



# Finance matters

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# Financial targets and fulfillment 2004-2012

	Average	High	Low	2012
ROCE %	20	52	5	13
Gearing %	37	71	0	25
Dividend % <sup>1)</sup>	49	180	0	33,4

## Boliden financial targets

- Return on Capital higher than WACC (today nominally 12%) 
- Gearing at 20% at the end of a high cycle
- Dividend one third of net profit 

1) Incl. Share buy-backs and redemption



# Investment planning

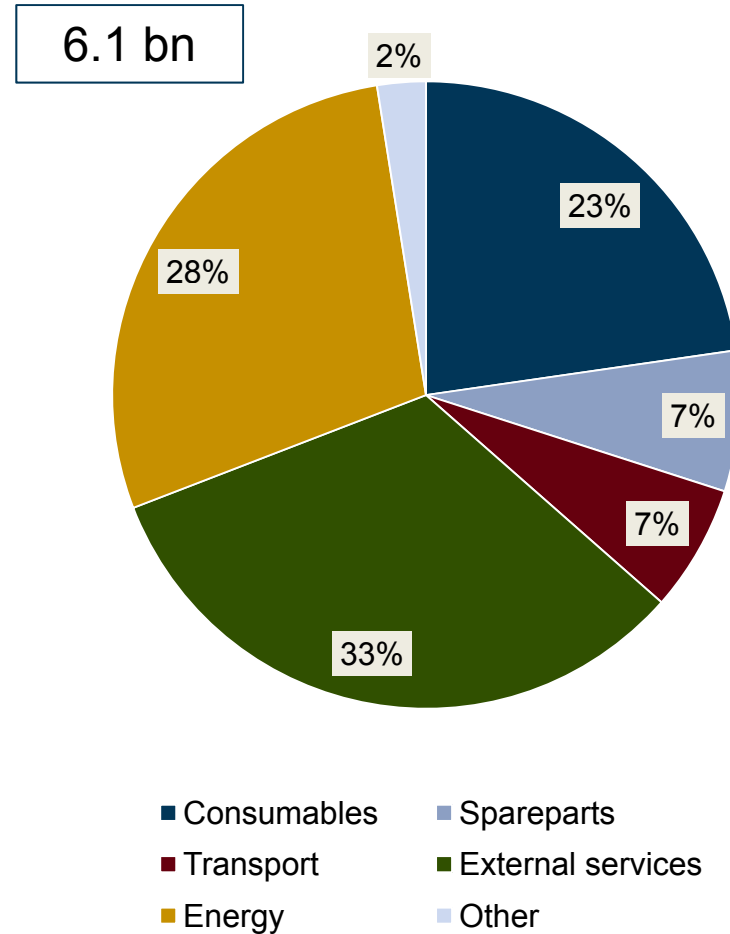
- Project evaluation
  - NPV, IRR, payback
  - All revenue streams included
  - Risk & strategic priority
  - Management capacity
- First year forward prices, after that LTP
- Calculation at real prices, pre tax
- IRR and NPV calculated. Cut-off at WACC (currently 10% real)
- Focus:
  - Mines on expansions
  - Smelters on de-bottle necking

Long Term Prices (LTP)	2014	2013
Copper USD/ton	6,600	6,300
Zink USD/ton	2,300	2,300
Lead USD/ton	2,300	2,300
Gold USD/oz	1,200	1,200
Silver USD/oz	20	20
USD/SEK	6.70	7.00
EUR/SEK	8.51	8.90






# Cost development

## Costs excl depreciations

- Operating costs 9M 2013, 7.7 SEK bn
- Out of which:
  - Consumables
  - Spare parts
  - Transport
  - External services
  - Energy
  - Other
- ...adds up to 6.1 SEK bn or close to 80% of total
- 2013 vs 2012 shows a cost inflation of around 1-2 %

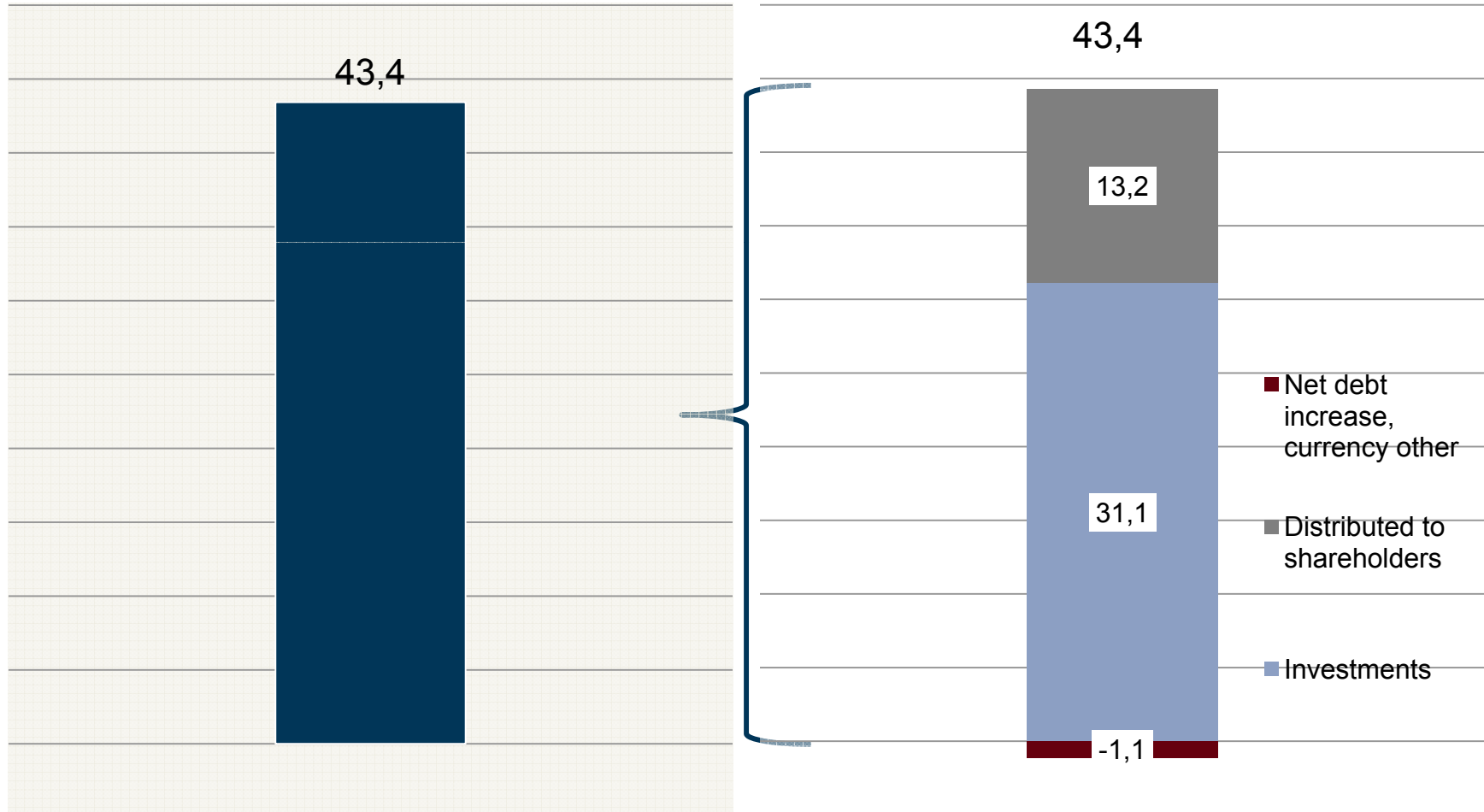


# General trend

Cost type	Trend past 12 months	Comment
Consumables		Slight decrease
Spare parts		Slight decrease
Transport		In line with general inflation
External services		In line with general inflation
Energy		Slight increase after period of low prices (Nordic area)

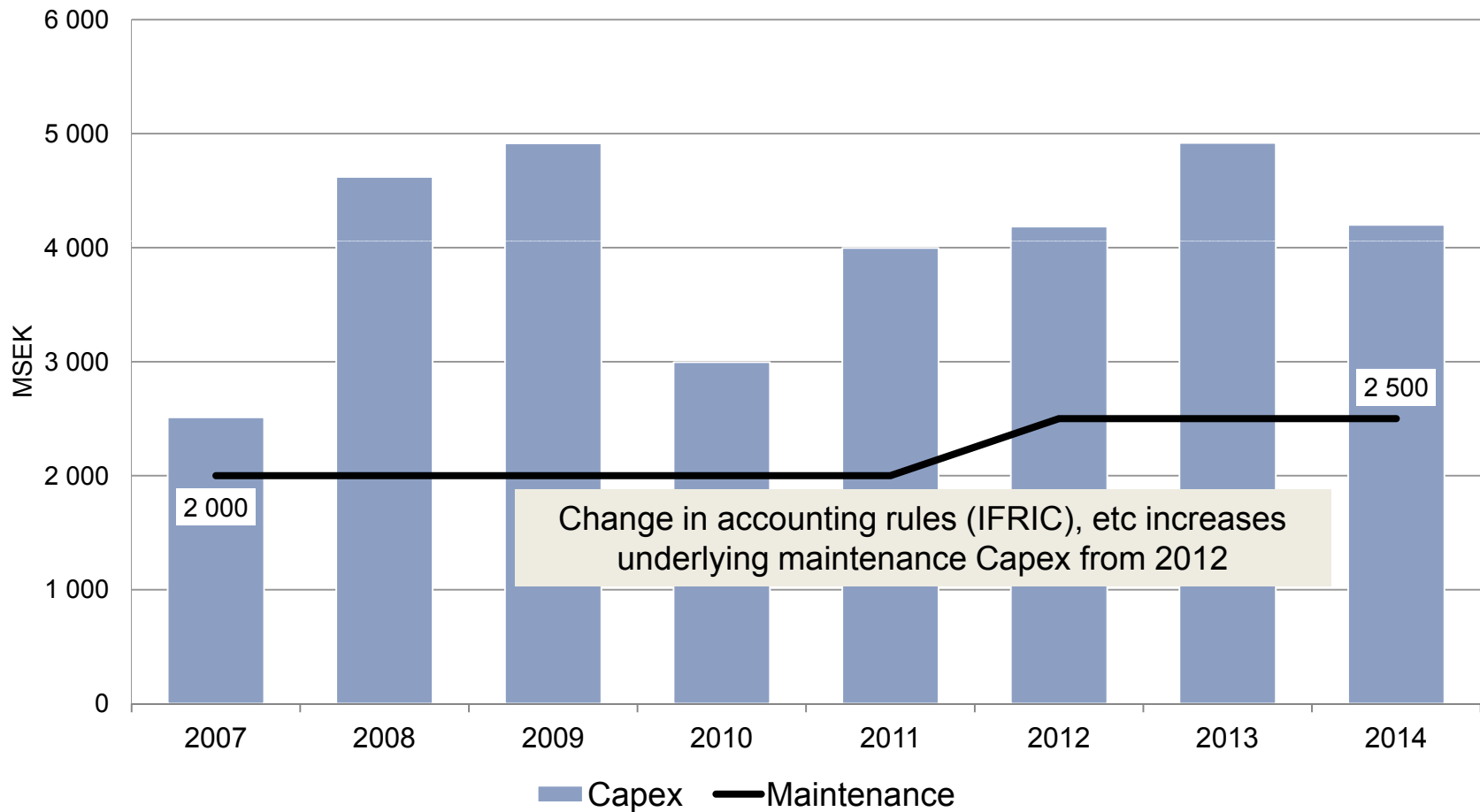
# Operating cash-flow 2004-2013 9M

SEK bn

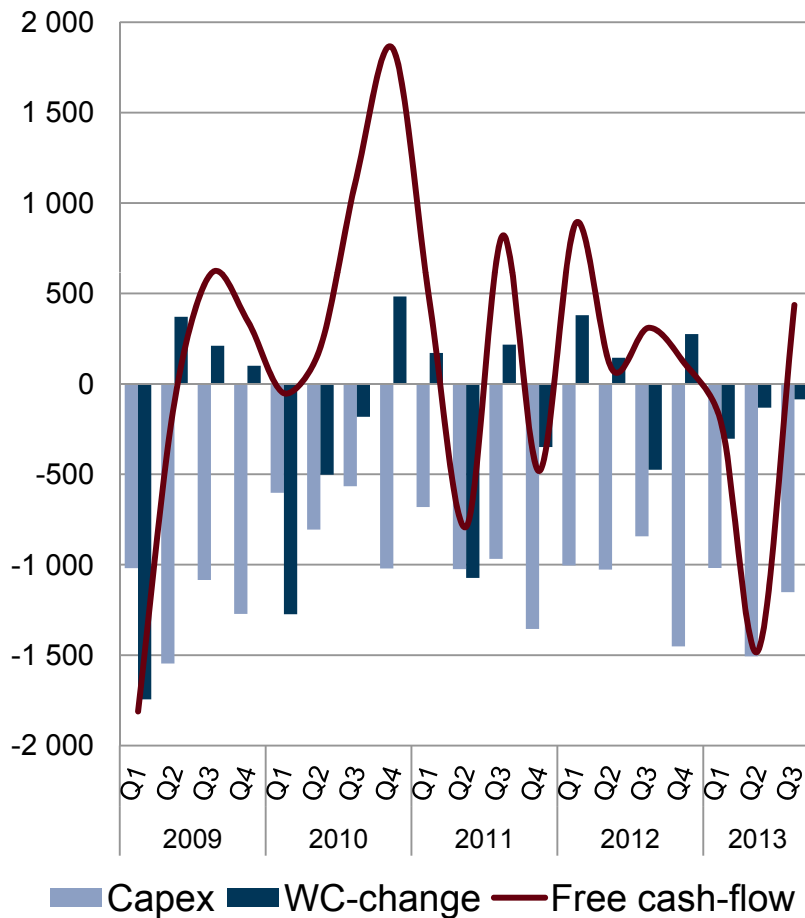


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# From large project capex to maintenance, environmental and debottlenecking capex



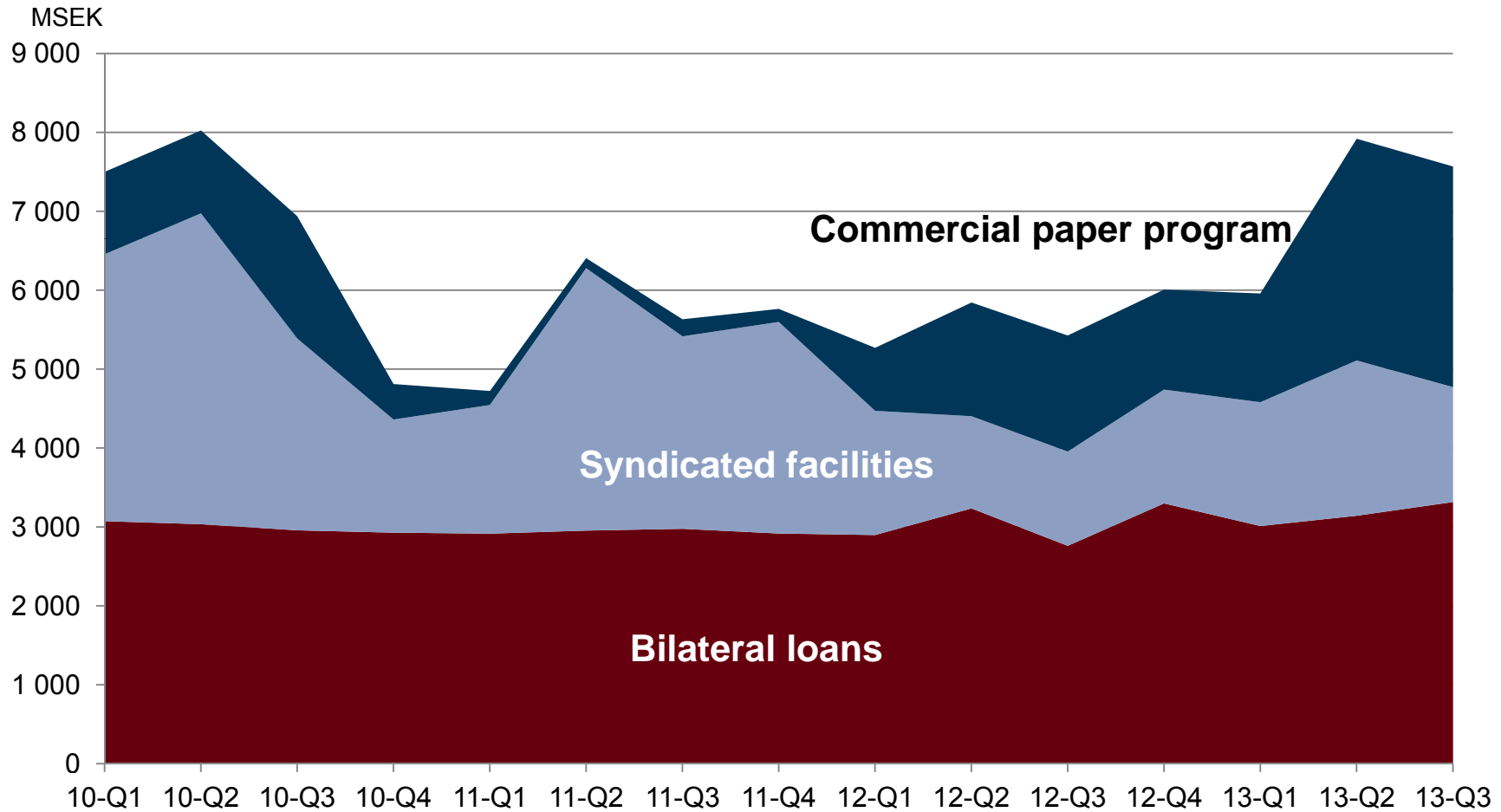
# Working capital



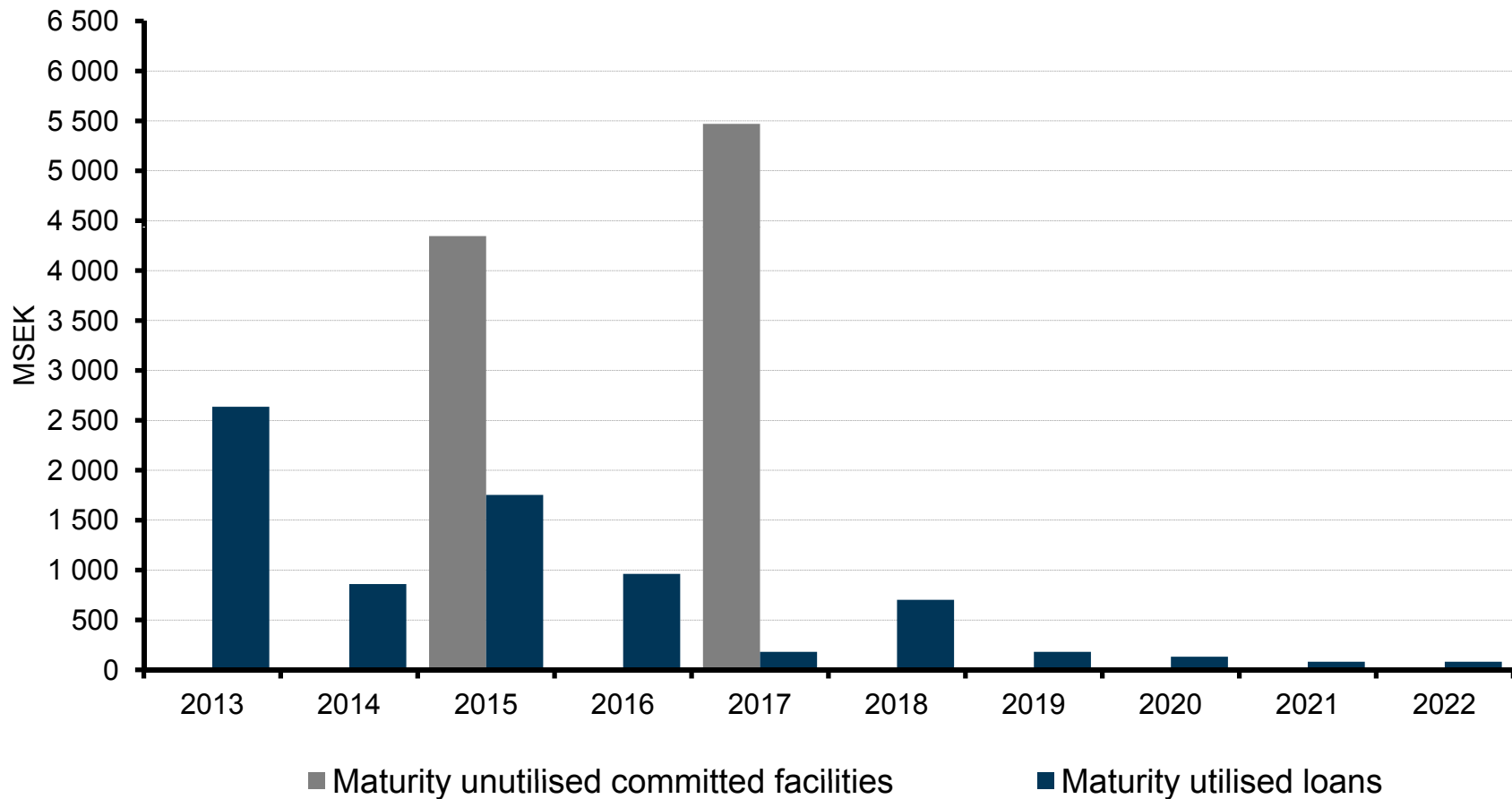
- Large variations between quarters
- Driven by inventory changes
  - Metal prices
  - Volumes
  - Shipments of concentrates
- Internal concentrate production to own smelters (profit eliminations)
  - Neutral impact over time



# Debt portfolio 2010 through Q3-13



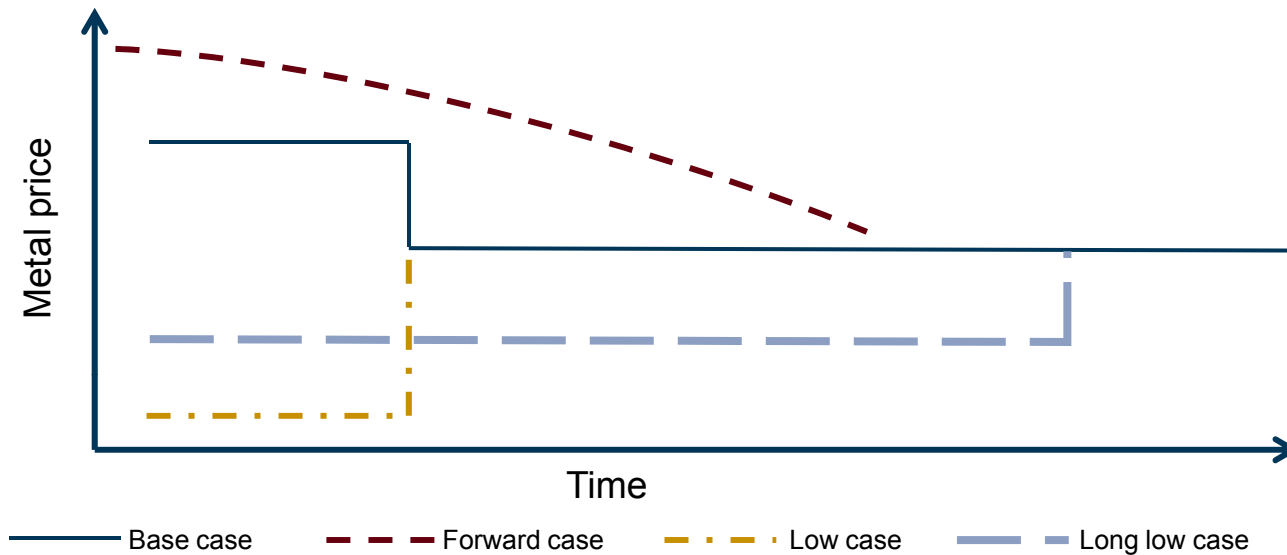
# Debt portfolio – maturity profile



# Sensitivities 30 September 2012

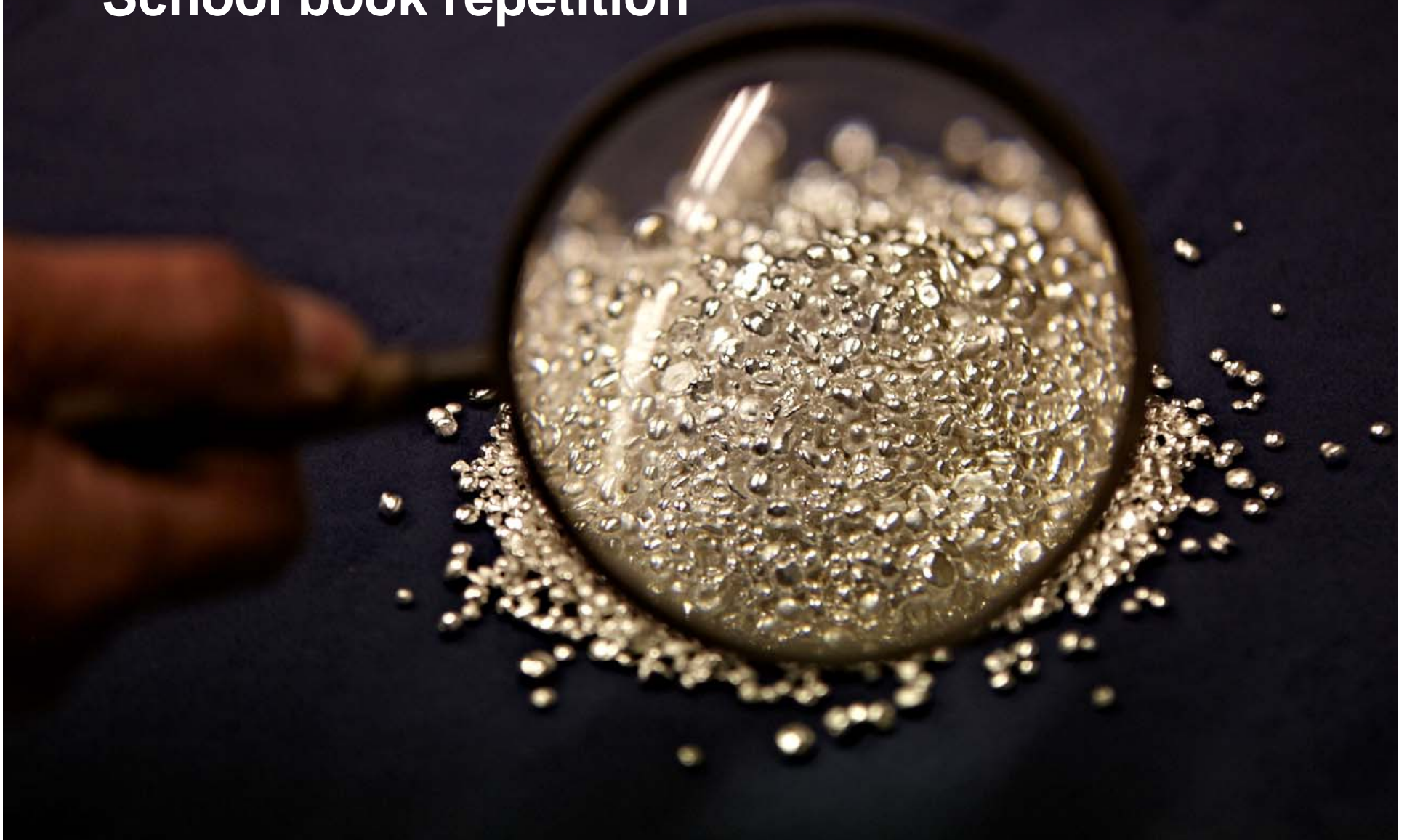
Change in metal prices +10%	Effect on EBIT, SEK m	Change in USD +10 %	Effect on EBIT, SEK m	Change in TC/RC +10%	Effect on EBIT, SEK m
Copper	390	USD/SEK	1,015	TC/RC Copper	70
Zinc	445	EUR/USD	305	TC Zinc	50
Lead	85	USD/NOK	70	TC Lead	-20
Gold	150				
Silver	130				

# Scenario analysis



- Scenario analysis done regularly on all investments and on full plans
- Used internally and in communications with lenders
- Scenarios used include
  - Base case based upon budget prices and long term assumptions
  - Forward case based upon forward prices
  - Low case based upon floor prices one year and then long term
  - Long low case based upon low prices for four years

# School book repetition

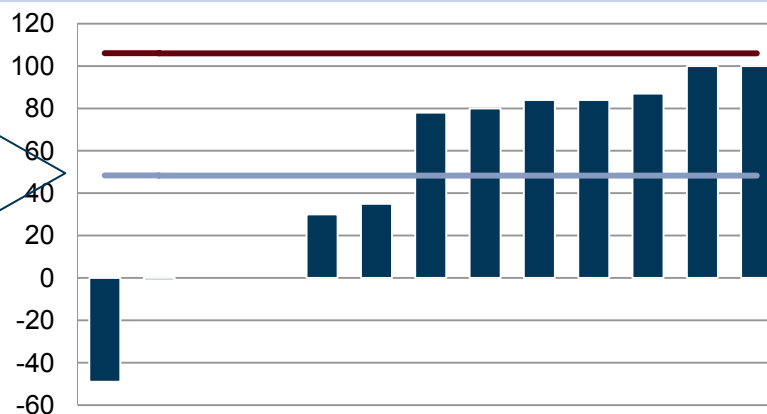


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# Process inventory in Q3 2013

Price impact in SEK		2013, 30 June			2013, 30 September				
Metal	Tonnes/Kg*	EOP	Avg.	Lowest	EOP	Avg.	Lowest	Delta	Value (MSEK)
Copper	29 000	46 874	46 556	46 556	45 189	46 065	45 189	1 367	40
Zinc	17 000	12 099	12 017	12 017	12 225	12 096	12 096	-80	-1
Lead	300	13 449	13 577	13 449	13 699	13 837	13 699	-250	0
Gold*	2 200	276 126	281 844	276 126	259 718	283 917	259 718	16 408	36
Silver*	66 200	4 482	4 716	4 482	4 071	4 464	4 071	411	27
Palladium*	500	148 838	148 031	148 031	139 653	151 110	139 653	8 377	4
<b>Total (easy to forecast)</b>									<b>106</b>
<b>Actual (reported)</b>									<b>78</b>

PIR forecast (48)  
ahead of Q3 2013

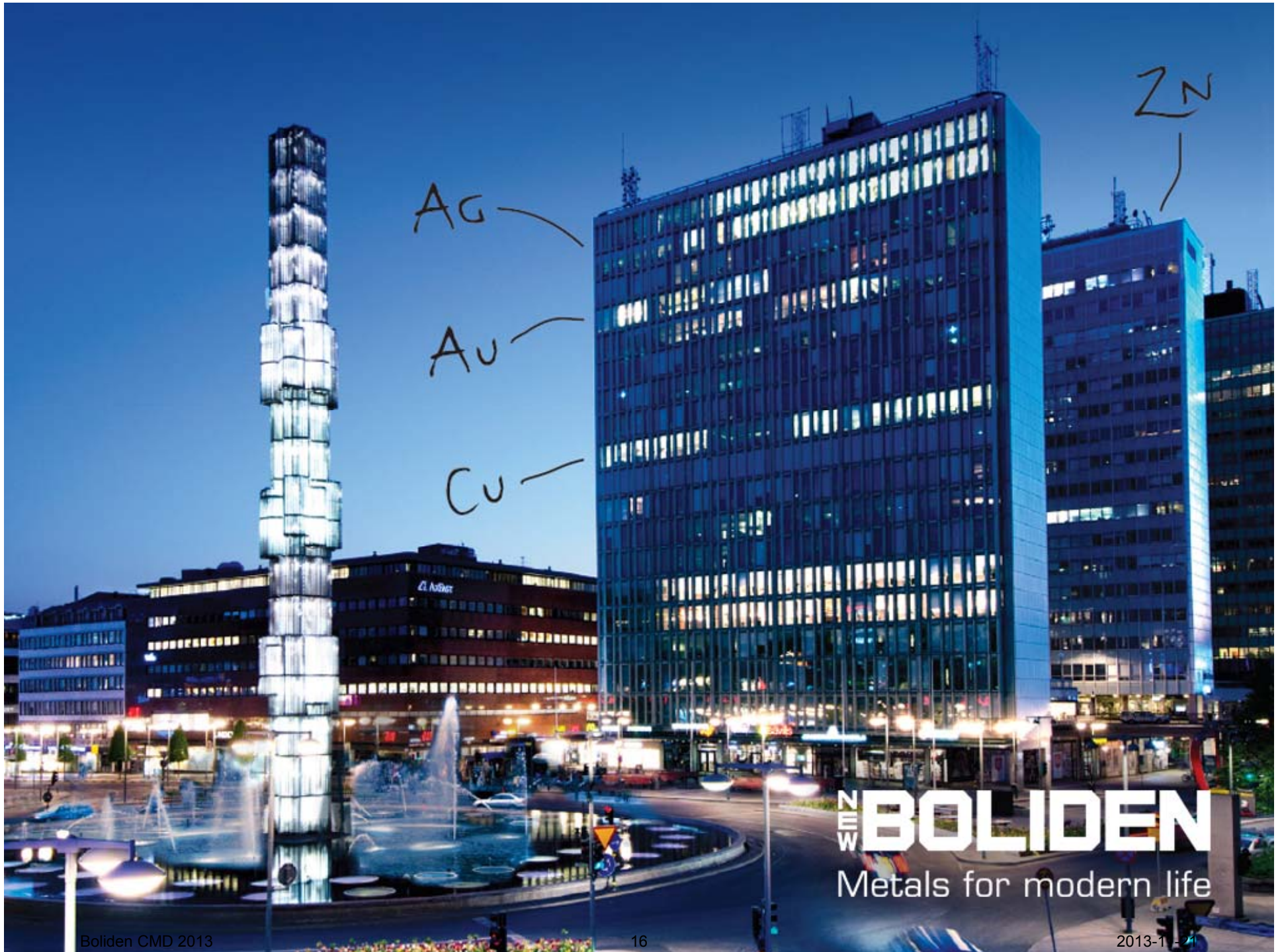


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