



Hydro - The aluminium and power investment opportunity

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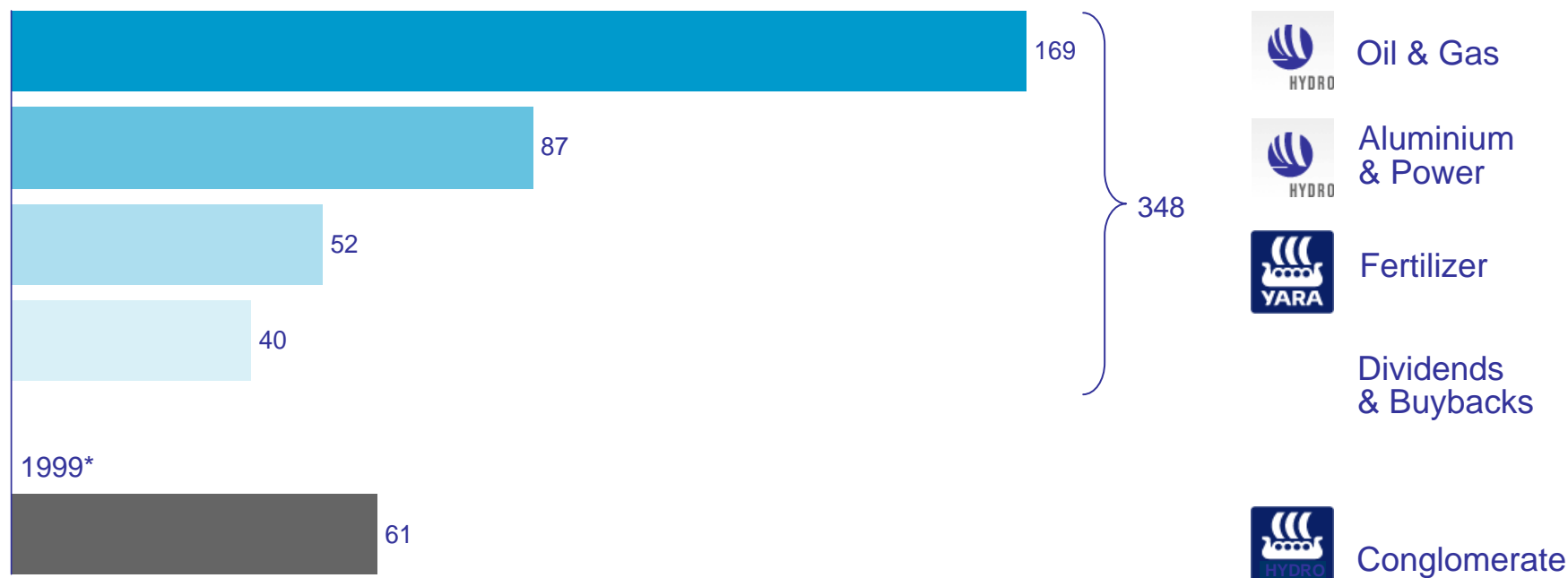
Agenda

- Focused aluminium company
 - Core business areas
 - Market position
 - Strategy for growth
- 'New' Hydro as an investment opportunity

Significant value creation through restructuring

NOK billion

2007**

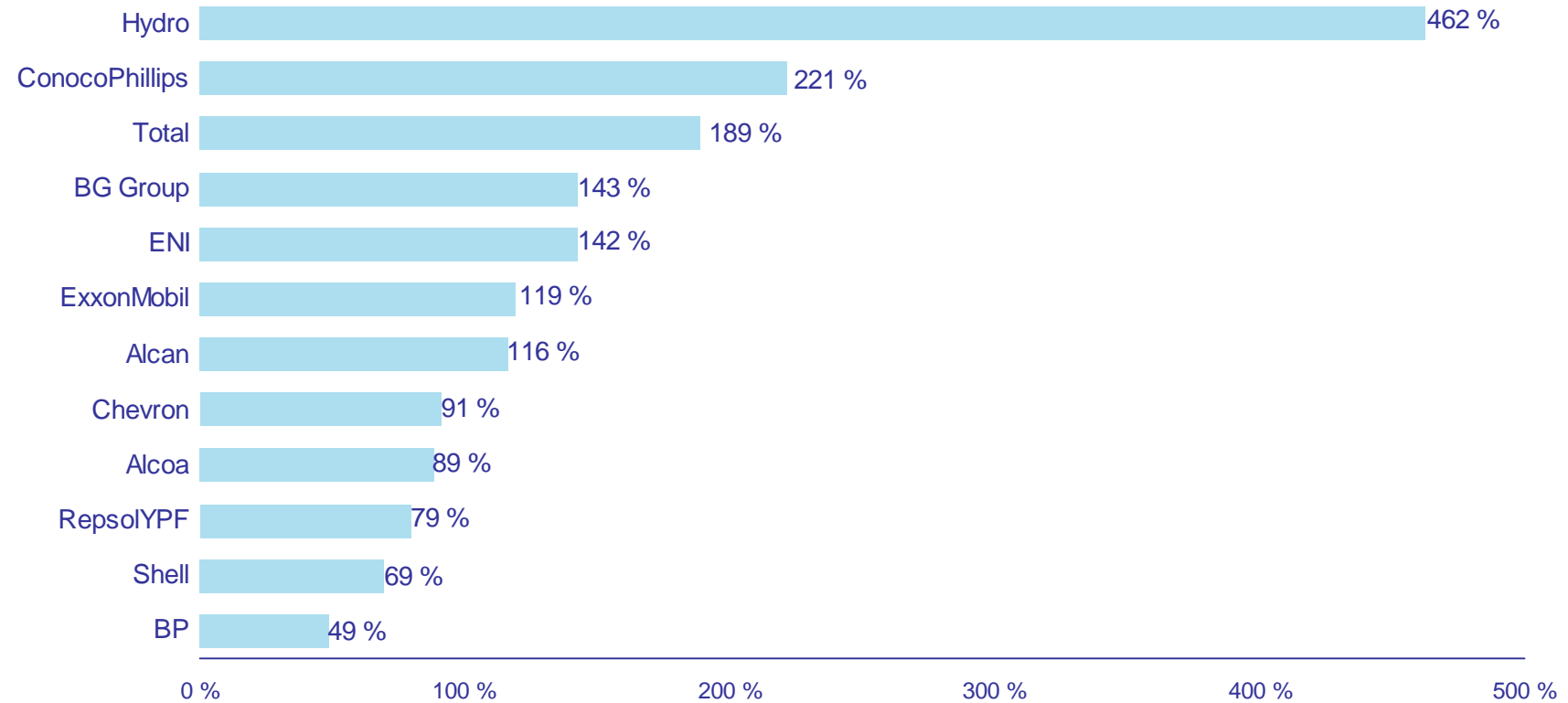


* 4 January 1999 close, nominal value

** 30 April 2007 close. Aluminium and Oil & Energy based on transaction equation adjusted for dividend payments

Share price development (NYSE)

1 January 1999 to 1 May 2007

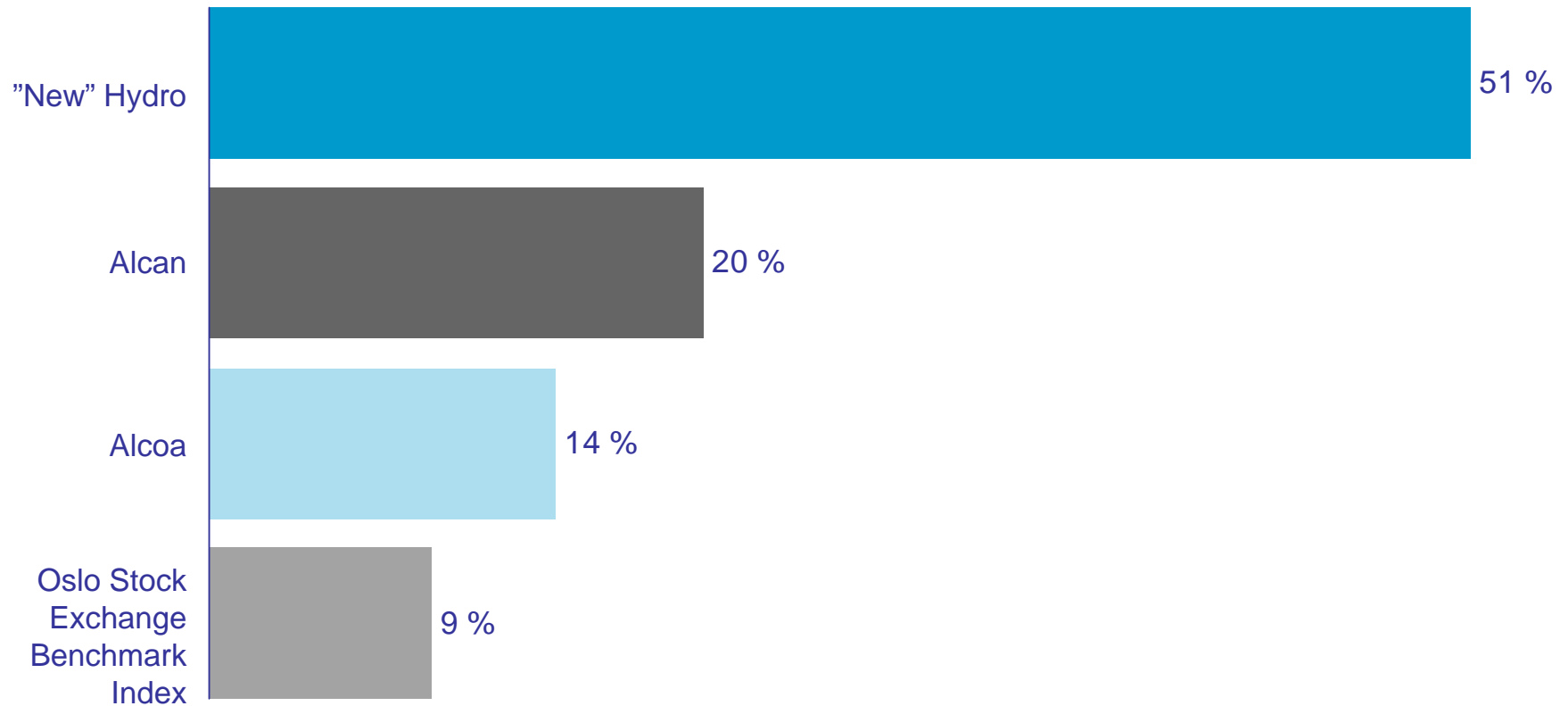


Source: Yahoo Finance, NYSE, USD



'New' Hydro share price appreciation 51% following the instant 19% increase at demerger announcement

Relative development NYSE 18 December 2006 – 1 May 2007



Source: Yahoo Finance, NYSE, USD

Hydro – a resourceful aluminium and power company



22-23 000 employees, 7 000 in Norway*

Operations in more than 30 countries

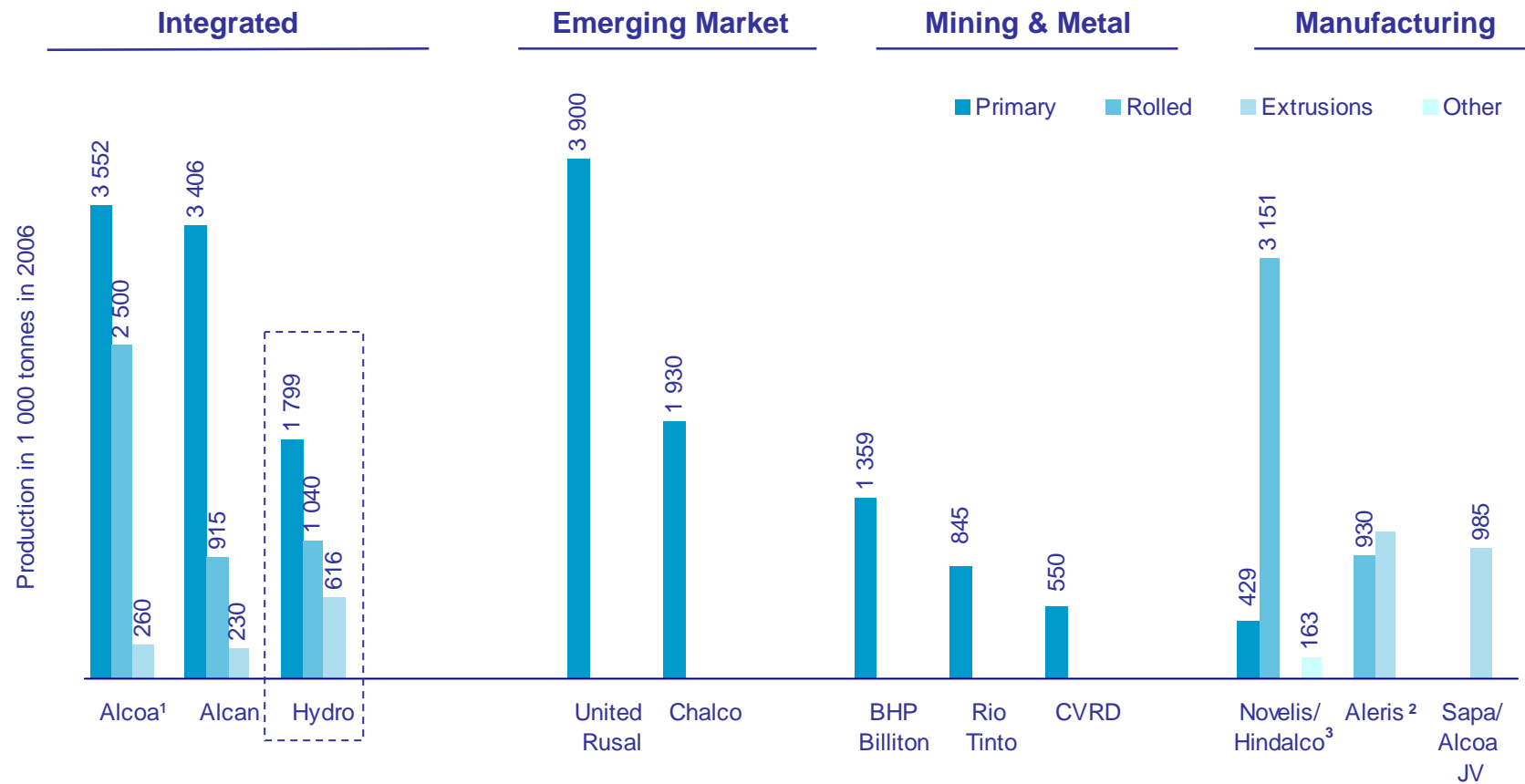
Annual turnover above NOK 100 billion

Operating income NOK 7.8 billion

Market capitalization NOK 87 billion**

* Excluding Hydro Petroleum, Polymers, Meridian, Automotive Castings and Automotive Structures. **Close 30 April

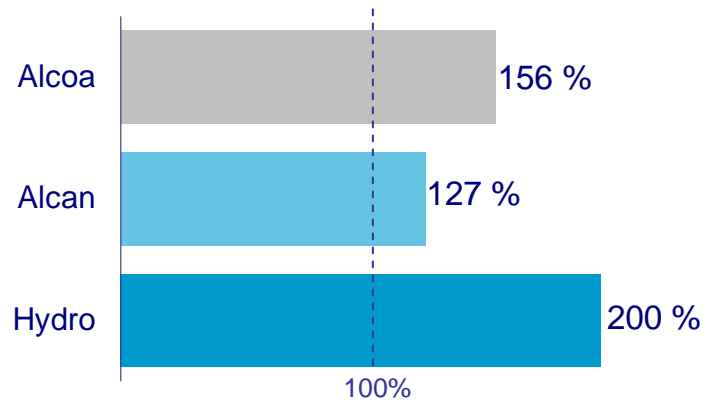
Strong aluminium industry position



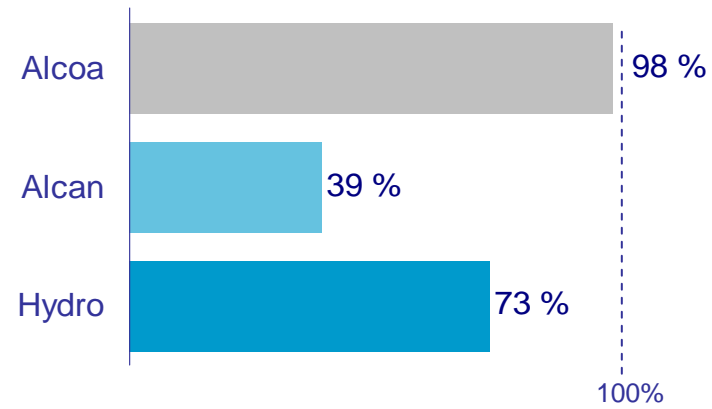
1. Alcoa pro forma for SAPA JV on extrusion.
2. Pro forma figures for acquisition of Corus Aluminium's rolled and extrusions businesses
3. Pro forma figures for acquisition of Novelis rolled businesses. Hindalco figures fiscal year ended 31. March 2006
4. Pro forma figures for merger of Rusal, Sual and Glencore

Peer comparison 2006

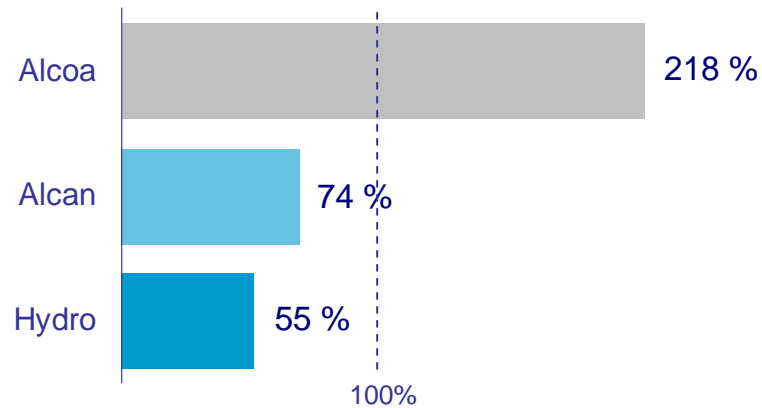
Metal sales versus primary production



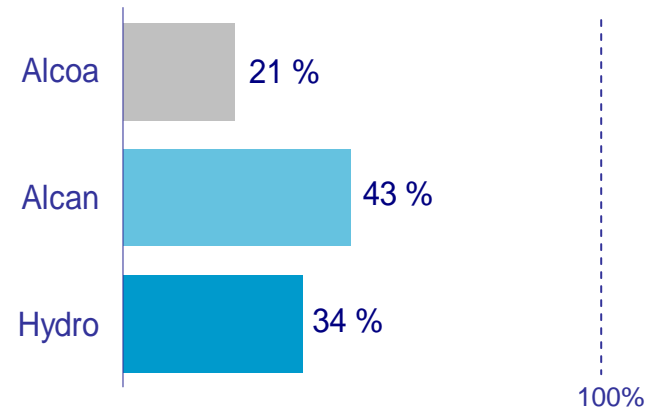
Downstream in % of primary production



Alumina coverage



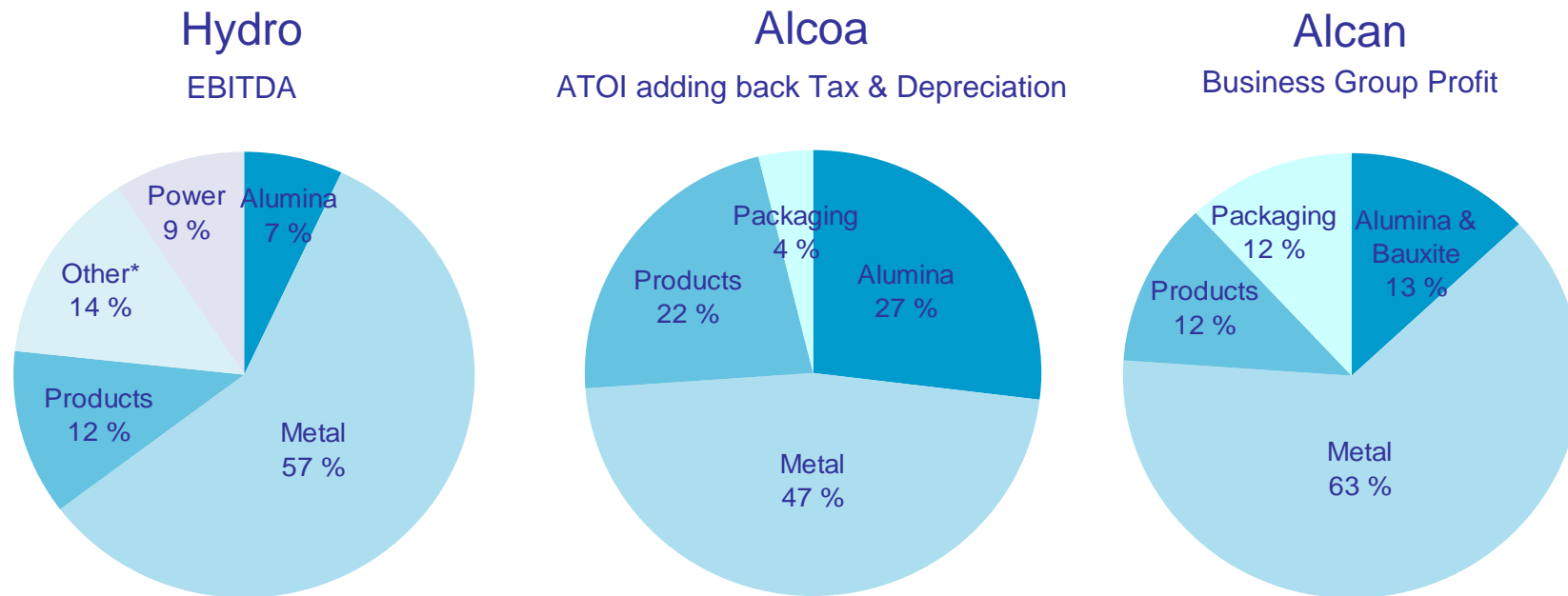
Captive power *



* CRU 2006 for Alcan and Alcoa



Aluminium and power earnings distribution 2006



* Primarily Polymers

Source: Company filings

Alcoa uses After Tax Operating Income – ATOI. Alcoa 2006 ATOI distribution: Alumina 30%, Metal 50%, Products 18%, Packaging 3%

Alcan uses Business Group Profit – BGP which is earnings before tax and depreciation



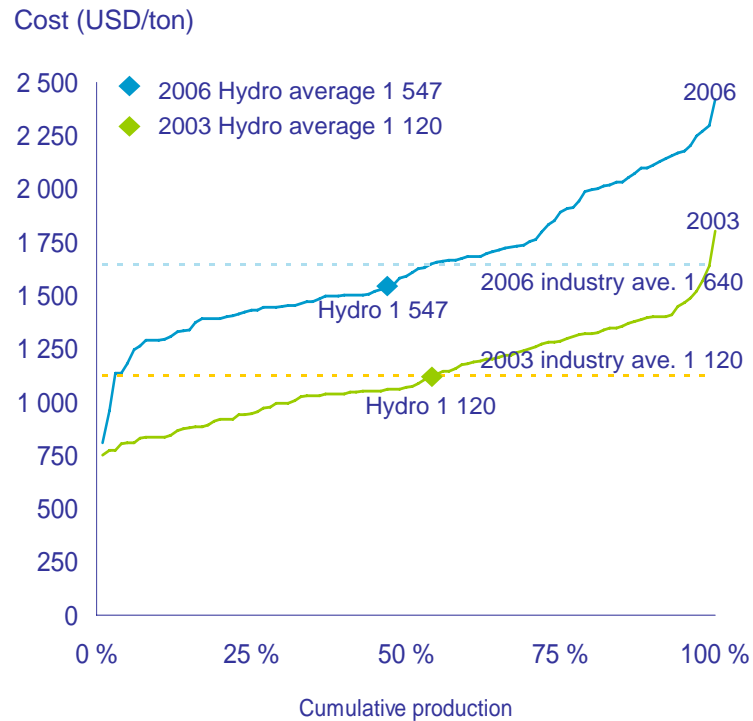


Aluminium Metal



Industry costs rising – Hydro’s position improved

Significant shift in industry cost curve*



- **Alumina**
 - Two thirds of cost increase
 - Coming down from peak

- **Energy**
 - Oil and gas prices
 - Coal prices
 - CO₂ emission trading
 - Supply/demand for electricity

- **Other raw materials**

- **Freight**

* Source: CRU (Corporate operating cost definition) Assumptions: LME 3m 2 635 USD/ton, Alumina spot USD 472/ton, USD 6.57





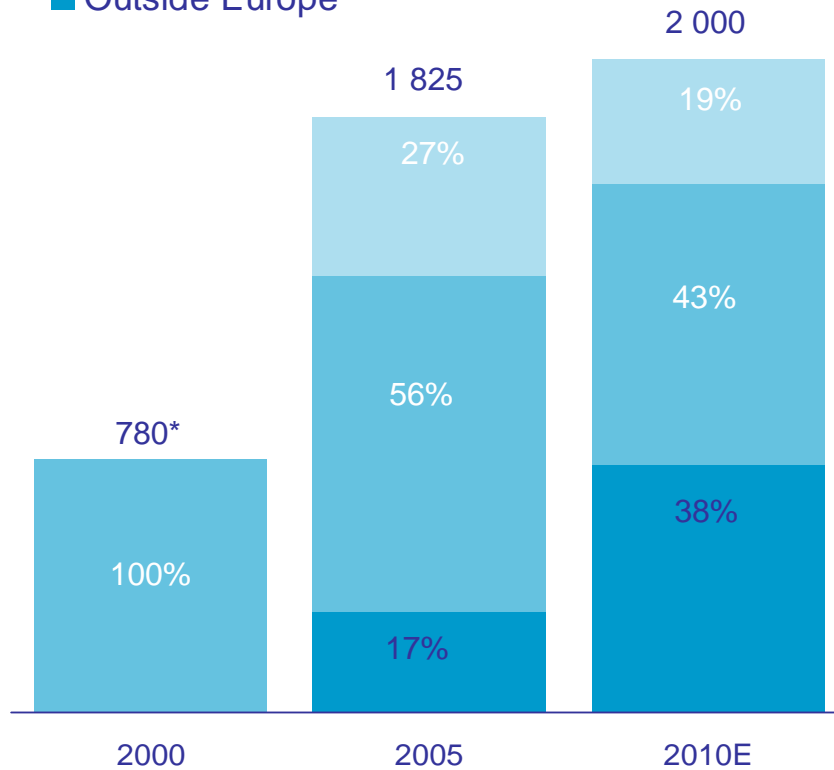
Qatalum project – profitable mega-smelter in key region

- 585 000 tons annually – expansion potential to 1.2 million tons annually
- First quartile operating cost – captive gas power
- 50/50 joint venture between Hydro and Qatar Petroleum
- Proprietary smelting technology
- Final cost estimate and build decision summer 2007

Repositioning enhances smelter portfolio

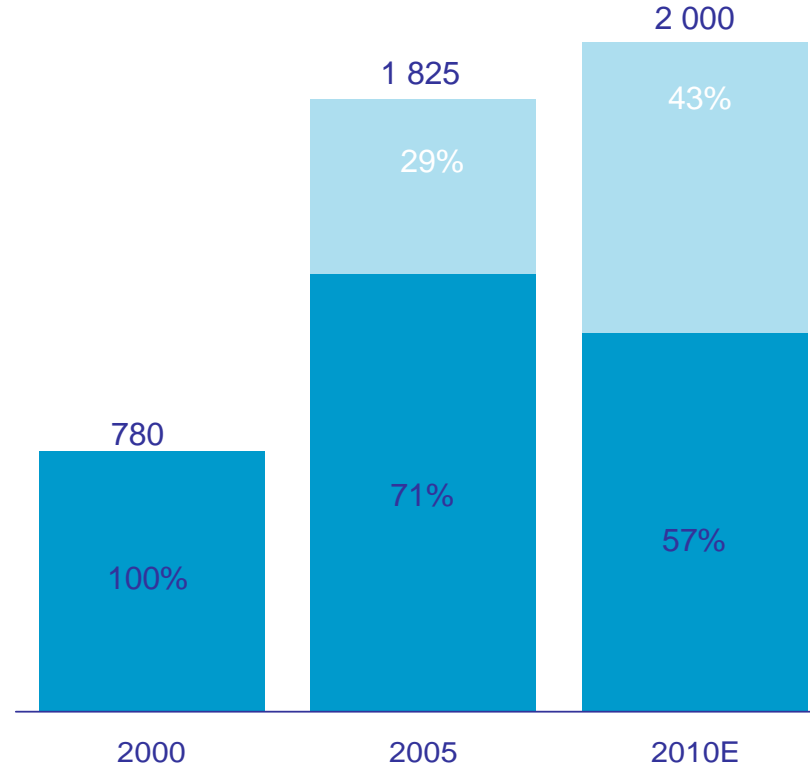
Smelter geography

- Rest Europe
- Norway
- Outside Europe



Smelter size

- Above 300 000 tons
- Below 300 000 tons



All figures in 1 000 tons per year,

* 2000: Excluding non-consolidated Slovalco equity stake of 20% ~ 25kt



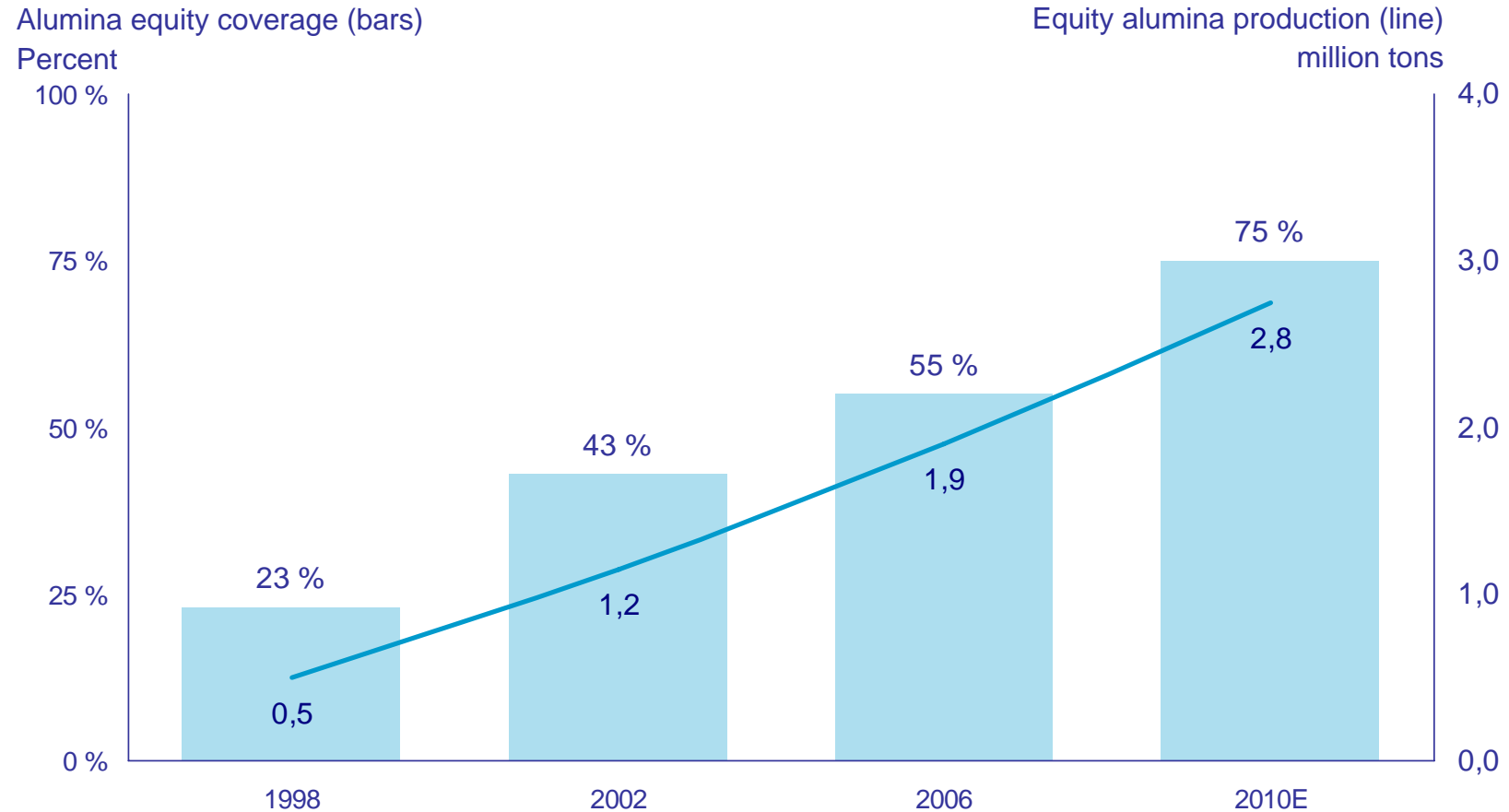


Alunorte alumina refinery – key asset in repositioning

- Targeting 6.5 million ton production by 2009
- Hydro stake 34 percent of world's largest refinery
- First-quartile investment costs and highly competitive conversion costs
- Platform for pursuing new opportunities in Brazil and other bauxite rich areas

Increasing alumina equity coverage for Hydro

Relative to primary aluminium





Aluminium Products



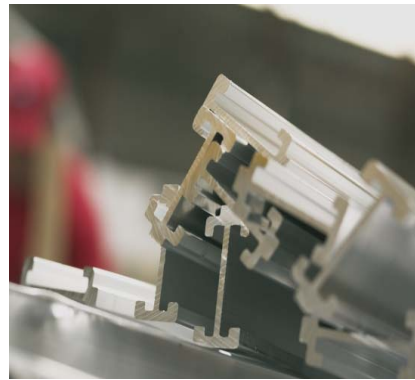
Leading position in downstream niches

Rolled products



- World's largest mills
 - Alunorf (hot)
 - Grevenbroich (cold)
- Number one in lithographic plates and thin gauge foils
- 1 000 000 tons

Extrusion



- Number two global player
- innovative solutions
- added value activities
- 450 000 tons

Building Systems



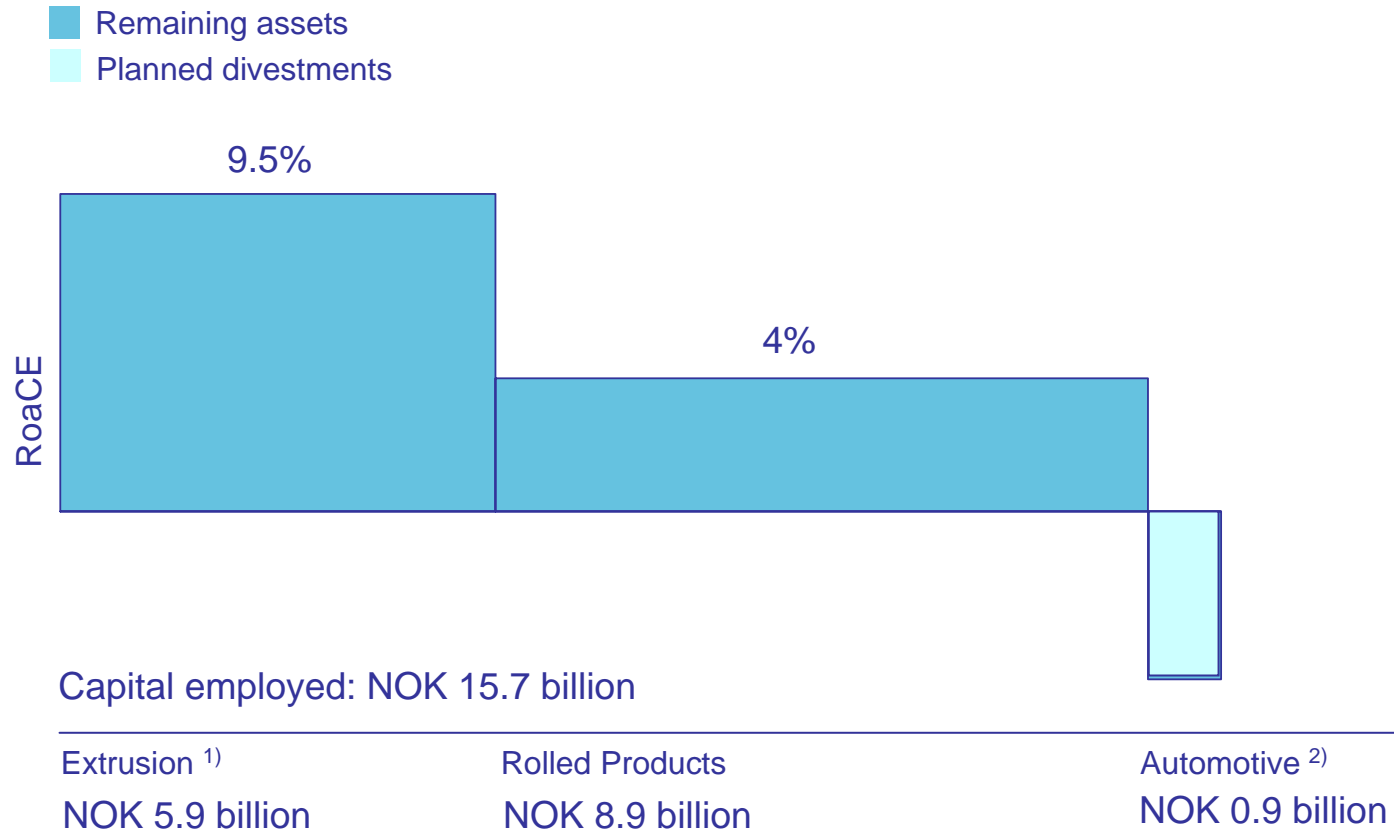
- Number one in Europe
- Leading brands
- 80 000 tons

Precision Tubing



- World leader
 - Europe
 - North America
 - Asia
- 65 000 tons

Strengthened profitability



1) Including Extrusion Europe, Extrusion Overseas, Building Systems and Precision Tubing, 2) Including Automotive Structures only





Power

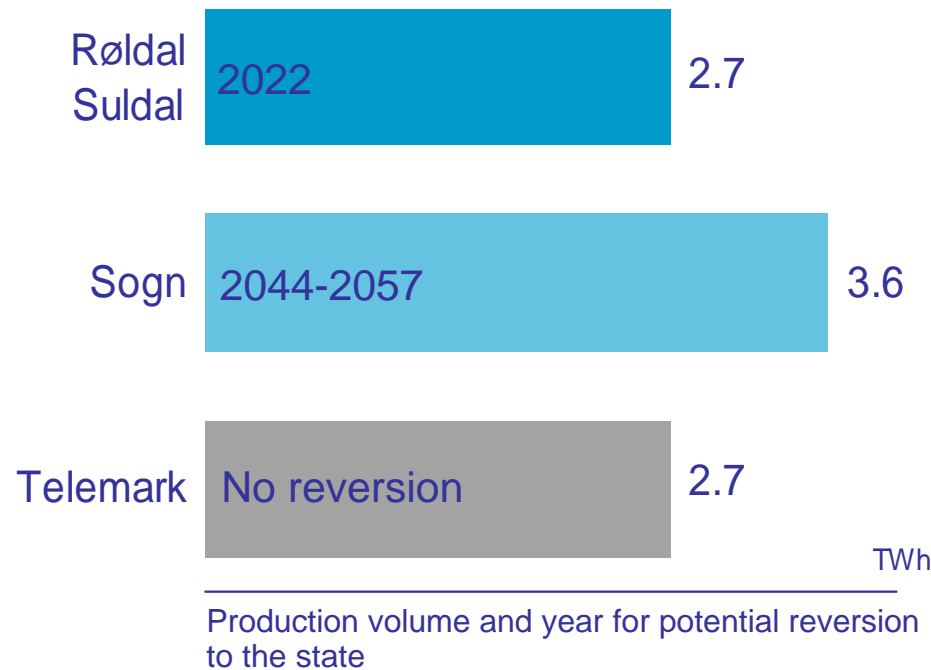




Captive hydropower – a solid basis for aluminium smelting

- Power production has built Hydro's industry
- Energy competence is an integral part of aluminium growth ambitions
- Well-developed production assets provide stable cash-flow
- Power competence to support growth strategy

Hydroelectric power production and concessions

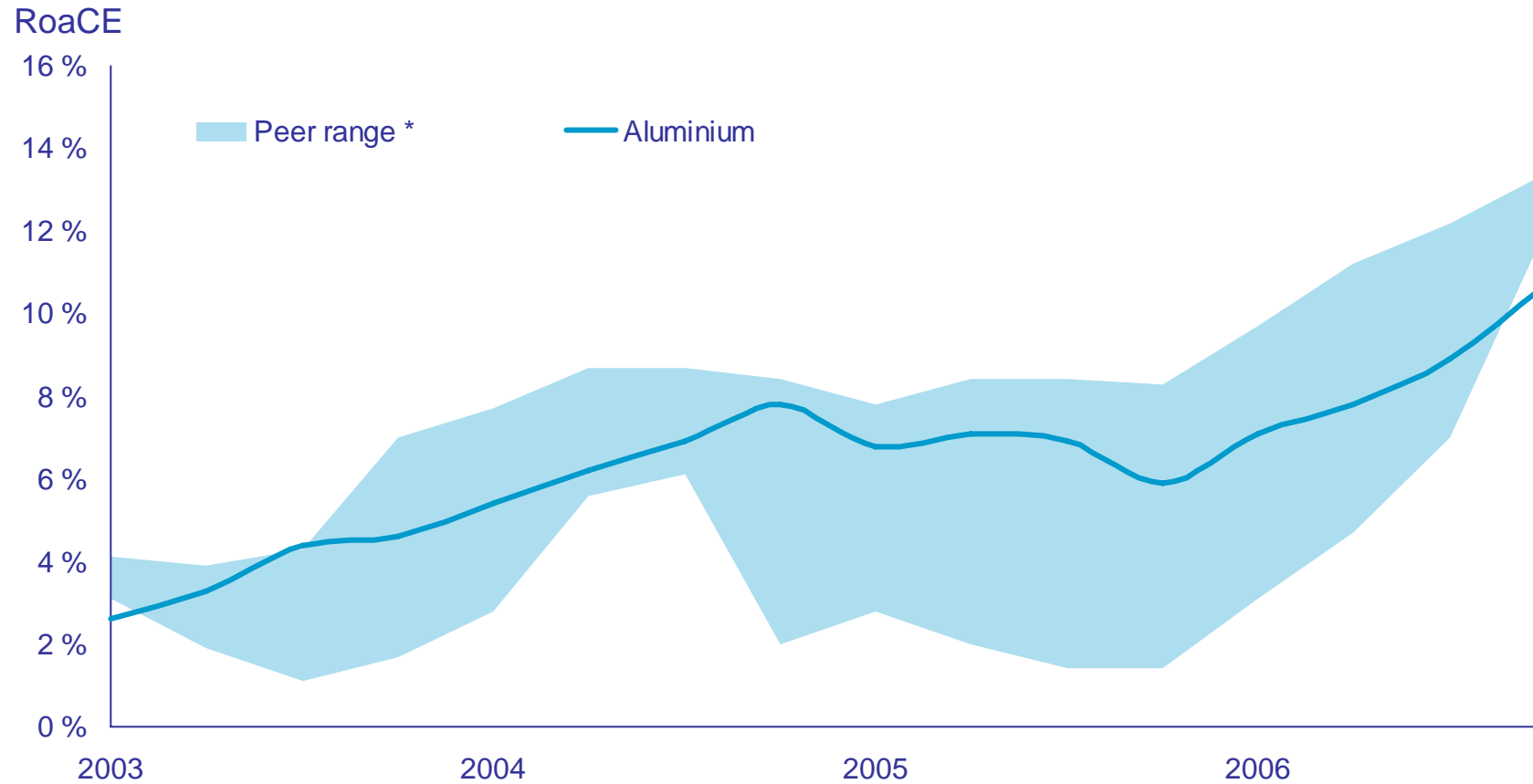


- Norway's second largest hydroelectric power producer
 - 1 860 MW installed capacity
 - 9 TWh normal production/year
- Acquired power under long-term contracts in Norway until 2020 ~ 7 TWh
- Low production costs and investments

An aerial photograph of a beach with dark sand and white foam from waves crashing. The image is split horizontally by a solid light blue band. The word "Financials" is written in a dark blue serif font on the blue band.

Financials

Competitive return on capital



* Alcoa and Alcan

Source: Bloomberg return on capital methodology. 12 month rolling Q1 2003-Q4 2006. Hydro figures are approximations to Bloomberg methodology.



Strong results for 'new' Hydro businesses in 2006

NOK billion	Operating revenues	Adjusted EBITDA	Depreciation	Operating income	Investments
Aluminium Metal	68.4	9.1	(1.7)	6.4	2.0
Aluminium Products	49.8	1.7	(1.7)	(0.1)	1.3
Power	6.3	1.3	(0.1)	1.2	0.04
Other Activities	9.8	2.0	(0.4)	1.2	0.5
Corporate and Eliminations	(31.7)	-	-	(0.9)	
Total	102.6	14.2	(4.0)	7.8	3.8

Based on carve-out combined financial statements for Hydro after Demerger

'New' Hydro trades in line with aluminium peers

Relative development NYSE 1 January 2007 – 1 May 2007



* 'New' Hydro share price calculated as Hydro share price less Statoil share price less expected dividend multiplied by 0.8622



Hydro - the investment opportunity

- 101 years of entrepreneurship
- High quality asset base
- Focus on operational performance
- Upstream growth focus
- Project execution excellence
- Solid balance sheet
- Strong market fundamentals



Additional Financial Information



Segment information

Operating income

NOK million	2006	2005	2004
Aluminium Metal	6 362	2 694	785
Aluminium Products	(83)	(370)	1 072
Power	1 185	1 123	741
Other activities	1 229	(88)	274
Corporate and eliminations	(885)	1 064	(854)
Total	7 808	4 423	2 018

Adjusted EBITDA ¹⁾

NOK million	2006	2005	2004
Aluminium Metal	9 134	4 821	5 297
Aluminium Products	1 715	2 670	3 058
Power	1 337	1 283	875
Other activities	1 995	1 747	1 281
Corporate and eliminations	23	1 772	(69)
Total	14 203	12 293	10 442

1) EBITDA includes financial income, but is not adjusted for special items

Aluminium Metal financials

NOK million	2006	2005	2004
Operating revenues	68 405	54 579	51 957
Depreciation	1 728	1 687	3 798
Operating income	6 362	2 694	785
Non-consolidated investees	837	272	281
Adjusted EBITDA	9 134	4 821	5 297
Investments ¹⁾	1 979	1 792	4 244
Primary aluminium production (tons)	1 799 000	1 826 000	1 720 000
Realized aluminium price LME (USD/ton)	2 352	1 812	1 629
Realized aluminium price LME (NOK/ton)	15 371	11 813	11 403

1) Includes non-cash element of NOK 186 million in 2005 and NOK 1 275 million in 2004 related to change in accounting principles (FIN47 and FIN46R)

Aluminium Products financials ¹⁾

NOK million	2006	2005	2004
Operating revenues	49 844	42 477	43 533
Depreciation	1 666	2 913	1 848
Operating income	(83)	(370)	1 072
Non-consolidated investees	(179)	47	68
Adjusted EBITDA	1 715	2 670	3 058
Investments ²⁾	1 250	1 970	1 951
Rolled Products sales volumes, tons	1 000 000	950 000	945 000
Extrusion sales volumes, tons	640 000	600 000	635 000

1) Excluding Automotive Castings which is reported as discontinued operations

2) Includes non-cash element of NOK 9 million in 2005 related to change in accounting principles (FIN47)

Power financials

NOK million	2006	2005	2004
Operating revenues	6 292	6 614	4 108
Depreciation	120	142	121
Operating income	1 185	1 123	741
Non-consolidated investees	22	10	2
Adjusted EBITDA	1 337	1 283	875
Investments	42	98	241
Power production, TWh	8.3	10.8	8.1
Acquired under long-term contracts for Hydro's industrial use, TWh	7.3	7.0	7.0
Total power available, TWh	15.6	17.8	15.1

Combined income statements – Hydro after demerger

NOK million	2006	2005
Operating revenues	102 632	92 100
Depreciation, depletion and amortization	3 674	3 975
Impairment losses	289	1 259
Other operating costs	90 863	82 444
Operating income	7 808	4 423
Non-consolidated investees	761	491
Financial income (expense), net	146	533
Other income, net	-	924
Income from before tax and minority interest	8 714	6 372
Income tax expense	(2 186)	(1 397)
Minority interest	(202)	(118)
Income from continuing operations	6 327	4 857
Income from discontinued operations	167	174
Income before cumulative effect of change in accounting principles	6 493	5 031
Cumulative effect of change in accounting principles	-	(78)
Net income	6 493	4 953
Earnings per share – NOK	5.20	3.90





For calculation of EPS, 2006: 1 240 804 344 shares, 2005: 1 254 036 520 shares

Previously reported earnings per share and total number of outstanding shares have been adjusted to reflect the 5-for-1 stock split effective 10 May 2006.

Combined balance sheets – Hydro after demerger

NOK million	31 December 2006	31 December 2005
Cash and cash equivalents	6 609	10 266
Short-term investments	15 020	3 859
Receivable Hydro Petroleum	200	779
Receivables and other current assets	20 181	19 073
Inventories	14 220	12 952
Current assets held for sale	1 122	-
Non-consolidated investees	8 780	8 601
Property, plant and equipment	31 158	34 623
Other non-current assets	8 154	11 272
Non-current assets held for sale	2 569	-
Total assets	108 012	101 426
Short-term interest-bearing debt	2 084	2 672
Current portion of long-term debt	424	190
Current liabilities Hydro Petroleum	19 227	20 293
Other current liabilities	21 269	18 302
Current liabilities in disposal group	738	-
Long-term interest-bearing debt	367	722
Other long-term liabilities	12 654	11 437
Deferred tax liabilities	1 080	3 100
Long-term liabilities in disposal group	273	-
Minority interest	707	981
Shareholders' equity	49 190	43 729
Total liabilities and shareholders' equity	108 012	101 426

Investor Relations in Hydro

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Cautionary note in relation to certain forward-looking statements

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Certain statements included within this announcement contain (and oral communications made by or on behalf of Hydro may contain) forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management’s plans, objectives and strategies for Hydro, such as planned expansions, investments, drilling activity or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Hydro’s markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by “expected”, “scheduled”, “targeted”, “planned”, “proposed”, “intended” or similar statements.

Although Hydro believes that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause Hydro’s actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to, world economic growth and other economic indicators, including rates of inflation and industrial production, trends in Hydro’s key markets, and global oil and gas and aluminium supply and demand conditions. For a detailed description of factors that could cause Hydro’s results to differ materially from those expressed or implied by such statements, please refer to the risk factors specified under “Risk review – Risk Factors” on page 134 of Hydro’s Annual Report 2006 and subsequent filings on Form 6-K with the US Securities and Exchange Commission.

No assurance can be given that such expectations will prove to have been correct. Hydro disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of non-GAAP financial measures

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).