

# Boliden

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## Full Year Report 2005



Mines



Smelters



Zinc

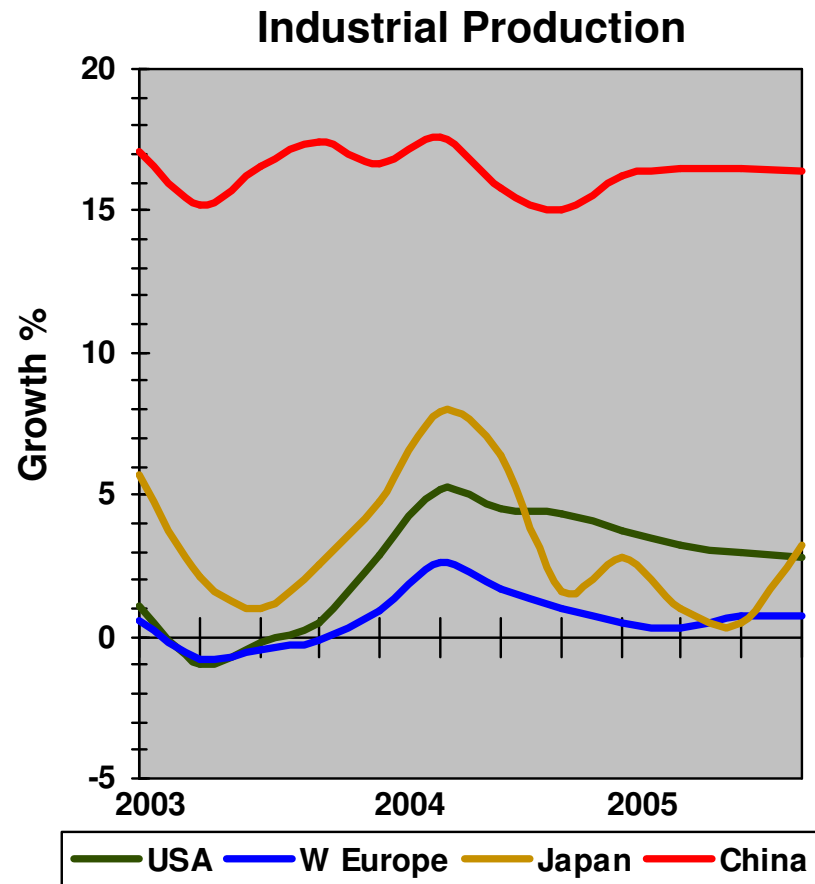


Copper

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# Continued strong growth in China – lower growth rate in the rest of the world

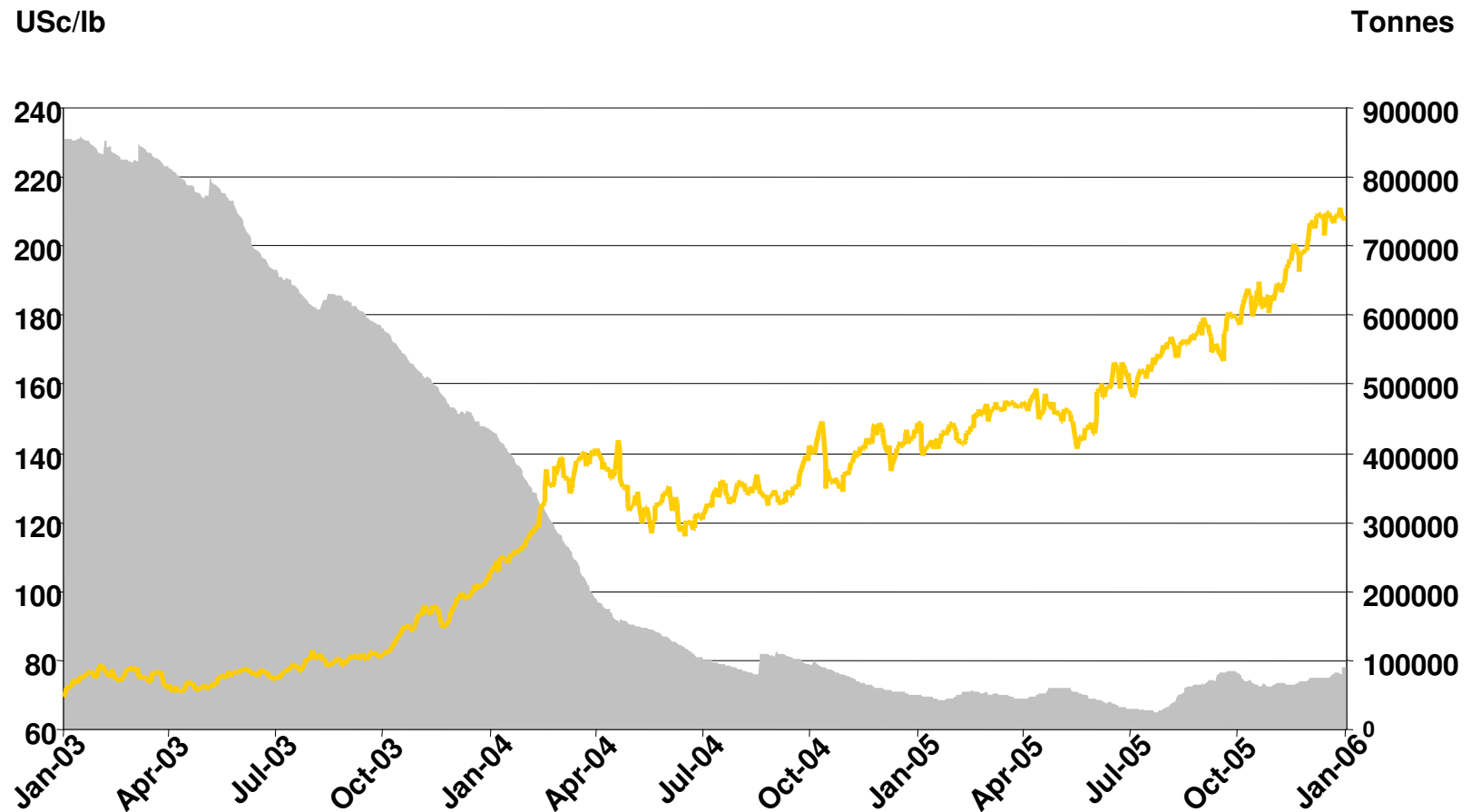
- **Global**                      **2005 Q4\***
  - Cu-consumption              4.0 %
  - Cu-production                5.1 %
  - Zn-consumption              3.8 %
  - Zn-production                0.1 %
- **USA**
  - Cu-consumption              1.3 %
  - Zn-consumption              -6.2 %
- **Europe**
  - Cu-consumption              -1.1 %
  - Zn-consumption              -4.1 %
- **China**
  - Cu-consumption              7.2 %
  - Zn-consumption              22.3 %
- **Continued good forecast for 2006**



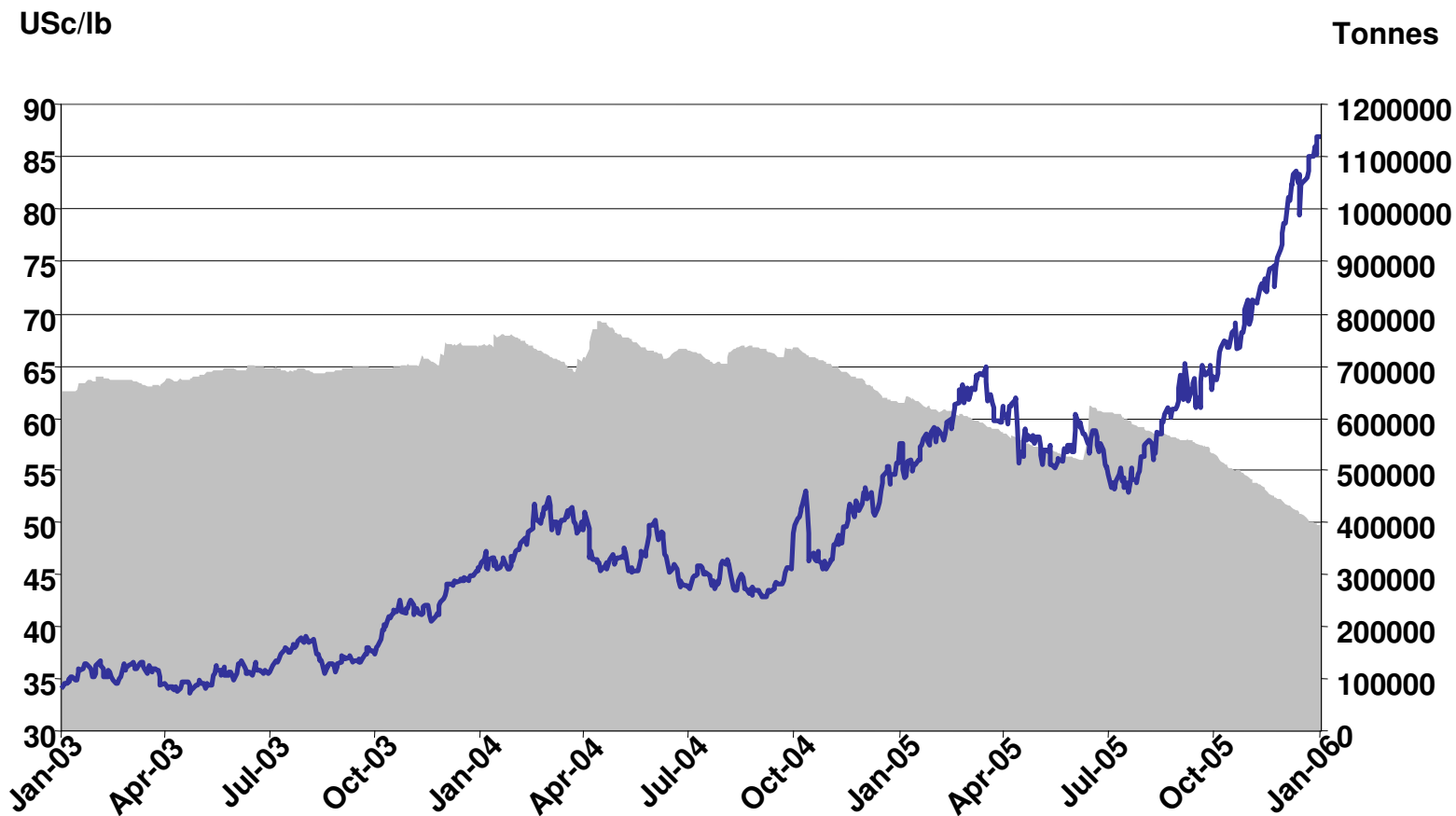
•Q4 2005 v.s. Q4 2004



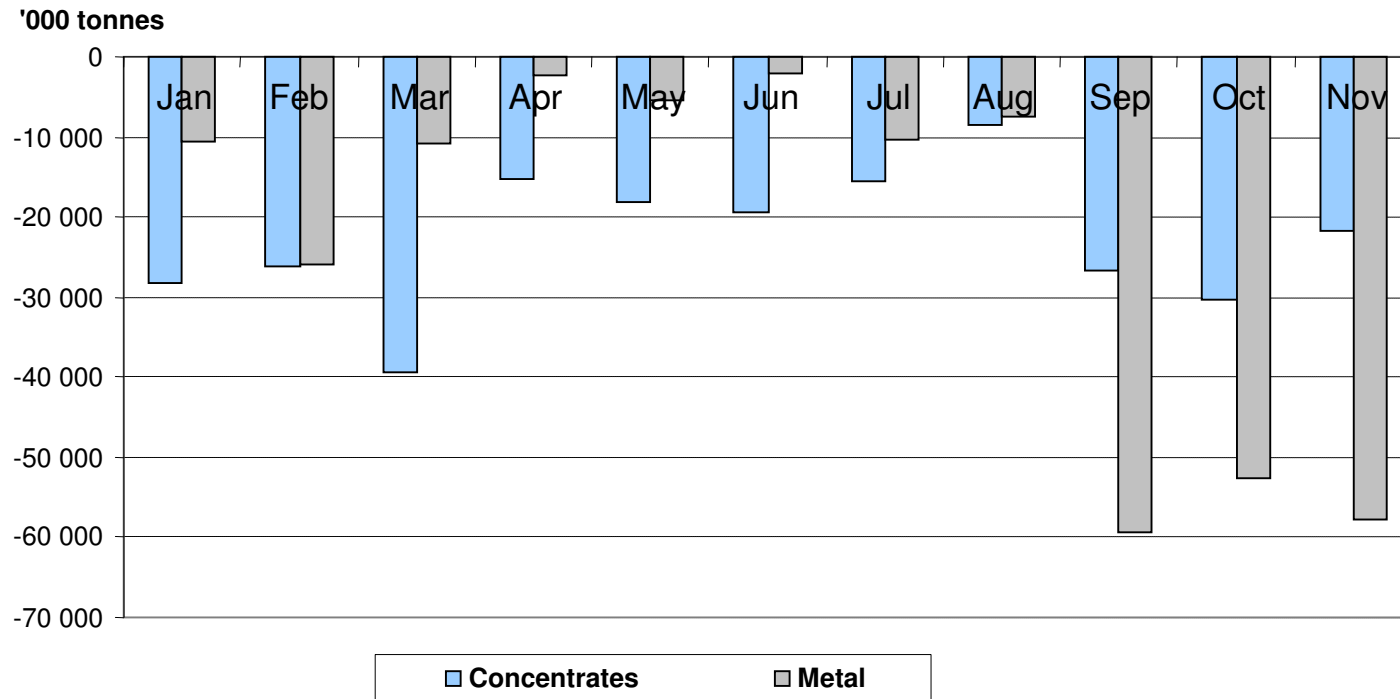
# Copper: Price and LME stocks



# Zinc: Price and LME stocks



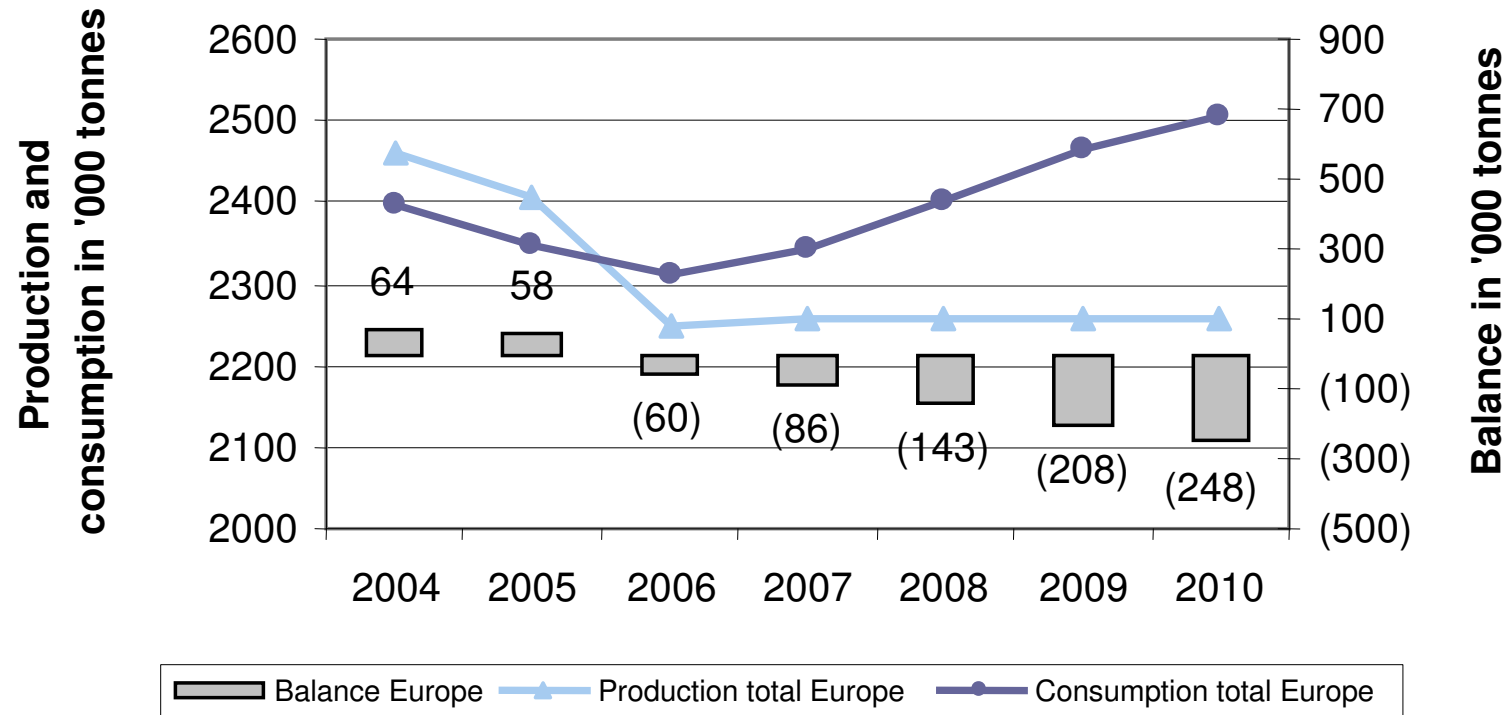
# China – large net importer of zinc concentrate and zinc metal



Data: CHR Metals



# Increased demand for zinc import in Europe

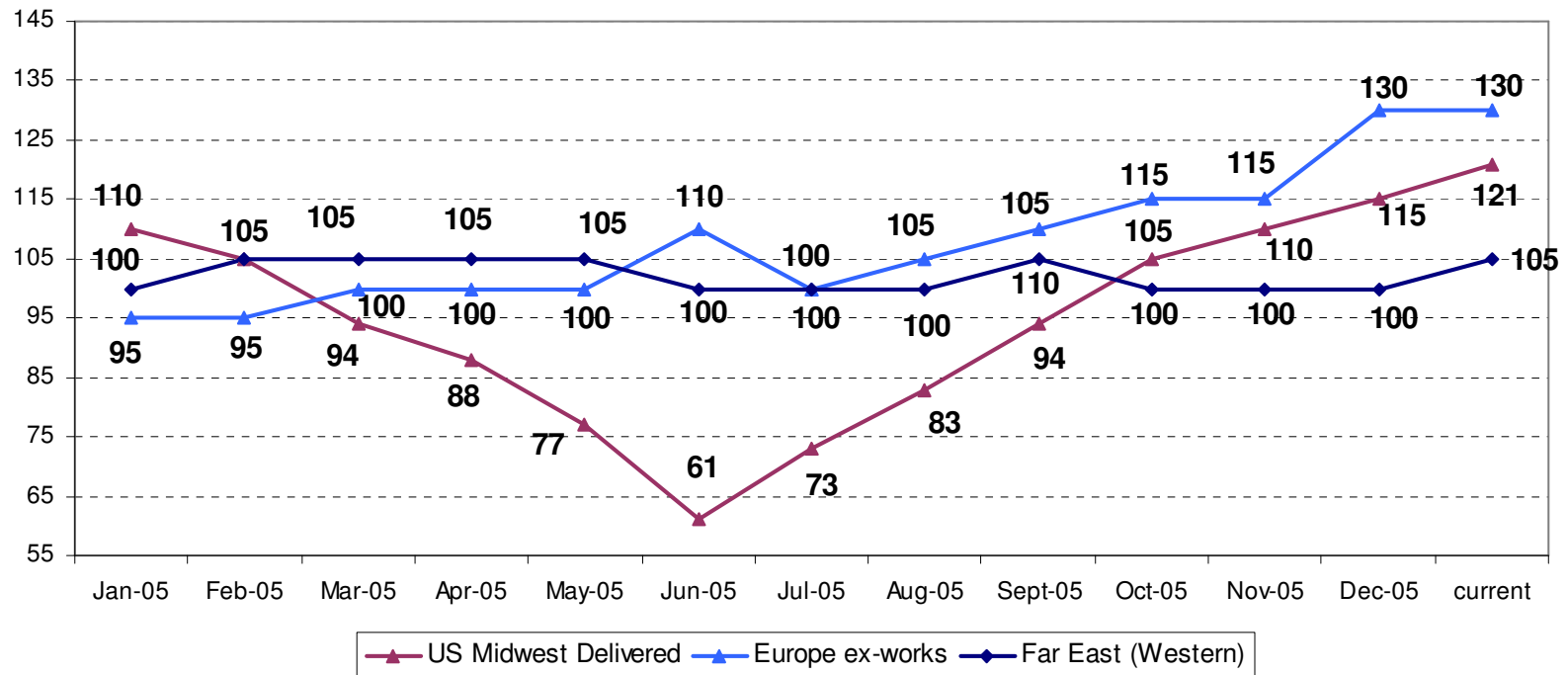


Data: CRU Zinc Quarterly, 4th quarter 2005; comparison of forecasted Zn metal production capacity and Zn metal consumption



# Increased zinc metal premium

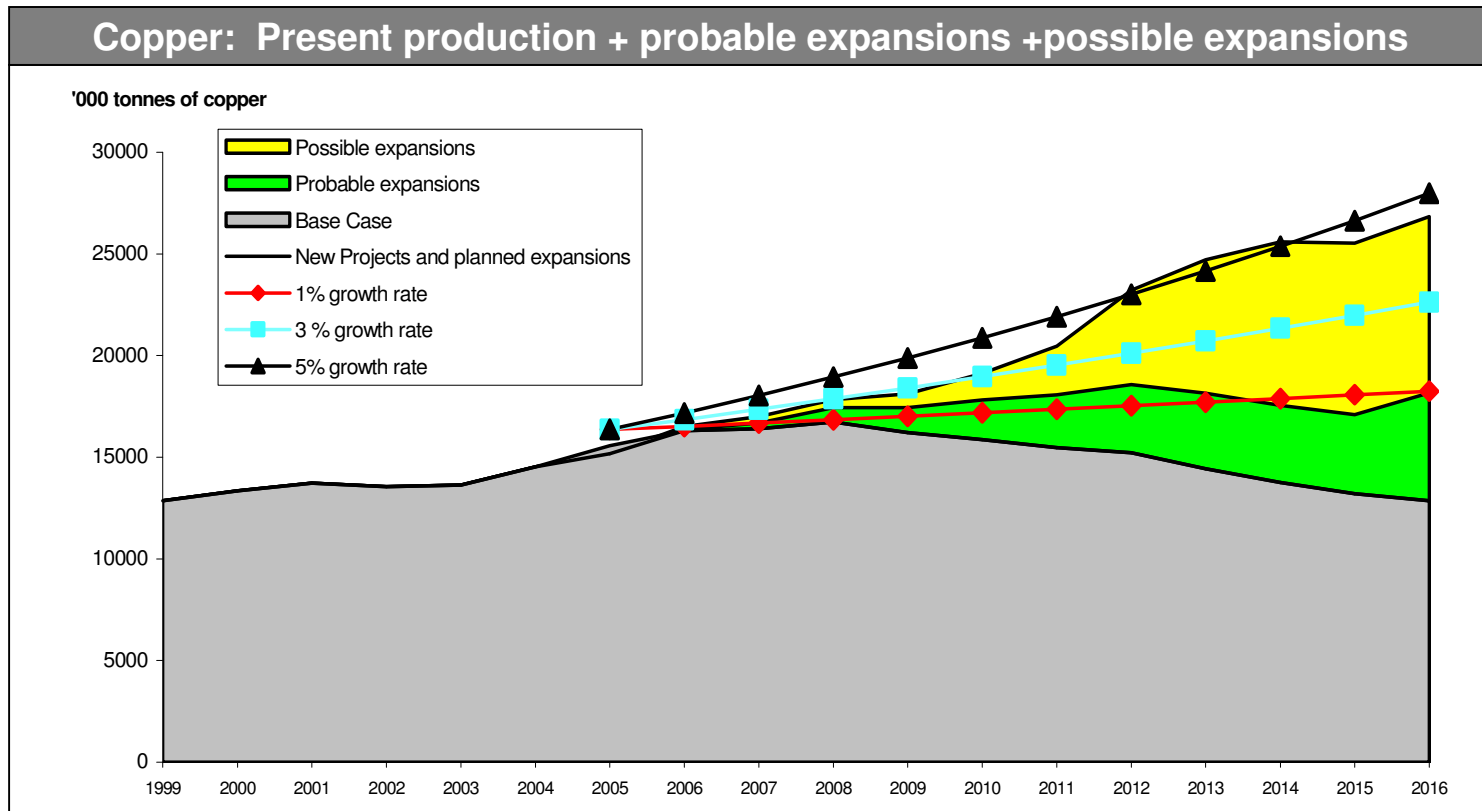
US \$/t



Data: CRU Monitor Zinc, Jan 2006



# Shortage of copper concentrate?

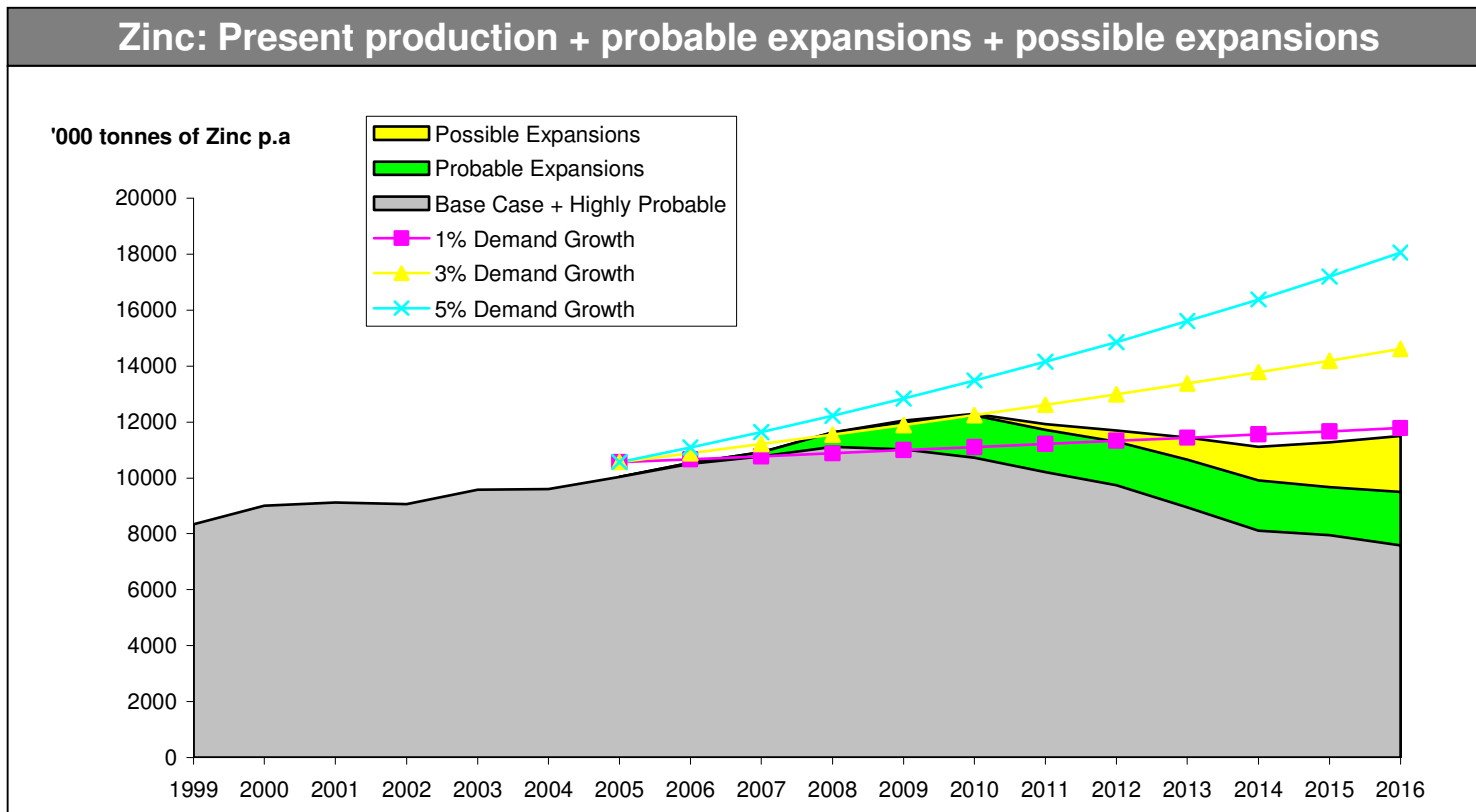


Data: CSFB, Brook Hunt





# Shortage of zinc concentrate?



Data: CSFB, Brook Hunt



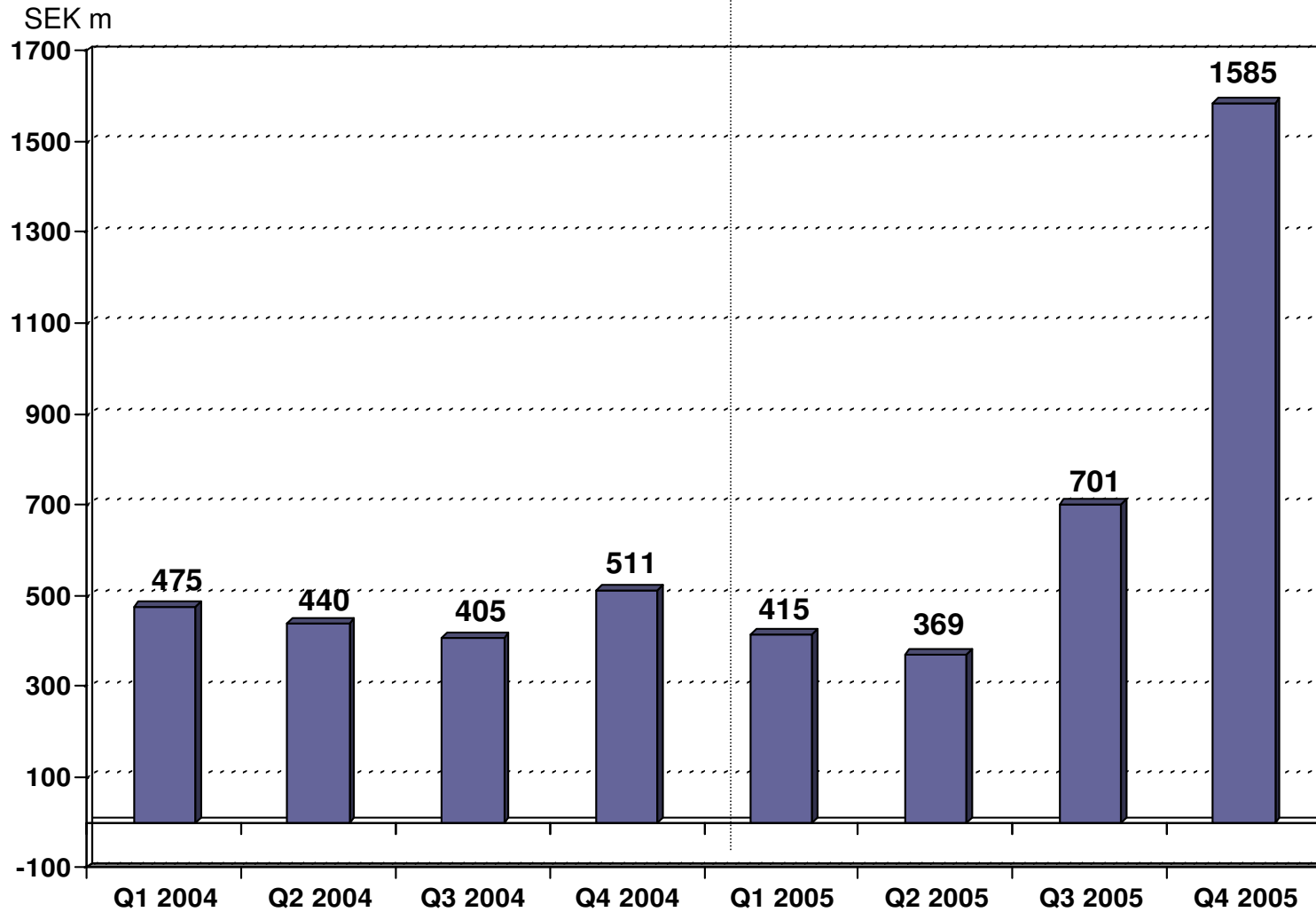
# Historically strong result

SEK m	Full year		Fourth quarter	
	2005	2004	2005	2004
Net sales	20 441	17 928	6 323	4 618
Operating result (EBIT)	3 069	1 831	1 585	511
Result after financial items	2 812	1 365	1 581	352
Earnings per share	7.07	4.98	4.11	1.13
Cash flow from operating activities	2 540	1 552	947	295
Return on capital employed, %	19.6	11.9	40.5	13.2
Net debt/shareholders' equity, %	54	71	54	71

- **Strong metal prices, higher treatment and refining charges and high levels of production.**
- **Lower US dollar exchange rate.**
- **Reduced debt levels have positive effect on net financial items.**
- **Actual tax payments continued to be low.**
- **Return on capital employed well above financial goal.**



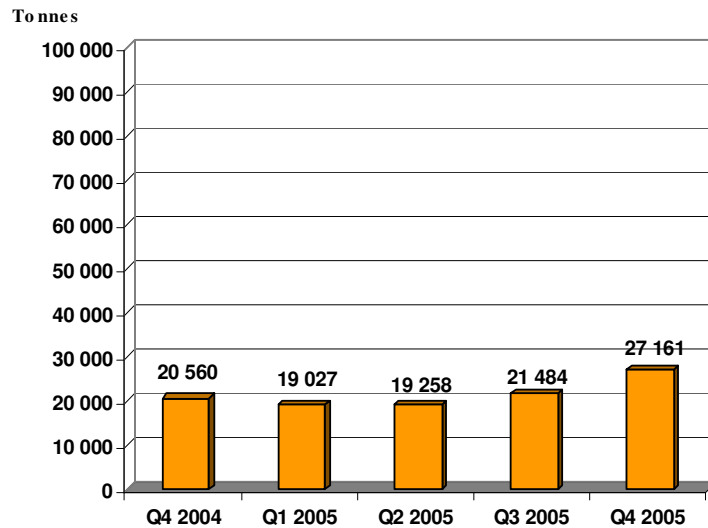
# Operating result - quarterly



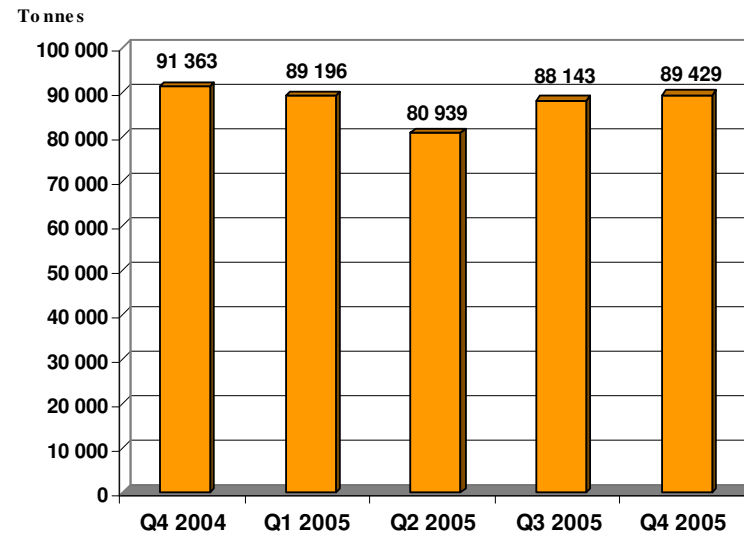
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# Production Copper

Mining production, metal content

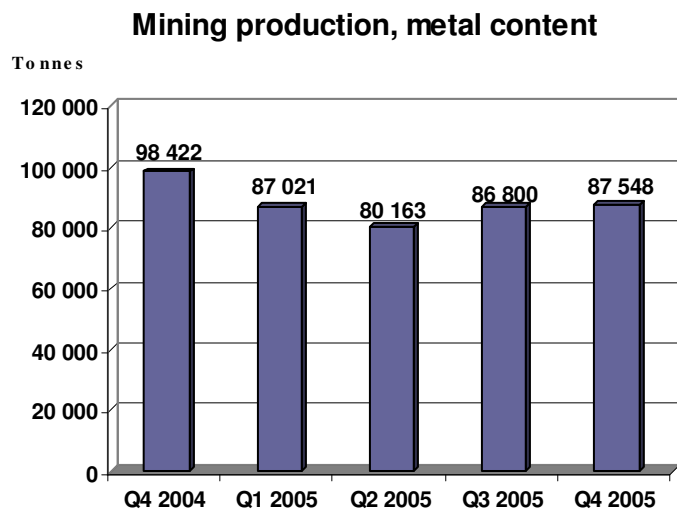


Smelter production, cathodes



- Aitik – higher production during 2005 due to high production in Q4.
- Boliden Area – increase in copper production.
- Copper Smelters – stable production during Q3 and Q4 after planned maintenance stops in Q2

# Production Zinc

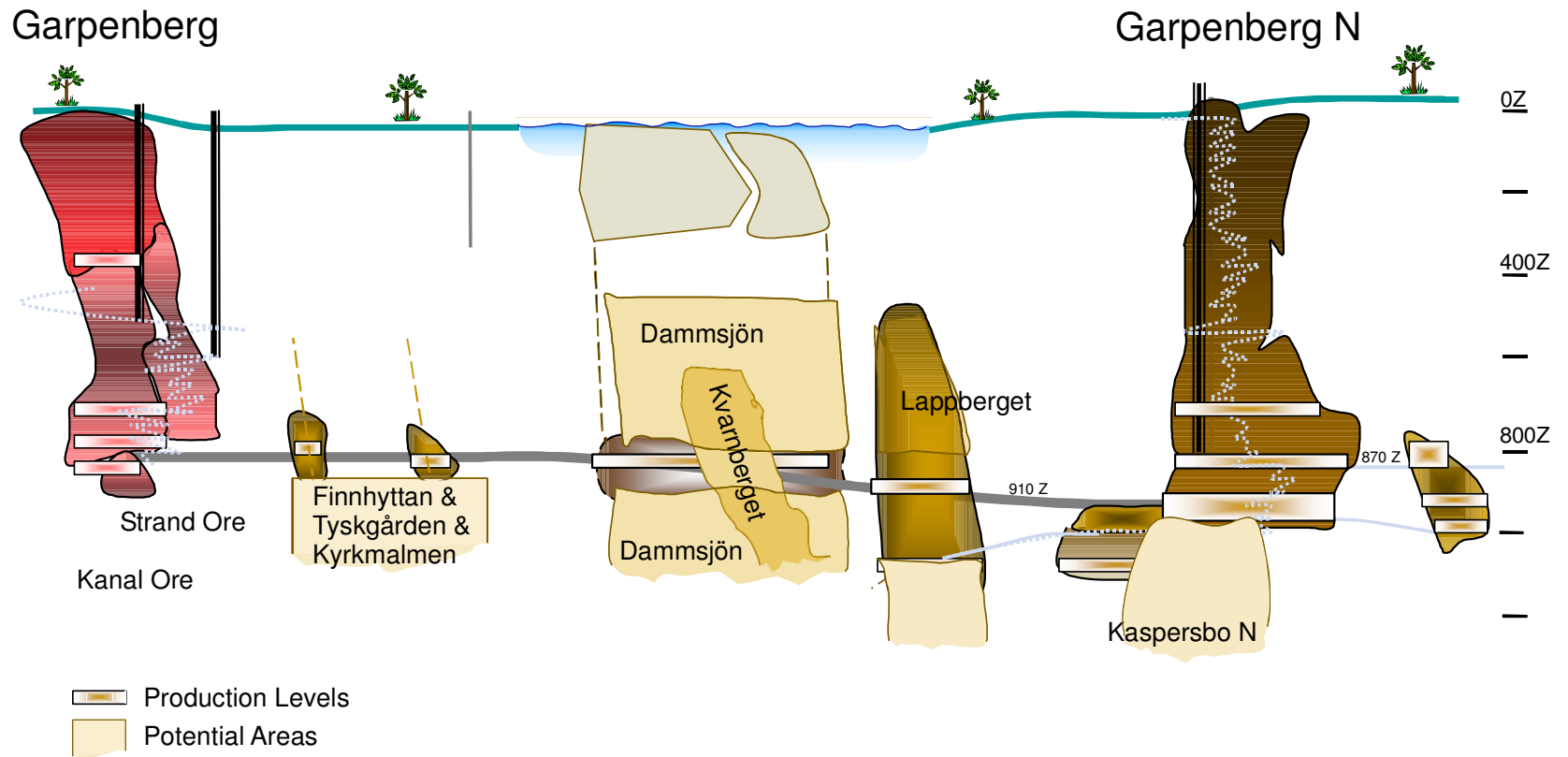


- Tara – weak start to this year’s production but ended with good production levels during Q3 and Q4.
- Boliden Area – lower zinc production due to change in concentrate mix.
- Garpenberg – healthy production.
- Boliden Kokkola – production of zinc at continuous high level.
- Boliden Odda – improved production after start of direct leaching process.



# Garpenberg Area

## Long section



# Operating result per segment

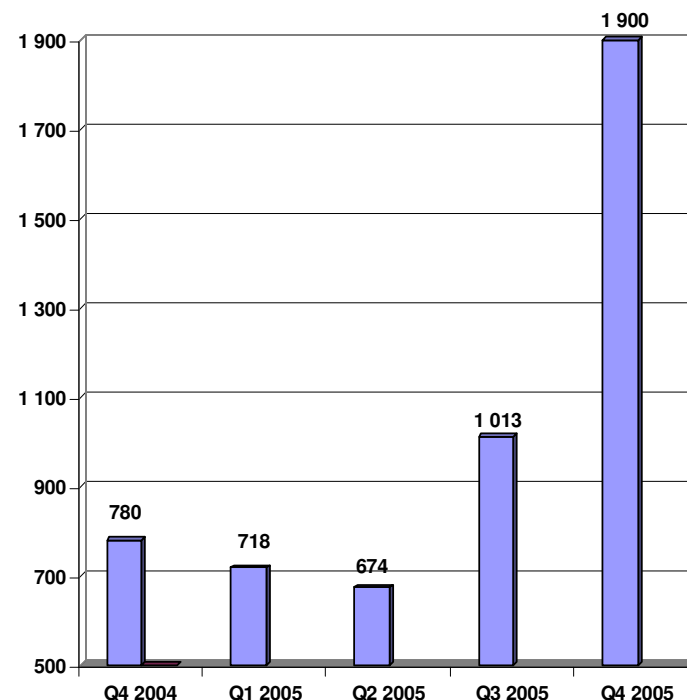
SEK m	Full year		Fourth quarter	
	2005	2004	2005	2004
Copper	1 921	1 393	1 004	298
Zinc	1 408	808	778	170
Other	-260	-370	-197	43
Total	3 069	1 831	1 585	511

- **Copper – higher metal prices, treatment charges and stock profit counteracted mainly by lower US dollar exchange rate.**
- **Zinc – higher metal prices and increased metal production were counteracted mainly by lower mine production and lower US dollar exchange rate.**

# Cash flow

- **Cash flow from operating activities SEK 2 540 million (SEK 1 552 m).**
- **Cash flow from investment activities SEK -982 million (SEK -1 508 m).**
- **Free cash flow SEK 1 558 million (SEK 44 m).**
- **Net loan amortisation SEK 912 million (SEK 2 799 m).**

**Operating result before depreciation (EBITDA), SEK m**

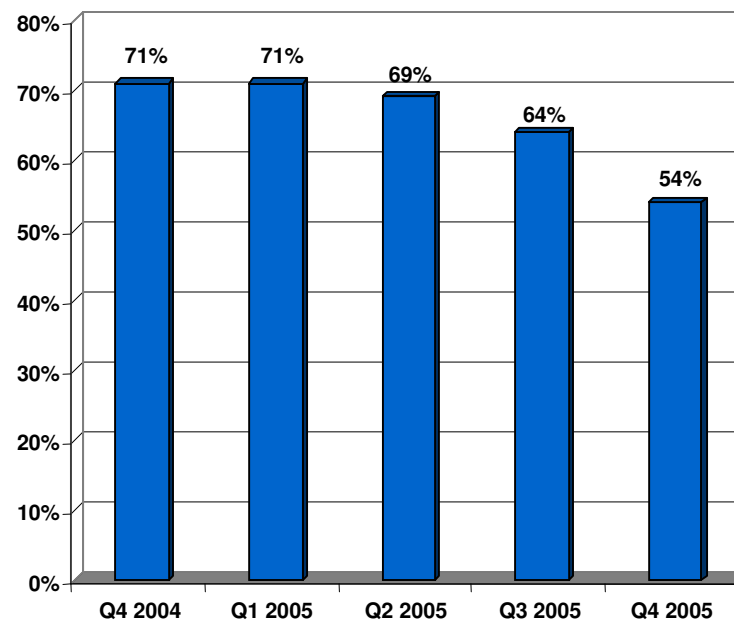




# Capital structure

	31 dec 2005	31 dec 2004
<b>Balance Sheet total, SEK bn</b>	<b>22.9</b>	<b>20.2</b>
<b>Capital employed, SEK bn</b>	<b>15.8</b>	<b>15.4</b>
<b>Shareholders' equity, SEK bn</b>	<b>10.3</b>	<b>9.1</b>
<b>Net debt, SEK bn</b>	<b>5.5</b>	<b>6.5</b>
<b>Gearing, %</b>	<b>54</b>	<b>71</b>
<b>Equity/assets ratio,%</b>	<b>44.9</b>	<b>45.2</b>

**Net debt / Shareholders' equity, %**



# Financial goals

- **Net debt / shareholders' equity of approximately 40 per cent**
- **ROCE >10 per cent**
- **Dividend – approximately 1/3 of net result**

# Summary 2005 and forecast 2006

- Continued strong and stable growth in the global economy.
- Higher metal prices but lower US dollar exchange rate.
- Good production levels from all units during Q4.
- Result after financial items full year SEK 2 812 million (SEK 1 365 m), Q4 SEK 1 581 million (SEK 352 m).
- Production on planned levels in early Q1 2006.
- Proposed dividend SEK 2 per share.
- New financial goals.
- Continued good market forecasts for Boliden's metals.



# *[www.boliden.com](http://www.boliden.com)*



Mines



Smelters



Zinc



Copper

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