

# Boliden

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Interim Report, January-September, 2004



Mining



Smelting  
and  
Refining



Zinc

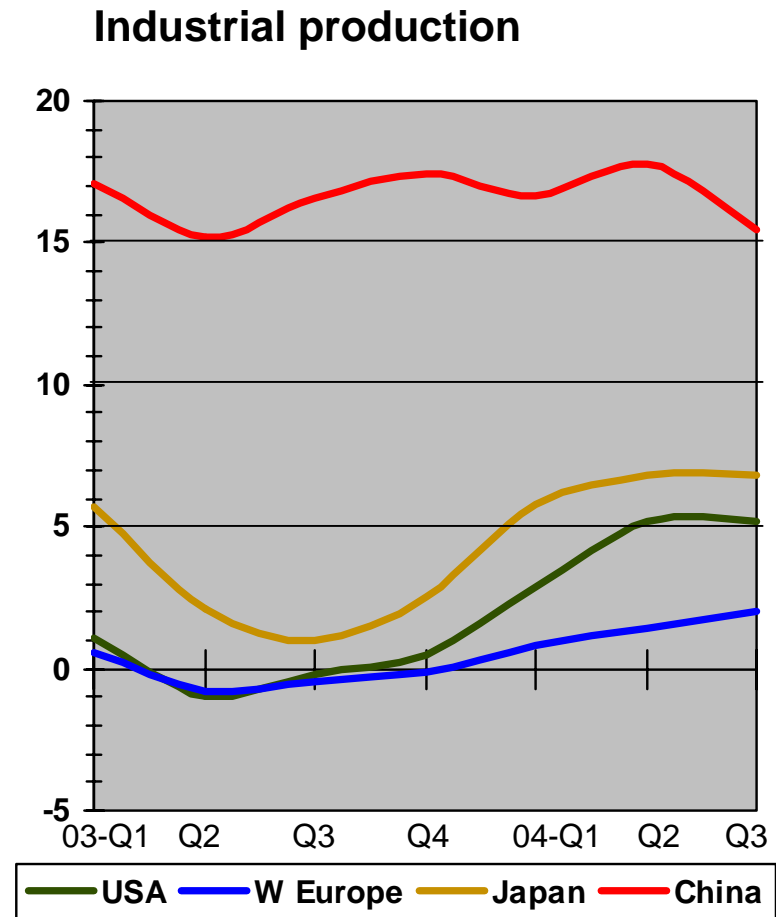


Copper

# Strong global economic recovery

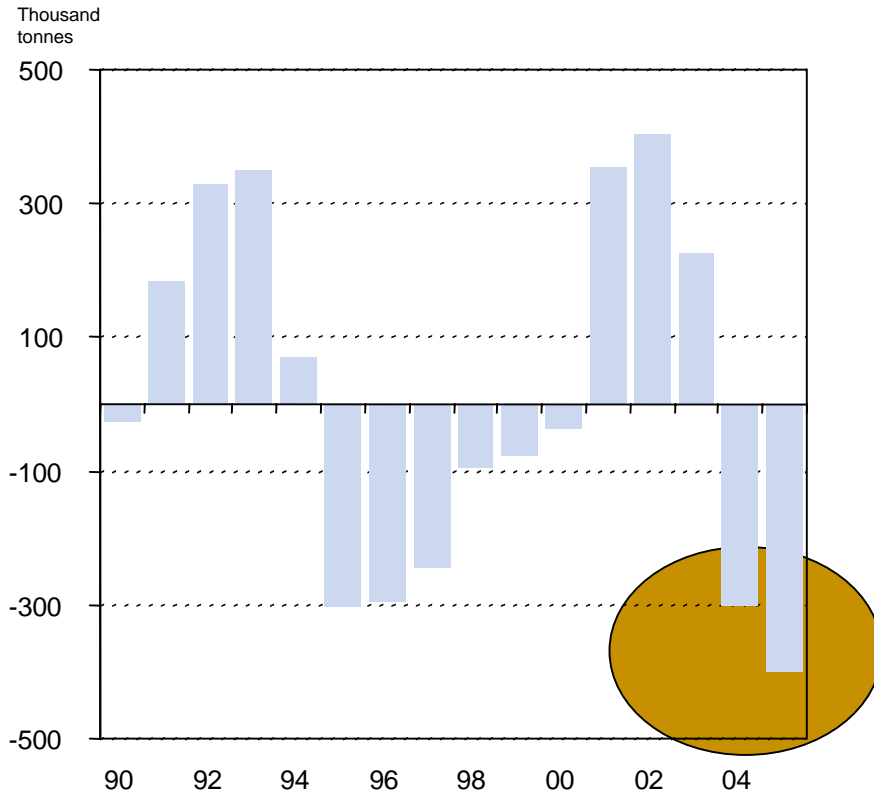
## Growth – Q3 2004

- **Global**
  - Cu consumption 7 %
  - Cu production 6 %
  - Zn consumption 6 %
  - Zn production 2 %
- **USA**
  - Cu consumption 6 %
  - Zn consumption 7 %
- **Europe**
  - Cu consumption 4 %
  - Zn consumption 2 %
- **China**
  - Cu consumption 13 %
  - Zn consumption 15 %
- **Outlook for 2005 – good**

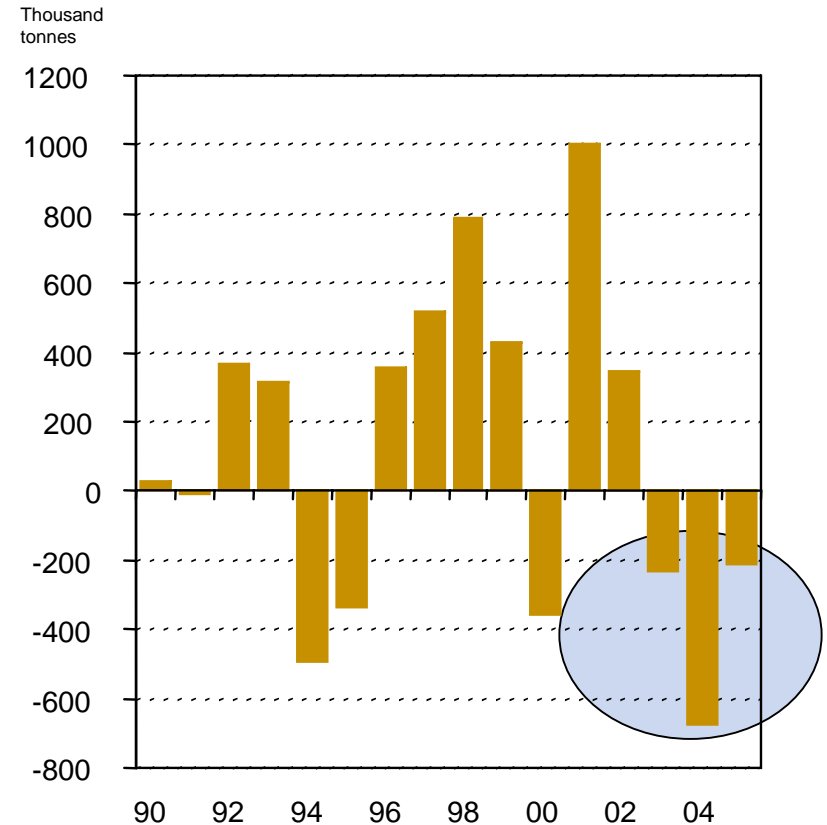


# Major Zn and Cu imbalance in 2004 & 2005

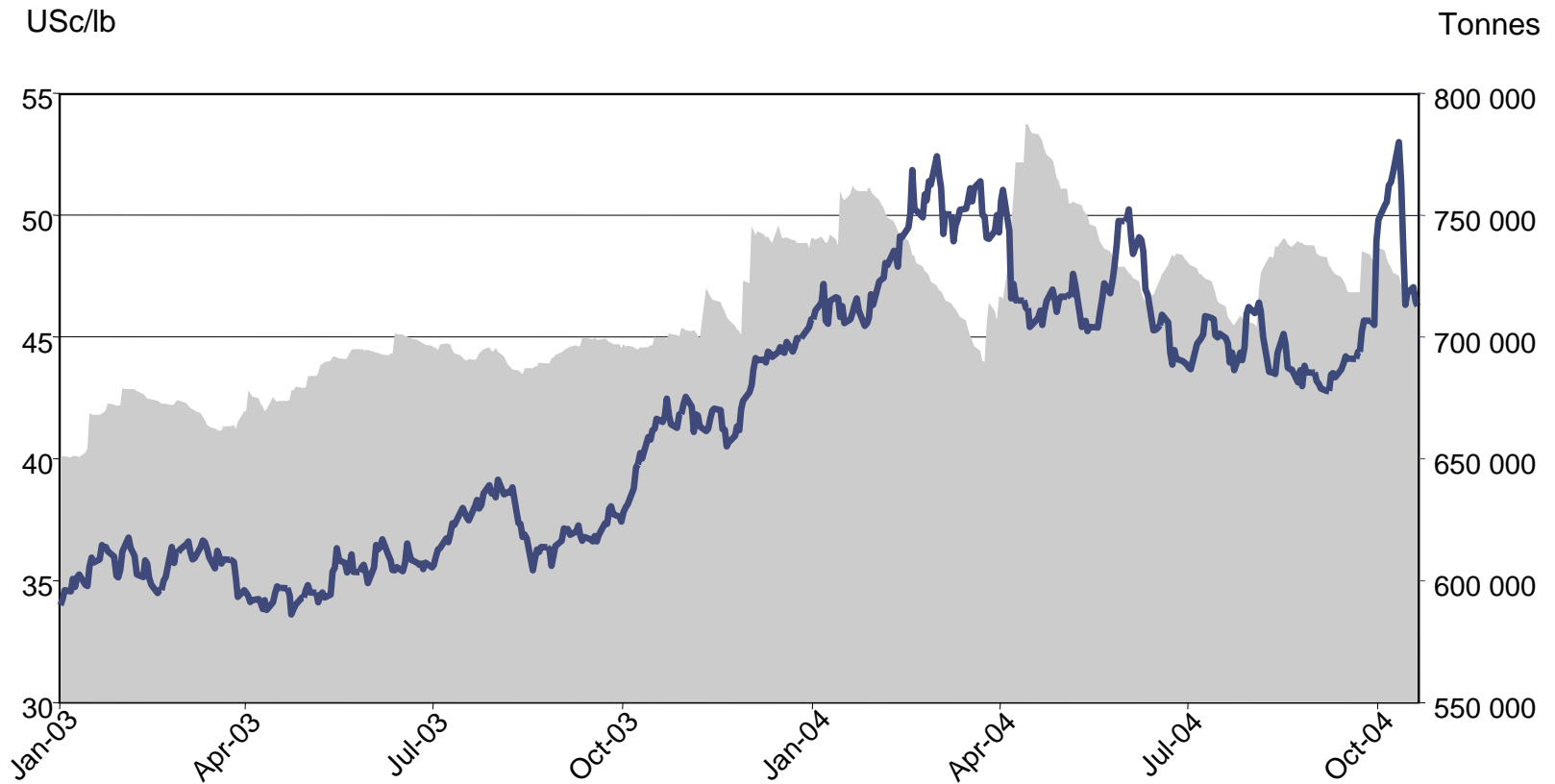
Zinc balance  
supply – demand



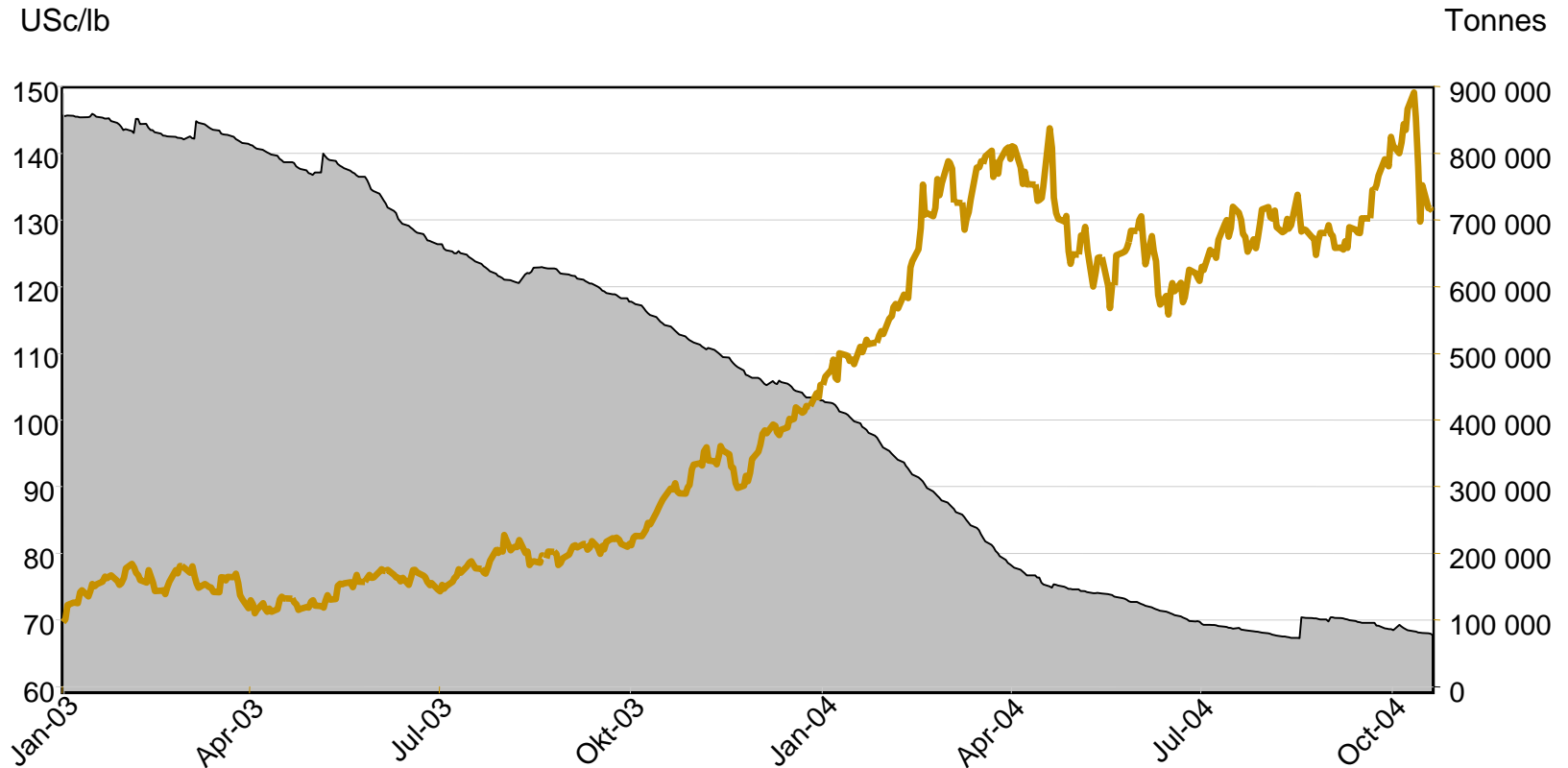
Copper balance  
supply – demand



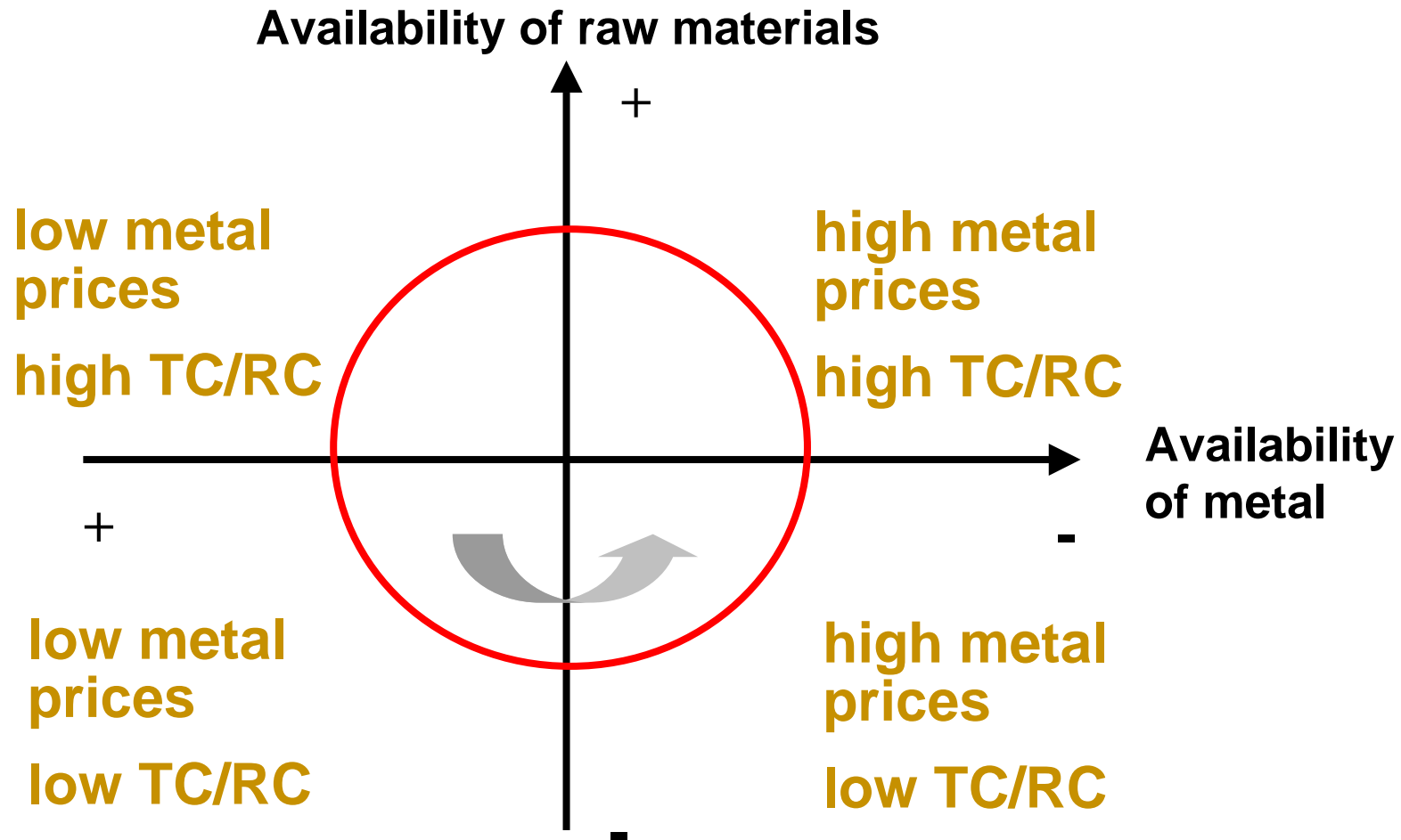
# Zinc: Price and LME stocks



# Copper: Price and LME stocks



# Business cycle of metals



# Exchange rates: USD/SEK – EUR/USD



# Metal prices and exchange rates

|                       | First nine months |      | Change | Third Quarter |      | Change |
|-----------------------|-------------------|------|--------|---------------|------|--------|
|                       | 2004              | 2003 | in %   | 2004          | 2003 | in %   |
| <b>Metal prices</b>   |                   |      |        |               |      |        |
| Copper (USD/lb)       | 1.27              | 0.77 | 65     | 1.29          | 0.80 | 61     |
| Zinc (USD/lb)         | 0.47              | 0.36 | 31     | 0.44          | 0.37 | 19     |
| Lead (USD/lb)         | 0.39              | 0.22 | 77     | 0.42          | 0.23 | 83     |
| Gold (USD/oz)         | 401               | 354  | 13     | 401           | 363  | 10     |
| Silver (USD/oz)       | 6.46              | 4.75 | 36     | 6.45          | 4.99 | 29     |
| <b>Exchange rates</b> |                   |      |        |               |      |        |
| USD/SEK               | 7.45              | 8.26 | -10    | 7.46          | 8.15 | -8     |
| EUR/USD               | 1.23              | 1.11 | 11     | 1.22          | 1.12 | 9      |
| USD/CAD               | 1.33              | 1.43 | -7     | 1.31          | 1.38 | -5     |

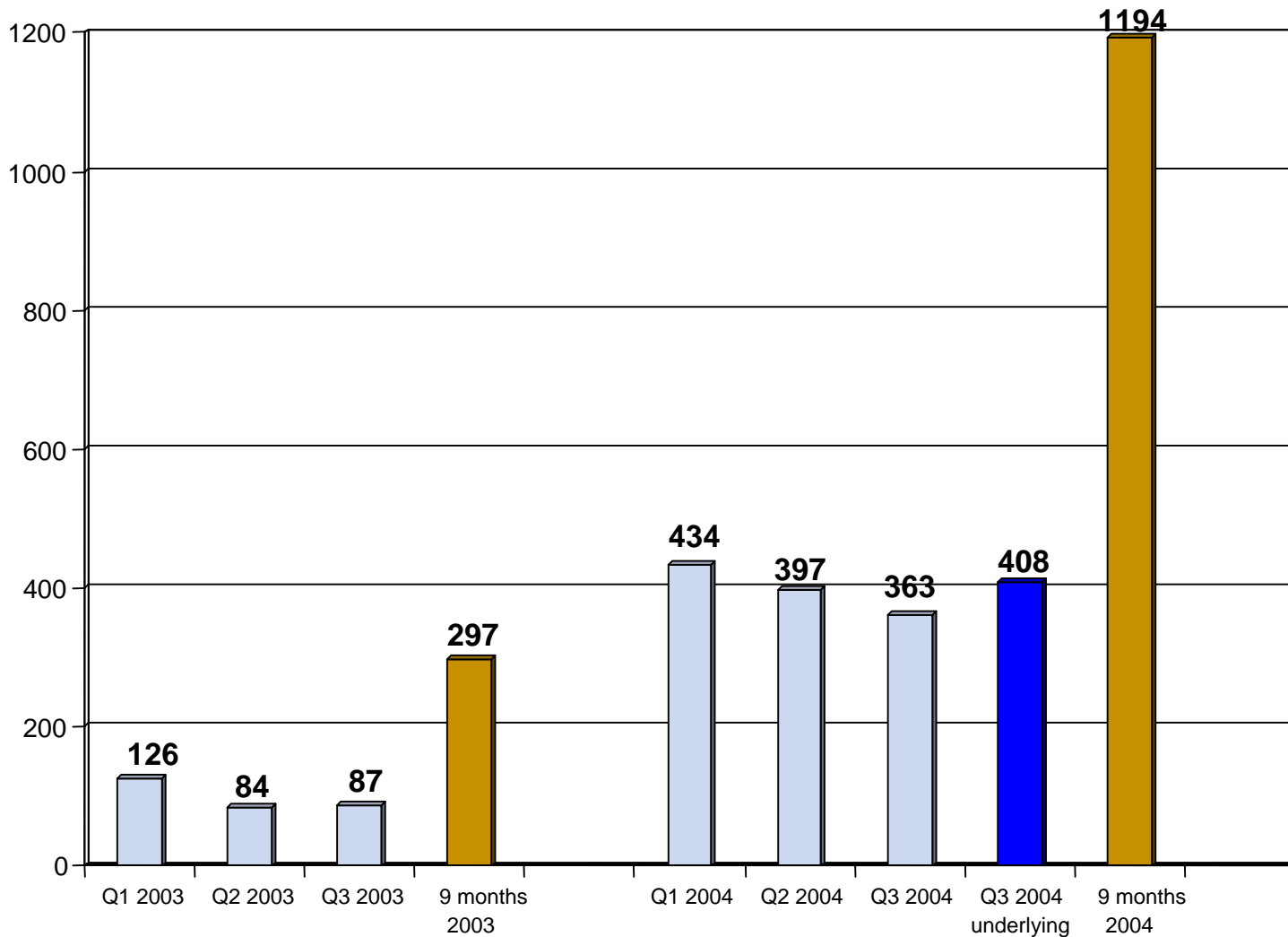


# Record result for first nine months of 2004

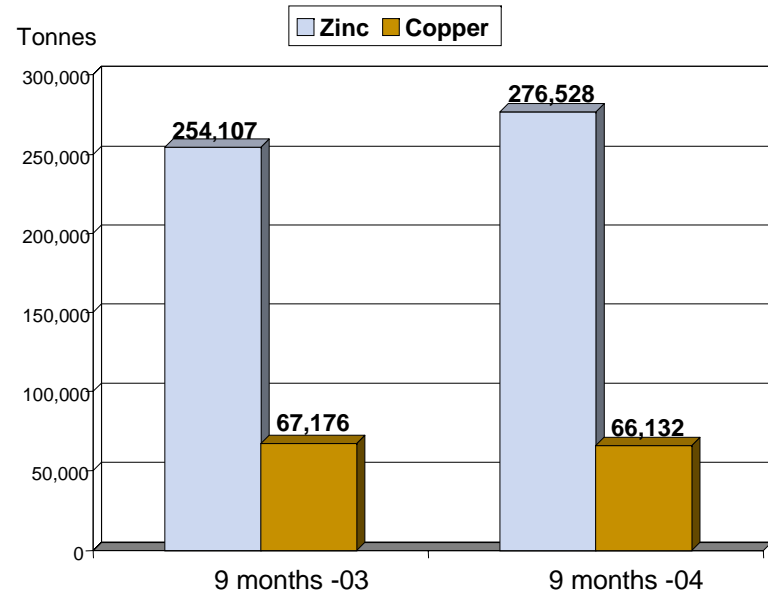
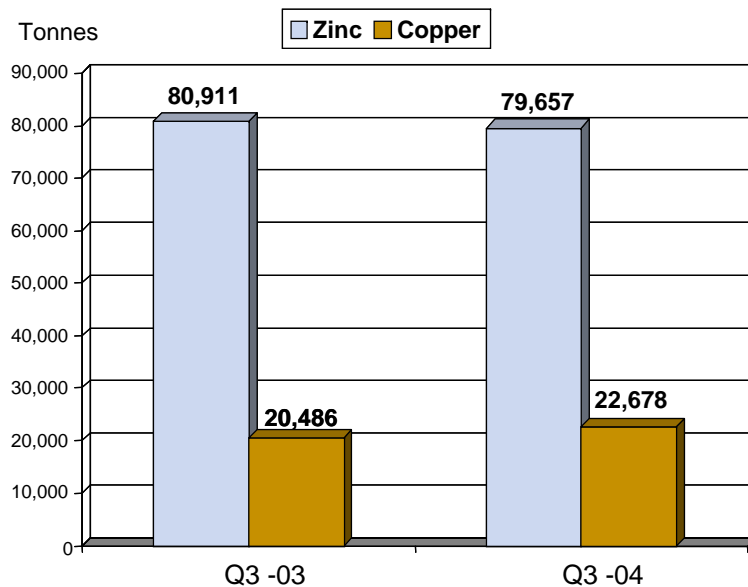
| SEK m                            | First nine months |       | Third quarter |       |
|----------------------------------|-------------------|-------|---------------|-------|
|                                  | 2004              | 2003  | 2004          | 2003  |
| Net sales                        | 13 310            | 6 962 | 4 265         | 2 326 |
| Operating result                 | 1 194             | 297   | 363           | 87    |
| Earnings per share               | 3.37              | 2.35  | 1.01          | 0.76  |
| Return on capital employed, %    | 10.6              | 5.4   | 9.6           | 4.6   |
| Net debt/Shareholders' equity, % | 96                | 138   | 96            | 138   |

- **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



# Mines: Zinc & copper production\*

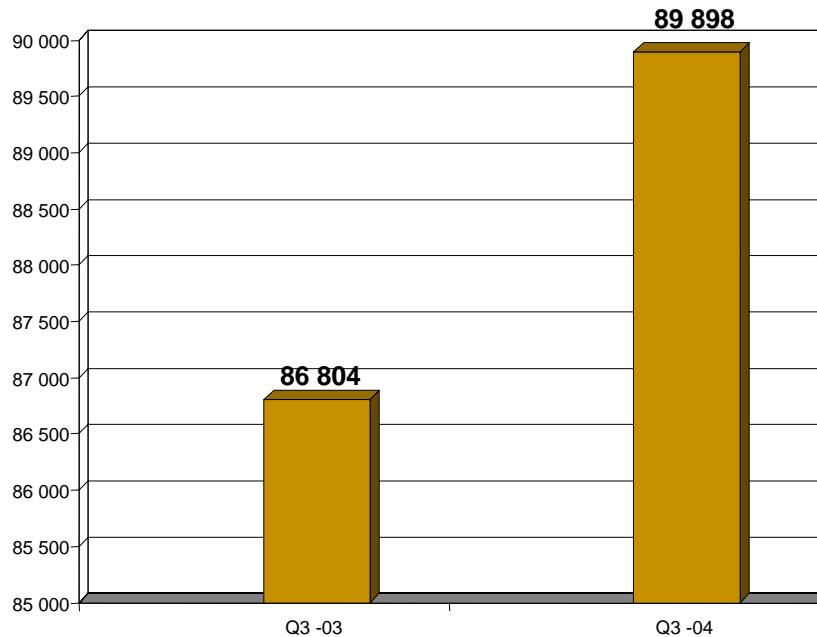


- Aitik – higher production of copper and gold
- Garpenberg – increased ore percentage from Lappberget boosts production
- Tara – Nevestown ore body has improved levels of both zinc and lead

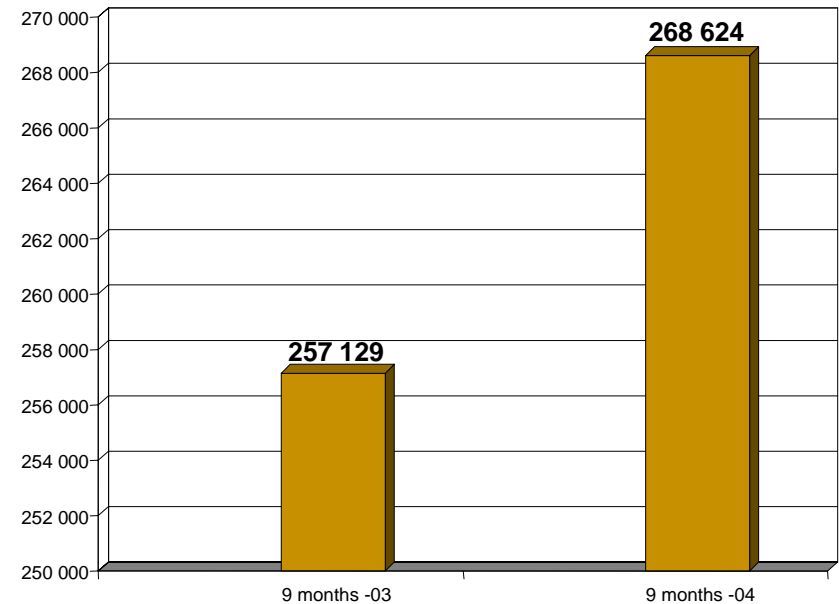
\*2003 pro forma

# Smelters: Copper production\*

Tonnes



Tonnes

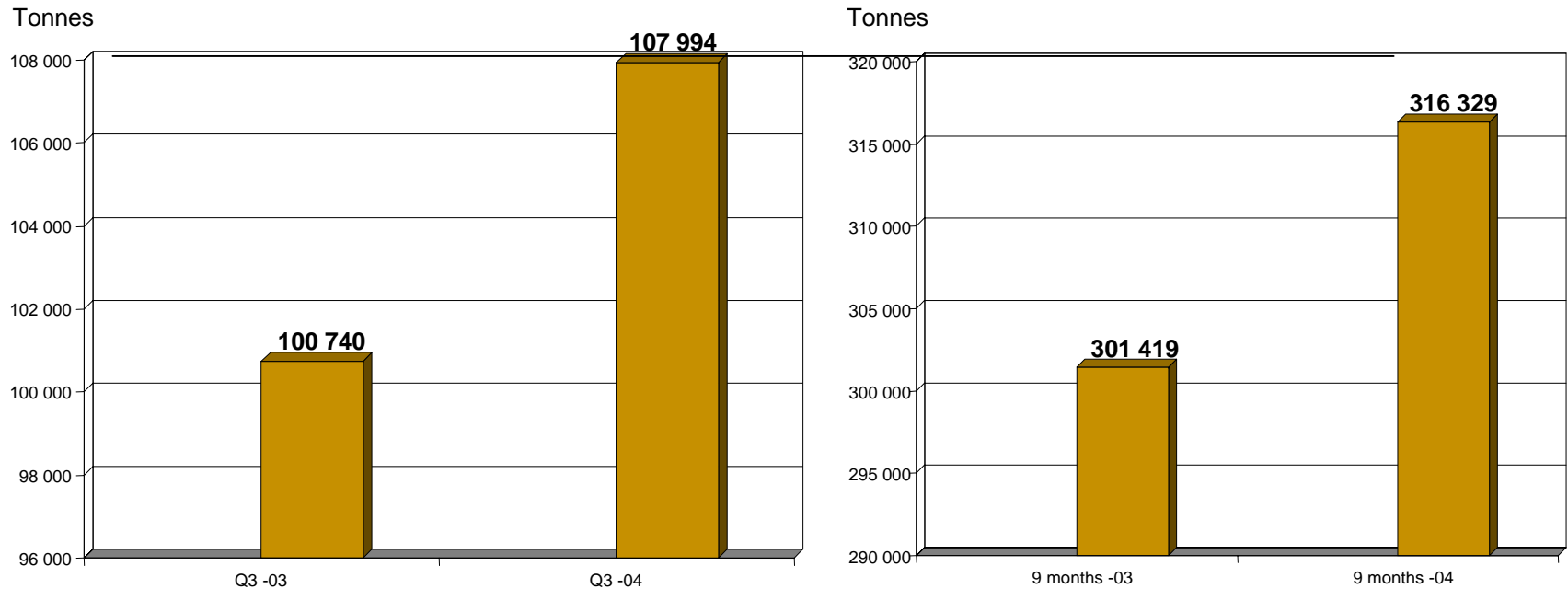


- Increased production of copper cathodes
- Continued production optimisation
- Stable flows of external copper concentrate
- External concentrate availability good for rest of 2004

\*2003 pro forma

**BOLIDEN**

# Smelters: Zinc production\*



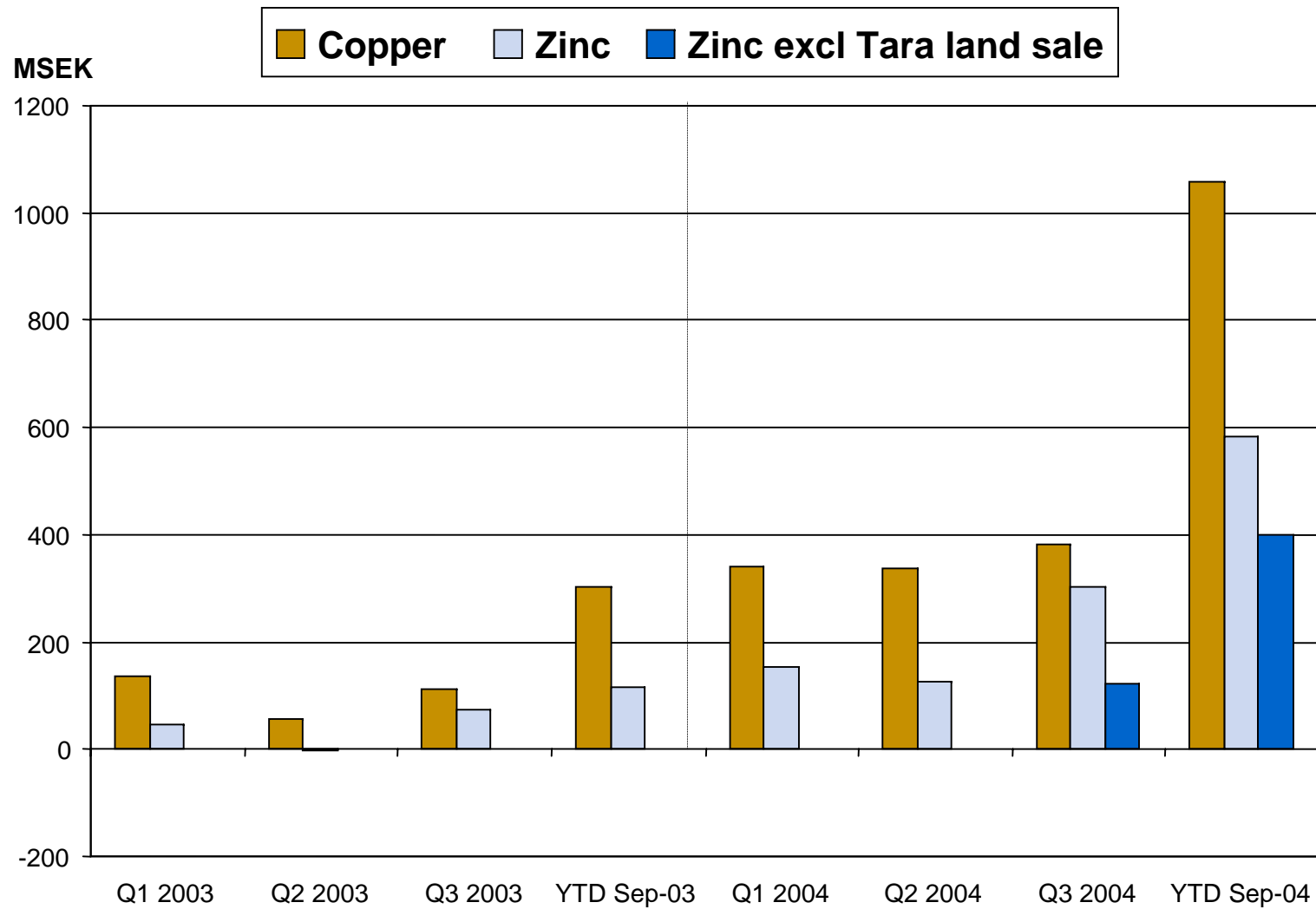
- Increased production of zinc
- Coordination benefits between mining and smelting production
- Odda modernisation complete during the fourth quarter of 2004

\*2003 pro forma

# Operating result per Area

| SEK m             | First nine months |      | Third quarter |      |
|-------------------|-------------------|------|---------------|------|
|                   | 2004              | 2003 | 2004          | 2003 |
| Mining Operations | 1 046             | 210  | 503           | 74   |
| Copper            | 539               | 189  | 148           | 61   |
| Zinc              | 42                | -    | 34            | -    |
| Other             | -433              | -102 | -322          | -48  |
| Total             | 1 194             | 297  | 363           | 87   |

# Operating result – copper and zinc\*)

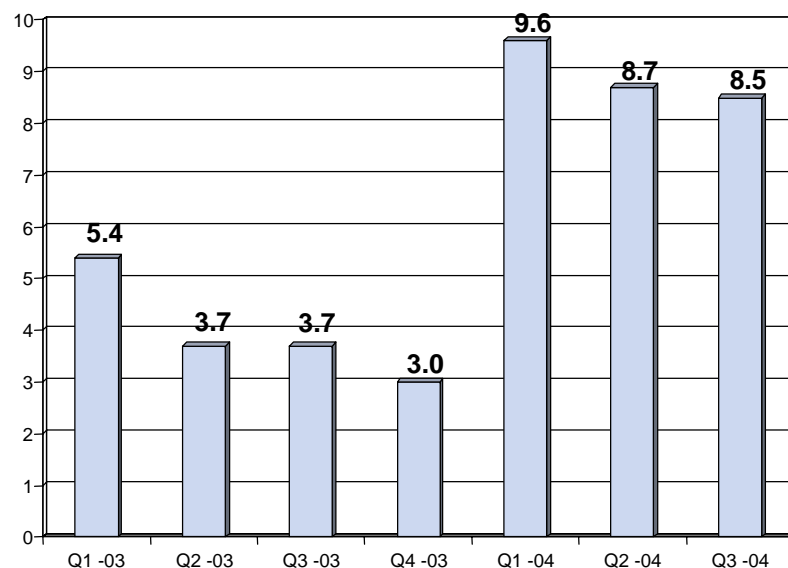


\*) Excl OH & other

# Key ratios

|                                      | 30 Sept<br>2004 | 30 Sept<br>2003 | 31 Dec<br>2003 |
|--------------------------------------|-----------------|-----------------|----------------|
| Operating margin, %                  | 9.0             | 4.3             | Neg            |
| Earnings per share, SEK              | 3.37            | 2.35            | 0.12           |
| Return on capital<br>employed, %     | 10.6            | 5.4             | -              |
| Return on shareholders'<br>equity, % | 14.6            | 11.2            | 0.4            |

## Operating margin %

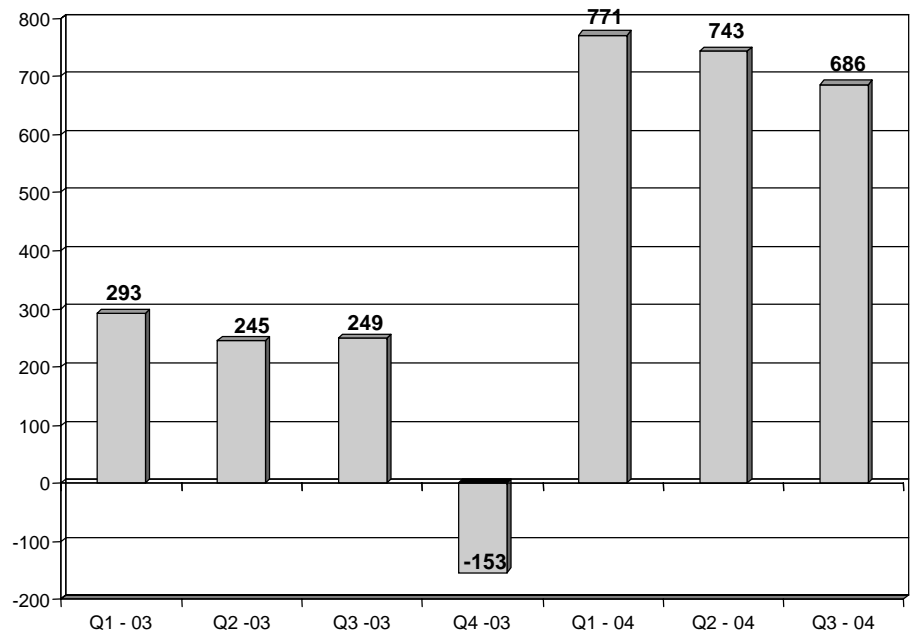




# Cash flow

- **Cash flow from operating activities: SEK 1,257 million (SEK 618 m)**
- **Cash flow from investment activities: SEK -1,234 million (SEK -393 m)**
- **Net loan amortisation: SEK 1,812 million (SEK 372 m)**
- **Rights issue generated SEK 1,374 million**

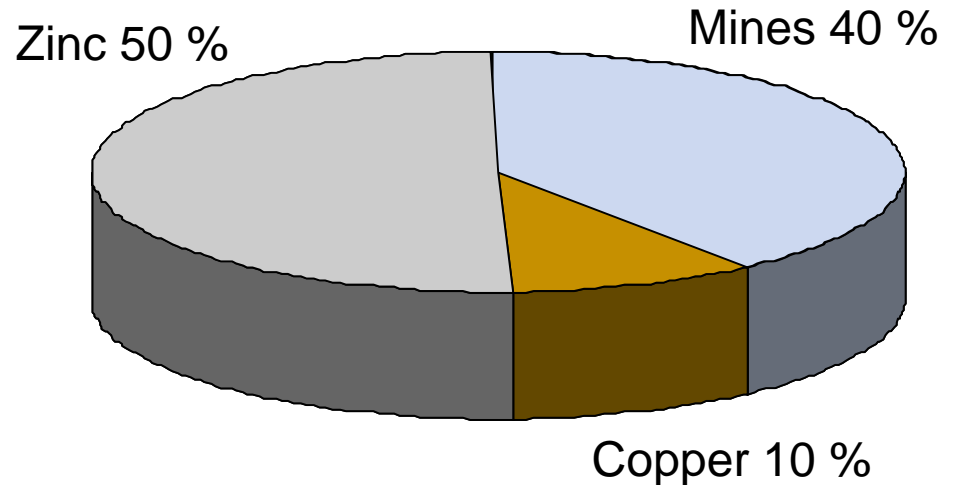
**Operating result before depreciation (EBITDA), SEK m**



# Investments

- Total investments for first nine months of 2004: SEK 1 110 million (SEK 414 m)
- Odda and Tara investment programmes complete in the fourth quarter of 2004
- Investment levels will return to normal from 2005

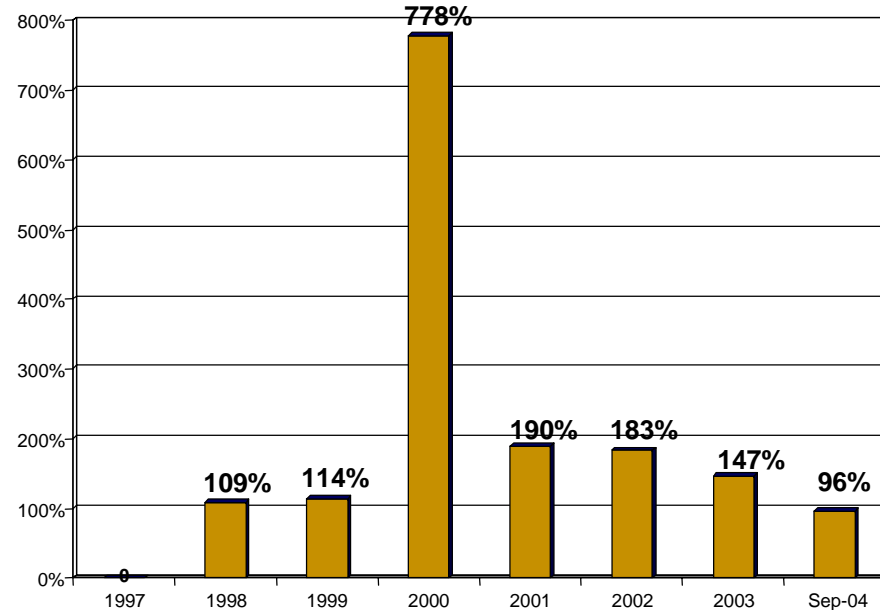
First nine months of 2004  
breakdown of investments %



# Capital structure

|   | 30 Sept<br>2004 | 30 Sept<br>2003 | 31 Dec<br>2003 |
|---|-----------------|-----------------|----------------|
| <b>Balance Sheet total,<br/>SEK bn</b>  | <b>20.2</b>     | <b>11.1</b>     | <b>19.9</b>    |
| <b>Capital employed,<br/>SEK bn</b>     | <b>15.2</b>     | <b>7.6</b>      | <b>14.8</b>    |
| <b>Shareholders' equity,<br/>SEK bn</b> | <b>7.9</b>      | <b>3.3</b>      | <b>6.1</b>     |
| <b>Net debt, SEK bn</b>                 | <b>7.6</b>      | <b>4.6</b>      | <b>9.0</b>     |
| <b>Gearing, %</b>                       | <b>96</b>       | <b>138</b>      | <b>147</b>     |
| <b>Equity/assets ratio, %</b>           | <b>39.3</b>     | <b>30.1</b>     | <b>30.7</b>    |

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



# New Credit Agreement of MEUR 840

## Facilities

- Term loan                      MEUR 500, 5 year
- Revolving credit              MEUR 340, 5 year

No security

Negative pledge

Amortization (Term loan)

MEUR 27,8 /semi-annual

Margin

1,25–0,45 % (depending on gearing)

Commitment fee

0,45 %

Mandated Lead Arrangers

Nordea, ABN AMRO, SEB,  
Swedbank and HSH Nordbank

Other banks

Nord LB, DNB NOR, Danske Bank,  
Scotia Bank, Handelsbanken, JP  
Morgan, Sampo and Natexis

# 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 in Q3. Boliden received 18 million newly issued shares in Breakwater. The sale generated a capital gain of SEK 19 million.



Land adjacent to the Tara mine generated a capital gain after tax of MSEK 150 million.



The integration of the operations within new Boliden is proceeding better than planned. The synergies realised during the first nine months of 2004 correspond to approximately SEK 200 million on a full year basis.



Boliden's refinancing of the company's bank loans for a total of EUR 840 million was completed in October.

# Summary

- **Strong global economic recovery**
- **Higher prices for all of Boliden's metals**
- **Full capacity in all operations within new Boliden**
- **Operating result for the first nine months of 2004: SEK 1 194 million (SEK 297 m)**
- **Stronger financial position**
- **Increased potential for operational synergies**
- **Refinancing of EUR 840 million completed**
- **Good market conditions during the fourth quarter of the year will help sustain the good result**
- **Major imbalances indicate the good metal market will continue in 2005**