



HYDRO

Fourth quarter report

4
2015

Contents

Financial review	3
Overview	3
Market developments and outlook	6
Additional factors impacting Hydro	8
Underlying EBIT	9
Finance	14
Tax	14
Items excluded from underlying EBIT and net income	15
Interim financial statements	17
Condensed consolidated statements of income (unaudited)	17
Condensed consolidated statements of comprehensive income (unaudited)	18
Condensed consolidated balance sheets (unaudited)	19
Condensed consolidated statements of cash flows (unaudited)	20
Condensed consolidated statements of changes in equity (unaudited)	21
Notes to the condensed consolidated financial statements (unaudited)	22
Additional information	26
Financial calendar	27

Overview

Summary underlying financial and operating results and liquidity

Key financial information	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
NOK million, except per share data							
Revenue	20 374	21 594	(6) %	21 656	(6) %	87 694	77 907
Earnings before financial items and tax (EBIT)	725	1 630	(56) %	2 295	(68) %	8 258	5 674
Items excluded from underlying EBIT	841	586	44 %	591	42 %	1 398	18
Underlying EBIT	1 566	2 215	(29) %	2 886	(46) %	9 656	5 692
<i>Underlying EBIT :</i>							
Bauxite & Alumina	532	628	(15) %	528	1 %	2 421	(55)
Primary Metal	407	762	(47) %	1 989	(80) %	4 628	3 937
Metal Markets	152	291	(48) %	221	(31) %	379	634
Rolled Products	204	331	(38) %	96	>100 %	1 142	698
Energy	353	191	85 %	360	(2) %	1 105	1 197
Other and eliminations ¹⁾	(83)	12	>(100) %	(308)	73 %	(19)	(717)
Underlying EBIT	1 566	2 215	(29) %	2 886	(46) %	9 656	5 692
Underlying EBITDA	2 969	3 394	(13) %	4 170	(29) %	14 680	10 299
Net income (loss)	541	(1 345)	>100 %	(168)	>100 %	2 333	1 228
Underlying net income (loss)	1 296	1 377	(6) %	1 979	(34) %	6 709	3 728
Earnings per share	0.23	(0.65)	>100 %	(0.18)	>100 %	0.99	0.39
Underlying earnings per share	0.59	0.61	(3) %	0.83	(29) %	2.98	1.55
<i>Financial data:</i>							
Investments ²⁾	2 556	1 316	94 %	1 449	76 %	5 865	3 625
Adjusted net interest-bearing debt	(8 173)	(9 272)	12 %	(13 587)	40 %	(8 173)	(13 587)

Key Operational information

Alumina production (kmt)	1 577	1 498	5 %	1 501	5 %	5 962	5 933
Primary aluminium production (kmt)	521	520	-	499	4 %	2 046	1 958
Realized aluminium price LME (USD/mt)	1 555	1 685	(8) %	1 997	(22) %	1 737	1 850
Realized aluminium price LME (NOK/mt) ³⁾	13 125	13 779	(5) %	13 355	(2) %	13 813	11 624
Realized NOK/USD exchange rate ³⁾	8.44	8.18	3 %	6.69	26 %	7.95	6.28
Metal products sales, total Hydro (kmt) ⁴⁾	779	809	(4) %	769	1 %	3 186	3 274
Rolled Products sales volumes to external market (kmt)	229	248	(8) %	213	7 %	948	946
Power production (GWh)	2 882	2 839	2 %	2 823	2 %	10 894	10 206

1) Other and eliminations includes Hydro's 50 percent share of underlying net income from Sapa.

2) Investments include non-cash elements relating to capitalized leases.

3) Including the effect of strategic hedges (hedge accounting applied).

4) Sales from casthouses (incl. Rheinwerk), remelters, third party sources and liquid metal. Sales volumes for 2014 have been restated.

Hydro's underlying earnings before financial items and tax declined to NOK 1,566 million in the fourth quarter, down from NOK 2,215 million in the third quarter of 2015. The decline mainly reflected lower aluminium and alumina prices and a continued decline in realized premiums, partly offset by positive currency effects.

Underlying EBIT for Bauxite & Alumina decreased compared to third quarter primarily due to lower LME and index linked alumina prices and higher depreciation, partly offset by higher sales volumes and positive currency effects from the weaker Brazilian Real. Production at both Paragominas and Alunorte increased, reaching record levels⁵⁾ for the quarter.

Underlying EBIT for Primary Metal declined in the fourth quarter due to lower realized prices and premiums. This was partly offset by a stronger US dollar and a decline in raw material costs mainly due to lower alumina costs. Sales volume were somewhat lower mainly due to seasonality.

Underlying EBIT for Metal Markets decreased in the quarter mainly due to negative currency effects.

Compared to the third quarter of 2015, underlying EBIT for Rolled Products declined mainly due to seasonally lower sales volumes.

In the fourth quarter, underlying EBIT for Energy increased mainly due to higher prices from the low level in the previous quarter and lower property taxes.⁶⁾

Underlying EBIT for Sapa declined compared to the third quarter mainly due to seasonally lower demand.

Operating cash flow amounted to NOK 4.3 billion for the fourth quarter, including a working capital reduction of NOK 1.7 billion. Cash used for investment activities amounted to NOK 2.1 billion. Hydro's net cash position increased during the fourth quarter by NOK 1.8 billion to NOK 5.1 billion at the end of the quarter. At the end of 2014, Hydro had a net debt position of NOK 0.1 billion, implying a positive net cash development of NOK 5.2 billion throughout the year.

By the end of 2015, Hydro's industry-leading improvement programs contributed roughly NOK 4.5 billion of annual improvements compared to 2011⁷⁾ including about NOK 800 million realized in 2015. For the full year, underlying EBIT improved significantly to NOK 9,656 million from NOK 5,692 million. In 2015, Bauxite & Alumina and Rolled Products achieved the best underlying EBIT since Hydro became a pure aluminium company in 2007, while Sapa's underlying results doubled compared to the previous year. Negative effects from lower realized LME prices and premiums were more than offset by positive currency effects from the stronger USD and ongoing improvement efforts.

For 2015, Hydro's Board of Directors proposes to pay a dividend of NOK 1 per share, demonstrating the company's commitment to provide a stable cash return to shareholders, and taking into account the uncertain market outlook. The proposed payment represents a 101 percent payout ratio for the year reflecting Hydro's operational performance for 2015 and strong financial position.

5) Since Hydro acquired Vale's aluminium business in 2011.

6) From 2015 property tax is charged to the period it becomes an unconditional payment obligation (in Norway when invoiced). This leads to periodic variations within the year without affecting the annual property tax level.

7) Except for the Primary Metal USD 300 per mt program which is compared to 2009.

Reported EBIT and net income

Reported earnings before financial items and tax amounted to NOK 725 million in the fourth quarter. In addition to the factors discussed above, reported EBIT included net unrealized derivative gains and negative metal effects of negative NOK 139 million in total. Reported earnings also included charges of NOK 285 million relating to the termination of the Vækero Park lease contract and net losses on divestments of NOK 365 million including losses of NOK 434 million related to the sale of the Slim rolling mill and gains of NOK 69 million in total related to sale of other assets. In addition, reported earnings included a net charge of NOK 53 million for Sapa (Hydro's share net of tax), including NOK 88 million relating to restructuring charges, NOK 73 million relating to unrealized derivative gains and NOK 38 million related to net foreign exchange losses.

In the previous quarter reported earnings before financial items and tax amounted to NOK 1,630 million including net unrealized derivative losses and negative metal effects of NOK 520 million in total. Reported earnings also included a charge of NOK 65 million for Sapa (Hydro's share net of tax), including NOK 48 million relating to restructuring charges.

Net income amounted to NOK 541 million in the fourth quarter including a net foreign exchange gain of NOK 48 million mainly reflecting marginal currency fluctuations and effects for the period, as well as significantly reduced US dollar intercompany debt. In the previous quarter, net income was negative NOK 1,345 million including a net foreign exchange loss of NOK 3,205 million mainly due to unrealized currency losses on US dollar debt, in particular in Brazil, and embedded derivatives in power contracts denominated in Euro.

For the full year 2015, reported earnings before financial items and tax amounted to NOK 8,258 million including net unrealized derivative gains and negative metal effects of negative NOK 454 million in total. Reported earnings also included charges of NOK 285 million relating to the termination of the Vækerø Park lease contract and net losses on divestments of NOK 365 million, including losses of NOK 434 million related to the sale of the Slim rolling mill and gains of NOK 69 million in total related to sale of other assets, together with other positive effects amounting to NOK 37 million. In addition, reported earnings included a net charge of NOK 331 million for Sapa (Hydro's share net of tax), including NOK 256 million relating to restructuring charges, NOK 66 million relating to unrealized derivative losses, a net foreign exchange loss of NOK 23 million and other positive effects of NOK 14 million.

In the previous year, reported earnings before financial items and tax amounted to NOK 5,674 million including net unrealized derivative gains and positive metal effects of NOK 729 million in total. Reported earnings also included impairment charges of NOK 207 million, net charges of NOK 512 million in Sapa mainly relating to restructuring activities and impairments of fixed assets in China and other items amounting to a net charge of NOK 28 million.

In 2015 net income amounted to NOK 2,333 million including a net foreign exchange loss of NOK 4,397 million. The net exchange loss in 2015 was mainly comprised of currency losses on US dollar debt in Brazil and embedded derivatives in power contracts denominated in Euro. The net foreign exchange loss also included losses on US dollar debt in Norway. In the previous year net income amounted to NOK 1,228 million including a net foreign exchange loss of NOK 3,161 million. In 2014 the net exchange loss related mainly to debt denominated in US dollar and intercompany balances denominated in Euro. In 2014 the foreign exchange loss also included unrealized losses on embedded derivatives in power contracts denominated in Euro.

Market developments and outlook

Market statistics ¹⁾	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
NOK/USD Average exchange rate	8.53	8.22	4 %	6.86	24 %	8.07	6.30
NOK/USD Balance sheet date exchange rate	8.81	8.50	4 %	7.43	19 %	8.81	7.43
NOK/BRL Average exchange rate	2.22	2.34	(5) %	2.70	(18) %	2.45	2.68
NOK/BRL Balance sheet date exchange rate	2.22	2.13	5 %	2.80	(20) %	2.22	2.80
NOK/EUR Average exchange rate	9.34	9.14	2 %	8.58	9 %	8.95	8.35
NOK/EUR Balance sheet date exchange rate	9.62	9.52	1 %	9.04	6 %	9.62	9.04
<i>Bauxite and alumina:</i>							
Average alumina price - Platts PAX FOB Australia (USD/t)	233	292	(20) %	355	(34) %	301	330
Global production of alumina (kmt)	28 823	28 610	1 %	27 542	5 %	112 405	106 283
Global production of alumina (ex. China) (kmt)	14 181	14 040	1 %	13 936	2 %	55 659	54 679
<i>Primary aluminium:</i>							
LME three month average (USD/mt)	1 509	1 621	(7) %	1 974	(24) %	1 680	1 894
LME three month average (NOK/mt)	12 859	13 309	(3) %	13 567	(5) %	13 508	11 962
Global production of primary aluminium (kmt)	14 584	14 605	-	14 036	4 %	57 504	54 207
Global consumption of primary aluminium (kmt)	14 384	14 485	(1) %	13 789	4 %	56 349	54 223
Global production of primary aluminium (ex. China) (kmt)	6 699	6 601	1 %	6 543	2 %	26 306	25 904
Global consumption of primary aluminium (ex. China) (kmt)	6 775	6 819	(1) %	6 614	2 %	27 237	26 931
Reported primary aluminium inventories (kmt)	6 550	6 902	(5) %	7 381	(11) %	6 550	7 381
<i>Rolled products and extruded products:</i>							
Consumption rolled products - Europe (kmt)	1 056	1 164	(9) %	1 031	2 %	4 525	4 442
Consumption rolled products - USA & Canada (kmt)	1 079	1 178	(8) %	1 121	(4) %	4 649	4 447
Consumption extruded products - Europe (kmt)	670	717	(7) %	670	-	2 863	2 861
Consumption extruded products - USA & Canada (kmt)	543	599	(9) %	536	1 %	2 334	2 217
<i>Energy:</i>							
Average southern Norway spot price (NO2) (NOK/MWh)	197	102	93 %	248	(21) %	177	228
Average nordic system spot price (NOK/MWh)	204	122	67 %	264	(23) %	187	248

1) Industry statistics and other information in the table and text have been derived from analyst reports, trade associations and other public sources including Hydro's own analysis unless otherwise indicated. The information included in this section does not have any direct relationship to the reported figures of Norsk Hydro. Amounts presented in prior reports may have been restated based on updated information. Currency rates have been derived from Norges Bank.

Bauxite and alumina

Chinese alumina imports amounted to 4.7 million mt for 2015, down 12 percent from 2014. Chinese bauxite imports increased to 56.1 million mt from 36.5 million mt in 2014. The increase was driven by imports from Malaysia which reached 24.2 million mt, an increase of 20.9 million mt compared to 2014. Beginning January 15, 2016, Malaysia imposed a three month moratorium on bauxite mining to reduce associated air, river and sea pollution.

Platts alumina spot prices averaged USD 233 per mt for the fourth quarter, a decrease of USD 59 per mt compared to the previous quarter. Average prices represented 15.4 percent of LME in the quarter compared with 18.1 percent in the previous quarter. According to Chinese import statistics, the average delivered China bauxite price was stable compared to the previous quarter, amounting to USD 51 per mt.

Primary aluminium

Three-month LME prices ranged between USD 1,435 and USD 1,627 per mt throughout the fourth quarter of 2015. Average LME three-month prices declined compared to the third quarter of 2015 by USD 112 per mt. In Europe, all-in prices including duty paid standard ingot premiums continued to decline during the first part of the quarter, before stabilizing, and ranged between USD 1,605 and USD 1,749 per mt.

Average standard ingot premiums increased slightly during the fourth quarter. European duty paid standard ingot premiums rose to USD 173 per mt at the end of the quarter compared to USD 110 at the beginning of the quarter, and averaged USD 158 per mt in the fourth quarter compared to USD 153 per mt in the third quarter. Midwest premiums started the quarter at USD 158 per mt, and ended the quarter at USD 196 per mt, averaging USD 181 per mt compared to USD 174 per mt in the third quarter.

Shanghai Futures Exchange (SHFE) prices declined 13 percent in the fourth quarter compared to the third quarter. The reduced prices, together with increased standard ingot premiums outside China, resulted in higher export arbitrage opportunities during the quarter. As a result, Chinese net exports of semi-fabricated products increased approximately 18 percent compared to the third quarter, primarily driven by an increase towards the end of the year. However, compared to fourth quarter in 2014, net exports of semi-fabricated products declined by 8 percent.

Global primary aluminium consumption decreased by 0.7 percent to 14.4 million mt in fourth quarter compared to the third quarter, due to seasonality. Compared to the fourth quarter of 2014, global demand increased by 4.3 percent. Global demand for 2015 grew by around 4 percent.

Outside China, demand decreased by 0.6 percent compared to the third quarter, but was 2.4 percent higher compared to the fourth quarter of 2014. Quarterly consumption amounted to 6.78 million mt for the fourth quarter of 2015. Corresponding production amounted to 6.70 million mt. Annualized production for 2015 increased 1.5 percent in the fourth quarter compared to the third quarter and 2.4 percent compared to the fourth quarter of 2014, largely driven by ramp-up of new production capacity in India and Canada. This was partly offset by curtailments in the US. Demand for primary aluminium outside China grew by around 1 percent in 2015.

Chinese aluminium consumption decreased by 0.8 percent in the fourth quarter, to 7.6 million mt, compared to the third quarter of 2015 but was up 6.0 percent compared to the fourth quarter of last year. Corresponding aluminium production decreased by 1.5 percent compared to third quarter, but increased 5.2 percent compared to the fourth quarter of 2014. While ramp up of new capacity continued in the Northwest regions and in Shandong and Inner Mongolia, capacity curtailments gained momentum throughout the quarter on the back of decreasing aluminium prices.

European demand for extrusion ingot stabilized in the fourth quarter 2015 compared to the same period one year ago. Demand for sheet ingot and primary foundry alloys increased, mainly due to positive developments in the automotive industry.

LME stocks have continued to decline, amounting to 2.9 million mt at the end of the fourth quarter compared to 3.2 million mt at the end of the third quarter of 2015. Compared to fourth quarter of last year, LME stocks were down 1.3 million mt. This, combined with global oversupply, implies an estimated increase in unreported stocks.

For 2016, global primary aluminium demand is expected to increase by 3-4 percent. Primary demand outside China is expected to grow by 2-4 percent in 2016, while Chinese demand is expected to increase by 3-5 percent.

Rolled products

European demand for flat rolled products declined in the fourth quarter of 2015 compared to the previous quarter mainly due to seasonality. Compared to the fourth quarter of last year, European consumption of flat rolled products increased by 2.4 percent.

Consumption of automotive products was seasonally lower, but strong compared to the fourth quarter of 2014 in particular due to the increasing production of cars with higher aluminium content. Building and construction demand remained weak, despite some signs of recovery. Demand for beverage can and foil remained solid during the quarter. In the fourth quarter, the European Commission decided to extend an anti-dumping duty on household foil from China. This was in addition to introducing anti-dumping duties on household foil from Russia for 5 years. Demand for general engineering products was good in the fourth quarter.

Demand for flat rolled products in Europe is expected to be seasonally higher in the first quarter of 2016.

Extruded products

Demand for extruded products in North America decreased by 9 percent compared to the previous quarter, due to seasonality. Compared to the same quarter of the previous year demand increased 1 percent as a result of increased building and construction activity and strong automotive demand. For the full year, North American extrusion demand grew 5 percent over 2014.

In Europe, extruded products demand declined 7 percent compared with the previous quarter, due to seasonality. Demand was overall stable both for the full year and the quarter when compared to the previous year. A weak European building and construction market was offset by most other segments.

Demand for extruded products is expected to seasonally improve going into the first quarter of 2016.

Energy

The Nordic system price started the quarter at record low levels due to increasing reservoir levels and the risk of flooding. Prices increased in October, due to drier weather conditions and finished significantly higher than the previous quarter despite downward pressure due to wet, mild and windy conditions and falling thermal generation costs later in the quarter.

The Nordic hydrological balance started the quarter around 6 TWh above normal and ended at around 12 TWh above normal. Water reservoirs in Norway were 82.5 percent of full capacity at the end of the quarter, which is 14 percentage points above normal. Snow reservoirs were slightly below normal at the end of the quarter.

Additional factors impacting Hydro

Primary Metal has sold forward around 50 percent of its expected primary aluminium production for the first quarter of 2016 at a price level of around USD 1,500 per mt.¹⁾ This excludes volumes from Qatalum.

Hydro has signed a Letter of Intent (LoI) with the Brazilian mining company Vale for the possible acquisition of Vale's 40 percent interest in Brazilian bauxite producer Mineração Rio do Norte (MRN).

Hydro has decided to build a pilot plant for full-scale industrial testing of its proprietary HAL4e technology at Karmøy, Norway. The plant is expected to have an annual production capacity of 75,000 mt and a net cost of approximately NOK 2.7 billion, which includes a contribution of NOK 1.5 billion from Enova, a Norwegian public enterprise which supports new energy and climate related technology. The plant is expected to be completed in the second half of 2017.

Sapa Profiles Inc. Portland (SPI), a subsidiary of Sapa AS (owned 50 percent by Hydro) is under investigation by the United States Department of Justice (DOJ) Civil and Criminal Divisions regarding aluminum extrusions that SPI manufactured from 1996 to 2015 and delivered to a supplier to NASA. SPI is cooperating fully in these investigations. In response to these pending investigations, Sapa has performed audits of its quality assurance processes at all relevant extrusion operations in North America, and is in the process of finalizing audits of its extrusion operations in Europe. Quality issues identified in these audits have been, or are in the process of being, addressed with the affected customers and remediation actions are being undertaken. The investigations are currently ongoing, and, at this point, the outcome of the DOJ investigations and of the identified quality issues, including financial consequences on Sapa, is uncertain. Based on the information known to Hydro at this stage, Hydro does not expect any resulting liabilities to have a material adverse effect on its consolidated results of operations, liquidity or financial position.

Norsk Hydro ASA has entered into an agreement with Oslo Pensjonsforsikring AS, a life insurance company wholly owned by the Municipality of Oslo, regarding the sale of Herøya Industripark AS. The transfer will likely occur during the first half of 2016 and is expected to give Hydro a book gain of approximately NOK 350 million.

1) Prices are fixed mainly one month prior to production. As a result, and due to the hedging of product inventories, Hydro's realized aluminium prices lag LME spot prices by around 1.5 to 2 months.

Underlying EBIT

Bauxite & Alumina

Operational and financial information	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Underlying EBIT (NOK million)	532	628	(15) %	528	1 %	2 421	(55)
Underlying EBITDA (NOK million)	1 165	1 048	11 %	1 046	11 %	4 404	1 747
Alumina production (kmt)	1 577	1 498	5 %	1 501	5 %	5 962	5 933
Sourced alumina (kmt)	590	806	(27) %	503	17 %	2 787	2 016
Total alumina sales (kmt)	2 368	2 268	4 %	2 043	16 %	8 871	7 942
Realized alumina price (USD/mt) ¹⁾	245	273	(10) %	303	(19) %	276	284
Bauxite production (kmt) ²⁾	2 959	2 735	8 %	2 582	15 %	10 060	9 481
Sourced bauxite (kmt) ³⁾	2 398	2 377	1 %	2 433	(1) %	8 684	8 815

1) Weighted average of own production and third party contracts. The majority of the alumina is sold linked to LME prices with a one month delay.

2) Paragominas on wet basis.

3) 40 percent MRN off take from Vale and 5 percent Hydro share on wet basis.

Underlying EBIT for Bauxite & Alumina decreased compared to third quarter primarily due to lower LME and index linked alumina prices and higher depreciation due to a reassessment of the useful life of certain assets. Negative developments were partly offset by higher sales volumes and positive currency effects from the weaker Brazilian Real. Production at both Paragominas and Alunorte increased, reaching record levels for the quarter.⁴⁾

Compared to the fourth quarter of 2014 underlying EBIT was stable. Higher bauxite and alumina production, positive currency effects and lower raw material costs offset the effects of lower realized alumina prices and higher depreciation.

Underlying EBIT for 2015 improved significantly compared to 2014, influenced by positive currency developments and lower raw material costs, partly offset by lower realized alumina prices. Both Paragominas and Alunorte reached record production for 2015. In 2015, Bauxite & Alumina also achieved the best underlying EBIT since Hydro acquired the business in 2011. Bauxite & Alumina completed the "From B to A" improvement program realizing NOK 300 million during the year and reached the overall targeted improvement of NOK 1 billion compared to 2011.

4) Since Hydro acquired Vale's aluminium business in 2011.

Primary Metal

	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Operational and financial information ¹⁾							
Underlying EBIT (NOK million)	407	762	(47) %	1 989	(80) %	4 628	3 937
Underlying EBITDA (NOK million)	883	1 245	(29) %	2 489	(65) %	6 581	5 745
Realized aluminium price LME (USD/mt) ²⁾	1 555	1 685	(8) %	1 997	(22) %	1 737	1 850
Realized aluminium price LME (NOK/mt) ²⁾	13 125	13 779	(5) %	13 355	(2) %	13 813	11 624
Realized premium above LME (USD/mt) ³⁾	291	342	(15) %	575	(49) %	439	500
Realized premium above LME (NOK/mt) ³⁾	2 460	2 796	(12) %	3 845	(36) %	3 492	3 140
Realized NOK/USD exchange rate	8.44	8.18	3 %	6.69	26 %	7.95	6.28
Primary aluminium production (kmt)	521	520	-	499	4 %	2 046	1 958
Casthouse production (kmt)	525	524	-	515	2 %	2 059	2 088
Total sales (kmt)	531	550	(3) %	527	1 %	2 159	2 220

1) Operating and financial information includes Hydro's proportionate share of underlying income (loss), production and sales volumes in equity accounted investments. Realized prices, premiums and exchange rates exclude equity accounted investments, and include the effects of strategic currency hedges (hedge accounting applied).

2) Realized aluminium prices lag the LME price developments by approximately 1.5 - 2 months.

3) Average realized premium above LME for casthouse sales from Primary Metal.

	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Operational and financial information Qatalum (50%)							
Revenue (NOK million)	1 226	1 242	(1) %	1 510	(19) %	5 502	4 918
Underlying EBIT (NOK million)	(105)	85	>(100) %	371	>(100) %	588	874
Underlying EBITDA (NOK million)	216	365	(41) %	614	(65) %	1 750	1 772
Underlying Net income (loss) (NOK million)	(167)	26	>(100) %	317	>(100) %	350	693
Primary aluminium production (kmt)	77	77	-	77	-	305	306
Casthouse sales (kmt)	84	76	11 %	85	(1) %	320	328

Underlying EBIT for Primary Metal declined in the fourth quarter due to lower realized prices and premiums. This was partly offset by a stronger US dollar, and a decline in raw material costs mainly due to lower alumina costs. Sales volume were somewhat lower mainly due to seasonality.

Hydro's share of underlying results from Qatalum also declined in the fourth quarter of 2015 mainly due to lower realized aluminium prices and premiums, further affected by a time lag in the recognition of realized premiums.

Compared to the fourth quarter of 2014, underlying EBIT declined due to lower realized premiums and aluminium prices partly offset by positive currency effects of the stronger USD. Results from Qatalum also had a negative effect on underlying results for the quarter, driven mainly by lower realized all-in metal prices.

Underlying EBIT for the year 2015 improved compared with 2014 despite lower realized LME and premiums due to significant positive effects of the stronger US dollar. At the end of 2015, Primary Metal achieved improvements of about USD 140 per mt (Hydro's share) for our global joint venture operations.

Metal Markets

Operational and financial information	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Underlying EBIT (NOK million)	152	291	(48) %	221	(31) %	379	634
Currency effects ¹⁾	(43)	71	>(100) %	55	>(100) %	(43)	44
Inventory valuation effects ²⁾	15	31	(53) %	37	(60) %	(29)	31
Underlying EBIT excl. currency and ingot inventory effects	180	189	(5) %	130	39 %	451	559
Underlying EBITDA (NOK million)	180	317	(43) %	243	(26) %	480	712
Remelt production (kmt)	130	117	11 %	130	-	533	538
Metal products sales excluding ingot trading (kmt) ³⁾	676	676	-	654	3 %	2 728	2 852
Hereof external sales (kmt) ⁴⁾	613	616	-	596	3 %	2 474	2 478

1) Includes the effects of changes in currency rates on sales and purchase contracts denominated in foreign currencies (mainly US dollar and Euro for our European operations) and the effects of changes in currency rates on the fair valuation of derivative contracts (including LME futures) and inventories mainly translated into Norwegian kroner. Hydro manages its external currency exposure on a consolidated basis in order to take advantage of offsetting positions. Currency effects for 2014 have been restated.

2) Comprised of hedging gains and losses relating to inventories. Increasing LME prices result in unrealized hedging losses, while the offsetting gains on physical inventories are not recognized until realized. In periods of declining prices, unrealized hedging gains are offset by write-downs of physical inventories.

3) Includes external and internal sales from primary casthouse operations, remelters and third party metal sources. Sales volumes for 2014 have been restated.

4) Sales volumes for 2014 have been restated.

Underlying EBIT for Metal Markets decreased in the fourth quarter mainly due to negative currency effects.

Compared to the fourth quarter of 2014, underlying EBIT for Metal Markets declined, influenced by negative currency effects partly offset by higher results from sourcing and trading activities.

Underlying EBIT for the year 2015 decreased compared the previous year, mainly due to substantial losses from sourcing and trading activities due to the decline in standard ingot premiums. This was partly offset by higher results from remelt operations. In addition, underlying results were also influenced by negative currency and inventory valuation effects.

Rolled Products

Operational and financial information	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Underlying EBIT (NOK million)	204	331	(38) %	96	>100 %	1 142	698
Underlying EBITDA (NOK million)	404	517	(22) %	280	44 %	1 873	1 398
Sales volumes to external market (kmt)	229	248	(8) %	213	7 %	948	946

Sales volumes to external markets (kmt) - Customer business units

Packaging and building ¹⁾	91	97	(7) %	82	10 %	371	365
Lithography, automotive & heat exchanger	70	78	(10) %	73	(4) %	300	317
General engineering	69	73	(7) %	58	17 %	277	263
Rolled Products	229	248	(8) %	213	7 %	948	946

1) Includes beverage can, foil packaging and lacquered building products.

Underlying EBIT for Rolled Products declined compared with the third quarter of 2015 mainly due to seasonally lower sales volumes.

Compared with the fourth quarter of 2014, underlying EBIT increased, influenced by significantly higher sales volumes and improved margins, including positive currency effects mainly related to the stronger USD.²⁾ Positive developments were partly offset by lower results for the Rheinwerk smelter due to the significant decline in all-in metal prices.

Underlying EBIT for the year 2015 improved significantly, mainly due to positive currency developments from the stronger USD.²⁾ Margins improved somewhat, mainly for our general engineering segment.

In 2015, Rolled Products completed the "Climb" improvement program one year ahead of schedule achieving cumulative annual saving and improvements of NOK 800 million compared to 2011.

2) Rolled Products incurs currency gains and losses on export sales from its Euro based operations mainly denominated in US dollars. These gains and losses affect the value of the margin contribution to underlying EBIT and can be significant. Offsetting gains and losses on internal currency hedges are reported as financial items.

Energy

Operational and financial information	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Underlying EBIT (NOK million)	353	191	85 %	360	(2) %	1 105	1 197
Underlying EBITDA (NOK million)	403	241	67 %	402	-	1 300	1 360
Direct production costs (NOK million) ¹⁾	134	159	(16) %	167	(20) %	610	608
Power production (GWh)	2 882	2 839	2 %	2 823	2 %	10 894	10 206
External power sourcing (GWh)	2 254	2 242	1 %	2 271	(1) %	8 918	9 315
Internal contract sales (GWh)	3 531	3 529	-	3 421	3 %	13 731	13 514
External contract sales (GWh)	313	188	66 %	335	(6) %	1 093	1 187
Net spot sales (GWh)	1 292	1 363	(5) %	1 339	(3) %	4 989	4 820

1) Includes maintenance and operational costs, transmission costs, property taxes and concession fees for Hydro as operator.

Underlying EBIT for Energy increased compared to the third quarter, mainly due to higher prices from the low level in the previous quarter and lower property taxes.²⁾

Compared to the fourth quarter in 2014, underlying EBIT decreased slightly due to lower spot prices mainly offset by lower property taxes.²⁾

Underlying EBIT for 2015 declined compared to the previous year mainly due to lower spot prices partly offset by higher production.

2) From 2015 property tax is charged to the period it becomes an unconditional payment obligation (in Norway when invoiced). This leads to periodic variations within the year without affecting the annual property tax level.

Other and eliminations

Financial information NOK million	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Sapa (50%) ¹⁾	70	120	(42) %	(22)	>100 %	454	199
Other	(169)	(95)	(78) %	(118)	(44) %	(531)	(549)
Eliminations	17	(13)	>100 %	(168)	>100 %	58	(367)
Underlying EBIT Other and eliminations	(83)	12	>(100) %	(308)	73 %	(19)	(717)

1) Hydro's share of Sapa's underlying net income.

Eliminations are comprised mainly of unrealized gains and losses on inventories purchased from group companies which fluctuate with product flows, volumes and margin developments throughout Hydro's value chain.

Operational and financial information Sapa (50%)	Fourth quarter 2015	Third quarter 2015	%change prior quarter	Fourth quarter 2014	%change prior year quarter	Year 2015	Year 2014
Revenue (NOK million) ²⁾	6 410	6 948	(8) %	5 921	8 %	27 626	23 105
Underlying EBIT (NOK million)	64	202	(68) %	(27)	>100 %	704	326
Underlying EBITDA (NOK million)	245	367	(33) %	171	43 %	1 364	958
Underlying Net income (loss) (NOK million)	70	120	(42) %	(22)	>100 %	454	199
Sales volumes (kmt)	156	171	(9) %	161	(3) %	682	699

2) Historical revenues have been reclassified.

Compared to the previous quarter, underlying EBIT for Sapa declined mainly due to seasonally lower demand.

Underlying EBIT for Sapa increased compared to the same quarter of the previous year mainly due to the effects of the improvement programs, continued growth in North American demand and increased added value operations. Underlying EBIT for the fourth quarter was negatively affected by Sapa's measures to address, and consequences of, unsanctioned quality testing practices in North America.³⁾

The restructuring program initiated in 2013, targeting annual synergies of around NOK one billion by the end of 2016, reached its target in 2015, one year ahead of time. In addition to the factors mentioned above, reported EBIT for the fourth quarter was affected by charges related to restructuring activities, partly offset by unrealized gains from derivatives.

Underlying EBIT for 2015 improved compared with 2014 supported mainly by internal improvements and strong performance in the North American operation. Positive effects from a weakening Norwegian krone was offset by sharply falling metal premiums.

Net interest-bearing debt at the end of 2015 amounted to roughly NOK 1.8 billion, which is at the same level as when the Sapa joint venture was established on September 1, 2013.

3) See discussion on unsanctioned quality testing practices in North America in Additional factors impacting Hydro section of this report for more information.

Finance

Financial income (expense)	Fourth quarter 2015	Third quarter 2015	% change prior quarter	Fourth quarter 2014	% change prior year quarter	Year 2015	Year 2014
NOK million							
Interest income	89	56	57 %	73	21 %	279	275
Dividends received and net gain (loss) on securities	16	(10)	>100%	41	(62)%	18	71
Financial income	104	47	>100%	115	(9)%	297	347
Interest expense	(75)	(93)	20 %	(108)	31 %	(337)	(438)
Capitalized interest	17	10	70 %	-	-	34	3
Net foreign exchange gain (loss)	48	(3 205)	>100%	(2 252)	>100%	(4 397)	(3 161)
Net interest on pension liability	(106)	(38)	>(100)%	(49)	>(100)%	(215)	(189)
Other	(59)	(62)	5 %	(47)	(24)%	(215)	(115)
Financial expense	(174)	(3 388)	95 %	(2 456)	93 %	(5 130)	(3 900)
Financial income (expense), net	(70)	(3 341)	98 %	(2 341)	97 %	(4 834)	(3 554)

The net foreign exchange gain of NOK 48 million reflects marginal currency fluctuations and effects for the period, as well as significantly reduced US dollar intercompany debt.

For the full year 2015, the net foreign exchange loss was mainly comprised of unrealized currency losses on US dollar debt in Brazil and embedded derivatives in power contracts denominated in Euro. The net foreign exchange loss also included unrealized losses on US dollar debt in Norway. The losses reflect a strengthening of USD versus BRL and NOK as well as strengthening of Euro versus NOK during the year.

Tax

Income tax expense amounted to NOK 113 million for the fourth quarter of 2015. For the full year 2015, tax expense was about 32 percent of income before tax. The tax rate reflects a recognition of US tax assets previously not recognized, partly offset by power sur taxes and the loss on the sale of the Slim rolling mill, which is not tax deductible.

Items excluded from underlying EBIT and net income

To provide a better understanding of Hydro's underlying performance, the items in the table below have been excluded from EBIT and net income.

Items excluded from underlying EBIT are comprised mainly of unrealized gains and losses on certain derivatives, impairment and rationalization charges, effects of disposals of businesses and operating assets, as well as other items that are of a special nature or are not expected to be incurred on an ongoing basis.

Items excluded from underlying net income ¹⁾	Fourth quarter 2015	Third quarter 2015	Fourth quarter 2014	Year 2015	Year 2014
NOK million					
Unrealized derivative effects on LME related contracts ²⁾	(5)	249	-	415	(352)
Unrealized derivative effects on power and raw material contracts ³⁾	(33)	(73)	261	(419)	72
Metal effect, Rolled Products ⁴⁾	177	344	(189)	458	(449)
Significant rationalization charges and closure costs ⁵⁾	-	-	-	-	-
Impairment charges (PP&E and equity accounted investments) ⁶⁾	-	-	145	-	207
(Gains)/losses on divestments ⁷⁾	365	-	-	365	(8)
Other effects ⁸⁾	285	-	36	248	36
Items excluded in equity accounted investment (Sapa)	53	65	337	331	512
Items excluded from underlying EBIT	841	586	591	1 398	18
Net foreign exchange (gain)/loss ⁹⁾	(48)	3 205	2 252	4 397	3 161
Calculated income tax effect ¹⁰⁾	(38)	(1 069)	(696)	(1 418)	(680)
Items excluded from underlying net income	755	2 721	2 147	4 377	2 499

1) Negative figures indicate a gain and positive figures indicate a loss.

2) Unrealized gains and losses on contracts used for operational hedging purposes where hedge accounting is not applied, as well as for LME derivatives in equity accounted investments and elimination of changes in fair value of certain internal physical aluminium contracts.

3) Unrealized gains and losses on embedded derivatives in raw material and power contracts for own use and financial power contracts used for hedging purposes, as well as financial power contracts in equity accounted investments and elimination of changes in fair value of embedded derivatives within certain internal power contracts.

4) Timing differences resulting from inventory adjustments due to changing aluminium prices during the production, sales and logistics process, as well as inventory write-downs for Rolled Products.

5) Costs that are typically non-recurring for significant individual plants or operations, for example termination benefits, plant removal costs and clean-up activities in excess of legal liabilities, etc.

6) Write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value.

7) Net gain or loss on divested businesses and individual major assets.

8) Other effects include recognition of pension plan amendments and related curtailments and settlements, insurance proceeds, legal settlements, etc.

9) Realized and unrealized gains and losses on foreign currency denominated accounts receivable and payable, funding and deposits, forward currency contracts purchasing and selling currencies that hedge net future cash flows from operations, embedded foreign currency derivatives in power contracts, sales contracts and working capital.

10) In order to present underlying net income on a basis comparable with our underlying operating performance, we have calculated an income tax effect of items excluded from underlying income before tax.

Items excluded from underlying EBIT - Operating segments

The following includes a summary table of items excluded from underlying EBIT for each of the operating segments and for Other and eliminations.

Items excluded from underlying EBIT ¹⁾	Fourth quarter 2015	Third quarter 2015	Fourth quarter 2014	Year 2015	Year 2014
NOK million					
Unrealized derivative effects on LME related contracts	19	(6)	(10)	11	(16)
Bauxite & Alumina	19	(6)	(10)	11	(16)
Unrealized derivative effects on LME related contracts	7	75	-	95	(86)
Unrealized derivative effects on power contracts	89	23	27	112	63
Unrealized derivative effects on power contracts (Søral)	-	-	57	-	(16)
Unrealized derivative effects on raw material contracts	-	-	10	-	37
Impairment charges (Qatalum)	-	-	-	-	28
Insurance compensation (Qatalum)	-	-	(55)	(37)	(55)
Transaction effects Søral acquisition	-	-	38	-	38
Primary Metal	96	99	77	169	9
Unrealized derivative effects on LME related contracts	12	86	(64)	199	(117)
Impairment charges	-	-	-	-	33
Metal Markets	12	86	(64)	199	(83)
Unrealized derivative effects on LME related contracts	(49)	82	76	95	(119)
Metal effect	177	344	(189)	458	(449)
Impairment charges	-	-	145	-	145
(Gains)/losses on divestments	434	-	-	434	-
Rolled Products	562	426	32	988	(423)
Unrealized derivative effects on power contracts	1	10	(2)	3	4
Energy	1	10	(2)	3	4
Unrealized derivative effects on power contracts ²⁾	(122)	(106)	170	(533)	(16)
Unrealized derivative effects on LME related contracts ²⁾	6	12	(3)	15	(13)
(Gains)/losses on divestments	(69)	-	-	(69)	(8)
Items excluded in equity accounted investment (Sapa)	53	65	337	331	512
Termination of lease contract Vækerø Park	285	-	-	285	-
Other effects ³⁾	-	-	53	-	53
Other and eliminations	152	(29)	558	28	528
Items excluded from underlying EBIT	841	586	591	1 398	18

1) Negative figures indicate a gain and positive figures indicate a loss.

2) Unrealized derivative effects on power contracts and LME related contracts result from elimination of changes in the valuation of embedded derivatives within certain internal power contracts and in the valuation of certain internal aluminium contracts.

3) Other effects include the remeasurement of environmental liabilities, due to change in interest rate, related to closed business in Germany.

Interim financial statements

Condensed consolidated statements of income (unaudited)

NOK million, except per share data	Fourth quarter		Year	
	2015	2014	2015	2014
Revenue	20 374	21 656	87 694	77 907
Share of the profit (loss) in equity accounted investments	(144)	(34)	512	415
Other income, net	(172)	327	461	751
Total revenue and income	20 057	21 948	88 667	79 073
Raw material and energy expense	12 933	13 697	56 330	51 480
Employee benefit expense	2 309	2 104	9 048	8 089
Depreciation, amortization and impairment	1 403	1 428	5 023	4 771
Other expenses	2 687	2 424	10 008	9 059
Total expenses	19 332	19 653	80 409	73 399
Earnings before financial items and tax (EBIT)	725	2 295	8 258	5 674
Financial income	104	115	297	347
Financial expense	(174)	(2 456)	(5 130)	(3 900)
Financial income (expense), net	(70)	(2 341)	(4 834)	(3 554)
Income (loss) before tax	655	(46)	3 425	2 121
Income taxes	(113)	(122)	(1 092)	(892)
Net income (loss)	541	(168)	2 333	1 228
Net income (loss) attributable to minority interests	63	202	313	432
Net income (loss) attributable to Hydro shareholders	478	(370)	2 020	797
Basic and diluted earnings per share attributable to Hydro shareholders (in NOK) ¹⁾	0.23	(0.18)	0.99	0.39
Weighted average number of outstanding shares (million)	2 042	2 040	2 041	2 040

1) Basic earnings per share are computed using the weighted average number of ordinary shares outstanding. There were no significant diluting elements.

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed consolidated statements of comprehensive income (unaudited)

NOK million	Fourth quarter		Year	
	2015	2014	2015	2014
Net income (loss)	541	(168)	2 333	1 228
Other comprehensive income				
Items that will not be reclassified to income statement:				
Remeasurement postemployment benefits, net of tax	(838)	(988)	764	(2 340)
Share of remeasurement postemployment benefit of equity accounted investments, net of tax	126	(151)	126	(150)
Total	(712)	(1 138)	890	(2 490)
Items that will be reclassified to income statement:				
Currency translation differences, net of tax	3 443	6 184	(2 130)	7 004
Unrealized gain (loss) on securities, net of tax	(104)	34	15	90
Cash flow hedges, net of tax	(62)	23	72	9
Share of items that will be recycled to profit or loss of equity accounted investments, net of tax	193	663	502	666
Total	3 470	6 904	(1 541)	7 769
Other comprehensive income	2 758	5 766	(651)	5 279
Total comprehensive income	3 300	5 598	1 681	6 507
Total comprehensive income attributable to minority interests	415	684	(418)	959
Total comprehensive income attributable to Hydro shareholders	2 885	4 915	2 099	5 548

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed balance sheets (unaudited)

NOK million, except number of shares	December 31	
	2015	2014
Assets		
Cash and cash equivalents	6 917	9 253
Short-term investments	5 752	1 786
Accounts receivables	10 797	11 703
Inventories	12 192	12 642
Other current assets	502	543
Total current assets	36 160	35 927
Property, plant and equipment	51 174	55 719
Intangible assets	5 121	5 947
Investments accounted for using the equity method	20 150	18 095
Prepaid pension	3 382	2 881
Other non-current assets	6 557	7 703
Total non-current assets	86 384	90 345
Total assets	122 544	126 273
Liabilities and equity		
Bank loans and other interest-bearing short-term debt	3 562	6 039
Trade and other payables	9 375	9 663
Other current liabilities	4 462	3 414
Total current liabilities	17 399	19 116
Long-term debt	3 969	5 128
Provisions	3 264	3 993
Pension liabilities	12 782	12 796
Deferred tax liabilities	1 999	1 676
Other non-current liabilities	3 801	3 622
Total non-current liabilities	25 816	27 215
Total liabilities	43 215	46 332
Equity attributable to Hydro shareholders	74 169	74 030
Minority interest	5 159	5 911
Total equity	79 329	79 941
Total liabilities and equity	122 544	126 273
Total number of outstanding shares (million)	2 042	2 040

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed consolidated statements of cash flows (unaudited)

NOK million	Fourth quarter		Year	
	2015	2014	2015	2014
Operating activities				
Net income (loss)	541	(168)	2 333	1 228
Depreciation, amortization and impairment	1 403	1 428	5 023	4 771
Other adjustments	2 458	3 126	7 017	(34)
Net cash provided by continuing operating activities	4 402	4 386	14 373	5 965
Investing activities				
Purchases of property, plant and equipment	(2 103)	(1 133)	(5 254)	(3 294)
Purchases of other long-term investments	(54)	214	(212)	166
Purchases of short-term investments	(4 000)	(500)	(5 050)	(1 500)
Proceeds from long-term investing activities	62	86	125	103
Proceeds from sales of short-term investments	-	500	1 000	2 250
Net cash used in continuing investing activities	(6 095)	(833)	(9 391)	(2 275)
Financing activities				
Loan proceeds	319	1 849	2 340	6 880
Principal repayments	(918)	(2 487)	(7 042)	(8 226)
Net increase (decrease) in other short-term debt	(239)	201	(344)	170
Proceeds from shares issued	10	5	35	21
Dividends paid	(61)	(257)	(2 370)	(1 943)
Net cash used in continuing financing activities	(889)	(689)	(7 381)	(3 098)
Foreign currency effects on cash and bank overdraft	180	339	68	387
Net cash used in discontinued operations	-	-	-	(139)
Net increase (decrease) in cash, cash equivalents and bank overdraft	(2 402)	3 203	(2 331)	840
Cash, cash equivalents and bank overdraft at beginning of period	9 319	6 045	9 248	8 408
Cash, cash equivalents and bank overdraft at end of period	6 917	9 248	6 917	9 248

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Condensed consolidated statements of changes in equity (unaudited)

NOK million	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Other components of equity	Equity attributable to Hydro		Total equity
						shareholders	Minority interests	
January 1, 2014	2 272	29 049	(1 006)	46 617	(6 950)	69 981	5 283	75 264
<i>Changes in equity for 2014</i>								
Treasury shares reissued to employees		(4)	35			31		31
Dividends				(1 530)		(1 530)	(331)	(1 861)
Items not reclassified to income statement in subsidiaries sold/liquidated				(12)	12	-		-
Total comprehensive income for the period				797	4 751	5 548	959	6 507
December 31, 2014	2 272	29 045	(972)	45 872	(2 187)	74 030	5 911	79 941
<i>Changes in equity for 2015</i>								
Treasury shares reissued to employees		24	58			82		82
Dividends				(2 042)		(2 042)	(334)	(2 375)
Total comprehensive income for the period				2 020	80	2 099	(418)	1 681
December 31, 2015	2 272	29 068	(913)	45 850	(2 107)	74 169	5 159	79 329

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited).

Notes to the condensed consolidated financial statements

Note 1: Accounting policies

All reported figures in the financial statements are based on International Financial Reporting Standards (IFRS). Hydro's accounting principles are presented in note 2 Significant accounting policies and note 3 Changes in accounting principles and new pronouncements in Hydro's Financial Statements - 2014.

The interim accounts are presented in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with Hydro's Financial Statements - 2014 that are a part of Hydro's Annual Report - 2014.

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

Note 2: Operating segment information

Hydro identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires Hydro to identify its segments according to the organization and reporting structure used by management. See Hydro's Financial statements - 2014 note 8 Operating and geographic segment information for a description of Hydro's management model and segments, including a description of Hydro's segment measures and accounting principles used for segment reporting.

The following tables include information about Hydro's operating segments, including a reconciliation of EBITDA to EBIT for Hydro's operating segments.

NOK million	Fourth quarter		Year	
	2015	2014	2015	2014
Total revenue				
Bauxite & Alumina	5 542	4 770	21 889	15 847
Primary Metal	7 138	8 075	32 340	28 064
Metal Markets	10 428	11 709	46 909	43 029
Rolled Products	5 592	5 324	24 160	21 455
Energy	1 481	1 891	5 326	6 303
Other and eliminations	(9 808)	(10 112)	(42 931)	(36 790)
Total	20 374	21 656	87 694	77 907
External revenue				
Bauxite & Alumina	3 513	2 699	13 534	9 568
Primary Metal	1 214	2 242	5 373	6 397
Metal Markets	9 518	10 625	42 795	37 981
Rolled Products	5 625	5 345	24 293	21 345
Energy	485	710	1 623	2 492
Other and eliminations	19	35	77	124
Total	20 374	21 656	87 694	77 907
Internal revenue				
Bauxite & Alumina	2 030	2 071	8 356	6 279
Primary Metal	5 925	5 833	26 967	21 667
Metal Markets	910	1 084	4 114	5 048
Rolled Products	(33)	(22)	(132)	109
Energy	996	1 181	3 703	3 810
Other and eliminations	(9 827)	(10 147)	(43 008)	(36 914)
Total	-	-	-	-
Share of the profit (loss) in equity accounted investments				
Bauxite & Alumina	-	-	-	-
Primary Metal	(168)	325	389	728
Metal Markets	-	-	-	-
Rolled Products	-	-	-	-
Energy	-	-	-	-
Other and eliminations	23	(359)	123	(313)
Total	(144)	(34)	512	415

NOK million	Fourth quarter		Year	
	2015	2014	2015	2014
Depreciation, amortization and impairment				
Bauxite & Alumina	633	519	1 983	1 802
Primary Metal	475	499	1 952	1 794
Metal Markets	27	22	101	112
Rolled Products	200	329	732	845
Energy	49	42	195	162
Other and eliminations	18	17	61	55
Total	1 403	1 428	5 023	4 771
Earnings before financial items and tax (EBIT) ¹⁾				
Bauxite & Alumina	513	537	2 411	(39)
Primary Metal	311	1 912	4 459	3 928
Metal Markets	141	285	180	717
Rolled Products	(358)	64	154	1 121
Energy	353	362	1 103	1 193
Other and eliminations	(235)	(866)	(48)	(1 245)
Total	725	2 295	8 258	5 674
EBITDA				
Bauxite & Alumina	1 146	1 056	4 393	1 763
Primary Metal	786	2 413	6 411	5 736
Metal Markets	168	307	281	829
Rolled Products	(158)	393	886	1 966
Energy	402	404	1 297	1 355
Other and eliminations	(216)	(848)	14	(1 190)
Total	2 128	3 725	13 282	10 460
Investments ²⁾				
Bauxite & Alumina	1 001	227	1 923	701
Primary Metal	602	640	1 839	1 606
Metal Markets	67	47	280	95
Rolled Products	736	428	1 434	783
Energy	92	86	290	364
Other and eliminations	58	21	99	76
Total	2 556	1 449	5 865	3 625

1) Total segment EBIT is the same as Hydro group's total EBIT. Financial income and expense are not allocated to the segments. There are no reconciling items between segment EBIT to Hydro EBIT. Therefore, a separate reconciliation table is not presented.

2) Additions to property, plant and equipment (capital expenditures) plus long-term securities, intangible assets, long-term advances and investments in equity accounted investments.

NOK million	EBIT	Depr., amor. and impairment ¹⁾	EBITDA
EBIT - EBITDA Fourth quarter 2015			
Bauxite & Alumina	513	633	1 146
Primary Metal	311	476	786
Metal Markets	141	27	168
Rolled Products	(358)	200	(158)
Energy	353	49	402
Other and eliminations	(235)	18	(216)
Total	725	1 403	2 128

NOK million	EBIT	Depr., amor. and impairment ¹⁾	EBITDA
EBIT - EBITDA 2015			
Bauxite & Alumina	2 411	1 983	4 393
Primary Metal	4 459	1 952	6 411
Metal Markets	180	101	281
Rolled Products	154	732	886
Energy	1 103	195	1 297
Other and eliminations	(48)	61	14
Total	8 258	5 024	13 282

1) Depreciation, amortization and impairment write-down of tangible and intangible assets, and amortization of excess values in equity accounted investments and impairment loss of such investments.

Note 3: Contingent liabilities

Hydro is involved in or threatened with various legal and tax matters arising in the ordinary course of business. Hydro is of the opinion that it is not probable that the resulting liabilities, if any, will have a material adverse effect on its consolidated results of operations, liquidity or financial position.

Additional information

Return on average Capital Employed (RoCE)

NOK million	Underlying		Reported	
	2015	2014	2015	2014
EBIT	9 656	5 692	8 258	5 674
Adjusted Income tax expense ¹⁾	(2 580)	(1 683)	(2 446)	(1 887)
EBIT after tax	7 076	4 009	5 813	3 787

NOK million	31 December		
	2015	2014	2013
Current assets ²⁾	23 491	24 888	19 790
Property, plant and equipment	51 174	55 719	52 855
Other assets ³⁾	35 210	34 627	32 788
Other current liabilities	(12 445)	(13 076)	(12 630)
Other long-term liabilities ⁴⁾	(21 847)	(22 088)	(18 223)
Capital Employed	75 583	80 069	74 579

Return on average Capital Employed (RoCE)	Underlying		Reported	
	2015	2014	2015	2014
Hydro	9.1 %	5.2 %	7.5 %	4.9 %
Business areas ⁵⁾				
Bauxite & Alumina	5.2 %	(0.1) %	5.2 %	(0.1) %
Primary Metal	11.0 %	10.4 %	10.7 %	10.4 %
Metal Markets	11.4 %	19.4 %	5.4 %	21.9 %
Rolled Products	7.8 %	5.3 %	1.1 %	8.6 %
Energy	17.3 %	17.4 %	17.2 %	17.4 %

1) Adjusted Income tax expense is based on reported and underlying tax expense adjusted for tax on financial items.

2) Excluding cash and cash equivalents and short-term investments.

3) Including deferred tax assets.

4) Including provisions for pension and deferred tax liabilities.

5) RoCE at business area level is calculated using 30% tax rate. For Energy, 55% tax rate is used.

Financial calendar 2016

March 18	Annual report
April 27	First quarter results
May 2	Annual General Meeting
July 21	Second quarter results
October 25	Third quarter results
December 1-2	Capital Markets Day

Hydro reserves the right to revise these dates.

Cautionary note

Certain statements included within this announcement 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 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 we believe 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 our 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: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Hydro's key markets and competition; and legislative, regulatory and political factors.

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.

Hydro is a global aluminium company with production, sales and trading activities throughout the value chain, from bauxite, alumina and energy generation to the production of primary aluminium and rolled products as well as recycling. Based in Norway, the company has 13,000 employees involved in activities in more than 50 countries on all continents. Rooted in more than a century of experience in renewable energy production, technology development and progressive partnerships, Hydro is committed to strengthening the viability of the customers and communities we serve.

Norsk Hydro ASA
NO-0240 Oslo
Norway

Tel.: +47 22 53 81 00
www.hydro.com

Design and production: Hydro/Artbox
Print: Printbox
© Hydro 2016



HYDRO

Infinite aluminium