



Press release

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CONTINUED HIGH CASH FLOW IN THIRD QUARTER FORCEFUL MEASURES TO COUNTER WEAKER MARKETS

CONSOLIDATED RESULTS (US GAAP) SECOND QUARTER

NOK million	Third quarter		01.01-30.09	
	2001	2000	2001	2000
Operating revenues	36,086	38,085	118,165	115,593
Operating income	4,741	7,462	18,251	21,223
Non-consolidated investees	17	146	301	541
Interest income and other financial income	655	507	2,059	1,063
Other income, net	418	1,413	597	1,552
Earnings before interest expense and taxes (EBIT)	5,831	9,528	21,208	24,379
Interest expense and foreign exchange gain (loss)	(250)	(1,240)	(2,573)	(3,785)
Income before taxes and minority interest	5,581	8,288	18,635	20,594
Income tax expense	(4,213)	(4,372)	(12,047)	(11,431)
Minority interest	(35)	(20)	160	(41)
Net income	1,333	3,896	6,748	9,122
Earnings per share (NOK)	5.20	14.90	26.10	34.80

Norsk Hydro's net income after tax in the third quarter was NOK 1,333 million, a decline of NOK 2,563 million in compared with the third quarter of 2000, and weaker than the results in the two first quarters of the current year. Approximately half of this decline was caused by lower gains on sale of activities compared to third quarter last year. Oil activities on the Norwegian continental shelf accounted for nearly the entire operating income in the third quarter. Tax for the quarter represented therefore 76 per cent of pre-tax income.

Operating income was NOK 4,741 million, a decline from NOK 7,462 million in the third quarter of 2000. The weaker result is largely due to the 18 per cent reduction in the average oil price when measured in Norwegian kroner. In addition, there have been negative impacts on earnings of NOK 340 million, resulting from a loss on option programs in the aluminium market, and of NOK 261 million representing costs in connection with the write-down of the

Porsgrunn magnesium plant.

Earnings per share were NOK 5.20 in the third quarter compared with NOK 14.90 in the same quarter last year, and NOK 26.10 so far this year, down from NOK 34.80 in 2000. The results in both 2000 and 2001 were influenced by earnings arising from the divestment of activities. When adjustments are made for this, earnings per share in the third quarter amount to NOK 3.60 (2000: NOK 8.80) and NOK 24.00 (2000: NOK 28.30) for the first three quarters.

Cash flow remains at a high level with EBITDA (earnings before interest, tax, depreciation and amortization) in the quarter at NOK 9,131 million. Developments in the underlying operations of the company's three core areas have been mainly positive, once market conditions are taken into consideration.

"In the course of the third quarter we have seen weaker trends in our most important markets, further intensified by the uncertainty that has spread following the terrorist attacks in the US. To meet the turbulence and uncertainty which have unsettled the international economy and also affected Hydro, we are carrying out continuous adjustments to capacity and costs throughout the entire operation. In fact, these tasks are now being addressed with renewed pace and vigor. The termination of magnesium production in Porsgrunn, proposed to the Corporate Assembly by the Board, is however a consequence of permanent structural changes in the magnesium market after Chinese producers, in the course of just a few years, have captured almost 40 per cent of the market with prices falling steeply as a result", says President and CEO Eivind Reiten.

Production developments in the Oil and Energy area have been positive and important steps have been taken internationally. Hydro's role as technical assistant and its 30 per cent stake in the attractive Block 34 off Angola have now been formalized, while an agreement was signed with Conoco in the third quarter for the takeover of a 25 per cent stake in 55 licenses in the Gulf of Mexico. Light Metals, the area most adversely affected by weaker market conditions, has implemented necessary adjustments, particularly in the downstream sector. The area is now taking extensive measures to further reduce costs and increase the efficiency of the organization. Hydro Agri has more than achieved its "Agri Turnaround" goals, and has by virtue of this program created a strong platform as the leading global plant nutrition company.

"We now have considerable scope for action. During the past two years of positive market conditions and high oil prices, we have established a much stronger financial platform, achieved greater cost efficiency and improved our market positions. With considerable cash reserves and a historically low debt ratio, we are well equipped to meet aggressively the challenges and opportunities we now see ahead. However, this scope for action will in no way lead to a reduction in our required return on investments. It is our clear ambition to keep ahead and do what is necessary to improve profitability and develop the company, in difficult times as well", says Reiten.

Third quarter 2001

NOK million	Operating income	Net cons. inv. interest & certain financial items	Other income	Depreciation and amortization	EBITDA
Hydro Oil and Energy	4,622	101	-	2,034	6,757
Hydro Light Metals	(146)	(27)	-	699	526
Hydro Agri	303	184	-	429	916

Petrochemicals and Other Activities	14	(117)	418	134	449
Corporate and Eliminations	(52)	531	-	4	483
Total	4,741	672	418	3,300	9,131

More information about Norsk Hydro ASA and the quarterly results are available on the Internet: www.hydro.com