

Hydro to demerge Agri

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Successful strategy implementation

- **Five years of significant change**
 - **Oil and Energy – doubling of production**
 - **Aluminium – transformed and third-largest in the world through VAW acquisition**
 - **Agri – successful turnaround**
 - **Non-core divestments of NOK 25 billion**

- **Management systems improved**

- **Performance culture strengthened**

Hydro's portfolio reviewed

- **Attractive opportunities in all three areas**
- **Agri separation preferred option**
 - **Turnaround completed, well positioned for profitable growth**
 - **Global industry leader**
 - **Direct access to capital markets**
- **Planned listing on Oslo Stock Exchange
March 25**
- **Hydro will focus on Oil & Energy and
Aluminium**
 - **Significant value creation potential**

Transaction

- **Demerging Agri**
 - 80% to Hydro's existing shareholders
 - 1 Agri share per 1 Hydro share
 - 20% planned sold at the time of listing
- **Background for selected model**
 - Transfer Agri values directly to shareholders
 - 20% offering to effectively position Agri in capital markets
- **State ownership**
 - Norwegian government supports transaction
 - State will own at least 33,4% of Agri
 - Separate Parliament proposal

Capital structure

- **Agri's capital structure per Oct. 1, 2003:**
 - **Net interest-bearing debt** **NOK 8.5 bn**
 - **Book value of equity** **NOK 8.0 bn**
 - **Net pension liabilities** **NOK 2.0 bn**

- **Capital allocation in Hydro;**
 - **High ongoing investment level**
 - **Debt reduction**
 - **Service of shareholders**

Good for Agri - good for Hydro

- **Agri – the worlds leading fertilizer company - is positioned for further value creation**

- **Hydro will concentrate attention and financial resources on the opportunities in:**
 - **Oil and Energy**
 - Current projects: Ormen Lange, Kristin, Dalia
 - **Aluminium**
 - Current projects: Sunndal, Alouette, Alunorte



Timeline

- **Dec. 1** - Demerger information memo
- **Dec. 3-5** - Agri Capital Markets Days
- **Dec. 11** - Hydro Capital Markets Day
- **Jan. 15** - Extraordinary General Meeting
- **Feb. 16** - 4th quarter results
- **March 25** - Planned listing of Agri