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## Finance

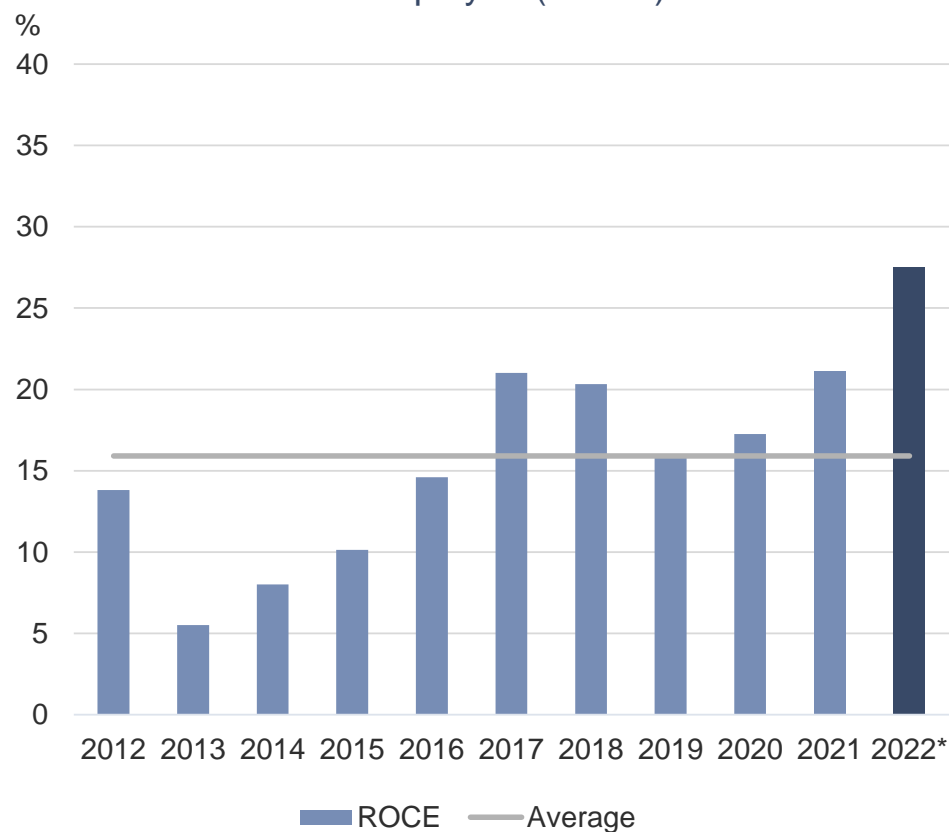
Robust financials supporting our sustainability journey and strong returns

Håkan Gabrielsson, CFO

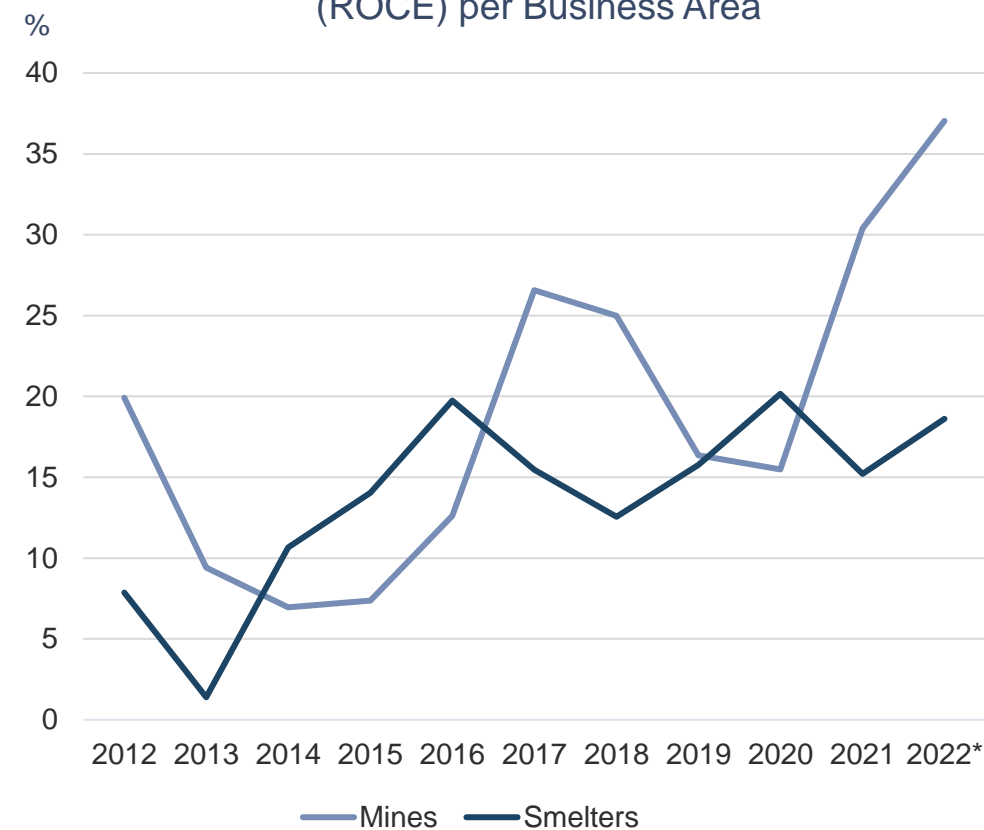
**CMD 2022**

# Continuously strong return on invested capital

Return on Capital Employed (ROCE)



Return on Capital Employed (ROCE) per Business Area



\*R12 30th September 2022

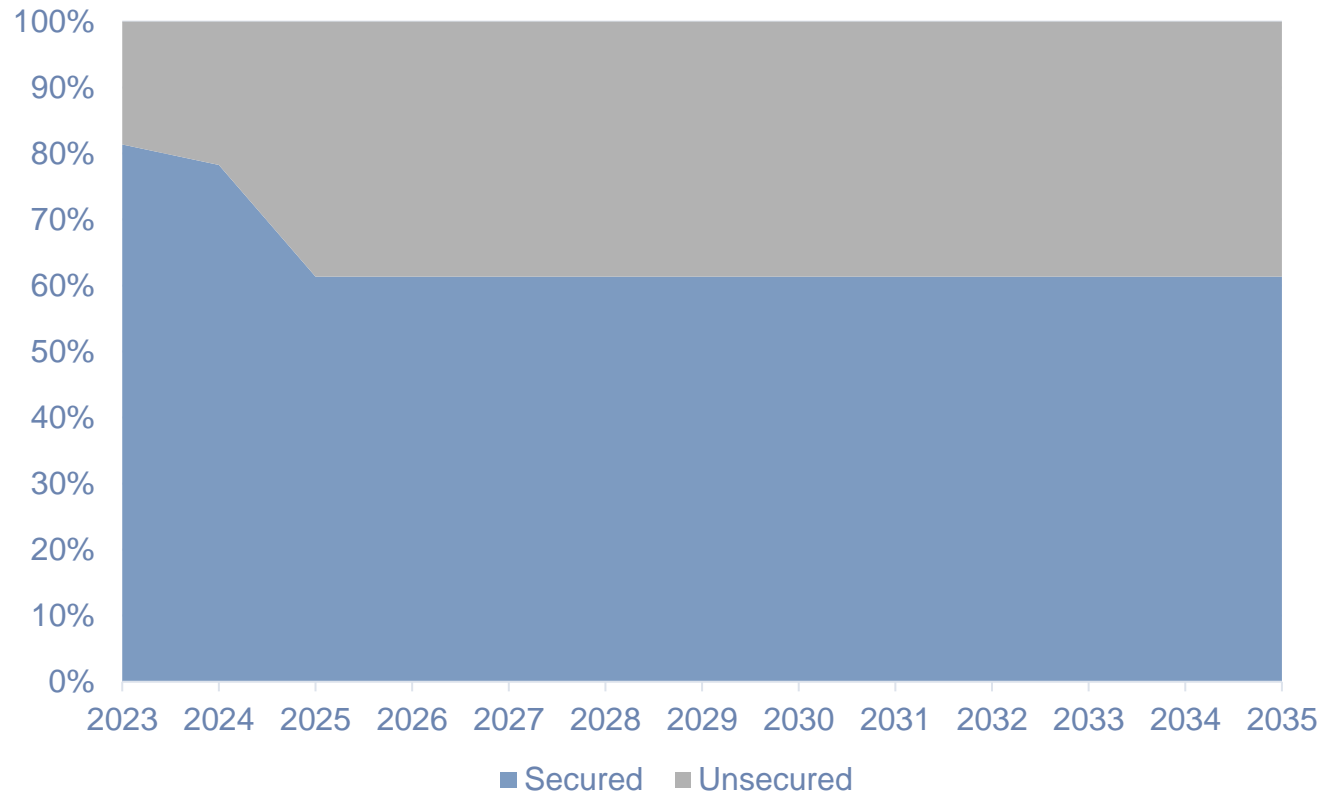
# Inflation driven by energy prices and strong USD



- Cost inflation in SEK close to 20% year-on-year Q3 2022
  - Excludes personnel costs and electricity
  - Mainly in energy (excluding electricity) and chemicals
  - USD/SEK up > 20%
  - USD/EUR up > 15%
- Capex inflation on similar levels
- Labor negotiations ongoing
- Continued strong competitive position

# Favorable electricity position ~60% secured to 2035

Boliden's Electricity Position\*



\*Boliden's electricity consumption assumed stable from 2025 and onwards

- ~80% of consumption secured for next two years
- Supplier contracts for ~60% to 2035
- Estimated average price for portfolio in mid 30s (EUR/MWh)
  - Mix of fixed and CPI adjusted contracts
- Tara and Bergsöe current fixed price agreements expire 2022
- Possibility to re-sell, some limitations
- Strong counterparties
  - Own electricity production
  - 100% from fossil free sources

# Working capital, 5.9 BSEK tied year-to-date\*

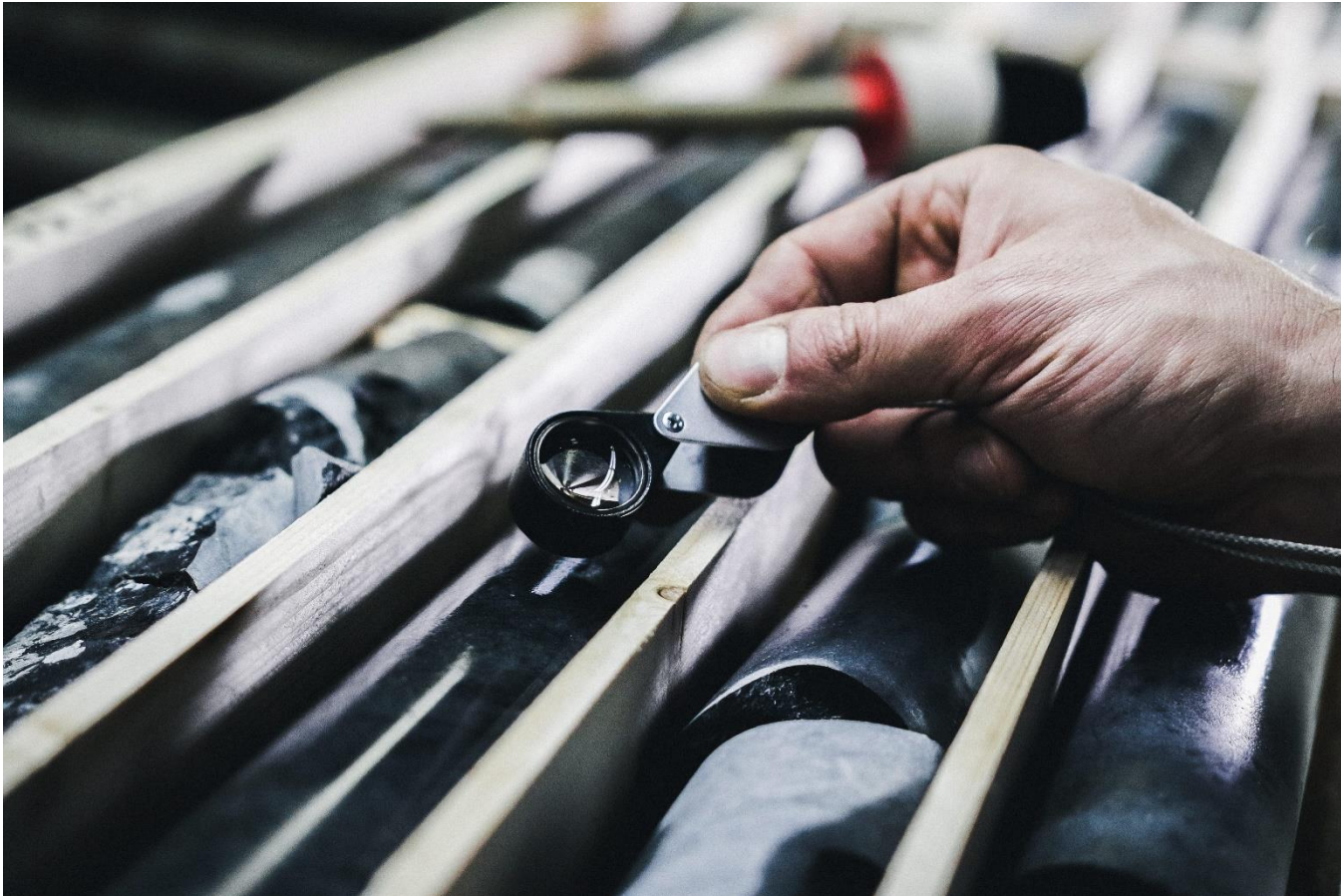


- 1.8 BSEK increase due to prices
- 4.1 BSEK increase due to volumes
- 1.0 BSEK Ni concentrate volumes
  - Strategic decision not to sell Ni concentrate
- 2.1 BSEK inventory volumes in Cu Smelters
  - Mainly gold and copper
  - High share of gold rich concentrates
  - Process disturbances
  - Action plan to reduce in Q4
- 1.0 BSEK trade receivables
  - Large share spot at year-end
- Inventory hedged



# Impairment of exploration rights in the Kylylahti area

- Exploration rights in the Outokumpu field were acquired together with the Kylylahti mine in 2014
- Exploration activities in the area has been concluded
- The asset will be impaired in Q4 2022
- Effect on Q4 2022 result
  - EBIT -24.4 MEUR
  - Net Profit -19.6 MEUR



# Inflation increasing maintenance capital expenditure

## Mine sustaining

- Slightly above 3.5 BSEK in 2023
  - Excluding dam project in Aitik
- Stripping, development and successive rising of dams
- High inflation, diesel and explosives
- Increased stripping in Aitik
- Kevitsa starts tapering off in 2026
  - Unless pushback 5 goes ahead

## Replacement

- 2.5 BSEK in 2023
  - ~ 40 BSEK Property, plant and equipment in balance sheet as of September 30, 2022\*
- ~ 50% in each Business Area
- Some flexibility in timing
- Positive impact on Boliden CO<sub>2</sub> targets

\*Excludes stripping and development

# Odda expansion and Aitik dam project peaking in 2023

## Stay in business capex

- 1.5 BSEK in 2023
- Foundation to extend and develop business
  - Efficiency investments
  - Capabilities to treat complex raw materials
  - Sustainability and Boliden CO<sub>2</sub> targets
- Driven by financial return and market requirements

## Expansions and strategic projects

- Close to 7.5 BSEK in 2023
- Odda, Aitik dams and Kristineberg extension
  - Total cost unchanged
  - 4.0 BSEK left for 2024
- Potential large projects going forward include (estimated time of decision):
  - Tara Deep (~2025)
  - Pushback 5 in Kevitsa (~2024)
  - Laver (TBD)
- Waste management and CO<sub>2</sub>



# Robust financing to support sustainability journey



Times Square, New York, September 2022

- Robust financing
  - Loan duration 3.5 years
  - Interest duration 1.9 years
  - Average interest rate 2.4 %
  
- SEK AB loan signed in October
  - Total of 1.8 BSEK
  - Process to replace existing loans
  
- Green bonds issued in Q3 2022 to support Odda investment
  - Among frontrunners for green bonds in base metals
  - Great interest from capital markets
  - 1 BSEK, 3 years floating, STIBOR + 200 bps
  - 1 BSEK, 5 years fixed, 553 bps
  
- Ambition to further strengthen green financing

# Strong commitment to capital allocation framework

**Return on  
investments  
 $\geq 10\%$**

**Dividend policy  
1/3 of  
net profit**

**Net Debt/Equity  
at about 20%  
at economic  
peaks\***

\*Also includes net reclamation liability