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Preliminary results 2004

Highlights 2004

- **Hydro reshaped**
- **Strong operational performance**
- **Improved macro environment**
- **Solid financials**

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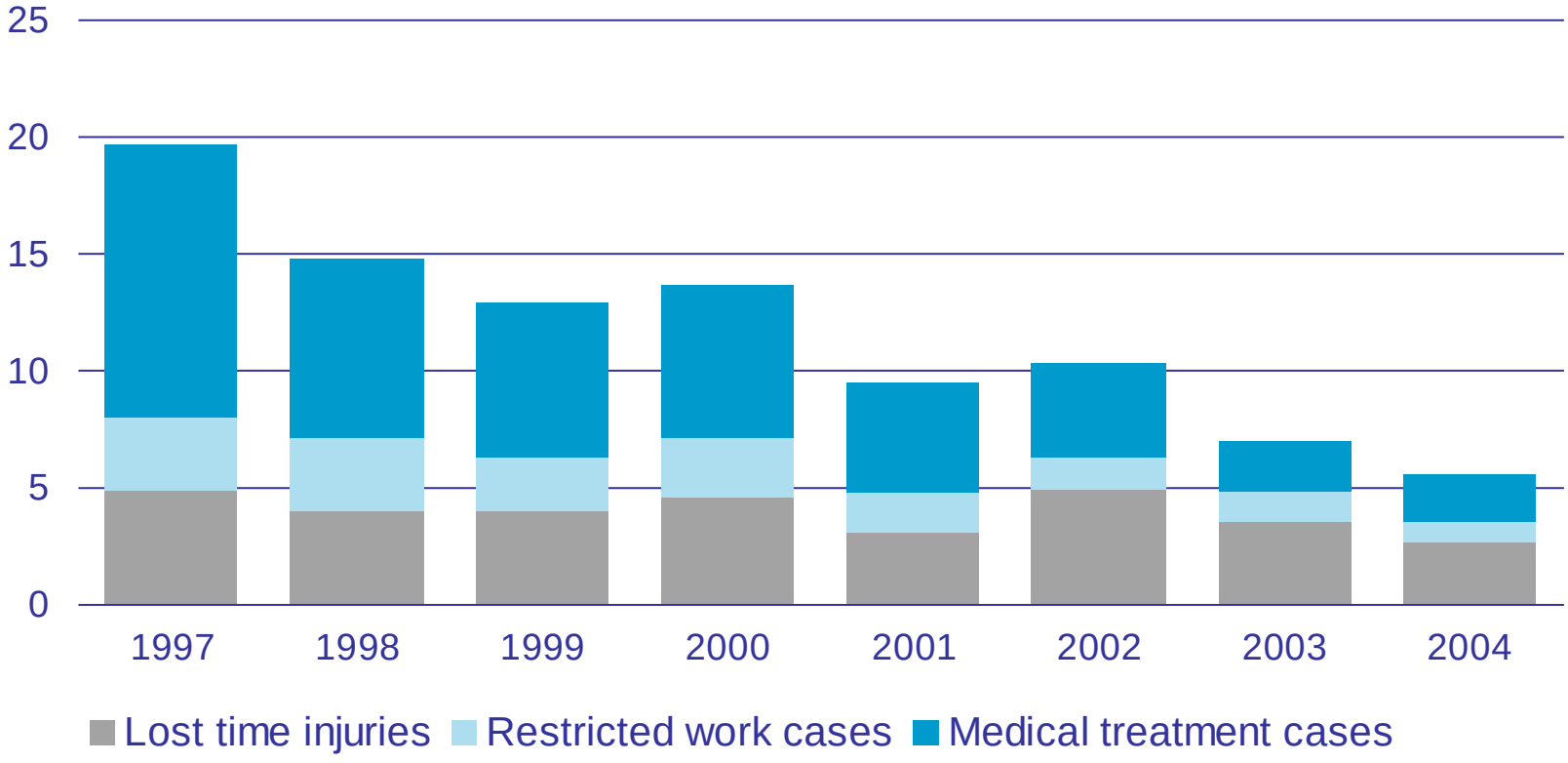
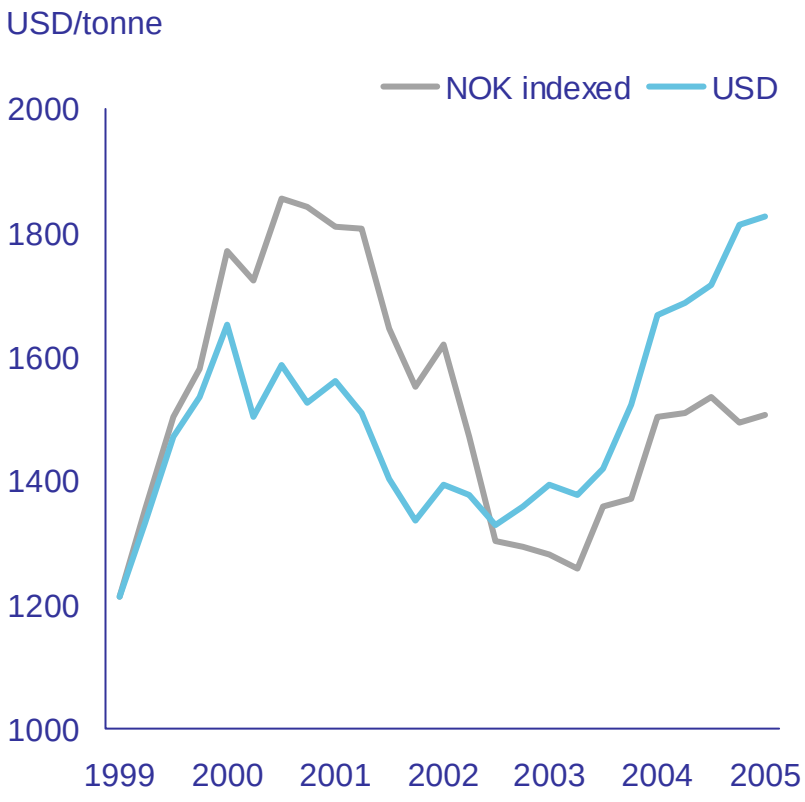
Positive safety development



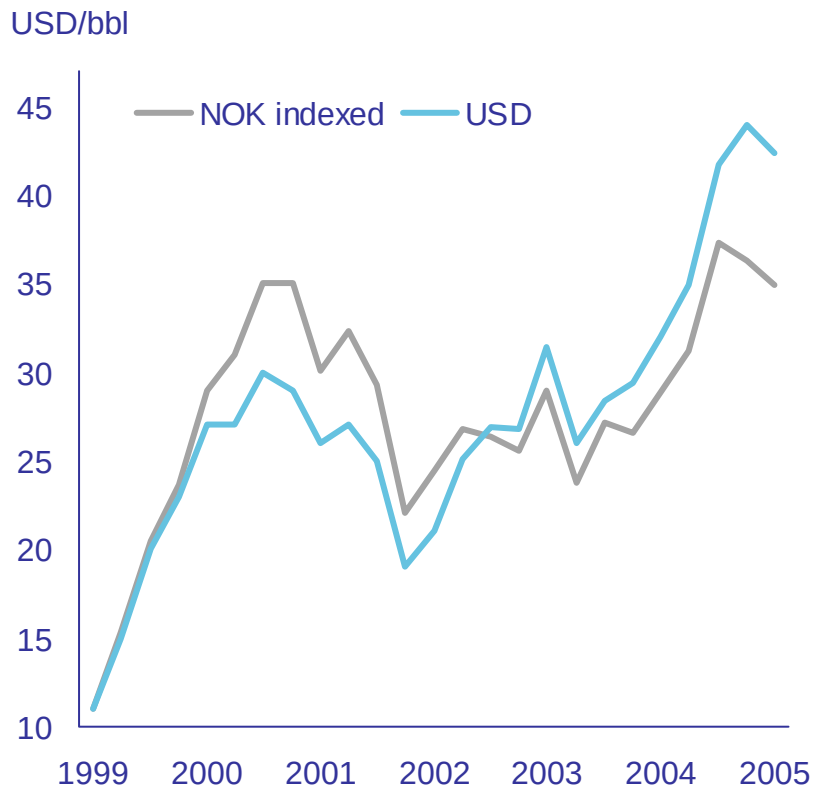
Reported injuries per million hours, Hydro employees

Strong commodity prices – weak dollar

Aluminium price



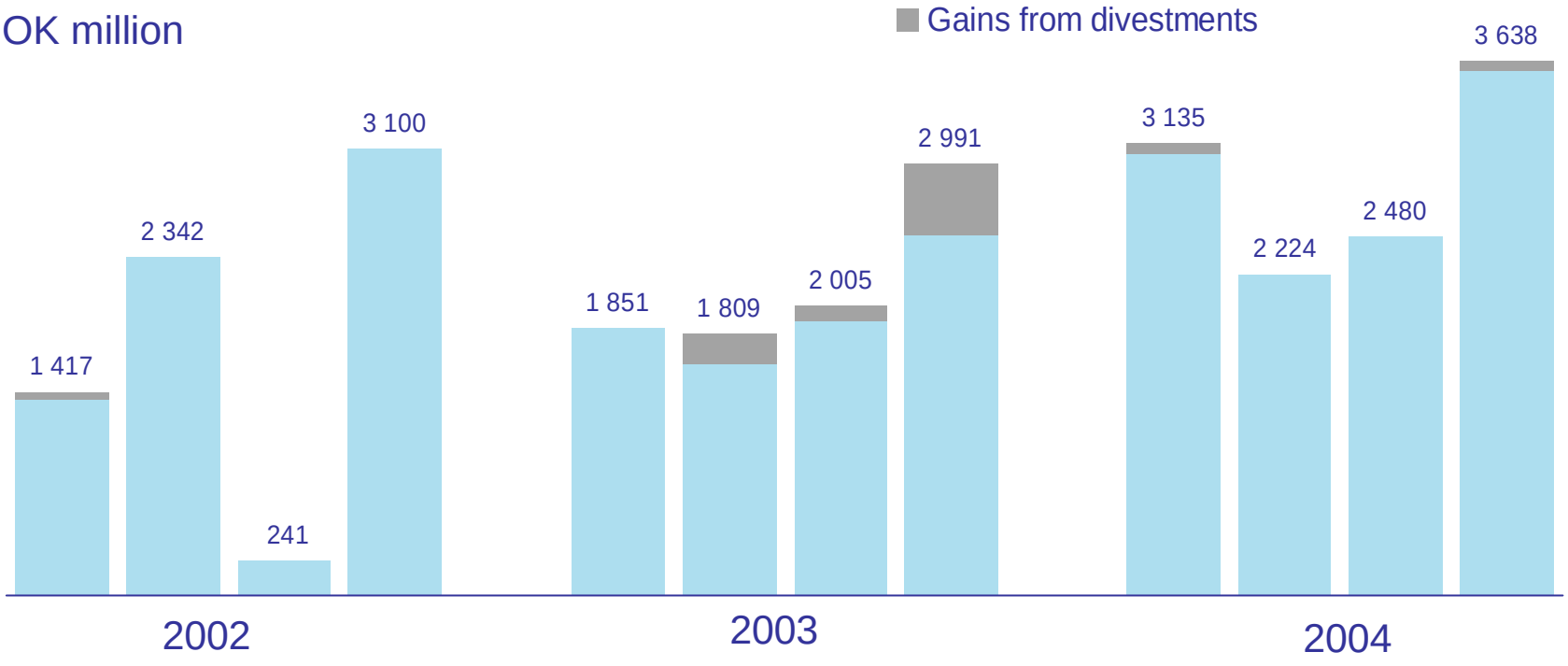
Oil price



Income from continuing operations*

By quarter

NOK million



Accumulated

2002	2003	2004
7 100	**8 656**	**11 477**

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

Consolidated income statements

NOK million	4th quarter 2004	4th quarter 2003
Operating revenues	39 049	34 205
Operating income	6 234	6 366
Equity in net income of non-consolidated investees	89	133
Financial income (expense), net	900	358
Other income, net	59	489
Income from continuing operations before tax and minority interest	7 282	7 346
Income tax expense	(3 723)	(4 363)
Minority interest	79	8
Income from continuing operations	3 638	2 991
Income from discontinued operations	-	774
Income before cumulative effect of change in accounting principle	3 638	3 765
Cumulative effect of change in accounting principle	-	-
Net income	3 638	3 765
Earnings per share from continuing operations - NOK	14.40	11.60
Earnings per share from discontinued operations - NOK	-	3.10
Earnings per share - NOK	14.40	14.70

For calculation of EPS, 4th quarter 2004: 252 292 084 shares, 4th quarter 2003: 256 712 000 shares

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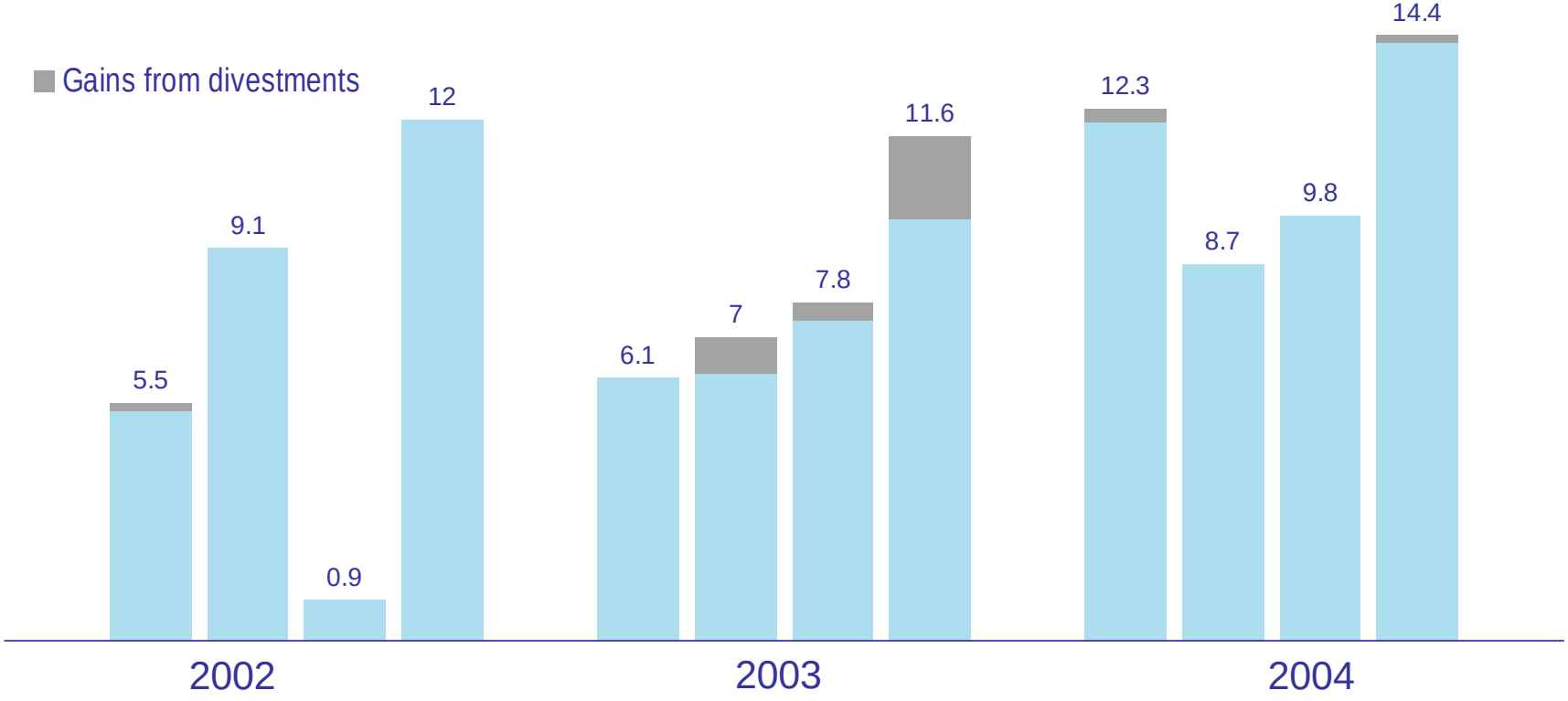
Earnings per share

NOK



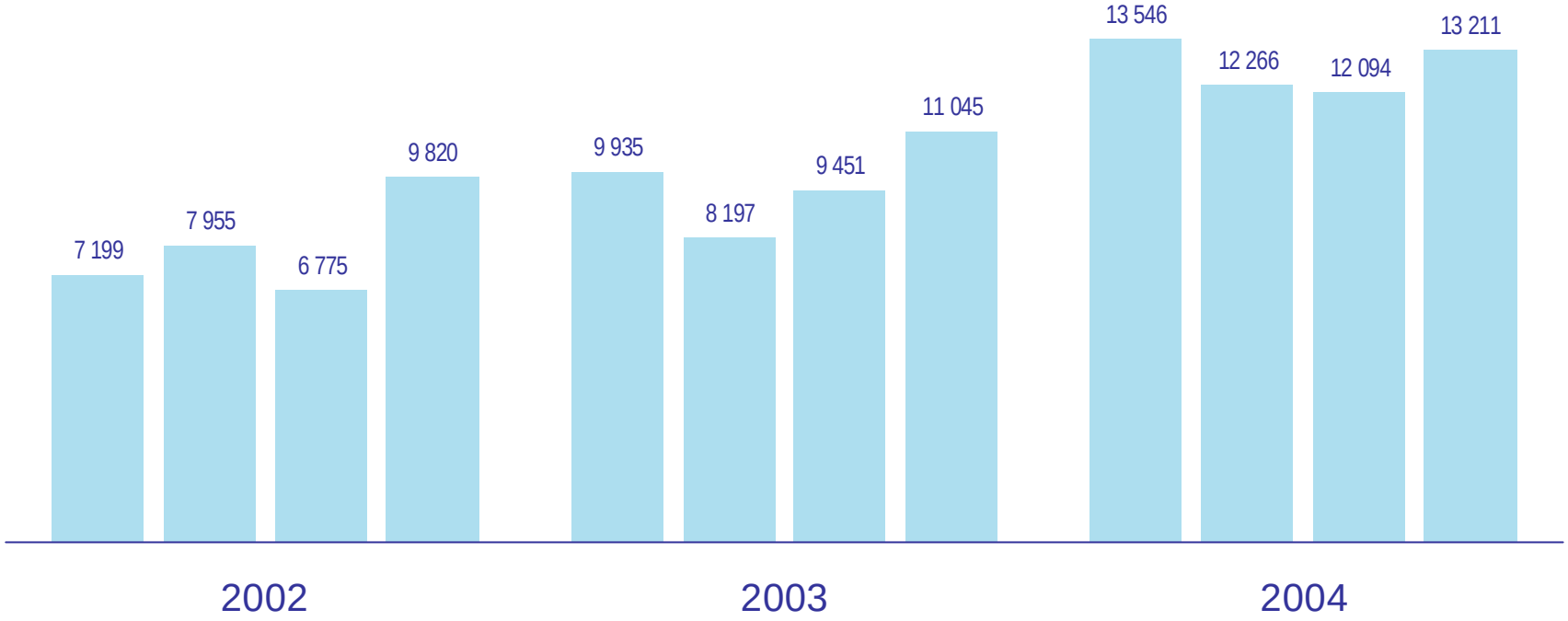
Accumulated		
27.5	**32.5**	**45.1**

Earnings per share from continuing operations, before effect of change in accounting principles

Record high cash earnings

Adjusted EBITDA

NOK million



Accumulated		
31 749	**38 628**	**51 117**

Operating income

Individual operating segment

NOK million	4th quarter 2004	4th quarter 2003
Exploration and Production	7 116	5 332
Energy and Oil Marketing	1 072	667
Eliminations	433	(5)
Oil & Energy	8 621	5 994
Metals	*(2 017)	608
Rolled Products	33	61
Extrusion and Automotive	(56)	60
Other and eliminations	89	(20)
Aluminium	*(1 951)	709
Other activities	(91)	8
Corporate and eliminations	(345)	(345)
Total	*6 234	6 366

* Includes write-down of German metal plants of NOK 2 042 million

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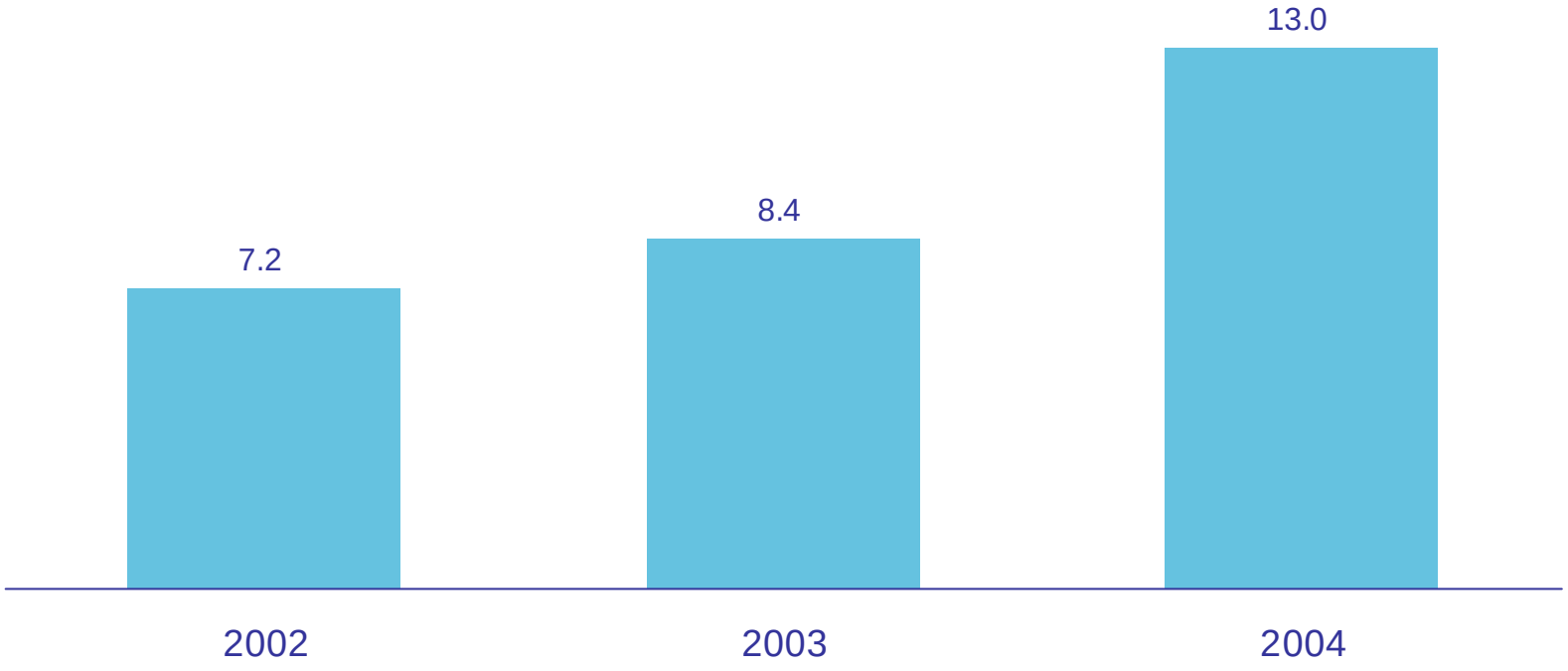
Return on capital significantly improved

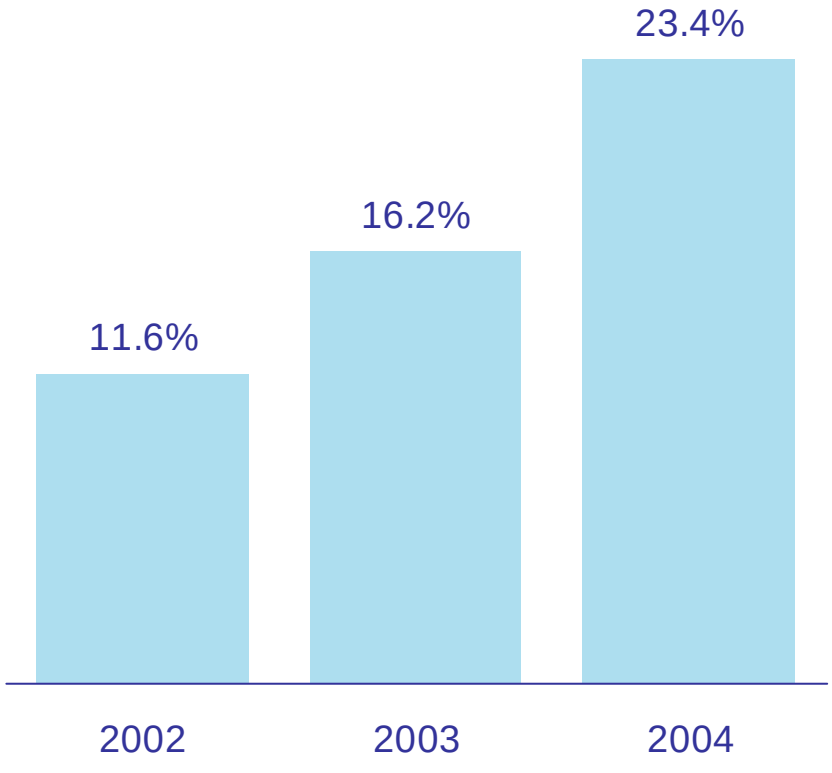
RoaCE, percent



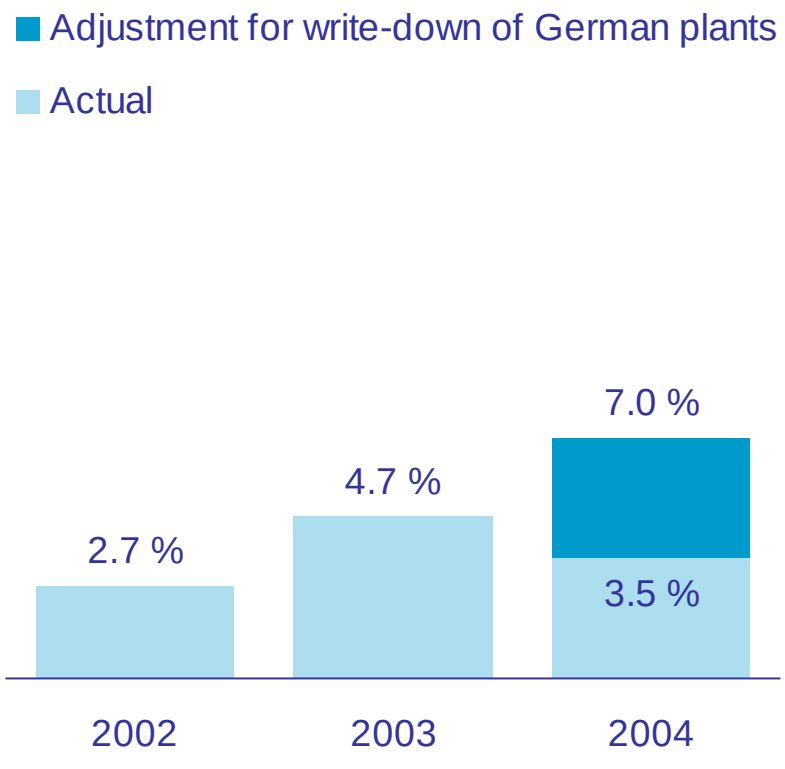
RoaCE: Earnings after tax excluding financial items, divided by average capital employed

RoaCE by business area

Oil & Energy

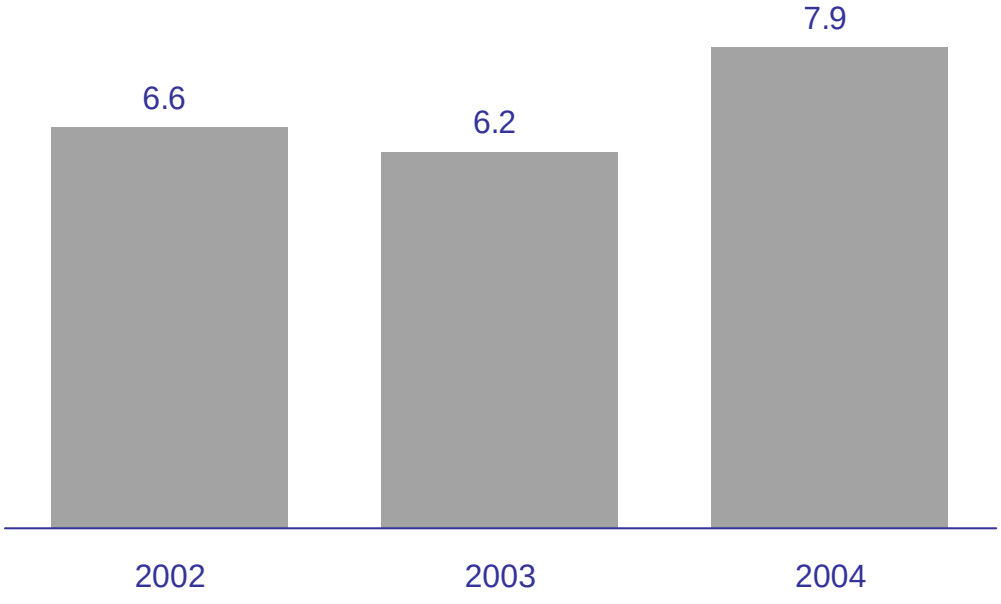


Aluminium



Normalized RoaCE

Percent



- **Assumptions:**
  - Oil price $25/bbl
  - Aluminium price $1500/tonne
  - NOK/USD 7
  - EUR/NOK 8
- **Volumes and margins are not normalized**
- **Restructuring charges and gain/loss on divestments are eliminated from normalized figures**

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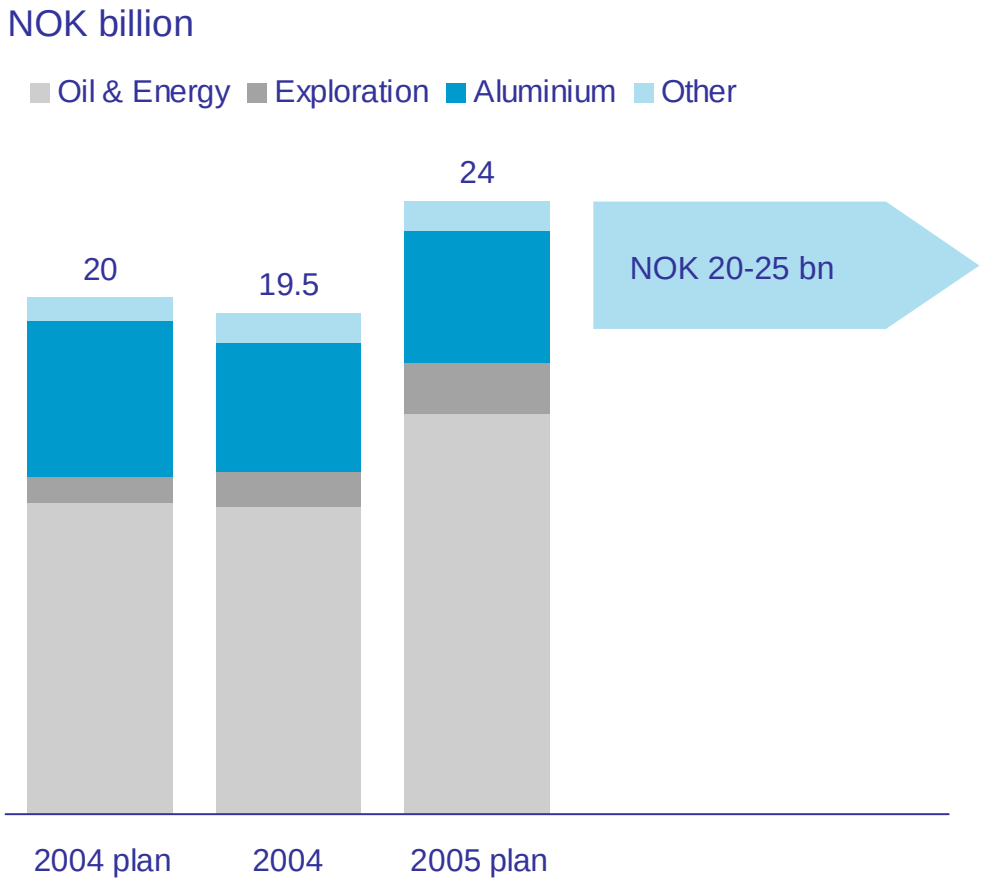
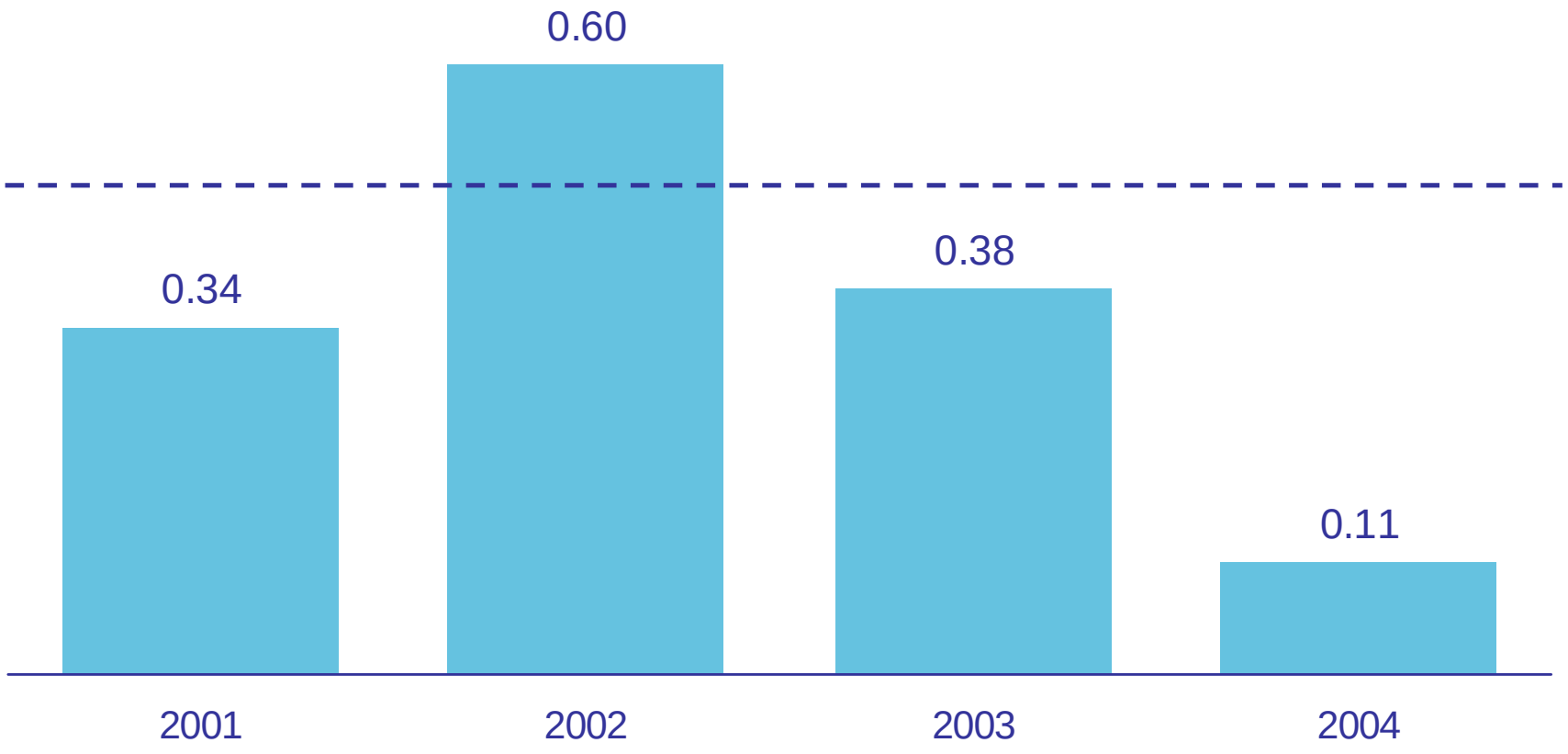
Capital and exploration expenditure



- **2004 investments as planned**
- **2005 increase due to higher activity level**
  - Projects on track
  - Robust against cost inflation

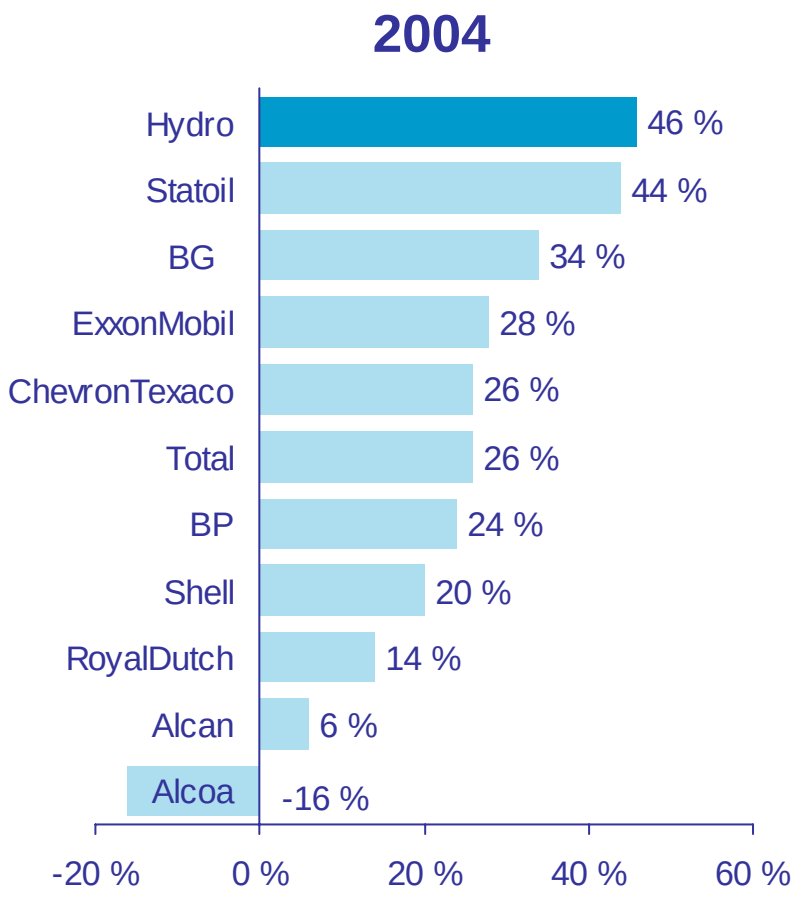
Debt/equity ratio

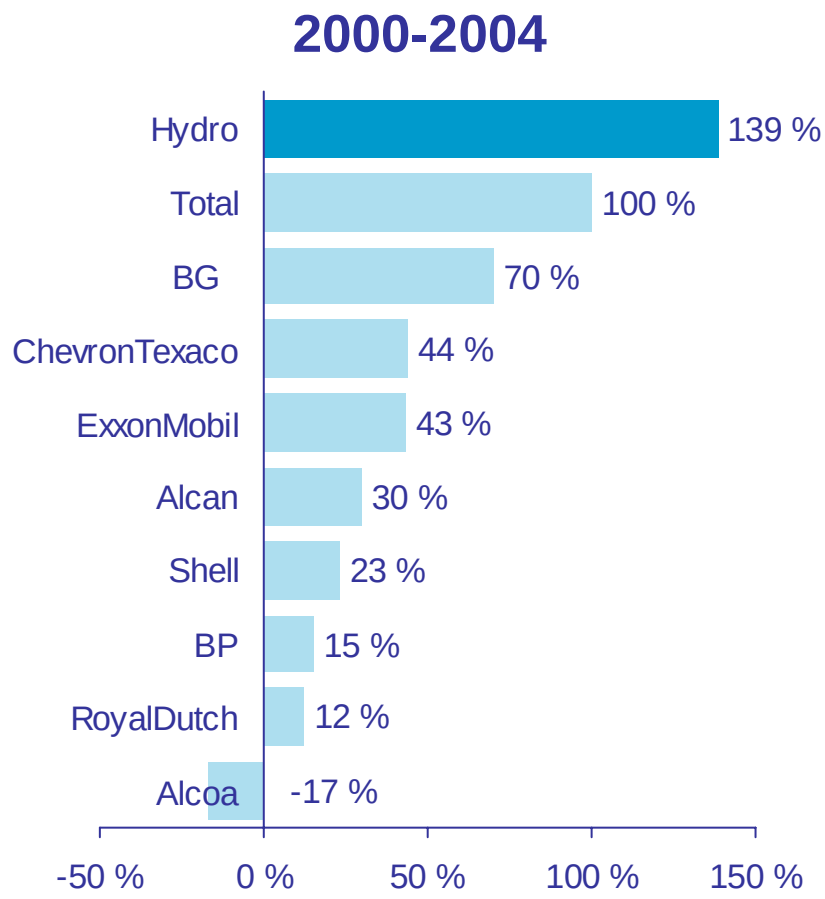


Interest-bearing debt + net pension liability (tax adjusted) + operating lease commitments (discounted) – cash and cash equivalents – other liquid assets divided by shareholders' equity + minority interest

Proposed dividend NOK 20 per share

Total Shareholder Return





Source: Goldman Sachs

Oil & Energy – highlights

- **2004 production target achieved**
- **High oil & gas prices**
- **Ormen Lange on track**
- **Operatorship in Gulf of Mexico**
- **Q4 exploration – 4 wells completed, all discoveries**

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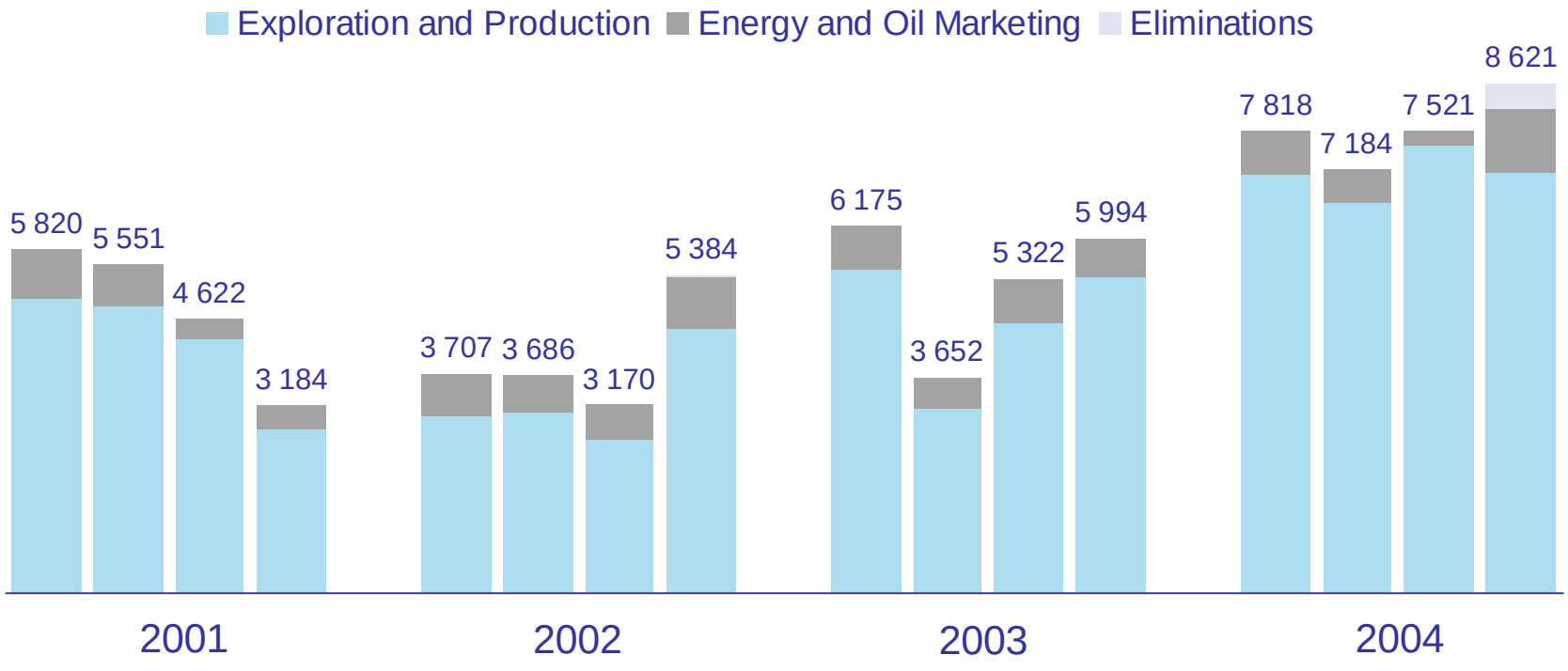
Oil & Energy – operating income

NOK million

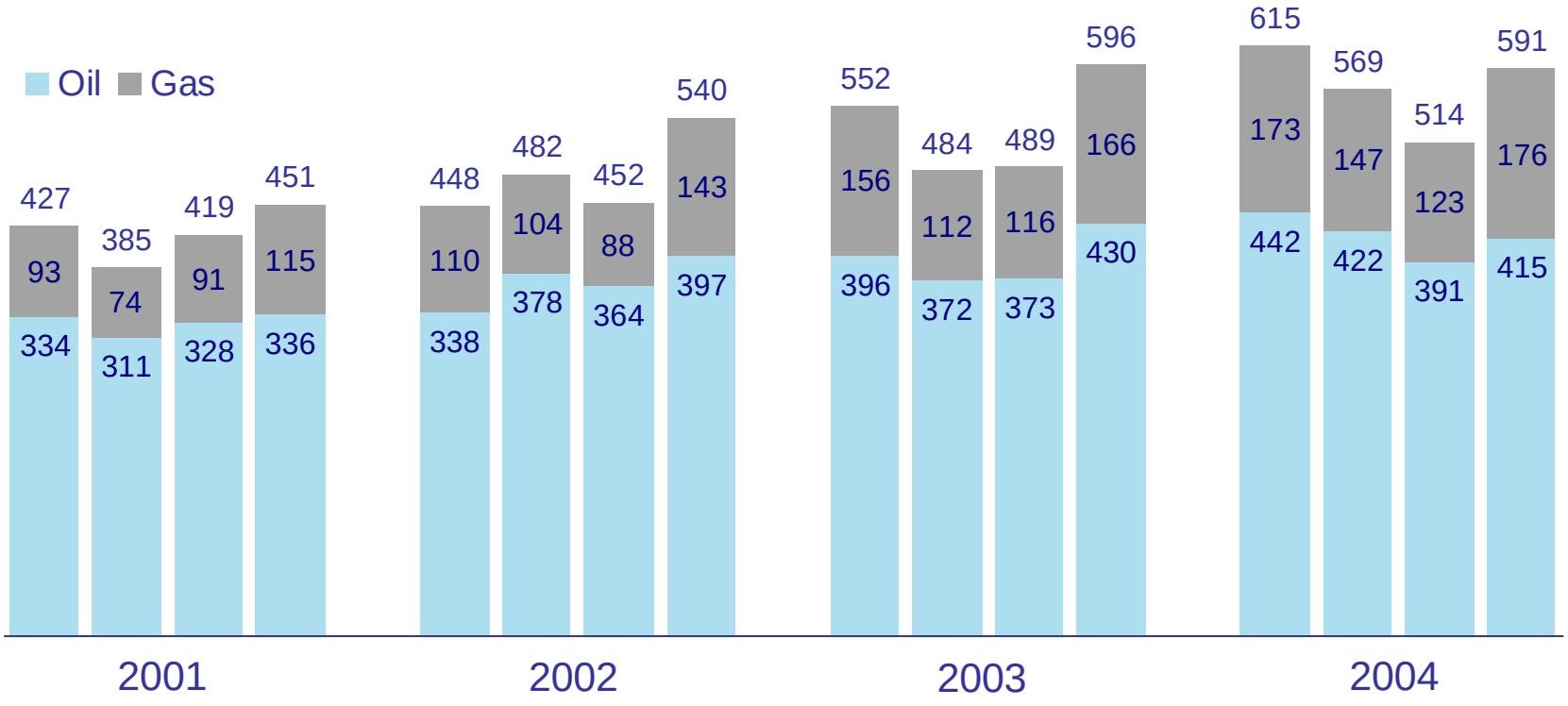


Accumulated

19 177	**15 947**	**21 143**	**31 144**

Petroleum production per quarter

1 000 boe/day

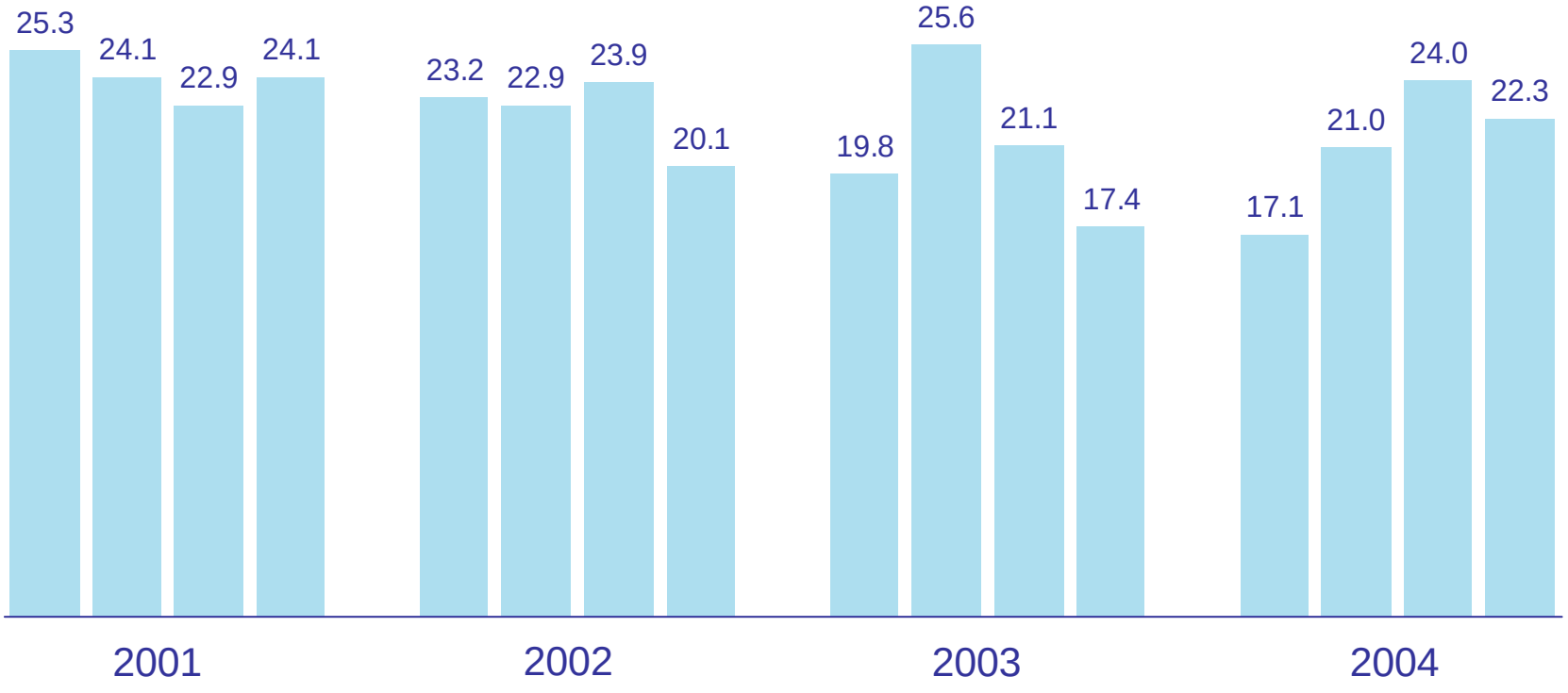


Accumulated

421	**480**	**530**	**572**

Production costs per barrel

NOK/boe



Accumulated			
24.1	**22.6**	**20.7**	**20.7**

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Proved reserves

	million boe
Reserves 31.12.2003	2 288
Reserve revisions	39
New reserves	23
Sales, purchase and swaps	(65)
Production 2004	(209)
Reserves 31.12.2004	2 076

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Oil & Energy – prospects

- **High oil prices expected in 2005**
  - Continued demand growth
  - Limited global spare capacity
  - Volatile gas markets
- **2005 production target 575 000 boe/day**
- **Increased exploration activity**

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Aluminium – highlights

- **Improved metal markets**
- **Mixed development in downstream sectors**
- **Planning new world-class plant in Qatar**
- **Aluimprover on track – cost estimate reduced**
- **Write-down of German metal plants**

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Aluminium – additional comments

- **Metals**
  - Record output, Sunndal at full capacity
  - Realized NOK prices up 6% vs Q4 2003, down 5% vs Q3 2004
  - Demanning costs NOK 500 million charged in Q4
- **Rolled Products**
  - Shipments increased
  - Increased sales of high margin products
- **Extrusion & Automotive**
  - Increased sales volumes for extrusions
  - Turnaround and write-down charges NOK 180 million
  - Improved operational performance

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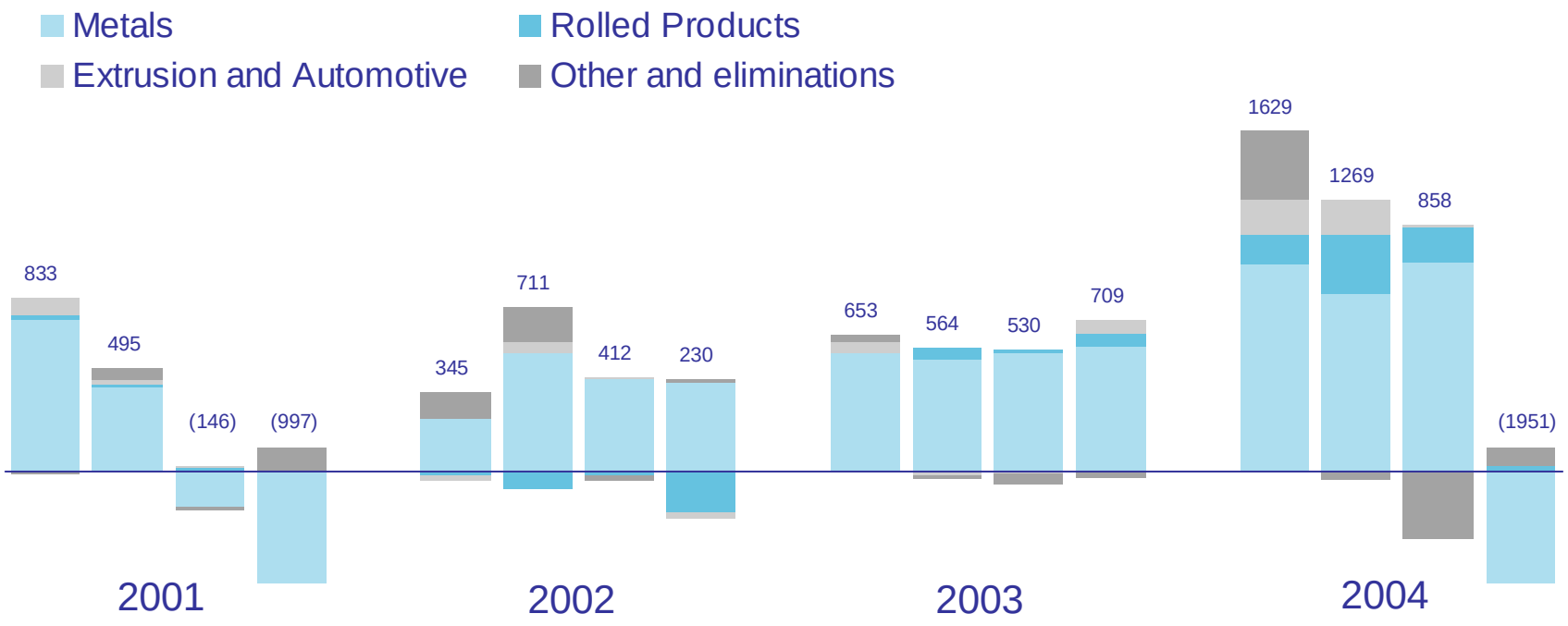
Aluminium – operating income

NOK million



Accumulated

185	**1 698**	**2 456**	**1 805**

Aluminium – prospects

- **Good aluminium market expected**
- **Aluimprover to be completed**
- **Margin pressure for Rolled Products – shifting product mix into higher margin products**
- **Market growth expected for extrusions, but slower than 2004**
- **Continued initiatives to improve cost position**

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Hydro – priorities

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

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Additional information

Adjusted income fourth quarter 2004

NOK million	4th quarter 2004	Adjustments	Adjusted income
Exploration and Production	7 116	(100)	7 016
Energy and Oil Marketing	1 072	18	1 090
Eliminations	433	(444)	(11)
Oil & Energy	8 621	(526)	8 095
Metals	(2 017)	2 542	525
Rolled Products	33	(3)	30
Extrusion and Automotive	(56)	90	34
Other and eliminations	89	(93)	(4)
Aluminium	(1 951)	2 536	585
Other activities	(91)	230	139
Corporate and eliminations	(345)	214	(131)
Total operating income	6 234	2 454	8 688
Non-consolidated investees	89	198	287
Financial income (expense), net	900	(745)	155
Other income (loss), net	59	(59)	-
Income from continuing operations before tax and minority interest	7 282	1 848	9 130
Income tax expense	(3 723)	(1 497)	(5 220)
Minority interest	79	-	79
Income from continuing operations	3 638	351	3 989

Estimated tax effect on income statement adjustments NOK 597 million (simplified tax rate 33%)

Positive effect due to tax law NOK 900 million

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Infrequent and other special items impacting income statement fourth quarter 2004

		NOK million
Gain sale Snøhvit	Exploration and Production	(100)
Inventory gains	Energy and Oil Marketing	18
Eliminations of unrealized gain on internal gas contract	Oil & Energy eliminations	(444)
Write-down German smelters	Metals	2 042
Rationalization cost due to Aluimprover	Metals	412
Demanning cost other	Metals	88
Inventory gains	Rolled Products	(3)
Rationalization costs due to closure of plant	Extrusion and Automotive	27
Impairment loss	Extrusion and Automotive	63
Unrealized loss on LME contracts	Other and Elimination	(93)
Insurance loss provision	Other activities	230
Elimination of unrealized gain on internal power contracts	Corporate and Eliminations	309
Elimination of demanning cost	Corporate and Eliminations	(95)
Net impact on operating income		2 454
Non-consolidated investees – currency gain for Alunorte	Metals	(70)
Write-down German smelters	Metals	268
Financial income (expense) net – net currency gain	Hydro Group	(1 606)
Financial income (expense) net – loss on bond buyback	Hydro Group	861
Adjustment gain on sale of Scanraff	Energy and Oil Marketing	(59)
Net impact on operating income from continuing operations before tax and minority interest		1 848
Effect of change in Norwegian tax legislation	Hydro Group	(900)

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Adjusted income fourth quarter 2003

NOK million	4th quarter 2003	Adjustments	Adjusted income
Exploration and Production	5 332	-	5 332
Energy and Oil Marketing	667	-	667
Eliminations	(5)	-	(5)
Oil & Energy	5 994	-	5 994
Metals	608	-	608
Rolled Products	61	-	61
Extrusion and Automotive	60	(68)	(8)
Other and eliminations	(20)	56	36
Aluminium	709	(12)	697
Other activities	8	112	120
Corporate and eliminations	(345)	12	(333)
Total operating income	6 366	112	6 478
Non-consolidated investees	133	(10)	123
Financial income (expense), net	358	(711)	(353)
Other income (loss), net	489	(489)	-
Income from continuing operations before tax and minority interest	7 346	(1 098)	6 248
Income tax expense	(4 363)	198	(4 165)
Minority interest	8	-	8
Income from continuing operations	2 991	(900)	2 091

Estimated tax effect on income statement adjustments NOK 198 million (simplified tax rate 33%)

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Infrequent and other special items impacting income statement fourth quarter 2003

Item		NOK million
Reversal of claims accrual	Aluminium	(77)
Other infrequent items, net		46
Inventory gain (Rolled products)		(37)
Unrealized losses on LME contracts		56
Provision for bad debt and impairment charges in Biomar A.S.	Other activities	112
Elimination of unrealized loss on internal power contracts	Corporate and Eliminations	12
Net impact on operating income		112
Unrealized currency gain relating to revaluation of Alunorte USD debt	Aluminium	(10)
Net currency gains	Hydro Group	(711)
Gain on sale of Scanraff	Oil & Energy	(489)
Net impact on income from continuing operations before tax and minority interest		(1 098)

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Adjusted income 2004

NOK million	2004	Adjustments	Adjusted income
Exploration and Production	28 363	(385)	27 978
Energy and Oil Marketing	2 650	(59)	2 591
Eliminations	131	(144)	(13)
Oil & Energy	31 144	(588)	30 556
Metals	830	2 561	3 391
Rolled Products	626	(135)	491
Extrusion and Automotive	277	252	529
Other and eliminations	72	(175)	(103)
Aluminium	1 805	2 503	4 308
Other activities	312	230	542
Corporate and eliminations	(1 414)	140	(1 274)
Total operating income	31 847	2 285	34 132
Non-consolidated investees	628	651	1 279
Financial income (expense), net	136	(943)	(807)
Other income (loss), net	169	(169)	-
Income from continuing operations before tax and minority interest	32 780	1 824	34 604
Income tax expense	(21 197)	(1 470)	(22 667)
Minority interest	(106)	-	(106)
Income from continuing operations	11 477	354	11 831

Estimated tax effect on income statement adjustments NOK 570 million (simplified tax rate 33%)

Positive effect due to tax law NOK 900 million

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Infrequent and other special items impacting income statement 2004

		NOK million
Gain on asset sales (Gjøa, Snøhvit)	Exploration and Production	(385)
Inventory gains	Energy and Oil Marketing	(59)
Eliminations of unrealized gain on internal gas contract	Oil & Energy eliminations	(144)
Write-down German smelters	Metals	2 042
Rationalization and demanning cost	Metals	519
Inventory gains	Rolled Products	(135)
Rationalization and demanning cost	Extrusion and Automotive	146
Write-down of assets	Extrusion and Automotive	106
Unrealized gains on LME contracts	Other and eliminations (Aluminium)	(175)
Insurance loss provision	Other activities	230
Elimination of unrealized loss on internal power contracts	Corporate and Eliminations	235
Elimination of demanning cost	Corporate and Eliminations	(95)
Net impact on operating income		2 285
Non-consolidated investees – currency loss for Alunorte	Metals	383
Write-down German smelters	Non-consolidated investees	268
Financial income (expense) net – net currency gain	Hydro Group	(1 804)
Financial income (expense) net – loss on bond buyback	Hydro Group	861
Other income – gain on asset sales		(169)
Net impact on operating income from continuing operations before tax and minority interest		1 824
Effect of change in Norwegian tax legislation	Hydro Group	(900)

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Consolidated income statements

NOK million	2004	2003
Operating revenues	155 425	133 761
Operating income	31 847	21 625
Equity in net income of non-consolidated investees	628	620
Financial income (expense), net	136	154
Other income, net	169	(1 253)
Income from continuing operations before tax and minority interest	32 780	21 146
Income tax expense	(21 197)	(12 922)
Minority interest	(106)	151
Income from continuing operations	11 477	8 375
Income from discontinued operations	1 083	2 312
Income before cumulative effect of change in accounting principle	12 560	10 687
Cumulative effect of change in accounting priciple	-	281
Net income	12 560	10 968
Earnings per share from continuing operations - NOK	45.10	32.50
Earnings per share from discontinued operations - NOK	4.20	9.00
Earnings per share - NOK	49.40	42.60

For calculation of EPS, year to date 2004: 254 411 433 shares, year to date 2003: 257 528 511 shares

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Adjusted EBITDA

Individual operating segment

NOK million	4th quarter 2004	4th quarter 2003
Exploration and Production	9 825	7 812
Energy and Oil Marketing	1 325	1 331
Eliminations	433	(4)
Oil & Energy	11 583	9 139
Metals	847	1 136
Rolled Products	217	268
Extrusion and Automotive	364	426
Other and eliminations	89	(21)
Aluminium	1 517	1 809
Other activities	164	326
Corporate and eliminations	(53)	(229)
Total	13 211	11 045

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Depreciation, depletion and amortization

Individual operating segment

NOK million	2004	2003
Exploration and Production	9 751	9 052
Energy and Oil Marketing	640	591
Oil & Energy	10 391	9 643
Metals	3 852	1 517
Rolled Products	687	650
Extrusion and Automotive	1 423	1 247
Aluminium	5 962	3 414
Other activities	532	879
Corporate and eliminations	13	11
Total	16 898	13 947

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Operating income

Individual operating segment

NOK million	2004	2003
Exploration and Production	28 363	18 500
Energy and Oil Marketing	2 650	2 668
Eliminations	131	(25)
Oil & Energy	31 144	21 143
Metals	830	2 293
Rolled Products	626	132
Extrusion and Automotive	277	98
Other and eliminations	72	(67)
Aluminium	1 805	2 456
Other activities	312	(404)
Corporate and eliminations	(1 414)	(1 570)
Total	31 847	21 625

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Net financial income (expense)

NOK million	2004	2003
Interest income Dividends and net gain (loss) on securities	973 190	1 005 285
Interest income and other financial income	1 163	1 290
Interest expense Capitalized interest Net foreign exchange gain (loss) Other	(2 077) 664 1 350 (964)	(2 782) 715 1 035 (104)
Interest expense and foreign exchange gain (loss)	(1 027)	(1 136)
Net financial income (expense)	136	154

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Equity in net income of non-consolidated investees

Individual operating segment

NOK million	2004	2003
Exploration and Production	4	29
Energy and Oil Marketing	73	81
Eliminations	(2)	(3)
Oil & Energy	75	107
Metals	281	379
Rolled Products	(13)	(14)
Extrusion and Automotive	113	68
Aluminium	381	433
Other activities	170	83
Corporate and eliminations	2	(3)
Total	628	620

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Variance analysis Hydro group

NOK million	Year to year	4th quarter
2004 2003	51 117 38 628	13 211 11 045
Variance adjusted EBITDA	12 489	2 166
- 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 - Restructuring costs - Other	8 205 1 085 5 915 (1 035) (1 045) (1 120) (2 080) (330) 170 20 440	2 745 395 450 (445) (360) (555) (2 515) (130) (10) 20 275
Variance operating income	10 222	(132)
- Non-consolidated investees - Interest income and other - Other income - Depreciation and amortization	10 (127) (785) 3 169	(41) 104 (430) 2 665
Variance adjusted EBITDA	12 489	2 166

1)Including negative variances for elimination of unrealized gain/loss on electricity contracts of NOK 297 million for the fourth quarter and NOK 94 for the year, and a positive variance for elimination of the gain/loss on gas contracts of NOK 444 million for the fourth quarter and NOK 144 million for the year.

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Investments

Individual operating segment

NOK million	4th quarter 2004	4th quarter 2003
Exploration and Production	4 022	2 237
Energy and Oil Marketing	464	254
Oil & Energy	4 486	2 491
Metals	606	1 049
Rolled Products	307	263
Extrusion and Automotive	583	623
Aluminium	1 496	1 935
Other activities	330	358
Corporate and eliminations	10	16
Total	6 322	4 800

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Investments [1)]

Individual operating segment

NOK million	2004	2003 [2)]
Exploration and Production	10 607	10 270
Energy and Oil Marketing	1 460	989
Oil & Energy	12 067	11 259
Metals	[3)] 4 199	3 572
Rolled Products	553	466
Extrusion and Automotive	1 442	1 543
Aluminium	6 194	5 581
Other activities	1 058	791
Corporate and eliminations	145	81
Total	19 464	17 712

1) Additions to property, plant and equipment (capital expenditures) plus long-term securitues, intangibles, long-term advances and investments in non-consolidated investees
2) Includes effect of change in accounting principles (FAS 143). Non-cash increase in investment of NOK 1 918 million
3) Includes effect of change in accounting principle (FIN 46R) in Q1, amounting to NOK 1 275 million, with no cash effect

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Consolidated balance sheet

NOK million	31.12.2004	31.12.2003
Cash and cash equivalents	14 366	14 873
Other liquid assets	10 970	1 553
Receivables and other current assets	32 219	33 444
Inventories	12 851	12 024
Current assets discontinued operations	-	13 789
Non-current assets	129 873	131 169
Non-current assets discontinued operations	-	11 777
Total assets	200 243	218 629
Short-term interest-bearing debt	3 785	5 273
Current portion of long-term debt	568	1 212
Other current liabilities	41 724	37 725
Current liabilities discontinued operations	-	6 129
Long-term interest-bearing debt	19 487	28 403
Other long-term liabilities	17 703	15 287
Deferred tax liabilities	29 515	32 796
Long-term liabilities discontinued operations	-	3 064
Minority interest	1 571	564
Minority interest discontinued operations	-	96
Shareholders' equity	85 890	88 080
Total liabilities and shareholders' equity	200 243	218 629
Shareholders' equity per share, NOK	342.40	343.10

HYDRO

Statement of cash flow

NOK million	2004	2003
Operating activities:		
Net income	12 560	10 968
Depreciation, depletion and amortization	16 898	13 947
Other adjustments	(1 734)	(2 142)
Net cash provided by operating activities	27 724	22 773
Investing activities:		
Purchases of property, plant and equipment	(16 187)	(14 537)
Purchases of other long-term investments	(858)	(684)
Net sales (purchases) of short-term investments	(9 154)	1 136
Proceeds from sales of property, plant and equipment	837	647
Proceeds from sales of other long-term investments	1 400	6 384
Net cash used in investing activities	(23 962)	(7 054)
Financing activities:		
Loan proceeds	143	264
Principal repayments	(9 271)	(5 167)
Ordinary shares purchased	(1 684)	(555)
Ordinary shares issued	44	77
Dividends paid	(2 811)	(2 711)
Net cash used in financing activities	(13 579)	(8 092)
Foreign currency effect on cash flows	(264)	702
Net cash provided by discontinued operations	9 574	997
Net increase (decrease) in cash and cash equivalents	(507)	9 326
Cash and cash equivalents at beginning of period	14 873	5 547
Cash and cash equivalents at end of period	14 366	14 873

HYDRO

Operating income – Adjusted EBIT – Adjusted EBITDA

Fourth quarter 2004

NOK million	Operating income	Non-cons investees	Interest income	Selected fin. items	Other income	Adj. EBIT	Depr. and amort.	Adj. EBITDA
Exploration and Production	7 116	2	5	1	-	7 124	2 701	9 825
Energy and Oil Marketing	1 072	(11)	7	8	59	1 135	190	1 325
Eliminations	433	(1)	-	1	-	433	-	433
Oil & Energy	8 621	(10)	12	10	59	8 692	2 891	11 583
Metals	(2 017)	41	3	30	-	(1 943)	2 790	847
Rolled Products	33	(8)	-	(1)	-	24	193	217
Extrusion and Automotive	(56)	21	7	(1)	-	(29)	393	364
Other and eliminations	89	-	-	(1)	-	88	1	89
Aluminium	(1 951)	54	10	27	-	(1 860)	3 377	1 517
Other activities	(91)	43	72	(6)	-	18	146	164
Corporate and eliminations	(345)	2	305	(18)	-	(56)	3	(53)
Total	6 234	89	399	13	59	6 794	6 417	13 211

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Pensions

NOK million	2004	2003	2002
Total Pension Obligations	(25 399)	(23 456)	(19 422)
Pension Plan Assets	16 504	14 669	12 116
Funded status of the plans	(8 895)	(8 787)	(7 306)
Net accrued pension recognized on balance sheet	(1 371)	(852)	(265)
Unrecognized prior service costs and net loss	(7 524)	(7 935)	(7 041)
Funded status of the plans	(8 895)	(8 787)	(7 306)
Termination benefits and other pension plans	(1 161)	(1 184)	(1 111)
Total net unfunded pension obligation	(10 056)	(9 971)	(8 417)
Total net periodic pension cost	2 121	2 073	1 322

Weighted-average assumptions at end of year	2004	2003	2002
Discount rate	5.2%	5.9%	6.7%
Expected return on plan assets	6.3%	7.0%	7.9%
Rate of compensation increase	3.1%	3.5%	3.5%

HYDRO

Financial solidity – calculation

Amounts in NOK million		31 December 1999	31 December 2000	31 December 2001	31 December 2002	31 December 2003	31 December 2004
[A]	Cash and cash equivalents	7 435	21 766	27 148	5 965	15 249	14 366
[B]	Other liquid assets	2 535	2 490	2 421	2 647	1 581	10 970
[C]	Bank loans and other interest-bearing short-term debt	(7 361)	(9 088)	(8 458)	(7 306)	(5 569)	(3 785)
[D]	Current portion of long-term debt	(907)	(2 209)	(1 966)	(1 958)	(1 242)	(568)
[E]	Long-term debt	(42 228)	(40 174)	(37 853)	(30 902)	(28 568)	(19 487)
[F]=[A]+[B]+[C]+[D]+[E]	Net interest-bearing debt	(40 526)	(27 215)	(18 708)	(31 554)	(18 549)	1 496
[G]	Net pension liabilities at fair value	4 772	2 561	(2 133)	(10 107)	(11 973)	(10 056)
[H]	Expected income tax benefit 30%	(1 432)	(768)	640	3 032	3 592	3 017
[I]=[G]+[H]	Net pension liabilities tax adjusted	3 341	1 793	(1 493)	(7 075)	(8 381)	(7 039)
[J]	Operating lease commitments discounted at 10%	(4 728)	(6 469)	(5 072)	(4 924)	(4 916)	(3 500)
[K]=[F]+[I]+[J]	Adjusted net interest-bearing debt	(41 914)	(31 891)	(25 272)	(43 552)	(31 846)	(9 043)
[L]	Net pension liabilities not recognized without equity effect	2 736	610	(2 767)	(6 994)	(7 862)	(6 341)
[M]	Expected income tax benefit 30%	(821)	(183)	830	2 098	2 358	1 902
[N]=[L]+[M]	Equity adjustment off-balance sheet pension liabilities	1 915	427	(1 937)	(4 896)	(5 504)	4 439
[O]	Minority interest	1 323	1 419	1 051	1 143	660	1 571
[P]	Shareholders' equity	59 497	71 226	74 793	75 867	88 080	85 890
[Q]=[N]+[O]+[P]	Adjusted shareholders' equity and minority	62 735	73 072	73 907	72 114	83 236	83 022
[R]=[K]/[Q]	Adjusted debt / equity ratio	0.67	0.44	0.34	0.60	0.38	0.11

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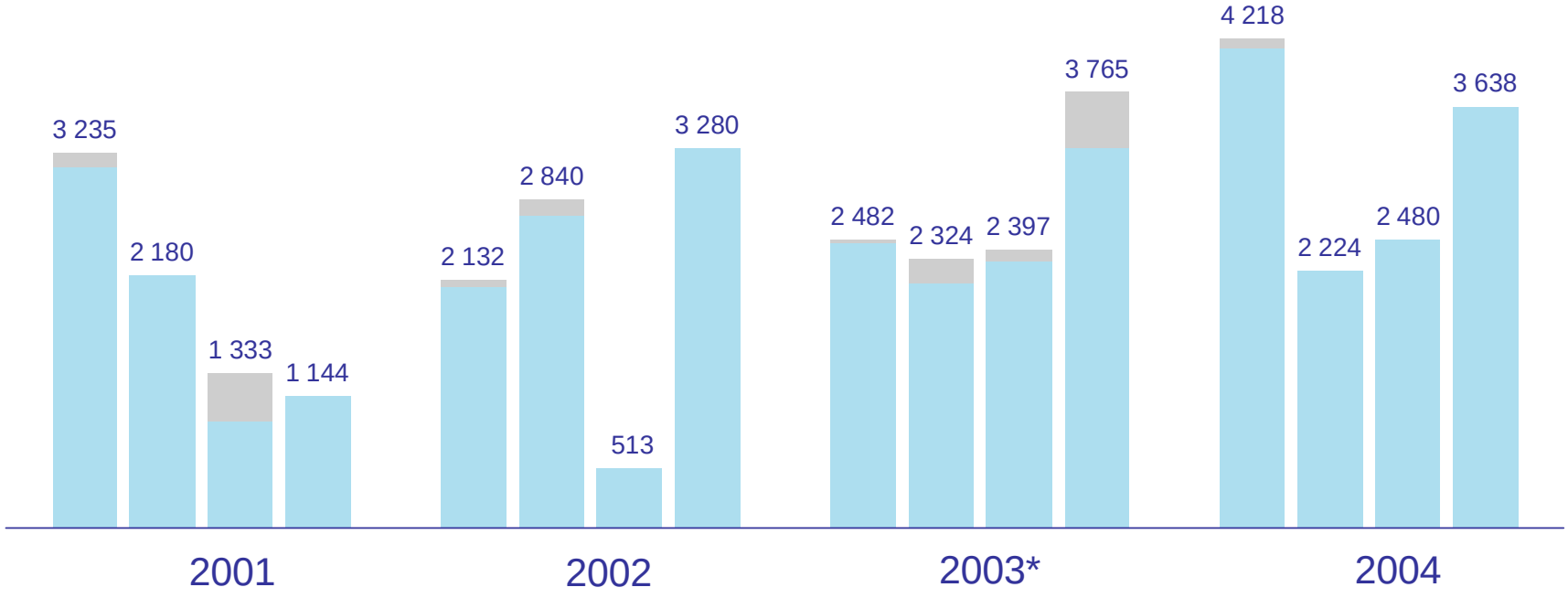
Net income*

By quarter

NOK million



Accumulated

2001	2002	2003*	2004
7 892	**8 765**	**10 968**	**12 560**

* 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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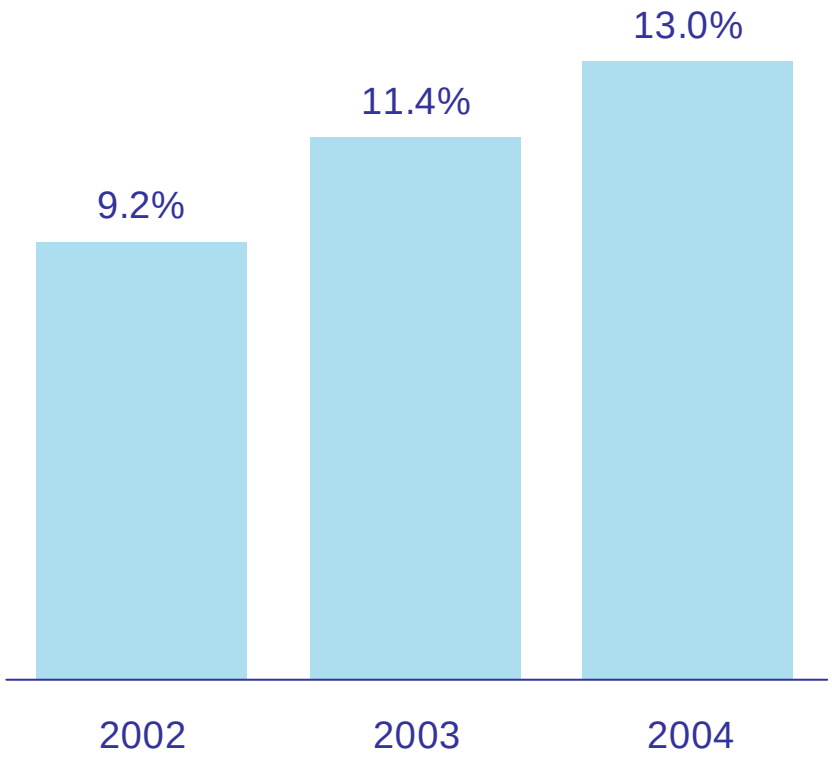
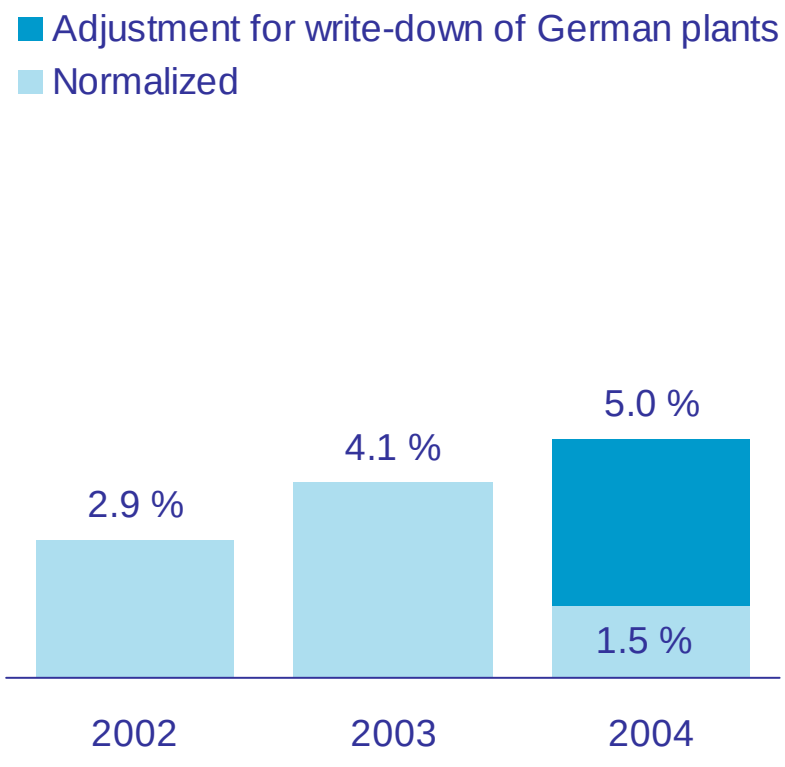
Normalized RoaCE

By business area

Oil & Energy



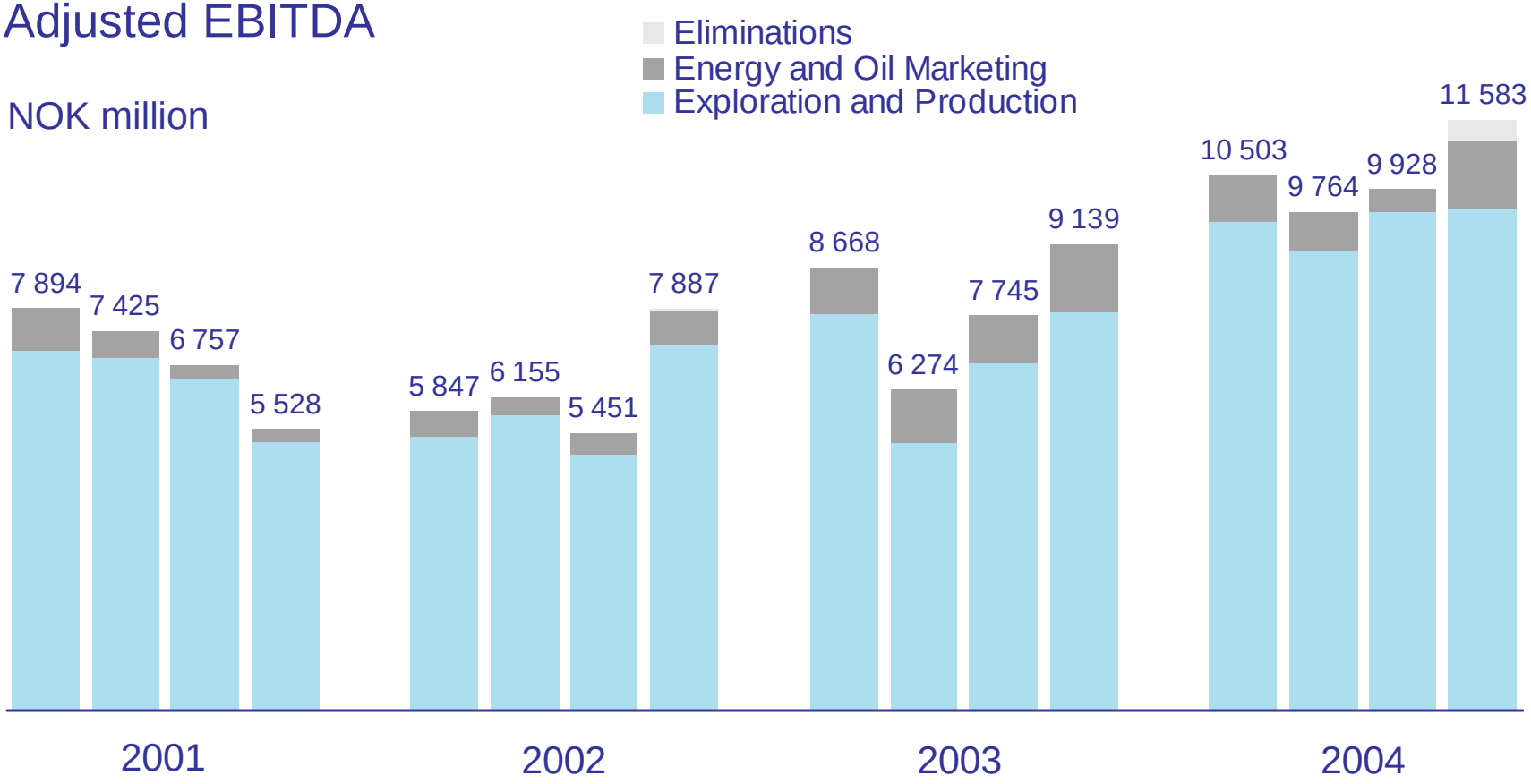
Aluminium



Oil & Energy

Adjusted EBITDA

NOK million



Accumulated

2001	2002	2003	2004
27 604	**25 340**	**31 826**	**41 778**

Variance analysis Oil & Energy

NOK million	Year to year		4th quarter	
2004 2003		41 778 31 826		11 583 9 139
Variance adjusted EBITDA		9 952		2 444
- Prices and currency				
- Oil	8 900		2 980	
- Gas	700		385	
- Currency	(1 395)		(620)	
		8 205		2 745
- Margin		(15)		750
- Volume		3 490		(15)
- Fixed costs		25		25
- Depreciation		(750)		(275)
- Production costs		(1 435)		(510)
- Exploration costs		315		(45)
- New/disposed business		(205)		(50)
- Other		370		-
Variance operating income		10 001		2 627
- Non-consolidated investees		(31)		(39)
- Interest income and other		34		13
- Other income		(756)		(430)
- Depreciation and amortization		704		273
Variance adjusted EBITDA		9 952		2 444

HYDRO

Variance analysis Exploration and Production

NOK million	Year to year	4th quarter
2004 2003	38 168 27 624	9 825 7 812
Variance adjusted EBITDA	10 544	2 013
Prices and currency		
- Oil	8 900	2 980
- Gas	700	385
- Currency	(1 395)	(620)
	8 205	2 745
- Volume	3 125	(160)
- Depreciation	(700)	(245)
- Production costs	(1 435)	(510)
- Exploration costs	315	(45)
- Other	355	-
Variance operating income	9 863	1 784
- Non-consolidated investees	(25)	(11)
- Interest income and other	14	(2)
- Depreciation and amortization	692	242
Variance adjusted EBITDA	10 544	2 013

HYDRO

Variance analysis Energy and Oil Marketing

NOK million	Year to year	4th quarter
2004 2003	3 478 4 226	1 325 1 331
Variance adjusted EBITDA	(748)	(6)
- Margin - Volume - Fixed costs - Depreciation - New/disposed business - Other	(170) 365 25 (50) (205) 15	315 145 25 (30) (50) -
Variance operating income	(18)	405
- Non-consolidated investees - Interest income and other - Other income - Depreciation and amortization	(8) 20 (756) 14	(29) 14 (430) 34
Variance adjusted EBITDA	(748)	(6)

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Production per field

Boe/day (oil including NGL and condensate	Q4 2003	Q4 2004	Hydro share percent	Hydro production
Grane	56 000	156 000	38	59 308
Oseberg	185 000	171 000	34	58 003
Snorre	254 000	182 000	17.65	32 053
Ekofisk	362 000	384 000	6.65	25 535
Oseberg South	90 000	73 000	34	24 743
Gullfaks inclu. Sat	248 000	262 000	9	23 554
Åsgard	236 000	220 000	9.6	21 118
Troll C	169 000	163 000	9.78	15 918
Troll B	183 000	133 000	9.78	12 959
Oseberg East	31 000	30 000	34	10 186
Norne	155 000	124 000	8.1	10 013
Fram	46 000	39 000	25	9 642
Sleipner Area	97 000	86 000	8.85/9.4/10	8 182
Tordis	58 000	59 000	13.28	7 830
Vigdis	66 000	50 000	13.28	6 625
Brage	46 000	29 000	20	5 782
Girasol	201000	182 000	10	18 184
Terra Nova	142 000	84 000	15	12 562
Hibernia	197 000	200 000	5	9 979
Kharyaga	17 000	19 000	40	7 769
Other				35 512
Oil				415 457
Gas				175 776
Total production				591 233

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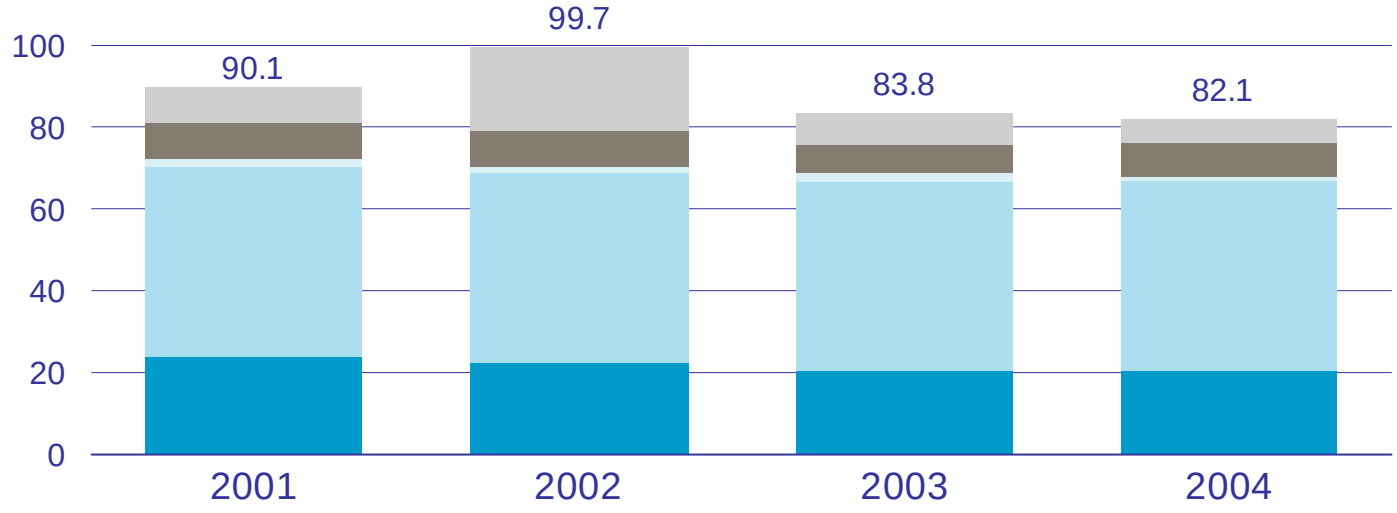
Operating costs per barrel

NOK/boe



	2001	2002	2003	2004
Exploration	9.1	20.3	8.1	6.0
Net transportation *	8.5	9.0	6.8	8.3
Other cost/income	2.0	1.4	1.8	0.7
Deprec. and aband.	46.4	46.4	46.4	46.4
Production cost	24.1	22.6	20.7	20.7
Total	90.1	99.7	83.8	82.1
Mill boe produced	**154**	**175**	**194**	**209**

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

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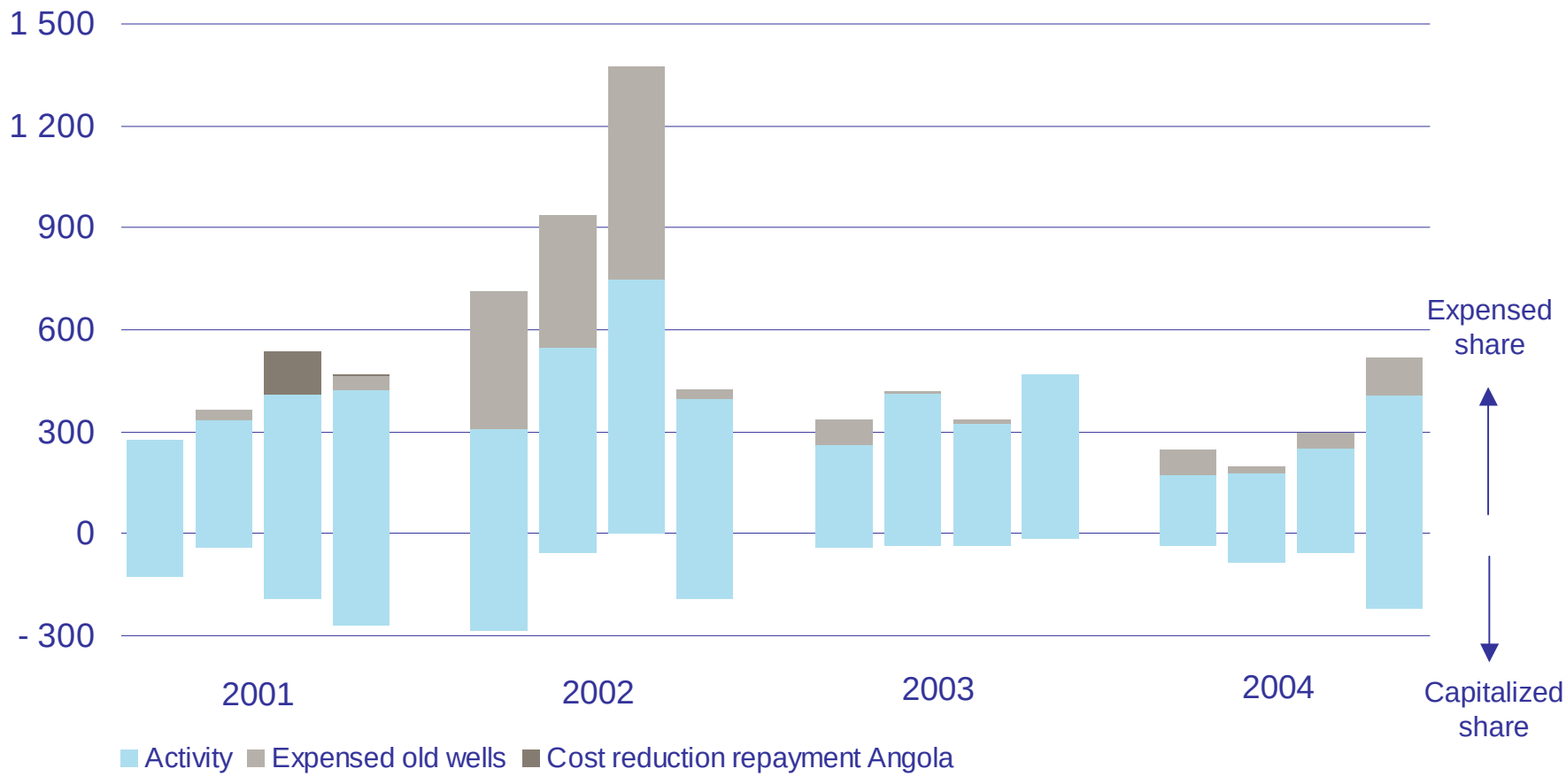
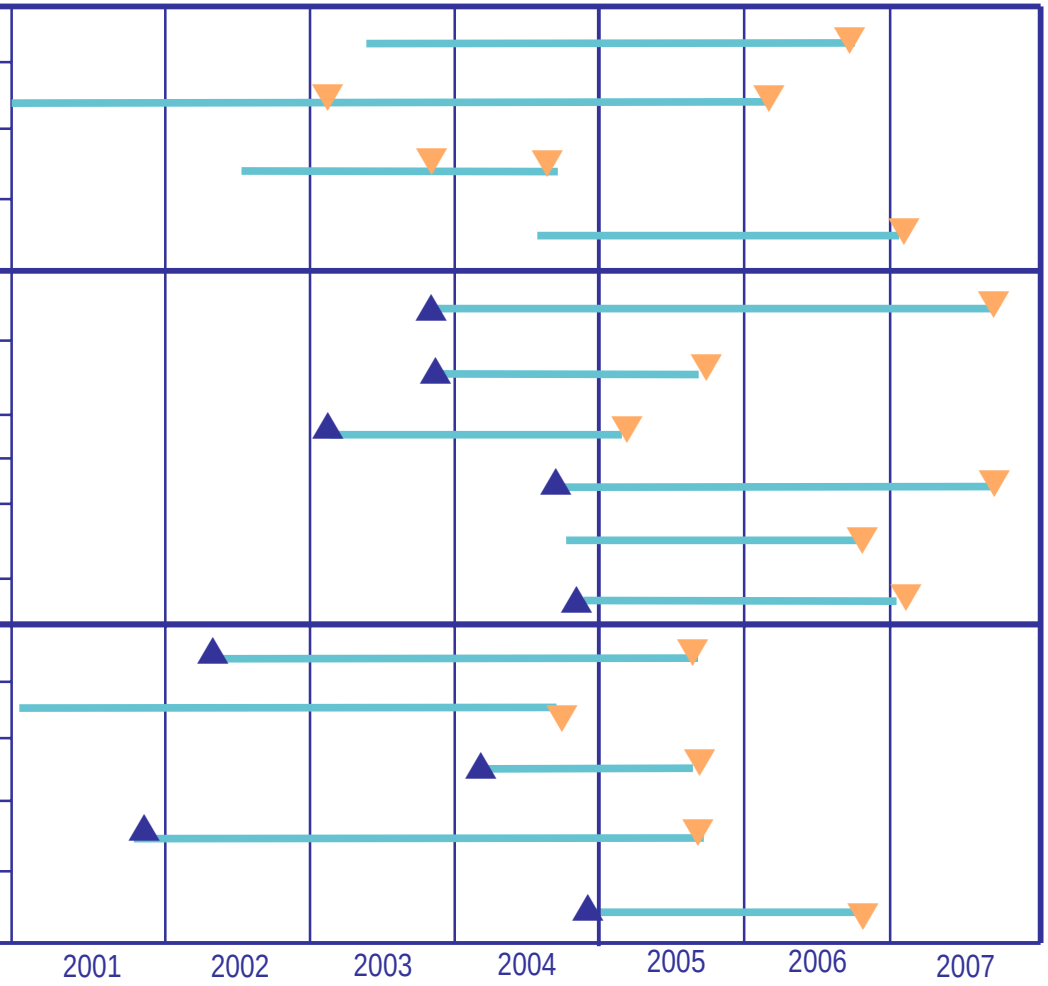
Exploration activity and costs

NOK million



New fields on stream 2004 – 2007

		Hydro share	boe/day
International	Dalia		22 000
	Kharyaga		10 000
	Murzuq		5 000 (A+D fields)
	Rosa		13 000
NCS operator	Ormen Lange		70 000
	Oseberg Vestflanken		14 000
	Oseberg South J		7 000
	Njord gas phase		7 500
	Oseberg East Drilling solutions		6 500
	Vilje		9 000
NCS non-operator	Visund gas phase		18 000
	Kvitebjørn		25 000
	Urd (Norne satellites)		7 000
	Kristin		32 000
	Rimfaks/Skinfaks IOR satellite project		3 000



Development ▲ PDO submittal ▼ Start production

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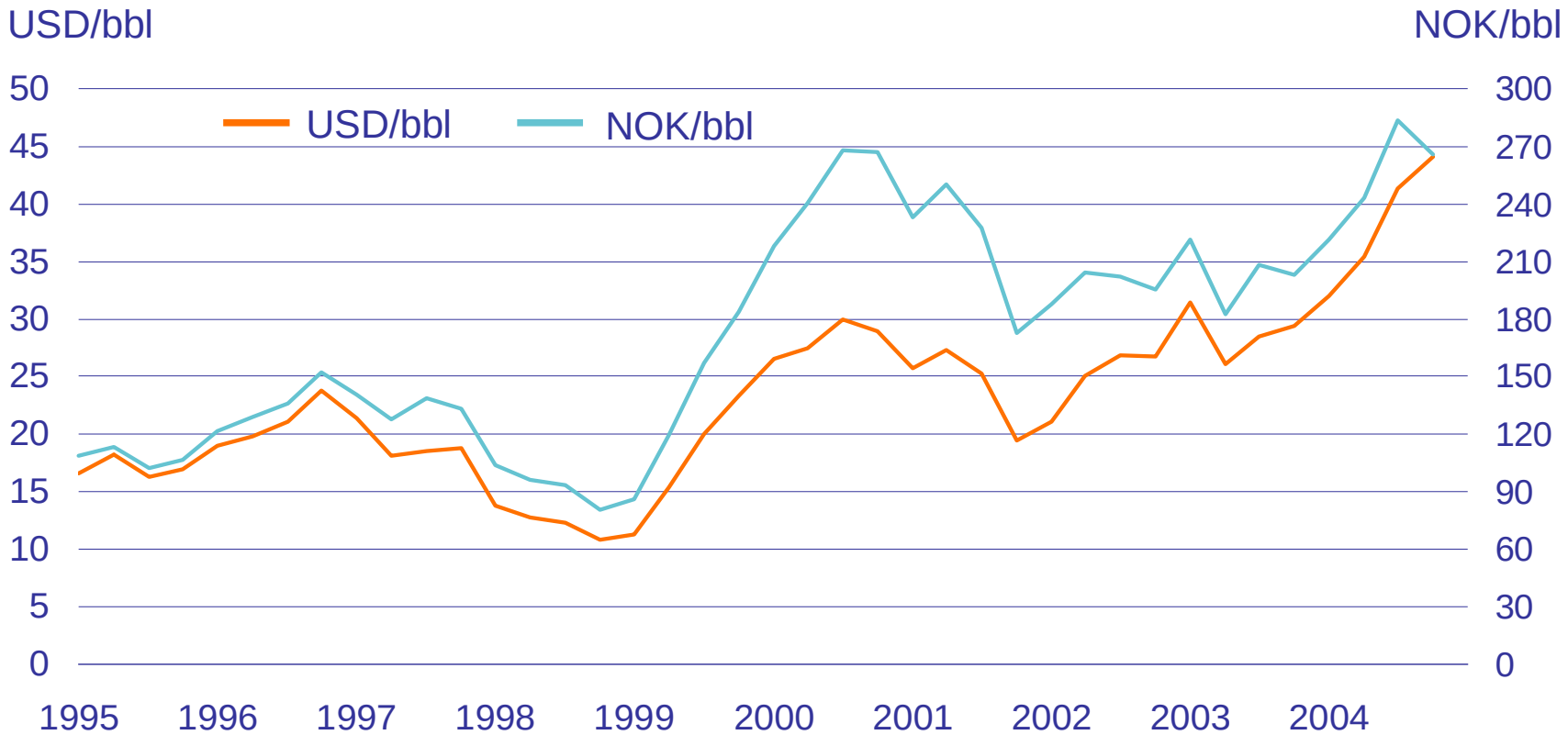
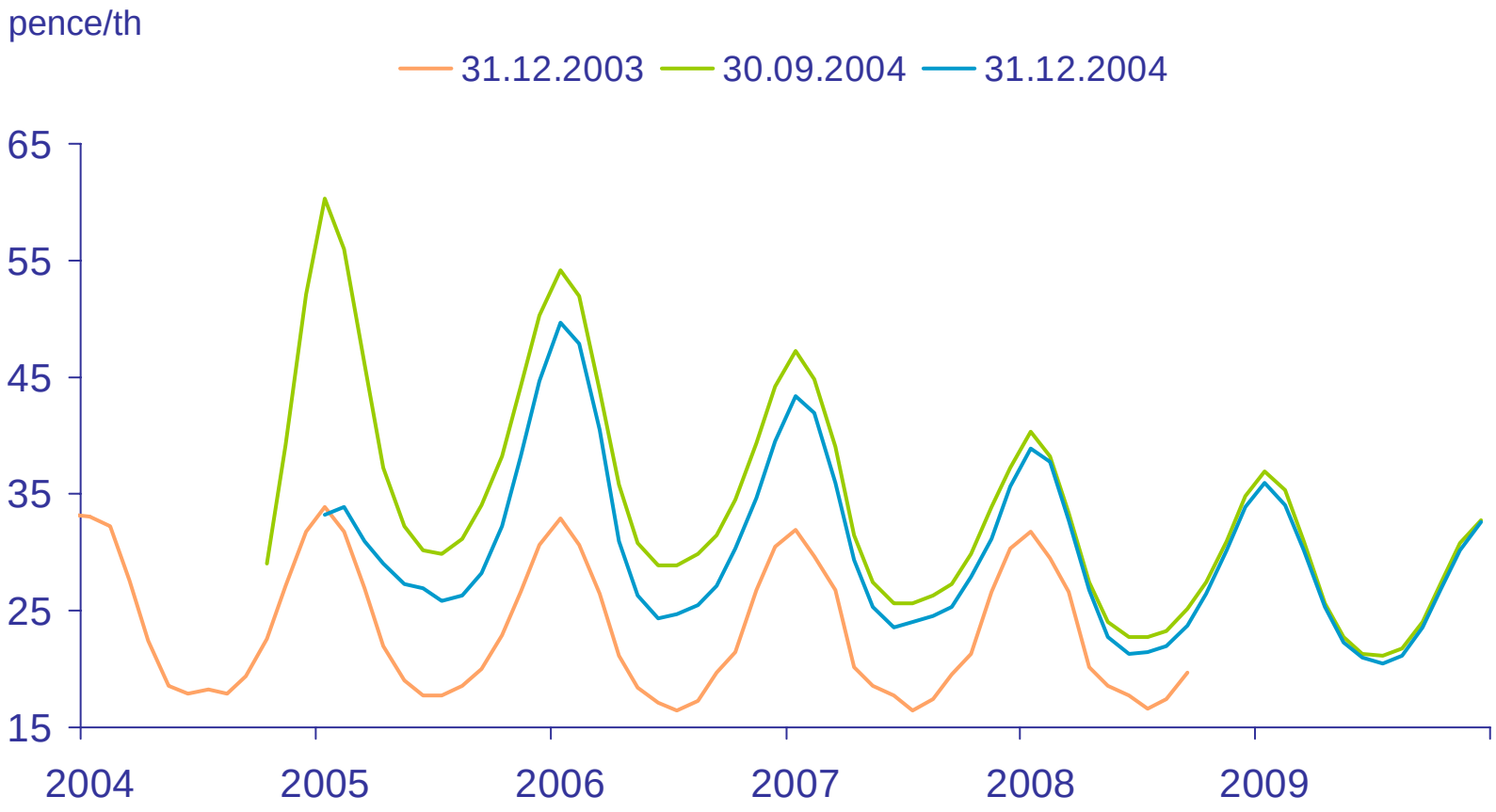
Price development – crude oil

Average Brent blend dated per quarter

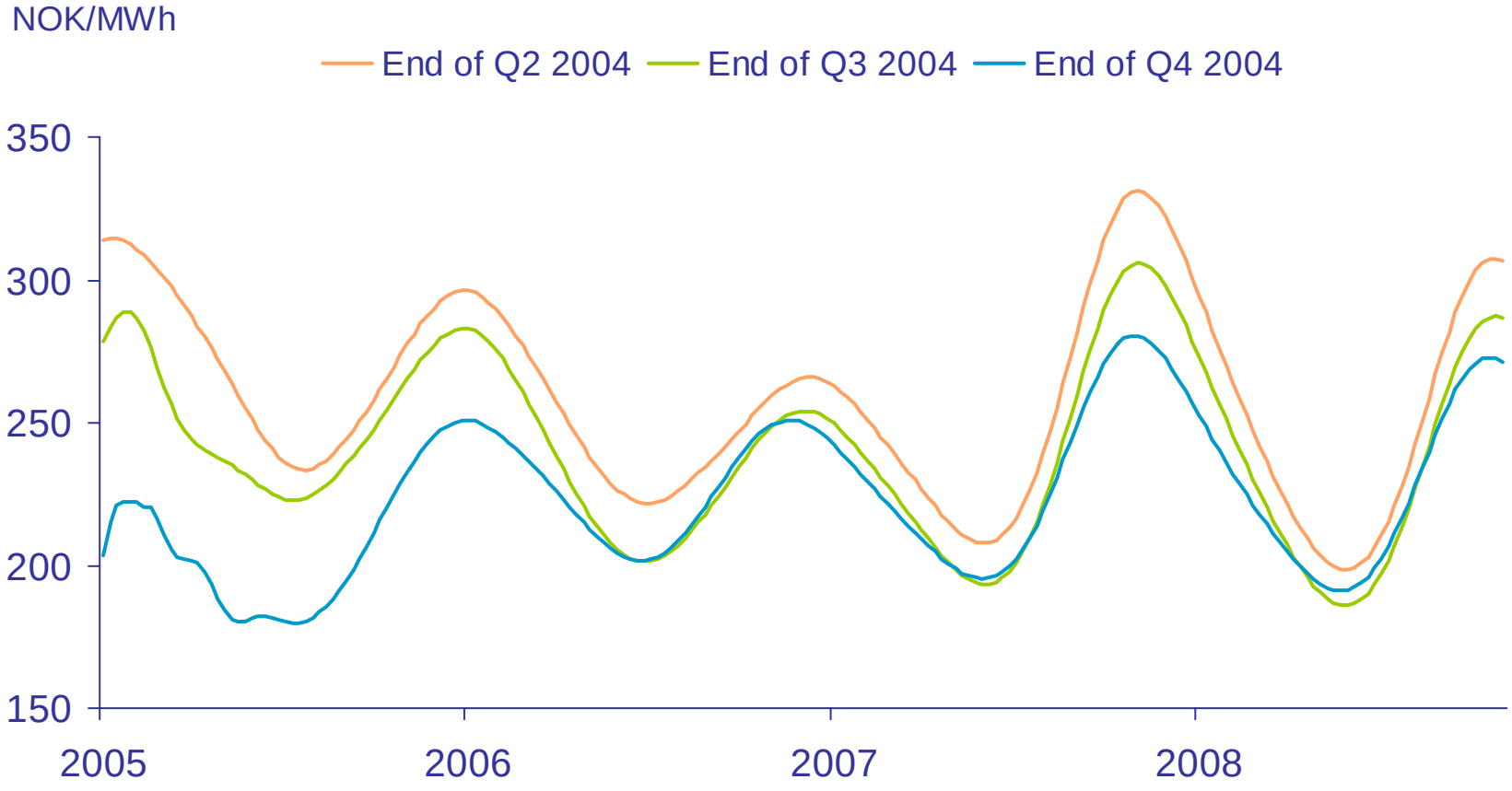


4th quarter 2004: NOK 265 / USD 44 per barrel

UK gas prices – NBP forward curves

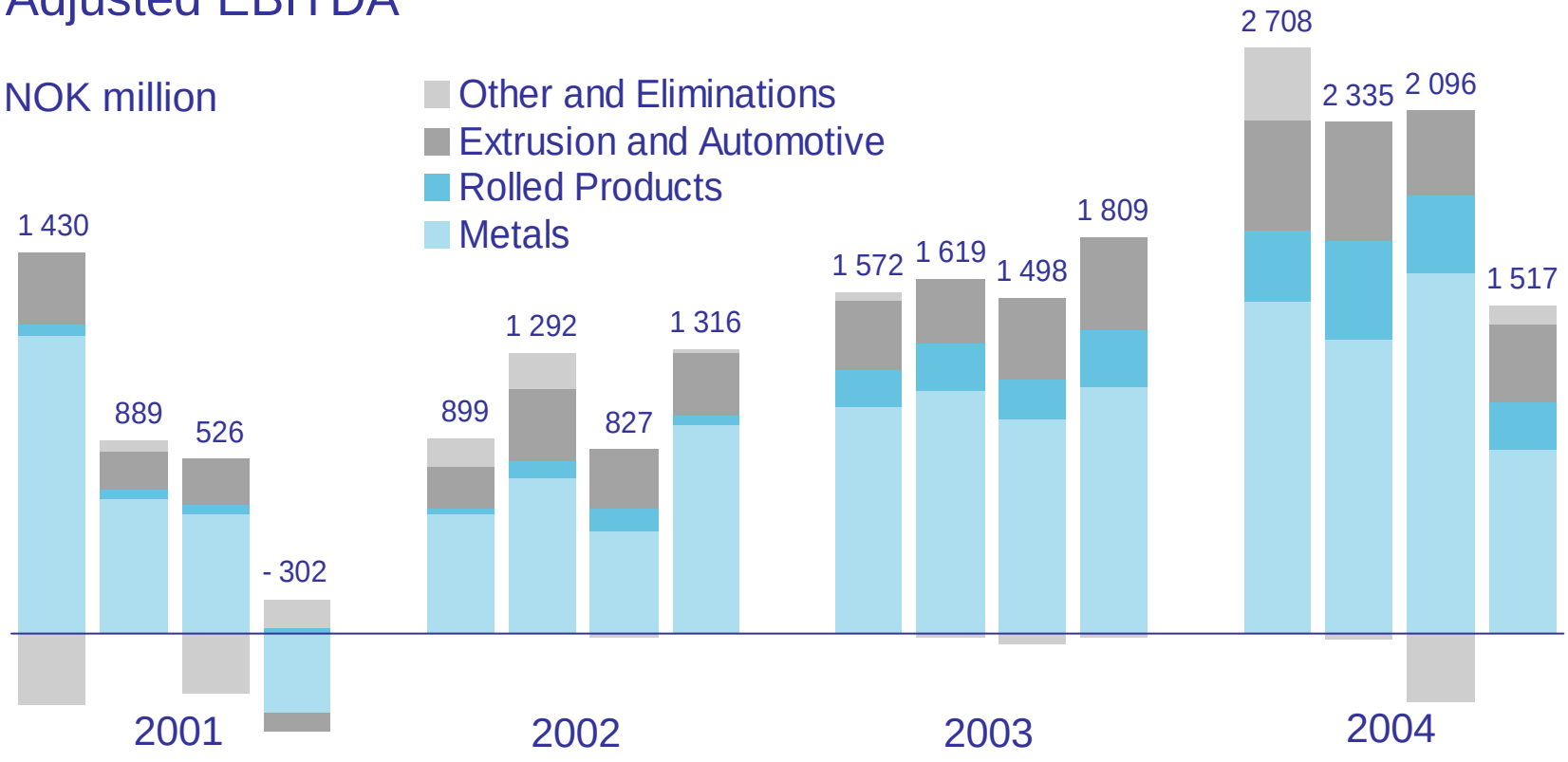


Nordic power market – forward curves



Aluminium

Adjusted EBITDA



Accumulated

2 543	**4 334**	**6 498**	**8 656**

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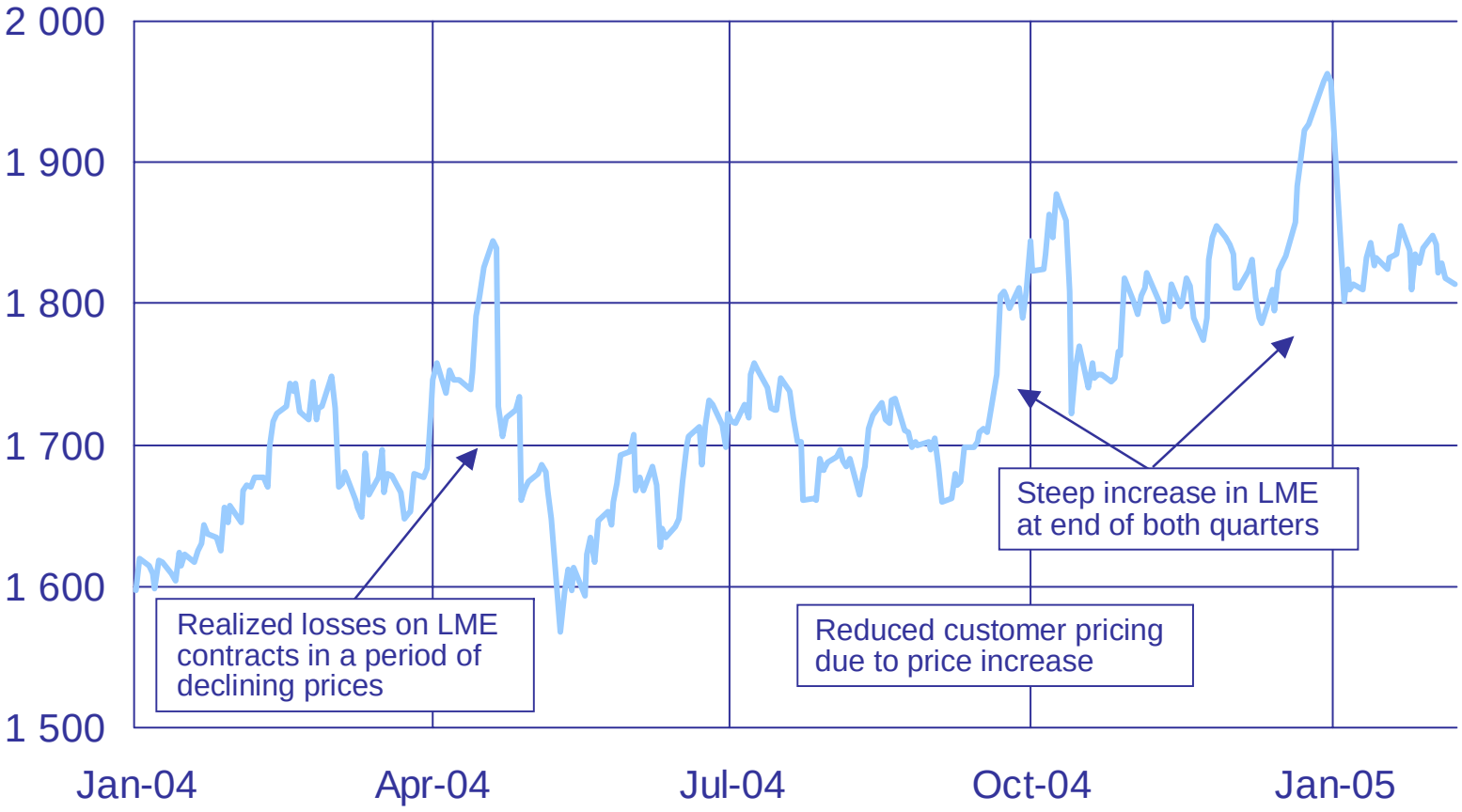
Aluminium price development 2004

3 months LME price



Variance analysis Aluminium

NOK million	Year to year	4th quarter
2004 2003	8 656 6 498	1 517 1 809
Variance adjusted EBITDA	2 158	(292)
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Trading and hedging - Unrealized LME effects - New/disposed business - Restructuring Costs - Other	980 2 295 (835) (325) (2 650) (560) 230 305 20 (110)	(100) 485 (290) (45) (2 600) (280) 150 20 20 (20)
Variance operating income	(651)	(2 660)
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(52) 40 2 821	(20) (7) 2 395
Variance adjusted EBITDA	2 158	(292)

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Variance analysis Metals

NOK million	Year to year	4th quarter
2004 2003	5 396 4 298	847 1 136
Variance adjusted EBITDA	1 098	(289)
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Trading & price hedging - New/disposed business - Restructuring costs - Other	635 1 035 (260) (110) (2 580) (560) 335 20 20	55 230 (130) - (2 540) (280) 25 20 (10)
Variance operating income	(1 463)	(2 625)
- Non-consolidated investees - Interest income and other - Depreciation and amortization	(98) 55 2 604	(13) (1) 2 350
Variance adjusted EBITDA	1 098	(289)

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Variance analysis Rolled Products

NOK million	Year to date	4th quarter
2004 2003	1 361 835	217 268
Variance adjusted EBITDA	526	(51)
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - New/disposed business	285 255 (25) (40) 50 (30)	(80) 110 (105) 25 30 (5)
Variance operating income	494	(28)
- Non-consolidated investees - Interest income and other - Depreciation and amortization	- (9) 41	6 (6) (23)
Variance adjusted EBITDA	526	(51)

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Variance analysis Extrusion and Automotive

NOK million	Year to year	4th quarter
2004 2003	1 827 1 432	364 426
Variance adjusted EBITDA	395	(62)
- Margin - Volume - Fixed costs - Depreciation - Infrequent items - Other	150 1 005 (550) (175) (120) (130)	(35) 145 (55) (70) (90) (10)
Variance operating income	179	(116)
- Non-consolidated investees - Interest income and other - Depreciation and amortization	46 (6) 176	(14) - 68
Variance adjusted EBITDA	395	(62)

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Aluminium – operational data

Volumes and prices	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003
Primary production (1 000 tonnes) *	446	441	418	415	388	381
Total metal products sales excluding trading (1 000 tonnes)	639	648	676	688	483	506
LME realized (USD/tonne) including hedges	1 691	1 677	1 657	1 528	1 488	1 445
USD/NOK realized including hedges **	6.65	7.04	7.10	7.13	7.10	7.33
LME realized (USD/tonne) excluding hedges	1 707	1 691	1 669	1 530	1 452	1 405
USD/NOK realized excluding hedges **	6.61	6.87	6.89	6.90	7.11	7.21
Rolled Products external shipment (1 000 tonnes)	231	234	235	240	211	225
Extrusion and Automotive external revenues (NOK million)	6 649	6 752	7 193	6 969	6 200	5 914
Extrusion order intake (indexed, 1996=100)	137	153	177	171	148	144

* Full consolidation of Slovalco from 2004
** 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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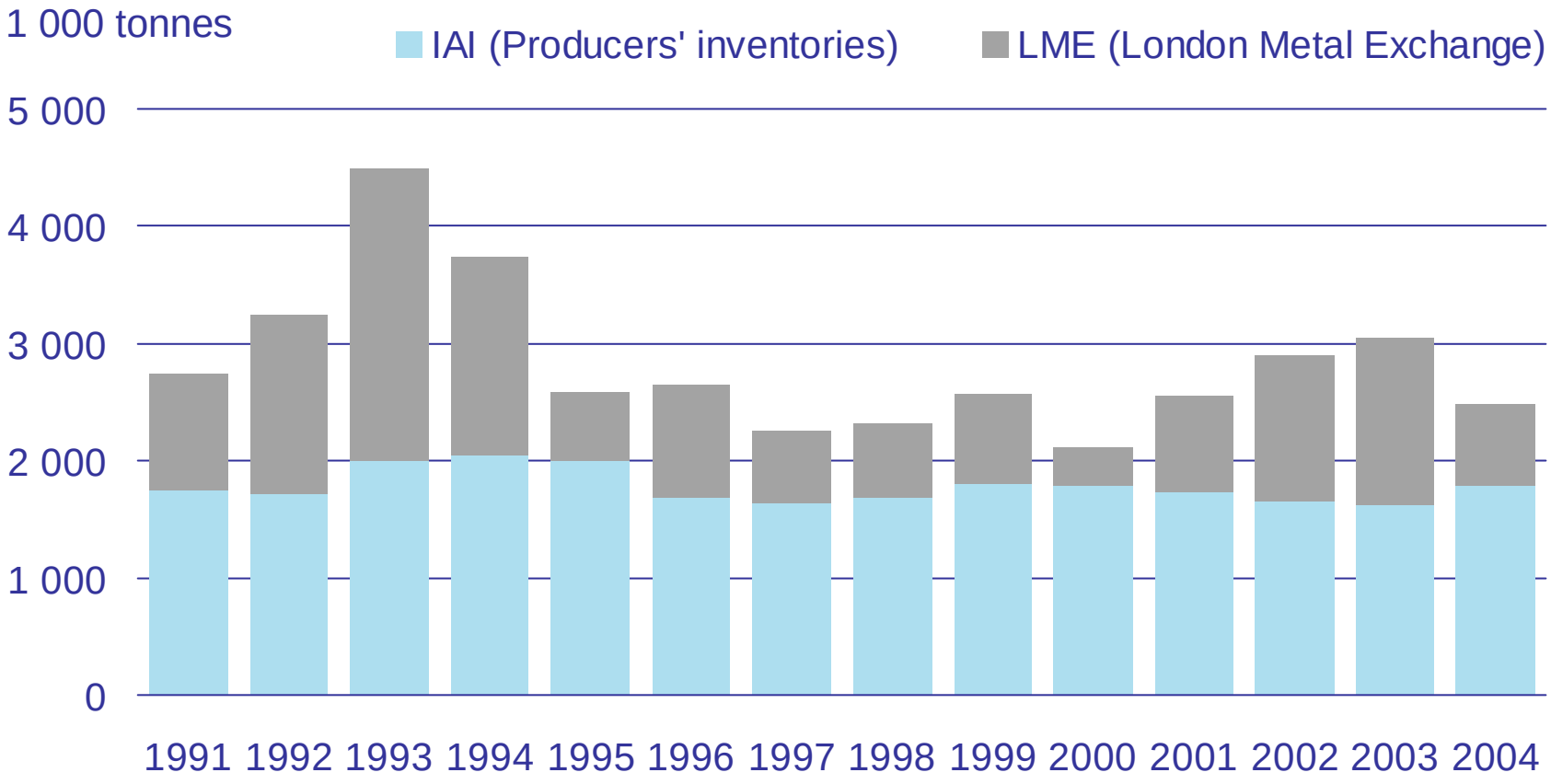
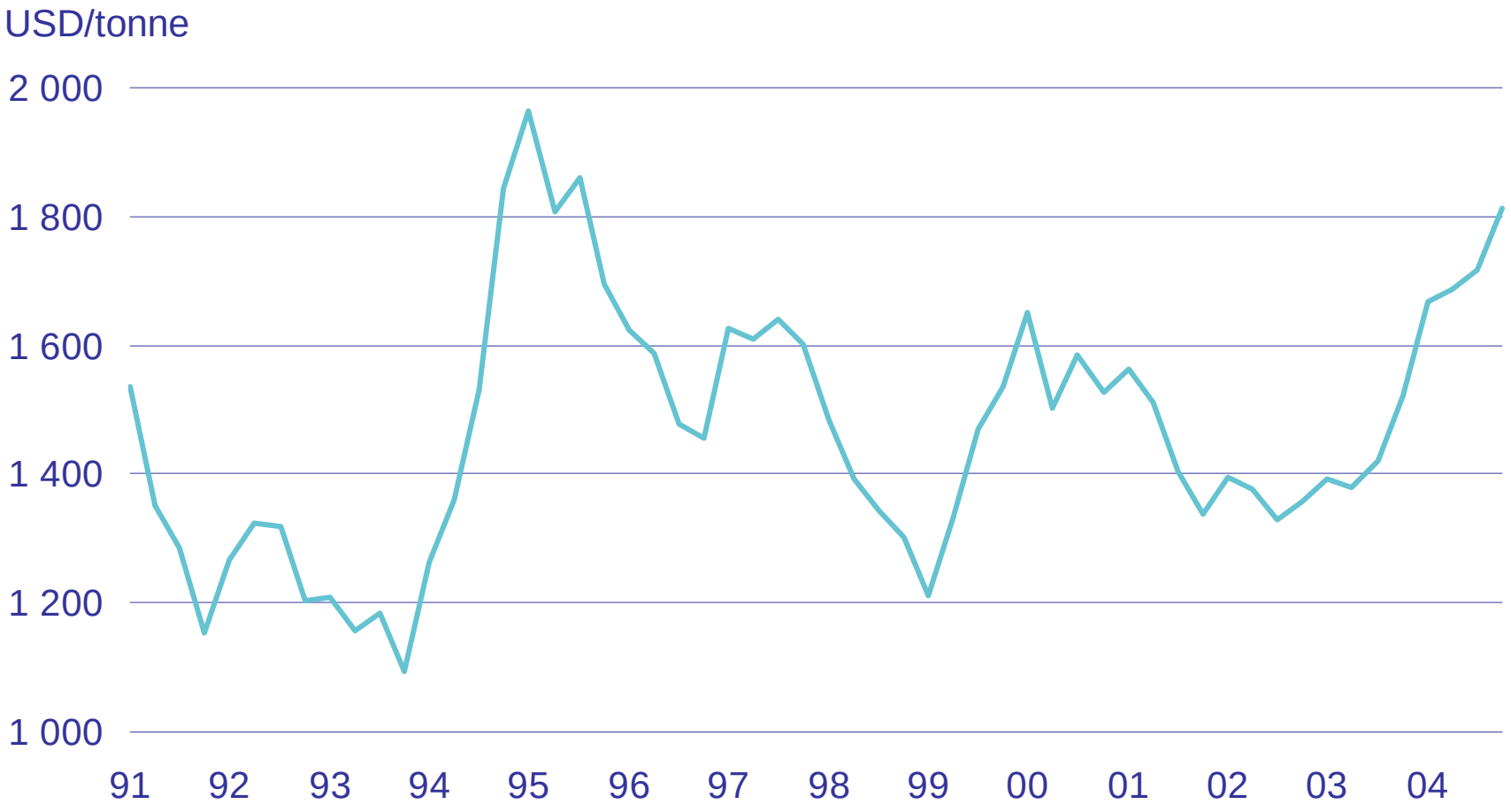
Inventories – primary aluminium



Sources: IAI and LME.

Aluminium price

3 months LME price, average per quarter



Variance analysis Polymers

NOK million	Year to year	4th quarter
2004 2003	774 401	232 148
Variance adjusted EBITDA	373	84
- Margin - Volume - Fixed costs - Depreciation - Other	300 55 (115) (5) 25	85 (5) (45) - 10
Variance operating income	262	45
- Non-consolidated investees - Interest income and other - Depreciation and amortization	88 17 6	41 (3) 1
Variance adjusted EBITDA	373	84

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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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Hydro is a Fortune 500 energy and aluminium supplier founded in 1905, with 36,000 employees in nearly 40 countries. We are a leading offshore producer of oil and gas, the world's third-largest integrated aluminium supplier and a pioneer in renewable energy and energy-efficient solutions. As we look forward to our next 100 years, we celebrate a century of creating value by strengthening the viability of the customers and communities we serve.

HYDRO

Progress of a different nature

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