



HYDRO

First quarter report

I

2015

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Overview

Summary underlying financial and operating results and liquidity

Key financial information	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
NOK million, except per share data						
Revenue	23 290	21 656	8 %	18 282	27 %	77 907
Earnings before financial items and tax (EBIT)	3 206	2 295	40 %	822	>100 %	5 674
Items excluded from underlying EBIT	2	591	(100) %	(50)	>100 %	18
Underlying EBIT	3 208	2 886	11 %	772	>100 %	5 692
<i>Underlying EBIT :</i>						
Bauxite & Alumina	780	528	48 %	(288)	>100 %	(55)
Primary Metal	2 012	1 989	1 %	312	>100 %	3 937
Metal Markets	24	221	(89) %	141	(83) %	634
Rolled Products	292	96	>100 %	181	62 %	698
Energy	382	360	6 %	435	(12) %	1 197
Other and eliminations ¹⁾	(281)	(308)	9 %	(8)	>(100) %	(717)
Underlying EBIT	3 208	2 886	11 %	772	>100 %	5 692
Underlying EBITDA	4 437	4 170	6 %	1 861	>100 %	10 299
Net income (loss)	1 072	(168)	>100 %	462	>100 %	1 228
Underlying net income (loss)	2 206	1 979	11 %	388	>100 %	3 728
Earnings per share	0.46	(0.18)	>100 %	0.19	>100 %	0.39
Underlying earnings per share	0.95	0.83	14 %	0.16	>100 %	1.55
<i>Financial data:</i>						
Investments ²⁾	802	1 449	(45) %	546	47 %	3 625
Adjusted net interest-bearing debt	(13 478)	(13 587)	1 %	(11 230)	(20) %	(13 587)
Key Operational information						
Alumina production (kmt)	1 451	1 501	(3) %	1 428	2 %	5 933
Primary aluminium production (kmt)	497	499	(1) %	484	3 %	1 958
Realized aluminium price LME (USD/mt)	1 897	1 997	(5) %	1 749	8 %	1 850
Realized aluminium price LME (NOK/mt) ³⁾	14 383	13 355	8 %	10 702	34 %	11 624
Realized NOK/USD exchange rate ³⁾	7.58	6.69	13 %	6.12	24 %	6.28
Metal products sales, total Hydro (kmt) ⁴⁾	767	768	-	869	(12) %	3 274
Rolled Products sales volumes to external market (kmt)	227	213	7 %	243	(6) %	946
Power production (GWh)	3 071	2 823	9 %	2 964	4 %	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 lease obligations. In the fourth quarter of 2014 investments included about NOK 200 million in non-cash elements.

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

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

Hydro's underlying earnings before financial items and tax increased to NOK 3,208 million in the first quarter, up from NOK 2,886 million in the fourth quarter of 2014 mainly reflecting seasonally higher volumes and the strengthening USD.

Underlying EBIT for Bauxite and Alumina further improved in the first quarter reflecting higher alumina sales volumes and the strengthening USD. Results were also supported by cost and revenue improvements relating to the "From B to A" improvement program. Negative effects of lower LME-linked alumina prices were partly offset by an increase in alumina index based sales volumes.

Primary Metal underlying EBIT improved slightly in the first quarter influenced by a further increase in realized aluminium prices and premiums measured in Norwegian kroner. Positive developments were partly offset by higher costs for alumina and power, reflecting higher prices and negative currency effects.

Underlying EBIT for Metal Markets declined substantially compared to the fourth quarter impacted by negative results from sourcing and trading activities as a result of a decline in standard ingot premiums. The negative results were partly offset by improved results from remelt operations due to higher product premiums and seasonally higher sales volumes in Europe.

Rolled Products delivered higher underlying EBIT compared with the fourth quarter of 2014, mainly due to seasonally higher sales volumes, higher operating margins and currency gains on export sales.

Underlying EBIT for Energy increased slightly compared to the fourth quarter due to higher production partly offset by lower prices and increased production costs.

Underlying EBIT for Sapa increased compared to the previous quarter, due to higher seasonal demand, continued strong growth in North-America and the positive effects of improvement programs.

Operating cash flow amounted to NOK 1.4 billion for the first quarter. Cash used for investment activities amounted to NOK 0.9 billion. Hydro's net debt position amounted to NOK 0.3 billion at the end of the first quarter also affected by currency translation effects of around NOK 0.7 billion mainly due to the strengthening USD compared to NOK.

Reported EBIT and net income

Reported earnings before financial items and tax amounted to NOK 3,206 million in the first quarter. In addition to the factors discussed above, reported EBIT included net unrealized derivative gains and positive metal effects of NOK 72 million in total. Reported earnings also included a charge of NOK 74 million (Hydro's share) for Sapa mainly relating to unrealized derivative losses.

In the previous quarter reported earnings before financial items and tax amounted to NOK 2,295 million including net unrealized derivative losses and positive metal effects of negative NOK 72 million in total. Reported earnings also included impairment charges of NOK 145 million related to the rolling mill in Slim, Italy. In addition, reported EBIT included NOK 337 million (Hydro's share) relating to Sapa mainly for impairment and restructuring charges, and net other charges of NOK 36 million.

Net income amounted to NOK 1,072 million in the first quarter including a net foreign exchange loss of NOK 1,587 million mainly due to the strengthening of the USD. In the previous quarter, Hydro incurred a net loss amounting to NOK 168 million including a net foreign exchange loss of NOK 2,252 million.

Market developments and outlook

Market statistics ¹⁾	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
NOK/USD Average exchange rate	7.76	6.86	13 %	6.10	27 %	6.30
NOK/USD Balance sheet date exchange rate	8.09	7.43	9 %	5.99	35 %	7.43
NOK/BRL Average exchange rate	2.72	2.70	1 %	2.58	5 %	2.68
NOK/BRL Balance sheet date exchange rate	2.49	2.80	(11) %	2.64	(6) %	2.80
NOK/EUR Average exchange rate	8.73	8.58	2 %	8.35	5 %	8.35
NOK/EUR Balance sheet date exchange rate	8.70	9.04	(4) %	8.26	5 %	9.04
<i>Bauxite and alumina:</i>						
Average alumina price - Platts PAX FOB Australia (USD/t)	341	354	(4) %	328	4 %	330
Global production of alumina (kmt)	27 597	27 684	-	26 520	4 %	106 790
Global production of alumina (ex. China) (kmt)	13 945	13 908	-	13 930	-	54 521
<i>Primary aluminium:</i>						
LME three month average (USD/mt)	1 813	1 974	(8) %	1 752	3 %	1 894
LME three month average (NOK/mt)	14 062	13 567	4 %	10 671	32 %	11 962
Global production of primary aluminium (kmt)	13 999	14 134	(1) %	13 108	7 %	54 114
Global consumption of primary aluminium (kmt)	12 917	13 672	(6) %	12 480	4 %	54 057
Global production of primary aluminium (ex. China) (kmt)	6 448	6 521	(1) %	6 331	2 %	25 810
Global consumption of primary aluminium (ex. China) (kmt)	6 720	6 493	3 %	6 627	1 %	26 828
Reported primary aluminium inventories (kmt)	7 740	7 381	5 %	8 927	(13) %	7 381
<i>Rolled products and extruded products:</i>						
Consumption rolled products - Europe (kmt)	1 141	1 030	11 %	1 122	2 %	4 408
Consumption rolled products - USA & Canada (kmt)	1 160	1 123	3 %	1 027	13 %	4 446
Consumption extruded products - Europe (kmt)	703	644	9 %	703	-	2 775
Consumption extruded products - USA & Canada (kmt)	542	493	10 %	488	11 %	2 040
<i>Energy:</i>						
Average southern Norway spot price (NO2) (NOK/MWh)	238	248	(4) %	249	(4) %	228
Average nordic system spot price (NOK/MWh)	246	264	(7) %	252	(2) %	248

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 715 thousand mt for the first two months of 2015, down 35 percent from the same period in 2014. Bauxite imports declined 50 percent to 5.6 million mt in the first two months of 2015 following the ban on Indonesian exports that took effect January 12, 2014.

Platts alumina spot prices averaged USD 341 per mt in the first quarter of 2015, a decrease of USD 13 per mt compared to the previous quarter. Average prices represented 18.4 percent of LME in the quarter compared with 17.9 percent in the previous quarter. According to Chinese import statistics, the average delivered China bauxite price was USD 56 per mt in February 2015, USD 2 per mt below the fourth quarter 2014 average.

Primary aluminium

Three month LME prices ranged between USD 1,747 and USD 1,890 per mt throughout the first quarter of 2015. Average LME three month prices measured in USD declined for the quarter while average prices measured in NOK improved compared with the fourth quarter 2014. In Europe, average all-in prices including duty paid standard ingot premiums, were at a level of USD 2,140 to USD 2,300 per mt for the first quarter.

Standard ingot premiums declined significantly during the quarter. Average North American standard ingot premiums

amounted to USD 497 per mt compared with USD 514 per mt in the fourth quarter. Midwest premiums started the quarter at USD 529 per mt and ended the quarter at USD 408 per mt. European duty paid standard ingot premiums fell to USD 345 per mt at the end of the quarter compared with USD 510 at the beginning of the quarter. Average European duty paid standard ingot premiums amounted to USD 433 per mt in the first quarter compared with USD 508 per mt in the fourth quarter. Increased exports of semi-finished products from China and increased metal available from warehouses had a significant, negative impact on premium developments during the quarter. Towards the end of April, China announced a reduction in export taxes for certain aluminium products.

Global demand for primary aluminium (excluding China) increased by 3 percent compared with the fourth quarter and was one percent higher compared to the first quarter of 2014. Annualized consumption amounted to 27.3 million mt for the quarter. Corresponding production amounted to 26.2 million mt, up from 25.9 mt in the fourth quarter, driven by ramp-ups in India and some announced restarts in Europe. Global demand for primary aluminium (excluding China) is expected to grow around 3 percent in 2015.

Aluminium consumption declined seasonally by 0.9 million mt in China compared to the fourth quarter, but increased 6 percent compared to the first quarter of last year. Compared with the first quarter of 2014, aluminium production increased 11 percent. Ramp up of new capacity continued in the Northwest regions, while closures in Eastern regions have been more limited. Shanghai Futures Exchange (SHFE) prices declined 4.5 percent compared to the fourth quarter. The difference between SHFE prices and all-in metal prices outside of China declined during the quarter, mainly due to the lower ingot premiums. This has reduced the incentive for China to export fabricated and semi-finished aluminium products. Exports of semi-fabricated products from China declined from the record high levels reached in December 2014, but remained at higher levels compared to first quarter of last year.

European demand for extrusion ingot, sheet ingot and primary foundry alloys in the first quarter of 2015 was slightly higher compared to the same period in 2014. Product premiums have moderated somewhat, impacted by the decline in standard ingot premiums. The decline in standard ingot premiums throughout the quarter is expected to impact developments for value added premiums going forward.

Rolled products

European demand for flat rolled products increased by 11 percent in the first quarter compared to the fourth quarter of 2014, mainly due to seasonality. Compared to the first quarter of the previous year, demand also showed positive developments, in the automotive segment in particular.

Compared to the fourth quarter of 2014, demand for automotive products was higher primarily due to the increasing substitution of steel by aluminium for automotive body sheet, together with higher car production and seasonally higher demand. After a period of weaker demand at the beginning of 2015, the beverage can market has improved and is expected to show a positive development throughout the year. Building and construction market demand also improved somewhat during the quarter. Demand for foil products was seasonally higher compared to the fourth quarter and also positively impacted by relatively low customer stock levels. Demand for general engineering products improved towards the end of the first quarter. European demand for flat rolled products is expected to be higher in the second quarter of 2015 due to seasonality and improved underlying demand across most segments.

Extruded products

Demand for extruded products in North America increased by 11 percent compared to the same quarter last year, driven by strong automotive demand and increased building and construction activity. Compared to previous quarter, demand increased by 10 percent due to seasonality.

In Europe, demand was stable compared to the first quarter of the previous year. Compared to fourth quarter, demand increased by 9 percent due to seasonality.

Demand for extruded products is expected to be seasonally higher in the second quarter. Compared to the second quarter of last year, demand in Europe is expected to remain stable while the strong development in North America is expected to continue.

Energy

The average Nordic system price declined compared to the previous quarter influenced by mild, wet weather conditions.

The Nordic hydrological balance started the quarter around 7 TWh below normal and ended at about 6 TWh above normal. Water reservoirs in Norway were 38 percent of full capacity at the end of the first quarter or about one percentage point below normal. Snow reservoirs were well above normal levels during the quarter.

The severe drought in Brazil, which began in early 2014, has resulted in a deteriorating hydrological balance. During the quarter reservoir levels improved somewhat which has reduced the immediate risk of rationing, however, developments remain uncertain.

Additional factors impacting Hydro

Primary Metal has sold forward around 50 percent of its expected primary aluminium production for the second quarter of 2015 at a price level of around USD 1,800 per mt.¹⁾ This excludes volumes from Qatalum.

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	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Underlying EBIT (NOK million)	780	528	48 %	(288)	>100 %	(55)
Underlying EBITDA (NOK million)	1 240	1 046	19 %	122	>100 %	1 747
Alumina production (kmt)	1 451	1 501	(3) %	1 428	2 %	5 933
Sourced alumina (kmt)	666	503	32 %	550	21 %	2 016
Total alumina sales (kmt)	2 136	2 043	5 %	1 906	12 %	7 942
Realized alumina price (USD/mt) ¹⁾	300	303	(1) %	269	11 %	284
Bauxite production (kmt) ²⁾	2 135	2 582	(17) %	2 242	(5) %	9 481
Sourced bauxite (kmt) ³⁾	1 806	2 433	(26) %	1 874	(4) %	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 and Alumina further improved in the first quarter reflecting higher alumina sales volumes and the strengthening USD. Results were also supported by cost and revenue improvements relating to the "From B to A" improvement program. Negative effects of lower LME-linked alumina prices were partly offset by an increase in alumina index based sales volumes.

Bauxite production declined in the first quarter due to an extended period of maintenance which reduced available capacity by 50 percent from the beginning of March. Due to existing bauxite stocks and increased supply from MRN, production of alumina at Alunorte was unaffected.

Underlying EBIT increased significantly compared to the first quarter of the previous year impacted by higher LME-linked alumina prices and alumina index prices together with increased alumina index based sales volumes. Positive currency effects and cost improvements also had a positive influence on results for the quarter.

Primary Metal

Operational and financial information ¹⁾	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Underlying EBIT (NOK million)	2 012	1 989	1 %	312	>100 %	3 937
Underlying EBITDA (NOK million)	2 522	2 489	1 %	753	>100 %	5 745
Realized aluminium price LME (USD/mt) ²⁾	1 897	1 997	(5) %	1 749	8 %	1 850
Realized aluminium price LME (NOK/mt) ²⁾	14 383	13 355	8 %	10 702	34 %	11 624
Realized premium above LME (USD/mt) ³⁾	614	575	7 %	422	46 %	500
Realized premium above LME (NOK/mt) ³⁾	4 660	3 845	21 %	2 583	80 %	3 140
Realized NOK/USD exchange rate	7.58	6.69	13 %	6.12	24 %	6.28
Primary aluminium production (kmt)	497	499	(1) %	484	3 %	1 958
Casthouse production (kmt)	495	515	(4) %	525	(6) %	2 088
Total sales (kmt)	534	527	1 %	593	(10) %	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.

	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Operational and financial information Qatalum (50%)						
Revenue (NOK million)	1 492	1 510	(1) %	1 087	37 %	4 918
Underlying EBIT (NOK million)	305	371	(18) %	115	>100 %	874
Underlying EBITDA (NOK million)	585	614	(5) %	342	71 %	1 772
Underlying Net income (loss) (NOK million)	246	317	(22) %	75	>100 %	693
Primary aluminium production (kmt)	76	77	(1) %	76	-	306
Casthouse sales (kmt)	77	85	(9) %	83	(7) %	328

Underlying EBIT for Primary Metal improved slightly in the first quarter influenced by a further increase in realized aluminium prices and premiums measured in Norwegian kroner. Positive developments were partly offset by higher costs for alumina and power, reflecting higher prices and negative currency effects. Sales volumes increased somewhat due to seasonality.

Hydro's share of underlying results from Qatalum declined compared to the fourth quarter of 2014 mainly due to lower sales volumes.

Significantly higher realized premiums and aluminium prices, in addition to the stronger US dollar, had a substantial positive impact on underlying EBIT in the first quarter compared to the same quarter of 2014. Increased raw material costs, reflecting higher prices and currency effects, partly offset the positive developments. Improved results from Qatalum also had a positive effect on underlying results for the quarter, driven mainly by higher realized all-in metal prices.

Metal Markets

	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Operational and financial information						
Underlying EBIT (NOK million)	24	221	(89) %	141	(83) %	634
Currency effects ¹⁾	(8)	55	>(100) %	(7)	(8) %	44
Ingot inventory valuation effects ²⁾	(28)	37	>(100) %	(7)	>(100) %	31
Underlying EBIT excl. currency and ingot inventory effects	60	130	(54) %	156	(61) %	559
Underlying EBITDA (NOK million)	47	243	(80) %	157	(70) %	712
Remelt production (kmt)	145	130	12 %	139	4 %	538
Metal products sales excluding ingot trading (kmt) ³⁾	626	654	(4) %	776	(19) %	2 852
Hereof external sales (kmt) ⁴⁾	571	596	(4) %	654	(13) %	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 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. Currency effects for 2014 have been restated.
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 2014 have been restated.
4) Sales volumes for 2014 have been restated.

Underlying EBIT for Metal Markets declined substantially compared to the fourth quarter impacted by negative results from sourcing and trading activities as a result of the decline in standard ingot premiums. This was partly offset by improved results

from remelt operations due to higher product premiums and seasonally higher sales volumes in Europe. Underlying EBIT was also impacted by negative currency and ingot inventory valuation effects in the first quarter compared to significant positive effects in the previous quarter.

Compared to the first quarter of 2014, underlying EBIT excluding currency and ingot inventory valuation effects declined mainly due to the same factors discussed above. Underlying EBIT was also impacted by higher negative currency and ingot inventory valuation effects.

Rolled Products

Operational and financial information	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Underlying EBIT (NOK million)	292	96	>100 %	181	62 %	698
Underlying EBITDA (NOK million)	465	280	66 %	351	33 %	1 398
Sales volumes to external market (kmt)	227	213	7 %	243	(6) %	946
Sales volumes to external markets (kmt) - Customer business units						
Packaging and building ¹⁾	85	82	4 %	91	(6) %	365
Lithography, automotive & heat exchanger	78	73	7 %	80	(3) %	317
General engineering	64	58	10 %	72	(10) %	263
Rolled Products	227	213	7 %	243	(6) %	946

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

Underlying EBIT for Rolled Products increased compared with the fourth quarter 2014, mainly driven by seasonally higher sales volumes for most product segments, higher operating margins and currency gains on export sales.²⁾

Compared with the first quarter of 2014, underlying EBIT was also higher, reflecting positive contributions from the Rheinwerk smelter due to higher all-in metal prices, and currency gains on export sales. Positive effects were partly offset by lower shipments and lower operating margins. Operating margins were impacted by overall margin pressure in combination with high standard ingot premiums affecting fixed premium sales contracts.

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 impact 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	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Underlying EBIT (NOK million)	382	360	6 %	435	(12) %	1 197
Underlying EBITDA (NOK million)	429	402	7 %	474	(9) %	1 360
Direct production costs (NOK million) ¹⁾	204	167	22 %	162	26 %	608
Power production (GWh)	3 071	2 823	9 %	2 964	4 %	10 206
External power sourcing (GWh)	2 200	2 271	(3) %	2 314	(5) %	9 315
Internal contract sales (GWh)	3 315	3 421	(3) %	3 333	(1) %	13 514
External contract sales (GWh)	346	335	3 %	363	(5) %	1 187
Net spot sales (GWh)	1 610	1 339	20 %	1 581	2 %	4 820

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

Underlying EBIT for Energy increased slightly compared to the fourth quarter due to higher production supported by high snow levels. Positive developments were partly offset by lower prices and increased production costs.

Compared to the first quarter of the previous year, underlying EBIT declined influenced by the same factors discussed above.

Other and eliminations

Financial information NOK million	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Sapa (50%)	119	(22)	>100 %	35	>100 %	199
Other	(117)	(118)	1 %	(127)	8 %	(549)
Eliminations	(284)	(168)	(69) %	84	>(100) %	(367)
Underlying EBIT Other and eliminations	(281)	(308)	9 %	(8)	>(100) %	(717)

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%)	First quarter 2015	Fourth quarter 2014	%change prior quarter	First quarter 2014	%change prior year quarter	Year 2014
Revenue (NOK million)	7 067	5 945	19 %	5 673	25 %	23 192
Underlying EBIT (NOK million)	196	(27)	>100 %	78	>100 %	326
Underlying EBITDA (NOK million)	353	171	>100 %	220	60 %	958
Underlying Net income (loss) (NOK million)	119	(22)	>100 %	35	>100 %	199
Sales volumes (kmt)	177	161	10 %	180	(2) %	699

Underlying EBIT for Sapa increased significantly compared to the previous quarter, due to higher seasonal demand, continued strong growth in North-America and the positive effects of improvement programs.

Compared to the same quarter of the previous year, Underlying EBIT improved driven by strong growth in North-America, the effects of improvement programs and restructuring activities, and positive currency developments. Results for precision tubing operations improved, supported by growth in global automotive demand.

Sapa's restructuring program continues to be ahead of plan, with limited restructuring charges affecting reported EBIT for the quarter.

Finance

Financial income (expense)	First quarter 2015	Fourth quarter 2014	% change prior quarter	First quarter 2014	% change prior year quarter	Year 2014
NOK million						
Interest income	75	73	3 %	60	24 %	275
Dividends received and net gain (loss) on securities	13	41	(69)%	2	>100%	71
Financial income	88	115	(23)%	63	40 %	347
Interest expense	(100)	(108)	7 %	(97)	(3)%	(438)
Capitalized interest	-	-	-	1	-	3
Net foreign exchange gain (loss)	(1 587)	(2 252)	30 %	193	>(100)%	(3 161)
Net interest on pension liability	(36)	(49)	27 %	(47)	25 %	(189)
Other	(45)	(47)	6 %	(21)	>(100)%	(115)
Financial expense	(1 768)	(2 456)	28 %	29	>(100)%	(3 900)
Financial income (expense), net	(1 680)	(2 341)	28 %	92	>(100)%	(3 554)

The net foreign exchange loss was comprised of unrealized currency losses on US dollar debt mainly in Brazil. The net foreign exchange loss was partly offset by unrealized gains on intercompany debt and embedded derivatives in power contracts denominated in Euro.

Tax

Income tax expense amounted to NOK 455 million for the first quarter of 2015 or about 30 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 ¹⁾	First quarter 2015	Fourth quarter 2014	First quarter 2014	Year 2014
NOK million				
Unrealized derivative effects on LME related contracts ²⁾	140	-	5	(352)
Unrealized derivative effects on power and raw material contracts ³⁾	(151)	261	(175)	72
Metal effect, Rolled Products ⁴⁾	(61)	(189)	-	(449)
Significant rationalization charges and closure costs ⁵⁾	-	-	-	-
Impairment charges (PP&E and equity accounted investments) ⁶⁾	-	145	33	207
(Gains)/losses on divestments ⁷⁾	-	-	-	(8)
Other effects ⁸⁾	-	36	-	36
Items excluded in equity accounted investment (Sapa)	74	337	86	512
Items excluded from underlying EBIT	2	591	(50)	18
Net foreign exchange (gain)/loss ⁹⁾	1 587	2 252	(193)	3 161
Calculated income tax effect ¹⁰⁾	(454)	(696)	170	(680)
Items excluded from underlying net income	1 134	2 147	(74)	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⁾	First quarter 2015	Fourth quarter 2014	First quarter 2014	Year 2014
NOK million				
Unrealized derivative effects on LME related contracts	3	(10)	(4)	(16)
Bauxite & Alumina	3	(10)	(4)	(16)
Unrealized derivative effects on LME related contracts	54	-	(12)	(86)
Unrealized derivative effects on power contracts	2	27	43	63
Unrealized derivative effects on power contracts (Søral)	-	57	(33)	(16)
Unrealized derivative effects on raw material contracts	-	10	10	37
Impairment charges (Qatalum)	-	-	-	28
Insurance compensation (Qatalum)	-	(55)	-	(55)
Transaction effects Søral acquisition	-	38	-	38
Primary Metal	56	77	8	9
Unrealized derivative effects on LME related contracts	146	(64)	35	(117)
Impairment charges	-	-	33	33
Metal Markets	146	(64)	69	(83)
Unrealized derivative effects on LME related contracts	(80)	76	(16)	(119)
Metal effect	(61)	(189)	-	(449)
Impairment charges	-	145	-	145
Rolled Products	(141)	32	(16)	(423)
Unrealized derivative effects on power contracts	1	(2)	3	4
Energy	1	(2)	3	4
Unrealized derivative effects on power contracts ²⁾	(154)	170	(198)	(16)
Unrealized derivative effects on LME related contracts ²⁾	17	(3)	1	(13)
(Gains)/losses on divestments	-	-	-	(8)
Items excluded in equity accounted investment (Sapa)	74	337	86	512
Other effects ³⁾	-	53	-	53
Other and eliminations	(63)	558	(111)	528
Items excluded from underlying EBIT	2	591	(50)	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	First quarter		Year
	2015	2014	2014
Revenue	23 290	18 282	77 907
Share of the profit (loss) in equity accounted investments	265	40	415
Other income, net	271	132	751
Total revenue and income	23 827	18 454	79 073
Raw material and energy expense	14 662	12 287	51 480
Employee benefit expense	2 295	2 033	8 089
Depreciation, amortization and impairment	1 229	1 117	4 771
Other expenses	2 435	2 194	9 059
Total expenses	20 621	17 632	73 399
Earnings before financial items and tax (EBIT)	3 206	822	5 674
Financial income	88	63	347
Financial expense	(1 768)	29	(3 900)
Financial income (expense), net	(1 680)	92	(3 554)
Income (loss) before tax	1 526	914	2 121
Income taxes	(455)	(452)	(892)
Net income (loss)	1 072	462	1 228
Net income (loss) attributable to minority interests	124	69	432
Net income (loss) attributable to Hydro shareholders	948	393	797
Basic and diluted earnings per share attributable to Hydro shareholders (in NOK) ¹⁾	0.46	0.19	0.39
Weighted average number of outstanding shares (million)	2 040	2 039	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	2015	First quarter 2014	Year 2014
Net income (loss)	1 072	462	1 228
Other comprehensive income			
Items that will not be reclassified to income statement:			
Remeasurement postemployment benefits, net of tax	(19)	(13)	(2 340)
Share of remeasurement postemployment benefit of equity accounted investments, net of tax	-	-	(150)
Total	(19)	(13)	(2 490)
Items that will be reclassified to income statement:			
Currency translation differences, net of tax	(3 710)	202	7 004
Unrealized gain (loss) on securities, net of tax	107	2	90
Cash flow hedges, net of tax	67	172	9
Share of items that will be recycled to profit or loss of equity accounted investments, net of tax	87	(113)	666
Total	(3 449)	263	7 769
Other comprehensive income	(3 468)	250	5 279
Total comprehensive income	(2 396)	712	6 507
Total comprehensive income attributable to minority interests	(434)	160	959
Total comprehensive income attributable to Hydro shareholders	(1 962)	552	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	March 31		Year
	2015	2014	2014
Assets			
Cash and cash equivalents	7 172	6 476	9 253
Short-term investments	2 456	3 081	1 786
Accounts receivables	15 122	11 116	11 703
Inventories	13 392	9 599	12 642
Other current assets	272	325	543
Total current assets	38 413	30 597	35 927
Property, plant and equipment	50 952	52 559	55 719
Intangible assets	5 332	5 598	5 947
Investments accounted for using the equity method	18 679	16 775	18 095
Prepaid pension	3 753	3 801	2 881
Other non-current assets	6 015	6 394	7 703
Total non-current assets	84 731	85 127	90 345
Total assets	123 145	115 724	126 273
Liabilities and equity			
Bank loans and other interest-bearing short-term debt	4 239	6 255	6 039
Trade and other payables	10 593	9 073	9 663
Other current liabilities	4 373	3 002	3 414
Total current liabilities	19 204	18 330	19 116
Long-term debt	5 722	3 941	5 128
Provisions	2 802	2 714	3 993
Pension liabilities	13 407	9 798	12 796
Deferred tax liabilities	1 318	2 833	1 676
Other non-current liabilities	3 146	2 133	3 622
Total non-current liabilities	26 396	21 418	27 215
Total liabilities	45 600	39 748	46 332
Equity attributable to Hydro shareholders	72 068	70 533	74 030
Minority interest	5 477	5 443	5 911
Total equity	77 545	75 976	79 941
Total liabilities and equity	123 145	115 724	126 273
Total number of outstanding shares (million)	2 040	2 039	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	First quarter		Year
	2015	2014	2014
Operating activities			
Net income (loss)	1 072	462	1 228
Depreciation, amortization and impairment	1 229	1 117	4 771
Other adjustments	(1 206)	(2 330)	(34)
Net cash provided by (used in) continuing operating activities	1 095	(751)	5 965
Investing activities			
Purchases of property, plant and equipment	(847)	(585)	(3 294)
Purchases of other long-term investments	(19)	(14)	166
Purchases of short-term investments	(500)	(500)	(1 500)
Proceeds from sales of property, plant and equipment	13	1	113
Proceeds from sales of other long-term investments	2	(19)	(10)
Proceeds from sales of short-term investments	-	-	2 250
Net cash used in continuing investing activities	(1 351)	(1 117)	(2 275)
Financing activities			
Loan proceeds	380	1 652	6 880
Principal repayments	(1 846)	(1 486)	(8 226)
Net increase (decrease) in other short-term debt	(232)	(11)	170
Proceeds from shares issued	5	5	21
Dividends paid	-	(82)	(1 943)
Net cash provided by (used in) continuing financing activities	(1 693)	78	(3 098)
Foreign currency effects on cash and bank overdraft	(127)	(3)	387
Net cash used in discontinued operations	-	(139)	(139)
Net increase (decrease) in cash, cash equivalents and bank overdraft	(2 076)	(1 932)	840
Cash, cash equivalents and bank overdraft at beginning of period	9 248	8 408	8 408
Cash, cash equivalents and bank overdraft at end of period	7 172	6 476	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>								
Items not reclassified to income statement in subsidiaries sold/liquidated				1	(1)	-		-
Total comprehensive income for the period				393	159	552	160	712
March 31, 2014	2 272	29 049	(1 006)	47 011	(6 792)	70 533	5 443	75 976
January 1, 2015	2 272	29 045	(972)	45 872	(2 187)	74 030	5 911	79 941
<i>Changes in equity for 2015</i>								
Total comprehensive income for the period				948	(2 909)	(1 962)	(434)	(2 396)
March 31, 2015	2 272	29 045	(972)	46 819	(5 096)	72 068	5 477	77 545

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	2015	First quarter 2014	Year 2014
Total revenue			
Bauxite & Alumina	5 461	3 511	15 847
Primary Metal	9 096	6 618	28 064
Metal Markets	12 181	10 292	43 029
Rolled Products	6 170	5 238	21 455
Energy	1 553	1 539	6 303
Other and eliminations	(11 171)	(8 917)	(36 790)
Total	23 290	18 282	77 907
External revenue			
Bauxite & Alumina	3 387	2 208	9 568
Primary Metal	1 789	1 227	6 397
Metal Markets	11 315	8 719	37 981
Rolled Products	6 079	5 290	21 345
Energy	698	807	2 492
Other and eliminations	21	31	124
Total	23 290	18 282	77 907
Internal revenue			
Bauxite & Alumina	2 074	1 304	6 279
Primary Metal	7 307	5 391	21 667
Metal Markets	866	1 573	5 048
Rolled Products	91	(52)	109
Energy	854	732	3 810
Other and eliminations	(11 192)	(8 948)	(36 914)
Total	-	-	-
Share of the profit (loss) in equity accounted investments			
Bauxite & Alumina	-	-	-
Primary Metal	250	92	728
Metal Markets	-	-	-
Rolled Products	-	-	-
Energy	-	-	-
Other and eliminations	16	(51)	(313)
Total	265	40	415

NOK million	First quarter		Year
	2015	2014	2014
Depreciation, amortization and impairment			
Bauxite & Alumina	460	410	1 802
Primary Metal	511	437	1 794
Metal Markets	23	49	112
Rolled Products	173	170	845
Energy	47	39	162
Other and eliminations	15	13	55
Total	1 229	1 117	4 771
Earnings before financial items and tax (EBIT) ¹⁾			
Bauxite & Alumina	776	(284)	(39)
Primary Metal	1 956	303	3 928
Metal Markets	(122)	73	717
Rolled Products	433	197	1 121
Energy	381	431	1 193
Other and eliminations	(218)	102	(1 245)
Total	3 206	822	5 674
EBITDA			
Bauxite & Alumina	1 237	125	1 763
Primary Metal	2 467	745	5 736
Metal Markets	(99)	122	829
Rolled Products	607	367	1 966
Energy	428	471	1 355
Other and eliminations	(204)	115	(1 190)
Total	4 436	1 944	10 460
Investments ²⁾			
Bauxite & Alumina	230	60	701
Primary Metal	375	306	1 606
Metal Markets	26	7	95
Rolled Products	141	89	783
Energy	27	74	364
Other and eliminations	3	10	76
Total	802	546	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 First quarter 2015			
Bauxite & Alumina	776	460	1 237
Primary Metal	1 956	511	2 467
Metal Markets	(122)	23	(99)
Rolled Products	433	173	607
Energy	381	47	428
Other and eliminations	(218)	15	(204)
Total	3 206	1 229	4 436

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

Financial calendar

2015

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.

Norsk Hydro ASA
NO-0240 Oslo
Norway

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

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