



HYDRO

Third quarter report

Q3

2014

## *About our reporting*

As of January 1, 2014 Hydro has implemented the new accounting standards IFRS 10, IFRS 11, IFRS 12 and the amended IAS 27 and IAS 31 with retrospective application resulting in changes to the prior periods in this report. See note 1 to the condensed consolidated financial statements for more information.

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# Overview

## Summary underlying financial and operating results and liquidity

Key financial information	Third quarter 2014	Second quarter 2014	%change prior quarter	Third quarter 2013	%change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
NOK million, except per share data								
Revenue	19 698	18 272	8 %	16 145	22 %	56 251	48 306	64 877
Earnings before financial items and tax (EBIT)	1 937	620	>100 %	596	>100 %	3 379	1 677	1 663
Items excluded from underlying EBIT	(447)	(75)	>(100) %	62	>(100) %	(573)	577	1 063
Underlying EBIT	1 490	544	>100 %	658	>100 %	2 806	2 254	2 725
<i>Underlying EBIT :</i>								
Bauxite & Alumina	(26)	(269)	90 %	(370)	93 %	(583)	(678)	(1 057)
Primary Metal	1 216	420	>100 %	337	>100 %	1 948	938	1 422
Metal Markets	171	100	72 %	111	54 %	412	404	594
Rolled Products	243	177	37 %	181	34 %	601	515	615
Energy	234	169	39 %	485	(52) %	838	1 270	1 653
Other and eliminations <sup>1)</sup>	(349)	(52)	>(100) %	(87)	>(100) %	(409)	(195)	(502)
Underlying EBIT	1 490	544	>100 %	658	>100 %	2 806	2 254	2 725
Underlying EBITDA	2 615	1 653	58 %	1 801	45 %	6 129	5 687	7 306
Underlying income (loss) from discontinued operations <sup>1)</sup>	-	-	-	57	(100) %	-	220	220
Net income (loss)	665	269	>100 %	321	>100 %	1 396	(81)	(839)
Underlying net income (loss)	1 043	318	>100 %	393	>100 %	1 748	1 470	1 610
Earnings per share	0.29	0.09	>100 %	0.11	>100 %	0.57	(0.06)	(0.45)
Underlying earnings per share	0.43	0.13	>100 %	0.14	>100 %	0.72	0.63	0.65
<i>Financial data:</i>								
Investments <sup>2)</sup>	889	740	20 %	975	(9) %	2 176	2 704	3 761
Adjusted net interest-bearing debt	(14 061)	(13 551)	(4) %	(10 732)	(31) %	(14 061)	(10 732)	(10 128)
<b>Key Operational information</b>								
Alumina production (kmt)	1 478	1 526	(3) %	1 316	12 %	4 432	3 925	5 377
Primary aluminium production (kmt)	487	488	-	491	(1) %	1 459	1 452	1 944
Realized aluminium price LME (USD/mt)	1 906	1 762	8 %	1 822	5 %	1 803	1 932	1 902
Realized aluminium price LME (NOK/mt) <sup>3)</sup>	11 909	10 660	12 %	10 938	9 %	11 075	11 233	11 160
Realized NOK/USD exchange rate <sup>3)</sup>	6.25	6.05	3 %	6.00	4 %	6.14	5.81	5.87
Metal products sales, total Hydro (kmt) <sup>4)</sup>	811	843	(4) %	792	2 %	2 525	2 387	3 164
Rolled Products sales volumes to external market (kmt)	244	245	-	234	5 %	732	715	941
Power production (GWh)	2 170	2 248	(3) %	2 838	(24) %	7 382	7 831	10 243

1) Other and eliminations includes Hydro's 50 percent share of underlying net income from Sapa beginning September 2013. Underlying income (loss) from discontinued operations includes results from Hydro's Extruded Products business for all prior periods.

2) Investments include non-cash elements relating to capitalized lease obligations and the Vigeland acquisition in 2013.

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

4) Sales from casthouses (incl. Neuss), remelters, third party sources and liquid metal.

Hydro's underlying earnings before financial items and tax increased to NOK 1,490 million in the third quarter, up from NOK 544 million in the second quarter of 2014. Higher realized aluminium prices, product premiums and realized alumina prices all had a significant impact on developments for the quarter.

Underlying EBIT for Bauxite and Alumina improved significantly in the third quarter reflecting higher realized alumina prices and lower operating costs at Alunorte. Realized alumina prices, however, were negatively impacted by a lower share of alumina sales at index prices.

Underlying EBIT for Primary Metal improved substantially in the third quarter influenced by higher realized aluminium prices and increased product premiums. Positive developments were partly offset by higher raw material costs and seasonally lower sales volumes.

Metal Markets delivered higher underlying EBIT compared to the previous quarter influenced by improved results from sourcing and trading activities and positive ingot inventory valuation effects.

Underlying EBIT for Rolled Products was significantly higher compared with the second quarter of 2014 mainly due to positive contributions from the Rheinwerk smelter reflecting higher all-in metal prices.<sup>1)</sup> Margin pressure increased but was partly offset by seasonally lower operating costs. Volumes were stable.

Compared to the second quarter, underlying EBIT for Energy increased mainly due to higher prices in our production areas and lower area price differences.

Underlying EBIT for Sapa declined compared to the second quarter, partly influenced by seasonally lower sales volumes in Europe.

Operating cash flow amounted to NOK 1.1 billion for the third quarter including increased working capital of NOK 0.9 billion. Net cash used for investment activities amounted to NOK 0.9 billion. Hydro's net debt position amounted to NOK 2.1 billion at the end of the third quarter.

1) The all-in price refers to the LME aluminium price plus the product premium.

## Reported EBIT and net income

Reported earnings before financial items and tax amounted to NOK 1,937 million in the third quarter. In addition to the factors discussed above, reported EBIT included net unrealized derivative gains and positive metal effects of NOK 476 million in total. Reported earnings also included other charges of NOK 30 million.

In the previous quarter reported earnings before financial items and tax amounted to NOK 620 million including net unrealized derivative gains and positive metal effects of NOK 154 million in total. Reported earnings also included charges of NOK 87 million (Hydro's share) in Sapa primarily related to rationalization activities.

Income from continuing operations amounted to NOK 665 million in the third quarter including a net foreign exchange loss of NOK 1,001 million. In the previous quarter, income from continuing operations amounted to NOK 269 million including a net foreign exchange loss of NOK 101 million.

## Market developments and outlook

Market statistics <sup>1)</sup>	Third quarter 2014	Second quarter 2014	%change prior quarter	Third quarter 2013	%change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
NOK/USD Average exchange rate	6.24	5.99	4 %	5.99	4 %	6.11	5.82	5.88
NOK/USD Balance sheet date exchange rate	6.45	6.15	5 %	6.01	7 %	6.45	6.01	6.08
NOK/BRL Average exchange rate	2.75	2.68	2 %	2.62	5 %	2.67	2.75	2.73
NOK/BRL Balance sheet date exchange rate	2.63	2.80	(6) %	2.67	(1) %	2.63	2.67	2.58
NOK/EUR Average exchange rate	8.28	8.21	1 %	7.93	4 %	8.28	7.67	7.81
NOK/EUR Balance sheet date exchange rate	8.12	8.40	(3) %	8.11	-	8.12	8.11	8.38
<i>Bauxite and alumina:</i>								
Average alumina price - Platts PAX FOB Australia (USD/t)	322	316	2 %	317	2 %	322	327	326
Global production of alumina (kmt)	26 246	25 461	3 %	25 894	1 %	77 496	74 928	101 555
Global production of alumina (ex. China) (kmt)	13 354	13 377	-	13 628	(2) %	40 596	40 118	54 271
<i>Primary aluminium:</i>								
LME three month average (USD/mt)	2 008	1 836	9 %	1 827	10 %	1 867	1 912	1 887
LME three month average (NOK/mt)	12 530	10 998	14 %	10 944	14 %	11 407	11 128	11 096
Global production of primary aluminium (kmt)	13 531	13 268	2 %	12 727	6 %	39 833	37 549	50 592
Global consumption of primary aluminium (kmt)	13 864	14 003	(1) %	12 796	8 %	37 901	35 090	50 262
Global production of primary aluminium (ex. China) (kmt)	6 495	6 477	-	6 397	2 %	19 300	19 347	25 698
Global consumption of primary aluminium (ex. China) (kmt)	6 835	6 846	-	6 625	3 %	20 261	19 583	26 012
Reported primary aluminium inventories (kmt)	7 718	8 343	(7) %	8 086	(5) %	7 718	8 086	8 189
<i>Rolled products and extruded products:</i>								
Consumption rolled products - Europe (kmt)	1 102	1 132	(3) %	1 084	2 %	3 351	3 275	4 293
Consumption rolled products - USA & Canada (kmt)	1 138	1 106	3 %	1 069	7 %	3 272	3 191	4 202
Consumption extruded products - Europe (kmt)	683	728	(6) %	674	1 %	2 112	2 078	2 724
Consumption extruded products - USA & Canada (kmt)	528	525	1 %	494	7 %	1 541	1 437	1 879
<i>Energy:</i>								
Average southern Norway spot price (NO2) (NOK/MWh)	247	168	47 %	267	(8) %	221	291	290
Average nordic system spot price (NOK/MWh)	263	211	25 %	284	(8) %	242	297	297

1) Industry statistics have been derived from analyst reports, trade associations and other public sources unless otherwise indicated. These statistics do 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 3.6 million mt for the first eight months of 2014, up 77 percent from the same period in 2013. For the first eight months of 2014, bauxite imports declined 46 percent to 25.3 million mt following export restrictions in Indonesia that took effect January 12, 2014.

Platts alumina spot prices averaged USD 322 per mt for the third quarter, an increase of USD 6 per mt compared to the previous quarter. Average prices represented 16.0 percent of LME in the quarter compared with 17.2 percent in the previous quarter. According to Chinese import statistics, the average delivered China bauxite price was USD 60 per mt in August, unchanged from the second quarter.

## Primary aluminium

LME prices ranged between USD 1,870 and USD 2,115 per mt throughout the third quarter of 2014. Prices in Europe, including duty paid standard ingot premium, were at a level of USD 2,310 to USD 2,575 per mt for the quarter.

North American standard ingot premiums remained at high levels in the third quarter, averaging USD 451 per mt compared to USD 415 per mt in the second quarter. European duty paid standard ingot premiums increased to an average of USD 460

per mt in the third quarter, up from USD 395 per mt in the second quarter. Premiums also increased in Japan to USD 404 per mt from USD 366 per mt in the second quarter. Premium developments in the third quarter continued to be influenced by demand exceeding supply in the world outside China and the ongoing financing of metal in warehouses.

Global demand for primary aluminium (excluding China) was stable compared with the second quarter and increased 3 percent compared to the third quarter of 2013. Annualized consumption amounted to 27.1 million mt, while corresponding production amounted to 25.8 million mt. Closures and curtailments announced in the previous quarters, partly offset by planned start-ups, result in the continued expectation of demand exceeding production in 2014.

Aluminium consumption increased by 0.2 million mt in China compared to the second quarter, amounting to 27.9 million mt on an annualized basis. Corresponding production increased to 27.9 million mt. The ramp up of new capacity in the Northwest regions continued at a gradually slower pace partly offset by further curtailments in the Eastern provinces. SHFE prices increased 5.9 percent during the third quarter compared to the previous quarter.

European demand for extrusion ingot, sheet ingot and primary foundry alloys was stable in the third quarter compared to the same period in 2013.

## Rolled products

European demand for flat rolled products was seasonally lower in the third quarter impacted mainly by summer production shutdowns. Compared to the third quarter of the previous year, demand improved by 2 percent.

Consumption of aluminium automotive products continued to strengthen due to the increasing substitution of steel components by aluminium. Demand in the building segment softened somewhat in addition to seasonal declines. Growth in the beverage can segment was weaker than normal due to poor summer weather conditions. Developments for general engineering reflected normal seasonal declines while demand for the foil segment was stable.

European demand for flat rolled products is expected to decline in the fourth quarter mainly due to seasonality.

## Extruded products

Demand for extruded products in North America increased by one percent compared to the second quarter. Compared to the same quarter of the previous year, demand grew 7 percent, supported by higher activity in both the automotive and building and construction segments. Demand for extruded products in Brazil continued to be weak.

In Europe, extruded products demand was seasonally lower, declining 6 percent compared with the second quarter. Demand improved one percent compared to the third quarter of 2013, supported by growth within the automotive market segment, somewhat offset by the continued weak building markets in Southern-Europe.

Global demand for precision tubing continued to be driven by increased demand from the automotive sector.

Demand for extruded products is expected to decline in the fourth quarter mainly due to seasonality.

## Energy

The Nordic system price increased gradually during the third quarter influenced by low reservoir inflows as a result of warm, dry weather conditions. This, together with reduced technical limitations on transmission cables in Southwestern Norway and higher nuclear production in Sweden, resulted in a decline in area price differences.

The Nordic hydrological balance was around 5.5 TWh below normal at the beginning of the third quarter and ended 18 TWh or 6 percent below normal. Water reservoirs in Norway were 78 percent of full capacity at the end of the third quarter or about 9 percentage points below normal. Snow reservoirs were 1.8 TWh below normal.

## *Additional factors impacting Hydro*

Primary Metal has sold forward around 50 percent of its expected primary aluminium production for the fourth quarter of 2014 at a price level of around USD 2,000 per mt.<sup>1)</sup> This excludes volumes from Qatalum.

The Alunorte alumina refinery and Albras aluminium smelter have entered into USD currency forward contracts in Brazil for second half 2013 and all of 2014. The remaining program value at the end of September 2014 amounted to roughly USD 220 million. The achieved average exchange rate for remaining period is 2.41.

On July 3, 2014, Hydro agreed to acquire Rio Tinto Alcan's 50 percent share of the Sørå aluminium smelter. Hydro owns 49.9 percent of Sørå. The transaction is expected to be completed in the fourth quarter of 2014.

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	Third quarter 2014	Second quarter 2014	%change prior quarter	Third quarter 2013	%change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
Underlying EBIT (NOK million)	(26)	(269)	90 %	(370)	93 %	(583)	(678)	(1 057)
Underlying EBITDA (NOK million)	417	162	>100 %	47	>100 %	700	617	662
Alumina production (kmt)	1 478	1 526	(3) %	1 316	12 %	4 432	3 925	5 377
Sourced alumina (kmt)	532	431	23 %	711	(25) %	1 513	1 614	2 009
Total alumina sales (kmt)	1 922	2 071	(7) %	1 879	2 %	5 899	5 449	7 408
Realized alumina price (USD/mt) <sup>1)</sup>	287	276	4 %	267	7 %	277	280	275
Bauxite production (kmt) <sup>2)</sup>	2 287	2 370	(4) %	1 513	51 %	6 899	5 487	7 567
Sourced bauxite (kmt) <sup>3)</sup>	2 305	2 204	5 %	2 353	(2) %	6 382	6 049	8 523

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 and Alumina improved significantly in the third quarter reflecting higher realized alumina prices and lower operating costs at Alunorte. Realized alumina prices, however, were negatively impacted by a lower share of alumina sales at index prices. Positive currency developments also contributed to the improved results for the quarter.

Bauxite production declined due to planned maintenance in the third quarter. Alumina production was also somewhat lower. Cost per mt declined for Alunorte influenced by improved energy efficiency, reduced fixed costs and somewhat lower raw material costs. Hydro's "From B to A" improvement program proceeded according to plan.

Compared to third quarter of the previous year, underlying EBIT increased significantly. This was mainly due to higher

realized alumina prices, positive currency effects and higher production volumes following the full recovery from the disruptions due to power outages in 2013. The positive development was partly offset by higher fuel costs including the introduction of ICMS taxes in the first quarter of 2014.

Underlying EBIT for the first nine months improved somewhat compared to the same period in 2013 influenced by positive currency developments and increased production, partly offset by higher fuel costs and somewhat lower realized alumina prices.

## Primary Metal

<b>Operational and financial information <sup>1)</sup></b>	<b>Third quarter 2014</b>	<b>Second quarter 2014</b>	<b>%change prior quarter</b>	<b>Third quarter 2013</b>	<b>%change prior year quarter</b>	<b>First 9 months 2014</b>	<b>First 9 months 2013</b>	<b>Year 2013</b>
Underlying EBIT (NOK million)	1 216	420	>100 %	337	>100 %	1 948	938	1 422
Underlying EBITDA (NOK million)	1 651	852	94 %	802	>100 %	3 256	2 353	3 293
Realized aluminium price LME (USD/mt) <sup>2)</sup>	1 906	1 762	8 %	1 822	5 %	1 803	1 932	1 902
Realized aluminium price LME (NOK/mt) <sup>2)</sup>	11 909	10 660	12 %	10 938	9 %	11 075	11 233	11 160
Realized premium above LME (USD/mt) <sup>3)</sup>	537	476	13 %	374	43 %	476	359	362
Realized premium above LME (NOK/mt) <sup>3)</sup>	3 355	2 883	16 %	2 247	49 %	2 926	2 088	2 124
Realized NOK/USD exchange rate	6.25	6.05	3 %	6.00	4 %	6.14	5.81	5.87
Primary aluminium production (kmt)	487	488	-	491	(1) %	1 459	1 452	1 944
Casthouse production (kmt) <sup>4)</sup>	521	529	(2) %	516	1 %	1 574	1 524	2 046
Total sales (kmt) <sup>5)</sup>	542	559	(3) %	540	-	1 693	1 612	2 127

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) Including effect of strategic LME hedges (hedge accounting applied). 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. Historical premiums for 2013 revised due to change of definition.

4) Production volumes for 2013 revised due to change of definition.

5) Total sales replaces previous casthouse sales due to change of definition.

<b>Operational and financial information Qatalum (50%)</b>	<b>Third quarter 2014</b>	<b>Second quarter 2014</b>	<b>%change prior quarter</b>	<b>Third quarter 2013</b>	<b>%change prior year quarter</b>	<b>First 9 months 2014</b>	<b>First 9 months 2013</b>	<b>Year 2013</b>
Revenue (NOK million)	1 207	1 095	10 %	1 074	12 %	3 407	3 278	4 351
Underlying EBIT (NOK million)	231	158	46 %	78	>100 %	504	273	510
Underlying EBITDA (NOK million)	446	370	21 %	331	35 %	1 158	1 019	1 523
Underlying Net income (loss) (NOK million)	189	111	70 %	31	>100 %	376	140	343
Primary aluminium production (kmt)	77	77	-	76	1 %	229	226	303
Casthouse sales (kmt)	80	80	-	79	1 %	243	241	321

Underlying EBIT for Primary Metal improved substantially in the third quarter influenced by higher realized aluminium prices and increased product premiums. Positive developments were partly offset by higher raw material costs and seasonally lower sales volumes. Hydro's USD 180 per mt joint venture improvement program proceeded according to plan.

Hydro's share of underlying results from Qatalum improved compared to the second quarter mainly due to higher realized aluminium prices and premiums.

Significantly higher product premiums and increased realized aluminium prices had a positive impact on underlying EBIT compared to the same quarter of 2013. Increased raw material costs partly offset the positive developments. Improved results from Qatalum also had a positive effect on underlying results for the quarter.



Underlying EBIT for the first nine months of 2014 improved substantially compared with the same period in 2013 influenced by increased product premiums and higher volumes somewhat offset by lower realized aluminium prices and higher raw material costs.

## Metal Markets

Operational and financial information	Third quarter 2014	Second quarter 2014	%change prior quarter	Third quarter 2013	%change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
Underlying EBIT (NOK million)	171	100	72 %	111	54 %	412	404	594
Currency effects <sup>1)</sup>	5	7	(31) %	38	(88) %	-	88	136
Ingot inventory valuation effects <sup>2)</sup>	30	(29)	>100 %	-	-	(6)	24	21
Underlying EBIT excl. currency and ingot inventory effects	136	122	12 %	73	86 %	418	293	437
Underlying EBITDA (NOK million)	192	120	59 %	149	29 %	469	477	691
Remelt production (kmt)	128	141	(9) %	127	1 %	408	394	517
Metal products sales excluding ingot trading (kmt) <sup>3)</sup>	671	700	(4) %	668	-	2 090	2 043	2 691
Hereof external sales (kmt) <sup>4)</sup>	645	662	(3) %	579	11 %	2 006	1 739	2 364

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 dollar denominated 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.

2) Comprised of hedging gains and losses relating to standard ingot inventories in our metal sourcing and trading operations. 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 2013 revised due to change of definition.

4) Sales volumes for 2013 revised due to change of definition.

Underlying EBIT for Metal Markets increased compared to the previous quarter influenced by improved results from sourcing and trading activities and positive ingot inventory valuation effects. Underlying results for our remelt operation were stable.

Compared to the third quarter of 2013, underlying EBIT increased mainly due to higher results from sourcing and trading activities.

Underlying EBIT improved slightly for the first nine months of 2014 compared to the same period of the previous year. Negative currency and ingot inventory valuation effects were mostly offset by higher results from sourcing and trading activities.

## Rolled Products

Operational and financial information	Third quarter 2014	Second quarter 2014	%change prior quarter	Third quarter 2013	%change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
Underlying EBIT (NOK million)	243	177	37 %	181	34 %	601	515	615
Underlying EBITDA (NOK million)	417	350	19 %	351	19 %	1 117	1 008	1 293
Sales volumes to external market (kmt)	244	245	-	234	5 %	732	715	941
<b>Sales volumes to external markets (kmt) - Customer business units</b>								
Packaging and building <sup>1)</sup>	96	95	1 %	100	(4) %	283	308	398
Lithography, automotive & heat exchanger	84	81	3 %	72	17 %	245	219	292
General engineering	64	69	(7) %	62	3 %	205	188	251
Rolled Products	244	245	-	234	5 %	732	715	941

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

Underlying EBIT for Rolled Products was significantly higher compared with the second quarter of 2014 mainly due to positive contributions from the Rheinwerk smelter reflecting higher all-in metal prices. Margin pressure increased but was partly offset by seasonally lower operating costs. Volumes were stable.

Compared to the third quarter in 2013, underlying EBIT improved mainly due to higher shipments and positive contributions from the Rheinwerk smelter partly offset by lower margins for flat rolled products.

For the first nine months of 2014 underlying EBIT improved mainly due to higher shipments and cost improvements partly offset by lower margins.

## Energy

Operational and financial information	Third quarter 2014	Second quarter 2014	%change prior quarter	Third quarter 2013	%change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
Underlying EBIT (NOK million)	234	169	39 %	485	(52) %	838	1 270	1 653
Underlying EBITDA (NOK million)	275	209	32 %	523	(47) %	958	1 382	1 803
Direct production costs (NOK million) <sup>1)</sup>	139	140	(1) %	119	17 %	441	364	485
Power production (GWh)	2 170	2 248	(3) %	2 838	(24) %	7 382	7 831	10 243
External power sourcing (GWh)	2 350	2 381	(1) %	2 381	(1) %	7 044	6 938	9 412
Internal contract sales (GWh)	3 400	3 361	1 %	3 318	2 %	10 093	9 856	13 304
External contract sales (GWh)	247	241	3 %	227	9 %	852	893	1 241
Net spot sales (GWh)	873	1 028	(15) %	1 673	(48) %	3 481	4 021	5 110

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 second quarter mainly due to higher prices in our production areas and lower area price differences.

Compared to the third quarter of the previous year, underlying EBIT declined mainly due to lower power production.

Underlying EBIT decreased for the first nine months compared to the same period of the previous year impacted mainly by lower power production, reduced prices and higher transmission costs.

## Other and eliminations

Financial information NOK million	Third quarter 2014	Second quarter 2014	%change prior quarter	Third quarter 2013	%change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
Sapa (50%)	55	131	(58) %	10	>100 %	221	10	(130)
Other	(128)	(176)	27 %	(90)	(43) %	(431)	(325)	(459)
Eliminations	(276)	(8)	>(100) %	(7)	>(100) %	(199)	119	88
Underlying EBIT Other and eliminations	(349)	(52)	>(100) %	(87)	>(100) %	(409)	(195)	(502)

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%)	Third quarter 2014	Second quarter 2014	First quarter 2014
Revenue (NOK million)	5 802	5 772	5 673
Underlying EBIT (NOK million)	100	175	78
Underlying EBITDA (NOK million)	246	321	220
Underlying Net income (loss) (NOK million)	55	131	35
Sales volumes (kmt)	175	184	180

Underlying EBIT for Sapa declined compared to the second quarter, partly influenced by seasonally lower sales volumes in Europe. Sapa's restructuring agenda is progressing according to plan and reported EBIT is affected by related restructuring charges.

## Finance

Financial income (expense) NOK million	Third quarter 2014	Second quarter 2014	% change prior quarter	Third quarter 2013	% change prior year quarter	First 9 months 2014	First 9 months 2013	Year 2013
Interest income	70	72	(2)%	53	33 %	202	168	232
Dividends received and net gain (loss) on securities	1	26	(95)%	31	(96)%	30	112	170
Financial income	71	98	(27)%	84	(15)%	232	280	402
Interest expense	(102)	(130)	22 %	(106)	3 %	(330)	(303)	(421)
Capitalized interest	-	1	-	1	-	2	1	2
Net foreign exchange gain (loss)	(1 001)	(101)	>(100)%	(152)	>(100)%	(909)	(1 558)	(2 246)
Net interest on pension liability	(46)	(47)	2 %	(43)	(5)%	(140)	(127)	(180)
Other	(28)	(19)	(43)%	(36)	24 %	(68)	(97)	(134)
Financial expense	(1 177)	(297)	>(100)%	(337)	>(100)%	(1 444)	(2 084)	(2 978)
Financial income (expense), net	(1 105)	(199)	>(100)%	(254)	>(100)%	(1 212)	(1 804)	(2 576)

The net foreign exchange loss was mainly comprised of unrealized currency losses on US dollar debt in Brazil and Norway.

## Tax

Income tax expense amounted to NOK 166 million for the third quarter of 2014. For the first nine months of 2014, tax expense was about 36 percent of income before tax.

### 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 <sup>1)</sup>	Third quarter 2014	Second quarter 2014	Third quarter 2013	First 9 months 2014	First 9 months 2013	Year 2013
NOK million						
Unrealized derivative effects on LME related contracts <sup>2)</sup>	(220)	(136)	(34)	(351)	124	202
Unrealized derivative effects on power and raw material contracts <sup>3)</sup>	(54)	40	7	(189)	121	107
Metal effect, Rolled Products <sup>4)</sup>	(202)	(58)	107	(260)	202	289
Significant rationalization charges and closure costs <sup>5)</sup>	-	-	(9)	-	148	471
Impairment charges (PP&E and equity accounted investments) <sup>6)</sup>	28	-	-	61	-	80
(Gains)/losses on divestments <sup>7)</sup>	-	(8)	(53)	(8)	(69)	-
Other effects <sup>8)</sup>	-	-	-	-	7	(303)
Items excluded in equity accounted investment (Sapa)	2	87	45	175	45	217
Items excluded from underlying EBIT	(447)	(75)	62	(573)	577	1 063
Net foreign exchange (gain)/loss <sup>9)</sup>	1 001	101	152	909	1 558	2 246
Calculated income tax effect <sup>10)</sup>	(176)	23	(66)	16	(613)	(889)
Items excluded from continuing operations	378	49	148	352	1 522	2 420
Items excluded from discontinued operations	-	-	(75)	-	30	30
Items excluded from underlying net income	378	49	73	352	1 552	2 450

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, and forward currency contracts purchasing and selling currencies that hedge net future cash flows from operations, 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 <sup>1)</sup>	Third quarter 2014	Second quarter 2014	Third quarter 2013	First 9 months 2014	First 9 months 2013	Year 2013
NOK million						
Unrealized derivative effects on LME related contracts	(2)	(1)	-	(7)	9	12
Legal settlements	-	-	-	-	-	109
<b>Bauxite &amp; Alumina</b>	<b>(2)</b>	<b>(1)</b>	<b>-</b>	<b>(7)</b>	<b>9</b>	<b>121</b>
Unrealized derivative effects on LME related contracts	(36)	(38)	(70)	(86)	57	81
Unrealized derivative effects on power contracts	1	(8)	19	36	228	285
Unrealized derivative effects on power contracts (Søral)	(64)	24	40	(73)	144	189
Unrealized derivative effects on raw material contracts	9	9	10	27	24	36
Impairment charges (Qatalum)	28	-	-	28	-	-
Insurance compensation (Qatalum)	-	-	-	-	-	(30)
Rationalization charges and closure costs (Søral)	-	-	-	-	7	7
<b>Primary Metal</b>	<b>(62)</b>	<b>(14)</b>	<b>(1)</b>	<b>(68)</b>	<b>461</b>	<b>568</b>
Unrealized derivative effects on LME related contracts	(94)	6	49	(53)	(7)	(12)
Pension	-	-	-	-	-	(7)
(Gains)/losses on divestments	-	-	(53)	-	(53)	(53)
Impairment charges	-	-	-	33	-	-
<b>Metal Markets</b>	<b>(94)</b>	<b>6</b>	<b>(4)</b>	<b>(19)</b>	<b>(61)</b>	<b>(73)</b>
Unrealized derivative effects on LME related contracts	(79)	(101)	(28)	(196)	75	134
Metal effect	(202)	(58)	107	(260)	202	289
Rationalization charges and closure costs	-	-	28	-	73	85
(Gains)/losses on divestments	-	-	-	-	-	69
Pension	-	-	-	-	-	(45)
<b>Rolled Products</b>	<b>(281)</b>	<b>(159)</b>	<b>107</b>	<b>(456)</b>	<b>350</b>	<b>532</b>
Unrealized derivative effects on power contracts	(1)	4	4	6	4	(4)
<b>Energy</b>	<b>(1)</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>(4)</b>
Unrealized derivative effects on power contracts <sup>2)</sup>	1	12	(66)	(186)	(279)	(399)
Unrealized derivative effects on LME related contracts <sup>2)</sup>	(9)	(2)	15	(10)	(10)	(13)
Impairment charges	-	-	-	-	-	80
Pension	-	-	-	-	-	(338)
(Gains)/losses on divestments	-	(8)	-	(8)	(16)	(16)
Rationalization charges and closure costs	-	-	(37)	-	75	386
Items excluded in equity accounted investment (Sapa) <sup>3)</sup>	2	87	45	175	45	217
<b>Other and eliminations</b>	<b>(7)</b>	<b>88</b>	<b>(43)</b>	<b>(30)</b>	<b>(186)</b>	<b>(81)</b>
<b>Items excluded from underlying EBIT</b>	<b>(447)</b>	<b>(75)</b>	<b>62</b>	<b>(573)</b>	<b>577</b>	<b>1 063</b>

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 elimination of changes in the valuation of certain internal aluminium contracts.

3) Items excluded in equity accounted investment (Sapa) for the third quarter of 2014 includes NOK 34 million related to rationalization activities and positive unrealized derivative effects of NOK 32 million.

*Interim financial statements*

## Condensed consolidated statements of income (unaudited)

NOK million, except per share data	Third quarter		First 9 months		Year
	2014	2013	2014	2013	2013
Revenue	<b>19 698</b>	16 145	<b>56 251</b>	48 306	64 877
Share of the profit (loss) in equity accounted investments	<b>287</b>	(54)	<b>450</b>	(90)	(240)
Other income, net	<b>145</b>	248	<b>424</b>	698	801
<b>Total revenue and income</b>	<b>20 130</b>	16 339	<b>57 124</b>	48 915	65 438
Raw material and energy expense	<b>12 970</b>	10 611	<b>37 783</b>	31 887	43 175
Employee benefit expense	<b>1 934</b>	1 838	<b>5 985</b>	5 778	7 360
Depreciation, amortization and impairment	<b>1 121</b>	1 139	<b>3 343</b>	3 421	4 644
Other expenses	<b>2 168</b>	2 155	<b>6 635</b>	6 152	8 596
<b>Total expenses</b>	<b>18 193</b>	15 743	<b>53 746</b>	47 238	63 775
<b>Earnings before financial items and tax (EBIT)</b>	<b>1 937</b>	596	<b>3 379</b>	1 677	1 663
Financial income	<b>71</b>	84	<b>232</b>	280	402
Financial expense	<b>(1 177)</b>	(337)	<b>(1 444)</b>	(2 084)	(2 978)
<b>Financial income (expense), net</b>	<b>(1 105)</b>	(254)	<b>(1 212)</b>	(1 804)	(2 576)
Income (loss) from continuing operations before tax	<b>832</b>	342	<b>2 166</b>	(127)	(913)
Income taxes	<b>(166)</b>	(154)	<b>(771)</b>	(144)	(115)
<b>Income (loss) from continuing operations</b>	<b>665</b>	189	<b>1 396</b>	(271)	(1 029)
Income (loss) from discontinued operations	-	132	-	189	189
<b>Net income (loss)</b>	<b>665</b>	321	<b>1 396</b>	(81)	(839)
Net income (loss) attributable to minority interests	<b>76</b>	99	<b>229</b>	46	81
Net income (loss) attributable to Hydro shareholders	<b>589</b>	222	<b>1 167</b>	(127)	(920)
Basic and diluted earnings per share from continuing operations (in NOK) <sup>1) 2)</sup>	<b>0.29</b>	0.04	<b>0.57</b>	(0.16)	(0.54)
Basic and diluted earnings per share from discontinued operations (in NOK) <sup>1)</sup>	-	0.06	-	0.09	0.09
Basic and diluted earnings per share attributable to Hydro shareholders (in NOK) <sup>1)</sup>	<b>0.29</b>	0.11	<b>0.57</b>	(0.06)	(0.45)
<b>Weighted average number of outstanding shares (million)</b>	<b>2 040</b>	2 039	<b>2 039</b>	2 038	2 038

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

2) Calculated using Income (loss) from continuing operations less Net income (loss) attributable to minority interests. There are no material minority interests in Income from discontinued operations.

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

## Condensed consolidated statements of comprehensive income (unaudited)

NOK million	Third quarter		First 9 months		Year
	2014	2013	2014	2013	2013
Net income (loss)	665	321	1 396	(81)	(839)
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to income statement:</b>					
Remeasurement postemployment benefits, net of tax	(624)	-	(1 352)	72	(267)
Share of remeasurement postemployment benefit of equity accounted investments, net of tax	-	-	1	-	54
<b>Total</b>	<b>(624)</b>	<b>-</b>	<b>(1 352)</b>	<b>72</b>	<b>(213)</b>
<b>Items that will be reclassified to income statement:</b>					
Currency translation differences, net of tax	(1 610)	(686)	820	2 423	2 753
Unrealized gain (loss) on securities, net of tax	49	(22)	55	(119)	(38)
Cash flow hedges, net of tax	(130)	73	(13)	(190)	(291)
Share of items that will be recycled to profit or loss of equity accounted investments, net of tax	(12)	4	3	161	388
<b>Total</b>	<b>(1 703)</b>	<b>(632)</b>	<b>865</b>	<b>2 275</b>	<b>2 811</b>
<b>Other comprehensive income</b>	<b>(2 327)</b>	<b>(632)</b>	<b>(487)</b>	<b>2 346</b>	<b>2 598</b>
<b>Total comprehensive income</b>	<b>(1 662)</b>	<b>(311)</b>	<b>909</b>	<b>2 265</b>	<b>1 759</b>
Total comprehensive income attributable to minority interests	(235)	(65)	276	15	(55)
<b>Total comprehensive income attributable to Hydro shareholders</b>	<b>(1 427)</b>	<b>(246)</b>	<b>633</b>	<b>2 250</b>	<b>1 814</b>

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

## Condensed balance sheets (unaudited)

NOK million, except number of shares	September 30		December 31
	2014	2013	2013
<b>Assets</b>			
Cash and cash equivalents	6 045	8 397	8 412
Short-term investments	1 745	1 433	2 480
Accounts receivables	11 280	10 769	9 539
Inventories	10 334	9 758	10 070
Other current assets	345	375	181
<b>Total current assets</b>	<b>29 750</b>	<b>30 731</b>	<b>30 681</b>
Property, plant and equipment	51 630	53 374	52 855
Intangible assets	5 481	5 647	5 562
Investments accounted for using the equity method	17 442	17 060	17 148
Prepaid pension	2 897	3 307	3 595
Other non-current assets	7 075	6 423	6 483
<b>Total non-current assets</b>	<b>84 525</b>	<b>85 810</b>	<b>85 642</b>
<b>Total assets</b>	<b>114 275</b>	<b>116 541</b>	<b>116 324</b>
<b>Liabilities and equity</b>			
Bank loans and other interest-bearing short-term debt	5 007	6 220	6 220
Trade and other payables	8 589	8 465	9 197
Other current liabilities	2 904	2 946	3 433
<b>Total current liabilities</b>	<b>16 500</b>	<b>17 632</b>	<b>18 850</b>
Long-term debt	4 850	4 148	3 986
Provisions	2 583	2 519	2 684
Pension obligation	10 772	9 302	9 858
Deferred tax liabilities	2 495	3 701	2 853
Other non-current liabilities	2 476	3 141	2 828
<b>Total non-current liabilities</b>	<b>23 176</b>	<b>22 810</b>	<b>22 209</b>
<b>Total liabilities</b>	<b>39 676</b>	<b>40 442</b>	<b>41 060</b>
Equity attributable to Hydro shareholders	69 115	70 417	69 981
Minority interest	5 484	5 682	5 283
<b>Total equity</b>	<b>74 600</b>	<b>76 099</b>	<b>75 264</b>
<b>Total liabilities and equity</b>	<b>114 275</b>	<b>116 541</b>	<b>116 324</b>
Total number of outstanding shares (million)	2 040	2 039	2 039

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



## Condensed consolidated statements of cash flows (unaudited)

NOK million	Nine months ended		Year 2013
	2014	September 30 2013	
<b>Operating activities</b>			
Net income (loss)	1 396	(81)	(839)
Loss (income) from discontinued operations	-	(189)	(189)
Depreciation, amortization and impairment	3 343	3 421	4 644
Other adjustments	(3 160)	(687)	1 586
Net cash provided by continuing operating activities	1 579	2 464	5 202
<b>Investing activities</b>			
Purchases of property, plant and equipment	(2 161)	(1 824)	(2 867)
Purchases of other long-term investments	(48)	(160)	(185)
Purchases of short-term investments	(1 000)	-	(1 250)
Proceeds from sales of property, plant and equipment	27	60	64
Proceeds from sales of other long-term investments	(10)	152	280
Proceeds from sales of short-term investments	1 750	3 050	3 050
Net cash provided by (used in) continuing investing activities	(1 442)	1 278	(908)
<b>Financing activities</b>			
Loan proceeds	5 031	4 655	6 744
Principal repayments	(5 739)	(4 769)	(7 255)
Net decrease in other short-term debt	(31)	(212)	(241)
Proceeds from shares issued	16	50	56
Dividends paid	(1 686)	(1 728)	(1 975)
Net cash used in continuing financing activities	(2 409)	(2 004)	(2 671)
Foreign currency effects on cash and bank overdraft	48	108	183
Net cash used in discontinued operations	(139)	(482)	(431)
Net increase (decrease) in cash, cash equivalents and bank overdraft	(2 363)	1 364	1 375
Cash, cash equivalents and bank overdraft at beginning of period	8 408	7 033	7 033
Cash, cash equivalents and bank overdraft at end of period	6 045	8 397	8 408

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, 2013	2 272	29 056	(1 047)	49 018	(9 635)	69 663	5 835	75 498
<i>Changes in equity for 2013</i>								
Treasury shares reissued to employees		(7)	41			33		33
Dividends				(1 529)		(1 529)	(199)	(1 728)
Capital contribution in subsidiaries							33	33
Items not reclassified to income statement in subsidiaries sold				49	(49)	-		-
Minority interest in subsidiaries sold							(1)	(1)
Total comprehensive income for the period				(127)	2 377	2 250	15	2 265
September 30, 2013	2 272	29 049	(1 006)	47 410	(7 307)	70 417	5 682	76 099
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 to employees		(4)	35			31		31
Dividends				(1 530)		(1 530)	(74)	(1 604)
Items not reclassified to income statement in subsidiaries sold/liquidated				1	(1)	-		
Total comprehensive income for the period				1 167	(534)	633	276	909
September 30, 2014	2 272	29 045	(972)	46 256	(7 485)	69 115	5 484	74 600

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 1 Significant accounting policies and reporting entity and note 2 Changes in accounting principles and new pronouncements in Hydro's Financial Statements - 2013.

Hydro implemented IFRS 10, IFRS 11, IFRS 12 and the amended IAS 27 and IAS 31 as of January 1, 2014. The changes are made with retrospective application. The implementation of IFRS 11 Joint Arrangements resulted in changed accounting method for two jointly controlled entities, Aluminium Norf GmbH and Skafså ANS, which are deemed as joint operations under IFRS 11. In accordance with IFRS 11 Hydro reports its share of assets, liabilities, income and expenses in these entities, which were previously accounted for under the equity method. The main changes to previously reported numbers are shown in the table below. In addition there are minor changes to some other line items.

NOK million	Third quarter 2013		First nine months 2013		Year 2013	
	Effect of IFRS 11	Adjusted	Effect of IFRS 11	Adjusted	Effect of IFRS 11	Adjusted
Share of the profit (loss) in equity accounted investments	23	(54)	57	(90)	71	(240)
Depreciation, amortization and impairment	63	1 139	186	3 421	253	4 644
Earnings before financial items and tax (EBIT)	(1)	596	-	1 677	(12)	1 663
Net income	-	321	-	(81)	-	(839)
Other comprehensive income	-	(632)	-	2 346	-	2 598

NOK million	January 1, 2013		September 30, 2013		December 31, 2013	
	Effect of IFRS 11	Adjusted	Effect of IFRS 11	Adjusted	Effect of IFRS 11	Adjusted
Property, plant and equipment	1 996	54 204	2 082	53 374	2 184	52 855
Investments accounted for using the equity method	(1 023)	9 211	(1 047)	17 060	(1 062)	17 148
Total assets	985	118 342	1 005	116 541	1 088	116 324
Total liabilities	985	42 844	1 005	40 442	1 088	41 059
Equity	-	75 498	-	76 099	-	75 264
Total liabilities and equity	985	118 342	1 005	116 541	1 088	116 324

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 - 2013 that are a part of Hydro's Annual Report - 2013.

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 - 2013 note 7 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	Third quarter		First 9 months		Year
	2014	2013	2014	2013	2013
<b>Total revenue</b>					
Bauxite & Alumina	3 737	3 354	11 077	9 804	13 350
Primary Metal	6 986	5 884	19 989	17 725	23 279
Metal Markets	10 919	9 061	31 321	28 794	37 791
Rolled Products	5 618	5 005	16 131	15 224	20 092
Energy	1 492	1 674	4 412	4 682	6 279
Other and eliminations	(9 055)	(8 833)	(26 678)	(27 924)	(35 914)
<b>Total</b>	<b>19 698</b>	<b>16 145</b>	<b>56 251</b>	<b>48 306</b>	<b>64 877</b>
<b>External revenue</b>					
Bauxite & Alumina	2 257	2 077	6 869	5 953	8 124
Primary Metal	1 590	1 025	4 154	2 878	3 866
Metal Markets	9 784	7 228	27 356	21 978	29 646
Rolled Products	5 498	5 002	16 000	15 318	20 286
Energy	540	779	1 783	2 094	2 830
Other and eliminations	28	34	89	86	124
<b>Total</b>	<b>19 698</b>	<b>16 145</b>	<b>56 251</b>	<b>48 306</b>	<b>64 877</b>
<b>Internal revenue</b>					
Bauxite & Alumina	1 480	1 277	4 208	3 851	5 226
Primary Metal	5 396	4 860	15 834	14 847	19 413
Metal Markets	1 136	1 833	3 964	6 816	8 144
Rolled Products	120	3	131	(94)	(194)
Energy	952	895	2 629	2 589	3 449
Other and eliminations	(9 084)	(8 867)	(26 767)	(28 010)	(36 038)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share of the profit (loss) in equity accounted investments</b>					
Bauxite & Alumina	-	-	-	-	-
Primary Metal	234	(19)	403	(54)	108
Metal Markets	-	-	-	-	-
Rolled Products	-	-	-	-	-
Energy	-	-	-	-	-
Other and eliminations	53	(35)	47	(36)	(348)
<b>Total</b>	<b>287</b>	<b>(54)</b>	<b>450</b>	<b>(90)</b>	<b>(240)</b>

NOK million	Third quarter		First 9 months		Year
	2014	2013	2014	2013	2013
<b>Depreciation, amortization and impairment</b>					
Bauxite & Alumina	442	417	1 283	1 294	1 718
Primary Metal	431	461	1 295	1 403	1 855
Metal Markets	21	38	90	73	98
Rolled Products	174	170	516	493	677
Energy	41	37	120	113	150
Other and eliminations	13	15	38	45	146
<b>Total</b>	<b>1 121</b>	<b>1 139</b>	<b>3 343</b>	<b>3 421</b>	<b>4 644</b>
<b>Earnings before financial items and tax (EBIT) <sup>1)</sup></b>					
Bauxite & Alumina	(23)	(370)	(576)	(687)	(1 178)
Primary Metal	1 278	338	2 016	478	855
Metal Markets	265	116	431	465	666
Rolled Products	525	74	1 057	166	83
Energy	235	481	831	1 265	1 657
Other and eliminations	(342)	(43)	(380)	(10)	(420)
<b>Total</b>	<b>1 937</b>	<b>596</b>	<b>3 379</b>	<b>1 677</b>	<b>1 663</b>
<b>EBITDA</b>					
Bauxite & Alumina	419	47	707	607	540
Primary Metal	1 713	803	3 324	1 892	2 726
Metal Markets	286	153	522	538	764
Rolled Products	698	245	1 573	659	761
Energy	276	519	951	1 378	1 807
Other and eliminations	(329)	(28)	(342)	35	(274)
<b>Total</b>	<b>3 062</b>	<b>1 739</b>	<b>6 735</b>	<b>5 110</b>	<b>6 323</b>
<b>Investments <sup>2)</sup></b>					
Bauxite & Alumina	305	118	474	1 012	1 198
Primary Metal	312	253	967	704	1 093
Metal Markets	20	21	48	43	74
Rolled Products	122	121	355	276	617
Energy	112	441	278	595	689
Other and eliminations	18	21	54	74	90
<b>Total</b>	<b>889</b>	<b>975</b>	<b>2 176</b>	<b>2 704</b>	<b>3 761</b>

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. Excludes investments in discontinued operations.

NOK million	EBIT	Depr., amor. and impairment <sup>1)</sup>	EBITDA
<b>EBIT - EBITDA Third quarter 2014</b>			
Bauxite & Alumina	(23)	442	419
Primary Metal	1 278	435	1 713
Metal Markets	265	21	286
Rolled Products	525	174	698
Energy	235	41	276
Other and eliminations	(342)	13	(329)
<b>Total</b>	<b>1 937</b>	<b>1 125</b>	<b>3 062</b>

NOK million	EBIT	Depr., amor. and impairment <sup>1)</sup>	EBITDA
<b>EBIT - EBITDA First 9 months 2014</b>			
Bauxite & Alumina	(576)	1 283	707
Primary Metal	2 016	1 308	3 324
Metal Markets	431	90	522
Rolled Products	1 057	516	1 573
Energy	831	120	951
Other and eliminations	(380)	38	(342)
<b>Total</b>	<b>3 379</b>	<b>3 356</b>	<b>6 735</b>

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: Contingencies

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 resulting liabilities, if any, will not have a material adverse effect on its consolidated results of operations, liquidity or financial position.

## Note 4: Discontinued operations

Discontinued operations and assets held for sale reported in 2013 relates to Hydro's Extruded Products activities contributed to the 50 percent owned joint venture Sapa, established on September 1, 2013.

### Summary of financial data for discontinued operations

NOK million	Third quarter		First 9 months		Year
	2014	2013	2014	2013	2013
Revenue and other income	-	2 851	-	11 531	11 531
Share of the profit (loss) in equity accounted investments	-	4	-	10	10
Depreciation, amortization and impairment	-	-	-	-	-
Other expenses	-	2 772	-	11 347	11 347
Earnings before financial items and tax	-	83	-	194	194
Financial income (expense), net	-	(21)	-	(52)	(52)
Income (loss) before tax	-	62	-	142	142
Income tax expense	-	(4)	-	(28)	(28)
Gain on disposal	-	75	-	75	75
Income (loss) from discontinued operations	-	132	-	189	189
Net cash provided by (used in) operating activities			-	(238)	(238)
Net cash used in investing activities			(139)	(336)	(285)
Net cash provided by (used in) financing activities			-	(12)	(12)
Foreign currency effects on cash			-	11	11
Net decrease in cash classified as assets held for sale			-	93	93
Net cash used in discontinued operations			(139)	(482)	(431)

## Additional information

### Financial calendar

2014

November 27 and 28    Capital Markets Day

2015

February 11            Fourth quarter results

March 13                Annual report

April 29                 First quarter results

May 6                    Annual General Meeting

July 21                  Second quarter results

October 21              Third quarter results

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.

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