories	12 143	13 177	12 024
Current assets discontinued operations	-	12 815	13 789
Non-current assets	133 095	135 240	131 169
Non-current assets discontinued operations	-	10 884	11 777
Total assets	209 784	221 209	218 629
Short-term interest-bearing debt	3 790	7 460	5 273
Current portion of long-term debt	643	754	1 212
Other current liabilities	42 107	38 729	37 725
Current liabilities discontinued operations	-	5 180	6 129
Long-term interest-bearing debt	27 727	31 722	28 403
Other long-term liabilities	15 951	16 349	15 287
Deferred tax liabilities	33 212	35 623	32 796
Long-term liabilities discontinued operations	-	2 544	3 064
Minority interest	1 748	1 115	564
Minority interest discontinued operations	-	100	96
Shareholders' equity	84 606	81 633	88 080
Total liabilities and shareholders' equity	209 784	221 209	218 629
Shareholders' equity per share, NOK	331.10	316.50	343.10

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Financial solidity – calculation

	Amounts in NOK million	31 December 1999	31 December 2000	31 December 2001	31 December 2002	31 December 2003	31 March 2004
[A]	Cash and cash equivalents	7 435	21 766	27 148	5 965	15 249	26 780
[B]	Other liquid assets	2 535	2 490	2 421	2 647	1 581	1 543
[C]	Bank loans and other interest-bearing short-term debt	(7 361)	(9 088)	(8 458)	(7 306)	(5 569)	(3 790)
[D]	Current portion of long-term debt	(907)	(2 209)	(1 966)	(1 958)	(1 242)	(643)
[E]	Long-term debt	(42 228)	(40 174)	(37 853)	(30 902)	(28 568)	(27 727)
[F]=[A]+[B]+[C]+[D]+[E]	Net interest-bearing debt	(40 526)	(27 215)	(18 708)	(31 554)	(18 549)	(3 836)
[G]	Net pension liabilities at fair value	4 772	2 561	(2 133)	(10 107)	(11 973)	(10 295)
[H]	Expected income tax benefit 30%	(1 432)	(768)	640	3 032	3 592	3 089
[I]=[G]+[H]	Net pension liabilities tax adjusted	3 341	1 793	(1 493)	(7 075)	(8 381)	(7 207)
[J]	Operating lease commitments discounted at 10%	(4 728)	(6 469)	(5 072)	(4 924)	(4 916)	(3 617)
[K]=[F]+[I]+[J]	Adjusted net interest-bearing debt	(41 914)	(31 891)	(25 272)	(43 552)	(31 846)	(14 660)
[L]	Net pension liabilities not recognized without equity effect	2 736	610	(2 767)	(6 994)	(7 862)	(6 938)
[M]	Expected income tax benefit 30%	(821)	(183)	830	2 098	2 358	2 081
[N]=[L]+[M]	Equity adjustment off-balance sheet pension liabilities	1 915	427	(1 937)	(4 896)	(5 504)	(4 856)
[O]	Minority interest	1 323	1 419	1 051	1 143	660	1 748
[P]	Shareholders' equity	59 497	71 226	74 793	75 867	88 080	84 606
[Q]=[N]+[O]+[P]	Adjusted Shareholders' equity and minority	62 735	73 072	73 907	72 114	83 236	81 497
[R]=[K]/[Q]	Adjusted debt / equity ratio	0.67	0.44	0.34	0.60	0.38	0.18

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Variance Analysis Oil & Energy

NOK million		1st quarter
2004 2003		10 503 8 668
Variance EBITDA		1 835
- Prices and currency		
- Oil	60	
- Gas	290	
- Currency	(185)	
		165
- Margin		(55)
- Volume		1 610
- Fixed costs		(25)
- Depreciation		(235)
- Production costs		(280)
- Exploration costs		140
- New/disposed business		(95)
- Other		420
Variance operating income		1 643
- Non-consolidated investees		(39)
- Interest income and other		(4)
- Depreciation and amortization		235
Variance EBITDA		1 835

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Variance Analysis
Exploration and Production

NOK million		1st quarter
2004		9 593
2003		7 770
Variance EBITDA		1 823
Prices and currency		
- Oil	60	
- Gas	290	
- Currency	(185)	
		165
- Volume		1 400
- Depreciation		(230)
- Production costs		(280)
- Exploration costs		140
- Other		405
Variance operating income		1 600
- Non-consolidated investees		(4)
- Interest income and other		(3)
- Depreciation and amortization		230
Variance EBITDA		1 823

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Variance Analysis
Energy and Oil Marketing

NOK million	1st quarter
2004 2003	907 920
Variance EBITDA	(13)
- Margin - Volume - Fixed costs - Depreciation - New/disposed business - Other	(80) 210 (25) (5) (95) 15
Variance operating income	18
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(35) (1) 5
Variance EBITDA	(13)

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Production per field

Boe/day (oil including NGL and condensate)	Q1 2003	Q1 2004	Hydro Share Percent	Hydro Production
Oseberg	194 000	185 000	34.00	62 968
Grane	0	110 000	38.00	41 925
Snorre	250 000	224 000	17.65	39 530
Oseberg South	85 000	76 000	34.00	25 822
Ekofisk	371 000	373 000	6.65	24 773
Gullfaks including satellites	231 000	269 000	9.00	24 249
Åsgard	241 000	246 000	9.60	23 627
Troll B	187 000	168 000	9.78	16 425
Troll C	206 000	163 000	9.78	15 964
Fram	0	58 000	25.00	14 439
Sleipner Area	137 000	123 000	8.85/9.4/10	11 649
Norne	154 000	141 000	8.10	11 419
Oseberg East	49 000	31 000	34.00	10 677
Vigdis	61 000	80 000	13.28	10 642
Tordis	90 000	70 000	13.28	9 343
Tune	15 000	20 000	40.00	8 123
Visund	32 000	36 000	20.30	7 329
Terra Nova	126 000	144 000	15.00	21 611
Girassol	193 000	200 000	10.00	20 019
Hibernia	203 000	191 000	5.00	9 573
Kharyaga	10 000	17 000	40.00	6 794
Other Fields				25 101
SUM OIL				**442 002**
GAS				**172 580**
Total production				**614 582**

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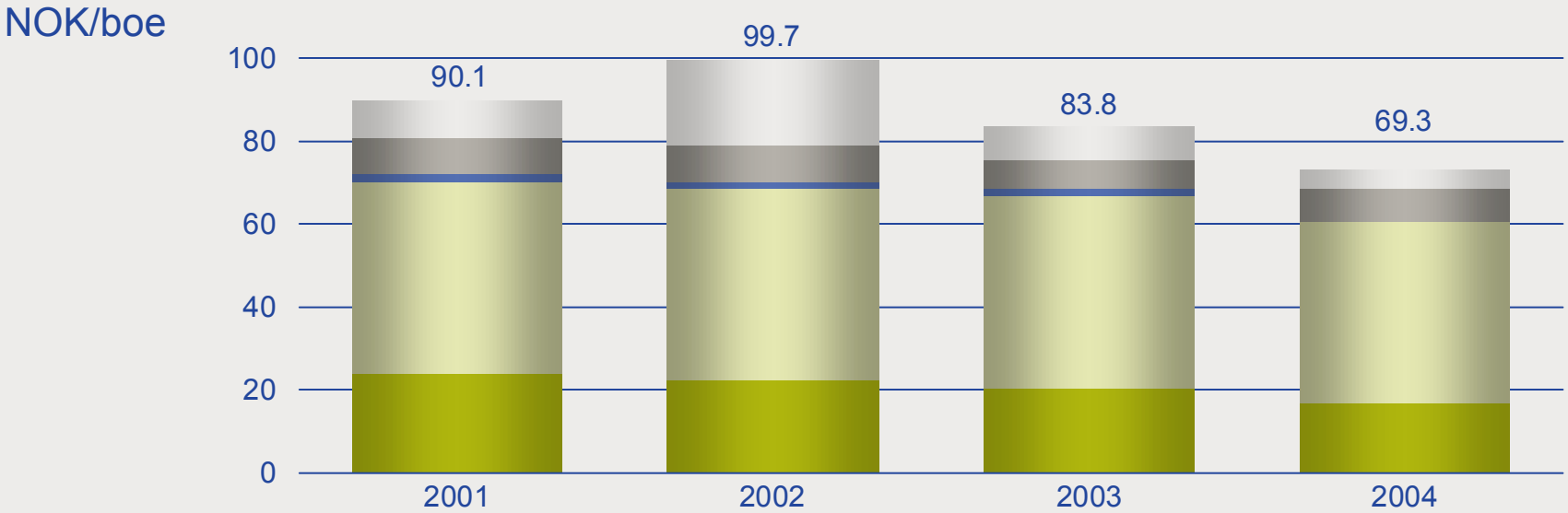
Operating costs per barrel



	2001	2002	2003	2004
Exploration	9.1	20.3	8.1	4.4
Net transportation *	8.5	9.0	6.8	7.9
Other cost/income	2.0	1.4	1.8	-4.0
Deprec. & aband.	46.4	46.4	46.4	43.9
Production cost	24.1	22.6	20.7	17.1
Total	90.1	99.7	83.8	69.3
Mill boe produced	154	175	194	56

* Hydro's net cost as owner and user of transportation and processing

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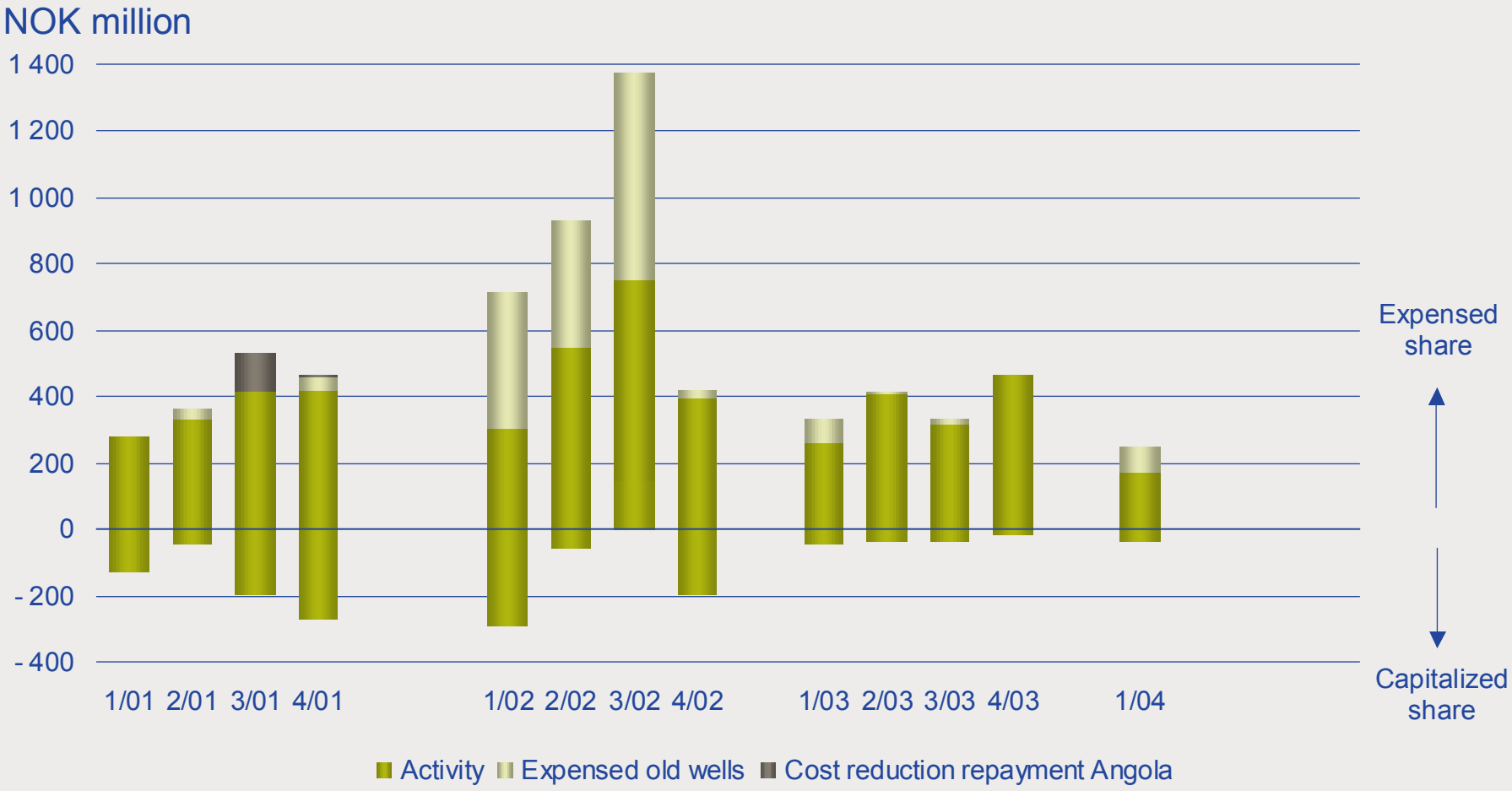
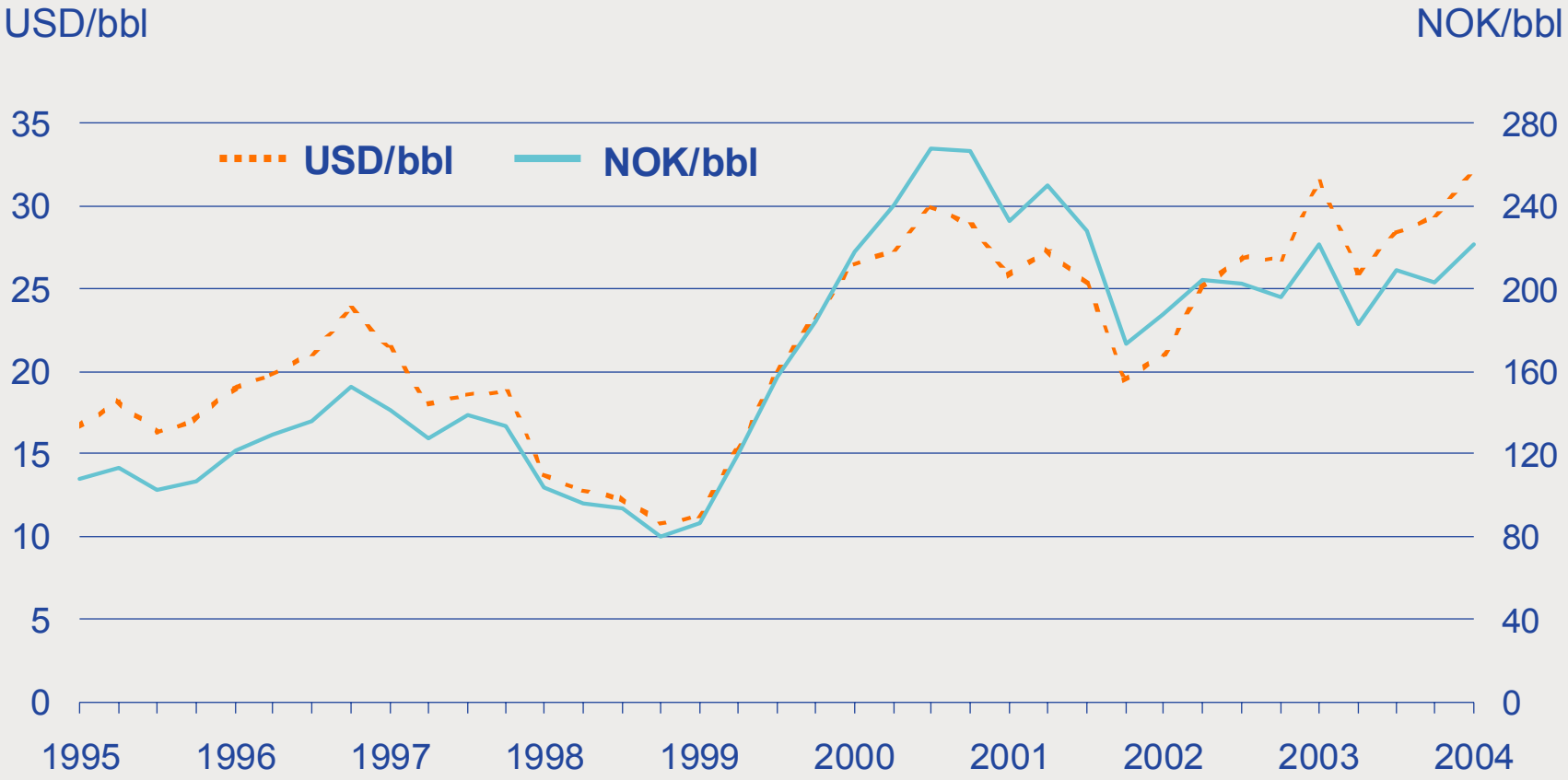
Exploration activity and costs



Price development – crude oil

Average Brent Blend dated per quarter



1st quarter 2004: NOK 221.3/USD 32.0 per barrel

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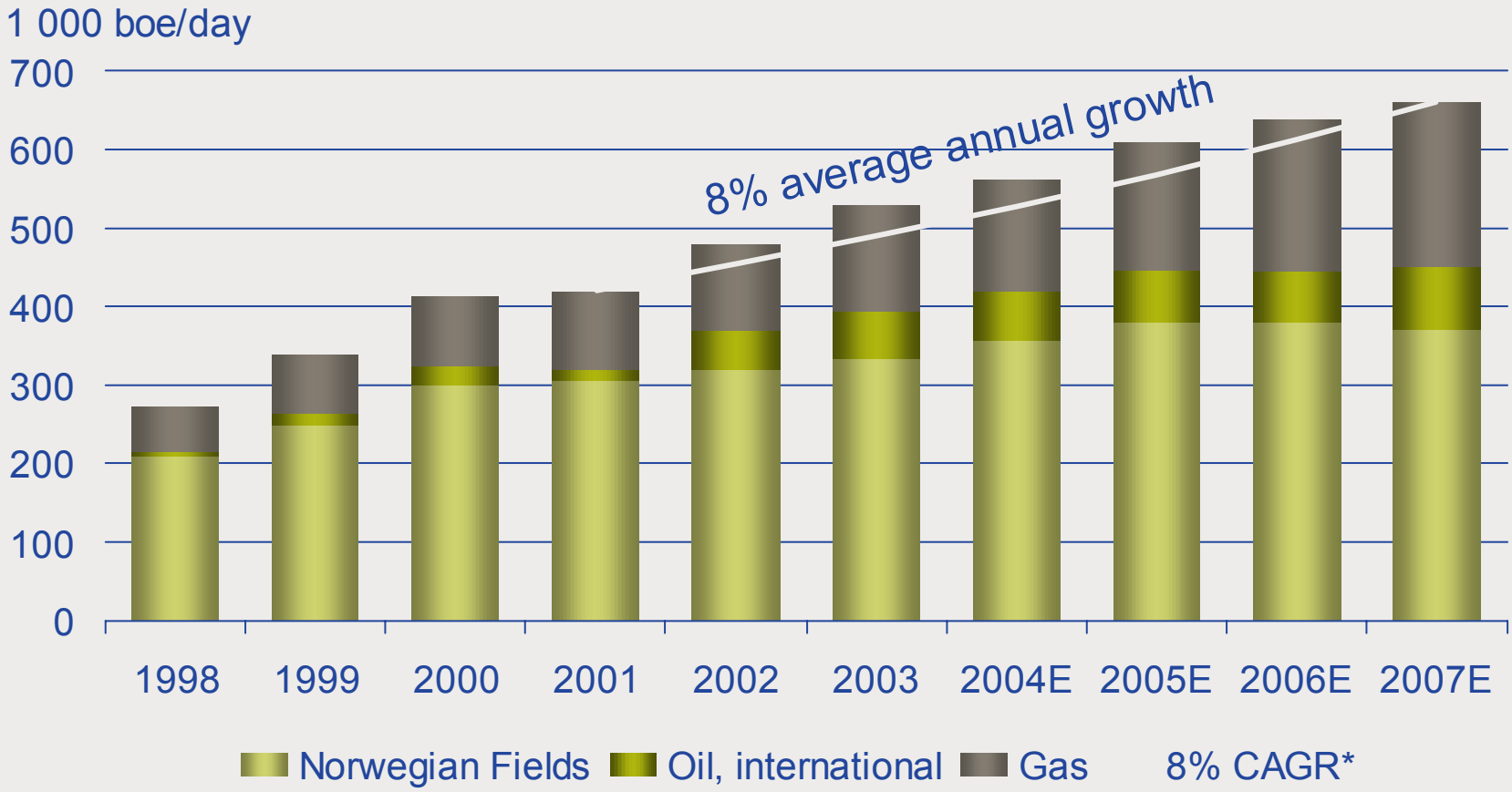
Strong production growth



* Compound Annual Growth Rate, 2001 baseline

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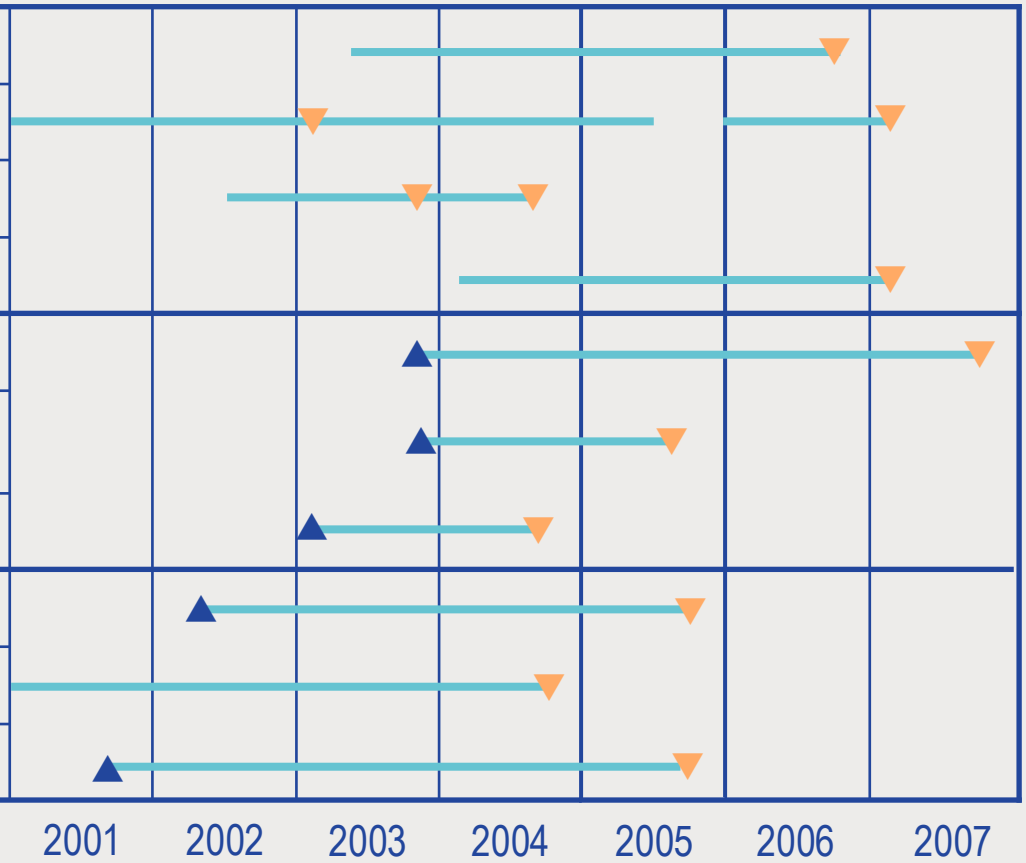
New fields on stream 2004 – 2007

		Hydro share	boe/day
International	Dalia		22 000
	Kharyaga 2+3		15 000 (phase 1-3)
	Murzuq		6 000 (A + D field)
	Rosa		13 000
NCS operator	Ormen Lange		70 000
	Oseberg Vestflanken		14 000
	Oseberg Sør J		7 000
NCS non-operator	Visund gas phase		18 000
	Kvitebjørn		25 000
	Kristin		28 000



Development ▲ PDO submittal ▼ Start production

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Variance analysis Aluminium

NOK million	1st quarter
2004 2003	2 708 1 572
Variance EBITDA	1 136
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Trading and hedging - Unrealized LME effects - Other	325 730 (420) (130) (5) 155 345 (25)
Variance operating income	976
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(62) 41 181
Variance EBITDA	1 136

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Variance analysis Metals

NOK million	1st quarter
2004 2003	1 529 1 047
Variance EBITDA	482
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Trading & price hedging - Other	40 350 (100) (50) 5 155 15
Variance operating income	417
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(73) 43 95
Variance EBITDA	482

HYDRO

Variance analysis Rolled Products

NOK million	1st quarter
2004 2003	335 168
Variance EBITDA	167
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Other	150 70 (30) (25) 5 (20)
Variance operating income	148
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(7) (1) 27
Variance EBITDA	167

HYDRO

Variance analysis
Extrusion and Automotive

NOK million	1st quarter
2004 2003	512 329
Variance EBITDA	183
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Other	175 310 (290) (55) (15) (15)
Variance operating income	109
- Non-consolidated investees - Interest income and other - Depreciation and amortization	18 (1) 57
Variance EBITDA	183

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Aluminium – Key figures by segment

Volumes and prices	Q1 2004	Q4 2003	Q1 2003
Primary production (Kmt)	384	388	343
Total metal products sales (Kmt) *)	688	483	532
LME, realized (USD/t) **)	1 528	1 488	1 410
USD/NOK, realized ***)	7.13	7.10	7.25
Rolled Products, external shipment (Kmt)	240	211	227
Extrusion and Automotive, external revenues (NOK million)	6 969	6 200	6 098

EBITDA	Q1 2004	Q4 2003	Q1 2003
Metals	1 529	1 136	1 047
Rolled Products	335	268	168
Extrusion and Automotive	512	426	329

*) excluding trading and wire rod
**) including LME hedges (hedge accounting) and LME forward contracts
***) difference between realized exchange rate and spot rate at the transaction date is reported as currency gain/loss and not included in EBITDA

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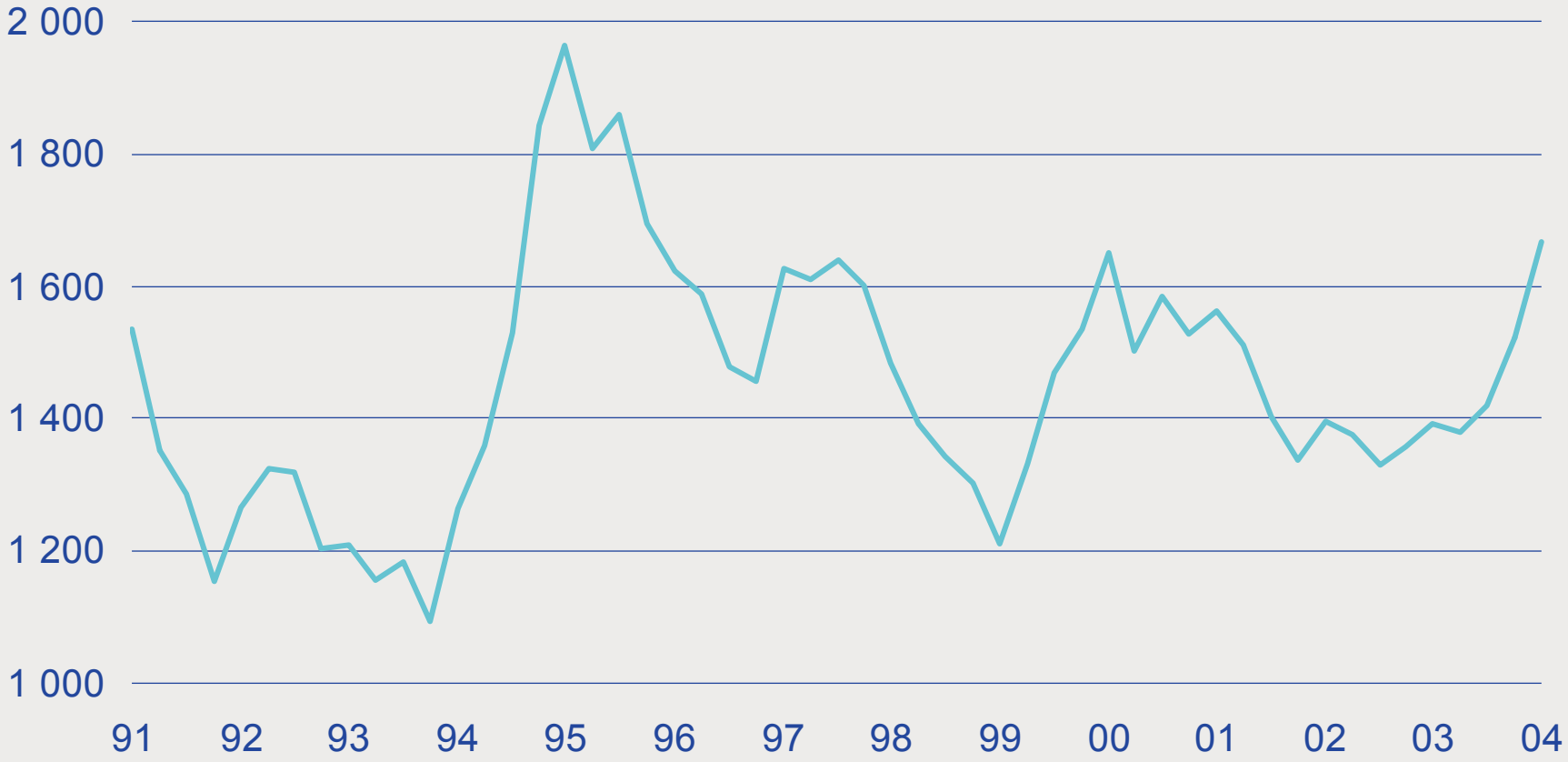
Aluminium price

3 months LME price, average per quarter

USD/tonne



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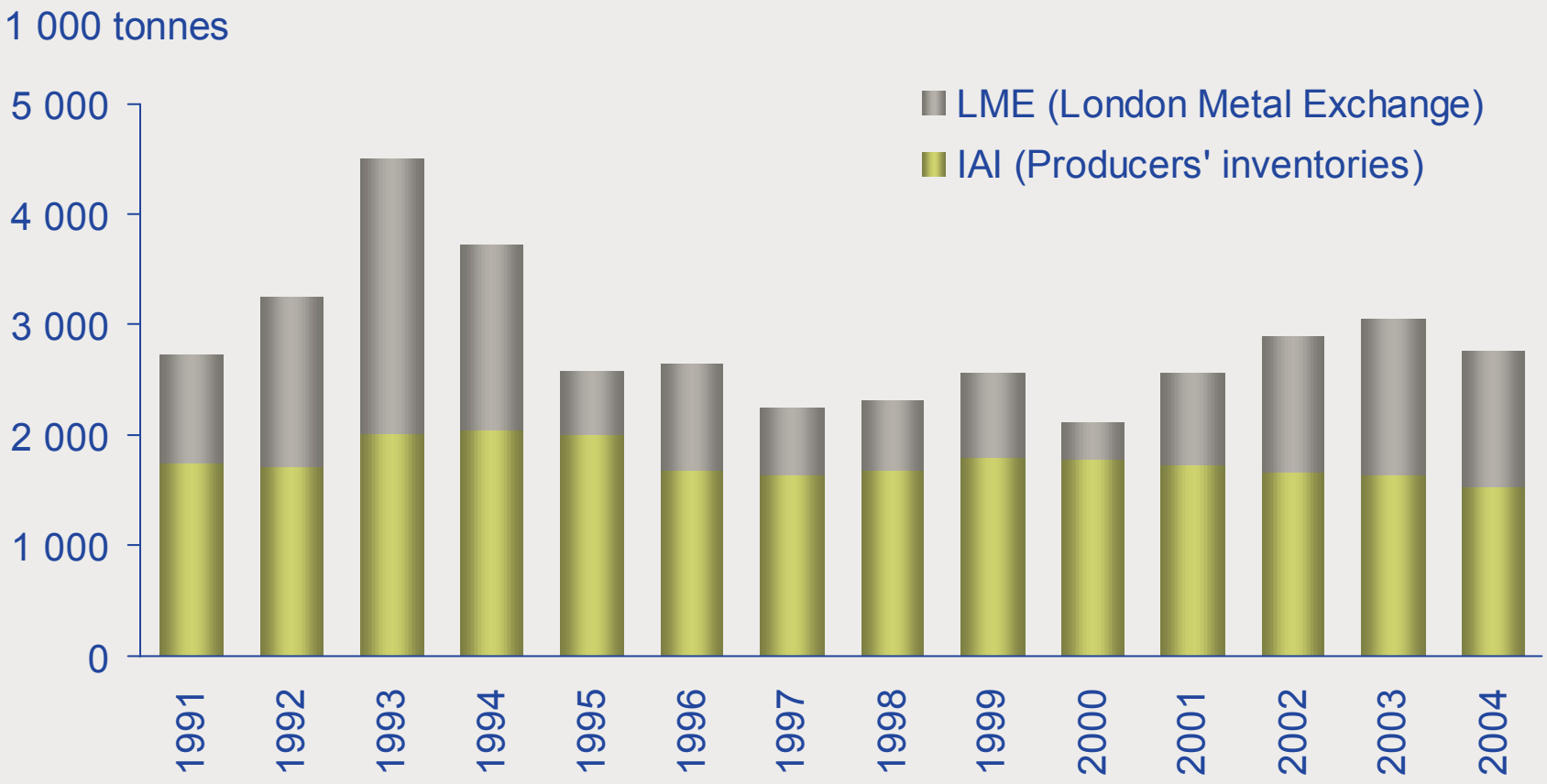
Inventories – primary aluminium



Sources: IAI and LME. 2004 numbers as of March

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Variance analysis Petrochemicals

NOK million	1st quarter
2004 2003	211 93
Variance EBITDA	118
- Margin - Volume - Fixed costs - Depreciation	75 30 (30) (5)
Variance operating income	72
- Non-consolidated investees - Depreciation and amortization	42 4
Variance EBITDA	118

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Forward-Looking Statements/ Use of Non-GAAP Financial Measures

In order to utilize the “safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995, Hydro is providing the following cautionary statement: This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The actual results and developments may differ materially from those expressed or implied in the forward-looking statements due to any number of different factors. These factors include, but are not limited to, changes in costs and prices, changes in economic conditions, and changes in demand for the Company's products. Additional information, including information on factors which may affect Hydro's business, is contained in the Company's 2002 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

With respect to each non-GAAP financial measure Hydro uses in connection with its financial reporting and other public communications, Hydro provides a presentation of what Hydro believes to be the most directly comparable GAAP financial measure and a reconciliation between the non-GAAP and GAAP measures. This information can be found in Hydro’s earnings press releases, quarterly reports and other written communications, all of which have been posted to Hydro’s website (www.hydro.com).