



# **Interim Report**

**January – September 2009**

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President & CEO

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CFO

**BOLIDEN**

# Third quarter 2009

## Market

- Strong Chinese demand
- Global demand:\*
  - Zinc: -7% YoY and +5% from Q2-09
  - Copper: -9% YoY and -3% from Q2-09
- High copper and zinc prices
- Re-starts of zinc smelter and mine capacity
- Tight supply of copper concentrates – pressure on TC/RC
- Higher prices for by-products
- Stronger SEK

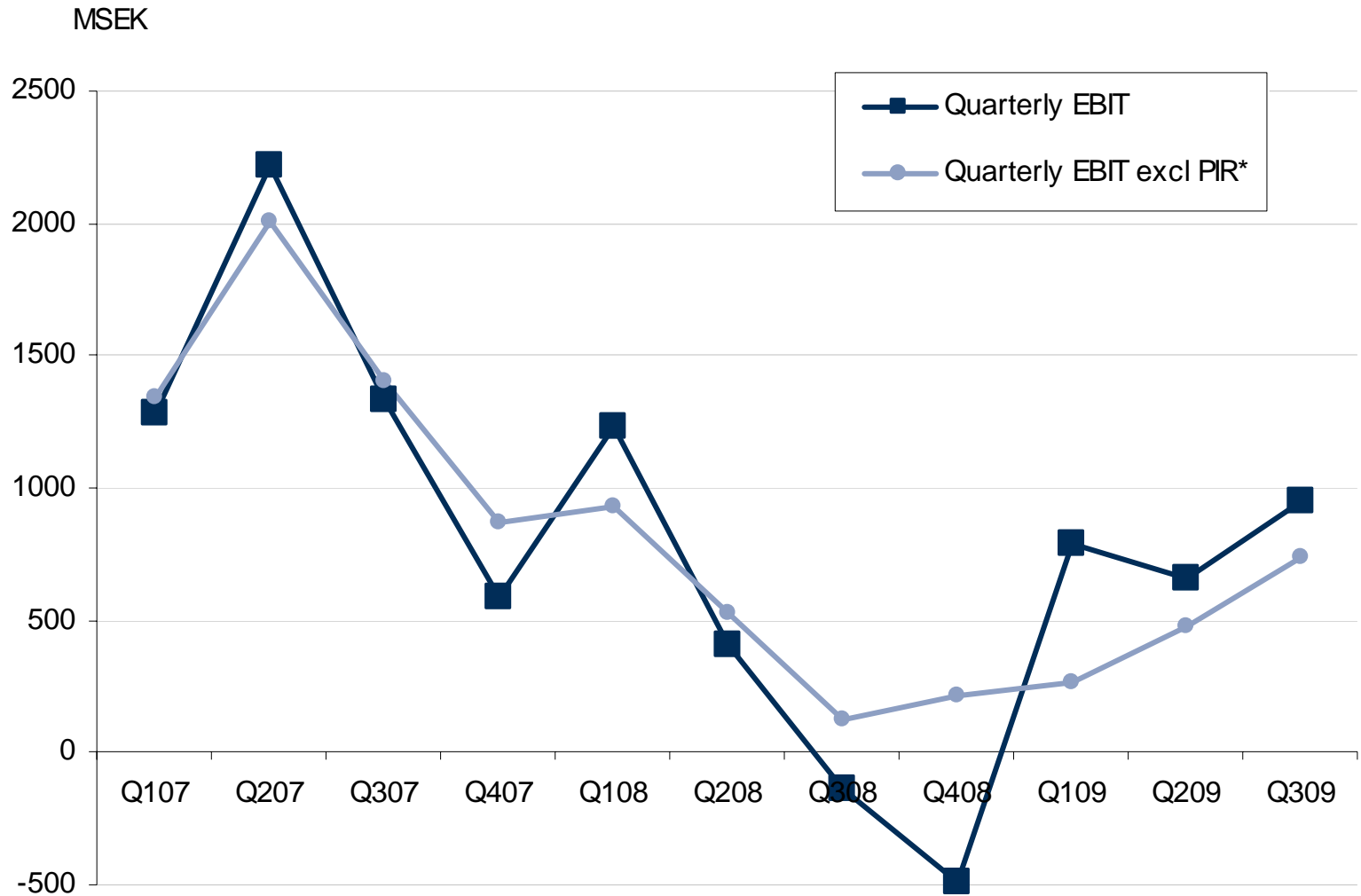
\* Source: CRU, Boliden calculations

# Third quarter 2009

## Boliden

- Revenues MSEK 6,960 (7,513)
- Operating profit MSEK 949 (-142)
- Operating profit excl. process inventory revaluation MSEK 734 (125)
- Higher than average grades – lower towards end of period
- Industrial zinc sales increased Q3 vs Q2
- Zinc smelters on full production: +13% Q3 vs Q2
- Copper smelters on reduced production
- Aitik expansion on plan
- Cash flow MSEK 610 (-117)

# Group EBIT development



\* EBIT excl Process Inventory Revaluation





# The Market

# Global IP slowly improving

## Global IP

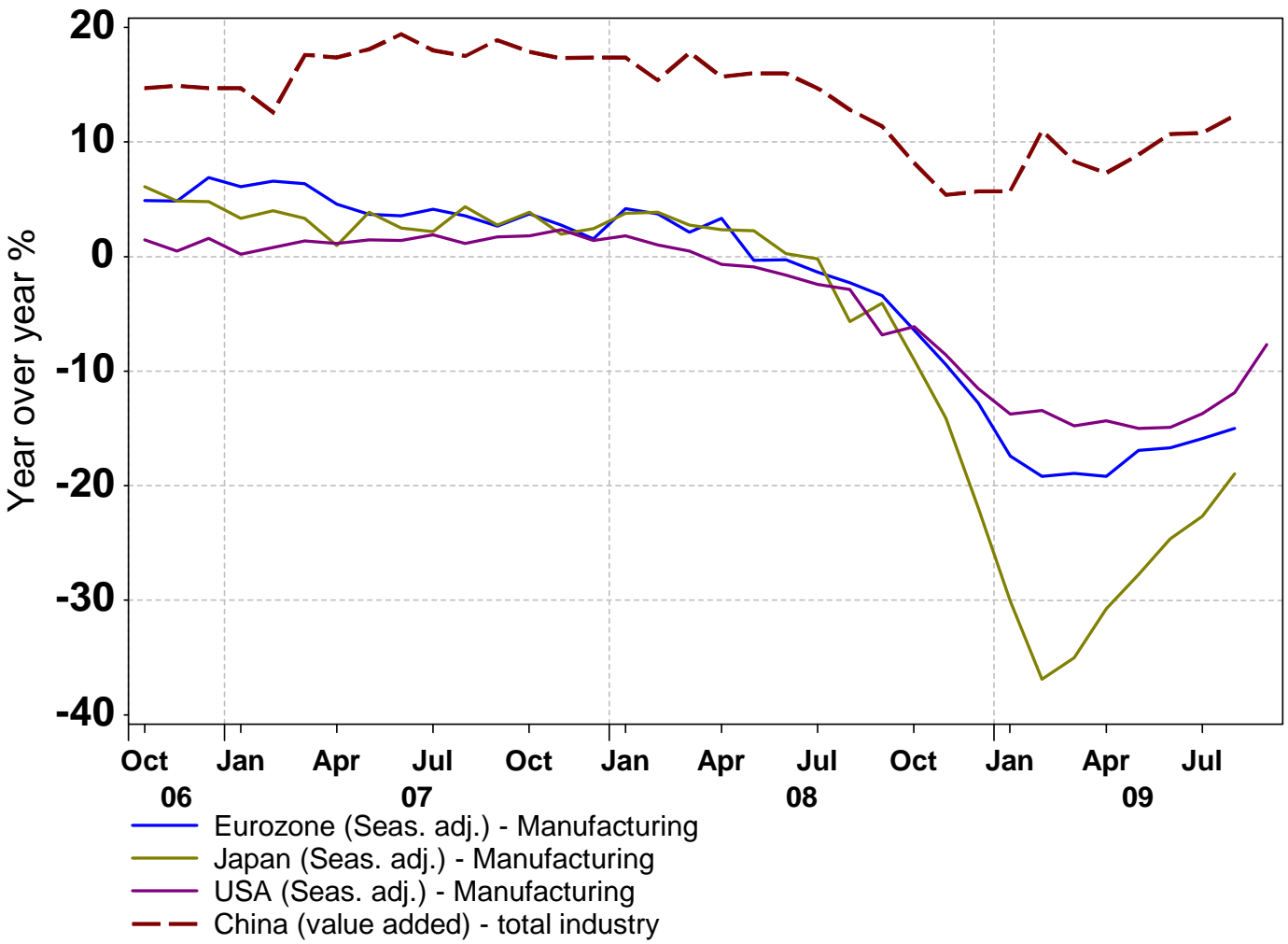


Source: Reuters Ecwin, Boliden calculations

Based on: USA, Eurozone, China and Japan, GDP (PPP) weighted



# IP – China grows, mature countries slowly improving



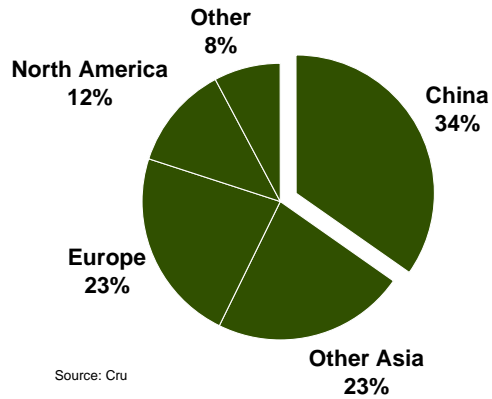
Source: Reuters EcoWin



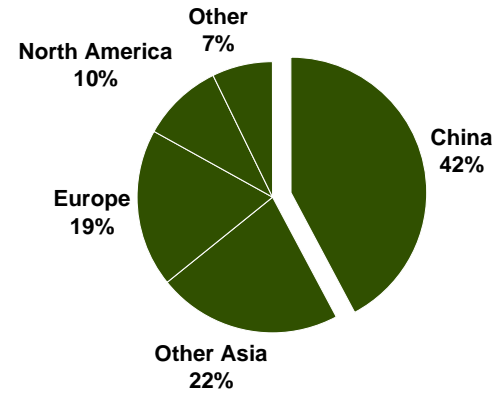
# China dominates base metals demand

Zinc

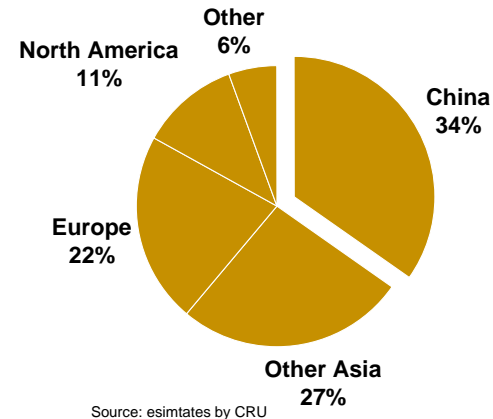
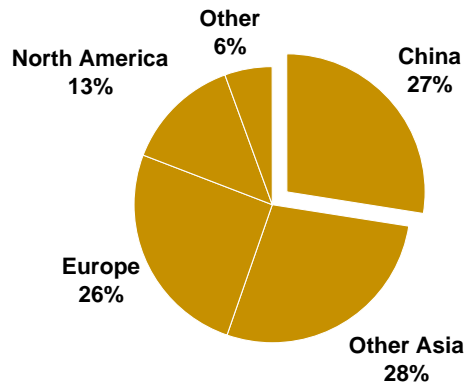
2008



Q2 2009

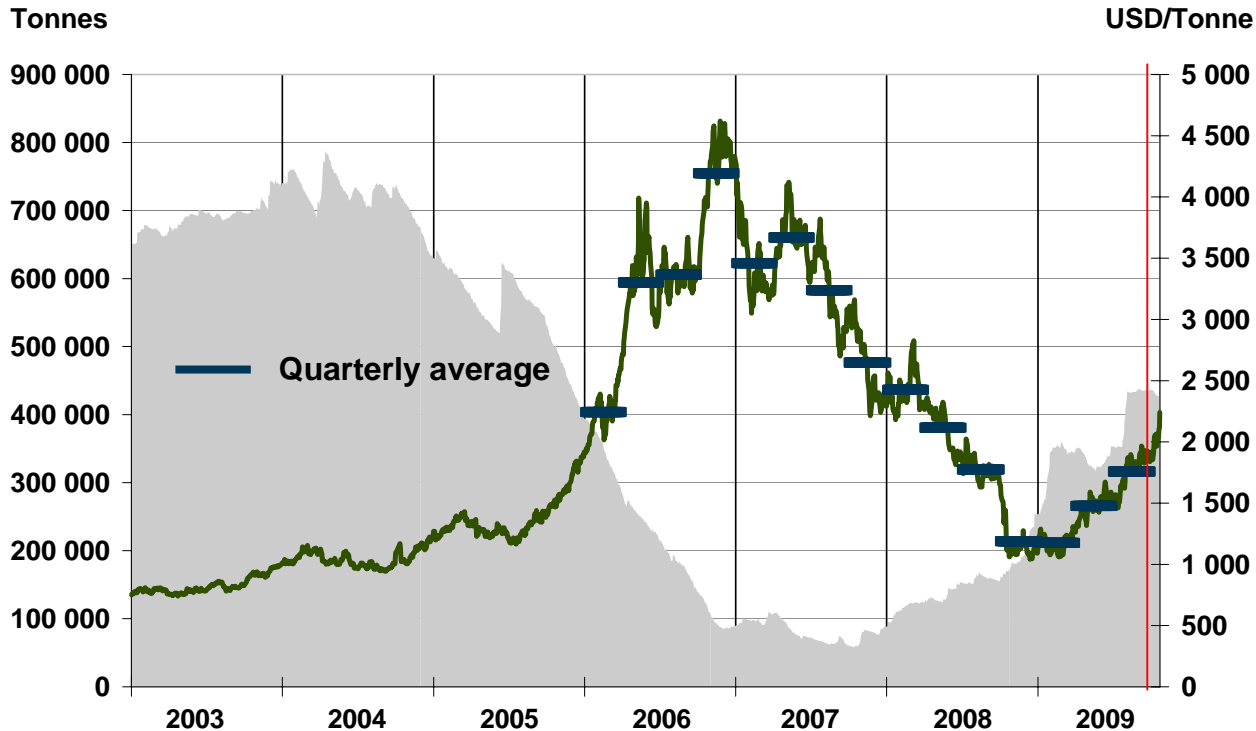


Copper





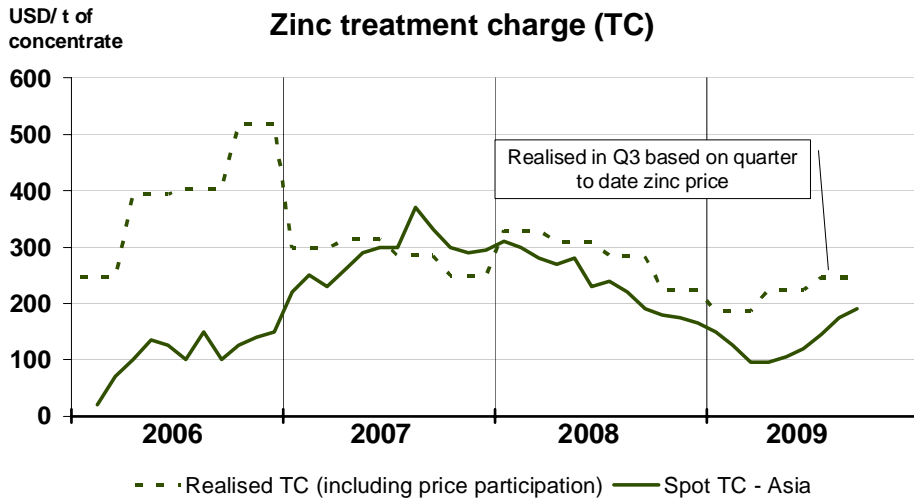
# Zinc – positive trend continues



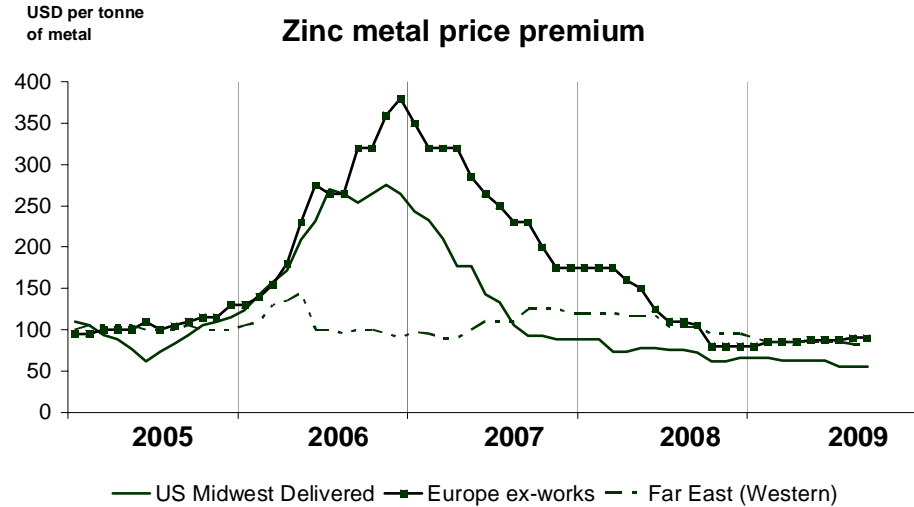
Zinc price (LME average)		
	USD/t	Q3-09 vs period
Q3 08	1,773	- 1%
Q4 08	1,189	+ 48%
Q1 09	1,174	+ 50%
Q2 09	1,476	+ 19%
Q3 09	1,757	-

- Zinc price over 2,000 USD/tonne in October
- Inventories increasing
- Price development leads to supply increase

# Zinc TCs up and premiums flat



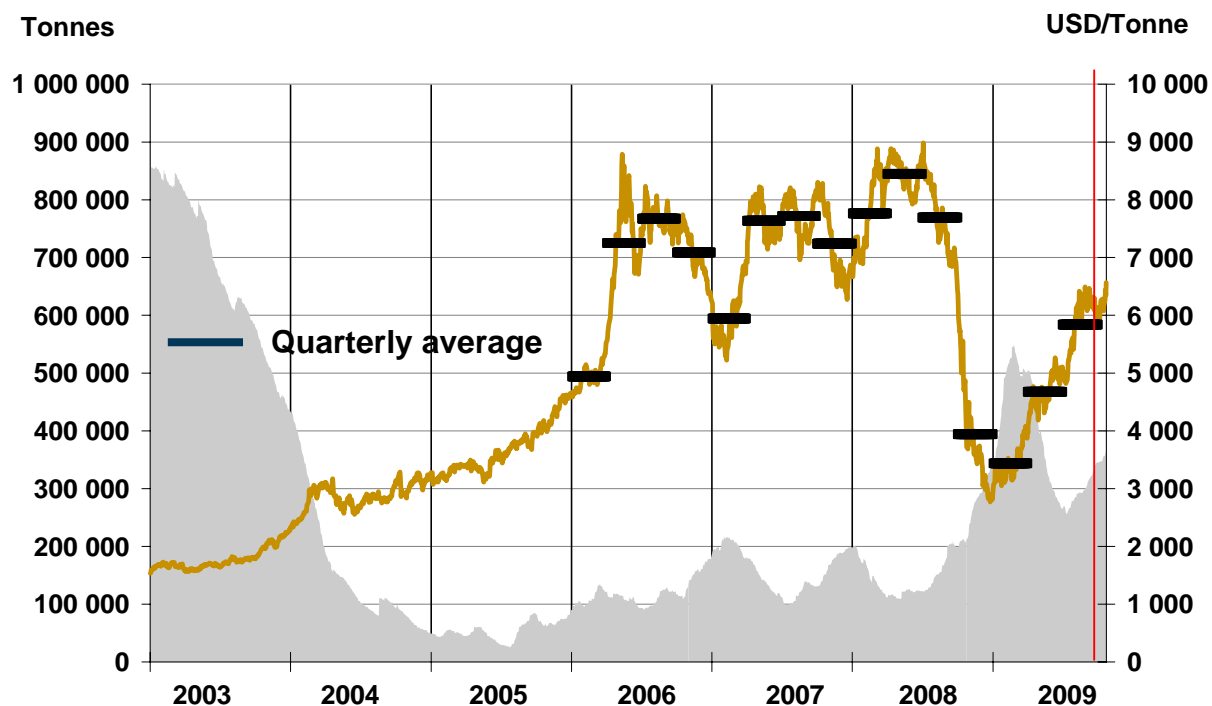
Source: Brook Hunt, CRU



Source: CRU, Brook Hunt

- Concentrate availability higher – spot TC higher
- Realised TC up as the zinc price increased
- Premiums flat, sales to industrial buyers higher

# Copper – continued price increases



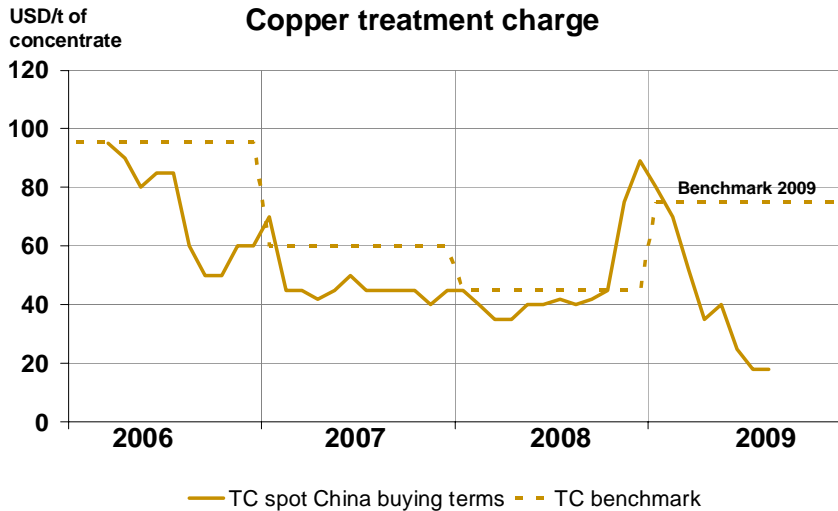
Copper price (LME average)		
	USD/t	Q3-09 vs period
Q3 08	7,693	- 24%
Q4 08	3,940	+ 48%
Q1 09	3,435	+ 70%
Q2 09	4,676	+ 25%
Q3 09	5,840	-

## ■ Boliden copper price hedge contracts:

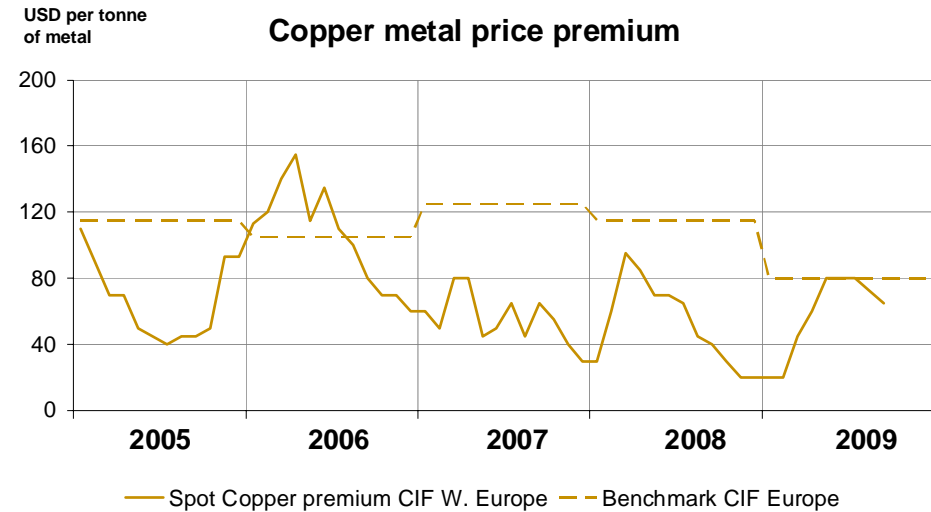
- Coverage rate approximately 65%\*
- USD prices 5,757 and 7,606 in 2009 and 2010 respectively

\* Of outstanding metal positions in 2009-2010 based on forecasted production

# Copper - continued pressure on spot TC/RC



Source: CRU

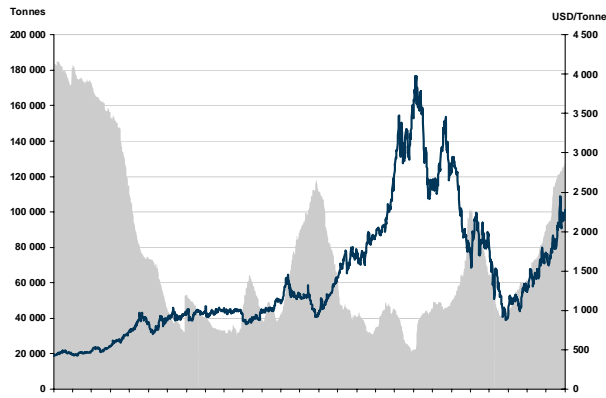


Source: CRU, Brook Hunt

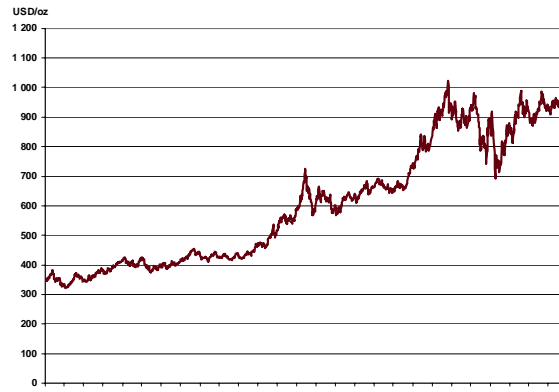
- Tight market for copper concentrate put pressure on TC/RC
- Scrap market remained tight
- Mine production unchanged - smelter output reduced
- Less tight metals market - premiums slightly lower

# By-products

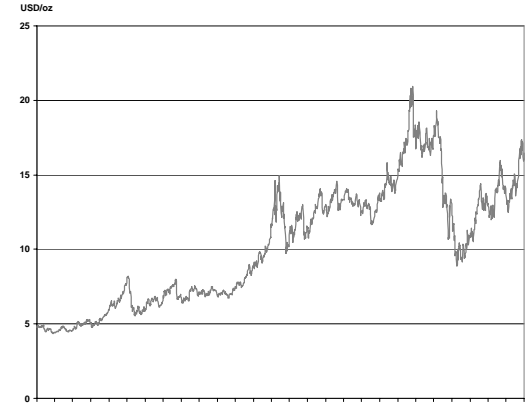
Lead



Gold

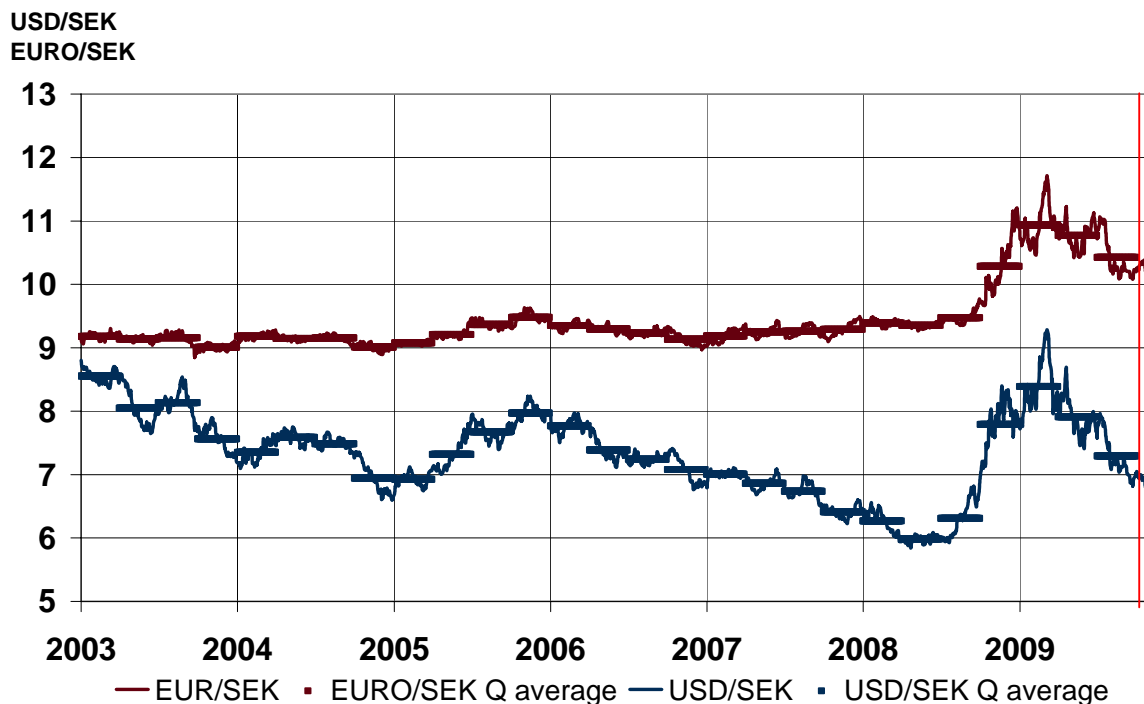


Silver



- Substantially higher prices
- But only lead higher in SEK

# SEK further strengthened vs the USD



## USD/SEK (quarterly average)

	USD/SEK	Q3-09 vs period
Q3 08	6.31	+ 16%
Q4 08	7.79	- 6%
Q1 09	8.40	- 13%
Q2 09	7.92	- 8%
Q3 09	7.29	-

### ■ USD/SEK hedge contracts (forward)

- Rates are 8.42 and 8.26 for 2009 and 2010 respectively
- Sold volumes 112 and 688 MSEK for 2009 and 2010 respectively

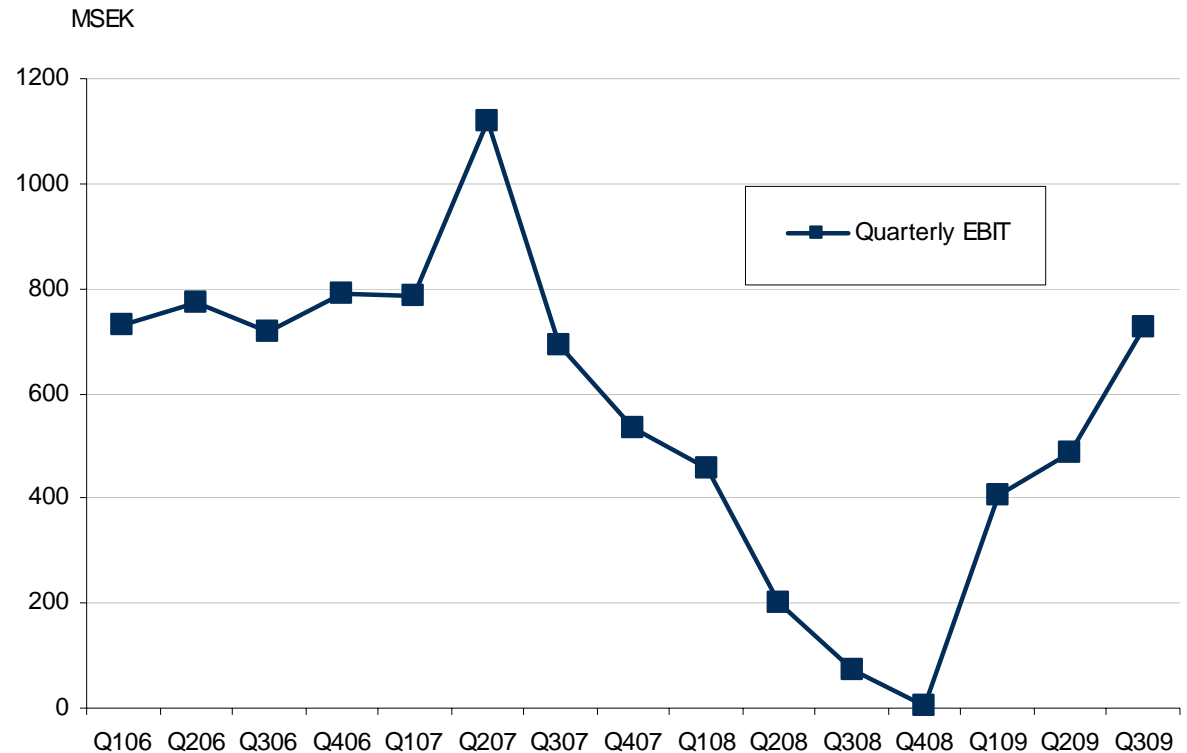


# Business area Mines

**BOLIDEN**

# Mines EBIT development

- Higher than average head grades, peaking in Q3
- Higher metal prices
- Lower zinc and lead volumes but higher for other metals





# Mines' zinc production

## Comments on Q3 2009 versus Q2 2009

### ■ Tara

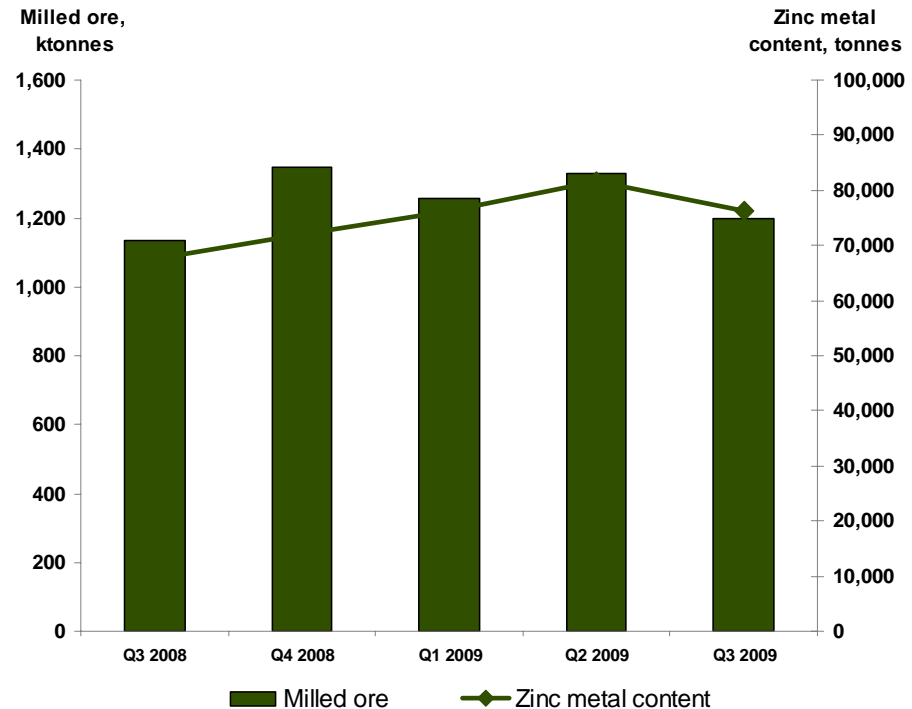
- High grades compensated for lower milled production
- Start-up problems with new mill. Will also impact Q4

### ■ Garpenberg

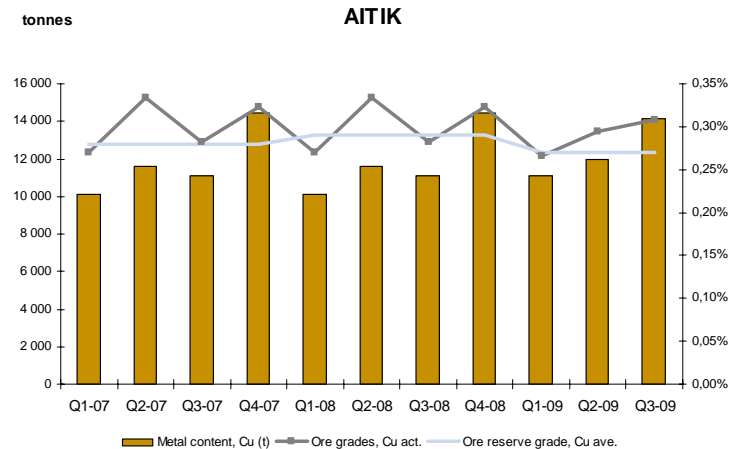
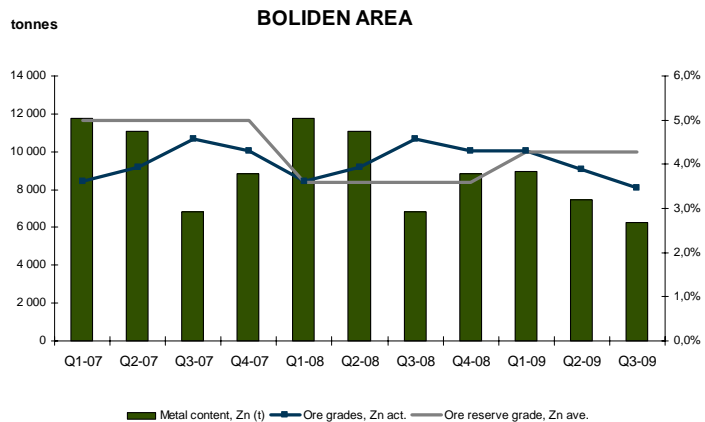
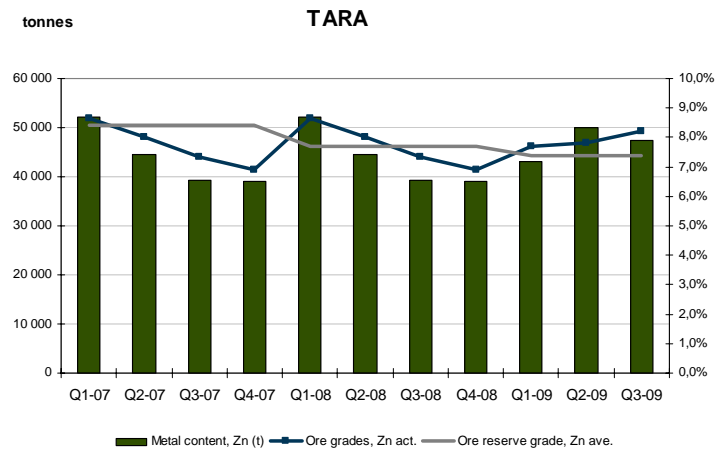
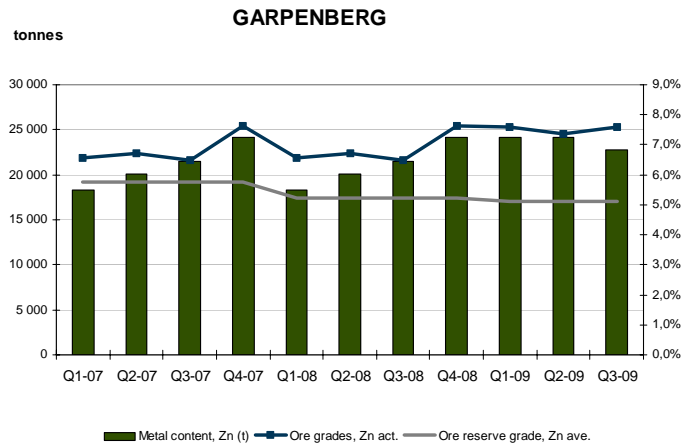
- High grades compensated for lower milled production
- Lower grades and hard ore at end of quarter

### ■ Boliden area

- Metal content down, lower grades and milled production



# Mines - Production and grades



# Mines' copper production

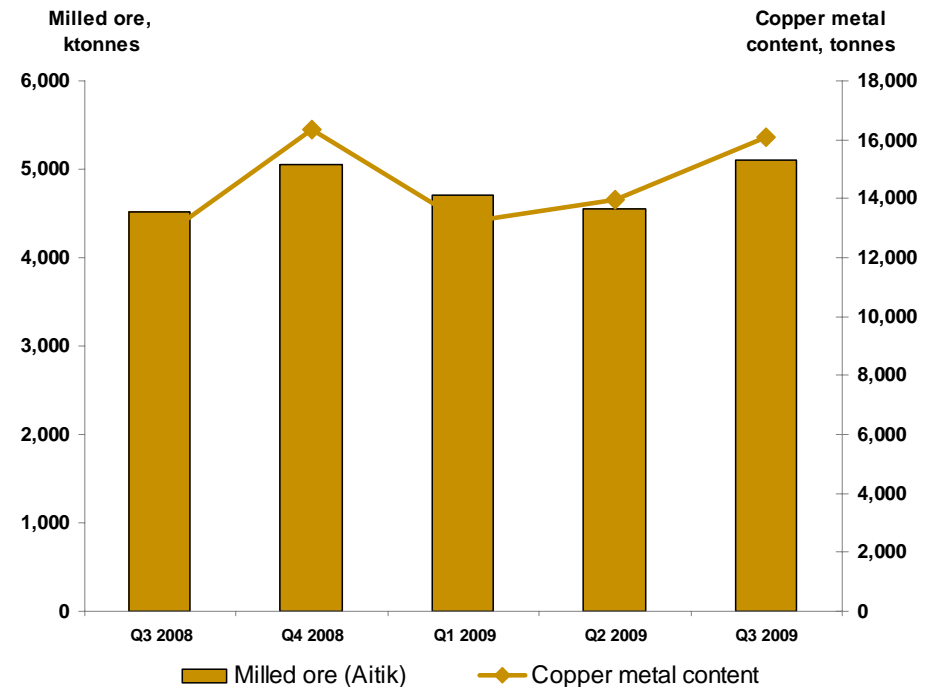
## Comments on Q3 2009 versus Q2 2009

### ■ Aitik

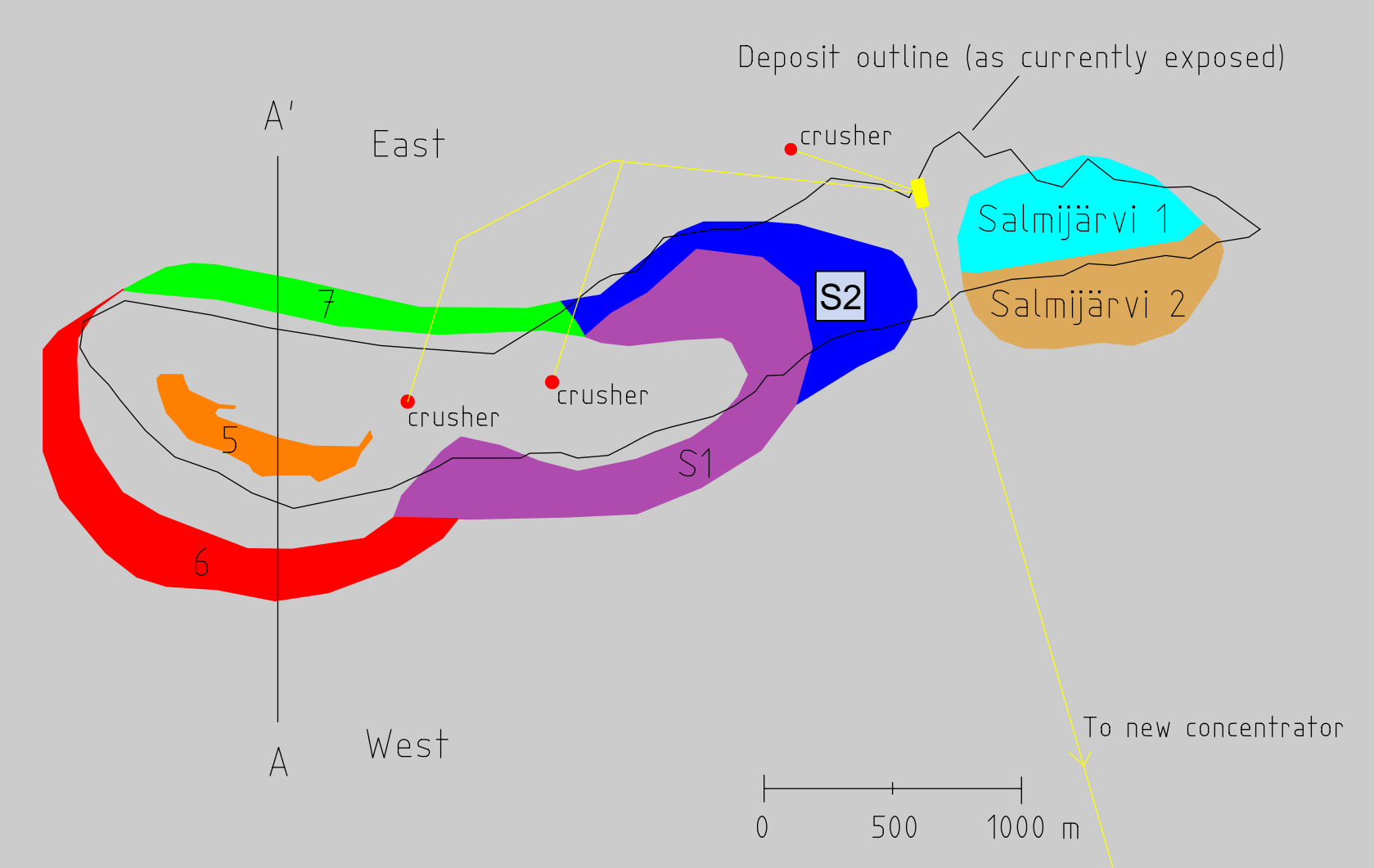
- High grades, peaked in Q3
- Metal content increased from a strong Q2 2009

### ■ Boliden area

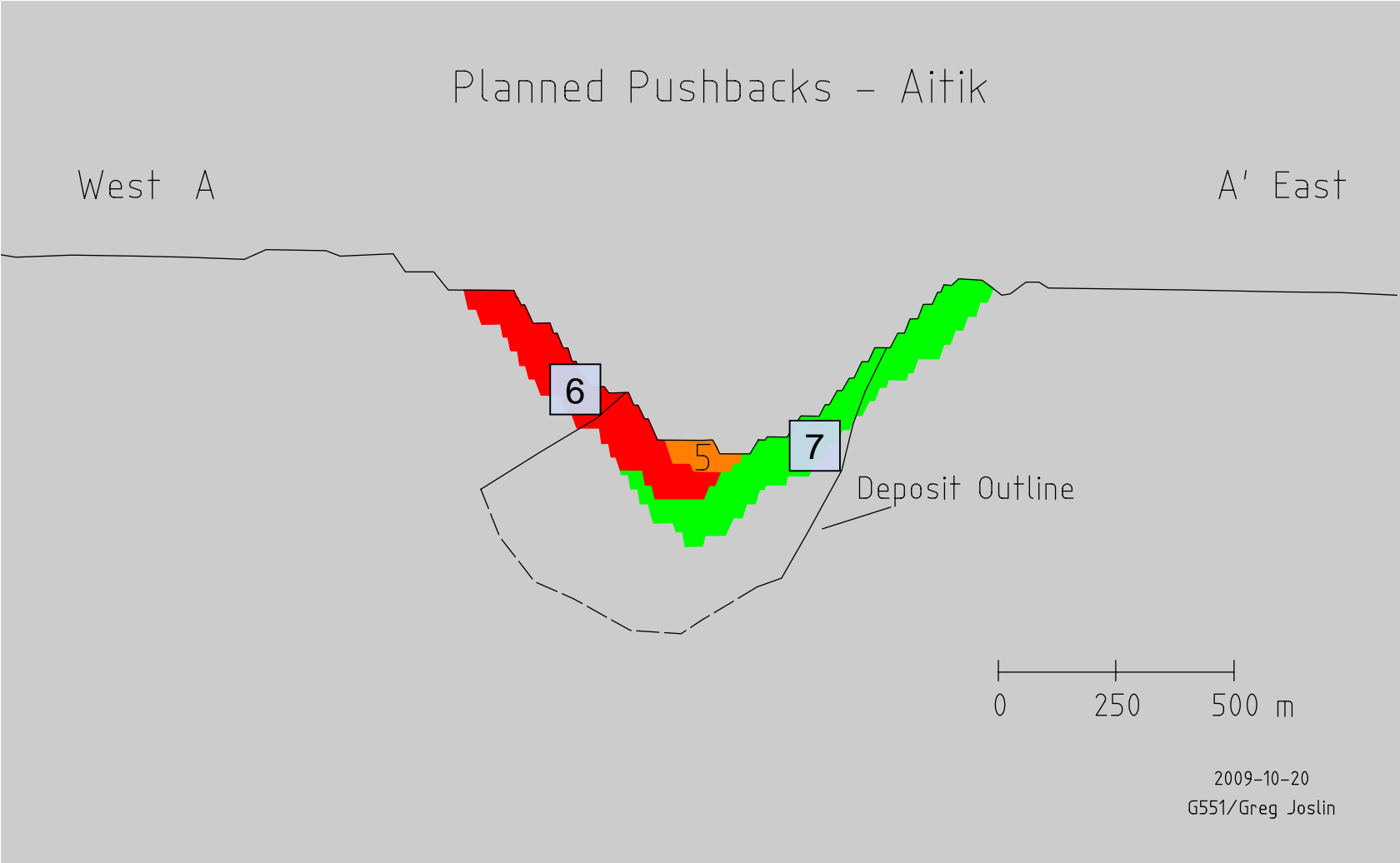
- Mill production from inventory, metal content lower



# AITIK production areas



# AITIK production areas



# AITIK copper mine expansion

- Project is on plan
- In operation from April 1, 2010
- Mined ore – from 18 to 36 Mtonnes in 2014
- Copper volumes +50%
- Life of mine extended to 2026

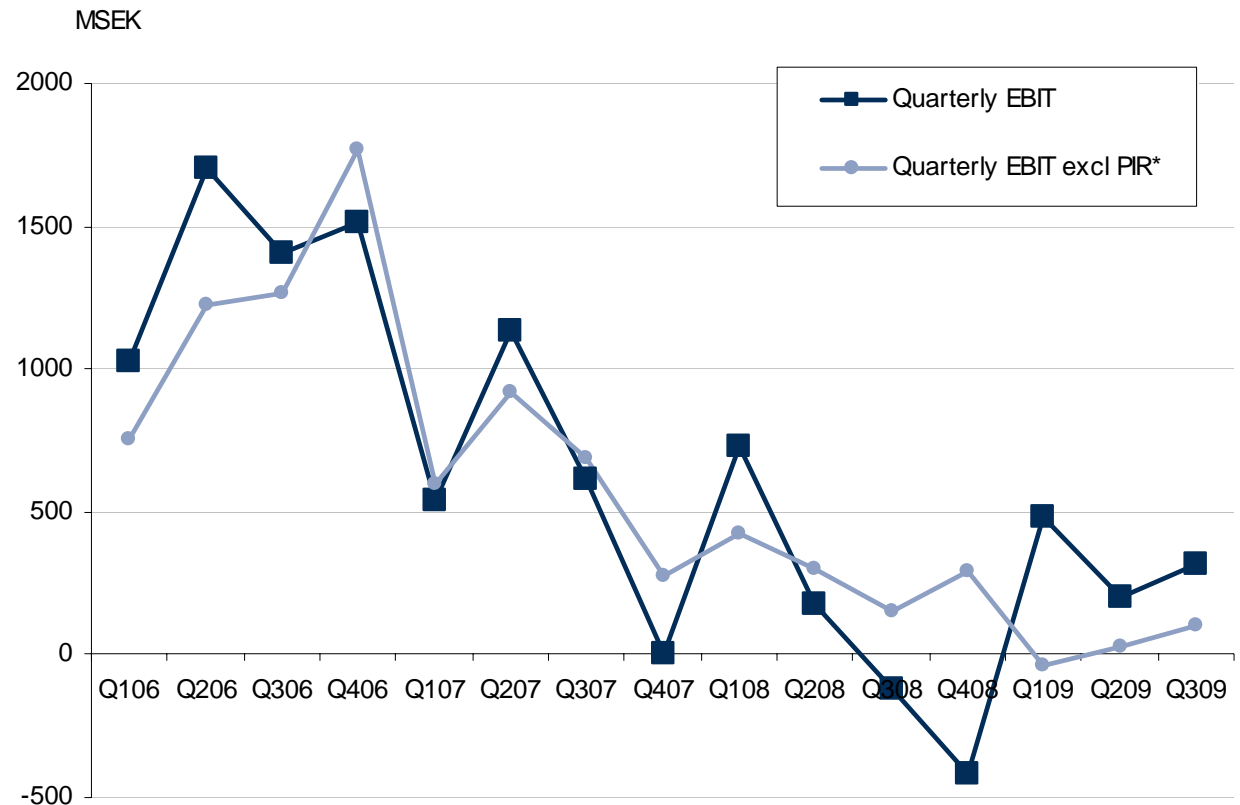




# Business area Smelters

# Smelters EBIT development

- Increased zinc production
- Lower cost YTD
- Improved metal prices for zinc smelters
- Difficult market conditions affecting copper smelters



\* EBIT excl Process Inventory Revaluation





# Zinc metal production up

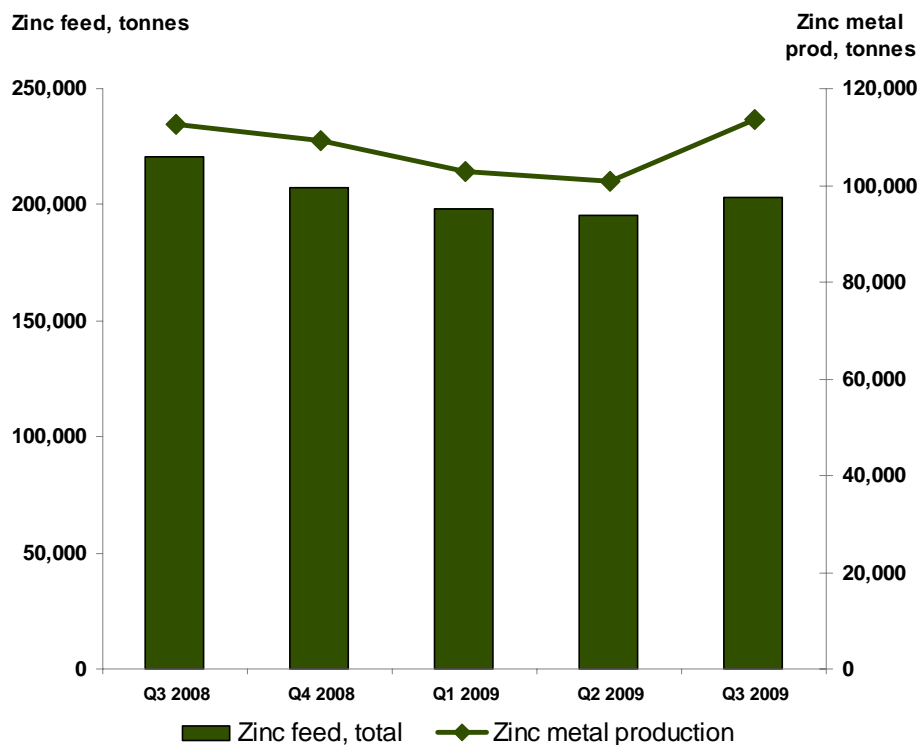
## Comments on Q3 2009 versus Q2 2009

### ■ Odda

- Metal production +14%
- Back to full capacity in September

### ■ Kokkola

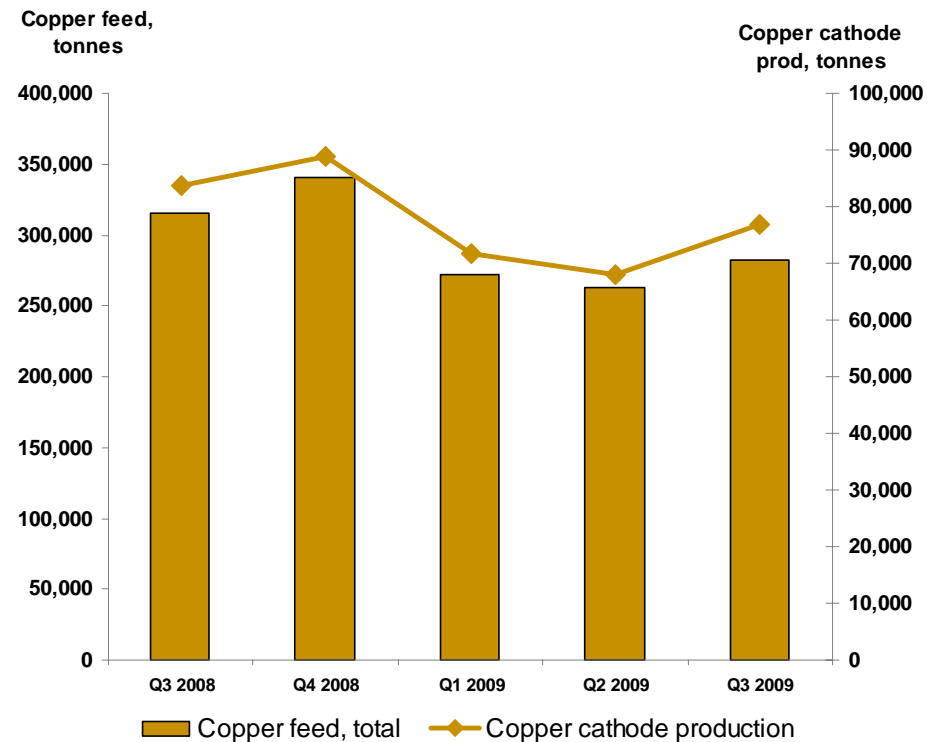
- Metal production +12%
- Back to full capacity in August



# Copper Smelters on reduced production

## Comments on Q3 2009 versus Q2 2009

- Rönnskär
  - Stable production
- Harjavalta
  - Reduced production
  - Extended maintenance stop
- Bergsöe (lead)
  - Maintenance stop
- Shortage of all feeds





# Financials

# Financial summary

MSEK	Q3 09	Q3 08	YTD 09	YTD 08
Revenues	6,960	7,513	19,279	24,700
Operating profit (EBIT)	949	-142	2,391	1,495
EBIT excl Process Inventory Revaluation	734	125	1,480	1,582
EBIT Margin % *	11%	2%	8%	6%
Free cash flow	610	-117	-1,298	1,371
Earnings per share, SEK	2.50	-0.49	6.14	5.07
Gearing	48%	37%		

\* EBIT Margin excl Process Inventory Revaluation



# Group EBIT Q3 2009 versus Q3 2008 and Q2 2009

MSEK	Q3 2009	Q3 2008	Q2 2009
<b>EBIT</b>	<b>949</b>	<b>-142</b>	<b>654</b>
Process Inventory Revaluation	215	-267	177
<b>EBIT excl Process Inventory Revaluation</b>	<b>734</b>	<b>125</b>	<b>477</b>
<b>Deviation</b>		<b>609</b>	<b>257</b>
<b>Specification of deviation:</b>			
Volume		91	153
Costs		6	-53
Prices & Terms		361	424
Metal prices and terms		198	487
Realised Metal- Currency hedge		173	-61
TC/RC terms		41	32
Premiums		-51	-18
Definitive pricing (MAMA)		0	-16
Currency effects		163	-261
whereof translation effects		14	-1
Others		-12	-6
<b>Deviation</b>		<b>609</b>	<b>257</b>
<b>Effect in each quarter</b>			
Realised Metal-, Currency hedge	32	-141	93
Definitive pricing (MAMA)	14	14	30

Increased Production in zinc smelters and high production and grades in Aitik

Average Cu up 25%  
Average Zn up 19%

Average USD/SEK down -8%

# Group EBIT YTD 2009 versus YTD 2008

MSEK	2009	2008
<b>EBIT</b>	<b>2,391</b>	<b>1,495</b>
Process Inventory revaluation	911	-87
<b>EBIT excl Process Inventory</b>	<b>1,480</b>	<b>1,582</b>
<b>Revaluation</b>		
<b>Deviation</b>		<b>-102</b>
<b>Specification of deviation:</b>		
Volume		8
Costs		236
Prices & Terms		-1,549
Metal prices and terms		-2,200
Realised Metal- Currency hedge		839
TC/RC terms		47
Premiums		-246
Definitive pricing (MAMA)		11
Currency effects		1,238
whereof translation effects		100
Others		-35
<b>Deviation</b>		<b>-102</b>
<b>Effect in each quarter</b>		
Realised Metal-, Currency hedge	315	-524
Definitive pricing (MAMA)	30	19

Costs in local  
currency down -3%

Average Cu down - 41%  
Average Zn down -30%

Higher spot sales

Average USD/SEK up 27%

# EBIT per Business Area

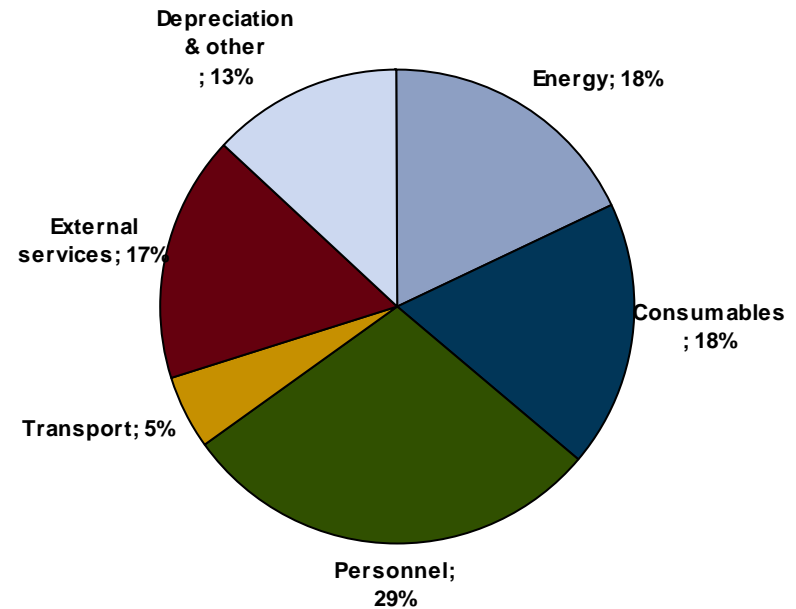
MSEK	Q3 09	Q3 08	YTD 09	YTD 08
Smelters excl Process Inventory Revaluation	101	150	95	873
Mines	727	74	1,618	731
Other	-94	-99	-232	-22
EBIT excl Process Inventory Revaluation	734	125	1,480	1,582
EBIT	949	-142	2,391	1,495

- Higher value in Others YTD due to profit elimination in internal sales

# Operating costs impacted by weaker SEK

Change in operating costs, local currencies	YTD 2009 vs 2008
Energy	-3%
Consumables	-0%
Personnel expenses	-0%
Transport costs	-15%
External services	-13%
Depreciation & other	+10%
<hr/>	
Total operating cost in local currency	-3%
Total operating cost in SEK	+3%

## Share of total operating costs YTD



Total MSEK 7,759 YTD





# Cash flow

MSEK	Q3 09	Q3 08	YTD 09	YTD 08
Op profit before depreciation (EBITDA)*	1,340	208	3,565	2,553
Changes in working capital*	211	1,085	-1,163	2,370
Capital expenditure	-1,081	-1,157	-3,646	-3,091
whereof Aitik 36	-565	-678	-2,317	-1,736
Free cash flow	610	-117	-1,298	1,371

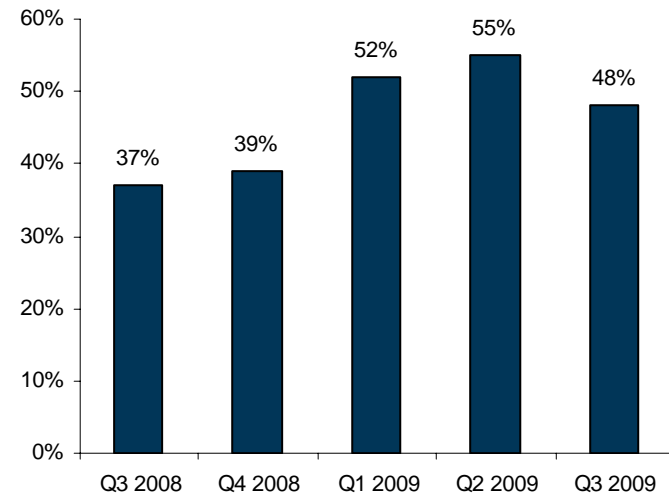
\*Includes Process Inventory Revaluation

- Inventory value decreased by 124 MSEK from Q2 2009
- Aitik 36 capital expenditure of 565 MSEK in Q3 2009 (1,105 MSEK in Q2 2009)

# Capital structure

SEK bn Unless otherwise stated	30Sept 2009	30 Sept 2008
Total Asset	32.2	27.0
Capital employed	26.0	21.3
Shareholders' equity <sup>1</sup>	16.0	14.2
Net debt	7.6	5.3
Gearing %	48	37
Equity/asset ratio, %	50	53
Average maturity in years	4.0	5.1
Average interest rate, %	2.18	5.76
Interest duration, years	2.2	0.1
Liquidity reserves <sup>2</sup>	6.5	8.4

## Gearing



1. Shareholders' equity includes the value of outstanding hedge contracts
2. Defined as unutilised credit lines and cash less outstanding commercial papers

# Sensitivity analysis

Change in metal prices, +10%	EBIT effect, SEK m	Change in USD, +10%	EBIT effect, SEK m	Change in TC/RC, +10%	EBIT effect, SEK m
Zinc	485	USD/SEK	700	TC Zn	70
Copper	335	EUR/USD	420	TC/RC Cu	60
Lead	105	USD/NOK	95	TC Pb	-15
Gold	90				
Silver	85				

Estimate of the 12-month effect on Group EBIT on September 30 2009, based on planned production volumes. Effects of hedging, contracted TC/RC or stock exposures are not taken into account.

# To summarize Q3 2009

## Market

- Strong Chinese demand
- High prices
- Tight market for copper concentrates – TC/RC under pressure
- Zinc re-starts

## Boliden

- Strong EBIT and Cash Flow
- Higher than average head grades – peaked in Q3
- Stable production
- Aitik on plan

# Going forward

- Head grades average or below at end of period
- Increasing exploration activities
- Commissioning problems with mill in Tara

# Forward-looking statements

**Certain statements in this presentation are forward-looking, and the actual outcome could be materially different. Such forward-looking statements are based on Boliden's present plans, estimates, assumptions, projections and expectations and are subject to risks and uncertainties. In addition to the factors explicitly discussed, other could have a material effect on the actual outcome. Such factors include, but are not limited to, general economic or political conditions, fluctuations in exchange rates, interest rates and in metal prices, production disruptions, technological issues, interruptions in supply, actions of courts, regulators, government agencies, competitors, customers, suppliers, employees and other third parties.**

A nighttime photograph of a city skyline, likely New York City, featuring several illuminated skyscrapers. The buildings are lit up with warm yellow and white lights, contrasting against the dark blue and black sky. The text "Boliden produces metals that make modern life work" is overlaid in white, bold, sans-serif font across the center of the image. In the bottom right corner, the Boliden logo is visible, consisting of a stylized "B" symbol followed by the word "BOLIDEN" in a bold, white, sans-serif font.

**Boliden produces metals  
that make modern life work**

**BOLIDEN**