

# Boliden

---

Interim Report January – September 2006



Mines



Smelters



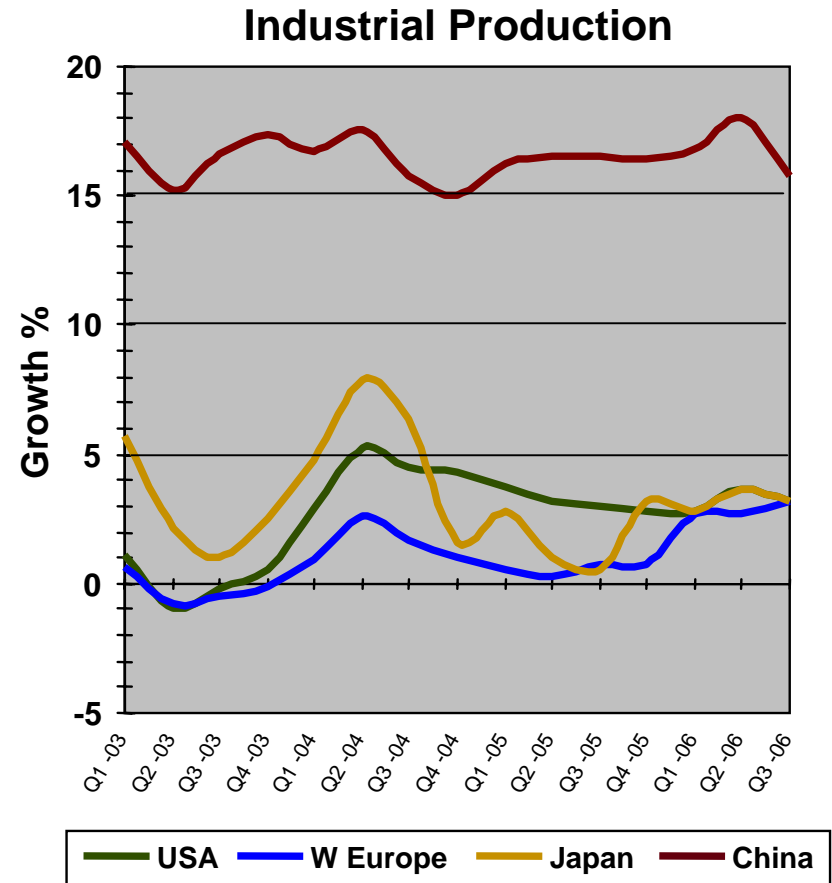
Zinc



Copper

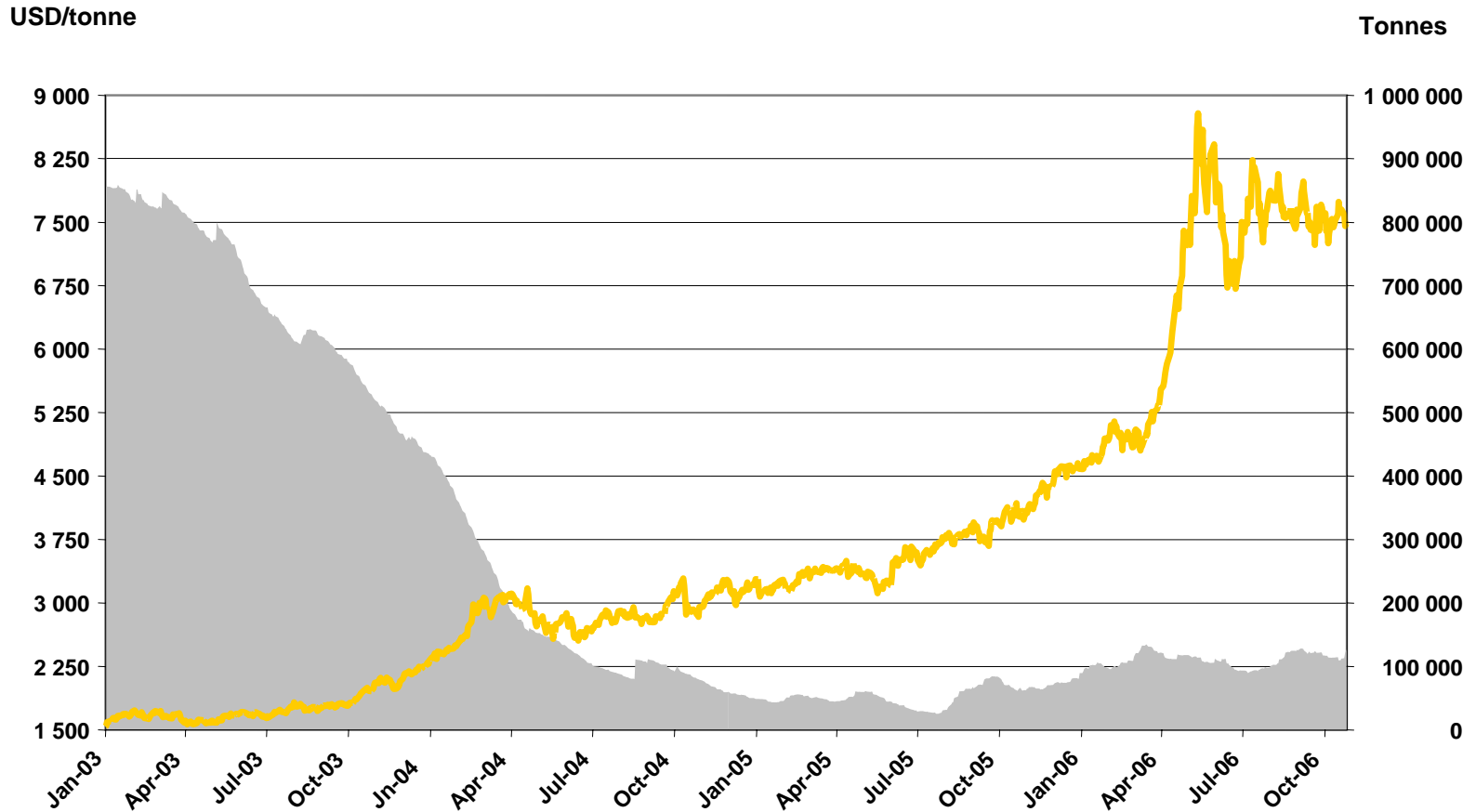
# Continued strong global demand for copper and zinc

- **Global**      **First nine months 2006\***
  - Cu-consumption      4.2 %
  - Cu-production      4.0 %
  - Zn-consumption      3.5 %
  - Zn-production      5.0 %
  
- **USA**
  - Cu-consumption      6.5 %
  - Zn-consumption      1.7 %
  
- **Europe**
  - Cu-consumption      7.8 %
  - Zn-consumption      -2.2 %
  
- **China**
  - Cu-consumption      0.6 %
  - Zn-consumption      12.4 %
  
- **Continued good forecast for 2007**

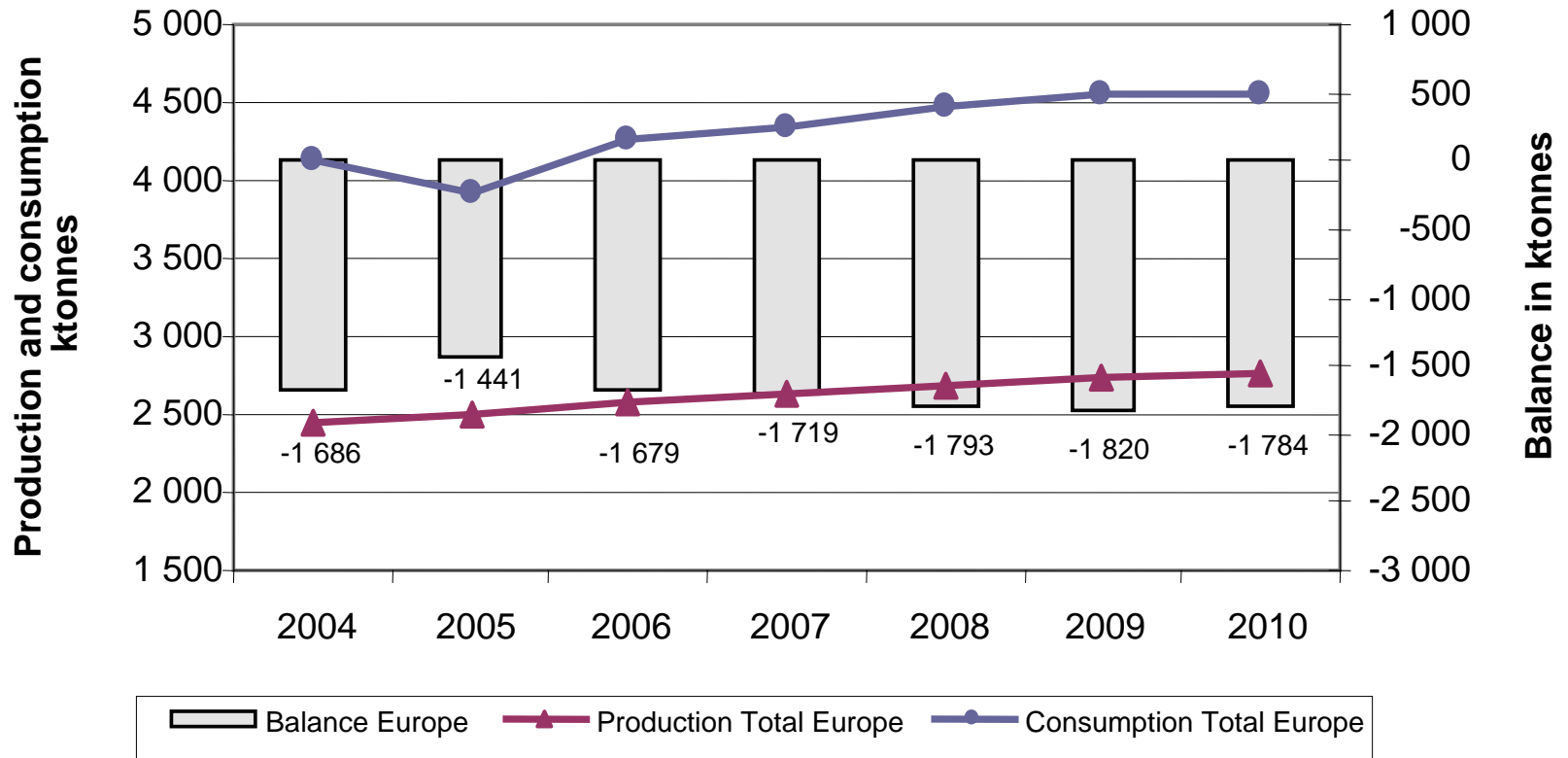


\*First nine months 2006 v.s. first nine months 2005

# LME Copper Price and Stocks



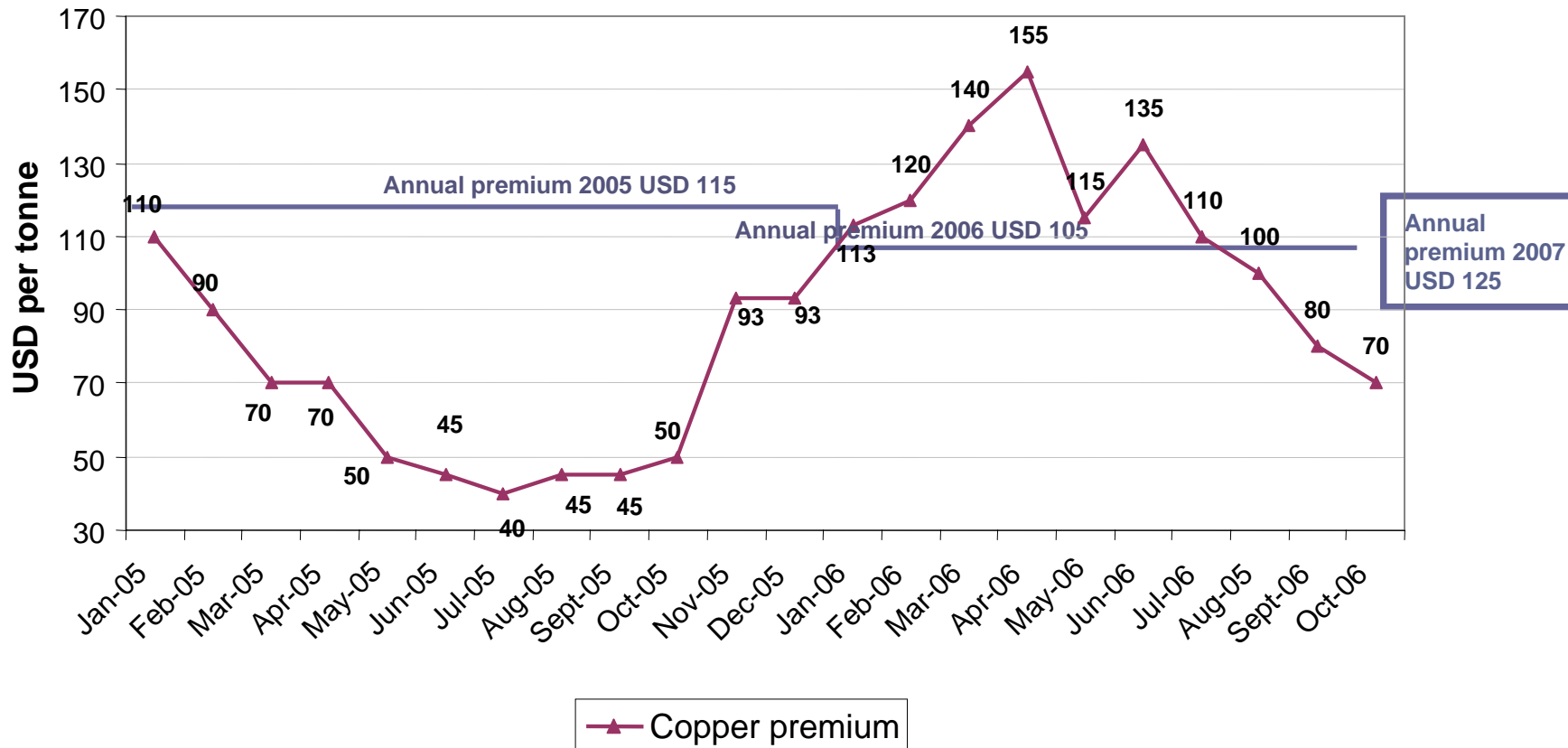
# Demand for import of copper cathodes in Europe is still on a high level



Source: Brook Hunt



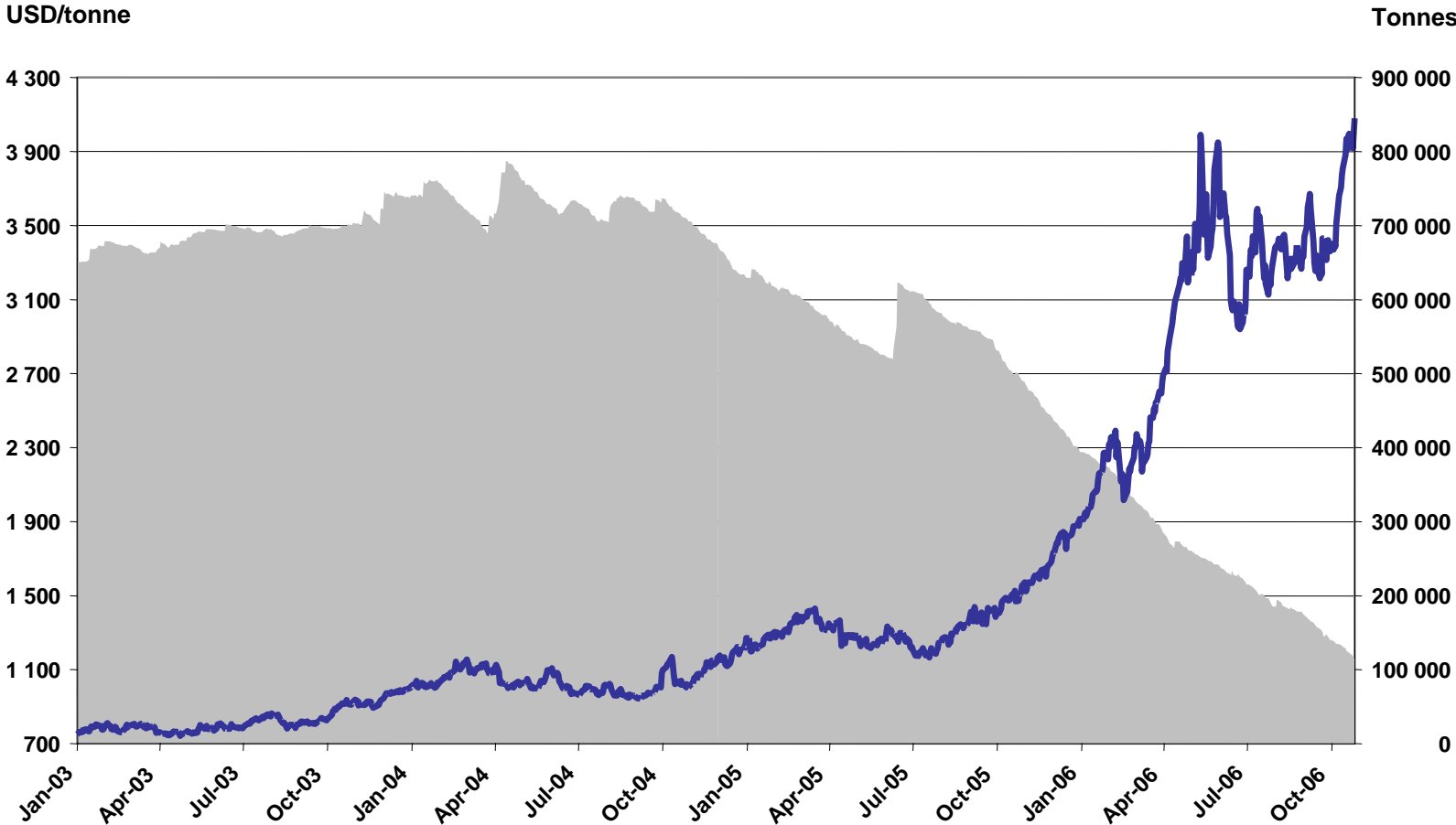
# Decreased copper metal premium



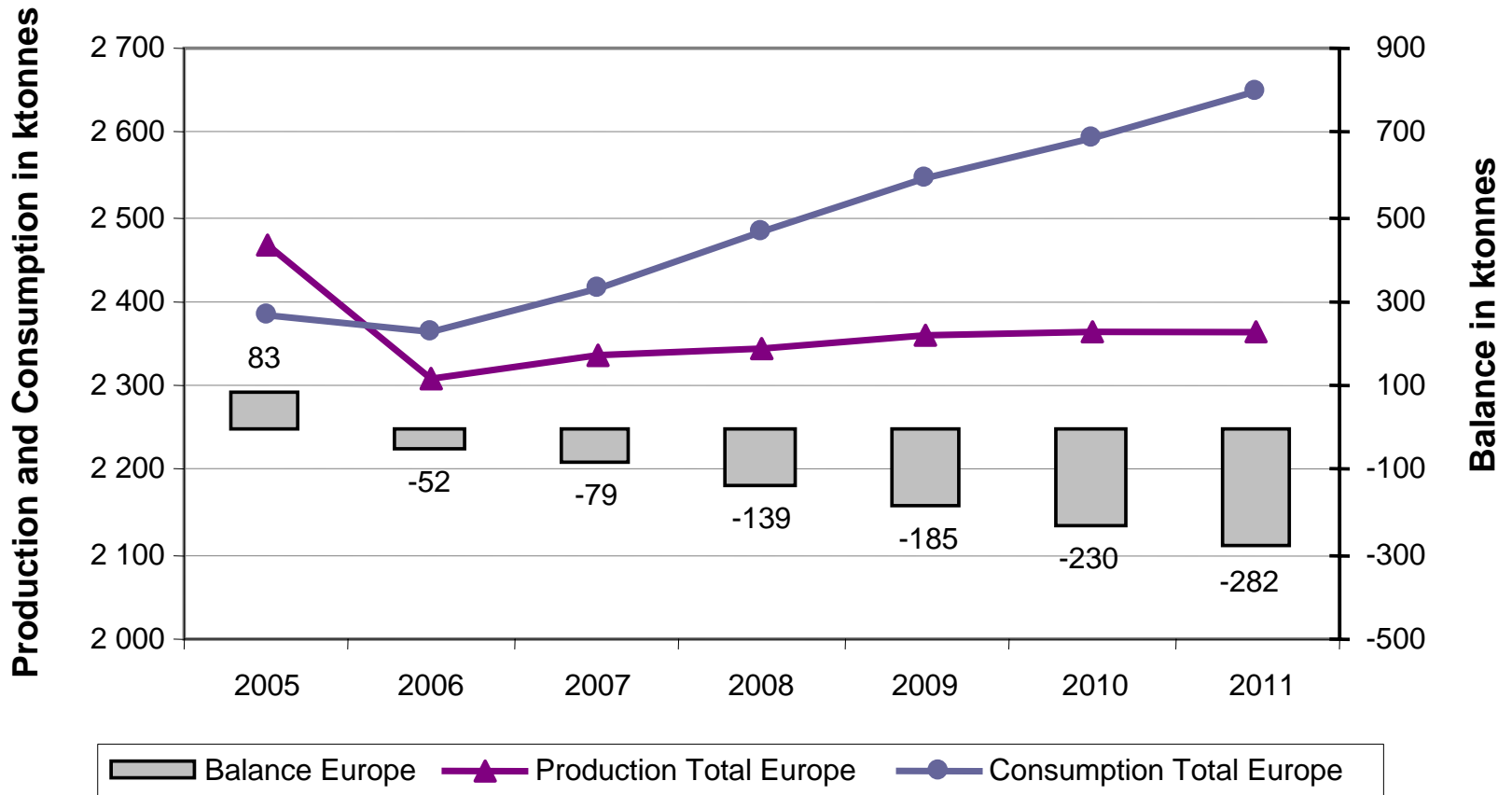
Source: CRU Monitor Zinc



# LME Zinc Price and Stocks



# Increasing demand for zinc import in Europe

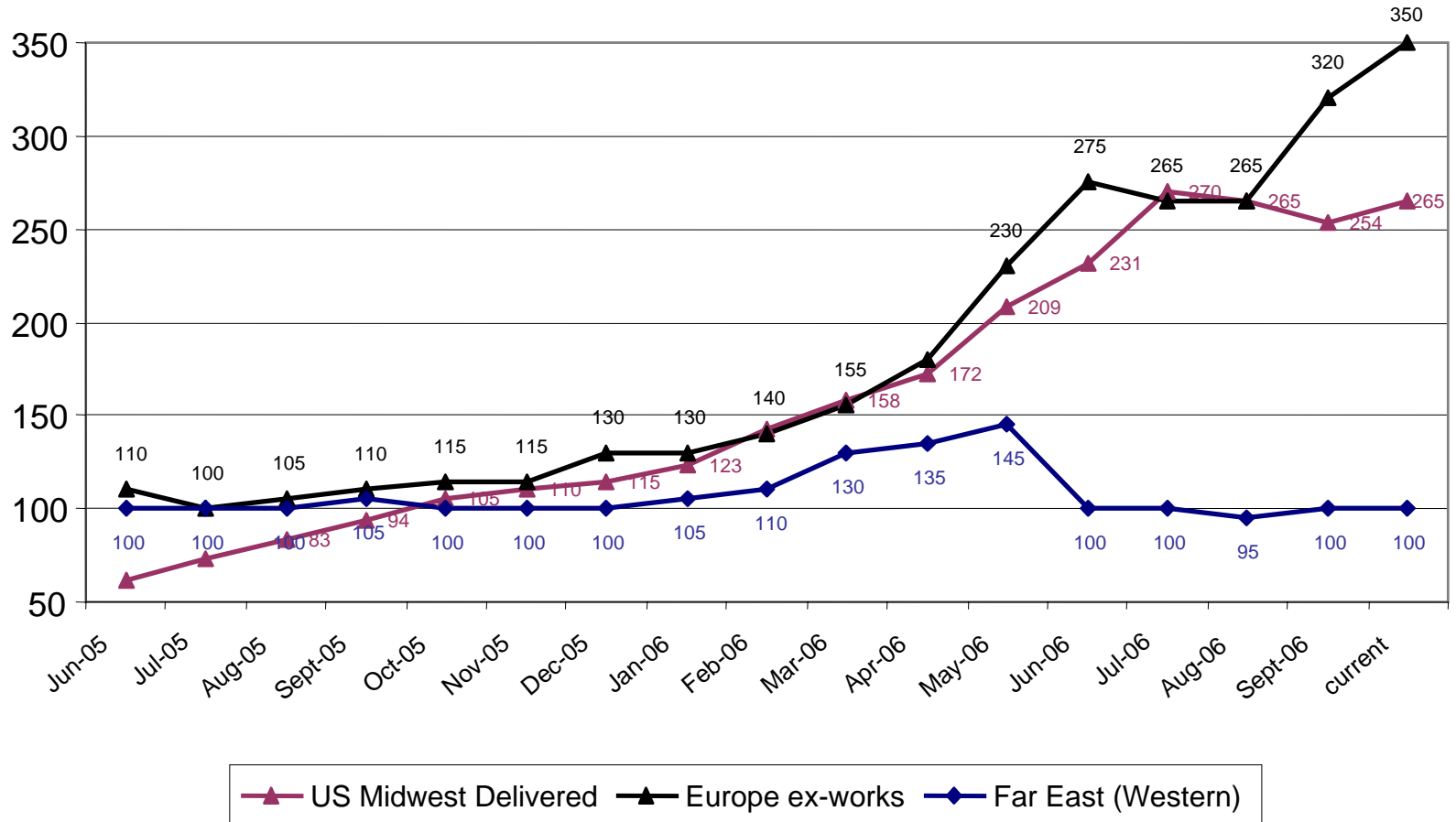


Data: CRU Zinc Quarterly, October 2006



# Record zinc metal premiums

USD/tonne



Data: CRU Monitor Zinc, Oct '06





# Strong global metal market – improved result

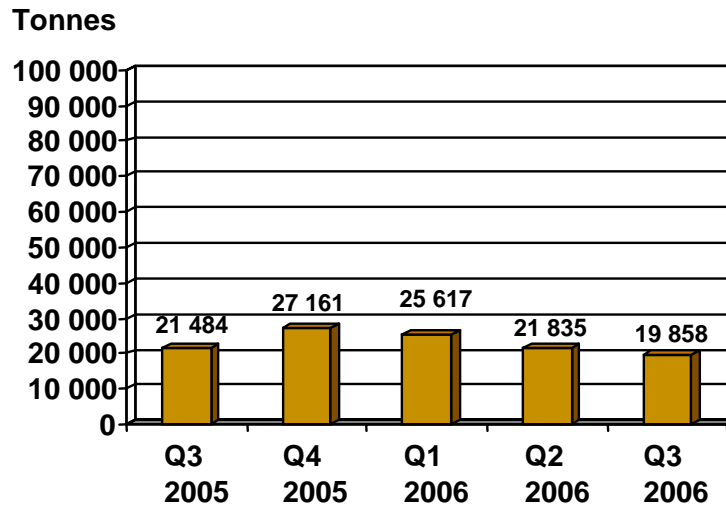
SEK m	Third quarter		Change	First nine months		Change
	2006	2005	in %	2006	2005	in %
Net Sales	9 299	4 924	89	25 485	14 069	81
Operating result (EBIT)	2 095	686	205	6 297	1 435	339
Result after financial items	2 067	610	239	6 128	1 231	398
Earnings per share	5.32	1.50	255	15.61	2.96	427
Cash flow from operating activities	1 681	632	166	5 063	1 593	218
Return on capital employed, %	51	18		52	12	
Net Debt/shareholders´ equity, %	16	64		16	64	

- Higher metal prices and increase in TC/RC
- Stable mine production, but decrease in zinc and copper production due to lower head grades
- Improved metal production within the smelters
- 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

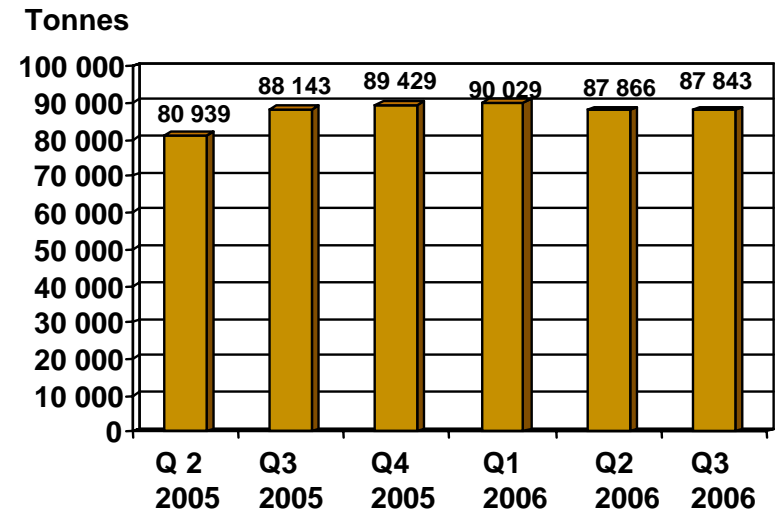


# Production Copper

## Mine production, metal content



## Smelter production, cathodes

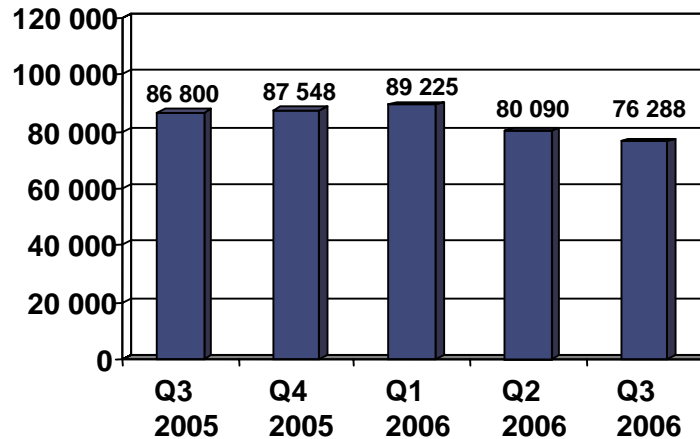


- Aitik – high mill throughput but lower head grades during Q3 in comparison with Q1 and Q2
- The Boliden Area – decrease in mill throughput and change in ore mix
- Copper Smelters – continued high and stable production

# Production Zinc

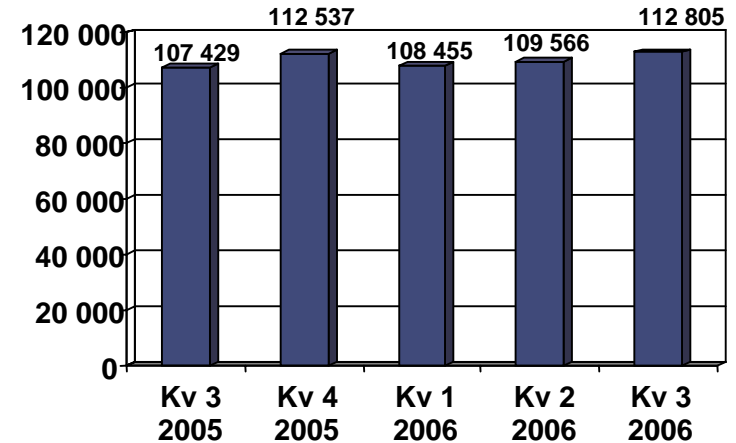
## Mine production, metal content

Tonnes



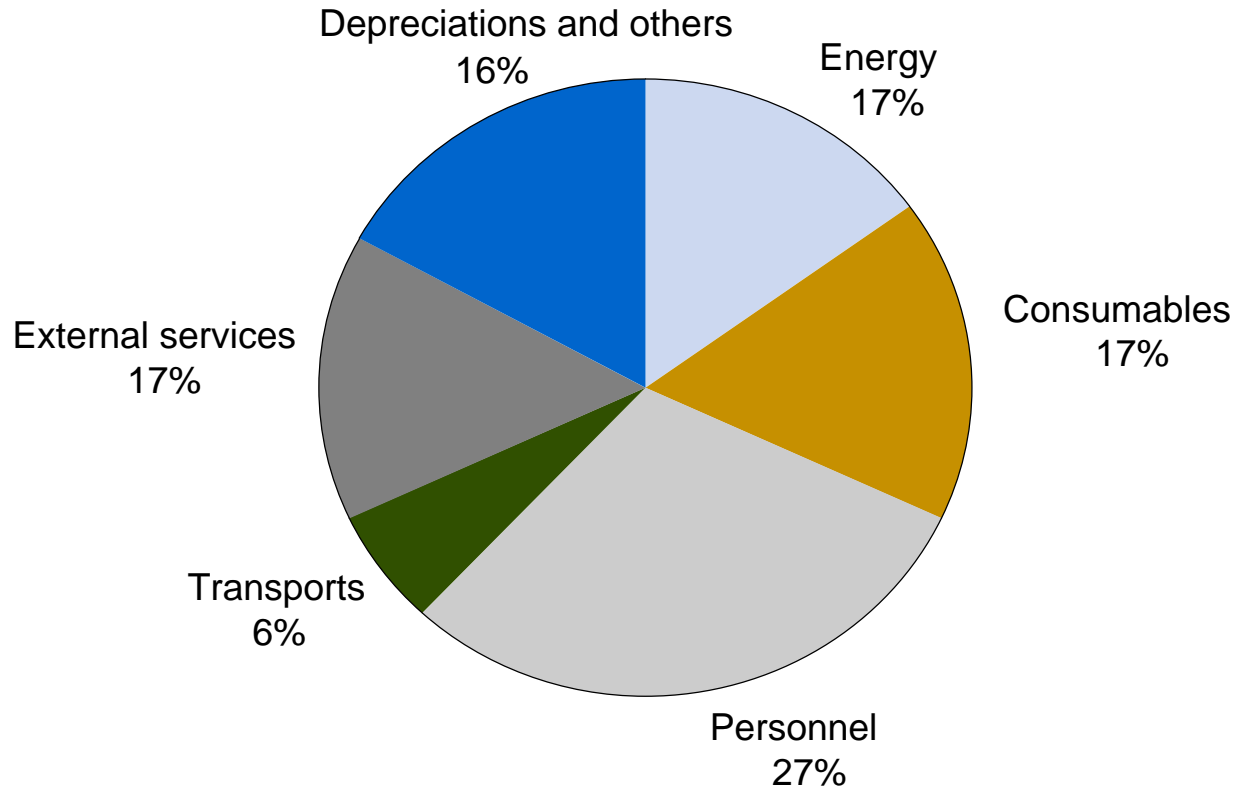
## Smelter production, casted zinc

Tonnes



- Tara – high mill throughput but lower head grades during Q3 in comparison with Q1 and Q2
- The Boliden Area – decrease in mill throughput and change in ore mix
- Garpenberg – healthy production with higher head grades
- Boliden Kokkola – stable production of zinc
- Boliden Odda – improved zinc production

# Cost structure



- Increased costs, mainly those related to personnel and supply of raw materials-related input goods, but also due to higher production volumes
- Costs increased by 5 % during 2006 in comparison with 2005

# Operating profit per segment

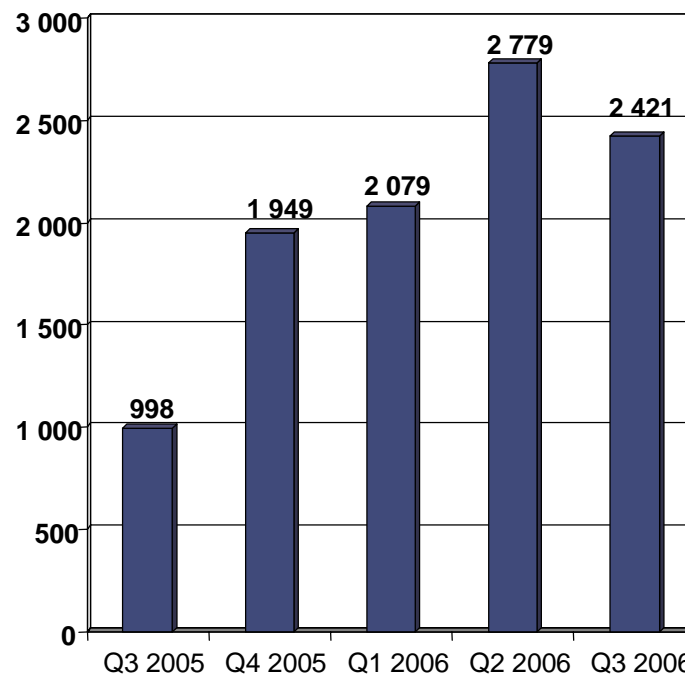
SEK m	Third quarter		Change in %	First nine months		Change in %
	2006	2005		2006	2005	
Copper	807	462	75	2 565	917	180
Zinc	1 316	238	453	3 795	630	502
Other	- 28	- 14	100	- 63	- 112	-44
<b>Total</b>	<b>2 095</b>	<b>686</b>		<b>6 297</b>	<b>1 435</b>	

- Copper – higher metal prices and TC/RC, increased production and stock profit were partly offset by higher costs
- Zinc – higher metal prices and stock profit were partly offset by decrease in production and higher costs

# Cash flow

- Cash flow from operating activities SEK 5 063 million (SEK 1 593 m)
- Cash flow from investment activities SEK -1 168 million (SEK -605 m)
- Free cash flow SEK 3 895 million (SEK 988 m)
- Net loan amortisation SEK 3 404 million (SEK 787 m)
- Dividend to shareholders SEK 579 million (SEK 0 m)

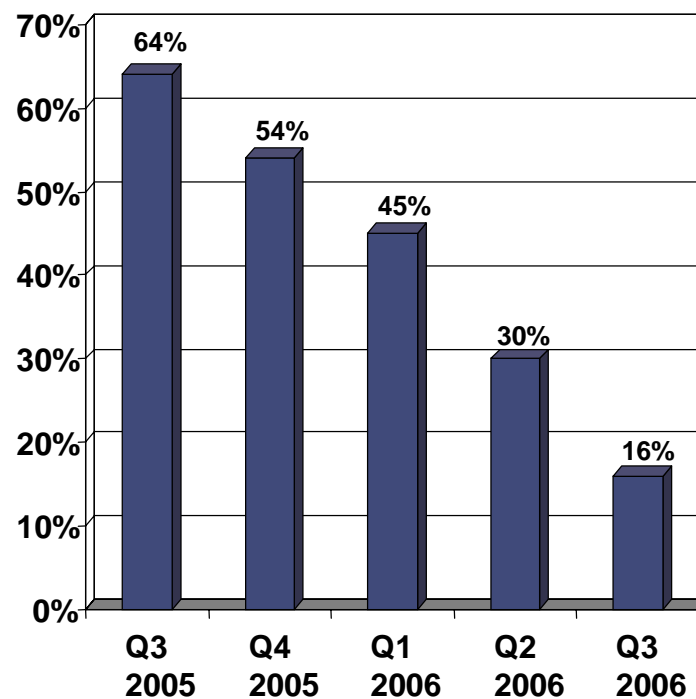
**Operating profit before depreciation**  
(EBITDA), SEK m



# Capital structure

	30 Sept 2006	30 Sept 2005
Balance Sheet total, SEK bn	25.1	21.3
Capital employed, SEK bn	16.7	15.3
Shareholders' equity, SEK bn	13.4	9.5
Net debt, SEK bn	2.2	6.0
Gearing, %	16	64
Equity/assets ratio,%	54	45

Net debt / Shareholders' equity



# Summary Q3 and forecasts

## Summary

- Continued strong and stable growth in the global economy
- High metal prices
- Good production levels from all units – lower head grades at Aitik and Tara
- Result after financial items SEK 2 067 million (SEK 610 m).

## Forecasts

- Improved mine production in Q4 in comparison with Q3 – higher head grades
- Continued good market forecasts for Boliden's metals



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



Mines



Smelters



Zinc



Copper

**BOLIDEN**