



# Press release

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[www.hydro.com](http://www.hydro.com)**Oslo, 12 February 2001:****STRONG GROWTH AND RECORD RESULT**

With net income of NOK 14 billion in 2000 Norsk Hydro has achieved its best ever result. The increase from NOK 3.4 billion in 1999 is due to a combination of the rapid implementation of the strategy presented in autumn 1999, internal improvement programs plus market conditions which were in many ways excellent for the company's main products. Earnings per share amounted to NOK 53.40 compared with NOK 13.80 in 1999. The sale of operations outside of the company's core areas contributed NOK 10.70 to earnings per share which, together with the record results, has helped to reduce the debt/equity ratio in real terms to 0.4, an even more solid achievement than the company's long-term target of 0.5.

The Board of Directors proposes a dividend per share of NOK 9,50, compared with NOK 8 in the previous year.

Hydro's operating revenues were NOK 157 billion, compared with NOK 112 billion in 1999. The impressive growth is mainly a result of significantly increased volumes in the Oil and Energy and Light Metals areas, as well as higher prices, particularly for oil and gas. The volume increases derive mainly from the take-over of Saga Petroleum in July 1999 and several acquisitions in the Light Metals area, including Wells Aluminum in the USA.

Operating income climbed from NOK 7.7 billion in 1999 to NOK 28.5 billion in 2000.

In the fourth quarter itself, net income was NOK 4.9 billion compared with NOK 0.8 billion in 1999. A gain of NOK 1.6 billion on the sale of Hydro Seafood was entered into the accounts for the quarter. Operating income was NOK 7.2 billion compared with NOK 2.7 billion in the previous year. While Oil and Energy and Agri continued to advance firmly in the fourth quarter, performance for Light Metals was somewhat weaker.

**"The improvement in results is significant and most satisfactory in all three main areas," says President and CEO Egil Myklebust. " Particularly pleasing is the progress made by Agri, which achieved decidedly better results than even the most ambitious targets set in autumn 1999. Our ambition to achieve further improvement is now even keener. A considerable share of Hydro's overall progress is due to conditions that we ourselves can influence, but we have also had the market on our side, not least because of high oil prices and a US dollar/Norwegian krone exchange rate favorable to Hydro."**

"Hydro's financial position has been lifted in the course of 2000 to a level which is markedly more robust than it was prior to the acquisition of Saga, as a result of the solid results and the sale of operations outside of our core areas. This provides Hydro with an extremely good platform for growth and the further development of the strategic positions of our core areas, enhancing our ability to boost value creation in the company."

"The one indicator that did not move in the right direction was our safety record development. Several fatal accidents occurred in connection with the company's operations. Despite the sharp focus directed towards this issue, we have not succeeded in making progress in the form of fewer accidents and serious incidents. The picture is admittedly complex. Hydro Agri, for example, has managed to combine far-reaching restructuring and rationalizing with decidedly better safety results. All in all there is a real need here for redoubled efforts and increased vigilance when it comes to safety, reinforcing the whole issue and making it a natural and integral part of the way we work," he concludes.

#### **HIGHLIGHTS FOR 2000 - THE YEAR AS A WHOLE AND THE FOURTH QUARTER:**

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<i>Results for the year ( NOK billion )</i>	2000	1999	Change
Operating revenues	157	112	45
Operating income	28.5	7.7	20.8
Net income	14.0	3.4	10.6
Net income in NOK per share	53.40	13.80	39.60

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<i>Results for the 4th. quarter (NOK billion)</i>	2000	1999	Change
Operating revenues	41.3	32.3	9
Operating income	7.2	2.7	4.5
Net income	4.9	0.8	4.1
Net income in NOK per share	18.60	3.10	15.50

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#### **OIL AND ENERGY**

Operating income for the Oil and Energy area in 2000 was NOK 21.8 billion, which is some three times higher than the previous year. The improvement is due to a considerably higher oil and gas price, a high dollar rate and an oil and gas production volume that is 21 percent higher. Net income in the fourth quarter was NOK 5.9 billion, up from NOK 2.9 billion in the previous year.

Hydro's production of oil and gas for the year averaged 413 000 barrels of oil equivalents (boe) per day, compared with 340 000 boe in 1999. The production level in the fourth quarter 2000 was 440 000 boe per day. The average oil price for the year was USD 28 dollar. In the fourth quarter it was USD 28.9.

Hydro's remaining oil and gas reserves at the turn of the year were 2040 million boe. Adjusted for the sale, purchase and exchange of reserves in the course of the year, Hydro has had a net reserve replacement equivalent to 111 percent of production.

Electricity production in the course of the year was 11.5 TWh compared with 10.4 TWh in

1999.

## **LIGHT METALS**

Operating income in 2000 was NOK 3.3 billion, an increase of some 50 percent compared to the previous year. The increase is due to higher aluminium prices and a significant growth in total business activity. Operating income in the fourth quarter was NOK 26 million, compared with NOK 687 million in the corresponding quarter of the previous year. The weakness in the fourth quarter was due partly to one-time effects and the negative impact of the price-hedging program, but a certain weakness in the American market and considerable pressure on magnesium prices also exerted a negative influence.

Aluminium prices realized in 2000 averaged roughly USD 1530 per tonne compared with USD 1380 per tonne in 1999.

Results for the extrusion operation demonstrated a 6 percent improvement compared with 1999, while the fourth quarter result was somewhat lower than previously. The result for the magnesium operation in 2000 was considerably weaker than in the previous year because of the price squeeze caused by greater exports from China, although sales volumes did increase.

## **AGRI**

Operating income for 2000 was NOK 1.3 billion, up by NOK 3 billion compared with 1999. The improvement is due to significant cost improvements in the operation plus better markets for plant nutrition. Operating income in the fourth quarter was NOK 96 million, compared with a loss of NOK 1.4 billion in the same quarter of 1999. In the course of 1999 and 2000 the work force in Hydro's plant nutrition activity was reduced by 2,500 persons, excluding acquisitions in Brazil and South Africa.

The improvement in the market for important plant nutrition products was consolidated towards the end of the year, although high gas prices do represent a challenge as far as margins are concerned.

## **OTHER ACTIVITIES**

The Petrochemicals operation has achieved a significantly improved result in 2000. Operating income for the year was NOK 265 million, compared with NOK 113 million in 1999. A considerably improved market was the most important reason for the improvement. The fourth quarter was, however, weaker than the same quarter in the previous year.

As far as future ownership of the petrochemicals operation is concerned, it has been concluded that conditions at the moment are not conducive to a reduction in Hydro's share. The operation will therefore be further developed as a wholly owned business so that a structural solution might later be found that will provide greater value creation for Hydro and its shareholders.

The sale of Hydro Seafood in the fourth quarter produced a pre-tax accounting gain of NOK 1,609 million, while the sale of Hydro's shareholding in Dyno, realized in the third quarter, generated earnings of NOK 954 million.

## **FINANCE**

Provisions for taxes for 2000 amount to NOK 16.2 billion, or 54 percent, which was marginally

lower than the 55 percent in 1999.

For more information regarding Norsk Hydro and the preliminary results for 2000, you are invited to view our web presentation :

**[www.hydro.com](http://www.hydro.com)**