

# Boliden

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Interim Report January - June 2005



Mines



Smelters



Zinc



Copper

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

- **Global**                      **Q2 2005\***

- Cu-consumption                      -0,7 %
- Cu-production                      10,7 %
- Zn-consumption                      3,2 %
- Zn-production                      2,0 %

- **USA**

- Cu-consumption                      -12,2 %
- Zn-consumption                      1,7 %

- **Europe**

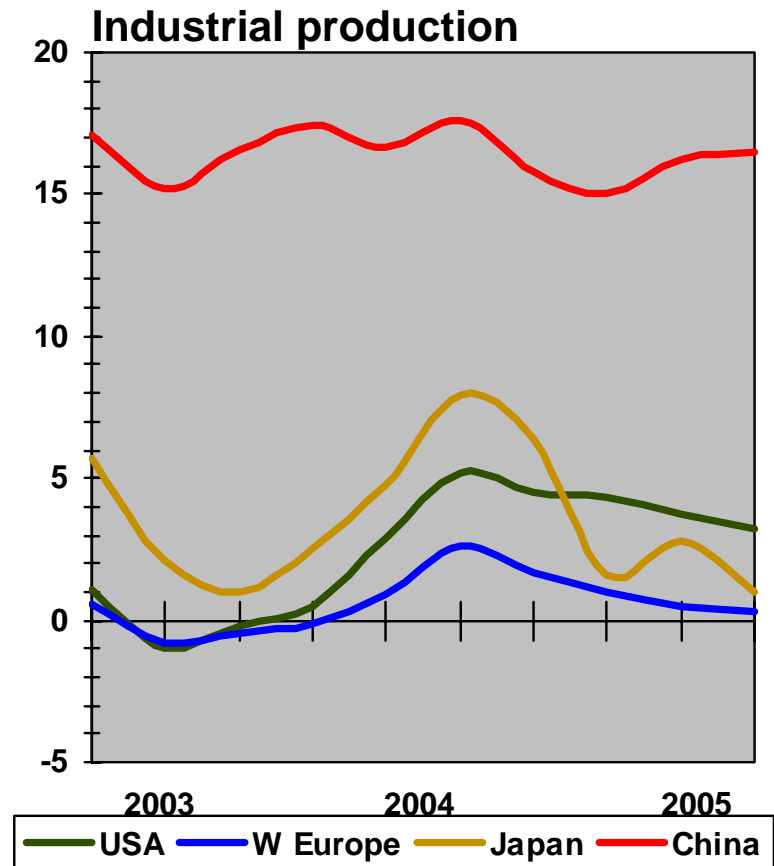
- Cu-consumption                      -1,0 %
- Zn-consumption                      -2,2 %

- **China**

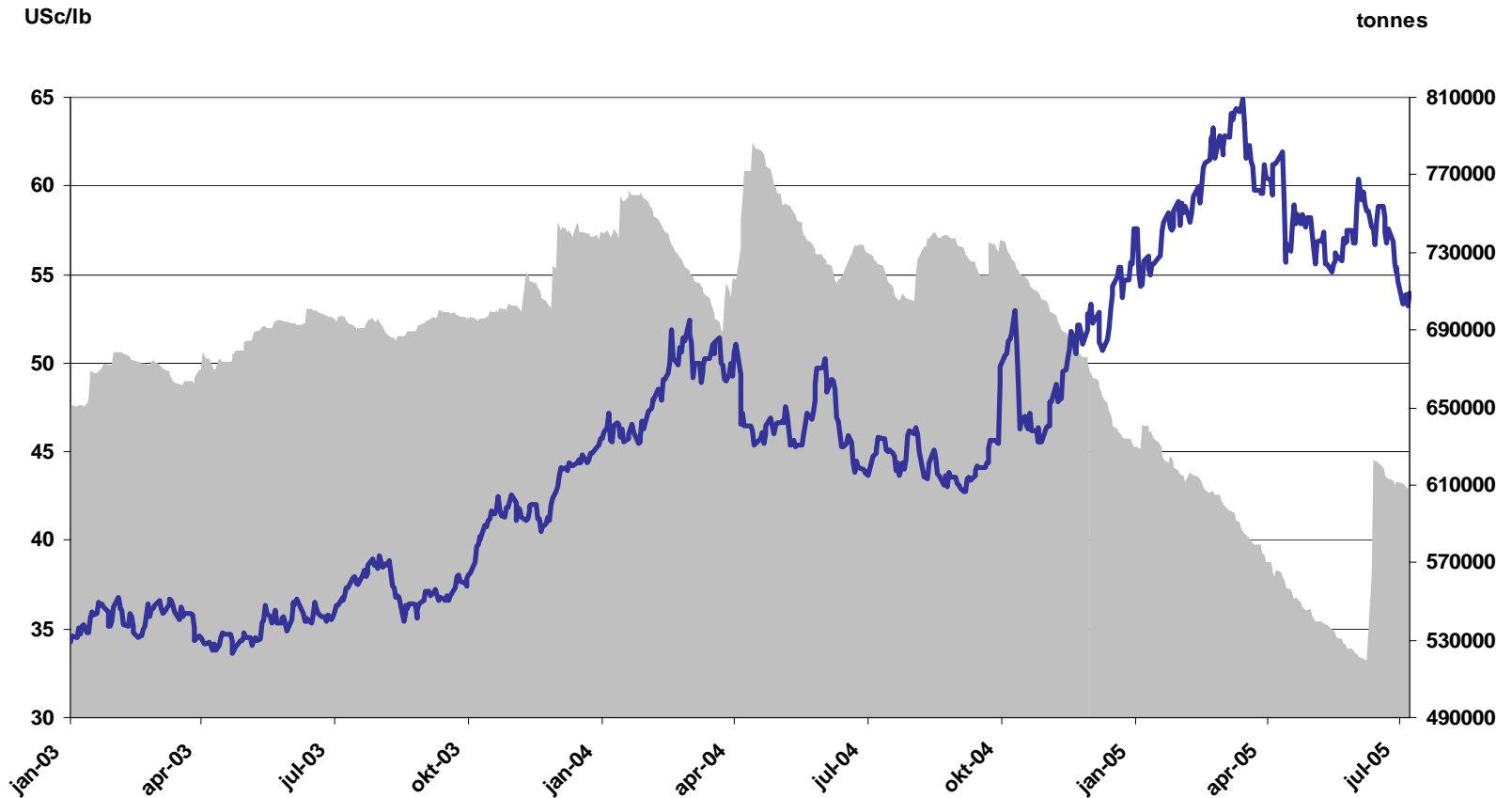
- Cu-consumption                      4,5 %
- Zn-consumption                      14.7 %

- **Forecast for 2005 – continued good**

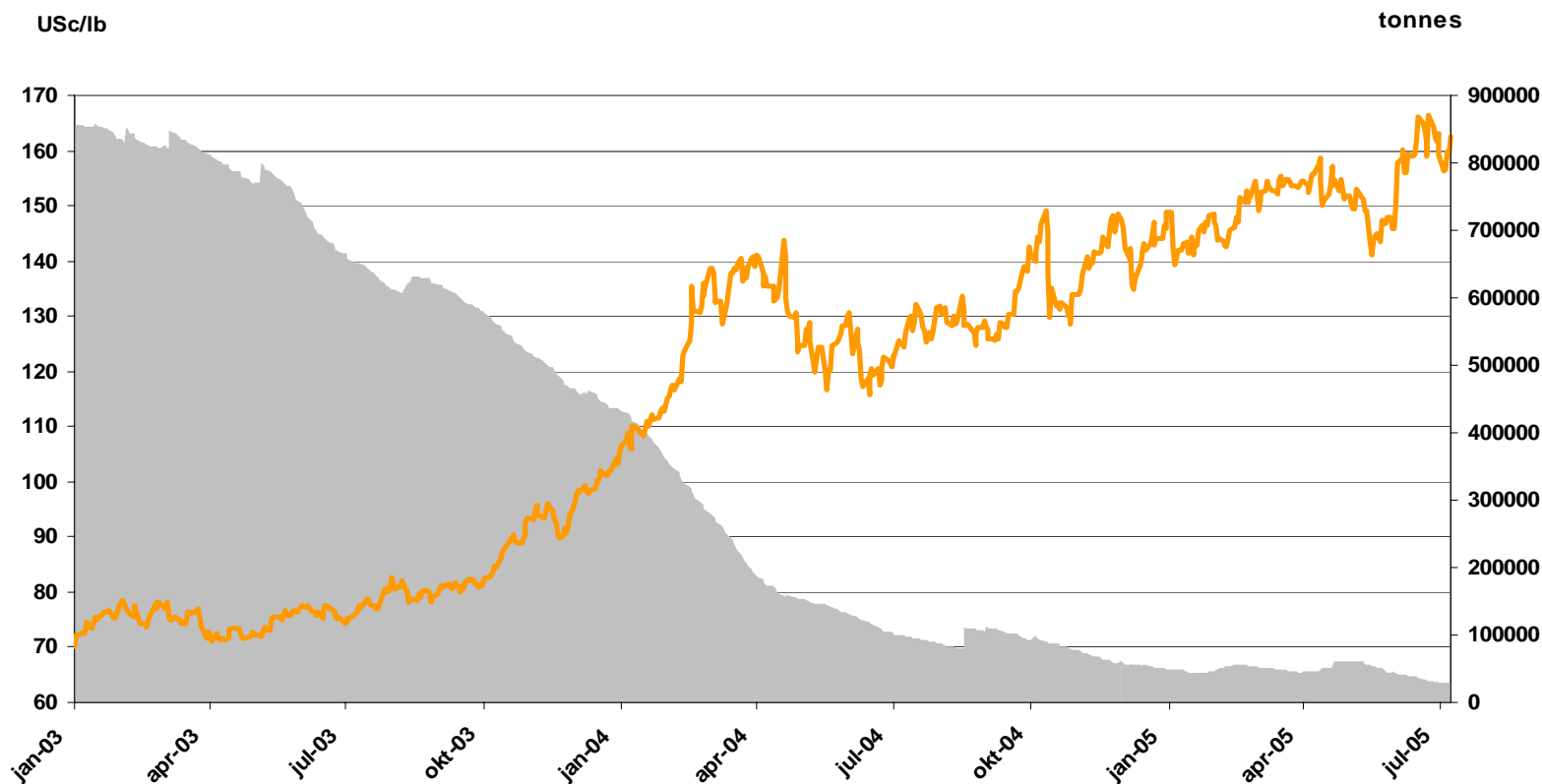
- Q2-05 v.s. Q2-04



# Zinc: Price and LME stocks

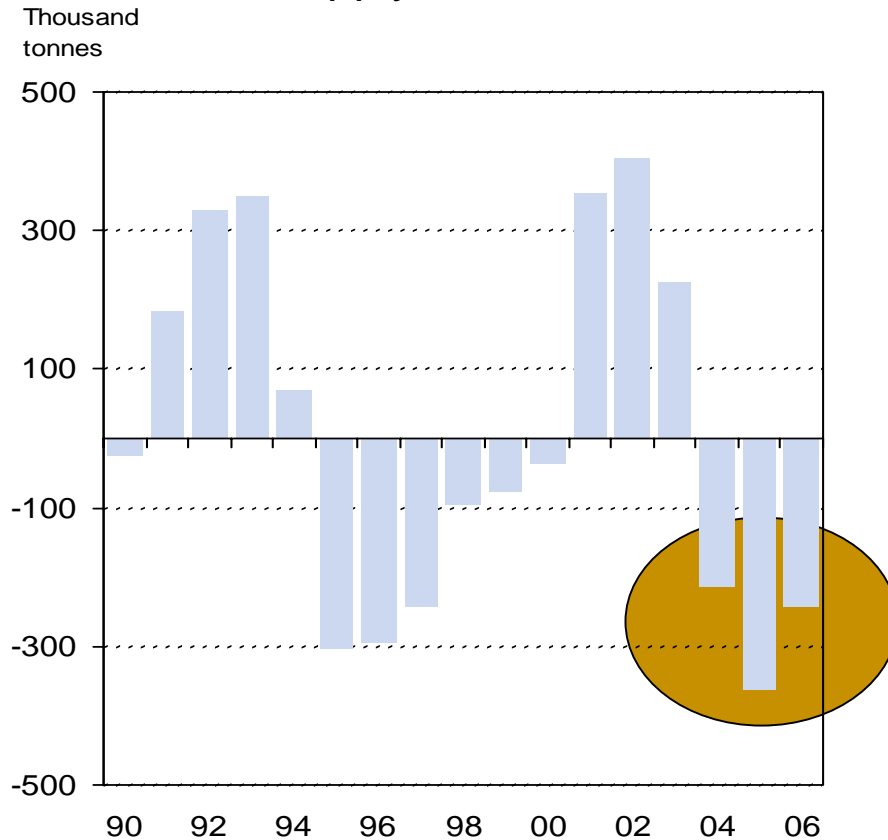


# Copper: Price and LME stocks

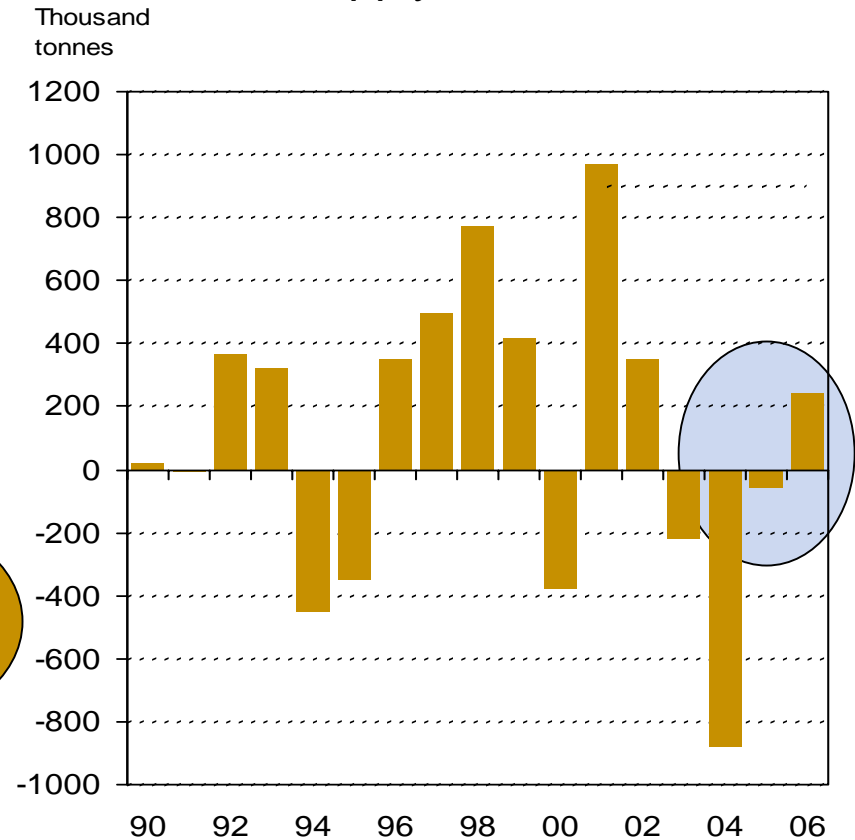


# Continued Zn imbalance - Cu approaches balance

Zinc balance  
supply – demand



Copper balance  
supply – demand



# Recovery of the US dollar

## USD/SEK



## EUR/USD



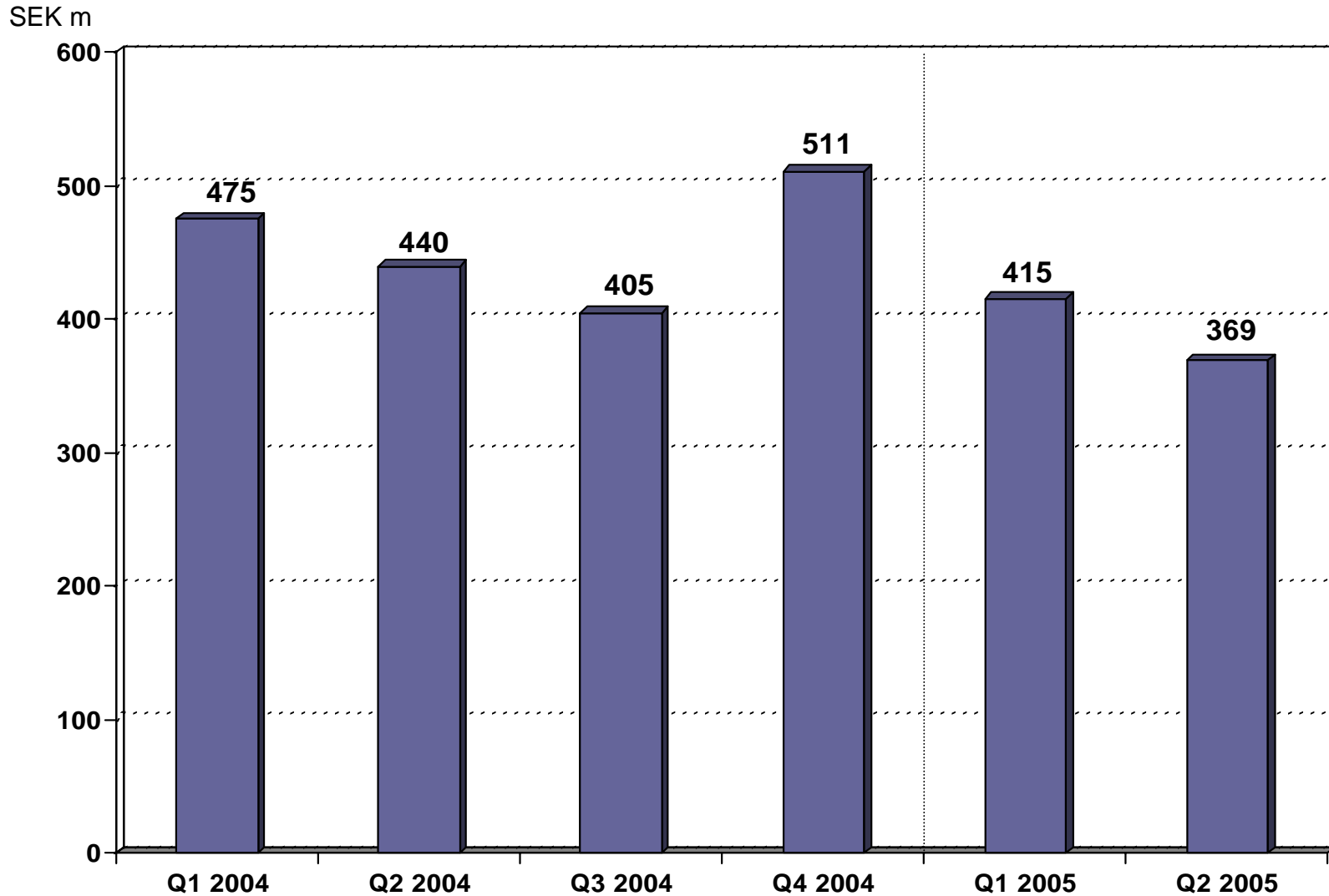
# Earnings trend

SEK m	First six months		Q 2	Q 2
	2005	2004	2005	2004
Net sales	9 179	9 045	4 705	4 547
Operating result (EBIT)	783	915	369	440
Result after financial items	621	698	269	350
Earnings per share	1,46	2,72	0,57	1,28
Cash flow from operating activities	961	910	712	434
Return on capital employed, %	10,1	12,0	9,4	11,5
Net debt/shareholders' equity, %	69	97	69	97

- **Continued strong metal prices.**
- **Lower US dollar exchange rate.**
- **Lower metal production within product segments Copper and Zinc.**
- **Reduced debt levels have positive effect on net financial income.**
- **Actual tax payments continue to be low.**
- **Return on capital employed and the debt / equity ratio on a par with financial goals.**

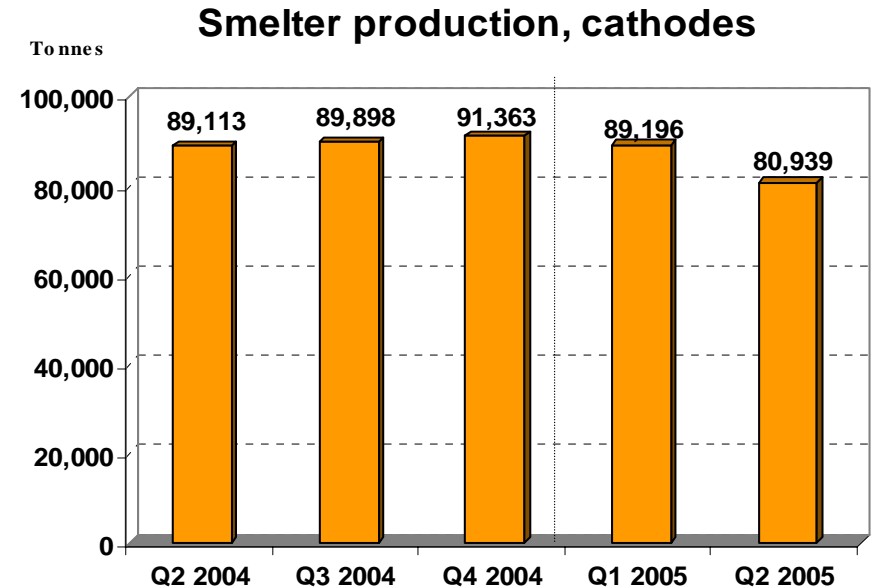
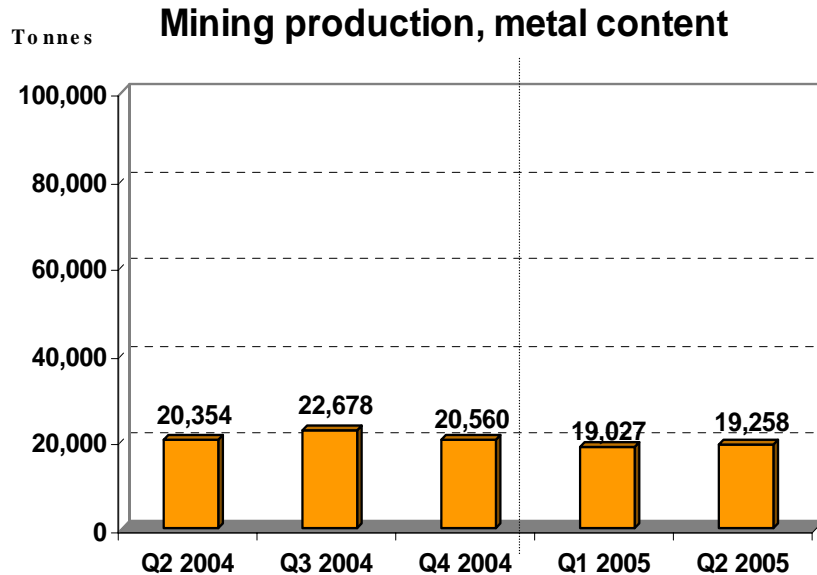


# Operating result - quarterly





# Production Copper\*

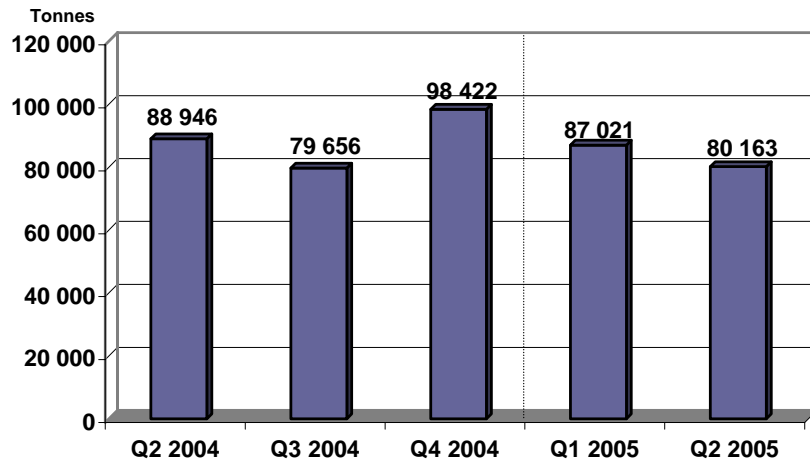


- **Aitik – lower production due to lower grades and breakdown of grinding mill.**
- **Boliden Area – slight increase in copper production.**
- **Lower cathode production at copper smelters mainly due to planned maintenance shutdowns.**
- **Full production at copper smelters during early Q3.**

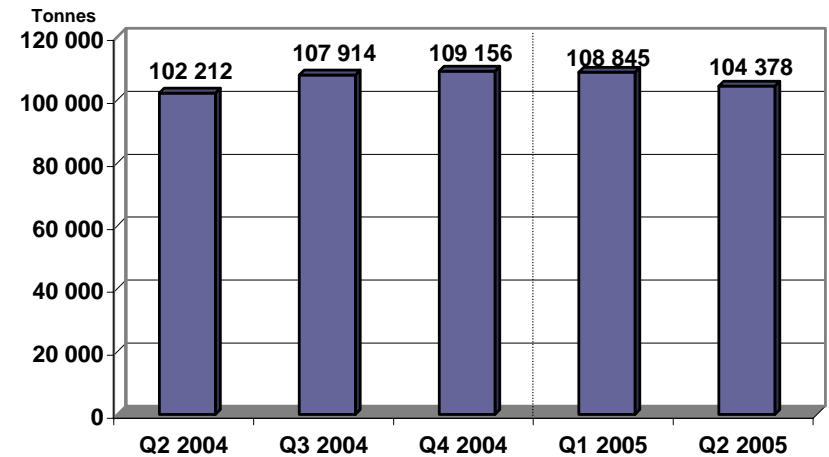
\*2004 pro-forma, excl Myra Falls Q1 2004, 2 198 t. Q2 2004 2 159 t.

# Production Zinc\*

Mining production, metal content



Smelter production, casted zinc



- Tara – lower production due to lower grades and breakdown of grinding mill.
- Boliden Area and Garpenberg – healthy production results.
- Boliden Kokkola – stable production of zinc.
- Boliden Odda – the running in of the new plant successful and production at planned level.

\*2004 pro-forma, excl Myra Falls Q1 2004, 13 999 t. Q2 2004, 12 405 t.

# Operating result per segment

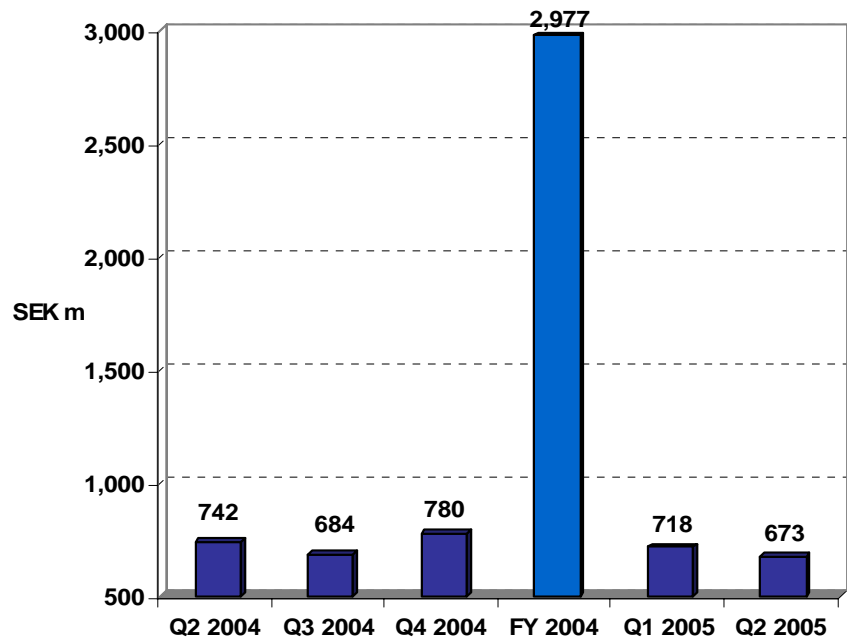
SEK m	First six months		Q 2 2005	Q 2 2004
	2005	2004		
Copper	455	709	224	370
Zinc	392	334	174	118
Other	-64	-128	-29	-48
Total	783	915	369	440

- **Copper – higher metal prices and stock profit counteracted by lower US dollar exchange rate and decline in production.**
- **Zinc – the positive effect of higher zinc prices was partly counteracted by lower US dollar exchange rate.**

# Cash flow

- **Cash flow from operating activities SEK 961 million (SEK 910 m).**
- **Cash flow from investment activities SEK -549 million (SEK -751 m).**
- **Free cash flow SEK 624 million (SEK 35 m).**
- **Net loan amortisation SEK 466 million (SEK 1 629 m).**

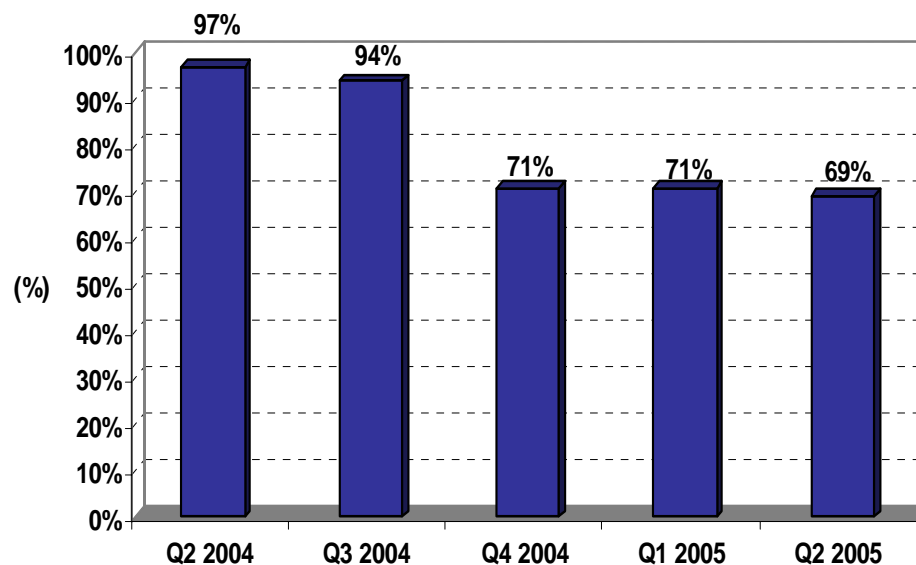
Operating result before depreciation (EBITDA), SEK m



# Capital structure

	30 Jun 2005	30 Jun 2004
<b>Balance Sheet total, SEK bn</b>	<b>21,2</b>	<b>19,9</b>
<b>Capital employed, SEK bn</b>	<b>15,4</b>	<b>15,3</b>
<b>Shareholders' equity, SEK bn</b>	<b>9,3</b>	<b>7,9</b>
<b>Net debt, SEK bn</b>	<b>6,4</b>	<b>7,6</b>
<b>Gearing, %</b>	<b>69</b>	<b>97</b>
<b>Equity/assets ratio,%</b>	<b>43,8</b>	<b>39,4</b>

Net debt / Shareholders' equity, %



# Summary first six months and forecast 2005

- Continued strong growth in China, but lower growth rate in the rest of the world.
- Higher metal prices but lower US dollar exchange rate.
- Temporary lower production during first six months.
- Result after financial items first six months SEK 621 million (SEK 698 m), Q2 SEK 269 million (SEK 350 m).
- Production has returned to planned levels within Copper and Zinc.
- New Business Areas – increases focus on our main products.
- Good market forecasts throughout 2005.
- Result after financial items higher in 2005 than in 2004 and significant improvement of free cash flow in 2005.



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Smelters

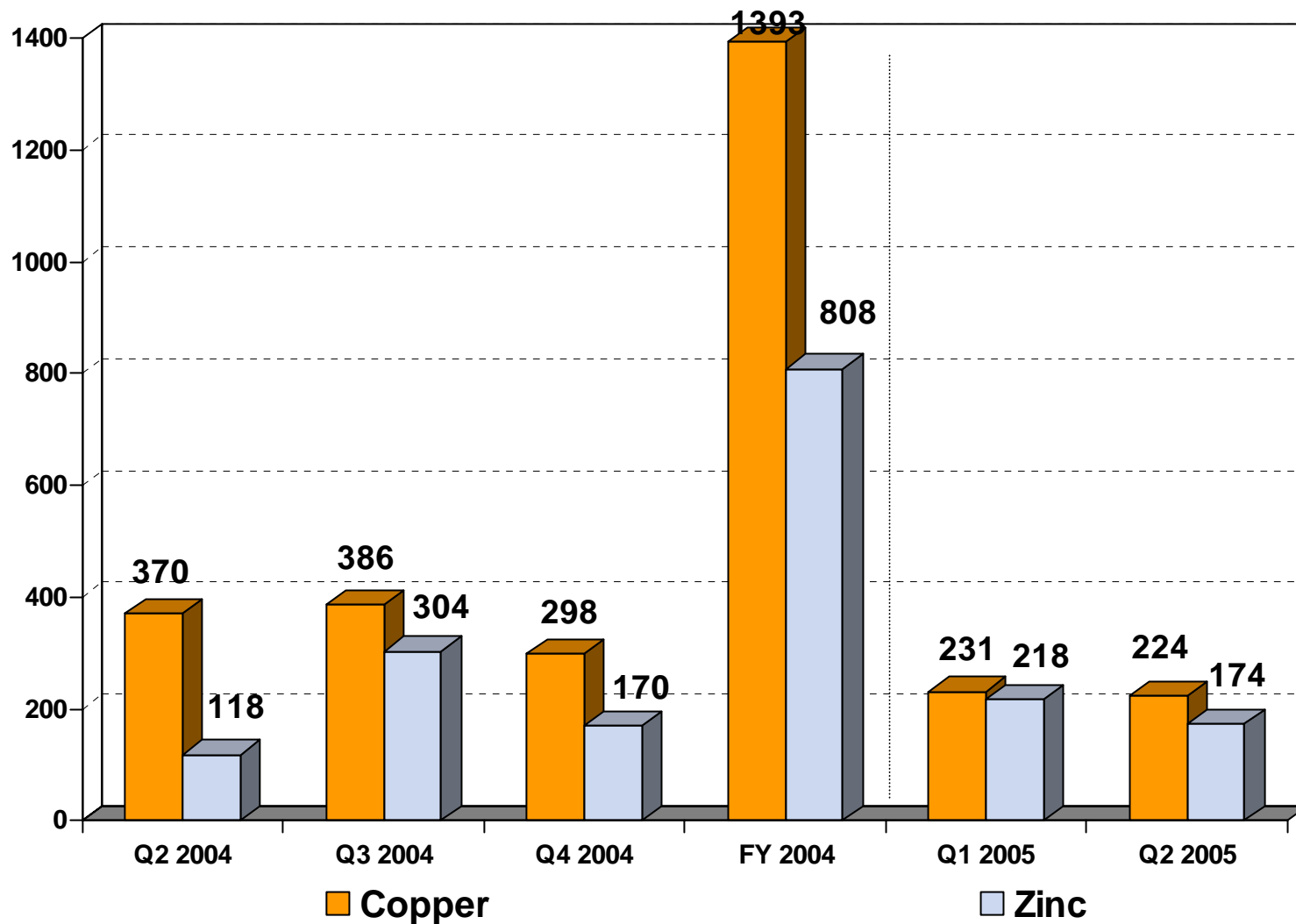


Zinc



Copper

# Operating result per segment \*)



\*) Excl OH & other

Zinc 2004 incl sale of land in Tara during Q3 och Q4 net SEK 175 million.



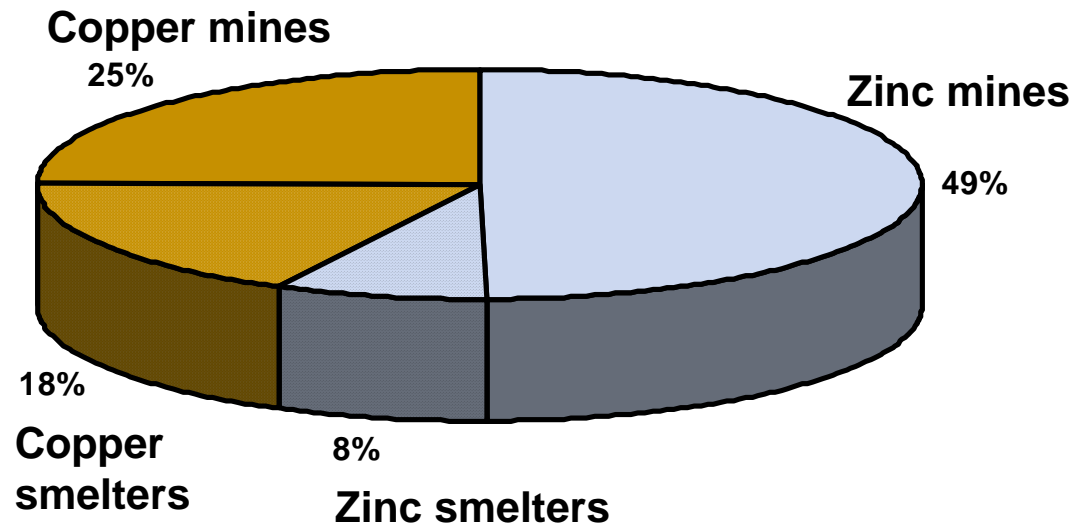


# Sensitivity analysis June 2005

<b>Change in metal prices +10%</b>	<b>Effect on op.result SEK m</b>	<b>Change in USD +10%</b>	<b>Effect on op. result SEK m</b>	<b>Change in TC/RC +10%</b>	<b>Effect on op. result SEK m</b>
Copper	233	USD/SEK	516	TC/RC Copper	74
Zinc	353	EUR/USD	265	TC Zinc	44
Lead	52	USD/NOK	60	TC Lead	-3
Gold	52				
Silver	48				
Nickel	37				

# Investments

- Investments for the first six months SEK 549 million (SEK 751 m).
- Increased budget for exploration in 2005.
- Total investments in 2005 lower than in 2004. Investments lower than depreciations in 2005



# Business cycle of metals

