

**Presentation given by
Senior Vice President Ida Helliesen
to Fixed Income Investors**

Berlin, Sept. 7-8th 2000



Norsk Hydro - Business Focus

Light Metals

**Oil and
Energy**

Agriculture

- ✓ Concentration on 3 core areas
- ✓ Divesting or alliances non-core areas
- ✓ Exploit new technology and capabilities across business units
- More focused - Multibusiness



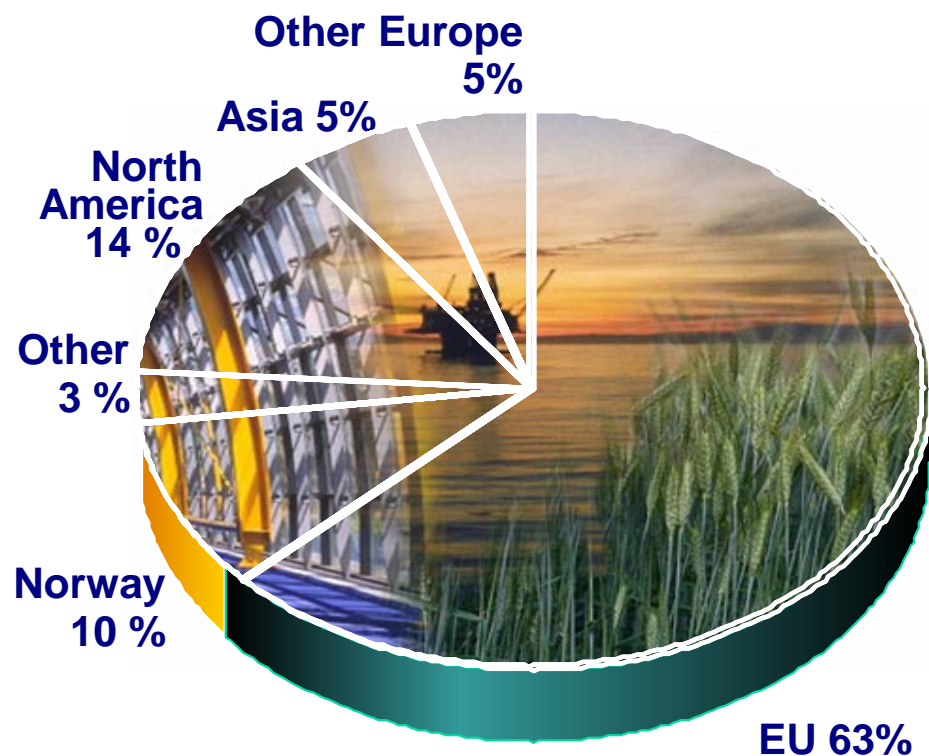
Norsk Hydro 1999

- ✓ Operating revenues NOK 102 bill.
- ✓ Operating income NOK 7.7 bill.
- ✓ Return on capital employed 9 %
- ✓ Investments NOK 12.3 bill. *
- ✓ Almost 39,000 employees ** in 70 countries

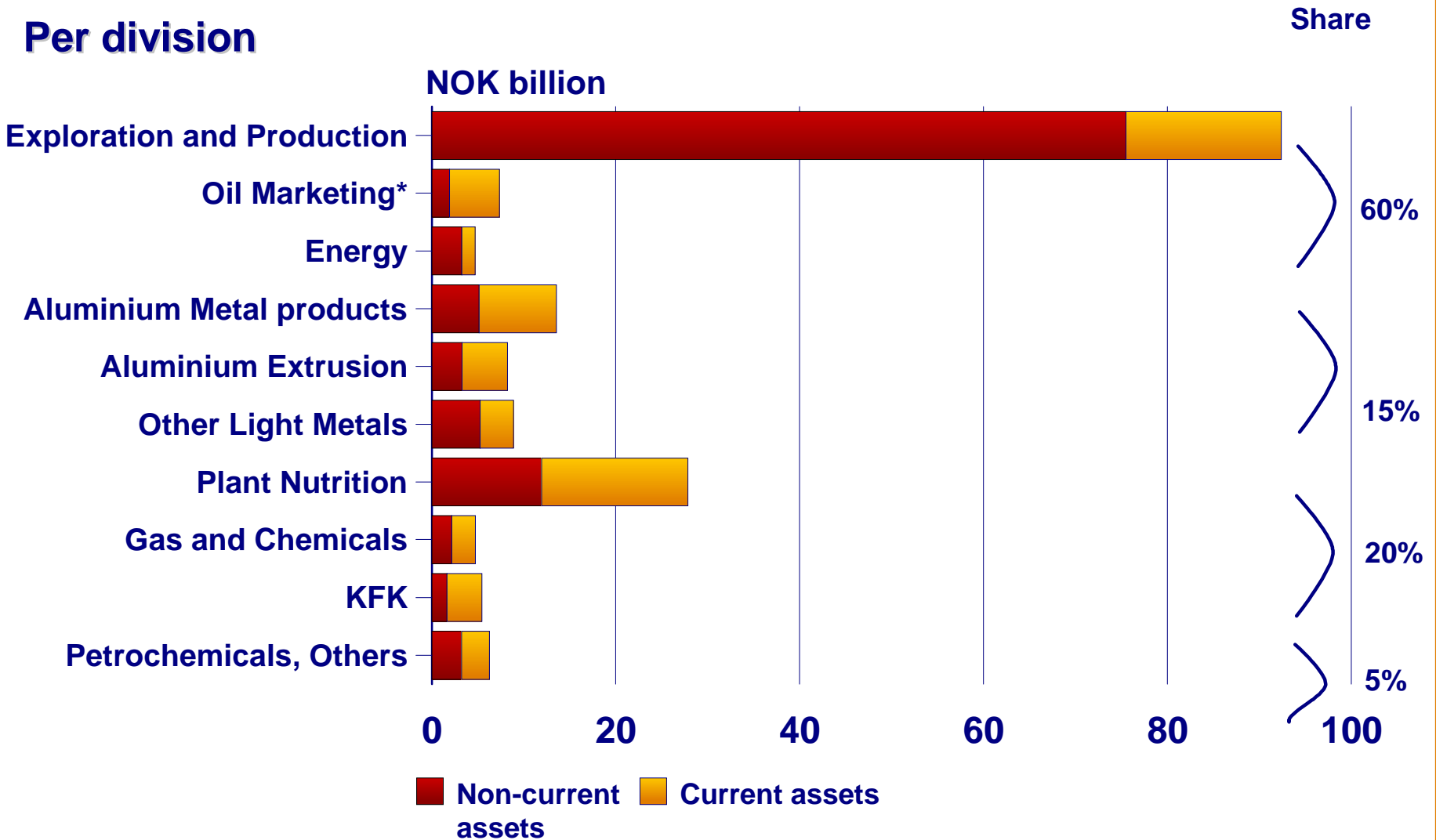
* 53 bill. NOK including the Saga aquisition

** Average 1999

Sales



Total assets* 1999 NOK 177 Bill.



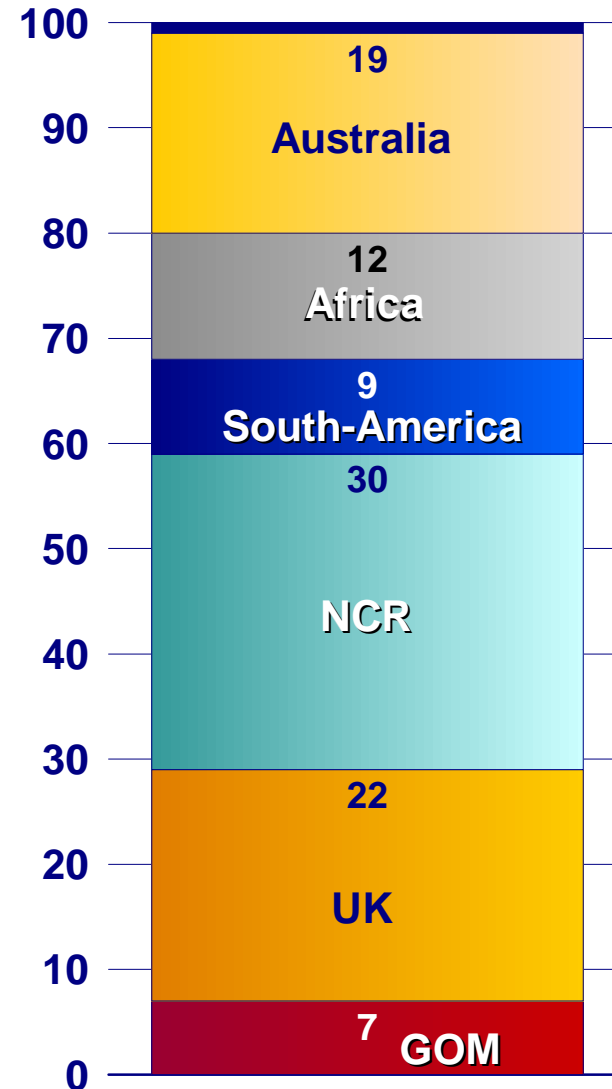
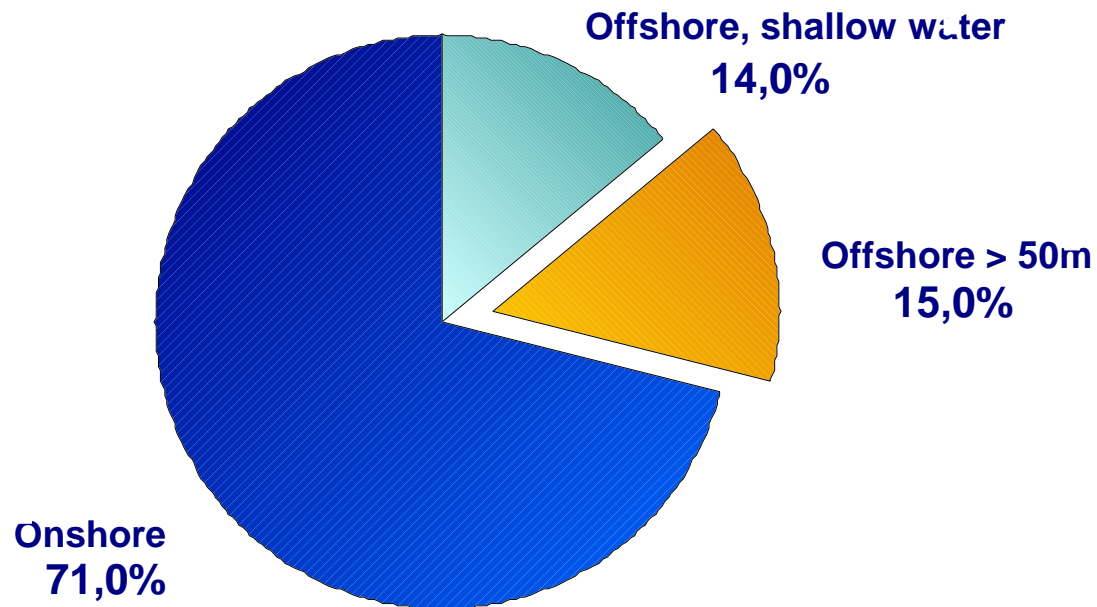
Oil, gas and energy - selective growth

- ✓ **Production 420 000 boe/day**
 - ▶ **Saga Merger mid 1999**
 - ▶ **Production target approx. 800 000 boe/day within existing licences and investment levels**
- ✓ **Proven oil and gas reserves end 1999, 2,1 billion boe - 14 years production life**
- ✓ **Norwegian Continental Shelf and International positions (Angola, Canada, North West Russian, Iran)**
- ✓ **Second largest hydro-electric power producer in Norway**



Norwegian continental shelf importance offshore > 50 meter

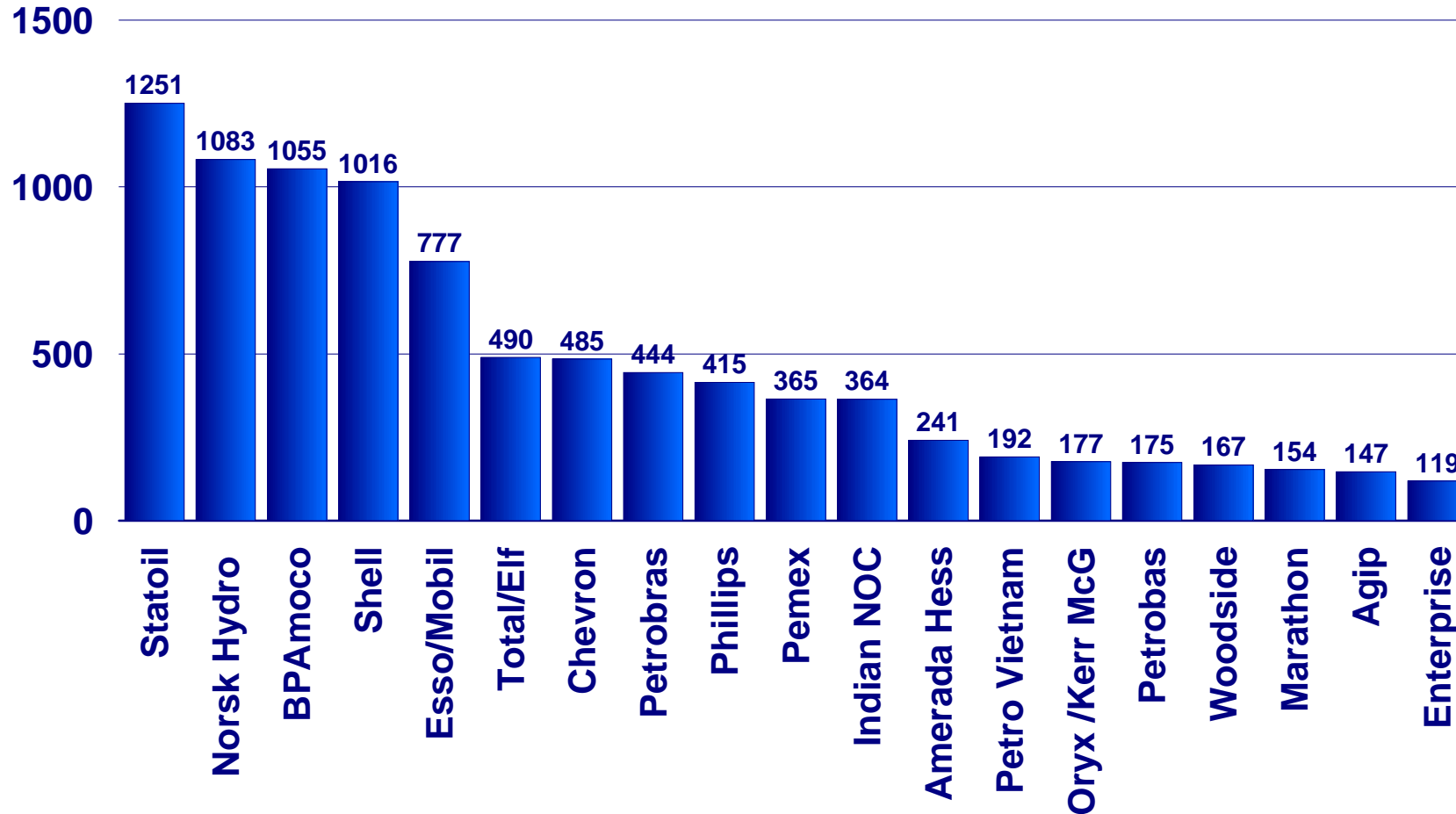
Global Oil Production in %



Competence from Off-shore Deepwater

Production as operator, 1997, deepwater >50 meter

1000 bbl/day



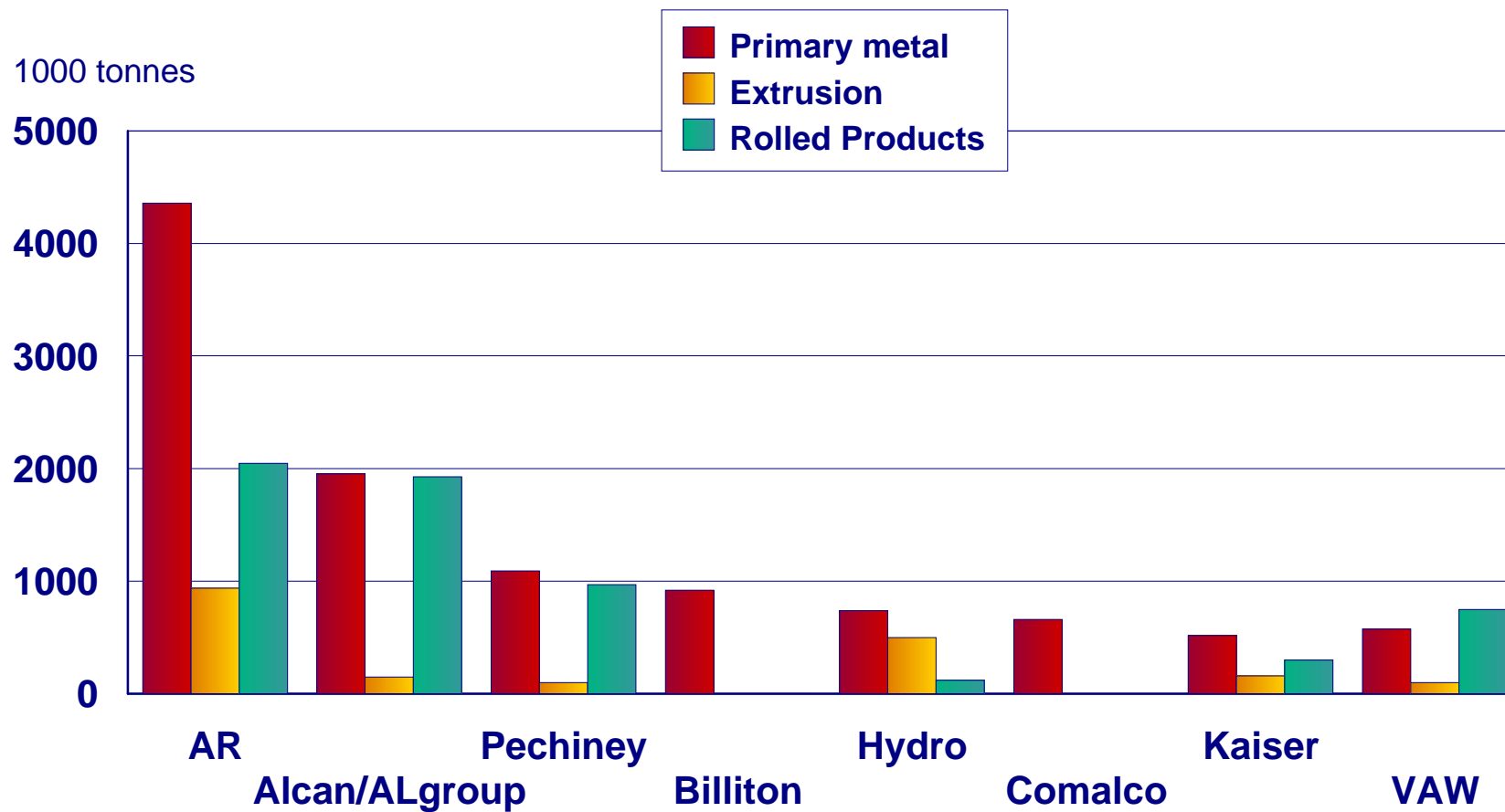
* Includes Saga

Source: Oil & Gas Journal McKinsey



New Global Industry Structure Aluminium

Production capacity year 2000



Light Metals - Selective growth

Aluminium ✓ **2.5% - 3% Growth in demand**

- **Transport**
- **Construction**
- **Packaging**

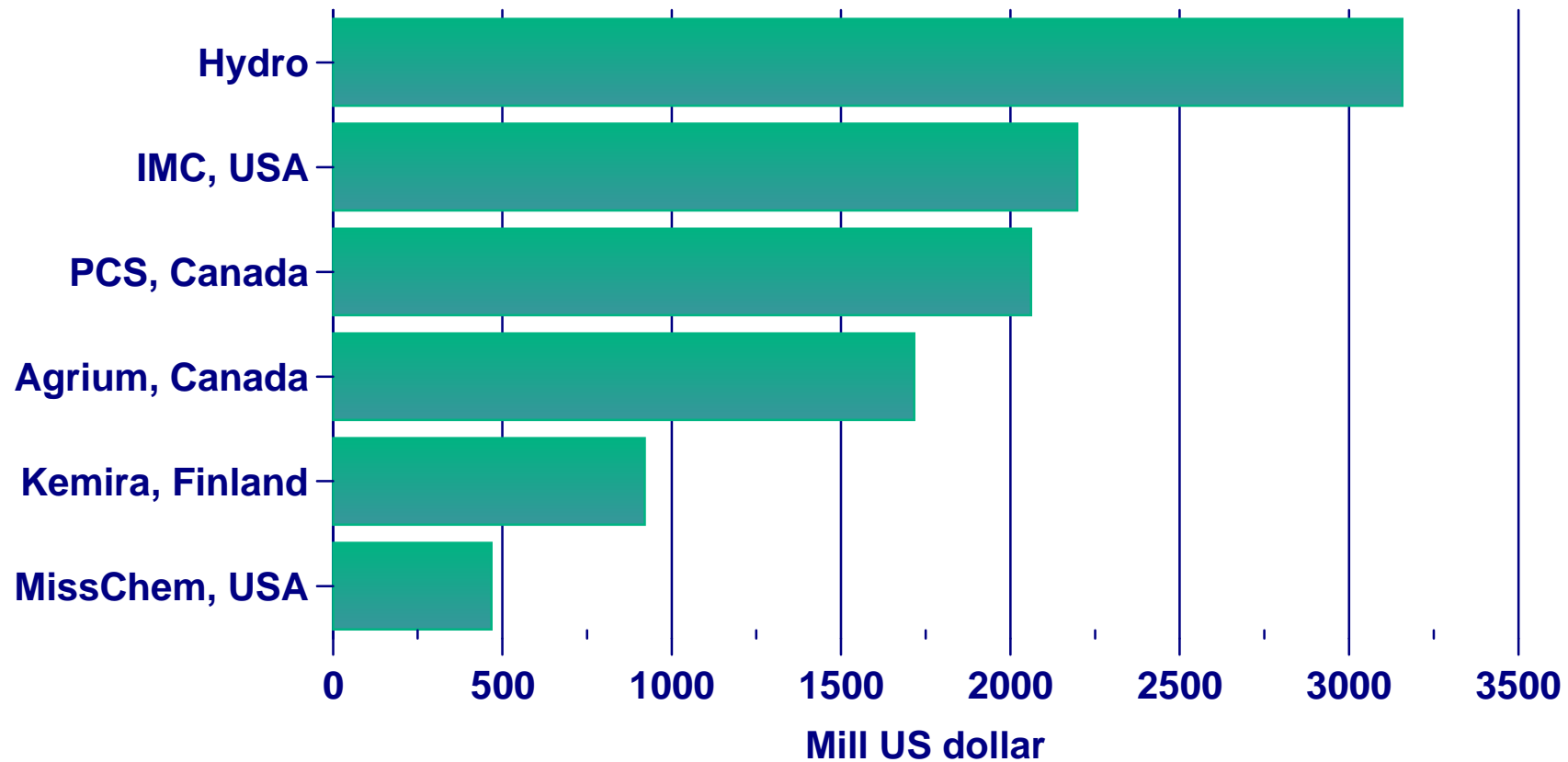
✓ **Recent strategic steps taken by Hydro**

- **Alliance in Brazil: Alumina and Metal**
- **Acquired US extrusion company: Wells**
- **Brownfield smelter investment in Norway**

Magnesium ✓ **World's largest producer**



Hydro - The leading supplier of Plant Nutrition - Globally



Revenue from Fertilizer in 1999



Agri - Turnaround mode

- ✓ **Hydro the largest producer in Europe - Capacity reduction within European industry**
- ✓ **Hydro has a global marketing and distribution network**
- ✓ **Global Market Growth of 1.5- 2.0% per year**
- ✓ **Fertilizer (and water) key input for efficient crop production**

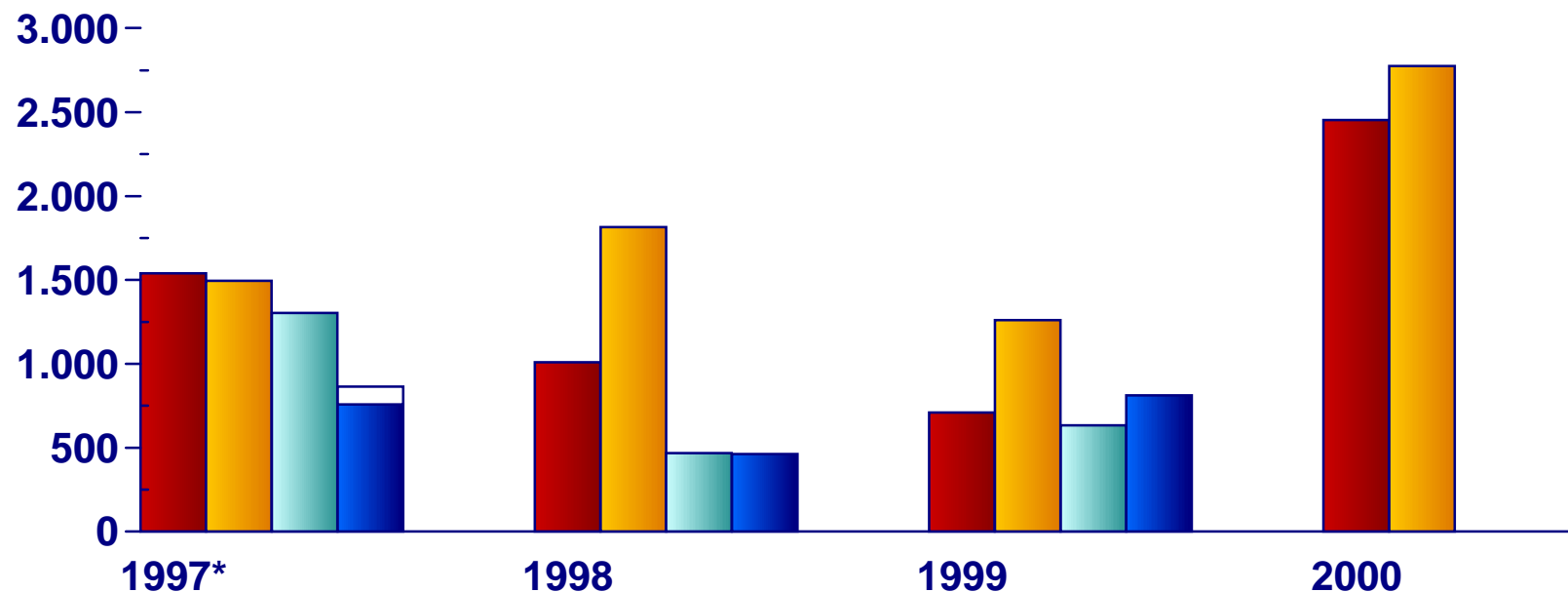


Financial performance by 2q. 2000

Net income

By quarter

NOK million



Accumulated	5,205	3,754	3,416	5,226
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*) After effect of changes in tax law, 4th qtr 1997, NOK 106 million

Financial strategy

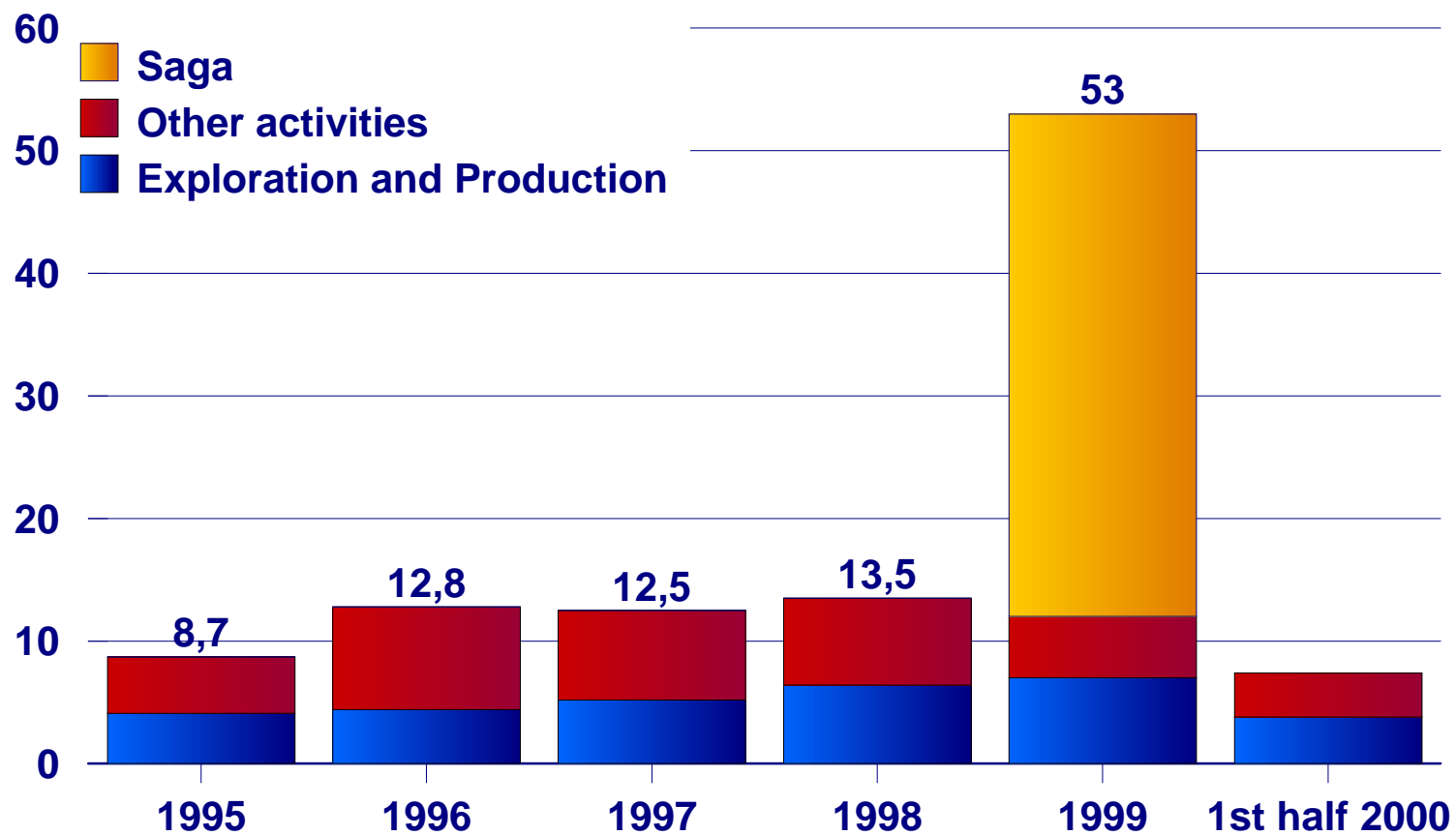
- **Limited ability to control timing of investments**
- **Ability to sell assets**
- **Keep all financing sources open**
 - **Bond market**
 - **Bank loans**

 - **Equity market**
- **Raise funds when markets are receptive**



Investments

NOK billion



Focusing and improving financial ratios

Divestments 1999 and 2000

- ✓ **Pronova Biopolymer**
- ✓ **Dyno shares**
- ✓ **UK oil and gas licences**
- ✓ **Hydro Seafood***
- ✓ **Others**

Total value 14 BNOK (1.6 billion USD)

***Approval from authority pending**

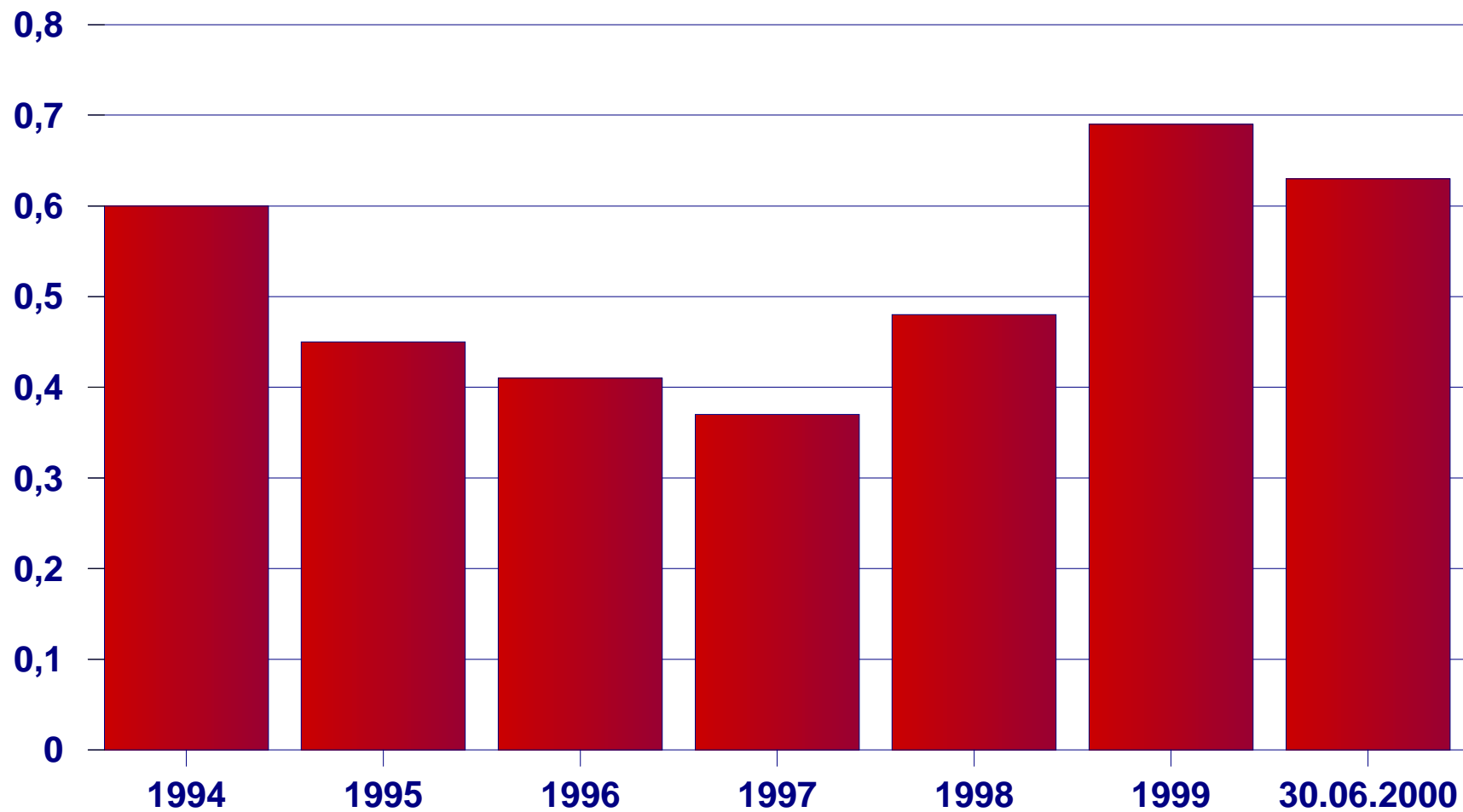
Financial targets

- ✓ Shareholder return 15-20% per year over a business cycle
- ✓ Cash Return on Gross Investment, nominal after tax 10%
- ✓ Return on new investments, real rate after tax 10%
- ✓ Dividend: Share of net income 30%
- ✓ Solidity: Longterm debt/equity 0,5



Financial position

Long-term debt/equity



Long-term interest bearing debt divided by shareholders' equity plus minority interest

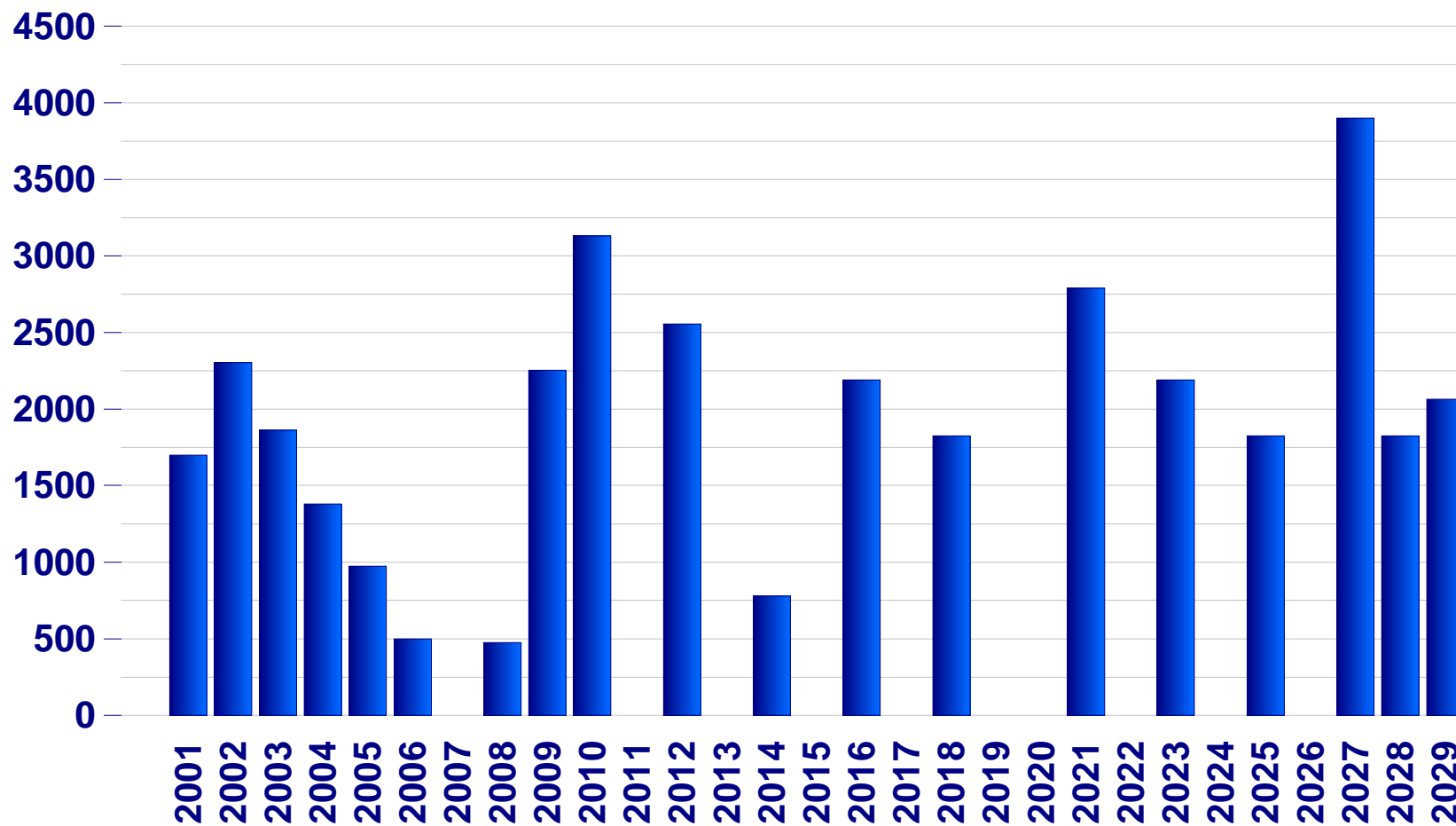
Funding Strategy

- ✓ Long-term funding - aligned with long term industrial perspective - mainly bonds
- ✓ Mainly fixed interest - predictability and stability
- ✓ Bond issues
 - 1980's Europe
 - 1990's US
 - 1999/00 400 Mill euroEurope likely to be more important for us in the future
- ✓ Maintain Investment Grade Rating



Long-term debt repayment profile

Average maturity: 15,2 years



Committed long-term standby credit facilities:

Committed short-term credit facilities:

USD 1.95 bn. (NOK 17.5)

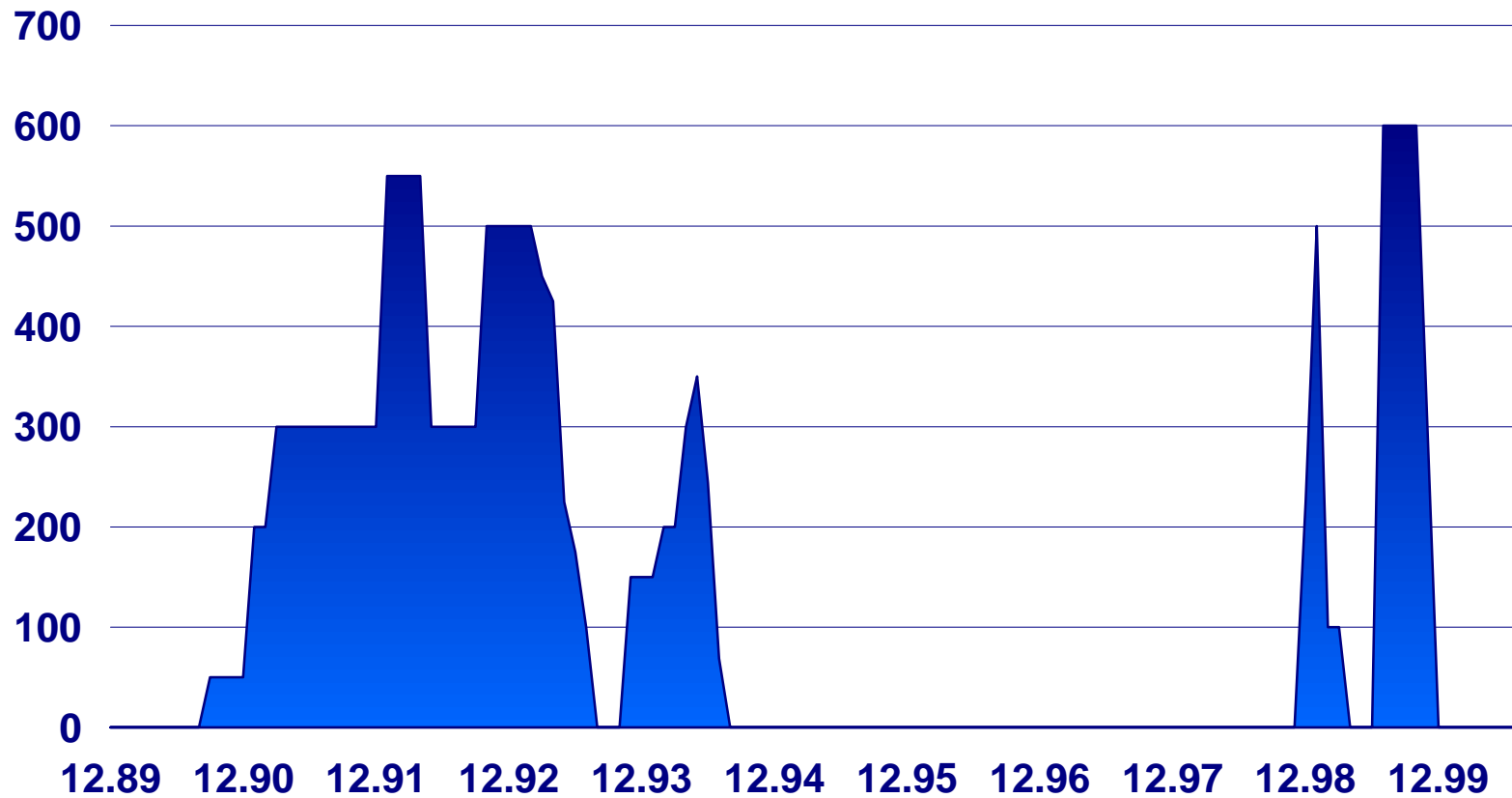
NOK 3.3 bn.



Drawdowns on long-term standby credit facilities

Norsk Hydro ASA

USD millions



Performance of Hydro's euro 400 mill. issue

Spread Developments - Norsk Hydro ASA EUR 400 million

