

# Boliden

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Interim Report, January-June, 2004



Mining



Smelting  
and  
Refining



Zinc



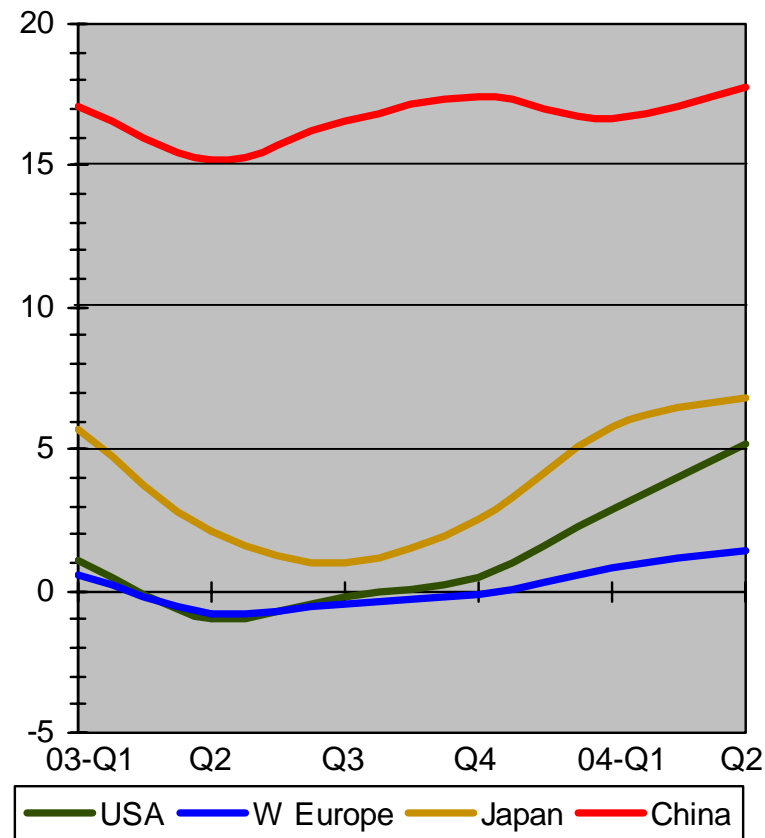
Copper

# Strong global economic recovery

## Growth - Q2 2004

- **Global**
  - Cu consumption 5 %
  - Cu production 1 %
  - Zn consumption 5 %
  - Zn production 0 %
- **USA**
  - Cu consumption -2 %
  - Zn consumption 4 %
- **Europe**
  - Cu consumption 2 %
  - Zn consumption 2 %
- **China**
  - Cu consumption 10 %
  - Zn consumption 15 %
- **Outlook for 2005 - good**

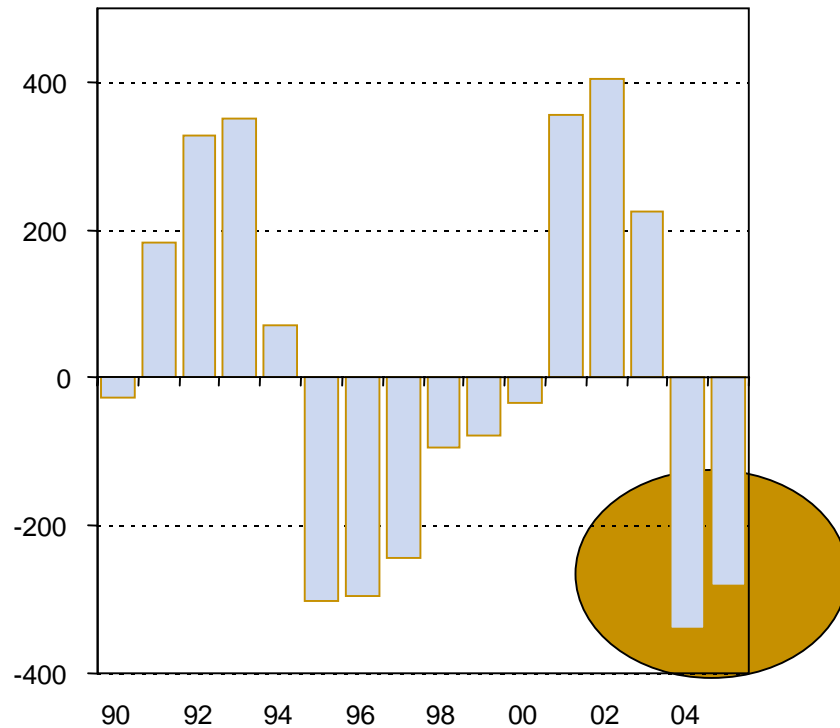
## Industrial production



# Major Zn and Cu imbalance in 2004 & 2005

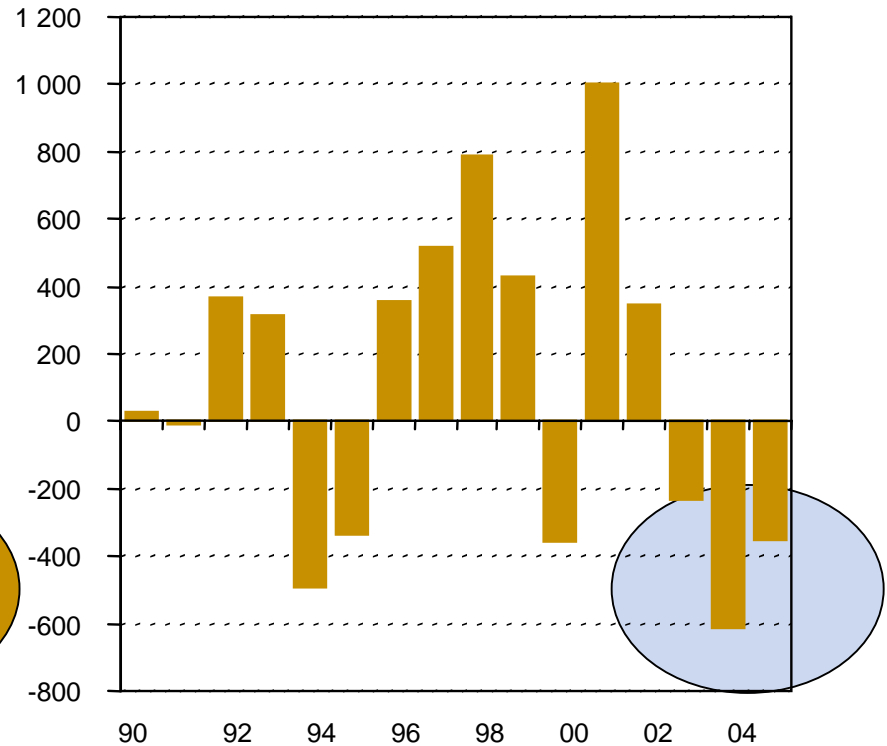
## Zinc balance supply – demand

Thousand tonnes

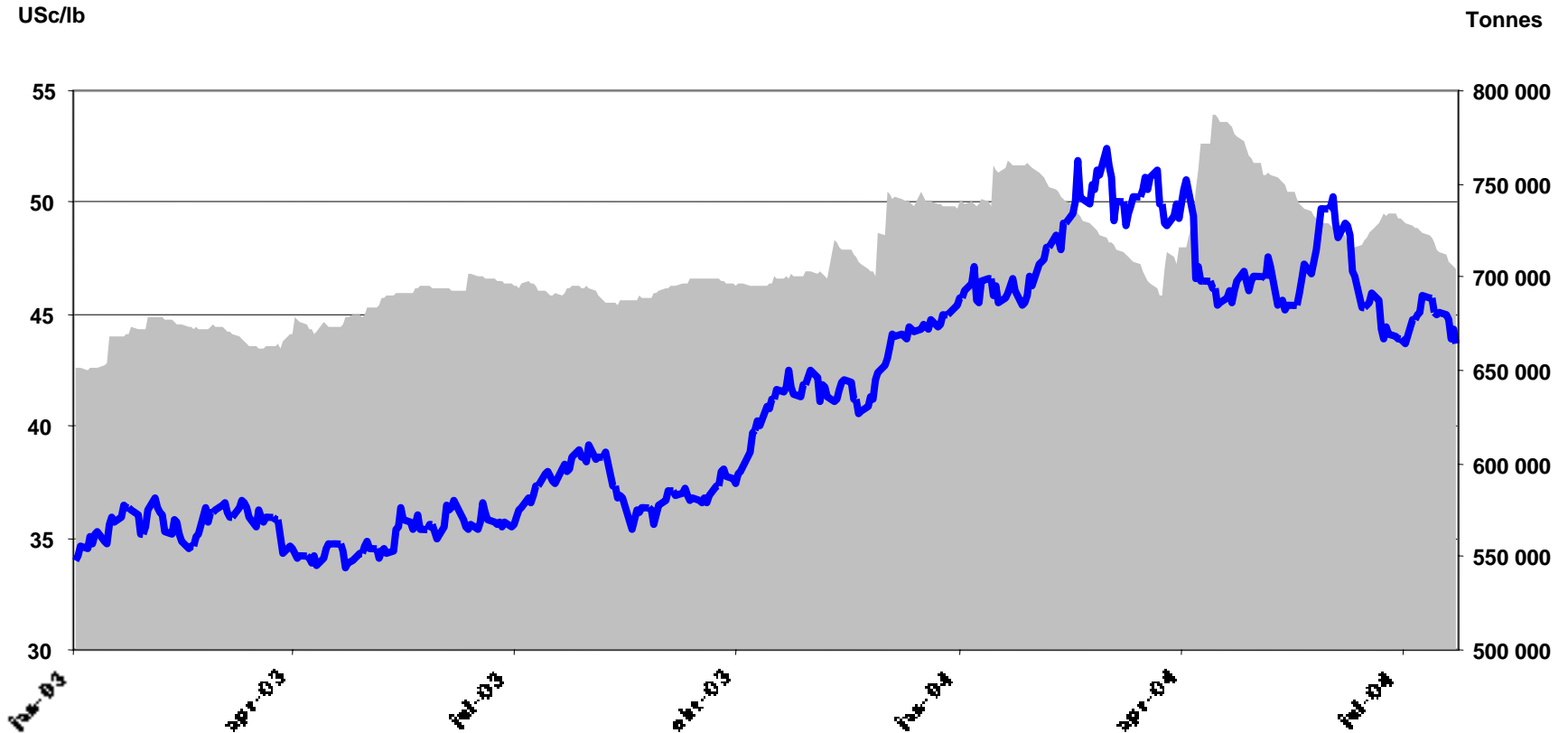


## Copper balance supply – demand

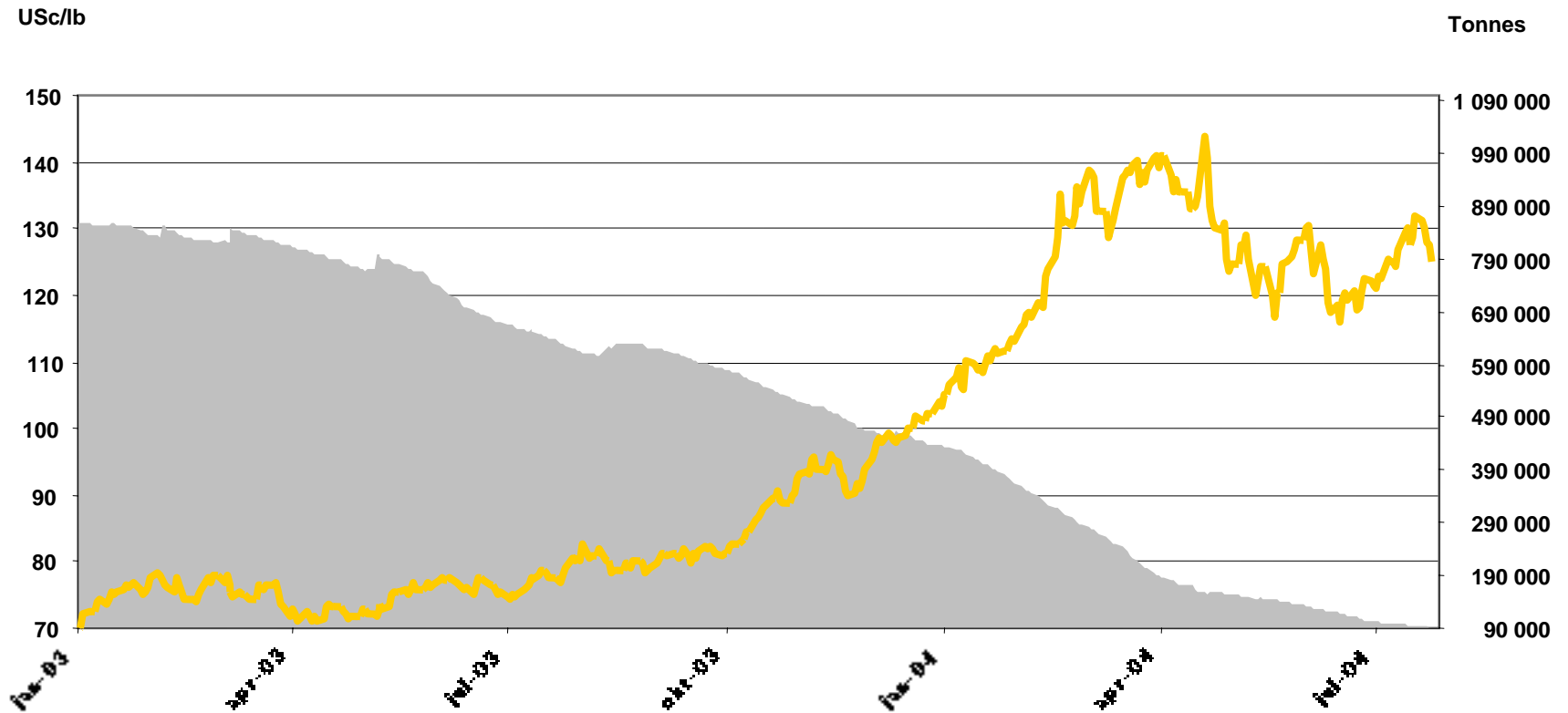
Thousand tonnes



# Zinc: Price and LME stocks



# Copper: Price and LME stocks



# Exchange rates: USD/SEK – EUR/USD



# Metal prices and exchange rates

		Actual Q2 -04	Actual Q1 -04	Change	Actual Q2 -03	Change	YTD June 04	YTD June 03	Change
<b>Metal Prices</b>									
Copper	USc/lb	127	124	2%	74	70%	125	75	67%
Zinc	USc/lb	47	49	-4%	35	33%	48	35	37%
Lead	USc/lb	37	38	-4%	21	78%	38	21	81%
Gold	USD/oz	394	408	-4%	347	13%	401	350	15%
Silver	USD/oz	6.25	6.68	-6%	4.59	36%	6.47	4.63	40%
<b>Exchange rates</b>									
USD/SEK		7.56	7.32	4%	8.06	-6%	7.47	8.31	-10%
USD/CAD		1.36	1.32	3%	1.40	-3%	1.34	1.46	-8%
EUR/USD		1.20	1.25	-4%	1.13	6%	1.23	1.10	12%

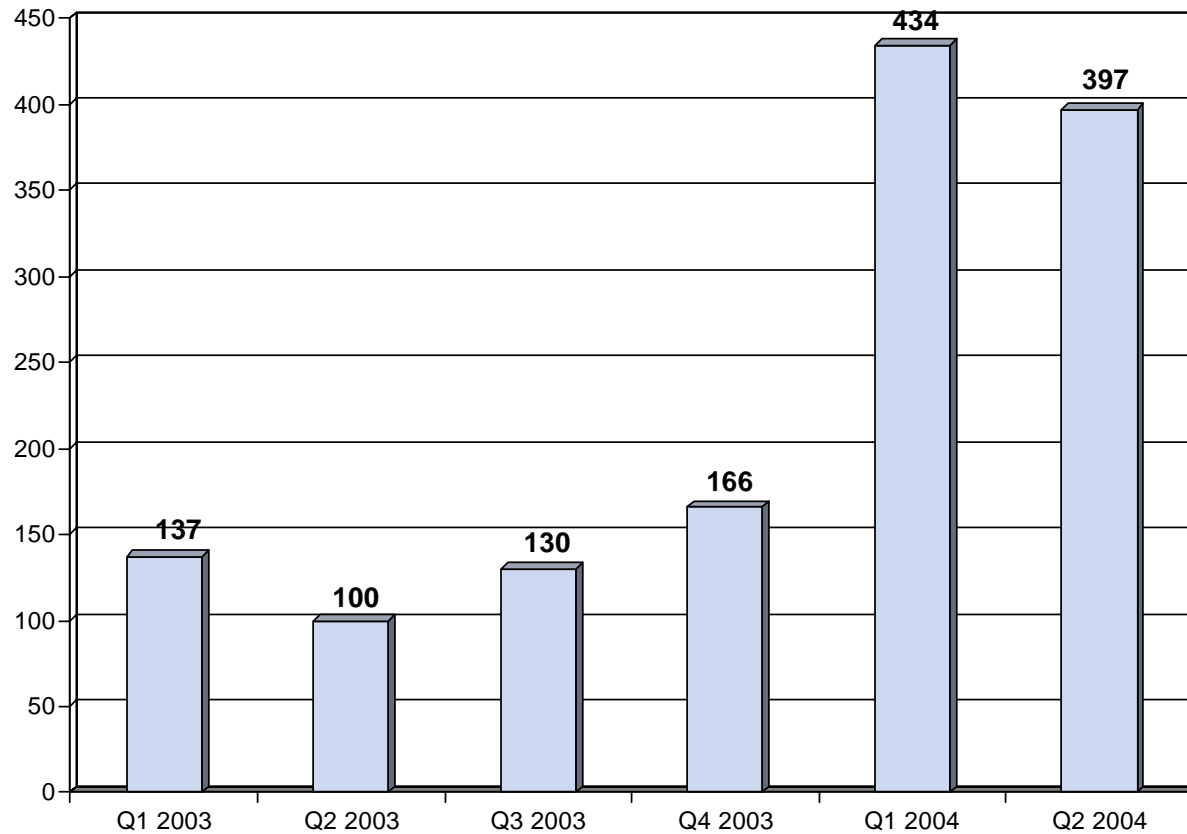
# Record result for first half of 2004

SEK m	Q2/04	Q1/04	Q2/03	1H/04	1H/03
Net sales	4 547	4 498	2 298	9 045	4 636
Operating result	397	434	84	831	210
Earnings per share	1.11	1.27	0.37	2.36	1.59
Return on capital employed, %	10.5	11.6	4.5	11.1	5.8
Net debt/Shareholders' equity, %	99	103	154	99	154

- **Structural transaction, higher metal prices and good production boosted the result.**
- **Lower USD exchange rates and lower TC/RC negatively affected the result.**
- **Improved earnings per share.**
- **Return on capital employed on a par with financial goals.**
- **Financial position strengthened.**

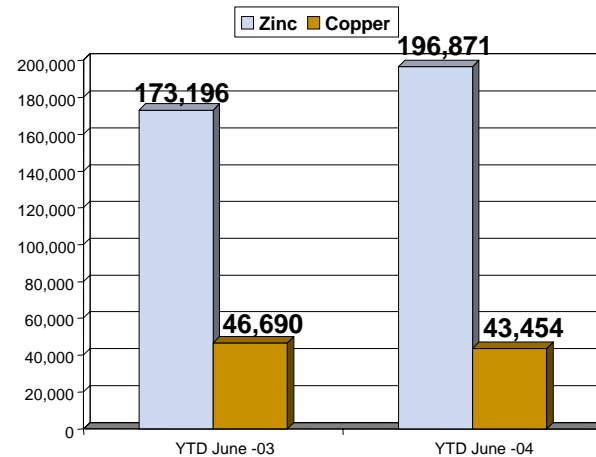
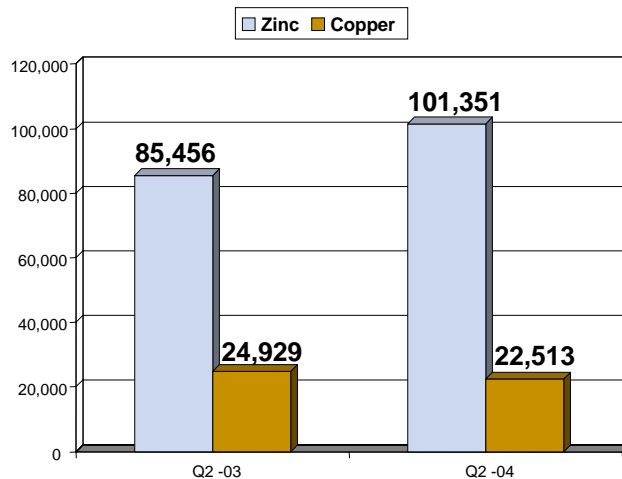


# Operating result – quarterly



2003 – Remaining Operations

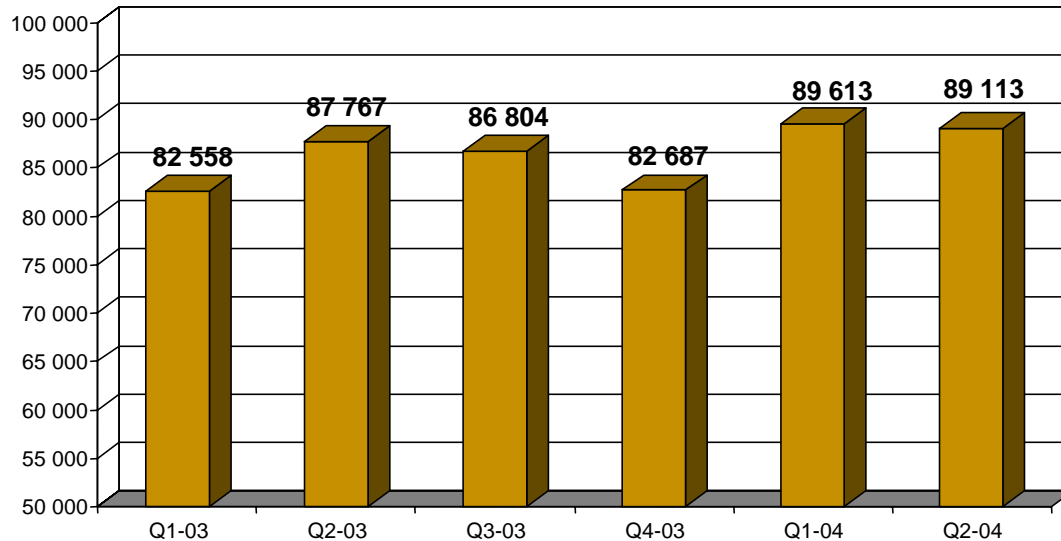
# Mines: Zinc & copper production\*



- **Garpenberg – Increased ore percentage from Lappberget boosts production.**
- **Tara – Nevinstown ore body has improved levels of both zinc and lead at Tara.**
- **Lower total copper production offset by improved copper production at Aitik.**

\*2003 pro forma

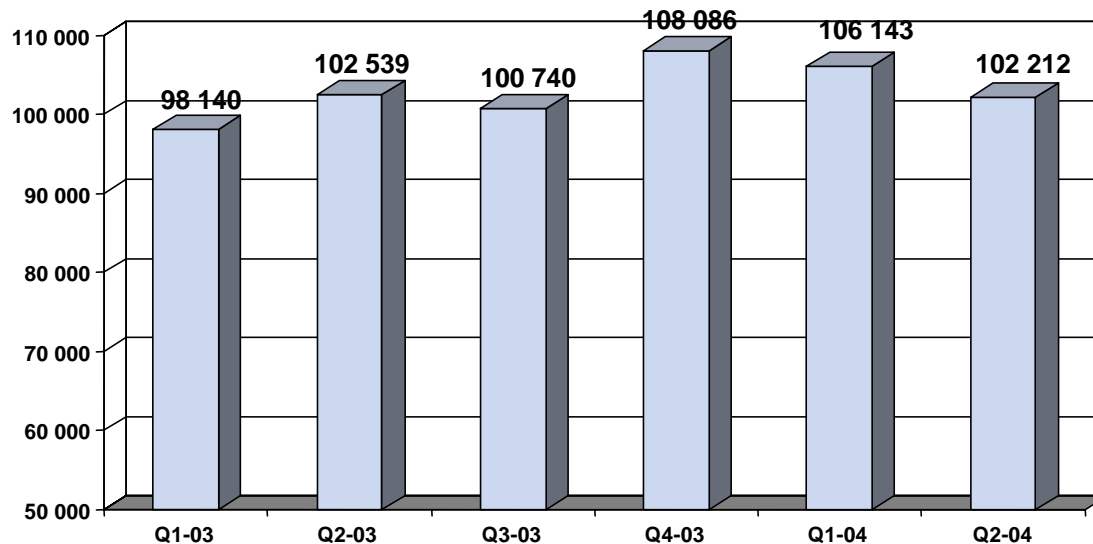
# Smelters: Copper production\*



- Increased production of copper cathodes
- Continued production optimisation
- Stable flows of external copper concentrate
- External concentrate availability good for rest of 2004

\*2003 pro forma

# Smelters: Zinc production\*



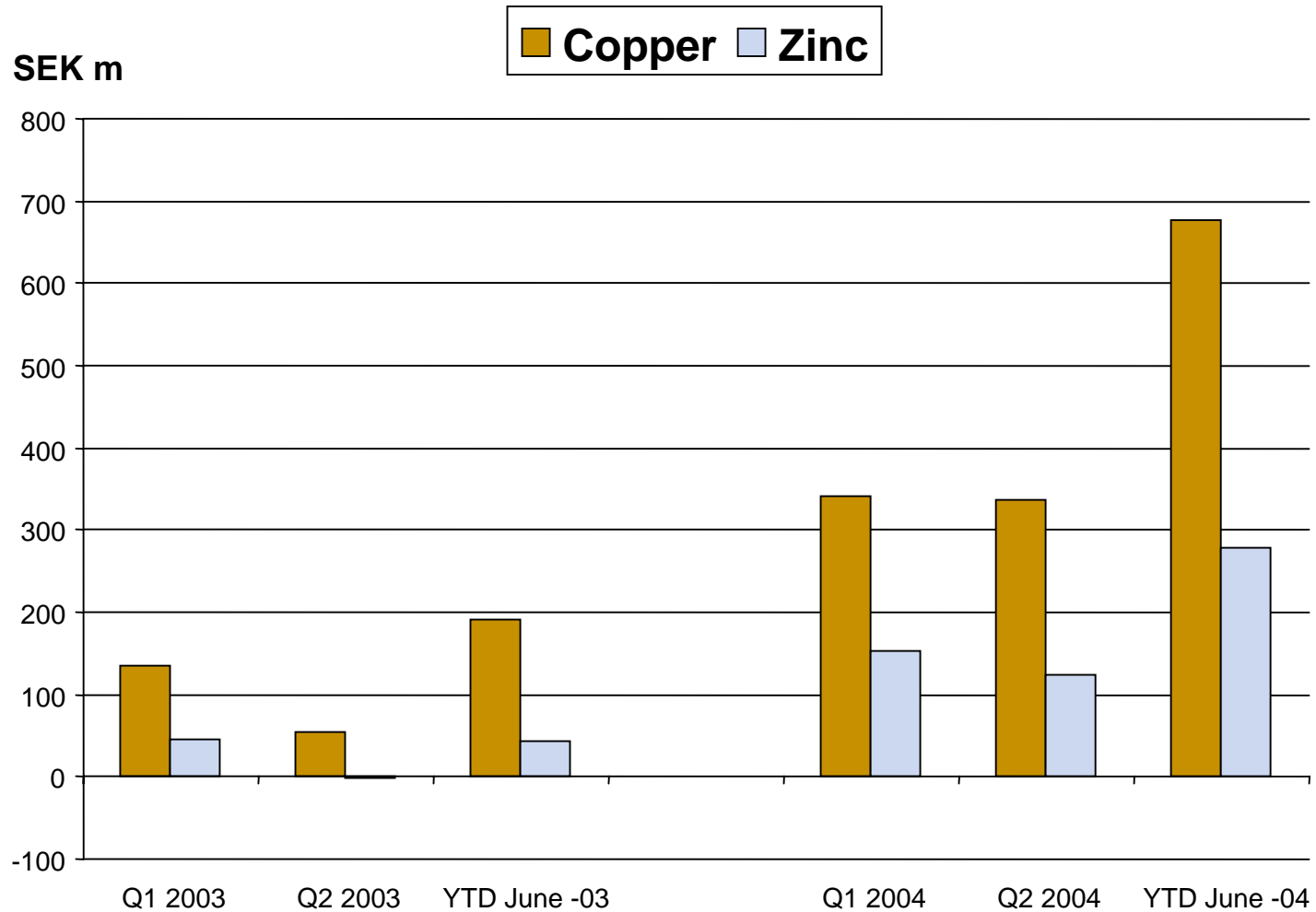
- **Stable zinc production**
- **Scheduled shutdown for repairs at Norzink in Q2**
- **Coordination benefits between mining and smelting production**
- **Norzink modernisation complete by autumn 2004**

\*2003 pro forma

# Operating result per Area

SEK m	Q2/04	Q1/04	Q2/03	1H/04	1H/03
Mining Operations	297	245	66	543	136
Copper	171	220	47	391	128
Zinc	-21	29	-	9	-
Other	-50	-60	-29	-112	-54
Total	397	434	84	831	210

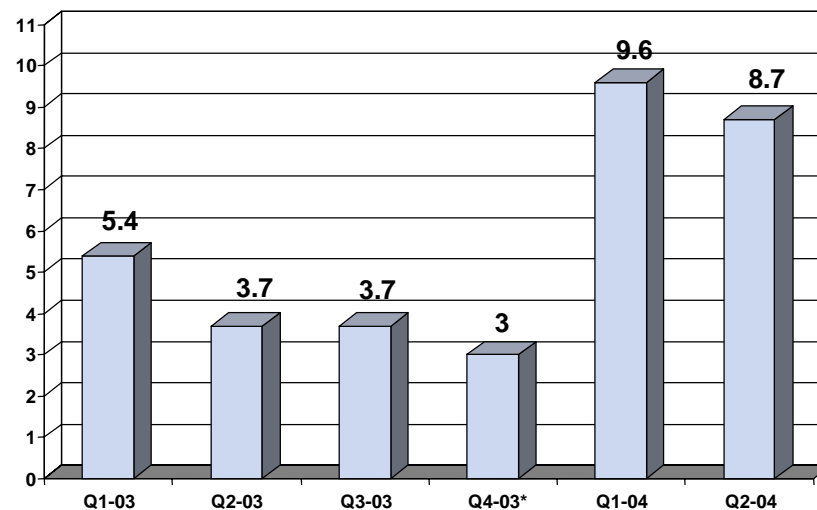
# Operating result per product



# Key ratios

	30 June 2004	30 June 2003	31 Dec 2003
Operating margin, %	9.2	4.5	Neg
Earnings per share, SEK	2.36	1.59	0.12
Return on capital employed, %	11.1	5.8	-
Return on shareholders' equity, %	15.3	11.8	0.4

Operating margin

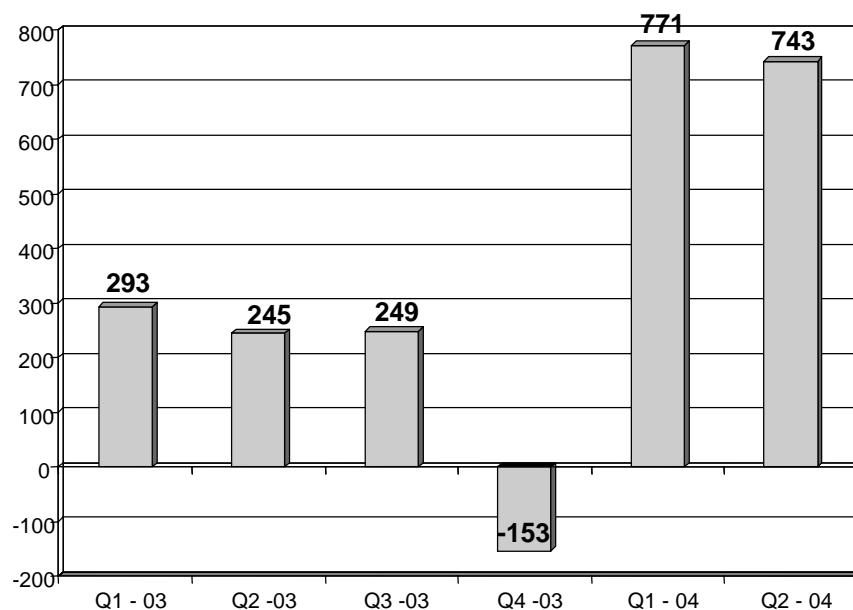


\*Excluding operations sold

# Cash flow

- Cash flow from operating activities: SEK 910 million (SEK 336 m)
- Cash flow from investment activities: SEK -875 million (SEK -280 m)
- Net loan amortisation: SEK 1,762 million (SEK 20 m)
- Rights issue generated SEK 1,374 million

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

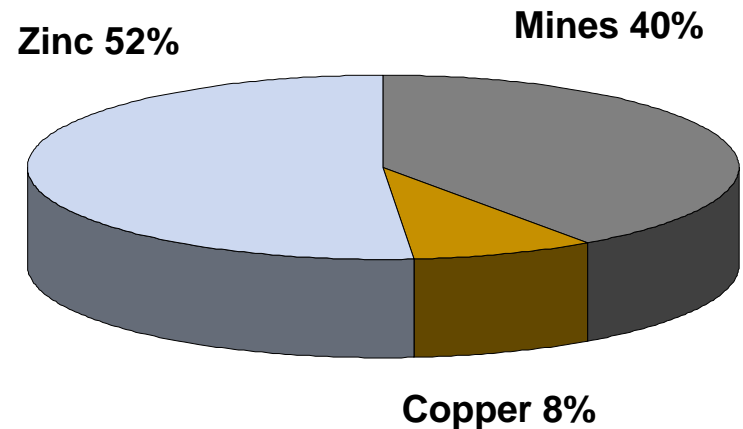




# Investments

- Total investments for first half of 2004: SEK 751 million (SEK 301 m)
- Norzink and Tara investment programmes complete in latter half of 2004
- Investment levels will return to normal from 2005

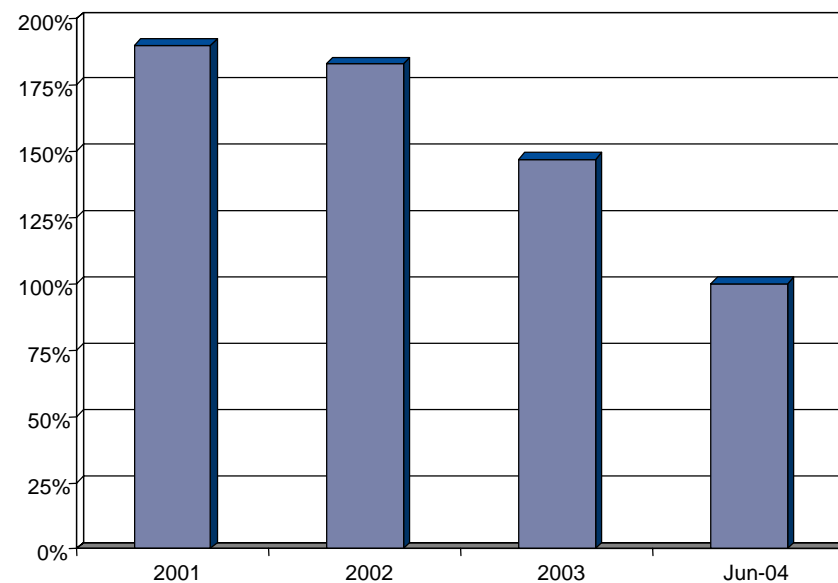
First half of 2004 -  
breakdown of investments, %



# Capital structure

	30 June 2004	30 June 2003	31 Dec 2003
<b>Balance Sheet total, SEK bn</b>	<b>19.9</b>	<b>10.9</b>	<b>19.9</b>
<b>Capital employed, SEK bn</b>	<b>15.1</b>	<b>7.5</b>	<b>14.8</b>
<b>Shareholders' equity, SEK bn</b>	<b>7.8</b>	<b>3.1</b>	<b>6.1</b>
<b>Net debt, SEK bn</b>	<b>7.7</b>	<b>4.7</b>	<b>9.0</b>
<b>Gearing, %</b>	<b>99</b>	<b>154</b>	<b>147</b>
<b>Equity/assets ratio, %</b>	<b>39.1</b>	<b>27.9</b>	<b>30.7</b>

Net debt/Shareholders' equity, %



# The project portfolio

- ✓ **The rights issue, completed in Q2, was over-subscribed and generated SEK 1,374 million for the company.**
- ✓ **A new partnership agreement will increase supplies of copper concentrate from the Portuguese mine, Neves Corvo.**
- ✓ **The Canadian Myra Falls mine was sold. Boliden received 18 million newly issued shares in Breakwater. The sale generated a capital gain of SEK 5 million.**
- ✓ **During the first half of 2004 synergies were realized corresponding to approx. SEK 180 million on a full year basis, of which SEK 125 million were realized in Q2. Additional potential has been identified and the ambition level raised.**

# Summary

- **Strong global economic recovery**
- **Higher prices for all of Boliden's metals**
- **Operating result for the first half of 2004: SEK 831 million (SEK 210 m)**
- **Stronger financial position**
- **Increased potential for operational synergies**
- **Good market conditions in the latter half of the year will help sustain the good result**
- **Major imbalances indicate the good metal market will continue in 2005**