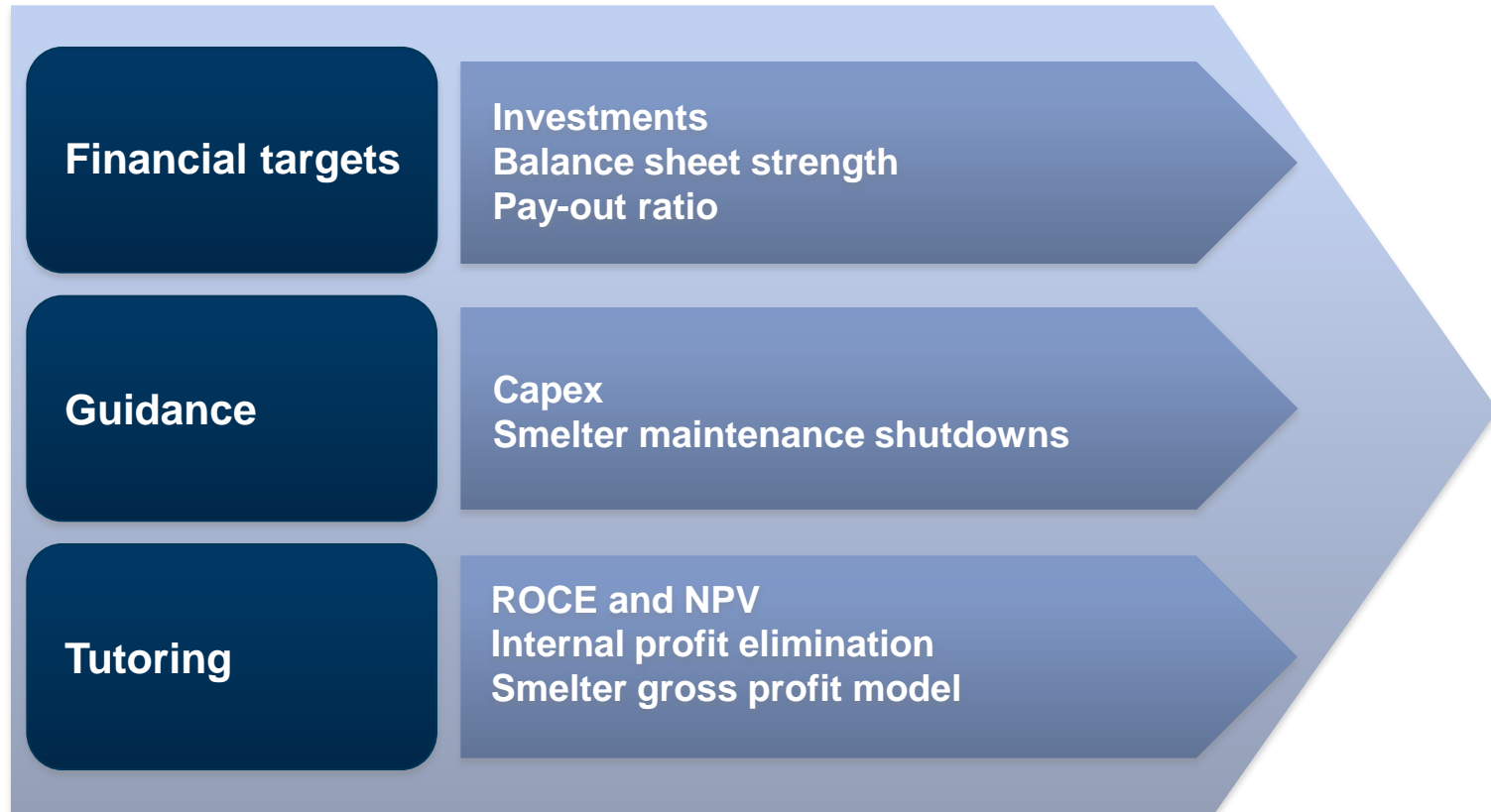




Prudent capital managment

Mikael Staffas, CFO
Capital Markets Day 2014
November 10, 2014

Prudent capital management



Delivering on our financial targets



Investment IRR
> 12% WACC +
risk surcharge

ND/E 20% at the
end of an
economic upturn

Dividend policy:
Pay-out 1/3 of
net profit

Evaluating our investment portfolio

- Calculations done in real numbers
 - Discount rate 10% real (12% nominal) for typical Boliden risk
- Base case estimate done with total system impact
- Emphasis on developing parallel options to choose from – not just “do-nothing”
- Transparent prices and terms



Long term prices and terms

- Budget prices and terms
 - Year 1 (forward curves August 31)

- Long term prices and terms
 - Year 2-
 - Impairments
 - Mineral reserve

	2013	2014
Copper, USD/t	6,600	6,600
Zinc, USD/t	2,300	2,300
Lead, USD/t	2,300	2,300
Silver, USD/tr. oz.	20	20
Gold, USD/tr. oz.	1,200	1,200
Nickel, USD/t		18,000
USD/SEK	6.70	6.50
EUR/USD	1.27	1.30

Low price scenarios

	LTP	Floor prices	Long low prices
Copper, USD/t	6,600	5,500	5,800
Zinc, USD/t	2,300	1,450	1,600
Lead, USD/t	2,300	1,450	1,600
Silver, USD/tr. oz.	20	20	20
Gold,USD/tr. oz.	1,200	1,200	1,200
Nickel, USD/t	18,000	14,500	15,500
USD/SEK	6.50	7.0	7.0
EUR/USD	1.30	1.27	1.27

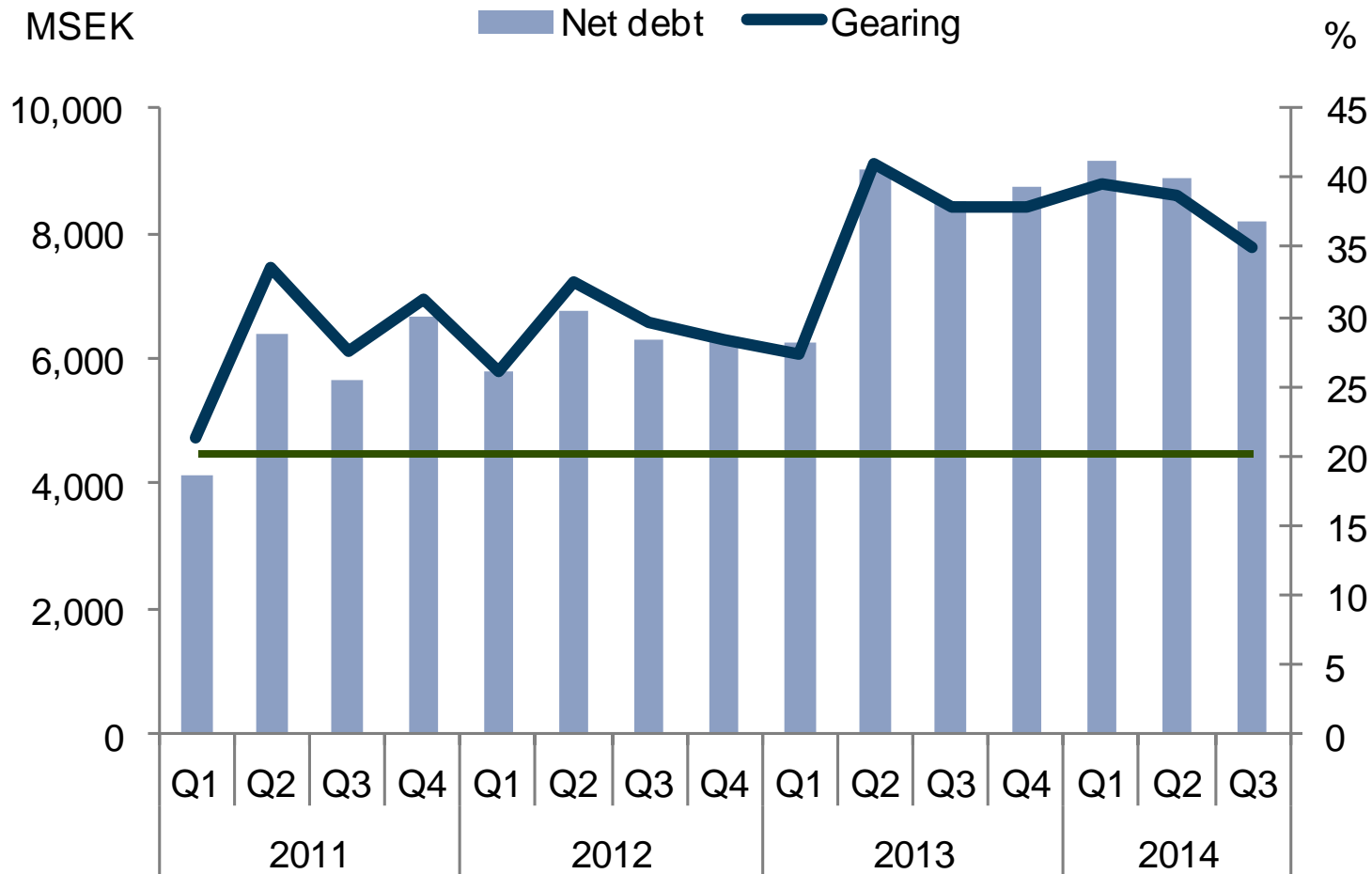
Investment calculations

- Financial evaluation
 - IRR
 - NPV
 - Pay-back
- Other considerations
 - Management capacity
 - CR
 - Permitting
- Balance sheet evaluated based upon total portfolio
 - Floor prices according to historical low points on the cost curve
 - Different scenarios
 - One year low
 - Long low



Continuing to pay down debt

ND/E 20% at the end of an economic upturn



Ensuring balance sheet stability

- Continuous simulation of balance sheet
- Ensuring availability of financing
 - Limits
 - Durations
 - Flexibility including covenants
 - Costs
- Reaching 20% gearing over time
- Pay-out ratio fixed



NEW BOLIDEN

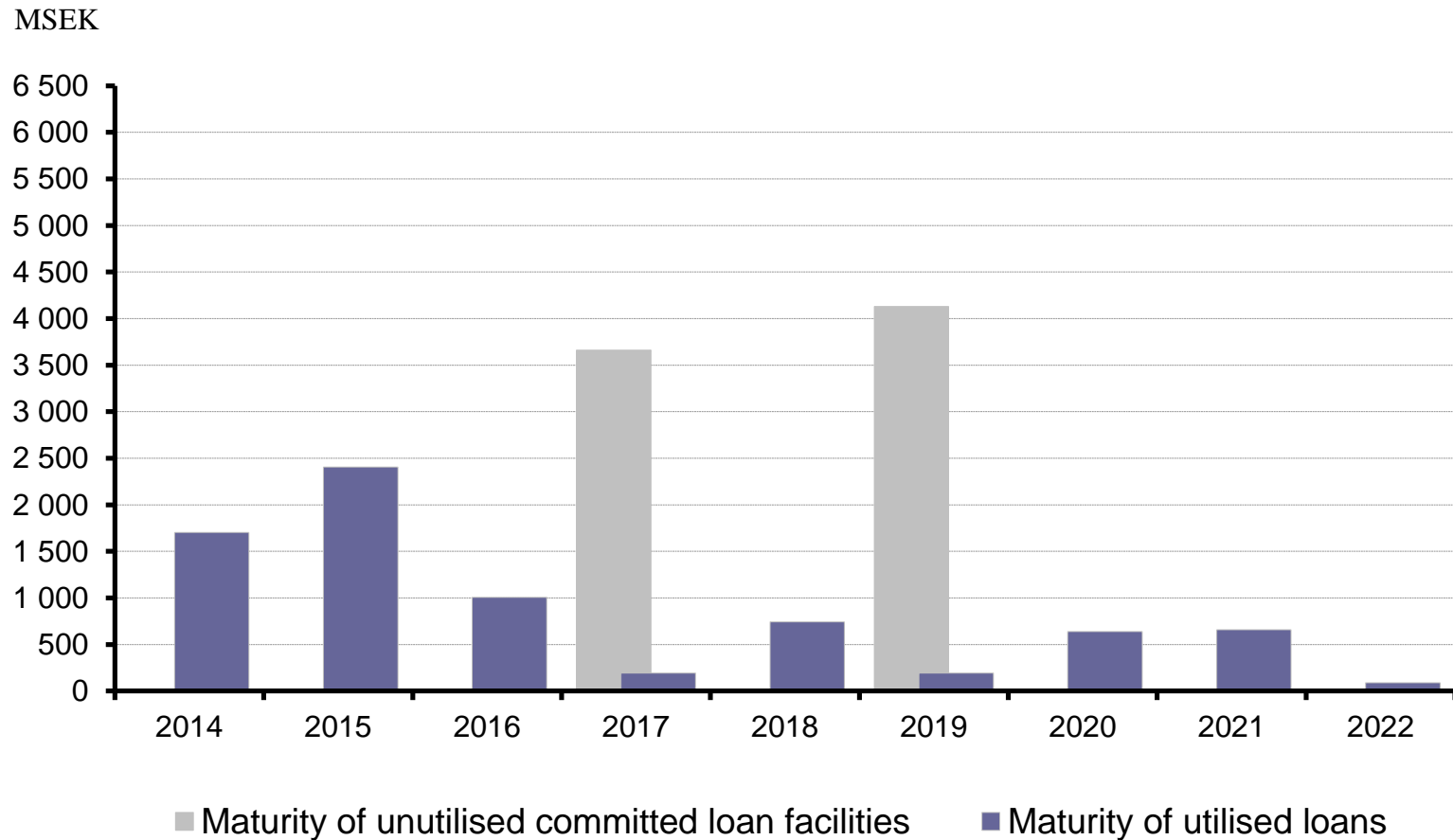
Recap of re-financing – Spring 2014

- Bond issued in April
 - 500 MSEK
 - Duration 6 years
 - Rate 3 M STIBOR + 1.90%
- Bilateral with SEK renegotiated early May
 - 570 MSEK utilized, replacing 1000 MSEK unutilized revolver maturing in 2017
 - Duration 7 years
- Syndicated loan facilities renegotiated May
 - 850 MEUR in two facilities
 - 400 MEUR, duration 3 years – replacing 400 MEUR maturing in 2017
 - 450 MEUR, duration 5 years – replacing 5 800 MSEK maturing in 2015
 - Syndicated group of 13 banks
- Facilities size based upon 3,0 BSEK payment capacity in low scenario
- Therefore facilities slightly smaller than before

Financing profile – Autumn 2014

- Total committed facilities: 12.7 BSEK
 - 12.4 BSEK over one year
- Commercial paper program: 4.0 BSEK limit
- Net debt as of September 30: 8.2 BSEK
 - Commercial Papers: 2.7 BSEK
 - Bond: 0.5 BSEK
 - Bilateral loans 3.4 BSEK
 - Syndicated facilities 1.0 BSEK
 - Pension debt 1.1 BSEK
 - Cash -0.5 BSEK
- Payment capacity: 5.3 BSEK
- Interest rate with todays conditions: 1.7%

Maturity profile – September 30 2014



Conservative hedging policy

Off-set hedging

- Inventory in Smelters (excl. process inventory)

Project hedging

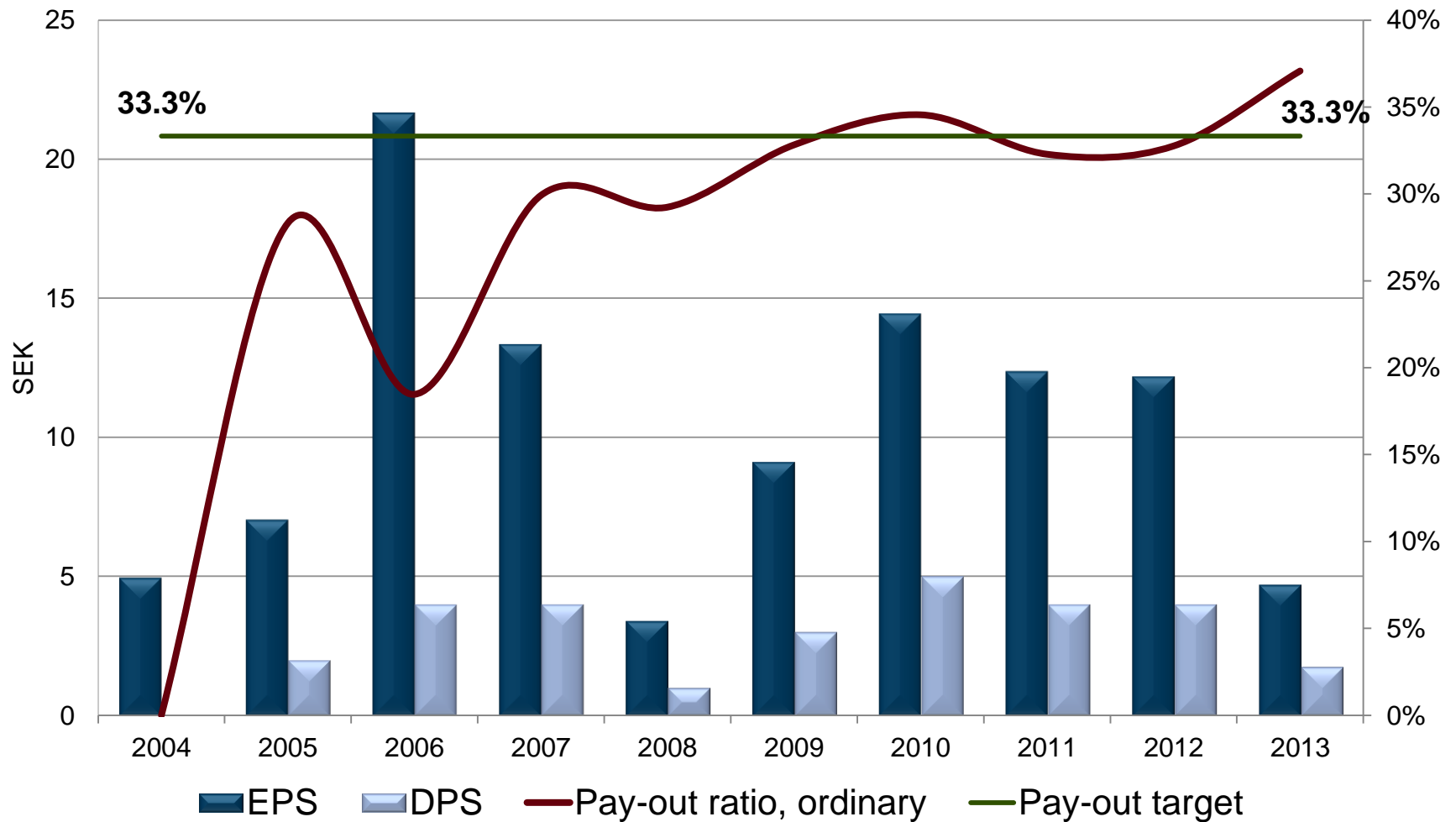
- Ex Kankberg gold hedges

Strategic hedging

- Keeping balance sheet flexibility in times of large capital commitments

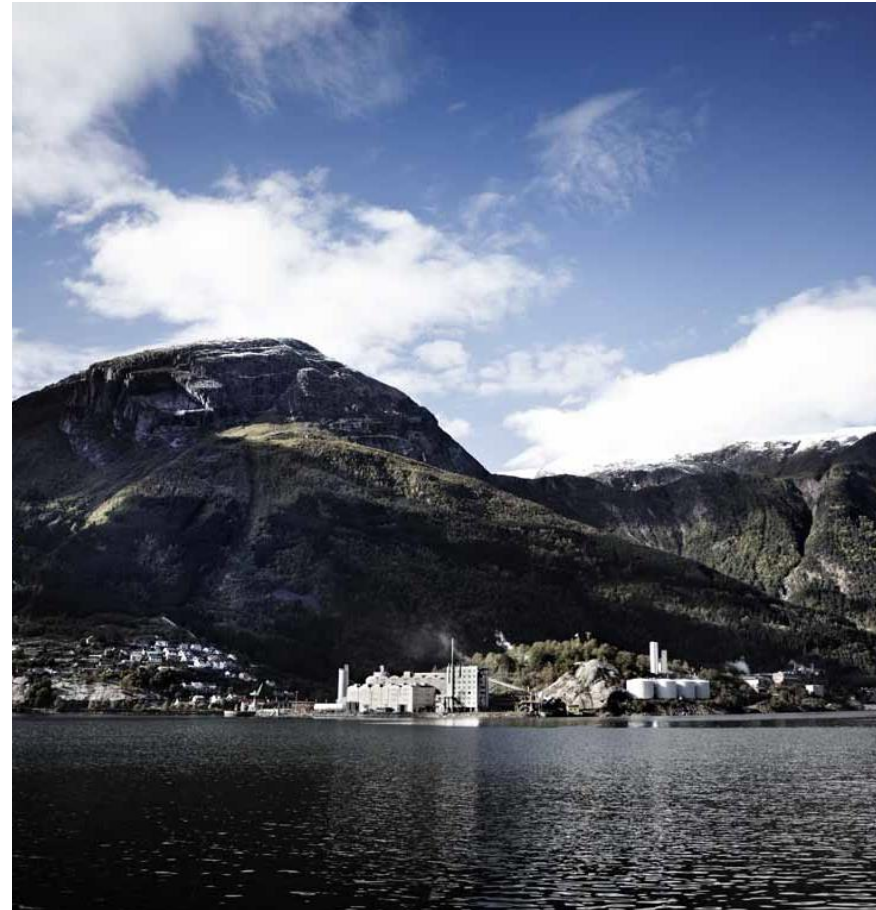
Maintaining pay-out is a key financial target

Dividend policy to pay 1/3 of net profit



Investments

- Investments 2014 4.5 BSEK
 - Including 0.7 BSEK acquisition of Kylylahti
- Investment 2015 4.5 BSEK
 - Roll-over from 2014
 - Odda expansion “P200”
 - Kylylahti maintenance capex



Guidance – Maintenance shutdowns 2015

- Total EBIT effect of maintenance shutdowns 265 MSEK
 - 170 Q2
 - 80 Q3
 - 15 Q4

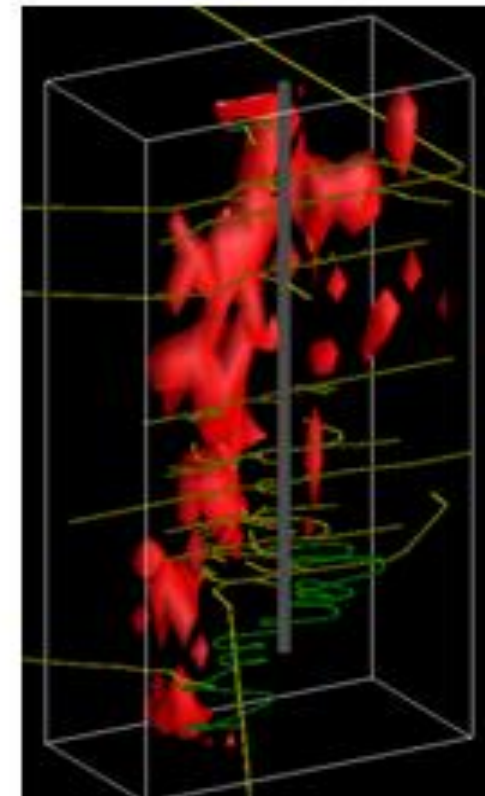
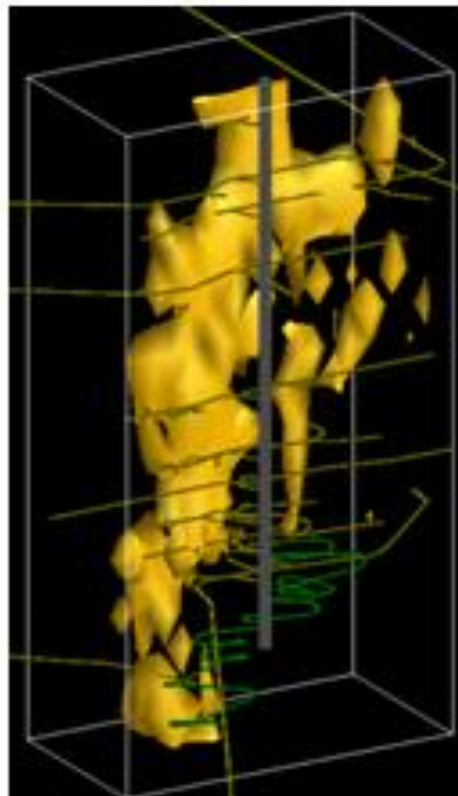
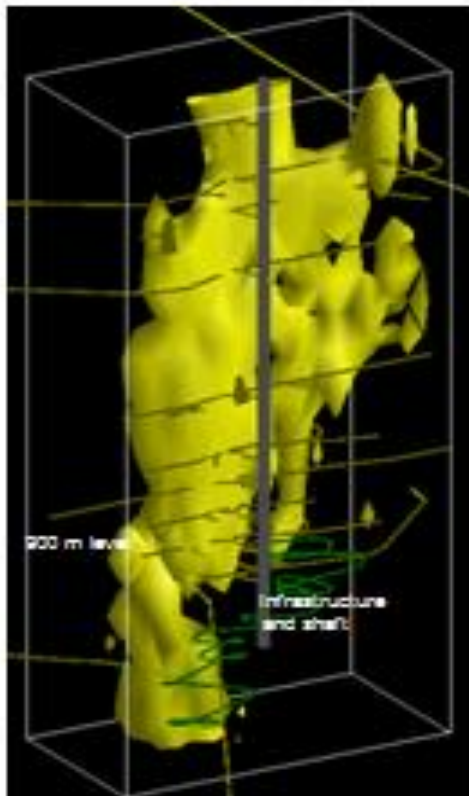


Maximizing NPV

- Improved cost position and/or improved planning prices reduce cut-off grades
- Life of mine typically improved
- Average grade reduced
- Improved NPV. Short term ROCE may go down.
 - Especially true if cost reduction comes from investments
- Example
 - Start: LOM 10 years, CE 50, EBIT 10 per year, EBITDA/CF 15, NPV 98, ROCE 20%
 - Investment 150
 - New situation: LOM 20 years, CE 200, EBIT 30 per year, EBITDA/CF 40, NPV 340, ROCE 15%

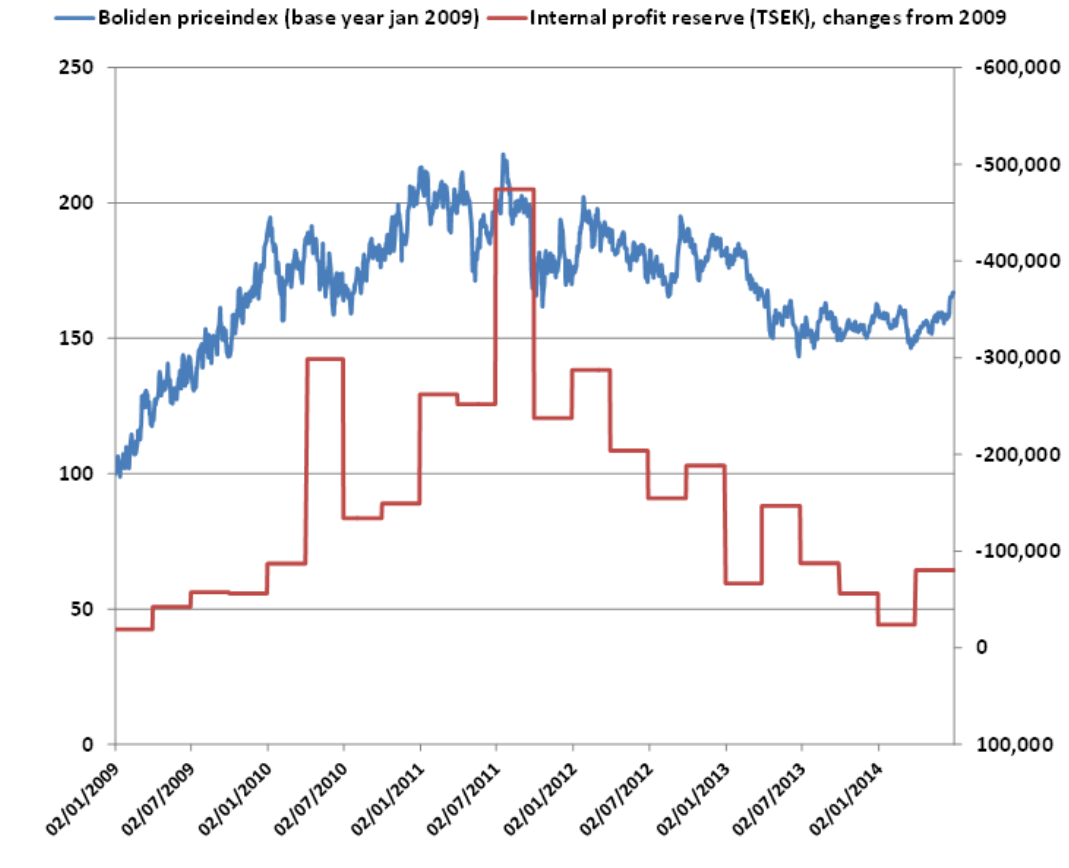
Case study – Maximising NPV from Renström mine during planning

← Increasing metal price / Decreasing production cost / New technique
Decreasing metal price / Increasing production cost →

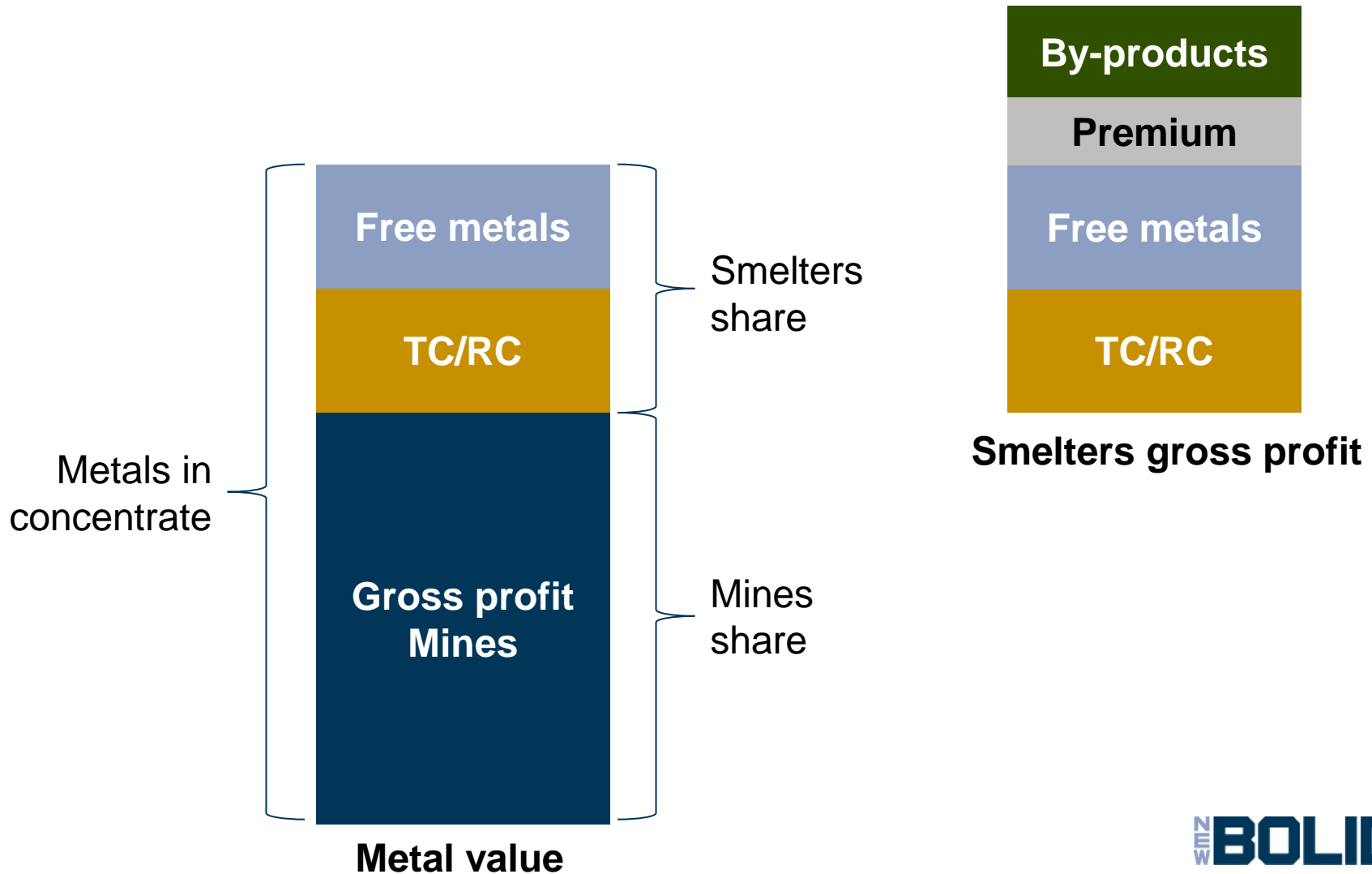


Internal profit explained

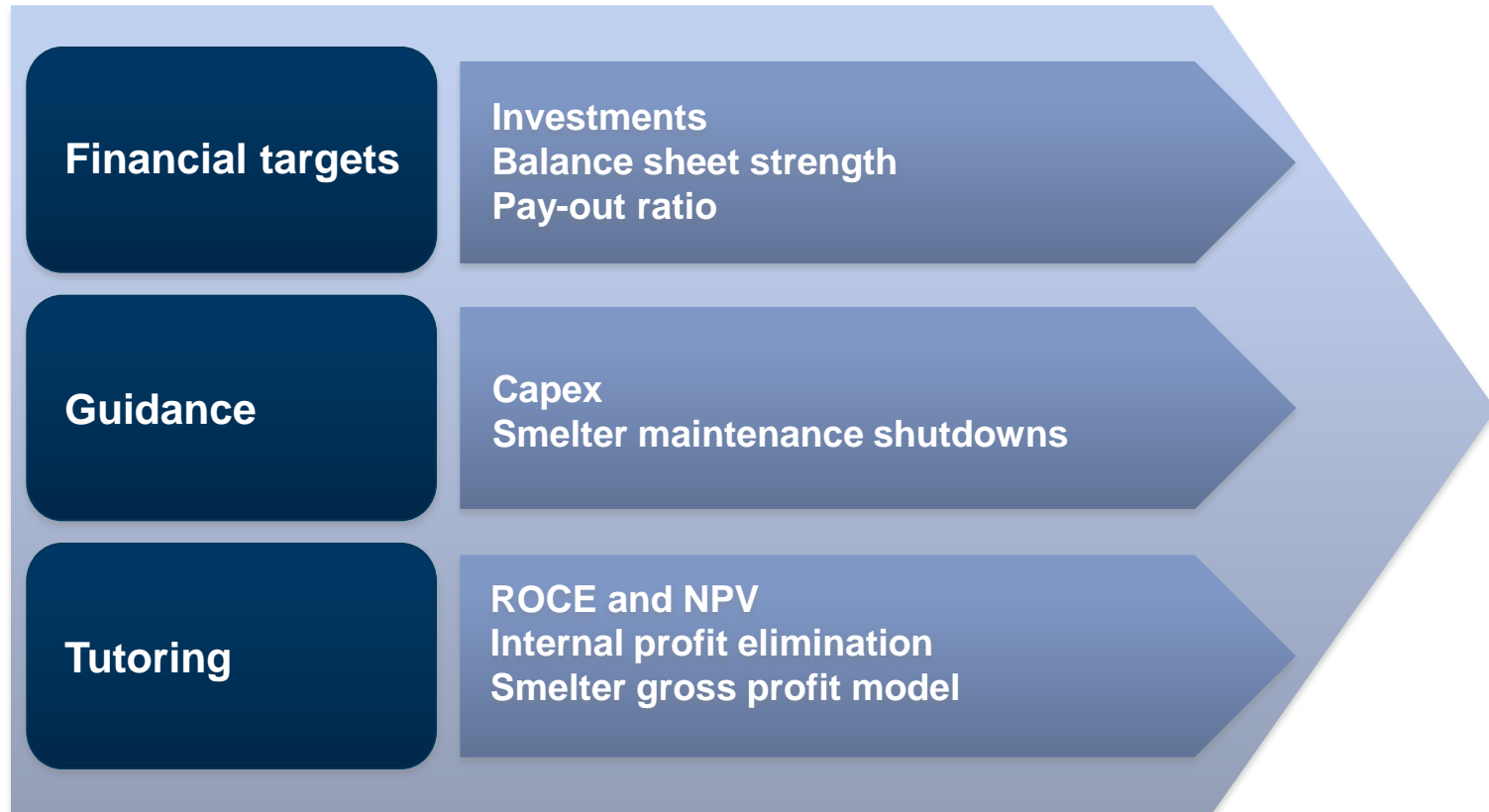
- Internal profit reservation changes are highly correlated with changes in prices and terms
- Inventory of bulk internal concentrates relatively stable
 - Aitik Cu to Rönnskär
 - Garpenberg Zn to Kokkola
- PM rich low volume internal concentrates can vary
 - Garpenberg Cu and Pb to Rönnskär
 - Boliden Cu to Rönnskär



Smelter gross profit model explained

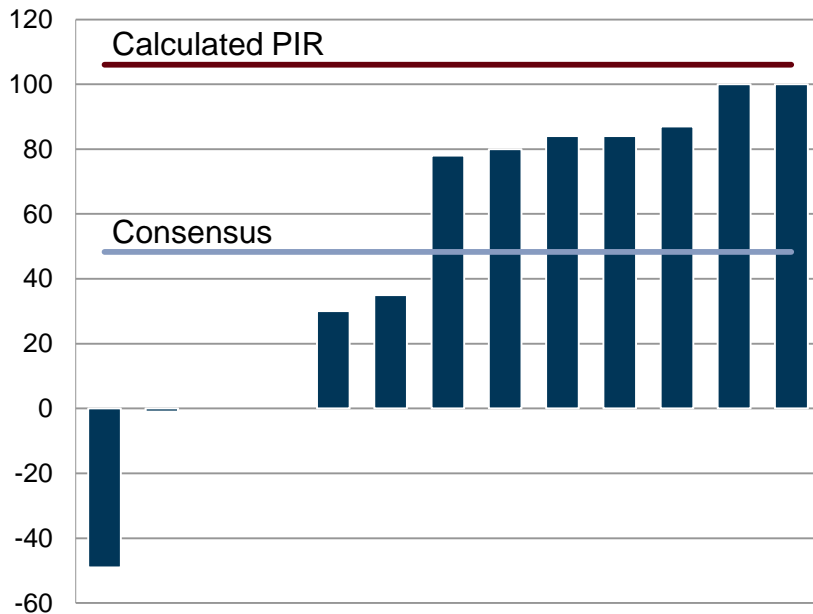


Prudent capital management

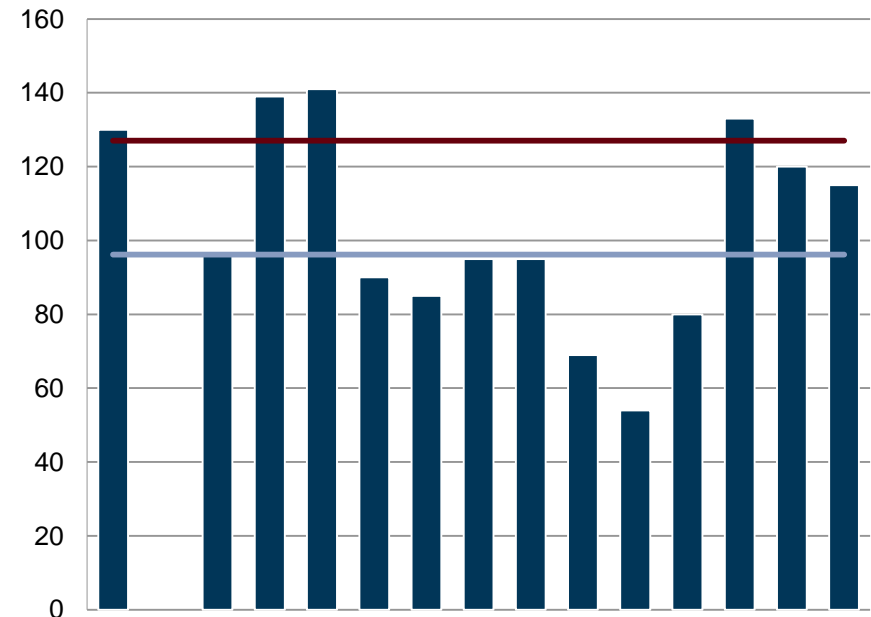


Process Inventory Revaluation – now you got it!

Q3 2013



Q2 2014



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A person in a plaid shirt is seen from behind, looking at two computer monitors. The left monitor displays a network graph with red nodes and white lines. The right monitor displays a network graph with blue and red nodes and white lines. The background is dark and blurry, suggesting an office or data center environment.

Capital Markets Day

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