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2nd quarter 2004 – Presentation

Highlights second quarter

- Best half-year financial result ever
- High oil price, improved aluminium markets
- Strong growth in oil and gas production
- Further improvement in Aluminium performance
- Strong financial position

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Income from continuing operations*

Per quarter

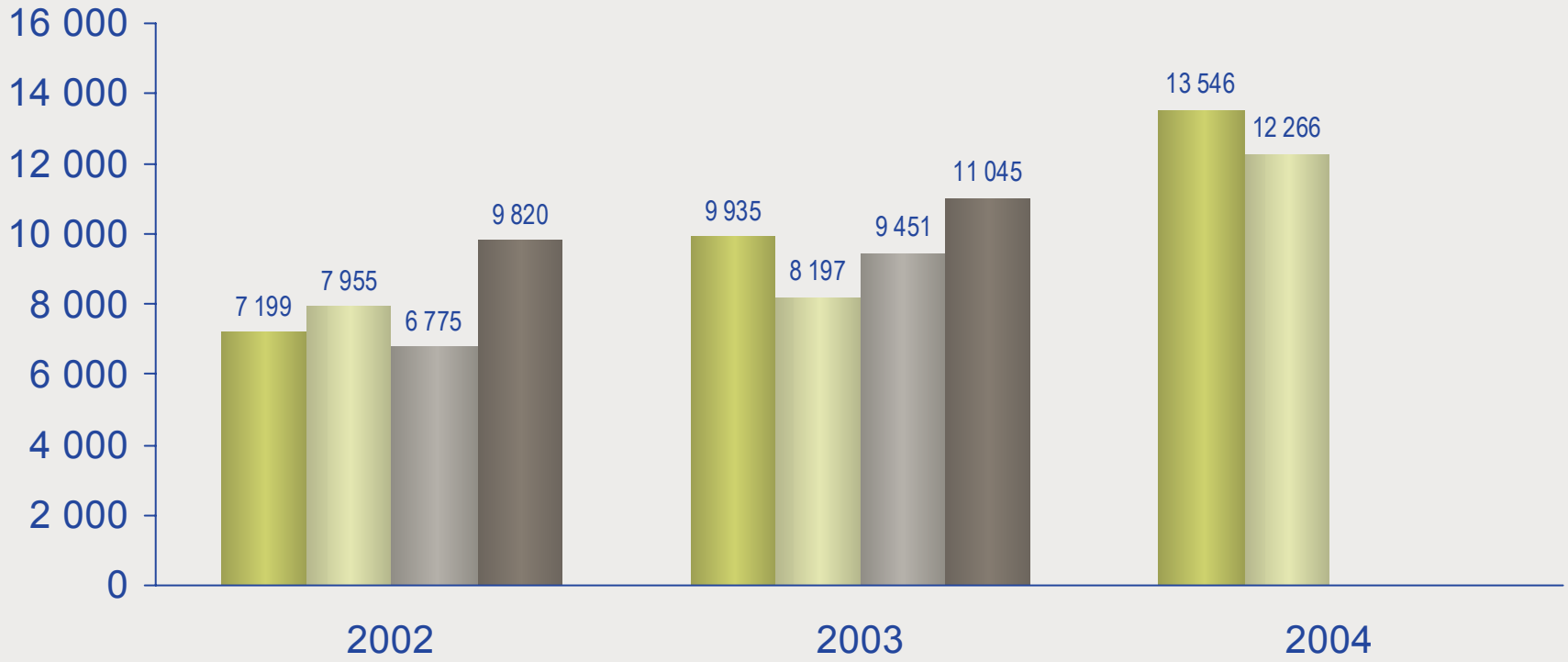
NOK million

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

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

Per quarter

NOK million



Accumulated

2002	2003	2004
31 749	38 628	25 812

Consolidated income statements

NOK million	2nd quarter 2004	2nd quarter 2003
Operating revenues	38 250	31 354
Operating income	8 290	3 989
Equity in net income of non-consolidated investees Financial income (expense), net Other income, net	121 (447) -	246 152 (1 881)
Income before tax and minority interest Income tax expense Minority interest	7 964 (5 605) (135)	2 506 (735) 38
Income from continuing operations Income from discontinued operations	2 224 -	1 809 515
Income before cumulative effect of change in accounting principle Cumulative effect of change in accounting priciple	2 224 -	2 324 -
Net income	2 224	2 324
Earnings per share from continuing operations - NOK Earnings per share from discontinued operations - NOK Earnings per share - NOK	8.70 - 8.70	7.00 2.00 9.00

For calculation of EPS, 2nd quarter 2004: 255 508 793 shares, 2nd quarter 2003: 258 188 527 shares

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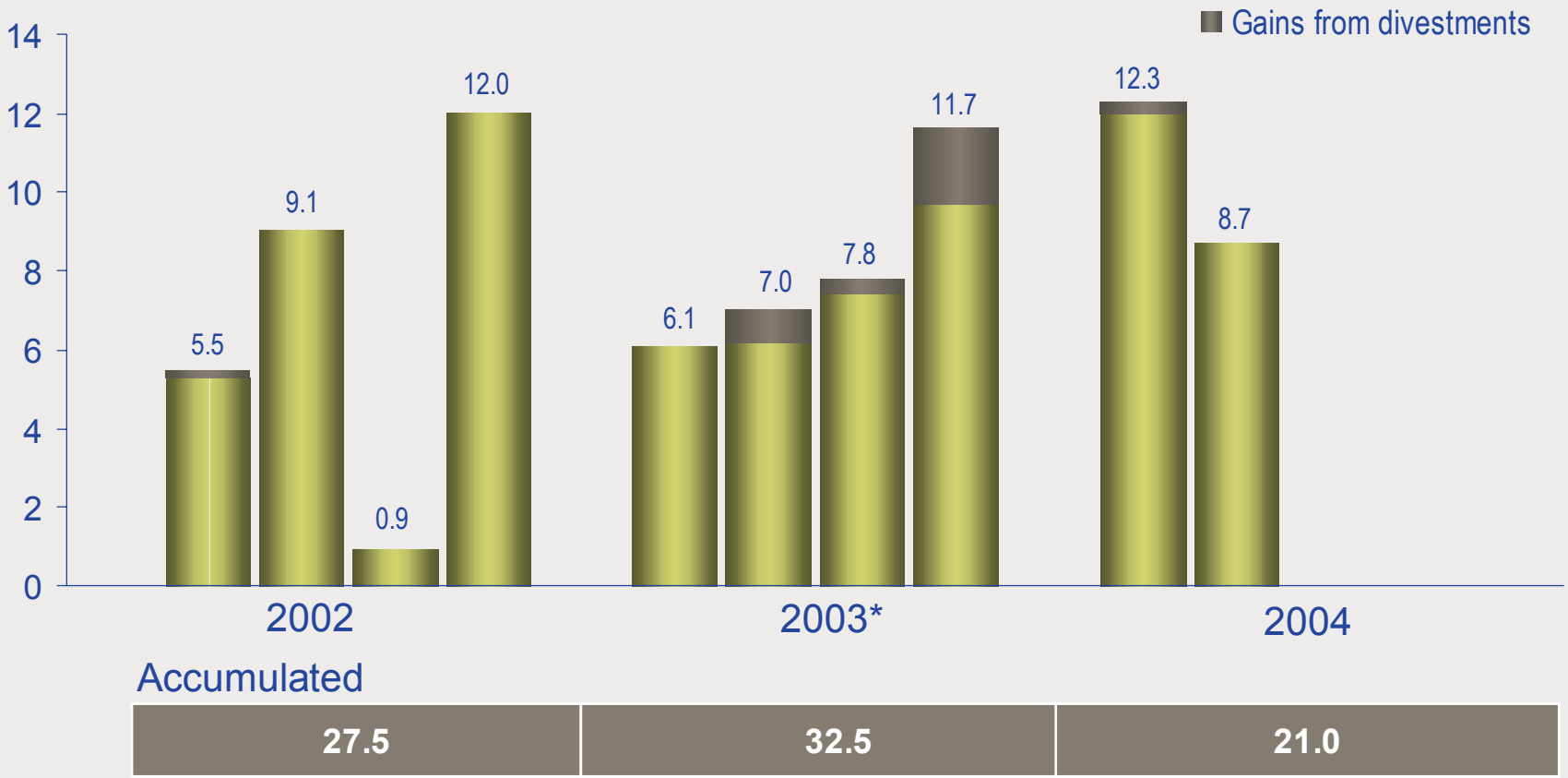
Earnings per share from continuing operations*

NOK



* Before effect of change in accounting principles

Operating income

Individual operating segment

NOK million	2nd quarter 2004	1st quarter 2004	2nd quarter 2003
Exploration and Production	6 606	7 082	3 107
Energy and Oil Marketing	573	733	547
Eliminations	5	3	(2)
Hydro Oil & Energy	7 184	7 818	3 652
Metals	855	989	542
Rolled Products	278	148	53
Extrusion and Automotive	166	161	(10)
Other and eliminations	(30)	331	(21)
Hydro Aluminium	1 269	1 629	564
Other activities	47	93	(100)
Corporate and eliminations	(210)	(264)	(127)
Total	8 290	9 276	3 989

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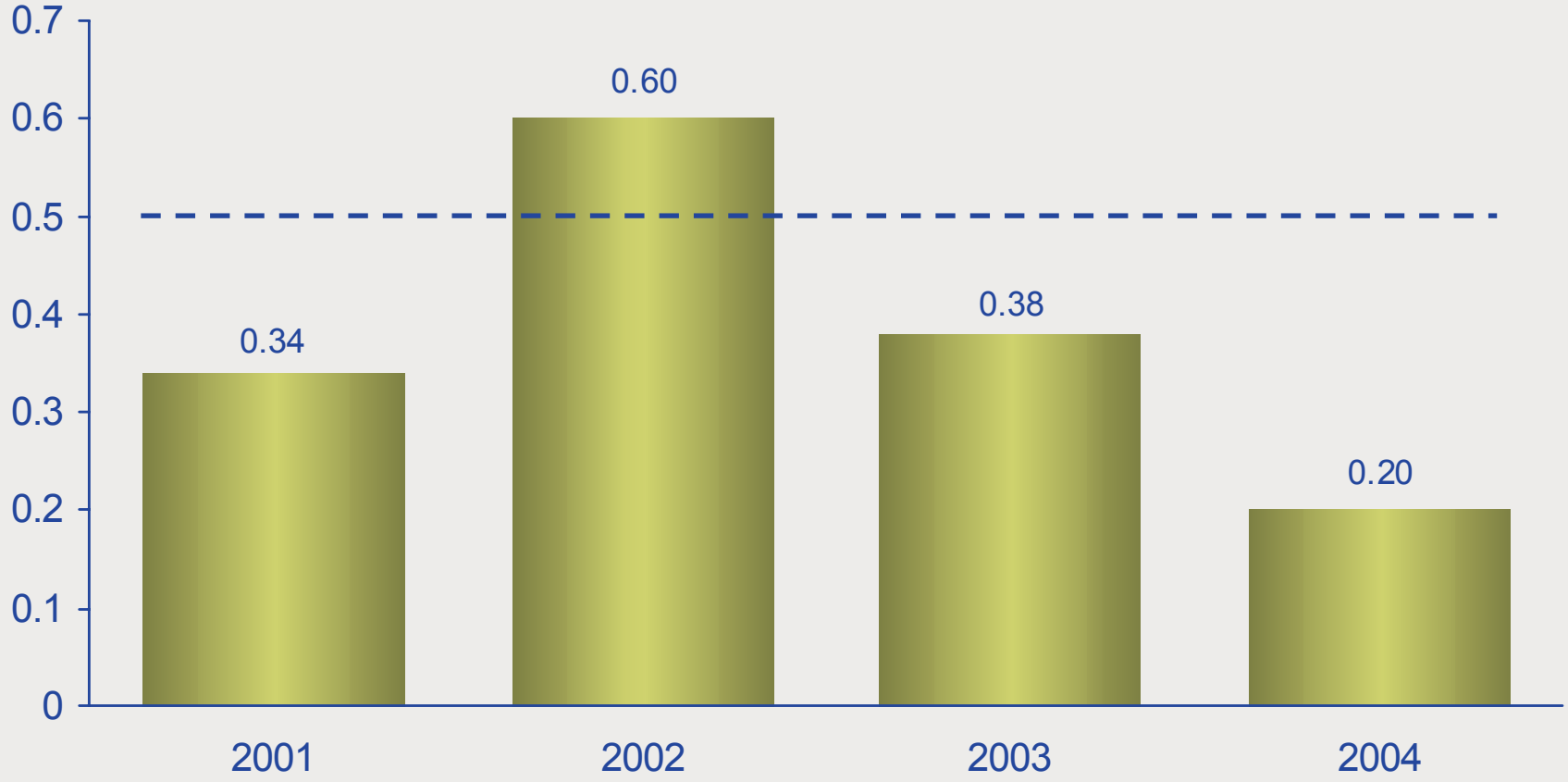
Financial solidity



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

Oil & Energy – highlights

- Oil and gas production 18% higher than Q2 2003
- High oil prices – realized USD 34.7 per barrel
- 10 exploration wells completed 1st half 2004 – 5 discoveries
- Awarded 4 licenses in 18th NCS Licensing Round, 2 as operator
- Discussions with Gazprom on Shtokman participation
- Norne Satellites PDO approved

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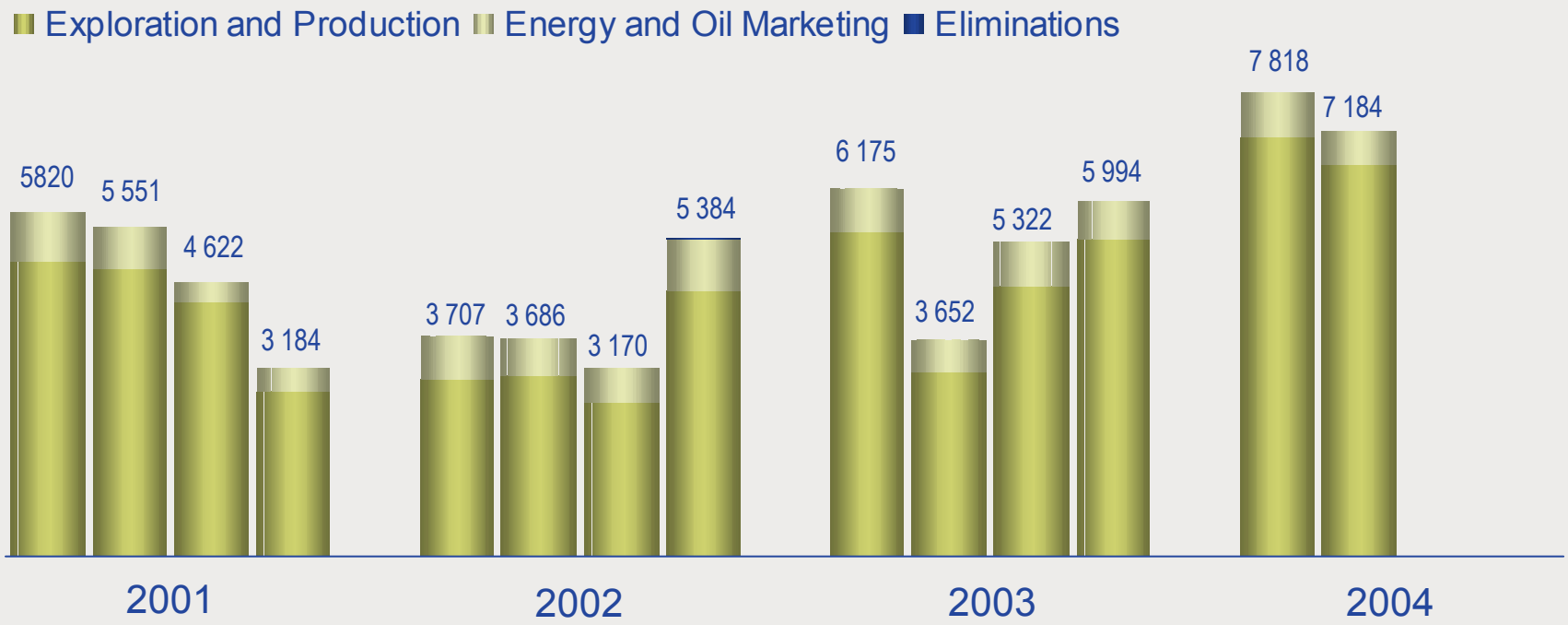
Oil & Energy – operating income

NOK million



Accumulated			
19 177	15 947	21 143	15 002

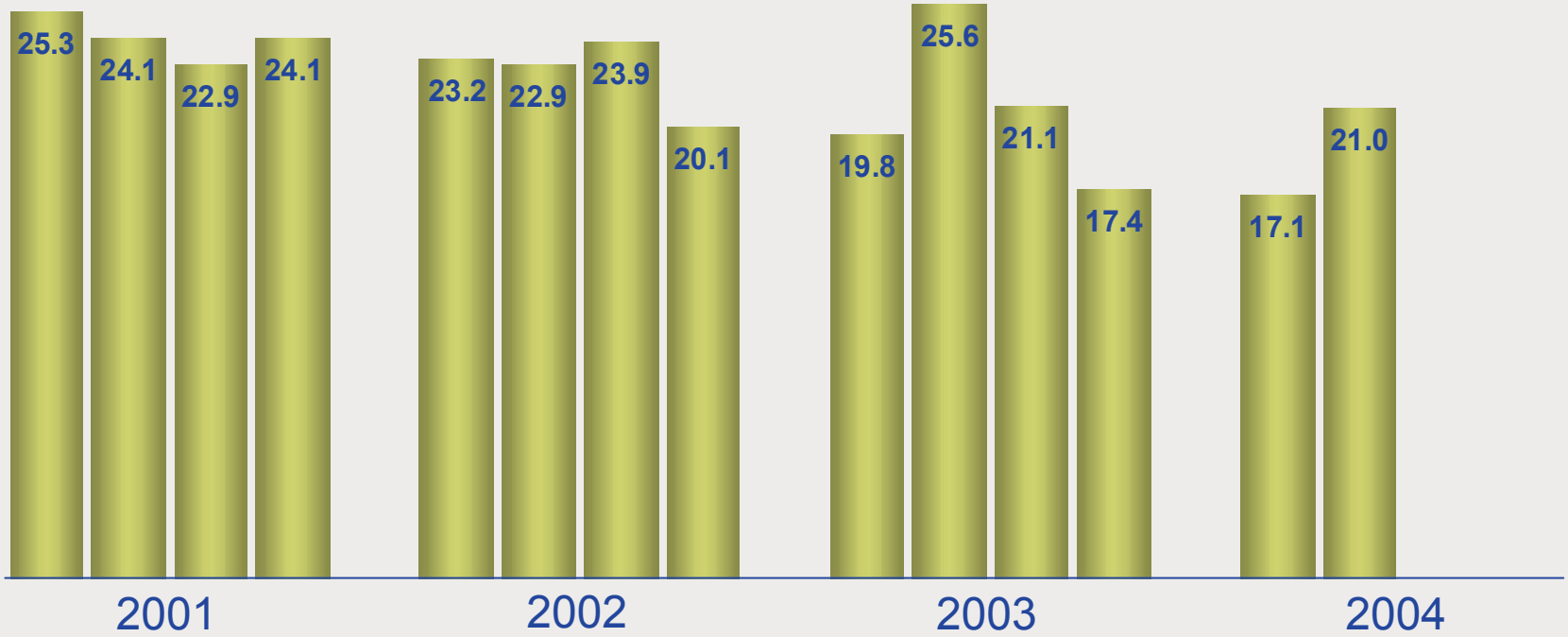
Petroleum production per quarter

1 000 boe/day

Accumulated			
421	480	530	592

Production costs per barrel

NOK/boe



Accumulated			
24.1	22.6	20.7	18.5

Oil & Energy – prospects

- Well on track to deliver 560 000 boe/day in 2004
  - Seasonally lower gas volume and planned maintenance in Q3
  - Ongoing rig strike impacts drilling of production wells – limited effect on 2004 production
- Q3 exploration in Libya and Gulf of Mexico (Lorien)
- Business development
  - Develop NCS potentials
  - Pursue international opportunities
- Sale of Snøhvit expected finalized second half 2004

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Aluminium – highlights

- Higher aluminium prices
  - Increased demand, but still pressure on downstream margins
- Higher volumes
  - New upstream capacity, higher downstream capacity utilization
- Effects of improvement programs evident in results
- Expansion projects on track

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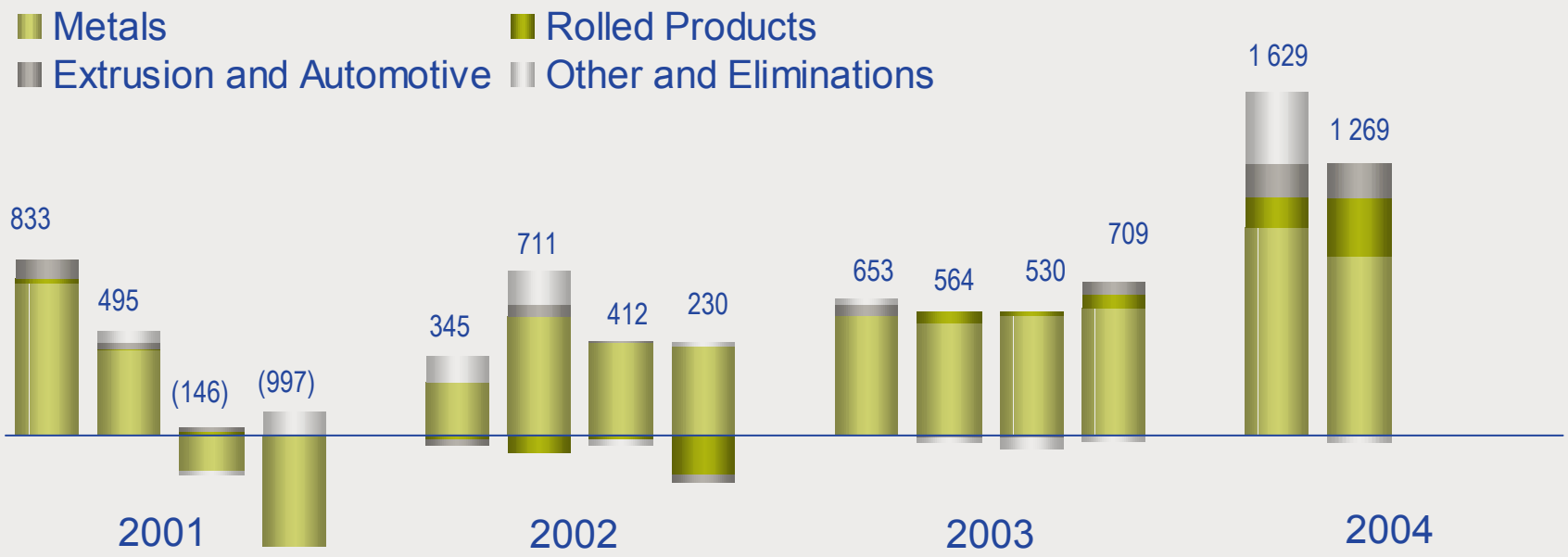
Aluminium – operating income

NOK million



Accumulated			
185	1 698	2 456	2 898

Aluminium – business comments

- Metals
  - Higher aluminium prices and increased volume
- Rolled Products
  - Increased volumes and improved product mix
  - Lower margins in EUR – higher in NOK
  - Significant inventory gain
- Extrusion and Automotive
  - Extrusion volumes up
  - Automotive results improved as ramp up continues
  - North America volumes and order intake improved, margin pressure

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Aluminium – prospects

- Positive outlook for aluminium metal market
- Positive market development for Extrusion and Automotive
- Continued weak margins for rolled products
- Seasonally lower downstream demand in 2nd half
- Substantial charges expected 2nd half 2004
  - Improvement program for Norwegian smelters – NOK 800 million
  - Closure of Motorcast (Leeds) – major part of NOK 220 million

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Hydro – priorities ahead

- Continue improving operational performance
- Strengthen competitive position
- Deliver first class projects
- Ensure profitable growth

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Additional information

Adjusted income second quarter 2004

NOK million	2nd quarter 2004	Adjustments	Adj. operating income
Exploration and Production	6 606	-	6 606
Energy and Oil Marketing	573	(31)	542
Eliminations	5	-	5
Hydro Oil & Energy	7 184	(31)	7 153
Metals	855	-	855
Rolled Products	278	(121)	157
Extrusion and Automotive	166	46	212
Other and eliminations	(30)	(18)	(48)
Hydro Aluminium	1 269	(93)	1 176
Other activities	47	-	47
Corporate and eliminations	(210)	(198)	(408)
Total operating income	8 290	(322)	7 968
Non-consolidated investees	121	65	186
Financial income (expense), net	(447)	226	(221)
Other income (loss), net	-	-	-
Income from continuing operations before tax and minority interest	7 964	(31)	7 933
Income tax expense	(5 605)	* 16	(5 589)
Minority interest	(135)	-	(135)
Income from continuing operations	2 224	(15)	2 209

* Estimated tax effect on income statement adjustments

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Infrequent and other special items impacting income statement second quarter 2004

Item		NOK million
Inventory gains	Energy and Oil Marketing	(31)
Inventory gains	Rolled Products	(121)
Rationalization costs due to closure of plant	Extrusion and Automotive	46
Unrealized gains on LME contracts	Other and Elimination	(18)
Elimination of unrealized loss on internal power contracts	Corporate and Eliminations	(198)
Net impact on operating income		(322)
Non-consolidated investees – currency loss for Alunorte	Metals	65
Financial income (expense) net – net currency loss	Hydro Group	226
Net impact on operating income from continuing operations before tax and minority interest		(31)

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Adjusted income second quarter 2003

NOK million	2nd quarter 2003	Adjustments	Adj. operating income
Exploration and Production	3 107	-	3 107
Energy and Oil Marketing	547	172	719
Eliminations	(2)	-	(2)
Hydro Oil & Energy	3 652	172	3 824
Metals	542	(25)	517
Rolled Products	53	65	118
Extrusion and Automotive	(10)	135	125
Other and eliminations	(21)	(44)	(65)
Hydro Aluminium	564	131	695
Other activities	(100)	170	70
Corporate and eliminations	(127)	(156)	(283)
Total operating income	3 989	317	4 306
Non-consolidated investees	246	(170)	76
Financial income (expense), net	152	(318)	(166)
Other income (loss), net	(1 881)	1 881	-
Income from continuing operations before tax and minority interest	2 506	1 710	4 216
Income tax expense	(735)	1) (2 270)	(3 005)
Minority interest	38	-	38
Income from continuing operations	1 809	(560)	1 249

1) Deferred tax effect related to change in tax regulations for abandonment cost (NOK 2 380 million), plus estimated tax effect on other income statement adjustments of NOK 110 million

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Infrequent and other special items impacting income statement second quarter 2003

Item		Reporting line	NOK million
Inventory loss	Oil & Energy	Operating income	172
Provision for loss regarding loan to Goldendale	Aluminium	Operating income	140
Reversal of environmental accruals			(65)
Inventory loss			70
Costs regarding improvement programs			30
Unrealized gains on LME contracts			(44)
Provision for bad debt in Biomar A.S.	Other activities	Operating income	170
Elimination of unrealized loss on internal power contracts	Corporate and Eliminations	Operating income	(156)
Net impact on operating income			**317**
Unrealized currency gain relating to revaluation of Alunorte USD debt	Aluminium	Non-consolidated investees	(170)
Net currency gains	Hydro Group	Financial income/expense, net	(318)
Expensed receivable re. abandonment costs	Corporate and Eliminations	Other income (loss), net	2 207
Gain on sale of power plant	Oil & Energy	Other income (loss), net	(326)
Net impact on income before tax			**1 710**
Deferred tax re. abandonment costs	Hydro Group	Income tax expense	(2 380)

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Consolidated income statements

NOK million	Year to date 2004	Year to date 2003
Operating revenues	77 848	67 117
Operating income	17 566	9 971
Equity in net income of non-consolidated investees Financial income (expense), net Other income, net	252 (1 071) 110	433 (499) (1 881)
Income before tax and minority interest Income tax expense Minority interest	16 857 (11 391) (107)	8 024 (4 711) 66
Income from continuing operations Income from discontinued operations	5 359 1 083	3 379 1 146
Income before cumulative effect of change in accounting principle Cumulative effect of change in accounting priciple	6 442 -	4 525 281
Net income	6 442	4 806
Earnings per share from continuing operations - NOK Earnings per share from discontinued operations - NOK Earnings per share - NOK	21.00 4.20 25.20	13.10 4.40 18.60

For calculation of EPS, year to date 2004: 255 620 507 shares, year to date 2003: 258 075 160 shares

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EBITDA

Individual operating segment

NOK million	2nd quarter 2004	2nd quarter 2003
Exploration and Production	8 990	5 228
Energy and Oil Marketing	769	1 048
Eliminations	5	(2)
Hydro Oil & Energy	9 764	6 274
Metals	1 354	1 124
Rolled Products	456	215
Extrusion and Automotive	556	300
Other and eliminations	(31)	(20)
Hydro Aluminium	2 335	1 619
Other activities	224	288
Corporate and eliminations	(57)	16
Total	12 266	8 197

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Depreciation

Individual operating segment

NOK million	2nd quarter 2004	2nd quarter 2003
Exploration and Production	2 371	2 136
Energy and Oil Marketing	153	148
Hydro Oil & Energy	2 524	2 284
Metals	420	351
Rolled Products	166	147
Extrusion and Automotive	349	297
Hydro Aluminium	935	795
Other activities	128	174
Corporate and eliminations	5	5
Total	3 592	3 258

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Operating income

Individual operating segment

NOK million	Year to date 2004	Year to date 2003
Exploration and Production	13 688	8 589
Energy and Oil Marketing	1 306	1 262
Eliminations	8	(24)
Hydro Oil & Energy	15 002	9 827
Metals	1 844	1 114
Rolled Products	426	53
Extrusion and Automotive	327	42
Other and eliminations	301	8
Hydro Aluminium	2 898	1 217
Other activities	140	(99)
Corporate and eliminations	(474)	(974)
Total	17 566	9 971

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Net financial income (expense)

NOK million	2nd quarter 2004	2nd quarter 2003
Interest income Dividends and net gain (loss) on securities	201 21	172 169
Interest income and other financial income	222	341
Interest expense Capitalized interest Net foreign exchange gain (loss) Other	(600) 166 (226) (9)	(670) 184 318 (21)
Interest expense and foreign exchange gain (loss)	(669)	(189)
Net financial income (expense)	(447)	152

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Equity in net income of non-consolidated investees

Individual operating segment

NOK million	2nd quarter 2004	2nd quarter 2003
Exploration and Production	-	4
Energy and Oil Marketing	25	18
Hydro Oil & Energy	25	22
Metals	50	204
Rolled Products	(3)	(5)
Extrusion and Automotive	39	9
Hydro Aluminium	86	208
Other activities	9	18
Corporate and eliminations	1	(2)
Total	121	246

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Variance analysis Hydro group

NOK million	1 st half	2nd quarter
2004 2003	25 812 18 132	12 266 8 197
Variance EBITDA	7 680	4069
- Prices and currency, Exploration and 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	2 490 1 095 4 580 (480) (660) (215) 55 190 50 490	2 325 290 2 200 (55) (305) (75) 60 (310) 170 -
Variance operating income	7 595	4 301
- Non-consolidated investees - Interest income and other - Other income - Depreciation and amortization	(180) (198) (216) 679	(126) (120) (326) 340
Variance EBITDA	7 680	4 069

1) Including positive variance for elimination of unrealized gain/loss on electricity contracts of NOK 502 million for 1st half and NOK 42 million for 2nd quarter

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Investments

Individual operating segment

NOK million	2nd quarter 2004	2nd quarter 2003
Exploration and Production	2 175	2 369
Energy and Oil Marketing	378	241
Hydro Oil & Energy	2 553	2 610
Metals	767	797
Rolled Products	67	56
Extrusion and Automotive	207	313
Other and eliminations	1	-
Hydro Aluminium	1 042	1 166
Other activities	322	243
Corporate and eliminations	8	4
Total	3 925	4 023

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Investments

Individual operating segment

NOK million	Year to date 2004	Year to date 2003 [2]
Exploration and Production	4 014	5 726
Energy and Oil Marketing	596	445
Hydro Oil & Energy	4 610	6 171
Metals	[1] 2 775	1 539
Rolled Products	178	114
Extrusion and Automotive	575	533
Hydro Aluminium	3 528	2 186
Other activities	492	320
Corporate and eliminations	71	15
Total	8 701	8 692

1) Includes effect of change in accounting principle (FIN 46R) in Q1, amounting to NOK 1,275 million, with no cash effect

2) Includes effect of change in accounting principles (FAS 143). Non-cash increase in investment of NOK 1,932 million

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Consolidated balance sheet

NOK million	30.06.2004	30.06.2003	31.12.2003
Cash and cash equivalents	26 773	11 717	14 873
Other liquid assets	1 487	1 553	1 553
Receivables	36 435	33 587	33 444
Inventories	12 093	12 036	12 024
Current assets discontinued operations	-	13 134	13 789
Non-current assets	132 715	133 395	131 169
Non-current assets discontinued operations	-	11 253	11 777
Total assets	209 503	216 675	218 629
Short-term interest-bearing debt	4 537	5 958	5 273
Current portion of long-term debt	995	719	1 212
Other current liabilities	41 790	37 702	37 725
Current liabilities discontinued operations	-	5 799	6 129
Long-term interest-bearing debt	27 390	31 873	28 403
Other long-term liabilities	16 354	14 784	15 287
Deferred tax liabilities	33 069	32 983	32 796
Long-term liabilities discontinued operations	-	2 664	3 064
Minority interest	1 748	640	564
Minority interest discontinued operations	-	112	96
Shareholders' equity	83 620	83 441	88 080
Total liabilities and shareholders' equity	209 503	216 675	218 629
Shareholders' equity per share, NOK	327.70	323.20	343.10

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Statement of cash flow

NOK million	1st half 2004	1st half 2003
Operating activities:		
Net income	6 442	4 806
Depreciation, depletion and amortization	7 288	6 616
Other adjustments	(1 513)	(160)
Net cash provided by operating activities	12 217	11 262
Investing activities:		
Purchases of property, plant and equipment	(6 958)	(6 549)
Purchases of other long-term investments	(399)	(211)
Net sales (purchases) of short-term investments	(7)	1 115
Proceeds from sales of property, plant and equipment	374	285
Proceeds from sales of other long-term investments	1 042	3 645
Net cash used in investing activities	(5 948)	(1 715)
Financing activities:		
Loan proceeds	2 213	110
Principal repayments	(2 724)	(2 613)
Ordinary shares purchased	(729)	-
Ordinary shares issued	14	51
Dividends paid	(2 811)	(2 711)
Net cash used in financing activities	(4 037)	(5 163)
Foreign currency effect on cash flows	94	544
Net cash provided by discontinued operations	9 574	1 242
Net increase in cash and cash equivalents	11 900	6 170
Cash and cash equivalents at beginning of period	14 873	5 547
Cash and cash equivalents at end of period	26 773	11 717

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Operating income – EBIT – EBITDA

Second quarter 2004

NOK million	Operating income	Non-cons investees	Interest income	Selected fin. items	Other income	EBIT	Depr. and amort.	EBITDA
Exploration and Production	6 606	-	15	(2)	-	6 619	2 371	8 990
Energy and Oil Marketing	573	25	8	-	-	606	163	769
Eliminations	5	-	-	-	-	5	-	5
Hydro Oil & Energy	7 184	25	23	(2)	-	7 230	2 534	9 764
Metals	855	50	1	13	-	919	435	1 354
Rolled Products	278	(3)	-	1	-	276	180	456
Extrusion and Automotive	166	39	3	(2)	-	206	350	556
Other and eliminations	(30)	-	(1)	1	-	(30)	(1)	(31)
Hydro Aluminium	1 269	86	3	13	-	1 371	964	2 335
Other activities	47	9	34	6	-	96	128	224
Corporate and eliminations	(210)	1	141	4	-	(64)	7	(57)
Total	8 290	121	201	21	-	8 633	3 633	12 266

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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	30 June 2004
[A]	Cash and cash equivalents	7 435	21 766	27 148	5 965	15 249	26 773
[B]	Other liquid assets	2 535	2 490	2 421	2 647	1 581	1 487
[C]	Bank loans and other interest-bearing short-term debt	(7 361)	(9 088)	(8 458)	(7 306)	(5 569)	(4 537)
[D]	Current portion of long-term debt	(907)	(2 209)	(1 966)	(1 958)	(1 242)	(995)
[E]	Long-term debt	(42 228)	(40 174)	(37 853)	(30 902)	(28 568)	(27 390)
[F]=[A]+[B]+[C]+[D]+[E]	Net interest-bearing debt	(40 526)	(27 215)	(18 708)	(31 554)	(18 549)	(4 662)
[G]	Net pension liabilities at fair value	4 772	2 561	(2 133)	(10 107)	(11 973)	(10 638)
[H]	Expected income tax benefit 30%	(1 432)	(768)	640	3 032	3 592	3 191
[I]=[G]+[H]	Net pension liabilities tax adjusted	3 341	1 793	(1 493)	(7 075)	(8 381)	(7 447)
[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)	(15 726)
[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)	(4 857)
[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	83 620
[Q]=[N]+[O]+[P]	Adjusted Shareholders' equity and minority	62 735	73 072	73 907	72 114	83 236	80 511
[R]=[K]/[Q]	Adjusted debt / equity ratio	0.67	0.44	0.34	0.60	0.38	0.20

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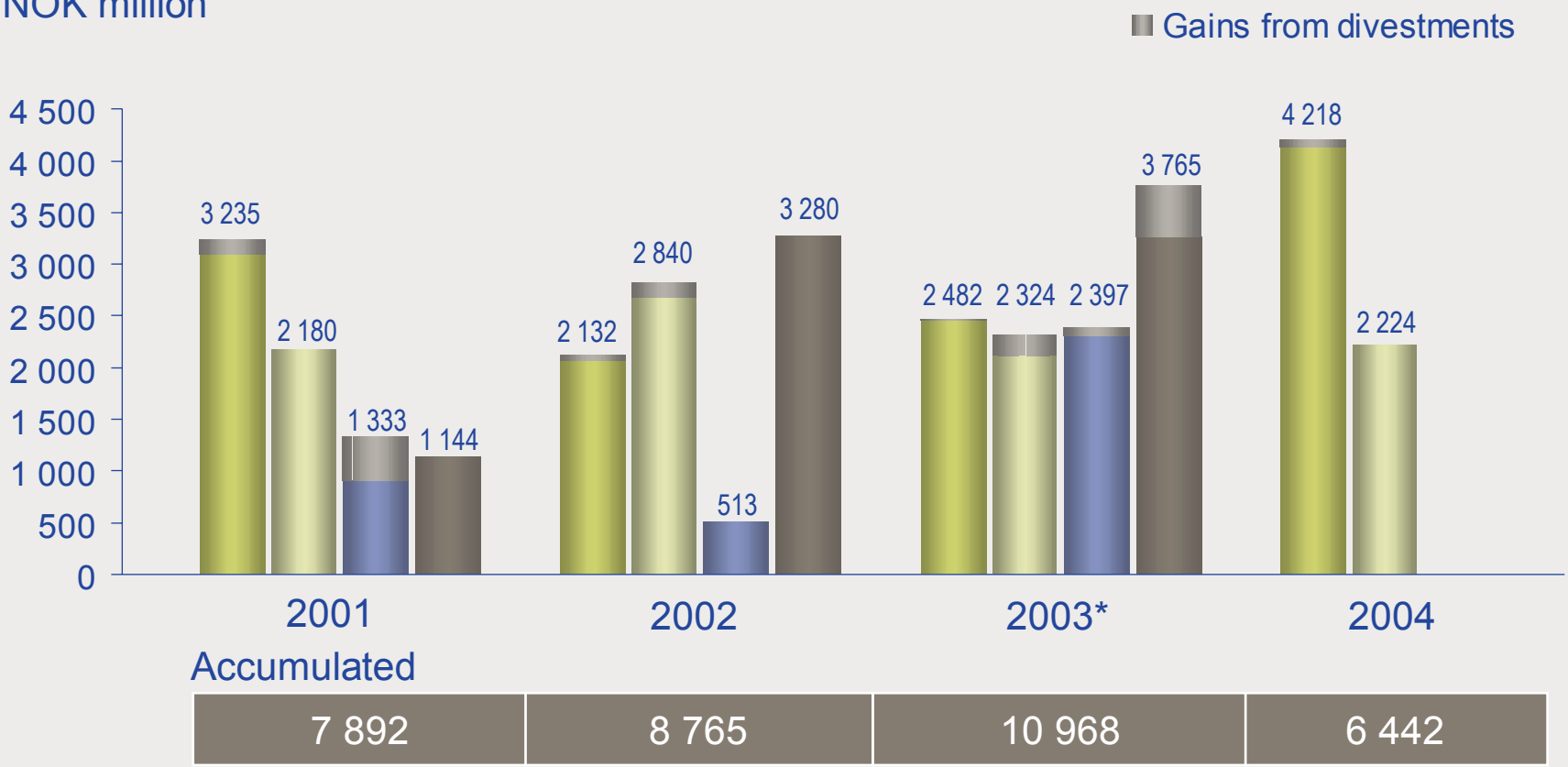
Net income*

Per quarter

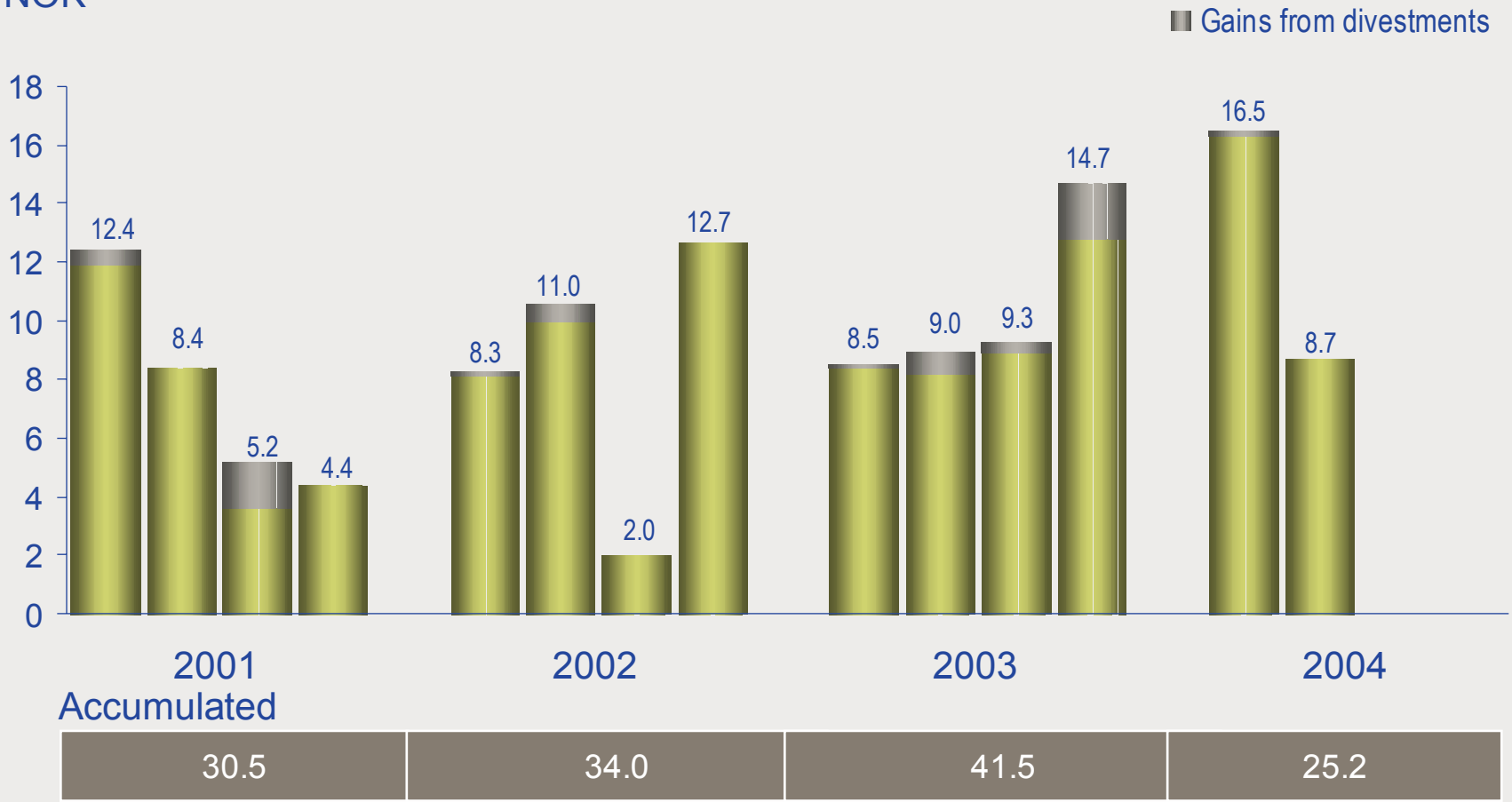
NOK million



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

Earnings per share*

NOK

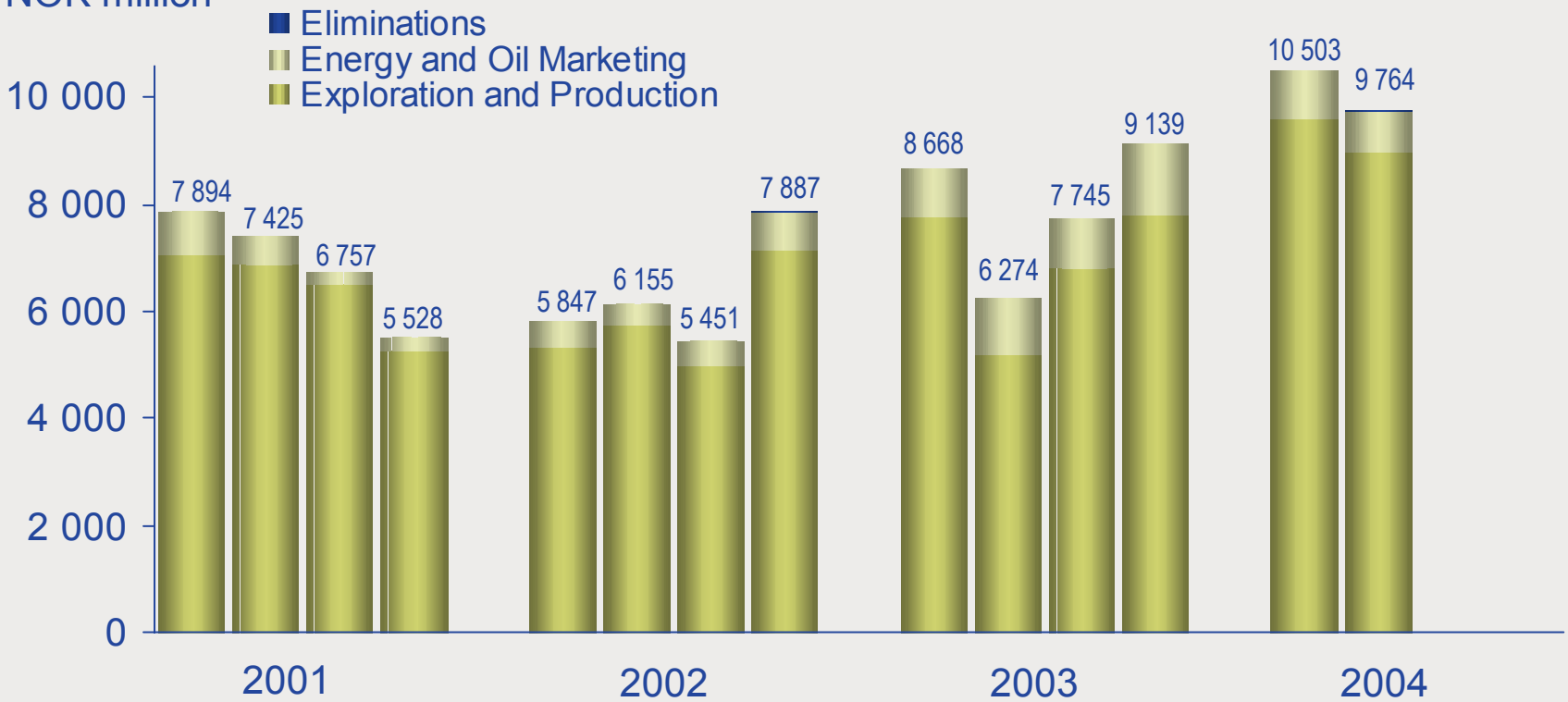


* Before effect of change in accounting principles

Oil & Energy

EBITDA

NOK million



Accumulated

2001	2002	2003	2004
27 604	25 340	31 826	20 267

Variance analysis Oil & Energy

NOK million	1st half		2nd quarter	
2004 2003		20 267 14 942		9 764 6 274
Variance EBITDA		5 325		3 490
- Prices and currency				
- Oil	2 625		2 565	
- Gas	195		(95)	
- Currency	(330)		(145)	
		2 490		2 325
- Margin		(185)		(130)
- Volume		3 245		1 635
- Fixed costs		(20)		5
- Depreciation		(475)		(240)
- Production costs		(575)		(295)
- Exploration costs		360		220
- New/disposed business		(160)		(65)
- Other		495		75
Variance operating income		5 175		3 532
- Non-consolidated investees		(38)		1
- Interest income and other		32		36
- Other		(326)		(326)
- Depreciation and amortization		482		247
Variance EBITDA		5 325		3 490

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Variance analysis Exploration and Production

NOK million	1st half	2nd quarter
2004 2003	18 583 12 998	8 990 5 228
Variance EBITDA	5 585	3 762
Prices and currency		
- Oil	2 625	2 565
- Gas	195	(95)
- Currency	(330)	(145)
	2 490	2 325
- Volume	2 805	1 405
- Depreciation	(465)	(235)
- Production costs	(575)	(295)
- Exploration costs	360	220
- Other	485	80
Variance operating income	5 099	3 499
- Non-consolidated investees	(7)	(3)
- Interest income and other	32	35
- Depreciation and amortization	461	231
Variance EBITDA	5 585	3 762

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Variance analysis Energy and Oil Marketing

NOK million	1st half	2nd quarter
2004 2003	1 676 1 968	769 1 048
Variance EBITDA	(292)	(279)
- Margin - Volume - Fixed costs - Depreciation - New/disposed business - Other	(215) 440 (20) (10) (160) 10	(135) 230 5 (5) (65) (5)
Variance operating income	44	26
- Non-consolidated investees - Interest income and other - Others - Depreciation and amortization	(29) - (326) 19	6 1 (326) 14
Variance EBITDA	(292)	(279)

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Production per field

Boe/day (oil including NGL and condensate)	Q2 2003	Q2 2004	Hydro Share Percent	Hydro Production
Oseberg	158 000	161 000	34.00	54 886
Grane	0	105 000	38.00	39 925
Snorre	227 000	212 000	17.65	37 338
Oseberg South	87 000	85 000	34.00	28 817
Ekofisk	356 000	379 000	6.65	25 183
Åsgard	279 000	237 000	9.60	22 735
Gullfaks inclu. Sat	211 000	249 000	9.00	22 441
Troll C	165 000	178 000	9.78	17 453
Troll B	145 000	149 000	9.78	14 587
Fram	0	54 000	25.00	13 563
Oseberg East	40 000	31 000	34.00	10 620
Vigdis	60 000	77 000	13.28	10 289
Norne	152 000	127 000	8.10	10 281
Tordis	83 000	71 000	13.28	9 436
Sleipner Area	101 000	86 000	8.85/9.4/10	8 200
Tune	21 000	18 000	40.00	7 116
Girasol	183 000	193 000	10.00	19 297
Terra Nova	151 000	123 000	15.00	18 508
Hibernia	205 000	218 000	5.00	10 886
Kharyaga	12 000	15 000	40.00	6 002
Other				34 133
Total oil production				**421 697**
Gas production				**147 279**
Total petroleum production				**568 976**

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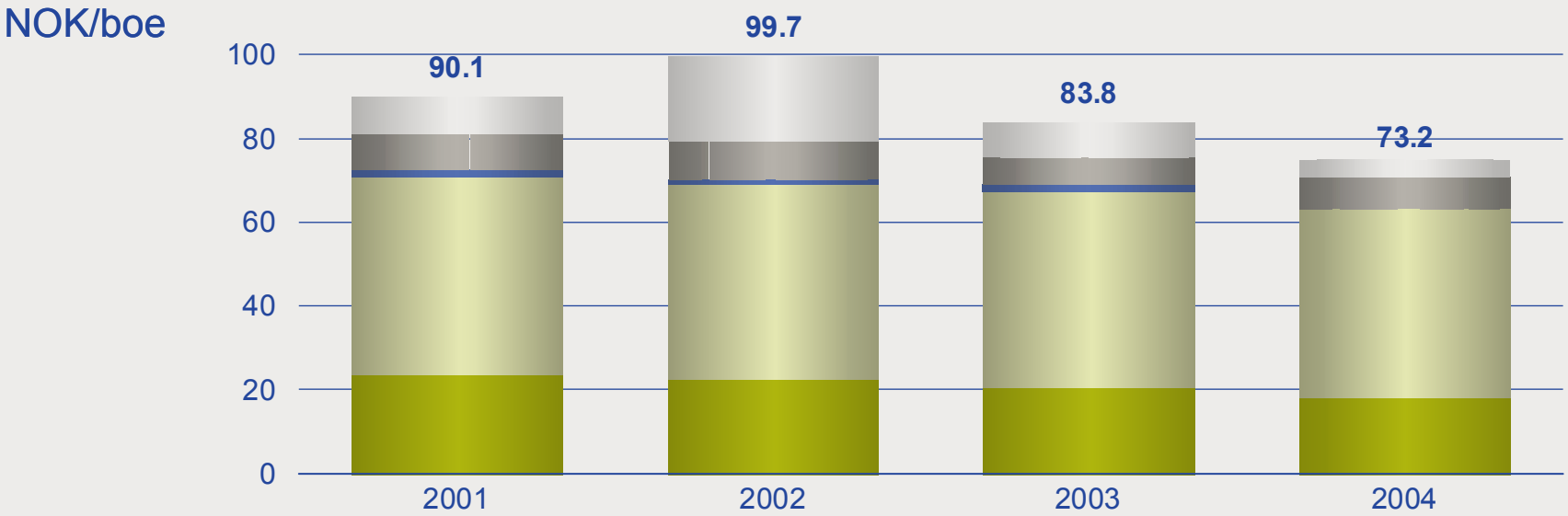
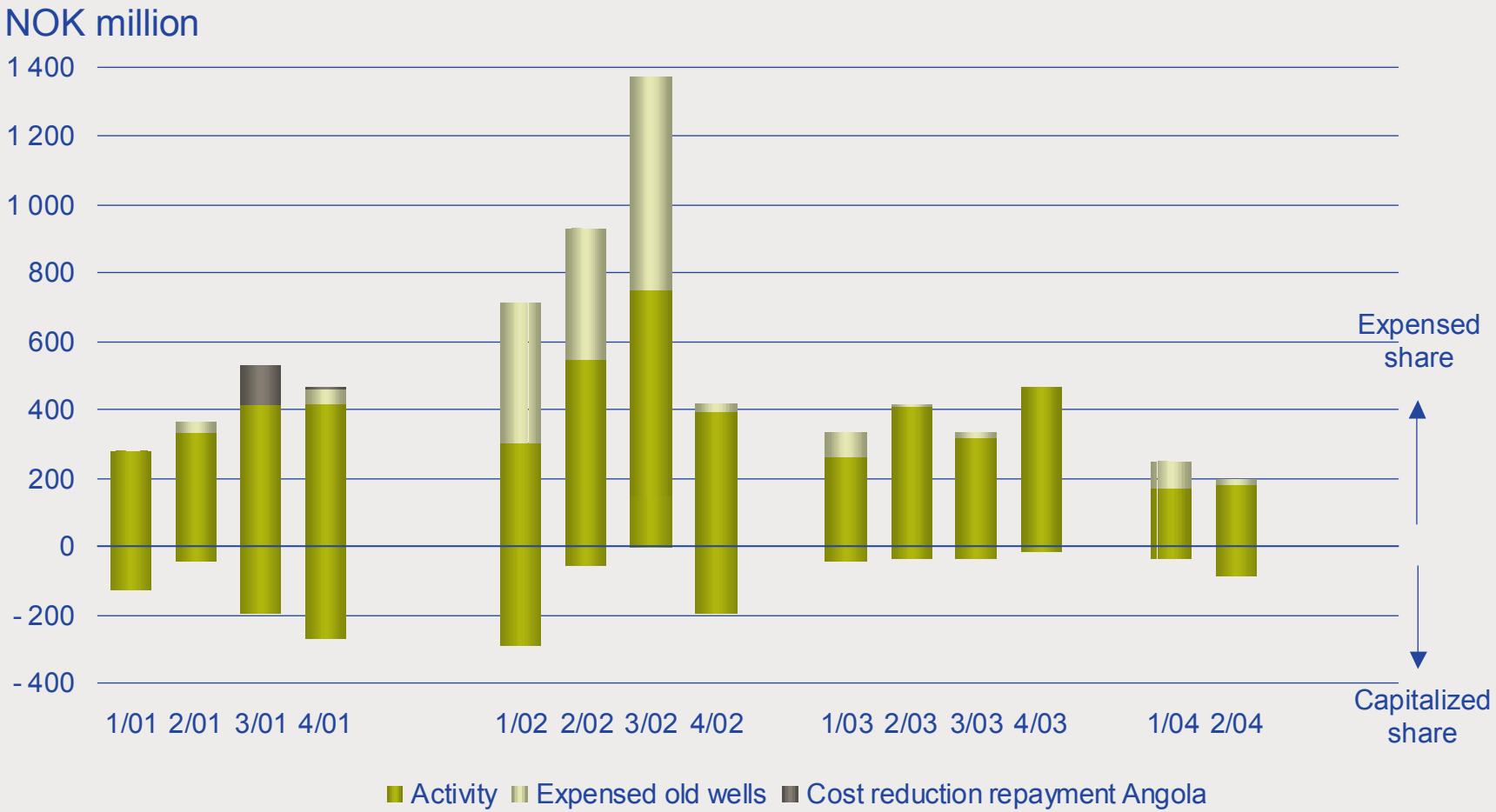
Operating costs per barrel



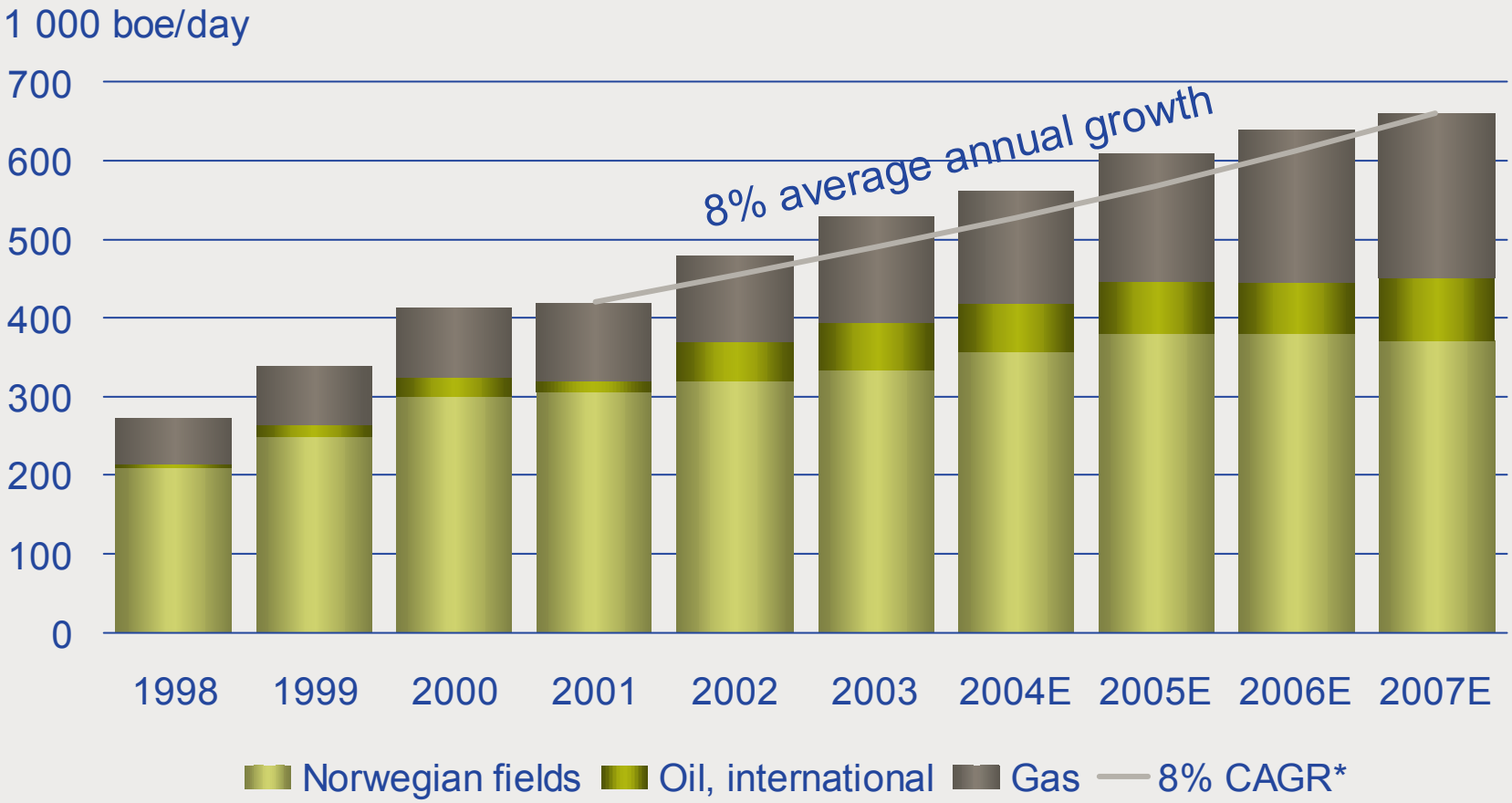
	2001	2002	2003	2004
Exploration	9.1	20.3	8.1	4.2
Net transportation *	8.5	9.0	6.8	7.4
Other cost/income	2.0	1.4	1.8	-1.7
Deprec. & aband.	46.4	46.4	46.4	44.8
Production cost	24.1	22.6	20.7	18.5
Total	90.1	99.7	83.8	73.2
Mill boe produced	154	175	194	108

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

Exploration activity and costs



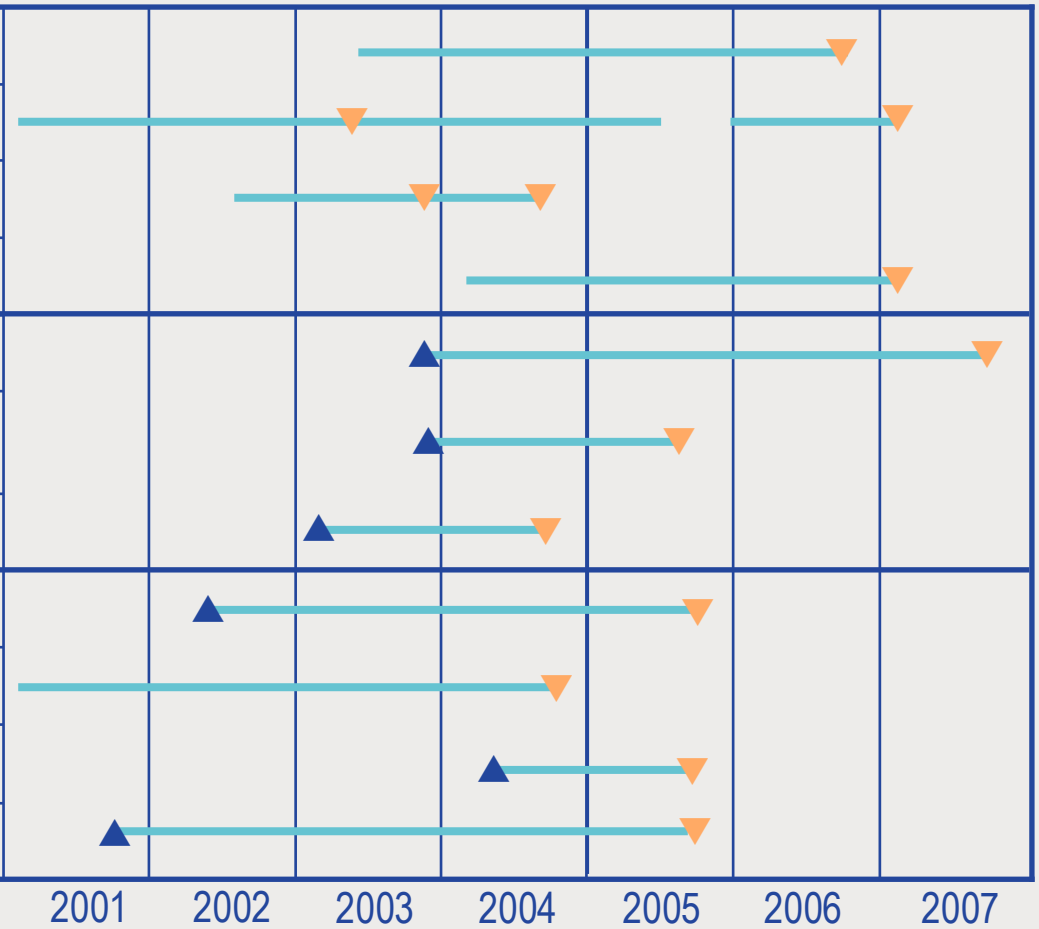
Strong production growth



* Compound annual growth rate, 2001 baseline

New fields on stream 2004 – 2007

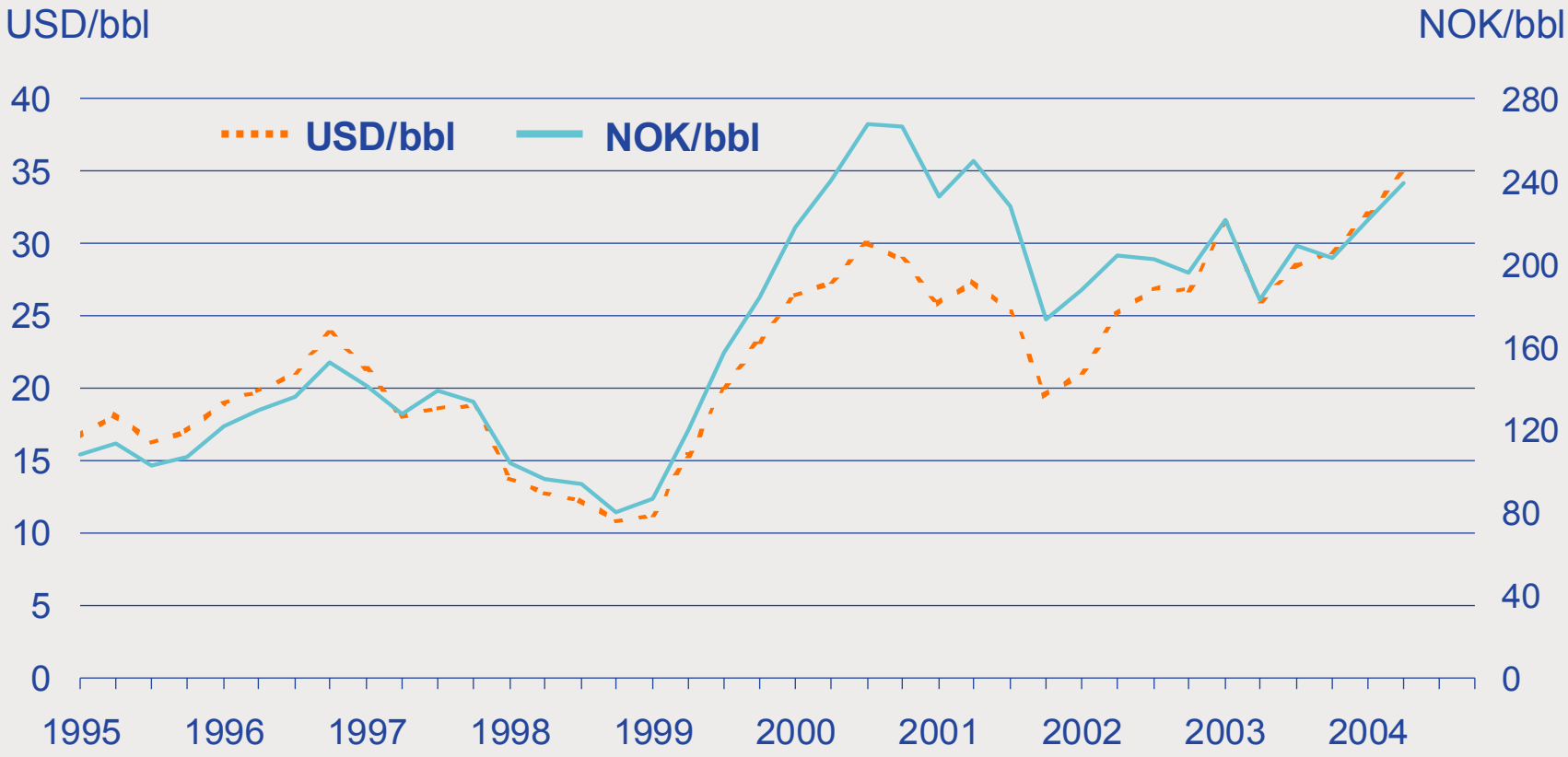
		Hydro share	boe/day
International	Dalia		22 000
	Kharyaga 2+3		15 000 (phase 1-3)
	Murzuq		6 000 (A + D field)
	Rosa		13 000
NCS operator	Ormen Lange		70 000
	Oseberg Vestflanken		14 000
	Oseberg South J		7 000
NCS non-operator	Visund gas phase		18 000
	Kvitebjørn		25 000
	Norne Satellites		9 000
	Kristin		28 000



Development ▲ PDO submittal ▼ Start production

Price development – crude oil

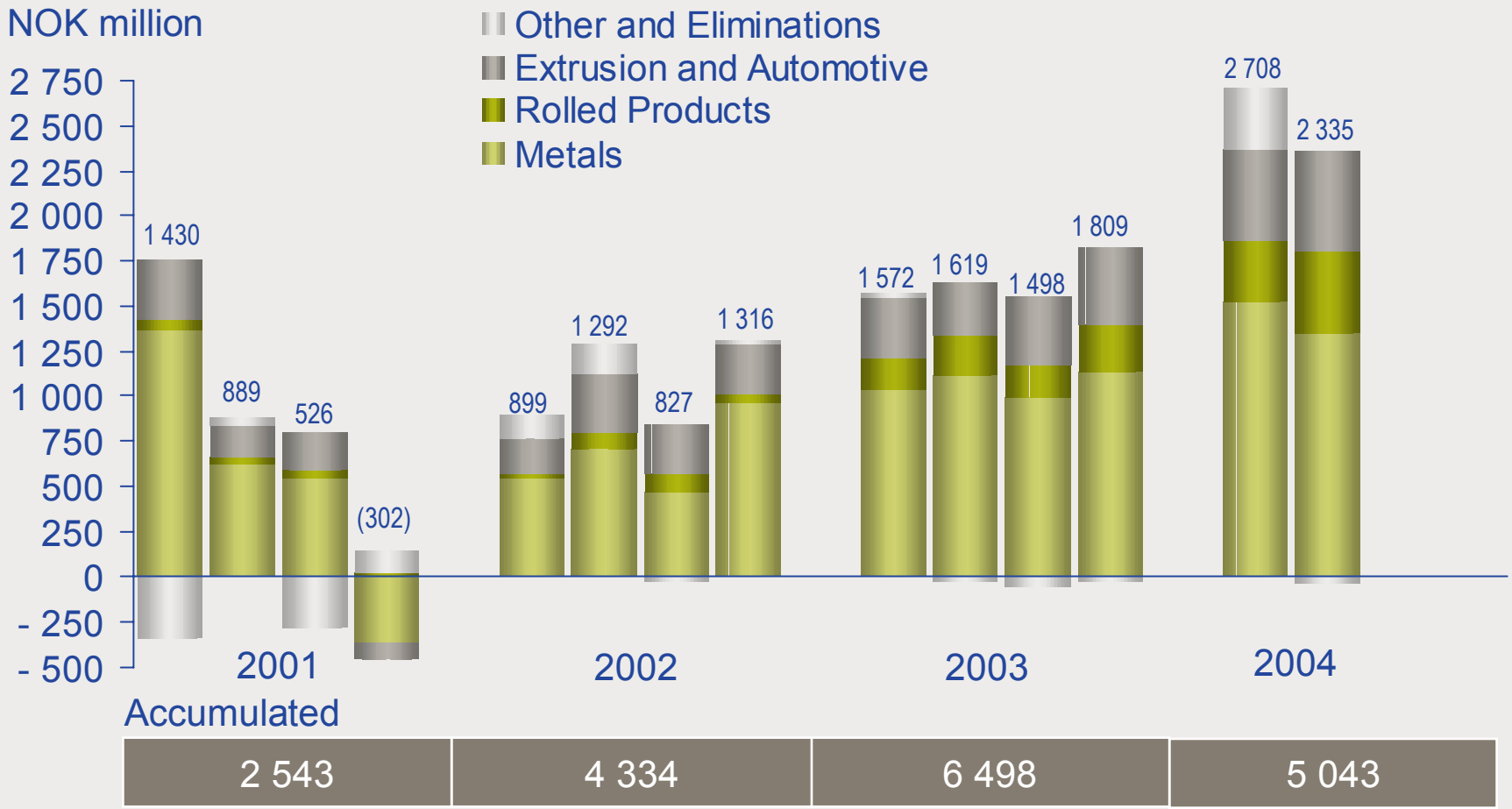
Average Brent blend dated per quarter



2nd quarter 2004: NOK 239/USD 34.9 per barrel

Aluminium

EBITDA



Variance analysis Aluminium

NOK million	1st half	2nd quarter
2004 2003	5 043 3 191	2 335 1 619
Variance EBITDA	1 852	716
- Margin - Volume - Fixed costs - Depreciation - New/disposed business - Infrequent items - Trading and hedging - Unrealized LME effects - Other	765 1 355 (595) (225) 195 55 (130) 320 (60)	440 625 (175) (95) 195 60 (285) (25) (35)
Variance operating income	1 681	705
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(184) 33 322	(122) (8) 141
Variance EBITDA	1 852	716

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Variance analysis Metals

NOK million	1st half	2nd quarter
2004 2003	2 883 2 171	1 354 1 124
Variance EBITDA	712	230
- Margin - Volume - Fixed costs - Depreciation - New/disposed business - Infrequent items - Trading & price hedging - Other	295 540 (125) (70) 215 (20) (130) 25	255 190 (25) (20) 215 (25) (285) 10
Variance operating income	730	313
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(227) 43 166	(154) - 71
Variance EBITDA	712	230

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Variance analysis Rolled Products

NOK million	1st half	2nd quarter
2004 2003	791 383	456 215
Variance EBITDA	408	241
- Margin - Volume - Fixed costs - Depreciation - New/disposed business - Infrequent items - Other	345 95 - (45) (20) - -	195 25 30 (20) (20) (5) 20
Variance operating income	373	225
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(5) (7) 47	2 (6) 20
Variance EBITDA	408	241

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Variance analysis Extrusion and Automotive

NOK million	1st half	2nd quarter
2004 2003	1 068 629	556 300
Variance EBITDA	439	256
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Other	155 720 (470) (110) 75 (85)	(20) 410 (180) (55) 90 (70)
Variance operating income	285	176
- Non-consolidated investees - Interest income and other - Depreciation and amortization	48 (3) 109	30 (2) 52
Variance EBITDA	439	256

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Aluminium – key figures by segment

Volumes and prices	Q2 2004	Q1 2004	Q2 2003
Primary production (Kmt)	387	384	360
Total metal products sales (Kmt) *)	676	688	546
LME, realized (USD/t) **)	1657	1 528	1 417
USD/NOK, realized ***)	7.10	7.13	7.33
Rolled Products, external shipment (Kmt)	235	240	230
Extrusion and Automotive, external revenues (NOK million)	7 193	6 969	6 260

EBITDA	Q2 2004	Q1 2004	Q2 2003
Metals	1 354	1 529	1 124
Rolled Products	456	335	215
Extrusion and Automotive	556	512	300

*) 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 (except currency hedges where hedge accounting is applied)

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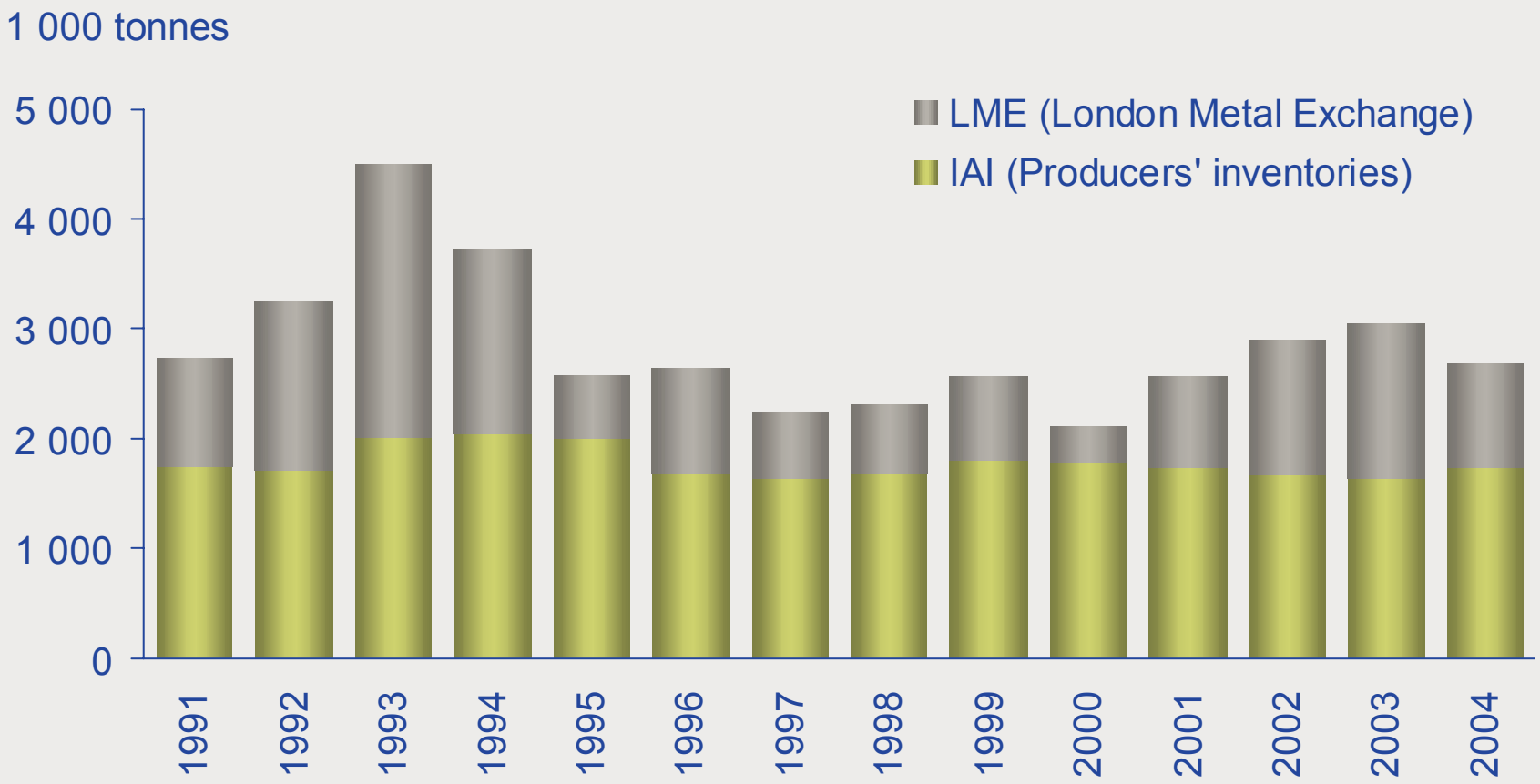
Inventories – primary aluminium

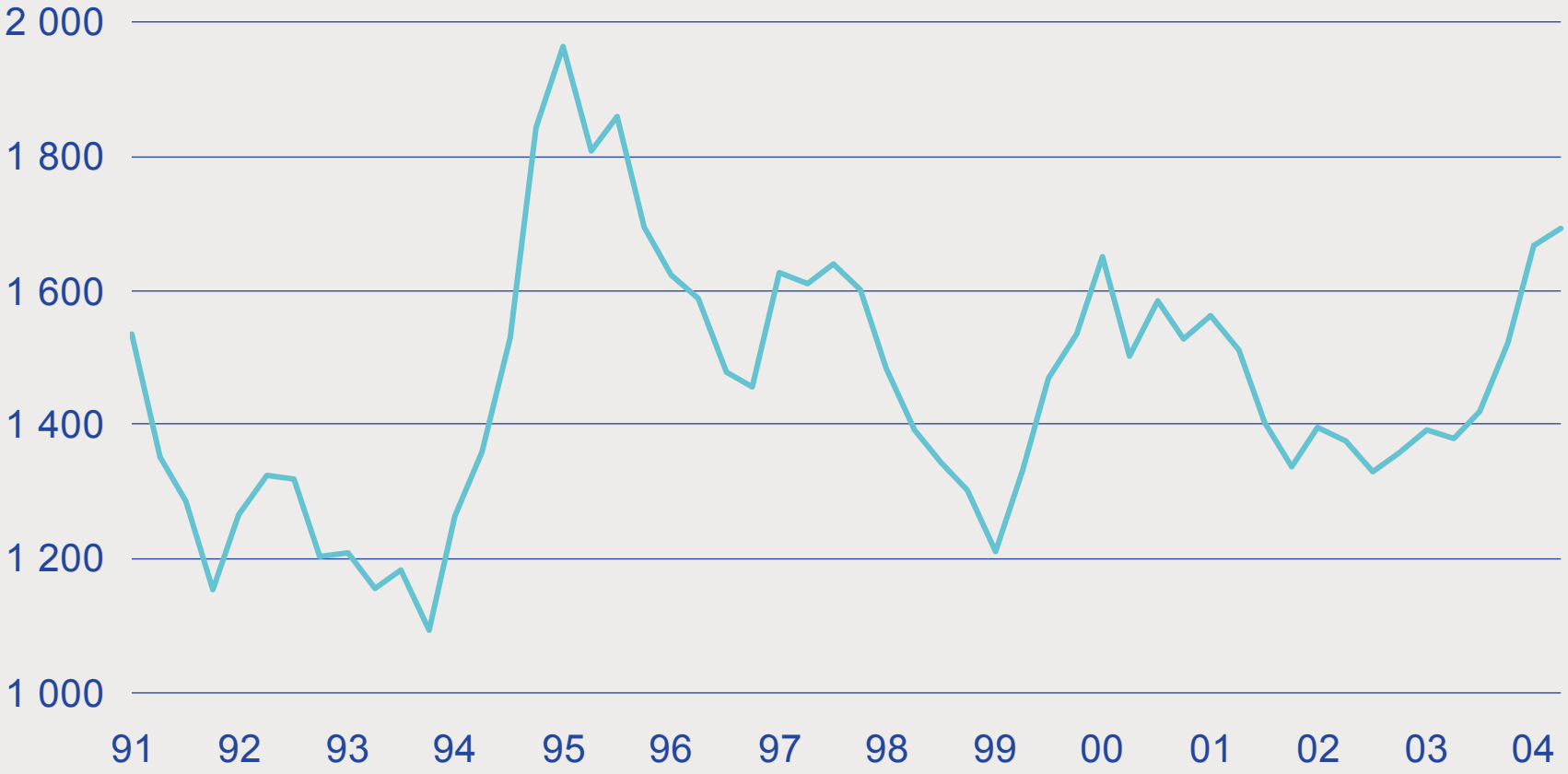


Sources: IAI and LME. 2004: IAI numbers as of May, LME as of June

Aluminium price

3 months LME price, average per quarter

USD/tonne



Variance analysis Petrochemicals

NOK million	1st half	2nd quarter
2004 2003	298 225	87 132
Variance EBITDA	73	(45)
- Margin - Volume - Fixed costs - Depreciation	65 55 (90) (5)	(10) 25 (60) -
Variance operating income	27	(45)
- Non-consolidated investees - Depreciation and amortization	34 7 5	(8) 7 1
Variance EBITDA	73	(45)

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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 2003 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).

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