Hydro Aluminium

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Rolled Products segment

Content

Segment overview

How do we perform?

The way forward

Main messages

- Significantly improving operational performance
- Shifting product mix gradually into higher margin segments
- Firm margin management

Rolled Products 2003

Main products	Foil and strip for packaging, offset printing, transportation, and building applications
Production	893 000 tonnes
Employees*	4 250

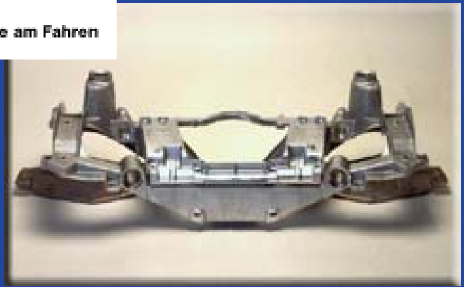
* As per 31.12.2003

Main products and applications

Welcome
Tetra Pak
protects what's good™

BMW
Freude am Fahren

REXAM



BEHR

FUJIFILM

Kodak

AGFA Agfa

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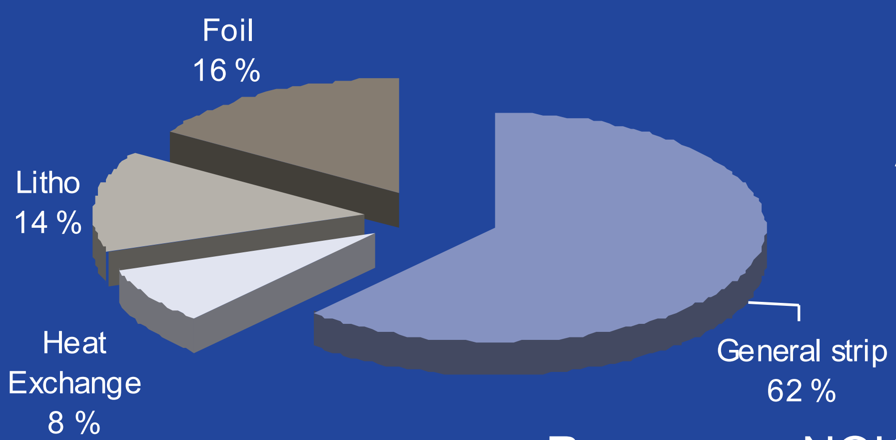
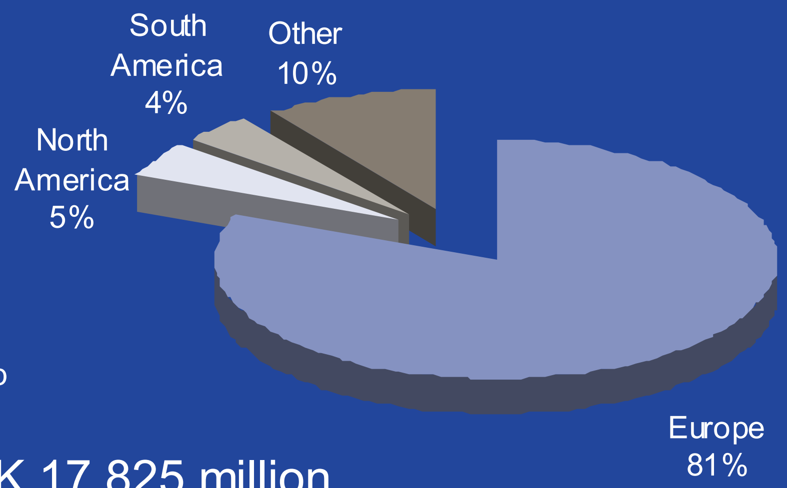
Product portfolio and main markets – 2003

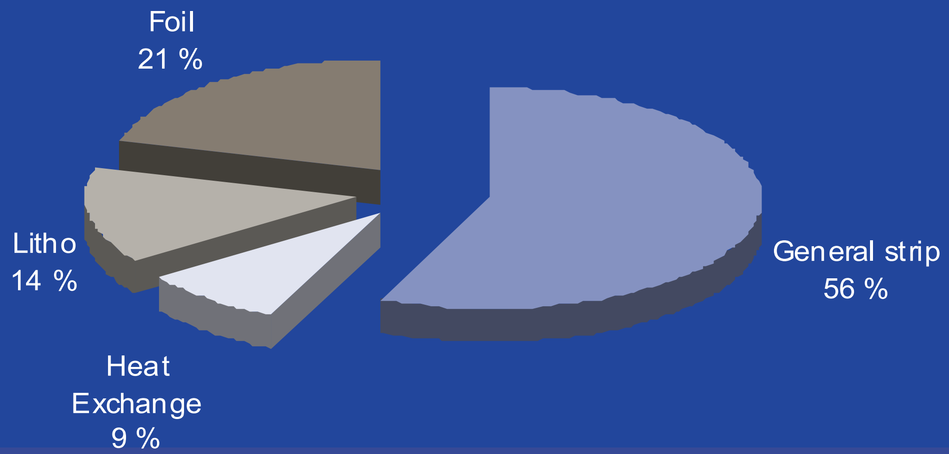
Shipments : 893 000 tonnes



Markets (% of revenue)



Revenues : NOK 17 825 million



Delivering according to plan

What we said in 2003	What have we done since then
Reduce operating cost	**Improvement programs** • Realised VAW integration synergies 11% above target. Actual 2003: € 16 million • Lets Roll program ongoing. Savings of € 13.3 million realized
Optimise product mix	**Increased output of high margin products** • Sector-wide product mix: share of high margin products increased • Further streamlining of plants' product mix
Increase capacity utilisation	**Capacity utilisation increased from 86% in 2002 to 90%* in 2003** • Sales increased 7% - market growth 3%** in same period

* Calculated as production/capacity (24 hours, 7 days)

** *Source: CRU*

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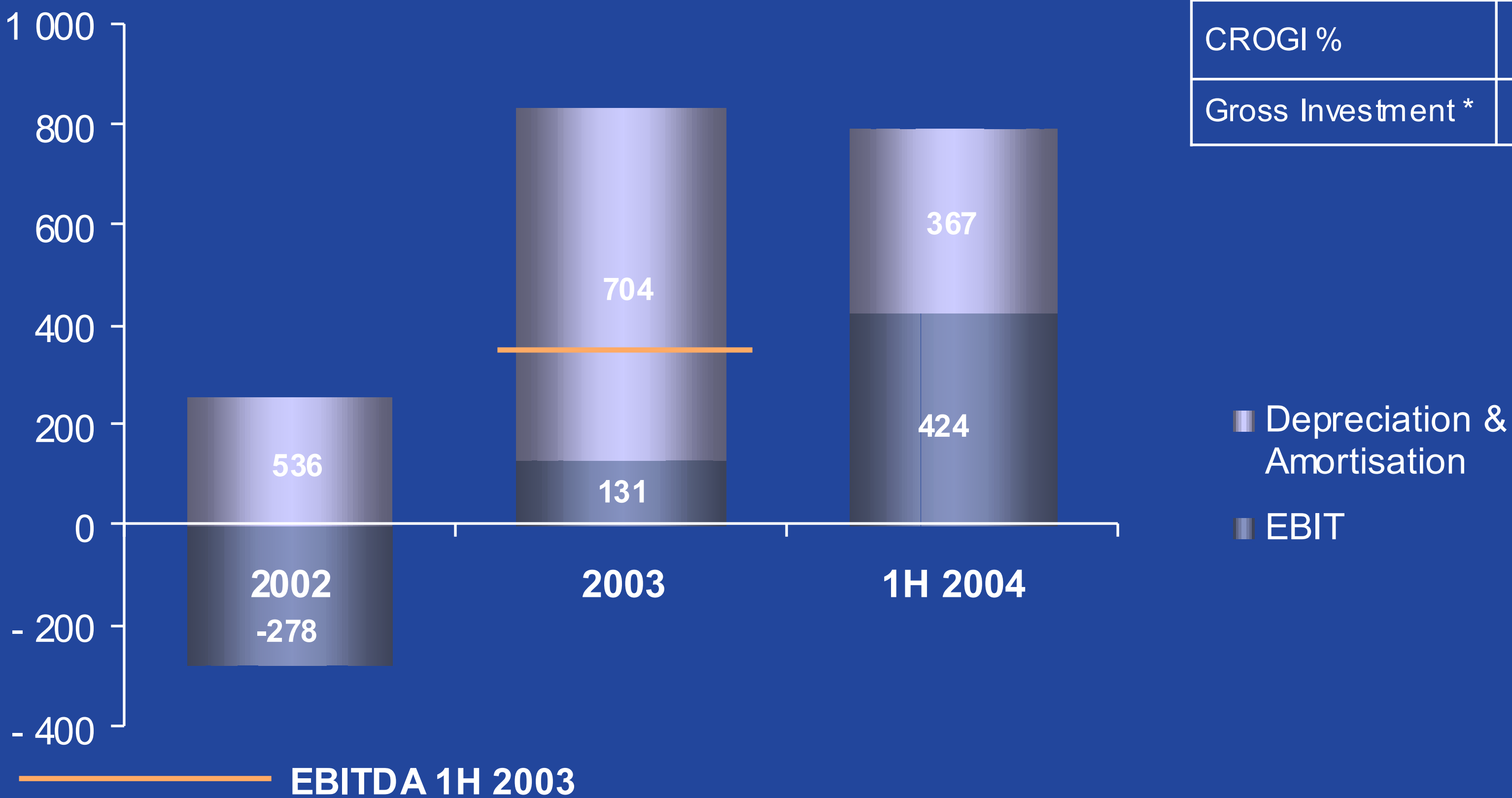
Key financial figures

EBIT and EBITDA 2002 – 2004

NOK million



	2003
Revenues (millions)	18 400
CROGI %	6.4%
Gross Investment *	12 600

* Gross Investment by 31.12.2003

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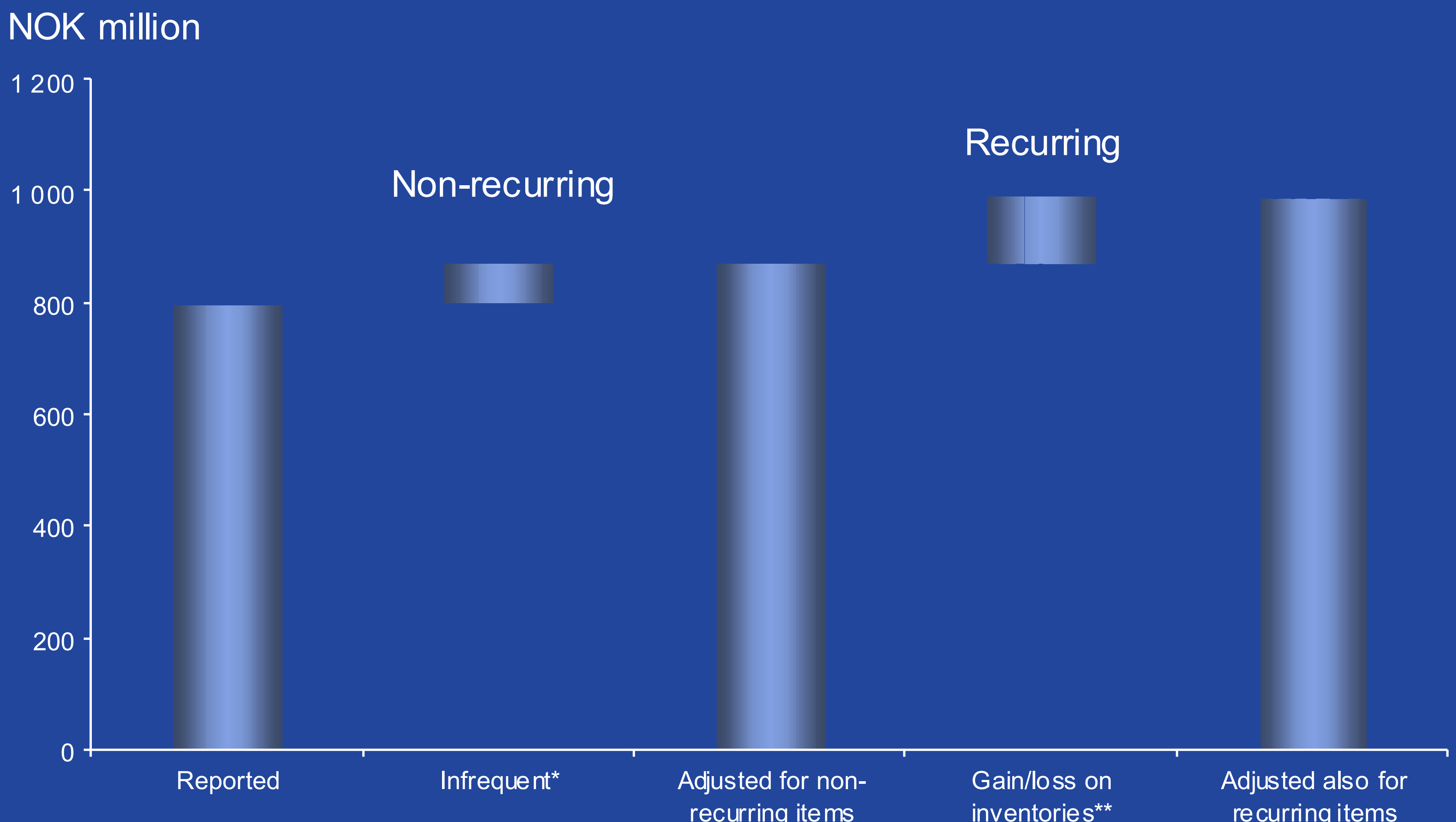
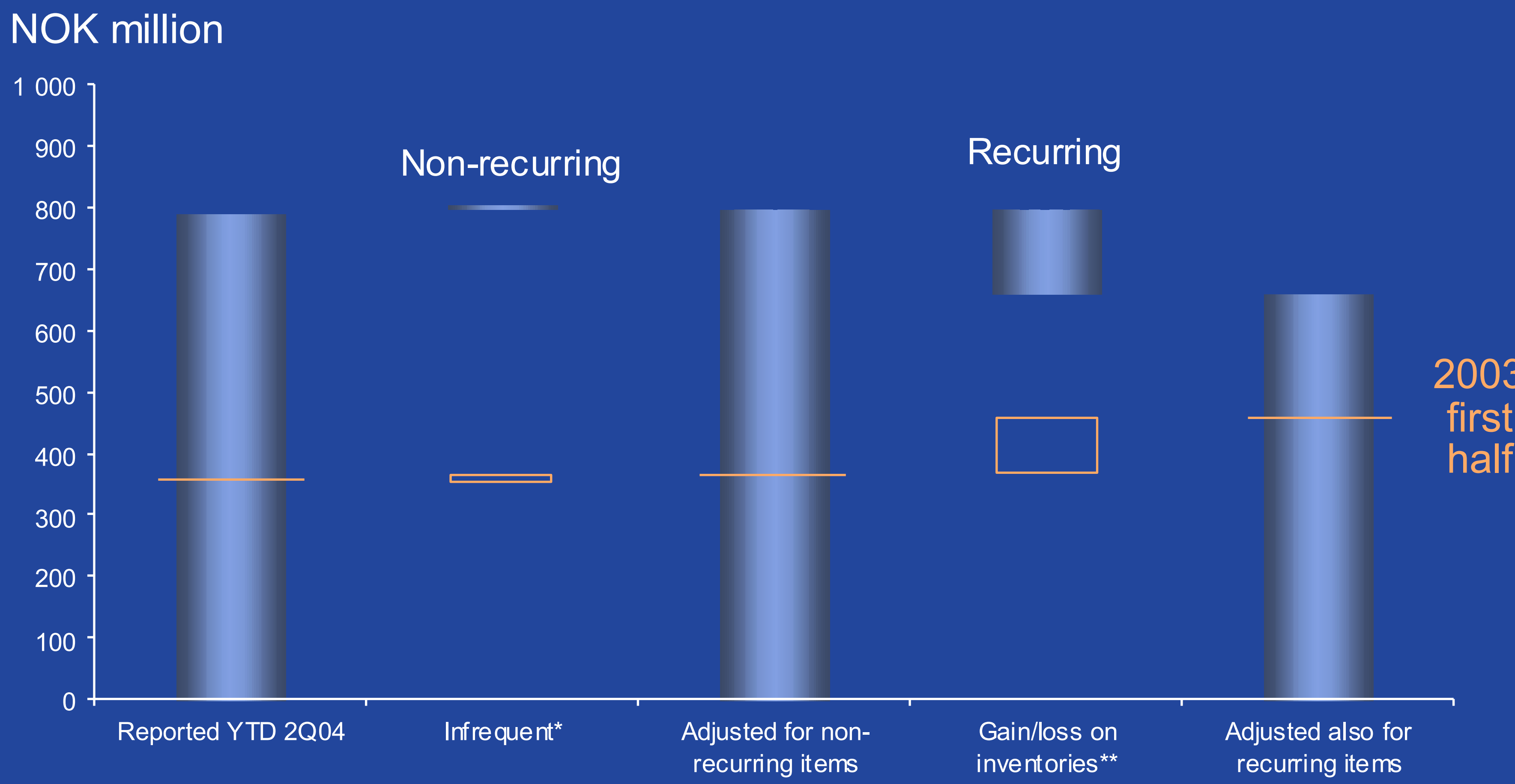
Underlying EBITDA 2003



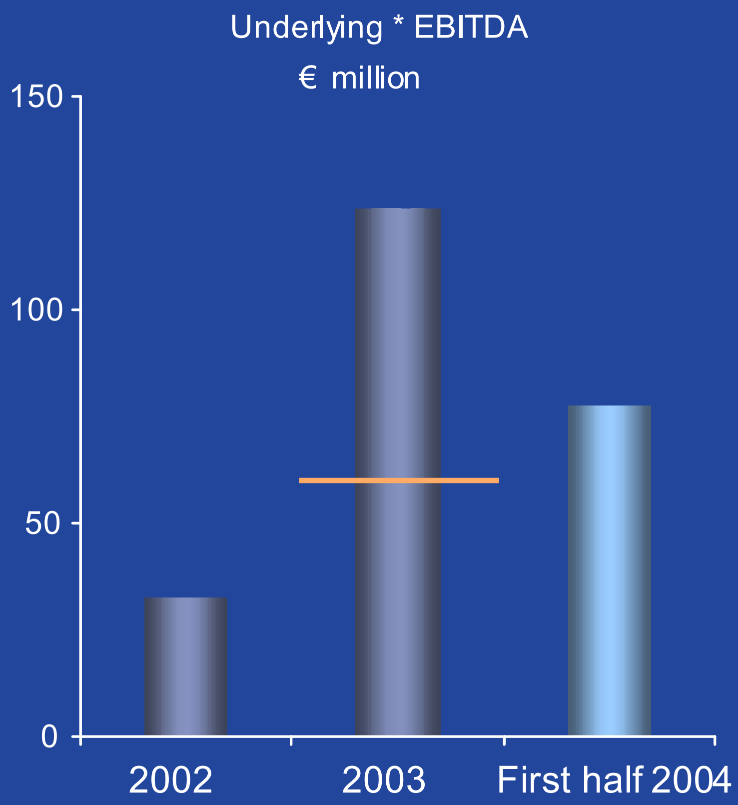
*) Infrequent items mainly include items related to Let's Roll programme
**) Inventory loss from falling metal prices

Underlying EBITDA 2004 (first half)



*) Infrequent items mainly include items related to Let's Roll programme
**) Inventory gain from rising metal prices

Closing the performance gap



- Improved cost position and optimised production system (Let‘s Roll)
- Continued growth in high-margin segments and further improved margin management
- Expanded product offerings – commercial and technical service (Coils&More)

Underlying EBITDA 1H 2003

* Adjusted for infrequent cost (restructuring cost) and adjusted for recurring items like revaluation effect on inventory

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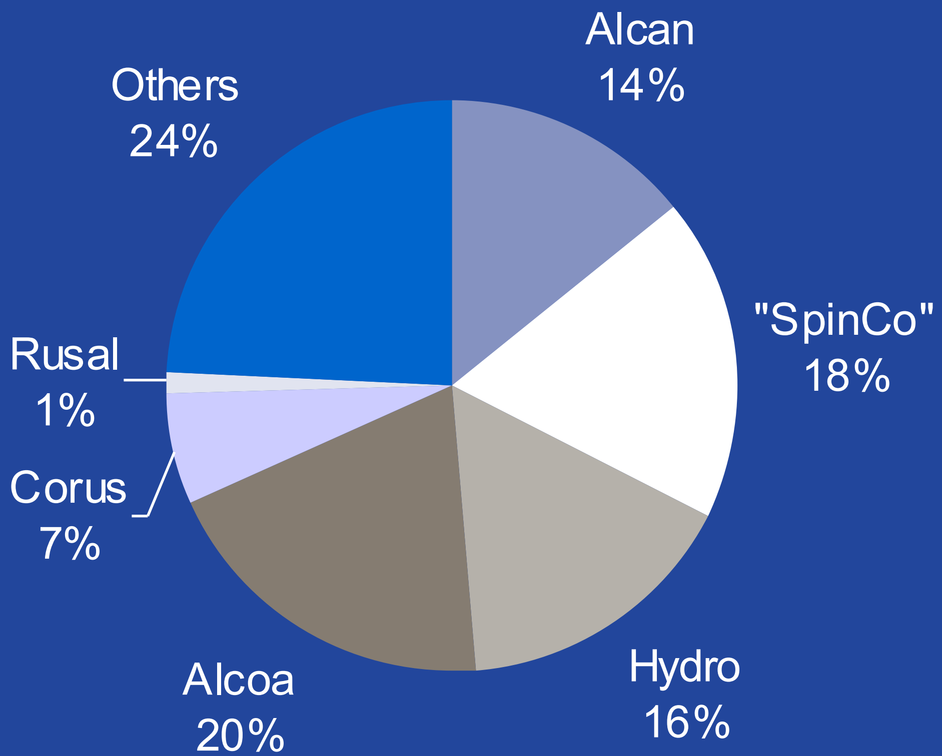
Industry restructuring accelerates in Europe

European* capacity ownership if Alcan spin-off and Alcoa purchases go ahead



* Includes Eastern Europe & CIS
Source: CRU

China has become the main driver for global market growth

- Chinese market for aluminium rolled products is expected to grow in average by 12% over the next 4 years (worldwide growth forecast at 4 - 5%)
- Chinese consumption accounts for 11% of the total worldwide rolled products consumption
- Market still fragmented on supplier side

Sources: CRU; Hydro Aluminium

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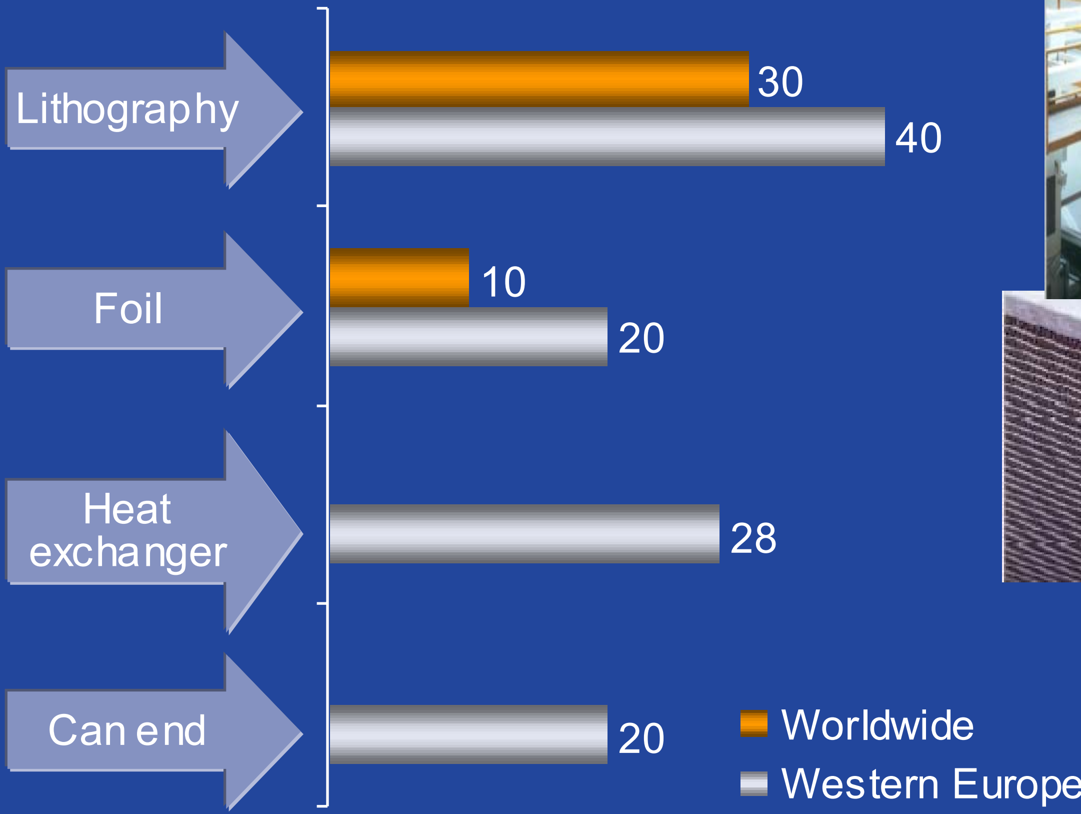
Well positioned in the higher value segments

Hydro market shares in %



Continue to build on competitive strengths

- Technology
  - World leader in lithographic sheet and foil quality
  - Further development in heat exchanger
  - Technology & market presence in key can stock market provides a base load for potential investments in developing markets
- Assets
  - Alunorf is one of the best commodity mills in Europe
  - Grevenbroich is the leading foil mill in the world and expanding in Litho
  - Comprehensive modernization program at Hamburg plant completed, plant productivity increased significantly
  - Modernization of Slim plant will start in 2005
- Marketing
  - Excellent reputation for reliability and quality
  - Strong relationship with key customers in lithography, foil and automotive business

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Keep focus on key value drivers

- Focus on safety
  - TRI* rate significantly improved from 21 in 2002 to 15,5 in 2003
  - TRI 8 first half 2004
- Fully exploit potential of existing asset base
  - Continued increase in capacity utilization: 90%** in 2003
  - Performance system established including benchmarking, audits and best practice transfer methodology across plants
- Grow in selected market segments – example lithography
  - World market showing attractive growth rates
  - Hydro's capacity fully utilized
  - Investment in new litho line with an additional capacity of 75 000 tonnes decided in 2003, start of operations planned in 2005

* TRI rate = total recordable injuries / million hours worked

** Based on 24 h / day; 7 days / week

Priorities going forward

- Deliver above cost of capital
- Successful implementation of improvement programs
- Continuing product mix optimisation and firm margin management
- Strengthening positions in selected market segments
- Prepare for future growth in new markets

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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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Appendix

"Gains & losses on inventory" => Revaluation effect of inventory

- HARP's volume of metal purchased physically is in average equal to tonnage of finished products delivered
- Purchased metal arrives when finished product is shipped to customer

➔ **Inventory level remains unchanged, on average**

- Applying FIFO valuation principle
  - Newest purchases go on stock
  - Oldest inventory is consumed in production

➔ **Constant monthly change in the price structure of inventory**
  - Change in value of inventory follows LME development

➔ As long as inventories are on average stable - as they are in HARP -
no risk arises from the inventory re-evaluation

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Estimation of revaluation effect by simplified calculation

- Applying the Fifo principle for inventory valuation leads to constant re-evaluation of HARP's inventories

- HARP's inventory (FiFo) has the following pricing structure
  - 45% is priced LME m-2
  - 45% is priced LME m-3
  - 10% is priced LME m-4

- Applying following formula allows to predict the likely metal effect. For any given month (n), the **metal effect / tonne** can be calculated:

$$= 0{,}45*[(m_n-2)-(m_{n-1}-2)] + 0{,}45*[(m_n-3)-(m_{n-1}-3)] + 0{,}1*[(m_n-4)-(m_{n-1}-4)]$$

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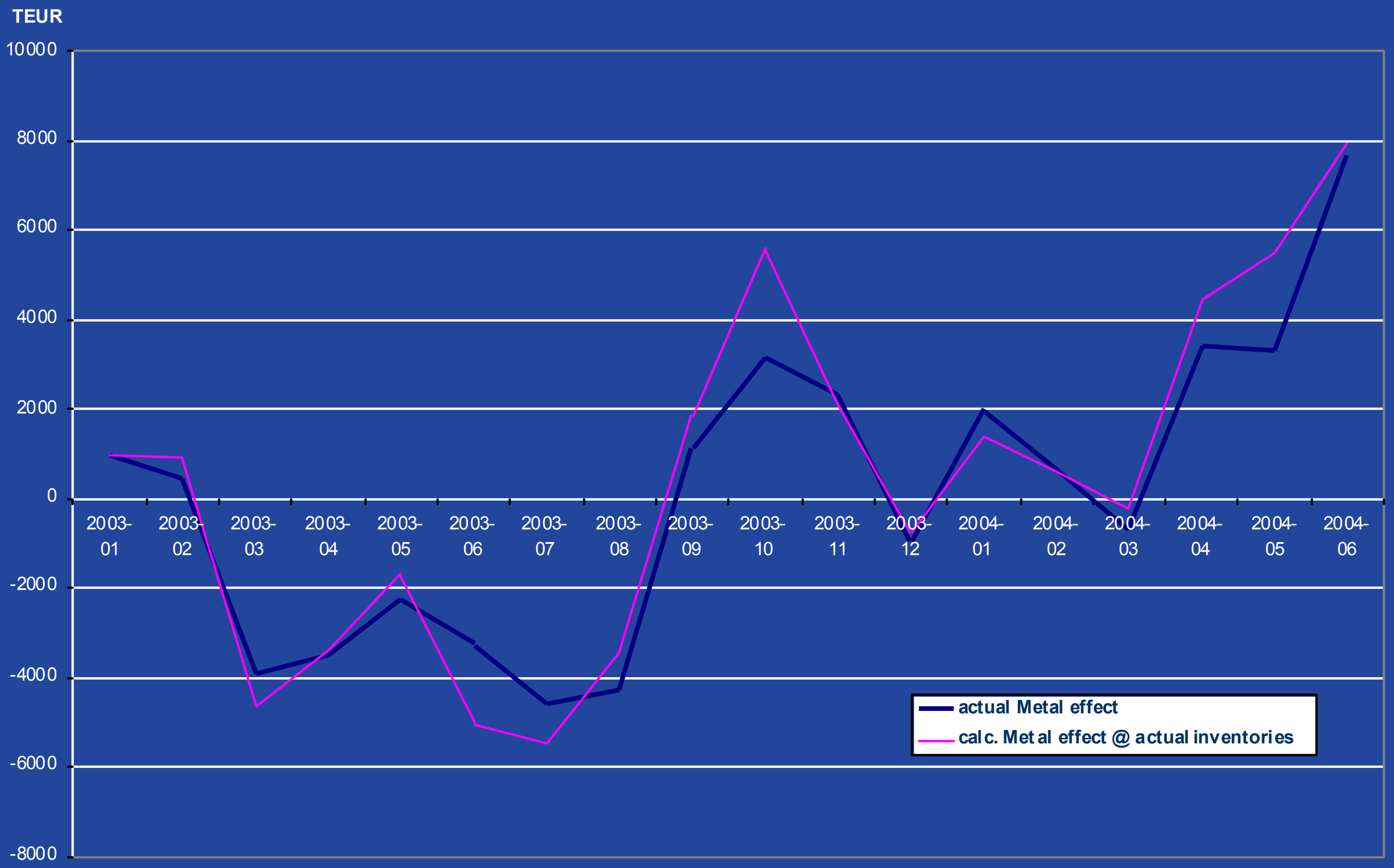
Revaluation effect: Actual vs. Formula calculation



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